

# **Corporate Governance Code E-Finance Center Joint-Stock Company**

## **Chapter 1. General provisions**

1. The Corporate Governance Code of E-Finance Center Joint-Stock Company (hereinafter - the Code) has been developed in accordance with Article 182.3 of the Law of the Republic of Kazakhstan "On State Property" (hereinafter - the Law on State Property) dated March 1, 2011 and defines corporate governance approaches in relations within E-Finance Center Joint-Stock Company (hereinafter - the Company) and with other interested parties.

2. The Code is aimed at improving corporate governance in the Company, ensuring transparency and management efficiency.

3. The following basic concepts are used in this Code:

1) Shareholder (Participant) - a person who/entity that owns shares (participation interest) in the Company's authorized capital;

2) Sole Shareholder - supreme body of the Company;

3) Partners - suppliers and contractors, partners in joint projects;

4) Management Board - executive body of the Company acting in a collegial manner;

5) Development Plan - a document defining main areas of activity, financial and economic activity indicators and key performance indicators of the Company for a five-year period, approved by the Board of Directors;

6) Board of Directors - a management body in the Company, which is formed by electing its members at general meeting of Shareholders (Sole Shareholder) responsible for overall management and control over activities of the Company and Management Board;

7) Subsidiary - a legal entity, major part of the authorized capital of which has been formed by another legal entity (hereinafter - parent company);

8) Institutional investor - a legal entity investing the raised funds in securities and other financial instruments in accordance with the laws of the Republic of Kazakhstan;

9) Corporate governance - a set of processes that provide management and control over the Company's activities and include relations between shareholders (Sole Shareholder), the Board of Directors, Management Board, other bodies of the Company and interested parties for the benefit of shareholders. Corporate governance also determines the Company's structure, which allows to set its goals, ways to achieve them, as well as monitoring and assessment of performance;

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10) Corporate events - events that have a significant impact on the Company's activities, affecting the interests of shareholders (Sole Shareholder) and investors of the Company, as defined by the Law on Joint-Stock Companies, Laws of the Republic of Kazakhstan "On Accounting and Financial Reporting" dated February 28, 2007 and "On the Securities Market" dated July 2, 2003, as well as the Company's Charter;

11) Corporate conflict - a disagreement or dispute between shareholders (Sole Shareholder) and the Company's bodies, members of the Board of Directors and Management Board, head of Internal Audit Service, the Corporate Secretary;

12) Corporate Secretary - joint-stock company's employee who is not a member of the Board of Directors and (or) Executive Body of the Company, who is appointed by and accountable to the Company Board of Directors, as well as supervises preparation and holding of meetings of the Company Board of Directors, ensures drafting of materials for the meeting agenda of the Company Board of Directors, conducts control over ensuring access to them within the framework of his/her activities. Competence and activities of the Corporate Secretary are determined by the Company's internal documents;

13) Key performance indicators (hereinafter - KPI) - indicators characterizing a performance efficiency level of the Company, its officials and employees, which allow assessing efficiency of their activities. KPIs have a quantitative value approved for the Company as part of the Company's development plan, or approved differentially for each Company employee and corresponding to results of their activities for the planned and reporting periods;

14) Official - member of the Board of Directors, Management Board of the Company;

15) Interested parties - individuals, legal entities, groups of individuals or legal entities that influence or may be influenced by the Company's activities, their products or services and related actions by virtue of legislation, concluded agreements (contracts) or indirectly (implicitly); main representatives of interested parties are shareholders, employees, customers, suppliers, government agencies, subsidiaries and affiliates, bondholders, creditors, investors, public organizations, population of the regions in which the Company operates;

16) Ombudsman - a person appointed by the Company Board of Directors, whose role is to advise the Company's employees who have applied to him/her and assist in resolving labor disputes, conflicts, problematic issues of a social and labor nature, as well as to ensure compliance with the principles of business ethics by the Company's employees;

17) Sustainable development - a development in which Company manages the impact of its activities on the environment, economy, Company and takes decisions based on the interests of stakeholders. Sustainable development should meet the needs of current generation without depriving future generations of an opportunity to meet their needs as well;

18) Affiliate - a legal entity is recognized as affiliate if another (participating, prevailing) legal entity has more than twenty percent of its voting shares (participation interest);

19) Independent Director - a member of the Board of Directors who is not an affiliated person of this Company and has not been an affiliated person for three years prior to his/her election to the Board of Directors (except in case of his/her tenure as an Independent Director of this Company), not an affiliated person in relation to this Company's affiliates; is not subordinated to this Company officials - affiliated persons of this Company and has not been subordinated to these persons during three years preceding his/her election to the Board of Directors; is not a civil servant; is not a shareholder's representative at meetings of this Company bodies and has not been a shareholder during three years preceding his/her election to the Board of Directors; does not participate in audit of this Company as an auditor working within the audit organization and has not participated in such audit during three years preceding his/her election to the Board of Directors;

20) Competent authority for management of relevant state administration branch (sphere) (hereinafter - competent authority of relevant branch) - central executive bodies, local executive bodies or their departments to which the rights of ownership and use of the Company's government stake have been transferred, as well as the State Property and Privatization Committee or its territorial divisions performing functions of a shareholder in accordance with the Law on State Property;

21) Organizations - legal entities, more than fifty percent of voting shares (participation interest) in authorized capital of which directly or indirectly belong to the Company on an ownership basis or upon discretionary management;

22) Fiduciary duties - duties assumed by a person who performs professional activity for the benefit of another person. There are two main fiduciary duties: fair practice and reasonableness. Fair practice duty is manifested in fact that in the event of a conflict of interests, subject of this duty is obliged to act exclusively in the Company's interests. In turn, duty of reasonableness manifests in application of skills, knowledge and abilities usually required in such situation.

Subjects bound by fiduciary duties to the Company include members of the Company's management bodies, its employees, majority and minority shareholders, as well as other interested parties. For example, members of the Company's management bodies, its employees, as well as the controlling shareholder are not entitled to use the Company's business opportunities solely in their own interests. The back action would mean a violation of duty of fair practice towards the Company.

Other terms used in this Code correspond to the terms and definitions used in legislation of the Republic of Kazakhstan.

4. The Company approves the Corporate Governance Code in accordance with the Model Corporate Governance Code for State-Controlled Joint-Stock Companies, with exception of the Sovereign Wealth Fund, approved with Order No. 21 of the Minister of National Economy of the Republic of Kazakhstan dated October 5, 2018, and also conducts an independent corporate governance assessment at least once every three years, the results of which are posted on the Company's Internet resource.

5. Upon performing its activities, the Company ensures:

- 1) the Company's management in compliance with the principle of legality and appropriate level of responsibility, division of powers, accountability and efficiency;
- 2) risk management and internal control system;
- 3) exclusion of conflicts of interest.

6. Control over the Company's enforcement of this Code is performed by the Company Board of Directors. The Corporate Secretary monitors and advises the Company Board of Directors and Management Board on proper compliance with this Code, as well as drafts annual report on compliance/non-compliance with its principles and provisions.

Subsequently, this report is submitted for review by relevant Committee under the Board of Directors, approved by the Board of Directors and included in the Company's annual report.

7. Cases of non-compliance with this Code provisions are reviewed at meetings of relevant Committee and the Board of Directors with adoption of resolutions aimed at further improving corporate governance in the Company.

## **Chapter 2. Corporate governance principles of the Company**

8. The Company considers corporate governance as a means of increasing efficiency of the Company's performance, ensuring transparency and accountability, strengthening its reputation and reducing the costs for raising capital. Corporate governance system provides for the division of powers and responsibilities between bodies, officials and employees of the Company.

9. The Company's corporate governance is based on fairness, honesty, responsibility, transparency, professionalism and competence. Corporate governance structure is based on respect for the rights and interests of all persons interested in the Company's activities and contributes to its successful operation, including growth of its value, support of financial stability and profitability.

10. Fundamental principles of this Code are:  
principle of powers division;  
principle of protecting the Sole Shareholder's rights and interests;  
principle of effective management of the Company, Board of Directors and the Management Board;  
sustainable development principle;  
principle of risk management, internal control and audit;  
principle of regulating corporate conflicts and conflicts of interest;  
transparency and objectivity principle for disclosure of information about the Company's activities.

11. Division of responsibilities between the Company's bodies is determined, consistency and coherence of corporate governance processes is ensured within the Company's corporate governance structure.

12. Adherence to the principles of corporate governance set out in the Code contributes to creation of an effective approach for conducting objective analysis of the Company's activities and receiving recommendations from analysts, financial consultants and rating agencies.

### **Paragraph 1. Principle of powers division**

13. Rights, duties and powers of the Sole Shareholder, Board of Directors and the Management Board are determined in accordance with the current legislation of the Republic of Kazakhstan.

14. The state body differentiates its powers as the Company shareholder and powers related to performance of state functions in accordance with Article 3 of the Law of the Republic of Kazakhstan "On Administrative Procedures" dated November 27, 2000 in order to prevent a conflict of interests that does not contribute to interests of both the Company and shareholder (shareholders). The state body performs function of the Company's Sole Shareholder to increase long-term value of the Company, taking into account the stimulation of relevant industry's and/or region's development.

15. The Company has been operating within the framework of its primary (core) activities. Conduct of new types of activities is regulated by the Entrepreneur Code of the Republic of Kazakhstan dated October 29, 2015.

16. Optimal structure of assets is being built in the Company, their legal form and structure are being simplified as well.

The preferred legal form is a limited liability partnership when the Company creates new organizations. Manufacturing and financial companies, where it is possible to increase the state assets through implementation of investment projects and financial operations in order to attract extra-budgetary investments for fulfillment of socio-economic tasks, are created in the form of a joint-stock company.

