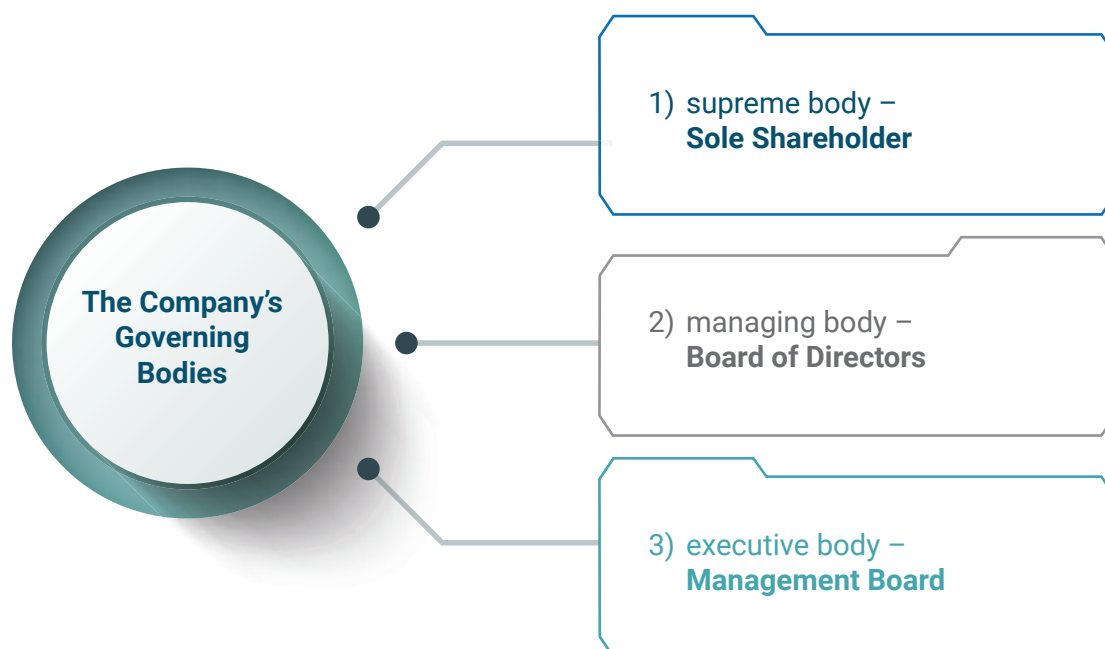


04



CORPORATE GOVERNANCE

THE COMPANY'S GOVERNING BODIES



BOARD OF DIRECTORS

Changes in the Board of Directors in 2018

By Resolution of the Sole Shareholder of Embamunaigas JSC No. 32 dated August 27, 2018, the powers of the Members of the Board of Directors A. Shane, D. Tebirikov were early terminated, and A. Beknazarova was elected as a representative of the Sole Shareholder (Vice President/Financial Controller of KazMunayGas NC JSC).

By Resolution of the Sole Shareholder of Embamunaigas JSC No. 44 dated October 30, 2018, the powers of the Member of the Board of Directors K. Nurgaliyev were terminated early, and M. Salimgereyev was elected as a representative of the Sole Shareholder (Managing Director for Oil and Gas Production (Technical Director) of KazMunayGas NC JSC).

Members of the Board of Directors as of December 31, 2018

Kurmangazy Iskazyiyev

Chairman of the Board of Directors of Embamunaigas JSC, Deputy Chairman of the Management Board for Exploration, Production and Oilfield Services of KazMunayGas NC JSC.

He graduated from the V. Lenin Kazakh Polytechnic Institute as Mining Engineer-Geologist.

He started his career as a collector operator at the Balykshy Exploration Drilling Department, then worked as a geological engineer of the Thematic Party, as a cementing operator of the plug-back operation office of Embaneft PA. In 1991–1993, he was a geologist of Drilling Expedition No. 1 of the Balykshy Exploration Drilling Department, and in 1993–1995 he was a geologist of the Central Dispatch Office of the Atyrau Drilling Operations Department of Embamunaigas JSC. From 1995 to 2004, he was the Chief Geologist, Deputy Director of the Atyrau Department of Enhanced Oil Recovery and Well Overhaul (ADEOR & WO), Director of the Department of Geology and Oil and Gas Field Development of Embamunaigas OJSC. In 2004–2008, he worked at KazMunayGas Exploration Production JSC as Deputy Director and then Director of the Geology and Development Department. From 2008 to 2015, he worked at KazMunayGas NC JSC as Executive Director for Oil and Gas Production, Managing Director for Geology, Geophysics and Reservoirs, Chief Geologist, Deputy Chairman of the Management Board for Geology and Prospective Projects, Managing Director for Non-Operating Assets (Tengiz, Kashagan, Karachaganak), Managing Director for Geology. From January to September 2015 – CEO (Chairman of the Board) of Embamunaigas JSC. From September 23, 2015 to June 12, 2018, he was Director General (Chairman of the Management Board) of KazMunayGas Exploration and Production JSC. Since June 2018, he has been the Deputy Chairman of the Management Board for Exploration, Production and Oilfield Services of KazMunayGas NC JSC.

He was awarded with Certificates of Merit of KMG NC, KMG EP, Geology and Subsoil Use Committee; commemorative medals: Qazaqstan Konstytıtsıasyna 20 jyl (2015), Qazaqstan Respıblıkasynyń táýelsizdigine 25 jyl (2016), Qurmet (2016), the Anniversary Medal of the Ministry of Energy of the Republic of Kazakhstan *The 95th Anniversary of Embamunaigas JSC* (2017).

Honored Explorer of the Republic of Kazakhstan, winner of the Al Farabi Science and Technical State Award of the Republic of Kazakhstan for his series of works on Scientific Rationale of the Hydrocarbon Potential of Kazakhstan (2015).

