



2023

Annual Report

In harmony with the flow

KazTransOil JSC

Address by the Chair of the Board of Directors

Address by the General Director (Chair of the Management Board)

Key indicators 2023

Layout of Main Pipelines

Key events 2023

Company's Business Model

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES



Table of Contents

Address by the Chair of the Board of Directors 04

Address by the General Director (Chair of the Management Board) 06

Key indicators 2023 08

Layout of Main Pipelines 12

Key events 2023 14

Company's Business Model 18

1. COMPANY OVERVIEW 20

Development history 22

Brief profile and activity areas 24

The Company's development strategy up to 2028 25

Business structure 37

Implementation of transformation and digitalization measures 43

State regulation and tariffs for services 47

OPERATING PERFORMANCE RESULTS 50

Economic and industry overview 52

Company performance in 2023 56

Investment activities 69

Corporate security 71

Information security 73

Scientific and technical development 74

3. SUSTAINABLE DEVELOPMENT PERFORMANCE 78

Sustainable development management 80

Vital health and safety at work and industrial safety regulations 92

Human resources management, equality and socio-economic impact 106

Procurement system and local content development 134

Environmental protection 136

Energy consumption and energy saving 143



4. CORPORATE GOVERNANCE 154

Corporate governance system and its basic principles 158

Report on compliance with the Corporate Governance Code 159

General Shareholders' Meeting 160

Board of Directors 164

Management Board 173

Anti-corruption 178

Taxation 182

Internal and external audit 183

Risk management 184

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT 202

Key consolidated financial performance 204

Assets, equity, and liabilities 208

6. APPENDICES 212

Appendix 1. About the report 214

Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023 219

Appendix 3. GRI Index 221

Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals 226

Appendix 5. Stakeholder Engagement 228

Appendix 6. Audited Consolidated Financial Statements 232

Appendix 7. Quantitative indicators in the field of sustainable development 297

Appendix 8. List of abbreviations 311





Address by the Chair of the Board of Directors
 Address by the General Director (Chair of the Management Board)
 Key indicators 2023
 Layout of Main Pipelines
 Key events 2023
 Company's Business Model

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES



Dear shareholders, partners and colleagues!

Address by the Chair of the Board of Directors

As the national operator of the main oil pipeline and one of the leading oil transportation companies in Kazakhstan, KazTransOil JSC plays a vital role in ensuring stable oil supplies to both the domestic market and for export.

The Company owns an extensive network of main oil pipelines spanning approximately 5.4 thousand kilometers. It facilitates the transportation of over 38% of all oil produced in the country and more than 90% of supplies to domestic refineries. We have earned the trust of both domestic and foreign partners. The Company provides services to more than 80 oil companies.

In 2023, KazTransOil JSC demonstrated growth in key financial indicators. The consolidated revenue for the reporting year increased by 14% year-on-year to 290.4 billion tenge. The consolidated net profit for 2023 amounted to 32.8 billion tenge, reflecting a 66% increase compared to 2022. The amount of dividend payments for the reporting period, based on the results of 2022, totaled 15 billion tenge, equivalent to 39 tenge per common share.

In 2023, KazTransOil JSC embarked on an active diversification of oil transportation routes for export. In particular, the Company transported more than 1 million tons of oil from the Tengiz field via the port of Aktau towards the Baku-Tbilisi-Ceyhan oil pipeline. This transportation was facilitated by an agreement between NC KazMunayGas JSC and the state oil company of the Republic of Azerbaijan, SOCAR. Additionally, KazTransOil JSC transported approximately 1 million tons of oil from the Karachaganak field through the Atyrau-Samara pipeline, with subsequent delivery to Adamova Zastava and onward to a refinery in Germany.

The market position of KazTransOil JSC in transit services was significantly strengthened. The agreement with Rosneft for annual supplies of 10 million tons of Russian oil to the People's Republic of China via the Priirtyshsk-Atasu-Alashankou route was extended until 2034. The pumping of Russian oil through KazTransOil JSC's main oil pipeline system to the Republic of Uzbekistan was reinstated. In 2023, the volume of Russian oil transit to the Republic of Uzbekistan amounted to 0.15 million tons.

In the reporting year, the Company implemented 2 major investment projects. In particular, a water pipeline was constructed for the integrated gas treatment plant of the Kashagan field in the Atyrau region. After modernization, the capacity of the Astrakhan-Mangyshlak water pipeline was increased from 110 thousand m³ to 170 thousand m³ per day. Both projects play a strategic role in fostering the sustainable growth of the oil and gas sector in the Republic of Kazakhstan. Moreover, they serve as robust foundations for driving socio-economic progress of the regions.

Demonstrating recognition of professionalism by market participants, KazTransOil JSC has recently inked a new contract with Caspian Pipeline Consortium-K JSC. This agreement pertains to the maintenance of the oil pipeline system within the Republic of Kazakhstan for a substantial period spanning from 2024 to 2028.

Consolidated net profit for 2023

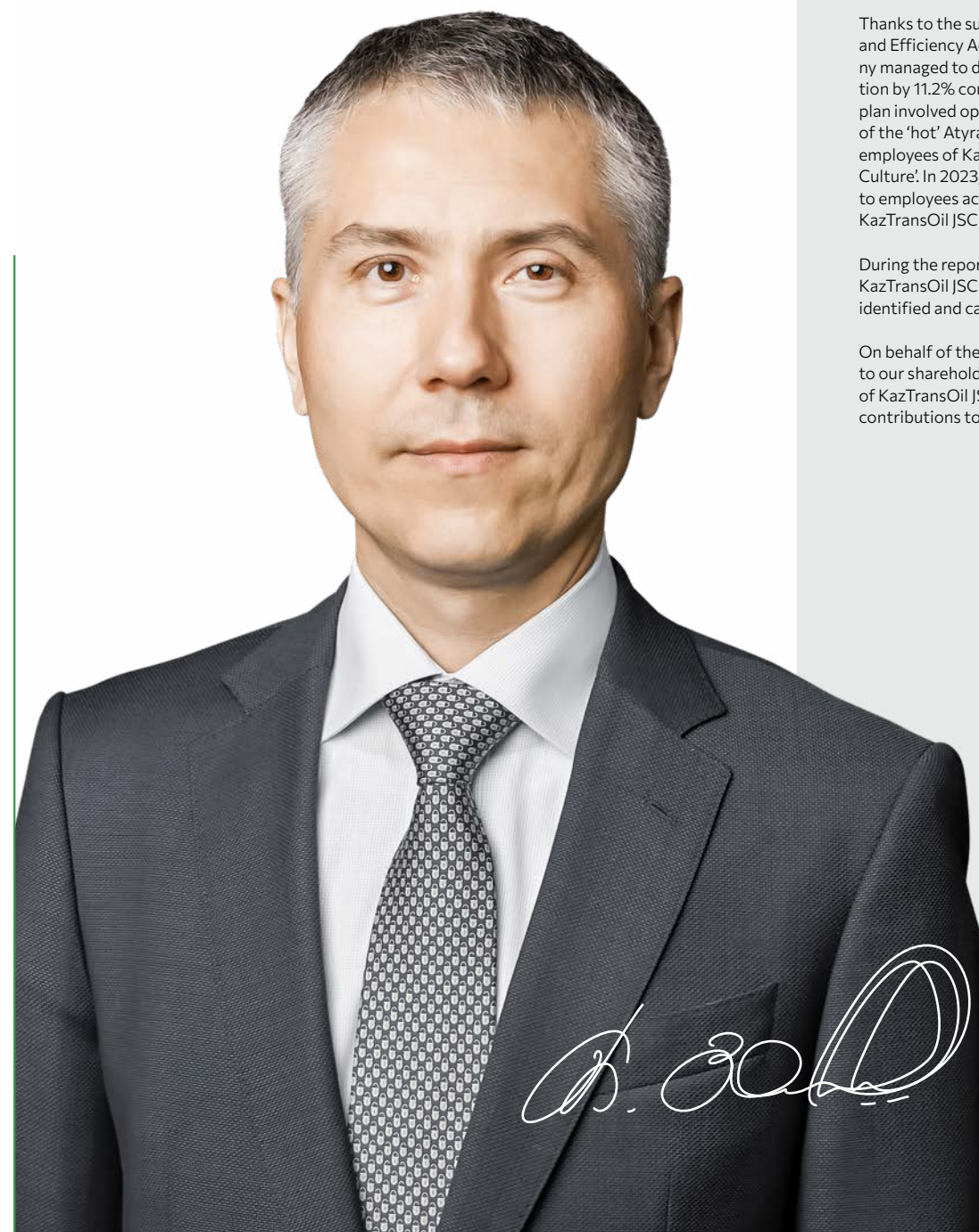
32.8
billion tenge

KazTransOil JSC remains steadfast in its proactive stance towards ensuring the safety of its production activities, upholding social and environmental responsibilities, managing energy consumption, and promoting energy-saving measures.

Thanks to the successful implementation of the Energy Saving and Efficiency Action Plan at KazTransOil JSC, the Company managed to decrease its total energy resource consumption by 11.2% compared to 2022. A pivotal aspect of this plan involved optimizing the temperature operation mode of the 'hot' Atyrau-Samara oil pipeline. More than 5,000 employees of KazTransOil JSC received training on 'Safe Labor Culture'. In 2023, the Company fulfilled all its social obligations to employees according to the Collective Agreement between KazTransOil JSC and employees of KazTransOil JSC.

During the reporting period, amidst geopolitical instability, KazTransOil JSC not only upheld its market position but also identified and capitalized on growth opportunities.

On behalf of the Board of Directors, I express sincere gratitude to our shareholders, partners, management, and employees of KazTransOil JSC for their fruitful cooperation and invaluable contributions to the company's development.



Bulat Zakirov

Chair of the Board of Directors of KazTransOil JSC





Address by the Chair of the Board of Directors
 Address by the General Director (Chair of the Management Board)
 Key indicators 2023
 Layout of Main Pipelines
 Key events 2023
 Company's Business Model

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES



Dear readers!

Address by the General Director

(Chair of the Management Board)

We are pleased to present the Integrated Annual Report of KazTransOil JSC, showcasing the financial and production performance for the year 2023, along with insights into the Company's future development prospects.

In 2023, despite geopolitical instability, the Company successfully met all obligations aimed at addressing national energy security concerns and advancing the development of alternative oil export routes. We have achieved growth in both production and financial performance. As of the end of 2023, the consolidated volume of oil transportation reached 45.8 million tons, marking a 7.5% increase compared to the previous year's figure. This increase can be attributed to the successful attraction of additional crude oil volumes to the Company's main oil pipeline system. Consolidated net profit for the year under review amounted to 32.8 billion tenge, reflecting a 66% increase compared to 2022.

As part of the strategy to establish a diversified hydrocarbon transportation network in the Republic of Kazakhstan, KazTransOil JSC facilitated the transportation of Tengiz oil towards the Baku-Tbilisi-Ceyhan pipeline and oil from the Karachaganak field to Germany during 2023. The transit of Russian oil through KazTransOil JSC's main oil pipeline system to the Republic of Uzbekistan was reinstated.

In 2023, notable events included the extension of the contract with Rosneft for annual deliveries of up to 10 million tons of Russian oil to the People's Republic of China. Additionally, a new contract was secured for the provision of maintenance services for the Caspian Pipeline Consortium's oil pipeline system in the Republic of Kazakhstan spanning from 2024 to 2028.

In 2023, KazTransOil JSC successfully completed two investment projects. The modernization of the Astrakhan-Mangyshlak water pipeline was completed ahead of schedule. The successful implementation of this project resulted in an increase in the actual throughput capacity to 170 thousand m³/day, thereby ensuring the provision of water to water-deficient areas in Western Kazakhstan. Additionally, in the reporting year, a water pipeline construction project was completed to serve the associated gas processing plant at the Kashagan field.

To maintain and enhance the technical condition of the existing oil pipeline system in 2023, the Company made capital investments totaling 80.9 billion tenge, marking an 86% increase compared to 2022. Diagnostic assessments were conducted on pipelines, tanks, and heating furnaces, resulting in the replacement of 46.8 km of sections of main oil pipelines and the elimination of 1,390 pipe defects. Two oil storage tanks were put into operation at B. Dzhumagaliyev HOPS.

Along with achievements in the production sphere, ensuring safe working conditions for employees remains a paramount priority for the Company. Despite these efforts, an accident occurred in 2023 involving a 'hard' landing of an MI-8 helicopter operated by Kazaviaspas JSC during an overflight of the main oil pipeline. The Company has intensified its efforts to strengthen control over compliance with safety rules and requirements at all production levels. Risk assessments have been reviewed, and corrective actions have been developed to prevent similar occurrences in the future.

Consolidated oil transportation volume in 2023

45.8
million tons

KazTransOil JSC places special emphasis on environmental safety and endeavors to minimize its negative impact on the environment. In this regard, 11 energy installations with solar panels were installed on the Pavlodar-Shymkent main oil pipeline in 2023. The Company has also implemented a procedure to account for indirect greenhouse gas emissions, known as Scope 2 emissions.

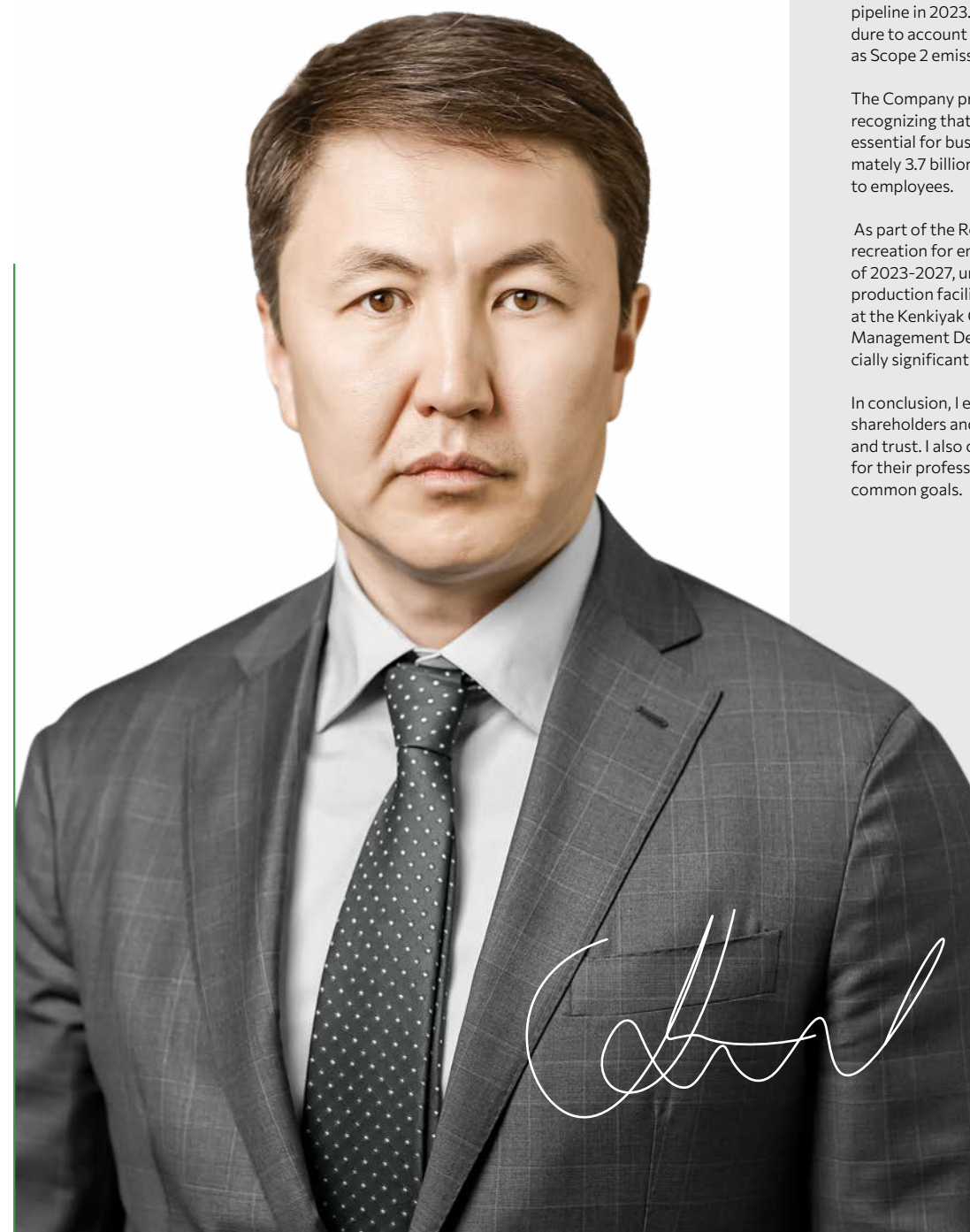
The Company prioritizes the social welfare of its employees, recognizing that their professionalism and dedication are essential for business efficiency. In the reporting year, approximately 3.7 billion tenge was allocated to fulfill social obligations to employees.

As part of the Roadmap to improve working conditions and recreation for employees of KazTransOil JSC for the period of 2023-2027, universal sports grounds were installed at 10 production facilities. A 56-bed dormitory was reconstructed at the Kenkiyak Oil Pumping Station of the Aktobe Oil Pipeline Management Department. The construction and repair of socially significant facilities will continue into 2024.

In conclusion, I extend my heartfelt gratitude to all our shareholders and partners for their constructive cooperation and trust. I also commend the entire staff of KazTransOil JSC for their professionalism and unwavering commitment to our common goals.

Talgat Kurmanbayev

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






Address by the Chair of the Board of Directors

Address by the General Director (Chair of the Management Board)

Key indicators 2023

Layout of Main Pipelines

Key events 2023

Company's Business Model

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Key indicators 2023

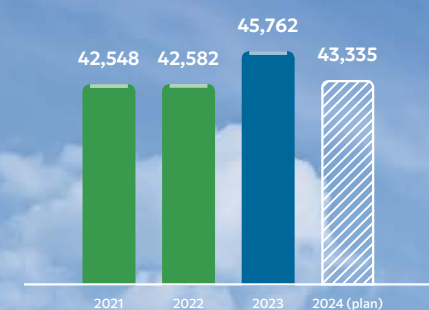
Oil transportation

Volume of oil and petroleum product transshipment (consolidated)

THOUSAND TONS*

45,762

↑ 7.5%

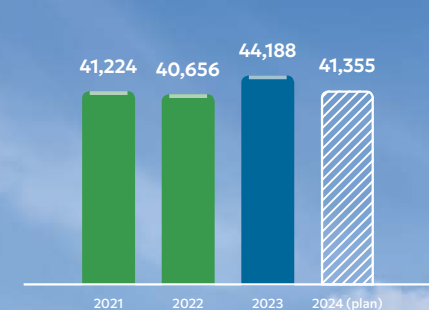


Oil transportation separately for KazTransOil JSC

THOUSAND TONS

44,188

↑ 8.7%

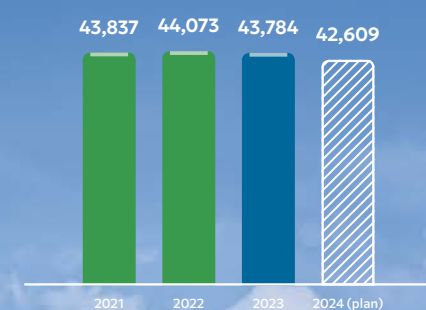


Oil cargo turnover (consolidated)**

MILLION TONS-KM

43,784

↓ 0.7%



* This indicator is calculated on a consolidated basis, considering the volumes of the Company and Batumi Oil Terminal LLC (BNT).

** The indicator is calculated in a consolidated basis, considering the Company's interest in subsidiaries and jointly controlled entities (SJCE).

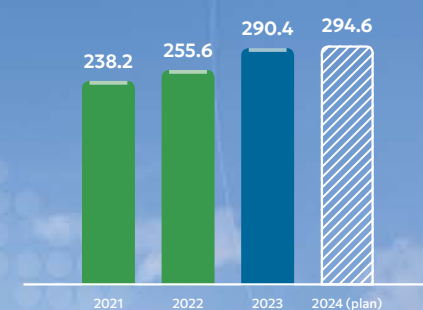
Financial performance*

Revenue

BILLION TENGE

290.4

↑ 14%

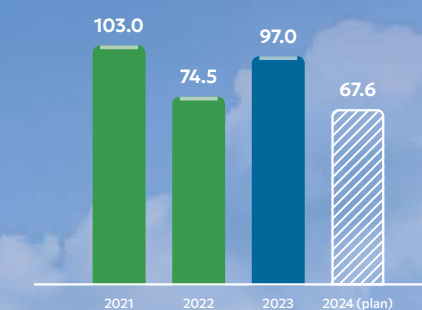


EBITDA

BILLION TENGE

97.0

↑ 30%

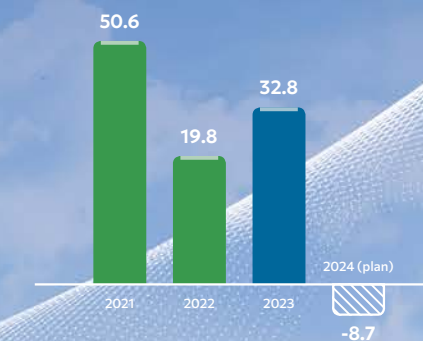


Total profit for the reporting year

BILLION TENGE

32.8

↑ 66%



*The consolidated financial indicators of the Company.





Address by the Chair of the Board of Directors

Address by the General Director (Chair of the Management Board)

Key indicators 2023

Layout of Main Pipelines

Key events 2023

Company's Business Model

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

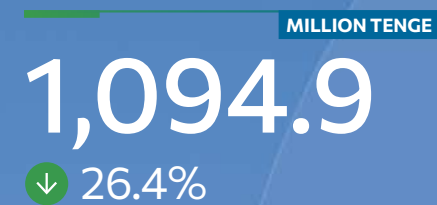
6. APPENDICES

Sustainable development indicators

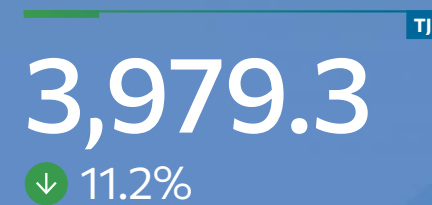


Environmental aspect

Investments in environmental protection for the Group of companies KazTransOil JSC



Total consumption of energy resources in KazTransOil JSC



Volume of greenhouse gas emissions Scope 1 and 2 by KazTransOil JSC



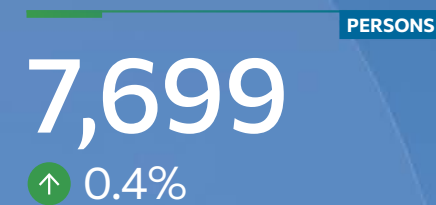
The Energy Policy of KazTransOil JSC was updated

For the first time, greenhouse gas emissions have been quantified Scope 2

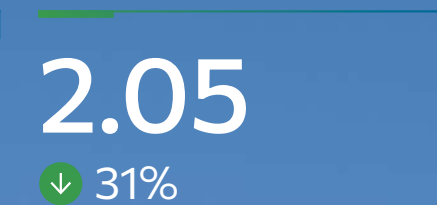


Social aspect

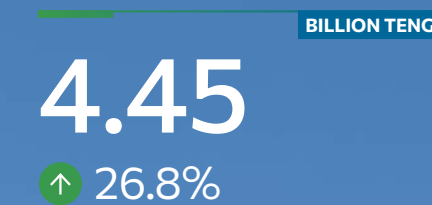
Headcount for the Group of companies KazTransOil JSC



Employee turnover in KazTransOil JSC



Costs for social support of employees of the Group of companies of KazTransOil JSC



Corporate governance aspect

Dividend payments KazTransOil JSC



Tax payments KazTransOil JSC



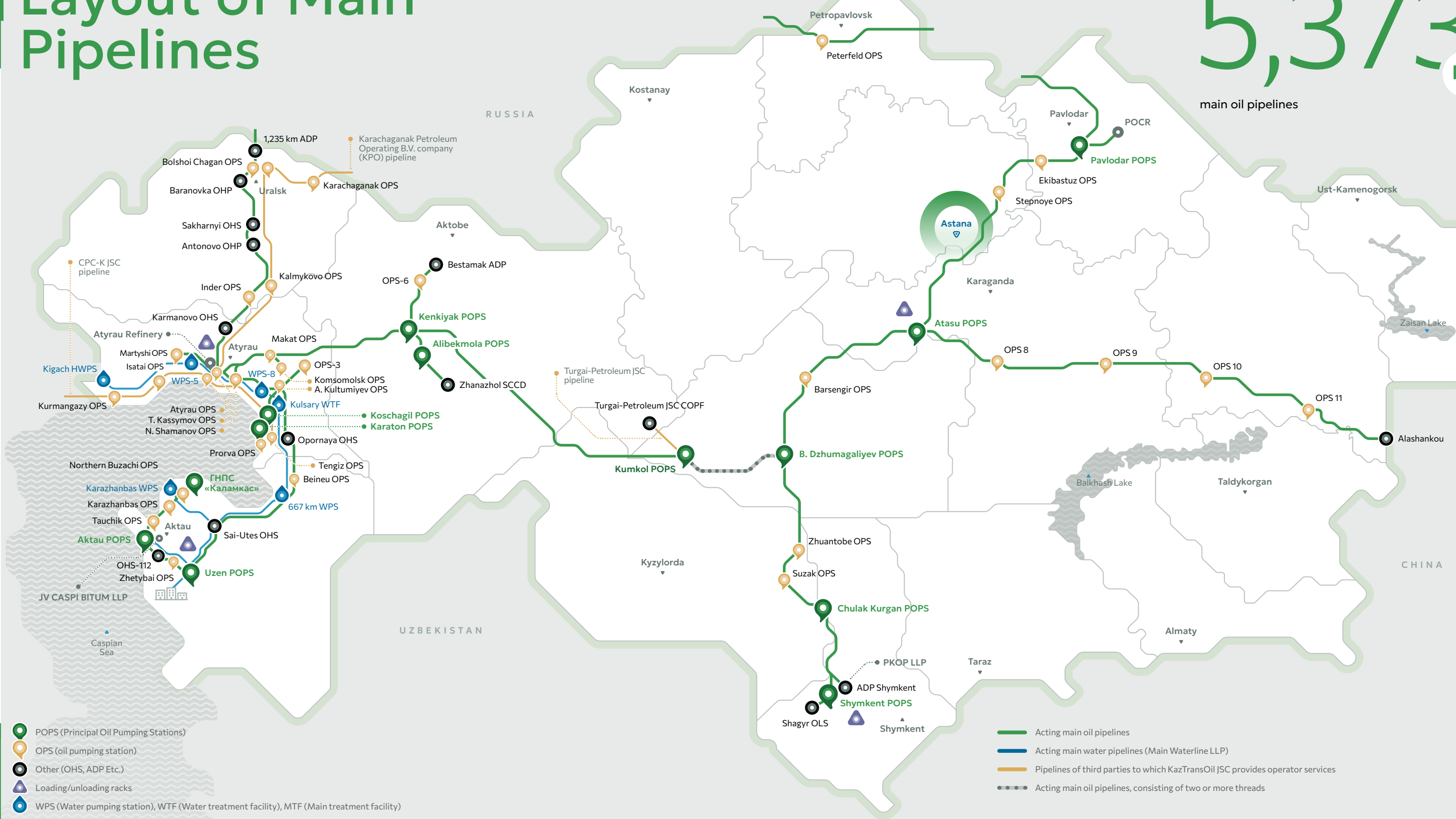
Confirmed cases of corruption and fraud on KazTransOil JSC



Layout of Main Pipelines

5,373 km

main oil pipelines



- POPS (Principal Oil Pumping Stations)
- OPS (oil pumping station)
- Other (OHS, ADP Etc.)
- Loading/unloading racks
- WPS (Water pumping station), WTF (Water treatment facility), MTF (Main treatment facility)

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



Key events 2023

02 February

Social support

General Director (Chairman of the Management Board) of KazTransOil JSC Talgat Kurmanbayev and Chairman of Local Trade Union of Employees of KazTransOil JSC Tuyakbai Bekibayev signed a new Collective Agreement between KazTransOil JSC and employees of the Company.

Oil transportation

Transportation of oil of Karachaganak Petroleum Operating B.V. CJSC through 'Atyrau-Samara' oil pipeline with further delivery to the Adamova Zastava ODP (Poland) in the direction to Germany.



Oil transit

Under the contract concluded with Tengizchevroil LLP for 2023 with a mandatory minimum volume of 1.5 million tons per year, the Company started shipping oil to tankers along the Aktau-Baku-Tbilisi-Ceyhan route.

Tariff policy

Orders of the General Director (Chairman of the Management Board) of KazTransOil JSC № 30 and № 31 dated March 31, 2023, approved tariffs for some services of the Company on oil transportation through trunk pipelines for export outside the Republic of Kazakhstan and transit through the territory of the Republic of Kazakhstan (additional services).

Credit rating

International rating agency S&P Global Ratings revised the outlook on the rating of KazTransOil JSC from 'Negative' to 'Stable' (rating of KazTransOil JSC – 'BB+').

S&P Global
Ratings
BB+

04 April

Borrowed financing

Main Waterline LLP in order to finance the project 'Reconstruction and expansion of the main water pipeline 'Astrakhan-Mangyshlak' 1 stage' attracted funds in the amount of 50 billion tenge through issuing bonds on the Kazakhstan Stock Exchange (KASE), platform 'Private placement' (1 tranche of anti-crisis funds allocated in the amount of 70 billion tenge according to the decision of the State Commission on modernization of the economy of the Republic of Kazakhstan dated December 30, 2022).



Tariff policy

Order of the Chairman of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan (CRNM) № 36-OD from February 24, 2023 approved a temporary compensatory tariff for the regulated service of KazTransOil JSC on oil transshipment to the oil pumping station (OPS) named after N. Shmanov . in the pipeline 'Kenkiyak-Atyrau' in the amount of 37.12 tenge per 1 ton (excluding VAT) with effect from April 1, 2023, to March 31, 2024.

06 June

Agreement on transit of Russian oil

KazTransOil JSC concluded with Rosneft PJSC an additional agreement to the contract on provision of services for transportation of Russian oil through the territory of the Republic of Kazakhstan to the People's Republic of China (PRC), which provides for prolongation of the contract until January 1, 2034, transportation of 10 million tons of Russian oil per year to the PRC and preservation of the validity of the contract.

Tariff policy

By the order of the General Director (Chairman of the Management Board) of KazTransOil JSC № 53 dated May 26, 2023, the tariff for the Company's service on oil pumping through main pipelines for export outside the Republic of Kazakhstan in the amount of 10,150.00 tenge per 1 ton per 1,000 km excluding VAT was approved (previously the tariff was 8,830.51 tenge per 1 ton per 1,000 km excluding VAT).

Annual General Meeting of Shareholders

Annual General Meeting of Shareholders of KazTransOil JSC dedicated to the results of 2022 was held.

05 May



06 June

Credit rating

International rating agency Fitch Ratings upgraded the long-term issuer default rating of KazTransOil JSC from 'BBB-' to 'BBB'.

FitchRatings
BBB

Tariff policy

On June 20, 2023, by the order of the Chairman of CRNM No. 85-OD, amendments were made to the order of the Chairman of CRNM No. 71-OD dated November 27, 2020, in terms of increasing tariffs for regulated service on oil pumping to the domestic market of the Republic of Kazakhstan through the system of main pipelines of 'KazTransOil' JSC to the levels of 4,849.39 tenge per 1 ton per 1,000 km (in the period from July 1, 2023 to June 30, 2024) and 4,851.87 tenge per 1 ton per 1,000 km (in the period from July 1, 2024 to December 31, 2025).

07 July



Changes in the composition of the Board of Directors

Early termination of powers of members of the Board of Directors of Marat Ormanov and Marlen Orazbekov of KazTransOil JSC based on their applications.

Address by the Chair of the Board of Directors

Address by the General Director (Chair of the Management Board)

Key indicators 2023

Layout of Main Pipelines

Key events 2023

Company's Business Model

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

08 August

Changes in the composition of the Board of Directors

Early termination of powers of members of the Board of Directors of Agostini Vinicius Alves and Alberto Martinez Lopez.

The General Meeting of Shareholders of KazTransOil JSC elected the following persons to the Board of Directors of KazTransOil JSC: Bulat Zakirov — representative of NC KazMunayGas JSC; Ardak Kasymbek — representative of NC KazMunayGas JSC; Kazbek Kusainov — independent director; Timothy Glen Miller — independent director.

Bulat Zakirov was elected Chairman of the Board of Directors of KazTransOil JSC.

Replacement of sections of the main oil pipeline 'Uzen-Atyrau-Samara'

KazTransOil JSC carried out works on connection of newly constructed pipeline sections of the main oil pipeline (MOP) 'Uzen — Atyrau — Samara' with diameter of 720 mm on 1,190.4 — 1,235.4 km and transfer point on 1,235 km.



09 September

Tariff policy

Order of the Department of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan for Atyrau region (DCRNM) № 56-OD from August 28, 2023 made changes to the order of DCRNM № 74-OD from August 19, 2022 'On approval of tariffs and tariff estimates Main Waterline LLP for the regulated service of water supply through trunk pipelines for 2022-2027'.

Main Waterline LLP increased by 37% the tariff for regulated service of water supply through main pipelines for industrial enterprises, commercial organizations and oil and gas producing enterprises.

New project implemented by Main Waterline LLP

Main Waterline LLP (100% share of KazTransOil JSC) implemented the project 'Construction of water pipeline for the integrated gas treatment plant at Kashagan field' in Atyrau region.

The water pipeline will provide water supply for the implementation of the first phase of construction of the associated gas processing plant at the Kashagan field.



11 November

Code in the field of safety and labor protection

KazTransOil JSC approved the Code in the field of safety and labor protection 'Vital Rules', developed considering the best international practices and recommendations of the International Association of Oil & Gas Producers (IOGP).

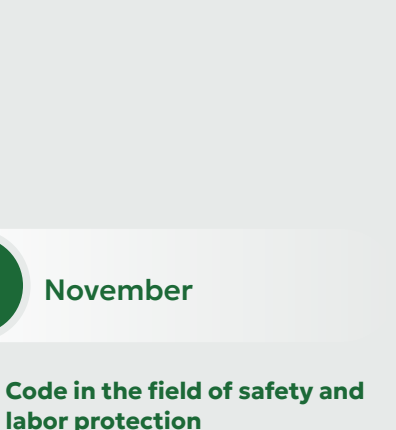
The requirements of the Code are aimed at improving the corporate culture in terms of occupational health and safety, the level of personal interest of each employee in preventing occupational injuries and diseases, accidents, and incidents.

Borrowed financing

Main Waterline LLP in order to finance the project 'Reconstruction and expansion of the main water pipeline 'Astrakhan-Mangyshlak' 1 stage' attracted funds in the amount of 20 billion tenge through the issue of bonds on KASE, the site 'Private placement' (2nd tranche of anti-crisis funds allocated in the amount of 70 billion tenge according to the decision of the State Commission on modernization of the economy of the Republic of Kazakhstan dated December 30, 2022).

KazTransOil JSC — leader of the share market

KazTransOil JSC was awarded a diploma — 'Leader of the share market' on behalf of KASE. The awarding ceremony was held during the International Exchange Forum, organized in honor of the 30th anniversary of KASE in Almaty.



12 December

Modernization of the main water pipeline 'Astrakhan — Mangyshlak' stage 1

Main Waterline LLP completed the realization of the project 'Reconstruction and expansion of the main water pipeline 'Astrakhan — Mangyshlak' 1st stage'.

Within the framework of the project two sections of the main water pipeline 'Astrakhan — Mangyshlak' with the length of about 176 km were replaced. As a result of the project implementation, Main Waterline LLP will ensure the throughput capacity of the main water pipeline 'Astrakhan — Mangyshlak' from 110 thousand m³ to 170 thousand m³ per day.



Signing a new contract with CPC-K JSC

On December 27, 2023 a new agreement was signed between KazTransOil JSC and Caspian Pipeline Consortium-K JSC (CPC-K JSC) on maintenance of the oil pipeline system of the Caspian Pipeline Consortium (CPC) on the territory of the Republic of Kazakhstan for a new five-year period (2024-2028).

Increase of tariff for oil transit through oil pipeline 'TON-2'

By the order of the General Director (Chairman of the Management Board) of the Company № 53 dated May 26, 2023, the tariff for the service of KazTransOil JSC on pumping oil for transit through the territory of the Republic of Kazakhstan through the Kazakh section of the main pipeline 'Tuimazy — Omsk — Novosibirsk-2' ('TON-2') will be USD 11.28 per 1 ton per 1,000 km (excluding VAT) to be effective from January 1, 2024.

Commissioning of two new oil tanks

At the Principal Oil Pumping Station (POPS) named after B. Jumagaliyev Zhezkazgan oil pipeline department of KazTransOil JSC put into operation two newly built tanks for oil storage. The capacity of each of them is 20 thousand m³.

The new reservoirs are equipped with a full set of equipment necessary for safe and uninterrupted operation of the POPS after B. Dzhumagaliyev.





Address by the Chair of the Board of Directors
Address by the General Director (Chair of the Management Board)
Key indicators 2023
Layout of Main Pipelines
Key events 2023
Company's Business Model

1. COMPANY OVERVIEW
2. OPERATING PERFORMANCE RESULTS
3. SUSTAINABLE DEVELOPMENT PERFORMANCE
4. CORPORATE GOVERNANCE
5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT
6. APPENDICES

Company's Business Model

Value creation process



Oil transportation

Transportation directions:

- Oil supply for domestic market (refineries)
- Oil transit through the Russian Federation
- Oil transshipment to CPC-K JSC, MunaiTas NWPC LLP and KCP LLP system
- Oil loading into rail tank cars from rail loading racks
- Oil loading to tankers in the port of Aktau



Operating services

Operating services consumers:

- Karachaganak Petroleum Operating B.V.
- Turgai-Petroleum JSC
- MunaiTas NWPC LLP
- CPC-K JSC
- Kazakhstan-China Pipeline LLP
- Main Waterline LLP

Financial capital

| | |
|-------------------------------|------------------------------|
| Shareholder equity | Charter capital |
| 956.9 billion tenge | 61.9 billion tenge |

Production facilities of the Company

Human capital

| | |
|-------------------------|--------------------------|
| Headcount of personnel | Average age of employees |
| 6,713 persons | 44.5 years |

Natural capital

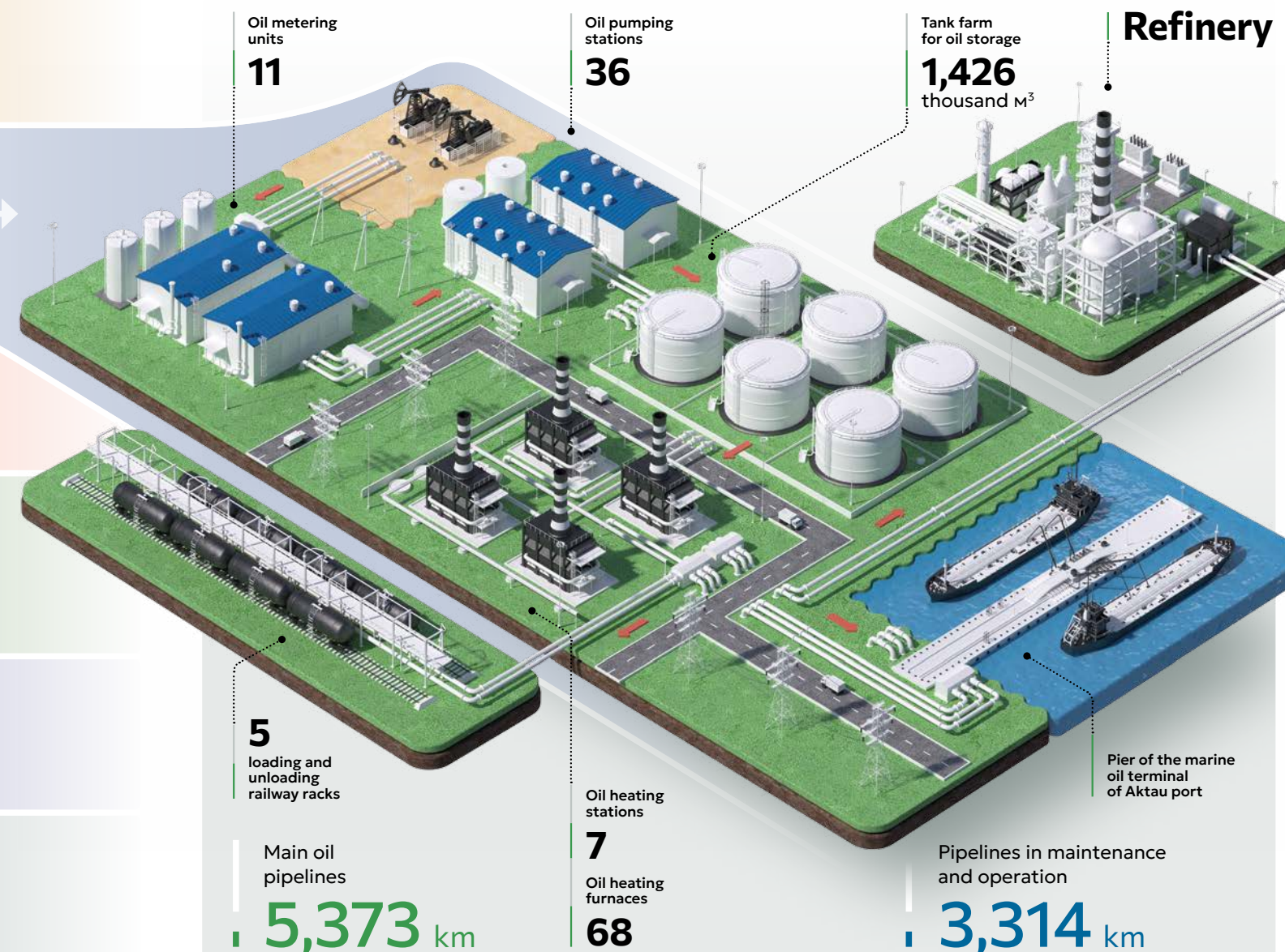
| | |
|-------------------------|--------------------|
| Electricity consumption | Water consumption |
| 949.7 TJ | 365.8 ML |

Social reputational capital

| | |
|-------------------------|---------|
| Code of Business Ethics | Hotline |
|-------------------------|---------|

Intellectual capital

| | |
|-----|------------------|
| R&D | Trunking network |
|-----|------------------|



KazTransOil JSC is the largest oil pipeline company in the Republic of Kazakhstan providing oil transportation services to the domestic market, for export and for transit purposes.

Results for 2023

| | | |
|------------------------------|-------------------------------|--|
| Dividends at the end of 2023 | Net profit at the end of 2023 | Taxes and other mandatory payments to the budget |
| 15.0 billion tenge | 32.8 billion tenge | 40.1 billion tenge |

| | | |
|--------------------------------|----------------------------------|--|
| Oil transportation | Oil cargo turnover | New sections of oil pipelines replaced |
| 44,188 thousand tons | 34,208 million tons-km | 46.8 km |

| | | |
|-----------------------------------|--------------------------------------|----------------------------------|
| Investments in personnel training | Costs on social support of employees | Rotation of management personnel |
| 760 million tenge | 3.7 billion tenge | 22 persons |

| | | |
|--|---|----------------------------|
| Costs on implementation of environmental protection measures | Reduction of energy consumption resources | Reduction of NOx emissions |
| 1.0 billion tenge | 11.2% | 20.7% |

| | | |
|--------------------------------|------------------------------|-------------------------|
| Universal sports grounds built | Corruption Intolerance Index | Social stability rating |
| 10 | 91% | 88% |

| | |
|---|------------------------|
| Coverage for mobile radios of trunked radio network | R&D was carried out on |
| 100% | 23 topics |

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

1. COMPANY OVERVIEW

Development history
Brief profile and activity areas
The Company's development strategy up
to 2028
Business structure
Implementation of transformation and
digitalization measures
State regulation and tariffs for services

2. OPERATING PERFORMANCE
RESULTS

3. SUSTAINABLE DEVELOPMENT
PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC
PERFORMANCE. MANAGEMENT
REPORT

6. APPENDICES

Company overview

GRI 2-1

| | |
|--|----|
| Development history | 22 |
| Brief profile and activity areas | 24 |
| The Company's development strategy up to 2028 | 25 |
| Business structure | 37 |
| Implementation of transformation and digitalization measures | 43 |
| State regulation and tariffs for services | 47 |





Address by the Chair of the Board of Directors

Address by the General Director (Chair of the Management Board)

Key indicators 2023

Layout of Main Pipelines

Key events 2023

Company's Business Model

1. COMPANY OVERVIEW

Development history

Brief profile and activity areas

The Company's development strategy up to 2028

Business structure

Implementation of transformation and digitalization measures

State regulation and tariffs for services

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Development history

1997

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

1998

In December, the Company was included in the Republican section of the State Register of Subjects of Natural Monopolies in relation to several services provided classified as natural monopolies, including oil transportation services via main pipelines and water supply services through the main water pipeline system.

2001

In 2001, the state block of shares of the closed joint stock company National Oil Transportation Company KazTransOil was transferred to the authorized capital of the closed joint stock company National Oil and Gas Transportation Company, established in accordance with the Decree of the Government of the Republic of Kazakhstan No. 591 dated May 2, 2001.

2002

By Decree of the President of the Republic of Kazakhstan No. 811 dated February 20, 2002, based on the closed joint stock companies National Oil and Gas Company KazakhOil and National Company Oil and Gas Transport reorganized by merger, the closed National Company KazMunayGas JSC was formed, which became the sole shareholder of the closed joint stock company KazTransOil.

2003

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

2004

In May, the closed joint stock company KazTransOil was renamed into KazTransOil JSC.

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

The Company and China National Oil and Gas Exploration and Development Corporation have created Kazakhstan-China Pipeline LLP (KCP LLP) on a parity basis.

2006

In July, KCP LLP commissioned the 'Atasu — Alashankou' main pipeline.

Also in July, the Company commissioned 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.

2007

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 BOT.

2008

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

2009

In September 2009, KCP LLP commissioned the 'Kenkiyak-Kumkol'.

2011

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

2012

In September, according to the purchase and sale agreement, the Company sold 100% of the shares of KazTransOil — Service JSC in favor of KazMunayGas — Service LLP.

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

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

2013

In December, because of the reorganization of the companies 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 (BOT, which has the exclusive right to manage BSP).

2014

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

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

2015

Amendments to the Law of the Republic of Kazakhstan were adopted in May 'On Natural Monopolies', according to which oil transportation services for transit through the territory of the Republic of Kazakhstan and export outside the Republic of Kazakhstan are excluded from the sphere of natural monopolies.

In December, the international certification body SGS issued certificates of compliance with the requirements of the international standard ISO 50001 on the energy management system based on the results of the certification audit.

2016

In August, the overhaul of the Kazakhstan section of the TON-2 MOP was completed, which allowed to increase the capacity of this section from 7 million to 11 million tons per year.

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

In December, the commissioning of the 663 km OPS took place (later renamed the N. Shmanov OPS).

2017

As a result of the liquidation procedures of the subsidiary of Batumi Terminals Limited (Cyprus), KazTransOil JSC in March became the owner of 100% of Petrotrans Limited (PTL) shares and in August received a 100% stake in BOT, which has the exclusive right to manage a 100% stake in the authorized capital of BSP owned by the State of Georgia.

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

2018

In April, the Western and Eastern branches of KazTransOil JSC were de-registered.

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 Kenkiyak POPS was completed.

2019

Work has been 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 Oil Refinery.

On December 1, 2019, commercial accounting of Kazakh oil for export transportation via the Uzen — Atyrau — Samara MOP began using the system for measuring the quantity and quality of oil acceptance and delivery point (ADP) 1,235 km of the Uzen — Atyrau — Samara oil pipeline located on the territory of Kazakhstan.

2020

On December 31, 2020, the facilities were put into operation OQMS 'Kumkol' and OQMS 'Kenkiyak'.

2021

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

2022

The Group of companies KazTransOil JSC has completed the connection of the newly built section on 449-499 km of the As-trakhan — Mangyshlak main water pipeline after reconstruction.

1. COMPANY OVERVIEW

Development history
 Brief profile and activity areas
 The Company's development strategy up to 2028
 Business structure
 Implementation of transformation and digitalization measures
 State regulation and tariffs for services

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Brief profile and activity areas

GRI 2-1

KazTransOil JSC is an oil pipeline company of the Republic of Kazakhstan providing services for the transportation of oil to the domestic market, for transit and for export.

The Company is a national oil trunk pipeline operator, whose activities are aimed at developing the oil trunk pipeline system in the Republic of Kazakhstan and ensuring its efficient, reliable, and safe operation.

The main activities of the Company:

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

Most of the Company's assets are in the Republic of 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 the Republic of Kazakhstan.

90%

of common shares
 KazTransOil JSC are owned
 by NC KazMunayGas JSC

KAZTRANSOIL JSC IS A PUBLIC COMPANY, 90% OF THE COMMON SHARES OF WHICH BELONG TO NC KAZMUNAYGAS JSC, AND 10% OF THE COMMON SHARES MINUS 1 SHARE ARE UNDER THE CONTROL OF MINORITY SHAREHOLDERS.

The Company's development strategy up to 2028

GRI 2-22, GRI 2-23, GRI 2-24

I Mission

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

I Vision

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



1. COMPANY OVERVIEW

Development history
Brief profile and activity areas
The Company's development strategy up to 2028
Business structure
Implementation of transformation and digitalization measures
State regulation and tariffs for services

2. OPERATING PERFORMANCE RESULTS

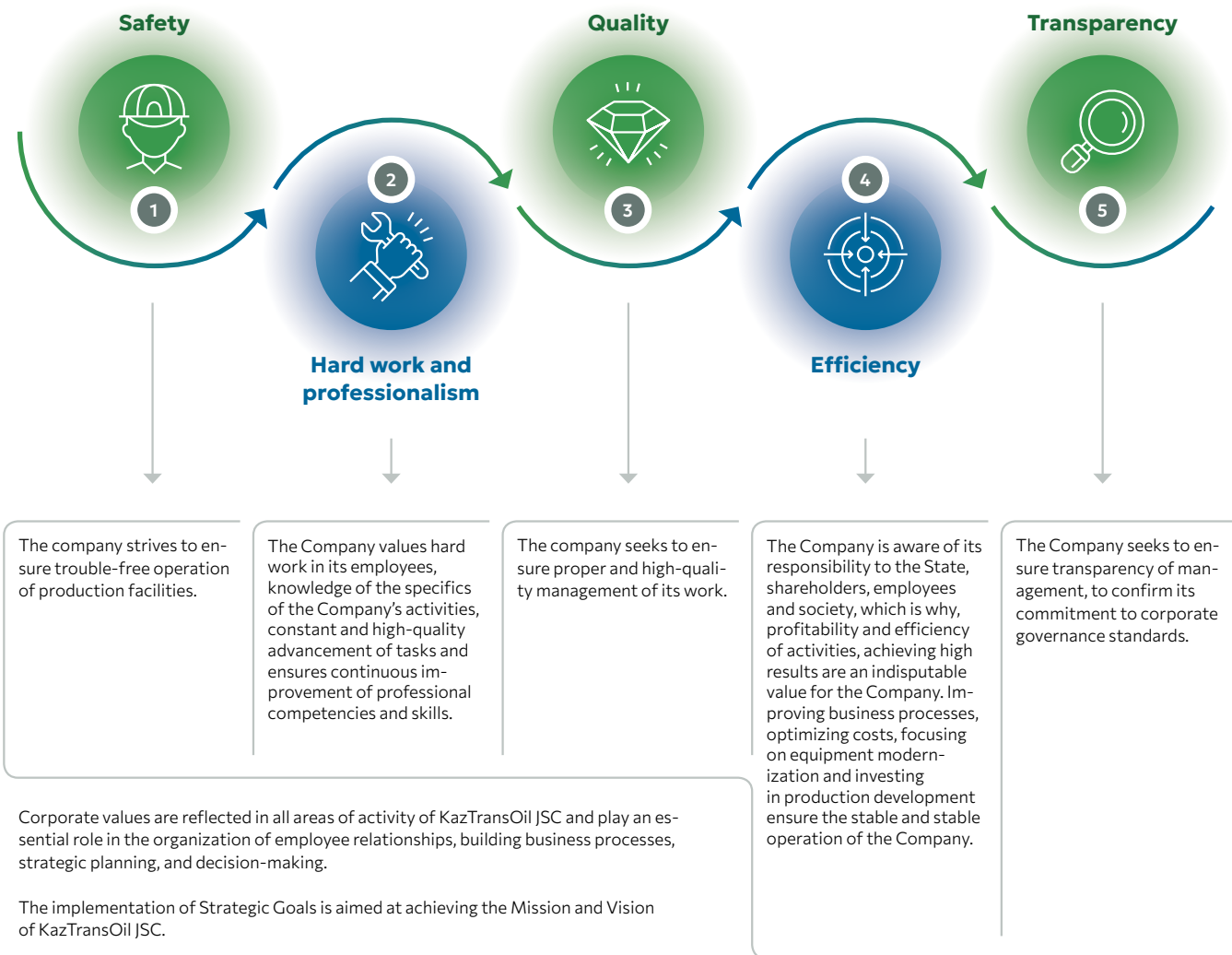
3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

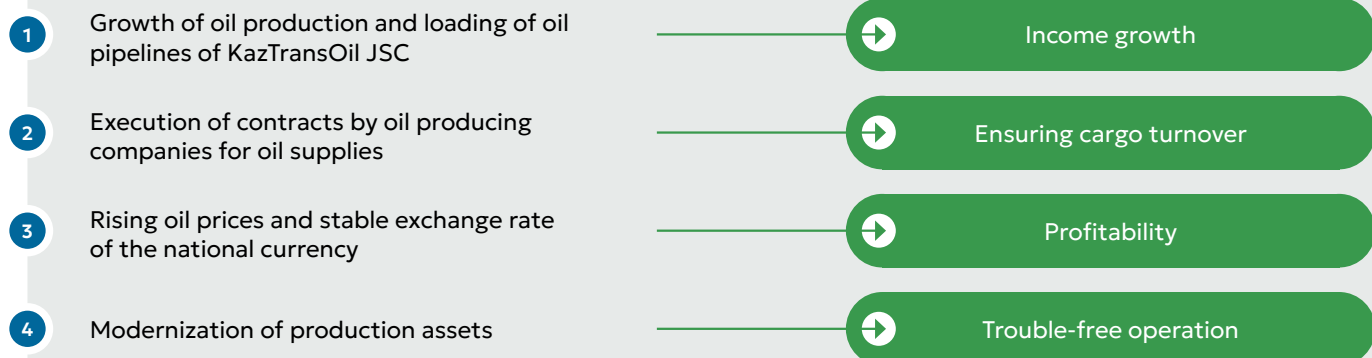
5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

I Corporate values



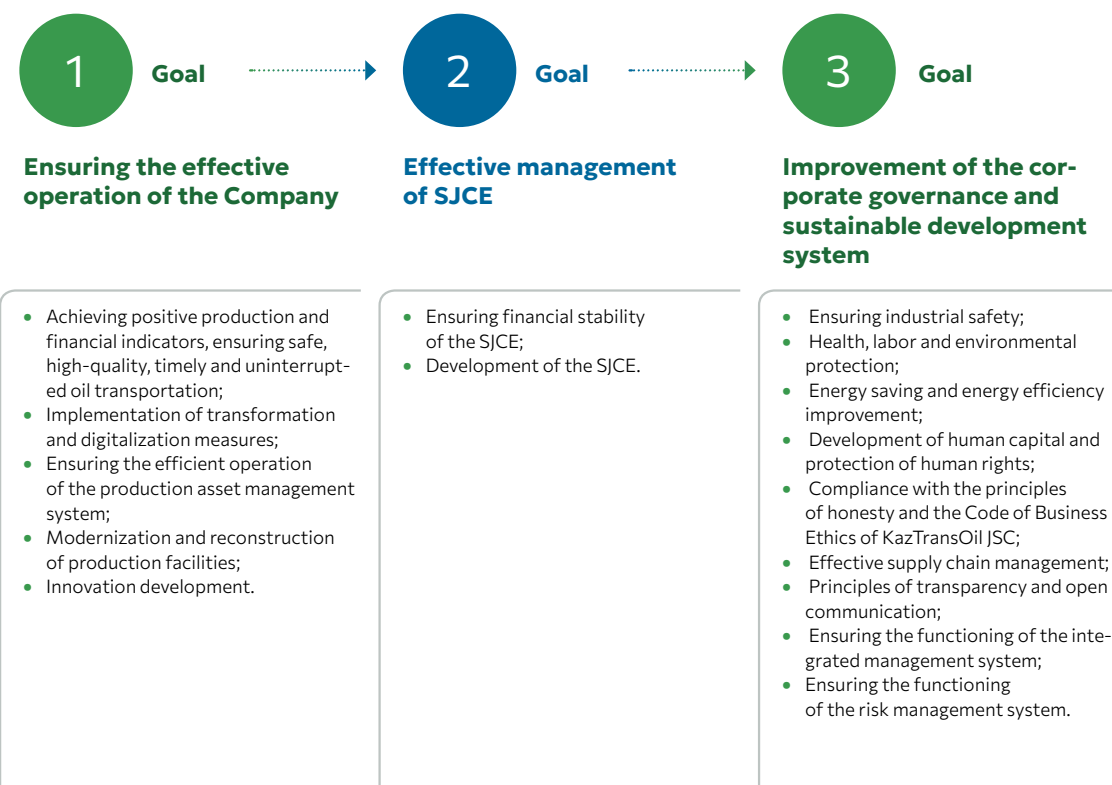
Key factors, that influence the implementations of the Company's Strategic Goals



Strategic direction of development of KazTransOil JSC

The development strategy of KazTransOil JSC is aimed at ensuring positive production and financial indicators and safe, high-quality, timely and uninterrupted oil transportation. The development strategy was developed in accordance with the recommendations of NC KazMunayGas JSC.

According to the Development Strategy, KazTransOil JSC identifies 3 main strategic goals, which in turn consist of 14 key tasks.



IN 2024, KAZTRANSOIL JSC PLANS TO APPROVE AN UPDATED DEVELOPMENT STRATEGY UP TO 2033.



1. COMPANY OVERVIEW

Development history
Brief profile and activity areas
The Company's development strategy up to 2028
Business structure
Implementation of transformation and digitalization measures
State regulation and tariffs for services

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Implementation of Strategic directions of development of KazTransOil JSC in 2023 and plans for 2024

1.

The Company's Strategic KPI

CONSOLIDATED OIL CARGO TURNOVER (>46 BILLION TONS-KM BY 2028)

1.1

Completion Form (Key events for 2023)

Ensuring the fulfillment of production indicators 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);
- the consolidated oil cargo turnover is 43,829 million tons-km (separately for the Company — 34,386 million tons-km).

✓ IMPLEMENTED

The consolidated oil transportation volume
45,762
thousand tons

Separately for the Company
44,188
thousand tons

Key plans for 2024

Ensuring the fulfillment of production indicators in terms of transportation volume and cargo turnover for 2024:

- consolidated oil transportation volume — 43,335 thousand tons (separately for the Company — 41,355 thousand tons);
- the consolidated oil cargo turnover is 43 billion tons-km (separately for the Company — 33.3 billion tons-km).

1.2

NET INCOME (>43 BILLION TENGE BY 2028)

Completion Form (Key events for 2023)

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

✓ IMPLEMENTED

Consolidated net profit
32.8
billion tenge

Key plans for 2024

Improvement of the planned net profit indicator for 2024.

1.3

EBITDA (>75 BILLION TENGE BY 2028)

Completion Form (Key events for 2023)

Achieving consolidated EBITDA for 2023 at the level of 72 billion tenge.

✓ IMPLEMENTED

EBITDA
97.0
billion tenge

Key plans for 2024

Achieving EBITDA for 2024 at the level of 68 billion tenge.

2.

Strategic Goal 1 'Ensuring the efficient operation of the Company'

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

2.1

2.1.1

Completion Form (Key events for 2023)

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

✓ IMPLEMENTED

Key plans for 2024

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

2.1.2

Completion Form (Key events for 2023)

Achieving a consumer satisfaction coefficient with the quality of oil transportation services provided at a level of at least 95%.

✓ IMPLEMENTED

The coefficient of customer satisfaction with the quality of oil transportation services provided was

100%

Key plans for 2024

Achieving a consumer satisfaction coefficient with the quality of oil transportation services provided at a level of at least 95%.

2.1.3

Completion Form (Key events for 2023)

Ensuring the transit of Russian oil towards the Republic of Uzbekistan along the route of the emergency recovery point 'Priirtyshsk' ERP — 'Shagyr' OLS (subject to the provision of re-sources by shippers and oil companies).

✓ IMPLEMENTED

The transit of Russian oil towards the Republic of Uzbekistan along the route of 'Priirtyshsk' ERP — OLS 'Shagyr' amounted to

154.3
thousand tons

Key plans for 2024

Ensuring the transit of Russian oil towards the Republic of Uzbekistan along the route of 'Priirtyshsk' ERP — OLS 'Shagyr' (subject to the provision of resources by shippers and oil companies).

2.1.4

Completion Form (Key events for 2023)

Separate pumping of 'low-sulfur' oil along the Atyrau — Samara — Novorossiysk route with shipment mixed with Siberian Light in the amount of up to 1.0 million tons per year (subject to the provision of resources by oil companies).

✓ IMPLEMENTED

Key plans for 2024

Attracting volumes of Kashagan oil from the resources of KMG Kashagan BV PLC for transshipment to the CPC-K JSC system.

1. COMPANY OVERVIEW

Development history
Brief profile and activity areas
The Company's development strategy up to 2028
Business structure
Implementation of transformation and digitalization measures
State regulation and tariffs for services

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES



Implementation of Strategic directions of development of KazTransOil JSC in 2023 and plans for 2024

2.

Strategic Goal 1 'Ensuring the efficient operation of the Company'

2.1

2.1.5

Completion Form (Key events for 2023)

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

⌚ PARTIALLY IMPLEMENTED

The event 'Increase in the tariff for oil pumping through the main pipeline system of KCP LLP for export outside the Republic of Kazakhstan by 15% in 2023 – 7,818.85 tenge per 1 ton per 1000 km' was not completed in 2023.

Key plans for 2024

Improving the reliability of oil transshipment at the N.Shmanov refinery in the Kenkiyak – Atyrau OP in the reverse direction.

2.1.6

Completion Form (Key events for 2023)

Achieving a consumer satisfaction coefficient with the quality of operator services provided at a level of at least 96%.

✔ IMPLEMENTED

The coefficient of customer satisfaction with the quality of operator services provided was

99%

Key plans for 2024

Achieving a consumer satisfaction coefficient with the quality of operator services provided at a level of at least 96%.

2.1.7

Completion Form (Key events for 2023)

Increasing the tariff for the Company's service for pumping oil through main pipelines for export outside the Republic of Kazakhstan.

✔ IMPLEMENTED

Key plans for 2024

Ensuring the reliability of filling at the Shagyr OLS in connection with the increase in the volume of transit of Russian oil to the Republic of Uzbekistan.

2.2

2.2.1

Completion Form (Key events for 2023)

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

⌚ PARTIALLY IMPLEMENTED

The implementation of the agreement 'Automation of the process of maintaining and controlling daily and regime lists for oil transportation in KazTransOil JSC has been extended until May 31, 2024.

Key plans for 2024

Implementation of the project 'Implementation of SAP S/4 HANA, SAP BPC systems' (stages 'Project planning and preparation' and 'Design').

2.2.2

Completion Form (Key events for 2023)

Implementation of the Road map of priority projects on information technology, automated process control system (APCS) and information security (in case of budget allocation and conclusion of contracts).

⌚ PARTIALLY IMPLEMENTED

The contract for the purchase of works on the creation (development) of an information system (development and implementation of a distance learning and testing system for employees of KazTransOil JSC) was terminated on December 19, 2023 due to the Contractor's violation of its obligations.

Key plans for 2024

Implementation of the project 'Supply and installation of server equipment to replace the current IT infrastructure'.

IMPLEMENTATION OF TRANSFORMATION AND DIGITALIZATION MEASURES

3.

Strategic Goal 2 'Efficient management of SJCE'

2.3

ENSURING THE EFFECTIVE OPERATION OF THE PRODUCTION ASSET MANAGEMENT SYSTEM

Completion Form (Key events for 2023)

Conclusion based on the results of consideration and analysis of applications from the Company's structural divisions for budget adjustments in 2023 under the articles 'Capital investments' and 'Current repairs'.

✔ IMPLEMENTED

2.4

MODERNIZATION AND RECONSTRUCTION OF PRODUCTION FACILITIES

Completion Form (Key events for 2023)

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

⌚ PARTIALLY IMPLEMENTED

46.8 km of oil pipeline sections have been replaced with a plan of 48.6 km.

2.5

INNOVATIVE DEVELOPMENT/ SCIENTIFIC AND TECHNICAL DEVELOPMENT

2.5.1

Completion Form (Key events for 2023)

Implementation of the Research and Development Program at KazTransOil JSC for 2023-2027.

✔ IMPLEMENTED

Key plans for 2024

Implementation of the Program for conducting research and development work in KazTransOil JSC for 2024-2028.

2.5.2

Completion Form (Key events for 2023)

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

⌚ PARTIALLY IMPLEMENTED

In 2023, 9 Company standards were developed and approved, 1 standard is at the approval stage.

Key plans for 2024

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

3.1

3.1.1

Completion Form (Key events for 2023)

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

✔ IMPLEMENTED

Key plans for 2024

Ensuring net profit of PTL in the amount of 1.3 billion tenge.

3.1.2

Completion Form (Key events for 2023)

Revision of the approved tariffs of the Main Waterline LLP for a regulated water supply service through main pipelines for 2022-2027.

✔ IMPLEMENTED

On August 28, 2023, by Order No. 56-OD, the DCRNM approved the following tariffs of Main Waterline LLP for a regulated water supply service with input from September 1, 2023 to September 30, 2027:

- municipal enterprises and the population -18.04 tenge/m³;
- agricultural producers – 64.98 tenge/m³;
- industrial enterprises – 626.66 tenge/m³;
- oil and gas producing enterprises – 1,870.55 tenge/m³.

Key plans for 2024

- An increase in the transshipment of BOT container cargo by 1,186 thousand tons (the plan for 2024 is 4,455 thousand tons).
- Increasing the volume of water supply to the Main Waterline LLP from 27.9 million m³ to 30.9 million m³.



Address by the Chair of the Board of Directors
Address by the General Director (Chair of the Management Board)
Key indicators 2023
Layout of Main Pipelines
Key events 2023
Company's Business Model

1. COMPANY OVERVIEW

Development history
Brief profile and activity areas
The Company's development strategy up to 2028
Business structure
Implementation of transformation and digitalization measures
State regulation and tariffs for services

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES



Implementation of Strategic directions of development of KazTransOil JSC in 2023 and plans for 2024

3.

Strategic Goal 2
‘Efficient management of SJCE’

DEVELOPMENT OF SJCE

3.2

3.2.1

Completion Form (Key events for 2023)

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

✓ IMPLEMENTED

3.2.2

Completion Form (Key events for 2023)

An increase in the profitability of BT from cargo transshipment in 2023 by 600 million tenge more than the approved BOT business plan for 2023-2027.

✓ IMPLEMENTED

An increase in the profitability of BOT from cargo transshipment by
939
million tenge

The net profit for 2023 was
1,106
million tenge
(with a plan of 167 million tenge)

3.2.3

Completion Form (Key events for 2023)

Completion of the investment project ‘Reconstruction and expansion of the Astrakhan-Mangyshlak main water pipeline stage 1’.

✓ IMPLEMENTED

The project is completed. On December 28, 2023, the act of acceptance of the facility into operation was signed.

3.2.4

Completion Form (Key events for 2023)

Completion of the investment project ‘Construction of the pipeline of the Kashagan integrated gas treatment plant’.

✓ IMPLEMENTED

The project is completed. On August 31, 2023, the act of acceptance of the facility into operation was signed.

4.

Strategic Goal 3 ‘Improving the corporate governance and sustainable development system’

ENSURING INDUSTRIAL SAFETY

4.1

4.1.1

Completion Form (Key events for 2023)

Execution of the Work Plan for the implementation of policies in the field of ensuring physical, internal, personnel security, anti-terrorist security of the Company's facilities, and anti-corruption in KazTransOil JSC for 2023.

✓ IMPLEMENTED

Key plans for 2024

Implementation of the Work Plan for the implementation of the policy in the field of ensuring physical, economic, personnel security, anti-terrorist security of facilities KazTransOil JSC in KazTransOil JSC for 2024.

4.1.2

Completion Form (Key events for 2023)

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

✓ IMPLEMENTED

Key plans for 2024

Execution of the Work Plan for improving the information security management system for 2024.

4.1.3

Completion Form (Key events for 2023)

Execution of the Work Schedule of the permanent Commission on Industrial Control, Safety and Labor Protection of KazTransOil JSC for 2023.

✓ IMPLEMENTED

Key plans for 2024

Execution of the Work Plan for improving the information security management system for 2024.

4.1.4

Completion Form (Key events for 2023)

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

✓ IMPLEMENTED

Key plans for 2024

- Amendments to the Declaration of Industrial Safety of Hazardous Production Facilities KazTransOil JSC.
- Execution of the points of the Action Plan for Industrial safety of the Samruk-Kazyna JSC Group for 2024, approved by the order of the Chairman of the Management Board Samruk-Kazyna JSC No. 160-p dated 12/26/2023, which are within the competence of KazTransOil JSC.

4.2

HEALTH, LABOR AND ENVIRONMENTAL PROTECTION

4.2.1

Completion Form (Key events for 2023)

Inventory of greenhouse gas emissions from the Company's quota installations.

✓ IMPLEMENTED

Key plans for 2024

Inventory of greenhouse gas emissions from the Company's quota-based installations.

4.2.2

Completion Form (Key events for 2023)

Eclamation of disturbed lands (historical pollution) on 508 km of the Uzen — Atyrau — Samara mine.

✓ IMPLEMENTED

Disturbed land were restored

1.64 hectares

4.3

ENERGY SAVING AND ENERGY EFFICIENCY IMPROVEMENT

4.3.1

Completion Form (Key events for 2023)

Implementation (achievement) of the energy goals of KazTransOil JSC for 2023.

✓ IMPLEMENTED

The target values for 2023 have been met. Thus, the total consumption of all types of energy amounted to

3,979.3 TJ
(with a plan of 4,507.2 TJ)

Key plans for 2024

Implementation (achievement) of the Company's energy goals for 2024

4.3.2

Completion Form (Key events for 2023)

Implementation of the measures planned for 2023 by the Action Plan for Energy Saving and Energy Efficiency Improvement of KazTransOil JSC for 2020-2025.

✓ IMPLEMENTED

Key plans for 2024

Implementation of the measures planned for 2024 by the Action Plan for Energy Conservation and Energy Efficiency Improvement KazTransOil JSC for 2020-2025.

4.4

HUMAN CAPITAL DEVELOPMENT AND HUMAN RIGHTS PROTECTION

4.4.1

Completion Form (Key events for 2023)

Updating of internal documents in the field of human resource management.

✓ IMPLEMENTED

The decision of the Company's Management Board approved the Rules of Human Resource Management of KazTransOil JSC.

Key plans for 2024

Amendments and additions to the Rules for the Development of Regulations on Structural Units KazTransOil JSC.

4.4.2

Completion Form (Key events for 2023)

Certification of the Company's employees.

⌚ PARTIALLY IMPLEMENTED

According to Order No. 142 dated December 11, 2023 ‘On certification of employees of KazTransOil JSC, certification is carried out from January to March 2024.

4.5

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

Completion Form (Key events 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.

✓ IMPLEMENTED

1. COMPANY OVERVIEW

Development history
Brief profile and activity areas
The Company's development strategy up to 2028
Business structure
Implementation of transformation and digitalization measures
State regulation and tariffs for services

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES



Implementation of Strategic directions of development of KazTransOil JSC in 2023 and plans for 2024

4.

Strategic Goal 3
‘Improving the corporate governance and sustainable development system’

EFFECTIVE SUPPLY CHAIN MANAGEMENT

4.6

4.6.1

Completion Form (Key events for 2023)

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

✔ IMPLEMENTED

Key plans for 2024

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

4.6.2

Completion Form (Key events for 2023)

Inventory management and logistics optimization.

✔ IMPLEMENTED

In 2023, the inventory turnover was

106 days

(the target value is 150 days)

4.6.3

Completion Form (Key events for 2023)

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

✔ IMPLEMENTED

The level of domestic value in the procurement of goods is

58%

Key plans for 2024

Promoting the development of local content. Achieving the level of local content in the procurement of goods is 55%. Achieving the level of local content in the procurement of works and services is 75%.

Works and services

75%

PRINCIPLES OF TRANSPARENCY AND OPEN COMMUNICATION

4.7

4.7.1

Completion Form (Key events for 2023)

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

✔ IMPLEMENTED

Key plans for 2024

Updating the Rules of interaction between the structural divisions of KazTransOil JSC when posting information on the Internet resource of KazTransOil JSC.

4.7.2

Completion Form (Key events for 2023)

Development of Internal Communications Regulations in KazTransOil JSC.

✔ IMPLEMENTED

By the decision of the Company's Management Board, the Regulations of Internal Communications in KazTransOil JSC were approved.

4.7.3

Completion Form (Key events for 2023)

Timely provision of responses to requests received by the Rapid Response Center in the WhatsApp messenger by number +7 771 101 55 06.

✔ IMPLEMENTED



4.8

ENSURING THE FUNCTIONING OF THE INTEGRATED MANAGEMENT SYSTEM

Completion Form (Key events for 2023)

Confirmation of compliance of the integrated management system (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 conducted by the certification body in 2023.

✔ IMPLEMENTED

According to the results of the inspection (supervisory) audit of the Company's IMS of the 2nd year, conducted by the certification body in 2023, the compliance of the Company's IMS with the requirements of international standards ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 50001:2018 was confirmed and the validity period of certificates of conformity issued in 2021 for the results of the IMS certification audit.

Key plans for 2024

Confirmation of the Company's IMS compliance with the requirements ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 50001:2018 based on the results of the IMS certification audit conducted by the certification body.

4.9

ENSURING THE FUNCTIONING OF THE RISK MANAGEMENT SYSTEM

4.9.1

Completion Form (Key events for 2023)

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

✔ IMPLEMENTED

The decision of the Board of Directors approved the results of identification and assessment of production and non-production risks of the Company and its SJCE for 2024.

Key plans for 2024

Ensuring identification and assessment of production and non-production risks of the Company and its SJCE, development of measures for their management for 2025.

4.9.2

Completion Form (Key events for 2023)

Execution of the Schedule of work on the internal control system of KazTransOil JSC for 2023.

✔ IMPLEMENTED

All the activities provided for in the Calendar Schedule of work on the internal control system of KazTransOil JSC for 2023 have been completed:

- the decisions of the Company's Management Board approved flowcharts and matrices of risks and controls for 12 business processes/subprocesses,
- approved reports on the results of the analysis of the effectiveness of the design of control procedures for 12 business processes/subprocesses,
- training was conducted for the Company's employees on the internal control system.

Key plans for 2024

- Implementation of the activities of the Calendar schedule of work on the internal control system of KazTransOil JSC for 2024.
- Implementation of the activities of the Calendar schedule of work on the business continuity management system KazTransOil JSC for 2024.

1. COMPANY OVERVIEW

Development history
Brief profile and activity areas
The Company's development strategy up to 2028
Business structure
Implementation of transformation and digitalization measures
State regulation and tariffs for services

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

I Key performance indicators

Since 2012, the Company's results have been evaluated based on key performance indicators (KPIs). Efficiency is 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 efficiency system is focused on:

- implementation of the Company's Development Strategy and Business Plan,
- ensuring the safe and trouble-free operation of the Company,
- continuous improvement of the financial and production 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 divisions, heads of branches, representative offices and other separate structural divisions of the Company, head of the Department of operator services;
- KPI of employees of the central office and the Department of operator services.

Corporate KPI for 2023

| Nº | KPI | Measuring unit | 2023 target | Fact 2023 |
|----|---|-----------------|-------------|-----------|
| 1 | Development of oil transportation routes for export | % | 100% | 100% |
| 2 | Implementation of investment projects | % | 100% | 100.45% |
| 3 | EBITDA (consolidated) | million tenge | 75,861 | 97,030 |
| 4 | Oil cargo turnover (consolidated)* | million tons-km | 44,268 | 44,903 |
| 5 | Comprehensive indicator on industrial safety | % | 100% | 0 |
| 6 | Size of the carbon footprint | tons | 409,216 | 407,628 |

* Taking into account the undeclared and/or undelivered mandatory minimum volume of oil (according to the KPI passport).

The final performance of corporate KPIs for 2023 was 100 per cent.

The Company has implemented ESG efficiency at various levels of management (for more information, see Section 'Sustainable Development Management').

Corporate efficiency and executive efficiency are approved by the Company's Board of Directors. The efficiency of management personnel, heads of structural divisions, heads of branches, representative offices and other SBUs of the Company, the head of the department of operator services are approved by the Management Board of the Company. The efficiency of employees of the central office and the Department of operator services is approved by the General Director (Chairman of the Management Board), supervising Deputy General Directors and managing directors of the Company.

According to the results of the six and nine months of the reporting year, the performance of corporate efficiency and the efficiency of senior and managerial employees is monitored. After the end of the reporting year, the actual efficiency values of all levels are calculated.

On January 30, 2023, the Board of Directors of KazTransOil JSC approved the corporate KPIs of KazTransOil JSC for 2023 and their target values. KPIs include financial and economic indicators, production performance indicators of the Company and indicators in the field of occupational safety.

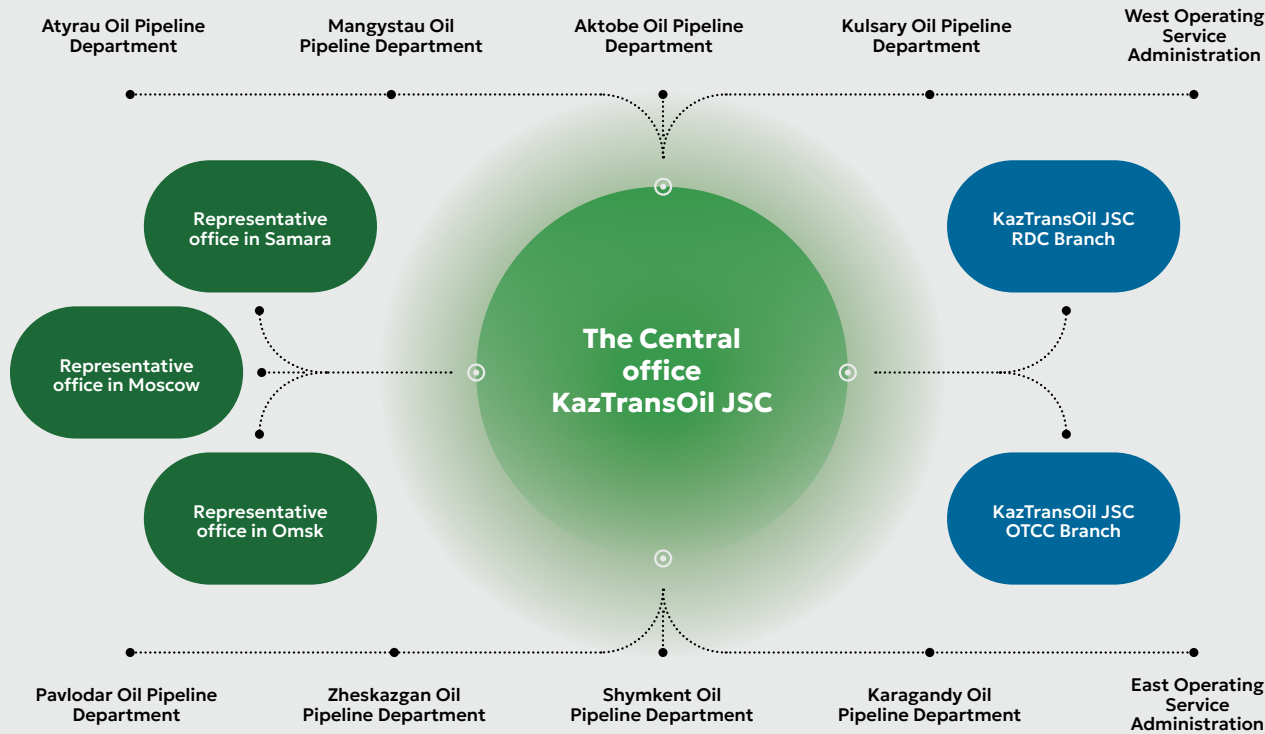
Corporate KPIs for 2024

| Nº | KPI | Measuring unit | 2024 target |
|----|--|----------------|-------------|
| 1 | Execution of the capital investment plan and investment program of KazTransOil JSC | % | 100% |
| 2 | Payment of dividends for 2024 | % | 116% |
| 3 | The degree of implementation of the recommendations issued by the Internal Audit Services of NC KazMunayGas JSC and KazTransOil JSC, with a deadline of 2024 | % | 100% |
| 4 | Comprehensive indicator on industrial safety | % | 100% |
| 5 | Implementation of target indicators for procurement management for 2024 | quantity | 6 |

In accordance with the indicators of the Company's Business Plan for 2024-2028 and the recommendations of NC KazMunayGas JSC, on January 26, 2024, the Board of Directors of KazTransOil JSC approved the corporate KPIs of KazTransOil JSC for 2024 and their target values.

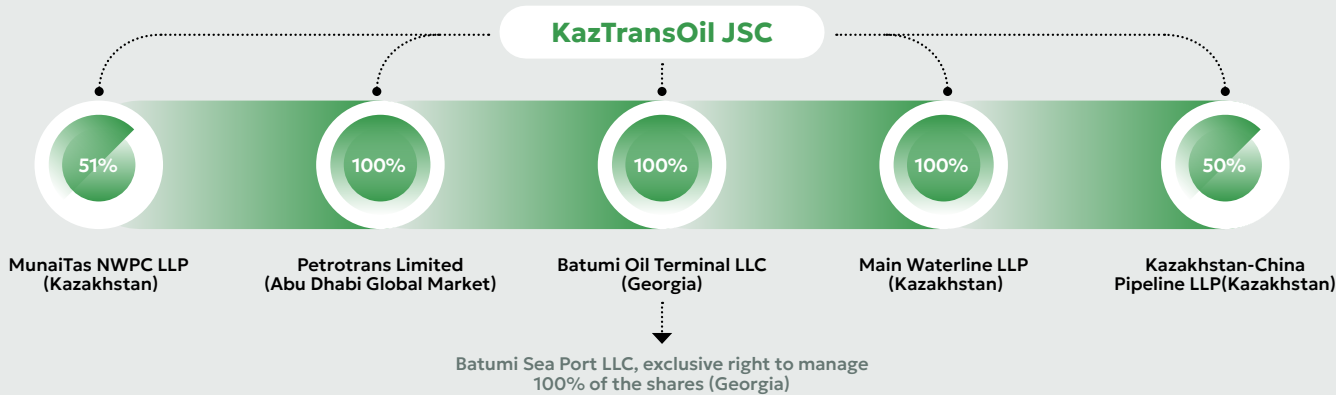
Business structure

I Organizational structure of the Company



Subsidiary and jointly controlled entities of the Company

The structure of subsidiaries and jointly controlled organizations



Address by the Chair of the Board of Directors
Address by the General Director (Chair of the Management Board)
Key indicators 2023
Layout of Main Pipelines
Key events 2023
Company's Business Model

1. COMPANY OVERVIEW

Development history
Brief profile and activity areas
The Company's development strategy up to 2028
Business structure
Implementation of transformation and digitalization measures
State regulation and tariffs for services

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

I Main Waterline LLP

100%

KazTransOil JSC owns a 100% stake in the authorized capital of the Main Waterline LLP.

Water supply volume in 2023

27,904 thousand m³

Net loss in 2023

783 million tenge

The main activity of the Main Waterline LLP 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 electric energy.

The Astrakhan-Mangyshlak water pipeline is the only centralized source of water supply for consumers of waterless areas of Western Kazakhstan — Kurmangazinsky, Isataysky and Zhylyoysky districts of Atyrau region. The annual volume of water supply is 8.7 million m³. It also provides the city of Zhanaozen, Beineu, Mangistau, Karakiyansky and Tupkaragan districts of Mangistau region with water volume of 17.5 million m³. The water pipeline is a critically important source for providing water to the population. It serves more than 35% of the population of Mangystau region and more than 28% of the population of Atyrau region.

The volume of water supply in 2023 amounted to 27,904 thousand m³, of which the main share of water supply falls on utilities — 55%, and oil and gas companies — 34%. Water supply to industrial enterprises amounted to 10%, to agricultural producers — 0.5%, to the population and budget organizations — 0.5%.

In 2023, the Main Waterline LLP implemented the following tasks:

- The implementation of the investment project ‘Reconstruction and expansion of the Astrakhan — Mangyshlak main water pipeline Stage 1’ has been completed. Construction and installation works were carried out on time from October 2022 to December 2023, 1 year ahead of schedule (according to the plan on December 31, 2024). The effect of the implementation of this project is to increase the production

capacity of the water pipeline from 110 to 170 thousand m³ per day, the total length of the completed works is 177.1 km. On November 30, 2023, work on the linear part of the Project was fully completed within the established deadlines. On December 13, 2023, the launch ceremony of the Project was held with the participation of the Prime Minister of the Republic of Kazakhstan A.A. Smailov, the act of acceptance of the facility into operation was signed on December 28, 2023;

- The construction of a water pipeline to the Kashagan Gas pipeline Complex has been completed. Construction and installation works were carried out on time from May 31 to August 31, 2023. The capacity of the conduit is 3,408 m³/day or 815,000 m³/year, the total length of the conduit is 25.15 km. On June 30, 2023, work on the linear part of the Project was completed within the established deadlines, and pneumatic tests of the entire linear part were successfully carried out. The acceptance certificate of the facility was signed on August 31, 2023;
- Uninterrupted water supply to the western regions of Kazakhstan has been ensured, within the declared volumes, Main Waterline LLP has fulfilled all obligations under the concluded contracts.

Notably, for the period 2021-2023 the Main Waterline LLP carried out extensive work on revising the tariff level to ensure the payback of the company's operating activities. The result of the work carried out is an increase in the tariff level by more than 2 times. The order of the DCRNM No. 56-OD dated August 28, 2023 established a tariff for water supply through main pipelines in the amount of 626.66 tenge per cubic meter. By Order of the DCREM No. 9-OD, dated February 15, 2024 the water supply tariff was set at 683.75 tenge per m³.

I Plans for 2024 and the medium term

Uninterrupted water supply through main pipelines.

Key performance results of Main Waterline LLP

| Performance | 2021 | 2022 | 2023 |
|-------------------------------------|--------|--------|--------|
| Financial results | | | |
| Net loss, million tenge | -4,541 | -3,842 | - 783 |
| Operating results | | | |
| Water supply, thousand, thousand m³ | 29,387 | 29,786 | 27,904 |
| Unauthorized tie-ins, ea. | 0 | 0 | 0 |



www.mwl.kz

I Batumi Oil Terminal LLC

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

The competitive advantage of BOT is flexibility in the storage and transshipment of various grades of oil and petroleum products (including liquefied petroleum gas). The capacities of the BOT include 132 reservoirs, technological pipeline systems, 6 drain ramps, 3 berths and 1 outrigger berthing device.

The decrease in the volume of oil and petroleum products of transshipment according to the results of BOT activities amounted to 1,574 thousand tons, which is 18% less than in 2022. This is due to the following factors:

- a decrease in the volume of transshipment of dark petroleum products by 165 thousand tons due to difficulties in chartering tankers encountered by customers,
- a decrease in oil transshipment volumes by 192 thousand tons due to the completion of an additional agreement for transshipment of Tengiz crude oil by Tengizchevroil LLP, as well as the lack of transshipment volumes of Russian oil due to the geopolitical situation,
- reducing the volume of transshipment of light petroleum products to 29 thousand tons, due to a decrease in nominations from the shipper,
- an increase in gas transshipment volumes by 33 thousand tons due to the diversification of volumes from the Russian Federation (Temryuk and partly Taman).

By the end of 2023, consolidated net profit BOT amounted to 1,106 million tenge with an adjusted plan of 899 million tenge, which is 23% or 206 million tenge higher than the plan. The decrease in the net profit of BOT in 2023 by 6,681 million tenge compared to the fact of 2022 is mainly due to a decrease in financial income. In the same period last year, financial income was accrued in connection with the restructuring of the PTL loan in the amount of \$17,312 thousand and an impairment loss on fixed assets in the amount of \$4,605 thousand was accrued.

I Plans for 2024 and the medium term

Implementation of the production and financial indicators of the business plan, considering the safety of production activities and environmental protection.

100%

BOT is a 100% subsidiary of KazTransOil JSC. Direct ownership and management of production assets in Georgia is carried out through BOT.

Volume of oil and oil products transshipment in 2023

1,574 thousand tons

Net income in 2023

1,106 million tenge

Key performance results of BOT

| Performance | 2021* | 2022* | 2023 |
|--|-------|-------|-------|
| Financial results | | | |
| Net income/loss, million tenge | 2,472 | 7,987 | 1,106 |
| Operating results | | | |
| Volume of oil and petroleum product transshipment, thousand m³ | 1,324 | 1,927 | 1,574 |
| Unauthorized tie-ins, ea. | 0 | 0 | 0 |



www.batumioilterminal.com

* According to the data of the audited consolidated financial statements of BOT (consolidation with BSP).

Address by the Chair of the Board of Directors
Address by the General Director (Chair of the Management Board)
Key indicators 2023
Layout of Main Pipelines
Key events 2023
Company's Business Model

1. COMPANY OVERVIEW

Development history
Brief profile and activity areas
The Company's development strategy up to 2028
Business structure
Implementation of transformation and digitalization measures
State regulation and tariffs for services

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

I Petrotrans Limited Company

100%

Petrotrans Limited Company (PTL) is a 100% subsidiary of KazTransOil JSC, which provides freight forwarding services along the Transcaucasian corridor.

Volume of oil and oil products transshipment in 2023

689 thousand tons

Net income in 2023

1,607 million tenge

PTL provides services for the transportation of oil, petroleum products and dry cargo through BOT and BSP, as well as for the transportation of oil cargo through the territory of Georgia from Gardabani station to Batumi station.

PTL clients are offered comprehensive services — delivery of oil and petroleum products by rail from the Russian-Azerbaijani border to the BOT, monitoring and dispatching of supplies, draining of petroleum products from tank wagons, unloading of products from tanks and their storage on the territory of the BOT.

Net profit in 2023 amounted to 1,607 million tenge, which is 8% or 146 million tenge lower than planned (1,753 million tenge).

This decrease is due to a decrease in the volume of oil transportation by Tengizchevroil LLP by rail, as well as the lack of transshipment of light petroleum products by 90 thousand tons, due to the lack of nominations from the shipper.

Compared to the same period in 2022, the increase in net profit by 8,277 million was tenge due to the accrual of financial expenses for discounting loans in the amount of 8,083 million tenge by the end of 2022, resulting from the restructuring of loans issued in favor of BOT.

Key performance results of PTL

| Performance | 2021 | 2022 | 2023 |
|--|------|---------|-------|
| Financial results | | | |
| Net income/loss, million tenge | 239 | - 6,670 | 1,607 |
| Operating results | | | |
| Volume of oil and petroleum product transshipment, thousand tons | 140 | 691 | 689 |

Excluding the recognition of financial expenses in 2022, there is an increase in PTL's net profit in 2023 compared to 2022 by 194 million tenge, which is mainly due to the accrual of restored reserves for doubtful accounts receivable in the reporting period in accordance with the updated model for expected credit losses.

I Plans for 2024 and the medium term

1. Implementation of the production and financial indicators of the business plan, considering the safety of production activities and environmental protection.
2. Attraction of additional volumes of transshipment and transportation of oil cargoes.

I Kazakhstan-China Pipeline LLP

KCP LLP established 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 length of MOP 'Atasu — Alashankou' is 965.1 km, MOP 'Kenkiyak — Kumkol' is 794.26 km.

Net income in 2023 increased by 9% compared to 2022, due mainly to an increase in income from core activities, including income from transportation to the domestic market (tariff increase) and from transit (due to an increase in the US dollar), as well as the resulting negative exchange rate difference in 2022 in in the amount of 3,778 million tenge.

The volume of oil transportation via main oil pipelines KCP LLP decreased by 2.2% in 2023 compared to 2022. The decrease in transportation volumes is due to a decrease in oil supplies to the domestic market and for export.

I Plans for 2024 and the medium term

1. Ensuring the financial stability of the company, including through early repayment of the loan.
2. 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 main oil pipelines of KCP LLP.
3. Ensuring the implementation of measures to prepare the facilities of the main oil pipelines for the flood period and ensure their reliability.
4. Ensuring that planned diagnostic work is carried out in order to determine the condition of the equipment of the main oil pipelines to extend the service life/ or determine the scope of work on their overhaul.
5. Filing an application for approval of the tariff for the domestic market for MOP 'Kenkiyak — Kumkol' for the new five-year period 2025-2029.