When the Company creates organization as a limited liability partnership, a participant (participants), in the cases provided for by the charter, limited liability partnership may create a supervisory board and (or) audit commission (auditor).

17. The state body, as a shareholder, participates in management of the Company solely through exercise of the shareholder's powers provided for in the Law on Joint-Stock Companies.

18. The state body, as the Company's shareholder, provides the Company with full operating self sufficiency and does not interfere in operational (current) and investment activities of the Company, except in cases provided for by the laws of the Republic of Kazakhstan, instructions of the President and Government of the Republic of Kazakhstan.

19. Transactions and relations between the Company, shareholders and interested parties are carried out on a commercial basis within the framework of the current legislation of the Republic of Kazakhstan, except for cases when one of the main tasks of the Company and organization is to implement or assist in implementation of the state policy for development of certain industries of the Republic of Kazakhstan.

20. The Company's economic activity meets the market conditions regarding debt and equity finance:

1) The Company's relations with all market participants (including financial and non-financial organizations) are based exclusively on a commercial basis, except in cases when one of the main tasks of the Company is to implement or assist in implementation of the state policy on development of industries of the Republic of Kazakhstan;

2) Economic operations of the Company does not benefit from any indirect financial support, which gives advantages over private competitors, except in cases provided for by the laws of the Republic of Kazakhstan;

3) Compliance with rates of return from the Company's economic activities, taking into account working conditions that correspond to the results obtained by competing private enterprises.

21. With the Company's participation in public procurement as a customer, the procedures applied are competitive, transparent (taking into account the confidentiality principle) and are non-discriminatory.

22. Relations (interaction) between the state body and the Company, organizations are carried out through the Company Board of Directors and/or Management Board in accordance with principles of corporate governance. Role and functions of the Chairman of the Board of Directors and Chairman of the Management Board are differentiated and assigned in the Company's documents.

The Company discloses information about the Company's activities to the state body as a shareholder and the Company Board of Directors in accordance with the Law on Joint-Stock Companies, the Company's Charter and ensures transparency of the Company's activities and organizations to all interested parties.

23. Corporate governance system provides for the relationship between:

- 1) Sole Shareholder;
- 2) Board of Directors;
- 3) Management Board;
- 4) Interested parties;
- 5) other bodies determined in accordance with the Charter.

The Company approves regulations on bodies (if such provisions are not provided for by the Company's Charter) and structural divisions, as well as job descriptions. Compliance with the provisions of these documents ensures consistency and coherence of corporate governance processes.

24. The Company submits annually the Sole Shareholder's expectations for the upcoming financial year to the Chairman of the Board of Directors.

25. The Company and its officials ensure growth of long-term value and sustainable development of the Company, respectively, and the decisions and actions/inaction taken, in accordance with the procedure established by legislation of the Republic of Kazakhstan and Company's internal regulations.

26. One of the main strategic objectives of the Company is to ensure growth of long-term value and sustainable development of the Company, which is reflected in their development plans. All decisions and actions taken correspond to the development plan.

Main element of the Company's and Management Board's performance assessment is KPI system. The Sole Shareholder expresses strategic guidelines and expectations for KPIs through his/her representatives on the Board of Directors (or by written notice).

To achieve KPIs, the Company develops a development plan in accordance with the laws of the Republic of Kazakhstan.

The Company's KPIs achievement is assessed on an annual basis. This assessment affects remuneration of the head and members of the Management Board, is taken into account when they are re-elected, and is also one of the grounds for their removal from office ahead of schedule.

## **Paragraph 2. Principle of protecting the shareholders' rights and interests**

27. Compliance with the Sole Shareholder's rights is a key term for attracting investments into the Company. The Company's corporate governance is based on ensuring protection, respect for the rights and legitimate interests of the Sole Shareholder and is aimed at contributing to the Company's effective operation, including growth of long-term value of the Company, maintaining their financial stability and profitability.

28. Register of the Company's shareholders is maintained by a single registrar.

29. The Sole Shareholder, including institutional investors, participate in discussions with the Company representatives on compliance with fundamental rights of the Sole Shareholder and corporate governance policy of the Company.

## **Paragraph 3. Ensuring the Sole Shareholder's rights**

30. The Company ensures exercise of the Sole Shareholder's rights, including:

Right to own, use and dispose of shares;

Right to participate in the Company's management and to elect members to the Board of Directors in accordance with the procedure provided for by the Law on State Property, Article 36 of the Law on Joint-Stock Companies and/or the Company Charter;

Right to receive the Company's profit share (dividends);

Right to receive a share in the Company's assets upon its liquidation;

Right to receive information about the Company's activities, including to get acquainted with the Company's financial statements, in accordance with the procedure determined by the Sole Shareholder or the Company Charter;

Right to apply to the Company with written requests regarding its activities and to receive motivated and full answers within the time limits established by the Company Charter;

Right to receive an extract from the Company's registrar or nominee confirming his/her ownership of securities;

Right to challenge decisions taken by the Company's bodies in court;

In case of ownership, independently apply to judicial authorities on their own behalf in the cases provided for in Articles 63 and 74 of the Law on Joint-Stock Companies, with a claim for compensation to the Company by the Company's officials for losses caused to the Company and return to the Company by the Company's officials and/or their affiliates of the profit (income) received by them as a result of taking decisions on conclusion (proposals for conclusion) of major transactions and/or related-party transactions;

Pre-emptive right to purchase shares or other securities of the Company convertible into its shares in accordance with the procedure established by the Law on Joint-Stock Companies;

Right to take a decision on changing number of the Company shares or changing their type in accordance with the procedure provided for by the Law on Joint-Stock Companies.



31. The Company does not hold a general meeting of shareholders. Decisions on issues referred by the laws of the Republic of Kazakhstan and the Company Charter to competence of the general meeting of shareholders are taken by the Sole Shareholder alone and are subject to registration in writing.

32. The Sole Shareholder may hold meetings with the Board of Directors and Management Board to summarize results of the year's activities and take decisions on issues within his/her competence. The Sole Shareholder may also hold regular meetings with the Chairman of the Board of Directors during the year to discuss issues of the Company's activities within his/her competence.

#### **Paragraph 4. Dividend policy**

33. The Sole Shareholder is provided with access to information regarding terms and procedure for payment of dividends, as well as reliable information about the Company's financial position when paying dividends.

For these purposes, the Sole Shareholder approves the dividend policy.

34. Dividend policy defines the principles that guide the Board of Directors and/or Management Board when preparing proposals to the Sole Shareholder on distribution of the Company's net income for the past financial year. The dividend policy is based on the following principles:

- 1) compliance with the Sole Shareholder's interests;
- 2) increasing the Company's long-term value;
- 3) ensuring the Company's financial stability;
- 4) ensuring financing of the Company's activities, including financing of investment projects implemented at the Company expense;
- 5) transparency of mechanism for determining the amount of dividends;
- 6) balance of short-term (income generation) and long-term (development of organization) interests of the Sole Shareholder.

35. The dividend policy also regulates procedure for distributing net income and determining its part to be allocated for payment of dividends, procedure for calculating the amount of dividends, procedure for paying dividends, including term, place and form of their payment.

36. Dividend policy establishes the procedure for determining share of the Company's net profit allocated for payment of dividends.

37. Dividends are calculated based on the amount of the Company's net income reflected in annual audited financial statements prepared in accordance with the requirements of the laws of the Republic of Kazakhstan on accounting and financial reporting and international financial reporting standards.

38. In case of payment of dividends on ordinary shares based on the results of quarter or half-year or distribution of retained earnings of previous years, as well as in certain cases, amount of dividends is determined by the Sole Shareholder in a special order when considering approval of the procedure for distribution of profits for relevant periods.

39. To take a decision on payment of dividends, the Board of Directors and/or Management Board submit proposals for the Sole Shareholder's review on distribution of the Company's net income for the past financial year and dividend amount for the year per one ordinary share of the Company.

40. The current state of the Company, its short-, medium- and long-term plans are taken into account when considering payment of dividends.

41. The Company discloses to the Sole Shareholder and investors information about any forms and conditions of cooperation, agreements and partnerships.

### **Paragraph 5. Effective Board of Directors**

42. The Board of Directors is a management body accountable to the Sole Shareholder, providing strategic management of organization and control over the activities of the Management Board.

43. The Board of Directors ensures full transparency of its activities to the Sole Shareholder, as well as implementation of all provisions of this Code.

44. The Board of Directors performs its functions in accordance with the Law on State Property, Law on Joint-Stock Companies, the Company Charter, this Code, Regulations on the Board of Directors and other internal regulations of the Company.

The Board of Directors pays special attention to the following issues:

- 1) Determining priority areas of the Company's activities;
- 2) Setting and monitoring KPIs set in the development plan;
- 3) Organization and supervision of effective functioning of the risk management and internal control system;
- 4) Approval and monitoring of effective implementation of major investment projects and other key strategic projects within the competence of the Board of Directors;
- 5) Election (re-election), remuneration, succession planning and supervision of activities of the head and members of the Management Board;
- 6) Corporate governance and ethics;
- 7) Compliance with the provisions of this Code and the Company's corporate standards in business ethics (Code of Business Ethics) in the Company.