Doctor of Geological and Mineralogical Sciences, author of more than 12 scientific publications, co-author of the book *Geological Structure and Oil and Gas Prospects of the Northern and Middle Caspian Sea*.





Dastan Abdulgafarov

Member of the Board of Directors of Embamunaigas JSC, Deputy Director General for Economy and Finance of KazMunayGas EP JSC

Dastan Abdulgafarov has been the Deputy Director General for Economy and Finance since January 2015.

From September 2006 until his last appointment, he worked as Managing Director for Business Development. He graduated from the Kazakhstan Institute of Law and International Relations with a degree in International Law and the Diplomatic Academy of the Ministry of Foreign Affairs of the Republic of Kazakhstan with a degree in International Economics and Law. He received a Master's degree in oil business at the AGIP Corporate University, as well as the Executive MBA of the Moscow School of Management Skolkovo. He used to work at KazMunayTeniz OOC JSC, KazMunayGas NC JSC.



Aigul Becnazarova

Member of the Board of Directors of Embamunaigas JSC, Managing Director/ Financial Controller of KazMunayGas NC JSC

She has been Managing Director/Financial Controller of KazMunayGas NC JSC since June 2018. She used to be the Vice President/Financial Controller of KazMunayGas NC JSC.

Over the years, she worked as Head of the Structural Financing Department, Director of the International Department of Halyk Bank of Kazakhstan JSC, Managing Director for Relations with Financial Institutions of Kazinvestbank JSC, Director of Corporate Financing Department of KazMunayTeniz JSC, Director of Corporate Financing Department of KazMunayGas NC JSC. She graduated from the Kazakh State Academy of Management with a degree in International Monetary and Financial Relations (1997), PACE University (New York) with a degree in Financial Management (1999).

Malik Salimgereyev

Member of the Board of Directors of Embamunaigas JSC, Managing Director for Oil and Gas Production (Technical Director) of KazMunayGas NC JSC

He graduated from the I. Gubkin Moscow Institute of Petrochemical and Gas Industry as a Mining Engineer Geologist. He is a Candidate of Geological and Mineralogical Sciences with a major in Geology and Exploration of Oil and Gas Fields of the Institute of Geology of the Academy of Sciences of Kazakhstan, Almaty.

Since August 2018, he has held the position of Managing Director for Oil and Gas Production at KMG NC; he used to be Deputy Director General for Occupational Safety, Environmental Protection and Prospective Development of KMG EP.

Over the years, he served as Managing Director for Occupational Safety, Environmental Protection and Drilling of KMG EP, Advisor to the Chairman of the Management Board of KMG NC.

He started his career in the Komsomolskneft OGPO (currently Kalamkasmunaigaz) of the Mangyshlakneft Production Association (currently Mangistaumunaigas JSC) in Aktau, making his way from the 5 grade operator of the research and production workshop to the Senior Geologist of oil and gas production workshop. He worked as head of the Process Department for the development of oil and gas fields, Chief Geologist at Karazhanbastermneft OGPO of the Soyuztermneft Scientific and Production Association of Aktau, Vice President for Geology and Oil Field Development, First Vice President of Karazhanbasmunai JSC of Aktau, KazNIPIneft of Mangyshlakneft PA, Director of the New Projects Department of Kazakhoil NOCC JSC of Astana, Vice President for Production of Kazakhoil-Emba in Atyrau, Deputy Director for Production of Embamunaigas PB in Atyrau.



Anuar Zhaksybekov

Member of the Board of Directors, Chairman of the Management Board of Embamunaigas JSC

After finishing Baichunas secondary school No. 3 in 1982, he started his career as an operator for oil and gas production at the Baichunas Oil and Gas Production Office ("OGPO") of Dossorneft of Kazakhoil Emba OJSC.

After his military service, he continued working as an operator at the Karsak oil and gas production workshop, later he was a district geologist at the Atyrau Drilling Operations Department, a leading geologist, a deputy head of the oil recovery and well overhaul section in Makat District of Kazakhoil Emba OJSC.

In 1993, he graduated from the Patrice Lumumba Peoples' Friendship University (Moscow), with a degree in Geology and Exploration of Oil and Gas Fields.

In 1999, he was appointed Chief Geologist at Makatneft OGPO of Kazakhoil Emba OJSC.



In 2000, he was invited to KazakhOil NC JSC to the position of Chief Engineer of the Department of Production Management of KazakhOil NC JSC. He worked as Chief Engineer, Manager, Deputy Director of the Geology and Development Department, Director of the Geology Department.

From 2004 to 2007, he headed the Department of Geology and Geophysics of the Geological and Technological Service of KazMunayGas NC JSC.

In 2007–2009, he served as Director of the Department of Geology, Geophysics and Reservoirs of the Exploration and Production Unit of KazMunayGas NC JSC, Director of the Department of Geology and Geophysics of the Exploration and Production Unit of KazMunayGas NC JSC.

In December 2009, he was appointed as an exploration manager from KazMunayGas NC JSC at the founded N Operating Company LLP, Chairman of the Technical Subcommittee for Geological Exploration.

In February 2013, he was appointed Deputy Director General for Geology and Development of KazMunayGas Exploration Production JSC, Chairman of the Technical Committee for Exploration, Chairman of the Supervisory Board of Exploration Assets of KMG EP JSC. He supervised joint ventures with the participation of KazMunayGas Exploration Production JSC, such as UralOilGas JV, interest with Chinese FIOC and Hungarian MOL, Karpovsky North JV.

In October 2013, he was appointed Deputy Director General for Prospective Projects of Kashagan B.V. PCLLB, a Member of the Advisory Technical Committee of the Shareholders of the North Caspian Project.

Since September 2015, he has been Deputy Director General for New Projects and Technologies at Embamunaigas JSC.

In April 2017, by the Resolution of the Board of Directors of Embamunaigas JSC, he was elected Chairman of the Company's Management Board.

