

Approved on 7 April 2017

By the decision of the Nominations Committee

of the Board of Directors

of JSC KazMunaiGas EP

SET OF INDEPENDENCY CRITERIA
of the directors of the Board of Directors
of joint stock company KazMunaiGas Exploration Production

Section 1. General Provisions

- 1.1. Given the importance of the role of an Independent Non Executive Director (“**INED**”) in corporate governance of joint stock company KazMunaiGas Exploration Production (the “**Company**”) and careful protection of the interests of all minority shareholders, the Nominations Committee (the “**Committee**”) hereby determines a set of criteria (the “**Set**”), which the Committee shall be using for the purpose of selecting and nominating the INED candidates (the “**Candidate**”) to the board of directors (the “**Board**”) of the Company.
- 1.2. The purpose of this Set is to apply the best corporate standards of good governance of the companies listed on international stock exchanges in order to ensure that the Candidate nominated by the Committee is free from association with and/or dependency on the Company, its shareholders and other affiliated parties thereof.
- 1.3. This Set is used solely by the Committee as non-binding guidance and can be amended and rescinded by the Committee at any time at its sole discretion, however subject to compliance with the following documents to the extent they are mandatory for the Committee and its members (together the “**Mandatory Rules**”):
 - 1.3.1. applicable laws and regulations (the “**Law**”);
 - 1.3.2. applicable listing rules;
 - 1.3.3. the charter of the Company (as amended) (the “**Charter**”);
 - 1.3.4. the relationship agreement entered in 2006 between the Company and NC KazMunayGas JSC (the “**RA**”); and
 - 1.3.5. internal by-laws and regulations of the Company applicable to (i) the activity and authority of the Committee and/or (ii) selection, nomination and appointment of INEDs and to the extent such internal by-laws and regulations of the Company are binding upon the members of the Committee.
- 1.4. Based upon the Mandatory Rules and this Set, the Committee shall not nominate a Candidate with relationships or circumstances that either affect the independence, or appear to affect the independence, of that Candidate.
- 1.5. The Committee shall not be obliged to nominate any particular Candidate despite of his/her compliance with any or all independency criteria set out herein and/or in any of the Mandatory Rules.
- 1.6. The Set consists of the following parts: (i) the mandatory admissibility criteria, which determines whether a Candidate is admissible or not to the Board as an INED under the Mandatory Rules (as set out in section 2 hereof); (ii) the recommended best corporate practice independency criteria (as set out in section 3 hereof); and (iii) recommended qualifications (as set out in section 4 hereof).

Section 2. Admissibility of an INED Candidate

- 2.1. Any INED Candidate shall be deemed admissible (however not necessarily recommended for nomination) to become an INED (the “**Admissible Candidate**”) if such Candidate meets both: (i) the general requirements to any candidate for the position of the member of

the Board, as may be set out in the Mandatory Rules from time to time and be applicable to a particular Candidate; and (ii) the mandatory independency criteria set out in the Law and other applicable Mandatory Rules (the “**Admissibility Criteria**”), namely such Candidate:

- 2.1.1. is not affiliated with the Company; and/or has not been so affiliated within 3 years preceding the contemplated date of election to the board of directors of the Company (the “**Date of Directorship**”) (excluding affiliation merely by virtue of being an INED of the Company);
 - 2.1.2. is not affiliated with affiliated parties of the Company;
 - 2.1.3. is not bound by subordination with officials of the Company or of any organizations affiliated with the Company; and has not been so bound within 3 years preceding the Date of Directorship;
 - 2.1.4. is not a civil servant in the Republic of Kazakhstan (the “**RK**”);
 - 2.1.5. does not represent any shareholder(s) of the Company at the meetings of any corporate bodies of the Company; and has not done so within 3 years preceding the Date of Directorship; and
 - 2.1.6. is not an auditor of the Company (and does not take part in audit of the Company as an auditor employed by an audit organization); and has not been such an auditor (and has not done so) within 3 years preceding the Date of Directorship.
- 2.2. The Committee shall always take note of the definition(s) of director’s “independence” (or “dependence”, as the case may be) set out in any applicable Law and other applicable Mandatory Rules; and if any such applicable Mandatory Rules set out different or additional Admissibility Criteria, then such applicable Mandatory Rules shall prevail and be applied instead of, or in addition to, the Admissibility Criteria (as the case may be).