45. Members of the Board of Directors perform their functional duties in good faith and adhere to the following principles in their activities:

- 1) Act within the limits of their powers - members of the Board of Directors take decisions and act within the limits of their powers stipulated in the Law on State Property, Law on Joint-Stock Companies, as well as the Company Charter;
- 2) Devote sufficient time to attend and prepare for meetings of the Board of Directors and its Committees. A member of the Board of Directors may hold positions in other legal entities after receiving approval of the Board of Directors.
- 3) Contribute to growth of long-term value and sustainable development of the Company - members of the Board of Directors act in the Company's interests, taking into account the fair treatment of the Sole Shareholder and principles of sustainable development; impact of decisions and actions of the members of the Board of Directors can be determined by the following issues: what are the consequences of decision/action in the long term;

will fair treatment of the Sole Shareholder be ensured; impact on the Company's reputation and high standards of business ethics; impact on the interests of stakeholders (this list of issues is not exhaustive);

4) Maintain high standards of business ethics - members of the Board of Directors comply with high standards of business ethics and be an example (model) for the Company's employees in their actions, decisions and behavior;

5) Do not create a conflict of interest - members of the Board of Directors do not allow situations in which personal interest may affect proper performance of their duties as a member of the Board of Directors, in case of situations with conflicts of interest that affect or potentially affect impartial decision-making, members of the Board of Directors notify the Chairman of the Board of Directors in advance and do not participate in discussion and adoption of such decisions. This requirement also applies to other actions of a member of the Board of Directors that may directly or indirectly affect proper performance of the duties of a member of the Board of Directors;

6) Act with due diligence, skill and prudence - members of the Board of Directors improve continuously their knowledge in part of competencies of the Board of Directors and performance of their duties in the Board of Directors and Committees, including such areas as legislation, corporate governance, risk management, finance and audit, sustainable development, knowledge of the industry and specifics of the Company's activities. To understand current issues of the Company's activities, members of the Board of Directors regularly visit key facilities of the Company and hold meetings with employees.

46. Responsibility of the Board of Directors for ensuring its activities, performance of its functions and duties, including (but not limited to) to determine strategic directions of the Company's activities, setting tasks and specific, measurable (digitized) KPIs and responsibility of the Management Board for operational (current) activities of the Company, including (but not limited to) the fulfillment of assigned tasks and achievement of the established KPIs is divided and assigned in relevant internal regulations of the Company.

Members of the Board of Directors perform their duties, including fiduciary duties to the Sole Shareholder and are responsible for decisions taken, effectiveness of their activities, actions and/or inaction. In case of different opinions, the Chairman of the Board of Directors ensures review of all acceptable options and proposals that are expressed by individual members of the Board of Directors in order to take a decision that meets the Company's interests.

The Chairman of the Board of Directors provides the following document to the Sole Shareholder annually:

1) Report of the Board of Directors, which reflects the results of activities of the Board of Directors and its Committees for the reporting period, measures taken by the Board of Directors to increase long-term value and sustainable development of the Company, main risk factors, key events, items reviewed, number of meetings, form of meetings, attendance, as well as other important information - report of the Board of Directors is included in the Company's annual report;

2) Report on the Sole Shareholder's expectations.

The Board of Directors annually reports on compliance with the provisions of this Code to the Sole Shareholder. The Board of Directors ensures implementation of mechanisms that will help to avoid conflicts of interest that prevent the Board of Directors from fulfilling its duties objectively and limit political interference in processes of the Board of Directors.

The Company's Sole Shareholder may additionally hold meetings with the Chairman and members of the Board of Directors to discuss election of the first head of the Management Board and other aspects that affect growth of long-term value and sustainable development of the Company. Such meetings are planned in advance and conducted in accordance with approved procedures.

47. The Board of Directors and its Committees maintain a balance of skills, experience and knowledge that ensures adoption of independent, objective and effective decisions in the interests of the Company taking into account fair treatment of the Sole Shareholder and sustainable development principles.

48. The Sole Shareholder elects members of the Board of Directors on the basis of clear and transparent procedures, taking into account the competencies, skills, achievements, business reputation and professional experience of candidates. When re-electing certain or all members of the Board of Directors for a new term, their contribution to performance of the Company Board of Directors is taken into account.

49. Term of office of the members of the Board of Directors expires at the time when the Sole Shareholder takes a decision on election of a new Board of Directors.

50. Members of the Company Board of Directors are elected for a term of no more than three years, and subsequently, subject to satisfactory performance results, re-election is allowed for another term of up to three years.

51. Any term of election to the Company Board of Directors for a period of more than six consecutive years is subject to special review, taking into account the need for a qualitative renewal of the Board of Directors.

52. The same person is recommended not to be elected to the Company Board of Directors for more than nine consecutive years. In exceptional cases, election for a term of more than nine years is allowed, if the election of such person to the Company Board of Directors takes place annually or in another period determined by the Company Sole Shareholder, with a detailed explanation of the need to elect this member of the Board of Directors and influence of this factor on independence of decision-making.

No person participates in decision-making related to his/her own appointment, election and re-election.

53. The following are taken into account when selecting candidates for the Board of Directors:

- 1) work experience in management positions;
- 2) work experience as a member of the Board of Directors;
- 3) work experience;
- 4) education, specialty, including availability of international certificates;
- 5) availability of competencies in areas and industries (industries may vary depending on the asset portfolio);
- 6) business reputation;
- 7) direct or potential conflict of interest.

54. Number of members of the Company Board of Directors is determined by the Sole Shareholder. Members of the Company Board of Directors are determined individually, taking into account the scope of activities, business needs, current tasks, development plan and financial capabilities.

55. Members of the Board of Directors ensures decision-making in the interests of the Company and taking into account fair treatment of the Sole Shareholder by balanced combination of members of the Board of Directors (representatives of shareholders, independent directors, head of the Management Board).

56. The following persons are not elected to position of a member of the Company Board of Directors:

1) Person who has an outstanding or unexpunged conviction in accordance with the procedure established by law;

2) Person who was previously the Chairman of the Board of Directors, the first head (Chairman of the Management Board), deputy head, chief accountant of another legal entity for a period not more than one year prior to decision on compulsory liquidation or compulsory repurchase of shares, or preservation of another legal entity declared bankrupt in accordance with the established procedure. The specified requirement is applied within five years after the date of decision on compulsory liquidation or compulsory repurchase of shares, or preservation of another legal entity declared bankrupt in accordance with the established procedure.

The provisions specified in this paragraph are established in the Company's Charter.

57. The Board of Directors also includes and is attended by independent directors. Number of members of the Board of Directors is at least three people. At least one third of members of the Company Board of Directors are independent directors. Number of independent directors should be sufficient to ensure independence of the decisions taken and fair treatment of the Sole Shareholder. The recommended number of independent directors in the Company Board of Directors is up to fifty percent of total number of members of the Board of Directors.

Independent members of the Board of Directors are free from any material interests or relations with the Company, its management or its property that could jeopardize the exercise of objective judgment.

Independent director is a person who has sufficient competence and independence to take independent and objective decisions, free from influence of the Sole Shareholder, Management Board and other interested parties.

Requirements for independent directors are established in accordance with the laws of the Republic of Kazakhstan and the Company Charter.

Independent directors actively participate, among other things, in discussing issues where a conflict of interest is possible (preparation of financial and non-financial statements, conclusion of related-party transactions, nomination of candidates to the Management Board, set remuneration to members of the Management Board). Independent directors are elected by the Chairmen of the key Committees under the Board of Directors - on audit, appointments and remuneration, they are elected as chairmen in other Committees.

Independent director monitors a possible loss of independence status and notifies the Chairman of the Board of Directors in advance if there are such situations. If there are circumstances affecting independence of a member of the Board of Directors, the Chairman of the Board of Directors is obliged to bring this information immediately to attention of the Sole Shareholder for taking an appropriate decision.

1. Relations between members of the Board of Directors and the Company are formalized by contracts taking into account the requirements of the laws of the Republic of Kazakhstan, provisions of this Code and internal regulations of the Company.

Contracts specify the rights, obligations, responsibilities of the parties and other essential terms, as well as the director's obligations to comply with provisions of this Code, including to devote sufficient time to perform the functions assigned to them, obligations not to disclose internal information about the Company after termination of its activities for a period established by the laws of the Republic of Kazakhstan and additional obligations arising from the requirements for status and functions of independent directors.

Contracts may provide for deadlines for the performance of certain duties by members of the Board of Directors.

2. The Company ensures that there are succession plans for members of the Board of Directors to maintain continuity of activities and progressive renewal of the Board of Directors.

3. The Board of Directors approves induction program for newly elected members of the Board of Directors and professional development program for each member of the Board of Directors. The Corporate Secretary ensures implementation of this program.

4. Members of the Board of Directors elected for the first time, after their appointment, undergo an induction program. During the induction process, members of the Board of Directors become familiar with their rights and responsibilities, key aspects of the Company's activities and documents of the Company and organization, including those related to the greatest risks.

5. The Chairman of the Board of Directors is responsible for overall management of the Board of Directors, ensures full and effective implementation by the Board of Directors of its main functions and building a constructive dialogue between members of the Board of Directors, Sole Shareholder and the Management Board of the Company.

The Chairman of the Board of Directors creates a unified team of professionals who are committed to growth of long-term value and sustainable development of the Company, who are able to respond to internal and external challenges in a timely and professional manner.

To fulfill the role of Chairman of the Board of Directors, the candidate, along with professional qualifications and experience, has special skills, such as leadership, ability to motivate, understand different views and approaches, has conflict resolution skills.

Functions of the Chairman of the Board of Directors and Chairman of the Management Board of the Company are separated and assigned in the Company Charter. The Chairman of the Management Board may not be elected Chairman of the Board of Directors of the Company.

Key functions of the Chairman of the Board of Directors include:

- 1) Planning of meetings of the Board of Directors and drafting an agenda;
- 2) Ensuring timely receipt of complete and up-to-date information for decision-making by members of the Board of Directors;
- 3) Ensuring that the Board of Directors focuses on strategic issues and minimizes current (operational) issues to be reviewed by the Board of Directors;
- 4) Ensuring effectiveness of meetings of the Board of Directors by allocating sufficient time for discussions, comprehensive and in-depth review of the agenda items, stimulating open discussions, achieving agreed solutions;
- 5) Building proper communication and interaction with the Sole Shareholder, including organization of consultations with the Sole Shareholder when taking key strategic decisions;
- 6) Ensuring monitoring and supervision of proper execution of the decisions of the Board of Directors and Sole Shareholder;
- 7) In case of corporate conflicts, taking measures to resolve them and minimize negative impact on organization's activities, and timely informing the Sole Shareholder, if it is impossible to resolve such situations on their own.