Key performance results for KCP LLP

| Performance | 2021 | 2022 | 2023 |
|---|--------|--------|--------|
| Financial results | | | |
| Net income, million tenge | 23,216 | 29,451 | 31,971 |
| Operating results | | | |
| Volume of oil transportation, thousand tons | 17,411 | 19,235 | 18,806 |
| Oil cargo turnover, million tons-km | 15,592 | 17,315 | 16,872 |
| Unauthorized tie-ins, ea. | 0 | 1 | 0 |
| Sustainability indicators | | | |
| Number of personnel, people | 185 | 188 | 183 |
| Air emissions, tons | 170 | 193 | 195 |
| The volume of recycled waste, tons | 37.4 | 26.1 | 35.0 |
| Accidents, unit | 0 | 0 | 0 |
| Electricity consumption, million kWh | 47 | 50.5 | 52.9 |

50%

KCP LLP is a joint venture of KazTransOil JSC (50%) and China National Oil and Gas Exploration and Development Company Ltd (50%).

Oil transportation volume in 2023

18,806 thousand tons

Net income in 2023

31,971 million tenge



www.petrotrans.kz



www.kcp.kz

Address by the Chair of the Board of Directors
Address by the General Director (Chair of the Management Board)
Key indicators 2023
Layout of Main Pipelines
Key events 2023
Company's Business Model

1. COMPANY OVERVIEW

Development history
Brief profile and activity areas
The Company's development strategy up to 2028
Business structure
Implementation of transformation and digitalization measures
State regulation and tariffs for services

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES



MunaiTas NWPC LLP is a joint venture of KazTransOil JSC (51%) and CNPC Exploration and Development Company Ltd (49%).

Net income in 2023
1,741
million tenge

Oil transportation volume in 2023
5,527
thousand tons

I MunaiTas NWPC LLP

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

The main activity of NWPC MunaiTas LLP is the provision of oil transportation services via the main pipeline. The length of the 'Kenkiyak – Atyrau' MOP is 455.10 km, the volume of the tank farm is 40 thousand m³.

Net profit for 2023 amounted to 1,741 million tenge, which is 71% lower than the same indicator in 2022 due to a decrease in the company's revenue, an increase in expenses, including accrual of expenses from asset impairment.

In 2023, the volume of oil transportation by MunaiTas NWPC LLP is 1% less than in 2022 due to the restriction of oil intake to PetroKazakhstan Oil Products LLP (PKOP LLP) in July 2023.

Key performance results for MunaiTas NWPC LLP

| Performance | 2021 | 2022 | 2023 |
|---|-------|-------|--------------|
| Financial results | | | |
| Net income, million tenge | 2,314 | 2,447 | 1,741 |
| Operating results | | | |
| Volume of oil transportation, thousand tons | 4,273 | 5,606 | 5,527 |
| Oil cargo turnover, million tons-km | 1,725 | 2,264 | 2,236 |
| Unauthorized tie-ins, ea. | 0 | 0 | 0 |
| Sustainability indicators | | | |
| Number of personnel, people | 109 | 104 | 113 |
| Air emissions, tons | 58.1 | 34.5 | 34.2 |
| The volume of recycled waste, tons | 27.5 | 47.5 | 227.6 |
| Accidents, units | 0 | 0 | 0 |
| Electricity consumption, million kWh | 4.2 | 13.2 | 12.4 |

I Plans for 2024 and the medium term

1. Organization and coordination of work on labor protection, provision of preventive work to prevent occupational injuries.
2. Ensuring safe and uninterrupted transportation of oil.
3. Completion of the subproject 'The first stage of the reverse of the 'Kenkiyak – Atyrau' MOP with a capacity of up to 6 million tons per year' of the project 'The second stage of the second stage of the construction of the Kazakhstan – China oil pipeline'. Increasing productivity to 20 million tons of oil per year.
4. Work to prevent a reduction in the tariff level for oil pumping services to the domestic market.
5. Working out the issue of increasing the tariff level for oil pumping services for export purposes.

Implementation of transformation and digitalization measures

As part of the transformation and optimization of business processes, KazTransOil JSC implements projects to improve operational efficiency, as well as post-project monitoring of completed projects.

In 2023, KazTransOil JSC continued measures to improve the efficiency of operations and optimize business processes provided for in the Action Plan to Improve the Efficiency of KazTransOil JSC.

The project 'Automation of HR management reporting KazTransOil JSC'

The project is aimed at improving the efficiency of KazTransOil JSC by automating the collection of human resource management data, which will reduce the time for the formation of management reports and improve the quality (reliability) of HR management reports.

The implementation of the project involved obtaining high-quality benefits, such as the development of a list of HR indicators and primary data for the preparation of HR management reports, as well as the Concept of a model in an information system for the automation of HR management reporting.

During the project implementation period in 2021-2023, the following documents were approved, which are key indicators of achieving the project's goal:

- List of HR indicators and primary data for HR management reporting (December 2021);
- The concept of the model in the information system and the technical specification for the automation of HR management reporting (April 2022).

In December 2023, a human resource management analytical reporting system was introduced, which will automate data collection and display of personnel data.

An event after the reporting date.

By the order of the General Director (Chairman of the Management Board) of KazTransOil JSC dated January 31, 2024, the project was closed, as well on January 31, 2024, the General Director (Chairman of the Management Board) of KazTransOil JSC approved a report on the completion of the project.



1. COMPANY OVERVIEW

Development history
Brief profile and activity areas
The Company's development strategy up to 2028
Business structure
Implementation of transformation and digitalization measures
State regulation and tariffs for services

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Automation of the process of maintaining and controlling daily and regime lists for oil transportation in KazTransOil JSC

During 2023, the implementation of the project 'Automation of the process of maintaining and controlling daily and regime lists for oil transportation in KazTransOil JSC' was continued, the purpose of which is to put into commercial operation an automated system that eliminates routine operations and human a factor in the formation of the oil balance, filling out the regime sheet, and developing accounting documentation.

Within the framework of the concluded agreement, the following activities were carried out in 2023:

- the project documentation for the implementation of the system has been developed, the delivery, installation and commissioning of the software 'Database Management System' has been carried out;
- data integration with external systems has been performed;
- A module for the distribution of orders of gross daily volumes has been developed.

In December 2023, considering that the process of maintaining and monitoring daily operational reports and regime lists for oil transportation involves large amounts of data, an additional agreement to the agreement, the agreement was extended until May 31, 2024.

The project is scheduled to be completed in the 2nd quarter of 2024.

In addition, KazTransOil JSC is carrying out post-project monitoring on the project provided for in the Action Plan to Improve the Efficiency of KazTransOil JSC, which is in post-monitoring.

Thus, the projected positive economic effect of the implemented project 'Outsourcing of printing service in the central office of KazTransOil JSC' for 5 years (2020-2024), considering the fact for 2020-2023, amounted to about 375 million tenge.

Plans for 2024 and the medium term

In 2024, it is planned to complete the implementation of the project on 'Automation of the process of maintaining and controlling daily and regime lists for oil transportation in KazTransOil JSC', provided for in 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.



I 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 effectiveness of corporate governance and achieving the Company's strategic goals.

The main documents defining the field of digitalization and automation of the Company's processes are: The Concept of digitalization of KazTransOil JSC and the Program for the Development of Digital Technologies of KazTransOil JSC, including the Road Map of projects.

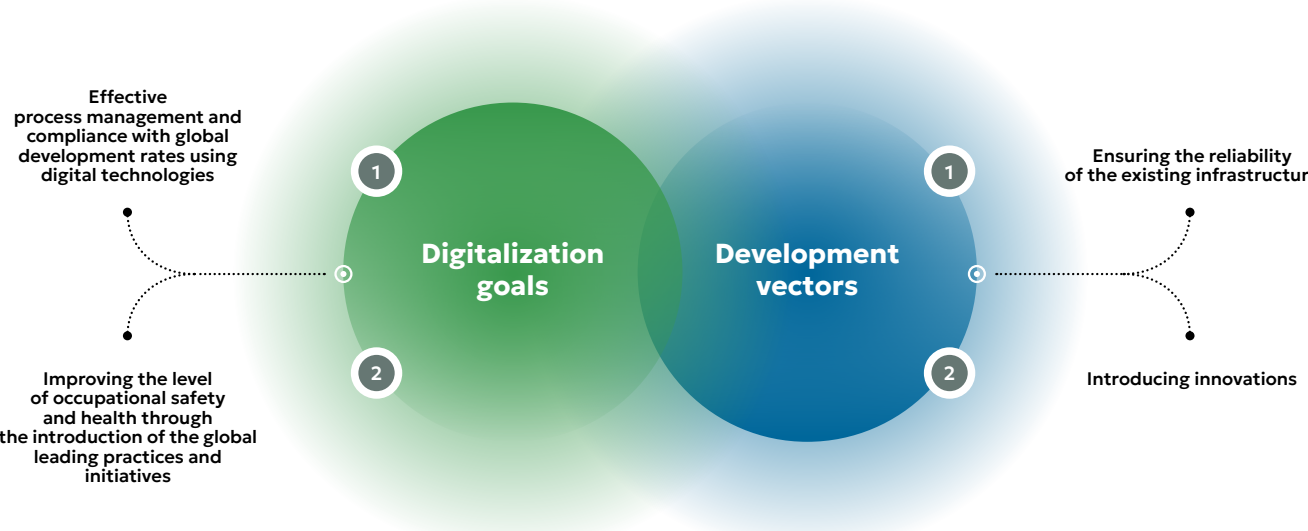
The implementation of projects in this area is carried out by the relevant departments: the Department of Information Technology, the Department of Telecommunications, the Automated Control System together with the Department of Corporate Security.

I Goals and directions of digitalization

Since 2018, the Company has been operating the Digitalization Concept, which defines 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.

Digitalization concept of KazTransOil JSC



The main directions of digitalization are:

- creation of a digital intelligent security system;
- development of systems for commodity transport operations;
- digitalization of technological processes;
- transition to digital production process management technologies;
- digital transformations in personnel management, creation of modern workplaces;
- implementation of modern mechanisms for managing key performance indicators;
- Digital financial monitoring;
- Development of procurement and material flow management processes;
- Providing a reliable digital infrastructure.

1. COMPANY OVERVIEW

Development history
Brief profile and activity areas
The Company's development strategy up to 2028
Business structure
Implementation of transformation and digitalization measures
State regulation and tariffs for services

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

I Project implementation for 2023

Reconstruction of the administrative building on M. Gabdullina-2 street

As part of the implementation of the Action Plan to improve the efficiency of the use of administrative buildings dated March 30, 2021, in 2023, work was carried out to transfer the reserve room of the Main Dispatch Department of the branch 'Oil Transportation Management Center of KazTransOil JSC' from the administrative building at 19 Kaban-bai Batyr Avenue to the administrative building at M. Gabdulina street, 2.

In December 2023, the facility was accepted by the act of the acceptance commission and put into operation. Since December 25, 2023, the RDC branch of KazTransOil JSC has been relocated to the address M. Gabdulin-2 street.

Implementation of industrial and technological communication projects

In 2023, 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:

- reconstruction of the communication system of the control and management points of the Mangystau oil pipeline departments;
- modernization of local area networks of the facilities of the Pavlodar and Zhezkazgan oil pipeline departments;
- modernization of the control room, operational and technological communications in the Atyrau oil pipeline department;
- comprehensive modernization of the telephone network to IP telephony of Pavlodar, Zhezkazgan, Karaganda and Aktobe oil pipeline departments;
- construction of a radio relay line on the section of the Shymkent ADP – Shymkent BPO;
- retrofitting of the automation system for technical accounting of equipment for station and linear structures of industrial and technological communications;
- supply and installation of network security devices of the Mangystau and Zhezkazgan oil pipeline departments.

The implemented projects enable to increase the battery life of the equipment from 4 hours to 36 hours (in case of power outage) and reduce the risk of downtime and emergencies on the Company's production and technological network.

I Plans for 2024 and the medium term

1. Implementation of SAP S/4 HANA and SAP BPC systems. The duration of the project is 3 years (2024-2026).
2. Supply and installation of server equipment to replace the current IT-infrastructure.
3. Modernization of the control room, operational and technological communications in the Karaganda and Aktobe oil pipeline departments.
4. Modernization of local area networks at the Karaganda and Aktobe oil pipeline departments.
5. Supply and installation of network security devices by Aktobe Atyrau, Kulsarinsky, Shymkent and Pavlodar oil pipeline departments.
6. Reconstruction of security and fire alarm systems of auxiliary facilities at eight production facilities of the Company.
7. Implementation of video surveillance and access control systems at seven production facilities of the Company.



State regulation and tariffs for services

In accordance with the legislation of the Republic of Kazakhstan on natural monopolies, the tariff for regulated services must ensure reimbursement of the costs of providing a regulated service and profit directed to the development and effective 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 natural monopoly entity in the following areas:

- services for the transportation of oil and/or petroleum products through main pipelines, except for their transportation for 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;
- Wastewater disposal services.

Tariffs 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.

Tariffs for oil transportation services to the domestic market of the Republic of Kazakhstan are calculated in accordance with the Rules for Tariff Formation approved by Order No. 90 of the Minister of National Economy of the Republic of Kazakhstan dated November 19, 2019.

On June 20, 2023, by order of the Chairman of the CRNM No. 85-OD, amendments were made to the order of the Chairman of the CRNM No. 71-OD dated November 27, 2020, regarding an increase in tariffs for a regulated service for pumping oil to the domestic market of the Republic of Kazakhstan through the Company's trunk pipeline system to the levels of 4,849.39 tenge per 1 ton per 1,000 km (in the period from July 1, 2023 to June 30, 2024) and 4,851.87 tenge per 1 ton per 1,000 km (in the period from July 1, 2024 to December 31, 2025).

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

To calculate tariffs for oil transportation services for export and transit, the Company has developed and applies a Methodology for calculating tariffs for services of KazTransOil JSC for oil transportation via main oil pipelines for export outside the Republic of Kazakhstan and transit through the territory of the Republic of Kazakhstan.

Tariffs for the services of KazTransOil JSC for pumping oil to the domestic market through the system of main oil pipelines as of December 31, 2023

| Direction | Measuring unit | 01.01.2023–30.06.2023 | 01.07.2023–31.12.2023 |
|--|---------------------|-----------------------|-----------------------|
| To the domestic market of the Republic of Kazakhstan | tenge/1,000 tons-km | 4,355.57 | 4,849.39 |

Tariffs for the services of KazTransOil JSC for pumping oil for export and transit through the main oil pipeline system as of December 31, 2023

| Direction | Measuring unit | 01.06.2022 – 30.06.2023 | с 01.07.2023 |
|---|---------------------|-------------------------|--------------|
| For export outside the Republic of Kazakhstan | tenge/1,000 tons-km | 8,830.51 | 10,150.00 |

Tariffs for oil transportation services through the Company's main oil pipeline system for transit through the territory of the Republic of Kazakhstan as of December 31, 2023

| Direction | Measuring unit | 01.01.2023-31.12.2023 |
|---|-----------------------|---|
| Transit through the Kazakhstan section of the TON-2 main pipeline | tenge/1,000 tons-km - | 4,292.40 |
| Transit to China | USD/ton | 4.23 |
| Transit to the Republic of Uzbekistan | USD/ton | 25.12 (01.01.2023 – 31.01.2023) 27.9 (from 01.02.2023) |
| Transit to the Kyrgyz Republic | USD/ton | 25.12 (01.01.2023 – 05.01.2023) |

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

1. COMPANY OVERVIEW

Development history
Brief profile and activity areas
The Company's development strategy up to 2028
Business structure
Implementation of transformation and digitalization measures
State regulation and tariffs for services

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

By Order of the Minister of Energy of the Republic of Kazakhstan No. 485 dated December 29, 2023 'On approval of the cost of transporting Russian oil through the Territory of the Republic of Kazakhstan to the People's Republic of China along the transportation route border of the Russian Federation — border of the Republic of Kazakhstan (Priirtyshsk) — Atasu (Republic of Kazakhstan) — Alashankou (PRC)' for the period from January 1, 2024 to December 31, 2033, the cost of transporting Russian oil in the amount of 10 million tons per year through the territory of the Republic of Kazakhstan to the PRC along the transportation route of the border of the Russian Federation has been approved — the border of the Republic of Kazakhstan (Priirtyshsk) — Atasu (Republic of Kazakhstan) — Alashankou (PRC) in the amount of \$15 per 1 ton excluding VAT, including:

- on the section border of the Russian Federation — border of the Republic of Kazakhstan (Priirtyshsk) — Atasu (Republic of Kazakhstan), including the transshipment of oil to the Atasu POPS, — \$4.23 per 1 ton, excluding VAT;
- at the Atasu site (Republic of Kazakhstan) — Alashankou (China) — \$10.77 per 1 ton excluding VAT.

The company provides 16 additional oil transportation services. Of these, 12 services are regulated low-power services. Tariffs for such services are approved by the Company independently, annually by indexing the approved tariff no higher than the level determined by the authorized body in the field of natural monopolies.

By order of the General Director (Chairman of the Management Board) As of March 31, 2023, KazTransOil JSC increased tariffs for some additional services for the transportation of oil through main pipelines for export outside the Republic of Kazakhstan and transit through the territory of the Republic of Kazakhstan to a break-even tariff level to maintain the effective functioning of production and profit.

Reports 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 half-year and the year on the execution of the approved tariff estimates, on the execution of the approved investment program, on compliance with quality and reliability indicators of regulated services and achievement of performance indicators of the entities natural monopolies in front of consumers and other interested parties.

The objectives of the annual reporting events are to ensure transparency and transparency of 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 natural monopoly entity;
- on the execution of the approved investment program;
- on the article-by-article execution of the approved tariff estimate;
- compliance with the quality and reliability indicators of regulated services;
- on the achievement of performance indicators of the natural monopoly entity;



Total investments under the Investment Programme of KazTransOil JSC in 2023

40,676 million tenge

Investment program of KazTransOil JSC for 2021-2025 as of December 31, 2023



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

The activities of the investment program postponed from 2022 to 2023 for reasons beyond the control of the entity

Investment program

The investment program of KazTransOil JSC for the service of pumping oil to the domestic market of the Republic of Kazakhstan through main pipelines for 2021-2025 was approved by the joint order of the CRNM No. 61-OD dated November 12, 2020 and the Ministry of Energy of the Republic of Kazakhstan No. 397 dated November 18, 2020.

The investment program is aimed at ensuring reliable and trouble-free operation of main oil pipelines and main oil pipeline facilities, and includes measures to replace sections of main oil pipelines, reconstruction and construction of reservoirs, construction and reconstruction of chemical laboratory buildings, construction and reconstruction of main pumping stations, start-up chambers for receiving cleaning devices, replacement of technological pipelines, production and technological communications and the automated control system, as well as the purchase of motor vehicles and special production equipment.

Joint Order of the Ministry of Energy of the Republic of Kazakhstan No. 161-OD dated December 29, 2023 and the Ministry of Energy of the Republic of Kazakhstan No. 6 dated January 10, 2024 amended the joint order of the Ministry of Energy of the Republic of Kazakhstan No. 397 dated November 18, 2020 and CRNM No. 61-OD dated November 12, 2020 '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 main pipelines for 2021-2025.'

Anti-competitive behavior

During the reporting period, the Company was not subject to administrative measures related to anti-competitive behavior and violation of antimonopoly legislation.



1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

Economic and industry overview
Company performance in 2023
Investment activities
Corporate security
Information security
Scientific and technical development

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES



Operating performance results

| | |
|--|----|
| Economic and industry overview | 52 |
| Company performance in 2023 | 56 |
| Investment activities | 69 |
| Corporate security | 71 |
| Information security | 73 |
| Scientific and technical development | 74 |

Economic and industry overview

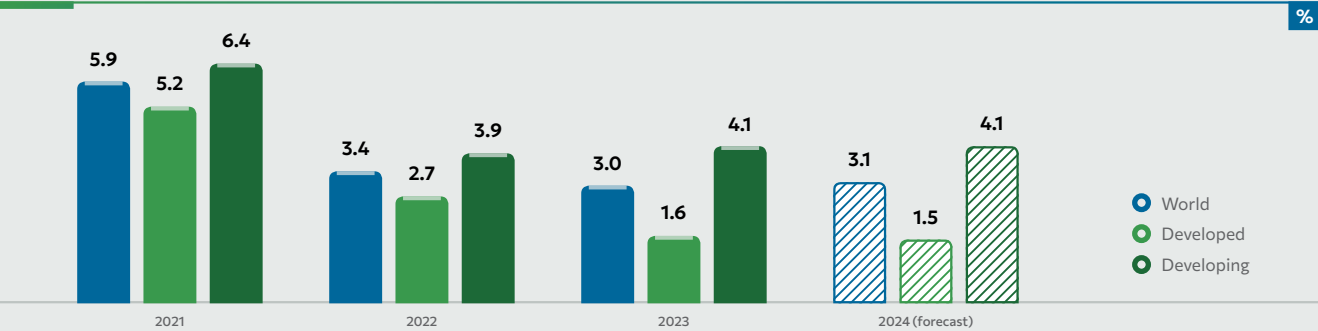
I Economic overview

The global economy has shown unexpected resilience in 2023, despite experts' forecasts. Growth was revised upward due to several factors, including high levels of consumer demand in the United States and the gradual recovery of the service sector after the pandemic. As a result, global GDP increased by 2.6%, which was 0.4% higher than forecasts at the beginning of the year.

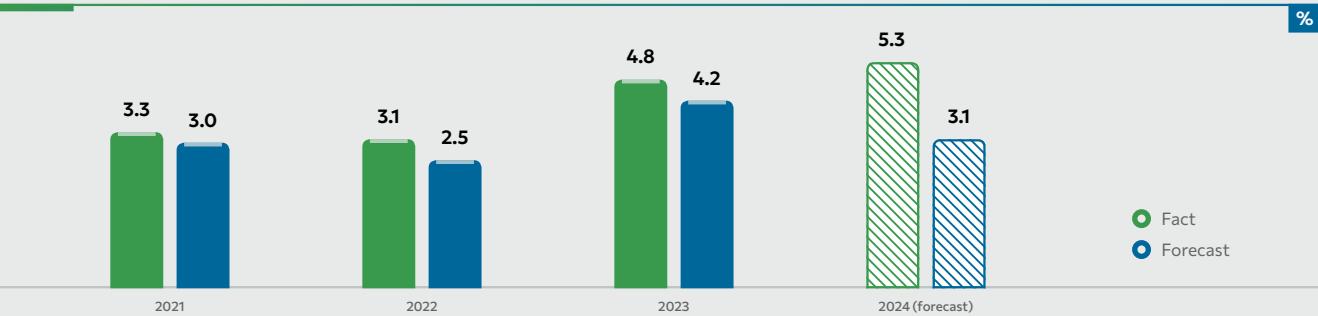
In 2023, the economy of the Republic of Kazakhstan showed significant growth after the onset of the geopolitical crisis in 2022, reaching growth of 4.9%, which is significantly higher than 3.2% in 2022. This growth was driven by an increase in the country's budget, an increase in oil production, and an influx of migrants from the Russian Federation, which contributed to an increase

in domestic consumption and investment. After a significant decline in living standards in 2022, in 2023 there was a 0.2% recovery in real incomes in the first nine months, supported by a decrease in inflation and a 3.5% increase in real wages in the third quarter of the reporting period. This, in turn, stimulated an increase in consumer spending, which is confirmed by steady growth in retail trade and car sales by 7.7% and 19.5%, respectively. The increase in production was mainly due to the extractive industries. Despite the reduction in oil production in 2022 due to failures at the CPC oil pipeline, production recovered in 2023 and increased by 6.9%. Industrial production also showed an increase of 4.1%, thanks to the metallurgical, chemical and automotive industries. Transport and logistics services grew by almost 7%, reflecting strong domestic demand and increased foreign trade.

Dynamics of world GDP, developed and developing countries (IMF)



Dynamics of Kazakhstan's GDP with forecast (IMF)



I Global hydrocarbon market

The global oil market is gradually rebuilding after three eventful years, during which the market faced first the COVID-19 pandemic and then geopolitical instability.

According to the International Energy Agency, in 2023, even though many OPEC+ participants announced a voluntary reduction in oil production, oil production showed an increase to 101.9 million barrels per day. The likely reason for the increase in this indicator is the growth of oil production in the United States, Brazil and Iran, which exceeded early forecasts.

Contrary to the negative forecasts of experts, global markets have successfully adapted to the new dynamics of trade, in particular, crude oil supplies from Russia have found new directions outside the European Union. Despite the restriction of crude oil supplies by OPEC+, in 2023, Brent crude oil prices averaged \$83 per barrel, which is \$19 lower than in 2022, when prices reached \$101 per barrel.

In the first half of 2023, crude oil prices were influenced by the European Union's ban on imports of Russian oil and petroleum products, interest rate hikes by central banks around the world, as well as concerns about inflation and recession. Nevertheless, Brent crude oil prices in the first half of 2023 were significantly less volatile than in 2022, when they reached multi-year highs.

On June 4, 2023, OPEC+ members announced an extension of the period of reduction in crude oil production until the end of 2024.

In the second half of 2023, geopolitical tensions and concerns about crude oil demand led to increased price fluctuations.

In July 2023, during the OPEC+ meeting, Saudi Arabia announced an additional voluntary reduction in oil production by 1 million barrels per day, complementing OPEC+ cuts. In early September, Saudi Arabia announced the extension of voluntary production cuts in the country until the end of 2023. Commercial crude oil inventories in the United States declined, and by September 29, 2023, they reached their lowest level since December 2, 2022. The limited supply exerted upward pressure on crude oil prices, and on September 28, 2023, the price of Brent reached its highest in a year — \$98 per barrel.

After falling from September highs, crude oil prices rose again in early October due to the outbreak of the conflict between Israel and Hamas, on October 9, 2023, the price of Brent reached \$91 per barrel.

As concerns about the broader conflict eased, as well as concerns about supply and demand problems for crude oil, prices began to decline. By the end of October, the price of Brent had fallen to \$89 per barrel. The price of Brent continued to decline, settling at \$74 per barrel by December 12, 2023.

In mid-December, oil prices began to rise again as geopolitical tensions intensified due to numerous attacks related to the Israeli-Hamas conflict on transport ships in the Red Sea. The attacks led to a sharp increase in insurance tariffs for transit through the Red Sea, and shippers began redirecting ships around southern Africa. Longer routes and increased geopolitical risks contributed to an increase in Brent crude oil prices to \$78 per barrel on December 29, 2023 (the last trading day of the year).

The average monthly price of Brent crude oil from January 2021 to December 2023





The Republic of Kazakhstan has rich oil resources, including several large open fields and prospects for the discovery of significant reserves in the future, especially on the Caspi-an shelf of the country.

Oil production in Kazakhstan in 2023
89.97
million tons

Oil production growth in 2023
6.8%

Crude oil exports from Kazakhstan in 2023
70.5
million tons

Overview of the oil market in Kazakhstan

About 95% of Kazakhstan's oil and gas condensate reserves. They are concentrated in the west of the country in three oil and gas basins – the Caspian, Mangyshlak and North Ustyurt. The main oil producing region of the Republic of Kazakhstan is in the north-west of the country: the two largest operating fields Tengiz and Kashagan are in the Atyrau region (Kashagan is located on the shelf of the Caspian Sea about 80 km from the coast), and the third largest field Karachaganak is in the West Kazakhstan region. In 2023, these fields together provided more than 60% of the total volume of Kazakh oil production.

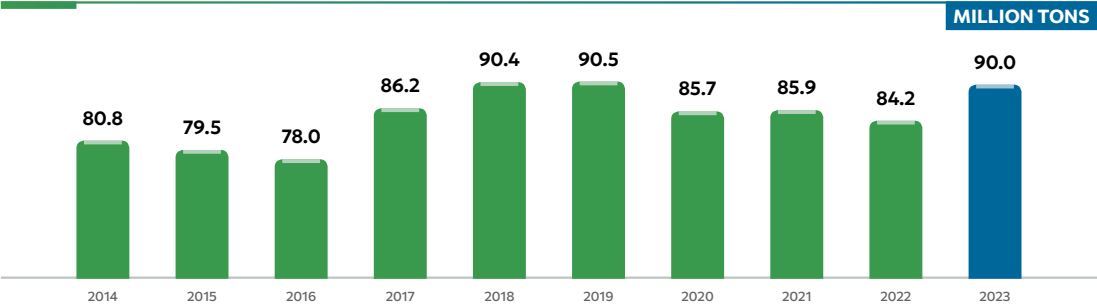
In 2023, the volume of oil production in the Republic of Kazakhstan amounted to 89.97 million tons, which is 6.8% higher than

in 2022. In the reporting year, production in the country returned to an annualized growth trajectory, despite the emerging limiting factors.

Such factors include the commitment made by the Republic of Kazakhstan to reduce oil production under the OPEC+ agreement, as well as the accident at the Mangystau Nuclear Power Plant, which negatively affected the operation of several fields.

At the same time, according to the adopted Concept for the development of the fuel and energy complex of the Republic of Kazakhstan for the period from 2023 to 2029, the country intends to achieve the target in oil production of 97.0 million tons by 2029.

Oil and gas condensate production in Kazakhstan in 2014-2023



In 2023, Kazakhstan's oil exports increased by 9.64% and amounted to 70.5 million tons. At the same time, the total annual capacity of the Kazakh oil pipeline system for export amounted to about 110 million tons:

- CPC oil pipeline – 72.5 million tons;
- Atyrau – Samara oil pipeline – 17.5 million tons;
- Atasu – Alashankou oil pipeline – 20 million tons.

In addition, the capacity of oil terminals of KazTransOil JSC in the port of Aktau 6.2 million tons per year, and rail transport is up to 3 million tons for the export of crude oil to the Republic of Uzbekistan.

Volume of crude oil exports from Kazakhstan



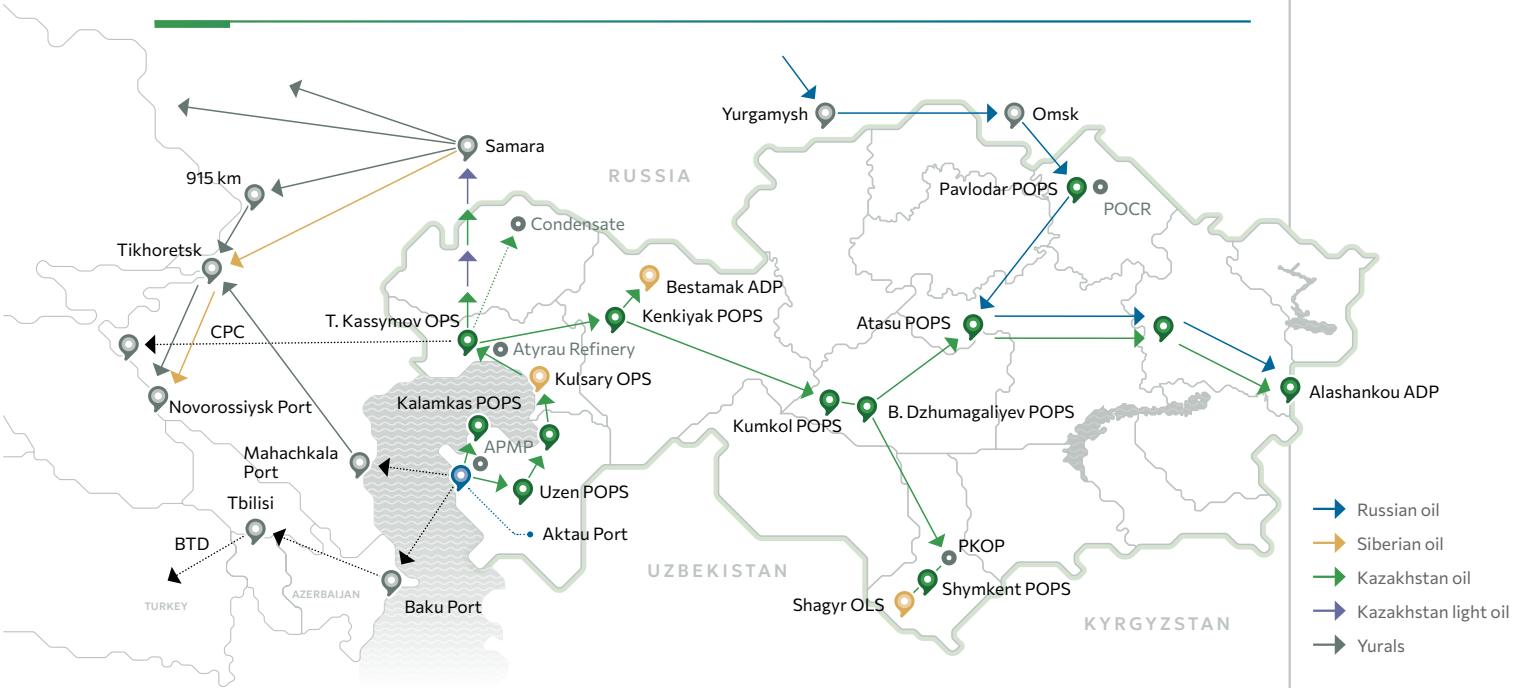
Export volumes of Kazakh oil and gas condensate

| MILLION TONS | | | | |
|----------------------------------|------|------|------|-----------|
| Export direction | 2021 | 2022 | 2023 | Change, % |
| Atyrau – Samara Oil Pipeline | 11.2 | 8.4 | 9.2 | 9.52 |
| CPC Oil Pipeline | 53.2 | 52.0 | 56.6 | 8.85 |
| Atasu – Alashankou Oil Pipeline* | 0.9 | 1.26 | 1.2 | -4.76 |
| Port of Aktau | 2.1 | 2.27 | 3.4 | 49.78 |
| Railway | 0.2 | 0.4 | 0.06 | -85 |
| Total: | 67.6 | 64.3 | 70.5 | 9.64 |

Traditionally, almost all oil produced in the Republic of Kazakhstan is exported through the territory of the Russian Federation. In 2023, about 98% of Kazakhstan's oil exports were in transit through Russia via the CPC, Atyrau – Samara oil pipelines, through the port of Aktau, as well as by railway. In 2023, in addition to the Russian direction, Kazakh oil was exported to PRC, Azerbaijan (Baku), Georgia (Batumi), as well as to Uzbekistan.

Due to the completion of the CPC oil pipeline capacity expansion project in 2017, 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 oil pipeline. At the same time, in 2019, CPC shareholders decided to implement a Project to eliminate bottlenecks of the CPC oil pipeline to increase its capacity to 81.5 million tons per year, including 72.5 million tons per year in the Kazakh section.

OIL EXPORT AND TRANSIT DIRECTIONS



Due to the upcoming increase in oil production at the Tengiz and Kashagan fields, the increase in oil production in the Republic of Kazakhstan currently and in the future, it is planned that the resources will be exported through CPC oil pipeline.

In 2023, the export of Kazakh oil along the CPC route amounted to 56.6 million tons, accounting for 80% of the total volume of Kazakh oil exports for the reporting year.

The Atyrau – Samara oil pipeline is the second largest export of Kazakh oil to the world market. Oil is supplied through the Atyrau – Samara oil pipeline and further through the NC Transneft PJSC system to the Ust-Luga Baltic terminal and the Black Sea port of Novorossiysk. In addition, since February 2023, oil has been transported via the 'Druzhba' oil

pipeline system in the direction of Adamova Zastava. In 2023, 10.3 million tons of Kazakh oil were transported through the Atyrau – Samara oil pipeline, including about 1.0 million tons supplied to Pavlodar Oil Chemistry Refinery LLP (POCR LLP) in transit through the territory of the Russian Federation via the Samara - TON-2 - Priirtyshsk - POCR route. The increase in oil supply through the Atyrau – Samara oil pipeline compared to the indicator of 2022 is due to the attraction of additional resources from the Kashagan field.

The volume of transportation of Kazakh oil through the oil pipeline 'Atasu – Alashankou' in 2023 remained at the level of 2022 and amounted to 1.21 million tons, not including the transit of Russian crude oil, which amounted to 10 million tons.

* The volume of transportation through the Atasu – Alashankou oil pipeline amounted to 11.21 million tons, including transit shipments to PRC in the amount of 10 million tons.



Address by the Chair of the Board of Directors
Address by the General Director (Chair of the Management Board)
Key indicators 2023
Layout of Main Pipelines
Key events 2023
Company's Business Model

- 1. COMPANY OVERVIEW
- 2. OPERATING PERFORMANCE RESULTS
- Economic and industry overview
- Company performance in 2023
- Investment activities
- Corporate security
- Information security
- Scientific and technical development
- 3. SUSTAINABLE DEVELOPMENT PERFORMANCE
- 4. CORPORATE GOVERNANCE
- 5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT
- 6. APPENDICES

Company performance in 2023

Oil transportation

GRI 2-6

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

Oil transportation through the Company's main oil pipeline system is carried out 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:

- oil supply for export via the Atyrau – Samara oil pipeline (through the territory of the Russian Federation),
- oil supply to the domestic market: to Atyrau Oil Refinery LLP (AOR LLP), PKOP LLP, POCR LLP and JV CASPI BITUM LLP,
- oil shipment to tankers in Aktau port,
- transshipment of oil to the system of CPC-K JSC, MunaiTas NWPC LLP and KCP LLP,
- oil filling into tank wagons from a railway overpass Shagyr OLS and PS named after T. Kasymov.

- Shipment of oil from the resources of Tengizchevroil LLP in the port of Aktau for subsequent transportation via the Baku–Tbilisi–Ceyhan oil pipeline;
- Transshipment of oil from the resources of KMG Kashagan BV from the T.Kasymov Oil Refinery to the CPC-K JSC system;
- Transit of oil from the resources of the Kazakhstan branch of Karachaganak Petroleum Operating B.V. through the territories of the Russian Federation and the Republic of Belarus to the Adamova Zastava oil delivery point;
- Transit of Russian oil through the territory of the Republic of Kazakhstan with shipment to the Shagyr OLS in the Republic of Uzbekistan.

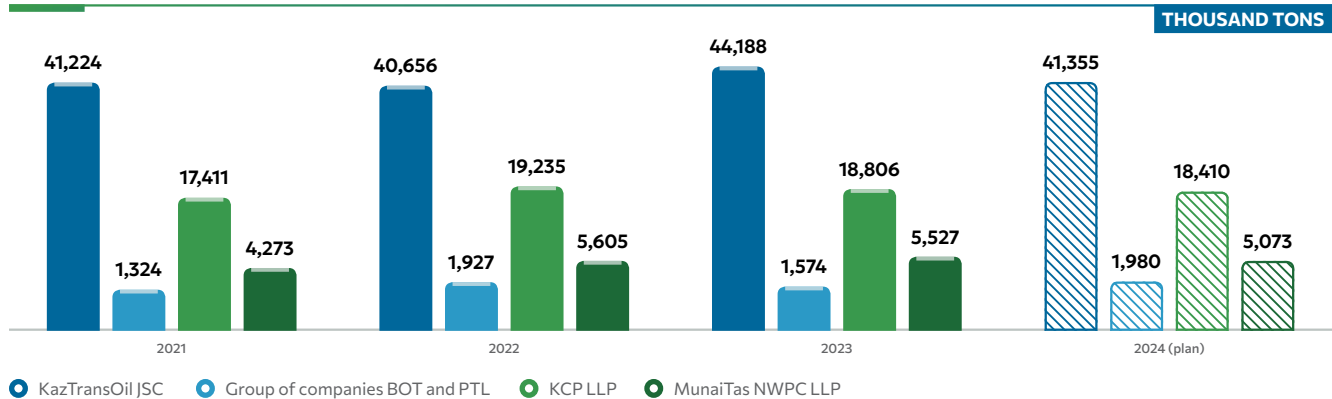
In 2023, the following changes were made in the logistics of oil supplies, concerning the directions of transportation:

THE COMPANY'S OIL TRANSPORTATION VOLUME IN 2023 AMOUNTED TO 44,188 THOUSAND TONS, WHICH IS 9% HIGHER THAN THE SAME INDICATOR IN 2022.

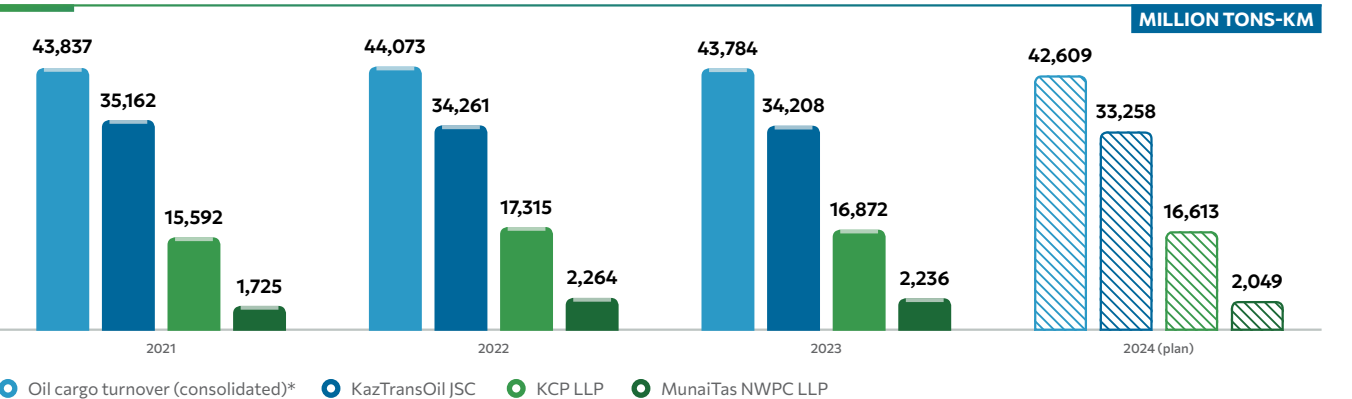
THE CONSOLIDATED OIL CARGO TURNOVER OF THE COMPANY IN 2023 AMOUNTED TO 43,784 MILLION TONS-KM, WHICH IS SLIGHTLY LESS THAN IN THE PREVIOUS REPORTING PERIOD – BY 0.7%.

* The oil cargo turnover is calculated considering the share of KazTransOil JSC in jointly controlled organizations.

Volume of oil transportation



Oil cargo turnover



1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

Economic and industry overview
Company performance in 2023
Investment activities
Corporate security
Information security
Scientific and technical development

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES



Volumes of oil transportation in directions through the system of main oil pipelines of KazTransOil JSC

| | THOUSAND TONS | | | |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Direction | 2021 | 2022 | 2023 | 2024 (plan) |
| To oil refineries | | | | |
| Atyrau Refinery LLP | 5,452 | 5,261 | 5,408 | 5,456 |
| PKOP LLP | 5,169 | 6,206 | 5,729 | 5,800 |
| POCR LLP | 5,389 | 5,517 | 5,436 | 5,350 |
| JV CASPI BITUM LLP | 929 | 922 | 853 | 1,000 |
| Transit through the territory of the Russian Federation | | | | |
| Atyrau – Samara oil pipeline | 12,173 | 9,438 | 10,317 | 8,412 |
| Shipment through the port of Aktau | | | | |
| Shipment to tankers in Aktau POPS | 2,106 | 2,268 | 3,376 | 4,500 |
| Transshipment of oil to pipeline companies | | | | |
| KCP LLP (Atasu – Alashankou oil pipeline) | 10,957 (including transit 9,989) | 11,251 (including transit 9,989) | 11,199 (including transit 9,989) | 10,903 (including transit 9,989) |
| CPC-K JSC (CPC oil pipeline) | 490 | 1,146 | 3,241 | 1,119 |
| MunaiTas NWPC LLP | 3,954 | 5,310 | 5,235 | 5,073 |
| KCP LLP (Kenkiyak-Kumkol oil pipeline) | 6,274 | 8,102 | 7,619 | 7,623 |
| Railway overpasses | | | | |
| Railway overpass of PS named after T. Kasymov | 51 | 96 | 53 | 180 |
| Railway overpass Shagyr OLS | 40 | 29 | 154 | 120 |

The increase in the Company’s oil transportation volume in 2023 is due to the following activities:

1

Resumption of oil discharge from the resources of Tengizchevroil LLP to Aktau POPS with further shipment to tankers on the Aktau–Baku–Tbilisi–Ceyhan route. Thus, in the reporting period

1.057 million tons

were transported in this direction.

2

Transshipment of oil to the T. Kasimov POPS in CPC-K JSC, which amounted to

1.963 million tons.

In 2023, an agreement was reached with KMG Kashagan BV on the transshipment of oil to the CPC-K JSC system through the KazTransOil JSC system, with the condition of replacement at the T. Kasymov Kashagan oil (solidification temperature below ‘minus’ 36 °C) to Mangyshlak oil (solidification temperature ‘plus’ 27 °C), which allowed KazTransOil JSC to transport Kashagan oil in the direction of Samara along the Atyrau – Samara section of the Uzen – Atyrau – Samara MOP, as well as ensuring safe operation due to the presence of oil with a negative solidification temperature in the main oil pipeline, cost savings due to reduced gas consumption at oil heating points.

3

Transportation of oil from JSC Karachaganak Petroleum Operating B.V. with further delivery to Adamova Zastava (Poland) ODP in the direction of Germany. In 2023

0.99 million tons

were transported.

4

An increase in the volume of oil supplies via the Atyrau – Samara oil pipeline in the amount of

0.622 million tons,

which is due to the involvement of additional volumes of Kashagan shippers in order to ensure the safe operation of the Atyrau – Samara section of the Uzen – Atyrau – Samara MOP.

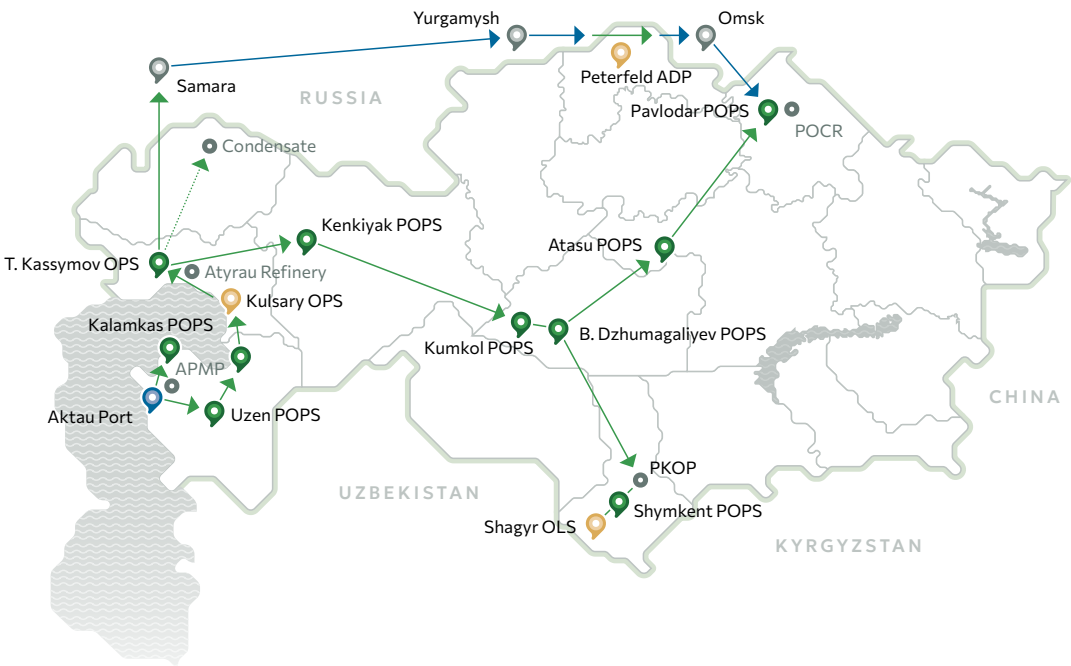
5

The first test shipment of oil in the amount of

6.9 thousand tons

from the Kashagan field for export was carried out in the port of Aktau for further delivery to the port of Baku. The oil shipper is INPEX North Caspian Sea, Ltd.

OIL SUPPLIES TO REFINERIES DIRECTIONS



The supply of oil for loading 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. In the reporting period, the volume of oil supplies to refineries of the Republic of Kazakhstan amounted to 17.426 million tons, which is 2.7% lower than in 2022. The decrease in oil supply volumes at individual refineries is mainly due to planned shutdowns at PKOP (March–April), POCR (May–June) and JV CASPI BITUM LLP (December).

During the reporting period, oil was poured into tankers in the port of Aktau for further delivery to the ports of Makhachkala and Baku. 3.38 million tons of oil were shipped through the port of Aktau in 2023, which is 49% more than the level of 2022. This increase is mainly due to the resumption of oil discharge by Tengizchevroil LLP to Aktau POPS with further shipment to tankers along the Aktau – Baku – Tbilisi – Ceyhan route.

In 2023, an agreement was signed for the provision of oil transportation services between KazTransOil JSC and the foreign company ‘Sanoat Energetika Guruhi’, which includes the transit of Russian oil to the Republic of Uzbekistan. During the reporting period, filling was carried out from the Shagyr oil refinery overpass for the purpose of transit of Russian oil towards the Republic of Uzbekistan in the amount of 0.15 million tons. Oil was also shipped from the filling overpass of the T. Kasymov oil refinery for export in the amount of 53 thousand tons.

In 2023, an additional agreement was signed with NC Rosneft PJSC on the transit of 10 million tons of Russian oil per year to PRC and the maintenance of the current tariff.

To continuously improve the quality of services provided, in 2023, the Company conducted a survey to assess customer satisfaction with oil transportation services. According to the results of the survey, the overall satisfaction rate was 100%.

Plans for 2024 and the medium term

- Ensuring the discharge of oil from Tengizchevroil LLP and its filling 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.
- Ensuring the supply of oil through the Atyrau – Samara oil pipeline in the direction of the Adamova Zastava ODP (towards Germany) in the amount of up to 1.2 million tons.
- As part of the optimal loading of the main oil pipeline system of KazTransOil JSC, ensuring the transit of Russian oil towards the Republic of Uzbekistan along the route of the Priirtyshsk ERP –Shagyr OLS in the amount of up to 0.55 million tons.
- Ensuring the transit of Russian oil to PRC up to 10 million tons per year.
- Attracting volumes of Kashagan oil from the resources of KMG Kashagan BV for transshipment to the CPC-K JSC system.

→ Oil supply through the Transneft
→ Oil delivery by rail tanker main oil pipeline system

Oil supplies to refineries of the Republic of Kazakhstan in 2023

17.426 million tons

Oil shipment through Aktau port in 2023

3.38 million tons

Oil shipment from the loading rack of the T. Kasymov oil loading station in 2023

53 thousand tons



Operation and reliability assurance

The Company is constantly working to ensure the uninterrupted and safe operation of oil and gas pipelines and industrial facilities for auxiliary purposes.

The responsibility for effective operation rests with the Department of Operations.

In order to ensure the absence of accidents and increase production efficiency, the Company regularly conducts planning and carries out all necessary maintenance, repair and diagnostics activities throughout the year.

Works to ensure trouble-free production and increase the efficiency of production processes

1

ORGANIZATION AND EXECUTION OF ORGANIZATIONAL AND TECHNICAL ACTION PLANS

Results

Preparation of main oil pipeline facilities for the spring-flood period

51 events

Preparation of main oil pipeline facilities for operation in the autumn-winter period

60 events

To ensure the reliability of the main oil pipelines

81 events

2

ELECTROCHEMICAL PROTECTION OF OIL TRUNK PIPELINES FROM CORROSION

Results

The condition of the insulation coating of the main oil pipelines was examined

813.3 km

Conducting electrometric measurements of the polarization potential of oil trunk pipelines

10,412.5 km

3

CARRYING OUT DIAGNOSTIC WORK

Results

Inspected **29** oil reservoirs

9.8 km Of technological pipelines have been surveyed

Technical diagnostics and expert examination of

28 oil heating furnaces have been performed

Technical inspection and examination of 19 units of basic and

1,472 units of auxiliary equipment was carried out

4

AIR AND ROAD PATROLS OF OIL TRUNK PIPELINES

Results

Ground patrolling of

5,373 km of oil main pipelines has been completed

Incidents at the Company's production facilities

| Incident classification | 2021 | 2022 | 2023 | Change, % |
|--|------|------|------|-----------|
| Malfunctions of mechanical, energy and technological equipment of the main activity | 23 | 22 | 26 | 18 |
| Malfunctions of the equipment of the automation system of the main activity | 20 | 11 | 7 | -36 |
| Malfunctions of the equipment of production and technological communication of the main activity | 6 | 2 | 3 | 50 |
| Erroneous actions of the personnel | 5 | 4 | 10 | 150 |
| Total | 54 | 39 | 46 | 18 |

5

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

Results

46.8 km of new pipeline sections have been replaced

Two tanks No. 5 and No. 6 of the vertical steel tank type with a roof and pontoon with a volume of

20,000 m³ each were commissioned at the POPS named after B. Dzhumagaliev

11 units of autonomous hybrid electrical installations have been put into operation

Diesel pumping units of the DNUDO — 300/600 type have been purchased:

POPS named after B. Dzhumagaliev **2** units

POPS 'Chulak-Kurgan' **2** units

One unit of the back-up pump 12 NDSN No. 3 of the Karazhanbas OPS was replaced.

6

TAKING MEASURES TO PREVENT ACCIDENTS

Results

No accidents were recorded during the reporting period.

0 accidents

7

MONITORING THE INTEGRITY OF OIL TRUNK PIPELINES

Results

1,390 defects of oil main pipeline pipes have been eliminated

The main mechanical and technological equipment was carried out:

| | | |
|--------------------|-----------------|---------------------|
| technical services | current repairs | unscheduled repairs |
| 358 | 88 | 27 |

The power equipment was carried out:

| | |
|--------------------------------|--|
| technical services | maintenance and repair of boilers |
| 358 | 90 |
| repair of electrical equipment | state energy expertise of electrical and thermal installations |
| 8 | 8 |

maintenance and commissioning of special purpose electrical installations

13

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

Economic and industry overview
Company performance in 2023
Investment activities
Corporate security
Information security
Scientific and technical development

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

I Pipeline stock and production facilities

The total length of the Company's main oil pipelines is 5,373.133 km. Oil transportation via main oil pipelines is provided by 36 oil refineries, 68 oil heating furnaces, and an oil storage tank farm with a total volume of 1,426 thousand m³. The volume of the tank farm increased by 40 thousand m³ compared to 2022, as two new tanks with a volume of 20 thousand m³ each were introduced.

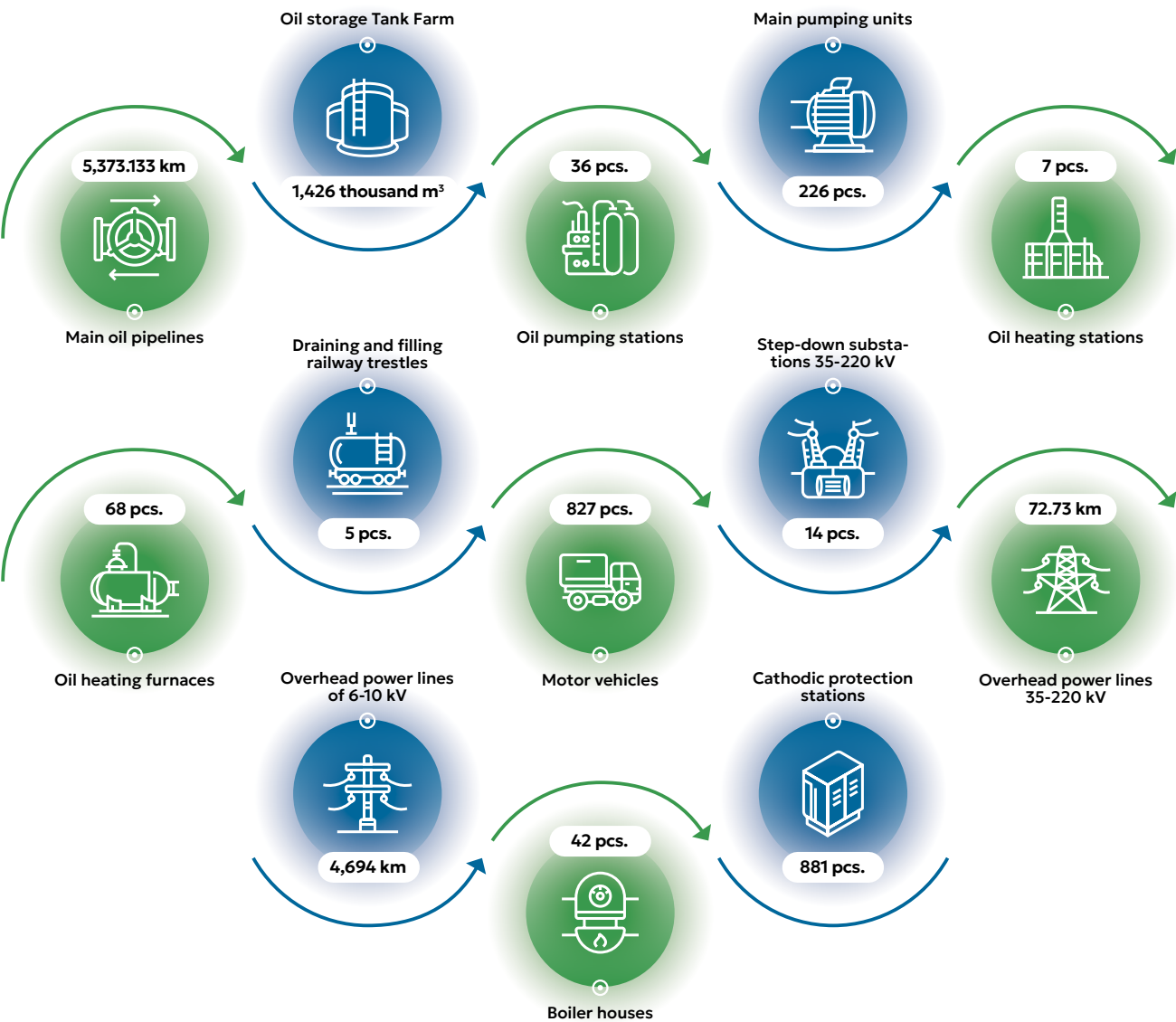
Oil transshipment is provided by five discharge and filling railway overpasses, appropriate equipment for loading oil into tankers installed at three operating berths of the port of Aktau offshore oil terminal.

The OPS is supplied from substations of 35-220 kV in the amount of 14 units and closed switchgears of ZRU-6-10 kV in the amount of 51 units

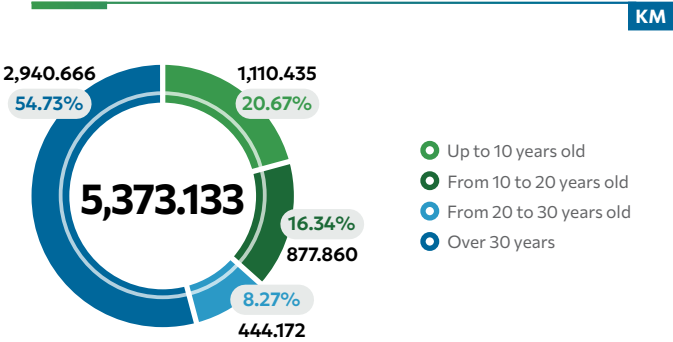
There are 226 units of main pumping units in operation, 827 units (without trailers) of motor vehicles.

For space heating in winter, 42 units of boiler houses with 90 hot water and 3 steam boilers are operated.

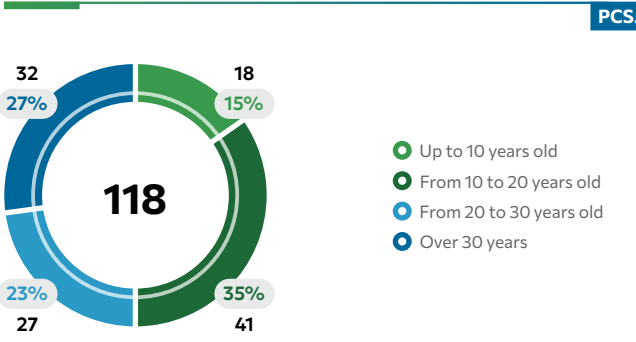
Production facilities of KazTransOil JSC



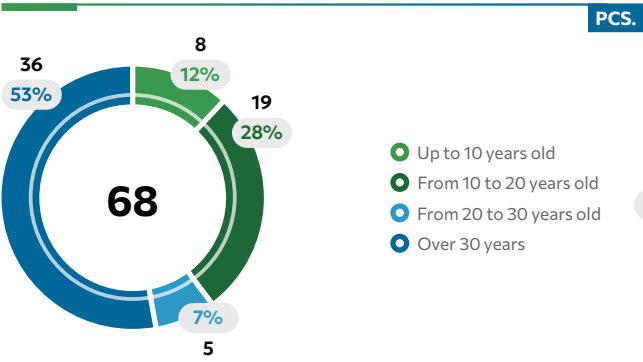
Age structure of main pipelines as of December 31, 2023



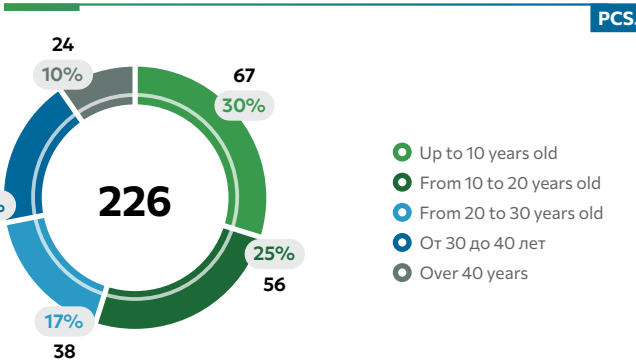
Age structure of the tank farm as of December 31, 2023



Age structure of oil heating furnaces as of December 31, 2023



Age structure of the main pumping equipment as of December 31, 2023



It should be noted that the diagnostics of production facilities and technological equipment of main oil pipelines is an important complex of work in assessing the technical condition of main pipelines in order to ensure their safe and reliable operation.

Currently, a significant part of the Company's main pipeline sections has been in operation for quite a long time. For that part of the production assets that has a long operational life, the Company carries out the following activities:

- timely diagnostics and a set of measures to ensure the integrity of the pipeline;
- elimination of dangerous defective places;
- selective overhaul of areas with a high concentration of defects;
- repair of the insulation coating;
- performing continuous monitoring, analysis and assessment of the technical condition of production assets of trunk oil pipelines in order to eliminate accidents, failures and incidents, stops of oil transportation due to emergencies possible as a result of pipeline wear, as well as to reduce the risks of environmental damage.

All maintenance activities comply with the requirements of technical regulations and national standards.

The absence of accidents for a long time is an undoubted result of the annual activities aimed at maintaining the reliability of the main oil pipelines. Statistical data, confirmed by inspections of authorized bodies, indicate the operational reliability of the Company's pipeline system.

Plans for 2024 and the medium term

- Preparation of main oil pipeline facilities for spring flooding and for operation in the autumn-winter period.
- Elimination of 1,183 defects in oil trunk pipeline pipes and inspection of 38 tank units
- Technical diagnostics and expert examination of 16 oil heating furnaces and inspection of 21,683 linear meters of technological pipelines.
- Connection of 130,945 km of new sections of oil pipelines.
- Providing maintenance and repair of power equipment, obtaining certificates and certificates of readiness of the Company's facilities for the autumn-winter period 2024-2025 – 39 units
- Inspection of the condition of the insulation coating of the main oil pipelines – 945.37 km.

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Major overhaul and capital construction

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

To maintain and improve the technical condition of the existing oil pipeline system, in 2023 the Company made capital investments totaling 80,872 million tenge without VAT.

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

The total amount of capital investments of KazTransOil JSC

| | MILLION TENGE | | | |
|--|---------------|--------|---------|--------------|
| Indicator | 2021 | 2022 | 2023 | 2024 (plan)* |
| Capital investments of KazTransOil JSC**, including: | 61,263 | 43,760 | 190,555 | 62,361 |
| in new projects | 325 | 171 | 109,294 | 10 |
| in maintaining the current level of production of an administrative nature | 60,873 | 43,587 | 80,872 | 62,281 |
| | 65 | 2 | 389 | 70 |

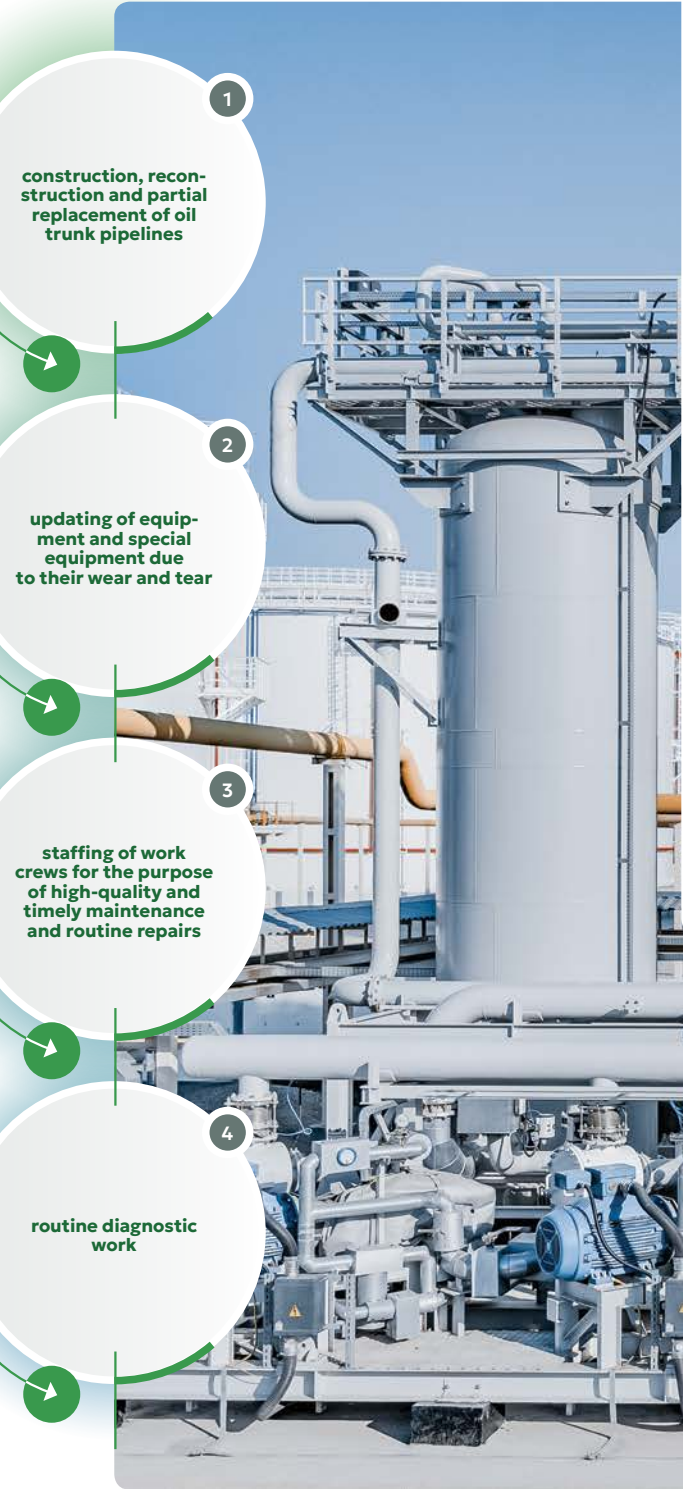
* In accordance with the Business Plan of KazTransOil JSC for 2024-2028, approved by the decision of the Company's Board of Directors dated November 14, 2023.
** The consolidated volume of capital investments of the Company and its subsidiaries is indicated.

The total amount of capital investments of the Group of companies KazTransOil JSC in 2023 amounted to 190,555 million tenge, an increase of 4.3 times compared to 2022, which is associated with the implementation of the project 'Reconstruction and expansion of the Astrakhan – Mangyshlak water pipeline' Order 1'.

Amount of capital investments of KazTransOil JSC in 2023 (consolidated with subsidiaries)

190,555 million tenge

As part of the implementation of the capital investment plan, the Company carries out:



Reconstruction of main oil pipelines with replacement of the main pipe in 2023

In order to comply with the requirements of the legislation of the Republic of Kazakhstan, as well as to ensure reliable and safe operation of production facilities in 2023, the Company carried out the following major repairs:

- Replacement of the pipeline in flooded sections 218-228.6 km with a total length of 6.1 km and a diameter of 800 mm of the Pavlodar – Shymkent MOP. The facility was put into operation on December 29, 2023;
- Reconstruction of the 1,173 km section of the Uzen – Atyrau – Samara MOP with a diameter of 720 mm. The facility was commissioned on October 30, 2023;
- Construction of scraper cleaning and diagnostics (SC&D) receiving and launching chamber at the ADP 1,235 km of Uzen – Atyrau – Samara MOP. The facility was commissioned on July 27, 2023.

Plans for 2024 and the medium term

- Completion of work on the reconstruction of underwater crossings for 122 km and 148 km of the Pavlodar – Shymkent MOP through the K. Satpayev Channel.
- Completion of work on the replacement of the pipeline in sections 190-230 km, 244-267 km, 409-422.5 km with a total length of 76.5 km with a diameter of 1,020 mm of the Uzen – Atyrau – Samara MOP.
- Completion of work on the construction of the section of the 'Pavlodar – Shymkent MOP D-820 mm bypassing the village of Shubarsu.'
- Reconstruction of the pipeline on the 0-23 km section of the 'Kalamkas – Karazhanbas – Aktau' MOP with a diameter of 530 mm.
- Replacement of the pipeline in sections 114-132 km, 133-145 km with a total length of 30 km with a diameter of 1,020 mm 'Uzen – Atyrau – Samara' MOP with the installation of the SC&D on the OHS 'Sai-Utes'.
- Construction of SC&D 'Uzen – Atyrau – Samara' MOP with a diameter of 1,020 mm.



1. COMPANY OVERVIEW
2. OPERATING PERFORMANCE RESULTS

Economic and industry overview
Company performance in 2023
Investment activities
Corporate security
Information security
Scientific and technical development

3. SUSTAINABLE DEVELOPMENT PERFORMANCE
4. CORPORATE GOVERNANCE
5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT
6. APPENDICES

I Activities related to the provision of operator services

The operator services of KazTransOil JSC are operations, including maintenance of main oil pipelines owned by third parties, as well as maintenance and repair of pipelines of the NC KazMunayGas JSC Group of companies. Operator services are one of the main activities 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 coordination of work on the implementation of operator activities in the Company is entrusted to the Operating Service Department (OSD). The implementation of the Company's production program within the framework of the provision of operator services is carried out by 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;
- Turgai Petroleum JSC;
- Karachaganak Petroleum Operating BV JSC;
- CPC-K JSC;
- Main Waterline LLP.

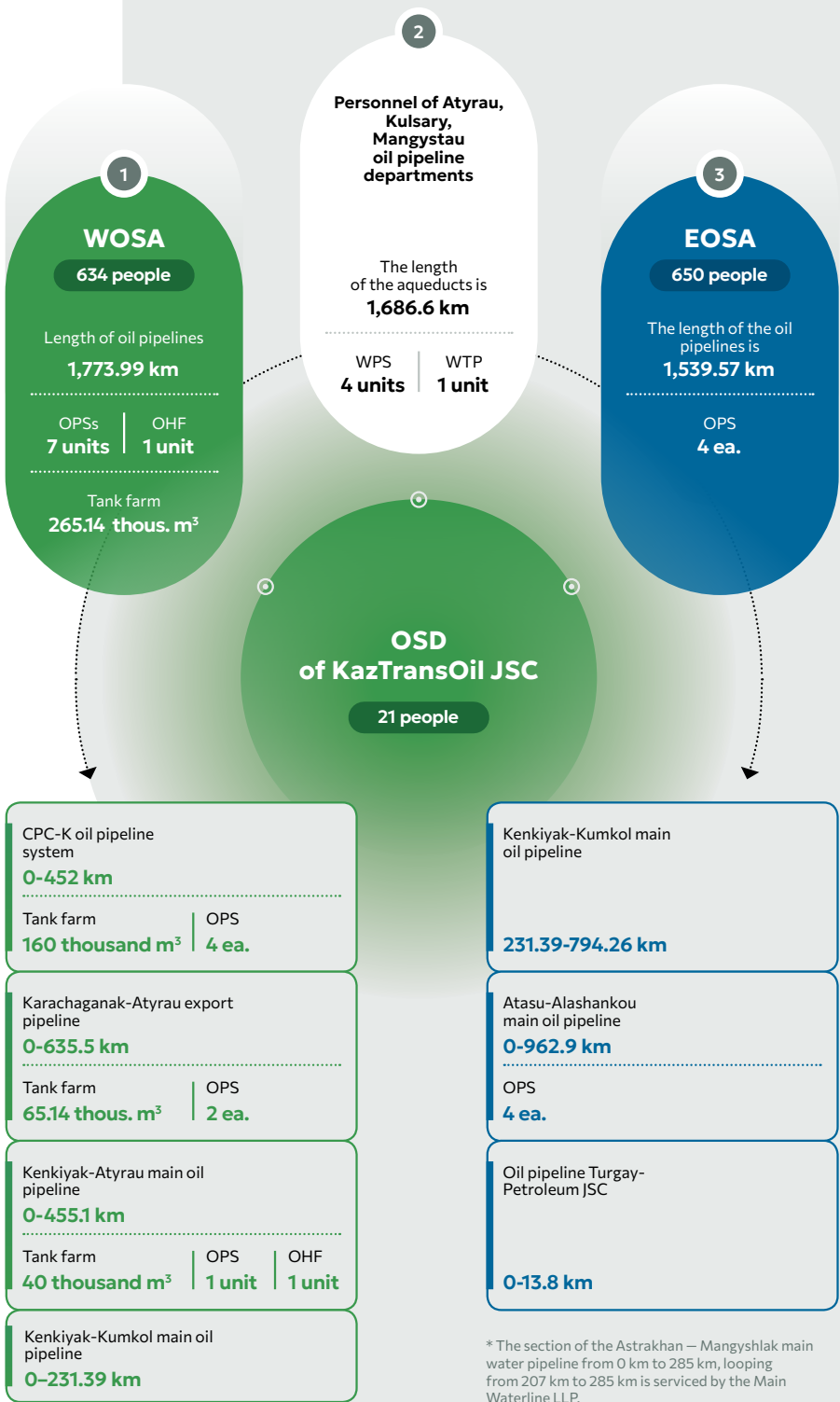
The total length of the oil pipelines serviced is 3,313.56 km with a total number of staff employed by the Company – 1,305 people, including OSD – 21 people, WOSA – 634 people, EOSA – 650 people.

As part of the provision of operator services, 11 OPS, 1 oil heating point, an oil storage tank farm with a total volume of 265.14 thousand m³, 4 substations owned by third-party organizations are serviced.

There are 273 units (excluding trailers) of motor vehicles in operation.

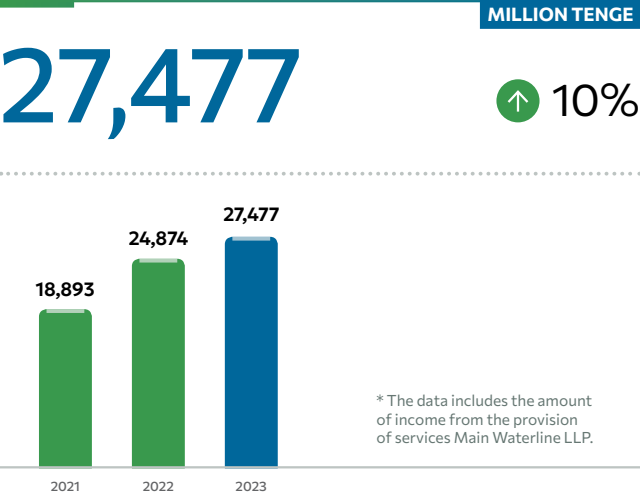
It is used for heating rooms in winter 7 boiler houses with 18 hot water boilers.

The organizational structure of the operator's activities



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

The Company's income from operator services for the period 2021-2023*



Income from activities for the provision of operator services for 2023 increased by 10% compared to 2022 and amounted to 27,477 million tenge. The increase in income indicators is associated with an increase in the budgets of contracts providing for an increase in the salary fund for employees of the Company, agreed upon by the owners of oil pipelines.

The Company's income from activities for the provision of operator services by consumers for the period 2021-2023

| Consumers | 2021 | 2022 | 2023 | Change, % |
|---|--------|--------|--------|-----------|
| KCP LLP | 8,898 | 11,725 | 12,270 | 4.6 |
| CPC-K LLP | 5,139 | 6,853 | 7,810 | 13.9 |
| Karachaganak Petroleum Operating B.V. JSC | 1,919 | 2,040 | 2,488 | 21.9 |
| MunaiTas NWPC LLP | 1,903 | 3,132 | 3,666 | 17.0 |
| Turgai Petroleum JSC | 232 | 314 | 333 | 6.1 |
| Main Waterline LLP | 801 | 810 | 910 | 12.3 |
| TOTAL: | 18,893 | 24,874 | 27,477 | 10.4 |

In 2023, in order to ensure the reliability of production facilities owned by third-party organizations, 125 defects of main oil pipelines were eliminated by the management of operator services, including:

- on the Tengiz – Novorossiysk (Kazakhstani section) oil pipeline – 46 defects;
- on the Kenkiyak – Atyrau oil pipeline – 41 defects;
- on the Kenkiyak – Kumkol oil pipeline – 2 defects;
- on the Atasu – Alashankou oil pipeline– 36 defects.

At the same time, failures of the main equipment, emergencies that led to environmental pollution, and other accidents, fires, unplanned downtime of equipment were not allowed during the reporting period.





Address by the Chair of the Board of Directors
Address by the General Director (Chair of the Management Board)
Key indicators 2023
Layout of Main Pipelines
Key events 2023
Company's Business Model

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

Economic and industry overview
Company performance in 2023
Investment activities
Corporate security
Information security
Scientific and technical development

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

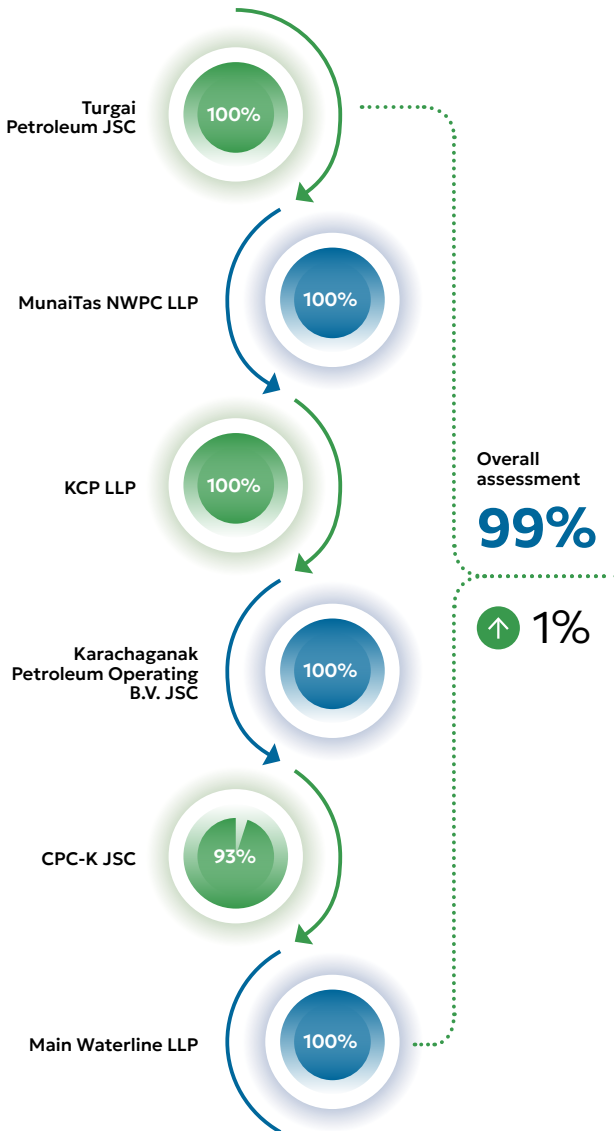
5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES



IN 2023, AN ANNUAL SURVEY OF CONSUMERS WAS CONDUCTED IN ORDER TO ASSESS THE LEVEL OF SATISFACTION WITH THE QUALITY OF OPERATOR SERVICES IN ACCORDANCE WITH THE REQUIREMENTS OF ISO 9001:2015. ACCORDING TO THE RESULTS OF THE SURVEY, THE OVERALL SCORE WAS 99%, WHICH IS 1% HIGHER THAN IN 2022, AND IS ALSO THE HIGHEST FIGURE FOR THE PERIOD 2019-2023.

The results of the assessment of customer satisfaction with the quality of operator services for 2023



This year, to ensure the profitability of operator services, the Company and KCP LLP concluded additional agreements to the existing contracts for the operation of the Kenkiyak — Kumkol and Atasu — Alashankou MOP's for 2022-2024 with a total increase in the value of contracts by 301 million tenge excluding VAT.

As part of the tasks to improve the quality of services for the operation and maintenance of main oil pipelines and pipelines of third-party organizations, and to ensure the profitability of the services provided, the Company fulfilled the following goals in 2023, as well as additional tasks to improve its activities:

- trouble-free provision of operator services is provided;
- a high level of customer satisfaction with operator services was ensured (99% was achieved in the reporting year with a 96% plan);
- approved a plan for technical retrofitting and phased replacement of the Company's vehicles, equipment and fixtures at the facilities of the Kenkiyak — Atyrau MOP for the period 2024-2028 in order to improve the processes of maintenance and repair of oil pipeline facilities;
- Additional agreements No. 8 and No. 9 have been concluded between the Company and CPC-K JSC, providing for an increase in the total value of the contract concluded for the period 2018-2023;
- a new contract has been concluded for the provision of maintenance services for the oil pipeline system of CPC-K JSC in the territory of the Republic of Kazakhstan for 2024-2028;
- an addendum to the contract has been signed between the Company and Karachaganak Petroleum Operating B.V JSC., providing for an increase in the value of the contract for the provision of services for the operation and maintenance of the Karachaganak — Atyrau transport system and an extension of the contract until June 30, 2024;
- Additional agreements have been concluded between the Company and KCP LLP providing for an increase in the cost of contracts for the operation of oil pipelines for 2022-2024;
- Measures have been taken to optimize costs in order to ensure the profitability of the services provided for the operation of oil pipelines owned by third parties.

Plans for 2024 and the medium term

As part of ensuring satisfaction with the operation and maintenance services of oil trunk pipelines and pipelines of third-party organizations, as well as increasing revenue, the Company continues to set the following goals and objectives:

1. Trouble-free provision of operator services.
2. Consumer satisfaction index with operator services — at least 96%.
3. Ensuring the profitability of the services provided for the operation of oil pipelines owned by third parties.
4. Preparation of budgets for the operation of joint venture facilities (KCP LLP, MunaiTas NWPC LLP) and determination of the procedure for concluding contracts for the operation of oil pipelines from 2025.
5. Conclusion of a new contract for the provision of services for the operation and maintenance of the Karachaganak — Atyrau transport system or prolongation of an existing contract to ensure increased profitability from the provision of services.
6. Technical re-equipment and equipping with modern equipment for high-quality and timely maintenance and repair of main oil pipelines.

Investment activities

KazTransOil JSC is implementing several important investment projects aimed at creating a diversified, reliable and safe pipeline system. In 2023, the implementation of priority projects for the expansion and reconstruction of the oil pipeline and water pipeline system in regions with water scarcity continued in accordance with the approved project implementation schedules.

Each investment project initiated by a Company or a SJCE undergoes a thorough examination. The decision on the project is made by the Company's Investment Committee.

The Investment Committee reviews and decides on the approval of projects in accordance with the Rules for the Review and Monitoring of Investment Projects of KazTransOil JSC and its SJCE.

Implementation of investment projects in 2023

EXPANSION OF THE KAZAKHSTAN-CHINA OIL PIPELINE

1

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 main oil pipeline system.

The project involves a phased increase in the capacity of the 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 pipeline in the relevant sections.

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

In 2009, the Kenkiyak — Kumkol MOP with a length of 794.26 km was put into operation.

The project participants are KazTransOil JSC, MunaiTas NWPC LLP and KCP LLP, 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 Kenkiyak — Atyrau MOP section 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'. An increase in productivity 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 POCR LLP and PKOP LLP as part of ensuring the energy security of the Republic of Kazakhstan, as well as increasing export capacity.

The following works were carried out within the framework of the Kenkiyak — Atyrau MOP reverse project:

- technological facilities of the Aman OPS have been put into operation,
- heating furnaces have been put into operation,
- the facilities of the gas supply pipeline to the heating furnaces have been put into operation.

Due to the completion of work on technological facilities, it is possible to carry out oil transportation in reverse mode. Thus, the main goal of the project was achieved.

In total, 29,440 million tenge was disbursed within the framework of the project.

In the reporting period, work continued on administrative and household facilities at the Aman OPS.

MunaiTas NWPC LLP carries out all necessary measures to complete the remaining work on the Reverse Project.



Address by the Chair of the Board of Directors
Address by the General Director (Chair of the Management Board)
Key indicators 2023
Layout of Main Pipelines
Key events 2023
Company's Business Model

- 1. COMPANY OVERVIEW
- 2. OPERATING PERFORMANCE RESULTS
 - Economic and industry overview
 - Company performance in 2023
 - Investment activities
 - Corporate security
 - Information security
 - Scientific and technical development
- 3. SUSTAINABLE DEVELOPMENT PERFORMANCE
- 4. CORPORATE GOVERNANCE
- 5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT
- 6. APPENDICES

2

RECONSTRUCTION AND EXPANSION OF THE ‘ASTRAKHAN — MANGYSHLAK WATER PIPELINE ORDER 1’

In order to increase the capacity of the water pipeline and upgrade worn-out equipment, as well as to meet the existing shortage and prospective growth in water consumption in the Atyrau and Mangystau regions of the Republic of Kazakhstan, as well as to improve the socio-economic situation in the Western region, the Main Waterline LLP implemented the project 'Reconstruction and expansion of the main water pipeline 'Astrakhan-Mangyshlak, 1st stage' one year ahead of schedule. On December 28, 2023, the act of commissioning was signed.

The project was 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 Management Board of Samruk-Kazyna JSC. In addition, the reconstruction project is included in the Comprehensive Socio-economic Development Plans of Atyrau and Mangystau regions for 2021-2025.

The cost of the Project amounted to about 100 billion tenge without VAT.

The project was implemented on 2 sections of the water pipeline:

- 1st section 56-207 km of the Astrakhan — Mangyshlak water pipeline: 'Construction of the second line of the Astrakhan — Mangyshlak water pipeline with a diameter of 1,220x12 mm and a length of 151 km.

- 2nd section 648-667 km of the Astrakhan — Mangyshlak water pipeline: 'Removal of the section of the Astrakhan — Mangyshlak water pipeline with a diameter of 1,220x12 mm in the bypass of Beineu village' 20 km.

The source of financing for the project is borrowed funds of Halyk Bank of Kazakhstan JSC and anti-crisis funds of the National Fund of the Republic of Kazakhstan.

Also, the share of local content was maintained in the implementation of the project. Equipment such as manual wedge valves, telecommunication and control equipment, cathodic protection stations and autonomous hybrid installations, some of the pipe products were used from domestic producers.

MORE THAN 500 PEOPLE WERE INVOLVED IN THE CONSTRUCTION, THE SHARE OF KAZAKHSTANI SPECIALISTS WAS MORE THAN 98%.

3

CONSTRUCTION OF THE KASHAGAN WATER PIPELINE

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

The choice of the location of the conduit is due to the construction site of the associated gas processing plant at the Kashagan field and runs through the territory of the Makat district of Atyrau region.

The project was completed within the established deadlines, and on August 31, 2023, the acceptance certificate of the facility was signed. The cost of the project amounted to about 1.4 billion tenge without VAT.

The connection of the water pipeline was carried out on 335 km of the Astrakhan — Mangyshlak main water pipeline. The length of the conduit is 25.15 km.

Plans for 2024 and the medium term

It is planned to start the development of a feasibility study for the object 'The second stage of the second stage of the construction of the Kazakhstan-China oil pipeline'. Increased productivity in the Kenkiyak — Atyrau (reverse) and Kenkiyak — Kumkol sections.

Corporate security

Corporate security system management

KazTransOil JSC is aware of the strategic importance of the oil trunk pipeline system, which provides raw materials to Kazakhstan's refineries 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 security systems have been organized.

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



The Company is actively implementing measures to introduce engineering and technical means of protection in accordance with the Plan for equipping the facilities of KazTransOil JSC with engineering and technical means of protection at 2023-2027, developed taking into account the norms of the Law of the Republic of Kazakhstan 'On Countering Terrorism'. According to this Plan, the implementation of a perimeter alarm and video surveillance system at the Company's production and technological facilities is underway.

1. COMPANY OVERVIEW
2. OPERATING PERFORMANCE RESULTS

Economic and industry overview
Company performance in 2023
Investment activities
Corporate security
Information security
Scientific and technical development

3. SUSTAINABLE DEVELOPMENT PERFORMANCE
4. CORPORATE GOVERNANCE
5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT
6. APPENDICES



Implementation of a perimeter alarm and video surveillance system

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

In 2023, the retrofitting of the perimeter video surveillance, access control and management system was carried out at the 'Pavlodar' POPS, the 'Uzen' POPS, and work began on the implementation of the 'Karmanovo' OHS, 'Martyshy' OPS, 'Aktau' POPS, which made it possible to streamline the control regime at the facilities with the help of technical means of access, such as a turnstile with a system reader, barriers and readers with electromechanical locks.

The results of cooperation in the field of security

KazTransOil JSC actively cooperates with the territorial bodies of internal affairs and the security organization KMG–Security LLP. Memoranda were signed between the companies, according to which the parties, in accordance with the established procedure, organized information interaction regarding the criminal, socio-economic situation, alleged threats of terrorist acts in the environment and at the Company's protected facilities.

In order to prevent illegal manifestations, in 2023 the Company continued to work to identify and suppress the facts of criminal encroachments on the Company's facilities, together with law enforcement and special agencies, assisted in their further pre-trial investigation and bringing the perpetrators to administrative and criminal responsibility.

As part of the joint work of the parties, inspections were carried out at the facilities of KazTransOil JSC, checks of the state of engineering and technical fortification of facilities, the operability of video surveillance systems and facilities, access control, security, the state of security of information networks, communications and notification of the Company.

As a result of the above-mentioned cooperation, there were no unauthorized tie-ins into the main oil pipelines of KazTransOil JSC in 2023.

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

In addition, the Company regularly conducts training and preventive security measures, as well as classes involving employees of production facilities for modeling situations related to the implementation of alleged threats.

I Plans for 2024 and the medium term

1. Completion of the implementation of the perimeter video surveillance system and access control and management systems at the Aktau POPS, Karmanovo OHS, Martyshy OPS, as well as the implementation of these systems at Alibekmola POPS, Karaton OPS, OPS-3, Koschagil OPS.
2. Interaction with authorized bodies on countering terrorist threats, theft of oil and inventory, as well as on measures related to the investigation of criminal cases and trials, conducting joint exercises.

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 'Information Technology. Methods and means of ensuring security. Information security management systems. Requirements'.

In accordance with the annual Plan for the improvement of the ISMS KazTransOil JSC implements a number of information security management measures to ensure an adequate level of information security, which, in particular, includes:

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

In order to effectively manage information security, the Company carries out a quarterly assessment of information security risks. In 2023, there were no information security incidents that had or could have had a significant impact on business continuity.

The Company also conducted a planned audit for compliance with the requirements of the international standard ISO/IEC 27001:2013, within the framework of which the transition to a new edition of the ISO/IEC 27001:2022 information security management system was carried out. The audit was conducted 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 27001:2022 information security management system.

In 2023, in accordance with the Roadmap for increasing the level of protection of applications and systems of KazTransOil JSC from cyber risks for 2021-

2025, measures were implemented to implement a system for protecting workstations from hidden threats of the EDR class, and measures were also initiated to design a 'Cybersecurity system of the complex of technical and software tools of the Automated control system of KazTransOil JSC by the RDC Branch of KazTransOil JSC.



I Plans for 2024 and the medium term

The company intends to continue working on improving the information security management system in SBU and SJCE, improving the quality of monitoring and responding to information security incidents. The following events are planned for 2024:

1. Implementation of measures to update internal regulatory documents, taking into account the changing requirements of external and internal stakeholders.
2. The study and application of advanced methods and technologies to ensure information security.
3. Improving the quality of information security event processing by purchasing the services of an operational information security center.
4. Raising awareness of users of information systems in the field of cyber hygiene.



