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«26» NOVEMBER 2020 y.

**REPORT OF THE  
CORPORATE GOVERNANCE ASSESSMENT  
OF E-FINANCE CENTER JOINT-STOCK  
COMPANY**

## General rating of the corporate rating and ratings by components

No.	Name of component	Maximum	Rating of component, points			Rating %
			Actual	Weight, %	Coefficient	
1	Ownership structure and impact of the Sole Shareholder	26	25	5	5.20	4.81
2	Structure and practice of work of the Board of Directors	91	67	20	4.55	14.73
3	Activities of the Executive Body	37	30	20	1.85	16.22
4	Rights of the financial stakeholders	57	47	5	11.40	4.12
5	Financial transparency and information disclosure	77	60	10	7.70	7.79
6	Risk management system (RMS) of the Company, work of the Internal Audit Service (IAS), interaction of RMS and IAS with the Company management bodies	118	102	15	7.87	12.96
7	Analysis of the internal regulations, job descriptions of employees, documents on strategy, planning and reporting	44	40	15	2.93	13.64
8	Company Commitment to the corporate governance principles	13	13	5	2.60	5.00
9	Performance of the corporate secretary, compliance with legal requirements for Joint-Stock Companies	9	9	5	1.80	5.00
<b>Total:</b>		<b>472</b>	<b>393</b>	<b>100</b>		<b>84.3</b>

## General rating of the corporate rating and ratings by components

Determination of the rating for individual key components of the analysis has been carried out on the basis of the total number of points received after filling out the score cards for the corresponding subcomponents of the analysis.

The result obtained is calculated as a percentage of the weights of the components with the maximum possible number of points for this component of the analysis, and then with a rating scale.

The calculated common rating of the corporate governance level of the Company for certain key components of the analysis is **84.3%** or according to the rating scale of the corporate governance level it corresponds to **KZCG6**.

# Ownership structure and impact of the Sole Shareholder

Rating by sub-components is 96%

No.	Name of sub-component	Rating of sub-component		
		Maximum	Actual	%
1	Ownership structure transparency	3	3	100
2	Right to receive and evaluate information	7	7	100
3	Dividend policy	9	8	89
4	Implementation of the Sole Shareholder functions	4	4	100
5	Post-service of the Sole Shareholder	3	3	100
<b>Total:</b>		<b>26</b>	<b>25</b>	<b>96</b>

As part of this block, an effective corporate governance means ensuring the protection of the rights of the Sole Shareholder. In addition, this subgroup considers the dividend policy, transparency of the ownership structure and the right to participate in the management of the Company. The block concerning the rights of the Sole Shareholder is considering the possibility of risks associated with violation of the rights of the Shareholder.

# Ownership structure and impact of the Sole Shareholder

## OBSERVATIONS AND RECOMENDATIONS



The “Ownership structure and impact of the Sole Shareholder” component is aimed at studying the rights of the Shareholder and the structure of share capital, as well as the impact of the Sole Shareholder on corporate governance practices.

The Company fully implements the principle of the protection of rights and interests of the Sole Shareholder established by the Corporate Code, including transparency of the ownership structure and the right to participate in the management of the Company, obtaining information about the activities of the Company.

The Company has approved a dividend policy, however, in accordance with the Law of the Republic of Kazakhstan "On State Property", the amount of dividends is determined by the Sole Shareholder, taking into account the decisions taken at the relevant levels of governance. Accordingly, the amount of dividend payments by the Company may not always be consistent.