#### **Paragraph 6. Remuneration of members of the Board of Directors**

63. Remuneration level of members of the Board of Directors is set by the Sole Shareholder in an amount sufficient to attract and motivate each member of the Board of Directors of the level required for successful management of the Company. HR and Remuneration Committee of the Company Board of Directors makes proposals on the amount of remuneration for candidates for independent directors.

64. No person participates in decision-making related to his/her own remuneration.

65. Remuneration fairly reflects the expected contribution of a member of the Board of Directors to improving efficiency of the entire Board of Directors and the Company's activities.

66. The expected positive effect for the Company from this person's participation in the Board of Directors is taken into account when determining the remuneration amount of a member of the Board of Directors. Responsibilities of members of the Board of Directors, scope of the Company's activities, long-term goals and objectives determined by development plan, complexity of issues reviewed by the Board of Directors, remuneration level in similar private sector companies (benchmarking, remuneration review) are taken into account as well.

67. Remuneration level is balanced and reasonable in order to exclude a potential negative reaction from the public caused by establishment of an excessively high level of remuneration

68. It is recommended to disclose information on remuneration of members of the Board of Directors and Management Board of the Company by posting them on corporate website.

69. As a rule, members of the Board of Directors are paid a fixed annual remuneration, as well as additional remuneration for chairmanship of the Board of Directors, participation and chairmanship of committees under the Board of Directors. Remuneration of members

of the Board of Directors does not include options or other elements related to the Company's performance.

At the same time, remuneration is not paid to members of the Board of Directors who are civil servants.

70. The Company's Sole Shareholder determines the amount and terms for payment of remuneration and compensation of expenses to member(s) of the Company Board of Directors. Directors remuneration terms are reflected in the contracts concluded with them and, if necessary, in internal regulations of the Company.

#### **Paragraph 7. Committees under the Board of Directors**

71. Committees are established under the Company Board of Directors, which competence includes review of issues related to audit, strategic planning, risk management, personnel and remuneration, as well as other issues stipulated by internal regulations of the Company. To improve efficiency of investment decision-making, competence of one of the committees under the Board of Directors includes issues related to investment activities, review of which is within the competence of the Board of Directors. Number of the Committee members is at least 3 (three) people.

72. Existence of committees does not exempt members of the Board of Directors from responsibility for decisions taken within the competence of the Board of Directors.

73. Committees are created to conduct a detailed analysis and develop recommendations on a range of the most important issues before they are reviewed at a meeting of the Board of Directors. Final decision on the items reviewed by committees is taken by the Board of Directors.

74. Activities of all committees are regulated by internal regulations approved by the Board of Directors containing provisions on members, competence, procedure for electing committee members, procedure for the work of committees, as well as the rights and obligations of their members. The Sole Shareholder may get acquainted with the regulations on committees.

75. To organize the committee's work, the committee or Board of Directors appoints the committee's secretary from among employees of the corporate secretary service. The committee's secretary ensures preparation for the committee meetings, collection and systematization of materials for meetings, timely sending notifications on committee meetings, agenda of meetings, materials on agenda items to committee members and invited persons, preparation of minutes of meetings, draft resolutions of the committee, as well as subsequent storage of all relevant materials.

76. The Board of Directors decides on establishment of committees, determines their members, terms and powers.

The Committees consist of members of the Board of Directors who have professional knowledge, competencies and skills to work in the committee. Potential conflicts of interest are taken into account during formation of the committees. Chairmen of the Committees, along with professional competencies, have organizational and leadership qualities, good communication skills for effective organization of the committee's activities.



77. The committees approve their work plan (before beginning of the calendar year), which is coordinated with work plan of the Board of Directors, indicating the list of items under review and dates of meetings. Frequency of committee meetings is at least four meetings per year. Committee meetings are held in person, with recording the minutes. To create favorable conditions and reduce the cost of holding committee meetings, participation of committee members through technical means of communication is allowed as well.

78. Chairmen of the committees prepare a report on their activities and report back to the Board of Directors on results of their activities for the year at the separate meeting. The Board of Directors has the right at any time during the year to request the committees to submit a report on current activities within the time limits set by the Board of Directors.

### **Paragraph 8. Strategic Planning Committee**

79. The Chairman of the Strategic Planning Committee is elected from among members of the Board of Directors for term of office of the Board of Directors at one of the first meetings of the Board of Directors. Decision on election is made by a simple majority of votes of total number of members of the Board of Directors.

80. The Strategic Planning Committee has the right to involve experts with relevant experience and competence for proper organization of its activities. The Committee members who are not members of the Board of Directors are appointed by the Board of Directors on proposal of the Committee Chairman.

81. Functions of the Strategic Planning Committee are to develop and submit to the Company Board of Directors recommendations on development of priority areas of the Company's activities and sustainable development, including issues on development of measures to improve the Company efficiency, its long-term value and sustainable development.

### **Paragraph 9. Audit Committee**

82. The Audit Committee consists of independent directors with knowledge and practical experience in accounting and auditing, risk management, and internal control. Chairman of the Audit Committee is an independent director. Functions of the Audit Committee include internal and external audit, financial reporting, internal control and risk management, compliance with the legislation of the Republic of Kazakhstan, internal regulations and other issues on behalf of the Board of Directors.

83. The Audit Committee evaluates candidates for the Company auditors, reviews issues of appointment and remuneration of employees of Internal Audit Service, and also analyzes preliminarily a conclusion by audit organization before submitting it to the Board of Directors and Sole Shareholder.

84. Member of the Board of Directors who is not independent is elected to the Committee if the Board of Directors decides exceptionally that membership of this person in the Audit Committee meets interests of the Sole Shareholder and Company, and provides appropriate rationale.

### **Paragraph 10. HR and Remuneration Committee**

85. HR and Remuneration Committee consists of a majority of independent directors to develop objective and independent decisions and to prevent influence of interested parties (representatives of the Sole Shareholder, Chairman of the Management Board, employees and other persons) on judgments of the Committee members.

86. The Committee members have knowledge and practical experience in the field of personnel management and assessment of its performance, as well as in the field of corporate governance. The Committee Chairman is an independent director.

87. HR and Remuneration Committee determines criteria for selection of candidates for members of the Board of Directors, candidates for top managers, develops the Company's policy in the field of remuneration of these persons, evaluates performance of the Board members and top managers regularly.

The Committee functions include issues of appointment (election), setting motivational KPIs, performance assessment, remuneration and succession planning of the Chairman and members of the Management Board, appointment and remuneration of the Corporate Secretary, as well as participation in review of these issues with respect to the Board of Directors, in cases where such powers are granted by the Sole Shareholder. In this case, members of HR and Remuneration Committee are not allowed to have a conflict of interest situation and do not participate in review of issues of their own appointment and/or remuneration.

### **Paragraph 11. Organization of the Board of Directors' activities**

88. Preparation and holding of meetings of the Board of Directors contribute to effectiveness of its performance. To fulfill their duties, members of the Board of Directors are provided with access to complete, up-to-date and timely information.

89. The Board of Directors complies with the procedures established by the Company's documents for preparation and conduct of meetings of the Board of Directors.

90. Meetings of the Board of Directors are held in accordance with the work plan approved by the Board of Directors before beginning of the calendar year, which includes a list of items under review and schedule of meetings.

Meetings of the Board of Directors and its Committees are held by means of in-person or absentee voting. The Board of Directors is recommended to reduce number of meetings with absentee voting.

91. Review and decision-making on strategic items is conducted only at meetings of the Board of Directors with in-person voting.

92. A combination of both forms of meeting of the Board of Directors and its Committees is possible if members of the Board of Directors (no more than 30% of total number of members of the Board of Directors) are unable to attend a meeting of the Board of Directors in person.

Absent member of the Board of Directors may participate in discussion of the items under review using technical means of communication and/or provide his/her opinion in writing.

93. Frequency of meetings of the Board of Directors is at least six meetings per year.

The items planned for review during the year are evenly distributed in order to ensure a thorough and full-fledged discussion and adoption of timely and high-quality decisions.

94. Materials on agenda items are submitted to members of the Board of Directors at least seven calendar days before the date of meeting, unless another period is determined by the Company's Charter.

95. List of important items includes, among others, the development plan, KPIs for the Chairman and members of the Management Board, annual report and participation in creation of other legal entities.

96. The meeting agenda of the Board of Directors does not include items on which materials are provided in violation of deadlines.

If items are included to the agenda in violation of deadlines, the Chairman of the Board of Directors is provided with a full rationale for its need. The circumstance related to inclusion of items to the agenda with violation of deadlines is taken into account when evaluating performance of the Corporate Secretary and/or Management Board of the Company.

97. The Board of Directors takes decisions based on complete, reliable and high-quality information. The following conditions have to be met in order for the Board of Directors to take effective and timely decisions:

1) High quality of materials, information, documents provided to the Board of Directors (including, if necessary, translation into other languages, depending on the language proficiency of members of the Board of Directors);

2) Obtaining opinion of experts (internal and external) if necessary. Involvement of experts does not relieve the Board of Directors of the decision-making responsibility;

3) Time devoted to discussions on the Board of Directors, especially for important and complex items;

4) Timely review of items;

5) Decisions provide for a plan of further actions, deadlines and responsible persons.