He was awarded the Certificate of Merit of the USSR Ministry of Petroleum Industry; Certificate of Merit of KazMunayGas NC JSC; Certificate of Merit of Samruk-Kazyna NWF JSC; Letter of Acknowledgment of the Committee of Geology and Mineral Protection of MEMR RK; Badge of Honor of the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan *The 90th Anniversary of Makat*; Badge of Honor of the Ministry of Oil and Gas of the Republic of Kazakhstan *The 100th Anniversary of the Dossor Field* (2011); *The 50th Anniversary of Prorva*; a diploma and a badge *Honored Explorer of the Republic of Kazakhstan* of the Ministry of Industry and New Technologies of the Republic of Kazakhstan (2012); the medal *For the Contribution to the Development of the Oil and Gas Industry of the Republic of Kazakhstan* of the Ministry of Oil and Gas of the Republic of Kazakhstan (2014); a commemorative medal of the Ministry of Energy of the Republic of Kazakhstan *The 95th Anniversary of Embamunaigas JSC* (2017), Qurmet Order (2017).

Zhannat Yertlessova

Independent Director of the Board of Directors of Embamunaigas JSC, Director of Expert Kazakhstan LLP

She started her career as a research assistant at the Research Institute of Economics and Market Relations under the State Planning Committee of the Kazakh SSR. In 1992, she was appointed Deputy Director of the Institute. Then she was invited to the Ministry of Economy of the Republic of Kazakhstan to head the Department of Financial and Credit Policy.

In 1994, she became the First Deputy Minister of Economy of the Republic of Kazakhstan. She worked in various positions, such as Head of the Center for Economic Reforms under the Cabinet of Ministers of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan, First Vice Minister of Finance, Vice President of Kazakhtelecom JSC, Deputy Head of the Presidential Administration, Deputy Minister of Defense of the Republic of Kazakhstan, First Deputy Chairman of the Agency on Regulation of Natural Monopolies and Protection of Competition, the Chairman of the Governing Board of the Taxpayers Association of Kazakhstan, the Deputy Chairman of the Board of the National Chamber of Entrepreneurs, etc. She is currently Director of Expert Kazakhstan LLP.



Baltabek Kuandykov

Independent Director of the Board of Directors of Embamunaigas JSC

Doctor of Geological and Mineralogical Sciences, Corresponding Member of the International Economic Academy of Eurasia, Member of the International Academy of Mineral Resources, Member of the American Association of Petroleum Geologists.

He worked as Chief Geologist, Head of the Geological Division, Deputy Head of the Geological Division, Field Geologist of the oil exploration expedition of the Geological Survey Kazneftegazrazvedka of Guryevneftegazgeologia Association, Deputy Minister of Geology, Energy and Fuel Resources of the Republic of Kazakhstan, President of Kazakhstan Caspian Offshore JSC, KazakhOil NOC JSC; Canadian Nelson Resources Limited.

Since February 2006, he has been the President of Meridian Petroleum. Since 2009, he has been the President of the Kazakhstan Society of Petroleum Geologists.



Igor Ukrassin

Independent Director of the Board of Directors of Embamunaigas JSC, Managing Director of SBERBANK (Switzerland) AG, Head of the Corporate Banking Department

In 1994–1996, he was the Head of Sales Planning Division of Operations Department of PEPSI-COLA INTERNATIONAL; in 1998–2013, he was Managing Director of the Investment Banking Division of the European Energy Group CREDIT SUISSE SECURITIES LIMITED; in 2013–2015, Managing Director of SBERBANK CIB.



Independent Decisions of Directors

In accordance with the requirements of the Law of the Republic of Kazakhstan *On Joint-Stock Companies*, the Board of Directors found out that the Directors are independent and believes that Zhannat Yertlessova, Baltabek Kuandykov, Igor Ukrassin are independent in making decisions. The Board of Directors has found out no relations or circumstances that have or can have a significant impact on the independent decisions of these Directors.

Report on the Activities of the Board of Directors

The Board of Directors of Embamunaigas JSC approved the Company's Development Concept until 2027.

The powers of the Board of Directors of Embamunaigas JSC are described in Section 12 of the Articles of Association of Embamunaigas JSC. The Board of Directors is responsible to the Sole Shareholder for effective management and proper control over the activities of Embamunaigas JSC and operates in accordance with the approved decision-making system. The most important functions of the Board of Directors include identifying areas of strategic development and policies of the Company, approving the budget and material internal documents of Embamunaigas JSC, and other significant issues.

The Board of Directors meets on a regular basis and as necessary.

In 2018, the Board of Directors held 54 meetings, including two meetings by in-person voting, 52 meetings by absentee voting.

Over the year, the Board of Directors considered, among other things, the following issues:

- ▶ Indexation of payments to Members of the Management Board, Corporate Secretary, Deputy Chairmans of the Management Board, Managing Directors and Chief Accountant of Embamunaigas JSC.
- ▶ Approval of KPI of Embamunaigas JSC for 2018.
- ▶ Making changes in the staffing table of employees and the organizational chart of the management staff of Embamunaigas JSC.
- ▶ Approval of the adjustment of the 2018 Budget and the 2018–2022 Business Plan of Embamunaigas JSC.
- ▶ Payment of remuneration to top managers of Embamunaigas JSC for 2017.
- ▶ Approval of the 2017 Annual Report of Embamunaigas JSC.
- ▶ Approval of the 2017 Report on the Activities of the Board of Directors and the Management Board of Embamunaigas JSC.
- ▶ Approval of the adjustment of the 2018 Budget of Embamunaigas JSC.
- ▶ Determination of the number of Members of the Management Board of Embamunaigas JSC.
- ▶ Approval of 2019 Budget and the 2019–2023 Business Plan of Embamunaigas JSC.
- ▶ Report on the Company's Performance for 8 months of 2018 and expected results for 2018.
- ▶ Report on the Company's Occupational Safety and Environmental Protection for 8 months of 2018 and the expected results for 2018.
- ▶ Report on the Implementation of the Plan for Procurement of Goods, Works and Services for 8 months of 2018 and the expected results for 2018.
- ▶ Report on the Activities of the Internal Audit Service of KazMunayGas EP JSC in respect of Embamunaigas JSC.
- ▶ The Committees of the Board of Directors of Embamunaigas JSC.
- ▶ Making transactions by the Company with an interest of up to 1 billion KZT.