Address by the Chair of the Board of Directors
Address by the General Director (Chair of the Management Board)
Key indicators 2023
Layout of Main Pipelines
Key events 2023
Company's Business Model

- 1. COMPANY OVERVIEW
- 2. OPERATING PERFORMANCE RESULTS
 - Economic and industry overview
 - Company performance in 2023
 - Investment activities
 - Corporate security
 - Information security
 - Scientific and technical development
- 3. SUSTAINABLE DEVELOPMENT PERFORMANCE
- 4. CORPORATE GOVERNANCE
- 5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT
- 6. APPENDICES

Total in 2023 R&D activities were carried out

12 planned researches

11 unplanned works

Scientific and technical development

Scientific and technical development in KazTransOil JSC is aimed at modernization, optimization of technological processes of oil pumping, introduction of progressive innovative technologies at production facilities of main oil pipelines and improvement of the base of regulatory technical documents.

To organize and coordinate activities in the field of scientific and technical development of the Company, by the decision of the Company's Management Board dated August 2, 2023, the scientific and technical Development Service was established on August 9, 2023.

Conducting R&D in 2023

In order to address current production problems in the reporting year, the Program of research and development in KazTransOil JSC for 2023-2027 (R&D Program) was implemented.

R&D results obtained and implemented at the oil and gas industry facilities of the Republic of Kazakhstan, including at the facilities of KazTransOil JSC, provide improved quality of operation and increased oil and water pumping volume.

The R&D programme for 2023 was fulfilled by

100%

R&D Program



Improving the reliability of the main pipeline system

1

Reducing the negative impact of production processes on the environment

2

Reducing operating costs and improving energy efficiency

3

Introduction of energy and resource saving technologies

4

I R&D results in 2023

In accordance with the approved R&D Programme, the following R&D activities were carried out in 2023 on the following topics:

1. Monitoring of rheological/physico-chemical parameters of oil during transportation through oil pipelines of production facilities of KazTransOil JSC of the western region:
 - Uzen – Zhetybai – Aktau MOP;
 - Uzen – Atyrau – Samara MOP;
 - section of the MOP N. Shmanov OPS – Kenkiyak – Kumkol OPS.
2. Monitoring of rheological/physico-chemical parameters of oil during transportation through oil pipelines of the Company's production facilities in the Eastern region:
 - Pavlodar-Shymkent MOP (Kumkol POPS – B. Dzhumagaliev POPS – Shymkent ADP);
 - section Kumkol POPS – B. Dzhumagaliev POPS – Atasu POPS.
3. Study of rheological/physico-chemical parameters of oil with the temperature of loss of fluidity in the range of +3 – +21°C, to establish the values of oil temperature at the inlet of oil heating point 'Mashtakovo', providing a safe shutdown of the pipeline at the section 'Bolshoi Chagan – Bolshaya Chernigovka' (for 72 hours), depending on the period of the year.
4. Study of rheological/physico-chemical parameters of oil mixtures of different composition transported along the Atyrau-Samara MOP to develop maps of the temperature regime of operation and safe shutdown of the pipeline at the section of the T. Kasymov POPS – Bolshoi Chagan OPS in different periods of the year.
5. Inventory of the linear part for the presence of contaminated land (according to the application) and analysis of the efficiency of modern technologies for remediation of oiled soils.
6. Corrosion monitoring of trunk oil pipelines of Atyrau Oil Pipeline Department, Kulsary oil pipeline department, Mangistau oil pipeline department and Aktope oil pipeline department.
7. Corrosion monitoring of main oil pipelines of Zhezkazgan oil pipeline department, Shymkent oil pipeline department, Karaganda oil pipeline department and Pavlodar oil pipeline department.
8. Study of corrosion factors and the efficiency of electrochemical protection systems for corrosion protection of process pipelines and reservoirs at the Company's OPS.
9. Study of inhibiting solution of intertube space of Pavlodar-Shymkent oil pipeline across the Irtysh River.
10. Analysis of modern technologies of passive corrosion protection of pipelines:
 - availability of developments of 'intelligent' coatings (with self-monitoring/self-recovery capability);
 - selection of a range of effective coatings based on the influence of cathodic protection on adhesion properties.
11. Analysis of modern equipment used in electrochemical protection systems and selection of effective technological solutions for potential implementation in the Company.
12. Analysis of modern composite materials and constructions for application at the Company's facilities.

A TOTAL OF 12 PLANNED RESEARCHES AND 11 UNPLANNED WORKS WERE CARRIED OUT WITHIN THE FRAMEWORK OF R&D ACTIVITIES. REPORTS ON ALL TOPICS WERE APPROVED. THE R&D PROGRAMME FOR 2023 IS 100% COMPLETE.



Address by the Chair of the Board of Directors

Address by the General Director (Chair of the Management Board)

Key indicators 2023

Layout of Main Pipelines

Key events 2023

Company's Business Model

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

Economic and industry overview

Company performance in 2023

Investment activities

Corporate security

Information security

Scientific and technical development

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Standards development and approval

Within the framework of implementation of the Plan of KazTransOil JSC on development/updating of standards for 2023 by the branch 'RDC of KazTransOil JSC' developed and approved by the Management Board of KazTransOil JSC 4 standards of the Company.

In 2023, 8 standards of KazTransOil JSC were developed in-house and approved by the Management Board of KazTransOil JSC:

- ST KTO-7.005-2023 'Main pipelines. Welding and cutting. General production norms for consumption of materials, spare parts during maintenance and repair of facilities';
- ST KTO-5.005-2023 'Main oil pipelines. Cleaning of internal cavity';
- ST KTO-2.005-2023 'Main oil pipelines. Requirements to contracting organizations';
- ST KTO-7.026-2023 'Technical equipment of production service bases and the shop of technological transport and special equipment';
- ST KTO-4.001-2023 'Main oil pipelines. Methods of repair of defective sections';
- ST KTO-4.013-2023 'Main oil pipelines. Equipment and structures of oil pumping stations. Operation, maintenance and repair';
- ST KTO-4.029-2024 'Main pipeline. Methodologies for calculating electricity consumption';
- ST KTO-1.002-2024 'Rules for the development of technological regulations for safe operation and technological modes of operation of main oil pipelines'.

Also in 2023, work was carried out to revise the national standard ST RK 1347 'Oil. General technical conditions' and amendments to ST RK 1474-2016 'Main oil pipelines. Instruction on oil accounting', which was approved by the order of the Chairman of the Committee for Technical Regulation and Metrology of the Ministry of Trade and Integration of the Republic of Kazakhstan from 22 January 2024, № 17.

9 Company standards have been developed and are in the process of approval.

The overall implementation of planned and unplanned activities for the development/updating of standards is 92%.

Plans for 2024 and the medium term

1. Execution of activities under the R&D Programme 2024-2028 in 2024.
2. Execution of the Plan for development/updating of standards for 2024.

Developed and in the process of approval of

9
Company standards



The total implementation of planned and unplanned activities on development/updating of standards is

92%

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE
RESULTS

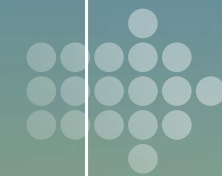
3. SUSTAINABLE DEVELOPMENT
PERFORMANCE

Sustainable development management
Vital health and safety at work and
industrial safety regulations
Human resources management, equality and
socio-economic impact
Procurement system and local content
development
Environmental protection
Energy consumption and energy saving

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC
PERFORMANCE. MANAGEMENT
REPORT

6. APPENDICES



Sustainable development performance

| | |
|---|-----|
| Sustainable development management | 80 |
| Vital health and safety at work and industrial safety regulations | 92 |
| Human resources management, equality and socio-economic impact | 106 |
| Procurement system and local content development | 134 |
| Environmental protection | 136 |
| Energy consumption and energy saving | 143 |



1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

Sustainable development management

Vital health and safety at work and industrial safety regulations

Human resources management, equality and socio-economic impact

Procurement system and local content development

Environmental protection

Energy consumption and energy saving

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Sustainable development management

Management approach

GRI 3-3, 2-22, 2-24

KAZTRANSOIL JSC PAYS SPECIAL ATTENTION TO THE ISSUES OF SUSTAINABLE DEVELOPMENT IN ITS ACTIVITIES. IMPROVEMENT OF THE SYSTEM OF CORPORATE GOVERNANCE AND SUSTAINABLE DEVELOPMENT IS AN INTEGRAL PART OF THE DEVELOPMENT STRATEGY OF THE COMPANY UP TO 2028.

The Company's mission in the field of sustainable development is to make a positive contribution to the socio-economic development of the regions where it operates. At each level of activity, the Company considers environmental and social factors and introduces best practices in production and management processes. KazTransOil JSC listens to the opinion of stakeholders when conducting operations and developing plans. (See Figure 9-10 for more details).

The Company has defined for itself Strategic Initiatives in the field of sustainable development (See Figure 8 for details). To realize these goals, KazTransOil JSC is continuously working to improve its sustainable development practices, following the principles of environmental and social responsibility set out in six key principles.



In 2023, the boundaries of sustainable development indicators included information on the Company and its subsidiaries – BOT, PTL, Main Waterline LLP (Group of companies of KazTransOil JSC).

KazTransOil JSC has introduced and successfully operates the IMS, which unites four management systems functioning as a single entity into a single structure:

- Quality management system according to ISO 9001:2015 'Quality management systems. Requirements';
- Environmental Management System according to ISO 14001:2015 'Environmental Management Systems. Requirements and guidelines for their application';
- Energy management system according to ISO 50001:2018 'Energy management systems. Requirements and guidelines for their application';
- Occupational health and safety management system according to ISO 45001:2018 'Occupational health and safety management systems. Requirements and guidance for their application'.

IMS is part of the overall management system of KazTransOil JSC and contributes to its sustainable development. IMS provides coordinated interaction of all processes within KazTransOil JSC and makes it possible to optimally fulfil the requirements of the above-mentioned standards for management systems.

In 2021, based on the results of certification audit by the international body for confirmation of conformity TÜV NORD CERT GmbH KazTransOil JSC was issued certificates of compliance with the requirements of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018 for a three-year period.

In 2023, based on the results of the inspection (supervisory) audit of the second year, the international conformity assurance body TÜV NORD CERT GmbH confirmed and extended the validity of certificates issued in 2021.

Corporate documents of KazTransOil JSC in the field of sustainable development

GRI 2-23

Approaches to the management of sustainable development activities, as well as the basic principles, are reflected in the main ESG policies and documents:

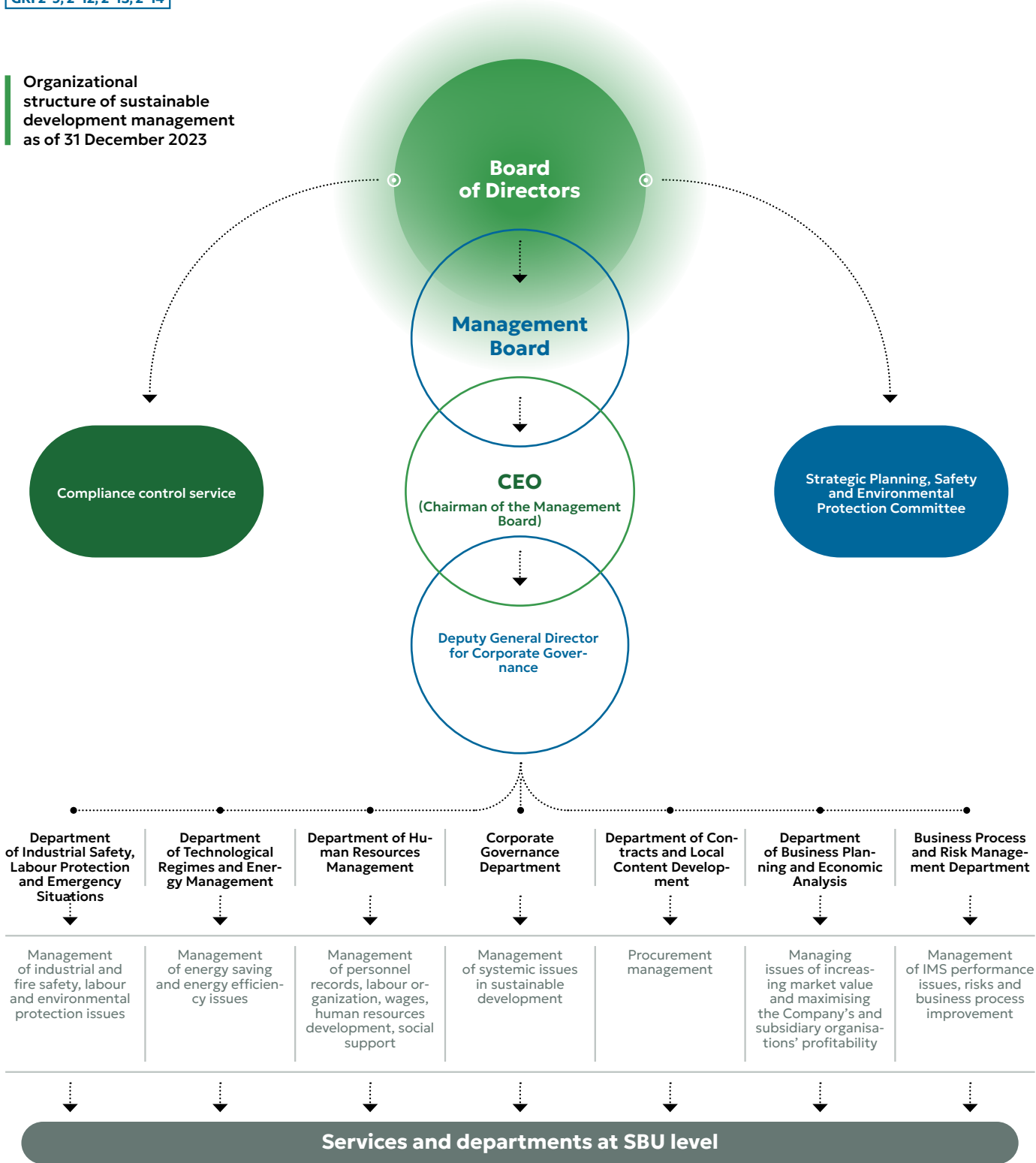
- Quality Policy of KazTransOil JSC;
- Policy of KazTransOil JSC in the field of health protection and labour safety;
- Anti-corruption policy of KazTransOil JSC;
- Dividend policy of KazTransOil JSC;
- Environmental Policy of KazTransOil JSC;
- Personnel Policy of KazTransOil JSC for 2021-2025;
- Energy Policy of KazTransOil JSC;
- Code of corporate governance;
- Code of Business Ethics of KazTransOil JSC;
- Code of Social Responsibility of KazTransOil JSC;
- Code of KazTransOil JSC in the field of safety and labour protection 'Vital Rules';
- Rules of management of conflict of interests of officials and employees of KazTransOil JSC;
- Rules of human resources management of KazTransOil JSC;
- Rules of procurement management and conclusion, registration, execution of contracts in KazTransOil JSC;
- The procedure for procurement by Samruk-Kazyna JSC and legal entities, fifty and more per cent of voting shares (participatory interests) of which directly or indirectly belong to Samruk-Kazyna JSC on the right of ownership or trust management;
- Collective agreement between KazTransOil JSC and employees KazTransOil JSC (Collective Agreement);
- Media Plan of KazTransOil JSC.



Management structure and tools

GRI 2-9, 2-12, 2-13, 2-14

Organizational structure of sustainable development management as of 31 December 2023



Level of the Company's governance body

The Board of Directors of KazTransOil JSC ensures the creation of a corporate system in the field of sustainable development and its implementation at all levels, including consideration and approval of sustainable development reporting within the framework of the Integrated Annual Report of the Company, as well as holding a session in the field of sustainable development at the end of the year and half-year with the participation of members of the Board of Directors and the Management Board of the Company and interested structural units

Members of the Board of Directors are directly involved in the consideration of sustainable development issues. Every year, the Board of Directors regularly reviews issues on key achievements in sustainable development aspects, analyses the extent to which strategic goals and objectives have been achieved, and takes into account the opinions of stakeholders.

The members of the Board of Directors have a wide range of competences appropriate to the scale and specifics of the Company's operations, including competences in corporate governance and sustainable development. Independent directors actively participate in the work of the Board of Directors and propose issues related to sustainable development and corporate governance for discussion. The Committee for Strategic Planning, Safety and Environmental Protection formed under the Board of Directors of KazTransOil JSC provides support for the consideration of sustainable development issues within its competences, as well as assists in the implementation of sustainable development principles.



Executive level

The Management Board of KazTransOil JSC ensures the effective implementation of measures to implement the Development Strategy of the Company, monitors the implementation of KPIs, including in the field of sustainable development of the Company, as well as determines significant areas within the framework of preparation of non-financial reporting.

To assess the Company's achievements in the field of sustainable development, the indicators established by the Board of Directors to assess the performance of members of the Management Board of KazTransOil JSC are used. These KPIs are included in the list of corporate and functional indicators and affect the number of remuneration of the Company's employees in the areas.

Address by the Chair of the Board of Directors
Address by the General Director (Chair of the Management Board)
Key indicators 2023
Layout of Main Pipelines
Key events 2023
Company's Business Model

- 1. COMPANY OVERVIEW
- 2. OPERATING PERFORMANCE RESULTS
- 3. SUSTAINABLE DEVELOPMENT PERFORMANCE
- Sustainable development management
- Vital health and safety at work and industrial safety regulations
- Human resources management, equality and socio-economic impact
- Procurement system and local content development
- Environmental protection
- Energy consumption and energy saving
- 4. CORPORATE GOVERNANCE
- 5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT
- 6. APPENDICES



I Operational level

Sustainable development issues are managed at all organizational levels of the Company's management. Individual issues are managed by the relevant departments at the level of the Company's head office and at the level of the SBU – services and divisions overseeing specific areas of sustainable development, such as human resources, occupational health and safety, and environmental protection. The work of the services and departments is co-ordinated and coordinated through direct interaction with the Company's head office.

In order to ensure that ESG priorities become an integral part of the activities of KazTransOil JSC, the Company integrates industrial safety and environmental protection, energy consumption and energy saving targets, as well as social indicators into the KPIs of executive and managerial employees, as well as heads of interested structural units



Key KPIs for 2023 related to ESG issues

| Nº | KPI | Unit of measurement | Target 2023 | Fact 2023 |
|----|--|---------------------|---------------------|------------------|
| 1 | Achievement of the target indicator of specific energy consumption per oil cargo turnover | % | 100% | 88.59% |
| 2 | Number of accidents resulting in production stoppages or environmental damage during oil transportation | units | 0 | 0 |
| 3 | Execution of the Action Plan of KazTransOil JSC on implementation of the Low Carbon Development Programme of NC KazMunayGas JSC for 2023 | % | 100% | 100% |
| 4 | Conclusion of a new version of the collective agreement in 2023 | date | by 1 March 2023 | 24 February 2023 |
| 5 | Construction of social facilities for employees working on a rotational basis | units | 7 | 10 |
| 6 | Minimization of collective grievances on labour relations issues in KazTransOil JSC | units | 0 | 0 |
| 7 | Social stability index for KazTransOil JSC (SRS index) | % | 91 | 88 |
| 8 | Updating of the KazTransOil JSC Stakeholder Map | yes/no | yes | yes |
| 9 | Share of local content in procurement of goods of KazTransOil JSC | % | 55% | 58% |
| 10 | Share of local content in procurement of works, services of KazTransOil JSC | % | 75% | 75% |
| 11 | Effective utilization of inventory balances (inventory turnover) for KazTransOil JSC | days | 150 | 105.90 |
| 12 | Conclusion of off-take agreements for the implementation of import substitution projects | units | 4 | 7 |
| 13 | Number of adjustments to the annual procurement plan for KazTransOil JSC | times | 36 | 35 |
| 14 | Development of internal communications regulations of KazTransOil JSC | date | by 1 September 2023 | 25 August 2023 |

The Company's strategic initiatives in the field of sustainable development



UN Global Sustainable Development Goals (SDGs)

Recognizing the importance of companies working together around the world to achieve a sustainable future, KazTransOil JSC fully supports international initiatives in the field of sustainable development, among which are the UN Sustainable Development Goals. KazTransOil JSC works to contribute to their achievement through responsible business conduct, application of best practices of corporate governance, minimization of environmental impact, effective personnel management, ensuring safe working conditions and accident-free operation at production facilities.

KazTransOil JSC understands the significance of all 17 UN Sustainable Development Goals and identifies nine main goals for itself, on the achievement of which the Company's activities have the most significant impact. The main results of work in the field of the Company's contribution to the achievement of these goals in 2023 are presented in the table below.



Address by the Chair of the Board of Directors

Address by the General Director (Chair of the Management Board)

Key indicators 2023

Layout of Main Pipelines

Key events 2023

Company's Business Model

| |
|--|
| 1. COMPANY OVERVIEW |
| 2. OPERATING PERFORMANCE RESULTS |
| 3. SUSTAINABLE DEVELOPMENT PERFORMANCE |
| 4. CORPORATE GOVERNANCE |
| 5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT |
| 6. APPENDICES |



Contribution to the UN Sustainable Development Goals

| Goal | Our commitments | Key indicators for 2023 | | |
|---|--|--|---|--|
| <div>3</div> <div>GOOD HEALTH AND WELL-BEING</div> <div></div> <div>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.</div> | <ul style="list-style-type: none">To take care of occupational health and safety at the workplace;Avoid fatalities, increased number of occupational diseases and acute poisonings. | <div>930.7</div> <div>million tenge</div> <div>allocated for sanitary-epidemiological and treatment and preventive measures on the Group of companies of KazTransOil JSC</div> | <div>5,923.3</div> <div>million tenge</div> <div>allocated for industrial safety and labour protection in the Group of companies of KazTransOil JSC</div> | |
| <div>4</div> <div>QUALITY EDUCATION</div> <div></div> <div>SIGNIFICANTLY INCREASE THE NUMBER OF YOUTH AND ADULTS WITH IN-DEMAND SKILLS, INCLUDING VOCATIONAL SKILLS, FOR EMPLOYMENT, DECENT WORK AND ENTREPRENEURSHIP.</div> | <ul style="list-style-type: none">Providing training opportunities for employees;Co-operation with universities and training experts;Organizing training and internship programmes for students and graduates. | <div>27,066</div> <div>number of trained employees in the Group of companies of KazTransOil JSC</div> | <div>386,529</div> <div>hours</div> <div>number of hours of training of employees in the Group of companies ofKazTransOil JSC</div> | <div>305</div> <div>students and students at colleges had industrial practice in the Group of companies of KazTransOil JSC</div> |
| <div>6</div> <div>CLEAN WATER AND SANITATION</div> <div></div> <div>ENSURING THE AVAILABILITY AND SUSTAINABLE USE OF WATER RESOURCES AND SANITATION.</div> | <ul style="list-style-type: none">Ensure rational use of water resources and prevention of unauthorized use;Introduce new management systems and innovative technologies. | <div>5.1%</div> <div>Reduction of water withdrawal for the Group of companies of KazTransOil JSC</div> | <div>1.7%</div> <div>Reduction of water discharge for the Group of companies of KazTransOil JSC</div> | |
| <div>7</div> <div>AFFORDABLE AND CLEAN ENERGY</div> <div></div> <div>ENSURING UNIVERSAL ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY SOURCES.</div> | <ul style="list-style-type: none">Reduce overall electricity consumption. | <div>4.6%</div> <div>Achieved a reduction in electricity consumption by 4.6% across the Group of Companies of KazTransOil JSC</div> | | |
| <div>8</div> <div>DECENT WORK AND ECONOMIC GROWTH</div> <div></div> <div>PROMOTING SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL.</div> | <ul style="list-style-type: none">Create conditions for social security and stability in the team and regions of presence;Guarantee decent working conditions for all employees;Improve the remuneration and motivation system. | <div>0</div> <div>incidents of discrimination</div> | <div>421</div> <div>newly hired employees in the Group of companies of KazTransOil JSC</div> | <div>7,699</div> <div>persons</div> <div>list number of personnel in the Group of companies of KazTransOil JSC</div> |
| <div>9</div> <div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div></div> <div>DEVELOP QUALITY, RELIABLE, SUSTAINABLE AND RESILIENT INFRASTRUCTURE, INCLUDING REGIONAL AND CROSS-BORDER INFRASTRUCTURE TO SUPPORT ECONOMIC DEVELOPMENT AND HUMAN WELL-BEING, WITH A FOCUS ON AFFORDABLE AND EQUITABLE ACCESS FOR ALL.</div> | <ul style="list-style-type: none">Ensuring reliable and accident-free operation of main oil pipelines;Active investment in R&D;Development of infrastructure facilities in the regions of operations as part of social partnership programmes with local authorities. | <div>12</div> <div>planned researches were carried out</div> | <div>11</div> <div>unplanned R&D activities</div> | |
| <div>13</div> <div>CLIMATE ACTION</div> <div></div> <div>TAKING URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS.</div> | <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 capacity of people and institutions for climate change mitigation, adaptation and early warning. | <div>225.6</div> <div>thousand tons CO₂-eq</div> <div>Total indirect greenhouse gas emissions (Scope 2) in the reporting year</div> | | |
| <div>16</div> <div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div> <div></div> <div>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.</div> | <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 management of the Company, as well as in SJCE. | <div>210</div> <div>employees</div> <div>of KazTransOil JSC were trained on anti-corruption issues</div> | <div></div> <div>An internal analysis of corruption risks of the Company for the period 2022-2023 was carried out.</div> | |
| <div>17</div> <div>PARTNERSHIPS FOR THE GOALS</div> <div></div> <div>STRENGTHENING THE MEANS TO ACHIEVE SUSTAINABLE DEVELOPMENT AND REVITALIZING THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT.</div> | <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. | <div>Membership in associations</div> <ul style="list-style-type: none">Kazakhstan Association of Organizations of Oil, Gas and Energy Complex 'KAZENERGY' | <ul style="list-style-type: none">Association of Taxpayers of New KazakhstanInternational Association of Oil Transporters | <ul style="list-style-type: none">National Chamber of Entrepreneurs of the Republic of Kazakhstan 'Atameken' |

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

Sustainable development management
Vital health and safety at work and industrial safety regulations
Human resources management, equality and socio-economic impact
Procurement system and local content development
Environmental protection
Energy consumption and energy saving

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Stakeholder engagement

GRI 2-29

Being the national operator of the main oil pipeline of the Republic of Kazakhstan, the Company realizes a high degree of its responsibility in matters of interaction with stakeholders. KazTransOil JSC continuously works to form 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 in its interaction with stakeholders is to determine their needs and expectations in accordance with the requirements of the standards of management systems implemented in the Company (ISO 9001, ISO 14001, ISO 45001, ISO 50001).

On 25 September 2023, the Stakeholder Map for 2024-2026 was approved, where the main stakeholder groups of the Company and its subsidiaries were identified. The list of stakeholders includes both internal (located within the Company and its SJCE) and external (located outside the Company and its SJCE) stakeholders.

For detailed information on the achievement of stakeholder requirements, see Appendix 5, Stakeholder Engagement.

List of stakeholder groups

- Internal stakeholders
- External stakeholders



Corporate documents reflecting the Company's stakeholder engagement priorities:

- Dividend policy of KazTransOil JSC;
- Anti-corruption policy of KazTransOil JSC;
- Code of Business Ethics of KazTransOil JSC;
- Anti-corruption standards of KazTransOil JSC;
- Regulations on the formation of the Stakeholder map of KazTransOil JSC;
- Regulations for checking the reliability of counterparties of KazTransOil JSC.

To identify the needs and interests of stakeholders in a timely manner, the Company has established a process of interaction with stakeholders. Formation of the list of stakeholders of KazTransOil JSC and its subsidiaries is carried out every three years. For this purpose, an internal survey and analysis is carried out by structural subdivisions and subsidiaries of the Company by studying their relationships with persons (individuals and legal entities) whose interests are affected by their activities.

Stakeholder engagement process



The Company interacts with its stakeholders on an ongoing basis within the work of each division of KazTransOil JSC. Responsible departments build communication with stakeholders on emerging issues, respond to requests and appeals of stakeholders. The main mechanisms of interaction are:

- Hotline;
- Rapid Response Centre;
- blog of the General Director (Chairman of the Management Board).

As a result of identifying stakeholder requirements and expectations, the Company generates a list of material topics and obtains a holistic picture of the activities required for effective stakeholder engagement.



Address by the Chair of the Board of Directors
Address by the General Director (Chair of the Management Board)
Key indicators 2023
Layout of Main Pipelines
Key events 2023
Company's Business Model

- 1. COMPANY OVERVIEW
- 2. OPERATING PERFORMANCE RESULTS
- 3. SUSTAINABLE DEVELOPMENT PERFORMANCE
- Sustainable development management
Vital health and safety at work and industrial safety regulations
Human resources management, equality and socio-economic impact
Procurement system and local content development
Environmental protection
Energy consumption and energy saving
- 4. CORPORATE GOVERNANCE
- 5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT
- 6. APPENDICES

Membership in associations

GRI 2-28

Recognising the important role of business and joint efforts in achieving sustainable development goals, the Company actively participates in professional and industry initiatives that facilitate the exchange of professional experience and the solution of industry-level tasks.



Company's membership in associations and other unions in 2023

1

KAZAKHSTAN ASSOCIATION OF ORGANIZATIONS OF OIL, GAS AND ENERGY COMPLEX 'KAZENERGY'



The Company is represented as a national operator of a trunk oil pipeline. Representatives of the Company are members of the Coordination Council for the development of the oil and gas industry of the Republic of Kazakhstan under this association.

2

ASSOCIATION OF TAXPAYERS OF NEW KAZAKHSTAN



The main objective of the Association of Taxpayers of New Kazakhstan is to help protect the legitimate rights and interests of taxpayers and to provide timely information on changes in tax legislation.

The Company's representatives participate in the working groups of this association and ensure the Company's participation in the development of the above changes and amendments to tax legislation.

3

INTERNATIONAL ASSOCIATION OF OIL TRANSPORTERS



The International Association of Oil Transporters (IAOT) was formed to coordinate efforts to effectively develop oil transport systems of member companies and to strengthen the stability of international oil transport.

10 largest international oil transport organizations from near and far abroad and one company as an observer are members of IAOT.

Four expert working groups have been set up from representatives of IAOT members: on energy efficiency, on legal issues, on oil supply and on efficient, reliable and safe operation of main pipeline systems.

In addition to the work of the permanent expert groups, the main mechanisms of IAOT's work are semi-annual meetings of the Board of Management, conferences, exhibitions and seminars, as well as technical visits and exchange of experience.

4

NATIONAL CHAMBER OF ENTREPRENEURS OF THE REPUBLIC OF KAZAKHSTAN 'ATAMEKEN'



'Atameken' was established to improve the business and investment climate, stability, development of business conditions in the country for both national and foreign investors.

Participation in this organization ensures protection of rights and interests of business, wide coverage and involvement of all entrepreneurs in the process of formation of legislative and other regulatory rules of business operation.

Plans for 2024 and the medium term

Holding the XXI meeting of the Board/Meeting of IAOT in the Republic of Kazakhstan.



Address by the Chair of the Board of Directors

Address by the General Director (Chair of the Management Board)

Key indicators 2023

Layout of Main Pipelines

Key events 2023

Company's Business Model

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

Sustainable development management

Vital health and safety at work and industrial safety regulations

Human resources management, equality and socio-economic impact

Procurement system and local content development

Environmental protection

Energy consumption and energy saving

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Vital health and safety at work and industrial safety regulations

Material topics

- Labour protection and industrial safety
- Occupational injuries
- Occupational health and safety training

Key events

- A new Code of KazTransOil JSC in the field of safety and labour protection 'Vital Rules' was approved.
- An external safety inspection audit was conducted.

Goals and their achievement in 2023

- 1 Organizing and carrying out surveys and targeted inspections of the Company's occupational health and safety control: 7 inspections of the Company's SBUs for occupational health and safety were carried out.

✔🔄 Goal achieved. Implementation is ongoing

- 2 Implementation of activities of the Vision Zero Injury Concept Implementation Programme: a number of activities on the implementation of the Vision Zero Injury Concept were carried out, including articles, training courses, updating of induction training programmes.

✔🔄 Goal achieved. Implementation is ongoing

- 3 Organization of occupational health and safety knowledge audits: conducted in accordance with the unified occupational health and safety management system.

✔🔄 Goal achieved. Implementation is ongoing

- 4 Monitoring of indicators of deviation from safe driving style at the Company's oil pipeline directorates through the GPS vehicle monitoring system: no road accidents caused by the Company's drivers were recorded.

✔🔄 Goal achieved. Implementation is ongoing

Key indicators for 2023

Employees of the Group of companies of KazTransOil JSC were trained on issues of labour protection and safety at the workplace

1,443
people

Volume of investments for the Group of companies of KazTransOil JSC

5.923
billion tenge

Amount of costs on sanitary and epidemiological, medical, and preventive measures for the Group of companies of KazTransOil JSC

930.7
million tenge

Accidents for the Group of companies of KazTransOil JSC

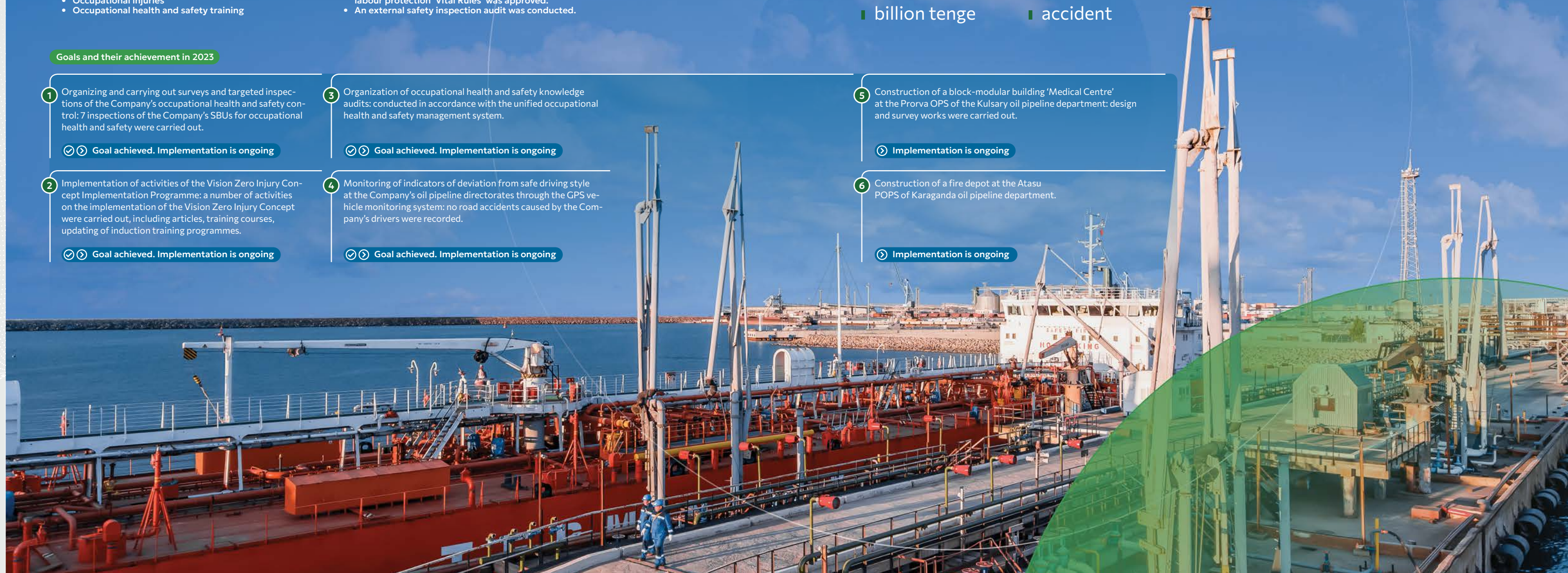
1
accident

Contribution to the UN SDGs

3 GOOD HEALTH AND WELL-BEING



8 DECENT WORK AND ECONOMIC GROWTH



1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Occupational health and safety

Management approach

GRI 3-3, 403-1

Ensuring safe working conditions and minimizing industrial safety risks are among the key areas of the Company's Development Strategy.

The Company complies with the national legislation in the field of occupational health and safety, as well as the requirements of international and industry standards. In addition, in its activities, KazTransOil JSC is guided by the Health and Safety Policy of KazTransOil JSC, based on the commitment of senior management to the principles of preserving the life and health of employees and involvement of each employee in improving the culture of safety at work. KazTransOil JSC follows the principles of zero injuries, minimizing accidents and incidents, as well as road accidents.

The Company is fully aware of its obligations to ensure industrial safety and preservation of life of employees. The Company's objectives in fulfilling these obligations include:

- ensuring accident-free operation of production facilities;
- prevention of accidents;
- prevention of occupational diseases;
- ensuring safe and ergonomic organization and sanitary and hygienic conditions of all workplaces.

KazTransOil JSC has developed a set of measures for timely response to emergencies, including measures to ensure fire safety and safety in the operation of road transport of the Company. As part of improving practices in the field of fire safety in 2023, KazTransOil JSC continued to organize voluntary fire brigades. In the reporting year, the number of employees in voluntary fire brigades totalled more than 1,000 people. In addition, in the reporting year, the contract for the provision of services to ensure fire safety at the facilities of KazTransOil JSC for 2022-2025 continues to operate.

The Occupational Health and Safety Management System complies with the requirements of the legislation of the Republic of Kazakhstan, ISO 45001:2018, ISO 14001:2015 and international industry standards, and is aimed at ensuring the effective functioning and improvement of occupational health and safety practices in the workplace. The responsible unit is the Department of Industrial Safety, Occupational Health and Safety.

In order to ensure automation of control over the technical condition of buildings, structures, fire extinguishers and hazardous technical devices, data on the list of buildings and structures, technical devices, as well as the list of fire extinguishers are entered into the Maintenance of Occupational Health and Safety module of the SAP system and are monitored.

According to the Action Plan on industrial safety for 2023, approved by the Chairman of the Management Board of Samruk-Kazyna JSC, the Code of KazTransOil JSC in the field of safety and labour protection 'Vital Rules' was approved.

In order to implement the programme for the introduction of the 'Vision Zero' zero injury concept, the managers of KazTransOil JSC were among the first in the Group of companies of NC KazMunayGas JSC with the participation of the 'Canadian Safety Institute' trained on the topic 'Achieving Vision Zero' – 'Goal Zero', and the following activities were carried out:

- an article on the implementation of Vision Zero injuries was published on internal communication channels;
- an information poster '7 Rules of Vision Zero' was developed and replicated;
- training presentation material on the Vision Zero injuries concept was developed;
- employees were trained on the topic 'Labour Safety Culture'. A total of 5,093 employees were trained.



Management structure and tools

GRI 403-2

The Occupational Health, Safety and Emergency Department is responsible for the effective functioning of the management and control system in the field of occupational health and safety. Occupational health and safety are managed at two levels. At the central office, the work is coordinated by the Department of Industrial Safety, Occupational Health and Safety, and at the SUB level by the departments of Industrial Safety, Occupational Health and Environment. The Department is responsible for organizing and coordinating practices, identifying and assessing Health, Safety & Environment (HSE) risks, as well as participating in the creation and implementation of new technical means and technological processes that ensure safe working conditions and reduce occupational injuries and accidents.

The Company implements a wide range of activities and initiatives as part of the management of occupational health and safety issues, including:

- ensuring accident-free operation of production facilities;

- meeting the requirements of the legislation of the Republic of Kazakhstan in the field of safety and labour protection, following international and national standards;
- application of the 'Korgau' card;
- control over provision of necessary special clothing, footwear and other personal protective equipment;
- assessment of labour safety risks, prevention and avoidance of occupational injuries;
- implementation of a set of measures in the field of reliability and safety in accordance with the declaration of industrial safety of a hazardous production facility;
- functioning of production councils in SBUs;
- holding monthly meetings with employees on HSE issues;
- holding 'Safety Minute' meetings;
- training of employees on labour safety and health issues, fire safety measures in the scope of the fire and technical minimum and industrial safety measures.

*Passed internal audit procedure and independent audit / third party certification procedure.

** The accounting of this indicator does not include subsidiaries of KazTransOil JSC. The number of employees of contracting organizations providing construction, capital repair and other services at the facilities of KazTransOil JSC is taken into account in the calculation.

†The reporting boundary of HSE data consolidation in 2023 here and hereafter includes Main Waterline LLP and BOT. PTL is not included in the reporting boundary due to the absence of production activities.

Employees of the Group of companies of KazTransOil JSC covered by occupational health and safety of issues the management system at the workplace¹

| Title | 2021 | | 2022 | | 2023 | |
|--|----------------|----------|----------------|----------|----------------|----------|
| | total, persons | share, % | total, persons | share, % | total, persons | share, % |
| Employees covered by the management system: | | | | | | |
| KazTransOil JSC* | 6,702 | 100 | 6,705 | 100 | 6,845 | 100 |
| BOT | 551 | 100 | 553 | 100 | 570 | 100 |
| Main Waterline LLP | 389 | 100 | 398 | 100 | 405 | 100 |
| Employees covered by a management system that has undergone an internal audit procedure: | | | | | | |
| BOT | 430 | 78 | 430 | 78 | 450 | 80 |
| Main Waterline LLP | - | - | - | - | - | - |
| Employees covered by a management system that has been independently audited/certified by a third party: | | | | | | |
| BOT | 0 | 0 | 430 | 78 | 450 | 80 |
| Main Waterline LLP | - | - | - | - | - | - |
| Employees of contracting organizations of KazTransOil JSC covered by the management system ** | 897 | 100 | 918 | 100 | 929 | 100 |

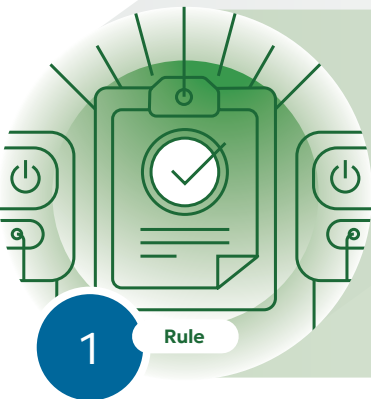
Code of KazTransOil JSC in the field of safety and labour protection ‘Vital Rules’

GRI 403-2

By the decision of the Management Board of KazTransOil JSC dated 31 October 2023, the Code of KazTransOil JSC in the field of occupational health and safety ‘Vital Rules’ was approved, aimed at improving corporate culture in the field of occupational safety, prevention of occupational injuries and diseases, accidents and incidents. The Code considers the key requirements for safe performance of work, as it was developed on the basis of the legislation of the Republic of Kazakhstan, internal documents of the Company, as well as the International Association of Oil and Gas Producers.

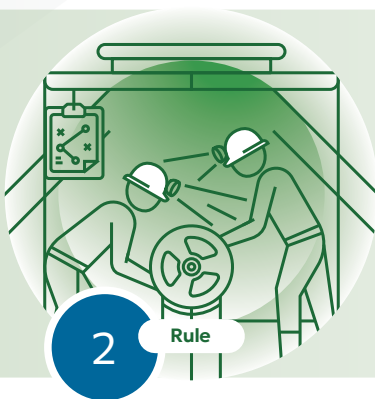
The Code is a supplement to the basic rules of industrial safety and is intended to draw attention to actions leading to risks of injuries or accidents. The principles of workplace safety include 9 rules. Each of the rules is accompanied by clear, simple and consistent information on risks in the workplace.

Bypassing security measures



Bypassing security measures — prevention of incidents resulting in accidents or injuries through critical protective equipment;

Working in confined spaces



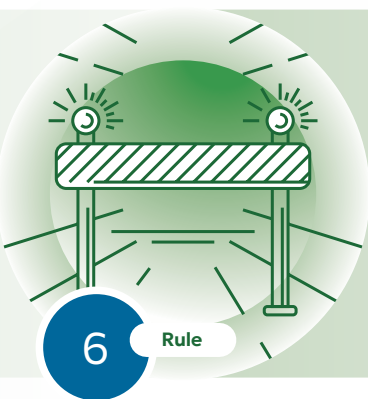
Working in confined spaces — Prevention of accidents or injuries through risk assessments and preparatory measures before starting work in confined spaces;

Fireworks



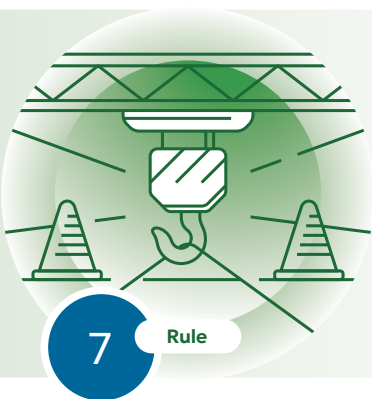
Fireworks — prevention of accidents or injuries by observing safety precautions and by working with sources of ignition and flammable substances;

Danger zone



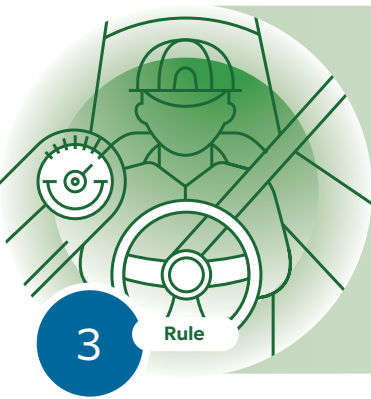
Danger zone — prevention of incidents leading to accidents or injuries through awareness of risks and harmful work factors;

Safety in lifting operations



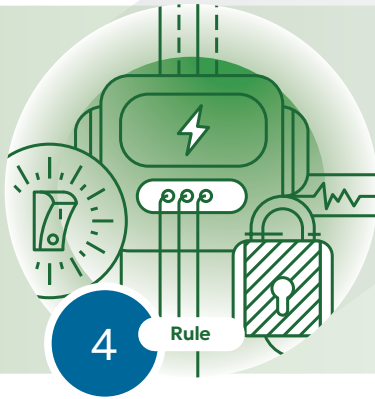
Safety in lifting operations — prevention of incidents resulting in accidents or injuries by employing only competent workers using certified equipment;

Safe driving of vehicles



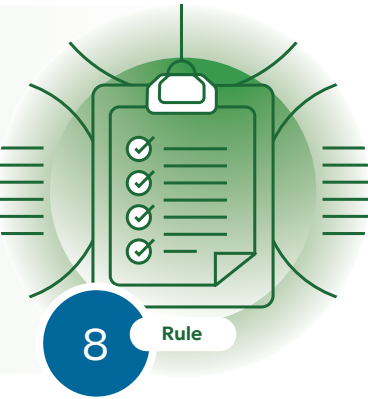
Safe driving of vehicles — preventing accidents resulting in accidents or injuries by ensuring road safety in the performance of official duties ;

Isolation of energy sources



Isolation of energy sources — prevention of incidents leading to accidents or injuries by isolating workplace hazards such as electricity, pressure and energised equipment;

Permit-permit order for production of high-risk works



Permit-permit order for production of high-risk works — prevention of accidents or injuries by obtaining authorization to commence hazardous work after risk assessment and exclusion of harmful production factors;

Working at height



Working at height — preventing accidents or injuries using physical barriers under the work area or the use of certified fall protection equipment.



Safety culture at work

GRI 403-2

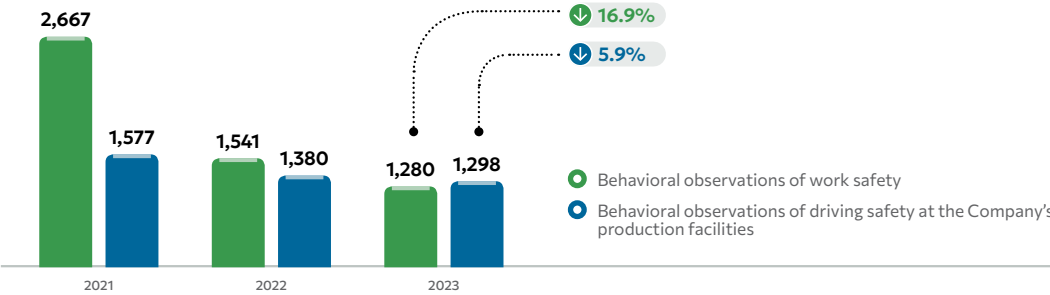
Number of behavioural observations of work safety

1,280

In accordance with the approved in 2020 Procedure for video recording during work at the facilities of the main oil pipelines of KazTransOil JSC, work is carried out to record violations of industrial and fire safety requirements in the production of high-risk work. This initiative is aimed at improving the safety culture of employees and has had a favourable impact on the prevention of accidents, incidents and fires. Thus, the reduction of behavioral observations on safety of various types of work exceeded 5.9%.

Safety level of work performance in KazTransOil JSC

GRI 403-2



For all the identified facts of unsafe organization and performance of work, discussions with employees were held with reference to the inconsistencies that had occurred, and appropriate corrective actions were developed. The decrease in the number of behavioral observations was due to the introduction of the institute of filling in the 'Korgau' card.

To maintain feedback from employees, the Company has a helpdesk for health, labour and environmental issues hse@kaztransoil.kz.

Assessment of occupational hazards and risks

GRI 403-2

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

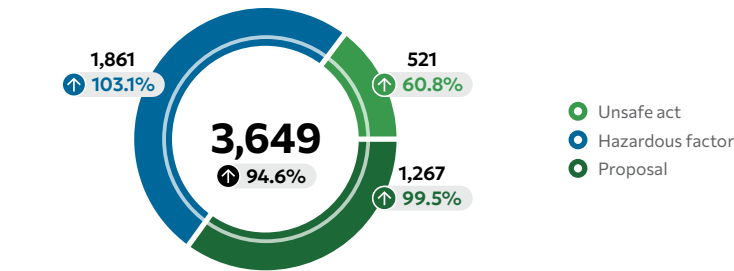
In accordance with the Regulations on Health and Safety Risk Management of KazTransOil JSC, the Company carries out work to identify hazards for employees and other stakeholders and assesses related risks. Identification and assessment of risks in the field of occupational health and safety are carried out in the central office and subsidiaries of the Company.

'Korgau' card

GRI 403-4

The Company continues to implement the 'Korgau' card initiative. Any employee or visitor of the Company, having detected a non-compliance or an event that potentially threatens safety, can suspend work until the non-compliance is eliminated, as well as make suggestions on how to improve the state of safety by filling in the card. In the reporting year, the Company's employees filled in 3,649 'Korgau' cards. The increase in the number of observations by 94.6% was due to the employees awareness that acting on the completed cards contributes to the improvement of occupational health and safety and prevents injuries. The forms of the cards are placed in publicly accessible areas of production and office premises and on the Company's website.

Number of 'Korgau' cards by type of observations in KazTransOil JSC

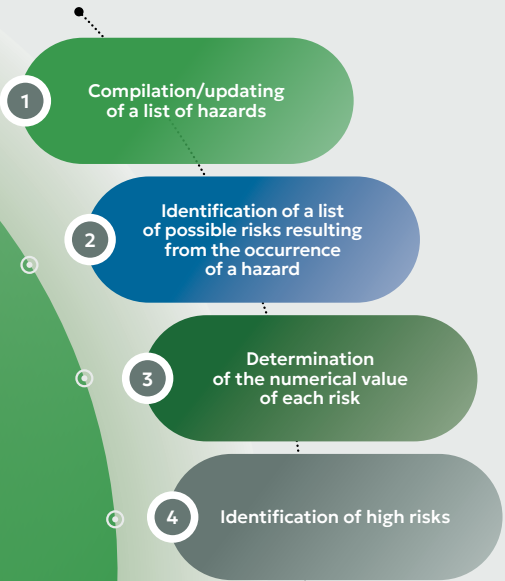


In order to motivate employees to use the 'Korgau' card on a monthly and annual basis, employees are rewarded by awarding 'Yzdik 'Korgau' kartasy' certificates and monetary bonuses.

The Company implements the following measures to develop the practice of using 'Korgau' cards:

- the electronic platform 'Korgau' operates on the Internet resource www.kaztransoil.kz;
- corrective actions designed to prevent hazardous factors, unsafe actions and implementation of initiatives (proposals) to improve labour conditions and safety are carried out.

Stages of health and safety risk assessment in safety and labour protection



KazTransOil JSC conducts inspection of subdivisions in the format of behavioral safety audits, during which risks and hazards are identified. Risk assessment is carried out at least once a year. Employees of labour protection services together with interested divisions of the Company participate in the assessment process. Identified risks are subject to reassessment in the event of an incident or accident, as well as in the event of significant changes in production activities. Based on the results of the assessment, measures are developed to mitigate high health and safety risks.

In addition, the Company provides regular training in risk assessment for personnel involved in the health and safety process. This ensures that the quality and accuracy of the risk management procedure is improved.

As part of the internal inspection of industrial control, occupational health and safety, seven production facilities of subsidiaries were inspected in 2023. Corrective actions have been developed for all identified non-compliances, with their implementation monitored within the established deadlines.

In 2023, were filled by the Company's employees

3,649 'Korgau' cards

Increase in the number of 'Korgau' cards as observed in KazTransOil JSC

94.6%



Crisis Management Team

KazTransOil JSC recognizes the extent of its responsibility to respond to emergencies and is constantly working to improve processes within the Company. In order to practice actions in case of emergency situations together with the Incident Management Teams of the subdivision in 2023, the CMT was deployed 2 times.

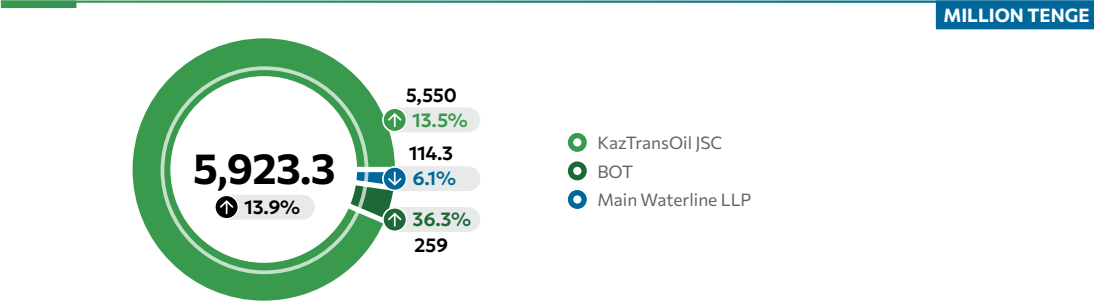
Investments in industrial safety and labour protection

The Group of companies of KazTransOil JSC recognizes the importance of improving the occupational health and safety management system and regularly invests in the development of practices in this area. In 2023, the total amount of investments in occupational health and safety showed a stable growth in the Group of companies of KazTransOil JSC and amounted to 5,923.3 million tenge.

The volume of investments in KazTransOil JSC was increased by 13.5% to 5,550 million tenge. The growth of investments in the reporting period was due to investments in fire protection systems and renewal of personal protective equipment for personnel.

The volume of investments in BOT was increased by 36.3% to 259 million tenge. Investment growth was noted in all items of industrial and labour safety and security.

Volume of investments in industrial safety and labour protection for the Group of companies of KazTransOil JSC



| Title | 2021 | 2022 | 2023 | Change, % |
|-------------------------------|---------|---------|---------|-----------|
| Occupational safety | 173.0 | 333.2 | 325.3 | -2.4 |
| Health protection | 925.8 | 916.2 | 942.7 | 2.9 |
| Industrial safety | 217.6 | 217.8 | 197.0 | -9.6 |
| Fire safety | 1,457.9 | 2,552.5 | 2,999.4 | 17.5 |
| Personal protective equipment | 1,298.8 | 1,180.0 | 1,458.9 | 23.6 |

Occupational injuries

GRI 403-7

The Group of companies of KazTransOil JSC strives to achieve zero injuries by implementing measures aimed at improving the level of industrial safety. The Company assumes responsibility for preserving the life and health of all employees, including employees of contractors, and makes every effort to minimize risks associated with occupational hazards at all production facilities. Despite the actions taken to prevent injuries in 2023, 1 accident was recorded in the Group of companies of KazTransOil JSC in KazTransOil JSC.

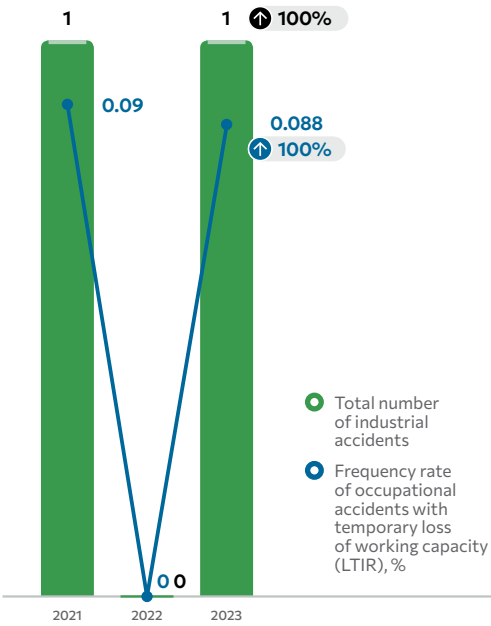
On 23 February 2023, the MI-8 helicopter of Kazaviaspas JSC, which was circling the main oil pipeline, made a 'hard' landing in West Kazakhstan region. On board there were 5 crew members of Kazaviaspas JSC and a pipeline operator of the Atyrau oil pipeline department of KazTransOil JSC. As a result of the accident 4 crew members of Kazaviaspas JSC were dead, as well as an employee of KazTransOil JSC sustained various injuries.

After receiving full treatment, the employee of KazTransOil JSC continued to perform his labour duties in full.

The investigation of the accident, conducted by the Ministry of Labour and Social Protection of the Republic of Kazakhstan, was suspended due to the unpreparedness of the study of the onboard flight data recording device and in-cabin voice recorder.

Number of occupational accidents among employees of KazTransOil JSC

GRI 403-9



Traumatism indicators for the Group of companies of KazTransOil JSC

GRI 403-9

| Indicator | 2021 | 2022 | 2023 | Change, % |
|--|------|------|------|-----------|
| Total number of occupational accidents, including: | 1 | 1 | 1 | 100 |
| KazTransOil JSC | 1 | 0 | 1 | 100 |
| BOT | 0 | 1 | 0 | -100 |
| Main Waterline LLP | 0 | 0 | 0 | 0 |
| Total number of affected persons, including: | 1 | 1 | 1 | 100 |
| KazTransOil JSC | 1 | 0 | 1 | 100 |
| BOT | 0 | 1 | 0 | -100 |
| Main Waterline LLP | 0 | 0 | 0 | 0 |

0 injuries to employees to employees of contractors

Injuries to employees of contractor organizations

GRI 403-7

Contractors' employees are subject to the same strict OHS requirements as the Company's employees. All cases of injuries to employees of contracting organizations are accounted for and investigated.

KazTransOil JSC has developed and applies the following documents in the field of occupational health and safety, which apply to contractor organizations:

- Code of KazTransOil JSC in the field of safety and labour protection 'Vital rules';
- Standard 'Requirements to Contractor Organizations';

- Instruction on HSE inspections of contracting organizations;
- Mandatory section in contracts that sets out clear obligations of the contracting organization on occupational health and safety issues.

The Company regularly organizes meetings with the management of contractors to discuss issues of occupational health and safety, use and improvement of personal protective equipment, compliance with the requirements of traffic rules and others.

As part of the work to ensure transport safety, KazTransOil JSC monitors indicators of deviation from safe driving style in the oil pipeline departments of the Company through the GPS-monitoring system for vehicles.

IN 2023, NO CASES OF INJURIES TO EMPLOYEES OF CONTRACTING ORGANIZATIONS OF KAZTRANSOIL JSC WERE RECORDED.

Health protection

GRI 403-3, 403-6

The Company realizes the importance of preserving and maintaining the health of employees and pays special attention to this area. KazTransOil JSC works on prevention of infectious and non-infectious diseases, including occupational diseases, as well as injuries. In accordance with the requirements of the legislation of the Republic of Kazakhstan, the Company's employees are provided with medical services:

- emergency medical assistance in the form of air ambulance and ambulance;
- pre-hospital medical care in a day care center;
- qualified medical assistance in a shift-based medical center;
- mandatory medical examination of employees, including daily pre-shift and annual periodic medical examinations.

To provide timely emergency medical assistance at the production facilities, medical stations equipped with the necessary medicines, medical products and medical equipment are functioning.

Electronic equipment for pre-shift medical examinations of employees has been installed and is functioning in the SBUs. The introduction of this system makes it possible to avoid admitting employees with signs of acute or worsening chronic diseases, with signs of alcohol, drug and/or toxic intoxication to production facilities, thereby reducing the risk of sudden health deterioration at work, eliminating the human factor, and reducing the time required for medical examinations by three times.

During the year, the Company actively worked to prevent seasonal diseases, including acute respiratory diseases, influenza, and measles. Information posters were also sent on the need to maintain an active lifestyle, the harm of smoking, prevention of cardiovascular diseases, etc.

The number of employees of KazTransOil JSC who passed the mandatory periodic medical examination in 2023 was 6,346 people (according to the submitted final acts), which is 93% of the total number of employees subject to mandatory periodic medical examination. The remaining 7% of employees are employees who have terminated their employment with the Company or who went on maternity leave to care for a child under the age of three before undergoing the mandatory medical examination.

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

- implementation of treatment and health improvement plans based on the results of mandatory medical examinations and control over their implementation.
- control over the implementation of sanitary and anti-epidemic (prophylactic) measures to prevent infectious diseases and control over the monitoring of employees in need of outpatient treatment and dispensary supervision.

GRI 403-10

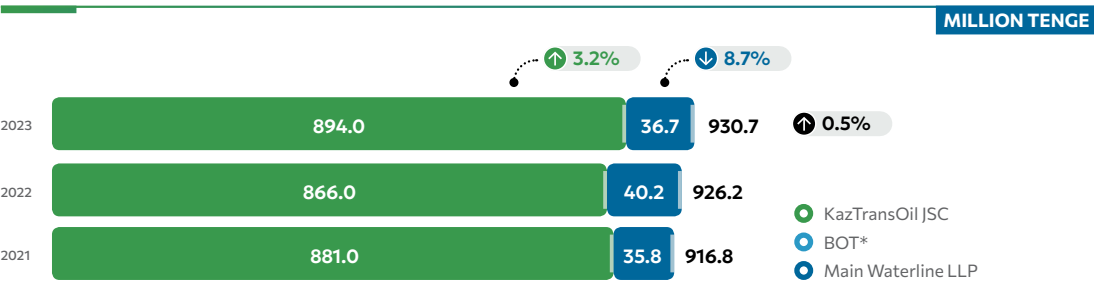
NO CASES OF OCCUPATIONAL DISEASES WERE REGISTERED AMONG EMPLOYEES AND CONTRACTORS OF KAZTRANSOIL JSC IN 2023.

The number of employees of KazTransOil JSC who passed the mandatory periodic medical examination in 2023

6,346 persons

Costs on medical measures for the Group of companies KazTransOil JSC
930.7
million tenge

Costs on sanitary-epidemiological and medical and preventive measures for the Group of companies of KazTransOil JSC



* In BOT, the above expenditures relate to other social benefits.





Employees trained and retrained on industrial safety issues
5,701 persons

Ensuring occupational safety

GRI 403-7

The Company's industrial and fire safety management system is comprehensively interrelated with organizational and technical measures taken to prevent accidents and incidents at hazardous production facilities, as well as to localize and eliminate the consequences of accidents.

In the process of operation of main oil pipelines and other production facilities of the Company in 2023, no accidents of man-made nature were recorded.

KazTransOil JSC constantly carries out activities aimed at improving the industrial and fire safety management system. Thus, in 2023, the following main activities were carried out:

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

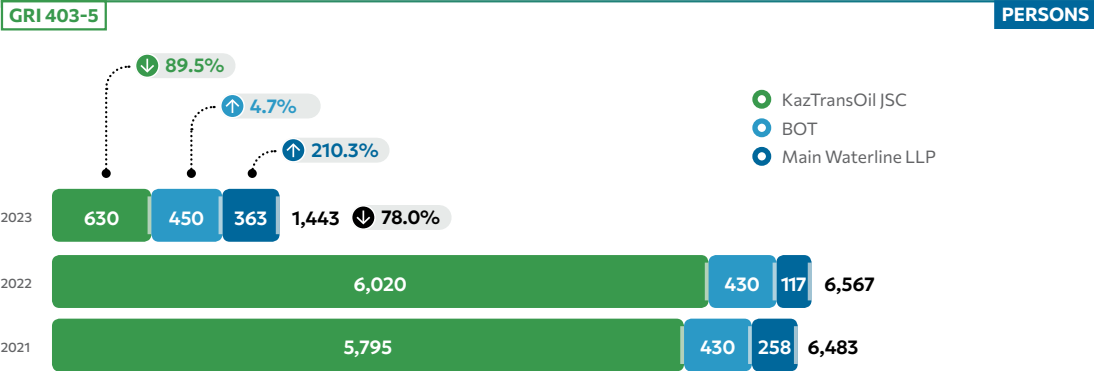
- checked the operability of stationary foam fire extinguishing units and the technical condition of fire alarm systems, as well as fire-fighting equipment at production facilities;
- 927 fire safety training sessions, 7 fire drills, 10,214 fire safety briefings were held, 371 volunteer firefighters were trained, and 4,154 employees were trained in fire safety rules to the extent of the fire safety minimum;
- 5,701 Company employees were trained and retrained on industrial safety issues;
- contracts have been duly concluded 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 underway to continuously improve them.

Training in labour protection and safety

GRI 403-5

In accordance with the requirements of the legislation, the Group of companies of KazTransOil JSC conducts regular training of managers and employees on all envisaged training programmes in the field of occupational health and safety.

Training of employees of the Group of companies of KazTransOil JSC on labour protection and safety at workplace



In the reporting year, the number of employees trained in the Group of companies of KazTransOil JSC decreased by 78% compared to last year. One of the main reasons for the significant change in the data is due to the fact that in KazTransOil JSC the frequency of training and knowledge testing is once every three years. The indicator for the number of trained employees in the reporting period coincides with the training cycle and decreased by 10 times. By Main Waterline LLP, the number of employees trained in occupational health and safety at the workplace has doubled due to the training of all production personnel of the partnership.

In 2023, the number of hours of training on the development of professional competencies per employee on occupational health and safety at the workplace in KazTransOil JSC meets the minimum requirements of the labour legislation of the Republic of Kazakhstan and is 40 hours.

All employees of contractors are provided with introductory training in the field of occupational health and safety and fire safety. There is no additional training of contractors' employees on occupational health and safety issues.

Number of hours of health and safety training per employee

40 hours

Training on labour protection and industrial safety in KazTransOil JSC in 2023

GRI 403-5



Safety Day CPC

In September 2023, the KazTransOil JSC team took part in the KTK-K JSC – Safety Day 'Gold of Sarmat' competition aimed at developing a safety culture and implementing the concept of occupational health and safety. The contest, held in the city of Astrakhan (Russian Federation) and organized for the first time, was attended by more than 600 employees of contractor companies and partners of KTK-K JSC. KazTransOil JSC was represented by employees of the West Operator Services Department and Atyrau Oil Pipeline Department. Competitions were organized in such areas as ecology, medicine, road safety and firefighting. The team of KazTransOil JSC took three prize-winning places.



Plans for 2024 and the medium term

- Organizing and carrying out surveys and targeted inspections of the Company's occupational health and safety controls.
- Implementation of activities of the Programme of introduction of the Vision Zero injury concept in KazTransOil JSC.
- Implementation of the Action Plan on industrial safety for 2024.
- Implementation of measures of the Roadmap for improvement of occupational safety, labour and environmental protection in KazTransOil JSC for 2024-2027, planned for 2024.
- Organization of inspections of knowledge in the field of occupational health and safety in KazTransOil JSC.
- Monitoring of indicators of deviation from safe driving style in the oil pipeline departments of KazTransOil JSC by means of GPS-monitoring system for motor vehicles.

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

Sustainable development management

Vital health and safety at work and industrial safety regulations

Human resources management, equality and socio-economic impact

Procurement system and local content development

Environmental protection

Energy consumption and energy saving

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Human resources management, equality and socio-economic impact

Material topics

- Personnel management
- Social policy
- Equal opportunities
- Socio-economic contribution
- Procurement system and local content development

Key events

- The Collective Agreement between KazTransOil JSC and employees of KazTransOil JSC was signed
- A multi-stage system of competence assessment was applied for the formation of individual development plans for candidates to the talent pool
- Universal sports grounds were installed at 10 production facilities of KazTransOil JSC.
- The implementation of the Project 'Reconstruction and expansion of the main water pipeline 'Astrakhan-Mangyshlak' 1st stage' and the Project 'Construction of water pipeline of the Kashagan gas treatment facility' was completed.

Goals and their achievement in 2023

- 1 Personnel knowledge assessment: in order to select, prioritize, determine management potential and form individual development plans for candidates to the talent pool, a multi-stage competence assessment system was applied, as well as polygraph verification.

✓🔄 Goal achieved. Implementation is ongoing

- 2 Implementation of the Action Plan for 2023 'Support for young professionals of KazTransOil JSC': 13 events were held, including sports, creative, social, charitable and intellectual events.

✓ Goal achieved

- 3 Implementation of the project 'Automation of management reporting on HR of KazTransOil JSC': works on automation of management reporting are included in the Contract on procurement of works on development and implementation of analytical reporting system on human resources management.

✓ Goal achieved

- 4 Organization and holding of live broadcasts with participation of the management: 28 live broadcasts with participation of the management of 'KazTransOil JSC' were held.

✓🔄 Goal achieved. Implementation is ongoing

Key indicators for 2023

Headcount of personnel for the Group of companies of KazTransOil JSC

7,699 people

Decrease in the rate of employee turnover of KazTransOil JSC compared to the indicator of 2022

31%

The number of concluded contracts for the Group of companies of KazTransOil JSC with local suppliers in 2023 amounted to

125.2 billion tenge

Cases of discrimination in the Group of companies of KazTransOil JSC

0 cases

Share of women among the employees of the Group of companies of KazTransOil JSC

17.6%

Contribution to the UN SDGs



Human Resources management

Management approach

GRI 3-3, GRI 2-23

HR management in KazTransOil JSC is carried out in accordance with the labour legislation of the Republic of Kazakhstan, the Personnel Policy of KazTransOil JSC for 2021-2025 and is based on the effective selection, development and retention of highly qualified personnel.

Understanding that employees are the key strategic capital, KazTransOil JSC constantly improves the system of remuneration and motivation, working conditions, as well as promotes the development of educational practices and increasing the level of social support for its employees.

The Company is aware of the significance and value of fundamental human rights and freedoms in the field of labour: labour rights, the right to conclude a collective agreement and the right to health protection.

The Company has a Personnel Policy, the main areas of which are as follows:

- organizational design management,
- management of personnel planning and selection,
- setting goals and evaluation of employee performance,
- management of the talent pool,
- training and development,
- development of young specialists,
- management of material and non-material remuneration,
- management of engagement and social stability.

Management structure and tools

The Company's Human Resources Management Department is responsible for managing human resources and social policy issues, as well as issues related to corporate culture. Human resources and social policy issues are managed at two levels. The Central Office is coordinated by the Human Resources Management Department, while HR services operate at the level of SBUs. The Human Resources Management Department ensures timely participation in programmes aimed at recruitment, professional training, as well as maintenance of personnel records in accordance with the requirements of the labour legislation of the Republic of Kazakhstan and internal documents of the Company.

Consolidation of general information on personnel for the subsidiaries of the Company is carried out by structural units of the central office of KazTransOil JSC within their competence. In accordance with the regulations on structural subdivisions of the Company's central office, their functions include interaction with the Company's subsidiaries within the competence of the structural subdivision.

On 29 November 2023, by the decision of the Management Board 'Rules of human resources management of KazTransOil JSC were approved.

The Company implements a wide range of measures and initiatives within the framework of human resources and social issues management, including:

- effective system of remuneration and evaluation of employees based on the degree of actual KPI fulfilment,
- implementation of professional training and development programmes for employees,
- social package, including a structure of material and non-material compensations for employees and their families.
- interaction with trade union organizations,
- a progressive system of internal communications using digital channels of interaction,
- a talent pool programme aimed at providing a wide range of career development opportunities for employees at various levels,
- improvement of corporate culture management and measures to increase social stability,
- rotation of senior executives of the subdivisions, as well as heads of structural subdivisions of the central office,
- professional internships at the Company's production facilities,
- regular meetings of the Company's management with the personnel,
- conducting annual surveys of the degree of involvement and social stability (SAMRUK RESEARCH SERVICES).

To establish transparent and responsible relations with stakeholders, the Company has a Code of Social Responsibility of KazTransOil JSC, adopted on 9 December 2022. This document was developed considering the provisions and principles set out in the Code of Corporate Governance of KazTransOil JSC and the Code of Corporate Social Responsibility of NC KazMunayGas JSC. It defines the Company's cor-

porate social responsibility strategy, considering the interests of its employees, including ensuring motivation, safety and health preservation, personnel development, implementation of social support programmes, creation of new jobs and involvement of local communities. This document also guarantees compliance with modern standards of relations between business and society.

Number and structure of personnel

GRI 2-4, GRI 2-7

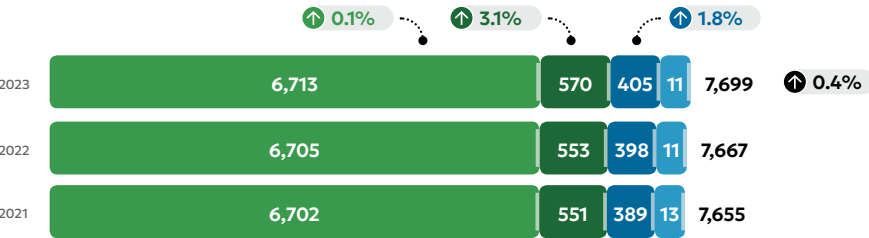
As at 31 December 2023, the number of employees of the Group of companies of KazTransOil JSC was 7,699. Most of the employees were hired on the terms of permanent labour contract and full-time employment.²

Dynamics of the number of personnel in the Group of companies of KazTransOil JSC

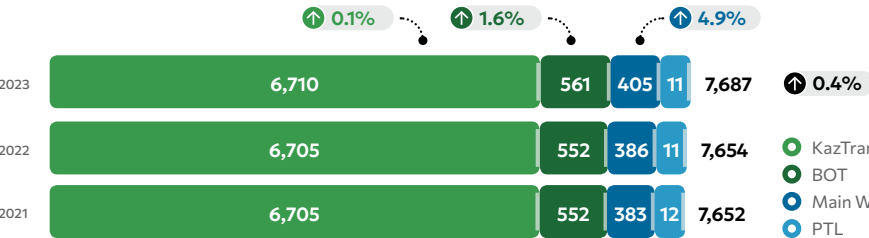
GRI 2-7

PERSONS

Headcount as of 31 December of the reporting year



Average headcount at the end of the reporting year



The Group of companies of KazTransOil JSC adheres to the principles of equality. When hiring potential candidates, only their professional qualities are considered. The gender structure of personnel is traditionally dominated by male employees due to the production specifics of the activity. The share of male employees in the Group of companies of KazTransOil JSC of the total number of employees in the reporting period was 82.4%.

In 2023, the average age of the personnel of KazTransOil JSC remained virtually unchanged and amounted to 44.5 years. The main share of the Company's personnel is made up of employees aged 30 to 50 years (58%).

² The reporting boundary of personnel data consolidation in 2023 here and hereafter includes Main Waterline LLP, BOT and PTL.

Share of male employees in the Group of companies KazTransOil JSC

82.4%

Average age of KazTransOil JSC personnel in 2023

44.5 years



Address by the Chair of the Board of Directors
Address by the General Director (Chair of the Management Board)
Key indicators 2023
Layout of Main Pipelines
Key events 2023
Company's Business Model

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

Sustainable development management

Vital health and safety at work and industrial safety regulations

Human resources management, equality and socio-economic impact

Procurement system and local content development

Environmental protection

Energy consumption and energy saving

4. CORPORATE GOVERNANCE

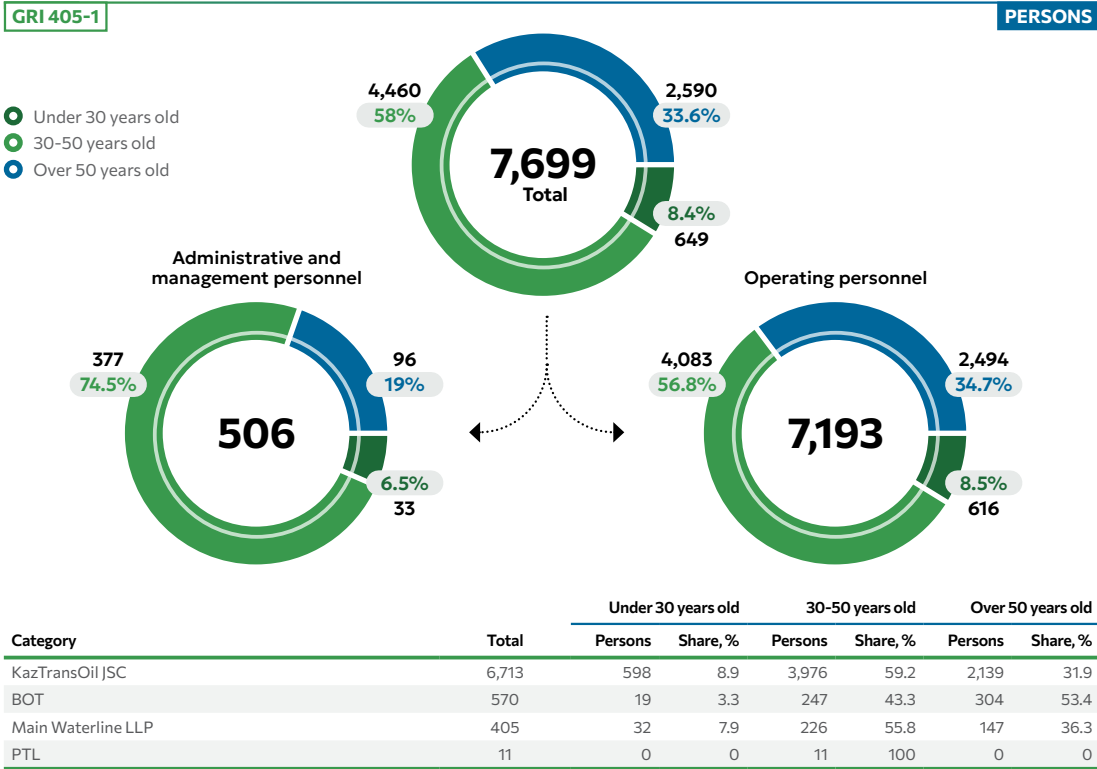
5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

The main share of the Company's personnel is made up of employees aged between 30 and 50 years old

58%

Personnel structure of the Group of companies of KazTransOil JSC by age as of 31 December 2023



GRI 2-8

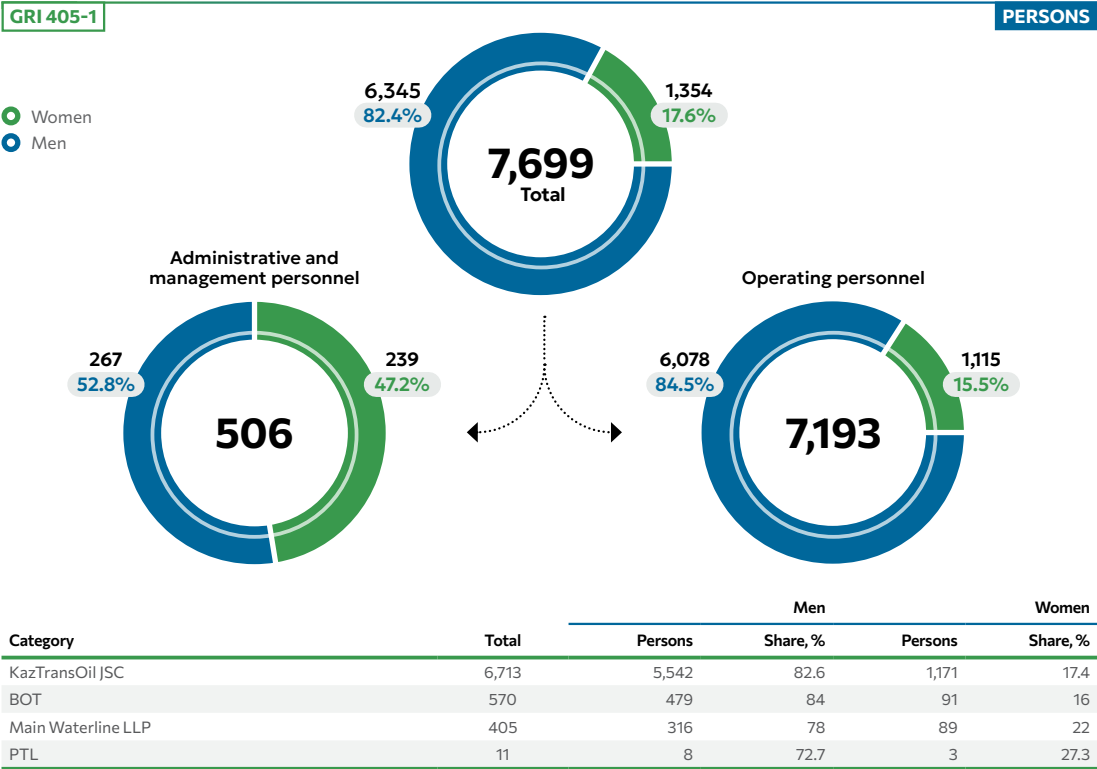
As at 31 December 2023, the number of employees engaged to work in KazTransOil JSC on the terms of outsourcing and outstaffing was 105 people. Relationships with such employees are regulated in accordance with the agreement on procurement of personnel services by a private institution 'Samruk Business Academy'. The co-operation ensures unified standards of personnel record keeping in accordance with the requirements of the international standard ISO 9001:2008. At the same time, all labour relations with such employees are retained by the private institution 'Samruk Business Academy'.

Attraction of outsourcing and outstaffing services became an advantage for KazTransOil JSC due to which the Company was able to optimize core processes while transferring non-core functions to freelancers. The main activities performed by outsourced employees are as follows:

- clerical work;
- translation;
- archiving;
- librarianship.



Personnel structure of the Group of companies of KazTransOil JSC by gender as of 31 December 2023



Structure of governing bodies of the Group of companies of KazTransOil JSC by age as of 31 December 2023

GRI 405-1

| Category | Total | Under 30 years old | | 30-50 years old | | Over 50 years old | |
|--|-------|--------------------|----------|-----------------|----------|-------------------|----------|
| | | Persons | Share, % | Persons | Share, % | Persons | Share, % |
| Board of Directors | 6 | - | - | 5 | 83.3 | 1 | 16.7 |
| KazTransOil JSC | 6 | - | - | 5 | 83.3 | 1 | 16.7 |
| Management Board | 6 | - | - | 3 | 50.0 | 3 | 50.0 |
| KazTransOil JSC | 6 | - | - | 3 | 50.0 | 3 | 50.0 |
| Supervisory Board/Meeting of Directors | 9 | - | - | 7 | 77.8 | 2 | 22.2 |
| BOT | 3 | - | - | 2 | 66.7 | 1 | 33.3 |
| Main Waterline LLP | 3 | - | - | 2 | 66.7 | 1 | 33.3 |
| PTL | 3 | - | - | 3 | 100 | - | 0 |

Structure of governing bodies of the Group of companies of KazTransOil JSC by gender as of 31 December 2023

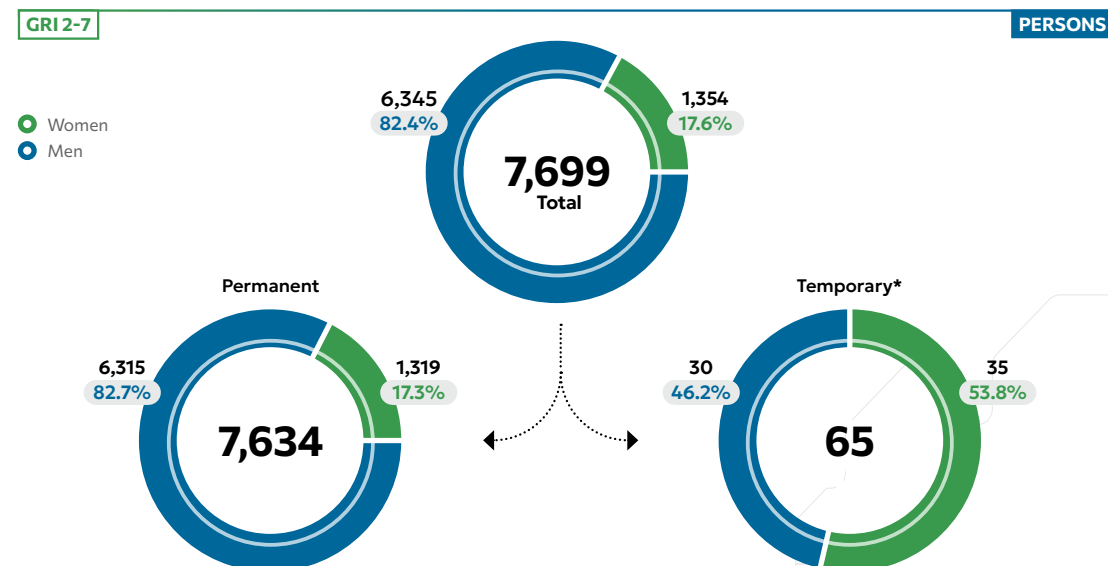
GRI 405-1

| Category | Total | Men | | Women | |
|--|-------|---------|----------|---------|----------|
| | | Persons | Share, % | Persons | Share, % |
| Board of Directors | 6 | 6 | 100 | - | - |
| KazTransOil JSC | 6 | 6 | 100 | - | - |
| Management Board | 6 | 6 | 100 | - | - |
| KazTransOil JSC | 6 | 6 | 100 | - | - |
| Supervisory Board/Meeting of Directors | 9 | 9 | 100 | - | - |
| BOT | 3 | 3 | 100 | - | - |
| Main Waterline LLP | 3 | 3 | 100 | - | - |
| PTL | 3 | 3 | 100 | - | - |

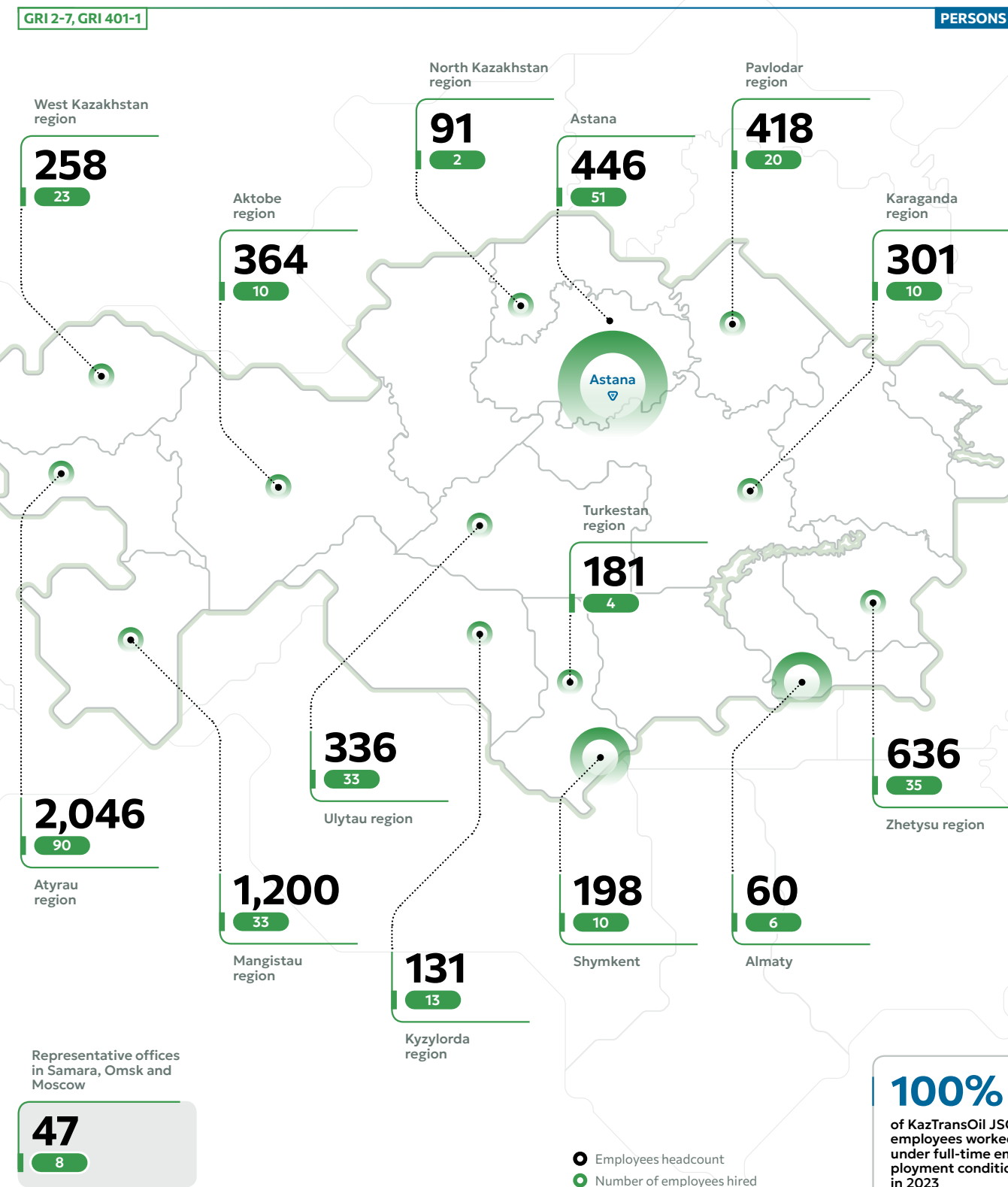
Number of outsourced and outstaffed employees

105 persons

Number of permanent and temporary employees of the Group of companies of KazTransOil JSC as of 31 December 2023



Number of employees of KazTransOil JSC by region as of 31 December 2023



1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

- Sustainable development management
- Vital health and safety at work and industrial safety regulations
- Human resources management, equality and socio-economic impact
- Procurement system and local content development
- Environmental protection
- Energy consumption and energy saving

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES



Number of employees of Group of companies KazTransOil JSC hired in 2023

421 persons

Recruitment

Personnel recruitment is implemented in accordance with the Company's established recruitment procedure to attract and retain highly qualified employees. Competitive selection of personnel for vacant positions is carried out through testing of professional knowledge and skills of candidates, built on the principles of meritocracy, objectivity, transparency and voluntariness. These principles are enshrined in the Code of Business Ethics of KazTransOil JSC as the main principles that the Company is guided by at all stages of personnel recruitment management.

In order to ensure the fulfilment of the requirements of the Corporate Standard on Human Resources Management of the Group Samruk-Kazyna JSC, a contract was concluded for the service of polygraph testing with the use of psychological profiling on the resistance to corruption risks of candidates for vacant positions in KazTransOil JSC at the time of hiring.

The Personnel Policy of KazTransOil JSC stipulates the following tasks facing the Company within the framework of personnel recruitment:

- determining the quantitative and qualitative need for personnel in the future, taking into account headcount standards and workflow requirements;
- filling vacancies with priority internal candidates, including those in the Company's personnel reserve;
- application of transparent competitive procedures when recruiting personnel for vacant positions/working professions;
- use of candidate assessment methods relevant to the position and working profession;
- co-operation with specialised educational institutions.

In the reporting year, the Group of Companies KazTransOil JSC recruited 421 new employees. The age of most of the newly hired employees is between 30 and 50 years old.

Number of newly hired employees for the Group of Companies of KazTransOil JSC

| GRI 401-1 PERSONS | | | | |
|---------------------------------------|------|------|------|-----------|
| Title | 2021 | 2022 | 2023 | Change, % |
| Group of companies of KazTransOil JSC | 371 | 466 | 421 | -9.7 |
| By gender group: | | | | |
| - Women | 56 | 77 | 86 | 11.7 |
| - Men | 315 | 389 | 335 | -13.9 |
| By age group: | | | | |
| - Under 30 years old | 148 | 147 | 120 | -18.4 |
| - 30-50 years old | 204 | 277 | 263 | -5.1 |
| - Over 50 years | 19 | 43 | 38 | -11.6 |

As part of a comprehensive approach to attracting and developing young specialists who have successfully completed paid professional internships at the Company's production facilities, in 2023, KazTransOil JSC hired 1 graduate of KazTransOil JSC. KazTransOil JSC hired 1 graduate to work in 2023.

Employee turnover

GRI 401-1

In 2023, the number of employees in Group of Companies of KazTransOil JSC with whom labour relations were terminated was 369 people, decreasing by 14.2% compared to 2022.