Section 3. Best Corporate Practice Independency Criteria

- 3.1. For the purpose of this Set and the decisions of the Committee passed with reliance hereto:
- 3.1.1. “**Company’s Group**” means (i) the Company, (ii) its directors (excluding INEDs), (iii) its officers and senior employees, (iv) its affiliates, (v) its shareholders owning separately or jointly 2 per cent of voting shares of the Company, and (vi) the directors (excluding INEDs), officers and affiliates of such shareholders.
 - 3.1.2. “**Candidate’s Group**” means (i) the Candidate; (ii) relatives (including a spouse and relatives of such spouse); (iii) existing employer(s); (iv) close friends; and (v) affiliates of the Candidate.
- 3.2. The best corporate practice independency criteria set out in this Section 3 (the “**Recommended Independency Criteria**”) are applied by the Committee in addition to the Admissibility Criteria for the purpose of determining whether any particular Admissible Candidate is independent from the Company’s Group to the fullest possible extent from the best corporate practice perspective.
- 3.3. For the purpose of the determination of the level of independency, the Committee will take note of this Set, the definitions of “independence” set out in the Mandatory Rules, corporate governance code of the Company and the UK Corporate Governance Code

issued by the Financial Reporting Council. The Committee at its own discretion may decide to use and refer to other sources of the Recommended Independency Criteria, which the Committee finds reputable and helpful.

- 3.4. In particular the Committee may discretionally decide not to nominate any Admissible Candidate to become an INED if there is (or if the Committee reasonably believe that there is) any of the following facts:
- 3.4.1. such Candidate's application to become an INED is not consistent with the documents submitted therewith; and/or such Candidate failed to disclose or prove with reliable documents any information pertaining to his/her independency;
 - 3.4.2. such Candidate has refused to be interviewed or avoided such interview or, when being so interviewed, refused to answer any question, which relates to his/her independency at the reasonable belief of the Committee members; and/or, if answered any such question, his/her answers were not consistent with his/her application to become an INED and/or the documents submitted therewith;
 - 3.4.3. such Candidate has been proposed by the Company or any shareholder of the Company or by any member of the Board other than the INED;
 - 3.4.4. any member of the Candidate's Group had been acknowledged by the Board to be not independent for any reason whatsoever at the time when such person was the INED of the Company at any time in the past;
 - 3.4.5. any member of the Candidate's Group has been an employee or the member of the board of directors (other than the INED) or supervisory board of the any member of the Company's Group within the last 5 years;
 - 3.4.6. any member of the Candidate's Group has, or has had within the last 5 years, a material business relationship with any member of the Company's Group either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the member of the Company's Group;
 - 3.4.7. any member of the Candidate's Group (i) receives or had within the last 5 years received remuneration (whether money or any assets or any valuable interest) from any member of the Company's Group (except for a remuneration for acting as an INED), and/or (ii) participates in the share option or a performance-related pay scheme of any member of the Company's Group, and/or (iii) is a member of the Company's pension scheme;
 - 3.4.8. any member of the Candidate's Group has close family and/or other personal ties with any of the members of the Company's Group and with any of the Company's advisers;
 - 3.4.9. such Candidate holds cross-directorships or has other significant professional links with other members of the Board (except for INEDs) through involvement in other companies or bodies;
 - 3.4.10. any member of the Candidate's Group is affiliated with any member of the Company's Group or has been so affiliated within 5 years preceding the Date of Directorship (excluding affiliation merely by virtue of being an INED of the Company) (to the extent clause 2.1.1. hereof does not apply);
 - 3.4.11. any member of the Candidate's Group is bound by subordination with officials of any member of the Company's Group or has been so bound within 5 years

preceding the Date of Directorship (to the extent clause 2.1.3. hereof does not apply);