In addition, the Board of Directors approved some corporate documents in 2018.

General Activities Information for 2018

	Number of meetings	Issues considered in total	Decisions made
Meeting of the Board of Directors, including	54	75	75
In-person meetings	2	22	22
Absentee meetings	52	53	53

The attendance rate of the Members of the Board of Directors and Members of the Committees at the meetings of the Board of Directors and the Committees:

BoD Member	Number of meetings	Internal Audit Committee	Strategic Planning and Risk Management Committee	Production and Technical Committee
Kurmangazy Iskazyev	54			
Dastan Abdulgafarov	53			
Kuanyshbay Nurgaliyev	39			
Shane Andrew Drader	34		1	
Damir Teberikov	34			
Anuar Zhaksybekov	54			
Malik Salimgereyev	16			
Aigul Becnazarova	20			
Zhannat Yertlessova	54	2	5	2
Baltabek Kuandykov	54	2	2	3
Igor Ukrassin	54	2	5	2

Committees of the Board of Directors

Internal Audit Committee

Members of the Committee

As of December 31, 2018, the Internal Audit Committee of the Board of Directors of Embamunaigas JSC consisted of four Members:

Name	Title
Zhannat Yertlessova	Chairman of the Internal Audit Committee
Igor Ukrassin	Member of the Internal Audit Committee
Baltabek Kuandykov	Member of the Internal Audit Committee
Rysty Tasmagambetova	Member of the Internal Audit Committee

Responsibilities of the Committee

The powers of the Internal Audit Committee of the Board of Directors of Embamunaigas JSC are described in the Regulation on the Internal Audit Committee. The Internal Audit Committee annually analyzes and evaluates the performance of the Committee and its members, including an analysis of the Committee's compliance with this Regulation and provides the information to the Board of Directors.

The Internal Audit Committee gives recommendations to the Board of Directors on the procedure for the Internal Audit Service, its competence, functions, as well as the size and conditions of remuneration and bonuses for employees of the Internal Audit Service; reviews internal audit reports; monitors the implementation of recommendations of the Internal Audit Service; monitors and controls the performance of internal audit functions and performs other functions.

The Internal Audit Committee of the Board of Directors holds meetings on a regular basis and as necessary.

Over the year, the Board of Directors considered, among other things, the following issues:

- ▶ Review of the 2017 Report of the Internal Audit Service of KazMunayGas EP JSC in respect of Embamunaigas JSC for 2017.
- ▶ Review of the 2017 Report on the Implementation of Recommendations of the Internal Audit Service of KazMunayGas EP JSC by Embamunaigas JSC.
- ▶ Review of the audited annual financial statements of Embamunaigas JSC for 2017.
- ▶ Preliminary approval of the financial statements for 2017.
- ▶ Preliminary approval of proposals on the procedure for the distribution of the Company's net income and the amount of dividend per one ordinary share of the Company following the results of 2017.
- ▶ Approval of functional KPI of Members of the Management Board of Embamunaigas JSC.
- ▶ Report on the Implementation of Recommendations of the Internal Audit Service.
- ▶ Approval of the Work Plan of the Internal Audit Service of KazMunayGas EP JSC in respect of Embamunaigas JSC.
- ▶ Approval of the Work Plan of the Internal Audit Committee of the Board of Directors of Embamunaigas JSC for the first six months of 2018.

Strategic Planning and Risk Management Committee

Members of the Committee

As of December 31, 2018, the Strategic Planning and Risk Management Committee of the Board of Directors of Embamunaigas JSC consisted of seven Members:

Name	Title
Igor Ukrassin	Chairman of the Strategic Planning and Risk Management Committee
Zhannat Yertlessova	Member of the Strategic Planning and Risk Management Committee
Aman Imandossov	Member of the Strategic Planning and Risk Management Committee
Bolatbek Uralov	Member of the Strategic Planning and Risk Management Committee
Laura Yeralina	Member of the Strategic Planning and Risk Management Committee
Bauyrzhan Balzhanov	Member of the Strategic Planning and Risk Management Committee
Abat Balabayev	Member of the Strategic Planning and Risk Management Committee

Responsibilities of the Committee

The powers of the Strategic Planning and Risk Management Committee of the Board of Directors of Embamunaigas JSC are described in the Regulation on the Strategic Planning and Risk Management Committee. The Committee annually analyzes and evaluates the performance of the Committee and its members, including an analysis of the Committee's compliance with this Regulation and provides the information to the Board of Directors.

The Strategic Planning and Risk Management Committee of the Board of Directors of Embamunaigas JSC performs the following functions: considers and approves strategic goals aimed at the development of the Company in the long term; analyzes the concepts, programs and plans for the strategic development of the Company and gives its recommendations to the Board of Directors based on the results of the relevant analysis; prepares recommendations to the Board of Directors on making large transactions; prepares recommendations to the Board of Directors on the management of the Company's assets, and performs other functions.

The competence of the Committee in accordance with the tasks entrusted to it includes consideration of issues related to the management of the Company's risks, such as consideration and approval of the Company's risk management strategy; consideration and coordination of the Risk Management Policy, as well as other internal documents regulating the Company's risk management activities; consideration and discussion of the key risks faced by the Company and the risk appetite (risk appetite statements) of the Company; consideration and approval of reports on monitoring the status of key risks and risk appetite (risk appetite statements) of the Company; analysis of investment projects as for the Company's risk portfolio management; monitoring of the effectiveness of the risk management system to achieve strategic goals, and other issues.