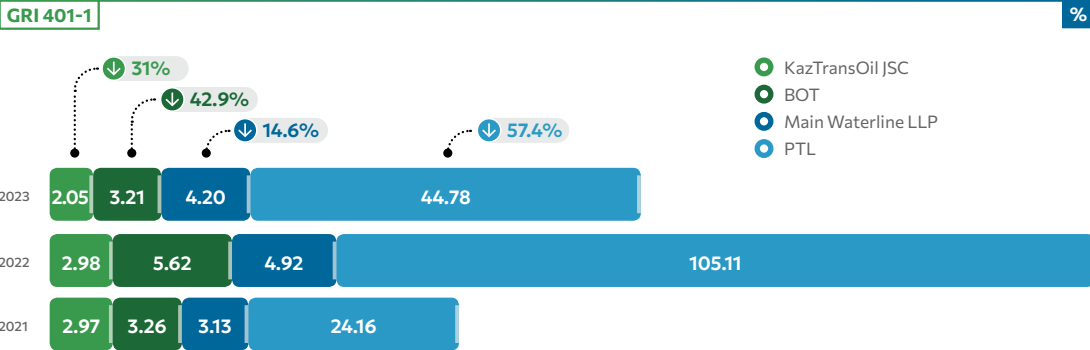
The employee turnover rate in KazTransOil JSC in 2023 was 2.05%, showing a decrease of 31% compared to 2022. The low turnover rate is an indicator of the Company's ability to ensure the consistency of its workforce by providing decent working conditions.

KazTransOil JSC continuously improves recruitment procedures and carries out activities aimed at reducing employee turnover and stimulating staff self-development. Due to decent working conditions, ongoing indexation of salaries of employees and an effective system of staff motivation, the rate of employee turnover is kept at a stable low level. The average length of service among the Company's employees in 2023 was 14 years.

Total number of employees of the Group of companies of KazTransOil JSC with whom labour relations were terminated for the reporting period

| GRI 401-1 PERSONS | | | | |
|---|------|------|------|-----------|
| Title | 2021 | 2022 | 2023 | Change, % |
| Total for the Group of companies of KazTransOil JSC | 377 | 430 | 369 | -14.2 |
| By gender group: | | | | |
| - Women | 65 | 85 | 79 | -7.1 |
| - Men | 312 | 345 | 290 | -15.9 |
| By age group: | | | | |
| - Under 30 years old | 44 | 37 | 20 | -45.9 |
| - 30-50 years old | 136 | 199 | 146 | -26.6 |
| - Over 50 years | 197 | 194 | 203 | 4.6 |

Personnel turnover in the Group of companies of KazTransOil JSC*



GRI 402-1

The minimum notice period for the termination of employment contracts due to staff reductions is one month in accordance with the Labour Code of the Republic of Kazakhstan. In addition, the minimum notice period is set out in the Collective Agreement. In 2023, there were no cases of employees filing claims against the Company for non-compliance with this requirement.

Average length of service among the Company's employees in 2023

14 years

Personnel turnover rate in KazTransOil JSC in 2023

2.05%

The personnel turnover rate is defined as the ratio of the number of employees dismissed on their own initiative, by agreement of the parties and for negative reasons to the average headcount for the year.





Minimum wage level in the Company

191.72 thousand tenge

Remuneration and motivation

The effective system of remuneration of KazTransOil JSC employees is aimed at providing the Company with qualified personnel in the present and future. The remuneration and labour motivation policy ensures the unity of applied regulatory documents and remuneration mechanisms, provision of a guaranteed level of remuneration, objectivity and competitiveness, as well as the use of flexible systems that take into account the individual contribution of the Company's employees. 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, results achieved and the level of remuneration gives the employee a sustainable motivation for effective work in the long term and allows KazTransOil JSC to increase labour productivity in a competitive environment.

The current corporate labour remuneration system ensures:

- a decent level of remuneration corresponding to the level of large companies of the Republic of Kazakhstan,
- a two-part labour remuneration system consisting of fixed and variable parts,
- indexation of personnel salaries.

In determining the fixed part of the salary, coefficients are applied that consider difficult natural and climatic conditions in the regions, coefficients for living in environmentally unfavourable conditions, additional payment for harmful working conditions and other fixed payments. The variable part is paid for proper performance of work and is reduced in case of labour omissions.

Remuneration based on annual performance results is paid to employees of the central office and managers of subsidiaries depending on the degree of fulfilment of KPIs approved with due regard to the achievement of the Company's strategic goals, and to employees of subsidiaries depending on their length of service. In addition, the Company has incentive additional payments and allowances (for professional excellence, mentoring), as well as bonuses for holidays.

In 2023, the Company continues to apply the algorithm for calculating the minimum wage, considering the main permanent monthly payments to employees. The level of the minimum wage of the Company's employees annually is consistently higher than the minimum wage established in the regions where KazTransOil JSC operates. Thus, in 2023, the level of minimum wage in the Company amounted to 191.72 thousand tenge (salary of a cleaner of production and office premises of Bolshoi Chagan KPO West Operator Services Department), which is 2.74 times higher than this indicator for the country.



Personnel training and development

GRI 404-2

Training and improvement of qualification level of employees is one of the priority directions of HR policy KazTransOil JSC. A high level of professional training is the main factor of reliability and efficiency of the Company's operations.

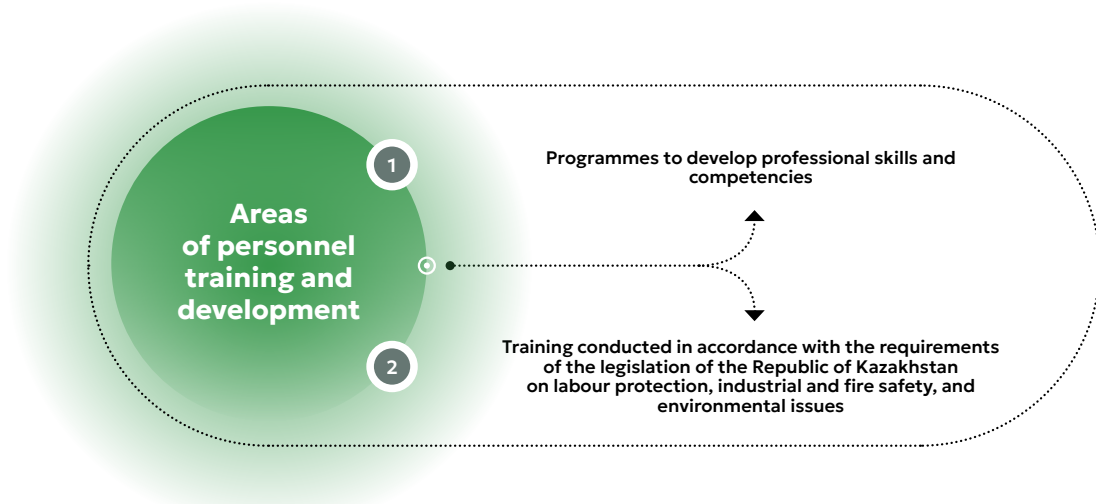
KazTransOil JSC considers personnel development as an integral project, which ensures the level of qualification of employees necessary for solving production tasks, contributes to the growth of loyalty of the Company's employees, creates a favourable social climate in the team and has a direct impact on the development of corporate culture.

In 2023, the General Director (Chairman of the Management Board) of the Company signed an order, according to which a pool of candidates for the institute of internal trainers was determined to ensure the transfer of professional knowledge and skills within KazTransOil JSC necessary for solving production and management tasks. Highly qualified employees of the Company capable of transferring the best experience and professional skills are engaged as internal trainers.

The 70:20:10 model has been introduced in the management of training and development of the Company's personnel, according to which 90% of employees training takes place at the workplace through the institute of internal trainers, solving their functional tasks and communicating with colleagues.

Each employee is provided from 1 to 3 professional development training events annually. Also, in accordance with the requirements of the legislation of the Republic of Kazakhstan, training is provided on labour protection, industrial and fire safety, ecology, and other areas.

Based on the results of participation in seminars and trainings, satisfaction with each training programme is systematically monitored.



GRI 404-2

The Training Centre of the Mangistau Oil Pipeline Department of KazTransOil JSC operates in Aktau. The Training Centre provides implementation of industrial training and development programmes. In 2023, more than 25,000 employees of the Company were trained under these programmes.³

In addition, KazTransOil JSC employees were trained under international programmes to improve workplace safety and reduce workplace fatalities, on the following topics: 'VISION ZERO'; 'NEBOSH IOGC-International Occupational Health and Safety Certificate' and 'IOSH Managing Safely'.

The Company's production personnel, in order to master new technical means and progressive technologies, received training on the following topics: 'Maintenance and operation

of pumps manufactured by Ruhrpumpen GmbH' training centre of the manufacturer (Germany); 'Maintenance and operation of electric motors manufactured by ATB Schorch GmbH' training center of the manufacturer (Germany).

Also, trainings on labour legislation were conducted on such topics as: 'Labour disputes: collective and individual labour disputes. Training of conciliation commission members'; 'Conflict-sensitive and crisis communications'; 'Personal effectiveness of a manager'.

The total number of trained employees in the Group of companies of KazTransOil JSC was more than 27,000 people. Among them, the majority of employees are from KazTransOil JSC – 25,811 people.³

Training costs for the Group of companies KazTransOil JSC

789.7 million tenge

³ When calculating the number of trainees, the number of trainings received is taken into account (e.g. if 1 employee has received two types of training, the number of trainees is 2).



1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

- Sustainable development management
- Vital health and safety at work and industrial safety regulations
- Human resources management, equality and socio-economic impact
- Procurement system and local content development
- Environmental protection
- Energy consumption and energy saving

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES



* When calculating the number of trainees, the number of trainings received is taken into account (e.g. if 1 employee received two types of training, the number of trainees is 2)

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

Volume of investments in personnel training in KazTransOil JSC
760
million tenge

3. Sustainable development performance

Number of employees trained of the Group of companies of KazTransOil JSC as at 31 December 2023

GRI 401-1

PERSONS

| Indicator | Total | By gender group | | By employee category | | |
|-----------------------------------|---------|-----------------|---------|----------------------|-------------|---------|
| | | Women | Men | Managers | Specialists | Workers |
| Number of employees | 7,699 | 1,354 | 6,345 | 862 | 2,181 | 4,653 |
| Number of hours of training, hour | 386,529 | 62,488 | 324,041 | 64,373 | 134,327 | 186,229 |
| Number of employees trained * | 27,066 | 3,685 | 23,381 | 3,420 | 7,949 | 15,697 |

Average annual number of training hours per employee for the Group of companies of KazTransOil JSC**

GRI 401-1

HOURS

| Indicator | Total | By gender group | | By employee category | | |
|--------------------|-------|-----------------|------|----------------------|-------------|---------|
| | | Women | Men | Managers | Specialists | Workers |
| KazTransOil JSC | 53.1 | 34.3 | 57.1 | 78.3 | 65.8 | 41.9 |
| BOT | 8.1 | 3.3 | 8.9 | 4.6 | 6.6 | 8.6 |
| Main Waterline LLP | 63.4 | 248.1 | 11.4 | 97.9 | 33.5 | 70.4 |
| PTL | 6.5 | 8.0 | 6.0 | 4.8 | 8.0 | - |

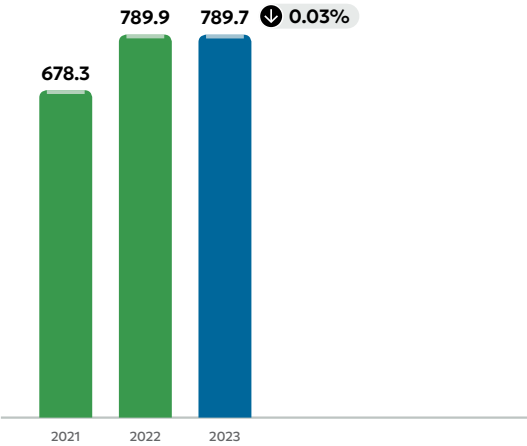
Group of companies of KazTransOil JSC spent KZT 789.7 million on training in 2023, which is insignificantly less compared to the last reporting period. A noticeable decrease in training costs is observed in Main Waterline LLP. In KazTransOil JSC, the volume of expenses totalled KZT 760 million, which is 1.8% more than in 2022. The increase in costs was due to un-planned training in connection with the fulfilment of the terms and conditions of the service agreement for maintenance and operation of pumps manufactured by Ruhrpumpen GmbH of the CPC oil pipeline system in the territory of the Republic of Kazakhstan, concluded between KazTransOil JSC and CPC-K JSC, as well as to avoid penalties from CPC-K JSC.

The Company has a mentoring system in place, which involves supervising the paid internship of students/students of educational institutions, as well as the work of young specialists during their probation period.

Under the Memorandum of Understanding and Cooperation between the Ministry of Education and Science of the Republic of Kazakhstan and the Company co-operates with 21 leading universities and colleges in the country as part of the Company's initiative to train young specialists, including K.I. Satpayev KazNITU, Kazakh-British Technical University, Nazarbayev University, Safi Utebaev Atyrau Oil and Gas University, and Atyrau Oil and Gas University.

Investments in personnel training for Group of companies of KazTransOil JSC

MILLION TENGE



| Indicator | 2021 | 2022 | 2023 | Change, % |
|--------------------|------|------|------|-----------|
| KazTransOil JSC | 637 | 746 | 760 | 1.8 |
| BOT | 6.8 | 6.8 | 7.5 | 10.3 |
| Main Waterline LLP | 34.5 | 37.1 | 21.9 | -41.0 |
| PTL | 0 | 0 | 0.3 | - |

I Council of Young Professionals

Within the framework of the Company's Youth Policy, the Council of Young Professionals of KazTransOil JSC functions, whose actions are aimed at creating favourable socio-economic and organizational conditions for comprehensive professional development of young employees of KazTransOil JSC, including the formation of an active life position. The Council unites the efforts of young employees, considering their interests and needs, and is designed to contribute to their cultural and corporate development, focusing on international experience.

In 2023, as part of the implementation of the work plan of the Council of Young Professionals of KazTransOil JSC, a number of activities were carried out, including 'Bookcrossing' actions, organization of online debate tournaments, formation of development clubs 'Chess club' and 'English club', holding sports and cybersports tournaments, as well as implementation of environmental and social initiatives such as 'World Environment Day', 'For the sake of life', 'One day without a car' and 'Ecotourism'. In addition, charity events were organized to support children from boarding schools and orphanages and to support low-income groups. Young specialists actively participate in scientific, technical and creative activities of the Company. During 2023, young specialists of the Company took part in creative competitions 'KazTransOil Aruy', 'Ethno-Auyl' and 'Kazak Batyry', as well as in the competition 'Best Ideas' in the field of innovation of production processes of HSE, actively presenting their ideas to improve the efficiency of production (1 project was selected because of the competition).

In 2023, 305 students and college students of the Group of companies of KazTransOil JSC underwent industrial practice because of the Group of companies KazTransOil JSC.

Number of trainees at production facilities of the Group of companies of KazTransOil JSC as of 31 December 2023

PERSONS

| Title | Amount |
|---------------------------------------|--------|
| KazTransOil JSC | 290 |
| Central Office | 26 |
| Branch 'RDC KazTransOil JSC' | 0 |
| Atyrau oil pipeline department | 44 |
| Kulsarinskoye oil pipeline department | 40 |
| Mangistau oil pipeline department | 14 |
| East Operator Services Department | 0 |
| Aktobe oil pipeline department | 12 |
| Zhezkazgan oil pipeline department | 42 |
| Karaganda oil pipeline department | 42 |
| Pavlodar oil pipeline department | 41 |
| Shymkent oil pipeline department | 29 |
| BOT | 7 |
| Main Waterline LLP | 8 |
| PTL | - |

Students and college students who have underwent industrial practice on the basis of Group of companies KazTransOil JSC in 2023

305
persons

I Talent pool

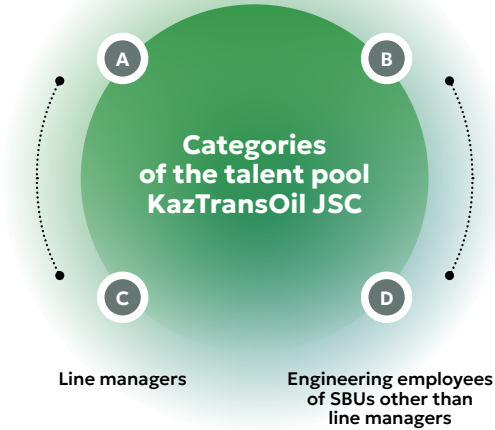
In accordance with the Rules of formation of the personnel reserve KazTransOil JSC established four categories of positions for formation of talent pool (A, B, C and D).

Due to the need for professional staff, the Company is working to create a talent pool for all categories of positions.

This initiative helps to find and retain talented employees by providing them with career growth and development opportunities to maximize their potential to achieve the Company's strategic goals and objectives. In addition, the creation of a talent pool helps to provide the Company with trained, motivated employees while minimizing the time spent on personnel searches.

23 employees of the Company are enrolled in the Talent pool of KazTransOil JSC in categories B and C.

Executives of various management levels of the Company (management employees and top managers of SBUs, except for representative offices)
Heads of SBUs (except for top managers), heads of structural subdivisions of the central office, heads of departments and services of SBUs



Number of talent pool in 2023

23
persons



I Personnel assessment

Employees of KazTransOil JSC who have been certified

2,174
persons

In 2023, KazTransOil JSC applied a multi-stage competence assessment system for selection, prioritization, management potential and formation of individual development plans for candidates to the talent pool.

Based on the combined assessment, the management potential of 11 employees of KazTransOil JSC was determined, including 4 employees of the central office and 7 employees of KazTransOil JSC SBUs.

In 2023, the General Director (Chairman of the Management Board) of the Company signed an order to conduct attestation of the Company's employees. Attestation is carried out to assess the compliance of employees' qualifications with their positions or work performed by them.

Events after the reporting date:

FROM JANUARY TO MARCH 2024,
2,174 EMPLOYEES OF THE CENTRAL
OFFICE AND SBUS WERE
CERTIFIED.



I Personnel rotation

In 2023, there were on rotation

22
employees

As part of the improvement of the personnel development system, the introduction of rotation as an optimal method of personnel selection over the last 4 years has shown its effectiveness and prospects. 4 years has shown its efficiency and prospects. KazTransOil JSC has adopted the practice of rotation of managers of branches, oil pipeline departments and operator services departments, as well as heads of structural subdivisions of the central office.

The result of a qualitatively conducted rotation is an inflow of innovations into the existing management mechanisms, optimal use

of the Company's personnel, strengthening of interaction between structural subdivisions, facilitation of joint solution of prospective and current production tasks due to understanding by employees of the needs of other subdivisions, and, as a result — increase of efficiency of functioning of the organizational and economic structure of the Company as a whole.

In 2023, 22 employees of the management staff of branches, oil pipeline and operator services departments, as well as heads of structural subdivisions of the Company's central office were rotated through the rotation process.

I Social support of personnel

Recognizing its responsibility to its employees, KazTransOil JSC pursues a balanced and balanced social policy aimed at business sustainability, social stability in the regions of operation and employee satisfaction with working conditions.

GRI 401-2

Benefits provided to personnel employed on a permanent basis are also provided to employees employed on a temporary basis. Such benefits include medical insurance, insurance of the employee against accidents in the performance of labour (work) duties, childcare leave until the child reaches the age of three and additional leave for employees with disabilities as provided for in the Collective Agreement. Pension programmes are available to employees who have retired from the Company and have at least 5 years of continuous service with the Company.

The basis for the implementation of the social policy is the Collective Agreement. In February 2023, because of comprehensive work, in connection with the expiration of the previous Collective Agreement of the Company, a new Collective Agreement was signed between KazTransOil JSC and employees of KazTransOil JSC, concluded for a three-year period (2023-2026), the objectives of which are as follows:

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



GRI 2-30

In 2023, 100% of KazTransOil JSC employees are covered by the Collective Agreement.

KazTransOil JSC pays special attention to the veterans of the industry. Thus, in 2023, under the current Regulations on social support of non-working pensioners and disabled persons of KazTransOil JSC, additional monthly payments depending on the length of service in the Company and financial assistance to national, state and professional holidays are provided for more than 1,900 retirees.

Costs for social support of employees of Group of companies KazTransOil JSC

4.45
billion tenge

100%

KazTransOil JSC employees are covered by the Collective Agreement



1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

Sustainable development management
Vital health and safety at work and industrial safety regulations
Human resources management, equality and socio-economic impact
Procurement system and local content development
Environmental protection
Energy consumption and energy saving

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES



10

universal sports grounds were installed at the production facilities of KazTransOil JSC



GRI 401-3

In 2023, the rates of retired employees and retention of employees at the end of parental leave until the child reaches the age of three, was 100%.

Costs aimed at social support of employees of the Group of Companies of KazTransOil JSC and their family members

| Indicator | BILLION TENGE | | | |
|--------------------------------------|---------------|-------|-------|-----------|
| | 2021 | 2022 | 2023 | Change, % |
| Costs on social payments, including: | 2.766 | 3.513 | 4.454 | 26.8 |
| KazTransOil JSC | 2.4 | 3 | 3.7 | 23.3 |
| BOT | 0.313 | 0.463 | 0.585 | 26.3 |
| Main Waterline LLP | 0.023 | 0.026 | 0.029 | 11.5 |
| PTL | 0.030 | 0.024 | 0.014 | -41.6 |

In 2023, Group of companies of KazTransOil JSC fulfilled all social obligations aimed at supporting its employees and their family members.

Construction of universal sports grounds

In order to improve and strengthen social well-being and maintain a healthy lifestyle of KazTransOil JSC employees working on a rotational basis, to provide them with useful leisure time, which in turn affects the level of corporate and sports spirit, cohesion and efficiency of the team, as well as to ensure social stability, universal sports grounds (football / volleyball / basketball) were installed at 10 production facilities of KazTransOil JSC.

In 2023, universal sports grounds were put into operation at Kalamkas POPS and Karazhanbas OPS of Mangistau Oil Pipeline Department, Kumkol POPS, Jumagalieva POPS and on the territory of the management office of Zhezkazgan Oil Pipeline Department, Kenkiyak POPS and industrial base of Aktobe Oil Pipeline Department, Ekibastuz OPS of Pavlodar Oil Pipeline Department, Trudovoye OPS and Stepnoye OPS of Karaganda Oil Pipeline Department. The Company's costs for the installation of one universal sports ground are about 30 million tenge.



Reconstruction of the dormitory of the Kenkiyak POPS

In the reporting year, a 56-bed dormitory for employees of the Kenkiyak oil pumping station of the Aktobe oil pipeline department of KazTransOil JSC was commissioned. During the reconstruction of the dormitory for employees, special attention was paid to safety measures, including strengthening fire safety, transfer of heating works, and repair of wooden windows.

As part of the Roadmap for improvement of labour and recreation conditions of KazTransOil JSC employees for 2023-2027, it is planned to continue construction and repair of socially significant facilities in 2024.

Reconstruction of Kenkiyak POPS dormitory for

56 beds



Contest and award policy

The Company has developed and operates the Rules on the procedure for awarding and encouraging employees of KazTransOil JSC, its SJCE and veterans of KazTransOil JSC, which are aimed at increasing the interest of employees in achieving high labour performance, motivation to professional activity, public recognition of the merits of employees and veterans.

KazTransOil JSC employees awarded in 2023

In honor of the professional holiday — Day of Oil and Gas Complex Workers of the Republic of Kazakhstan:

- **14 employees** of the Company were awarded medals and badges of the Ministry of Energy of the Republic of Kazakhstan, Certificates of Honour and Letters of Gratitude of the Ministry of Energy of the Republic of Kazakhstan;
- **3 employees** — were awarded with Certificates of Honor of Samruk-Kazyna JSC;
- **11 employees** — by Certificates of Honor and Commemorative Plaques NC KazMunayGas JSC;
- **176 employees** — Certificates of Honor and Letters of Gratitude of KazTransOil JSC.

In honor of the National Holiday — Republic Day:

- **1 employee** of the Company was awarded the Medal 'Eren yebegi ushin';
- **2 employees** — Certificate of Honor and Letter of Gratitude of Samruk-Kazyna JSC;
- **13 employees** — by Certificates of Honor and Commemorative Plaques of NC KazMunayGas JSC;
- **124 employees** — by Certificates of Honor and Letters of Gratitude of KazTransOil JSC;
- In honor of Independence Day and Power Engineer's Day, **2 employees** of the Company were awarded the Medal 'Yenbek Ardageri';
- **1 employee** of KazTransOil JSC was awarded the title of 'Samruk Kazyna shareholder kogamynyn kurmetti kyzmetkeri' honor.

In August 2023 at the facilities of Transneft-Ural JSC (Ufa, Russian Federation) KazTransOil JSC took part in the International Professional Skills Competition 'Best in Profession', in which workers of NC Transneft PJSC (Russian Federation), KazTransOil JSC (Republic of Kazakhstan) and Gomeltransneft JSC (Republic of Belarus) participated. According to the results of the competition, the team of KazTransOil JSC took the second team place.

Personnel engagement survey

SRS Index in 2023

88%

The SAMRUK RESEARCH SERVICES index (SRS index) is an indicator of KazTransOil JSC personnel involvement. The methodology of the SRS index study is to monitor the measurement of the level of social stability in labour collectives. The Centre for Social Engagement and Communications is the authorized organization to conduct the SRS Index study.

To determine the SRS index, a telephone survey of the Company's production personnel is conducted. The survey includes 60 questions on four areas of the index: engagement, social well-being, social tranquility and intolerance to corruption. In 2023, 1,682 employees of oil pipeline and operator services departments were surveyed.

The SRS index in 2023 was 88%, an increase of 6% on the 2022 index.

Company's SRS Index

| Indicator | 2021 | 2022 | 2023 | Change, % |
|--------------------------|------|------|-----------|-----------|
| SRS Index (aggregate) | 88 | 83 | 88 | 6 |
| Engagement Index | 91 | 82 | 87 | 6.1 |
| Social Wellbeing Index | 71 | 85 | 84 | -1.2 |
| Social Contentment Index | 93 | 87 | 91 | 4.6 |

Development of the state language

In pursuance of the state programme for the implementation of language policy in the Republic of Kazakhstan, KazTransOil JSC has approved the Programme of development and functioning of the state language for 2019-2025 at the headquarters and operator services department of KazTransOil JSC (the Programme).

In order to implement the Programme, the Action Plan for the implementation of the Programme of Development and Functioning of the State Language for 2019-2025 at the headquarters and Operator Services Department of KazTransOil JSC (the Plan) is annually developed and approved.

In 2023, all activities of the Plan in four directions were fulfilled:

In the first direction — creation of favourable conditions for conducting work in the state language, in terms of software support for the employee when preparing documents in the state language:

- the electronic catalogue was updated to search for samples of documents of the central office and KazTransOil JSC operator services departments in the state language in the electronic document management system (EDMS);
- the database of standard templates of letters and memos in the BRD of structural subdivisions of KazTransOil JSC was updated;
- industry terminology in the state language used in the production activities of KazTransOil JSC was updated;
- electronic production dictionary of terms used in the production activities of the Company was replicated and placed in the EDMS of subsidiaries;
- quarterly informing of KazTransOil JSC employees in info@kaztransoil.kz about links to useful Internet resources for independent preparation of documents and learning the national language placed on the corporate information portal of the Company.

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

- a dictation in the state language was held among the employees of the central office and operator services department, branch 'Oil Transportation Management Centre of KazTransOil JSC' similar to the annual All-Kazakhstan Open Dictation;
- among the employees of Zhezkazgan, Pavlodar, Karaganda oil pipeline departments of KazTransOil JSC, who have undergone/are undergoing training in the state language, a contest 'Bilikti Maman' was held for the Independence Day of the Republic of Kazakhstan;
- between structural subdivisions of the central office and subsidiaries of the Company, a competition 'Memlektik tildi meinhergen en yzdik kyrylymdyk bolimshe' was held for the Independence Day of the Republic of Kazakhstan;
- a relay race (flash mob) was held to read excerpts from Kazakh poets and writers, which was attended by young specialists of KazTransOil JSC;

- a literary relay race to read works by Fariza Ungarsynova, People's Poetess of Kazakhstan, winner of the Abay State Prize and public figure, was held among the employees of the central office and subsidiaries of KazTransOil JSC.

In the third direction — the organization of courses in the national language:

- organized a national language training course for employees of Zhezkazgan, Pavlodar, Karaganda oil pipeline departments of KazTransOil JSC.

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

- in the Rules of documentation and document management in accordance with the provisions of the Law of the Republic of Kazakhstan 'On Languages in the Republic of Kazakhstan', KazTransOil JSC stipulates that the language of work and office management in KazTransOil JSC is the national language and, if necessary, other languages are used;
- quarterly submission of information on document management in the national language to the authorized bodies;
- production of letterheads, signs and other visual information in the national language;
- increasing the number of documents prepared independently by KazTransOil JSC employees in the national language.

In 2023, the share of document flow (external and internal documents) in the state language in the Company was 95%.

Order of the General Director (Chairman of the Management Board) of KazTransOil JSC dated 25 December 2023 No.147 approved the Action Plan of KazTransOil JSC for implementation of the Concept of Language Policy Development in the Republic of Kazakhstan for 2023-2029 years.

Plans for 2024 and the medium term

Execution of the approved Action Plan of KazTransOil JSC on implementation of the Concept of Language Policy Development in the Republic of Kazakhstan for 2023-2029 years.

Indicators of the share of document flow in the state language in the Company

95%

Number of employees of the Group of companies KazTransOil JSC with disabilities

57 persons



Equal opportunities

Management approach

GRI 3-3

Ensuring equal opportunities for all employees is a priority for KazTransOil JSC. The Company excludes any forms of discrimination based on gender, race, nationality, religion and other characteristics unrelated to a person's professional qualities. The Company excludes the use of child and forced labour. The Company also excludes granting privileges and benefits to individual employees, except as provided for by law or internal documents.

Equal opportunities

GRI 2-23, 406-1

Corporate values are defined by the Code of Business Ethics of KazTransOil JSC, approved by the Board of Directors on 10 December 2020. The document defines the rules of business behavior and effective interaction built on openness, responsibility, ethical behavior, observance and respect for human rights, fairness and meritocracy. The Company endeavors to avoid discrimination and conflicts of interest of stakeholders, including fair and loyal treatment between them. The Company ensures that there are uniform rules for hiring, assessment of achievements and promotion of employees based on clear and transparent criteria.

In the reporting period, no facts of discrimination were identified in the Group of companies KazTransOil JSC.

GRI 405-1

Group of companies of KazTransOil JSC provides jobs for people with disabilities. In the reporting year, the number of employees with disabilities totalled 57 people. Among them 55 persons were employed in KazTransOil JSC in managerial positions — 11%, specialists — 42%, workers — 47%. Main Water-line LLP employs 2 people in specialist and labourer positions. Share of employees with disabilities in the Group of companies of KazTransOil JSC in 2023 was 0.74%.

GRI 405-2

At KazTransOil JSC there are no differences in salary and remuneration in relation to gender. Salary levels are linked to the position, i.e., Women and Men working in the same position receive the same salary and other benefits.

The regional coefficient, which reflects the relative increase in wages to compensate for additional costs and increased labour costs associated with working in regions with harsh climatic conditions, is considered in the formation of employee salaries. The highest value of this coefficient is set in the western regions of the Republic of Kazakhstan — Atyrau and Mangistau regions.

Differences in the ratio of salary and remuneration are explained by the different occupations of women and men in the same category. Remuneration depends on the position and profession and does not depend on gender. Parity of remuneration of women and men in the same position is observed.



GRI 202-2

KazTransOil JSC strives to improve its approach to gender equality in the composition of the Board of Directors, the Management Board, heads of structural divisions and services of the central office, heads of services of the Company's SBUs and branches. In 2023 the share of male executives hired from the local community was 100% *.

GRI 407-1

KazTransOil JSC is responsible for the protection of human rights. As of 2023, there were no violations or risks of using freedom of association and collective bargaining at units and/or suppliers recorded.

Plans for 2024 and the medium term

1. Carrying out works on further improvement of personnel assessment, remuneration and motivation systems of employees of KazTransOil JSC for the purpose of personnel development and retention of highly qualified employees.
2. Introduction of amendments and additions to the Rules for development of Regulations on structural subdivisions of KazTransOil JSC.

* The term 'local population' means persons who were born or have the legal right to reside for an unlimited period in the country where KazTransOil JSC operates (Republic of Kazakhstan).

- 1. COMPANY OVERVIEW
- 2. OPERATING PERFORMANCE RESULTS
- 3. SUSTAINABLE DEVELOPMENT PERFORMANCE
- Sustainable development management
- Vital health and safety at work and industrial safety regulations
- Human resources management, equality and socio-economic impact
- Procurement system and local content development
- Environmental protection
- Energy consumption and energy saving
- 4. CORPORATE GOVERNANCE
- 5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT
- 6. APPENDICES

Published on social media
1,117 posts

Corporate Communications

Management approach

KazTransOil JSC maintains constructive communication with employees and all stakeholders on an ongoing basis. The Company successfully operates an integrated system of internal communications aimed at improving the effectiveness of feedback. Management representatives regularly hold mandatory scheduled meetings with labour collectives in various subdivisions, offices and representative offices of the Company, during which important topics, including social, welfare and production issues, are discussed.

In 2023, corporate communications efforts were focused on strengthening the Company's brand for both internal and external stakeholders. The Company continues to focus on developing existing tools for corporate engagement with target audiences.

Management of communication issues between management, employees and other stakeholders is regulated by the Public Relations and Internal Communications Department of KazTransOil JSC. The main documents regulating the Company's activities related to the organisation of corporate communications are as follows:

- Regulations of internal communications in KazTransOil JSC;
- Regulations on management of anti-crisis communications in KazTransOil JSC;
- Regulations on interaction between structural subdivisions of KazTransOil JSC when placing information on the Internet resource of KazTransOil JSC;
- Regulations of interaction on filling and maintenance of the corporate information portal of KazTransOil JSC;
- Procedure for consideration of appeals of individuals and legal entities received by the Rapid Response Centre of KazTransOil JSC;
- Media Plan of KazTransOil JSC;
- Brandbook of KazTransOil JSC.

Feedback channels

GRI 2-16, 2-25, 2-26

KazTransOil JSC provides an opportunity for each employee and other interested parties to address questions and appeals and receive a timely response. For this purpose, the Company has established a procedure for consideration of appeals of individuals and legal entities. Appeals are received through the following channels:

- Hotline of Samruk-Kazyna JSC;
- 'Nysana' hotline;
- electronic information trust system KazTransOil JSC – doverie@kaztransoil.kz;
- blog of the General Director (Chairman of the Management Board);
- the Company's special dedicated line 'No to Corruption!';
- Rapid Response Centre.

All incoming appeals are registered by the Documentation Support Department and sent to the General Director (Chairman of the Management Board) or to the relevant manager of the Company to whose competence the issue relates. At the same time, anonymous appeals are forwarded to members of the working group for consideration of anonymous appeals of the central office/subsidiaries. All appeals received are checked and, if necessary, investigated and appropriate corrective and preventive measures are taken.

Rapid Response Centre

GRI 2-16, 2-25, 2-26

In order to ensure effective functioning of feedback in KazTransOil JSC via WhatsApp messenger, the Company launched the KazTransOil JSC Rapid Response Centre (RRC). The work of the RRC is carried out in accordance with the Procedure for consideration of appeals of individuals and legal entities received by the Rapid Response Centre of KazTransOil JSC. The RRC account at +7 771 101 55 06 is available for receiving appeals in WhatsApp messenger.

References on issues related to the activities of the Company, its officers and other employees in Kazakh and Russian languages are accepted for consideration. The term of consideration of appeals registered in the Department of Documentation Support is established in accordance with the Rules of Documentation and Document Management of KazTransOil JSC. Responses to appeals are sent by structural subdivisions by e-mail to the RRC coordinator on the day of their signing (approval). The Department of Public Relations and Internal Communications monthly, by the 15th day of the month following the reporting month, provides the General Director (Chairman of the Management Board) of the Company or the person replacing him with a report on the consideration of appeals received in the reporting month.

As of 31 December 2023, RRC received 280 appeals, including 1 anonymous appeal. The main topics of appeals are questions about the availability of vacancies, internship opportunities, and social and labour issues of employees.

Number of appeals received by RRC of KazTransOil JSC



Address by the Chair of the Board of Directors
Address by the General Director (Chair of the Management Board)
Key indicators 2023
Layout of Main Pipelines
Key events 2023
Company's Business Model

- 1. COMPANY OVERVIEW
- 2. OPERATING PERFORMANCE RESULTS
- 3. SUSTAINABLE DEVELOPMENT PERFORMANCE
- Sustainable development management
- Vital health and safety at work and industrial safety regulations
- Human resources management, equality and socio-economic impact
- Procurement system and local content development
- Environmental protection
- Energy consumption and energy saving
- 4. CORPORATE GOVERNANCE
- 5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT
- 6. APPENDICES



Published on the Company's Internet resource

122 press releases

Held with the Company's management

28 live broadcasts

Communication channels

In addition to feedback mechanisms, an important factor affecting the business reputation of the Company is corporate communications. In 2023, KazTransOil JSC had six information communication channels, the purpose of which is to strengthen the positive image of KazTransOil JSC and to achieve PR objectives in accordance with the current Development Strategy of the Company.

The Company's main communication channels include:

- corporate Internet resource www.kaztransoil.kz;
 - corporate information portal;
 - mobile application of KazTransOil JSC;
 - corporate television;
 - unified newsletter KTOinfo;
 - official accounts of KazTransOil JSC in social networks Facebook, Instagram, YouTube, LinkedIn.
- In order to create effective mechanisms of direct communications of the Company, as well as informing the public about the main results, news of the activities of KazTransOil JSC for the reporting period 122 press releases were published on the corporate Internet resource of the Company www.kaztransoil.kz The main topics of press releases were the following areas:
- Production results of KazTransOil JSC;
 - Transportation of Kazakhstan oil through the system of main oil pipelines of Transneft PJSC in the direction of oil delivery point 'Adamova Zastava' for further delivery to Germany;
 - Increase of tariffs for services of KazTransOil JSC;
 - Reconstruction of sections of the network of main oil pipelines KazTransOil JSC;
 - 'Reconstruction and expansion of the main water pipeline 'Astrakhan — Mangyshlak' 1 stage';
 - Participation of KazTransOil JSC employees in environmental, charitable and volunteer projects;
 - Achievements of employees in labour and sports, participation of the Company's employees in charitable and environmental actions.

Production activities were in the focus of such international, Kazakhstani news agencies and media as Reuters, S&P Global, Upstream Oil & Gas, Atameken Business, Interfax, Kursiv Media. 1,117 posts were published in social networks on production, economic and social topics of the Company.

In order to cover the activities of the management of KazTransOil JSC in 2023, 28 live broadcasts were organized and held for all employees with the opportunity to ask questions on all topics of interest and receive answers.



Significant events, activities and projects for 2023

KazTransOil JSC maintains active communication on issues related to its activities. In 2023, the Company participated in industry and thematic events, as well as actively interacted with the media.

Press briefing on the results of the Annual General Meeting of Shareholders KazTransOil JSC

On 24 May 2023 in the central office of KazTransOil JSC a press briefing on the results of the Annual General Meeting of Shareholders was held. The briefing was moderated by Deputy General Director for Corporate Governance of KazTransOil JSC Ungarsynov Almas Askarovich.

The briefing was attended by representatives of domestic and foreign media, including journalists of the national TV channels Khabar, Zhibek Zholy, news portal Kursiv Media, news agencies Reuters and Interfax-Kazakhstan, etc. Speakers represented by the heads of KazTransOil JSC answered journalists' questions in several areas of activity. The main topics for discussion were the issues of new directions of oil export, development of existing routes and implementation of investment projects of KazTransOil JSC.

Environment and safety

In 2023, the Company continued to carry out activities aimed at environmental protection. The Company's employees and members of their families took part in republican and regional projects to clean the territories from rubbish: 'Birge — taza Kazakhstan', educational events on environmental literacy and competitions.

'Day of the Issuer' on the platform of KASE

In 2023, the management of KazTransOil JSC held quarterly online meetings with investors, professional securities market participants and media representatives within the framework of the project 'Day of the Issuer' on the platform of KASE. At the meetings, media representatives had an opportunity to ask questions and actively discuss issues on topics of interest. Based on the results of the meetings, the mass media published materials on the main directions of the Company's activities.

Social projects

Within the framework of the Roadmap for improvement of labour and recreation conditions of the Company's employees for 2023-2027, a number of projects aimed at improving social and living conditions of the Company's employees were implemented. In particular, the completion of works on reconstruction of the dormitory at Kenkiyak POPS of Aktobe Oil Pipeline Department and construction of a new dormitory at Sai-Utes OHS of Beineu Linear Production Dispatch Station of Mangistau Oil Pipeline Department received wide coverage.

Use of the state language

In 2023, activities to support the state language among the Company's employees were widely publicised. The contests 'Qualified specialist, 'The best structural subdivision that speaks the state language' were held.

Plans for 2024 and the medium term

1. Realization of the Media Plan of KazTransOil JSC.
2. Publication of materials on the topic of sustainable development of the Company.
3. Strengthening interaction with media representatives.
4. Drawing up and approving the broadcasting schedule of the Company's corporate television.



1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

Sustainable development management
Vital health and safety at work and industrial safety regulations
Human resources management, equality and socio-economic impact
Procurement system and local content development
Environmental protection
Energy consumption and energy saving

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Socio-economic contribution

Management approach

GRI 3-3, 413-1, 413-2, 2-23

KazTransOil JSC is committed to creating a positive economic impact in the regions where it operates in order to support the development of local communities. The implementation of programmes and socially significant projects complies with national and international human rights standards and declarations, including the Labour Code of the Republic of Kazakhstan, the 'Kazakhstan-2050' Strategy, the "Nurly Zhol" programme and the United Nations Universal Declaration of Human Rights. To regulate social support, the Company is guided by the Collective Agreement. When implementing investment projects, project approaches are applied, taking into account both their financial benefit and social significance.

In 2023, KazTransOil JSC actively engaged with stakeholders to promote the Company's brand, including working with partners, customers, suppliers, public organisations, government agencies and local communities. These interactions included various events including conferences, seminars, exhibitions, partnership programmes and press events. This enabled the Company to actively engage with a wide range of stakeholders, build its reputation and establish long-term relationships to further develop its business.

Sponsorship

GRI 203-1

KazTransOil JSC does not carry out sponsorship activities in the regions where it operates. According to the Policy of Samruk-Kazyna JSC, all charitable and sponsorship activities are carried out by the Samruk-Kazyna Trust Social Projects Development Fund, which selects projects on a competitive basis. This strategy allows for efficient use of resources and focusing the Company's efforts on the main business processes.

Indirect economic impacts

GRI 203-2

The Company's activities have a significant indirect economic impact in the regions where it operates by stimulating economic activity. KazTransOil JSC contributes to the employment of the population in the regions by creating new jobs for both production and administrative and management employees.

Two major investment projects were completed in the reporting year:

- Project 'Reconstruction and expansion of the main water pipeline 'Astrakhan-Mangyshlak' 1 stage';
- Project 'Construction of Kashagan CGTP water pipeline'.



Project 'Reconstruction and expansion of the main water pipeline 'Astrakhan-Mangyshlak' 1 stage

The main water pipeline was put into operation in 1980. Throughput capacity of the facility over the years of operation was 110 thousand m³/day. Involvement of stakeholders Samruk-Kazyna JSC, NC KazMunayGas JSC, KazTransOil JSC and Main Waterline LLP made it possible to complete the project to increase the capacity of the Astrakhan-Mangyshlak water pipeline in the reporting year ahead of the established deadline of the work plan. The project implementation allowed to increase the actual throughput capacity up to 170 thousand m³/day and provided water to water-deficient areas of Western Kazakhstan.

The throughput capacity has been increased to

170
thousand m³/day

Kashagan CGTP water pipeline construction project

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

The project was completed within the established deadlines, and on August 31, 2023, the acceptance certificate of the facility was signed. The cost of the project amounted to about 1.4 billion tenge without VAT.

Length of water pipeline

25
km



1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

- Sustainable development management
- Vital health and safety at work and industrial safety regulations
- Human resources management, equality and socio-economic impact
- Procurement system and local content development
- Environmental protection
- Energy consumption and energy saving

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Procurement system and local content development

Management approach

GRI 3-3, 2-6

KazTransOil JSC strives to improve its procurement system to ensure economic and operational efficiency, competitiveness and transparency of business processes. The Department of Contracts and Local Content Development manages the procurement of all the Company's divisions.

Contracts and Local Content Development Department KazTransOil JSC is responsible for compliance with ethical procurement procedures. Effective management of the value chain process contributes to the achievement of the Company's strategic objectives, increases the share of domestic value, and affects the fulfilment of operations with timely and transparent procurement procedures.

The Company favours suppliers that adhere to the minimum required health and safety and environmental requirements and comply with the principles of transparency and competitive nature of procurement procedures. Such requirements are clearly stated in the documents regulating the pre-qualification of potential suppliers.

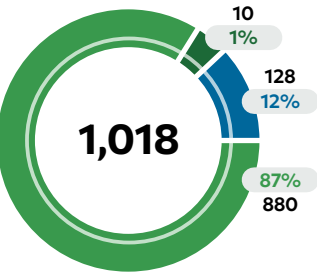
Procurement activities are carried out on the electronic platform of Samruk-Kazyna Contract LLP, which is a platform where the full cycle from planning the need for goods, works and services to the delivery of goods to the warehouse is performed. KazTransOil JSC endeavours to spread high corporate standards and values among its partners. When selecting suppliers, the Company, in accordance with the regulations of Samruk-Kazyna JSC, is guided by the principles of transparency of the procurement process, optimal spending of funds, purchase of quality goods, fair competition among suppliers and minimizing the participation of intermediaries. Also, to increase transparency and openness of the process, the mechanism of standardization of procurement contracts is applied.

GRI 414-1, 414-2

When conducting procurement procedures, all suppliers are subject to the following requirements KazTransOil JSC is subject to requirements in the field of anti-corruption, labour protection, industrial and fire safety, environmental protection. In 2023, 100% of suppliers were familiarized and committed to comply with these requirements when entering a service contract.

One of the key activities in the reporting year is the conclusion of off-take contracts with suppliers as part of the implementation of the Project for the creation of new production facilities. 7 contracts were concluded for Group of companies of KazTransOil JSC.

Number of KazTransOil JSC suppliers by category for 2023



- Honorable Suppliers
- Suppliers included in the list of unreliable suppliers
- Suppliers that have been issued fines

Domestic value

GRI 204-1

KazTransOil JSC pays special attention to working with local suppliers, giving them preference when procuring goods and services. The Company implements the state policy on the development of the national economy and domestic value.

The number of local suppliers for the Group of companies KazTransOil JSC in 2023 compared to 2022 decreased by 9.9% and amounted to 1,392 suppliers, which is 97.9% of the total number of suppliers.

Number of suppliers for the Group of companies KazTransOil JSC

GRI 204-1

| Indicator | 2021 | 2022 | 2023 | Change, % |
|----------------------------|-------|-------|-------|-----------|
| Number of suppliers | 1,424 | 1,593 | 1,429 | -10.7 |
| Number of local suppliers | 1,330 | 1,545 | 1,392 | -9.9 |
| Share of local suppliers % | 93.4 | 96.9 | 97.9 | 0.9 |

The number of concluded contracts of the Group of companies KazTransOil JSC with local suppliers (Republic of Kazakhstan and Georgia) in the reporting year amounted to 125,228.77 million tenge. In the reporting year, KazTransOil JSC saw a 27.8% decrease in the number of concluded contracts with suppliers due to a decrease in the allocated budget for procurement in accordance with the Procurement Plan.

Number of concluded contracts of the Group of companies KazTransOil JSC with suppliers

GRI 204-1

MILLION TENGE

| Indicator | 2021 | 2022 | 2023 | Change, % |
|--|------------|------------|------------|-----------|
| Amount of concluded contracts with suppliers | 103,578.35 | 265,145.35 | 128,894.77 | -51.4 |
| Amount of concluded contracts with local suppliers | 102,848.35 | 264,506.35 | 125,228.77 | -52.7 |

The share of domestic value in the procurement of goods, works and services is monitored on the portal of the authorized body. At the end of 2023, the share of domestic value in the procurement of KazTransOil JSC was 73%, including 58% for goods and 75% for works and services.

At the end of 2023, BOT's procurement of goods totalled 5,064 million tenge, of which 67.9 per cent came from goods and 32.1 per cent from goods and services.

At the end of 2023, the share of domestic value in Main Water-line LLP's purchases of goods was 76%, and 46% for works and services.

Share of business partners informed of the KazTransOil JSC anti-corruption-related policies

GRI 205-2

100%

Number of local suppliers for the Group of companies KazTransOil JSC

1,392 suppliers

Share of local suppliers for the Group of companies KazTransOil JSC

97.9%

Plans for 2024 and the medium term

In 2024, KazTransOil JSC plans to continue the practice of procurement activities in accordance with corporate principles and standards, including the implementation of Procurement Plans for 2024 and 2024-2028. The Company will also continue to monitor the share of domestic value in the procurement of goods, works and services: achievement of the domestic value level in the procurement of goods – 55%, achievement of the domestic value level in the procurement of works and services – 75%.

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

Sustainable development management
Vital health and safety at work and industrial safety regulations
Human resources management, equality and socio-economic impact
Procurement system and local content development
Environmental protection
Energy consumption and energy saving

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES



Environmental protection

Key indicators for 2023

Costs on the implementation of environmental protection measures for the Group of companies KazTransOil JSC

1,095
million tenge

The volume of pollutant emissions into the atmosphere for the Group of companies KazTransOil JSC decreased by

12.3%

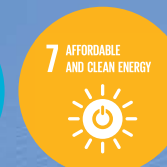
Total waste generation by the Group of companies KazTransOil JSC amounted to

32.66
thousand tons

Water consumption by the Group of Companies KazTransOil JSC decreased by

5.1%

Contribution to the UN SDGs



Material topics

- Climate change and adaptation
- Energy consumption and conservation
- Water protection
- Waste management
- Atmospheric air protection
- Biodiversity Conservation Measures
- Asset Integrity and Critical Incident Management

Key events

- This is the first time that greenhouse gas emissions of Scope 2 have been quantified.
- The international certification body TÜV NORD CERT GmbH conducted the 2nd inspection audit of the environmental management system of KazTransOil JSC for compliance with the requirements of ISO 14001:2015 and the energy management system for compliance with the requirements of the international standard ISO 50001:2018, according to the results of which the validity of the certificates of conformity issued in 2021 was extended, in 2021.
- The operating modes of the hot oil pipeline of KazTransOil JSC were optimised, which saved gas consumption in volume terms by 10.5 million m³.

Goals and their achievement in 2023

- 1 Increased reuse or recycling of water resources.

Implementation is ongoing

- 2 Replacement of existing wastewater treatment facilities 'Biox-50' and 'Wastewater Treatment Complex (WTC)-15'.

Goal achieved

- 3 Recultivation of disturbed lands (historical pollution) on 508 km Uzen-Atyrau-Samara MOP of Kulsary oil pipeline department.

Goal achieved

- 4 Installation of bird protection devices, which significantly reduced the likelihood of bird deaths when landing online disconnectors.

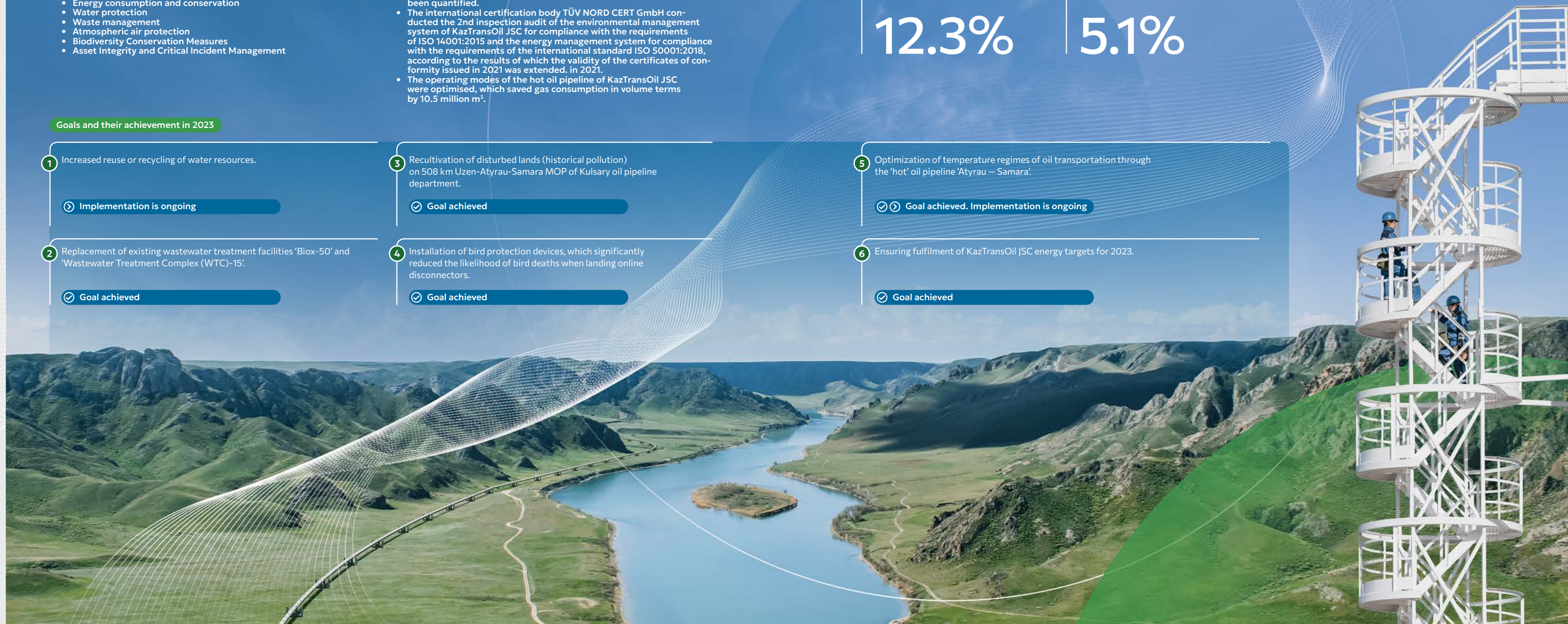
Goal achieved

- 5 Optimization of temperature regimes of oil transportation through the 'hot' oil pipeline 'Atyrau – Samara'.

Goal achieved. Implementation is ongoing

- 6 Ensuring fulfilment of KazTransOil JSC energy targets for 2023.

Goal achieved



Environmental management system

Management approach

GRI 3-3

Employees who completed advanced training courses in environmental education in 2023

120 persons

The environmental management system covers all areas of the Company's operations and implements a wide range of measures and initiatives to manage environmental protection (EP) issues, including:

- compliance with the requirements of the environmental legislation of the Republic of Kazakhstan in the field of environmental protection, international and national standards, internal documents of the Company in the field of environmental protection;
- measures for continuous improvement of the environmental management system ISO 14001:2015;
- identification and assessment of environmental aspects, directing investments to the implementation of measures to manage environmental aspects;
- carrying out industrial environmental control with the involvement of contractor organisations with a laboratory accredited in accordance with the procedure established by the legislation of the Republic of Kazakhstan on accreditation in the field of conformity assessment;
- conclusion of annual agreements on compulsory environmental insurance;

- improvement of environmental culture, education and awareness.

Industrial environmental control is carried out quarterly at all the Company's facilities. A contractor organization with a laboratory accredited in accordance with the procedure established by the legislation of the Republic of Kazakhstan on accreditation in the field of conformity assessment conducts industrial monitoring of emissions at the Company's facilities, which includes:

- monitoring of impact on atmospheric air;
- monitoring of impact on soil cover;
- monitoring of impact on water resources (surface and groundwater);
- wastewater monitoring.
- radiation monitoring.

In 2023, the Company conducted training in environmental education. In the reporting period, a total of 120 employees of the Company took advanced training courses in environmental education.

Management structure and tools

Conservation of nature and careful treatment of its resources are the Company's duty and responsibility. The Company manages environmental protection at two levels. At the central office, the work is coordinated by the Department of Industrial Safety, Labour Protection and Emergency Situations, and at the level of separate structural subdivisions – by the relevant departments. The main areas of the Company's activities in the field of environmental protection are:

- industrial environmental control, control of compliance with the requirements of the Environmental Code of the Republic of Kazakhstan,
- periodic reports are sent to the authorized body in the field of environmental protection,

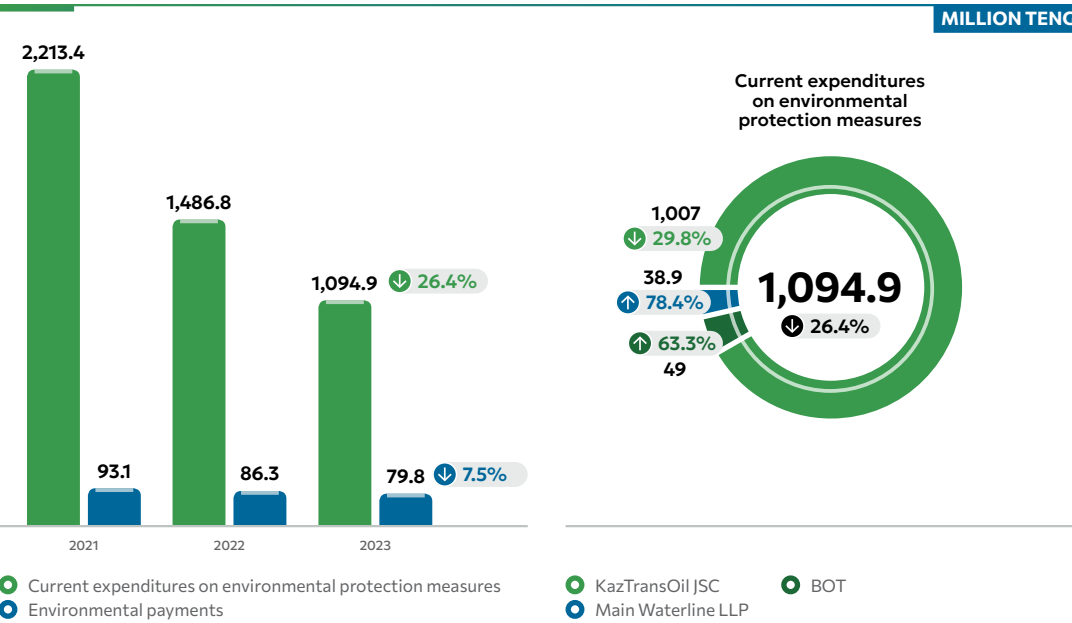
- implementation of measures to reduce emissions and discharges of pollutants into the environment,
- ensuring timely receipt of quotas for greenhouse gas emissions,
- ensuring that the Company's oil pipeline and operator services departments develop draft standards for maximum permissible emissions and discharges of pollutants, temporary waste storage and their adjustment in connection with changes in production processes,
- analysing and preparing an annual consolidated report on the implementation of action plans to mitigate significant environmental aspects,
- identifying and assessing HSE risks and developing proposals for their management.

Investments and environmental payments

GRI 2-27

KazTransOil JSC shall mandatorily implement actions aimed at reducing the negative environmental impact. SBUs annually submit reports on the implementation of the Environmental Action Plan to the relevant authority that issued the environmental permit.

Environmental Protection Expenditures of Group of companies KazTransOil JSC ⁴



EP Expenditures include two components:

- environmental payments for emissions of pollutants into the atmospheric air, content of pollutants in wastewater discharge, temporary waste storage;
- costs of environmental protection measures aimed at fulfillment of the requirements of the environmental legislation of the Republic of Kazakhstan.

In 2023, the Group of companies KazTransOil JSC spent 1,094.9 million tenge on the implementation of EP measures, which is 26.4% less than the same indicator of 2022. One of the reasons for the sharp decrease in expenditures on environmental protection measures is the postponement of works in KazTransOil JSC on remediation of disturbed lands (historical pollution) on Uzen – Zhetybai – Atyrau MOP to 2024.

Payments of the Group of companies KazTransOil JSC for negative impact on the environment in 2023 amounted to 79.8 million tenge, which is 7.5% lower than in 2022.

In 2023, KazTransOil JSC was brought to administrative responsibility for non-compliance with the requirements of the Environmental Code of the Republic of Kazakhstan with the imposition of administrative fines in the amount of 6,900 thousand tenge. Administrative fines were paid in a timely manner.

Plans for 2024 and the medium term

Continuation of works on development of the project on reclamation of disturbed lands considering recultivation methods/technologies carried out at the site of pollution source detection without transportation to a specialised site/polygon at the sections Uzen-Atyrau-Samara MOP and Uzen-Zhetybai-Aktau MOP with obtaining an environmental permit and a positive conclusion of the state environmental expertise in 2024.

⁴ The reporting boundary for the consolidation of environmental data in 2023 here and hereafter includes Main Waterline LLP and BNT. PTL was not included in the reporting boundary due to the absence of production activities.

Environmental payments for the Group of companies KazTransOil JSC

79.8 million tenge

Reduction of payments for negative impact

7.5%

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

Sustainable development management

Vital health and safety at work and industrial safety regulations

Human resources management, equality and socio-economic impact

Procurement system and local content development

Environmental protection

Energy consumption and energy saving

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Climate change

Management approach

GRI 3-3

Volume of specific greenhouse gas emissions (Scope 1 and 2)

0.126
thousand tons CO₂-eq/million tons-km

In the face of climate change, oil companies have to navigate stricter environmental regulations. Governments around the world, including the Republic of Kazakhstan, are taking measures to reduce greenhouse gas emissions and promote sustainable practices. KazTransOil JSC, as a significant player in the energy sector, recognizes the importance of aligning its operations with changing regulations. The Company has made voluntary commitments to reduce its greenhouse gas emissions into the atmosphere.

The Company operates in accordance with the NC KazMunayGas JSC greenhouse gas emission reduction targets and implements the KazTransOil JSC Action Plan for the implementation of the NC KazMunayGas JSC Low Carbon Development Programme for the period 2022-2031. The Plan specifies organizational and key measures to improve energy efficiency and introduce renewable energy sources. The goal of this plan is to reduce greenhouse gas emissions by 22,417 tons per year of CO₂ by 2030.

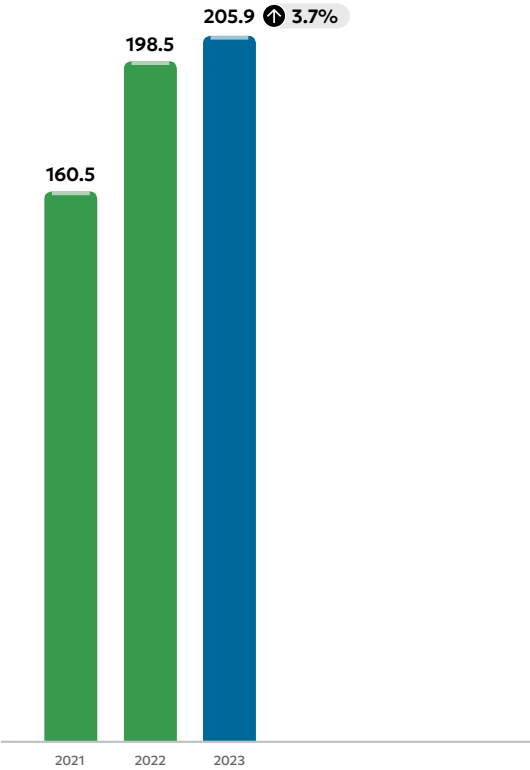
The Company monitors greenhouse gas emissions on a quarterly basis and prepares a greenhouse gas inventory report based on approved methodologies:

- methodological guidelines for calculation of greenhouse gas emissions into the atmosphere at oil production, transportation 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.

The main sources of direct emissions of greenhouse gases in KazTransOil JSC are oil heating furnaces, boiler houses, diesel power plants, welding units and compressors.

Volume of direct greenhouse gas emissions (Scope 1) in KazTransOil JSC

GRI 305-1 THOUSAND TONS OF CO₂-EQ.



The increase in the volume of greenhouse gas emissions under Scope 1 is due to an increase in the emission factor according to the calculation of greenhouse gas emissions under the new 'Methodology for calculation of emissions and absorption of greenhouse gases' and fuel consumption.

Total indirect greenhouse gas emissions (Scope 2)

GRI 305-2

225.6
thousand tons of CO₂-eq.

In the reporting year KazTransOil JSC for the first time assessed indirect greenhouse gas emissions Scope 2, which amounted to 225.6 thousand tons of CO₂-eq.

The sources of indirect greenhouse gas emissions are electricity and heat purchased from other organizations.

Specific greenhouse gas emissions (carbon intensity) in KazTransOil JSC per oil cargo turnover

GRI 305-4

| Indicator | Unit of measurement | 2023 |
|---|--|--------|
| Total direct greenhouse gas emissions (Scope 1) | thousand tons CO ₂ -eq | 205.9 |
| Specific direct greenhouse gas emissions (Scope 1) | thousand tons of CO ₂ -eq / million tons-km | 0.006 |
| Total greenhouse gas emissions (Scope 1 and 2) | thousand tons CO ₂ -eq | 431.5 |
| Specific greenhouse gas emissions (Scope 1 and 2) | thousand tons CO ₂ -eq / million tons-km | 0.126 |
| Oil cargo turnover (separately for KazTransOil JSC) | million tons-km | 34,208 |

In 2023, the indicator of the volume of specific greenhouse gas emissions (Scope 1 and 2) is 0.126 thousand tons of CO₂-eq / million tons-km.

GRI 305-5

Due to the specific nature of KazTransOil JSC production activities, carbon quotas of the Company's facilities do not exceed the permissible limit and are sufficiently minimal. Within this framework, the Company does not envisage measures to reduce greenhouse gas emissions.

Adaptation to climate change

GRI 305-5

In 2023, as part of the KazTransOil JSC Action Plan to implement the NC KazMunayGas JSC Low Carbon Development Programme 2022-2031, organizational measures for energy efficiency and increasing the share of renewable energy were developed and approved, which include:

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

GRI 201-2

The process of climate change risk management is carried out at all levels of management of KazTransOil JSC.

Climate risks are included in the Corporate Risk Management System (CRMS). The Board of Directors of KazTransOil JSC controls and supervises the effectiveness of the CRMS. The Occupational Health, Safety and Emergency Department identifies, assesses, analyses risk factors, and develops and implements risk management measures, including their monitoring.

Physical climate risks, which the Company identifies as key risks, can lead to the potential consequences of long-term and extreme weather events. The transition to a low carbon economy could lead to significant changes in policy, legislation, technology and markets to mitigate and adapt to climate change.

The physical climate risks that could most clearly manifest themselves in the Republic of Kazakhstan and affect the Company's operations include rising temperatures and spring floods. These weather events can provoke accidents and disrupt the integrity of technological processes.

To mitigate the effects of climate change, the Company is implementing measures of the Low Carbon Development Programme of NC KazMunayGas JSC.

Plans for 2024 and the medium term

Updating of GHG emission management regulations in KazTransOil JSC.



1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

- Sustainable development management
- Vital health and safety at work and industrial safety regulations
- Human resources management, equality and socio-economic impact
- Procurement system and local content development
- Environmental protection
- Energy consumption and energy saving

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

* Other categories include persistent organic pollutants, volatile organic compounds, hazardous air pollutants, particulate matter, and others.



Pollutant emissions

Management approach

GRI 3-3, 305-7

Reduction of pollutant emissions into the atmosphere by the Group of companies

12.3%

For KazTransOil JSC the most important role is played by the management of pollutant emissions into the atmospheric air. The Company implements a number of measures to protect the atmospheric air in accordance with the Procedure for the management of pollutant emissions into the atmosphere of KazTransOil JSC. In the reporting period, the Company did not exceed the values of the established indicators.

In 2023, the RDC Branch of KazTransOil JSC developed draft standards of permissible emissions for all facilities of separate structural subdivision of the Company, which provide for control over compliance with the standards at the sources of pollutant emissions. Laboratory measurements of air quality are carried out quarterly at separate structural subdivisions.

Since 2021, KazTransOil JSC has been implementing the Action Plan for Reduction of Pollutant and Greenhouse Gas Emissions until 2030, which contains a broad list of measures to reduce pollutant emissions. In 2023, the Group of companies KazTransOil JSC reduced air pollutant emissions by 12.3% compared to 2022 due to the implementation of the following measures:

- optimization of the combustion process in furnaces of oil heating furnaces and hot water boilers;
- prevention of oil evaporation by installing pontoons in oil storage tanks;
- reduction of hydrocarbon emissions by means of gas equalization system (tank battery, etc.);
- monitoring of pollutant emissions into the atmospheric air.

The main sources of air emissions are oil storage tanks, oil heating furnaces, oil loading rack and discharge jetty, boiler plants.

In 2023, the total volume of pollutant emissions into the atmosphere did not exceed the established standards. Significant reductions in emissions of pollutants for the Group of companies KazTransOil JSC are observed for nitrogen oxides – 19.5% and other categories of pollutants – 12.2%.

Volume of pollutant emissions into the atmospheric air by Group of companies KazTransOil JSC

| GRI 305-7 | | | | TONS |
|--|----------|----------|----------|-----------|
| Indicator | 2021 | 2022 | 2023 | Change, % |
| Volume of pollutant emissions into the atmosphere, incl: | 19,420 | 20,468.0 | 17,959.4 | -12.3 |
| - NOx | 710.2 | 623.4 | 502 | -19.5 |
| - SOx | 82.1 | 92.7 | 98.8 | 6.5 |
| - CO | 295 | 250.6 | 236.6 | -5.6 |
| - Other categories of atmospheric emissions* | 18,332.6 | 19,509.3 | 17,123.4 | -12.2 |

Plans for 2024 and the medium term

- Upgrading of VGS-20,000 m³ №12 with a pontoon at OPS named after T. Kasymov. in 2024.
- Development of design and estimate documentation 'Reconstruction of heating furnace №3 of Opornaya OHS and №2 of OPS named after A. Kultumiev.
- To complete works on reconstruction of the main pumping station Zhetybai OPS of Mangistau oil pipeline department.

Energy consumption and energy saving

Management approach

GRI 3-3

One of the key areas of the Company's sustainable development activities is optimization of energy consumption in production processes. The Company has an effectively functioning energy management system that meets the requirements of ISO 50001:2018 international standard. In 2023, the International Certification Body TÜV NORD CERT GmbH conducted the 2nd inspection audit of the energy management system for compliance with the requirements of the international standard ISO 50001:2018. In 2023, the Energy Policy of KazTransOil JSC was updated, focused on the efficient use of energy resources.

Main tasks in the field of energy saving and energy efficiency improvement:

- ensure compliance with legislative and other requirements applicable to the Company in the field of energy saving and energy efficiency improvement;
- continuously improve energy performance and increase the suitability, adequacy and effectiveness of the energy management system;
- ensure the availability of information and resources necessary to achieve energy goals and solve energy tasks;
- improve the Company's energy-saving activities by implementing measures to save energy resources, clearly delineating the rights, duties and responsibilities of the Company's employees for their implementation;
- to procure energy-efficient equipment, works and services affecting the improvement of energy performance;

- reduce the negative impact on the environment as a result of rational consumption of energy resources;
- increase the level of employees' competence in the field of energy saving and energy efficiency improvement.

Every year the General Director (Chairman of the Management Board) of KazTransOil JSC approves target values of energy efficiency indicators for separate structural subdivisions and the Company as a whole, such as:

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

At the end of 2023, the Company met all its energy saving and energy efficiency targets, which was made possible by planning optimal technological modes of operation of main oil pipelines.

Management structure and tools

The responsible unit dealing with energy efficiency issues is the Department of Technological Regimes and Energy Management of KazTransOil JSC, which develops target indicators and conducts monthly monitoring of their fulfilment, ensuring timely and effective control over the achievement of set objectives.

The Department of technological modes and energy management of KazTransOil JSC in accordance with internal documents on energy management system annually conducts energy analysis of energy resources consumption for the past five-year period, analysis of external and internal factors affecting the energy management system according

to SWOT methodology, analysis of compliance of the Company's activities with legislative, regulatory and other requirements in the field of energy saving and energy efficiency, according to the results of which it was established that the Company continues to implement the Plan of measures for energy saving and energy efficiency improvement.

The Company continues to implement the Action Plan on energy saving and energy efficiency of KazTransOil JSC for 2020-2025, which reflects such major energy saving measures as replacement of main pumping units with pumping units with higher efficiency, reconstruction of oil heating furnaces and reconstruction of main pumping station Zhetybai OPS.



Reduction of total consumption of energy resources in KazTransOil JSC

11.2%

Reduction of electricity consumption by the Group of companies KazTransOil JSC

4.6%

Consumption of energy resources

GRI 302-1

In the reporting year, KazTransOil JSC saw a decrease in the total consumption of energy resources by 11.2% compared to 2022.

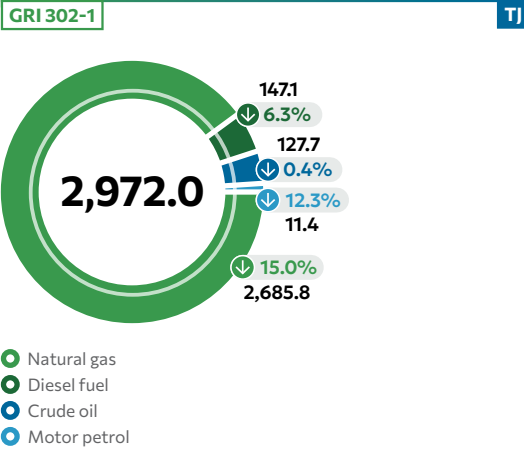
A significant decrease in natural gas consumption by 15% is due to optimization of temperature regimes of the Company's

'hot' oil pipelines by improving the rheology of oil mixture (redistribution of Mangyshlak oil) in the summer period of 2023. Decrease in heat and gas consumption in boiler houses by 7.8% is due to an increase in average monthly temperatures during the heating period.

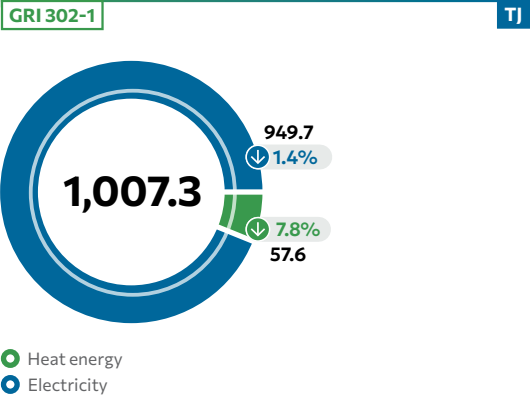
Dynamics and structure of utilization of primary non-renewable energy sources in KazTransOil JSC



Total consumption of non-renewable sources by fuel type by KazTransOil JSC



Total consumption of non-renewable sources by type of energy by KazTransOil JSC



Electricity Consumption Dynamics for Group of companies KazTransOil JSC



Dynamics of energy intensity indicator of KazTransOil JSC*

| GRI 302-1, 302-3 | | | | |
|--|---------|---------|---------|-----------|
| Indicator | 2021 | 2022 | 2023 | Change, % |
| Volume of total consumption of energy resources, TJ | 4,785.6 | 4,481.7 | 3,979.3 | -11.2 |
| Oil cargo turnover (separately for KazTransOil JSC), million tons-km | 35,162 | 34,261 | 34,208 | -0.2 |
| Energy intensity of oil transportation, TJ/million tons-km | 0.14 | 0.13 | 0.12 | -11.5 |

Dynamics of BOT energy intensity indicator**

| GRI 302-1, 302-3 | | | | |
|---|-----------|-----------|-----------|-----------|
| Indicator | 2021 | 2022 | 2023 | Change, % |
| Volume of total electricity consumption, TJ | 27.6 | 36.9 | 31.7 | -14.0 |
| Energy intensity per ton of product, TJ/ton | 0.0000209 | 0.0000191 | 0.0000201 | 5.2 |

To reduce operating costs, KazTransOil JSC monitors the dynamics of energy intensity of oil pumping. Specific energy consumption is calculated per ton of oil cargo turnover.

During the reporting period, KazTransOil JSC spent 9,663 million tenge on the purchase of energy resources. In 2023, KazTransOil JSC achieved a reduction in energy intensity separately by 11.5% compared to the previous year. The reduction in energy intensity was achieved against the background of a decrease in the consumption of fuel and energy resources by 11.2% compared to the indicators of 2022.

Energy saving

GRI 305-5

In 2023, the Company implemented the Action Plan for Energy Saving and Energy Efficiency Improvement of KazTransOil JSC. In the reporting period, 12 energy saving measures were planned and implemented. In addition, a major measure aimed at optimizing energy consumption was implemented:

- optimization of the temperature mode of operation of the 'hot' Atyrau-Samara oil pipeline by improving the rheology of the oil mixture in summer (redistribution of Mangyshlak oil), which made it possible to switch off oil heating furnaces from May to September 2023 on this oil pipeline and save natural gas consumption in volumetric terms by 10.5 million m³.

Production processes of KazTransOil JSC are quite energy-intensive, in this regard, the urgent task for the Company is the search and implementation of solutions to reduce the consumption of energy resources.

KazTransOil JSC uses solar energy installations at the communication centers of the linear part of the main oil pipelines in the amount of 396 units with a total capacity of 39.6 kW. A wind power plant with a capacity of 20 kW is also used at the communication node.

Plans for 2024 and the medium term

- Ensuring fulfilment of energy targets of KazTransOil JSC for 2024.
- Ensuring fulfilment of the Company's Energy Saving and Energy Efficiency Improvement Action Plan for 2020-2025.
- Carrying out the next energy audit in the Company in 2024.
- Optimization of temperature regimes of 'hot' oil pipeline 'Atyrau – Samara'.

* According to the methodology of KazTransOil JSC energy intensity calculation, oil cargo turnover is the base indicator. The calculation considers all types of energy resources consumed by the Company.

** According to the BOT energy intensity calculation methodology, the baseline is the volume of oil transshipment.

Reduction of energy intensity by

11.5%

11

power units with solar panels installed on the Pavlodar-Shymkent MOP

Water resources

Management approach

GRI 3-3, 303-1, 303-2

Reduction of water consumption by Group of companies KazTransOil JSC in 2023

5.1%

Reduction of water discharges by Group of companies KazTransOil JSC in 2023

1.7%

Water is a valuable and irreplaceable resource. KazTransOil JSC recognizes the need for rational use of water resources. In addition, the western regions of the Republic of Kazakhstan, where the Company's facilities are located, are traditionally water deficient. KazTransOil JSC carries out water withdrawal in accordance with the legislative requirements of the Republic of Kazakhstan in the field of water resources and concluded contracts, while not having a significant impact on water bodies. The main tasks of water resources management are:

- adherence to the key principles of water resources management intended for mandatory application in all structural units;
- continuous improvement of the water resources management process;
- active involvement of stakeholders in the water management process.

The Company has approved the Action Plan for possible reduction of freshwater use, reduction of discharges of normative treated water by increasing reuse or recycling of water resources, reduction of water losses of KazTransOil JSC for 2023-2027. The Company seeks to reduce fresh water consumption by increasing the share of wastewater use for technical needs, irrigation of green areas.

The Company carries out quarterly monitoring of underground, surface and wastewater with a contractor organisation having a laboratory accredited in accordance with the procedure established by the legislation of the Republic of Kazakhstan on accreditation in the field of conformity assessment.

Due to the specifics of Main Waterline LLP's activities, more than 98% of water withdrawn by the Group of Companies KazTransOil JSC, including withdrawal in regions with observed water deficit in the Group of Companies KazTransOil JSC falls on Main Waterline LLP.

The volume of water consumption by the Group of companies KazTransOil JSC for the reporting period decreased by 5.1% compared to 2022, amounting to 30,266.9 ML. The main sources of water supply for KazTransOil JSC and BOT are surface water and purchase from third party organizations under water supply contracts. For Main Waterline LLP the source of water resources is the Kigach River.

In 2023, the volume of water withdrawal in water deficit regions for the Group of companies KazTransOil JSC decreased by 10%. Also, surface water withdrawal decreased by 5.1% compared to 2022.

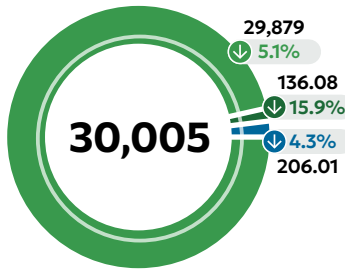
Reduce of the volume of water withdrawal in regions with observed water deficit by Group of companies KazTransOil JSC in 2023

10%

Total water withdrawal in regions with observed water deficit by Group of companies KazTransOil JSC*

GRI 303-3, GRI 303-5

ML



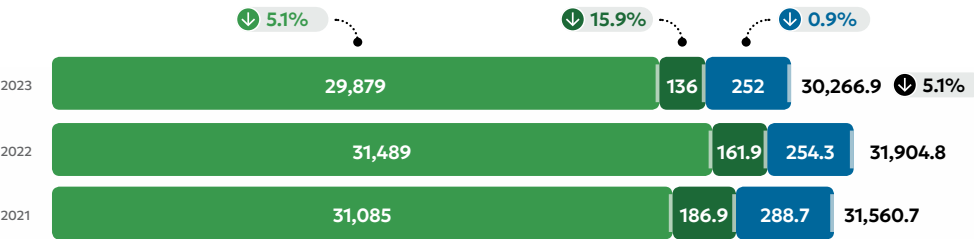
- Surface water
- Groundwater (artesian wells),
- Municipal and other water supply systems (purchase from third-party organisations)

* BOT is excluded from this indicator as it does not belong to regions with observed water scarcity.

Total amount of water withdrawal by source for Group of companies KazTransOil JSC

GRI 303-3

ML



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

Total volume of water withdrawal with breakdown into fresh and other water by Group of companies KazTransOil JSC

GRI 303-3

ML

| Indicator ⁵ | 2021 | 2022 | 2023 | Change, % |
|------------------------|--------|--------|--------|-----------|
| Fresh water | 31,561 | 31,905 | 30,267 | -5.1 |
| Other water | 0 | 0 | 0 | - |

⁵ Fresh water – water whose total mineralisation is equal to or less than 1000 mg/l; other water – water whose total mineralisation is greater than 1000 mg/l.

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

- Sustainable development management
- Vital health and safety at work and industrial safety regulations
- Human resources management, equality and socio-economic impact
- Procurement system and local content development
- Environmental protection
- Energy consumption and energy saving

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Reduction of wastewater discharge by Group of companies KazTransOil JSC in 2023

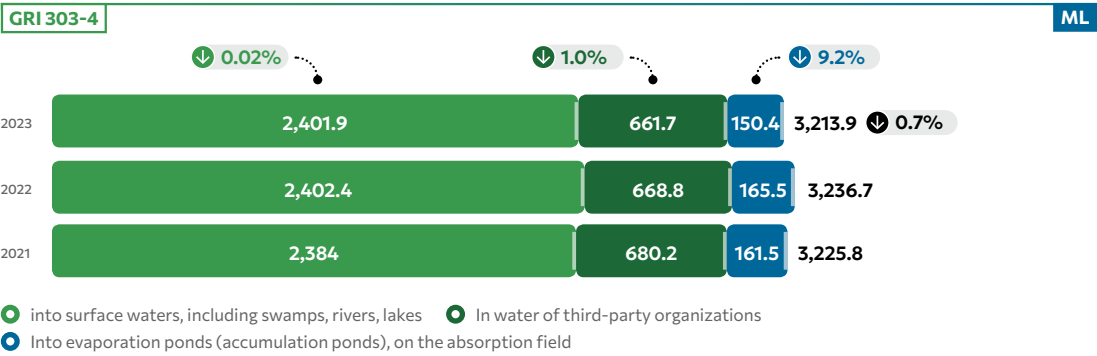
0.7%

Reduction of discharges by KazTransOil JSC in 2023

7.7%

3. Sustainable development performance

Volume of wastewater discharges by object of discharge for the Group of companies KazTransOil JSC



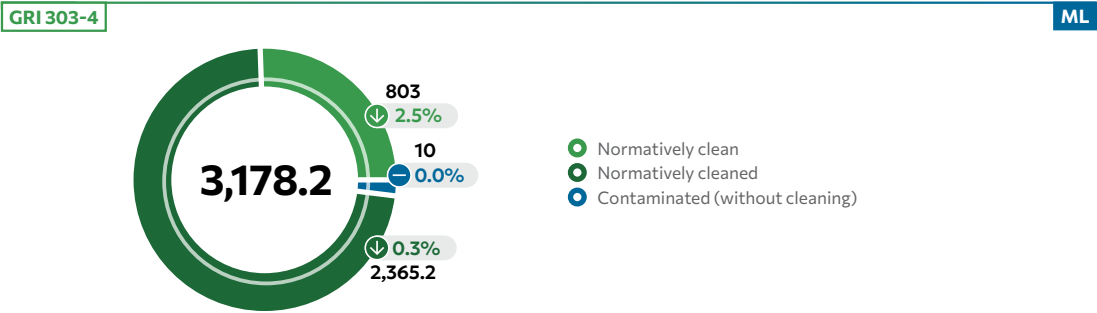
Volume of water discharges with breakdown into fresh and other water by Group of companies KazTransOil JSC

GRI 303-4 ML

| Indicator | 2021 | 2022 | 2023 | Change, % |
|-------------|---------|---------|---------|-----------|
| Fresh water | 870.4 | 863.1 | 848.7 | -1.7 |
| Other water | 2,355.2 | 2,372.5 | 2,365.2 | -0.3 |

The volume of wastewater discharges by the Group of companies KazTransOil JSC for the reporting period amounted to 3,213.9 ML, decreasing by 0.7% compared to the indicator of 2022. Discharge to surface waters of KazTransOil JSC decreased by 11.1%.

Volume of water discharges with indication of quality of discharged water by Group of companies KazTransOil JSC



Production effluents pass through treatment facilities and then settle in mechanical settling tanks.

The volume of fresh water discharges by the Group of companies KazTransOil JSC in 2023 decreased by 1.7%. In KazTransOil JSC, the volume of discharges decreased by 7.7% due to a reduction in water consumption. At the same time, the volume of discharged water in Main Waterline LLP increased by 17.9% due to an increase in potable water consumption.

Investigation of environmental incidents related to water bodies is carried out in accordance with the Rules of Water Resources Management in KazTransOil JSC.

In 2023, a modern VOC-S-SBR unit was procured to replace the treatment unit 'Biox-50' at the facility of Aktobe Oil

Pipeline Department, as well as design and survey works on the project 'Reconstruction of biochemical treatment system at POPS Kumkol'.

Plans for 2024 and the medium term

1. Reconstruction of biochemical treatment system at Kumkol POPS of Zhezkazgan oil pipeline department.
2. Execution of the Action Plan for possible reduction of fresh-water use, reduction of normative treated water discharge by increasing reuse or recycling of water resources, reduction of water losses in KazTransOil JSC for 2023-2027 within the established implementation timeframe.

Waste management

Management approach

GRI 3-3, 306-2

One of the main commitments undertaken by the Company in the Environmental Policy of KazTransOil JSC is the implementation of waste management operations. Safe waste management is organized in accordance with the requirements of the Environmental Code of the Republic of Kazakhstan, regulatory legal acts, requirements of international standards, as well as the Waste Management Rules of KazTransOil JSC, the purpose of which is to establish requirements and distribution of responsibilities in the process of waste management generated during the Company's production activities.

The Company carefully ensures that waste from operations does not pose a threat to human life and health, a risk to water, air, soil, fauna and flora, or have a negative impact on landscapes and specially protected natural areas.

Annually, each separate structural subdivision approves waste lists and waste management methods, develops/adjusts waste management programme if necessary, submits hazardous waste passports, waste inventory reports, industrial environmental control report to the authorized environmental authority. The responsible division of Branch RDC of KazTransOil JSC develops and approves waste passports and waste management programme. Each structural subdivision appoints a person responsible for waste management and inventory.

GRI 306-1

The production processes that generate waste at KazTransOil JSC facilities include:

- production processes related to the transportation and storage of hydrocarbon raw materials (waste electrical equipment, oily rags, paint containers, waste rubber products, waste oil, waste radiographic film, etc.);
- operation of machine-tool equipment (metal shavings, dust of spent abrasive);
- welding operations (welding electrode cinders);
- repair and construction and preventive maintenance works (construction waste, scrap metal).

All the Company's waste is accumulated in closed, labelled containers at specially equipped sites and then transferred to specialized organizations for disposal or recovery. Hazardous and non-hazardous waste is collected separately in accordance with the Environmental Code and registered in the production and consumption waste logbook.

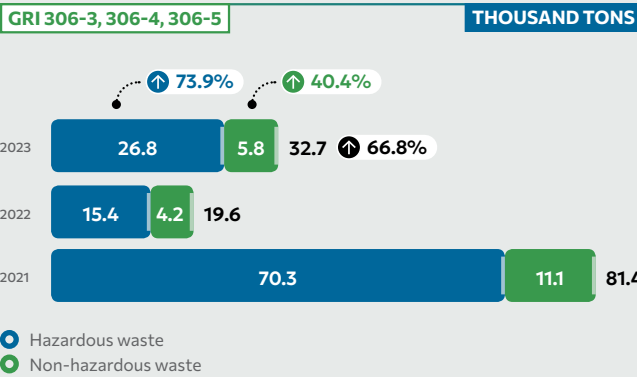
The total volume of waste generation in 2023 for the Group of companies KazTransOil JSC amounted to 32,655.5 tons and increased by 66.8%

compared to 2022. The reasons for the increase in the volume of waste are the formation of contaminated soil because of works carried out by KazTransOil JSC on the reclamation of historically disturbed land at 508 km Uzen — Atyrau — Samara MOP, as well as in connection with the works of Main Waterline LLP on the construction of the main water pipeline 'Astrakhan-Mangyshlak'.

All KazTransOil JSC waste generated in the process of production activities in the amount of 31,814 tons is transported by specialized organizations for further recovery or disposal. Such hazardous waste as fluorescent lamps, cartridges, batteries are stored separately and transferred to specialized organizations. Chemical reagents and solutions left after laboratory analyses are removed and neutralized.

In most enterprises of KazTransOil JSC separate collection of wastepaper and plastic is carried out, which are also handed over to specialized organizations. KazTransOil JSC strives to reduce waste generation, and training on waste management and separate waste collection is provided to employees.

Total volume of waste generation by hazardous and non-hazardous waste for Group of companies KazTransOil JSC



Impact on biodiversity

Management approach

GRI 3-3

238 sets

of bird protection devices were installed in Pavlodar and Karaganda oil pipeline departments in 2023

KazTransOil JSC due to the specific nature of its operations has a negligible impact on the biodiversity of vegetation, animals and their habitats. The Company's main assets, in particular the oil pipelines, are located under the green belt, which minimizes the negative impact of operations on biodiversity. However, the Company's operations cover the entire territory of the Republic of Kazakhstan and KazTransOil JSC recognizes that there is an increasing need to take measures to conserve the diversity of flora and fauna and reduce species loss. The Company supports the Global Biodiversity Framework Programme endorsed by the United Nations Conference on Biodiversity.

KazTransOil JSC actively works on preservation of biodiversity in the areas of its operations, making efforts to reduce possible negative impacts of its activities on the environment, which is reflected in the Company's Environmental Policy. The Company's main contribution to the preservation of ecosystems is the systematic and timely reclamation of affected areas. Biodiversity impact assessment is carried out as part of environmental impact assessment during the development of project documentation for facilities. Environmental impact assessment provides for a detailed analysis of all aspects of the impact of specific facilities and installations of planned economic activities on the environment, including flora and fauna.

GRI 304-1

The following specially protected areas are located near 50 km from the linear production dispatch station 'Peterfeld' on the territory of the North-Kazakhstan region:

- 'Mamlut State Nature Reserve' of Mamlut district;
- 'Sogorovsky State Nature Reserve' located on the territory of three state institutions 'Petropavlovsky', 'Sokolovsky' of Kyzylzhar district and 'Bulayevsky' of M. Zhumabaev district;
- Nature Monuments 'Serebryany Bor' and 'Pine Bor' on the territory of Kyzylzhar district.

There are no production sites located in specially protected areas.

GRI 304-2, 304-3

Due to the impact of electric current, overhead power lines of KazTransOil JSC can lead to the death of large and medium-sized birds, including those listed in the Red Book of the Republic of Kazakhstan. Among bird species, the steppe eagle, owl, and to a lesser extent golden eagle, balaban falcon and other species are the most endangered when interacting with overhead power lines.

In 2023, work was carried out to install bird protection devices, which significantly reduced the likelihood of birds being killed when landing on line disconnectors. A total of 238 sets were installed in Pavlodar and Karaganda oil pipeline departments.

Land protection

KazTransOil JSC is responsible for the preservation of land resources in the areas of its operations. The Company carries out activities to remediate historically contaminated land and monitors soil contamination on a quarterly basis with the involvement of third-party independent accredited organizations.

KAZTRANSOIL JSC HAS ALSO UNDERTAKEN TO REMEDIATE LAND CONTAMINATED IN 1950-1960. SUCH WORK IS BEING CARRIED OUT IN STAGES IN ACCORDANCE WITH THE APPROVED PROJECT FOR REMEDIATION OF DISTURBED LANDS.