- 3.4.12. any member of the Candidate's Group is or has ever been a civil servant or state official in the RK or in other country where any member of the Company's Group operates and/or is being controlled and/or supervised by the state bodies and/or official (to the extent clause 2.1.4. hereof does not apply);
- 3.4.13. any member of the Candidate's Group represents any shareholder(s) of the Company at the meetings of any corporate bodies of the Company; or has done so within 5 years preceding the Date of Directorship (to the extent clause 2.1.5. hereof does not apply);
- 3.4.14. any member of the Candidate's Group is an auditor of the Company (or takes part in audit of the Company as an auditor employed by an audit organization); or has not been such an auditor (or has done so) within 5 years preceding the Date of Directorship (to the extent clause 2.1.6. hereof does not apply);
- 3.4.15. such Candidate has served on the Board (whether as INED or not) for more than 10 consecutive years from the date of his/her first election.

Section 4. Recommended qualifications

Other things being equal from the Recommended Independency Criteria perspective, the Committee would consider the following qualifications as advantageous to have for an Admissible Candidate for deciding whether such Candidate should be nominated as an INED:

4.1. Qualifications & Experience:

- 4.1.1. Broad knowledge and experience in the oil and gas industry with commercial experience in upstream, and good understanding of midstream and downstream activities.
- 4.1.2. Emerging markets experience (ideally, including the CIS) and knowledge of Company's markets.
- 4.1.3. Ability to demonstrate leadership of a highly strategic national business.
- 4.1.4. Understanding of the importance of complying with UK regulations. Listed company experience would be preferable.
- 4.1.5. Financially literate.
- 4.1.6. Familiar and experienced in corporate transactions.

4.2. Leadership & Management Behavioural Competencies:

- 4.2.1. Intellect, energy and curiosity to assimilate rapidly the issues facing the business, and to foster Board debates.
- 4.2.2. Able to contribute to commercial and strategic discussions in a positive and constructive manner, whilst being challenging and thought provoking.
- 4.2.3. Able to support the mentoring of a senior executive team whilst maintaining the objectivity to challenge constructively.
- 4.2.4. Interactive with, and respected by, the investor community.

- 4.2.5. Cultural sensitivity, with the ability to build effective relationships with a diverse, entrepreneurial senior leadership team.
- 4.2.6. High intellect, outstanding interpersonal and communication skills; charismatic – able to engage and excite institutional investors and provide genuine leadership across a diverse workforce.
- 4.2.7. Collegiate, with a lack of arrogance.
- 4.2.8. High energy. A real team player – decisive and vigorous in style.

4.3. Personal Characteristics:

- 4.3.1. Not younger than 35 years old;
- 4.3.2. Energetic, but not overbearing, with a real interest in adding value to the business.
- 4.3.3. A collaborative style with evident engagement.
- 4.3.4. Excellent at building interpersonal relationships with high levels of integrity and sensitivity.
- 4.3.5. Strong convictions without being dogmatic.
- 4.3.6. Gravitas – demonstrable credibility and a reassuring seniority.
- 4.3.7. Supportive but able to challenge and guide a business through growth.
- 4.3.8. Flexible in working style and pragmatic – able to contribute the necessary amount of time when required.

Section 5. Procedure and Miscellaneous Provisions

- 5.1. The following procedure will be adopted by the Committee to select an INED:
 - 5.1.1. The Committee shall meet to determine a role specification for the candidate, which is suitable and appropriate for Company's requirements at the time of selection (the “**Role Specification**”) and determine which members of the Committee will lead the selection process on behalf of the Committee.
 - 5.1.2. At the discretionary choice of the Committee the Role Specification can be similar to, or be different from, section 4 hereof.
 - 5.1.3. Following a competitive tender, the Committee will select a firm of international search consultants to assist the Committee to identify, in an open and competitive process, suitable candidates that substantially satisfy the Role Specification.
 - 5.1.4. The Committee will interview an appropriate number of candidates to prepare a short list of suitable INED Candidates for the Chairman of the Board and Chief Executive Officer of the Company to interview.
 - 5.1.5. The final Candidate (or group of Candidates) will be selected and nominated by the Committee following consultation with the Chairman of the Board and Chief Executive Officer of the Company.

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