The Strategic Planning and Risk Management Committee of the Board of Directors holds meetings on a regular basis and as necessary.

Over the year, the Strategic Planning and Risk Management Committee of the Board of Directors considered, among other things, the following issues:

- ▶ 2017 Report on the Expected Performance of Key Performance Indicators of Embamunaigas JSC.
- ▶ Report on the Review of the Budget and Business Plan for 2019–2023.
- ▶ Report on the Implementation of the 2017 Key Risk Management Plan, including issues of concern and a list of key risks for 2018.
- ▶ Preliminary approval of proposals on the procedure for the distribution of the Company's net income and the amount of dividend per one ordinary share of the Company following the results of 2017.
- ▶ Approval of functional KPI for Members of the Management Board of Embamunaigas JSC.
- ▶ Approval of corporate and incentive KPI for management staff (Members of the Management Board) of Embamunaigas JSC for 2018.
- ▶ Approval of the Regulation on the Procedure and Conditions for the Payment of Remuneration Based on the Results of the Year for Members of the Management Board and Managers of Embamunaigas JSC EMG-PO-119-03 in a new edition.
- ▶ Guide to the Risk Management Process of Embamunaigas JSC EMG-RKV-103-01 (Revision 1).
- ▶ Risk Management Policy EMG-PK-103-01 (Revision 1) of Embamunaigas JSC.
- ▶ Regulation on the Formation and Application of KPI for Members of the Management Board and Managers of Embamunaigas JSC EMG-PO-119-02 (Revision 2)
- ▶ The Work Plan of the Committee for the first six months of 2018.

Production and Technical Committee

Members of the Committee

As of December 31, 2018, the Production and Technical Committee of the Board of Directors of Embamunaigas JSC consisted of six Members:

Name	Title
Baltabek Kuandykov	Chairman of the Production and Technical Committee
Aidos Kurmankulov	Member of the Production and Technical Committee
Marat Yeleussinov	Member of the Production and Technical Committee
Abat Kutzhanov	Member of the Production and Technical Committee
Shaikhan Mukhametrakhimov	Member of the Production and Technical Committee
Bauyrzhan Seitkaziyeu	Member of the Production and Technical Committee

Responsibilities of the Committee

The powers of the Production and Technical Committee of the Board of Directors of Embamunaigas JSC are described in the Regulation on the Production and Technical Committee. The Committee annually analyzes and evaluates the performance of the Committee and its members, including an analysis of the Committee's compliance with this Regulation and provides the information to the Board of Directors.

The Production and Technical Committee of the Board of Directors of Embamunaigas JSC reviews and prepares materials for approval of the annual work program, budget, procurement plan related to the Company's production activities, as well as any changes thereto; analyzes and controls data of the current state of the drilling plan, controls the implementation progress of new drilling methods, techniques, technologies; analyzes data on the development and implementation of plans for the effective development of the fields; analyzes reports on the implementation of the production plan, production operations, collection and transportation of well products, data on the quality control of work results and process indicators of wells; analyzes the introduction of new programs for the intensification of oil production and optimization of the system to maintain reservoir pressure, and performs other functions.

The Production and Technical Committee of the Board of Directors holds meetings on a regular basis and as necessary.

Over the year, the Board of Directors considered, among other things, the following issues:

- ▶ Approval of the adjustment of the 2018 Budget and 2018–2022 Business Plan of Embamunaigas JSC.
- ▶ Report on the Review of the Budget and Business Plan for 2019–2023.
- ▶ Smart Field Project.
- ▶ Report on the Company's Performance for 8 months of 2018 and expected results for 2018.
- ▶ Report on the Company's Occupational Safety and Environmental Protection for 8 months of 2018 and the expected results for 2018.
- ▶ Report on the Activities of the Internal Audit Service of KazMunayGas EP JSC in respect of Embamunaigas JSC.
- ▶ Preliminary approval of the financial statements for 2017.
- ▶ Preliminary approval of proposals on the procedure for the distribution of the Company's net income and the amount of dividend per one ordinary share of the Company following the results of 2017.
- ▶ Approval of functional KPI for Members of the Management Board of Embamunaigas JSC.
- ▶ Work Plan of the Committee for the first six months of 2018.

MANAGEMENT BOARD

Changes in the Management Board

By Resolution of the Board of Directors of Embamunaigas JSC No. 35 dated September 5, 2018, the number of Members of the Management Board was approved as seven (7) and Salimzhan Nakpayev was elected a Member of the Management Board.

Members of the Management Board as of December 31, 2018



Anuar Zhaksybekov

Chairman of the Management Board of Embamunaigas JSC

He started his career as an operator for oil and gas production at the Baichunas Oil and Gas Production Office ("OGPO") of Dossorneft of Kazakhoil-Emba OJSC. After his military service, he continued working as an operator at of the oil and gas production workshop at the Karsak Field.

In 1993, he graduated from the Patrice Lumumba Peoples' Friendship University (Moscow), with a degree in Geology and Exploration of Oil and Gas Fields.

After graduation he was a district geologist at the Atyrau Drilling Operations Department, a leading geologist, a deputy head of the oil recovery and well overhaul section in Makat District of Kazakhoil Emba OJSC.

In 1999, he was appointed Chief Geologist at Makatneft OGPO of Kazakhoil Emba OJSC.

From 2000 to 2004, he worked at Kazakhoil NC JSC as Chief Engineer of the Department of Production Management, Manager, Deputy Director of the Geology and Development Department, Director of the Geology Department.

From 2004 to 2007, he was the Director the Department of Geology and Geophysics of the Geological and Technological Service, Director of the Department of Geology, Geophysics and Reservoirs of the Exploration and Production Unit of KazMunayGas NC.

In 2007–2013, he was an Exploration Manager from KazMunayGas NC JSC at the founded N Operating Company LLP, Chairman of the Technical Subcommittee for Geological Exploration.