Recultivation of disturbed lands (historical pollution) in KazTransOil JSC

GRI 304-3

| Indicator | 2021 | 2022 | 2023 | Change, % |
|--|---------|-------|-------|-----------|
| Recultivation of disturbed lands (historical pollution), hectare | 8.0 | 2.26 | 1.64 | -27.4 |
| Costs of recultivation of disturbed land (historical pollution), million tenge incl. VAT | 2,074.4 | 746.5 | 650.6 | -12.8 |

In 2023, KazTransOil JSC carried out works on remediation of historically contaminated lands along the 'Uzen — Atyrau — Samara' MOP. The last stage of reclamation was the planting of vegetation characteristic of the area.

In 2023, work continued to restore historically contaminated land along the Uzen-Atyrau-Samara MOP. In the reporting year, 1.64 hectare of disturbed land was restored.

Plans for 2024 and the medium term

Continuation of works on reclamation of disturbed lands at the Uzen-Zhetybai-Aktau oil pipeline section of the Mangistau Oil Pipeline Department.

Disturbed land restored in 2023

1.64 hectare

Costs of recultivation of disturbed lands

650.6 million tenge



1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

Sustainable development management

Vital health and safety at work and industrial safety regulations

Human resources management, equality and socio-economic impact

Procurement system and local content development

Environmental protection

Energy consumption and energy saving

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Asset Integrity and Critical Incident Management

Management approach

GRI 3-3, 306-3

KazTransOil JSC monitors potential threats to its operations and mitigates risks to facility integrity through a barrier management system in order to ensure accident-free production and improve the efficiency of production processes. KazTransOil JSC's authorized unit continuously assesses the condition of the main pipelines to identify any breaches in the integrity of the sealing of the pipeline itself in order to take mitigation measures and develop emergency response plans.

KazTransOil JSC had one incident in 2023: on 6 March, an oil slick was detected at Opornaya OHS near the oil leakage collection tank from heating furnaces №1 and №2. The incident occurred due to a power outage by the power supplying organization Beineu District Operational Service, because of which the emergency protection system was triggered. The volume of the spill is 7 tons. The area of the oil-contaminated area was 220 m². The spill was promptly eliminated, and the disturbed land was reclaimed.



Address by the Chair of the Board of Directors
Address by the General Director (Chair of the Management Board)
Key indicators 2023
Layout of Main Pipelines
Key events 2023
Company's Business Model

- 1. COMPANY OVERVIEW
- 2. OPERATING PERFORMANCE RESULTS
- 3. SUSTAINABLE DEVELOPMENT PERFORMANCE
- 4. CORPORATE GOVERNANCE

Corporate governance system and its basic principles
Report on compliance with the Corporate Governance Code
General Shareholders' Meeting
Board of Directors
Management Board
Anti-corruption
Taxation
Internal and external audit
Risk management

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Corporate governance

| | |
|---|-----|
| Corporate governance system and its basic principles | 158 |
| Report on compliance with the Corporate Governance Code | 159 |
| General Shareholders' Meeting | 160 |
| Board of Directors | 164 |
| Management Board | 173 |
| Anti-corruption | 178 |
| Taxation | 182 |
| Internal and external audit | 183 |
| Risk management | 184 |

Corporate governance

Material topics

- Economic impact
- Countering corruption

Key events

- Dividend payment for 2022 was completed on 13 June 2023. A total of 15,000,495,861 tenge, or 39 tenge per ordinary share of the Company, was allocated for the payment of dividends for the year 2022.

Goals and their achievement in 2023

- | | |
|---|---|
| <p>1 Continued work aimed at developing an anti-corruption culture in the Company and SJCE.</p> <p>  Goal achieved. Implementation is ongoing</p> | <p>4 Timely and complete fulfilment of the Company's tax obligations to the budget and fulfilment of the obligation to calculate, charge and pay social payments to off-budget funds.</p> <p>  Goal achieved. Implementation is ongoing</p> |
| <p>2 Further work to build a compliance risk management system (including sanctions risk management) in the Company's SJCE.</p> <p>  Goal achieved. Implementation is ongoing</p> | <p>5 Ensuring that timely measures are taken to prevent and/or minimize the negative consequences of the Company's tax risks.</p> <p>  Goal achieved. Implementation is ongoing</p> |
| <p>3 Ensuring planning of the Company's obligations to pay taxes and other obligatory payments to the budget.</p> <p>  Goal achieved. Implementation is ongoing</p> | |

Key indicators for 2023

The Board of Directors held

16

in-person meetings

at which

142

decisions were made

The Management Board held

32

in-person meetings

at which

210

issues were considered

Internal Audit Service conducted

7

audits

Payments of taxes and other mandatory payments to the state budget

~40.1

billion tenge

0

confirmed cases of corruption

Intolerance to corruption index

91%

Contribution to the UN SDGs



1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

Corporate governance system and its basic principles

Report on compliance with the Corporate Governance Code

General Shareholders' Meeting

Board of Directors

Management Board

Anti-corruption

Taxation

Internal and external audit

Risk management

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Corporate governance system and its basic principles

KazTransOil JSC considers corporate governance as an essential factor in creating long-term value and ensuring sustainable development of the company, as well as increasing its competitiveness and attractiveness to investors.

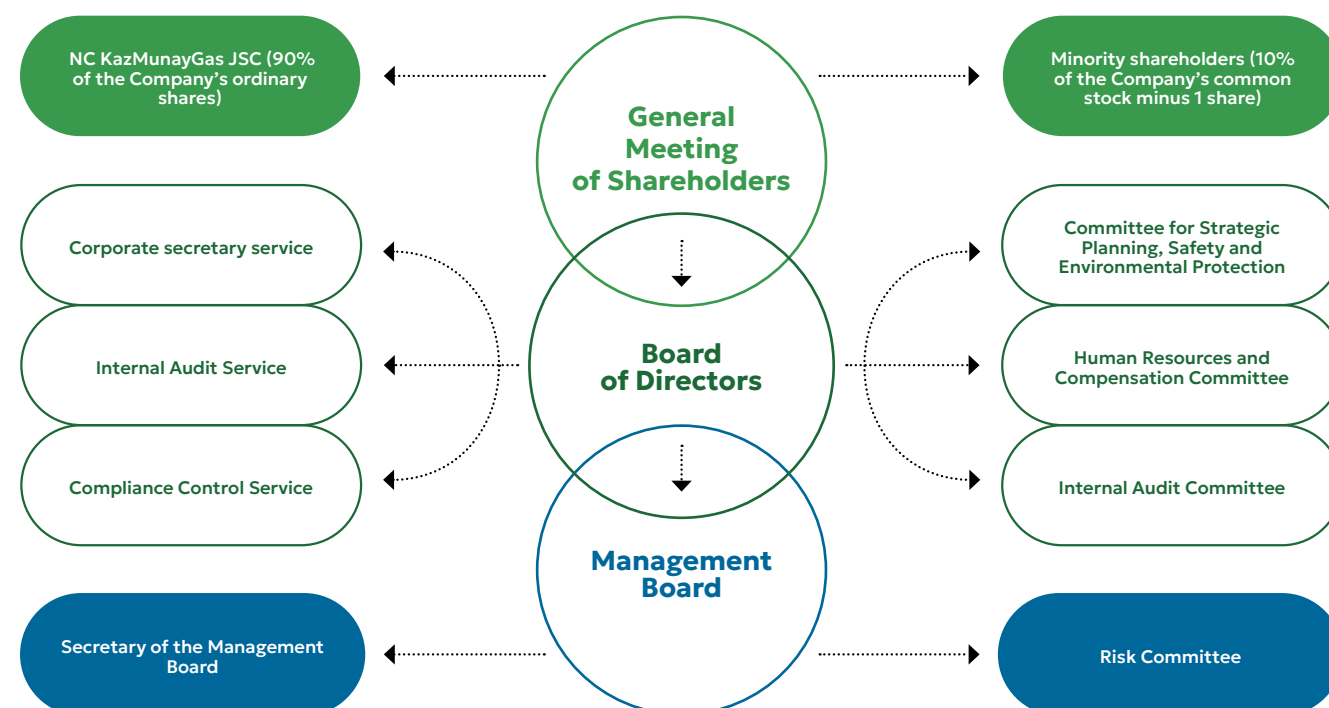
Corporate governance of KazTransOil JSC is a set of processes that ensure management and control of the Company's activities, as well as a system of relationships between shareholders, the Board of Directors, the executive body and stakeholders.

KazTransOil JSC builds the Company's corporate governance system in accordance with the legislation of the Republic of Kazakhstan, the Company's Charter and the Corporate Governance Code.

The Company's bodies that make decisions on key issues of the Company's activity and perform 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



Report on compliance with the Corporate Governance Code

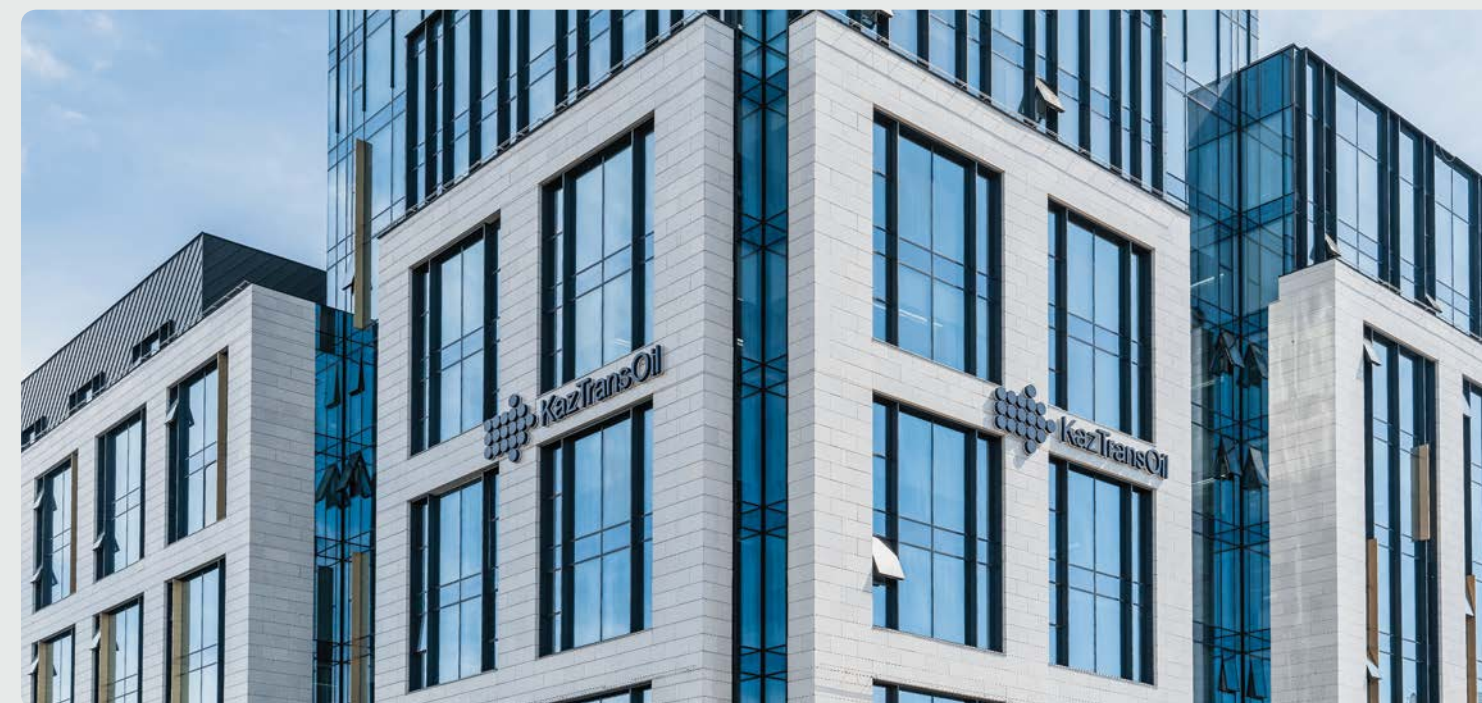
The objectives of the Corporate Governance Code are to improve corporate governance in KazTransOil JSC, to ensure transparency of management, to confirm the Company's commitment to follow the standards of good corporate governance. The principles of the Code are:

1. The Government as a shareholder of Samruk-Kazyna JSC.
2. Interaction of Samruk-Kazyna JSC and organisations. The role of Samruk-Kazyna JSC as a national management holding.
3. Sustainable development.
4. Shareholders' rights and fair treatment of shareholders.
5. Effectiveness of the Board of Directors and the Executive Body.
6. Risk management, internal control, and audit.
7. Transparency.

These principles are in line with the best corporate governance practices and are important for increasing the long-term value, investment attractiveness and sustainable development of the Company as a whole.

The Company, realising the importance of corporate governance, pays great attention to the need for the Company's internal documents and practices to comply with the principles of corporate governance.

A full report on KazTransOil JSC's compliance with the principles and provisions of the Corporate Governance Code for 2023 is available on the Company's website in the 'Corporate Governance section' — ['Report on compliance with the principles and provisions of the corporate governance code'](#).



General Shareholders' Meeting

The General Shareholders' Meeting 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 Company's Charter and the Regulations on the General Shareholders' Meeting of 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 Shareholders' Meeting and Extraordinary General Shareholders' Meetings.

The procedure of the General Shareholders' Meeting is aimed at ensuring observance of shareholders' rights and meets all requirements of the current legislation, as well as the best international corporate governance practices.

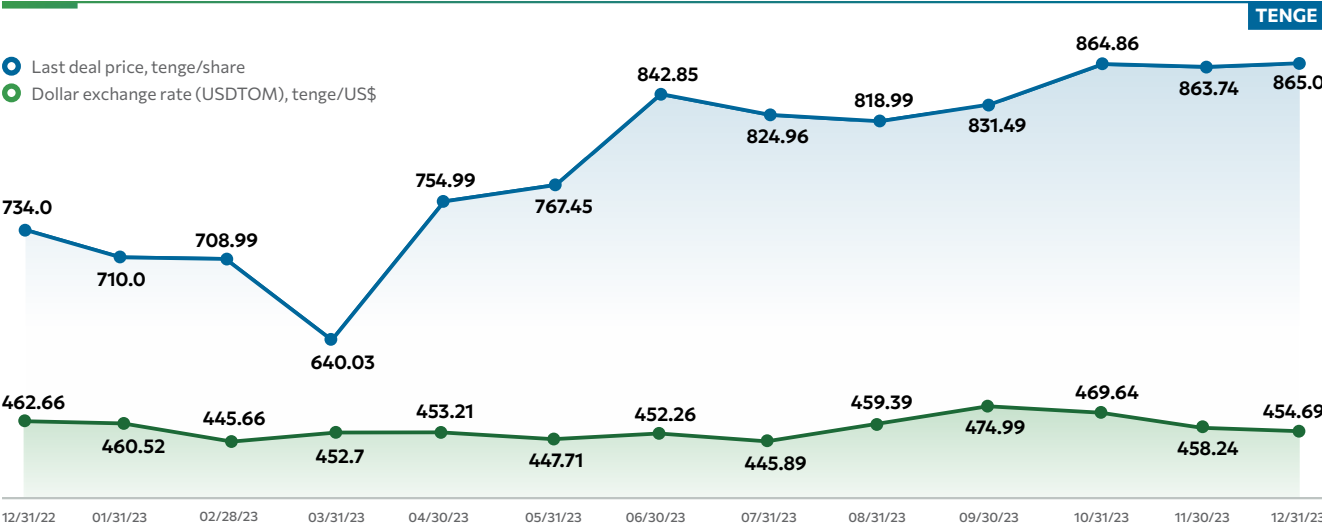
Share capital structure

As at 31 December 2023, 384,635,599 ordinary shares of the Companies were issued and paid up, of which:

- 346,172,040 common shares, or 90% of the total number of issued and outstanding shares are held by NC KazMunayGas JSC;

- 38,463,559 common shares or 10% minus one share were placed by subscription method on KASE, of which 7,500 common shares were repurchased by the Company at the shareholder's request.
- 1 (one) common share of the Company has not been placed.

Change in the market value of KazTransOil JSC shares in 2023



Information on General Shareholders' Meetings of KazTransOil JSC in 2023

Annual General Shareholders' Meeting

Annual General Shareholders' Meeting was held on 24 May 2023 KazTransOil JSC, where the following issues were considered:

- On approval of the audited annual financial statements and audited consolidated annual financial statements of KazTransOil JSC for 2022.
- On approval of the procedure for distribution of net income of KazTransOil JSC for 2022, adoption of the decision on payment of dividends on ordinary shares and approval of the amount of dividend per one ordinary share of KazTransOil JSC.
- On approval of the annual report of the Board of Directors of KazTransOil JSC on the work done for 2022.
- On appeals of the shareholders of KazTransOil JSC for 2022 on the actions of KazTransOil JSC and its officials and the results of their consideration.
- On making amendments and additions to the Charter of KazTransOil JSC.
- On early termination of powers of some members of the Counting Commission of KazTransOil JSC and election of new members of the Counting Commission of KazTransOil JSC.

Extraordinary General Shareholders' Meetings

An Extraordinary General Shareholders' Meeting of KazTransOil JSC was held on 14 August 2023, where the following issues were considered:

- On early termination of powers of members of the Board of Directors of KazTransOil JSC Agostini Vinicius Alves and Martinez Lopez Alberto.
- On election of members of the Board of Directors of KazTransOil JSC, including its Chairman.
- On determining the amount and terms of payment of remuneration and reimbursement of expenses to the elected members of the Board of Directors of KazTransOil JSC for the performance of their duties.
- On making an amendment to the Charter of 'KazTransOil' Joint Stock Company.

Dividend policy

The Dividend Policy of KazTransOil JSC was developed in order to balance the interests of the Company and its shareholders, to ensure the greatest transparency for shareholders and all stakeholders, the procedure for determining the number of dividends and the procedure for their payment.

The Dividend Policy sets the number of dividends to be paid at least 40% of the Company's net income. The actual number of dividends may reach or exceed 100% of the Company's net income, if this does not contradict the Company's obligations.

For dividend calculation purposes, the highest amount of consolidated or separate net income is used. The Company's Management Board reserves the right to propose a dividend payout level lower than the 40% standard, based on the Company's actual results for the relevant financial year, industry-wide development dynamics and capital (investment) expenditure programme.

By resolution of the Annual General Shareholders' Meeting, 15,000,495,861 tenge, or 39 tenge per ordinary share of the Company, was allocated for the payment of dividends for 2022. The dividend payment for 2022 was completed on 13 June 2023.

Dynamics of dividend payments

| TENGE | | | |
|-------------------------------------|------------------------------------|--------------------|----------------|
| Period for which dividends are paid | Dividend payment commencement date | Dividend per share | Payout 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 |
| 01.01.2022 – 31.12.2022 | 13.06.2023 | 39 | 15,000,495,861 |

I Disclosure of information

DISCLOSURE OF INFORMATION 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 Securities Market', the Law of the Republic of Kazakhstan 'On Joint Stock Companies', the Rules of Information Disclosure by Initiators of Admission of Securities of Kazakhstan Stock Exchange JSC, 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 provide feedback between the Company and its shareholders, potential investors, analysts, representatives of the investment community in general and professional participants of the securities market, the Company has an investor relations service.

In 2023, the management of KazTransOil JSC held 3 online meetings with investors, professional securities market participants and media representatives on the KASE platform as part of the 'Issuer Day'. The Company covered the main data on production and financial indicators, capital investments, tariff policy and implementation of investment projects of KazTransOil JSC.

KASE on 12 March 2024 awarded KazTransOil JSC with a diploma 'For Striving for Transparency' by results of work for 2023 (company of non-financial sector of economy). According to KASE experts, the Company demonstrates the best practice of disclosure of information to investors and building communications with investors using the KASE platform.

The Company will continue to work on maintaining information transparency and effective disclosure of information to stakeholders.

I Awards and ratings

1

THE POSITION OF KAZTRANSOIL JSC ON THE SECURITIES MARKET IN THE REPORTING YEAR WAS ESTIMATED BY KASE:

KASE awarded KazTransOil JSC with a diploma "For Striving for Transparency" by results of work for 2023.

KazTransOil JSC was awarded a diploma — 'Leader of the Share Market'.



2

KAZTRANSOIL JSC MAINTAINS A STABLE HIGH LEVEL OF CREDIT RATING, WHICH IS CONFIRMED BY ASSESSMENTS OF INDEPENDENT AGENCIES:

International rating agency S&P Global Ratings revised the outlook on the Company's rating to 'Stable' (KazTransOil JSC rating — 'BB+');

«BB+»

International rating agency Fitch Ratings upgraded the long-term issuer default rating of KazTransOil JSC from 'BBB-' to 'BBB'.

«BBB»

THE COMPANY'S DISCLOSURE INITIATIVES HAVE ALSO BEEN HIGHLY RECOGNISED BY REGULATORS AND INTERNATIONAL COMPANIES:

3

1st place among national companies according to the results of monitoring of practical use of the state language in 2022 when posting information on corporate Internet resources, conducted by the Language Policy Committee of the Ministry of Science and Higher Education of the Republic of Kazakhstan within the framework of the state programme for the implementation of language policy in the Republic of Kazakhstan for 2020-2025;



Winner in the nomination 'Best Annual Report in the non-financial sector' on the results of activities for 2021 within the framework of the annual competition held by KASE;



Diploma in the nomination 'Best Annual Report Design for 2021' based on the results of 2021 within the framework of the annual competition held by KASE;



One of the leading positions in the rating of the 50 best Kazakhstani companies on disclosure of non-financial information in corporate reports according to the assessment of PricewaterhouseCoopers (PwC).



3

online meetings with investors of KazTransOil JSC



Board of Directors

The Board of Directors is the Company’s management body that provides strategic management of the Company and control over the activities of the Company’s Management Board within its competence. The Board of Directors reports to the General Shareholders’ Meeting and is responsible for the effective management and proper control of the Company’s activities in accordance with the current 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 Shareholders’ Meeting, 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 strategy and priority areas of the Company’s 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 development priorities, sets key performance indicators for the Company’s development plan, and monitors their fulfilment. The Board of Directors also monitors the implementation of the Company’s Development Strategy, including the provision of necessary resources to achieve the set goals.

Composition of the Board of Directors

GRI 2-9, GRI 2-10, GRI 2-11, GRI 2-12, GRI 2-17

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 the major shareholder – NC KazMunayGas JSC. Three members of the Board of Directors Three members of the Board of Directors of KazTransOil JSC are independent directors, which allows protecting the 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 as a member of the Board of Directors.

The Chairman of the Board of Directors of the Company is Bulat Zakirov, a representative of NC KazMunayGas JSC.

All members of the Company’s Board of Directors have a high professional reputation and significant industry experience. All members of the Board of Directors have the necessary knowledge and competences in strategic planning, financial reporting and audit, business planning and project management.

BoD members competence matrix KazTransOil JSC

| BoD members | Bulat Zakirov | Ardak Kassymbek | Talgat Kurmanbayev | Hadrien Fraissinet | Timothy Glen Miller | Kazbek Kussainov |
|--|---------------|-----------------|--------------------|--------------------|---------------------|------------------|
| Expertise | | | | | | |
| Strategic Planning | + | + | + | + | + | |
| Operational Management | + | + | + | + | + | + |
| Finance and Investment | + | + | + | + | | + |
| Professional background | | | | | | |
| Applied industry background (petroleum industry) | + | + | + | | + | |
| Managerial positions background (CEO, CEO-1) | + | + | + | + | + | + |
| International background | + | | + | + | + | |
| Education | | | | | | |
| PhD/MBA/other master’s degree | + | + | | + | | + |
| Economics and finance | + | + | | | | + |
| Legal | | | + | | | |
| Engineering and Technical sciences | | | + | | + | + |
| Management and Business administration | | + | | + | | + |



BULAT ZAKIROV

Chairman of the Board of Directors of KazTransOil JSC
Representative of NC KazMunayGas JSC

Citizenship: Republic of Kazakhstan

Born on 16 July 1976

- Graduated from the Kazakh State Academy of Management, specialising in International Monetary and Financial Relations. He has a Master of Science degree in Energy Industries, University of Dundee.

Work experience

- He started his career in 1999 as a specialist in the Strategic Planning Department of KazTransOil JSC. In different years he worked and held managerial positions in KazTransOil JSC and KMG-Transcaspien LLP.
- From 2018 to 2022 – Director of Oil Transportation Department, Head of Oil Transportation Department NC KazMunayGas JSC .
- From May 2022 – Deputy Chairman of the Management Board of NC KazMunayGas JSC .

- Since 14 August 2023 – Chairman of the Board of Directors of KazTransOil JSC, representative of NC KazMunayGas JSC .
- Member of the Board of Directors of CPC-R JSC, Chairman of the Supervisory Board of NC KMG Kazmortransflot LLP, member of the Board of Directors of KMG International N.V.
- Does not own any shares of the Company or SJCE.
- Does not own shares of the Company’s suppliers and competitors.
- Has not carried out any transactions with the Company’s shares.



ARDAK KASSYMBEK

Member of the Board of Directors of KazTransOil JSC
Representative NC KazMunayGas JSC

Citizenship: Republic of Kazakhstan

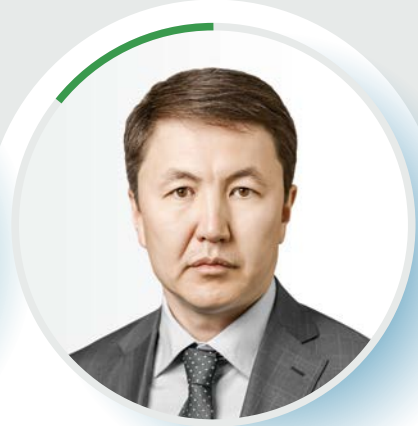
Born on 29 September 1977

- Graduated from Al-Farabi Kazakh State National University with a degree in International Economic Relations and Business School of City with a degree in Banking and International Finance.

Work experience

- He started his career in 1998 as a leading banker in the Structured Finance Department of Halyk Bank of Kazakhstan JSC. In different years he worked and held managerial positions in NC KazMunayGas JSC .
- From 2018 to 2019 – Chairman of the Management Board of Capital Kazyna Management JSC.
- From 2021 to 2023 – member of the Supervisory Board of KTZ-Freight transportation JSC, member of the Board of Directors of KTZ Express JSC, Kedentransservice JSC.

- Since 14 August 2023 – member of the Board of Directors of KazTransOil JSC, representative of NC KazMunayGas JSC.
- He is not a member of management bodies of other organisations.
- Does not own shares of the Company and SJCE.
- Does not own shares of the Company’s suppliers and competitors.
- He has not carried out 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 8 July 1979

- In 2000 graduated from Kazakh Humanitarian Law University with a degree in Jurisprudence. In 2006 he graduated from Kazakh State National Technical University named after K. Satpaev with a degree in Design, Construction and Operation of Gas and Oil Pipelines and Gas and Oil Storage Facilities.

Work experience

- He started his career in 2000 as a manager of Munai-Transco JV CJSC. In different years he worked in KazTransOil JSC, Munai-Transco JV CJSC, NC KazMunayGas JSC and Samruk-Kazyna JSC.
- From 2015 to 2020 – Deputy General Director, General Director of KazMunayGas-Aero JSC.
- From 2020 to 2022 – Deputy Director of the Oil Industry Development Department of the Ministry of Energy of the Republic of Kazakhstan.
- From 23 February 2022 to the present – General Director (Chairman of the Management Board) of KazTransOil JSC.

- Since 12 April 2022 – member of the Board of Directors of KazTransOil JSC.
- He is not a member of management bodies of other organizations.
- Does not own any shares of the Company or SJCE.
- He does not own shares of the Company’s suppliers and competitors.
- He has not carried out any transactions with the Company’s shares.

Address by the Chair of the Board of Directors
Address by the General Director (Chair of the Management Board)
Key indicators 2023
Layout of Main Pipelines
Key events 2023
Company's Business Model

1. COMPANY OVERVIEW
2. OPERATING PERFORMANCE RESULTS
3. SUSTAINABLE DEVELOPMENT PERFORMANCE
4. CORPORATE GOVERNANCE

Corporate governance system and its basic principles
Report on compliance with the Corporate Governance Code
General Shareholders' Meeting
Board of Directors
Management Board
Anti-corruption
Taxation
Internal and external audit
Risk management

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES



Independent directors

The presence of independent directors on the Company's Board of Directors is due to the desire to achieve the best balance of experience, skills and qualifications of the Board members. Independent directors bring to the work of the Board of Directors valuable experience in corporate governance, risk management, as well as international experience, strategic vision, and deep understanding of the specifics of the oil transportation industry.

In addition to participating in the work of the Board of Directors, independent directors chair committees under the Board of Directors, take an active part in discussing issues on the agenda of meetings, and ensure the development of objective decisions considering the interests of all shareholders.

During the reporting period, the independent directors of the Company fully met the independence criteria defined by the legislation of the Republic of Kazakhstan, the Company's Charter and the Regulations on the Board of Directors of the Company.

Additional information on 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 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 Shareholders' Meeting elects the members of the Board of Directors based on clear and transparent procedures, taking into account the competences, skills, achievements, business reputation and professional experience of the candidates. When re-electing individual members of the Board of Directors or the entire Board of Directors for a new term, their contribution to the effectiveness of the Company's Board of Directors is considered.

The Company's Board of Directors and its committees maintain a balance of skills, experience and expertise to ensure independent, objective and effective decision-making in the interests of the Company and shareholders, long-term value growth and sustainable development of the Company.



HADRIEN FRAISSINET

Independent director

Citizenship: Swiss Confederation
Born on 13 December 1979

- Holds a Bachelor's Degree 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 28 January 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.



TIMOTHY GLEN MILLER

Independent director

Citizenship: U.S.A.
Born 13 November 1959

- Holds a Bachelor of Science in Mechanical Engineering from Texas Tech University (Texas, USA) and distinguished scholarship recognition of Tau Beta Pi.

Work experience

- A seasoned executive in energy management, people leadership and operations with more than 42 years of experience across the globe. He has a proven track record of success in operational and process safety leadership, strategy development and implementation, improving efficiencies and exploiting new business opportunities. Tim led the largest oil and gas operation in Kazakhstan, Tengizchevroil, for five years serving as General Director. He also led Chevron's assets in the Eurasia region for three years as Managing Director before retiring from Chevron in 2019. During his career, Tim served in a variety of executive leadership roles in Kuwait, Brazil, Indonesia and Kazakhstan.

- Since 14 August 2023 – Independent Director of KazTransOil JSC.
- He is not a member of management bodies of other organizations.
- Does not hold any shares of the Company or SJCE.
- He does not own shares of the Company's suppliers and competitors.
- He has not carried out any transactions with the Company's shares.



KAZBEK KUSSAINOV

Independent director

Citizenship: Republic of Kazakhstan
Born 24 March 1981

- He graduated from the University of International Business named after Kenzhegali Sagadiyev (UIB) with a qualification of an Economist. He studied at the Kazakh National Technical University, at the faculty of «Development of oil and gas fields» with the qualification «Mining oil engineers». Holds a Master of Business Administration (MBA) degree from the Moscow School of Management Skolkovo (Moscow, Shanghai, San Francisco).

Work experience

- Has extensive experience in asset management. He began his career in 2000 as a specialist in the administrative department of KazTransOil JSC. He worked as the chief specialist of the asset management department of JSC NC KazMunayGas. Since 2003, he held the positions of the chief manager of the economic analysis department, the asset management department and the position of deputy director of the asset management department of KazTransGas JSC. From 2005 to the present, he has been in private business.

- Since 14 August 2023 – Independent Director of KazTransOil JSC.
- He is not a member of management bodies of other organizations.
- Does not hold any shares of the Company or SJCE.
- He does not own shares of the Company's suppliers and competitors.
- He has not carried out any transactions with the Company's shares.

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

I Activities of the Board of Directors

Attendance at Board of Directors meetings in 2023*

| Director | Meeting attendance | | Period of being a member of the Board of Directors in the reporting period |
|-------------------------|-----------------------------|---------------------------------|--|
| | Number of meetings attended | Percentage of meetings attended | |
| Marat Ormanov | 10 out of 10 | 100% | 01.01.2023 – 16.07.2023 |
| Bulat Zakirov | 5 out of 5 | 100% | 14.08.2023 – 31.12.2023 |
| Marlen Orazbekov | 10 out of 10 | 100% | 01.01.2023 – 14.07.2023 |
| Ardak Kassymbek | 5 out of 5 | 100% | 14.08.2023 – 31.12.2023 |
| Talgat Kurmanbayev | 16 out of 16 | 100% | 01.01.2023 – 31.12.2023 |
| Vinicius Agostini Alves | 11 out of 11 | 100% | 01.01.2023 – 14.08.2023 |
| Alberto Martinez Lopez | 11 out of 11 | 100% | 01.01.2023 – 14.08.2023 |
| Kazbek Kussainov | 5 out of 5 | 100% | 14.08.2023 – 31.12.2023 |
| Timothy Glen Miller | 5 out of 5 | 100% | 14.08.2023 – 31.12.2023 |
| Hadrien Fraissinet | 16 out of 16 | 100% | 01.01.2023 – 31.12.2023 |

* In accordance with the written notices filed: On 15 July 2023, the powers of Marlen Orazbekov, a member of the Board of Directors of the Company, were early terminated on his own initiative; On 17 July 2023, the powers of Marat Ormanov, a member of the Board of Directors of the Company, were early terminated on his own initiative. In accordance with the decisions of the General Shareholders' Meeting of the Company: On 14 August 2023, the powers of Vinicius Agostini Alves and Alberto Martinez Lopez, members of the Company's Board of Directors, were early terminated; from 14 August 2023, the following were elected to the Board of Directors of the Company:

1. Bulat Zakirov — representative of NC KazMunayGas JSC ;
2. Ardak Kassymbek — representative of NC KazMunayGas JSC ;
3. Kazbek Kussainov — independent director;
4. Timothy Glen Miller — independent director.

In 2023, 16 in-person meetings of the Board of Directors were held, at which 142 issues were considered and resolved, including the following key areas of the Company's business.

I Strategic Development:

- consideration of the Report for 2022 on the implementation of the Development Strategy of KazTransOil JSC until 2028;
- consideration of the Report on the implementation of KazTransOil JSC business plan for 2022-2026 in terms of the budget for 2022 at the revalued cost of fixed assets;
- approval of business plans of KazTransOil JSC for 2024-2028 at revalued and historical cost of fixed assets.

I Financial and economic activities:

- on convening the Annual General Shareholders' Meeting of KazTransOil JSC;
- preliminary approval of the audited annual financial statements and audited consolidated annual financial statements of KazTransOil JSC for 2022;
- approval of interim (half-year) financial statements and interim (half-year) consolidated financial statements of KazTransOil JSC for the first half of 2023;
- proposals of the Board of Directors to the General Shareholders' Meeting of KazTransOil JSC on the procedure for distribution of net income of KazTransOil JSC for 2022 and the amount of dividend for 2022 per one common share of KazTransOil JSC;
- conclusion of transactions in which KazTransOil JSC is interested.

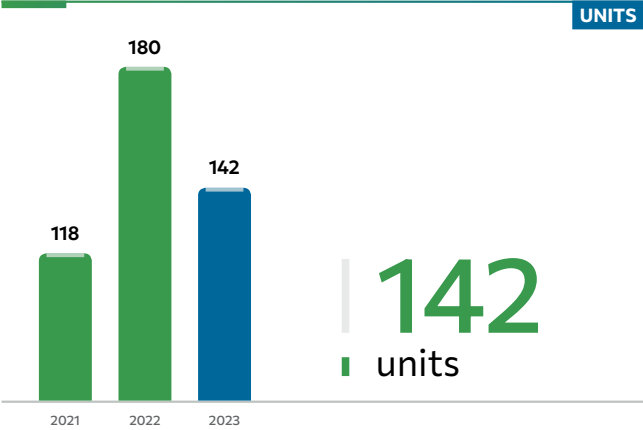
I Sustainable Development:

- consideration of the Report on Compliance Control Service Activities KazTransOil JSC for 2022;
- approval of the Compliance Control Service Work Plan KazTransOil JSC for 2024;
- approval of the KazTransOil JSC Stakeholder Map for 2024-2026.
- amendments to the Parameters on the system of remuneration of KazTransOil JSC employees — Rules of organisation and remuneration of employees of separate structural subdivisions of KazTransOil JSC.

I Corporate Governance:

- approval of the Annual Report of KazTransOil JSC for 2022;
- approval of motivational key performance indicators of KazTransOil JSC executives for 2023 and their target values;
- approval of motivational key performance indicators of the Corporate Secretary of KazTransOil JSC for 2023 and their target values
- approval of the report on compliance of KazTransOil JSC with the principles and provisions of the Corporate Governance Code for 2022;
- approval of the annual report of the Board of Directors of KazTransOil JSC on the work done for 2022.

Number of issues considered at the meetings of the Board of Directors of KazTransOil JSC



I Internal Audit:

- approval of the annual audit plan of the Internal Audit Service of KazTransOil JSC for 2024;
- approval of the budget of the Internal Audit Service of KazTransOil JSC for 2024;
- hearing of reports of the Internal Audit Service of KazTransOil JSC.

I Risk management and internal control:

- approval of quarterly reports on production and non-production risks of KazTransOil JSC and its SJCE;
- approval of the results of identification and assessment of production and non-production risks of KazTransOil JSC and its SJCE for 2024.

The Board of Directors also considered a number of issues referred to the competence of General Shareholders' Meetings of the Company's SJCE participants/shareholders.

Performance results of the Committees of the Board of Directors

In order to improve the efficiency of the Board of Directors by reviewing and preparing recommendations on the most important issues requiring special competences, the Board of Directors has formed three committees: Strategic Planning, Safety and Environmental Protection Committee, Nomination and Remuneration Committee, Internal Audit Committee. Members of the Committees are appointed by resolution of the Company's Board of Directors.

The Committees were established for the purpose of active discussion and detailed analysis of certain issues of the Company's management. The Committees are accountable to the Board of Directors in accordance with the authorities granted to them by the Board of Directors and the relevant Regulations on the Committees. Members of the Committees are appointed by resolution of the Board of Directors of the Company. The functions, rights and obligations, the procedure for forming and organising the work of the Committees are set out in the relevant internal documents. These documents are available on the Company's website in the Corporate Governance section.

Strategic Planning, Safety and Environment Committee

Composition of the Strategic Planning, Safety and Environment Committee (elected by the decision of the Board of Directors on 14 August 2023):

| Name | Position |
|---------------------|--------------------------------|
| Timothy Glen Miller | Independent Director, Chairman |
| Hadrien Fraissinet | Independent Director |
| Kazbek Kussainov | Independent Director |

The Committee consists of members of the Board of Directors and experts with the necessary professional knowledge to serve on 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 number of Committee members shall be at least 3 persons, with the Independent Director as the Chairman of the Committee.

Committee meetings are held as necessary, but at least once every six months.





I 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, the Company's investment policy, as well as sustainable development, including health and safety of employees and environmental protection.

During 2023, the Committee held two in-person meetings and one meeting by absentee voting to review and make recommendations on the following key issues:

- on recommendations to the Board of Directors of KazTransOil JSC for preparation of proposals to the General Shareholders' Meeting of KazTransOil JSC on the procedure for distribution of net income of KazTransOil JSC and the amount of dividend for 2022 per one ordinary share of KazTransOil JSC;
- on consideration of the KazTransOil JSC Sustainable Development Report for 2022;
- on recommendations to the Board of Directors of KazTransOil JSC on approval of business plans of KazTransOil JSC for 2024-2028 at revalued and historical cost of fixed assets;
- recommendations on the issue of interaction with minority shareholders of KazTransOil JSC.

I Nomination and Remuneration Committee

Composition of the Nomination and Remuneration Committee (elected by resolution of the Company's Board of Directors on 14 August 2023):

| Name | Position |
|---------------------|--------------------------------------|
| Kazbek Kussainov | Independent director, Chairman |
| Hadrien Fraissinet | Independent director |
| Timothy Glen Miller | Independent director |
| Ardak Kassymbek | Representative of NC KazMunayGas JSC |

I Role of the committee

The main purpose of the Nomination and Remuneration Committee is to assist the Board of Directors in the implementation of its powers in the field of HR and social policies, succession planning for the Chairman and members of the Management Board, the system of election/appointment and remuneration of members of the Board of Directors, members of the Management Board, including the General Director (Chairman of the Management Board), Corporate Secretary and Ombudsman of KazTransOil JSC.

During 2023, three in-person meetings of the Nomination and Remuneration Committee and three meetings by absentee ballot were held to consider and make recommendations on the following key issues:

In accordance with the Company's internal documents, the majority of independent directors of the Board should be members of the Committee, thus ensuring the predominance of independent directors in the Committee.

Committee meetings are held as necessary, but at least four times a year.

- on recommendations on the issue of approval of corporate key performance indicators of KazTransOil JSC for 2023 and their target values;
- on recommendations on approval of motivational key performance indicators of executive employees for 2023 and their target values
- recommendations on the issue of approval of motivational key performance indicators of executive employees for 2023 and their target values;
- recommendations on the issue of approval of motivational key performance indicators of the corporate secretary of KazTransOil JSC for 2023 and their target values;
- recommendations on the issue of approval of motivational key performance indicators of the management employees and the corporate secretary of KazTransOil JSC with actual values and final performance for 2022;
- recommendations on the formation of the list of candidates to the Board of Directors of KazTransOil JSC.

I Internal Audit Committee

Composition of the Internal Audit Committee (elected by the decision of the Company's Board of Directors on 14 August 2023):

| Name | Position |
|---------------------|--------------------------------------|
| Hadrien Fraissinet | Independent Director, Chairman |
| Timothy Glen Miller | Independent Director |
| Kazbek Kussainov | Independent Director |
| Ardak Kassymbek | Representative of NC KazMunayGas JSC |

In accordance with the Company's internal documents, three members of the Committee, including the Committee Chairman, should 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 to jointly review audit results.

Meetings of the Internal Audit Committee are held as necessary, but at least once a quarter.

I 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.

During the reporting period, the Internal Audit Committee held six in-person meetings and three meetings by absentee voting, where recommendations were made on the following key issues:

- on preliminary approval of separate and consolidated financial statements of KazTransOil JSC for 2022;
- preliminary approval of the report of the Internal Audit Service of KazTransOil JSC on the results of its work for 2022;

- on consideration of the Report on the activity of the Compliance Control Service of KazTransOil JSC for 2022;
- preliminary approval of the annual audit plan of the Internal Audit Service of KazTransOil JSC for 2024;
- preliminary approval of the budget of the Internal Audit Service of KazTransOil JSC for 2024;
- preliminary approval of the functional key performance indicators of the Internal Audit Service of KazTransOil JSC and its Head for 2024.

Additional information on the requirements to the composition, tasks and competences of the Committees under the Board of Directors and the procedure for holding meetings of the Committees is available on the Company's website in the Corporate Governance section.

I Remuneration of members of the Board of Directors

GRI 2-19, GRI 2-20

The procedure and conditions for payment of remuneration and reimbursement of expenses to members of the Board of Directors are set out in the Rules for Formation of Boards of Directors/Supervisory Boards of NC KazMunayGas JSC .

For representatives of a major shareholder of NC KazMunayGas JSC , the amount and terms of remuneration are determined based on the decision of the authorised body of NC KazMunayGas JSC . At the same time, employees of NC KazMunayGas JSC , whose functional duties include representing the interests of NC KazMunayGas JSC in the Boards of Directors of NC KazMunayGas JSC companies, are not paid remuneration for membership in the Board of Directors. Also, the head of the executive body of KazTransOil JSC, who is a member of the Board of Directors, does not receive remuneration for work in this body.

The following remunerations are paid to the members of the Board of Directors on the basis of contracts concluded with them:

Independent Directors:

- fixed remuneration in the amount of \$80 thousand per year;
- additional remuneration for participation in in-person meetings of the Committees under the Board of Directors in the amount of \$1 thousand.

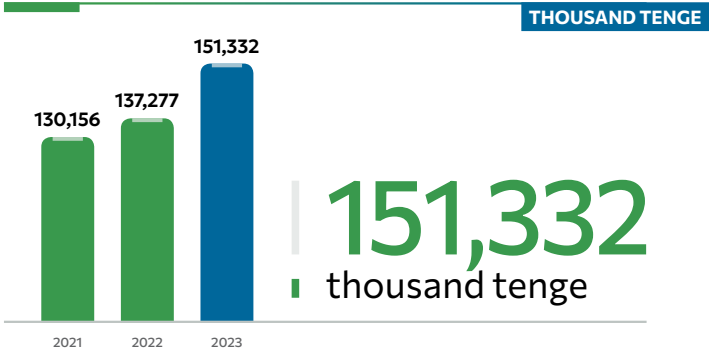
To the representative of NC KazMunayGas JSC:

- fixed remuneration in the amount of 18 million tenge per year;
- additional remuneration for participation in meetings of the Committees of the Board of Directors in presentia in the amount of 450 thousand tenge.

KazTransOil JSC reimburses members of the Board of Directors for expenses (travel, accommodation, per diem) related to travelling to meetings of the Board of Directors, committees of the Board of Directors and meetings initiated by the Chairman of the Board of Directors and/or Chairman of the Management Board of NC KazMunayGas JSC held outside the place of permanent residence of a member of the Board of Directors.

Additional information on the terms of remuneration payment to the members of the Board of Directors is available on the Company's website in the Corporate Governance section.

Dynamics of remuneration of members of the Board of Directors of KazTransOil JSC





I Role and activities of the 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, the Corporate Governance Code, the Regulations on the Corporate Secretary of KazTransOil JSC, other internal documents of the Company, as well as decisions of the General Shareholders' Meeting and the Board of Directors of the Company.

The Corporate Secretary has knowledge, experience and qualifications sufficient to fulfil the duties assigned to him/her, has an impeccable reputation and enjoys the confidence of shareholders.

The Corporate Secretary of the Company is accountable and subordinate in his/her activities to the Board of Directors. The main tasks of the Corporate Secretary include:

- ensuring compliance of the Company's bodies and officials with corporate governance norms, as well as improving corporate governance policies and practices;

- ensuring efficient operation of the Board of Directors and its Committees;
- ensuring General Shareholders' Meetings;
- ensuring storage, disclosure and provision of material information, as well as maintaining a high level of information transparency;
- ensuring clear and effective interaction between the Company and shareholders, as well as between the Company's bodies.

By the decision of the Board of Directors of KazTransOil JSC from 2 July 2021, Shmanov Airat Mahambetovich was appointed Corporate Secretary of KazTransOil JSC with a term of office of three years.

The tasks, functions, rights, duties and responsibilities of the Corporate Secretary of the Company are set out in the Corporate Governance Code and the Regulations on the Corporate Secretary of KazTransOil JSC.

The Regulations on the Corporate Secretary can be found on the Company's website in the 'Corporate Governance section'.

I Conflict of interest

GRI 2-15

In accordance with the Regulations on the Board of Directors, members of the Board of Directors should adhere to the principle of avoiding conflicts of interest in their activities.

Members of the Board of Directors shall refrain from actions that will or may potentially lead to a conflict of interest between them, the Company and shareholders, and if such a conflict exists or may arise, they shall immediately inform the Chairman of the Board of Directors in writing.

A member of the Board of Directors may not vote on matters in which he/she has an interest or a conflict of interest in decision-making.

No cases of conflict of interest were identified in the reporting period.

When considering issues related to the management of conflict of interest of officials and employees, the Company is guided by the Rules of management of conflict of interest of officials and employees of KazTransOil JSC, approved by the decision of the Board of Directors of KazTransOil JSC.

The Company's conflict of interest management process includes:

- identification of a conflict-of-interest situation. It is performed through declaration, consideration of applications, audits and internal investigations, as well as through review and approval of contracts/agreements concluded by the Company, and review of counterparties and candidates for positions;
- conflicts of interest are registered in the register of information on identified conflicts of interest;
- application of measures to prevent conflicts of interest includes familiarization of the Company's employees with the requirements of the Rules, explanatory work, review and approval of contracts/agreements concluded by the Company, verification of counterparties and candidates for positions, as well as quarterly recording of information on affiliates and insiders of the Company;

- settlement of conflicts of interest is carried out in accordance with the Rules and includes restriction of access to specific information, exclusion from participation in discussion and decision-making on certain issues, change of job duties, transfer to another position, renunciation of personal interest contributing to the conflict of interest, cancellation of the contract with the counterparty and the labour contract..

To determine measures to resolve conflicts of interest, a Commission for resolving conflicts of interest among officials and employees of the Company was formed by order of the General Director (Chairman of the Management Board) of the Company.

To obtain knowledge to comply with the requirements of the legislation of the Republic of Kazakhstan, the Rules of internal control over the disposal and use of insider information of KazTransOil JSC and other internal documents of the Company in terms of insider information, training was conducted on the topic 'Insider information, issues of legal regulation and responsibility of the Company and its employees-insiders'. The training was attended by 174 employees of the Company who are insiders and have not undergone such training before.

To prevent conflict of interest situations in projects and transactions, the Company is constantly reviewing draft contracts/agreements entered by the Company to determine whether the counterparties are affiliated with the Company; the counterparties are checked in accordance with the Regulations on the verification of the reliability of counterparties of KazTransOil JSC. 2,181 contracts and agreements concluded by KazTransOil JSC were reviewed to identify the affiliation of counterparties with the Company. During the reporting period, no situations of conflict of interest of officials and employees were identified when the Company concluded contracts.

During the reporting period there were 79 checks of candidates for positions and 34 checks of the Company's counterparties that meet the categorization criteria set out in the Regulations on security checks of counterparties of KazTransOil JSC. As a result of these checks, no conflict-of-interest situations were identified in the reporting period.

Management Board

The Management Board of KazTransOil JSC is a collegial executive body that manages the Company's day-to-day operations.

The main objectives of the Company's Management Board are to ensure effective fulfilment of the Company's tasks and implementation of the Development Strategy. In fulfilling these objectives, the Management Board is guided by the following main principles: honesty, integrity, reasonableness, prudence, regularity, as well as maximum observance of the rights and interests of the Company's shareholders and accountability to the decisions of the General Shareholders' Meeting and the Board of Directors of the Company.

The activity of the Management Board is regulated by the legislation of the Republic of Kazakhstan, the Charter of the Company, the Corporate Governance Code, the Regulations on the Management Board of KazTransOil JSC and other internal documents of the Company.

The Management Board is formed by the Board of Directors and is accountable to the Board of Directors for the work done to achieve the Company's goals. The Management Board is headed by the General Director (Chairman of the Management Board), who organises and coordinates its work.

The Management Board is responsible for allocating financial and human resources to realize the goals set by the General Shareholders' Meeting and the Board of Directors.

Additional information on the powers of the Company's Management Board is available on the Company's website in the Corporate Governance section.

I Composition of the Management Board

As at 31 December 2023, the Management Board of KazTransOil JSC had six members.

Composition of the Management Board of KazTransOil JSC as of 31 December 2023

| Name | Position |
|--------------------|---|
| Talgat Kurmanbayev | General Director (Chairman of the Management Board) |
| Temirkhan Abdirov | 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 Issues |
| Zhaydarman Issakov | Managing Director for Legal Affairs |



TALGAT KURMANBAYEV

General Director (Chairman of the Management Board)

Citizenship: Republic of Kazakhstan
Born 8 July 1979

- In 2000 he graduated from the Kazakh Humanitarian Law University, majoring in Law. In 2006 he graduated from the Kazakh State National Technical University named after K. Satpaev with a degree in Design, construction and operation of gas oil pipelines and gas oil storage facilities.

Work experience

- He began his career in 2000 as manager at Munai-Transco JV CJSC. In different years he worked in KazTransOil JSC, IOC KazMunayTeniz JSC, NC KazMunayGas JSC and Samruk-Kazyna JSC.
- 2015-2020 — Deputy General Director, General Director KazMunayGas-Aero JSC.
- From February 2020 to February 2022 — Deputy Director of the Oil Industry Development Department of the Ministry of Energy of the Republic of Kazakhstan.
- From 23 February 2022 to the present — General Director (Chairman of the Management Board) of KazTransOil JSC.

- Since 12 April 2022 to date — member of the Board of Directors of KazTransOil JSC.
- Does not own any shares of the Company or SJCE.
- Does not own shares of the Company's suppliers and competitors.
- He has not carried out any transactions with the Company's shares.



TEMIRKHAN ABDIROV

Deputy General Director for Production

Citizenship: Republic of Kazakhstan
Born 9 August 1972

- In 1997, he graduated from O. A. Baikonurov Zhezkazgan University with a degree in Underground mining of mineral deposits. In 2002 he graduated from the K. I. Satpaev Kazakh National Technical University with a degree in Design, construction and operation of gas and oil pipelines and gas and oil storage facilities.

Work experience

- He began his career in 1992 as an installer of technological equipment of the Zhezkazgan installation department Kazmekhanomontazh. In different years worked in KazTransOil JSC and Batumi Oil Terminal LLC.
- April 2018 to January 2019 — General Director of Batumi Oil Terminal LLC.
- February 2019 to June 2022 — Director of the Operator Services Department of KazTransOil JSC.
- From June 2022 to March 2023 — Head of the Pavlodar Oil Pipeline Department of KazTransOil JSC.
- From March 2023 to the present — Deputy General Director for Production KazTransOil JSC.

- From 13 March 2023 to date — member of the Management Board of KazTransOil JSC.
- Chairman of the Supervisory Board of Main Waterline LLC.
- Member of the Supervisory Board of MunaiTas NWPC LLP.
- Does not hold any shares in the Company or SJCE.
- Does not hold shares in the Company's suppliers or competitors.
- No transactions with the Company's shares.



ERIK SAGIYEV

Deputy General Director for Transportation

Citizenship: Republic of Kazakhstan
Born on 22 September 1984

- Graduated from the West Kazakhstan State University with a degree in 'Technological machines and equipment', as well as the Kazakhstan Humanitarian Law University named after M.S. Narikbayev with a degree in 'Jurisprudence'.

Work experience

- He started his career in 2002 as a logistics specialist at the construction company Bonatti SpA. In different years he worked at Karachaganak Petroleum Operating B.V., Intergazstroy JSC, Top-Oil Srl, Stroygazconsulting LLP.
- April 2016 to June 2021 — Chairman of the board of the Astana entrepreneur's association 'Saryarka', a member of the regional council of NCE 'Atameken'.
- From March 2022 to April 2022 — Deputy general director for Transportation — Director of the Oil transportation management center of KazTransOil JSC.
- From 11 April 2022 to date — Deputy general director for Transportation of KazTransOil JSC.

- Since 5 March 2022 till present — member of the Management Board of KazTransOil JSC.
- Chairman of Supervisory Board of Batumi Oil Terminal LLC.
- Chairman of Supervisory Board of Batumi Sea Port LLC.
- Director of Petrotrans Limited.
- Does not hold any shares in SJCE.
- Does not own shares of the Company's suppliers and competitors.
- No transactions with the Company's shares.



AMIRZHAN OSPANOV

Deputy General Director for Economics and Finance

Citizenship: Republic of Kazakhstan
Born on 14 December 1975

- In 1998 graduated from S.Seifullin Kazakh Agro Technical Research University with a degree in Accounting and Audit. In 2010 graduated from The Robert Gordon University awarding MBA degree.

Work experience

- He started his career in 1998 as an assistant at S.Seifullin Kazakh Agro Technical Research University. In different years worked in the State Property Committee of the Ministry of Finance of the Republic of Kazakhstan, NC KazMunayGas JSC, KazTransOil JSC, North Caspian Operating Company N.V. (NCOC), ALMEX Plus LLP, BI Development LLP, Ottau Development, Kazkommertsbank JSC.
- From July 2018 to July 2021 — Deputy Director of Business Planning Department, Head of Division NC KazMunayGas JSC.
- From July 2021 to June 2022 — Deputy General Director for Economics and Finance of Drilling & Services LLP.
- From 15 June 2022 to present — Deputy General Director for Economics and Finance KazTransOil JSC.

- Since 15 June 2022 to date — 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 SJCE.
- Does not own shares of the Company's suppliers and competitors.
- No transactions with the Company's shares.



GAZIZ KOSHANOV

Managing Director for Social and Labor Relations and General Issues

Citizenship: Republic of Kazakhstan
Born 13 January 1964

- In 1988, he graduated from Karaganda State Technical University with a degree in Mineral Processing. In 2005, he graduated from Kazakh National Research Technical University after K.I. Satpayev with a degree in Design, Construction and Operation of Gas and Oil Pipelines and Gas and Oil Storage Facilities. In 2019 graduated from Gubkin Russian State University of Oil and Gas (National Research University), specialising in 'Energy Business Management. Project Management' with an MBA degree.

Work experience

- He started his career in 1988 as a shift foreman at the Zhezdinsky Mine Administration concentrator. In different years he worked at KazakhOil-Products LLP, Trade House KazMunayGas JSC, KazMunayGas Onimderi LLP.
- From November 2017 to April 2019 — First Deputy General Director, Deputy General Director for Development, Advisor to the General Director of KazMunaiGaz-Aero LLP.
- April 2019 to April 2022 — Deputy General Director of PetroRetail PFS LLP».
- From 11 April 2022 to date — Managing Director for Social and Labour Relations and General Affairs KazTransOil JSC.

- Since 15 April 2022 till present — member of the Management Board of KazTransOil JSC.
- He is not a member of management bodies of other organisations.
- Does not own any shares of the Company or SJCE.
- Does not own shares of the Company's suppliers and competitors.
- He has not carried out any transactions with the Company's shares.



ZHAYDARMAN ISSAKOV

Managing Director for Legal Affairs

Citizenship: Republic of Kazakhstan
Born on 29 October 1965

- Graduated from Kazakh State university named after S.M. Kirov in 1989 with a degree in Legal studies, 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

- Began his career in 1989 as a Legal advisor in trade and procurement center No. 456 of the Trade Department of the USSR. In different years worked in the Ministry of Finances of the Republic of Kazakhstan, KazTransGas limited company, Oil and gas transport NC limited company and NC KazMunayGas JSC. He joined KazTransOil JSC in October 2002.
- From January 2018 — Managing Director of KazTransOil JSC.
- From June 2020 to February 2022 — Deputy General Director of KazTransOil JSC.
- From 1 March 2022 to the present — Managing Director for Legal Affairs KazTransOil JSC.

- Since 12 May 2003 to date — member of the Management Board of KazTransOil JSC.
- Chairman of the Supervisory Board of Kazakh Chinese Pipeline LLP.
- Member of the Supervisory Board of Batumi Oil Terminal LLC.
- Does not hold any shares in the Company or SJCE.
- Does not own shares of the Company's suppliers and competitors.
- No transactions with the Company's shares.



I Activities of the Management Board

During 2023, the Company's Management Board held

32 meetings in person

In total, the Company's Management Board made decisions on

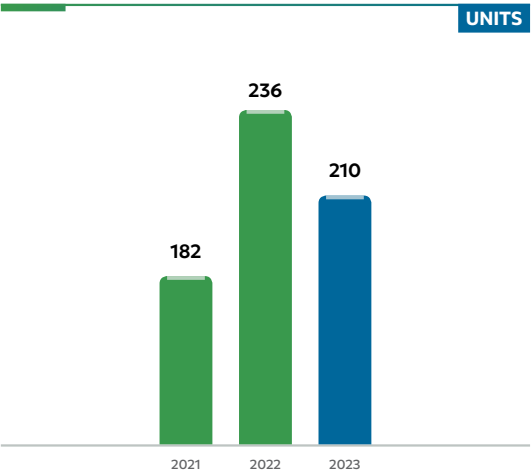
210 issues

Attendance of KazTransOil JSC Management Board meetings in 2023

| Member of the Management Board | Meeting attendance | | Period of being a member of the Management Board in the reporting period |
|--------------------------------|-----------------------------|---------------------------------|--|
| | Number of meetings attended | Percentage of meetings attended | |
| Talgat Kurmanbayev | 30 out of 32 | 94% | 01.01.2023 – 31.12.2023 |
| Sabit Arynov | 4 out of 4 | 100% | 01.01.2023 – 02.03.2023 |
| Temirkhan Abdirov | 20 out of 28 | 71% | 13.03.2023 – 31.12.2023 |
| Erik Sagiyeu | 28 out of 32 | 87% | 01.01.2023 – 31.12.2023 |
| Amirzhan Ospanov | 31 out of 32 | 97% | 01.01.2023 – 31.12.2023 |
| Gaziz Koshanov | 26 out of 32 | 81% | 01.01.2023 – 31.12.2023 |
| Zhaydarman Issakov | 30 out of 32 | 94% | 01.01.2023 – 31.12.2023 |

* In accordance with the decision of the Board of Directors of the Company, the powers of Sabit Arynov, a member of the Management Board of KazTransOil JSC, were early terminated on 2 March 2023.

Number of issues considered at the meetings of the Management Board of KazTransOil JSC



I Financial and economic activities:

- approval of the audited annual financial statements and audited consolidated annual financial statements of KazTransOil JSC for 2022;
- approval of the procedure for distribution of net income of KazTransOil JSC for 2022 and the amount of dividend for 2022 per one ordinary share of KazTransOil JSC;
- approval of the annual financial statements and consolidated annual financial statements of subsidiaries and jointly controlled entities for 2022.

Within the framework of the meetings held, issues were considered and decisions were taken in the following key areas, among others:

I Strategic development

- approval of the Report for 2022 on the implementation of the Development Strategy of KazTransOil JSC until 2028;
- approval of the Report on the implementation of KazTransOil JSC business plan for 2022-2026 in terms of the budget for 2022 at the revalued cost of fixed assets;
- approval of draft business plans of KazTransOil JSC for 2024-2028 at revalued and historical cost of fixed assets.

I Corporate Governance:

- approval of the Annual Report of KazTransOil JSC for 2022;
- approval of corporate key performance indicators of KazTransOil JSC with actual values and final performance for 2022.

I 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 2024.

Remuneration of members of the Management Board

GRI 2-19, GRI 2-20

The Company's approach to remuneration of members of the Management Board is aimed at attracting and retaining highly qualified managers and ensuring their financial interest in the effective fulfilment of the Company's tasks.

The procedure for remuneration of labour and bonuses to members of the Management Board of the Company is determined by the Regulations on the Management Board of KazTransOil JSC, the Rules of Performance Evaluation of Executive and Management Employees, Corporate Secretary of KazTransOil JSC, as well as the Rules of Remuneration of Executive and Management Employees, Head of the Internal Audit Service and Corporate Secretary of KazTransOil JSC.

The system of remuneration of the Chairman and members of the Management Board includes a permanent part of the salary and remuneration based on the results of work for the year.

For 2023, members of the Management Board of KazTransOil JSC were remunerated in the total amount of 454,204 thousand tenge.

Remuneration based on the results of work for the year to the executives of KazTransOil JSC is paid within the limits of funds provided for these purposes in the Company's budget, after approval of the consolidated annual financial statements of the Company.

The main conditions for payment of remuneration based on the results of work for the year are:

- availability of consolidated final profit for the reporting year;
- fulfilment of motivational KPIs for payment of remuneration based on annual results;
- compliance of the employee with executive and labour discipline.

Motivational KPIs, which include corporate and functional KPIs developed by cascading strategic objectives, are applied in the assessment of executive performance NC KazMunayGas JSC and KazTransOil JSC.

The amount of remuneration based on performance results for the year of a managerial employee may not exceed three times the annual amount of the managerial employee's official salary for the actual time worked during the reporting period.

The actual performance of the KPIs of executive employees is approved by the Company's Board of Directors subject to the established procedures for data reconciliation and verification.





Anti-corruption

Management approach

GRI 3-3

KazTransOil JSC has a compliance control service reporting to the Board of Directors of the Company. The competence of the Compliance Control Service of KazTransOil JSC includes issues aimed at prevention of corruption, formation of 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, as well as issues of organisation of the Company's sanctions risk management process aimed at compliance with economic, investment or financial restrictions, export control requirements, as well as issues related to the Company's compliance with the Company's obligations to comply with the laws of the Republic of Kazakhstan.

The Company's main internal documents regulating anti-corruption and anti-fraud issues are as follows:

- Code of Business Ethics of KazTransOil JSC;
- Policy of KazTransOil JSC on combating corruption;
- Policy on managing the risk of irregularities in KazTransOil JSC;
- Anti-corruption standards of KazTransOil JSC;

- Rules for management of conflict of interest of officials and employees of KazTransOil JSC;
- Regulations for checking the reliability of counterparties of KazTransOil JSC.

The main tools and mechanisms used by the Company to combat corruption are:

- anti-corruption monitoring;
- identification, assessment and management of corruption risks, including, inter alia, conducting internal analyses of corruption risks in the Company;
- functioning of proactive information channels for feedback and reporting of corruption;
- carrying out procedures for checking the reliability of counterparties;
- inclusion of an 'Anti-corruption' section in all contracts concluded between the Company and its counterparties;
- informing employees and counterparties about the state anti-corruption policy and the Company's standards of ethical business conduct.

Anti-corruption

GRI 205-2

In order to improve the competence of the Company's employees in the field of anti-corruption, the compliance control service held seminars and meetings with the heads of structural subdivisions of the Company's central office and separate structural subdivisions on the implementation of anti-corruption legislation. In addition, to create an anti-corruption culture in the Company, the Compliance Control Service organised training seminars on the following topics:

- explanation of amendments to the anti-corruption legislation of the Republic of Kazakhstan and informing about the Company's anti-corruption activities;
- observance of business ethics, management of conflicts of interest among the Company's officials and employees;
- universal declaration of income and property;
- conducting security checks of counterparties.

Based on the results of explanatory work on the submission of asset and liability declarations by the Company's employees, more than 99% of employees of the central office and management offices of separate structural subdivisions successfully submitted declarations.

In July 2023, the Company conducted thematic anti-corruption monitoring, the subject of which was to assess the effectiveness of the anti-corruption policy and the state of law enforcement practice in the field of combating corruption in the Company during the reporting period. There were no confirmed cases of corruption offences in the activities of the Company's officers and employees. Anti-corruption restrictions and standards in the current work of the Company's officers and employees were observed.

In December 2023, the Company conducted an internal analysis of corruption risks for the period 2022-2023 in the following areas:

- identification of corruption risks in the Company's organisational and managerial activities with regard to procurement of goods through commodity exchanges, sale of used pipe products through commodity exchanges;
- identification of corruption risks in the Company's internal documents on the above issues.

Corruption risks in the areas of internal analysis have an average potential impact on the level of corruption in the Company. Based on the results of the analysis of corruption risks, an Action Plan was prepared to eliminate the causes and conditions contributing to the commission of corruption offences identified by the results of the internal analysis of corruption risks in KazTransOil JSC for the period from 1 January 2022 to 30 September 2023, within the framework of which recommendations were made to update the relevant internal documents of the Company/control systems.

KazTransOil JSC divisions and business processes subject to corruption-related risk assessment

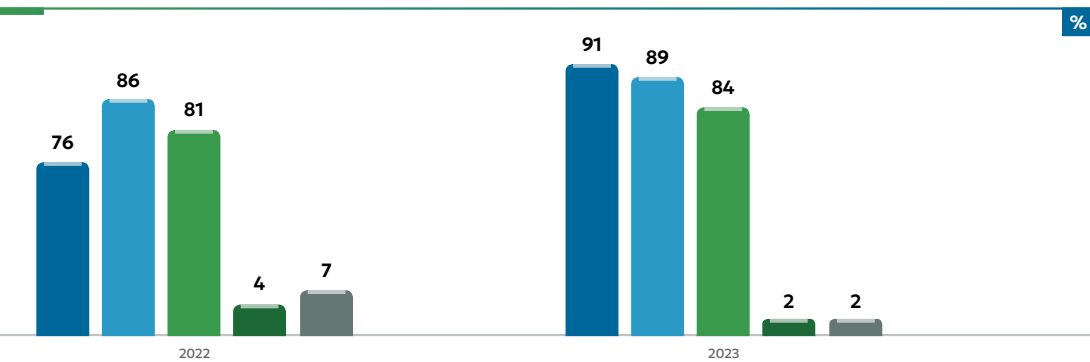
GRI 205-1

| | 2019-2020 | 2021-2022 | 2022-2023 |
|--|-----------|-----------|-----------|
| Total number of structural units subject to corruption risk assessment, units. | 4 | 5 | 3 |
| Share of structural units subject to corruption risk assessment, % | 15 | 19 | 4 |

In addition, the implementation of measures to prevent corruption risks was systematically monitored based on the results of the internal analysis of corruption risks in KazTransOil JSC conducted for the period from 2019 to 2022. All measures developed based on the results of the internal analysis of corruption risks in KazTransOil JSC conducted for the period from 2019 to 2022 were implemented.

It should be noted that according to a study conducted by the Centre for Social Interaction and Communications, the index of intolerance to corruption in 2023 was 91%.

Intolerance to corruption index in KazTransOil JSC



- Corruption Intolerance Index
- Know where to go if they have witnessed a corruption offence
- Believe that the Company will take the necessary action after reviewing their report
- Witnessed/heard from colleagues/acquaintances about cases of corruption in the Company
- Some issues can be dealt with in 'informal' ways

During the reporting period, the Company worked to organise the compliance function in SJCE and provided the necessary methodological support to SJCE.

In order to form an anti-corruption culture, the Company works to raise awareness of employees in the field of anti-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), regarding the prohibition of gift-giving.

Index of intolerance to corruption in 2023 was

91%

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

- Corporate governance system and its basic principles
- Report on compliance with the Corporate Governance Code
- General Shareholders' Meeting
- Board of Directors
- Management Board
- Anti-corruption
- Taxation
- Internal and external audit
- Risk management

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES



The total number of the Company's employees covered by training events is

210 people

During the reporting period, the Hotlines received

19 enquiries

In addition, the Company's structural subdivisions and SJCE are periodically provided with information on issues related to the anti-corruption legislation of the Republic of Kazakhstan and its application to officials and other employees of the Company. The Company's and SJCE's employees are educated on the need to comply with the requirements of anti-corruption legislation.

GRI 205-2

The total number of the Company's employees covered by training events is 210 people.

Anti-corruption training for KazTransOil JSC employees

| GRI 205-2 | | PERSONS |
|---|---|---------|
| Regions | Number of employees trained on anti-corruption issues | |
| Atyrau region | 29 | |
| Zhetysu region | 7 | |
| Mangistau region | 9 | |
| Karaganda region | 8 | |
| Astana | 113 | |
| Aktobe region | 8 | |
| Pavlodar region | 9 | |
| West Kazakhstan region | 0 | |
| Shymkent | 9 | |
| Almaty | 9 | |
| North Kazakhstan region | 0 | |
| Kyzylorda region | 0 | |
| Turkestan region | 0 | |
| Ulytau region | 9 | |
| Representative offices in Samara, Omsk and Moscow | 0 | |
| Total | 210 | |

Anti-corruption training among employees by category at KazTransOil JSC

| GRI 205-2 | | PERSONS |
|-------------------------|---|---------|
| | Number of employees trained on anti-corruption issues | |
| In managerial positions | 33 | |
| Specialists | 177 | |
| Workers | 0 | |
| Total | 210 | |

On the official website of the Company in the sections 'Contacts' and 'Anti-Corruption' in the state, Russian and English languages, as well as on the official page of the Company in Instagram (@kaztransoil.official) there is information about Hotlines functioning in the Company. Appeals, including anonymous ones, received to the Hotlines and other official channels are considered according to the established procedures. Information on the results of review of appeals is sent to the compliance service of NC KazMunayGas JSC and applicants (except for anonymous appeals).

Within the framework of familiarisation with the requirements in the field of anti-corruption, conflict of interest settlement, as well as informing about the requirements to the Company as a listed company, the compliance control service employees hold briefings with new employees, in which the requirements in these areas are explained. In 2023, 371 employees received such training.

In the reporting period, no anti-corruption training was provided to members of senior management bodies.

GRI 205-3

During the reporting period, the Hotlines received 19 enquiries. No facts of corruption and fraud within the Company were revealed.

Dynamics of requests received by KazTransOil JSC

| | 2022 | 2023 |
|---------------------------|------|------|
| Total requests received | 21 | 19 |
| Information not confirmed | 17 | 14 |
| Information confirmed | 4 | 5 |

The dynamics of incoming appeals tends to decrease, which indicates that:

- awareness of the Company's employees on anti-corruption and conflict of interest issues;
- the effectiveness of preventive measures taken by the Company to prevent corruption (absence of recurring complaints);
- commitment of employees to the principles of ethical behaviour in accordance with the Code of Business Ethics.

Within the framework of compliance risk identification, 208 issues submitted to the Management Board of KazTransOil JSC, and 142 issues submitted to the Board of Directors of KazTransOil JSC were considered.

In 2023, there were 2 cases of violation of the Code of Business Ethics in terms of violation of the prohibition to use the Company's property or official position for personal gain, as well as violation of the principle of inadmissibility of conflict of interest. These cases were investigated, and appropriate measures were taken.

In general, no other violations of the Code of Business Ethics were recorded across the Company in the past year, and no serious conflict situations or gross violations of the Company's Violation Risk Management Policy were noted.

Plans for 2024 and the medium term

- Continued work aimed at developing anti-corruption culture in the Company and SJCE.
- Further work to build a compliance risk management system in the Company and in SJCE.
- Conducting a survey of the Company's employees to assess the level of perception of corruption in the Company.
- Coordinating and monitoring the functioning of SJCE's compliance systems.

0

cases of corruption and fraud





Taxation

I Management approach

The Company is subject to the generally established taxation procedure. The Company complies with the regulatory requirements in the field of taxation in accordance with the tax legislation of the Republic of Kazakhstan.

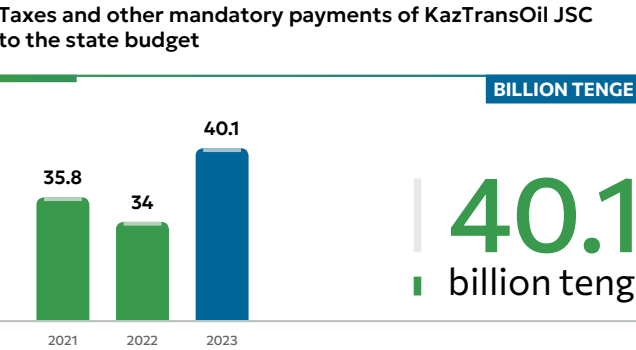
The Company continues to operate the Tax Accounting Policy of KazTransOil JSC approved by the Board of Directors of the Company

in December 2018. The purpose of this policy is to standardise the approach to tax accounting in the Company. Officials 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 authorised person, heads of structural subdivisions of the Company/separate structural subdivisions of KazTransOil JSC and the Director of the Tax Planning and Accounting Department.

I Tax control

Tax planning and accounting issues in the Company are supervised by the Tax Planning and Accounting Department, whose tasks include fulfilment of the Company's tax obligations in accordance with the tax legislation of the Republic of Kazakhstan, as well as ensuring timely adoption of measures to prevent and/or minimise negative consequences of the Company's tax risks.

The Company conscientiously fulfils its tax obligations to the state in accordance with the current legislation, which contributes to maintaining financial stability and social development of the country.



The Company is included in the list of taxpayers participating in the implementation of the pilot project on horizontal monitoring in accordance with the order of the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan dated 14 June 2022 № 402.

Horizontal monitoring is a form of control whereby a taxpayer provides real-time access to accounting and tax accounting data to the tax authorities, preventing future tax risks.

The main purpose of horizontal monitoring is to respond in a timely manner and prevent taxpayers from carrying out risky transactions and violating tax and other legislation by establishing access to the information systems of participants in the horizontal monitoring pilot project.

Main advantages of the pilot project on horizontal monitoring for taxpayers:

- exclusion of participants of horizontal monitoring from monitoring of large taxpayers;
- remote information interaction with tax authorities, which will reduce the cost of document turnover between the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan and the taxpayer;
- reduction of tax risks for taxpayers and avoidance of penalties based on the results of tax audits;
- payment of penalties at a reduced 0.65-fold base rate of the National Bank of the Republic of Kazakhstan;
- resolution of disputable issues by the conciliation commission;
- increasing the investment attractiveness of companies through trustful partnership relations with the bodies of 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 conclusion of agreements, contracts and arrangements, and their examination is carried out.

Based on the results of categorisation 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.

During the reporting period, the Company did not receive financial assistance from the government, including tax exemptions and tax credits, subsidies, bonuses, financial support from export credit agencies, other financial benefits received or receivable from any government for any transaction.

Plans for 2024 and the medium term

1. Ensuring planning of the Company's obligations to pay taxes and other obligatory payments to the budget.
2. Timely and full fulfilment by the Company of tax obligations to the budget and fulfilment of the obligation to calculate, charge and pay social payments to off-budget funds.
3. Ensuring timely adoption of measures to prevent and/or minimise negative consequences of the Company's tax risks.

Internal and external audit

I Internal audit

The Internal Audit Service of the Company is directly subordinate and accountable to the Board of Directors.

The main purpose 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 introducing a systematic approach to improving 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, and the provisions of the following internal documents:

- Regulations on the Internal Audit Service of KazTransOil JSC;
- Guidelines for the organisation of internal audit in KazTransOil JSC.

The activities of the Internal Audit Service are based on the basic principles of the International Professional Standards for Internal Auditing and the Code of Ethics developed by the Institute of Internal Auditors.

In 2023, seven audits were conducted in accordance with the Annual Audit Plan of the Internal Audit Service for 2023. In particular, comprehensive audits of production, operational, financial processes in Atyrau Oil Pipeline Department, MunaiTas NWPC LLP, PTL, Main Waterline LLP and processes of oil transportation services and provision of production and technological communication and automation of process control systems and metrological support in the Company were performed. The Internal Audit Service also conducted a post-audit of the implementation of recommendations based on the results of the Company's SJCE audits. In total, in 2023, the Internal Audit Service identified 79 findings and issued 148 recommendations based on the results of the audits.

Following the recommendations issued by the Internal Audit Service, the audit objects developed and approved Corrective Action Plans for the detected non-compliances.

An external evaluation of the Internal Audit Service is planned for 2024.

I External audit

To confirm the reliability of financial statements, the Company engages an independent audit organization.

The Company's interaction with the external auditor is regulated by the Policy of KazTransOil JSC in the field of engagement of services of audit organizations. The objectives of this Policy are to organize effective activities on engagement of services of audit organizations (including non-audit services provided by audit organizations), to introduce unified procedures for their selection, as well as to ensure that the auditors of KazTransOil JSC maintain the status of independence when providing audit and non-audit services and to prevent conflicts of interest.

When selecting an audit organization, the main criteria are quality, efficiency and timeliness of services, as well as their cost.

The quality of the audit organization's services is determined by the following factors:

- level of qualification of specialists of the audit organization;
- work experience of the audit organization's specialists both in the Kazakhstani and international markets;
- knowledge of oil and gas industry by the specialists of the audit organization;

- availability of a specialized technical support team (experts on accounting issues in accordance with International Financial Reporting Standards (IFRS) in the oil and gas sector of the economy) in Kazakhstan or the auditor's commitment to establish such a team.

On 12 November 2021, the Board of Directors of the Company determined the amount of the auditor's fee for the audit of the financial statements of

KazTransOil JSC for 2022–2024 in the amount of 252,442,000 tenge, excluding VAT. On 25 January 2022, at the Extraordinary General Shareholders' Meeting of the Company, it was resolved to appoint Ernst & Young LLP as the audit firm to audit the Company for 2022-2024.

The annual remuneration including VAT for 2022, 2023 and 2024 payable to the audit organization for the services of auditing the financial statements is 90,573,280 tenge, 94,197,600 tenge, 97,964,160 tenge respectively.

In the reporting period Ernst & Young LLP did not provide consulting services not related to the audit of the financial statements.

Risk management

I Management approach

Risk management plays an important role in the process of strategic planning, corporate governance and maintaining the financial stability of KazTransOil JSC.

A CRMS is organised and functioning in KazTransOil JSC. Its purpose is to provide confidence in the achievement of strategic and operational objectives and to limit the impact of risks on the company's activities. CRMS is a key component of the corporate governance system aimed at identifying, assessing and monitoring all significant risks, as well as taking measures to reduce the level of risks. The approach to risk management is reflected in the Policy on Corporate Risk Management System of KazTransOil JSC.

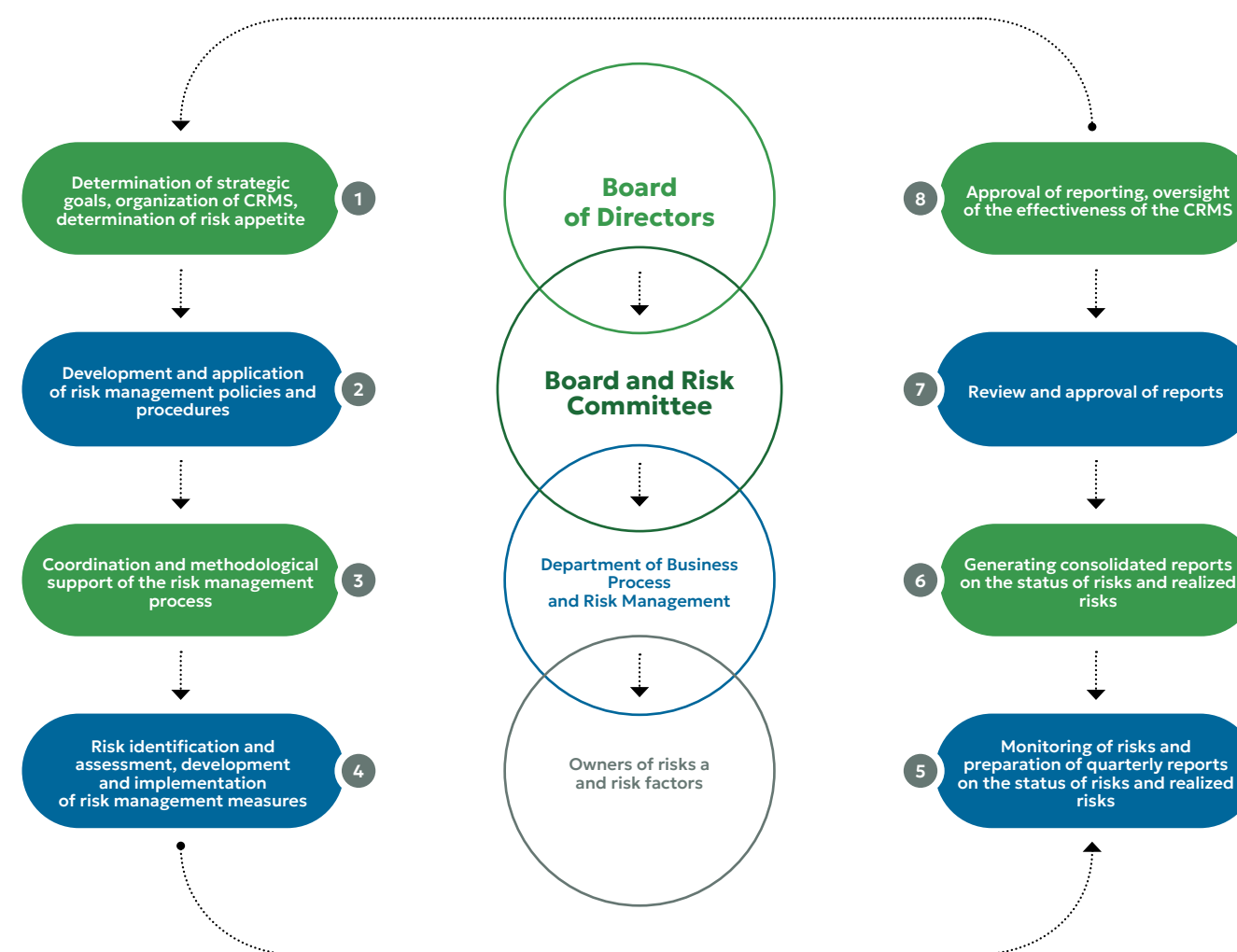
The CRMS functioning process is realised through seven interrelated CRMS components integrated into the Company's business processes:

- goal setting;
- identification of risks/risk factors;
- assessment and analysis of risks/risk factors;
- development and implementation of risk management measures;
- monitoring and reporting;
- information and communication;
- internal environment.

The organisation of the risk management process in KazTransOil JSC ensures continuous flow and exchange of information, as well as interaction on these issues at all levels of management. Risk management is a mandatory function of each employee of KazTransOil JSC, the responsibility for which is set out in job descriptions.

Information transferred vertically from top to bottom helps to communicate strategic objectives, risk appetite level and risk management approaches to risk owners and risk factors. Bottom-up information flow provides KazTransOil JSC management with timely and reliable information on the status of identified risks of KazTransOil JSC, changes in the assessment of probability and impact of their realisation, as well as on the status of implementation of risk management measures.

The main stages of the risk management process





The main methodological documents governing CRMS are, among others:

- Policy on Corporate Risk Management System KazTransOil JSC;
- Rules for organization of the process of production and non-production risk management in KazTransOil JSC;

I CRMS structure

The Board of Directors of KazTransOil JSC plays a key role in the organization of control and supervision over the effective functioning of CRMS. The Management Board of KazTransOil JSC is responsible for the development and application of internal control and risk management policies and procedures. The key role in building and monitoring the effectiveness of the risk management process is played by the Risk Committee, which reports to the Management Board.

Coordination and ongoing methodological support of the risk management process is provided by the Business Processes and Risk Management Department. The Department provides ongoing advisory and methodolog-

- Methodology of risk identification and assessment, selection of risk management methods in KazTransOil JSC;
- KazTransOil JSC internal documents regulating the description of activities and key business processes, management decision making, etc.

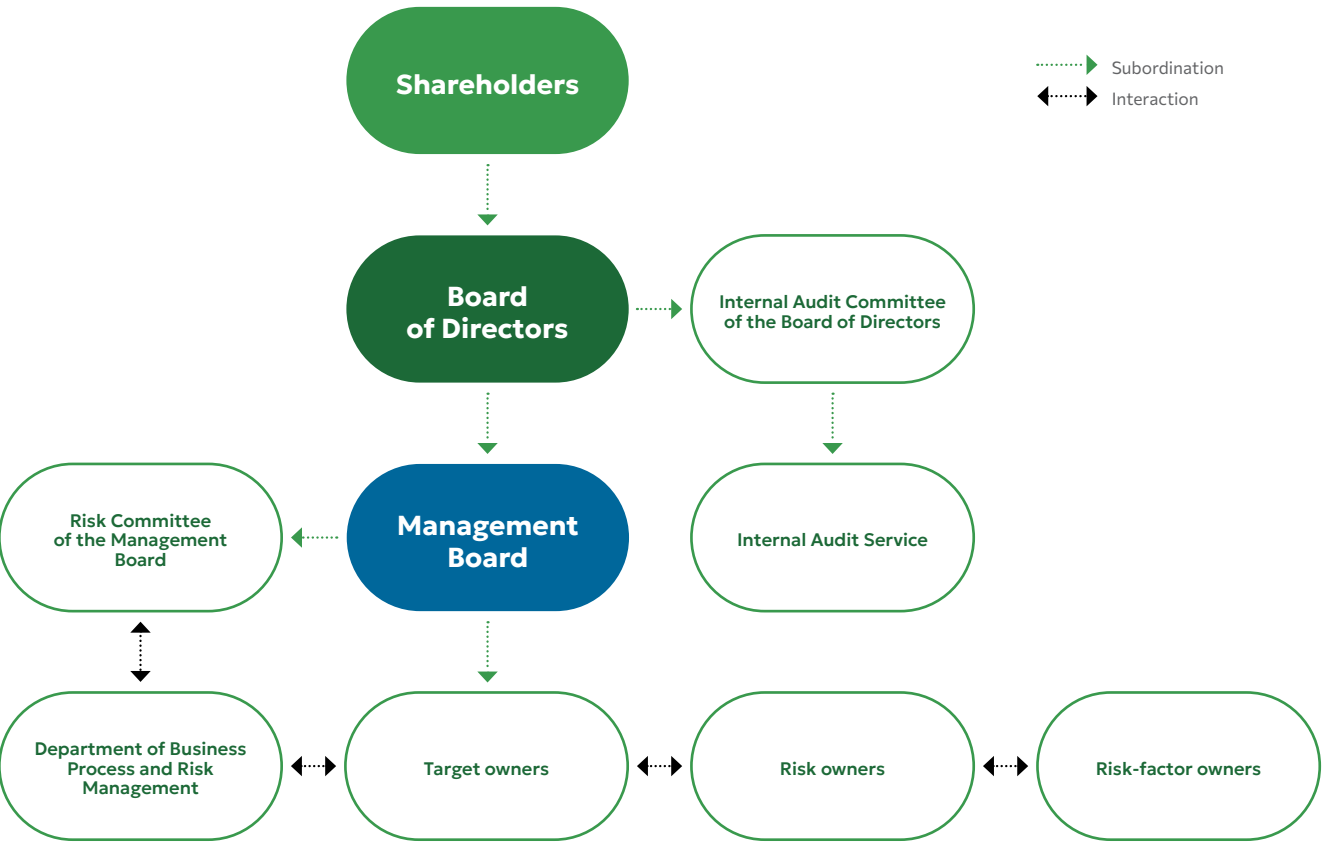
ical support on risk identification, analysis, and assessment to the separate structural subdivision and SJCE KazTransOil JSC.

CRMS includes 3 subsystems::

- Internal Control System;
- Risk management system;
- Business Continuity Management System.

The interconnectedness of all CRMS subsystems allows stakeholders to receive information from a single source.

Organizational structure of CRMS KazTransOil JSC



I Risk Committee

For preliminary consideration of issues related to decision-making on risk management of KazTransOil JSC, the Management Board has a consultative and advisory body – the Risk Committee. Decisions of the Risk Committee are of a recommendatory nature. The functions of the Risk Committee include consideration of issues related to risk management of KazTransOil JSC and SJCE and preparation of recommendations to facilitate the adoption by the Management Board of balanced risk-oriented management decisions.

In its activities, the Risk Committee is guided by the Regulations on the Risk Committee of KazTransOil JSC and other internal documents of KazTransOil JSC.

The main objectives of the Risk Committee are:

- assisting the Management Board of KazTransOil JSC in making decisions in the field of risk management of KazTransOil JSC;
- preparation of recommendations and proposals for organising and maintaining effective risk management of KazTransOil JSC;
- development of processes designed to identify, measure, monitor and control the risks of KazTransOil JSC;
- preparation of recommendations and proposals to control the coordination of risk management activities of KazTransOil JSC.

The Risk Committee is chaired by the General Director (Chairman of the Management Board).

Meetings of the Risk Committee are held in accordance with the Work Plan of the Risk Committee approved by the decision of the Management Board of KazTransOil JSC.

According to the Work Plan of the Risk Committee of KazTransOil JSC for 2023, approved by the decision of the Management Board of KazTransOil JSC (minutes of the meeting dated 20 January 2023 №1), during the reporting period the Risk Committee held 7 meetings, at which:

- reviewed and agreed quarterly reports on production and non-production risks of KazTransOil JSC and its SJCE for the 4th quarter of 2022 and 1-3 quarters of 2023;
- the Classifier of business processes of KazTransOil JSC was reviewed and agreed upon;
- reviewed and agreed block diagrams, risk and control matrices for some business processes of KazTransOil JSC;
- reviewed and agreed the results of identification and assessment of production and non-production risks of KazTransOil JSC and its SJCE for 2024.

All issues considered and agreed upon by the Risk Committee during the reporting period were duly submitted for further consideration and/or approval to the relevant bodies of KazTransOil JSC.

I Risk register and map

Identification and assessment of risks in terms of their forecast impact on the achievement of production and non-production goals for the planned year is carried out annually in accordance with the Unified Risk Classifier NC KazMunayGas JSC and its subsidiaries and affiliated organisations and the Methodology for identification and assessment of risks, selection of risk management methods in KazTransOil JSC.

All risks of KazTransOil JSC are categorized 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 the risk owners/risk factors and are included in the risk management plan.

Tools for control and monitoring of identified risks, identification of new risk factors is the quarterly preparation by structural units of KazTransOil JSC and its SJCE and affiliates of reporting on the dynamics of changes in risks/risk factors and the effectiveness of measures/control procedures used to change the level of risk.

Based on the results of monitoring, risk factors are included/excluded, residual risk factors are reassessed, as well as planned measures are adjusted and/or additional ones are developed.

In order to record and further analysis of statistical data on realized risks in KazTransOil JSC, a corporate electronic database on realized risk events is maintained on the corporate portal.

In 2023, there was a constant control and monitoring of the state of identified risks within the framework of quarterly reporting on risks and their realization for the 4th quarter of 2022 and 1-3 quarters of 2023. The results of monitoring were quarterly presented to the Risk Committee, the Management Board and the Board of Directors of KazTransOil JSC.