# Structure and operating practice of the Board of Directors

**Rating by sub-components is 74%**

No.	Name of sub-component	Rating of sub-component		
		Maximum	Actual	%
1	Balanced representation of the interests of the Sole Shareholder by members of the Board of Directors.	5	4	80
2	Balanced number of members of the Board of Directors.	4	2	50
3	Work of Independent Directors - members of the Board of Directors.	1	1	100
4	Compliance of the competencies of members of the Board of Directors.	5	4	80
5	Optimal terms of work for members of the Board of Directors and ensuring the succession of the activities of members of the Board of Directors.	3	1	33
6	The presence of Committees under the Board of Directors.	3	3	100
7	Evaluating the performance of the Committees under the Board of Directors.	5	2	40
8	Composition of the committees of the Board of Directors, functioning of the committees of the Board of Directors, participation of Independent Directors in managing the activities of the committees of the Board of Directors.	10	6	60
9	Performance of the Board of Directors.	17	11	65
10	Frequency, planning and consistency of the work of the Board of Directors. Activity of members of the Board of Directors.	8	7	88
11	Degree of objectivity in judgments and assessments of members of the Board of Directors.	3	3	100
12	Procedures for organizing meetings of the Board of Directors, order for holding meetings, Regulation on the Board of Directors.	19	19	100
13	Remuneration system for members of the Board of Directors.	8	4	50

Effective corporate governance assumes the presence and functioning of a strategic management body - the Board of Directors. In addition to strategic governance, the activities of the Board of Directors are aimed at ensuring effective control over the Executive Body. The Board of Directors is accountable to the Sole Shareholder of the Company.

# Structure and operating practice of the Board of Directors

## OBSERVATIONS AND RECOMENDATIONS



The “Structure and operating practice of the Board of Directors” component is aimed at studying the composition of the Board of Directors, the procedure for electing members of the Board of Directors, performing the functions of strategic planning by the Board of Directors, evaluating the performance, as well as mechanisms for remunerating members of the Board of Directors and the succession of their activities.

The composition of the Board of Directors in a balanced manner represents the interests of the Sole Shareholder. The Board of Directors takes the necessary decisions in a timely manner, guided by the principle of effective governance of the Company. Members of the Board of Directors of the Company have sufficient knowledge and skills.

At that, there is an early termination of powers and frequent interchangeability of members of the Board of Directors. There is no policy for selecting candidates for members of the Board of Directors. Competence development plans for members of the Board of Directors have not been developed.



## Activities of the Executive Body

**Rating by sub-components is 81%**

No	Name of sub-component	Rating of sub-component		
		Maximum	Actual	%
1	Composition, number and competence of members of the Company's Executive Body.	4	4	100
2	Functioning of the Executive Body, responsibility and accountability.	3	3	100
3	Remuneration system for members of the Executive Body.	11	7	64
4	Degree of impact of the Sole Shareholder and members of the Board of Directors for the Company's operations.	4	3	75
5	Performance of the Executive Body, distribution of functions and responsibilities between members of the Executive Body.	5	4	80
6	Operating procedure of the Executive Body, Regulation on the Executive Body.	10	9	90
<b>Total:</b>		<b>37</b>	<b>30</b>	<b>81</b>

Fulfillment of the strategic tasks determined by the Board of Directors largely depends on the activities of the Executive Body of the Company. Many Company's risks are associated with management efficiency.

# Activities of the Executive Body

## OBSERVATIONS AND RECOMENDATIONS



Fulfillment of the strategic tasks determined by the Board of Directors largely depends on the activities of the executive body of the Company. Many Company's risks are related to the management efficiency. This section is devoted to the method of evaluating the Executive Body of the Company.

The number of the Executive Body corresponds to the volume of the Company's operations. Members of the Executive Body have the appropriate competencies in those areas that are included in their sphere of responsibility. The composition, number and competence of the members of the Company's Executive Body correspond to the directions of the Company's operations. The principle of effective governance of the Company by the Executive Body is generally observed.

In view of the fact that the Sole Shareholder is also the main customer of the Company, there is a practice of taking decisions by the Executive Body based on the instructions of the Sole Shareholder. It is necessary to develop formalized procedures to reduce this kind of impact of the Sole Shareholder.