In February 2013, he was appointed Deputy Director General for Geology and Development of KMG EP, Chairman of the Technical Committee for Exploration, Chairman of the Supervisory Board of Exploration Assets of KMG EP. He supervised joint ventures with the participation of KMG EP, such as Ural Oil and Gas JV, interest with Chinese FIOC and Hungarian MOL, Karpovsky North Joint Venture.

In 2013–2015, he was Deputy Director General for Prospective Projects and Operating Activities of Kashagan B.V. PCLLB.

Since September 2015, he has been Deputy Director General for New Projects and Technologies at Embamunaigas JSC.

Since April 2017, he has been Chairman of the Management Board of Embamunaigas JSC.

He was awarded the Certificate of Merit of the USSR Ministry of Petroleum Industry; Certificate of Merit of KazMunayGas NC JSC; Certificate of Merit of Samruk-Kazyna NWF JSC; Letter of Acknowledgment of the Committee of Geology and Mineral Protection of MEMR RK; Badge of Honor of the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan *The 90th Anniversary of Makat*; Badge of Honor of the Ministry of Oil and Gas of the Republic of Kazakhstan *The 100th Anniversary of the Dossor Field* (2011); *The 50th Anniversary of Prorva*; a diploma and a badge *Honored Explorer of the Republic of Kazakhstan* of the Ministry of Industry and New Technologies of the Republic of Kazakhstan (2012); the medal *For the Contribution to the Development of the Oil and Gas Industry of the Republic of Kazakhstan* of the Ministry of Oil and Gas of the Republic of Kazakhstan (2014); a commemorative medal of the Ministry of Energy of the Republic of Kazakhstan *The 95th Anniversary of Embamunaigas JSC* (2017), Qurmet Order (2017).

Aibolat Gabdullin

Deputy Chairman for Production of the Management Board of Embamunaigas JSC, Member of the Management Board

In 1978, he graduated from the V. Lenin Kazakh Polytechnic Institute with major in Technology and Complex Mechanization of Oil and Gas Field Development. In 1984, he graduated from the M. Azizbekov Azerbaijan Institute of Petroleum and Chemistry as Industrial Production Organizer.

He started his career in 1978 as an oil treatment and pumping operator of Prorvanefit OGPO, then he worked as a foreman, site supervisor, head of Central Dispatch Office, chief engineer, head of department. Prior to his appointment to the position of Deputy Director General for Production of Embamunaigas JSC, he worked as Deputy Director for Production at Embamunaigas PB of KazMunayGas Exploration Production JSC. In September 2012, he was appointed Deputy Director General for Production of Embamunaigas JSC.

He was awarded with the Qurmet Order dedicated to the 100th anniversary of Kazakh oil (1999); Certificate of Honor of the Ministry of Energy and Mineral Resources (2003); Badge of Honor *100th Anniversary of Development of the Dossor Field* (2011); a Certificate of Merit of KazMunayGas EP JSC dedicated to the 20th anniversary of independence of Kazakhstan (2011); Honorary Citizen of Zhylyoi District (2011); Certificate of Merit of KazMunayGas EP JSC (2012); Lapel Pin *Prorva mýnaiyna 50 jyl* (2013); the medal of *Major General of Aviation Talgat Bigeldinov* (2015); the commemorative medal *The 20th anniversary of Maslikhat of Kazakhstan* (2015); the Medal of the Ministry of Energy of the Republic of Kazakhstan *For the Contribution to the Development of the Oil and Gas Industry* (2015); a recognition letter from the Chairman of the Nur Otan Party N. Nazarbayev (2016); KAZENERGY Medal (2016); Certificate of Merit from KazMunayGas NC JSC (2016); the medal *Qazaqstan Respublikasynyń táýelsizdigine 25 jyl* (2016); commemorative medal of the Ministry of Energy of the Republic of Kazakhstan *The 95th Anniversary of Embamunaigas JSC* (2017).





Rysty Tasmagambetova

Deputy Chairman for Economy and Finance of the Management Board of Embamunaigas JSC, Member of the Management Board

She has two college degrees – in 1986 she graduated from the A. Pushkin Ural Pedagogical Institute with a major in History and Pedagogics; in 2002, Atyrau University of Oil and Gas with a major in Enterprise Economics and Management. In 2014, she was awarded with the degree of Master of Business Administration (MBA: Management/ International Business) by the Russian Presidential Academy of National Economy and Public Administration.

Over the years of work, she held various management positions: Director of the Representative Office of EITEK Research and Production Company (Moscow), Director of Atyrau Oil Corporation LLP, Financial Director of Caspian Commercial Center LTD LLP, Deputy Director General for Economy and Finance of KMG-Zhaiyk LLP, Deputy Director for Economy and Finance of Embamunaigas PB, KazMunayGas Exploration Production JSC. Since October 2012, she has held the position of Deputy Director General for Economy and Finance at Embamunaigas JSC.

She was awarded with a Commemorative Badge The 100th Anniversary of Development of the Dossor Field (2011), a Certificate of Merit of KazMunayGas EP JSC (2012), a Lapel Pin *Prorva mynaiyna 50 jyl* (2013), a Certificate of Merit of Samruk-Kazyna NWF JSC (2014), a Certificate of Merit of KazMunayGas EP JSC (2014), a Certificate of Merit of KAZENERGY (2015), the Anniversary Medal of the Ministry of Energy of Kazakhstan The 95th Anniversary of Embamunaigas JSC (2017).



Kairat Adilbekov

Deputy Chairman for Exploration of the Management Board of Embamunaigas JSC, Member of the Management Board

He graduated from the I. Gubkin Moscow Institute of Petrochemical and Gas Industry with a major in Geology and Exploration of Oil and Gas Fields. After graduation from the Institute, he started his career as a well testing operator at the Ural Oil and Gas Exploration Expedition of Uralskneftegazgeologia PGA.