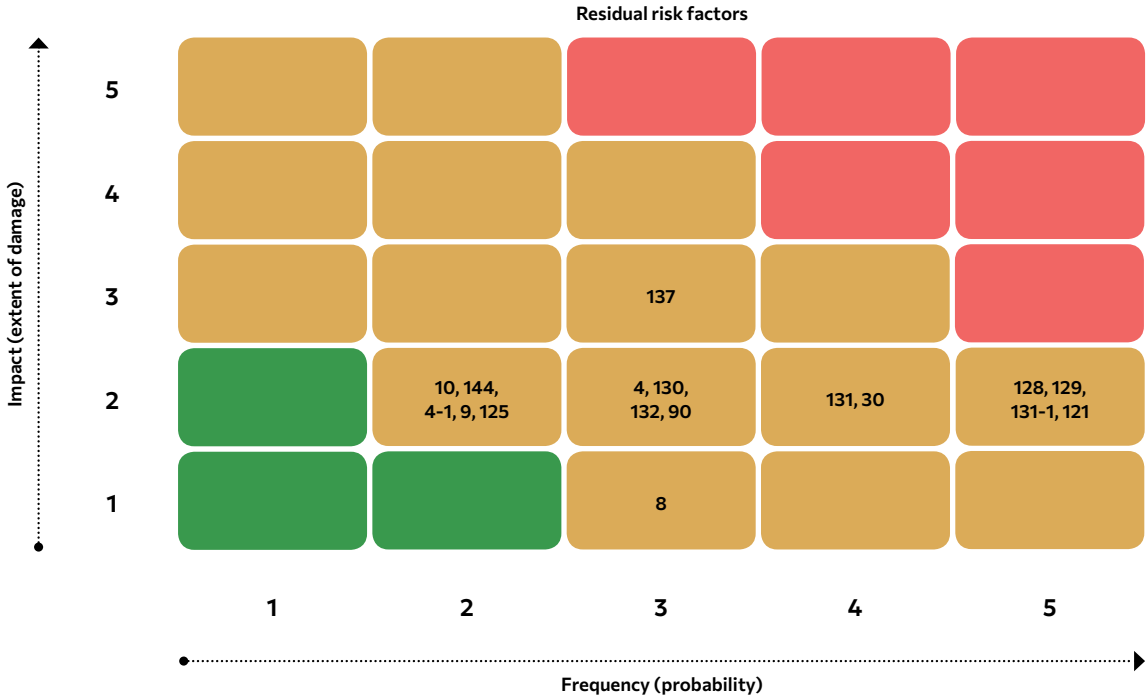
All planned risk management activities in KazTransOil JSC in 2023 were fully implemented. For the realized risks, appropriate corrective action measures were taken to minimize possible financial losses.

Since the risk management process is a continuous cyclical process, the structural units of KazTransOil JSC and its SJCE conducted annual identification and assessment of production and non-production risks for 2024 in parallel with the process of business planning, setting goals and objectives, as well as the development of project KPI for the next year. The results of this work were approved by the decision of the Board of Directors of KazTransOil JSC (Protocol of a meeting №16/2023 dated December 22, 2023).

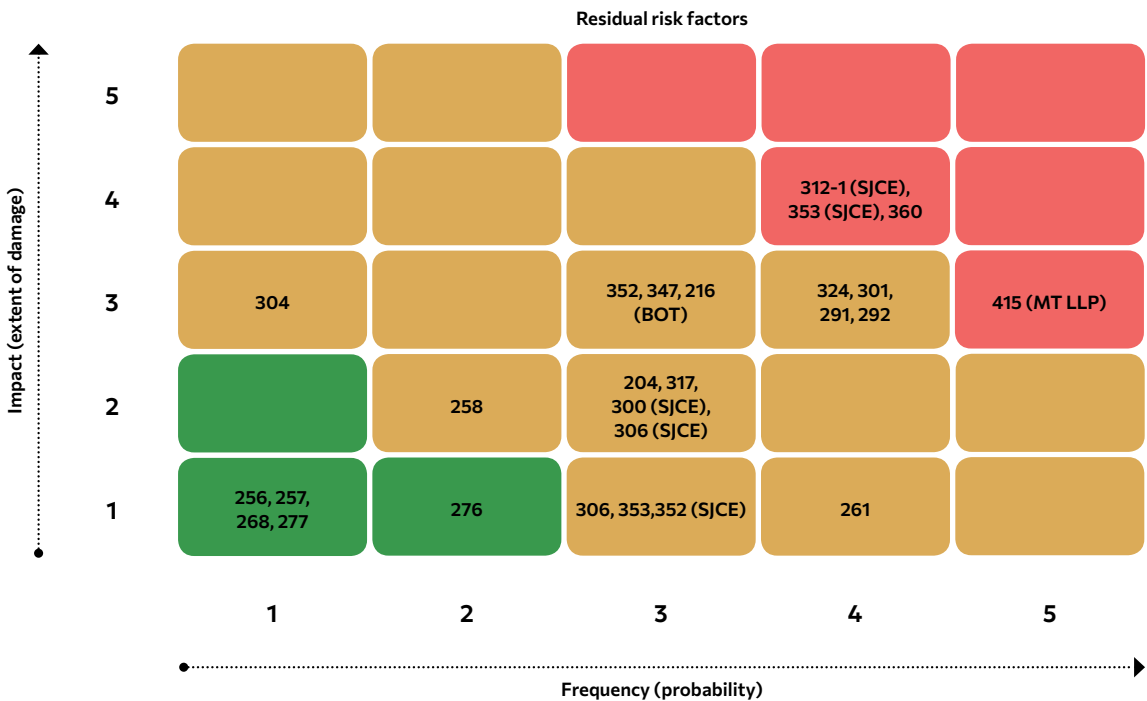
Residual production and non-production risks and risk factors, reassessed considering preventive measures, which may adversely affect the objectives in 2024, including critical risks, are clearly presented on the Risk Map of KazTransOil JSC for 2024. Critical risks include risks with the level of impact of damage above 3 points, which is characteristic of the risks in the red and yellow border areas on the Risk Map of KazTransOil JSC.



Map of production risk area of KazTransOil JSC for 2024



Map of non-production risks area of KazTransOil JSC for 2024



Breakdown of The Risk Map. Risks and risk-factors

| Nº risk factor | Risk/Risk-factor |
|---|--|
| Non-compliance with the technological mode | |
| 4 | Malfunctions and failures of the complex of technical and software means of APCs: technical means, software. |
| 4–1 | Malfunctions and failures of the complex of technical and software tools of the energy equipment automation system: technical means, software. |
| 8 | Non-compliance of the actual technological operating modes of equipment with the technical norms of their operation. |
| 9 | Non-compliance with the requirements of the technological regulations for safe operation |
| 10 | Non-compliance with industrial, fire safety, and occupational health and safety requirements |
| 30 | Incorrect/improper actions of personnel |
| 121 | Failures in the supply of external power supply |
| 125 | Failures in provision of communication services |
| 128 | Failures of technologically related equipment outside the Delivery and acceptance point |
| 129 | Natural impacts and disasters |
| 130 | Military actions |
| 131 | Intentional/unintentional unlawful actions by third parties |
| 131–1 | Intentional/unintentional unlawful actions by third parties (traffic accidents caused by third parties) |
| 132 | Non-performance / low-quality performance of obligations on the part of counterparties (for goods / works / services / provision of information / payment) |
| 137 | Decision-making by shareholders (participants) affecting the company's activities (KCP LLP, MunaiTas NWPC LLP) |
| Untimely/low-quality replacement of technological equipment | |
| 90 | Supply of low-quality spare parts and materials for repairs / Supply of substandard equipment |
| 144 | The presence of a factory defect in new equipment identified during its operation |
| Decrease in income | |
| 301 | Reduction or termination of oil supplies |
| 291 | Changes in 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 (SJCE) | Decrease in demand for services/products (SJCE) |
| 306 | Non-return of accounts receivable |
| 306 (SJCE) | Non-return of accounts receivable (SJCE) |
| 304 | Non-performance by counterparty banks of their obligations |
| 312–1 (SJCE) | Decision-making by the authorized body in the field of tariff regulation (SJCE) |
| 312–1 | Decisions made by the authorized body in the field of tariff regulation |
| 204 | Lack of mechanisms to prevent the possible appearance in the media of knowingly false or distorted information about the company's activities that negatively affects its reputation |
| Rise of expenses | |
| 415 | The second phase of the second stage of the construction of the 'Kazakhstan-China' oil pipeline. Increase in capacity to 20 million tons of oil per year (MunaiTas NWPC LLP). |
| 352 | Interpretation of tax legislation by tax authorities during tax audits. |
| 352 (SJCE) | Interpretation of tax legislation by tax authorities during tax audits. (SJCE) |
| 353 | Legal claims |
| 353 (SJCE) | Legal claims (SJCE) |
| 347 | Non-fulfillment of obligations by counterparties (regarding goods / works / services / provision of information / payment). |
| 360 | 'Fragile supply chain' |
| 310 | Intentional unlawful actions by third parties. |
| 324 | Unauthorized external access to the corporate network. |
| 317 | Natural impacts, disasters (including pandemics) |
| 216 | Incorrect accounting of production output (BOT) |
| 261 | Non-compliance with environmental protection legislation. |
| 256 | Strikes, rallies, and protests by the workers of KazTransOil JSC and SJCE |
| 257 | The company's non-compliance with the requirements of applicable law (the Law of the Republic of Kazakhstan 'On Energy Saving and Increasing Energy Efficiency'). |
| 258 | Non-compliance with the requirements and restrictions set by applicable sanctions. |
| 268 | Unlawful actions of a corrupt nature |
| 276 | Failure (loss) of operational software |
| 277 | Failure of operational server equipment. |



I Risk management measures

To reduce the likelihood of risk realization in 2024, the heads of the Separate structural units and SJCEs of KazTransOil JSC have planned necessary preventive measures.

Thus, in 2024, the continuous cyclical risk management process will also be implemented through seven interrelated components of CRMS integrated into the management business processes of KazTransOil JSC and its SJCE.

Preventive measures for key risks

1.

PRODUCTION RISKS

Risk ‘Non-compliance with the technological mode’

Risk factor

Malfunctions and failures of the complex of technical and software means of APMS: technical means, software

Malfunctions and failures of the complex of technical and software tools of the energy equipment automation system: technical means, software

Preventive measures aimed at reducing risk

- Permanent measures according to the norms and schedules of maintenance and technical repair:
- inspection of protections and interlocks complex of technical and program means of APMS power equipment;
 - control over timely maintenance and technical repair, quality and acceptance of work performed/services rendered under the concluded contracts, check of protections and interlocks of the complex of technical and program means of the automated control system by own forces;
 - maintenance of the necessary stock of raw materials and supplies/emergency stock;
 - accounting of the movement of measuring instruments, verification of measuring instruments;
 - production control/internal control in the field of occupational health and safety.

Risk factor

Non-compliance of the actual technological operating modes of equipment with the technical norms of their operation

Preventive measures aimed at reducing risk

- Throughout the year, in accordance with regulations, schedules, business plans, plans and/or contracts:
- implementation of automatic regulation of operating modes for oil pipelines and pumping stations, automatic protections for oil pumping units, tanks, and pipelines against exceeding the maximum allowed parameters;
 - daily monitoring and analysis of compliance with established optimal technological modes of operation for main oil pipelines and electricity consumption by main pumping units using an automated electricity metering control system.

Risk factor

Non-compliance with the requirements of the technological regulations for safe operation

Preventive measures aimed at reducing risk

- Throughout the year, within the deadlines according to regulations, schedules, business plans, plans, and/or contracts:
- repair/replacement of equipment, taking into account scheduled shutdowns of pumping stations for repairs or equipment replacement;
 - issuance of work permits for fire-risk, gas-dangerous, and high-risk operations, briefings before starting work and at the workplace;
 - supervision by the work manager, oversight of the actions of the operational staff of pumping stations in managing the technological process;
 - quality control and acceptance of completed works/services provided under concluded contracts;
 - providing personnel with necessary instructions and operational documentation for technological equipment;
 - production control/internal safety and occupational health control.

Non-compliance with industrial, fire safety, and occupational health and safety requirements

Incorrect/improper actions of personnel



Risk factor

Failures in the supply of external power supply

Failures in provision of communication services

Failures of technologically related equipment outside the Delivery and acceptance point

Preventive measures aimed at reducing risk

- Ongoing activities according to the norms and schedules for technical maintenance and repair include:
- continuous internal control over safety and occupational health, and production control at main oil pipeline facilities, as part of a permanent commission within established deadlines;
 - ensuring optimal technological modes of pumping to guarantee safe and accident-free operation of main oil pipelines;
 - automatic regulation of operating modes for main oil pipelines and pumping stations, and monitoring of automatic protections for all technical equipment against exceeding the maximum allowed parameters;
 - ensuring the operational readiness of backup equipment;
 - coordination with power transmission organizations in response to risk events (incidents, malfunctions).
- Annual activities:
- signing necessary contracts for maintenance and repairs of energy equipment, and services for communication support and maintenance.

Risk factor

Military actions

Intentional/unintentional unlawful actions by third parties

Preventive measures aimed at reducing risk

- Throughout the year, according to regulations, schedules, business plans, plans, and/or contracts, the following activities are planned:
- formation of a mobilization plan for pumping in the event of military operations;
 - formation of a mobilization reserve in case of war;
 - development and updating of a Standard Passport for the anti-terrorist protection of facilities vulnerable to terrorism;
 - development and implementation of plans for educational and technological training;
 - monitoring of the social climate in the regions;
 - cooperation with authorized bodies on issues related to ensuring anti-terrorist protection;
 - training security service employees in primary response skills to terrorist threats;
 - equipping facilities vulnerable to terrorism with engineering and technical security measures.

Risk factor

Decision-making by shareholders (participants) affecting the company's activities (KCP LLP, MunaiTas NWPC LLP)

Preventive measures aimed at reducing risk

- The conclusion of long-term contracts for the operation, technical maintenance, and emergency response of main oil pipelines within the budgets agreed upon by the stakeholders.



1.

PRODUCTION RISKS

Risk ‘Non-compliance with the technological mode’

| | | |
|--|--|---|
| 131-1 | <p>Risk factor</p> <p>Intentional/unintentional unlawful actions by third parties (traffic accidents caused by third parties)</p> | <p>Preventive measures aimed at reducing risk</p> <p>Throughout the year, in accordance with regulations, schedules, business plans, plans, and/or contracts, the following activities are to be carried out:</p> <ul style="list-style-type: none">• providing personnel with necessary documentation related to road safety, including posters and video information;• monitoring speed limits through the GPS system;• production control/internal control in the field of safety and occupational health;• implementation of the ‘Kopray’ card usage regulations;• conducting briefings for drivers at KazTransOil JSC on ‘Defensive Driving’ (Defensive Driving Training) |
| 132 | <p>Risk factor</p> <p>Non-performance / low-quality performance of obligations on the part of counterparties (for goods / works / services / provision of information / payment)</p> | <p>Preventive measures aimed at reducing risk</p> <p>Throughout the year, in accordance with regulations, schedules, business plans, plans, and/or contracts, the following activities are planned:</p> <ul style="list-style-type: none">• ensuring the development of technical specifications taking into account the requirements of BAT and IMS documents;• ensuring timely conclusion and administration of contracts;• monitoring compliance with work production schedules under contracts for performing work/providing services;• application of various measures of influence (fines, penalties, inclusion in the list of unreliable suppliers), including for warranty obligations. |
| 129 | <p>Risk factor</p> <p>Natural impacts and disasters</p> | <p>Preventive measures aimed at reducing risk</p> <p>Ongoing activities include:</p> <ul style="list-style-type: none">• development of organizational and technical plans to ensure the reliability of main oil pipelines, organizational and technical measures for preparing main pipeline facilities for the spring flood period, and organizational and technical measures for preparing production facilities for operation during the autumn-winter period;• execution of planned work for diagnosing the technical condition of structures, pipelines, and equipment;• interaction with meteorological services and local environmental protection services;• signing contracts for voluntary insurance of property against damage. |
| <p>‘Untimely/low-quality replacement of technological equipment’ risk</p> | | |
| 90 | <p>Risk factor</p> <p>Supply of low-quality spare parts and materials for repairs / Supply of substandard equipment</p> | <p>Preventive measures aimed at reducing risk</p> <p>Throughout the year, in line with regulations, schedules, business plans, plans, and/or contracts, the following activities are to be implemented:</p> <ul style="list-style-type: none">• incorporation of warranty obligations into supply contracts for the replacement of defective spare parts, tools, accessories, and technical equipment;• creation of unlocking levels (approval hierarchy) for the needs of requests in the SAP system, following the established scheme for checking incoming equipment against technical specifications (incoming quality control);• conducting strength and tightness tests before starting work;• maintaining a necessary reserve of raw materials and materials/emergency stock;• issuing a claim to the equipment supplier with a demand for its replacement. |
| 144 | <p>Risk factor</p> <p>The presence of a factory defect in new equipment identified during its operation</p> | |

2.

NON-PRODUCTION RISKS

Risk ‘Decrease in income’

| | | |
|-----|--|--|
| 301 | <p>Risk factor</p> <p>Reduction or termination of oil supplies</p> | <p>Preventive measures aimed at reducing risk</p> <p>Ongoing activities:</p> <ul style="list-style-type: none">• conclusion of long-term contracts with strategic partners for core business services/ operation and maintenance;• creation of conditions for attracting additional oil volumes. <p>Activities carried out as needed:</p> <ul style="list-style-type: none">• use of alternative oil transportation routes. |
| 291 | <p>Risk factor</p> <p>Changes in the terms of relations with strategic partners</p> | |
| 292 | <p>Risk factor</p> <p>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)</p> | <p>Preventive measures aimed at reducing risk</p> <p>Ongoing activities:</p> <ul style="list-style-type: none">• maintaining quality control of transported oil in accordance with the terms and conditions of contracts for oil transportation services and technical agreements on the procedure for receiving, transportation and delivery of oil;• equipping chemical laboratories and accounting for all necessary instruments and reagents when forming annual applications;• Continuation of work on introduction of amendments and additions to the standard contract for provision of oil transportation services in terms of strengthening the responsibility of consumers in case of delivery of substandard oil;• work with the Ministry of Energy of the Republic of Kazakhstan. |
| 300 | <p>Risk factor</p> <p>Decrease in demand for services/ products (SJCE)</p> | <p>Preventive measures aimed at reducing risk</p> <p>Ongoing activities:</p> <ul style="list-style-type: none">• monitoring of changes in market conditions;• working with state authorities and economic entities to develop the transportation of oil and dry cargo, as well as to improve the conditions of seaport management in Georgia;• preservation of existing cargo types and attraction of additional cargo flows;• consideration of potential opportunities to use the Black Sea-Caspian Sea region for transportation of various cargoes from the Republic of Kazakhstan;• application of flexible and effective tariff policy in respect of the services rendered;• carrying out work to reduce production costs by optimizing expenses to obtain competitive tariffs. |
| 306 | <p>Risk factor</p> <p>Non-return of accounts receivable (KazTransOil JSC/SJCE)</p> | <p>Preventive measures aimed at reducing risk</p> <p>Ongoing activities:</p> <ul style="list-style-type: none">• monitoring fulfillment of contractual terms and conditions by counterparties;• ensuring timely issuance of preliminary invoices and acts of reconciliation for cargo transshipment and storage;• continuing work on claiming accounts receivable;• conducting claim and enforcement work on historical and problem receivables. <p>Activities carried out as required:</p> <ul style="list-style-type: none">• creation of provisions for all overdue receivables, which are reflected in the expenses of the previous and reporting periods. |



2.

NON-PRODUCTION RISKS
Risk ‘Decrease in income’

312-1

Risk factor

Decisions made by the authorized SJCE in the field of tariff regulation (KazTransOil JSC/ SJCE)

Preventive measures aimed at reducing risk

Regular activities:

- monitoring of the execution of cost items approved in the tariff estimates and investment program in order to prevent the introduction of temporarily compensatory tariffs (KazTransOil JSC/SJCE);
- timely submission of application for approval of the investment program and tariff estimates (KKT LLP); submission of a report on the execution of tariff estimates and investment program for the reporting period to the authorized body (KazTransOil JSC/SJCE),
- adjustment of tariff estimates and investment program (SJCE);
- carrying out works on transition to the incentive method of tariff formation to achieve break-even of Main Waterline LLP activity.

304

Risk factor

Non-performance by counterparty banks of their obligations

Preventive measures aimed at reducing risk

Ongoing activities:

- analyzing financial instruments and collecting the terms offered on them in order to choose the best way to invest temporarily free cash;
- analyzing the financial stability of counterparty banks;
- ensuring compliance with the requirements of internal documents of KazTransOil JSC and corporate standards, Samruk-Kazyna JSC on financial risk management.
- diversification of temporarily free cash placed.

204

Risk factor

Lack of mechanisms to prevent the possible appearance in the media of knowingly false or distorted information about the company's activities that negatively affects its reputation

Preventive measures aimed at reducing risk

Ongoing activities:

- maintaining a positive reputation of KazTransOil JSC by communicating with external and internal audiences;
- timely provision of relevant information about KazTransOil JSC and publication of press releases on current and planned activities of KazTransOil JSC for stakeholders on the official website and social networks of KazTransOil JSC.

Activities carried out as necessary:

- operative preparation of information based on internal investigations in news agencies;
- organization of briefings, press conferences, speeches of the management of KazTransOil JSC in order to inform the media about emergency situations and measures aimed at their elimination or various events related to the activities of KazTransOil JSC.

Risk ‘Increase in costs’

415

Risk factor

The second phase of the second stage of the construction of the ‘Kazakhstan-China’ oil pipeline. Increase in capacity to 20 million tons of oil per year (MunaiTas LLP SZTK)

Preventive measures aimed at reducing risk

During the year in accordance with regulations, schedules, business plan, plans and/or contracts:

- implementation of activities under the Roadmap for completion of the Reverse Subproject;
- control over organization of all construction and installation works;
- control over contractor's compliance with work schedule, compliance with legal requirements, construction norms, project and contract requirements, timely provision of information and reporting on progress of works.

Risk ‘Increase in costs’

360

Risk factor

360'Fragile supply chain'

Preventive measures aimed at reducing risk

Ongoing activities:

- carrying out work to control the execution of work under the plans of current repairs and capital investments,
- ensuring timely conclusion of contractual agreements;
- control and monitoring of the Schedule of works and services, goods supply for timely fulfillment of the plan of current repair and capital investments;
- application of penalties for late fulfillment of contractual obligations, as well as replacement of defective goods within the framework of the supplier's warranty obligations.

Activities carried out annually and as required:

- timely conclusion of additional agreements,
- sending letters to contractors on the necessity to take measures aimed at acceleration of works at the Object and their timely delivery in accordance with the Contract conditions;
- timely submission of applications for the adjustment of the plan of capital investments at the meeting of the Budget Commission of KazTransOil JSC;
- carrying out work to adjust the approved Investment Program for 2023, including uncommitted funds for 2022.

353

Risk factor

Legal claims (SJCE)

Preventive measures aimed at reducing risk

Ongoing activities:

- monitoring of changes in legislation;
- conducting legal expertise of contracts;
- continuation of claims and litigation work;
- monitoring of fulfillment of contractual terms and conditions;
- negotiations with counterparties on peaceful settlement of disputes.

352

Risk factor

Interpretation of tax legislation by tax authorities during tax audits. (SJCE)

Preventive measures aimed at reducing risk

Ongoing activities:

- monitoring and analyzing the requirements of tax legislation;
- control over correctness of tax reporting and timely submission to the tax authorities of the Republic of Kazakhstan;
- control over the completeness and timeliness of payment of taxes and other mandatory payments to the budget of the Republic of Kazakhstan;
- providing methodological support in the field of tax legislation of the Republic of Kazakhstan to the employees of KazTransOil JSC;
- reconciliation of accounting data on taxes with the data of personal accounts on taxes;
- additional tax reporting (analysis, preparation and recalculation of previously submitted tax reports, and making changes to them for submission to the tax authorities of the Republic of Kazakhstan);
- annual tax review/audit/analysis of tax risks of KazTransOil JSC;
- subscription to the information resource on changes and amendments to the tax legislation of the Republic of Kazakhstan;
- membership of KazTransOil JSC in the Association of Taxpayers of New Kazakhstan;
- work on appealing accrued taxes and penalties on the group of companies BOT.



2.

NON-PRODUCTION RISKS

Risk ‘Increase in costs’

347

Risk factor

Non-fulfillment of obligations by counterparties (regarding goods / works / services / provision of information / payment)

Preventive measures aimed at reducing risk

Ongoing activities:

- timely organization and provision of working conditions to contractors;
- control and monitoring of the Schedule of work production/delivery of goods and materials;
- search for alternative solutions.

Activities carried out as and when required:

- penalties to the contractor/supplier.

216

Risk factor

Incorrect accounting of production output (BOT)

Preventive measures aimed at reducing risk

Regular Activities:

- conducting inventory of petroleum product balances and reconciliation with customers on petroleum product balances;
- reconciliation of petroleum product balances with the balances reflected in the Customs Department of the Revenue Service by uploading information on the balances from the portal of the Revenue Service of the Ministry of Finance of Georgia;
- work with counterparties on payment of basic tax amounts as a result of detected customs offenses.

324

Risk factor

Unauthorized external access to the corporate network

Preventive measures aimed at reducing risk

Ongoing activities:

- use of anti-virus software,
- timely installation of software database updates,
- use of firewalls,
- timely conclusion of a contract for technical support,
- enabling automatic updates of antivirus databases,
- use of intrusion prevention systems,
- monitoring user rights based on the Report on the movement of personnel of the central office,
- control of password complexity through program/system methods,
- constant monitoring of compliance with KazTransOil's JSC policy on the use of passwords and protection of password information,
- use of authentication methods resistant to attacks.

317

Risk factor

Natural impacts, disasters (including pandemics COVID -19)

Preventive measures aimed at reducing risk

Regular activities:

- carrying out sanitary and hygienic works on prevention and non-proliferation of diseases of coronavirus infection COVID-19 and SARS in the KazTransOil JSC;
- publication of leaflets, posters and video materials on prevention of COVID-19, SARS through internal channels KazTransOil JSC;
- full provision of all SBUs with necessary stocks of personal protective equipment and disinfectants for employees,
- as well as measures on risk factor No. 261, No. 257.

Activities carried out as required:

- activation of CMT in KazTransOil JSC.

310

Risk factor

Intentional unlawful actions by third parties

Preventive measures aimed at reducing risk

Regular activities:

- fixing the responsibility of the security organization for the occurrence of taps and unauthorized oil withdrawal under the contract for the provision of services for the protection of facilities KazTransOil JSC;
- development of plans for joint organizational and preventive measures with the security organization, law enforcement agencies and SBU to counteract criminal tapping, theft of oil and inventory at the facilities of KazTransOil JSC / memorandums of cooperation and interaction between the Department of Internal Affairs of the regions, 'KMG-Security' LLP and oil pipeline departments;
- implementation and operation of technical systems and means of protection of main oil pipelines;
- participation in the work of the Coordination Council of the Republic of Kazakhstan on ensuring legality, law and order and combating crime;
- ensuring the availability of an effective system of physical protection of assets of KazTransOil JSC (technical strengthening of facilities, provision of quality security services by contractors);
- development/updating of internal documents of KazTransOil JSC on the protection of facilities KazTransOil JSC.

261

Risk factor

Non-compliance with environmental protection legislation

Preventive measures aimed at reducing risk

Regular activities:

- timely development (adjustment) of draft standards of emissions into the environment, obtaining positive conclusions of the state environmental expertise;
- ensuring timely receipt of environmental permits in the declared volume;
- control over compliance with environmental emission limits;
- timely conclusion of contracts for industrial environmental control and compulsory environmental insurance;
- management of environmental aspects and risks;
- making mandatory payments for negative environmental impact;
- see also measures under risk factor No. 257.

257

Risk factor

The company's non-compliance with the requirements of applicable law (the Law of the Republic of Kazakhstan 'On Energy Saving and Increasing Energy Efficiency')

Preventive measures aimed at reducing risk

Ongoing activities:

- rational use of energy resources and reduction of greenhouse gas emissions into the atmosphere;
- timely development (adjustment) and ensuring the implementation of the Plan of measures for energy saving and energy efficiency improvement of KazTransOil JSC for 2020-2025;
- timely development of optimal technological modes of operation of sections of main oil pipelines for a month;
- timely monitoring of the implementation of energy efficiency indicators (development and analysis of the report of current consumption and use of energy of KazTransOil JSC);
- development and introduction of new and effective energy saving technologies, use of renewable/alternative energy sources that can help reduce net emissions and greenhouse gases in order to prevent global warming.

258

Risk factor

Non-compliance with the requirements and restrictions set by applicable sanctions

Preventive measures aimed at reducing risk

Regular activities:

- carrying out sanctions inspection of counterparties / contractual relations;
- collection, monitoring, analysis of information on sanctions related to the activities of KazTransOil JSC.



2.

NON-PRODUCTION RISKS
Risk 'Increase in costs'

256

Risk factor

Strikes, rallies, and protests by the workers of KazTransOil JSC and SJCE

Preventive measures aimed at reducing risk

Regular activities:

- organization and holding of meetings of the management with labor collectives to inform about the tasks and goals of KazTransOil JSC, including issues of material and non-material motivation based on performance results;
- increase of corporate spirit (appeals of the management of KazTransOil JSC to employees with explanations of the current situation, broadcasting of corporate programs, publication of the newsletter 'Munaiqubyrshy');
- ensuring compliance with the terms of the Collective Agreement between the management of KazTransOil JSC and employees;
- carrying out work to improve the rating of social stability and involvement of production personnel.

268

Risk factor

Unlawful actions of a corrupt nature

Preventive measures aimed at reducing risk

Regular activities:

- prevention of conflict of interest;
- conducting introductory briefings for newly hired employees of KazTransOil JSC on familiarization with anti-corruption standards of KazTransOil JSC, Code of Business Ethics of KazTransOil JSC and settlement of conflict of interest;
- development and timely implementation of the action plan to minimize / prevent / eliminate corruption risks in KazTransOil JSC, regular monitoring of its implementation;
- carrying out preventive, informational and awareness-raising work on compliance with the requirements of applicable anti-corruption legislation of the Republic of Kazakhstan and the internal documents of KazTransOil JSC, as well as on issues of prevention and counteraction to fraud and corruption;
- organizing and holding meetings with employees of the Anti-Corruption Agency of the Republic of Kazakhstan;
- identification of causes and conditions conducive to corruption, analysis of the results of audits conducted by the Internal Audit Service of KazTransOil JSC, NC KazMunayGas JSC, as well as based on the results of internal investigations, internal analysis of the exposure of key business processes of KazTransOil JSC to corruption risks, through the communication channels of the Hotline.

276

Risk factor

Failure (loss) of operational software

Preventive measures aimed at reducing risk

Ongoing activities:

- ensuring technical support of software and maintenance of information systems,
- ensuring fulfillment of the regulations for making changes to the software;
- creation of backup copies of software,
- ensuring duplication (reserve) of server equipment components;
- ensuring control over timely fulfillment of contracts for technical support or maintenance (including accounting for peak loads);
- ensuring compliance with the rules of operation of server equipment.

277

Failure of operational server equipment.

Internal Control System

The Internal Control System (ICS) is a set of processes and procedures performed by the Board of Directors, Management Board, Internal Audit Service and employees of the Company. ICS began its functioning in the Company in 2013, after the placement of shares on KASE under the 'People's IPO' program, and is functioning to this day.

The main objectives of ICS are:

- Improving operational efficiency in accordance with the Company's development strategy;
- Ensuring safety of assets and information, efficient use and distribution of resources;
- Ensuring completeness and reliability of financial and management reporting, as well as reliability of the system of its preparation;
- Compliance with the requirements of the legislation and regulatory technical documents of the Republic of Kazakhstan, internal documents of the Company;
- Reduction of probability of process level risks and possible losses due to implementation of effective control procedures;
- Creation of a reliable information basis for management decision-making;
- Control over effective functioning of business processes and analysis of the Company's performance results;
- Assistance in building an optimal organizational structure of the Company;
- Identification of areas for improvement and further improvement of ICS.

It includes standards of conduct and action that promote effective and efficient operations to provide reasonable assurance of achieving the Company's objectives and minimize process-level risks in the three key areas of ICS.





Three key areas of ICS application:

- Operational. Improving operational efficiency;
- Financial. Timely preparation of complete and accurate financial statements;
- Legislative. Compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents of the Company. ICS activity is regulated by the Policy of the internal control system of KazTransOil JSC and Regulations of the internal control system of the internal control system of KazTransOil JSC.

The Company's internal control system consists of 5 interrelated components:

- The control environment, which ensures discipline and structure. Factors of the control environment include honesty, moral and ethical values and competence of the Fund's employees;
- Risk Assessment. This is the identification and analysis of risks affecting the achievement of the Fund's objectives, the results of which form the basis for determining the methods of risk management;
- Monitoring procedures that allow to assess the effectiveness of the system over time can be carried out in the form of continuous monitoring, one-off assessments or a combination of both;
- Information and its communication. Information relevant to an issue must be identified, collected, processed and communicated;
- Control procedures. Ensure compliance with management's instructions, compliance with internal local acts and risk management affecting the achievement of the Company's objectives.

In order to further improve the ICS, which is aimed at timely identification and analysis of process-level risks inherent in the activities of KazTransOil JSC, as well as identification and analysis of control procedures to manage these risks in three key areas: improving the efficiency of operating activities, preparation of complete and reliable financial statements and compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents of KazTransOil JSC, the following activities were implemented in 2023:

- Classifier of business processes of KazTransOil JSC was formed and approved by the decision of the Management Board of KazTransOil JSC;
- according to the Schedule of Work for the Internal Control System of KazTransOil JSC for 2023, approved by the General Director (Chairman of the Board) of KazTransOil JSC on December 27, 2022, flowcharts and risk and control matrices have been developed for all planned 12 business processes/sub-processes in a new format in accordance with the Internal Control System Regulations of KazTransOil JSC updated in November 2022, and approved by the decisions of the Board of KazTransOil JSC.
- approved reports on the results of analysis of the effectiveness of the design of control procedures for 12 business processes/subprocesses;
- training of employees on the updated ICS was conducted.

Plans for 2024 and the medium term

Continuation of works on improvement of ICS internal control system, according to the Schedule of Work on ICS of KazTransOil JSC for 2024, approved by the General Director (Chairman of the Management Board) of KazTransOil JSC on December 25, 2023.

Business Continuity Management System

In 2023, work was started on the implementation of the business continuity management system in order to implement the Policy of the Business Continuity Management System of KazTransOil JSC and the Regulations of the Business Continuity Management System of KazTransOil JSC.

The Schedule of Work on KazTransOil JSC for 2024 was developed and approved by the General Director (Chairman of the Management Board) of KazTransOil JSC on December 25, 2023.

Plans for 2024 and the medium term

1. Analyzing the impact on the business of KazTransOil JSC of some business processes.
2. Identification of critical business processes of KazTransOil JSC.
3. Development and approval of business continuity plans for critical business processes of KazTransOil JSC and the Comprehensive Business Continuity Plan of the Company.



Financial and economic performance. Management report

| | |
|--|-----|
| Key consolidated financial performance | 204 |
| Assets, equity, and liabilities | 208 |





This section represents the result of discussions and analysis by the Company's management and is aimed at disclosure of 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 presented in other sections of the Report.

Key consolidated financial performance

The change in the financial result achieved by the Group of companies of KazTransOil JSC in 2023 compared to the results for 2022 is due to the following main factors:

- increased cost of sales;
- decrease in other operating expenses;
- financial income growth;
- increase in the share of profits of jointly controlled entities;
- growth in other operating income;

The consolidated statement of comprehensive income includes revenues and expenses of the Company and its subsidiaries – BOT, PTL, Main Water-line LLP (Group of companies KazTransOil JSC). Financial results of jointly controlled entities – KCP LLP and MunaiTas NWPC LLP – are recognized using the equity method of accounting under 'Share of profit/(loss) of jointly controlled entities'.

- increase in cost of sales;
- increased financial costs;
- increase in income tax expense;
- decrease in foreign exchange gain;
- increase in general and administrative expenses.

Consolidated revenues for 2022 amounted to 290,386 million tenge. Consolidated net profit of the company for 2023 amounted to 32,845 million tenge.

Financial indicators of the Group of companies of KazTransOil JSC

| GRI 201-1 | MILLION TENGE | | | |
|---|---------------|----------|----------|---------------------|
| Consolidated figures | 2021 | 2022 | 2023 | Change 2023-2022, % |
| Revenue | 238,176 | 255,627 | 290,386 | 14% |
| Cost of sales | -173,246 | -219,435 | -248,858 | 13% |
| Gross profit | 64,930 | 36,193 | 41,528 | 15% |
| General and administrative expenses | -15,550 | -16,539 | -17,294 | 5% |
| Other operating income | 3,095 | 2,028 | 2,128 | 5% |
| Other operating expenditure | -1,263 | -13,923 | -7,241 | -48% |
| Operating profit | 51,213 | 7,758 | 19,121 | 146% |
| Foreign exchange gain (loss), net | -88 | 1,945 | 643 | -67% |
| Financial income | 3,201 | 4,029 | 10,262 | 155% |
| Financial costs | -4,116 | -4,779 | -7,011 | 47% |
| Share in profits of jointly controlled entities | 12,788 | 15,974 | 16,873 | 6% |
| Profit before tax | 62,998 | 24,926 | 39,889 | 60% |
| Income tax expense | -12,391 | -5,124 | -7,044 | 37% |
| Consolidated net profit for the period | 50,607 | 19,802 | 32,845 | 66% |

Income structure (excluding share in profits of jointly controlled entities)

| | % | | |
|----------------------|------|------|------|
| Consolidated figures | 2021 | 2022 | 2023 |
| Revenue | 97.4 | 97.0 | 95.7 |
| Financial income | 1.3 | 1.5 | 3.4 |
| Other income* | 1.3 | 1.5 | 0.9 |

*Other operating income, foreign exchange gain, reversal of impairment of fixed and intangible assets, net.

In 2023, the revenue share of total revenues was 95.7%, while in 2022 the revenue share reached 97.0%.

Revenue structure

| | MILLION TENGE | | | |
|---|---------------|---------|---------|---------------------|
| Consolidated figures | 2021 | 2022 | 2023 | Change 2023-2022, % |
| Revenue, including | 238,176 | 255,627 | 290,386 | 13.6% |
| Transportation of crude oil* | 191,849 | 184,916 | 210,710 | 13.9% |
| Pipeline operation and maintenance services | 18,091 | 24,064 | 26,567 | 10.4% |
| Transshipments of oil and petroleum products and transportation by rail | 7,044 | 22,499 | 20,202 | -10.2% |
| Water supply | 9,051 | 11,930 | 19,822 | 66.2% |
| Oil and seaport freight forwarding services | 7,192 | 8,537 | 8,806 | 3.1% |
| Payment for undelivered oil volumes | 3,407 | 1,790 | 1,783 | -0.4% |
| Other revenue | 1,540 | 1,892 | 2,497 | 31.9% |

* 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 JSC.

Revenues for 2023 amounted to 290,386 million tenge, which is 13.6%, or by 34,758 million tenge.

Transportation of crude oil

Revenue from crude oil transportation in 2023 increased by 25,794 million tenge compared to the 2022 actual, mainly due to the increase in the export tariff (from 7,358.76 tenge per ton per 1,000 km to 8,830.51 tenge per ton per 1,000 km from 1 June 2022, from 1 July 2023 tariff 10,150 tenge per ton per 1,000 km), as well as growth of tariff for the domestic market from December 1, 2022 from 3,728.82 to 4,355.57 tenge/ton per 1,000 km, from July 1, 2023 tariff 4,849.39 tenge/ton per 1,000 km, growth of transit income due to transportation of oil of Russian origin for export through the territory of the Republic of Kazakhstan to the Republic of Uzbekistan from March 2023.

Operation and maintenance of main oil pipelines owned by third parties

Revenues from operation and maintenance of main oil pipelines increased by 10.4%, or by 2,503 million tenge, due to an increase in the cost of services in 2023.

Transshipment of oil and petroleum products and transportation by rail

For 2023, revenues from transshipment and transportation of crude oil and petroleum products at the Company's foreign subsidiaries (BOT and PTL) decreased by 10.2%, or by 2,297 million tenge, year-on-year.

This decrease was mainly due to a decrease in revenue from transportation and transshipment of oil due to a decrease in volumes of Tengiz oil, Russian oil due to the geopolitical situation, and Turkmen oil due to the completion of the contract in 2022.

Water supply

Revenue from water supply increased by 66.2% or 7,892 million tenge mainly due to an increase in the water supply tariff from October 1, 2022, as well as the recognition of a gain related to the amortization of a liability as a result of the gratuitous receipt from Tengizchevroil LLP in April 2021 of the Kulsary-Tengiz service water pipeline and November 2022 of the service water pumping station (amortization of deferred income).

Oil and seaport freight forwarding services

Revenues increased by 3.1%, or by 269 million tenge, which was mainly due to an increase in revenues from oil transportation forwarding due to an increase in volumes of oil transportation to Samara ADP.

Payment for undelivered oil volumes

During the reporting period the payment for undelivered volumes of crude oil was fulfilled at the level of 2022. Revenues for undelivered volumes of crude oil are recognized on the basis of concluded contracts for oil transportation on a pump-or-pay basis.

Other revenue

Other revenues increased by 31.9% or 604 million tenge in 2023 compared to the 2022 actual, which was mainly due to an increase in revenues from storage of crude oil and petroleum products in BOT's tanks due to accumulation of tanker cargo shipments.

Financial income

Financial income in 2023 amounted to 10,262 million tenge and is mainly due to an increase in interest income on deposits placed in banks and current accounts of the Group of companies of KazTransOil JSC due to an increase in interest rates.

Expenses

Total expenses for 2023 amounted to 280,404 million tenge, which is 10% higher than total expenses for 2022 (254,676 million tenge).



Structure of expenses

| | % | | |
|---|------|------|------|
| Consolidated indicators | 2021 | 2022 | 2023 |
| Cost of sales | 89.2 | 86.2 | 88.7 |
| General and administrative expenses | 8.0 | 6.5 | 6.2 |
| Impairment of fixed and intangible assets | 0.2 | 5.1 | 1.7 |
| Financial expenses | 2.1 | 1.9 | 2.5 |
| Other expenses* | 0.5 | 0.4 | 0.9 |

* Other operating expenses and foreign exchange loss, net

Cost of sales for 2023 is 248,858 million tenge, which exceeds the 2022 figure by 13% or 29,423 million tenge. The increase is mainly due to the following factors:

- an increase in depreciation and amortization expenses due to an increase in the cost of fixed assets as a result of their revaluation at the end of 2022;
- increase in personnel expenses due to indexation of wages of production personnel of the Group of companies of KazTransOil JSC;
- increase in security expenses mainly due to increase in the cost of services as a result of indexation of wages of the contractor's personnel;
- increase in tax expenses mainly due to the property tax as a result of increase in the book value of fixed assets at the end of 2022, including due to revaluation of fixed assets.

At the same time, in the reporting period compared to 2022, there was a decrease in expenses for certain items, including:

- decrease in expenses for railroad services. The decrease was due to the fact that in 2022 additional volumes of Kazakhstani oil were attracted (Tengizchevroil LLP);
- expenses for air patrol services due to suspension of flights related to air patrol due to hard landing of the Mi-8 helicopter of Kazaviaspass JSC, which occurred on February 23, 2023.

Cost of sales structure

| | % | | |
|--|------|------|------|
| Consolidated indicators | 2021 | 2022 | 2023 |
| Personnel costs | 35.5 | 40.6 | 39.3 |
| Depreciation and amortization | 30.1 | 24.4 | 28.6 |
| Fuels and materials | 5.4 | 4.1 | 3.8 |
| Taxes. other than income tax | 5.4 | 5.0 | 4.9 |
| Expenses for maintenance. repair and service of fixed assets | 4.8 | 4.0 | 3.9 |
| Electricity | 5.0 | 4.4 | 4.0 |
| Security services | 3.5 | 4.4 | 5.3 |
| Gaz expenses | 1.7 | 1.5 | 1.3 |
| Railroad service | 1.6 | 6.0 | 3.9 |
| Meals and accommodation | 1.2 | 1.0 | 1.0 |
| Travel expenses | 0.5 | 0.4 | 0.4 |
| Environmental Protection | 1.4 | 0.7 | 0.4 |
| Air Patrol Services | 0.3 | 0.3 | 0.3 |
| Other | 0.3 | 0.3 | 0.1 |

General and administrative expenses in 2023 were 17,294 million tenge, which is 5% higher than in 2022 (16,539 million tenge).

In 2023 as compared to the 2022 actual, the increase in consolidated general and administrative expenses is mainly due to an increase in salaries of the Company's administrative staff as a result of its indexation from January 1, 2023, as well as an increase in depreciation and amortization due to revaluation of fixed assets.

Finance costs amounted to 7,011 million tenge, which is 2,232 million higher than in 2022. The increase was mainly due to an increase in amortization of discount on lease liabilities (due to recognition of new long-term contracts), as well as an increase in amortization of discount on estimated liabilities (on disposal of assets for their exploitation and land reclamation and on employee benefit liabilities) as a result of an increase in their carrying amount and discount rate at the beginning of the reporting year.

Structure of general and administrative expenses

| | % | | |
|---|------|------|------|
| Consolidated indicators | 2021 | 2022 | 2023 |
| Personnel costs | 63.2 | 66.8 | 65.4 |
| Depreciation and amortization | 9.4 | 8.7 | 9.2 |
| Charity expenses | 0.0 | 0.0 | 0.0 |
| Office Maintenance | 3.7 | 3.0 | 2.5 |
| Consulting services | 2.1 | 2.6 | 2.0 |
| Accrual of allowance for expected credit losses | 0.2 | 1.9 | 2.2 |
| Repairs and maintenance | 1.8 | 2.1 | 3.2 |
| Outstaffing services | 1.7 | 1.8 | 1.9 |
| Accrual of expenses on short-term reserves | 0.0 | 0.0 | 0.2 |
| Taxes. other than income tax | 2.1 | 1.6 | 1.6 |
| Materials and fuel | 0.4 | 0.4 | 0.2 |
| Expenses on write-off of VAT for reimbursement | 0.5 | 0.8 | 1.3 |
| Information support | 0.9 | 0.9 | 0.8 |
| Communication services | 0.8 | 0.6 | 0.5 |
| Travel expenses | 1.4 | 1.5 | 1.4 |
| Bank services | 0.4 | 0.4 | 0.3 |
| Insurance and security | 0.3 | 0.3 | 0.6 |
| Advertising costs | 0.1 | 0.1 | 0.1 |
| Other | 11.0 | 6.4 | 6.6 |

Share in profits of jointly controlled entities

The Company's recognized share of profit in the financial results of jointly controlled entities increased from 15,974 million tenge in 2022 to 16,873 million tenge for 2023.

Share of KazTransOil JSC in profits of jointly controlled entities

| | MILLION TENGE | | | |
|---------------------------------------|---------------|--------|--------|---------------------|
| Indicators | 2021 | 2022 | 2023 | Change 2023-2022, % |
| Share in profits of MunaiTas NWPC LLP | 1,180 | 1,248 | 888 | -28.9% |
| Share in profits of KCP LLP | 11,608 | 14,726 | 15,986 | 8.6% |
| Total: | 12,788 | 15,974 | 16,873 | 5.6% |

KCP LLP. Net profit of KCP LLP for 2023 amounted to 31,971 million tenge, the Company's respective share — 15,986 million tenge.

The increase in the Company's share of profit of jointly controlled entities is mainly due to the growth of oil transportation revenues.

MunaiTas NWPC LLP. The net profit of MunaiTas NWPC LLP for 2023 amounted to 1,741 million tenge, the corresponding share of the Company is 888 million.

Income tax

Corporate income tax expenses in 2023 amounted to 7,044 million tenge, which is 37.5% higher than in 2022 (5,124 million tenge).

Corporate income tax expenses

| | MILLION TENGE | | | |
|--------------------------------|---------------|--------|--------|---------------------|
| Consolidated indicators | 2021 | 2022 | 2023 | Change 2023-2022, % |
| Current income tax expense | 16,164 | 11,145 | 14,200 | 27.4% |
| Savings on deferred income tax | -3,773 | -6,021 | -7,156 | 18.9% |
| Income tax | 12,391 | 5,124 | 7,044 | 37.5% |

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

Key consolidated financial performance
Assets, equity, and liabilities

6. APPENDICES



I Assets, equity, and liabilities

Assets, equity, and liabilities

| Consolidated indicators | For the year ended December 31 | | | |
|-------------------------|--------------------------------|-----------|-----------|---------------------|
| | 2021 | 2022 | 2023 | Change 2023-2022, % |
| Assets | 983,163 | 1,235,418 | 1,358,382 | 10% |
| Long-term assets | 901,119 | 1,114,340 | 1,224,043 | 10% |
| Current assets | 82,043 | 121,078 | 134,339 | 11% |
| Equity and liabilities | 983,163 | 1,235,418 | 1,358,382 | 10% |
| Equity | 737,108 | 912,453 | 956,870 | 5% |
| Long-term liabilities | 167,447 | 231,362 | 288,766 | 25% |
| Current liabilities | 78,607 | 91,602 | 112,746 | 23% |

As of the end of 2023 (compared to December 31, 2022), long-term assets of the Group of companies of KazTransOil JSC increased by 10%, or by 109,703 million tenge. The main factors of increase in the value of long-term assets are:

- increase in the value of fixed assets due to proceeds from the projects 'Reconstruction and expansion of the main water pipeline 'Astrakhan – Mangyshlak' Phase 1' and 'Replacement of sections of the pipeline 'Uzen – Atyrau – Samara';

- increase in investments in jointly controlled entities due to the change in the share in net assets as a result of these entities profit for the period;
- increase in VAT recoverable due to additions of property, plant and equipment for the project 'Reconstruction and expansion of the main water pipeline 'Astrakhan – Mangyshlak' Phase 1'.

This increase was partially mitigated by a decrease in advances paid to suppliers for property, plant and equipment due to proceeds from the project 'Reconstruction and expansion of the main water pipeline 'Astrakhan – Mangyshlak' Phase 1'.

Structure of fixed assets

| Consolidated indicators | For the year ended December 31 | | | |
|-----------------------------|--------------------------------|---------|-----------|---------------------|
| | 2021 | 2022 | 2023 | Change 2023-2022, % |
| Pipelines | 284,044 | 351,406 | 428,778 | 22% |
| Process oil | 201,418 | 223,788 | 229,024 | 2% |
| Machinery and equipment | 133,952 | 183,759 | 171,283 | -7% |
| Buildings and constructions | 84,747 | 114,312 | 112,969 | -1% |
| Construction in progress | 49,635 | 28,277 | 74,507 | 163% |
| Land | 26,148 | 35,758 | 35,251 | -1% |
| Transport assets | 18,037 | 25,560 | 23,348 | -9% |
| Other | 5,092 | 11,735 | 8,986 | -23% |
| Total: | 803,073 | 974,596 | 1,084,146 | 11% |

The increase in current assets as of the end of 2023 (compared to December 31, 2022) amounted to 11%, or 13,261 million tenge, which is mainly due to the increase in revenues from oil transportation as a result of tariffs increase.

An increase in equity by 5%, or 44,417 million tenge, mainly due to an increase in net income for 2023, as well as the recognition of income on shareholder transactions (discount on bonds issued by Main Waterline LLP as part of the financing of the project 'Reconstruction and expansion of the main water pipeline 'Astrakhan – Mangyshlak' Phase 1' as a result of the difference between the market and coupon rates of interest).

The increase in long-term liabilities by 25%, or by 57,404 million tenge, was due to the attraction of a loan (second tranche) and issue of bonds by Main Waterline LLP within the framework of financing the project 'Reconstruction and expansion of the main water pipeline 'Astrakhan – Mangyshlak' Phase 1'.

The increase in current liabilities by 23%, or 21,144 million tenge, was mainly due to an increase in accounts payable under capital contracts (as a result of the execution of contracts for the project 'Reconstruction and expansion of the main water pipeline 'Astrakhan – Mangyshlak' Phase 1', as well as replacement of sections of the oil pipeline 'Uzen – Atyrau – Samara'), advances on oil transportation services (due to an increase in tariffs), lease liabilities (as a result of the conclusion of long-term lease agreements) and personnel remuneration liabilities due to the increase in tariffs for oil transportation services.

I Performance indicators

Key performance indicators

| Key financial indicators | 2021 | 2022 | 2023 | Change 2023-2022, % |
|--|---------|--------|--------|---------------------|
| EBITDA*, million tenge | 103,038 | 74,527 | 97,030 | 30% |
| EBITDA margin (EBITDA to revenue ration), % | 43.3 | 29.2 | 33.4 | 15% |
| Gross profit margin (gross profit to revenue ration, % | 27.3 | 14.2 | 14.3 | 1% |
| Net profit rate (ratio of net profit to revenue), % | 21.2 | 7.7 | 11.3 | 46% |

*The indicator is calculated without considering the adjustments provided for in the adjusted EBITDA KPI, approved by the decision of the Board of Directors of KazTransOil JSC from January 30, 2023.

The table below provides information on the components of operating EBITDA, based on the profit for the reporting year.

EBITDA calculation

| Indicators | 2021 | 2022 | 2023 | Change 2023-2022, % |
|--|---------|---------|--------|---------------------|
| Profit for the reporting year | 50,607 | 19,802 | 32,845 | 66% |
| + income tax expense | 12,391 | 5,124 | 7,044 | 37% |
| Profit before income tax | 62,998 | 24,926 | 39,889 | 60% |
| + loss from exchange rate difference (net) | 88 | 0 | 0 | - |
| - foreign exchange gain (net) | 0 | 1,945 | 643 | -67% |
| + financial expenses | 4,116 | 4,779 | 7,011 | 47% |
| - financial income | 3,201 | 4,029 | 10,262 | 155% |
| + shares in losses of jointly controlled entities | 0 | 0 | 0 | - |
| - shares in profit of jointly controlled entities | 12,788 | 15,974 | 16,873 | 6% |
| Operating profit | 51,213 | 7,758 | 19,121 | 146% |
| + depreciation and amortization | 53,658 | 54,874 | 72,796 | 33% |
| + other operating expenses | 926 | 1,011 | 2,510 | 148% |
| - other operating income | 3,095 | 2,028 | 2,128 | 5% |
| - reversal of impairment/ (impairment) of property, plant and equipment and intangible assets, net | -336 | -12,912 | -4,731 | -63% |
| EBITDA* | 103,038 | 74,527 | 97,030 | 30% |

*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 January 30, 2023

Key performance indicators

| Name | 2021 | 2022 | 2023 |
|--|------|------|------|
| ROA (net profit/average annual amount of assets) | 5.5 | 1.8 | 2.5 |
| ROE (net profit/average annual amount of equity) | 7.3 | 2.4 | 3.5 |

I Liquidity and financial stability indicators

The main source of liquidity and financial stability is cash generated by its core activities.

The liquidity ratio characterizes the Company's ability to meet its short-term obligations based on its current assets. The total (current) liquidity ratio characterizes the extent to which current liabilities are covered by current assets. As can be seen from the table below, on average 1 tenge of current liabilities is covered by 1.19 tenge of current assets.

Liquidity ratios

| Consolidated indicators | Normative criteria | 2021 | 2022 | 2023 |
|---|--------------------|------|------|------|
| Total liquidity Ratio (Current Assets/ Current Liabilities) | 1.5–2.5 | 1.04 | 1.32 | 1.19 |
| Quick Liquidity Ratio ((Current Assets — Inventories) /Current Liabilities) | 1.5–2.5 | 0.93 | 1.23 | 1.11 |

The quick liquidity ratio characterizes the part of current liabilities that can be repaid not only at the expense of available cash of the Group of companies of KazTransOil JSC , but also at the expense of expected receipts for services rendered (short-term accounts receivable) or the use of other short-term assets. Decrease in the quick liquidity ratio compared to the indicator of 2022 is due to the increase in current liabilities due to the growth of trade and other payables, which are expected to be repaid in 2024.

Cash and cash equivalents

The Group of companies of KazTransOil JSC cash and cash equivalents as of 31 December 2023 amounted to 76,673 million tenge.

Cash turnover

| Consolidated indicators | For the year ended December 31 | | | Change 2023-2022, % |
|---|--------------------------------|---------|----------|---------------------|
| | 2021 | 2022 | 2023 | |
| Net cash flows from operating activities | 86,977 | 73,513 | 87,839 | 19% |
| Net cash flows used in investing activities | -45,969 | -47,288 | -160,028 | 238% |
| Net cash flows (used in)/ generated from financing activities | -52,803 | 17,011 | 64,418 | 279% |
| Net change in cash and cash equivalents | -11,795 | 43,236 | -7,771 | -118% |
| Net exchange difference | 280 | 1,425 | -720 | -151% |
| Change in provision for expected credit losses | -1 | -2 | 6 | -400% |
| Cash and cash equivalents at the beginning of the period | 52,015 | 40,499 | 85,158 | 110% |
| Cash and cash equivalents at the end of the period | 40,499 | 85,158 | 76,673 | -10% |

Net positive cash flows from operating activities of the Group of companies of KazTransOil JSC in 2023 amounted to 87,839 million tenge, which is 19% or 14,326 million tenge higher than the figure for 2022. The main factor that influenced the increase in this indicator is the growth of revenues from oil transportation services as a result of tariff increase.

Net negative cash flows on investing activities of the Group of companies of KazTransOil JSC in 2023 amounted to 160,028 million tenge, which is 238% or 112,740 million tenge higher than in 2022. This change is due to the allocation of cash for capital works under the project 'Reconstruction and expansion of the main water pipeline 'Astrakhan — Mangyshlak' Phase 1, as well as the replacement of sections of the oil pipeline 'Uzen — Atyrau — Samara'. At the same time, the increase in cash outflows was due to the acquisition of Notes of the National Bank of the Republic of Kazakhstan.

Net positive cash flows from financing activities of the Group of companies of KazTransOil JSC in 2023 amounted to 64,418 million tenge, which is 279% or 47,407 million tenge higher than in 2022. The increase was due to the receipt by Main Waterline LLP of the second tranche of the loan in the amount of 11,800 million tenge (the first tranche in the amount of 29,593 million tenge was received in November 2022), as well as placement of issued bonds in the amount of 70,000 million tenge to finance the project 'Reconstruction and Expansion of the Main Waterline LLP'. This increase was partially mitigated by dividend payments: in 2023, dividend payments for 2022 totalled 15,000 million tenge.



Address by the Chair of the Board of Directors
Address by the General Director (Chair of the Management Board)
Key indicators 2023
Layout of Main Pipelines
Key events 2023
Company's Business Model

- 1. COMPANY OVERVIEW
- 2. OPERATING PERFORMANCE RESULTS
- 3. SUSTAINABLE DEVELOPMENT PERFORMANCE
- 4. CORPORATE GOVERNANCE
- 5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT
- 6. APPENDICES

Appendix 1. About the report
Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023
Appendix 3. GRI Index
Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals
Appendix 5. Stakeholder Engagement
Appendix 6. Audited Consolidated Financial Statements
Appendix 7. Quantitative indicators in the field of sustainable development
Appendix 8. List of abbreviations



Appendices

| | |
|---|-----|
| Appendix 1. About the report | 214 |
| Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023 | 219 |
| Appendix 3. GRI Index | 221 |
| Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals | 226 |
| Appendix 5. Stakeholder Engagement | 228 |
| Appendix 6. Audited Consolidated Financial Statements | 232 |
| Appendix 7. Quantitative indicators in the field of sustainable development | 297 |
| Appendix 8. List of abbreviations | 311 |



Appendix 1. About the report

Reporting approach

GRI 2-3

KazTransOil JSC strictly adheres to the principle of transparency in its activities and strives to ensure effective and full disclosure of information to a wide range of stakeholders.

This is the eleventh integrated annual report (Report) of KazTransOil JSC, which reflects financial and operational performance, 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 2023.

The Report is issued on an annual basis and, in this case, includes the Company's results for the period from January 1 to December 31 2023 and, where possible, describes the Company's plans for 2024 and the medium term.

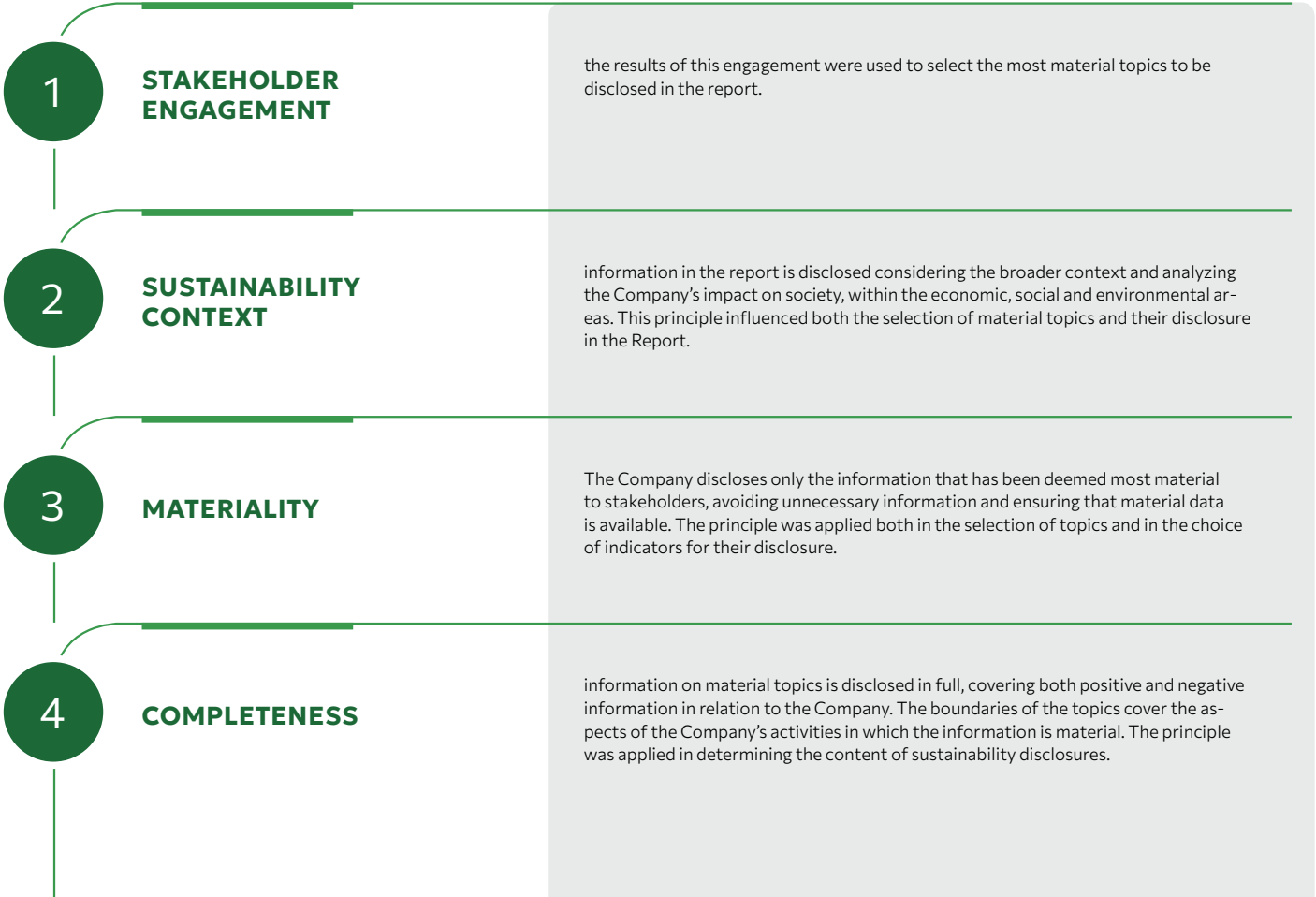
The Report has been prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI), as well as the industry standard for oil and gas companies GRI 11: Oil and Gas Sector Disclosures, which defines the procedure for disclosure of information in the field of sustainable development.

The external audit of the Company's financial statements was performed by Ernst & Young LLP. There was no external assurance of non-financial information in the area of sustainable development for 2023.

Process for defining report content

GRI 3-1

The content of the Report of KazTransOil JSC for 2023 was 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 KASE requirements were also considered. Information is disclosed in the Report in accordance with the provisions of the Corporate Governance Code and other internal documents of the Company, as well as in accordance with the norms of the Kazakh legislation.

The report discloses information on the Company's adherence to the principles of the United Nations (UN) Global Compact and the Company's contribu-

tion to the achievement of the UN Sustainable Development Goals. When disclosing this information, the Company was guided by the best international practices to ensure comparability of information with other organizations in the Republic of Kazakhstan and abroad.

The description of the results of financial and economic activities of the Company was prepared in accordance with the recommendations of the IFRS Practice Guide 'Management Commentary'.

Compliance with the principle of materiality

GRI 3-2

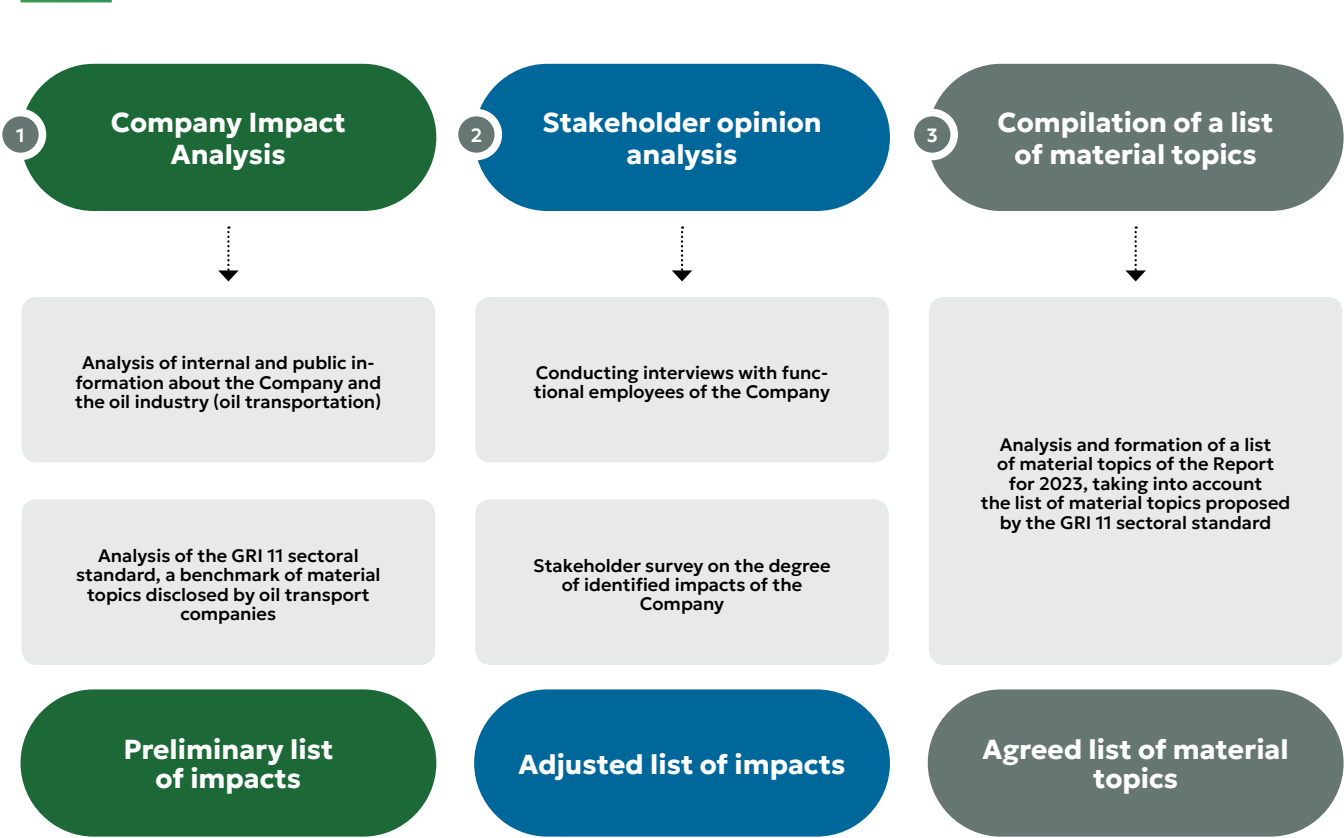
To select the material sustainability topics to be disclosed in this report, the Company analyzed the list of topics recommended by the GRI Standards.

The primary list of material topics was determined during internal analysis of the Company's operations and assessment of its impact on society and the environment, as well as analysis of foreign experience and benchmarks.

The preliminary list of material topics was based on a stakeholder survey to assess the significance of impacts. More than 20 representatives of internal and external stakeholder groups participated in the survey. Based on the results of the questionnaire, key impacts and material topics were identified by averaging all stakeholder responses, i.e., above the low significance threshold (above 3.2 points).

As a result, the following Materiality Matrix was agreed and approved based on the correlation of the results of the Company's performance analysis and stakeholder survey.

Approach to identify material topics





The 15 material topics summarized below are disclosed in the Report in accordance with GRI Standard 11: Oil and Gas Sector Disclosures. The table containing the full list of standard reporting elements and references to disclosures in the Report is presented in Appendix 3 to the Report.

Full list of Material topics

| Category | № | Material topics |
|------------|-----|---|
| Economic | 1. | 11.14 Economic impact |
| | 2. | 11.20 Anti-corruption |
| | 3. | 11.1 Greenhouse gas emissions |
| Ecological | 4. | 11.2 Climate adaptation, resilience and transition |
| | 5. | 11.3 Air emissions |
| | 6. | 11.4 Biodiversity |
| | 7. | 11.5 Waste |
| | 8. | 11.6 Water and waste water |
| | 9. | 11.8 Asset integrity and Critical Incident Management |
| Social | 10. | 11.7 Asset closure management |
| | 11. | 11.9 Occupational health and safety |
| | 12. | 11.10 Employment practice |
| | 13. | 11.11 Anti-Discrimination and Equal Opportunities |
| | 14. | 11.13 Freedom of association and the right to collective bargaining |
| | 15. | 11.15 Local communities |

Report Topic Boundaries

GRI 2-2

Operating and financial indicators of KazTransOil JSC and its SJCE are reflected on a consolidated basis and include the results of financial and economic activities of SJCE.

Sustainable development indicators include information on the Company and its subsidiaries, unless otherwise indicated.

Subsidiaries included in the Report boundary of KazTransOil JSC

| List of subsidiaries | Name in the Report | Region of presence |
|-------------------------|--------------------|-------------------------|
| Main Waterline LLP | Main Waterline LLP | Republic of Kazakhstan |
| Batumi Oil Terminal Ltd | BOT | Georgia |
| Petrotrans Limited | PTL | Abu Dhabi Global Market |

In 2023 KazTransOil JSC for the first time conducts consolidation of sustainable development indicators, in this regard, the following most significant indicators of GRI 11: Oil and Gas Sector Disclosures and additional metrics were selected in accordance with the specifics of the activities of subsidiaries of KazTransOil JSC.

Boundary of reporting indicators

| Name of indicator | Subsidiary organizations of KazTransOil JSC | | |
|---|---|-----|-----|
| | Main Waterline LLP | BOT | PTL |
| GRI 11: Oil and Gas Sector Disclosures, including: | | | |
| Social indicators | | | |
| 2-7 – Employees | ✓ | ✓ | ✓ |
| 204-1 – Proportion of spending on local suppliers | ✓ | ✓ | |
| 401-1 – New employee hires and employee turnover | ✓ | ✓ | ✓ |
| 403-5 – Worker training on occupational health and safety | ✓ | ✓ | |
| 403-8 – Workers covered by an occupational health and safety management system | ✓ | ✓ | |
| 403-9 – Work-related injuries | ✓ | ✓ | |
| 404-1 – Average hours of training per year per employee | ✓ | ✓ | |
| 405-1 – Diversity of governance bodies and employees | ✓ | ✓ | ✓ |
| 405-2 – Ratio of basic salary and remuneration | ✓ | ✓ | ✓ |
| Environmental indicators | | | |
| 302-1 – Energy consumption within the organization | ✓ | ✓ | |
| 302-3 – Energy intensity | ✓ | ✓ | |
| 303-3 – Water withdrawal | ✓ | ✓ | |
| 303-4 – Water discharge | ✓ | ✓ | |
| 305-7 – Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | ✓ | ✓ | |
| 306-3 – Waste generated | ✓ | ✓ | |
| Additional metrics | | | |
| Environmental protection expenses | ✓ | ✓ | |
| Investment volume in industrial safety and occupational health | ✓ | ✓ | |
| Expenses for conducting sanitary-epidemiological and preventive medical measures | ✓ | | |
| Investment in staff training | ✓ | ✓ | ✓ |
| Number of interns at production facilities | ✓ | ✓ | |
| Expenses directed towards social support for employees and their family members | ✓ | ✓ | ✓ |

The Company maintains the practice of disclosing indicators on a three-year rolling basis. 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 on plans for 2024 and the medium term, which are of a forecast nature. It should be considered that their realization is influenced by external factors beyond the Company's control, the results achieved in future reporting periods may not coincide with the forecast benchmarks specified in the Report.

| |
|---|
| 1. COMPANY OVERVIEW |
| 2. OPERATING PERFORMANCE RESULTS |
| 3. SUSTAINABLE DEVELOPMENT PERFORMANCE |
| 4. CORPORATE GOVERNANCE |
| 5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT |
| 6. APPENDICES |
| Appendix 1. About the report |
| Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023 |
| Appendix 3. GRI Index |
| Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals |
| Appendix 5. Stakeholder Engagement |
| Appendix 6. Audited Consolidated Financial Statements |
| Appendix 7. Quantitative indicators in the field of sustainable development |
| Appendix 8. List of abbreviations |



I Feedback

The Company is interested in receiving feedback for further development of the Report, and quality disclosure of information to stakeholders. A feedback questionnaire is included at the end of this document. The Company would be grateful if you could complete it and send it to the contact persons below.

I Contact Information

The Company's integrated annual reports can be found on the Company's website www.kaztransoil.kz in the section 'To 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.

Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023

| № | Name of transaction | Decision of the authorities KazTransOil JSC |
|----------------------------------|---|--|
| CPC-K JSC | | |
| 1. | Change Order No. 8 to Service Agreement No. K-OD-18-0078// OS125/2018 dated May 16, 2018 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated May 25, 2023 No. 8/2023) |
| 2. | Change Order No. 9 to Service Agreement No. K-OD-18-0078// OS125/2018 dated May 16, 2018 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated November 24, 2023 № 15/2023) |
| 3. | Service agreement for maintenance of the CPC oil pipeline system on the territory of the Republic of Kazakhstan | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated December 22, 2023 №16/2023) |
| Turgai-Petroleum JSC | | |
| 4. | Agreement for the operation of the oil pipeline of Turgai-Petro-leum JSC for 2023 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated January 30, 2023 No. 1/2023) |
| 5. | Agreement for oil pipeline operation Turgai-Petroleum JSC for 2024 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated December 22, 2023 №16/2023) |
| MangistauMunaiGas JSC | | |
| 6. | Contract for supply and acceptance of natural gas for the needs of the 'Kalamkas' main oil pumping station and the 'Karazhanbas' oil pumping station the of Mangistau Oil Pipeline Department of Kaz-TransOil JSC for 2023 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated January 30, 2023 No. 1/2023) |
| 7. | Service agreement for organization of oil transportation through the territories of other countries No. EX 01/2024 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated November 24, 2023 № 15/2023) |
| 8. | Agreement for provision of oil transportation services No. TR 01/2024 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated November 24, 2023 № 15/2023) |
| 9. | Contract for supply and acceptance of natural gas for the needs of of the 'Kalamkas' main oil pumping station and the 'Karazhanbas' oil pumping station the of Mangistau Oil Pipeline Department of Kaz-TransOil JSC for 2024 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated December 22, 2023 №16/2023) |
| Kazakhoil-Aktobe LLP | | |
| 10. | Service agreement for organization of oil transportation through the territories of other states No. EX 03/2024 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated November 24, 2023 № 15/2023) |
| 11. | Agreement for provision of oil transportation services No. TR 04/2024 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated November 24, 2023 № 15/2023) |
| Kazakhstan-China Pipeline LLP | | |
| 12. | Relationship agreement in the course of commodity transportation operations | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated June 30, 2023 № 9/2023) |
| 13. | Agreement on reimbursement of expenses for business trip of employ-ees of KazTransOil JSC | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated December 22, 2023 №16/2023) |
| 14. | Additional agreement No.1 to the contract for operation of the 'Ken-kiyak-Kumkol' oil pipeline for 2022-2024 from December 15, 2022 No.16/452-2022/OS36/2022 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated December 22, 2023 №16/2023) |
| 15. | Additional agreement No.1 to the contract for operation of the 'Ata-su-Alashankou' oil pipeline for 2022-2024 from December 15, 2022 No.16/453-2022/OS37/2022. | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated December 22, 2023 №16/2023) |
| CNPC Kazakhstan B.V. | | |
| 16. | Service agreement for organization of oil transportation through the territories of other states No. EX 02/2024 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated November 24, 2023 № 15/2023) |
| 17. | Agreement for provision of oil transportation services No. TR 03/2024 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated November 24, 2023 № 15/2023) |
| PetroKazakhstan Oil Products JSC | | |
| 18. | Contract for provision of services for supply of potable water and reception of waste water at 'Shymkent' acceptance and delivery point of Shymkent Oil Pipeline Department of KazTransOil JSC for the year 2023 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated January 30, 2023 No. 1/2023) |
| 19. | Contract for provision of services for supply of potable water and reception of waste water at 'Shymkent' acceptance and delivery point of Shymkent Oil Pipeline Department of KazTransOil JSC for the year 2024 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated December 22, 2023 №16/2023) |



Address by the Chair of the Board of Directors

Address by the General Director (Chair of the Management Board)

Key indicators 2023

Layout of Main Pipelines

Key events 2023

Company's Business Model

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

- Appendix 1. About the report
- Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023
- Appendix 3. GRI Index
- Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals
- Appendix 5. Stakeholder Engagement
- Appendix 6. Audited Consolidated Financial Statements
- Appendix 7. Quantitative indicators in the field of sustainable development
- Appendix 8. List of abbreviations



| Nº | Name of transaction | Decision of the authorities KazTransOil JSC |
|---|--|---|
| PetroKazakhstan Kumkol Resources JSC | | |
| 20. | Agreement for provision of oil transportation services | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated June 30, 2023 № 9/2023) |
| Tengizchevroil LLP | | |
| 21. | Additional agreement No. 4 to the contract for provision of oil transportation services No. TR 11/2020 dated October 18, 2019 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated December 22, 2023 №16/2023) |
| Transtelecom JSC | | |
| 22. | Procurement agreement for the maintenance of production and technological communication services, including fiber-optic communication line No. 806346/2023/1 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated March 6, 2023 №4/2023) |
| 23. | Data transmission services procurement contract No. 820107/2023/1 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated April 13, 2023 № 6/2023) |
| 24 | Satellite communications services procurement contract No. 830793/2023/1 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated April 13, 2023 № 6/2023) |
| 25. | Data transmission services procurement contract No. 865947/2023/1 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated June 30, 2023 № 9/2023) |
| Jusan Garant IC JSC | | |
| 26. | Voluntary property insurance contract of KazTransOil JSC | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated April 25, 2023 № 7/2023) |
| CASPI BITUM JV LLP | | |
| 27. | Contract for the purchase of goods (purchase of carbon unit quota (additional carbon quota) for greenhouse gas emissions in the amount of 2823 tons) No. 881152/2023/1 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated September 25, 2023 № 13/2023) |
| Tengizchevroil LLP and Compas Service LLP | | |
| 28. | Tripartite contract for design, procurement, construction and commissioning of the facility 'Construction of a subsea oil pipeline 'MSHK 203 km (UUN) CPC-K JSC – NPS named after T. Kasymov'. | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated September 25, 2023 № 13/2023) |
| Kazgermunai JV LLP | | |
| 29 | Agreement for provision of oil transportation services No. TR 02/2024 | Decision of the Board of Directors of KazTransOil JSC (minutes of the meeting dated November 24, 2023 № 15/2023) |
| Samruk-Kazyna JSC | | |
| 30 | Sublicense agreement on transfer of rights to use SAP software | Decision of the Management Board KazTransOil JSC (Minutes of April 5, 2023 № 6) |
| Main Waterline LLP | | |
| 31 | Additional agreement No. 1 to the contract No. 001/2023 dated December 26, 2022 for the provision of services for maintenance and repair of main water pipelines | Decision of the Management Board KazTransOil JSC (Minutes of September 7, 2023 № 22) |
| 32 | Service agreement for maintenance and repair of main water pipelines | Decision of the Management Board KazTransOil JSC (Minutes No. 32 dated December 26, 2023) |
| Embamunaigas JSC represented by NC KazMunayGas JSC | | |
| 33 | Agreement for provision of oil transportation services | Decision of the Management Board KazTransOil JSC (Minutes No. 27 dated November 10, 2023) |
| 34 | Agreement for provision of services for organization of oil transportation through the territories of other states | Decision of the Management Board KazTransOil JSC (Minutes No. 27 dated November 10, 2023) |
| Urihtau Operating LLP represented by NC KazMunayGas JSC | | |
| 35 | Agreement for provision of services for organization of oil transportation through the territories of other states | Decision of the Management Board KazTransOil JSC (Minutes No. 27 dated November 10, 2023) |
| 36 | Agreement for provision of oil transportation services | Decision of the Management Board KazTransOil JSC (Minutes No. 32 dated December 26, 2023) |
| 37 | Agreement for provision of services for organization of oil transportation through the territories of other states | Decision of the Management Board KazTransOil JSC (Minutes No. 32 dated December 26, 2023) |
| Kazpost JSC | | |
| 38 | Current bank account agreement | Decision of the Management Board KazTransOil JSC (Minutes No. 29 dated November 29, 2023) |
| 39 | Term bank deposit agreement | Decision of the Management Board KazTransOil JSC (Minutes No. 29 dated November 29, 2023) |
| 40 | Agreement for banking services in the 'Internet banking' system | Decision of the Management Board KazTransOil JSC (Minutes No. 29 dated November 29, 2023) |

Appendix 3.
GRI Index

| Sector standard | Indicator index | Name of indicator | Section and page in Report/Comment |
|--|-----------------|---|--|
| Statement of use: KazTransOil JSC has provided the information provided in this GRI Standards Disclosure Index for the period from January 1, 2023 to December 31, 2023 in accordance with GRI 11: Oil and Gas Sector Disclosures. | | | |
| Applicable industry standard for KazTransOil JSC: GRI 11: Oil and Gas Sector Disclosures. | | | |
| GRI 1: Foundation 2021 | | | |
| GRI 2: General Disclosures 2021 | | | |
| - | 2-1 | Organization details | About the Company, p. 24 |
| - | 2-2 | Entities included in the organization's sustainability reporting | Appendix 1. About the report, p. 216 |
| - | 2-3 | Reporting period, frequency and contact point | Appendix 1. About the report, p. 214 |
| - | 2-4 | Restatements of information | Human resources management, equality and socio-economic impact, p. 109 |
| - | 2-5 | External assurance | No external assurance was performed in 2023 |
| Activities and workers | | | |
| - | 2-6 | Activities, value chain and other business relationships | Operational Results, p. 56, Human resources management, equality and socio-economic impact, p. 134 |
| - | 2-7 | Employees | Human resources management, equality and socio-economic impact, p. 109 |
| - | 2-8 | Workers who are not employees | Human resources management, equality and socio-economic impact, p. 110 |
| Governance | | | |
| - | 2-9 | Governance structure and composition | Corporate Governance, p. 164, Sustainable Development Performance, p. 82 |
| - | 2-10 | Nomination and selection of the highest governance body | Corporate Governance, p. 164 |
| - | 2-11 | Chair of the highest governance body | Corporate Governance, p. 164 |
| - | 2-12 | Role of the highest governance body in overseeing the management of impacts | Corporate Governance, p. 164, Sustainable Development Performance, p. 82 |
| - | 2-13 | Delegation of responsibility for managing impacts | Sustainable Development Performance, p. 82 |
| - | 2-14 | Role of the highest governance body in sustainability reporting | Sustainable Development Performance, p. 82 |
| - | 2-15 | Conflicts of interest | Corporate Governance, p. 172 |
| - | 2-16 | Communication of critical concerns | Human resources management, equality and socio-economic impact, p. 128 |
| - | 2-17 | Collective knowledge of the highest governance body | Corporate Governance, p. 164 |
| - | 2-18 | Evaluation of the performance of the highest governance body | In the reporting year, the performance of the Company's Board of Directors was not assessed. |
| - | 2-19 | Remuneration policies | Corporate Governance, p. 171 |
| - | 2-20 | Process to determine remuneration | Corporate Governance, p. 171 |
| - | 2-21 | Annual total compensation ratio | Indicator is not disclosed in KazTransOil JSC |
| Strategy, policies and practices | | | |
| - | 2-22 | Statement on sustainable development strategy | About the Company, p. 25, Sustainable Development Performance, p. 80 |
| - | 2-23 | Policy Commitments | About the Company, p. 25, Sustainable Development Performance, p. 81, Human resources management, equality and socio-economic impact, p. 108 |
| - | 2-24 | Embedding policy commitments | About the Company, p. 25, Sustainable Development Performance, p. 80, Annex 4: Index to the UN Global Compact Principles and Sustainable Development Goals, p. 226-227 |
| - | 2-25 | Processes to remediate negative impacts | Human resources management, equality and socio-economic impact, p. 128 |
| - | 2-26 | Mechanisms for seeking advice and raising concerns | Human resources management, equality and socio-economic impact, p. 128 |
| - | 2-27 | Compliance with laws and regulations | Environmental Protection, p. 139 |
| - | 2-28 | Membership associations | Sustainable Development Performance, p. 90 |
| Stakeholder Engagement | | | |
| - | 2-29 | Approach to stakeholder engagement | Sustainable Development Performance, p. 88, Appendix 5, p. 228 |
| - | 2-30 | Collective bargaining agreements | Human resources management, equality and socio-economic impact, p. 121 |
| GRI 3: Material topics 2021 | | | |
| - | 3-1 | Process to determine material topics | Appendix 1. About the report, p. 214 |
| - | 3-2 | List of material topics | Appendix 1. About the report, p. 215 |



Address by the Chair of the Board of Directors

Address by the General Director (Chair of the Management Board)

Key indicators 2023

Layout of Main Pipelines

Key events 2023

Company's Business Model

- 1. COMPANY OVERVIEW
- 2. OPERATING PERFORMANCE RESULTS
- 3. SUSTAINABLE DEVELOPMENT PERFORMANCE
- 4. CORPORATE GOVERNANCE
- 5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT
- 6. APPENDICES

Appendix 1. About the report

Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023

Appendix 3. GRI Index

Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals

Appendix 5. Stakeholder Engagement

Appendix 6. Audited Consolidated Financial Statements

Appendix 7. Quantitative indicators in the field of sustainable development

Appendix 8. List of abbreviations



| Sector standard | Indicator index | Name of indicator | Section and page in Report/Comment |
|--|-----------------|--|--|
| GRI 11: Material topics | | | |
| Category: Economic | | | |
| 11.20 Anti-corruption | | | |
| 11.20.1 | 3-3 | Management of material topics (2021) | Corporate Governance, p. 178 |
| 11.20.2 | 205-1 | Operations assessed for risks related to corruption (2016) | Corporate Governance, p. 179 |
| 11.20.3 | 205-2 | Communication and training about anti-corruption policies and procedures (2016) | Corporate Governance, p. 178, Human resources management, equality and socio-economic impact, p. 135 |
| 11.20.4 | 205-3 | Confirmed incidents of corruption and actions taken (2016) | Corporate Governance, p. 180 |
| 11.14 Economic impact | | | |
| 11.14.1 | 3-3 | Management of material topics | Human resources management, equality and socio-economic impact, p. 132 |
| 11.14.2 | 201-1 | Direct economic value created and distributed (2016) | Financial and Economic Performance, p. 204 |
| 11.14.4 | 203-1 | Infrastructure investment reporting and support services (2016) | Human resources management, equality and socio-economic impact, p. 132 |
| 11.14.5 | 203-2 | Significant indirect economic impact (2016) | Human resources management, equality and socio-economic impact, p. 132 |
| 11.14.6 | 204-1 | Percentage of spending on local suppliers (2016) | Human resources management, equality and socio-economic impact, p. 135 |
| Category: Ecological | | | |
| 11.1 GHG emissions | | | |
| 11.1.1 | 3-3 | Management of material topics | Environmental Protection, p. 140 |
| 11.1.2 | 302-1 | Energy consumption within the organization (2016) | Environmental Protection, p. 144 |
| 11.1.4 | 302-3 | Energy intensity (2016) | Environmental Protection, p. 145 |
| 11.1.5 | 305-1 | Direct greenhouse gas (GHG) emissions (Scope 1) (2016) | Environmental Protection, p. 140 |
| 11.1.6 | 305-2 | Indirect greenhouse gas (GHG) emissions (Scope 2) (2016) | Environmental Protection, p. 141 |
| 11.1.7 | 305-3 | Other indirect greenhouse gas (GHG) emissions (Scope 3) (2016) | The Company does not keep records of other indirect greenhouse gas emissions (Scope 3) |
| 11.1.8 | 305-4 | Reducing greenhouse gas (GHG) emissions sources | Environmental Protection, p. 141 |
| 11.2 Climate-related adaptation, resilience and transition | | | |
| 11.2.1 | 3-3 | Management of material topics | Environmental Protection, p. 140 |
| 11.2.2 | 201-2 | Financial aspects and other risks and opportunities for the organization's activities related to climate change (2016) | Environmental Protection, p. 141 |
| 11.2.3 | 305-5 | Reducing greenhouse gas (GHG) emissions (2016) | Environmental Protection, p. 141 |
| 11.3 Air emissions | | | |
| 11.3.1 | 3-3 | Management of material topics | Environmental Protection, p. 142 |
| 11.3.2 | 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant atmospheric emissions (2016) | Environmental Protection, p. 142 |
| 11.3.3 | 416-1 | Assessing the health and safety impact of product and service categories (2016) | The Company does not assess the health and safety impacts of product and service categories |

| Sector standard | Indicator index | Name of indicator | Section and page in Report/Comment |
|--|-----------------|---|--|
| Biodiversity | | | |
| 11.4.1 | 3-3 | Management of material topics | Environmental Protection, p. 150 |
| 11.4.2 | 304-1 | Business sites owned, leased, or managed in protected areas, non-protected areas with high biodiversity value, or areas adjacent to them (2016) | Environmental Protection, p. 150 |
| 11.4.3 | 304-2 | Significant impact of activities, products and services on biodiversity (2016) | Environmental Protection, p. 150 |
| 11.4.4 | 304-3 | Habitat protection and restoration (2016) | Environmental Protection, p. 150-151 |
| 11.4.5 | 304-4 | Species on the IUCN Red List and the National Conservation Species List living in areas affected by the project (2016) | The Company does not have a list of IUCN Red List species or a national list of protected species with habitats in the area affected by the organization's activities. |
| 11.5 Waste | | | |
| 11.5.1 | 3-3 | Management of material topics | Environmental Protection, p. 149 |
| 11.5.2 | 306-1 | Significant waste generation and waste-related impacts (2020) | Environmental Protection, p. 149 |
| 11.5.3 | 306-2 | Managing significant waste-related impacts (2020) | Environmental Protection, p. 149 |
| 11.5.4 | 306-3 | Waste generated (2020) | Environmental Protection, p. 149 |
| 11.5.5 | 306-4 | Waste not disposed of (2020) | Environmental Protection, p. 149 |
| 11.5.6 | 306-5 | Disposed of waste (2020) | Environmental Protection, p. 149 |
| 11.6 Water and wastewater | | | |
| 11.6.1 | 3-3 | Management of material topics | Environmental Protection, p. 146 |
| 11.6.2 | 303-1 | Interactions with water as a shared Resources (2018) | Environmental Protection, p. 146 |
| 11.6.3 | 303-2 | Management of impacts related to wastewater (2018) | Environmental Protection, p. 146 |
| 11.6.4 | 303-3 | Water intake (2018) | Environmental Protection, p. 146 |
| 11.6.5 | 303-4 | Drainage (2018) | Environmental Protection, p. 148 |
| 11.6.6 | 303-5 | Water consumption (2018) | Environmental Protection, p. 147 |
| 11.8 Asset Security and Critical Incident Management | | | |
| 11.8.1 | 3-3 | Management of material topics | About the Report, p. 152 |
| 11.8.2 | 306-3 | Waste generated (2020) (2016) | Environmental Protection, p. 152 |
| Category: Social | | | |
| 11.7 Asset closure management | | | |
| 11.7.1 | 3-3 | Management of material topics | Human resources management, equality and socio-economic impact, p. 108 |
| 11.7.2 | 402-1 | Minimum notice period for business changes (2016) | Human resources management, equality and socio-economic impact, p. 115 |
| 11.7.3 | 404-2 | Programmes for upgrading employee skills and transition assistance programmes (2016) | Human resources management, equality and socio-economic impact, p. 117 |

Address by the Chair of the Board of Directors
Address by the General Director (Chair of the Management Board)
Key indicators 2023
Layout of Main Pipelines
Key events 2023
Company's Business Model

- 1. COMPANY OVERVIEW
- 2. OPERATING PERFORMANCE RESULTS
- 3. SUSTAINABLE DEVELOPMENT PERFORMANCE
- 4. CORPORATE GOVERNANCE
- 5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT
- 6. APPENDICES