The following factors have a negative impact on quality of decisions of the Board of Directors:

1) Dominance of one or more directors at the meeting, which may limit full participation of other directors in discussions;

2) Formal attitude to risks;

3) Pursuit of personal interests and low ethical standards;

4) Formal decision-making at the meeting of the Board of Directors, without real and active discussions;

5) Uncompromising position (lack of flexibility) or lack of desire for development (contentment with the current situation);

6) Weak organizational culture;

7) Lack of information and/or analysis.

Members of the Board of Directors may request additional information on the agenda items necessary for taking a decision.

98. Each member of the Board of Directors participates in meetings of the Board of Directors and Committee of which he/she is a member. Deviation from this norm is allowed in exceptional cases stipulated in the regulations on the Board of Directors.

99. Quorum for meeting of the Board of Directors is determined by the Company's Charter, but not less than half of the number of members of the Board of Directors.

100. Decisions at a meeting of the Company Board of Directors are taken by majority vote of members of the Board of Directors participating in the meeting, unless otherwise provided by the laws of the Republic of Kazakhstan, Company's Charter or its internal regulations defining the procedure for convening and holding meetings of the Board of Directors.

101. Each member of the Company Board of Directors has one vote when resolving issues at a meeting of the Company Board of Directors. Transfer of voting rights by member of the Company Board of Directors to another person, including another member of the Company Board of Directors, is not allowed, except in cases provided for by the laws of the Republic of Kazakhstan or the Company's Charter.

102. When the Company Board of Directors takes decisions, the right of decisive vote belongs to the Chairman of the Company Board of Directors in case of equality of votes of members of the Board of Directors.

103. Member of the Board of Directors who has an interest in the item submitted for review by the Board of Directors does not participate in discussion and voting on this item, which is recorded in the minutes of meeting of the Board of Directors.

104. The Board of Directors may audit previously adopted decisions. Decision and process of its adoption are subject to analysis. Audit of previously adopted decisions is conducted when the Board of Directors evaluates its performance.

### **Paragraph 12. Assessment of the Board of Directors' performance**

105. The Board of Directors, Committees and members of the Board of Directors are evaluated on an annual basis. At least once every three years, assessment is conducted with involvement of an independent professional organization.

106. The assessment makes it possible to determine contribution of the Board of Directors and each of its members to growth of long-term value and sustainable development of the Company, as well as to identify areas and recommend measures for improvement. Assessment results are taken into account when re-electing or early terminating the powers of members of the Board of Directors.

107. Assessment is one of the main tools for improving competence of the Board of Directors and its individual members. Assessment is conducted both for independent directors and for representatives of the Sole Shareholder.

Assessment is also carried out according to principles of regularity, complexity, continuity, realism, confidentiality.

Process, terms and procedure for evaluating performance of the Board of Directors, its Committees and members of the Board of Directors are regulated by the Company's internal regulations.

108. Assessment includes, among other things, review of the following issues:

- 1) Optimal Board of Directors (balance of skills, experience, diversity among members, objectivity) in the context of the Company's tasks;
- 2) Clarity of vision, strategy, main tasks, problems and values of the Company;
- 3) Succession and development plans;
- 4) Functioning of the Board of Directors as a single body, role of the Board of Directors and Chairman of the Management Board in the Company's activities;
- 5) Efficiency of interaction of the Board of Directors with the Sole Shareholder, Management Board and officials of the Company;
- 6) Efficiency of each member of the Board of Directors;
- 7) Efficiency of activities of the Committees under the Board of Directors and their interaction with the Board of Directors, members of the Management Board;
- 8) Quality of information and documents provided to the Board of Directors;
- 9) Quality of discussions on the Board of Directors, in Committees;
- 10) The Corporate Secretary performance;
- 11) Clarity of processes and competencies;
- 12) Risk identification and assessment process;
- 13) Interaction with the Sole Shareholder and other interested parties.

109. Assessment is conducted by the Board of Directors on an annual basis, taking into account the corresponding assessment of HR and Remuneration Committee. Assessment methods are self-assessment or involvement of an independent consultant to improve the assessment quality. Independent external consultant is engaged at least once every three years.

110. Assessment results are basis for the Sole Shareholder to re-elect the entire Board of Directors or its certain member, review members of the Board of Directors and remuneration amount to members of the Board of Directors. If there are serious shortcomings in performance of certain members of the Board of Directors, the Chairman of the Board of Directors consults with the Sole Shareholder.

The Board of Directors reflects a method for assessment of the Board of Directors and the measures taken on its results in annual report.

111. The Sole Shareholder may conduct its own assessment of the Board of Directors independently or with involvement of an independent consultant. Assessment conducted by the Sole Shareholder takes into account the results of assessment made by the Board of Directors, results of the Company's performance, achievement of KPIs.

### **Paragraph 13. The Company Corporate Secretary**

112. The Board of Directors appoints a Corporate Secretary in order to organize effectively activities of the Board of Directors and interaction of the Management Board with the Sole Shareholder.

113. The Board of Directors decides on appointment of the Corporate Secretary, determines term of his/her powers, functions and procedure of activity, official salary amount and remuneration terms, decides on establishment of the Corporate Secretary's Service (secretariat) and determines budget of the said service. The Corporate Secretary is accountable to the Company Board of Directors and is independent from the Company Management Board.

114. Main responsibilities of the Corporate Secretary include:  
assistance in timely and high-quality corporate decision-making by the Board of Directors, Sole Shareholder;

acting as an adviser to the members of the Board of Directors on all items of their activities and the application of this Code, and monitoring the implementation of this Code and participating in corporate governance improvement in the Company.

Corporate Secretary also drafts a report on compliance with provisions of this Code, included in the Company's annual report. This report reflects a list of principles and provisions of the Code that are not observed, with appropriate explanations.

115. Main functions of the Corporate Secretary in supporting activities of the Board of Directors include, inter alia:

1) assisting the Chairman of the Board of Directors in drawing the work plan and meeting agendas;

2) arranging meetings of the Board of Directors and its Committees;

3) ensuring that members of the Board of Directors receive relevant and timely information sufficient for making decisions on agenda items and within the competence of the Board of Directors;

4) taking minutes of the Board of Directors and Committee meetings, ensuring keeping of minutes, transcripts, audio-video recordings, materials of the Board of Directors and Committee meetings;

5) advising members of the Board of Directors on the legislation of the Republic of Kazakhstan, the Company's Charter, this Code, internal documents, monitoring changes and informing members of the Board of Directors in a timely manner;

6) appointment of elected members of the Board of Directors;

7) organisation of trainings for the members of the Board of Directors and experts engaging;

8) organisation of interaction between the members of the Board of Directors and the Sole Shareholder, the Management Board.

In terms of ensuring interaction with the Sole Shareholder:

1) if necessary, timely sending of materials on issues submitted to the Sole Shareholder for consideration for making appropriate decisions;

3) ensuring keeping of copies of the Sole Shareholder's decisions;

4) if necessary, ensuring proper interaction of the Company with the Sole Shareholder, including control over the provision of information to the requests of the Sole Shareholder on a timely basis.

Regarding the implementation of good corporate governance practices:

1) monitoring the implementation and compliance with provisions of this Code;

2) preparation of a report on compliance with the provisions of this Code;

3) identification, within performance of its functions, violations of corporate governance standards stipulated by the legislation, the Charter and other documents of the Company;

4) advising the Sole Shareholder, officials, and employees of the Company on corporate governance;

5) monitoring international best practices in corporate governance and proposing improvements to the Company's corporate governance practices.

116. In the event of a conflict of interest, the Corporate Secretary brings this information to the Chairman of the Board of Directors.

117. To fulfil the duties, the Corporate Secretary shall possess knowledge, experience and qualifications, good business practice. Depending on the size of the Company and the scale of its activities, a Corporate Secretary Service may be established.

118. Corporate Secretary shall be a person with a higher legal or economic education, with at least five years of experience, and a practical knowledge of corporate governance and corporate law.

119. To improve the efficiency of meeting preparation and proceedings, the Board of Directors shall discuss on a periodic basis the completeness and usefulness of the material provided to the members of the Board of Directors. The results of these discussions lay as a basis for assessing the effectiveness of the Corporate Secretary and/or the Management Board of the Company.

120. The Company drafts an induction and succession planning programme for the Corporate Secretary. Appointment of the Corporate Secretary based on open and transparent procedures stipulated in the Company's internal documents.

121. Corporate Secretary performs activities on the basis of a regulation approved by the Board of Directors, specifies functions, rights and duties, procedure for interaction with the Company's authorities, qualification requirements and other information.

122. To perform their functions, the Corporate Secretary is vested with the following powers:

- 1) request and receive from the Company's officials and employees' materials sufficient for making decisions at meetings of the Board of Directors and Sole Shareholder's decisions;
- 2) take measures for organizing meetings of the Board of Directors;
- 3) directly interact with the Chairman and members of the Board of Directors, the Chairman and members of the Management Board, employees of the Company, the Sole Shareholder.

Management Board of the Company provides the Corporate Secretary with full assistance in the performance of powers.

#### **Paragraph 14. Company's Ombudsman**

123. Company appoints an Ombudsman to ensure compliance with the business ethics and optimal regulation for social and labour disputes arising in the Company.

124. Ombudsman is appointed the decision of the Company's Board of Directors and is re-elected every two years. Role of the Ombudsman is consulting employees, participants in labour disputes and conflicts addressed to him and assisting them in developing a mutually acceptable, constructive and feasible solution considering compliance with the legislation of the Republic of Kazakhstan (including confidentiality), assisting in solving problematic social and labour nature of both employees and the Company.

125. Ombudsman submits for consideration by the relevant authorities and officials of the Company the problematic items identified by the Ombudsman, having a systemic nature and requiring appropriate decisions (complex measures), and propose constructive proposals for the decision thereof.