In 1985–1993, he worked as a Senior Geologist, a Leading Geologist, Head of the Oil and Gas Reserves Estimation Party, a Chief Geologist of the Research Methodical Expedition, and Head of the Oil Extraction Operations Department at Uralskneftegazgeologia PGA. He participated in the exploration and estimation of hydrocarbon reserves of the Karachaganak oil and gas condensate field (in 1985 and 1988) and the Teplov-Tokarev Group of Fields (in 1991) and defense thereof at the State Reserves Commission of the USSR. From 1993 to 2001, he held various management positions in commercial and consulting companies. From 2001 to 2005, he was the Coordinator of the Reserve Reestimation Project, Head of the Field Development Department at Tengizchevroil LLP. He coordinated preparation, coordination and approval of the reserves reestimation reports and process workflows for the development of the Tengiz (in 2002) and Korolev (in 2004) oil fields. From 2005 to 2014, he held management positions in the oil and oilfield service companies Kozhan LLP (Branch Manager, Deputy Director General for Development – Chief Geologist), Kazakhstan Branch of Jupiter Energy Pte. Ltd. (Technical Director) and Azatpetrotrans LLP (Director). Since August 2014, he has been Director of the Department of Geology and Geophysics of Embamunaigas JSC. Since September 2015, he has been Deputy Director General for Geological Exploration of Embamunaigas JSC. He is an independent expert of the State Commission on Mineral Reserves of the Republic of Kazakhstan (SCR RK).

He was awarded with the badge *Excellent Subsoil Explorer of the Republic of Kazakhstan*; a Certificate of Merit *Ural Oil and Gas Exploration Expedition* (1986); a Certificate of Merit

of the Central Committee of the Leninist Young Communist League of Kazakhstan (1987); a Certificate of Merit dedicated to the 70th anniversary of Great October Revolution *Ural Oil and Gas Exploration Expedition* (1987); a Certificate of Merit dedicated to the Geologist Day *Ural Oil and Gas Exploration Expedition* (1989); a commemorative medal of the Ministry of Energy of the Republic of Kazakhstan *The 95th Anniversary of Embamunaigas JSC* (2017), Certificate of Merit from KazMunayGas EP JSC (2017).

Bauyrzhan Balzhanov

Deputy Chairman for Business Development of the Management Board of Embamunaigas JSC, Member of the Management Board

He graduated from the Oil and Gas Institute of the Atyrau University with a major in Oil and Gas Geology. In 2010, he received a Master of Business Administration (MBA) (Management).

After graduation from the university in 1996, he started his career as a geological engineer at Gyural JV. In 1999–2000, he was a process engineer, shift chief of the Production Operations Management Department (CDO) of Kazakhoil-Emba OJSC. From 2000 to 2001, he was a Leading Engineer of the Department for the Development of New Fields of Kazakhoil-Emba OJSC. In 2001, he was appointed the Head of the Oil and Oil Product Balance Sector of Embamunaigas OJSC. From 2004 to 2009, he was the Head of the Operational Accounting and Control Division of the Treasury Department of KazMunayGas EP JSC. From 2009 to 2012, he was Deputy Director of the Treasury Department of KazMunayGas EP JSC. In 2012, he was Deputy Director of the Department for Oil and Oil Product Export of KazMunayGas EP. In 2012–2013, he was Director of Logistics Groups at The Rompetrol Group Corporate Center SRL. From 2013 to 2015, he was Commercial Director of KMG – Kashagan B.V. Since September 2015, he has been Deputy Director General for Commerce of Embamunaigas JSC.

He was awarded with a commemorative badge *Maqat munai ken ornyna 90 jyl* (2005), a Certificate of Merit of RD KazMunayGas JSC (2009), a commemorative badge *Dossormunayi ken ornyna 100 jyl* (2011), a commemorative medal of the Ministry of Energy of the Republic of Kazakhstan *The 95th Anniversary of Embamunaigas JSC* (2017), Certificate of Merit from KazMunayGas NC JSC (2017).



Salimzhan Nakpayev

Deputy Chairman for General Affairs of the Management Board of Embamunaigas JSC, Member of the Management Board

He graduated from the Almaty Institute of National Economy (1991) as an Economist, and from the Atyrau Institute of Oil and Gas (2004) as a Mining Engineer.

He started his career as a process compressor operator in the Makat Line Production Department (1983). He was a specialist, senior economist at the Planning and Economic Commission of the Makat Regional Executive Committee. In 1992–1995, he was Chairman of the Maksat small enterprise. Over the years, he held the positions of Akim of Makat, Zhylyoi Districts, Head of the Atyrau Region Akim Office, Atyrau Akim, Community Relations Manager of Agip KCO, Deputy Akim of Atyrau Region.

Since July 2018, he has held the position of Deputy Chairman for General Affairs of the Management Board of Embamunaigas JSC.

He was awarded with the commemorative medal *The 10th Anniversary of Independence of the Republic of Kazakhstan* (2001); *The 10th Anniversary of the Constitution of Kazakhstan* (2005); *Qurmet Order* (2005); the commemorative medal *The 10th Anniversary of Astana* (2008).





Ruslan Makashev

Legal Department Director of Embamunaigas JSC, Member of the Management Board

He graduated from the Kazakh State Law Academy as Lawyer (2000), Kazakh Public University as Economist (2007), was awarded with the degree of the Executive Master of Business Administration (KIMEP University, 2016).

He started his career as a lawyer in the Road Repair and Construction Department. He was a legal adviser at Kazakhoil-Emba OJSC. Over the years, he was a Senior Lawyer, Deputy Director of departments of KazMunayGas EP JSC. He held the positions of Legal Department Director, Vice President of Karazhanbasmunai JSC. Since December 2017, he has held the position of Legal Department Director at Embamunaigas JSC.