# Rights of financial stakeholders

**Rating by sub-components is 82%**

No.	Name of sub-component	Rating of sub-component		
		Maximum	Actual	%
1	Mechanisms for protecting the rights of financial stakeholders.	1	0	0
2	Responsibilities of the financial stakeholders of the Company.	3	3	100
3	Degree of the Company's commitment to the principle of equal opportunities in relations with financial stakeholders.	6	6	100
4	The effectiveness of the Company's codes and policies governing relations with financial stakeholders, their rights, duties, responsibilities.	4	2	50
5	Protection of confidential information in the Company.	3	3	100
6	Conflict of interest prevention procedures.	18	16	89
7	Regulations on the Company employee.	8	7	88
8	Sustainable development principles.	2	2	100
9	Consistency of activities for sustainable development.	12	8	67
<b>Total:</b>		<b>57</b>	<b>47</b>	<b>82</b>

The activities of the Company are closely related to many stakeholders, who are defined as financial stakeholders who have their own financial and non-financial interests in relation to the Company and other issues.

# Rights of financial stakeholders

## OBSERVATIONS AND RECOMENDATIONS



The activities of the Company are closely related to many stakeholders, who are defined as financial stakeholders who have their own financial and non-financial interests in relation to the Company and other issues.

The Company realizes the importance of its impact on the economy, ecology and society, striving for growth of long-term value, ensures its sustainable development in the long term, observing the balance of interests of stakeholders, that demonstrates the Company's commitment to the principles of sustainable development.

Best practice is to prepare a separate sustainable development report in accordance with international non-financial reporting standards. Taking into account the projects implemented by the Company in the field of public finance and the corresponding impact on a large number of users, the documents of the Company regulating relations with financial stakeholders should contain a detailed format and description of the interaction process, as well as provide for an analysis of the level of stakeholder involvement in the process of interaction with the Company.



# Financial transparency and information disclosure

**Rating by sub-components is 78%**

No .	Name of sub-component	Rating of sub-component		
		Maximum	Actual	%
1	Information disclosure methods.	12	9	75
2	Information disclosure procedures.	13	11	85
3	Sources of Company information disclosure.	4	4	100
4	Annual reports of the Company.	4	3	75
5	The efficiency of the Company's website.	4	4	100
6	Information policy of the Company.	5	5	100
7	Availability and quality of the Company's financial statements.	13	12	92
8	Disclosure of information on the selection of independent audit organizations, independent audit reports.	15	10	67
9	Disclosure of information about the Sole Shareholder, members of the Board of Directors and the Executive Body, their competencies and remuneration.	7	2	29
<b>Total:</b>		<b>77</b>	<b>60</b>	<b>78</b>

Company transparency assumes transparency in providing of data on the financial and operational status of the Company. The Company must adhere to the principles of consistency, timeliness and fairness of information for all stakeholders.

# Financial transparency and information disclosure

## OBSERVATIONS AND RECOMMENDATIONS

Company transparency assumes transparency in providing of data on the financial and operational status of the Company. The Company must adhere to the principles of consistency, timeliness and fairness of information for all stakeholders.

The Company discloses information about its activities in the public domain. Financial stakeholders have an understanding of the Company's activities. Information on ongoing projects and relationships with stakeholders, target and actual values of key performance indicators is disclosed.



Company transparency and disclosure of information on all aspects of its activities is one of the most important parts of the Company's interaction with its stakeholders (financial stakeholders). Company reports must comply with the latest standards for the preparation of such documents, aimed at clarity, accessibility and content. A good indicator is if the Company adheres to the latest reporting standards when disclosing information about its activities (ESG - Environmental, Social and Governance; GRI - Global Reporting Initiative).



# The risk management system (RMS) of the Company, the work of the internal audit service (IAS), interaction of the RMS and IAS with the Company's management bodies

**Rating by sub-components is 86%**

No.	Name of sub-component	Rating of sub-component		
		Maximum	Actual	%
1	Company risk management policy.	3	3	100
2	Effectiveness of the risk management system.	16	15	94
3	Risk assessment as part of the business planning process.	8	5	63
4	Internal Audit Service activities. Objectives and functions of the internal audit.	23	19	83
5	IAS auditing process. Standards and forms of internal audit of the Company.	10	10	100
6	Internal control system of the Company.	7	7	100
7	Transparency of principles and approaches in the field of risk management for the Company's employees and its stakeholders.	6	6	100
8	Interaction of the risk management department and the internal audit service with the Board of Directors, the Executive Body and other subdivisions of the Company.	10	9	90
9	Competence and qualifications of employees of the risk management department and the internal audit service.	5	5	100
10	Advanced training of employees of the risk management department and the internal audit service.	8	7	87
11	Planning the work of the risk management department and the internal audit service.	7	5	71
12	Mechanisms for improving the quality of work of the risk management department and the internal audit service.	10	8	80
13	Analysis of the Company's compliance procedures.	5	3	60
<b>Total:</b>		<b>118</b>	<b>102</b>	<b>86</b>