126. At least once a year, the Ombudsman submits a report on the results of work to the Human Resources and Remuneration Committee and/or the Audit Committee of the Board of Directors of the Company, who assess the performance

127. Board of Directors of the Company assess activities of the Ombudsman and decides whether to extend or terminate the powers of the person holding the position of the Ombudsman.

### **Paragraph 15. Internal Audit Service under the Board of Directors of the Company**

128. Internal Audit Service is established in the Company for control over financial and economic activities of the Company, assesment of internal audit and control, risk management, compliance with the legislation of the Republic of Kazakhstan. Board of Directors of the Company defines the number of members of the Internal Audit Service, the term of office of its employees, appoints its head and early terminates powers, defines the procedure of its activities, the amounts and terms of remuneration and bonuses for the employees of the Internal Audit Service, and the budget of the Internal Audit Service.

129. Employees of the Internal Audit Service are not eligible for election to the Board of Directors and the Management Board of the Company.

130. Internal Audit Service reports directly to the Board of Directors of the Company and is independent from the Management Board of the Company. Tasks and functions of the Internal Audit Service, its rights and responsibilities are specified in the Regulations on the Internal Audit Service approved by the Board of Directors of the Company.

131. Key responsibilities of the Internal Audit Service include assesment the quality of the Company's internal control and risk management system and reporting to the Board of Directors on system adequacy and effectiveness. Main task of the Internal Audit Service is to contribute to the improvement of the Company's performance.

132. Regulations on the Internal Audit Service define and stipulate:

- 1) adherence to the principles and regulations adopted by the International Institute of Internal Auditors (The Institute of Internal Auditors);
- 2) status, goals and objectives of the Company's internal audit;
- 3) conditions for ensuring the independence, objectivity and professionalism of the Internal Audit Service for achieving the goals and objectives of internal audit and the effective performance by the Internal Audit Service of its functions and responsibilities;
- 4) qualification requirements for the head and employees of the Internal Audit Service;
- 5) scope and content of internal audit activities;
- 6) access to documents, employees and tangible assets in relevant assignments;
- 7) procedure for interaction of the Internal Audit Service with the Board of Directors and the Management Board of the Company and reporting to the Audit Committee and the Board of Directors of the Company.



133. Regulation on the Internal Audit Service also provides for the following tasks and functions:

- 1) assistance to the Management Board and employees of the Company in developing and monitoring the implementation of procedures and measures to improve the risk management and internal control system, corporate governance;
- 2) coordination with the Company's external auditor, and persons providing consulting services in risk management, internal control and corporate governance;
- 3) performing internal audits of subsidiaries within the established procedure;
- 4) drafting and submitting to the Board of Directors and the Audit Committee quarterly and annual reports on the results of the internal audit unit's activities and fulfilment of the annual audit plan (including information on material risks, deficiencies, results and effectiveness of measures to eliminate identified deficiencies, results of assessment of the actual state, reliability and effectiveness of the risk management, internal control and corporate governance system);
- 5) verification of compliance by members of the Company's Management Board and its employees with the legislation of the Republic of Kazakhstan and internal documents related to internal information and anti-corruption, compliance with ethical requirements;
- 6) monitoring the implementation of the external auditor's recommendations;
- 7) advising the Board of Directors, the Management Board, structural subdivisions and subsidiaries on the organisation and improvement of internal control, risk management, corporate governance and the internal audit organisation (including development of internal regulatory documents and projects within these matters), and on other matters within the competence of the Internal Audit Service.

134. Assessment of the performance efficiency of the Internal Audit Service, its Head and employees is performed by the Board of Directors on a regular basis by consideration the reports of the Internal Audit Service, compliance with the annual audit plan and reporting deadlines, assesment of reports' compliance with the requirements of the standards and internal regulatory documents of the Internal Audit Service.

### **Paragraph 16. Management Board**

135. Management of the Company's current activities is performed by the Management Board.

Chairman and members of the Management Board possess high professional and personality qualities, good business reputation, and adheres to ethical standards.

Chairman of the Management Board has organizational skills, also work in active interaction with the Sole Shareholder and build a dialogue with the Board of Directors, employees and other interested parties.

136. Management Board reports to the Board of Directors and manages daily activities of the Company, is responsible for the implementation of Development Plan and decisions adopted by the Board of Directors.

137. Board of Directors elects the Chairman and members of the Management Board, sets the terms of office, salary and terms of remuneration for them. Human Resources and Remuneration Committee of the Company's Board of Directors plays a key role in searching and selecting candidates for the Management Board and defining remuneration.

138. Proposals on candidates for election to the Management Board are submitted by the Chairman of the Management Board to the Human Resources and Remuneration Committee of the Board of Directors. In the event that the Board of Directors rejects a candidate proposed by the Chairman of the Management Board for the same vacant position on the Management Board for the second time, the right to propose a candidate for the vacant position shall be transferred to the Board of Directors.

139. Board of Directors may terminate the powers of the Chairman and members of the Management Board at any time.

140. Chairman and member of the Management Board of the Company shall be elected for up to three years. Terms of office of the Chairman and members of the Management Board match the term of office of the Management Board.

141. To enhance the transparency of the appointment and remuneration processes of the Chairman and members of the Management Board of the Company, the Board of Directors approves and stipulates rules for the appointment, remuneration, assesment and succession of the Chairman and members of the Management Board of the Company.

142. Management Board, under the Board of Directors, drafts the Company's development plan.

Management Board provides:

1) performing activities in accordance with the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Company, decisions of the Sole Shareholder and the Board of Directors;

2) appropriate risk management and internal controls;

3) resources allocation for implementation of decisions of the Sole Shareholder, the Board of Directors;

4) safety of the Company's employees;

5) creation of an atmosphere of interest and loyalty of the Company's employees, development of corporate culture.

143. Board of Directors controls the activities of the Management Board of the Company. Control may be performed by regular reporting by the Management Board to the Board of Directors and hearing the Management Board on the implementation of medium-term development plans and achieved results at least once a quarter.

144. Management Board conducts in-person meetings and discusses the implementation of the development plan, decisions of the Sole Shareholder, the Board of Directors and operational activities. Meetings of the Management Board are regularly held. Cases of in absentia meetings are limited and defined in the Charter and internal documents of the Company.

145. Board drafts a work plan for the coming year with a listing of items prior to the beginning of the calendar year. Members of the Management Board are provided with materials for consideration in advance and proper quality. When considering issues such as development plans, investment projects, and risk management, several meetings are allowed.

Considering each item, a separate discussion is devoted to the risks associated with making/not making the decision and impact on the Company's value and sustainable development.

All items initiated by the Management Board for consideration by the Board of Directors and the Sole Shareholder shall be preliminarily considered and approved by the Management Board.

146. Chairman and members of the Management Board shall not allow a conflict-of-interest situation to arise. In the event of arising a interest conflict, they shall notify the Board of Directors or the Chairman of the Management Board in advance, record it in writing and not participate in decision-making on the item.

147. Chairman and members of the Management Board may hold positions at other organisations only with the approval of the Board of Directors. The Head of the Management Board shall not hold the position of the Head of the Management Board of another legal entity.

148. Management Board ensures the creation of an optimal organisational structure of the Company.

Organizational structure is aimed at:

- 1) decision-making efficiency;
- 2) increasing the Company's productivity;
- 3) efficiency of decision-making;
- 4) organizational flexibility.

Candidates for vacant positions of the Company are selected on open and transparent competitive procedures. Career progression and financial incentives for the Company's employees are performed in accordance with the meritocracy principles, considering competences, work experience and achieving objectives. Company forms a pool of personnel reserve employees, from which appointments to middle and top management positions can be subsequently made. Employees are assessed on an annual basis.

Personnel selection procedures are implemented according to the following requirements: transparency and no restrictions for a wide range of persons to hold positions, ensuring the principle of equal opportunities, contributing to increased competitiveness and the selection of worthy applicants meeting requirements for professionalism and competence;

impartial selection of personnel and absence of protectionism, patronage system for admission (based on loyalty, ethnicity, family ties and friendship);

legal regulation, including in matters of fixing the principles and criteria for assessing candidates, excluding conditions for subjectivity in making a decision.

### **Paragraph 17. Assessment and remuneration of members of the Company's Management Board**

149. Chairman and members of the Management Board are assessed by the Board of Directors. Main assessment criteria is achievement of the set efficiencies.

KPIs of the Chairman and members of the Management Board are approved by the Board of Directors of the Company. Proposals regarding the KPIs of the Management Board members are submitted for consideration to the Board of Directors by the Chairman of the Management Board.

150. Assessment results influence remuneration, incentives, re-election (appointment) or early termination of powers.

151. Remuneration of the Chairman and members of the Management Board consists of a permanent and a variable part. Setting the official salary based on the complexity of the tasks performed, personal competences of the employee and his/her competitiveness in the market, contribution made by this person to the development of the Company, the level of official salaries in similar companies, and the economic situation in the Company.

152. In case of early termination of the labour contract, remuneration is paid in accordance with internal documents approved by the Board of Directors of the Company.

### **Paragraph 18. Principle of sustainable development**

153. Company acknowledges the importance of its impact on the economy, environment and society, striving for growth of long-term value, ensures its sustainable development in the long term by balancing the interests of interested parties. The approach of a responsible, thoughtful and rational interaction with interested parties will contribute to the Company's sustainable development.

154. Company strives for growth of long-term value, ensures sustainable development, and observes the balance of interests of interested parties. Sustainable development activities are in accordance with the best international standards.

In the course of its activities, the Company influences or is influenced by interested parties.