Appendix 1. About the report
Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023
Appendix 3. GRI Index
Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals
Appendix 5. Stakeholder Engagement
Appendix 6. Audited Consolidated Financial Statements
Appendix 7. Quantitative indicators in the field of sustainable development
Appendix 8. List of abbreviations



| Sector standard | Indicator index | Name of indicator | Section and page in Report/Comment |
|-------------------------------------|-----------------|--|--|
| 11.9 Occupational health and safety | | | |
| 11.9.1 | 3-3 | Management of material topics | Vital Health and Safety Regulations — Vision Zero, p. 94 |
| 11.9.2 | 403-1 | Occupational Health and Safety Management System (2018) | Vital Health and Safety Regulations — Vision Zero, p. 94 |
| 11.9.3 | 403-2 | Hazard identification, risk assessment, and accident investigation (2018) | Vital Health and Safety Regulations — Vision Zero, p. 95 |
| 11.9.4 | 403-3 | Occupational health services (2018) | Vital Health and Safety Regulations — Vision Zero, p. 102 |
| 11.9.5 | 403-4 | Worker participation, consultation and communication in occupational safety and health (2018) | Vital Health and Safety Regulations — Vision Zero, p. 99 |
| 11.9.6 | 403-5 | Worker training on occupational safety and health (2018) | Vital Health and Safety Regulations — Vision Zero, p. 104 The average number of hours of health and safety training per employee is no longer reported in the Report, as the indicator was deemed insignificant. The duration of health and safety training for employees is standardized by the Labor Law of the Republic of Kazakhstan. |
| 11.9.7 | 403-6 | Improving worker health (2018) | Vital Health and Safety Regulations — Vision Zero, p. 102 |
| 11.9.8 | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked to business relationships (2018) | Vital Health and Safety Regulations — Vision Zero, p. 102 |
| 11.9.9 | 403-8 | Workers covered by the occupational safety and health management system (2018) | Vital Health and Safety Regulations — Vision Zero, p. 95 |
| 11.9.10 | 403-9 | Work-related injuries (2018) | Vital Health and Safety Regulations — Vision Zero, p. 101 |
| 11.9.11 | 403-10 | Work-related illnesses and poor health (2018) | Vital Health and Safety Regulations — Vision Zero, p. 103 |
| 11.10 Employment Practices | | | |
| 11.10.1 | 3-3 | Management of material topics | Human resources management, equality and socio-economic impact, p. 108 |
| 11.10.2 | 401-1 | Total number of new hires and turnover of employees (2016) | Human resources management, equality and socio-economic impact, p. 114-115 |
| 11.10.3 | 401-2 | Allowances provided as standard to regular employees but not to non-regular employees (2016) | Human resources management, equality and socio-economic impact, p. 121 |
| 11.10.4 | 401-3 | Childcare leave (2016) | Human resources management, equality and socio-economic impact, p. 122 |
| 11.10.5 | 402-1 | Minimum notice period for business changes (2016) | Human resources management, equality and socio-economic impact, p. 115 |

| Sector standard | Indicator index | Name of indicator | Section and page in Report/Comment |
|--|-----------------|---|--|
| 11.10.6 | 404-1 | Average annual training hours per employee (2016) | Appendix 7, p. 252 |
| 11.10.7 | 404-2 | Employee upskilling and transition support programs (2016) | Human resources management, equality and socio-economic impact, p. 117 |
| 11.10.8 | 414-1 | New suppliers selected based on social criteria (2016) | Human resources management, equality and socio-economic impact, p. 134 |
| 11.10.9 | 414-2 | Negative social impact in the supply chain and measures taken (2016) | Human resources management, equality and socio-economic impact, p. 134 |
| 11.11 Non-discrimination and equal opportunity | | | |
| 11.11.1 | 3-3 | Management of material topics | Human resources management, equality and socio-economic impact, p. 126 |
| 11.11.2 | 202-2 | Percentage of senior management hired from local communities (2016) | Human resources management, equality and socio-economic impact, p. 127 |
| 11.11.3 | 401-3 | Childcare leave (2016) | Human resources management, equality and socio-economic impact, p. 122 |
| 11.11.4 | 404-1 | Average annual training hours per employee (2016) | Appendix 7, p. 252 |
| 11.11.5 | 405-1 | Governance bodies and workforce diversity (2016) | Human resources management, equality and socio-economic impact, p. 110 |
| 11.11.6 | 405-2 | Ratio of basic salary and total remuneration between men and women (2016) | Human resources management, equality and socio-economic impact, p. 126 |
| 11.11.7 | 406-1 | Cases of discrimination and remedies taken (2016) | Human resources management, equality and socio-economic impact, p. 126 |
| 11.13 Freedom of Association and Collective Bargaining | | | |
| 11.13.1 | 3-3 | Management of material topics | Human resources management, equality and socio-economic impact, p. 126 |
| 11.13.2 | 407-1 | Complex and suppliers where freedom of association and collective bargaining rights may be at risk | Human resources management, equality and socio-economic impact, p. 127 |
| 11.15 Local Community | | | |
| 11.15.1 | 3-3 | Management of material topics | Human resources management, equality and socio-economic impact, p. 132 |
| 11.15.2 | 413-1 | Complex have engaged with local communities, evaluated impact, and implemented development programs. (2016) | Human resources management, equality and socio-economic impact, p. 132 |
| 11.15.3 | 413-2 | Complex that have a significant negative impact (actual or latent) on the local community (2016) | Human resources management, equality and socio-economic impact, p. 132 |



Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals

GRI 2-24

| 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 should support and respect the protection of internationally proclaimed human rights. | SDG 16. Peace, justice and effective institutions Promoting peaceful and open societies for sustainable development, ensuring access to justice for all and building effective, accountable and participatory institutions at all levels | <ul style="list-style-type: none">norms of business ethics enshrined in the Company's Code of Business Ethics;Ombudsman institution, whose contacts are available on the Company's website. | Corporate Governance, p. 158 |
| Principles in the field of labor relations | | | |
| Principle 3. Business 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;The Company's HR policy;Social Policy of the Company. | Human Resources Management, p. 108 Industrial and occupational safety and health, p. 96 |
| Principle 4. Business should advocate for the total elimination in employment and employment. | | | |
| Principle 5. The business community should advocate for the complete elimination of child labor. | SDG 4 Quality education Ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all | <ul style="list-style-type: none">Code of KazTransOil JSC in the field of occupational health and safety 'Vital Rules';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 occupational health and safety issues in 2023 in the amount of 5.55 billion tenge. | |
| Principle 6. Businesses should advocate for the elimination of discrimination in labor and employment. | SDG 3 Good health and well-being Ensuring healthy lifestyles and promoting well-being for all at all ages | | |
| Principles in the field of environmental protection | | | |
| Principle 7. Businesses should support a precautionary approach to environmental issues. | SDG 13. Climate Action Taking urgent action to combat climate change and its impacts | | Environmental Protection, p. 138 |
| Principle 8. Businesses should take initiatives to increase environmental responsibility. | SDG 6. Clean water and sanitation Ensure availability and sustainable use of water resources and sanitation | <ul style="list-style-type: none">Water management rules;Rules for management of environmental aspects in KazTransOil JSC;Waste Management Rules in KazTransOil JSC;ISO 14001:2015 certificate confirmed by an international accredited body;Volume of investments in environmental protection measures in 2023 in the amount of 1.1 billion tenge;ISO 50001:2018 certificate confirmed by an international accredited body;Branch «Oil Research and Development Center of «KazTransOil» JSC» | |
| Principle 9. Businesses should promote the development and dissemination of environmentally sound technologies. | SDG 17. Strengthen the means of Implementation and revitalize the global Partnership for sustainable development goals Strengthen the means to achieve sustainable development and revitalize the global partnership mechanisms for sustainable development | | |
| | SDG 7. Affordable and clean energy Ensuring universal access to affordable, reliable, sustainable and modern sources of energy | | |
| | SDG 9. Industry, Innovation and Infrastructure Building resilient infrastructure, promoting inclusive and sustainable industrialization and innovation | | |
| Principles in the field of combating corruption | | | |
| Principle 10. Businesses must oppose all forms of corruption, including extortion and bribery. | SDG 16. Peace, justice and strong institutions Promoting peaceful and open societies for sustainable development, ensuring access to justice for all and building effective, accountable and participatory institutions at all levels | <ul style="list-style-type: none">The Company's Code of Business Ethics;The Company's anti-corruption standards;Policy on managing the risk of violations in the Company;Policy on settlement of conflicts of interest of the Company's officers and employees;Blog of the General Director (Chairman of the Management Board) on the Company's website;hotline +7 (717) 255 52-10;A special dedicated line 'No to Corruption' — 5213@kaztransoil.kz and other information in a separate section of the Company's website dedicated to anti-corruption issues;Absence in the reporting year 2023 of facts of violation of the legislation of the Republic of Kazakhstan on combating corruption in the Company. | Countering corruption, p. 178 |



Appendix 5. Stakeholder Engagement

| List of stakeholders | Stakeholder requirements | Stakeholder expectations | Mechanisms of interaction | Achieving stakeholder requirements in 2023 |
|---|--|--|--|--|
| External stakeholders | | | | |
| Minority shareholders (including organizations or individuals representing the interests of shareholders) | <ul style="list-style-type: none">Respect for shareholder rights;Shareholder value growth and business sustainability;Compliance with applicable laws. | <ul style="list-style-type: none">Effective corporate governance;Ensuring positive production and financial performance;Information openness and transparency. | <ul style="list-style-type: none">Publications on the website of the Kazakhstan Stock Exchange;Publication of consolidated financial statements on the corporate website;Providing work with inquiries via e-mail, telephone of the Investor Relations Service;Placement of press releases;Publication of financial statements on the Internet resource of the depository. | <ul style="list-style-type: none">Annual General Meeting of Shareholders of the Company was held on May 24, 2023;Extraordinary General Meeting of Shareholders of the Company was held on August 14, 2023;On June 13, 2023, dividends for 2022 in the amount of 39 tenge per one common share were paid;The Company participated in the events 'Day of the Issuer on KASE' on March 10, 2023 (based on the results of 2022), August 18, 2023 (based on the results of the first half of 2023), and September 29, 2023 (based on the results of 9 months of 2023);Disclosure of information on the Internet resource of the depository of financial statements and KASE was carried out in accordance with the established requirements. |
| State authorities and organizations of influence | <ul style="list-style-type: none">Compliance with applicable laws and strategic interests of the state in the field of oil transportation;Payment of taxes and mandatory payments;Countering corruption. | <ul style="list-style-type: none">Effective corporate governance;Information openness and transparency. | <ul style="list-style-type: none">Providing access to information;Organization of meetings, appointments, press conferences;Publication on the corporate website;Publication in mass media. | <ul style="list-style-type: none">Based on the results of 2023, taxes and other mandatory payments to the state budget in the amount of 40.1 billion tenge were paid;On April 25, 2023, the Company posted reports on the execution of the approved tariff estimates for 2022 and on the execution of the approved investment program of the Company for 2021-2025 in terms of 2022 indicators;The Company conducted an internal analysis of corruption risks, the results of which are posted on the Company's website;Absence of complaints and prescriptions from the state authorities of the United Arab Emirates in 2023. |
| Financial institutions and rating agencies | <ul style="list-style-type: none">Compliance with applicable laws;Compliance with contractual obligations. | <ul style="list-style-type: none">Effective corporate governance;Information openness and transparency. | <ul style="list-style-type: none">Providing access to information;Publication on the corporate website in the 'To Shareholders and Investors' section;Publication on the website of the Kazakhstan Stock Exchange. | <ul style="list-style-type: none">Meetings and conference calls with rating agencies and second-tier banks were held;The Company's rating: Fitch Ratings — 'BBB', outlook 'Stable', (upgrade date — June 26, 2023); S&P Global Ratings — 'BB+', outlook 'Stable' (revision date — March 9, 2023). |
| Consumers of services and partners | <ul style="list-style-type: none">Compliance with applicable laws;Compliance with contractual obligations;Ensuring industrial safety;Combating corruption;Full and timely disclosure of any changes in tariff policy;Provision of quality services. | <ul style="list-style-type: none">Stability and financial stability of the Company;Information openness and transparency;Flexible and efficient tariff policy;Effective corporate governance. | <ul style="list-style-type: none">Providing access to information;Publication on the corporate website;Organization of meetings, appointments, conference calls;Ensuring work with complaints and appeals. | <ul style="list-style-type: none">In 2023, 81 oil producing companies used the Company's services;Degree of customer satisfaction with services:<ul style="list-style-type: none">- for operator services — 99%;- for oil transportation — 100%;Under contracts and agreements for the operation of trunk oil pipelines and water pipelines in 2023, all services were provided in a high-quality and timely manner;Contracts entered into by the Company include provisions reflecting the Company's anti-corruption policy as well as sanctions clauses;On April 21 and July 21, 2023, Main Waterline LLP held public hearings on the execution of approved tariff estimates, compliance with quality indicators, reliability of regulated services and achievement of performance indicators to consumers and other stakeholders of Main Waterline LLP for 2022. |
| Competitors | <ul style="list-style-type: none">Compliance with applicable laws;Compliance with the rules of integrity and business ethics. | <ul style="list-style-type: none">Strategic engagement for sustainable competitiveness;Information openness and transparency. | <ul style="list-style-type: none">Publication on the corporate website;Publication in mass media. | <ul style="list-style-type: none">On September 13, 2023, the Company participated in an event organized by CPC-K JSC on the occasion of the Sarmatov Gold Safety Day in Astrakhan, Russian Federation;The Company jointly together with CPC-K JSC participated in the 19th and 20th meetings of the IAOT Management Board. |

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES



| List of stakeholders | Stakeholder requirements | Stakeholder expectations | Mechanisms of interaction | Achieving stakeholder requirements in 2023 |
|---|--|---|---|---|
| Suppliers and contractors | <ul style="list-style-type: none">Compliance with contractual obligations;Transparent competitive procurement procedures;Anti-corruption. | <ul style="list-style-type: none">Stability and financial stability of the Company. | <ul style="list-style-type: none">Providing access to information;Publication on the corporate website;Organization of meetings, appointments, conference calls;Ensuring work with complaints and appeals. | <ul style="list-style-type: none">Procurement procedures are carried out on the e-procurement portal ZAKUP.SK.KZ;The amount of concluded contracts on the Group of companies of KazTransOil JSC with suppliers amounted to 128,894.77 million tenge;The Company has introduced and operates a system of verification of reliability of counterparties. When concluding contracts, the compliance control service checks the counterparty for the presence of its affiliation with the Company/its officials. |
| Public (local population, public organizations and media) | <ul style="list-style-type: none">Compliance with applicable laws;Compliance with the rules of integrity and business ethics. | <ul style="list-style-type: none">The Company's contribution to the socio-economic development of the regions, including job creation;Improving the quality of life of the local population;Stability and financial stability of the Company. | <ul style="list-style-type: none">Providing access to information;Publication on the corporate website;Holding meetings with the public;Public hearings;Holding press conferences;Publication in mass media;Reception of citizens;Organization of work with complaints and appeals;Participation in the work of local bodies and community projects. | <ul style="list-style-type: none">122 press releases were published on the Company's Internet resource, 28 live broadcasts were held with the heads of structural subdivisions, 280 messages were processed by the Company's Rapid Response Center Hotline;On March 26, 2023, the Company took part in the international environmental campaign 'Earth Hour';The Company took part in subbotniks as part of the World Environment Day (June 5, 2023) and World Cleanliness Day (August 17, 2023). |
| Internal stakeholders | | | | |
| Major shareholder | <ul style="list-style-type: none">Observance of shareholders' rights;Compliance with applicable laws;Effective corporate governance;Anti-corruption. | <ul style="list-style-type: none">Growth of shareholder value and business sustainability;Ensuring positive production and financial performance;Information openness and transparency. | <ul style="list-style-type: none">Providing access to information;Publication on the corporate website, including in the 'To Shareholders and Investors' section;Publication on the website of the Kazakhstan Stock Exchange;Providing work with inquiries via e-mail, telephone of the Investor Relations Service;Placement of press releases;Publication of financial statements on the Internet resource of the depository. | <ul style="list-style-type: none">Oil cargo turnover (separately by the Company) amounted to 34,208 million tons-km;Transportation volume (separately by the Company) amounted to – 44,188 thousand tons;EBITDA in 2023 according to operational data amounted to 97.03 million tenge;1 lost time accident related to labor activity;On October 31, 2023 the Management Board of the Company adopted the Code of KazTransOil JSC in the field of occupational health and safety 'Vital Rules'. |
| Members of the Board of Directors | <ul style="list-style-type: none">Ensuring shareholder rights;Compliance with applicable laws;Compliance with business ethics. | <ul style="list-style-type: none">Shareholder value growth and business sustainability;Information openness and transparency;Effective corporate governance;Absence of corruption. | <ul style="list-style-type: none">Providing access to information;Publication on the corporate website;Publication of consolidated financial statements. | <ul style="list-style-type: none">The Board of Directors held 16 in-person meetings at which 142 issues were considered and decisions were made;Reports on the results of development and functioning of the sustainable development system were submitted to the Board of Directors for consideration KazTransOil JSC for 2022 and for the first half of 2023;0 confirmed cases of corruption. |
| Personnel | <ul style="list-style-type: none">Compliance with labor laws;Compliance with business ethics norms;Anti-corruption. | <ul style="list-style-type: none">Stability and financial stability of the Company;Competitive salary level;Safe and comfortable working conditions;Provision of opportunities for professional development and career growth;Social support for employees and their family members, as well as veterans and pensioners;Absence of corruption. | <ul style="list-style-type: none">Providing access to information;Publication on the corporate website;Organization of meetings, gatherings;Reporting meetings of management with labor collectives;Boards and committees on occupational health and safety;Organization of trainings, seminars;Distribution of materials through internal communication channels;Surveys, questionnaires. | <ul style="list-style-type: none">The total number of trained employees in the Group of companies of KazTransOil JSC amounted to more than 27,000 people;Social payments for the Group of companies of KazTransOil JSC amounted to about 4.45 billion tenge;Rotation of 22 employees of the management staff of SBU and structural subdivisions of the central office of the Company was carried out;In 2023, the Company's Rapid Response Center received 280 questions;In 2023, 10 universal sports grounds were commissioned at the Company's production facilities;On February 24, 2023 the Collective Agreement was approved KazTransOil JSC for 2023–2026. |
| Subsidiaries and jointly controlled entities (SJCE) | <ul style="list-style-type: none">Compliance with applicable legislation;Participation in SJCE management bodies and in audit commissions to check financial and economic activities;Compliance with the norms of business ethics;Effective corporate governance. | <ul style="list-style-type: none">Stability and financial stability of the Company;Information openness and transparency;Joint participation in the implementation of investment projects;Joint participation in working groups, meetings, meetings. | <ul style="list-style-type: none">Providing access to information;Publication on the corporate website;Representation of shareholder interests at general meetings of shareholders/participants, as well as in Boards of Directors/supervisory boards;Conducting meetings, advisory panels, conference calls;Participation in committees, working groups;Organization of trainings, seminars. | <ul style="list-style-type: none">Made decisions as a Participant, Partner, Shareholder of SJCE, as well as decisions of the Supervisory Board, Meeting of Directors of the Company;Participation in working group meetings, meetings, meetings on SJCE activities and investment projects implementation;SJCE has established compliance services, approved documents regulating the processes of the compliance function;SJCE ensured fulfillment of covenants on minimum volumes of transshipment through SJCE berths;Main Waterline LLP implemented the project 'Construction of a water pipeline for the integrated gas treatment unit at the Kashagan field' in the Atyrau region;Main Waterline LLP implemented the project 'Construction of a water pipeline for the Kashagan gas treatment facility'. |

Appendix 6.
Audited consolidated financial statements

For the year ended 31 December 2023
with the independent auditor’s report

| | |
|--|------------|
| Independent auditor's report | 233 |
| Consolidated financial statements | 238 |
| Consolidated statement of financial position | 238 |
| Consolidated statement of comprehensive income | 240 |
| Consolidated statement of cash flows | 242 |
| Consolidated statement of changes in equity | 244 |
| Notes to the consolidated financial statements | 245 |



«Эрнст энд Янг» ЖШС
Әл-Фараби д-лы, 77/7
«Есентай Тауэр» ғимараты
Алматы қ., 050060
Қазақстан Республикасы
Тел.: +7 727 258 5960
Факс: +7 727 258 5961
www.ey.com

ТОО «Эрнст энд Янг»
пр. Аль-Фараби, 77/7
здание «Есентай Тауэр»
г. Алматы, 050060
Республика Казахстан
Тел.: +7 727 258 5960
Факс: +7 727 258 5961

Ernst & Young LLP
Al-Farabi ave., 77/7
Esentai Tower
Almaty, 050060
Republic of Kazakhstan
Tel.: +7 727 258 5960
Fax: +7 727 258 5961

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 2023, and 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 material accounting policy information.

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 2023 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’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of consolidated financial statements in Republic of Kazakhstan, and we have fulfilled our 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.



1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Appendix 1. About the report

Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023

Appendix 3. GRI Index

Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals

Appendix 5. Stakeholder Engagement

Appendix 6. Audited Consolidated Financial Statements

Appendix 7. Quantitative indicators in the field of sustainable development

Appendix 8. List of abbreviations



Key audit matter

Fair value of property, plant and equipment

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 2023.

In accordance with the accounting policy of the Group, property, plant and equipment is measured at fair value less accumulated depreciation and impairment losses recognized after the date of the revaluation. At each reporting date management of the Group assesses how significantly the fair value of its property, plant and equipment differs from the carrying value.

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 fair value of the Group's assets in Kazakhstan was appraised using income approach 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.

How our audit addressed the key audit matter

We obtained from the management of the Group its assessment of the possible changes in fair value of property, plant and equipment.

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 management with the Group's most recent business plans. We assessed underlying assumptions and compared them with historical data.

We compared data used in discount rate and long-term growth rate calculations with available external information and checked mathematical accuracy of these calculations.

We checked mathematical accuracy of the calculations of the present value of expected future cash flows.

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.



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 2023 Annual report

Other information consists of the information included in the Group's 2023 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2023 Annual Report is expected to be made available to us after the date of this auditor's report.

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.





Adil Syzdykov
Auditor

Auditor qualification certificate
No. МФ-0000172 dated 23 December 2013

050060, Republic of Kazakhstan, Almaty
Al-Farabi Ave., 77/7, Esentai Tower

1 March 2024



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



Address by the Chair of the Board of Directors

Address by the General Director (Chair of the Management Board)

Key indicators 2023

Layout of Main Pipelines

Key events 2023

Company's Business Model

1. COMPANY OVERVIEW
2. OPERATING PERFORMANCE RESULTS
3. SUSTAINABLE DEVELOPMENT PERFORMANCE
4. CORPORATE GOVERNANCE
5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT
6. APPENDICES

- Appendix 1. About the report
- Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023
- Appendix 3. GRI Index
- Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals
- Appendix 5. Stakeholder Engagement
- Appendix 6. Audited Consolidated Financial Statements
- Appendix 7. Quantitative indicators in the field of sustainable development
- Appendix 8. List of abbreviations



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| In thousands of Tenge | Notes | 31 December 2023 | 31 December 2022 |
|---|-------|------------------|------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 6 | 1,084,145,524 | 974,595,927 |
| Right-of-use assets | 7 | 6,731,336 | 917,065 |
| Intangible assets | 8 | 7,991,075 | 8,515,332 |
| Investments in joint ventures | 9 | 106,754,214 | 94,588,186 |
| Advances to suppliers for property, plant and equipment | 10 | 1,507,687 | 29,219,803 |
| VAT recoverable | 14 | 15,198,605 | 4,314,632 |
| Other long-term accounts receivable | 12 | 721,048 | 883,284 |
| Bank deposits | 16 | 718,088 | 945,452 |
| Other non-current assets | | 275,336 | 360,146 |
| | | 1,224,042,913 | 1,114,339,827 |
| Current assets | | | |
| Inventories | 11 | 8,932,013 | 8,758,265 |
| Trade and other accounts receivable | 12 | 8,447,028 | 8,366,581 |
| Advances to suppliers | 13 | 727,872 | 1,787,294 |
| Prepayment for income tax | | 750,449 | 1,878,426 |
| VAT recoverable and other prepaid taxes | 14 | 10,955,879 | 8,439,215 |
| Other current assets | 15 | 27,853,344 | 6,690,814 |
| Cash and cash equivalents | 17 | 76,672,612 | 85,157,538 |
| | | 134,339,197 | 121,078,133 |
| Total assets | | 1,358,382,110 | 1,235,417,960 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

| In thousands of Tenge | Notes | 31 December 2023 | 31 December 2022 |
|--|-------|------------------|------------------|
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | 18 | 61,937,567 | 61,937,567 |
| Treasury shares repurchased from shareholders | | (9,549) | (9,549) |
| Asset revaluation reserve | 18 | 380,639,671 | 423,217,162 |
| Foreign currency translation reserve | | 46,118,253 | 46,952,044 |
| Other capital reserves | 18 | 1,244,710 | (188,145) |
| Retained earnings | | 466,939,672 | 380,544,246 |
| Total equity | | 956,870,324 | 912,453,325 |
| Non-current liabilities | | | |
| Loans received | 19 | 47,390,786 | 29,760,793 |
| Issued debt securities | 20 | 41,302,077 | – |
| Employee benefit obligations | 21 | 18,045,542 | 18,096,363 |
| Deferred tax liabilities | 35 | 99,367,910 | 107,509,698 |
| Provision for asset retirement and land recultivation obligation | 26 | 45,648,971 | 40,664,979 |
| Contract liabilities to customers | 22 | 31,908,136 | 35,132,179 |
| Lease liabilities | 24 | 5,102,611 | 198,450 |
| | | 288,766,033 | 231,362,462 |
| Current liabilities | | | |
| Issued debt securities | 20 | 72,778 | – |
| Current part of employee benefit obligations | 21 | 1,185,285 | 1,046,911 |
| Income tax payable | | 1,467,774 | 1,470,302 |
| Trade and other accounts payable | 23 | 34,937,605 | 19,230,822 |
| Lease liabilities | 24 | 2,420,628 | 942,217 |
| Contract liabilities to customers | 22 | 31,246,778 | 29,529,193 |
| Other taxes payable | 25 | 7,869,753 | 8,740,967 |
| Provisions | 26 | 1,303,694 | 1,309,778 |
| Other current liabilities | 27 | 32,241,458 | 29,331,983 |
| | | 112,745,753 | 91,602,173 |
| Total liabilities | | 401,511,786 | 322,964,635 |
| Total equity and liabilities | | 1,358,382,110 | 1,235,417,960 |
| Book value per ordinary share (in Tenge) | | | |
| | 18 | 2,467 | 2,350 |

Signed and approved for issue on 1 March 2024.

General Director (Chairman of the Management Board)

Chief Accountant


Kurmanbayev T.N.


Akhmedina A.S.



Address by the Chair of the Board of Directors

Address by the General Director (Chair of the Management Board)

Key indicators 2023

Layout of Main Pipelines

Key events 2023

Company's Business Model

1. COMPANY OVERVIEW
2. OPERATING PERFORMANCE RESULTS
3. SUSTAINABLE DEVELOPMENT PERFORMANCE
4. CORPORATE GOVERNANCE
5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT
6. APPENDICES

Appendix 1. About the report

Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023

Appendix 3. GRI Index

Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals

Appendix 5. Stakeholder Engagement

Appendix 6. Audited Consolidated Financial Statements

Appendix 7. Quantitative indicators in the field of sustainable development

Appendix 8. List of abbreviations



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| In thousands of Tenge | Notes | For the year ended 31 December | |
|--|-------|--------------------------------|---------------|
| | | 2023 | 2022 |
| Revenue | 28 | 290,385,624 | 255,627,309 |
| Cost of sales | 29 | (248,857,819) | (219,434,650) |
| Gross profit | | 41,527,805 | 36,192,659 |
| General and administrative expenses | 30 | (17,294,048) | (16,539,471) |
| Other operating income | 31 | 2,128,447 | 2,027,914 |
| Other operating expenses | 32 | (2,510,255) | (1,011,127) |
| Impairment of property, plant and equipment, net | 6 | (4,730,780) | (12,911,982) |
| Operating profit | | 19,121,169 | 7,757,993 |
| Net foreign exchange gain, net | | 642,755 | 1,944,638 |
| Finance income | 33 | 10,262,467 | 4,028,576 |
| Finance costs | 34 | (7,010,615) | (4,778,915) |
| Share in income of joint ventures | 9 | 16,873,439 | 15,973,820 |
| Profit before income tax | | 39,889,215 | 24,926,112 |
| Income tax expense | 35 | (7,043,878) | (5,124,419) |
| Net profit for the year | | 32,845,337 | 19,801,693 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

| In thousands of Tenge | Notes | For the year ended 31 December | |
|---|-------|--------------------------------|--------------|
| | | 2023 | 2022 |
| Other comprehensive (loss)/income | | | |
| Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods | | | |
| Exchange difference from translation of foreign operations of the Group | | (833,791) | 6,319,279 |
| Total other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods, net | | (833,791) | 6,319,279 |
| Other comprehensive (loss)/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 | (3,184,948) | 170,785,590 |
| Income tax effect | 35 | 636,990 | (33,286,881) |
| | | (2,547,958) | 137,498,709 |
| (Charge)/reversal of provision for asset retirement and land recultivation obligation of the Group | 26 | (1,943,919) | 6,810,783 |
| Income tax effect | 35 | 388,784 | (1,362,157) |
| | | (1,555,135) | 5,448,626 |
| Revaluation and impairment of property, plant and equipment of joint ventures, net | | - | 11,611,744 |
| Income tax effect | | - | (2,322,349) |
| | | - | 9,289,395 |
| (Charge)/reversal of provision for asset retirement and land recultivation obligation of joint ventures | | (934,700) | 3,582,283 |
| Income tax effect | | 186,939 | (716,457) |
| | | (747,761) | 2,865,826 |
| Actuarial income from employee benefit obligations of the Group | 21 | 1,472,627 | 4,238,724 |
| Income tax effect | 35 | (40,473) | (116,499) |
| | | 1,432,154 | 4,122,225 |
| Actuarial income/(loss) from employee benefit obligations of joint venture | | 876 | (141) |
| Income tax effect | | (175) | 28 |
| | | 701 | (113) |
| Total other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods, net | | (3,417,999) | 159,224,668 |
| Total other comprehensive (loss)/income for the year, net of tax | | (4,251,790) | 165,543,947 |
| Total comprehensive income for the year, net of tax | | 28,593,547 | 185,345,640 |
| Basic and diluted earnings per share (in Tenge) | 18 | 85 | 51 |

Signed and approved for issue on 1 March 2024.

General Director (Chairman of the Management Board)

Chief Accountant


Kurmanbayev T.N.


Akhmedina A.S.



Address by the Chair of the Board of Directors

Address by the General Director (Chair of the Management Board)

Key indicators 2023

Layout of Main Pipelines

Key events 2023

Company's Business Model

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

- Appendix 1. About the report
- Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023
- Appendix 3. GRI Index
- Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals
- Appendix 5. Stakeholder Engagement
- Appendix 6. Audited Consolidated Financial Statements
- Appendix 7. Quantitative indicators in the field of sustainable development
- Appendix 8. List of abbreviations



CONSOLIDATED STATEMENT OF CASH FLOWS

| In thousands of Tenge | Notes | For the year ended 31 December | |
|--|--------|--------------------------------|--------------|
| | | 2023 | 2022 |
| Cash flows from operating activities | | | |
| Profit before income tax | | 39,889,215 | 24,926,112 |
| Adjustments to reconcile profit before tax to net cash flows | | | |
| Depreciation and amortization | 29, 30 | 72,796,495 | 54,873,727 |
| Share in income of joint ventures | 9 | (16,873,439) | (15,973,820) |
| Finance income | 33 | (10,262,467) | (4,028,576) |
| Finance costs | 34 | 7,010,615 | 4,778,915 |
| Impairment of property, plant and equipment, net | 6 | 4,730,780 | 12,911,982 |
| Amortization of deferred income | 22, 31 | (3,095,896) | (2,441,250) |
| Reversal and revision of estimates on provision on asset retirement and land reclamation obligation, net | 31 | (987,121) | (853,813) |
| Employee benefit obligations, current services costs | 29, 30 | 707,377 | 725,176 |
| Write-off of inventory value to net realisable value | 32 | 661,271 | 394,769 |
| Net foreign exchange gain, net | | (642,755) | (1,944,638) |
| Charge of expected credit losses, net | 30 | 374,603 | 308,922 |
| Write-off of VAT recoverable | 30 | 228,373 | 132,234 |
| Actuarial loss | 32 | 96,799 | 4,163 |
| Loss on disposal of property, plant and equipment, net | 32 | 74,950 | 313,510 |
| Charge/(reversal) of current provisions, net | 30 | 51,096 | (7,836) |
| Others | | (73,690) | 60,677 |
| Operating cash flows before working capital changes | | 94,686,206 | 74,180,254 |
| (Increase)/decrease in operating assets | | | |
| Inventories | | (210,905) | 156,418 |
| Trade and other accounts receivable | | (74,167) | (1,470,580) |
| Advances to suppliers | | 4,025,477 | (1,360,094) |
| VAT recoverable and other prepaid taxes | | (14,603,823) | (1,326,542) |
| Other current assets | | 243,639 | 85,834 |
| Increase/(decrease) in operating liabilities | | | |
| Trade and other accounts payable | | 4,274,883 | (1,226,263) |
| Contract liabilities to customers | | 1,798,157 | 7,656,256 |
| Other taxes payable | | (16,042) | 4,149,327 |
| Other current and non-current liabilities and employee benefit obligations | | 834,829 | 282,972 |
| Cash flows from operating activities | | 90,958,254 | 81,127,582 |
| Income taxes paid | | | |
| | | (11,878,967) | (10,732,060) |
| Interest received | | | |
| | | 8,759,722 | 3,117,385 |
| Net cash flows from operating activities | | 87,839,009 | 73,512,907 |

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

| In thousands of Tenge | Notes | For the year ended 31 December | |
|--|-------|--------------------------------|--------------|
| | | 2023 | 2022 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment and intangible assets | | (143,350,254) | (64,234,328) |
| Purchase of notes of the National Bank | | (124,071,785) | |
| Proceeds from redemption of notes of the National Bank | | 102,535,718 | – |
| Dividends received from joint ventures | 9 | 3,960,351 | 7,636,855 |
| Proceeds from disposal of property, plant and equipment and non current assets held for sale | | 570,961 | 54,179 |
| Withdrawal of bank deposits | | 222,975 | 9,212,398 |
| Proceeds from bonds redemption | | 104,147 | 42,452 |
| Net cash flows used in investing activities | | (160,027,887) | (47,288,444) |
| Cash flows from financing activities | | | |
| Proceeds from debt securities issued | 20 | 70,000,000 | – |
| Dividends paid | 18 | (15,000,496) | (10,000,331) |
| Proceeds from loans | 19 | 11,800,000 | 29,592,745 |
| Payment of lease liabilities | 24 | (2,381,354) | (2,048,030) |
| Other payments | 19 | – | (533,127) |
| Net cash flows received from financing activities | | 64,418,150 | 17,011,257 |
| Net change in cash and cash equivalents | | (7,770,728) | 43,235,720 |
| Net foreign exchange difference | | | |
| | | (720,246) | 1,424,711 |
| Change in allowance for expected credit losses | | | |
| | | 6,048 | (1,865) |
| Cash and cash equivalents at the beginning of the year | | | |
| | | 85,157,538 | 40,498,972 |
| Cash and cash equivalents at the end of the year | 17 | 76,672,612 | 85,157,538 |

Signed and approved for issue on 1 March 2024.

General Director (Chairman of the Management Board)

Chief Accountant


Kurmanbayev T.N.


Akhmedina A.S.

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

- Appendix 1. About the report
- Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023
- Appendix 3. GRI Index
- Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals
- Appendix 5. Stakeholder Engagement
- Appendix 6. Audited Consolidated Financial Statements
- Appendix 7. Quantitative indicators in the field of sustainable development
- Appendix 8. List of abbreviations



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 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 18) | – | – | – | – | – | (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 |
| Net profit for the year | – | – | – | – | – | 32,845,337 | 32,845,337 |
| Other comprehensive loss | – | – | (4,850,854) | (833,791) | 1,432,855 | – | (4,251,790) |
| Total comprehensive income for the year | – | – | (4,850,854) | (833,791) | 1,432,855 | 32,845,337 | 28,593,547 |
| Amortization of revaluation reserve for property, plant and equipment | – | – | (37,726,637) | – | – | 37,726,637 | – |
| Dividends (Note 18) | – | – | – | – | – | (15,000,496) | (15,000,496) |
| Other operations with shareholder (Note 18) | – | – | – | – | – | 30,823,948 | 30,823,948 |
| As at 31 December 2023 | 61,937,567 | (9,549) | 380,639,671 | 46,118,253 | 1,244,710 | 466,939,672 | 956,870,324 |

Signed and approved for issue on 1 March 2024.

General Director (Chairman of the Management Board)



Kurmanbayev T.N.

Chief Accountant



Akhmedina A.S.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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 2023 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 2023 67.42% of KMG shares belong to the Government of the Republic of Kazakhstan represented by Sovereign Wealth Fund “Samruk-Kazyna” JSC (hereinafter – Samruk-Kazyna), 20% of KMG shares belong to the Ministry of Finance of the Republic of Kazakhstan, 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 2023 and 2022 the Company had ownership interest in the following companies:

| | Place of incorporation | Principal activities | Ownership | |
|---|------------------------|--|------------------|------------------|
| | | | 31 December 2023 | 31 December 2022 |
| “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, Ulytau, Pavlodar, Turkestan, North – Kazakhstan regions of the Republic of Kazakhstan and in Shymkent, also branches, which are located in Astana (Research and Development Centre and Oil Transportation Control Centre) and representative offices in Russian Federation (Moscow, Omsk and Samara).

The Company is the national operator of the Republic of Kazakhstan on the main oil pipeline. The Group operates network of main oil pipelines of 5,338 km and water pipelines of 2,308 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.



1. GENERAL (CONTINUED)

According to the Law of the Republic of Kazakhstan On Natural Monopolies transit of crude oil through the pipelines on the territory of the Republic of Kazakhstan and export from the Republic of Kazakhstan are excluded from the regulation of natural monopolies.

Starting from 1 January to 30 June 2023, the approved tariff for pumping oil to the domestic market is 4,355.57 Tenge per ton for 1,000 kilometers without VAT. Starting from 1 July 2023, tariff for the specified service was put into effect in the amount of 4,849.39 Tenge per ton for 1,000 km without VAT (from 1 January to 31 August 2022: 3,728.82 Tenge per ton for 1,000 kilometers without VAT; from 1 September to 30 November 2022: 4,328.04 Tenge per ton for 1,000 kilometers without VAT; from 1 December to 31 December 2022: 4,355.57 Tenge per ton for 1,000 kilometers without VAT).

Tariff for pumping oil on export from the Republic of Kazakhstan from 1 March 2020 to 31 May 2022 was 7,358.76 Tenge per ton for 1,000 kilometers without VAT, starting from 1 June 2022 to 30 June 2023 — 8,830.51 Tenge per ton for 1,000 km without VAT. Starting from 1 July 2023, the tariff for the specified service was put into effect in the amount of 10,150.00 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. From 27 June 2023, the tariff for the specified service was put into effect in the amount of 11.28 US Dollars per ton for 1,000 km 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 General Director (Chairman of the Management Board) and the Chief Accountant on 1 March 2024.

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.

In preparing the consolidated financial statements, the Group's management considered the current economic and geopolitical situation in the world, taking into account the presence of a number of uncertainties, including the war in Ukraine (Note 38). The consolidated financial statements were prepared in accordance with a going concern basis.

3. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. 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.

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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 INTEREST IN A JOINT VENTURE

The Group has interests in joint operations in the form of joint ventures.

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.

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).



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 FOREIGN CURRENCY TRANSLATION (CONTINUED)

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 2023 and 2022 are as follows:

| Tenge | For the year ended 31 December | |
|----------------|--------------------------------|--------|
| | 2023 | 2022 |
| US Dollars | 456.21 | 460.93 |
| Russian Rubles | 5.41 | 6.92 |
| Euro | 493.22 | 485.29 |
| Georgian Lari | 175.78 | 160.65 |

As at 31 December the currency exchange rates of KASE are as follows:

| Tenge | 2023 | 2022 |
|----------------|--------|--------|
| US Dollars | 454.56 | 462.65 |
| Russian Rubles | 5.06 | 6.43 |
| Euro | 502.24 | 492.86 |
| Georgian Lari | 170.69 | 173.28 |

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 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation models that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group and external appraisers also compare changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purposes of the disclosure of the fair value the Group classified assets and liabilities based on their nature, characteristics and risks inherent in them, as well as the applicable level in the fair value hierarchy, as described above.

An analysis of the fair value of property, plant and equipment and additional information about the methods of its definition are provided in Note 5.

4.5 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 recognised after the date of the revaluation.

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.



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 recognised as expense in the statement of comprehensive income, in this case the increase is recognised through profit in the statement of comprehensive income. A revaluation deficit is recognised as expense in the statement of comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognised 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 recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised 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 recognised in profit or loss as incurred.

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, recognises 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 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 recultivation 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.

4.6 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 recognised 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.

4.7 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.

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.

4.8 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.



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 FINANCIAL ASSETS (CONTINUED)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (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, notes of the National Bank, reverse repo transactions.

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), notes of the National Bank, reverse repo transactions.

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.

4.9 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, reverse repo transactions (Note 17);
- notes of the National Bank (Note 15).

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,) reverse repo transactions and notes of the National Bank, 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.

4.10 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.

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, issued debt securities and lease obligations.

Borrowing and issued debt securities 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 and issued debt securities costs are recognized as expenses at the time of occurrence. More detailed information is provided in Notes 19, 20.

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

- Appendix 1. About the report
- Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023
- Appendix 3. GRI Index
- Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals
- Appendix 5. Stakeholder Engagement
- Appendix 6. Audited Consolidated Financial Statements
- Appendix 7. Quantitative indicators in the field of sustainable development
- Appendix 8. List of abbreviations



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 FINANCIAL LIABILITIES (CONTINUED)

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.

4.11 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.

4.12 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.

4.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand, cash at banks, short-term deposits and other short-term highly liquid investments (reverse repo transactions) with a maturity of three months or less.

For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash, short-term deposits and other short-term highly liquid investments as defined above, net of outstanding bank overdrafts.

4.14 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 recultivation obligation. Provisions on asset retirement and land recultivation 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 recultivation 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 recultivation 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).

4.15 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, mortality rate, future increase of salary and financial aid. 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, future increase of salary and financial aid are used to project the future stream of benefit payments, which is then discounted to arrive at a net present value of liabilities.

The results of the revaluation of employee benefits obligations, including actuarial gains and losses, are recognized by the Group as follows:

- Remuneration after termination of employment through other comprehensive income. In subsequent periods, the revaluation results will not be reclassified to profit or loss;
- Other long-term benefits through profit or loss.

Net interest is calculated by applying the discount rate to the net defined benefit obligations. 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 except for one-time severance payments, post-employment 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.

4.16 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.



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 REVENUE AND OTHER INCOME RECOGNITION (CONTINUED)

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.

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.

4.17 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)

Tax authorities allow VAT repayments on sales and acquisitions to be made on a net basis. VAT recoverable represents VAT on acquisitions in the domestic market, less VAT on sales in the domestic market. Export sales are zero rated.

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; in this case, VAT is recognized, respectively, as part of the cost of acquiring the asset or as part of the expense item.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.18 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 2023.

New standards, interpretations and amendments to existing standards and interpretations

Some standards and amendments are applied for the first time in 2023. The nature and the impact of each new standard or amendment are described below:

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless 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 a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a 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.

This standard had no impact on the Group's consolidated financial statements.

Definition of Accounting Estimates — Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies — Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide 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 have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

International Tax Reform—Pillar Two Model Rules — Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception — the use of which is required to be disclosed — applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less than EUR 750 million/year.

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.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify 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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 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.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Supplier Finance Arrangements — Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

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.



5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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: for Oil Transportation (Company) CGU a discount rate (WACC) of 17.07% and a long-term growth rate of 4%; for BSP CGU a discount rate (WACC) of 13.5% and a long-term growth rate of 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.

As at 31 December 2023, the Group conducted a fair value analysis and determined that the book value of the fixed assets of the BOT (including the BSP CGU) and the Main Waterline is approximately equal to their fair value. The following basic assumptions were applied in determining the value of use of BSP CGU: a discount rate (WACC) of 13.9% and a long-term growth rate of 2%.

At the same time, due to the presence of signs of impairment (decrease in the projected volume of oil turnover, changes in the discount rate (WACC) for the Oil Transportation (Company) CGU, the Group updated the analysis of the recoverable value of fixed assets by assessing the value of use. The following basic assumptions were applied in determining the value of use: a discount rate (WACC) of 17.43% and a long-term growth rate of 4%.

Based on the results, the Group determined that according to Oil Transportation (Company) CGU, the book value of its fixed assets belonging to the 3rd level in the fair value hierarchy (unobservable inputs) exceeded their recoverable amount. Thus, the Group recognized an impairment on these fixed assets in the total amount of 12,179,036 thousand Tenge, including 7,638,849 thousand Tenge recognized through the revaluation reserve and 4,540,187 thousand Tenge through profit and loss (Note 6). At the same time, the book value of the Company's fixed assets belonging to the 2nd level in the fair value hierarchy (unquoted observable inputs) is approximately equal to their fair value.

In addition, during 2023, the Group recognized an impairment on individual fixed assets in the total amount of 979,515 thousand Tenge, including through a revaluation reserve of 788,922 thousand Tenge and through profit and loss in the amount of 190,593 thousand Tenge (Note 6), as the carrying amount of these fixed assets exceeded their recoverable amount.

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 value of property, plant and equipment | | |
|-----------------------|---|----------------------------------|---------|
| | (Decrease)/increase in rate | Oil transportation (Company) CGU | BSP CGU |
| Discount rate (WACC) | -0.5% | 24,027 | 2,247 |
| | +0.5% | (22,264) | (2,063) |
| Long-term growth rate | -0.5% | (16,059) | (1,314) |
| | +0.5% | 17,301 | 1,429 |

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 2023 and 2022.

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.

Taking into account all these factors as at 31 December 2023 the fair value of the Group's technological oil was determined based on the price of 84,524 Tenge per ton (as at 31 December 2022: 84,050 Tenge per ton). Other comprehensive income from the effect of the change in fair value of the technological oil during 2023 was equal to 1,262,334 thousand Tenge (during 2022: 19,423,763 thousand Tenge). In addition, during 2023 other comprehensive income from the revaluation of technological oil surplus in the amount of 3,980,489 thousand Tenge (during 2022: 3,229,453 thousand Tenge) and a loss from the write-off of oil shortage in the amount of 7,717 thousand Tenge (during 2022: 282,934 thousand Tenge). During 2023 as a result of revaluation technological oil the net other comprehensive income was equal to 5,242,823 thousand Tenge (during 2022: 22,653,216 thousand Tenge) (Note 6).

The volume of oil in the pipeline as at 31 December 2023 amounted to 2,710 thousand tons (31 December 2022: 2,663 thousand tons). According to the results of stock count of oil held at the end of 2023 the surpluses in the amount of 47,093 tons (for 2022: 38,423 tons).

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

- Appendix 1. About the report
- Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023
- Appendix 3. GRI Index
- Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals
- Appendix 5. Stakeholder Engagement
- Appendix 6. Audited Consolidated Financial Statements
- Appendix 7. Quantitative indicators in the field of sustainable development
- Appendix 8. List of abbreviations



5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

ESTIMATES AND ASSUMPTIONS (CONTINUED)

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 | 2023 | 2022 |
|--------------------------------------|----------|----------|
| Discount rate | 8.77% | 10.46% |
| Inflation rate | 4.75% | 6.23% |
| Period of fulfillment of obligations | 11 years | 12 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 2023 the carrying amount of the provision for the obligation to decommission assets and land recultivation was 45,648,971 thousand Tenge (31 December 2022: 40,664,979 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.

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.

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. Further - more 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 2023 is as follows:

| In thousands of Tenge | (Decrease)/increase in rate | (Decrease)/ increase in liability |
|-----------------------|-----------------------------|-----------------------------------|
| Discount rate | -0.5% | 2,358,603 |
| | +0.5% | (2,232,013) |
| Inflation rate | -0.5% | (2,325,923) |
| | +0.5% | 2,439,635 |

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 2023 and 2022 these reserves have been created for the amount of 872,104 thousand Tenge and 886,666 thousand Tenge, respectively (Notes 10, 13).

Allowances for financial assets

The Group recognises allowances for expected credit losses for trade accounts receivable and funds in credit institutions (cash and cash equivalents, bank deposits), reverse repo transactions, notes of the National Bank.

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), reverse repo transactions, notes of the National Bank, 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 2023 and 2022 allowance for expected credit losses was created in the amount of 5,476,500 thousand Tenge and 6,313,128 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).



5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

ESTIMATES AND ASSUMPTIONS (CONTINUED)

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 2023 was 24,805,588 thousand Tenge (as at 31 December 2022: 18,461,648 thousand Tenge), net off with the amount of deferred tax liabilities (Note 35). As at 31 December 2023 and 2022 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 de-termination 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 respec-tive country.

Principal actuarial assumptions used for valuation of employee benefit obligations as at 31 December 2023 and 2022 were as follows:

| | 2023 | 2022 |
|-------------------------------|--------|--------|
| Discount rate | 10.93% | 10.46% |
| Future financial aid increase | 7.15% | 7.50% |
| Future salary increase | 5.63% | 5.74% |
| Mortality rate | 5.44% | 5.81% |

As at 31 December 2023 the average period of post-retirement benefit obligations were 17.98 years (as at 31 December 2022: 18.7 years).

Sensitivity analysis of employee benefit obligations for the change in significant estimates as at 31 December 2023 is as follows:

| In thousands of Tenge | (Decrease)/increase in rate | (Decrease)/increase in obligation |
|-------------------------------|-----------------------------|-----------------------------------|
| Discount rate | -0.5% | 1,187,706 |
| | +0.5% | (1,086,147) |
| Future financial aid increase | -1,0% | (2,191,723) |
| | +1,0% | 2,384,923 |
| Future salary increase | -1,0% | (204,534) |
| | +1,0% | 237,923 |
| Life duration | -1 year | (197,601) |
| | +1 year | 196,760 |



6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at 31 December 2022 and 2023 are as follows:

| In thousands of Tenge | Land | Oil pipelines | Water pipelines | Transportation assets | Buildings and constructions | Machinery, transfer devices and equipment | Technological oil | Other | Construction in progress | Total |
|--|------------|---------------|-----------------|-----------------------|-----------------------------|---|-------------------|-------------|--------------------------|---------------|
| Gross carrying amount as at 1 January 2022 | 26,148,404 | 276,731,868 | 44,628,241 | 25,016,533 | 100,840,287 | 188,867,764 | 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 on debt financial instruments (Note 19) | – | – | – | – | – | – | – | – | 434,328 | 434,328 |
| Disposals | (33.338) | (1,609.403) | – | (190.860) | (285.832) | (1,224.495) | (282.934) | (543.034) | (229.616) | (4,399.512) |
| Additions on asset retirement and land recultivation obligation (Note 26) | – | 346,567 | – | – | 13,612,707 | – | – | – | – | 13,959,274 |
| Changes in estimates on asset retirement and land recultivation obligation (Note 26) | – | – | – | – | (3,359,391) | – | – | – | – | (3,359,391) |
| Revaluation (through revaluation reserve) (Note 5) | 7,924,207 | 38,830,932 | 4,500,283 | 7,937,633 | 21,305,154 | 59,569,747 | 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 | 145,956 | (825,371) | (3,965,391) | (5,996,689) | – | 13,800 | (2,695,524) | (12,888,585) |
| Transfers from construction-in-progress | 412 | 21,976,427 | 21,027,064 | 812,642 | 4,439,206 | 10,775,486 | – | 158,483 | (59,189,720) | – |
| Transfers from non-current assets held for sale | 73,519 | – | – | 102,667 | 672,938 | 31,483 | – | 604 | – | 881,211 |
| Substruction of accumulated depreciation and impairment due to revaluation | – | (47,983,967) | (6,622,204) | (9,875,606) | (24,034,638) | (73,668,233) | – | (7,489,914) | (180,880) | (169,855,442) |
| Transfers and reclassifications | – | 230,913 | – | (85,550) | – | (164,563) | – | 19,200 | – | – |
| Transfers to inventory | – | (14,191) | – | – | – | – | – | – | (14,457) | (28,648) |
| Gross carrying amount as at 31 December 2022 | 35,758,195 | 288,748,783 | 63,679,340 | 25,773,334 | 114,694,800 | 184,827,500 | 223,788,482 | 11,777,797 | 28,277,398 | 977,325,629 |
| Foreign currency translation | (431,820) | – | – | (71,546) | (154,172) | (98,805) | – | 7,295 | (36,278) | (785,326) |
| Additions | 4,760 | 4,898 | – | 3,137,346 | 711,631 | 2,514,859 | – | 678,899 | 174,798,655 | 181,851,048 |
| Capitalized costs on debt financial instruments (Notes 19, 20) | – | – | – | – | – | – | – | – | 8,218,340 | 8,218,340 |
| Disposals | (80,983) | (298,912) | – | (8,520) | (1,233,742) | (136,438) | (7,717) | (204,101) | (12,429) | (1,982,842) |
| Additions on asset retirement and land recultivation obligation (Note 26) | – | 36,142 | – | – | – | – | – | – | – | 36,142 |
| Revaluation (through revaluation reserve) (Note 5) | – | – | – | – | – | – | 5,242,823 | – | – | 5,242,823 |
| Transfers to inventory | – | (1,268,199) | – | (92,744) | (16,292) | (83,078) | – | (907) | (125,100) | (1,586,320) |
| Transfers from construction-in-progress | 663 | 3,886,503 | 107,129,476 | 210,878 | 8,712,720 | 16,182,881 | – | 651,605 | (136,774,726) | – |
| Transfers and reclassifications | – | (1,197,382) | – | (80,749) | (38,990) | (393,107) | – | (1,291) | 1,711,519 | – |
| Gross carrying amount as at 31 December 2023 | 35,250,815 | 289,911,833 | 170,808,816 | 28,867,999 | 122,675,955 | 202,813,812 | 229,023,588 | 12,909,297 | 76,057,379 | 1,168,319,494 |



6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| In thousands of Tenge | Land | Oil pipelines | Water pipelines | Transportation assets | Buildings and constructions | Machinery, transfer devices and equipment | Technological oil | Other | Construction in progress | Total |
|--|----------|---------------|-----------------|-----------------------|-----------------------------|---|-------------------|-------------|--------------------------|---------------|
| Accumulated depreciation and impairment as at 1 January 2022 | - | (32,702,622) | (4,613,795) | (6,979,408) | (16,093,165) | (54,915,653) | - | (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) | (3,030,408) | (3,031,604) | (8,117,800) | (20,674,358) | - | (1,745,090) | - | (52,489,544) |
| Disposals | - | 626,175 | - | 189,278 | 149,395 | 1,068,892 | 226,758 | 531,541 | 229,616 | 3,021,655 |
| 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 | - | - | - | (71,087) | (231,183) | (5,325) | - | (604) | - | (308,199) |
| Substruction of accumulated depreciation and impairment due to revaluation | - | 47,983,967 | 6,622,204 | 9,875,606 | 24,034,638 | 73,668,233 | - | 7,489,914 | 180,880 | 169,855,442 |
| Transfers to inventory | - | 2,304 | - | - | - | - | - | - | - | 2,304 |
| Transfers and reclassifications | - | (6,658) | - | 5 | - | 6,653 | - | - | - | - |
| Accumulated depreciation and impairment as at 31 December 2022 | - | - | (1,021,999) | (213,245) | (382,770) | (1,068,551) | - | (43,137) | - | (2,729,702) |
| Foreign currency translation | - | - | - | 12,021 | 10,964 | 18,870 | - | 858 | - | 42,713 |
| Depreciation charge | - | (21,324,798) | (4,011,836) | (5,397,433) | (7,559,599) | (27,956,926) | - | (3,955,157) | - | (70,205,749) |
| Disposals | 15,852 | 260,986 | - | 8,416 | 329,147 | 106,556 | 5,786 | 203,279 | - | 930,022 |
| Transfers to inventory | - | 802,227 | - | 75,210 | 6,286 | 62,744 | - | 830 | - | 947,297 |
| Impairment (through profit and loss) | - | (2,218,829) | - | (4,049) | (458,202) | (557,030) | - | (5,484) | (1,487,186) | (4,730,780) |
| Impairment (through revaluation reserve) | (15,852) | (4,428,420) | - | (1,257) | (1,652,428) | (2,136,247) | (5,786) | (124,201) | (63,580) | (8,427,771) |
| Accumulated depreciation and impairment as at 31 December 2023 | - | (26,908,834) | (5,033,835) | (5,520,337) | (9,706,602) | (31,530,584) | - | (3,923,012) | (1,550,766) | (84,173,970) |

| In thousands of Tenge | Land | Oil pipelines | Water pipelines | Transportation assets | Buildings and constructions | Machinery, transfer devices and equipment | Technological oil | Other | Construction in progress | Total |
|---|------------|---------------|-----------------|-----------------------|-----------------------------|---|-------------------|-------------|--------------------------|---------------|
| As at 31 December 2023 | | | | | | | | | | |
| Gross carrying amount | 35,250,815 | 289,911,833 | 170,808,816 | 28,867,999 | 122,675,955 | 202,813,812 | 229,023,588 | 12,909,297 | 76,057,379 | 1,168,319,494 |
| Accumulated depreciation and impairment | - | (26,908,834) | (5,033,835) | (5,520,337) | (9,706,602) | (31,530,584) | - | (3,923,012) | (1,550,766) | (84,173,970) |
| Net book value | 35,250,815 | 263,002,999 | 165,774,981 | 23,347,662 | 112,969,353 | 171,283,228 | 229,023,588 | 8,986,285 | 74,506,613 | 1,084,145,524 |
| As at 31 December 2022 | | | | | | | | | | |
| Gross carrying amount | 35,758,195 | 288,748,783 | 63,679,340 | 25,773,334 | 114,694,800 | 184,827,500 | 223,788,482 | 11,777,797 | 28,277,398 | 977,325,629 |
| Accumulated depreciation and impairment | - | - | (1,021,999) | (213,245) | (382,770) | (1,068,551) | - | (43,137) | - | (2,729,702) |
| Net book value | 35,758,195 | 288,748,783 | 62,657,341 | 25,560,089 | 114,312,030 | 183,758,949 | 223,788,482 | 11,734,660 | 28,277,398 | 974,595,927 |

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 | Oil pipelines | Water pipelines | Transportation assets | Buildings and constructions | Machinery, transfer devices and equipment | Technological oil | Other | Construction in progress | Total |
|------------------------|------------|---------------|-----------------|-----------------------|-----------------------------|---|-------------------|-----------|--------------------------|-------------|
| As at 31 December 2023 | 25,383,825 | 185,440,267 | 161,706,274 | 18,934,819 | 81,675,140 | 114,824,712 | 30,270,415 | 3,904,078 | 76,050,941 | 698,190,471 |
| As at 31 December 2022 | 25,830,607 | 189,124,116 | 57,548,517 | 18,600,228 | 77,129,454 | 109,740,860 | 30,270,506 | 3,616,687 | 30,654,199 | 542,515,174 |

As at 31 December 2023 and 2022 construction in progress mainly includes the following production facilities:

- Replacement of pipeline sections of main oil pipelines;
- Replacement, reconstruction and construction of the objects of main oil pipelines and main waterline (pumping stations, communication lines, automation system, technological pipelines, oil reservoirs, power supply and other).

As at 31 December 2023:

- The gross carrying amount and corresponding accumulated depreciation of fully depreciated plant and equipment still in use were 8,712 thousand Tenge (as at 31 December 2022: zero Tenge);
- Construction in progress included materials and spare parts in the amount of 4,206,770 thousand Tenge (as at 31 December 2022: 3,191,264 thousand Tenge), which were acquired for construction works.

Depreciation for the year ended 31 December 2023, included in the cost of construction in progress amounted to 22,037 thousand Tenge (for the year ended 31 December 2022: 21,500 thousand Tenge).

Under the agreement on cooperation on the construction of a waterline, in November 2022 a pumping station for technical water for the amount 7,467,625 thousand Tenge by Group were received free of charge and put into operation (Note 37).

During the year ended 31 December 2023, additions to the construction in progress are mainly related to the works on the project “Reconstruction and expansion of the main waterline “Astrakhan-Mangyshlak” 1st stage” and the replacement of pipeline sections of «Uzen-Atyrau-Samara» main oil pipeline.



Address by the Chair of the Board of Directors

Address by the General Director (Chair of the Management Board)

Key indicators 2023

Layout of Main Pipelines

Key events 2023

Company's Business Model

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

- Appendix 1. About the report
- Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023
- Appendix 3. GRI Index
- Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals
- Appendix 5. Stakeholder Engagement
- Appendix 6. Audited Consolidated Financial Statements
- Appendix 7. Quantitative indicators in the field of sustainable development
- Appendix 8. List of abbreviations



7. RIGHT-OF-USE ASSETS

Right-of-use assets as at 31 December 2022 and 2023 are as follows:

| In thousands of Tenge | Right-of-use assets | | | | |
|---------------------------------------|-----------------------|-----------------------|-----------------------------|---|-------------|
| | Land and other assets | Transportation assets | Buildings and constructions | Machinery, equipment and transfer devices | Total |
| Net book value as at 1 January 2022 | 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 |
| Additions (Note 24) | 684 | 7,514,228 | 130,734 | – | 7,645,646 |
| Disposals | – | – | (135,330) | (114,694) | (250,024) |
| Modification (Note 24) | – | 283,158 | 72,159 | 4,210 | 359,527 |
| Amortization charge | (2,260) | (1,739,267) | (157,394) | (41,957) | (1,940,878) |
| Net book value as at 31 December 2023 | 67,496 | 6,421,189 | 235,189 | 7,462 | 6,731,336 |

Additions on transportation assets for 2023 are related to the conclusion of long-term lease agreements.

8. INTANGIBLE ASSETS

Intangible assets as at 31 December 2022 and 2023 are as follows:

| In thousands of Tenge | Licenses | Software | Right for land use | Capital expenditures in progress and other | Total |
|---|-----------|-----------|--------------------|--|-----------|
| Net book value as at 1 January 2022 | 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 capital expenditures 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 |
| Additions | 74,404 | 18,286 | – | 149,195 | 241,885 |
| Transfers from capital expenditures in progress | 38,858 | 105,950 | – | (144,808) | – |
| Amortization charge | (193,433) | (192,592) | (281,938) | (3,942) | (671,905) |
| Disposals | (21,702) | (103,005) | – | (3) | (124,710) |
| Accumulated depreciation on disposal | 17,701 | 103,005 | – | 2 | 120,708 |
| Foreign currency translation | (3,194) | – | (87,041) | – | (90,235) |
| Net book value as at 31 December 2023 | 423,040 | 499,903 | 6,876,583 | 191,549 | 7,991,075 |

| | | | | | |
|---|-------------|-------------|-------------|----------|-------------|
| As at 31 December 2023 | | | | | |
| At cost | 1,880,659 | 4,858,769 | 10,921,698 | 233,059 | 17,894,185 |
| Accumulated amortization and impairment | (1,457,619) | (4,358,866) | (4,045,115) | (41,510) | (9,903,110) |
| Net book value | 423,040 | 499,903 | 6,876,583 | 191,549 | 7,991,075 |

| | | | | | |
|---|-------------|-------------|-------------|----------|-------------|
| 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 |

9. INVESTMENTS IN JOINT VENTURES

Investments in joint ventures as at 31 December 2022 and 2023 are as follows:

| In thousands of Tenge | KCP | MunaiTas | Total |
|--|-------------|-------------|-------------|
| As at 1 January 2022 | 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 |
| Share in income of joint ventures | 15,985,553 | 887,886 | 16,873,439 |
| Share in other comprehensive income/(loss) of joint ventures | 1,370,110 | (2,117,170) | (747,060) |
| Dividends | (2,500,000) | (1,460,351) | (3,960,351) |
| As at 31 December 2023 | 81,916,865 | 24,837,349 | 106,754,214 |

The following tables below show summarized financial information about joint ventures, including the Group's proportionate share:

| In thousands of Tenge | KCP | | | |
|---|------------------|--------------|------------------|--------------|
| | 31 December 2023 | | 31 December 2022 | |
| | 50% | 100% | 50% | 100% |
| Assets and liabilities of joint venture | | | | |
| Current assets | 24,776,898 | 49,553,796 | 21,051,574 | 42,103,148 |
| Non-current assets | 99,245,331 | 198,490,662 | 105,906,418 | 211,812,836 |
| Current liabilities | (23,384,217) | (46,768,434) | (23,207,502) | (46,415,004) |
| Non-current liabilities | (18,721,147) | (37,442,294) | (36,689,288) | (73,378,576) |
| Net book value of investment / net assets | 81,916,865 | 163,833,730 | 67,061,202 | 134,122,404 |

| | | | | |
|--|--------------|--------------|--------------|--------------|
| Additional information | | | | |
| Cash and cash equivalents | 11,918,434 | 23,836,868 | 8,935,742 | 17,871,484 |
| Short-term financial liabilities, net of trade and other payables and provisions | (16,421,448) | (32,842,896) | (16,950,288) | (33,900,576) |
| Long-term financial liabilities, net of trade and other payables and provisions | – | – | (16,098,652) | (32,197,304) |

Short-term financial liabilities of KCP are represented by liabilities under loan agreement from 27 June 2018 with the Industrial and Commercial Bank of Chi-na 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.

In 2023, as part of the transition from LIBOR to the secured overnight financing rate — SOFR, KCP signed an additional agreement to amend the loan agreement. The effective rates applied for the twelve months ended 31 December 2023 and 2022 were 8.57% and 4.71%, respectively.

The Company along with the second participant of KCP did not guarantee the loan.

During 2023, KCP repaid 70,000 thousand US Dollars (equivalent to 31,694,250 thousand Tenge as at the payment date) in accordance with repayment schedule of the principal debt under the loan agreement.

As at 31 December 2023 total payable under loan including interest equals to 73,000 thousand US Dollars (equivalent to 32,842,896 thousand Tenge), as at 31 Decem-ber 2022 to 142,868 thousand US Dollars (equivalent to 66,097,880 thousand Tenge).

| In thousands of Tenge | MunaiTas | | | |
|---|------------------|-------------|------------------|-------------|
| | 31 December 2023 | | 31 December 2022 | |
| | 51% | 100% | 51% | 100% |
| Assets and liabilities of joint venture | | | | |
| Current assets | 9,811,784 | 19,238,792 | 7,949,707 | 15,587,661 |
| Non-current assets | 21,394,656 | 41,950,306 | 25,364,269 | 49,733,861 |
| Current liabilities | (1,676,284) | (3,286,831) | (1,530,761) | (3,001,492) |
| Non-current liabilities | (4,692,807) | (9,201,582) | (4,256,231) | (8,345,551) |
| Net book value of investment / net assets | 24,837,349 | 48,700,685 | 27,526,984 | 53,974,479 |

| | | | | |
|---------------------------|-----------|------------|-----------|-----------|
| Additional information | | | | |
| Cash and cash equivalents | 6,678,854 | 13,095,792 | 4,335,843 | 8,501,653 |

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

- Appendix 1. About the report
- Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023
- Appendix 3. GRI Index
- Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals
- Appendix 5. Stakeholder Engagement
- Appendix 6. Audited Consolidated Financial Statements
- Appendix 7. Quantitative indicators in the field of sustainable development
- Appendix 8. List of abbreviations



9. INVESTMENTS IN JOINT VENTURES (CONTINUED)

| In thousands of Tenge | KCP | | | |
|--|--------------------------------|------------|------------|------------|
| | For the year ended 31 December | | | |
| | 2023 | 2022 | | |
| | 50% | 100% | 50% | 100% |
| Information on profit or loss and other comprehensive income of joint venture for the year | | | | |
| Revenue | 43,421,318 | 86,842,636 | 43,159,420 | 86,318,840 |
| Income from continuing operations for the year | 15,985,553 | 31,971,106 | 14,725,683 | 29,451,366 |
| Other comprehensive income | 1,370,110 | 2,740,220 | 10,924,328 | 21,848,656 |
| Total comprehensive income | 17,355,663 | 34,711,326 | 25,650,011 | 51,300,022 |

| | | | | |
|-----------|-------------|-------------|-------------|--------------|
| Dividends | (2,500,000) | (5,000,000) | (5,000,000) | (10,000,000) |
|-----------|-------------|-------------|-------------|--------------|

| | | | | |
|---------------------------------------|-------------|--------------|-------------|--------------|
| Additional information | | | | |
| Depreciation and amortization | (8,453,558) | (16,907,116) | (8,019,870) | (16,039,740) |
| Interest income | 292,482 | 584,964 | 178,304 | 356,608 |
| Interest expense | (1,813,858) | (3,627,716) | (2,296,651) | (4,593,302) |
| Income/(loss) on exchange differences | 288,249 | 576,498 | (1,866,634) | (3,733,268) |
| Income tax expense | (4,020,586) | (8,041,172) | (3,837,018) | (7,674,036) |

| In thousands of Tenge | MunaiTas | | | |
|--|--------------------------------|-------------|-----------|------------|
| | For the year ended 31 December | | | |
| | 2023 | 2022 | | |
| | 51% | 100% | 51% | 100% |
| Information on profit or loss and other comprehensive income of joint venture for the year | | | | |
| Revenue | 6,750,903 | 13,237,065 | 6,833,301 | 13,398,629 |
| Income from continuing operations for the year | 887,886 | 1,740,953 | 1,248,137 | 2,447,327 |
| Other comprehensive (loss)/income | (2,117,170) | (4,151,314) | 1,230,780 | 2,413,294 |
| Total comprehensive income | (1,229,284) | (2,410,361) | 2,478,917 | 4,860,621 |

| | | | | |
|-----------|-------------|-------------|-------------|-------------|
| Dividends | (1,460,351) | (2,863,433) | (2,636,855) | (5,170,304) |
|-----------|-------------|-------------|-------------|-------------|

| | | | | |
|-------------------------------|-------------|-------------|-------------|-------------|
| Additional information | | | | |
| Depreciation and amortization | (2,008,572) | (3,938,376) | (1,766,778) | (3,464,271) |
| Interest income | 920,765 | 1,805,422 | 618,212 | 1,212,180 |
| Income tax expense | (214,402) | (420,396) | (347,113) | (680,614) |

10. ADVANCES TO SUPPLIERS FOR PROPERTY, PLANT AND EQUIPMENT

Advances to suppliers for property, plant and equipment as at 31 December 2023 and 2022 are as follows:

| In thousands of Tenge | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| Advances to third parties for property, plant and equipment and construction services | 2,379,153 | 30,105,831 |
| Less: impairment allowance | (871,466) | (886,028) |
| Total | 1,507,687 | 29,219,803 |

Movement in reserve for impairment of advances given to suppliers for property, plant and equipment was as follows:

| In thousands of Tenge | 2023 | 2022 |
|------------------------------|----------|---------|
| As at 1 January | 886,028 | 830,498 |
| Foreign currency translation | (14,562) | 55,530 |
| As at 31 December | 871,466 | 886,028 |

As at 31 December 2023, the decrease in advances issued for property, plant and equipment is mainly due to the execution of work on the project “Reconstruction and expansion of the main waterline “Astrakhan-Mangyshlak (1st stage)”, which is financed by the loan received and issued bonds (Notes 19, 20).

11. INVENTORIES

Inventories as at 31 December 2023 and 2022 are as follows:

| In thousands of Tenge | 31 December 2023 | 31 December 2022 |
|------------------------|------------------|------------------|
| Spare parts | 3,136,918 | 3,475,045 |
| Fuel | 1,877,121 | 1,367,681 |
| Goods | 1,646,436 | 1,971,359 |
| Overalls | 866,352 | 482,238 |
| Construction materials | 725,096 | 843,012 |
| Chemical reagents | 195,104 | 178,643 |
| Other | 484,986 | 440,287 |
| Total | 8,932,013 | 8,758,265 |

12. TRADE AND OTHER ACCOUNTS RECEIVABLE

Other long-term accounts receivable as at 31 December 2023 and 2022 are as follows:

| In thousands of Tenge | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| Other accounts receivable from third parties | 848,669 | 961,102 |
| Less: allowance for expected credit losses | (127,621) | (77,818) |
| Total | 721,048 | 883,284 |

Movement in allowance for expected credit losses related to other long-term accounts receivable is as follows:

| In thousands of Tenge | 2023 | 2022 |
|---|---------|----------|
| As at 1 January | 77,818 | 146,516 |
| Charge/(reversal) for the year, net (Note 30) | 49,803 | (68,698) |
| As at 31 December | 127,621 | 77,818 |

Current trade and other accounts receivable as at 31 December 2023 and 2022 are as follows:

| In thousands of Tenge | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| Trade accounts receivable from third parties | 8,049,946 | 7,576,115 |
| Trade accounts receivable from related parties (Note 37) | 5,216,823 | 6,291,233 |
| Other accounts receivable from third parties | 506,829 | 705,492 |
| Other accounts receivable from related parties (Note 37) | - | 509 |
| Less: allowance for expected credit losses | (5,326,570) | (6,206,768) |
| Total | 8,447,028 | 8,366,581 |

Movement in allowance for expected credit losses related to trade and other receivables is as follows:

| In thousands of Tenge | 2023 | 2022 |
|------------------------------------|-------------|-----------|
| As at 1 January | 6,206,768 | 5,443,382 |
| Charge for the year, net (Note 30) | 324,800 | 377,620 |
| Used when write-off | (1,123,438) | (31,368) |
| Currency translation | (81,560) | 417,134 |
| As at 31 December | 5,326,570 | 6,206,768 |

Trade and other accounts receivable as at 31 December 2023 and 2022 are denominated in the following currencies:

| In thousands of Tenge | 31 December 2023 | 31 December 2022 |
|-----------------------|------------------|------------------|
| Tenge | 6,170,344 | 8,603,232 |
| US Dollar | 1,669,503 | 635,219 |
| Russian Ruble | 881,851 | 2,624 |
| Other currency | 446,378 | 8,790 |
| Total | 9,168,076 | 9,249,865 |

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

- Appendix 1. About the report
Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023
Appendix 3. GRI Index
Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals
Appendix 5. Stakeholder Engagement
Appendix 6. Audited Consolidated Financial Statements
Appendix 7. Quantitative indicators in the field of sustainable development
Appendix 8. List of abbreviations



12. TRADE AND OTHER ACCOUNTS RECEIVABLE (CONTINUED)

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 | Trade and other accounts receivable | | | | | |
|--|-------------------------------------|-------------------|--------------------|--------------------|-------------------|-------------|
| | Past due payments | | | | | |
| | Unexpired | Less than 30 days | From 31 to 60 days | From 61 to 90 days | More than 91 days | Total |
| As at 31 December 2023 | | | | | | |
| Expected credit loss rate | 2.01% | 2.40% | 4.37% | 3.93% | 95.88% | |
| Estimated total gross carrying amount at default | 8,663,455 | 208,268 | 116,469 | 143,531 | 5,490,544 | 14,622,267 |
| Expected credit losses | (174,125) | (5,001) | (5,084) | (5,643) | (5,264,338) | (5,454,191) |
| Total | 8,489,330 | 203,267 | 111,385 | 137,888 | 226,206 | 9,168,076 |

| In thousands of Tenge | Trade and other accounts receivable | | | | | |
|--|-------------------------------------|-------------------|--------------------|--------------------|-------------------|-------------|
| | Past due payments | | | | | |
| | Unexpired | Less than 30 days | From 31 to 60 days | From 61 to 90 days | More than 91 days | Total |
| As at 31 December 2022 | | | | | | |
| Expected credit loss rate | 1.25% | 0.24% | 7.04% | 10.13% | 95.88% | |
| Estimated total gross carrying amount at default | 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) |
| Total | 8,076,745 | 803,286 | 61,168 | 43,390 | 265,276 | 9,249,865 |

13. ADVANCES TO SUPPLIERS

Advances to suppliers as at 31 December 2023 and 2022 are as follows:

| In thousands of Tenge | 31 December 2023 | 31 December 2022 |
|---------------------------------------|------------------|------------------|
| Advances to third parties | 727,486 | 1,786,915 |
| Advances to related parties (Note 37) | 1,024 | 1,017 |
| | 728,510 | 1,787,932 |
| Less: impairment | (638) | (638) |
| Total | 727,872 | 1,787,294 |

14. VAT RECOVERABLE AND OTHER PREPAID TAXES

VAT recoverable and other prepaid taxes as at 31 December 2023 and 2022 are as follows:

| In thousands of Tenge | 31 December 2023 | 31 December 2022 |
|-----------------------------|------------------|------------------|
| Non-current VAT recoverable | 15,198,605 | 4,314,632 |
| Current VAT recoverable | 10,203,808 | 8,098,661 |
| Property tax | 714,624 | 304,146 |
| Other taxes prepaid | 37,447 | 36,408 |
| Total | 26,154,484 | 12,753,847 |

15. OTHER CURRENT ASSETS

Other current assets as at 31 December 2023 and 2022 are as follows:

| In thousands of Tenge | 31 December 2023 | 31 December 2022 |
|--------------------------------|------------------|------------------|
| Other current financial assets | | |
| Notes of the National Bank | 21,579,104 | – |
| Investments in bonds | 646,608 | 809,649 |
| Due from employees | 13,752 | 11,163 |
| Other | 19,384 | 18,571 |
| | 22,258,848 | 839,383 |

| | | |
|--|------------|-----------|
| Other current non-financial assets | | |
| Due for oil transportation coordination services | 5,224,762 | 5,299,968 |
| Prepaid insurance | 229,031 | 223,958 |
| Deferred expenses from third parties | 117,518 | 304,312 |
| Other | 23,185 | 23,193 |
| | 5,594,496 | 5,851,431 |
| Total | 27,853,344 | 6,690,814 |

Notes of the National Bank

During 2023, the Group invested available cash in financial instruments such as Notes of the National Bank of the Republic of Kazakhstan with an average yield of 16.04% per annum. Finance income recognized by the Group during the specified period amounted to 1,310,419 thousand Tenge (Note 33). At the same time, the Group recognized a provision for expected credit losses for the period in the amount of 312 thousand Tenge.

As at 31 December 2023, the Notes of the National Bank are represented by financial instruments with a yield of 14.9% and a maturity of 14 days.

16. BANK DEPOSITS

Bank deposits as at 31 December 2023 and 2022 are as follows:

| In thousands of Tenge | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| Long-term bank deposits – Tenge | 719,698 | 947,247 |
| Less: allowance for expected credit losses | (1,610) | (1,795) |
| Total | 718,088 | 945,452 |

As at 31 December 2023 and 2022 long-term bank deposits comprised restricted 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.

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December 2023 and 2022 are as follows:

| In thousands of Tenge | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| Time deposits with banks – Tenge | 26,135,995 | 68,970,977 |
| Time deposits with banks – US Dollar | 6,290,971 | – |
| Current accounts with banks – Tenge | 11,361,093 | 499,992 |
| Current accounts with banks – US Dollar | 6,845,219 | 14,426,202 |
| Current accounts with banks — Georgian Lari | 732,751 | 1,234,813 |
| Current accounts with banks — other currency | 38,721 | 39,710 |
| Reverse repo transactions | 25,276,421 | – |
| Other current accounts with banks | 11,685 | 12,335 |
| Cash in hand | 455 | 256 |
| Less: allowance for expected credit losses | (20,699) | (26,747) |
| Total | 76,672,612 | 85,157,538 |

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Appendix 1. About the report

Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023

Appendix 3. GRI Index

Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals

Appendix 5. Stakeholder Engagement

Appendix 6. Audited Consolidated Financial Statements

Appendix 7. Quantitative indicators in the field of sustainable development

Appendix 8. List of abbreviations



17. CASH AND CASH EQUIVALENTS (CONTINUED)

As at 31 December 2023:

- Time deposits with maturity less than 3 months in Tenge interests ranged from 14.25% to 15.8% per annum (as at 31 December 2022: from 14.75% to 16.05% per annum);
- Time deposits with maturity less than 3 months placed in US Dollars interests ranged from 2.5% to 3% per annum;
- Current accounts placed in Tenge interests ranged from 7% to 13% per annum (as at 31 December 2022: from 6.75% to 7% per annum);
- Current accounts placed in Georgian Lari interests ranged from 10.6% to 11% per annum (as at 31 December 2022: from 6% to 10% per annum);
- Interests for current accounts placed in US Dollars ranged from 0.25% to 3.65% per annum (as at 31 December 2022: from 0.25% to 3% per annum).

Reverse repo transactions

In order to manage free liquidity, at the end of the reporting period the Group placed funds in such financial instruments as autorepo (secured by government securities of the Republic of Kazakhstan) with a yield from 15.9% and a maturity of 5-8 days.

18. EQUITY

ASSET REVALUATION RESERVE

Other operation with shareholder

During the year ended 31 December 2023 the retained earnings of the Group was increased by the discount on the Group's debt securities issued in the amount of 30,823,948 thousand Tenge (Note 20).

SHARE CAPITAL

As at 31 December 2023 and 2022 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 2023 and 2022 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.

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 2023 | 31 December 2022 |
|--|------------------|------------------|
| Revaluation reserve for property, plant and equipment of the Group | 346,822,740 | 385,975,268 |
| Share in the asset revaluation reserve of the joint ventures | 33,816,931 | 37,241,894 |
| Total | 380,639,671 | 423,217,162 |

OTHER CAPITAL RESERVES

As at 31 December 2023 other capital reserves represent an income amounted to 1,244,710 thousand Tenge (as at 31 December 2022: a loss 188,145 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 1,472,627 thousand Tenge (Note 21), income tax effect of which amounted to 40,473 thousand Tenge (Note 35). During 2022 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).

DIVIDENDS

During 2023 the Company accrued dividends payable based on the decision of the general meeting of shareholders dated 24 May 2023 in the amount of 15,000,496 thousand Tenge based on the results of 2022 (calculated as 39 Tenge per 1 share), from which 13,500,710 thousand Tenge was paid to KMG (Note 37) and 1,499,786 thousand Tenge – to minority shareholders.

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.

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 | 2023 | 2022 |
|--|-------------|-------------|
| Net profit for the period attributable to ordinary equity holders of the Parent of the Group | 32,845,337 | 19,801,693 |
| 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) | 85 | 51 |

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 2023 | 31 December 2022 |
|---|------------------|------------------|
| Total assets | 1,358,382,110 | 1,235,417,960 |
| Less: intangible assets (Note 8) | (7,991,075) | (8,515,332) |
| Less: total liabilities | (401,511,786) | (322,964,635) |
| Net assets for calculation of book value per ordinary share | 948,879,249 | 903,937,993 |
| Number of ordinary shares | 384,628,099 | 384,628,099 |
| Book value per ordinary share (in Tenge) | 2,467 | 2,350 |

19. LOANS RECEIVED

Movements in loans received for twelve months ended 31 December 2023 are as follows:

| In thousands of Tenge | 2023 | 2022 |
|-------------------------------------|------------|------------|
| Loans with a floating interest rate | | |
| As at 1 January | 29,760,793 | - |
| Received | 11,800,000 | 29,592,745 |
| Accrued remuneration | 5,912,593 | 375,197 |
| Additional costs | (82,600) | (207,149) |
| As at 31 December | 47,390,786 | 29,760,793 |

On 25 November 2022, Main Waterline entered into an agreement on the provision of a credit line with JSC “Halyk Bank of Kazakhstan” (hereinafter — Agreement). 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 valid on the date of loan issuance plus 2.5% (subject to revision every 6 months), 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.

On 28 November 2022, under the Agreement, a bank loan in the amount of 29,592,745 thousand Tenge was received (first tranche). 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 10 April 2023, under the Agreement, a bank loan in the amount of 11,800,000 thousand Tenge was received (second tranche). The bank loan agreement establishes the beginning of repayment of the loan and payment of remuneration from 10 April 2026 and 10 October 2025, respectively, with a frequency of 1 every six months.

During 2022 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.

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

- Appendix 1. About the report
- Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023
- Appendix 3. GRI Index
- Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals
- Appendix 5. Stakeholder Engagement
- Appendix 6. Audited Consolidated Financial Statements
- Appendix 7. Quantitative indicators in the field of sustainable development
- Appendix 8. List of abbreviations



19. LOANS RECEIVED (CONTINUED)

The loans amounts were recognized at fair value less borrowing costs. Group capitalized the borrowing costs, incurred during construction, into the value of the qualifying asset. The total amount of borrowing costs capitalized into the value of the qualifying asset for the reporting period amounted to 5,912,593 thousand Tenge (during 2022: 434,328 thousand Tenge) (Note 6).

As at 31 December 2023 the nominal interest rate was on average 18.38% (as at 31 December 2022: 18.5%); the effective interest rate on the loan was on average 15.54% (as at 31 December 2022: 15.57%).

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 2023 and 2022, the Group complies with all non-financial covenants. There are no financial covenants under the terms of the Agreement.

20. ISSUED DEBT SECURITIES

Movements in issued debt securities for twelve months ended 31 December 2023 are as follows:

| In thousands of Tenge | 2023 |
|--------------------------------|--------------|
| As at 1 January | – |
| Received | 70,000,000 |
| Discount recognition (Note 18) | (30,823,948) |
| Discount amortization (Note 6) | 2,126,025 |
| Accrued remuneration (Note 6) | 179,722 |
| Redemption of remuneration | (106,944) |
| As at 31 December | 41,374,855 |
| Including: | |
| Long term part | 41,302,077 |
| Short term part | 72,778 |

In order to finance the investment project «Reconstruction and expansion of the main waterline “Astrakhan-Mangyshlak” 1st stage», Main Waterline issued 50 billion bonds in total amounting to 50 billion Tenge and additionally 20 billion Tenge with a coupon rate of 0.5% per annum and a circulation period 10 years, the grace period for repayment of the principal debt is 2 years, the remuneration payment dates are set from October 2023 and April 2024, respectively.

These bonds were purchased by KMG at the expense of anti-crisis funds from the National Fund of the Republic of Kazakhstan in April and October, respectively.

The amount of bonds was recognized at fair value based on the market interest rate on the date of their placement in the amount of 11.74% and 11.57%, respectively.

The Group capitalized all costs of issued bonds into the cost of the qualifying asset. The difference between the market and coupon rates on the bonds issued was recognized by the Group as a discount and included in retained earnings (Note 18).

COVENANTS

The Group must ensure compliance with non-financial covenants in accordance with the bond purchase agreement. As at 31 December 2023, the Group is in compliance with all non-financial covenants.

There are no financial covenants under the terms of the bond purchase and sale agreement.

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 2023 and 2022 are as follows:

| In thousands of Tenge | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| Non-current portion of employee benefit obligations | 18,045,542 | 18,096,363 |
| Current portion of employee benefit obligations | 1,185,285 | 1,046,911 |
| Total | 19,230,827 | 19,143,274 |

Changes in the present value of employee benefit obligations for the years ended 31 December 2023 and 2022 are as follows:

| In thousands of Tenge | 2023 | 2022 |
|---|-------------|-------------|
| Employee benefit obligations as at 1 January | 19,143,274 | 22,156,376 |
| Interest cost (Note 34) | 1,939,184 | 1,456,152 |
| Current services cost (Notes 29, 30) | 707,377 | 725,176 |
| Actuarial loss through profit and loss (Note 32) | 96,799 | 4,163 |
| Actuarial gain through other comprehensive income | (1,472,627) | (4,238,724) |
| Benefits paid | (1,183,180) | (959,869) |
| Employee benefit obligations as at 31 December | 19,230,827 | 19,143,274 |

22. CONTRACT LIABILITIES TO CUSTOMERS

Long-term contract liabilities to customers as at 31 December 2023 and 31 December 2022 are as follows:

| In thousands of Tenge | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| Deferred income from related parties (Note 37) | 23,326,309 | 26,125,466 |
| Deferred income from third parties | 8,581,827 | 9,006,713 |
| Total | 31,908,136 | 35,132,179 |

Short-term contract liabilities to customers as at 31 December 2023 and 31 December 2022 are as follows:

| In thousands of Tenge | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| Advances received from related parties (Note 37) | 18,196,317 | 17,774,325 |
| Advances received from third parties | 9,544,255 | 8,238,141 |
| Current part of deferred income from related parties (Note 37) | 2,799,157 | 2,799,157 |
| Current part of deferred income from third parties | 707,049 | 717,570 |
| Total | 31,246,778 | 29,529,193 |

Deferred income from related parties relates to the free of charge receipt Main Waterline in 2021-2022 of the new waterline for technical water “Kulsary Tengiz” (1st stage) and pumping station (2nd stage), built at the expense of water transportation services customer under the agreement on cooperation on the construction of a waterline in the total amount 32,454,806 thousand Tenge.

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 2,799,157 thousand Tenge (as at 31 December 2022: 2,142,006 thousand Tenge).

Revenue recognized in respect of contracts with customers

During the current reporting period, the Group recognized the revenue in the amount of 27,247,190 thousand Tenge in respect of contract liabilities to customers as at the beginning of the reporting period (2022: 20,100,542 thousand Tenge).

23. TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other accounts payable as at 31 December 2023 and 2022 are as follows:

| In thousands of Tenge | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| Accounts payable to third parties for goods and services | 31,775,737 | 16,530,280 |
| Accounts payable to related parties for goods and services (Note 37) | 1,260,755 | 1,389,533 |
| Other accounts payable to third parties | 1,901,113 | 1,311,009 |
| Total | 34,937,605 | 19,230,822 |

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Appendix 1. About the report

Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023

Appendix 3. GRI Index

Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals

Appendix 5. Stakeholder Engagement

Appendix 6. Audited Consolidated Financial Statements

Appendix 7. Quantitative indicators in the field of sustainable development

Appendix 8. List of abbreviations



23. TRADE AND OTHER ACCOUNTS PAYABLE (CONTINUED)

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 22,265,494 thousand Tenge (as at 31 December 2022: 8,288,535 thousand Tenge), including the overhaul with the replacement of main oil pipeline sections and reconstruction of the waterline Astrakhan-Mangyshlak.

Trade and other accounts payable as at 31 December 2023 and 2022 are in the following currencies:

| In thousands of Tenge | 31 December 2023 | 31 December 2022 |
|-----------------------|------------------|------------------|
| Tenge | 32,767,590 | 18,416,184 |
| US Dollars | 194,612 | 182,469 |
| Russian Rubles | 6,248 | 4,352 |
| Euro | 2,273 | 2,313 |
| Other currency | 1,966,882 | 625,504 |
| Total | 34,937,605 | 19,230,822 |

24. LEASE LIABILITIES

Lease liabilities as at 31 December 2023 and 2022 are as follows:

| In thousands of Tenge | 31 December 2023 | 31 December 2022 |
|------------------------------------|------------------|------------------|
| Current portion of obligations | 2,420,628 | 942,217 |
| Non-current portion of obligations | 5,102,611 | 198,450 |
| Total | 7,523,239 | 1,140,667 |

Changes in the present value of obligations for the twelve months ended 31 December 2023 and 2022 are as follows:

| In thousands of Tenge | 2023 | 2022 |
|--|-------------|-------------|
| As at 1 January | 1,140,667 | 1,660,914 |
| Additions for the period (Note 7) | 7,645,646 | 130,855 |
| Payments for the period | (2,381,354) | (2,048,030) |
| Unwinding of discount on obligations (Note 34) | 1,013,887 | 125,280 |
| Modification (Note 7) | 359,527 | 1,259,881 |
| Disposals for the period | (255,134) | (1,634) |
| Exchange rate difference | - | 13,401 |
| As at 31 December | 7,523,239 | 1,140,667 |

The information below describes the cost of expenses related with lease reflected in the consolidated statement of comprehensive income for 2023 and 2022:

| In thousands of Tenge | For the year ended 31 December 2023 | For the year ended 31 December 2022 |
|--|-------------------------------------|-------------------------------------|
| Right-of-use assets amortization (Note 7) | 1,940,878 | 1,582,271 |
| Unwinding of discount on obligations (Note 34) | 1,013,887 | 125,280 |
| Low-value assets lease expenses (Notes 29, 30) | 146,167 | 52,886 |
| Total | 3,100,932 | 1,760,437 |

25. OTHER TAXES PAYABLE

Other taxes payable as at 31 December 2023 and 2022 are as follows:

| In thousands of Tenge | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| Personal income tax | 4,681,775 | 4,360,239 |
| Withholding tax at the source of payment to non-residents | 1,399,136 | 1,396,278 |
| Social tax | 666,091 | 763,335 |
| Property tax | 357,561 | 386,785 |
| VAT payable | 6,530 | 1,114,808 |
| Other taxes | 758,660 | 719,522 |
| Total | 7,869,753 | 8,740,967 |

26. PROVISIONS

SHORT-TERM PROVISIONS

Short-term provisions of the Group are mainly presented by tax provisions (BOT and BSP) and, as at 31 December 2023, amount to 1,303,694 thousand Tenge (as at 31 December 2022: 1,309,778 thousand Tenge).