The main goal of the current corporate risk management system of the Company is to achieve an optimal balance between growth of the Company, its profitability and risks, as well as to ensure sustainable development as part of the implementation of strategic plans and achievement of the established objectives.

## The risk management system (RMS) of the Company, the work of the internal audit service (IAS), interaction of the RMS and IAS with the Company's management bodies

### OBSERVATIONS AND RECOMENDATIONS



The risk management system, internal control and the internal audit service play an important role in the system of effective corporate governance.

The Company monitors and controls over its risks in interaction with the IAS and in accordance with the basic principles of the Policy and the Corporate Governance Code of the Company. At that, the internal audit service studies the following interrelated components on which the internal control system is built: control environment, risk assessment; control measures; collection and analysis of information and its transfer to its intended purpose; monitoring and error correction.

Despite the existence of the foundations for the effectiveness of the ICS, the Company is recommended to develop and implement the Rules "Internal control system of EFC JSC" that would define the concept, goals and objectives of the internal control system, principles of functioning, key areas and main components of the internal control system, internal control procedures in the implementation of activities of Joint-Stock Company, competence and responsibility of the subjects of internal control for the implementation of internal control procedures and assessment of the internal control system in the Company.



# Analysis of the internal regulations, job descriptions of employees, strategy documents, planning and reporting

**Rating by sub-components is 91%**

No.	Name of sub-component	Rating of sub-component		
		Maximum	Actual	%
1	Internal documents of the Company governing the activities of the Company's management bodies, competencies, rights, duties, responsibility of officials.	9	9	100
2	Internal documents governing the activities of structural subdivisions of the Company.	3	3	100
3	Job descriptions of employees.	4	4	100
4	Duplication of competencies.	4	4	100
5	Planning process in the Company: development strategies, development plans, budgets.	14	12	86
6	Effectiveness of management reporting in the Company.	8	7	88
7	Automation of the planning and monitoring system in the Company.	2	1	50
<b>Total:</b>		<b>44</b>	<b>40</b>	<b>91</b>

Internal regulations of the Company, as well as fundamental documents on strategy, planning and reporting represent a set of important data on the production and management of the Company that characterize internal organizational relationships and help to quickly and efficiently control over the processes.

# **Analysis of the internal regulations, job descriptions of employees, strategy documents, planning and reporting**

## **OBSERVATIONS AND RECOMENDATIONS**



Internal regulations of the Company, as well as fundamental documents on strategy, planning and reporting represent a set of important data on the production and management of the Company that characterize internal organizational relationships and help to quickly and efficiently control over the processes.

The Charter, as well as certain provisions of the Company, establish the competencies required in accordance with the legislation, the rights and obligations of bodies, structural subdivisions and officials. There is no overlap of competences and responsibilities of members of the Board of Directors, members of the Executive Body, subdivisions, Heads of structural subdivisions and employees in internal regulations and in practice. This ensures the implementation of the principle of separation of powers established by the principles of the Corporate Governance Code.

From the point of view of legislation, the presence of a strategy is not necessary, and the development plan is a sufficient document for the implementation of activities. Therefore, taking into account the balance of interests, the Board of Directors of the Company, together with the Sole Shareholder, we recommend considering the possibility of adopting a formalized document closely interconnected with the strategic plan of the Sole Shareholder and taking into account the interests of all stakeholders. The Development Strategy will help a wider range of stakeholders to receive accessible information about the plans of the Company, which complies with the principle of transparency and objectivity of disclosing information on activities established by the Corporate Code.