Interested parties may have both positive and negative impact on the Company's activities, namely on the Company's value growth, sustainable development, reputation and image, create or mitigate risks. Company pays importance to proper interested parties engagement.

155. Identifying and interacting with interested parties, the Company uses international standards for identifying and interacting with interested parties: Accountability Principles Standard 2008 AA 2011 Stakeholder Engagement Standard 2011, ISO 26000 Guidance on Social Responsibility, GRI (Global Reporting Initiative), specified in Annex 1 to this Code.

Company takes measures to establish dialogue and long-term cooperation with interested parties.

156. Company draws up an interested parties map, considering risks and ranking according to dependence (direct or indirect), commitments, situation (paying special attention to high-risk areas), influence, different (diverse) perspectives.

157. Methods of interested parties' engagement include the following forms: AA1000 "Stakeholder Engagement Standard" 2011 attached as Annex 2 to this Code.

158. Company ensures consistency of its economic, environmental and social objectives for sustainable development in a long-term period, including, inter alia, growth of long-term value for the Sole Shareholder and investors. Sustainable development in the Company consists of three components: economic, environmental and social.

159. Economic component directs the Company's activity to the growth of long-term value, ensuring the interests of the Sole Shareholder and investors, increasing the efficiency of processes, increasing investments in the creation and development of more advanced technologies, increasing labor productivity.

160. Environmental component ensures minimization of impact on biological and physical natural systems, optimal using limited resources, applying environmentally friendly, energy- and material-saving technologies, creating environmentally acceptable products, minimising, recycling and destroying waste.

161. Social component focuses on the principles of social responsibility, among others, including occupational safety and health of employees, fair remuneration and respect for employees' rights, individual development of personnel, implementation of social programmes for personnel, creation of new jobs, sponsorship and charity, environmental and educational activities.

162. Company analyses its activities and risks in three of these aspects, and strives to avoid or reduce the negative impact of the results of its activities on interested parties.

163. GRI 4 International Standards provide a classification of categories and aspects of sustainable development of the Companies, according to Annex 3 to this Code.

164. Company builds a sustainable development management system, including, inter alia, the following elements:

1) commitment to the principles of sustainable development at the level of the Board of Directors, Management Board and employees;

2) analyzing the internal and external situation according to three components (economy, ecology, social issues);

3) identification of sustainable development risks in the social, economic and environmental spheres;

4) interested parties mapping;

5) defining sustainable development objectives and KPIs, developing an action plan and identifying responsible persons;

6) integrating sustainability into key processes, including risk management, planning, human resource management, investment, reporting, operations and others, and decision-making processes;

7) professional development of officials and employees in sustainable development;

8) regular monitoring and evaluation of sustainable development activities, assessing the achievement of goals and KPIs, adopting corrective measures, and implementing a culture of continuous improvement.

165. Board of Directors and Management Board of the Company shall ensure formation of an appropriate system in sustainable development and its implementation.

All employees and officials at all levels contribute to sustainable development.

166. It is recommended that the Company performs sustainable development activities by:

1) analysing the current situation in three main areas: economic, environmental and social. Reliability, timeliness and quality of information are important in this analysis;

2) identifying sustainable development risks. Risks are allocated according to the three sustainability pillars, may also affect related pillars and capture other risks. To define risks, both internal and external factors affecting the Company are analyzed;

3) identifying interested parties and their influence on activities;

4) defining objectives and if possible, targets, measures to improve and enhance the organisation's performance across the three pillars, responsible persons, resources and deadlines;

5) regular monitoring and assessment of the implementation of the objectives, measures for achieving the target indicators;

6) systematized and constructive interaction with interested parties and obtaining feedback;

7) plan implementation;

8) ongoing monitoring and regular reporting;

9) analyzing and assessing performance of the plan, summarising results and corrective and improving actions.

Sustainable development is integrated into:

1) management system;

2) key processes, including risk management, planning (medium-term (five-year development plan) and short-term (annual budget) periods), reporting, risk management, human resources management, investments, operational activities and others, as well as in decision-making processes at all levels, starting from the authorities (Sole Shareholder, Board of Directors, Management Board) and ending with ordinary employees.

167. Sustainable development management system defines and establishes the roles, competences, responsibilities of each authority and all employees for the implementation of principles, standards and relevant policies and plans in the field of sustainable development.

168. Company's Board of Directors provides strategic direction and control over the implementation of sustainable development. Management Board ensures implementation of sustainable development in the Company and submits a report on sustainable development (or as part of the annual report as required by this Code) to the Board of Directors.

In order to prepare sustainable development issues, a Committee shall be established or these functions shall be delegated to one of the existing Committees under the Board of Directors of the Company of sustainable development items.

Company implements special training and professional development programmes on sustainable development items. Training is a permanent element in sustainable development implementation. Company officials promote employee engagement in sustainable development based on understanding and commitment to the principles of sustainable development and changing culture, behaviour in performing activities and duties.

169. Benefits of implementing the principles of sustainable development include:

1) engaging investment - in global practice, investors consider sustainability performance in defining investment attractiveness;

2) Improving management efficiency and minimizing risks - integrating environmental and social aspects into the management decision-making process allows to expand planning horizons and consider a more diverse range of risks and opportunities, creating prerequisites for sustainable business development;

3) Improving efficiency - introduction of modern technologies allows the Company creating innovative products and services, while increasing its competitiveness and efficiency;

4) reputation enhancement - improvement of the corporate image is a direct result of sustainable development activities, increasing brand value and building credibility, as well as having a positive impact on the quality of interaction with business partners;

5) increasing loyalty from internal and external interested parties - creating engaging working conditions, opportunities for professional and career growth attracts and retains perspective qualified specialists; effective dialogue with interested parties contributes to the formation of a positive environment around the Company's activities, which helps to increase business efficiency through understanding and support from customers, shareholders, investors, government agencies, local authorities, and local authorities.

170. Company discusses inclusion and compliance with the principles and standards of sustainable development in relevant contracts (agreements) with partners.

In the event that the Company identifies a risk associated with the partners' negative impact on the economy, environment and society, the Company shall take measures aimed at halting or preventing such impact.

In the event of non-adoption or improper fulfilment of sustainability principles and standards by a partner, consideration is given to the importance of this partner for the Company and whether there are measures to influence it and possibility of its replacement.

### **Paragraph 19. Risk management**

171. Company establishes an effectively functioning risk management and internal control system aimed at ensuring achievement by the Company of its strategic and operational objectives and representing a set of organisational policies, procedures, standards of conducted behaviour and actions, management methods and mechanisms established by the Board of Directors and the Management Board of the Company to ensure:

- 1) optimal balance between the growth of the Company's value, profitability and the risks accompanying them;
- 2) efficiency of financial and economic activities and achievement of financial stability of the Company;
- 3) preservation of assets and efficient utilisation of the Company's resources;
- 4) completeness, reliability and accuracy of financial and management reporting;
- 5) compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents of the Company;
- 6) appropriate internal controls to prevent fraud and ensure effective support for the operation of key and supporting business processes and performance analyses.

172. Board of Directors of the Company approves internal documents defining principles and approaches to the organisation of the risk management and internal control system based on the objectives of this system.

Organization of an effective risk management and internal control system in the Company aims at building a management system capable ensuring that employees, management, and authorities of the Company are aware of the reasonableness and acceptability of the risk level when making decisions, responding quickly to risks, exercising control over core and auxiliary business processes and daily operations, and immediately informing the appropriate level of management of any material weaknesses.

173. Principles and approaches to the organisation of an effective risk management and internal control system include:

- 1) defining the goals and objectives of the risk management and internal control system;

2) organizational structure of the risk management and internal control system, covering all levels of decision-making and considering the appropriate level's role in the design, approval, application and assessment of the risk management and internal control system;

3) requirements to the risk management process organisation (approaches to risk definition, risk identification and assessment procedure, defining of response methods, monitoring);

4) requirements to the organization of the internal control system and control procedures (description of key areas and main components of the internal control system, procedure for assessment the effectiveness and reporting of internal control).

174. Internal documents of the Company stipulate the responsibility of the Board of Directors and the Management Board of the Company to organise and ensure effective functioning of the risk management and internal control system on a consolidated basis.

175. Each person in the Company shall ensure that risks are properly considered in decision making.

Management Board of the Company ensures implementation of risk management procedures by employees with relevant qualifications and experience.

176. Management Board of the Company:

1) ensures development and implementation of internal documents in risk management and internal control approved by the Board of Directors;

2) ensures the establishment and effective functioning of the risk management and internal control system through practical implementation and continuous implementation of the risk management and internal control principles and procedures assigned to it;

3) responsible for the implementation of decisions of the Board of Directors and recommendations of the Audit Committee in organising the risk management and internal control system;

4) monitors the risk management and internal control system in accordance with the requirements of internal documents;

5) ensures improvement of risk management and internal control processes and procedures considering changes in the external and internal business environment.

177. To implement principles of internal control and ensure efficiency of the risk management and internal control system, Management Board of the Company distributes powers, duties and responsibility for specific risk management and internal control procedures among managers of the following level and/or heads of structural subdivisions.

178. Heads of structural divisions in accordance with their functional duties are responsible for the design, documentation, implementation, monitoring and development of the risk management and internal control system in the functional areas of the Company's activities entrusted to them.

179. Organisational structure of the risk management and internal control system in the Company (depending on the scale and specifics of its activities) provides for a structural unit responsible for risk management and internal control items (or these functions may be assigned to the internal audit service), its tasks include:



- 1) overall coordination of risk management and internal control processes;
- 2) developing methodological documents in risk management and internal control area and providing methodological support to business process owners and employees in identifying, documenting risks, implementing, monitoring and improving control procedures, forming action plans to respond to risks and action plans to improve the risk management and internal control system, and reports on execution thereof;
- 3) organizing training of employees in risk management and internal control;
- 4) analyzing risk portfolio and proposing a response strategy and reallocation of resources in management of relevant risks;
- 5) formation of consolidated risk reporting;
- 6) exercising operational control over the risk management process by structural subdivisions;
- 7) preparing and informing the Company's Board of Directors and/or Management Board about the status of the risk management system, threats and proposals for prevention/mitigation.