He was awarded with a Certificate of Merit of KazMunayGas EP JSC (2009), Commemorative Badge *The 100th Anniversary of the Dossor Oil Field* (2011); a commemorative medal *The 20th Anniversary of Independence of the Republic of Kazakhstan* (2011); has a Recognition Letter from Karazhanbasmunai JSC (2017); a Recognition Letter from KazMunayGas EP JSC (2017).

Performance Report of the Management Board

The powers of the Chairman of the Management Board of the Company are described in Section 13 of the Company's Articles of Association.

The Management Board is the executive body and guides the daily operations of the Company. In 2018, 28 meetings of the Management Board were held on a regular basis and as required.

In 2018, the Management Board considered, inter alia, the following most important issues related to the Company's operating activities:

- ▶ Making transactions with Embamunaigas JSC's interest of up to 500M KZT.
- ▶ Approval of the Production Program of Embamunaigas JSC.
- ▶ Allocation of funds for student training (Kazakh specialists).
- ▶ Arrangement of dual training.
- ▶ Approval of the list of priority GWS procurement for 2019.
- ▶ Provision of social, charitable assistance to socially vulnerable groups of the population.
- ▶ Payment of the quarter bonus to the management staff in 2018 (except for Members of the Management Board and Corporate Secretary) of Embamunaigas JSC.
- ▶ Approval of staffing tables for employees of production structural units of Embamunaigas JSC.
- ▶ Approval of KPI for managers of structural units of the management staff and production structural units of Embamunaigas JSC.
- ▶ Payment of financial aid to retired employees of Embamunaigas JSC.

Employment Contracts of Members of the Management Board

All Members of the Management Board have entered into employment contracts with the Company, under which they are generally provided with accident insurance during travels and reimbursement of expenses during business trips in accordance with the internal rules of the Company.

Save as aforesaid, any other employment contracts are not made and are not expected to be made between the Company and the Members of the Management Board.

Liability for the Report Reliability

The Company's officers are liable for the reliability of the data in the Company's Annual Report.

INTERNAL AUDIT

The Audit and Assets Department is tasked with providing the Company's management with independent and unbiased information, advising on control and corporate governance, as well as submitting analytical reports and recommendations on how to improve existing procedures.

A&AD reports to the Chairman of the Management Board, who sets strategic directions and coordinates the work that determines the A&AD working procedures. A&AD makes up an audit work plan for the year to be approved by the Chairman of the Company's Management Board.

In accordance with the approved work plan and tasks of the Company's management, the Department audits any functions, operations and all types of the Company's activities and, in close cooperation with managers at all levels, contributes to the improvement of control and corporate governance systems and solves the following tasks:

- ▶ assessing compliance of existing procedures and operations performed by the Company's SU/PSU with the laws and internal documents;
- ▶ monitoring targeted expenditure of funds;
- ▶ evaluating the means and measures to ensure proper protection of the Company's assets; and
- ▶ verifying compliance of characteristics of the Company's assets with their classifiers.

Audit items may include:

- ▶ Locations – production structural units;
- ▶ Projects – contracts, subcontracts, programs, types of products, etc.;
- ▶ The Company's assets – physical assets, accounts, cash in bank accounts, information, accounts receivable, etc.; and
- ▶ Operations – functions, business processes, etc.

The scope of the audit is determined by the A&AD Director and is taken into account when drawing up the audit program.

In 2018, four audits were conducted; all audits were conducted in a timely manner, 23 recommendations were given, all recommendations were implemented in a timely manner.

RISK MANAGEMENT

Risk management is an integral part of the Company's management system.

The Company's Risk Management Strategy is aimed at ensuring the strategic and operational sustainability of the business, which is achieved through timely risk identification and assessment and proactive risk management, taking into account the Company's risk appetite, ensuring communication and coordination of employees at various levels.

The Company's Risk Management System is a set of interrelated elements combined into a single process, where the Board of Directors, management and employees, each at their own level, participate in identifying potential events that may affect the Company's business.

The risk management process is directly interconnected with and integrated into the processes of strategic planning, production and budget planning, investment activities and incentive system.

The risk management process in the Company is constant, cyclical (continuous), multidirectional and consists of the following components:

- ▶ goal setting;
- ▶ risk identification;
- ▶ risk assessment;
- ▶ risk control and management;
- ▶ monitoring; and
- ▶ reporting.

The Company's Risk Management System operates with regard to the risk portfolio of the oil and gas production offices (OGPO) and other subsidiary offices of Embamunaigas JSC and is integrated into the Risk Management System of KazMunayGas EP JSC.

In 2018, during the works on risk identification, a risk register was compiled with an indication of the causes of risks and consequences of their realisation; in addition, a list of the most significant risks was identified, which includes both production and non-production risks. The Board of Directors reviewed and approved a list of 12 key risks, as well as an action plan for their management.

In order to ensure proper risk management, risks are insured in accordance with the Company's Insurance Coverage Policy. In addition to the mandatory types of insurance in accordance with the best international practices, the Company provides the insurance against property risks, risks of wells getting out of control as well as general third-party liability insurance.

In addition, since 2018, in line with the implementation of the project management system in the Company, a Project Committee has been established to review the company's project portfolio. One of the main prerogatives of project management is risk management of the entire portfolio of projects, which allows identifying events that may affect the project.

Key Groups of Risks

- ▶ Operational risks include risks associated with the Company's operating activities and business processes, which depend on internal factors, such as personnel, financial assets, production technologies, management technologies, information technologies and fixed assets.
- ▶ Business risks are risks associated with the business environment where the Company operates. The business environment is determined by external factors, such as the state, competitors, contractors, investors, owners, and the media. External factors can also include changes in the economic environment, availability and accessibility of monetary resources, political factors, changes in the legal environment, changes in the socio-cultural environment, and process factors. Business risks are less manageable and most material ones, and the Company takes reasonable steps to minimize such risks.
- ▶ Project risks are uncertain events or conditions, which, if any of them occurs, have an impact (positive or negative) on at least one of the project objectives, such as schedule, cost, scope or quality.