LONG-TERM PROVISIONS

Asset retirement and land recultivation obligation

| In thousands of Tenge | Provision for oil pipelines and landfills | Provision for OPS | Total |
|---|---|-------------------|-------------|
| As at 1 January 2022 | 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 |

| | | | |
|--|------------|------------|------------|
| Charge for the period through asset (Note 6) | 36,142 | - | 36,142 |
| Revision of estimates through other comprehensive loss | 1,532,201 | 411,718 | 1,943,919 |
| Charge for the profit and loss (Note 31) | (616,286) | (14,885) | (631,171) |
| Reversed through profit and loss (Note 31) | (355,950) | - | (355,950) |
| Unwinding of discount (Note 34) | 2,805,524 | 1,185,528 | 3,991,052 |
| As at 31 December 2023 | 31,987,745 | 13,661,226 | 45,648,971 |

During 2022 in accordance with the amendments in the Environmental Code of the Republic of Kazakhstan, the Company recognized an obligation to decommission OPS in the amount of 14,748,415 thousand Tenge (Note 4).

27. OTHER CURRENT LIABILITIES

Other current liabilities as at 31 December 2023 and 2022 are as follows:

| In thousands of Tenge | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| Other current non-financial liabilities | | |
| Liabilities for oil transportation coordination services to related parties (Note 37) | 7,401,666 | 8,039,904 |
| Liabilities for oil transportation coordination services to third parties | 5,505,172 | 4,215,483 |
| Liabilities for pension contributions and social insurance | 1,229,758 | 1,221,720 |
| | 14,136,596 | 13,477,107 |

| | | |
|--|------------|------------|
| Other current financial liabilities | | |
| Provisions for vacations and other employee benefits | 11,215,283 | 9,799,370 |
| Employee salary | 5,650,919 | 4,813,702 |
| Payables for oil transportation coordination services to third parties | 376,867 | 486,449 |
| Other | 861,793 | 755,355 |
| | 18,104,862 | 15,854,876 |
| Total other current liabilities | 32,241,458 | 29,331,983 |

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

- Appendix 1. About the report
- Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023
- Appendix 3. GRI Index
- Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals
- Appendix 5. Stakeholder Engagement
- Appendix 6. Audited Consolidated Financial Statements
- Appendix 7. Quantitative indicators in the field of sustainable development
- Appendix 8. List of abbreviations



28. REVENUE

Revenue for the years ended 31 December 2023 and 2022 are as follows:

| 2023 | | | | | |
|--|---|-------------------|----------------------|-----------|----------------|
| In thousands of Tenge | Oil transportation and related services | Oil transshipment | Water transportation | Others | Total segments |
| Crude oil transportation | 210,709,921 | – | – | – | 210,709,921 |
| Pipeline operation and maintenance services | 26,566,800 | – | – | – | 26,566,800 |
| Oil transshipment and railway shipment | – | 20,202,349 | – | – | 20,202,349 |
| Water transportation | – | – | 19,821,730 | – | 19,821,730 |
| Seaport services | – | – | – | 7,953,109 | 7,953,109 |
| Fees for undelivered oil volumes | 1,782,665 | – | – | – | 1,782,665 |
| Oil storage services | 136,985 | 1,471,734 | – | – | 1,608,719 |
| Oil transportation coordination services | 852,449 | – | – | – | 852,449 |
| Other | 24,873 | – | 3,510 | 859,499 | 887,882 |
| Total revenue under contracts with customers | 240,073,693 | 21,674,083 | 19,825,240 | 8,812,608 | 290,385,624 |
| Geographic regions* | | | | | |
| Kazakhstan | 209,737,014 | 13,413,030 | 19,825,240 | – | 242,975,284 |
| Russia | 28,362,398 | – | – | – | 28,362,398 |
| Georgia | – | 2,625,489 | – | 8,743,264 | 11,368,753 |
| Uzbekistan | 1,974,281 | – | – | – | 1,974,281 |
| Other states | – | 5,635,564 | – | 69,344 | 5,704,908 |
| Total revenue under contracts with customers | 240,073,693 | 21,674,083 | 19,825,240 | 8,812,608 | 290,385,624 |
| Timing of revenue recognition | | | | | |
| At a point in time | 213,506,893 | 21,674,083 | 19,825,240 | 8,812,608 | 263,818,824 |
| Over time | 26,566,800 | – | – | – | 26,566,800 |
| Total revenue under contracts with customers | 240,073,693 | 21,674,083 | 19,825,240 | 8,812,608 | 290,385,624 |

| 2022 | | | | | |
|--|---|-------------------|----------------------|-----------|----------------|
| In thousands of Tenge | 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 revenue under contracts with customers | 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 revenue under contracts with customers | 211,321,244 | 23,562,741 | 11,930,804 | 8,812,520 | 255,627,309 |

* The revenue information in the tables above is given according to the location of the customers

For the year ended 31 December 2023 revenue from the five major customers amounted to 57,442,513 thousand Tenge, 32,323,325 thousand Tenge, 14,381,836 thousand Tenge, 11,380,991 thousand Tenge and 9,001,453 thousand Tenge (for 2022: revenue from these 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, respectively).

29. COST OF SALES

Cost of sales for the years ended 31 December 2023 and 2022 are as follows:

| In thousands of Tenge | 2023 | 2022 |
|--------------------------------------|-------------|-------------|
| Personnel costs | 97,892,118 | 89,137,471 |
| Depreciation and amortization | 71,207,026 | 53,437,487 |
| Security services | 13,309,985 | 9,754,979 |
| Taxes other than income tax | 12,314,934 | 10,977,655 |
| Electric energy | 10,005,324 | 9,704,329 |
| Repair and maintenance | 9,798,794 | 8,672,145 |
| Railway services | 9,620,100 | 13,066,905 |
| Materials and fuel | 9,542,940 | 9,051,219 |
| Gas expense | 3,246,675 | 3,373,645 |
| Food and accommodation | 2,550,284 | 2,195,513 |
| Insurance | 1,224,050 | 1,078,972 |
| Environmental protection | 999,770 | 1,520,301 |
| Business trip expenses | 966,881 | 930,505 |
| Work security, safety | 833,821 | 789,658 |
| Outstaffing services | 695,416 | 559,937 |
| Post-employment benefits (Note 21) | 666,156 | 679,851 |
| Diagnostics of production assets | 532,745 | 621,083 |
| Communication services | 373,885 | 355,908 |
| Air services | 140,319 | 642,193 |
| Leases of low-value assets (Note 24) | 110,582 | 23,847 |
| Transportation services | 2,309 | 137,223 |
| Other | 2,823,705 | 2,723,824 |
| Total | 248,857,819 | 219,434,650 |

The increase in personnel costs in the reporting period is due to the salary indexation of production employees of the Group.

The increase in depreciation and amortization is mainly due to the revaluation of property, plant and equipment conducted in the end of 2022.

The decrease in railway services costs is mainly associated with a decrease in oil transshipment volumes through the Group's foreign activities.

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES



30. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended 31 December 2023 and 2022 are as follows:

| In thousands of Tenge | 2023 | 2022 |
|---|------------|------------|
| Personnel costs | 11,317,972 | 11,041,841 |
| Depreciation and amortization | 1,589,469 | 1,436,240 |
| Repair and maintenance | 551,487 | 344,389 |
| Office maintenance | 440,513 | 490,653 |
| Charge of allowance for expected credit losses, net (Note 12) | 374,603 | 308,922 |
| Social sphere expenses | 354,547 | 431,866 |
| Auditing, consulting and professional services | 352,657 | 433,512 |
| Outstaffing services | 327,126 | 304,334 |
| Taxes other than income tax | 270,649 | 269,515 |
| Business trip expenses | 250,350 | 256,035 |
| Write-off of VAT recoverable | 228,373 | 132,234 |
| Information services | 136,719 | 142,885 |
| Communication services | 90,852 | 106,486 |
| Charge/(reversal) of short-term provisions (Note 26) | 51,096 | (7,836) |
| Bank costs | 47,155 | 66,184 |
| Post-employment benefits (Note 21) | 41,221 | 45,325 |
| Leases of low-value assets (Note 24) | 35,585 | 29,039 |
| Materials and fuel | 30,541 | 67,145 |
| Other | 803,133 | 640,702 |
| Total | 17,294,048 | 16,539,471 |

31. OTHER OPERATING INCOME

Other operating income for the years ended 31 December 2023 and 2022 is as follows:

| In thousands of Tenge | 2023 | 2022 |
|--|-----------|-----------|
| Income from revision of estimates and reversal of provision on asset retirement and land reclamation obligation, net (Note 26) | 987,121 | 853,813 |
| Income from fines and penalties | 670,167 | 718,681 |
| Amortization of deferred revenue | 296,739 | 299,244 |
| Income from recognition of inventories | 36,735 | 21,758 |
| Income from reimbursement of insurance payment | 17,261 | – |
| Other income | 120,424 | 134,418 |
| Total | 2,128,447 | 2,027,914 |

32. OTHER OPERATING EXPENSES

Other operating expenses for the years ended 31 December 2023 and 2022 are as follows:

| In thousands of Tenge | 2023 | 2022 |
|--|-----------|-----------|
| Recognition of claim obligation (Note 38) | 1,430,675 | – |
| Write-off of inventory value to net realisable value | 661,271 | 394,769 |
| Loss on liquidation of inactive production facilities | 183,739 | 208,649 |
| Actuarial loss (Note 21) | 96,799 | 4,163 |
| Loss on disposal of property, plant and equipment, net | 74,950 | 313,510 |
| Other expenses | 62,821 | 90,036 |
| Total | 2,510,255 | 1,011,127 |

33. FINANCE INCOME

Finance income for the years ended 31 December 2023 and 2022 is as follows:

| In thousands of Tenge | 2023 | 2022 |
|--|------------|-----------|
| Interest income on bank deposits, current accounts and reverse repo transactions | 8,756,224 | 3,721,377 |
| Income from notes of the National Bank (Note 15) | 1,310,419 | – |
| Unwinding of discount on long-term receivables | 171,811 | 185,447 |
| Reversal of allowance for expected credit losses on cash and cash equivalents and bank deposits, net | 746 | 5,381 |
| Income from revision of the fair value of bonds | – | 98,394 |
| Other finance income | 23,267 | 17,977 |
| Total | 10,262,467 | 4,028,576 |

34. FINANCE COSTS

Finance costs for the years ended 31 December 2023 and 2022 are as follows:

| In thousands of Tenge | 2023 | 2022 |
|---|-----------|-----------|
| Unwinding of discount on asset retirement and land reclamation obligation (Note 26) | 3,991,052 | 3,182,541 |
| Interest cost on employee benefit obligations (Note 21) | 1,939,184 | 1,456,152 |
| Unwinding of discount on lease liabilities (Note 24) | 1,013,887 | 125,280 |
| Expenses from the fair value revision of bonds | 58,893 | – |
| Other finance costs | 7,599 | 14,942 |
| Total | 7,010,615 | 4,778,915 |

35. INCOME TAX EXPENSE

Income tax expense for the years ended 31 December 2023 and 2022 is as follows:

| In thousands of Tenge | 2023 | 2022 |
|------------------------------|-------------|-------------|
| Current income tax expense | 13,893,877 | 11,005,876 |
| Prior years adjustments | 306,483 | 139,049 |
| Deferred income tax benefits | (7,156,482) | (6,020,506) |
| Income tax expense | 7,043,878 | 5,124,419 |

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 2023 and 2022 is as follows:

| In thousands of Tenge | 2023 | 2022 |
|---|-------------|-------------|
| Profit before income tax | 39,889,215 | 24,926,112 |
| Statutory rate | 20% | 20% |
| Income tax expense on accounting profit | 7,977,843 | 4,985,222 |
| Prior years adjustments | 306,483 | 139,049 |
| Intragroup income and non-deductible losses of foreign operations, net | 434,805 | 1,209,423 |
| Non-deductible expense on long-term employee benefit obligations | 472,445 | 375,448 |
| Gain on surplus of technological oil | 842,396 | 786,355 |
| Revision of estimates on taxable temporary differences related to property, plant and equipment | (4,324) | 117,182 |
| Non-deductible expense on disposal of property, plant and equipment | 68,135 | 221,367 |
| Other non-deductible expenses, net | 320,783 | 485,137 |
| Tax effect of other adjustments | | |
| Profit of joint ventures recognized based on equity method | (3,374,688) | (3,194,764) |
| Income tax expense reported in the consolidated statement of comprehensive income | 7,043,878 | 5,124,419 |

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

- Appendix 1. About the report
Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023
Appendix 3. GRI Index
Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals
Appendix 5. Stakeholder Engagement
Appendix 6. Audited Consolidated Financial Statements
Appendix 7. Quantitative indicators in the field of sustainable development
Appendix 8. List of abbreviations



35. INCOME TAX EXPENSE (CONTINUED)

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.

| In thousands of Tenge | 31 December 2023 | Charged to profit and loss | Charged to other comprehensive income | Other |
|--|------------------|----------------------------|---------------------------------------|-------------|
| Deferred tax assets | | | | |
| Employee benefits and other employee related accrued liabilities | 2,774,841 | 335,880 | (40,473) | 5 |
| Reserve for impairment of advances to suppliers | 10,780 | – | – | – |
| Provision for obsolete and slow-moving inventories | 2,196 | 953 | – | – |
| Provision for assets retirement and land recultivation obligation and other provisions | 9,129,797 | 608,014 | 388,784 | – |
| Lease liabilities | 1,458,351 | (392,473) | – | 1,665,148 |
| Taxes payable | 150,975 | (15,742) | – | – |
| Revaluation of investments in bonds | 11,779 | 11,779 | – | – |
| Transfer of losses for subsequent periods | 5,656,947 | 4,402,584 | – | – |
| Unrealized income from intragroup transactions | 42,187 | – | – | – |
| Provision for expected credit losses | 225,696 | (26,325) | – | – |
| Discount on long-term accounts receivables | 116,946 | (34,362) | – | – |
| Deferred income | 5,225,093 | (559,832) | – | – |
| Less: deferred tax assets net-off deferred tax liabilities | (24,805,588) | – | – | (6,343,940) |
| Deferred tax assets | – | 4,330,476 | 348,311 | (4,678,787) |
| Deferred tax liabilities | | | | |
| Property, plant and equipment | (122,828,945) | 2,324,287 | 636,990 | – |
| Right-of-use assets | (1,344,553) | 501,719 | – | (1,665,148) |
| Add: deferred tax assets net-off deferred tax liabilities | 24,805,588 | – | – | 6,343,940 |
| Deferred tax liabilities | (99,367,910) | 2,826,006 | 636,990 | 4,678,792 |
| Net deferred income tax liabilities | (99,367,910) | 7,156,482 | 985,301 | 5 |

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. De-ferred 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.

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 2023 the profits of separate companies BSP, BOT, PTL.

The taxable income of the Company for 2022 has included the profit of separate companies BSP, 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.

Deferred income tax balances, calculated by applying the statutory income tax rates in effect at the respective statement of financial position dates to the tem-porary differences between the basis of assets and liabilities and the amounts reported in the consolidated financial statements, comprised the following at 31 December 2023 and 2022:

| | 31 December 2022 | Charged to profit and loss | Charged to other comprehensive income | Other | 1 January 2022 |
|--|------------------|----------------------------|---------------------------------------|-------------|----------------|
| Deferred tax assets | | | | | |
| Employee benefits and other employee related accrued liabilities | 2,479,429 | 266,979 | (116,499) | 29 | 2,328,920 |
| Reserve for impairment of advances to suppliers | 10,780 | – | – | – | 10,780 |
| Provision for obsolete and slow-moving inventories | 1,243 | 209 | – | – | 1,034 |
| 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 |
| Lease liabilities | 185,676 | (384,673) | – | 278,147 | 292,202 |
| Taxes payable | 166,717 | 28,569 | – | – | 138,148 |
| Revaluation of investments in bonds | – | (19,679) | – | – | 19,679 |
| Transfer of losses for subsequent periods | 1,254,363 | 1,254,363 | – | – | – |
| Unrealized income from intragroup transactions | 42,187 | (63,636) | – | – | 105,823 |
| Provision for expected credit losses | 252,021 | (4,255) | – | – | 256,276 |
| Discount on long-term accounts receivables | 151,308 | (37,089) | – | – | 188,397 |
| Deferred income | 5,784,925 | 1,065,124 | – | – | 4,719,801 |
| Less: deferred tax assets net-off deferred tax liabilities | (18,461,648) | – | – | (5,745,832) | (12,715,816) |
| Deferred tax assets | – | 2,571,658 | (1,478,656) | (3,347,679) | 2,254,677 |
| Deferred tax liabilities | | | | | |
| Property, plant and equipment | (125,790,222) | 3,129,531 | (33,286,881) | (2,119,977) | (93,512,895) |
| Right-of-use assets | (181,124) | 319,317 | – | (278,147) | (222,294) |
| Add: deferred tax assets net-off deferred tax liabilities | 18,461,648 | – | – | 5,745,832 | 12,715,816 |
| Deferred tax liabilities | (107,509,698) | 3,448,848 | (33,286,881) | 3,347,708 | (81,019,373) |
| Net deferred income tax liabilities | (107,509,698) | 6,020,506 | (34,765,537) | 29 | (78,764,696) |

Segments that are identified, but do not separately exceed quantitative limits (amount of separate segment revenue comprises less than 10% of combined reve-nue) 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.

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

- Appendix 1. About the report
- Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023
- Appendix 3. GRI Index
- Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals
- Appendix 5. Stakeholder Engagement
- Appendix 6. Audited Consolidated Financial Statements
- Appendix 7. Quantitative indicators in the field of sustainable development
- Appendix 8. List of abbreviations



36. SEGMENT INFORMATION (CONTINUED)

| In thousands of Tenge | For the year ended 31 December 2023 | | | | | | For the year ended 31 December 2022 | | | | | |
|--|--|-----------------------------|-----------------------------------|-------------|----------------------------|-------------------------------|--|-----------------------------|-----------------------------------|-------------|----------------------------|-------------------------------|
| | Oil transportation and related services (Kazakhstan) | Oil transshipment (Georgia) | Water transportation (Kazakhstan) | Other | Adjustments and exceptions | Total segments (consolidated) | Oil transportation and related services (Kazakhstan) | Oil transshipment (Georgia) | Water transportation (Kazakhstan) | Other | Adjustments and exceptions | Total segments (consolidated) |
| Revenue | | | | | | | | | | | | |
| External customers | 240,073,693 | 21,674,083 | 19,825,240 | 8,812,608 | – | 290,385,624 | 211,321,244 | 23,562,741 | 11,930,804 | 8,812,520 | – | 255,627,309 |
| Intersegmental | 914,542 | – | 80,428 | – | (994,970) | – | 814,952 | – | 72,100 | – | (887,052) | – |
| Total revenue (Note 28) | 240,988,235 | 21,674,083 | 19,905,668 | 8,812,608 | (994,970) | 290,385,624 | 212,136,196 | 23,562,741 | 12,002,904 | 8,812,520 | (887,052) | 255,627,309 |
| Financial results | | | | | | | | | | | | |
| (Charge)/reversal of impairment of property, plant and equipment and intangible assets through profit and loss | (5,359,577) | – | – | – | – | (5,359,577) | (12,621,560) | (444,336) | 88,001 | 65,913 | – | (12,911,982) |
| Depreciation and amortization (Notes 29, 30) | (61,339,659) | (1,070,725) | (9,053,521) | (1,332,590) | – | (72,796,495) | (46,678,407) | (918,173) | (6,051,995) | (1,225,152) | – | (54,873,727) |
| Interest income (Note 33) | 9,009,328 | 230,386 | 622,547 | 204,382 | – | 10,066,643 | 3,343,695 | 100,944 | 143,991 | 132,747 | – | 3,721,377 |
| Share in income of joint ventures | 16,873,439 | – | – | – | – | 16,873,439 | 15,973,820 | – | – | – | – | 15,973,820 |
| Income tax (expense)/benefits | (7,296,603) | – | 252,730 | (1,369) | 1,364 | (7,043,878) | (6,175,462) | – | 1,061,572 | (461) | (10,068) | (5,124,419) |
| Segment profit/(loss) for the period | 30,994,333 | 1,090,800 | (778,976) | 1,535,605 | 3,575 | 32,845,337 | 16,706,240 | 2,124,886 | (4,252,968) | 1,338,538 | 3,884,997 | 19,801,693 |
| Other disclosures | | | | | | | | | | | | |
| Total assets | 1,119,093,212 | 55,052,218 | 245,176,165 | 22,675,271 | (83,614,756) | 1,358,382,110 | 1,093,895,555 | 55,089,123 | 145,839,799 | 23,739,961 | (83,146,478) | 1,235,417,960 |
| Total liabilities | 250,668,161 | 9,829,406 | 128,223,724 | 12,949,051 | (158,556) | 401,511,786 | 238,046,342 | 11,089,259 | 60,832,330 | 13,802,700 | (805,996) | 322,964,635 |
| Investments in joint ventures (Note 9) | 106,754,214 | – | – | – | – | 106,754,214 | 94,588,186 | – | – | – | – | 94,588,186 |
| Capital expenditures | 75,616,816 | 4,377,336 | 101,289,761 | 1,205,763 | – | 182,489,676 | 39,190,642 | 809,854 | 2,795,844 | 1,574,999 | (69,786) | 44,301,553 |
| Property, plant and equipment | 75,443,689 | 4,353,613 | 101,285,329 | 1,165,160 | – | 182,247,791 | 38,739,832 | 790,495 | 2,781,547 | 1,451,469 | (69,786) | 43,693,557 |
| Intangible assets | 173,127 | 23,723 | 4,432 | 40,603 | – | 241,885 | 450,810 | 19,359 | 14,297 | 123,530 | – | 607,996 |

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 2023 and 2022 and the related balances as at 31 December 2023 and 2022.

Trade and other accounts receivables from related parties are as follows:

| In thousands of Tenge | Notes | 31 December 2023 | 31 December 2022 |
|--|-------|------------------|------------------|
| Trade and other accounts receivable from related parties | | | |
| Trade accounts receivable from entities under common control of KMG | | 2,542,252 | 2,185,711 |
| Trade accounts receivable from joint ventures | | 1,811,110 | 1,540,699 |
| Trade accounts receivable from entities under common control of Samruk-Kazyna | | 863,461 | 2,564,823 |
| Total trade accounts receivable from related parties | 12 | 5,216,823 | 6,291,233 |
| Other accounts receivables from entities under common control of KMG and Samruk-Kazyna | | – | 509 |
| Total other accounts receivable from related parties | 12 | – | 509 |
| Less: allowance for expected credit losses | | (8,748) | (7,407) |
| Total | | 5,208,075 | 6,284,335 |

Advances provided to related parties are as follows:

| In thousands of Tenge | Notes | 31 December 2023 | 31 December 2022 |
|---|-------|------------------|------------------|
| Advances paid to related parties | | | |
| Advances paid to entities under common control of Samruk Kazyna | | 1,024 | 1,017 |
| Total advances paid to related parties | 13 | 1,024 | 1,017 |

Contract liabilities to customers to related parties are as follows:

| In thousands of Tenge | Notes | 31 December 2023 | 31 December 2022 |
|---|-------|------------------|------------------|
| Contract liabilities to customers to related parties | | | |
| Non-current part of deferred income under contracts with entities under common control of KMG | | 23,326,309 | 26,125,466 |
| Total non-current contract liabilities to customers to related parties | 22 | 23,326,309 | 26,125,466 |
| Advances received from entities under common control of KMG | | 17,988,087 | 17,573,782 |
| Current part of deferred income under contracts with entities under common control of KMG | | 2,799,157 | 2,799,157 |
| Advances received from entities under common control of Samruk Kazyna | | 208,230 | 200,543 |
| Total current contract liabilities to customers to related parties | 22 | 20,995,474 | 20,573,482 |
| Total contract liabilities to customers to related parties | | 44,321,783 | 46,698,948 |



37. RELATED PARTY TRANSACTIONS (CONTINUED)

Trade and other accounts payable to related parties are as follows:

| In thousands of Tenge | Notes | 31 December 2023 | 31 December 2022 |
|---|-----------|------------------|------------------|
| Trade accounts payable to related parties for goods and services | | | |
| Trade accounts payable to entities under common control of KMG | | 1,025,772 | 1,001,456 |
| Trade accounts payable to entities under common control of Samruk Kazyna | | 229,769 | 379,159 |
| Trade accounts payable to joint ventures | | 5,214 | 8,918 |
| Total trade accounts payable to related parties for goods and services | 23 | 1,260,755 | 1,389,533 |

Other current liabilities to related parties are as follows:

| In thousands of Tenge | Notes | 31 December 2023 | 31 December 2022 |
|---|-----------|------------------|------------------|
| Accounts payable for oil transportation coordination services to related parties | | | |
| Accounts payable for oil transportation coordination services to entities under common control of KMG | | 7,401,666 | 8,039,904 |
| Total of accounts payable for oil transportation coordination services to related parties | 27 | 7,401,666 | 8,039,904 |

| | | | |
|---|--|------------------|------------------|
| Employee benefits obligation of key management personnel | | | |
| Employee benefits obligation of key management personnel | | 67,453 | 68,028 |
| Total employee benefits obligation of key management personnel | | 67,453 | 68,028 |
| Total other current liabilities to related parties | | 7,469,119 | 8,107,932 |

During the years ended 31 December the Group had the following transactions with the related parties:

| In thousands of Tenge | For the year ended 31 December | |
|--|--------------------------------|--------------------|
| | 2023 | 2022 |
| Sales to related parties | | |
| Revenue from main activities with entities under common control of KMG | 154,384,107 | 134,763,488 |
| Revenue from main activities with joint ventures | 15,944,023 | 14,862,954 |
| Revenue from main activities with entities under common control of Samruk Kazyna | 10,820,921 | 9,244,131 |
| Other income from entities under common control of Samruk Kazyna | 97,606 | 110,700 |
| Other income from entities under common control of KMG | 15,192 | 113,402 |
| Total | 181,261,849 | 159,094,675 |

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 | |
|---|-------|--------------------------------|-------------------|
| | | 2023 | 2022 |
| Purchases from related parties | | | |
| Purchases of services from entities under common control of KMG | | 10,449,839 | 10,975,928 |
| Purchases of services from entities under common control of Samruk Kazyna | | 1,980,941 | 2,906,350 |
| Purchases of inventory from entities under common control of KMG | | 366 | 349 |
| Purchases of inventory from entities under common control of Samruk Kazyna | | 239 | 180 |
| Other additions of property, plant and equipment (non-monetary reimbursement of services) from entities under common control of KMG | 6 | – | 7,467,625 |
| Purchases of services from joint ventures | | – | 103,924 |
| Total | | 12,431,385 | 21,454,356 |

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 | |
|--|-------|--------------------------------|--------------------|
| | | 2023 | 2022 |
| Cash flows to related parties | | | |
| Dividends paid to the KMG | 18 | (13,500,710) | (9,000,473) |
| Dividends received from joint ventures | 9 | 3,960,351 | 7,636,855 |
| Total | | (9,540,359) | (1,363,618) |

Total accrued compensation to key management personnel for the year ended 31 December 2023 amounts to 605,563 thousand Tenge (for the year ended 31 December 2022: 739,172 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.

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.

RISK MONITORING OF SECONDARY SANCTIONS

During the period ended 31 December 2023 and as of the specified reporting date, the Group complied with the requirements and restrictions established by the applicable sanctions imposed by the European Union, the United States of America and other countries against the Russian Federation (RF), as well as certain citizens and companies of the RF in connection with the hostilities that began on the territory of Ukraine in February 2022.

The Group's management believes that the risk of secondary sanctions against the Group's companies is low.

TAXATION

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not usual, including opinions with respect to IFRS treatment of revenues, expenses and other items in the financial statements. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe.

Penalties are generally 80% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by tax authorities for five calendar years proceeding the year of review. Under certain circumstances reviews may cover longer periods.

Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued as at 31 December 2023. As at 31 December 2023 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.



38. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

TAXATION (CONTINUED)

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 2023.

As at 31 December 2023 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 1,244,159 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 1,009,631 thousand Tenge).

At the end of 31 December 2023 the amount of recognized tax liabilities by BSP was 4,445 thousand Georgian Lari (equivalent to 758,717 thousand Tenge). The remaining amount of 1,470 thousand Georgian Lari (equivalent to 250,914 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 2023 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 444,647 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 362,546 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 2023, the tax lien/mortgage right on property (land plot) exists in the amount of 5.3 million US dollars (equivalent to 2,409 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.

COMMITMENTS TO ACQUIRE PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2023 the Group had contractual commitment to acquire property, plant and equipment, and construction services for the amount of 46,210,924 thousand Tenge (as at 31 December 2022: 157,285,948 thousand Tenge). These contractual commitments are a part of the investment program.

Share of the Group as at 31 December 2023 in contractual commitment of joint ventures to acquire property, plant and equipment, and construction services amounted to 618,159 thousand Tenge (as at 31 December 2022: 599,618 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 2023, the balance of obligation under the investment program to be fulfilled was 94 billion Tenge.

LEGAL PROCEEDINGS

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 2,390 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 1,433 million Tenge). On 16 April 2020 BOT filed a cassation appeal to the Supreme Court of Georgia. By the decision of the Supreme Court of Georgia dated 22 November 2023, the cassation appeal of BOT was left without consideration as inadmissible for consideration in the cassation instance. In this regard, as at 31 December 2023 the Group recognized liabilities in the amount of 8.4 million Georgian Lari (equivalent to 3,136 thousand US Dollars or 1,430,675 thousand Tenge) (Note 32).

Legal proceedings BOT with business counterparties

On 19 December 2016, the Tbilisi City Court issued a ruling on securing a claim for the period of consideration of the case on the claims of BOT's business counterparty (hereinafter – plaintiff) to force BOT to enter into an agreement for the provision of transshipment and storage services, recovery of damages and lost profits, according to which an arrest was imposed on alienation and encumbrance of a mortgage on real estate owned by BOT – a land plot (the main territory of Batumi) with buildings and structures located on it. The total carrying amount of the specified property as at 31 December 2023 was 5 million US Dollars (equivalent to 2,273 million Tenge). This arrest does not affect the operational and financial activities of BOT. On 23 December 2016, BOT appealed the above ruling, which was left unsatisfied. Due to disagreement with the requirements, BOT sent to the court a response to the statement of claim with BOT's position on this case; in March 2018, BOT filed a counterclaim to collect the plaintiff's existing receivables.

On 12 February 2019, the court made a decision in favor of the plaintiff, and also partially satisfied the counterclaim of BOT, which was appealed by BOT on appeal and overturned by the court on 27 February 2020, returning the case for a new trial. Upon new consideration, the plaintiff abandoned the initial demands and asked the court to recover only lost profits in the amount of 16.5 million US Dollars, by a decision dated 11 November 2021, the court satisfied in full the requirements of the plaintiff and BOT's net obligations to the plaintiff amounted to 16.5 million US Dollars (equivalent to 7,500 million Tenge), which was also appealed by BOT. By the decision of the Tbilisi Court of Appeal dated 31 October 2023, the appeal of the BOT was satisfied, the court decision dated 11 November 2021 was canceled and the case was returned for a new trial. During this period, BOT appealed the decision of the appellate court with a request to overturn the court decision without returning to the first instance.

Claim of business counterparty to BOT

On 21 January 2021, the court received a claim from one of the BOT business counterparties on recovery of lost profits for the amount 12.5 million US Dollars (equivalent to 5,682 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, interferes with his activities, in connection with which the lawsuit was initiated.

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 1,818 million Tenge) as a security for this claim. On 12 February 2021, BOT appealed the above determination, which was left unsatisfied, and also submitted a review on the groundlessness of the plaintiff's demands. By decision of 16 July 2021, the court fully satisfied the claims of the business counterparty, which was appealed by BOT on appeal. The Court of Appeal upheld the decision, to which BOT filed a cassation appeal. On 20 July 2023, the Supreme Court of Georgia partially satisfied the cassation appeal of BOT, the case was sent for review to the Kutaisi Court of Appeal, where it was located as of 31 December 2023. The court's decision did not enter into legal force.

Legal proceedings of a joint venture with the contractor

In December 2019 and August 2021, MunaiTas entered into contracts with the contractor on the procurement of services in the amount of 12.4 billion Tenge and 1.7 billion Tenge, respectively. According to the contracts terms, the contractor provided bank guarantees for the proper execution of the contracts, the amount of each was 10% of the contract price. In connection with the contractor's violation of contractual obligations, MunaiTas received from the guarantor bank amounts under bank guarantees in the amount of 1.2 billion Tenge and 169.6 million Tenge. In May 2023, the contractor sent a statement of claim, in which he asks the court to declare MunaiTas' demands for payment of the amount under bank guarantees unlawful. On 8 August 2023, the court of first instance issued a ruling to terminate the proceedings in this case.

Based on the results of consideration of the contractor's complaint, on 15 November 2023, the court of second instance issued a ruling to cancel the ruling of the court of first instance and sent the case for a new trial to the court of first instance. MunaiTas management believes that the legal proceedings are at a very early stage of consideration, accordingly as of 31 December 2023 MunaiTas has not accrued provisions for this proceeding.

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

- Appendix 1. About the report
- Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023
- Appendix 3. GRI Index
- Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals
- Appendix 5. Stakeholder Engagement
- Appendix 6. Audited Consolidated Financial Statements
- Appendix 7. Quantitative indicators in the field of sustainable development
- Appendix 8. List of abbreviations



38. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

Legal proceedings (continued)

Litigation of the joint venture with the department of the CRNM of the Almaty city

In October 2023 MunaiTas received a letter and orders from the department of the CRNM of the Almaty city (hereinafter — the department) regarding the revision of the current tariff for a regulated service applicable in 2022-2023.

In its letter, the department obliges MunaiTas to carry out the recalculation with shippers for the services rendered for 2022 and for the period from January to October 2023.

The consequence of such recalculation will be an amount of about nine billion Tenge. On 30 November 2023, MunaiTas filed a claim with the court of first instance to declare the department's orders and letter illegal. In accordance with the law, the validity of orders is suspended for the period of their appeal. On 31 January 2024, the court of first instance rejected MunaiTas' claim. On 16 February 2024, MunaiTas filed an appeal against the decision of the court of first instance.

MunaiTas management believes that the department's orders are not justified and that the risk of a negative outcome to the above requirements is medium. Accordingly, as of 31 December 2023, MunaiTas had not accrued any provisions for this proceeding.

Challenging the Company's tariffs

By order of CRNM dated 26 November 2021, for the period from 1 January 2022 to 31 December 2022, a temporary compensating tariff in the amount of 3,728.82 Tenge per ton for 1,000 kilometers without VAT was approved for the Company's service for pumping oil to the domestic market (hereinafter — TCT). Based on the results of consideration of the Company's complaint, on 6 April 2022, the court of first instance made a decision to declare CRNM's order illegal and cancel it. Based on the results of consideration of the CRNM complaint, on 24 November 2022, the court of second instance decided to leave the CRNM complaint without satisfaction. The Company applied TCT from 1 January to 31 August 2022 and, in accordance with the order of CRNM dated 19 August 2022, ceased the use of TCT as of 1 September 2022.

Based on the results of consideration of the CRNM complaint, on 24 October 2023, the Supreme Court issued a ruling to cancel the decisions of the courts of first and second instance. On 15 December 2023, the Company filed a petition with the Supreme Court to review the Supreme Court's ruling dated 24 October 2023.

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 2023 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 2023 amounted to 6.8 million tons (during 2022: 7.6 million tons).

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, cash and cash equivalents at the reporting date using the “Moody's”, “Fitch” and “Standard & Poor's” credit ratings.

| Issuer/bank | Location | Rating | | 31 December 2023 | 31 December 2022 |
|---|------------|------------------|------------------|------------------|------------------|
| | | 31 December 2023 | 31 December 2022 | | |
| «Kazakhstan Sustainability Fund» JSC, Ministry of Finance of the RK | Kazakhstan | BBB | – | 25,276,371 | – |
| «Kazpost» JSC | Kazakhstan | BBB-/Stable | – | 17,236,119 | – |
| «ForteBank» JSC | Kazakhstan | BB/ Stable | BB-/Stable | 9,986,957 | 25,061,488 |
| «Eurasian Bank» JSC | Kazakhstan | Ba3/Positive | – | 8,880,420 | – |
| «Halyk Bank of Kazakhstan» JSC | Kazakhstan | BBB-/Stable | BBB-/Stable | 8,413,926 | 31,764,664 |
| Emirates NBD Bank PJSC | UAE | A+/Stable | A+/Stable | 2,428,260 | 3,156,661 |
| TBC Bank | Georgia | BB/Stable | BB-/Stable | 1,775,057 | 470,052 |
| Bank of Georgia | Georgia | BB/Stable | BB-/Stable | 1,687,781 | 25,908 |
| Halyk Bank of Georgia | Georgia | BB+/Stable | BB+/Stable | 1,670,963 | 7,443,576 |
| Hellenic Bank | Cyprus | BB+/Stable | BB-/Stable | 26,364 | 133,243 |
| «Moskommercbank» CB | Russia | – | – | 5,247 | 4,159 |
| «APB» JSC | Russia | – | – | 2,747 | – |
| «Altyn Bank» JSC (SB China Citic Bank Corporation Ltd) | Kazakhstan | BBB/Stable | BBB-/Stable | 33 | 18,040,641 |
| «Rosbank» PJSC | Russia | – | – | – | 2,342 |
| Total | | | | 77,390,245 | 86,102,734 |

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 2023 and 2022 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 2023 | | | | | | |
| Loans received | – | – | 10,224,919 | 40,569,436 | 40,819,606 | 91,613,961 |
| Issued debt securities | – | 335,278 | 7,401,471 | 25,495,588 | 38,727,941 | 71,960,278 |
| Trade and other accounts payable | – | 34,937,605 | – | – | – | 34,937,605 |
| Lease liabilities | – | 2,638,295 | 2,573,658 | 5,624,483 | 378,990 | 11,215,426 |
| Other current liabilities | – | 376,867 | – | – | – | 376,867 |
| Total | – | 38,288,045 | 20,200,048 | 71,689,507 | 79,926,537 | 210,104,137 |

| | | | | | | |
|----------------------------------|---|------------|---------|------------|------------|------------|
| 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 |
| Other current liabilities | – | 486,449 | – | – | – | 486,449 |
| Total | – | 20,703,689 | 111,678 | 10,342,442 | 20,112,108 | 51,269,917 |

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 2023 | | | | | |
| Assets | 14,805,693 | 910,117 | 10,455 | 1,179,129 | 16,905,394 |
| Liabilities | 194,612 | 383,115 | 2,273 | 1,966,882 | 2,546,882 |
| At 31 December 2022 | | | | | |
| Assets | 15,061,421 | 34,932 | 7,402 | 1,243,603 | 16,347,358 |
| Liabilities | 182,469 | 490,801 | 2,313 | 625,504 | 1,301,087 |

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.

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Appendix 1. About the report

Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023

Appendix 3. GRI Index

Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals

Appendix 5. Stakeholder Engagement

Appendix 6. Audited Consolidated Financial Statements

Appendix 7. Quantitative indicators in the field of sustainable development

Appendix 8. List of abbreviations



39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

CURRENCY RISK (CONTINUED)

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 |
|-----------------------|--|-----------------------------|
| 2023 | | |
| US Dollar | +14.15% | 2,067,468 |
| | -14.15% | (2,067,468) |
| Russian Ruble | +28.54% | 150,406 |
| | -28.54% | (150,406) |
| Euro | +12.95% | 1,060 |
| | -12.95% | (1,060) |
| 2022 | | |
| US Dollar | +21.00% | 3,124,674 |
| | -21.00% | (3,124,674) |
| Russian Ruble | +22.05% | 100,523 |
| | -22.05% | (100,523) |
| Euro | +17.99% | 915 |
| | -17.99% | (915) |

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 2023 and 2022.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial assets and liabilities as at 31 December 2023 and 2022 approximate their fair values due to their short maturities, except for the financial instruments disclosed below:

| In thousands of Tenge | 31 December 2023 | | | | | 31 December 2022 | | | | |
|---|--------------------------------|------------|---------|------------|---------|--------------------------------|------------|---------|------------|---------|
| | Fair value by valuation levels | | | | | Fair value by valuation levels | | | | |
| | Carrying amount | Fair value | Level 1 | Level 2 | Level 3 | Carrying amount | Fair value | Level 1 | Level 2 | Level 3 |
| Issued debt securities | 41,374,855 | 41,128,054 | - | 41,128,054 | - | - | - | - | - | - |
| Loans received with a float-ing interest rate | 47,390,786 | 47,414,519 | - | 47,414,519 | - | 29,760,793 | 29,772,583 | - | 29,772,583 | - |

The fair value of debt securities was obtained by discounting expected cash flows based on interest rates calculated based on the calculated parameters of the yield of government securities effective at the reporting date.

The fair value of the loans received was determined by discounting the expected cash flows based on interest rates calculated on the basis of the base interest rate of the National Bank of the Republic of Kazakhstan effective at the reporting date plus 2.5%.

During the reporting period, there were no transfers between Level 1 and Level 2, nor were there any movements to or from Level 3.

40. SUBSEQUENT EVENTS

Loan agreement of joint ventures

On 1 February 2024 KCP repaid the loan under the loan agreement from 27 June 2018 in full ahead of schedule (Note 9).

Tariffs of Main Waterline

By order of the department of CRNM for Atyrau region dated 15 February 2024 tariffs for water supply services through main pipelines for oil and gas produc-ing enterprises in the amount of 2,044.51 Tenge/m³ without VAT, for industrial enterprises and other commercial organizations — 683.75 Tenge/m³ without VAT were approved for the period from 1 March 2024 to 31 December 2027 (until 1 March 2024 the approved tariffs were 1,870.55 Tenge/m³ without VAT and 626.66 Tenge/m³ without VAT, respectively).

Appendix 7. Quantitative indicators in the field of sustainable development

Volume of investments in industrial safety and labour protection for the Group of companies of KazTransOil JSC

| MILLION TENGE | | | | |
|--|---------|---------|---------|-----------|
| Title | 2021 | 2022 | 2023 | Change, % |
| Occupational safety, including: | 173.0 | 333.2 | 325.3 | -2.4 |
| KazTransOil JSC | 151.0 | 310.0 | 287.0 | -7.4 |
| BOT | 14.0 | 13.0 | 29.0 | 123.1 |
| Main Waterline LLP | 8.0 | 10.2 | 9.3 | -8.8 |
| Health protection, including: | 925.8 | 916.2 | 942.7 | 2.9 |
| KazTransOil JSC | 881.0 | 866.0 | 894.0 | 3.2 |
| BOT | 9.0 | 10.0 | 12.0 | 20.0 |
| Main Waterline LLP | 35.8 | 40.2 | 36.7 | -8.7 |
| Industrial safety, including: | 217.6 | 217.8 | 197.0 | -9.6 |
| KazTransOil JSC | 182.0 | 180.0 | 155.0 | -13.9 |
| BOT | 7.0 | 8.0 | 9.0 | 12.5 |
| Main Waterline LLP | 28.6 | 29.8 | 33.0 | 10.7 |
| Fire safety, including: | 1,457.9 | 2,552.5 | 2,999.4 | 17.5 |
| KazTransOil JSC | 1,344.0 | 2,412.0 | 2,832.0 | 17.4 |
| BOT | 110.0 | 134.0 | 159.0 | 18.7 |
| Main Waterline LLP | 3.9 | 6.5 | 8.4 | 29.2 |
| Personal protective equipment, including: | 1,298.8 | 1,180.0 | 1,458.9 | 23.6 |
| KazTransOil JSC | 1,195.0 | 1,120.0 | 1,382.0 | 23.4 |
| BOT | 66.0 | 25.0 | 50.0 | 100.0 |
| Main Waterline LLP | 37.8 | 35 | 26.9 | -23.1 |
| Total for the Group of companies KazTransOil JSC, including: | 4,073.1 | 5,199.7 | 5,923.3 | 13.9 |
| KazTransOil JSC | 3,753 | 4,888 | 5,550 | 13.5 |
| BOT | 206 | 190 | 259 | 36.3 |
| Main Waterline LLP | 114.1 | 121.7 | 114.3 | -6.1 |

Number of occupational accidents among employees of KazTransOil JSC

GRI 403-9

| Indicator | 2021 | 2022 | 2023 | Change, % |
|--|------------|------------|------------|-----------|
| Total number of industrial accidents | 1 | 0 | 1 | 100 |
| Total number of affected persons, including | 1 | 0 | 1 | 100 |
| - number of occupational injuries | 1 | 0 | 1 | 100 |
| - number of serious injuries | 0 | 0 | 1 | 100 |
| - number of fatalities due to occupational injuries | 0 | 0 | 0 | - |
| Number of occupational injuries among contractors | 0 | 0 | 0 | - |
| Accident frequency rate per 1,000 people, % | 0.15 | 0 | 0.15 | 100 |
| Frequency rate of occupational accidents with temporary loss of working capacity (LTIR), % | 0.09 | 0 | 0.088 | 100 |
| Occupational injury rate (LTIFR), % | 0.09 | 0 | 0.088 | 100 |
| Total working hours, person-hours | 10,824,669 | 10,890,967 | 11,312,526 | 3.8 |



Address by the Chair of the Board of Directors

Address by the General Director (Chair of the Management Board)

Key indicators 2023

Layout of Main Pipelines

Key events 2023

Company's Business Model

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

- Appendix 1. About the report
- Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023
- Appendix 3. GRI Index
- Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals
- Appendix 5. Stakeholder Engagement
- Appendix 6. Audited Consolidated Financial Statements
- Appendix 7. Quantitative indicators in the field of sustainable development
- Appendix 8. List of abbreviations



Dynamics of the number of personnel by divisions of KazTransOil JSC

| GRI 2-7 PERSONS | | | | |
|--|-------|-------|-------|-----------|
| Title | 2021 | 2022 | 2023 | Change, % |
| Central Office | 391 | 372 | 384 | 3.2 |
| SBU's | 6,039 | 6,086 | 6,109 | 0.4 |
| Branch 'RDC of KazTransOil JSC' | 163 | 139 | 111 | -20.1 |
| Branch 'OTMC of KazTransOil JSC' | 61 | 62 | 62 | 0.0 |
| Representative offices in Samara, Omsk, Moscow | 48 | 46 | 47 | 2.2 |
| Total | 6,702 | 6,705 | 6,713 | 0.1 |

Personnel structure of the Group of companies of KazTransOil JSC by age as of 31 December 2023

| GRI 405-1 PERSONS | | | | | | | |
|---|-------|--------------------|----------|-----------------|----------|-------------------|----------|
| Category | Total | Under 30 years old | | 30-50 years old | | Over 50 years old | |
| | | Persons | Share, % | Persons | Share, % | Persons | Share, % |
| Number of personnel, including: | 7,699 | 649 | 8.4 | 4,460 | 58 | 2,590 | 33.6 |
| KazTransOil JSC | 6,713 | 598 | 8.9 | 3,976 | 59.2 | 2,139 | 31.9 |
| BOT | 570 | 19 | 3.3 | 247 | 43.3 | 304 | 53.4 |
| Main Waterline LLP | 405 | 32 | 7.9 | 226 | 55.8 | 147 | 36.3 |
| PTL | 11 | 0 | 0 | 11 | 100 | 0 | 0 |
| Administrative and management personnel, including: | 506 | 33 | 6.5 | 377 | 74.5 | 96 | 19 |
| KazTransOil JSC | 385 | 27 | 7.0 | 284 | 73.7 | 74 | 19.3 |
| BOT | 36 | 2 | 5.5 | 23 | 63.9 | 11 | 30.6 |
| Main Waterline LLP | 74 | 4 | 5.4 | 59 | 79.7 | 11 | 14.9 |
| PTL | 11 | 0 | 0 | 11 | 100 | 0 | 0 |
| - In managerial positions, including: | 154 | 4 | 2.6 | 112 | 72.7 | 38 | 24.7 |
| KazTransOil JSC | 118 | 2 | 1.8 | 86 | 72.8 | 30 | 25.4 |
| BOT | 14 | 1 | 7.1 | 9 | 64.3 | 4 | 28.6 |
| Main Waterline LLP | 17 | 1 | 5.9 | 12 | 70.6 | 4 | 23.5 |
| PTL | 5 | 0 | 0 | 5 | 100 | 0 | 0 |
| - Specialists, including: | 352 | 29 | 8.2 | 265 | 75.3 | 58 | 16.5 |
| KazTransOil JSC | 267 | 25 | 9.3 | 198 | 74.2 | 44 | 16.5 |
| BOT | 22 | 1 | 4.6 | 14 | 63.6 | 7 | 31.8 |
| Main Waterline LLP | 57 | 3 | 5.3 | 47 | 82.4 | 7 | 12.3 |
| PTL | 6 | 0 | 0 | 6 | 100 | 0 | 0 |
| Operating personnel, including: | 7,193 | 616 | 8.5 | 4,083 | 56.8 | 2,494 | 34.7 |
| KazTransOil JSC | 6,328 | 571 | 9.0 | 3,692 | 58.3 | 2,065 | 32.7 |
| BOT | 534 | 17 | 3.2 | 224 | 41.9 | 293 | 54.9 |
| Main Waterline LLP | 331 | 28 | 8.5 | 167 | 50.5 | 136 | 41 |
| PTL | - | - | - | - | - | - | - |
| - managerial positions | 776 | 15 | 1.9 | 509 | 65.6 | 252 | 32.5 |
| KazTransOil JSC | 715 | 15 | 2.1 | 481 | 67.3 | 219 | 30.6 |
| BOT | 35 | 0 | 0 | 18 | 51.4 | 17 | 48.6 |
| Main Waterline LLP | 26 | 0 | 0 | 10 | 38.5 | 16 | 61.5 |
| PTL | - | - | - | - | - | - | - |
| - Specialists | 1,762 | 103 | 5.8 | 1,175 | 66.7 | 484 | 27.5 |
| KazTransOil JSC | 1,635 | 97 | 5.9 | 1,115 | 68.2 | 423 | 25.9 |
| BOT | 59 | 0 | 0 | 23 | 39 | 36 | 61 |
| Main Waterline LLP | 68 | 6 | 8.8 | 37 | 54.4 | 25 | 36.8 |
| PTL | - | - | - | - | - | - | - |
| - Workers | 4,655 | 498 | 10.7 | 2,399 | 51.5 | 1,758 | 37.8 |
| KazTransOil JSC | 3,978 | 459 | 11.5 | 2,096 | 52.7 | 1,423 | 35.8 |
| BOT | 440 | 17 | 3.9 | 183 | 41.6 | 240 | 54.5 |
| Main Waterline LLP | 237 | 22 | 9.3 | 120 | 50.6 | 95 | 40.1 |
| PTL | - | - | - | - | - | - | - |

Personnel structure of the Group of companies of KazTransOil JSC by gender as of 31 December 2023

| GRI 405-1 PERSONS | | | | | |
|---|-------|---------|----------|---------|----------|
| Category | Total | Men | | Women | |
| | | Persons | Share, % | Persons | Share, % |
| Number of personnel, including: | 7,699 | 6,345 | 82.4 | 1,354 | 17.6 |
| KazTransOil JSC | 6,713 | 5,542 | 82.6 | 1,171 | 17.4 |
| BOT | 570 | 479 | 84 | 91 | 16 |
| Main Waterline LLP | 405 | 316 | 78 | 89 | 22 |
| PTL | 11 | 8 | 72.7 | 3 | 27.3 |
| Administrative and management personnel, including: | 506 | 267 | 52.8 | 239 | 47.2 |
| KazTransOil JSC | 385 | 205 | 53.2 | 180 | 46.8 |
| BOT | 36 | 13 | 36.1 | 23 | 63.9 |
| Main Waterline LLP | 74 | 41 | 55.4 | 33 | 44.6 |
| PTL | 11 | 8 | 72.7 | 3 | 27.3 |
| - Managerial positions, including: | 154 | 108 | 70.1 | 46 | 29.9 |
| KazTransOil JSC | 118 | 84 | 71.2 | 34 | 28.8 |
| BOT | 14 | 7 | 50 | 7 | 50 |
| Main Waterline LLP | 17 | 14 | 82.4 | 3 | 17.6 |
| PTL | 5 | 3 | 60 | 2 | 40 |
| - Specialists, including: | 352 | 159 | 45.2 | 193 | 54.8 |
| KazTransOil JSC | 267 | 121 | 45.3 | 146 | 54.7 |
| BOT | 22 | 6 | 27.3 | 16 | 72.7 |
| Main Waterline LLP | 57 | 27 | 47.4 | 30 | 52.6 |
| PTL | 6 | 5 | 83.3 | 1 | 16.7 |
| Operating personnel, including: | 7,193 | 6,078 | 84.5 | 1,115 | 15.5 |
| KazTransOil JSC | 6,328 | 5,337 | 84.3 | 991 | 15.7 |
| BOT | 534 | 466 | 87.3 | 68 | 12.7 |
| Main Waterline LLP | 331 | 275 | 83.1 | 56 | 16.9 |
| PTL | - | - | - | - | - |
| - managerial positions | 776 | 675 | 87 | 101 | 13 |
| KazTransOil JSC | 715 | 619 | 86.6 | 96 | 13.4 |
| BOT | 35 | 31 | 88.6 | 4 | 11.4 |
| Main Waterline LLP | 26 | 25 | 96.2 | 1 | 3.8 |
| PTL | - | - | - | - | - |
| - Specialists | 1,762 | 1,256 | 71.2 | 506 | 28.8 |
| KazTransOil JSC | 1,635 | 1,154 | 70.6 | 481 | 29.4 |
| BOT | 59 | 54 | 91.5 | 5 | 8.5 |
| Main Waterline LLP | 68 | 48 | 70.6 | 20 | 29.4 |
| PTL | - | - | - | - | - |
| - Workers | 4,655 | 4,147 | 89.1 | 508 | 10.9 |
| KazTransOil JSC | 3,978 | 3,564 | 89.6 | 414 | 10.4 |
| BOT | 440 | 381 | 85.6 | 59 | 13.4 |
| Main Waterline LLP | 237 | 202 | 85.2 | 35 | 14.8 |
| PTL | - | - | - | - | - |



Number of permanent and temporary employees of the Group of companies of KazTransOil JSC as of 31 December 2023

| GRI 2-7 | | PERSONS | | | |
|---------------------------------|----------------|---------|----------|---------|----------|
| Category | Total, persons | Men | | Women | |
| | | Persons | Share, % | Persons | Share, % |
| Number of employees, including: | 7,699 | 6,345 | 82.4 | 1,354 | 17.6 |
| KazTransOil JSC | 6,713 | 5,542 | 82.6 | 1,171 | 17.4 |
| BOT | 570 | 479 | 84 | 91 | 16 |
| Main Waterline LLP | 405 | 316 | 78 | 89 | 22 |
| PTL | 11 | 8 | 72.7 | 3 | 27.3 |
| Permanent | 7,634 | 6,315 | 82.7 | 1,319 | 17.3 |
| KazTransOil JSC | 6,652 | 5,512 | 82.8 | 1,140 | 17.2 |
| BOT | 570 | 479 | 84 | 91 | 16 |
| Main Waterline LLP | 401 | 316 | 78.8 | 85 | 21.2 |
| PTL | 11 | 8 | 72.7 | 3 | 27.3 |
| Temporary* | 65 | 30 | 46.2 | 35 | 53.8 |
| KazTransOil JSC | 61 | 30 | 49.2 | 31 | 50.8 |
| BOT | 0 | 0 | 0 | 0 | 0 |
| Main Waterline LLP | 4 | 0 | 0 | 4 | 100 |
| PTL | 0 | 0 | 0 | 0 | 0 |

* This category includes employees with whom labour contracts have been concluded for the period of replacing temporarily absent employees.

Number of employees of KazTransOil JSC by region as of 31 December 2023

| GRI 2-7 | | PERSONS | | |
|---|-------|------------------------------|-----------|--|
| Region | Total | Including by employee groups | | |
| | | Permanent | Temporary | |
| Atyrau region | 2,046 | 2,036 | 10 | |
| Zhetysu region | 636 | 632 | 4 | |
| Mangistau region | 1,200 | 1,191 | 9 | |
| Karaganda region | 301 | 301 | 0 | |
| Astana | 446 | 430 | 16 | |
| Aktobe region | 364 | 359 | 5 | |
| Pavlodar region | 418 | 415 | 3 | |
| West Kazakhstan region | 258 | 254 | 4 | |
| Shymkent | 198 | 194 | 4 | |
| Almaty | 60 | 60 | 0 | |
| North Kazakhstan region | 91 | 91 | 0 | |
| Kyzylorda region | 131 | 130 | 1 | |
| Turkestan region | 181 | 180 | 1 | |
| Ulytau region | 336 | 333 | 3 | |
| Representative offices in Samara, Omsk and Moscow | 47 | 46 | 1 | |

Number of newly hired employees for the Group of companies of KazTransOil JSC

| GRI 401-1 | | PERSONS | | | |
|---|------|---------|------|-----------|--|
| Title | 2021 | 2022 | 2023 | Change, % | |
| Group of companies of KazTransOil JSC, including: | 371 | 466 | 421 | -9.7 | |
| KazTransOil JSC | 328 | 383 | 348 | -9.1 | |
| BOT | 14 | 34 | 35 | 2.9 | |
| Main Waterline LLP | 26 | 39 | 33 | -15.4 | |
| PTL | 3 | 10 | 5 | -50 | |
| By gender group: | | | | | |
| - Women | 56 | 77 | 86 | 11.7 | |
| KazTransOil JSC | 46 | 64 | 69 | 7.8 | |
| BOT | 3 | 7 | 6 | -14.3 | |
| Main Waterline LLP | 7 | 5 | 8 | 60 | |
| PTL | 0 | 1 | 3 | 200 | |
| - Men | 315 | 389 | 335 | -13.9 | |
| KazTransOil JSC | 282 | 319 | 279 | -12.5 | |
| BOT | 11 | 27 | 29 | 7.4 | |
| Main Waterline LLP | 19 | 34 | 25 | -26.5 | |
| PTL | 3 | 9 | 2 | -77.8 | |
| By age group: | | | | | |
| - Under 30 years old | 148 | 147 | 120 | -18.4 | |
| KazTransOil JSC | 136 | 129 | 108 | -16.3 | |
| BOT | 4 | 6 | 5 | -16.7 | |
| Main Waterline LLP | 8 | 12 | 7 | -41.7 | |
| PTL | 0 | 0 | 0 | 0 | |
| - 30-50 years old | 204 | 277 | 263 | -5.1 | |
| KazTransOil JSC | 174 | 217 | 207 | -4.6 | |
| BOT | 9 | 24 | 26 | 8.3 | |
| Main Waterline LLP | 18 | 26 | 25 | -3.8 | |
| PTL | 3 | 10 | 5 | -50.0 | |
| - Over 50 years | 19 | 43 | 38 | -11.6 | |
| KazTransOil JSC | 18 | 37 | 33 | -10.8 | |
| BOT | 1 | 5 | 4 | -20.0 | |
| Main Waterline LLP | 0 | 1 | 1 | 0.0 | |
| PTL | 0 | 0 | 0 | 0.0 | |

Ratio of hired employees in KazTransOil JSC

| GRI 401-1 | | % | | | |
|---|------|------|-------|-----------|--|
| Indicator | 2021 | 2022 | 2023 | Change, % | |
| Ratio of hired employees*, total for the Company: | 0.05 | 0.06 | 0.05 | -17 | |
| By gender group: | | | | | |
| - Women | 0.04 | 0.05 | 0.06 | 20 | |
| - Men | 0.05 | 0.06 | 0.05 | -17 | |
| By age group: | | | | | |
| - Under 30 years old | 0.20 | 0.25 | 0.18 | -28 | |
| - 30-50 years old | 0.04 | 0.06 | 0.05 | -17 | |
| - Over 50 years | 0.01 | 0.02 | 0.015 | -25 | |

*The ratio of newly hired employees is defined as the ratio of the number of employees newly hired in the reporting period to the list of employees of KazTransOil JSC at the end of the year.

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

- Appendix 1. About the report
- Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023
- Appendix 3. GRI Index
- Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals
- Appendix 5. Stakeholder Engagement
- Appendix 6. Audited Consolidated Financial Statements
- Appendix 7. Quantitative indicators in the field of sustainable development
- Appendix 8. List of abbreviations



Number of newly hired employees of KazTransOil JSC by region as of 31 December 2023

| GRI 401-1 | PERSONS |
|---|---------|
| Region | Amount |
| Atyrau region | 90 |
| Zhetysu region | 35 |
| Mangistau region | 33 |
| Karaganda region | 10 |
| Astana | 51 |
| Aktobe region | 10 |
| Pavlodar region | 20 |
| West Kazakhstan region | 23 |
| Shymkent | 10 |
| Almaty | 6 |
| North Kazakhstan region | 2 |
| Kyzylorda region | 13 |
| Turkestan region | 4 |
| Ulytau region | 33 |
| Representative offices in Samara, Omsk and Moscow | 8 |

Total number of employees of the Group of companies of KazTransOil JSC with whom labour relations were terminated for the reporting period

| GRI 401-1 | PERSONS | | | |
|---|---------|------|------|-----------|
| Title | 2021 | 2022 | 2023 | Change, % |
| Total for the Group of companies of KazTransOil JSC, including: | 377 | 430 | 369 | -14.2 |
| KazTransOil JSC | 344 | 368 | 329 | -10.6 |
| BOT | 18 | 31 | 18 | -41.9 |
| Main Waterline LLP | 12 | 19 | 17 | -10.5 |
| PTL | 3 | 12 | 5 | -58.3 |
| By gender group: | | | | |
| - Women | 65 | 85 | 79 | -7.1 |
| KazTransOil JSC | 55 | 77 | 71 | -7.8 |
| BOT | 5 | 4 | 3 | -25 |
| Main Waterline LLP | 4 | 2 | 2 | 0 |
| PTL | 1 | 2 | 3 | 50 |
| - Men | 312 | 345 | 290 | -15.9 |
| KazTransOil JSC | 289 | 291 | 258 | -11.3 |
| BOT | 13 | 27 | 15 | -44.4 |
| Main Waterline LLP | 8 | 17 | 15 | -11.8 |
| PTL | 2 | 10 | 2 | -80 |
| By age group: | | | | |
| - Under 30 years old | 44 | 37 | 20 | -45.9 |
| KazTransOil JSC | 42 | 31 | 17 | -45.2 |
| BOT | 0 | 2 | 0 | -100 |
| Main Waterline LLP | 2 | 4 | 3 | -25 |
| PTL | 0 | 0 | 0 | 0 |
| - 30-50 years old | 136 | 199 | 146 | -26.6 |
| KazTransOil JSC | 114 | 164 | 122 | -25.6 |
| BOT | 12 | 14 | 8 | -42.9 |
| Main Waterline LLP | 7 | 9 | 11 | 22.2 |
| PTL | 3 | 12 | 5 | -58.3 |
| - Over 50 years | 197 | 194 | 203 | 4.6 |
| KazTransOil JSC | 188 | 173 | 190 | 9.8 |
| BOT | 6 | 15 | 10 | -33.3 |
| Main Waterline LLP | 3 | 6 | 3 | -50 |
| PTL | 0 | 0 | 0 | 0 |

Personnel turnover in the Group of companies of KazTransOil JSC

| GRI 401-1 | | | | | % |
|--|-------|--------|-------|-----------|---|
| Indicator | 2021 | 2022 | 2023 | Change, % | |
| Personnel turnover rate for the Group of companies of KazTransOil JSC, including:* | | | | | |
| KazTransOil JSC | 2.97 | 2.98 | 2.05 | -31 | |
| BOT | 3.26 | 5.62 | 3.21 | -42.9 | |
| Main Waterline LLP | 3.13 | 4.92 | 4.20 | -14.6 | |
| PTL | 24.16 | 105.11 | 44.78 | -57.4 | |
| By gender group: | | | | | |
| - Women | | | | | |
| KazTransOil JSC | 2.81 | 3.36 | 3.22 | -4.2 | |
| BOT | 0.91 | 0.72 | 0.53 | -26.4 | |
| Main Waterline LLP | 1.04 | 0.52 | 0.49 | -5.8 | |
| PTL | 8.05 | 17.52 | 26.87 | 53.4 | |
| - Men | | | | | |
| KazTransOil JSC | 2.97 | 2.9 | 1.8 | -37.9 | |
| BOT | 2.36 | 4.89 | 2.67 | -45.4 | |
| Main Waterline LLP | 2.09 | 4.40 | 3.70 | -15.9 | |
| PTL | 16.11 | 87.59 | 17.91 | -79.6 | |
| By age group: | | | | | |
| - Under 30 years old | | | | | |
| KazTransOil JSC | 0.54 | 0.3 | 0.19 | -36.7 | |
| BOT | 0 | 0.36 | 0 | -100.0 | |
| Main Waterline LLP | 0.52 | 1.04 | 0.74 | -28.8 | |
| PTL | 0 | 0 | 0 | 0 | |
| - 30-50 years old | | | | | |
| KazTransOil JSC | 1.49 | 2.04 | 1.4 | -31.4 | |
| BOT | 2.17 | 2.54 | 1.43 | -43.7 | |
| Main Waterline LLP | 1.83 | 2.33 | 2.72 | 16.7 | |
| PTL | 24.16 | 105.11 | 44.78 | -57.4 | |
| - Over 50 years | | | | | |
| KazTransOil JSC | 0.94 | 0.64 | 0.46 | -28.1 | |
| BOT | 1.09 | 2.72 | 1.78 | -34.6 | |
| Main Waterline LLP | 0.78 | 1.55 | 0.74 | -52.3 | |
| PTL | 0 | 0 | 0 | | |

*The personnel turnover rate is defined as the ratio of the number of employees dismissed on their own initiative, by agreement of the parties and for negative reasons to the average head-count for the year.

Total number of KazTransOil JSC employees, with whom labour relations were terminated, for the reporting period by region

| GRI 401-1 | PERSONS |
|---|---------|
| Region | Amount |
| Atyrau region | 63 |
| Zhetysu region | 32 |
| Mangistau region | 46 |
| Karaganda region | 8 |
| Astana | 50 |
| Aktobe region | 15 |
| Pavlodar region | 16 |
| West Kazakhstan region | 14 |
| Shymkent | 7 |
| Almaty | 33 |
| North Kazakhstan region | 2 |
| Kyzylorda region | 9 |
| Turkestan region | 7 |
| Ulytau region | 23 |
| Representative offices in Samara, Omsk and Moscow | 4 |



Number of employees trained of the Group of companies of KazTransOil JSC as at 31 December 2023

| GRI 404-1 PERSONS | | | | | | |
|---|---------|-----------------|---------|----------------------|-------------|---------|
| Indicator | Total | By gender group | | By employee category | | |
| | | Women | Men | Managers | Specialists | Workers |
| Number of employees, including: | 7,699 | 1,354 | 6,345 | 862 | 2,181 | 4,653 |
| KazTransOil JSC | 6,713 | 1,170 | 5,540 | 765 | 1,969 | 3,976 |
| BOT | 570 | 91 | 479 | 49 | 81 | 440 |
| Main Waterline LLP | 405 | 89 | 316 | 43 | 125 | 237 |
| PTL | 11 | 3 | 8 | 5 | 6 | - |
| Number of hours of training, hour | 386,529 | 62,488 | 324,041 | 64,373 | 134,327 | 186,229 |
| KazTransOil JSC | 356,220 | 40,083 | 316,137 | 59,918 | 129,552 | 166,750 |
| BOT | 4,559 | 301 | 4,258 | 223 | 537 | 3,799 |
| Main Waterline LLP | 25,678 | 22,080 | 3,598 | 4,208 | 4,190 | 16,680 |
| PTL | 72 | 24 | 48 | 24 | 48 | 0 |
| Number of employees trained *, persons | 27,066 | 3,685 | 23,381 | 3,420 | 7,949 | 15,697 |
| KazTransOil JSC | 25,811 | 2,714 | 23,097 | 3,252 | 7,781 | 14,778 |
| BOT | 141 | 18 | 123 | 7 | 17 | 117 |
| Main Waterline LLP | 1,111 | 952 | 159 | 160 | 149 | 802 |
| PTL | 3 | 1 | 2 | 1 | 2 | 0 |
| Average annual number of training hours per employee for the Group of companies of KazTransOil JSC**, hours | | | | | | |
| KazTransOil JSC | 53.1 | 34.3 | 57.1 | 78.3 | 65.8 | 41.9 |
| BOT | 8.1 | 3.3 | 8.9 | 4.6 | 6.6 | 8.6 |
| Main Waterline LLP | 63.4 | 248.1 | 11.4 | 97.9 | 33.5 | 70.4 |
| PTL | 6.5 | 8.0 | 6.0 | 4.8 | 8.0 | - |

* When calculating the number of trainees, the number of trainings received is taken into account (e.g. if 1 employee received two types of training, the number of trainees is 2)
** Average annual number of training hours per employee in the category = Total number of training hours provided for each employee category / Total number of employees in the category.

Distribution of KazTransOil JSC employees who took child care leave until the child reaches the age of three years old*

| GRI 2-4, 401-3 PERSONS | | | | |
|---|------|------|------|-----------|
| Indicator | 2021 | 2022 | 2023 | Change, % |
| Employees who were entitled to childcare leave until the child reaches the age of three, of whom: | 450 | 435 | 574 | 32 |
| - Women | 68 | 64 | 120 | 87.5 |
| - Men | 382 | 371 | 454 | 22.4 |
| Employees who have taken parental leave to care for a child until the child reaches the age of three, of whom: | 72 | 68 | 84 | 23.5 |
| - Women | 68 | 64 | 71 | 10.9 |
| - Men | 4 | 4 | 13 | 225 |
| Employees who came to work at the end of leave to care for a child up to the age of three years, of whom: | 66 | 17 | 35 | 105.9 |
| - Women | 63 | 14 | 34 | 142.9 |
| - Men | 3 | 3 | 1 | -66.7 |
| Employees who were due to return to work from parental leave to care for a child under the age of three, of whom: | 66 | 17 | 29 | 70.6 |
| - Women | 63 | 14 | 28 | 100 |
| - Men | 3 | 3 | 1 | -66.7 |
| Employees who joined the Company in 2022 at the end of their parental leave until the child reaches the age of three years and who have been employed by the Company for at least 12 months after joining the Company, of whom: | 66 | 66 | 25 | -62.1 |
| - Women | 61 | 63 | 23 | -63.5 |
| - Men | 5 | 3 | 2 | -33.2 |

* In the reporting year, there was a change in the methodology for calculating the distribution of employees who took parental leave to care for a child under the age of three. The calculation was based on the values of employees, including those who took parental leave in instalments in the reporting period.

Ratio of salary and remuneration of women to men for Group of companies of KazTransOil JSC by employee category as of 31 December 2023*

| GRI 2-4, 405-2 % | | | |
|-----------------------|-------------------------|-------------|---------|
| Indicator | In managerial positions | Specialists | Workers |
| Ratio of salary | | | |
| KazTransOil JSC | 87 | 89 | 104 |
| BOT | 80 | 121 | 84 |
| Main Waterline LLP | 93 | 97 | 90 |
| PTL | 93 | 100 | - |
| Remuneration ratio ** | | | |
| KazTransOil JSC | 84 | 87 | 94 |
| BOT | 80 | 118 | 88 |
| Main Waterline LLP | 107 | 93 | 100 |
| PTL | 100 | 92 | - |

* The ratio of salary and remuneration of women to men in KazTransOil JSC Group of companies by employee category was calculated by calculating the average salary of men and women in each category who worked for 12 months in the reporting period.
** Remuneration (salary + bonuses). In the reporting year, there was a change in the methodology of salary calculation. The calculation was based on the average salary of men and women in each category who worked for 12 months in the reporting period.

Number of suppliers for the Group of companies KazTransOil JSC

| GRI 204-1 | | | | |
|-----------------------------------|-------|-------|-------|-----------|
| Indicator | 2021 | 2022 | 2023 | Change, % |
| Number of suppliers, incl: | 1,424 | 1,593 | 1,429 | -10.7 |
| KazTransOil JSC | 965 | 1,154 | 1,018 | -13 |
| BOT | 177 | 164 | 133 | -18.9 |
| Main Waterline LLP | 282 | 275 | 278 | 1.1 |
| Number of local suppliers, incl: | 1,330 | 1,545 | 1,392 | -9.9 |
| KazTransOil JSC | 954 | 1,142 | 1,008 | -13 |
| BOT | 94 | 128 | 106 | -17.2 |
| Main Waterline LLP | 282 | 275 | 278 | 1.1 |
| Share of local suppliers %, incl: | 93.4 | 96.9 | 97.9 | 0.9 |
| KazTransOil JSC | 98.9 | 99.0 | 99.0 | 0.1 |
| BOT | 53 | 78 | 80 | 2.5 |
| Main Waterline LLP | 100 | 100 | 100 | 0.0 |

Number of concluded contracts of the Group of companies KazTransOil JSC with suppliers

| GRI 204-1 MILLION TENGE | | | | |
|---|------------|------------|------------|-----------|
| Indicator | 2021 | 2022 | 2023 | Change, % |
| Amount of concluded contracts with suppliers, incl: | 103,578.35 | 265,145.35 | 128,894.77 | -51.4 |
| KazTransOil JSC | 96,509 | 155,851 | 112,471 | -27.8 |
| BOT | 1,754 | 3,615 | 8,396 | 132.3 |
| Main Waterline LLP | 5,315.35 | 105,679.35 | 8,027.77 | -92.4 |
| Amount of concluded contracts with local suppliers, incl: | 102,848.35 | 264,506.35 | 125,228.77 | -52.7 |
| KazTransOil JSC | 96,219 | 155,780 | 112,137 | -28.0 |
| BOT | 1,314 | 3,047 | 5,064 | 66.2 |
| Main Waterline LLP | 5,315.35 | 105,679.35 | 8,027.77 | -92.4 |



Address by the Chair of the Board of Directors

Address by the General Director (Chair of the Management Board)

Key indicators 2023

Layout of Main Pipelines

Key events 2023

Company's Business Model

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

- Appendix 1. About the report
- Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023
- Appendix 3. GRI Index
- Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals
- Appendix 5. Stakeholder Engagement
- Appendix 6. Audited Consolidated Financial Statements
- Appendix 7. Quantitative indicators in the field of sustainable development
- Appendix 8. List of abbreviations



Information on domestic value share in procurement of goods, works and services of KazTransOil JSC, for 2023*

| MILLION TENGE | | |
|--------------------|---------|----------|
| Name | Sum | Share, % |
| Goods | 21,984 | 58 |
| Works and services | 111,971 | 75 |
| Total: | 133,955 | 73 |

* Data of Samruk-Kazyna Contract LLP

Information on domestic value share in procurement of goods, works and services of BOT, for 2023*

| MILLION TENGE | | |
|--------------------|-------|-----------|
| Name | Sum | Share, %* |
| Goods | 3,438 | - |
| Works and services | 1,626 | - |
| Total: | 5,064 | - |

*According to the national legislation of Georgia, there is no calculation of domestic value in procurement.

Information on domestic value share in procurement s of goods, works and services of Main Waterline LLP, for 2023

| MILLION TENGE | | |
|--------------------|------------|----------|
| Name | Sum | Share, % |
| Goods | 4,303.62 | 76 |
| Works and services | 104,825.59 | 46 |
| Total: | 109,129.21 | 47 |

Informing about KazTransOil JSC’s anti-corruption policies and practices

| Indicator | 2021 | | 2022 | | 2023 | |
|---|-------|----------|-------|----------|-------|----------|
| | Total | Share, % | Total | Share, % | Total | Share, % |
| Total number of business partners informed about KazTransOil JSC anti-corruption policies | 965 | 100 | 1,154 | 100 | 1,018 | 100 |

Environmental Protection Expenditures of Group of companies KazTransOil JSC⁶

| MILLION TENGE | | | | |
|--|---------|---------|---------|-----------|
| Indicator | 2021 | 2022 | 2023 | Change, % |
| Current expenditures on environmental protection measures, incl: | 2,213.4 | 1,486.8 | 1,094.9 | -26.4 |
| KazTransOil JSC | 2,194 | 1,435 | 1,007 | -29.8 |
| BOT | 0 | 30 | 49 | 63.3 |
| Main Waterline LLP | 19.4 | 21.8 | 38.9 | 78.4 |
| Environmental payments, incl: | 93.1 | 86.3 | 79.8 | -7.5 |
| KazTransOil JSC | 91 | 85 | 74 | -12.9 |
| BOT | - | - | - | |
| Main Waterline LLP | 2.1 | 1.3 | 5.8 | 346.2 |

⁶ The reporting boundary for the consolidation of environmental data in 2023 here and hereafter includes Main Waterline LLP and BNT. PTL was not included in the reporting boundary due to the absence of production activities.

Volume of direct greenhouse gas emissions (Scope 1) in KazTransOil JSC

| GRI 305-1 | | | | THOUSAND TONS CO ₂ -EQ. |
|--|-------|-------|-------|------------------------------------|
| Indicator | 2021 | 2022 | 2023 | Change, % |
| Direct emissions (Scope 1) of greenhouse gases, including: | 160.5 | 198.5 | 205.9 | 3.7 |
| - carbon dioxide (CO ₂) | 159.6 | 198.4 | 182.0 | -8.27 |
| - methane (CH ₄) | 0.08 | 0.03 | 23.91 | factor of 796 |
| - nitrous oxide (N ₂ O) | 0.84 | 0.01 | 0.01 | 0.0 |

Volume of pollutant emissions into the atmospheric air by Group of companies KazTransOil JSC

| GRI 305-7 | | | | TONS |
|--|----------|----------|----------|-----------|
| Indicator | 2021 | 2022 | 2023 | Change, % |
| Volume of pollutant emissions into the atmosphere, incl: | 19,420 | 20,468.0 | 17,959.4 | -12.3 |
| NOx, including: | 710.2 | 623.4 | 502 | -19.5 |
| KazTransOil JSC | 689 | 604 | 479 | -20.7 |
| BOT | 15.9 | 20.1 | 17.9 | -10.9 |
| Main Waterline LLP | 5.3 | 5.4 | 4.6 | -13.3 |
| SOx, including: | 82.1 | 92.7 | 98.8 | 6.5 |
| KazTransOil JSC | 81 | 91 | 97 | 6.6 |
| BOT | 0.5 | 1.2 | 0.9 | -29.1 |
| Main Waterline LLP | 0.6 | 0.5 | 0.4 | -19.9 |
| CO, including: | 295 | 250.6 | 236.6 | -5.6 |
| KazTransOil JSC | 265 | 234 | 213 | -9.0 |
| BOT | 24.2 | 18.1 | 15.1 | -16.7 |
| Main Waterline LLP | 5.9 | 4.5 | 8.1 | 78.9 |
| Other categories of atmospheric emissions*, incl: | 18,332.6 | 19,509.3 | 17,123.4 | -12.2 |
| KazTransOil JSC | 17,998 | 19,106 | 16,758.7 | -12.3 |
| BOT | 325 | 389 | 342.9 | -11.8 |
| Main Waterline LLP | 9.6 | 14.3 | 21.7 | 52 |

* Other categories include persistent organic pollutants, volatile organic compounds, hazardous air pollutants, particulate matter, and others.

Dynamics and structure of utilization of primary non-renewable energy sources in KazTransOil JSC

| Energy source | 2021 | | 2022 | | 2023 | | Change, % |
|--|---------|----------|---------|----------|---------|----------|-----------|
| | TJ | Share, % | TJ | Share, % | TJ | Share, % | |
| Total consumption of energy resources, incl: | 4,785.6 | 100 | 4,481.7 | 100 | 3,979.3 | 100 | -11.2 |
| - Electricity | 965.5 | 20.2 | 963.4 | 21.4 | 949.7 | 23.9 | -1.4 |
| - Heat energy | 61.9 | 1.3 | 62.4 | 1.4 | 57.6 | 1.4 | -7.8 |
| - Total fuel consumption, incl: | 3,758.2 | 78.5 | 3,455.9 | 77.2 | 2,972.0 | 74.7 | -14.6 |
| Natural gas | 3,431.1 | 91.3 | 3,158.7 | 90.7 | 2,685.8 | 90.4 | -15.0 |
| Diesel fuel | 177.9 | 4.7 | 157.0 | 5.1 | 147.1 | 4.9 | -6.3 |
| Crude oil | 135.9 | 3.6 | 127.2 | 3.8 | 127.7 | 4.3 | -0.4 |
| Motor petrol | 13.4 | 0.4 | 13.0 | 0.4 | 11.4 | 0.4 | -12.3 |



Electricity Consumption Dynamics for Group of companies KazTransOil JSC

| GRI 302-1 | | TJ | | | | | |
|--|---------|----------|---------|----------|---------|----------|-----------|
| Energy source | 2021 | | 2022 | | 2023 | | Change, % |
| | TJ | Share, % | TJ | Share, % | TJ | Share, % | |
| Electricity consumption by the Group of companies KazTransOil JSC, incl: | 1,386.5 | 100 | 1,382.3 | 100 | 1,319.2 | 100 | -4.6 |
| KazTransOil JSC | 965.5 | 69.6 | 963.4 | 69.7 | 949.7 | 72.0 | -1.4 |
| BOT | 27.6 | 2.0 | 36.9 | 2.7 | 31.7 | 2.4 | -14.1 |
| Main Waterline LLP | 393.5 | 28.4 | 382.0 | 27.6 | 337.8 | 25.6 | -11.6 |

Total amount of water withdrawal by source for Group of companies KazTransOil JSC

| GRI 303-3 | | ML | | | |
|--|----------|----------|----------|-----------|--|
| Indicator | 2021 | 2022 | 2023 | Change, % | |
| Water withdrawal volumes: | 31,560.7 | 31,904.8 | 30,266.9 | -5.1 | |
| - surface waters, including: | 31,085 | 31,489 | 29,879 | -5.1 | |
| KazTransOil JSC | 42.4 | 24.7 | 23.7 | -4.1 | |
| BOT | 133.0 | 232 | 216 | -6.9 | |
| Main Waterline LLP | 30,909.7 | 31,232 | 29,639.1 | -5.1 | |
| - groundwater (artesian wells), including: | 186.9 | 161.9 | 136 | -15.9 | |
| KazTransOil JSC | 186.9 | 161.9 | 136 | -15.9 | |
| - municipal and other water supply systems (purchase from third-party organizations), including: | 288.7 | 254.3 | 252 | -0.9 | |
| KazTransOil JSC | 250.7 | 215.3 | 206 | -4.3 | |
| BOT | 38 | 39 | 46 | 17.9 | |

Total water withdrawal in regions with observed water deficit by KazTransOil JSC Group of companies*

| GRI 303-3, GRI 303-5 | | ML | | | |
|--|----------|----------|----------|-----------|--|
| Indicator | 2021 | 2022 | 2023 | Change, % | |
| Total water withdrawn by the Group of companies KazTransOil JSC in regions with observed water deficit | 31,389.7 | 31,633.8 | 30,004.9 | - 10.0 | |
| - Surface water, incl: | 31,085 | 31,489 | 29,879 | -5.1 | |
| KazTransOil JSC | 42.4 | 24.7 | 23.7 | -4.1 | |
| Main Waterline LLP | 30,909.7 | 31,232 | 29,639.1 | -5.1 | |
| - Groundwater (artesian wells), incl: | 186.9 | 161.9 | 136.08 | -15.9 | |
| KazTransOil JSC | 186.9 | 161.9 | 136 | -15.9 | |
| - Municipal and other water supply systems (purchase from third-party organizations), incl: | 250.7 | 215.3 | 206.01 | -4.3 | |
| KazTransOil JSC | 250.7 | 215.3 | 206 | -4.3 | |

*BOT is excluded from this indicator as it does not belong to regions with observed water scarcity.

Total volume of water withdrawal with breakdown into fresh and other water by Group of companies KazTransOil JSC

| GRI 303-3 | | ML | | | |
|------------------------|--------|--------|--------|-----------|--|
| Indicator ⁷ | 2021 | 2022 | 2023 | Change, % | |
| Fresh water, incl: | 31,561 | 31,905 | 30,267 | -5.1 | |
| KazTransOil JSC | 480.0 | 401.8 | 365.8 | -9.0 | |
| BOT | 171 | 271 | 262 | -3.3 | |
| Main Waterline LLP | 30,910 | 31,232 | 29,639 | -5.1 | |
| Other water | 0 | 0 | 0 | - | |

⁷ Fresh water - water whose total mineralisation is equal to or less than 1000 mg/l; other water - water whose total mineralisation is greater than 1000 mg/l

Volume of wastewater discharges by object of discharge for the Group of companies KazTransOil JSC

| GRI 303-4 | | ML | | | |
|---|---------|---------|---------|-----------|--|
| Indicator | 2021 | 2022 | 2023 | Change, % | |
| Total discharges: | 3,225.8 | 3,236.7 | 3,213.9 | -0.7 | |
| - Into evaporation ponds (accumulation ponds), on the absorption field, incl: | 161.5 | 165.5 | 150.4 | -9.2 | |
| KazTransOil JSC | 152 | 156 | 140.7 | -9.8 | |
| Main Waterline LLP | 21.7 | 23 | 19.5 | -15 | |
| - in water of third-party organizations, incl: | 680.2 | 668.8 | 661.7 | -1.0 | |
| KazTransOil JSC | 80 | 67 | 64 | -4.5 | |
| Main Waterline LLP | 9.5 | 9.5 | 9.7 | 1.2 | |
| - into surface waters, including swamps, rivers, lakes, incl: | 2,384 | 2,402.4 | 2,401.9 | -0.02 | |
| KazTransOil JSC | 0.37 | 0.36 | 0.32 | -11.1 | |
| BOT | 2,362 | 2,379 | 2,382 | 0.13 | |
| Main Waterline LLP | 600.2 | 601.8 | 597.3 | -0.7 | |

Volume of water discharges with breakdown into fresh and other water by Group of companies KazTransOil JSC

| GRI 303-4 | | ML | | | |
|--------------------|---------|---------|---------|-----------|--|
| Indicator | 2021 | 2022 | 2023 | Change, % | |
| Fresh water, incl: | 870.4 | 863.1 | 848.7 | -1.7 | |
| KazTransOil JSC | 232.2 | 222.3 | 205.5 | -7.7 | |
| BOT | 38 | 39 | 46 | 17.9 | |
| Main Waterline LLP | 600.2 | 601.8 | 597.3 | -0.7 | |
| Other water, incl: | 2,355.2 | 2,372.5 | 2,365.2 | -0.3 | |
| BOT | 2,324 | 2,340 | 2,336 | -0.2 | |
| Main Waterline LLP | 31.2 | 32.5 | 29.2 | -10.3 | |

Volume of water discharges with indication of quality of discharged water by Group of companies KazTransOil JSC

| GRI 303-4 | | ML | | | |
|---------------------------------|---------|---------|---------|-----------|--|
| Indicator | 2021 | 2022 | 2023 | Change, % | |
| Normatively clean, incl: | 832 | 824 | 803 | -2.5 | |
| KazTransOil JSC | 232.2 | 222.3 | 205.5 | -7.6 | |
| BOT | 38 | 39 | 46 | 17.9 | |
| Main Waterline LLP | 600.2 | 601.8 | 597.3 | -0.7 | |
| Normatively cleaned, incl: | 2,355.2 | 2,372.5 | 2,365.2 | -0.3 | |
| KazTransOil JSC | - | - | - | - | |
| BOT | 2,362 | 2,379 | 2,382 | 0.1 | |
| Main Waterline LLP | 22 | 23 | 20 | -13.0 | |
| Contaminated (without cleaning) | 10 | 10 | 10 | 0.0 | |
| KazTransOil JSC | - | - | - | - | |
| BOT | - | - | - | - | |
| Main Waterline LLP | 10 | 10 | 10 | 0.0 | |

Address by the Chair of the Board of Directors

Address by the General Director (Chair of the Management Board)

Key indicators 2023

Layout of Main Pipelines

Key events 2023

Company's Business Model

1. COMPANY OVERVIEW

2. OPERATING PERFORMANCE RESULTS

3. SUSTAINABLE DEVELOPMENT PERFORMANCE

4. CORPORATE GOVERNANCE

5. FINANCIAL AND ECONOMIC PERFORMANCE. MANAGEMENT REPORT

6. APPENDICES

Appendix 1. About the report

Appendix 2. List of transactions in which KazTransOil JSC is interested party, concluded by KazTransOil JSC in 2023

Appendix 3. GRI Index

Appendix 4. Index of UN Global Compact Principles and the Sustainable Development Goals

Appendix 5. Stakeholder Engagement

Appendix 6. Audited Consolidated Financial Statements

Appendix 7. Quantitative indicators in the field of sustainable development

Appendix 8. List of abbreviations



Total volume of waste generation by hazardous and non-hazardous waste for Group of companies KazTransOil JSC

| GRI 306-3, 306-4, 306-5 | | | | TONS |
|------------------------------|----------|----------|----------|-----------|
| Indicator | 2021 | 2022 | 2023 | Change, % |
| Total volume of waste, incl. | 81,446.6 | 19,582.7 | 32,655.5 | 66.8 |
| - Hazardous waste | 70,321.5 | 15,421.1 | 26,812.3 | 73.9 |
| KazTransOil JSC* | 70,929 | 15,383.4 | 26,766.5 | 74 |
| BOT | 39 | 34.2 | 42.6 | 24.5 |
| Main Waterline LLP | 3.5 | 3.5 | 3.3 | -6.6 |
| - Non-hazardous waste | 11,125.1 | 4,161.5 | 5,843.2 | 40.4 |
| KazTransOil JSC** | 10,912 | 3,966.2 | 5,048.1 | 27.3 |
| BOT | 18.2 | 0.5 | 1.5 | 200.0 |
| Main Waterline LLP | 194.9 | 194.9 | 793.7 | 307.3 |

* The volume of hazardous waste KazTransOil JSC directed for utilisation, neutralisation and disposal.

** Volume of KazTransOil JSC non-hazardous waste sent for utilisation, neutralisation and disposal.

Appendix 8.
List of abbreviations

| | |
|--------------------------------|---|
| CPC-K JSC | Caspian Pipeline Consortium-K Joint Stock Company |
| SWF Samruk-Kazyna JSC | Samruk-Kazyna National Welfare Fund Joint Stock Company |
| MunaiTas NWPC LLP | MunaiTas North-Western Pipeline Company Limited Liability Partnership |
| NC KazMunayGas JSC | National Company KazMunayGas Joint-Stock Company |
| APMS | Automatic Process Management System |
| ERP | Emergency recovery point |
| BSP | Batumi Sea Port Limited Liability Company |
| BOT | Batumi Oil Terminal Limited Liability Company |
| WPC | Water pumping station |
| WTP | Water treatment plants |
| EOSA | KazTransOil JSC East Operator Services Administration |
| MOP | Main oil pipeline |
| DCRNM | Department of the Committee for the Regulation of Natural Monopolies |
| OSD | Operator Services Department |
| SJCE | Subsidiaries and jointly controlled entities |
| WOSA | KazTransOil JSC West Operator Services Administration |
| IMS | Integrated management system |
| PRC | People's Republic of China |
| Company | KazTransOil JSC |
| KPI | Key performance indicators |
| CRNM | Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan |
| CRMS | Corporate risk management system |
| CPC | Caspian Pipeline Consortium |
| CMT | Crisis management team in KazTransOil JSC |
| IAOT | International Association of Oil Transporters |
| MOP | Main oil pipeline |
| IFRS | International Financial Reporting Standards |
| R&D | Research and development |
| OLP | Oil loading point |
| OR | Oil refinery |
| OPS | Oil pumping station |
| OHEP | Occupational health and environmental protection |
| UN | United Nations |
| EP | Environment Protection |
| 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) |
| OPEC + | Organisation of Petroleum Exporting Countries |
| ODP | Oil delivery point |
| ADP | Acceptance and delivery point |
| ICS | Internal control system |
| SC&D | Scraper cleaning and diagnostics |
| OHS | Oil heating station |
| GRI Standards | (Global Reporting Initiative) Sustainability Reporting Standards |
| ISMS | Information security management system |
| EDMS | Electronic document management system |
| AOR LLP | Atyrau Oil Refinery Limited Liability Partnership |
| KCP LLP | Kazakhstan-China Pipeline Limited Liability Partnership |
| MunaiTas NWPC LLP | MunaiTas North-Western Pipeline Company Limited Liability Partnership |
| Main Waterline LLP | Main Waterline Limited Liability Partnership |
| PKOP LLP | PetroKazakhstan Oil Products Limited Liability Partnership |
| ‘TON-2’ | The main oil pipeline ‘Tuymazy – Omsk – Novosibirsk-2’ |
| IGTU | Integrated gas treatment unit |
| RDC Branch of KazTransOil JSC | Branch «Oil Research and Development Center of «KazTransOil» JSC» |
| OTCC Branch of KazTransOil JSC | Oil Transportation Control Centre Branch of KazTransOil Joint-Stock Company |
| ORC | Operational Response Centre |
| EBITDA | Earnings before interest, taxes, depreciation and amortization |
| ESG | Environmental, Social, Governance |
| HSE | Health, Safety & Environment |
| KASE | Kazakhstan Stock Exchange |
| LTIFR | Lost Time Injury Frequency Rate |
| LTIR | Lost Time Injury Rate |
| MBA | Master's degree in business administration |
| PTL | Petrotrans Limited Company |
| SAP | Systems, Applications and Products in Data Processing |