# The Company's commitment to the principles of corporate governance

**Rating by sub-components is 100%**

No.	Name of sub-component	Rating of sub-component		
		Maximum	Actual	%
1	Corporate Governance Code.	4	4	100
2	Business Ethics Code.	5	5	100
3	Corporate governance practice in the Company. Involvement of employees in the development of the Company's corporate culture and the principles of ethical business communication.	4	4	100
<b>Total:</b>		<b>13</b>	<b>13</b>	<b>100</b>

The adherence of the Company and its employees to the principles of corporate governance determines the corporate culture of the Joint-Stock Company as a whole. A high level of corporate culture attracts effective managers and talented employees.

# The Company's commitment to the principles of corporate governance

## OBSERVATIONS AND RECOMENDATIONS



The adherence of the Company and its employees to the principles of corporate governance determines the corporate culture of the Joint-Stock Company as a whole. A high level of corporate culture attracts effective managers and talented employees.

The Company has approved by the decision of the Sole Shareholder the Corporate Governance Code, the Business Ethics Code and other necessary documents developed in accordance with the legislation. They define the principles of corporate governance. The Company follows the principles of corporate governance established by the Company's Corporate Governance Code in practice.

In order to involve employees in the development of the Company's corporate culture and the principles of ethical business communication, a specific mechanism must be introduced through which any employee and official of the Company can confidentially report to the Audit Committee or the Board of Directors of the Company about violation or improper execution of internal control procedures or other Company's policies, as well as cases of fraud, theft, violation of the law.



# Performance of the corporate secretary, compliance with legal requirements for Joint-Stock Companies

**Rating by sub-components is 100%**

No.	Name of sub-component	Rating of sub-component		
		Maximum	Actual	%
1	Activities and functions of the corporate secretary	4	4	100
2	Conflict of interest, combination of duties of the corporate secretary.	1	1	100
3	Timely disclosure of information in accordance with legal requirements on the Internet resource of the Financial Reporting Depository	4	4	100
<b>Total:</b>		<b>9</b>	<b>9</b>	<b>100</b>

The corporate secretary is one of the key figures in the corporate governance of the Company, which ensures that the Company complies with the requirements of legislation and internal documents on corporate governance issues.

# **Performance of the corporate secretary, compliance with legal requirements for Joint-Stock Companies**

## **OBSERVATIONS AND RECOMMENDATIONS**



The corporate secretary is one of the key figures in the corporate governance of the Company, which ensures that the Company complies with the requirements of legislation and internal documents on corporate governance issues.

The Company has a corporate secretary service. The corporate secretary who is appointed by the Board of Directors and accountable to the Board of Directors, both in terms of the internal regulations and in practice. There is no conflict of interest, no combination of duties as a corporate secretary. The corporate secretary oversees the information disclosure process. There are no cases of violation of the terms and volumes of disclosure of information subject to disclosure in accordance with the requirements of the legislation on the Internet resource of the Financial Reporting Depository.

Taking into account that the necessary Committees of the Board of Directors have been created and are starting their activities, it is proposed to record the meetings of the Committees in more detail in order to increase the information content.



## General corporate governance and ratings by components

Thus, the calculated general rating of the corporate governance level of the Company for certain key components of the analysis is 84.3%, or according to the scale of rating assessment of the corporate governance level it corresponds to KZCG6. The rating scale range are provided below.

Rating scale	
<i>Range %</i>	<i>Rating</i>
<b>100-91</b>	<b>KZCG7</b>
<b>90-76</b>	<b>KZCG6</b>
<b>75-61</b>	<b>KZCG5</b>
<b>60-46</b>	<b>KZCG4</b>
<b>45-31</b>	<b>KZCG3</b>
<b>30-16</b>	<b>KZCG2</b>
<b>15-0</b>	<b>KZCG1</b>

The KZCG6 rating is assigned to the Companies with a high level of corporate governance. Companies of this level comply to a high degree with the legislation of the Republic of Kazakhstan, follow the basic principles of the adopted Corporate Governance Code. This rating confirms the minimum risks associated with infringement of the rights of the Shareholder and other affiliated persons, the transparency of the work of the Board of Directors, the Management Board, and the transparency of data on the Company's activities at the time the corporate governance rating was assigned. CG6 corporate governance rating is investment attractive one.