Manager supervising the risk management and internal control function and is not the owner of the risk, ensuring its independence and objectivity. It is impossible for risk management and internal control functions combined with functions related to economic planning, corporate finance, treasury, and investment decision-making. Combination with other functions is permitted unless there is a significant conflict of interest.

180. Risk management and internal control system provides for the procedure of identification, assessment and monitoring of all significant risks, and timely and adequate risk mitigation measures.

Risk management procedures ensure rapid response to new risks, identification of risks and risk owners. In the event of any unforeseen changes in the Company's competitive or economic environment, a reassessment of the risk map and its alignment with the risk appetite is performed.

181. Board of Directors approves the overall level of risk appetite and tolerance levels for key risks, stipulated in the Company's internal documents.

182. Tolerance levels for key risks are re-assessment in case of significant events. Limits are set to restrict the risks in daily operations.

183. For a comprehensive and clear understanding of inherent risks in the Company, risks are annually analysed and assessment, reflected in the risk register, risk map, risk response action plan (process improvement, minimisation strategies) approved by the Board of Directors.

184. Board of Directors, in considering the list of risks, ensures inclusion of risks that may actually affect the realisation of strategic objectives, and in considering plan measures on response to risks make sure that the measures are useful. Company's Board of Directors and Management Board regularly receive information on key risks and their analysis regarding their impact on the Company's strategy and business plans.

Risk reports are submitted to the Board of Directors' meetings at least quarterly and discussed properly in full.

185. Company implements transparent principles and approaches to risk management and internal control, practice of training employees and officials about risk management system, and process of documentation and timely communication information to officials.

186. Company employees are trained annually, and upon employment, for familiarisation with the adopted risk management and internal control system.

Based on the results of such training, knowledge testing is performed.

187. Under Risk Management and Internal Control System, a safe, transparent, confidential and easy informing method for the Board of Directors, the Audit Committee and the Internal Audit Unit about the violations of the legislation of the Republic of Kazakhstan, internal procedures, and the Code of Business Ethics by any employee and officer of the Company is provided.

### **Paragraph 20. Internal control and audit**

188. Company creates an internal audit service for systematic independent assessment of reliability and efficiency of the risk management and internal control system and corporate governance practices.

189. Internal Audit Service performs its activities on the basis of a risk-oriented annual audit plan approved by the Board of Directors of the Company.

190. Audit report results, key findings and related recommendations are presented to the Board of Directors on a quarterly basis.

191. In performing the activities, the Internal Audit Service assesses the efficiency of the internal control system and risk management system, assesses corporate governance using generally accepted standards of internal audit activities and corporate standards.

This internal control system effectiveness assessment includes:

1) analyzing consistency of the objectives of business processes, projects and structural units with the Company's objectives, checking the reliability and integrity of business processes (activities) and information systems, including the reliability of procedures for countering illegal actions, violations and corruption;

2) checking the reliability of accounting (financial), statistical, management and other reporting, identification of business processes and structural subdivisions performance results for compliance with set objectives;

3) defining appropriateness of the above criteria set by the Company's Management Board for analysing the degree of fulfilment (achievement) of the set objectives;

4) identifying deficiencies in the internal control system that prevented the achievement of the set objectives;

5) assessment of the implementation of measures for eliminating violations, deficiencies and improving the internal control system implemented at all management levels;

6) checking the efficiency and appropriateness of resource usage;

7) checking safety of the Company's assets;

8) checking compliance with the requirements of the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Company.

Assessment of the effectiveness of the risk management system includes:

- 1) checking the completeness and maturity of the elements of the risk management system for effective risk management (goals and objectives, infrastructure, organisation of processes, regulatory and methodological support, interaction of structural units within the risk management system, reporting);
- 2) checking completeness of identification and correctness of risk assessment by the Management Board at all levels of its management;
- 3) checking the effectiveness of control procedures and other risk management measures, including the efficient use of resources allocated for these purposes;
- 4) analysing information on realised risks (violations revealed as a result of internal audits, failures to achieve objectives, litigation).

Corporate governance assessment includes verification:

- 1) compliance with ethical principles and corporate values of the Company;
- 2) procedures for setting, monitoring and controlling the objectives achievement;
- 3) level of regulatory support and procedures for information interaction (including internal control and risk management) at all management levels, including interaction with interested parties;
- 4) ensuring the rights of the Sole Shareholder, including those of controlled organisations, and the effectiveness of relationships with interested parties;
- 5) procedures for disclosure of information on the activities of the Company and its controlled organizations.

192. Company performs an annual audit of financial statements by engaging an independent auditor who provides an objective opinion to interested parties on the reliability of the financial statements and compliance thereof with the requirements of the International Financial Reporting Standard.

193. External auditors are selected through a competitive bidding process. During the selection process, the opinion of the Audit Committee of the Company's Board of Directors, whose members include members of the tender commission, shall be considered.

During defining of the members' independence of the external auditor selection committee, the following main parameters shall be considered:

- nature of each member's financial or business relationship with the external auditor;
- family ties of each member of the commission with representatives of the external auditor.

194. Involved external auditor does not provide the Company with consulting and advisory services that may threaten the independence of the external auditor, and does not hire former members of the auditing team to executive positions earlier than two years after their termination from the auditing organization.

Company ensures disclosure of detailed information on the external auditor involved.

Company regulates on selection and co-operation with the external auditor.

195. Interested parties are assured of the reliability of the Company's financial statements by engaging an external auditor that corresponds to the following criteria:

high qualification level of specialists of the audit organisation; significant work experience and positive recommendation (in Kazakhstan and international market (if necessary);

Industry experience;

compliance by the auditing organization with international auditing standards, the legislation of the Republic of Kazakhstan in the field of auditing, the Code of Ethics for professional accountants under International Federation of Accountants;

effectiveness in identifying deficiencies and recommending improvements of internal controls over the financial reporting process.

196. Company approves documents regulating audit procedures and relations with the external auditor, including the external auditor selection process, powers and functions of the tender commission, auditors' advisory services not related to the audit of financial statements and other information, audit organisation rotation and senior personnel of the audit organisation, hiring of former employees of the audit organization.

197. Partners and senior personnel responsible for the audit of financial statements shall be rotated at least once every five years, if the audit organisation provides audit services to the Company for more than 5 consecutive years.

### **Paragraph 21. Corporate conflict resolution**

198. Members of the Board of Directors and the Management Board of the Company, employees of the Company, perform professional functions in good faith and reasonably in the interests of the Sole Shareholder and the Company and avoid conflicts.

In the event of existence (occurrence) of corporate conflicts, the participants shall find ways to resolve them through negotiations in order to ensure effective protection of the interests of the Company and interested parties.

Company officials shall promptly notify the Corporate Secretary and/or the Ombudsman of the conflict arising.

Effective work on prevention and decision of corporate conflicts implies full and prompt identification of such conflicts and coordination of actions of all authorities of the Company.

199. Corporate conflicts are considered by the Chairman of the Board of Directors of the Company with the cooperation of the Corporate Secretary and/or the Ombudsman. In case of involvement of the Chairman of the Board of Directors in corporate conflict, such cases are considered by the Human Resources and Remuneration Committee.

200. Sole shareholder to prevent interference of state authorities in the Company's operational activities, and increase the responsibility of the Board of Directors for the decisions made, should avoid electing members of the Board of Directors who are representatives of state authorities.

201. To ensure an objective assessment of the corporate conflict and to create conditions for its effective decision, persons whose interests are or may be affected by the conflict shall not participate in its resolution.

In the event that corporate conflicts cannot be resolved through negotiations, they shall be resolved strictly in accordance with the legislation of the Republic of Kazakhstan.

202. Board of Directors develops and periodically reviews the policy and rules of corporate conflicts resolution or provides requirements in the Code of Business Ethics of the Company, under which decision of these conflicts shall comply with interests of the Company and the Sole Shareholder.

203. Board of Directors performs settlement of corporate conflicts on items within its competence. In this case, Corporate Secretary and/or the Ombudsman are charged to inform the Board of Directors about the essence of the corporate conflict insofar as possible and to play the role of a mediator in resolving the corporate conflict.

204. Chairman of the Management Board on behalf of the Company settles corporate conflicts on all aspects, decision-making on which is not attributed to the competence of the Board of Directors of the Company, and independently defines the procedure for corporate conflict settlement.

205. Board of Directors considers individual corporate conflicts within the competence of the Management Board.

### **Paragraph 22. Conflict of interest regulation**

206. Conflict of interest defined as a situation whereby personal interest of an employee of the Company affects or may affect the impartial performance of official duties.

207. Company employees prevent a situation where a conflict may arise, neither towards themselves (or persons related to themselves) nor towards others.

Company to avoid conflicts of interest preventing the Board of Directors from objectively fulfilling its duties, and restrictions on political interference in the Company's Board of Directors' processes, mechanisms are introduced to prevent and regulate such interference.

208. Basic principles of preventing conflicts of interest, their identification, assessment and resolving methods are stipulated in the Company's Code of Business Ethics approved by the Board of Directors.

### **Paragraph 23. Principles of transparency and objective disclosure of information on the Company's activities**

209. To comply with the interests of the stakeholders, the Company shall timely and reliably disclose the information stipulated by the legislation of the Republic of Kazakhstan and internal documents of the Company, and information on its operations, including financial condition, performance results, ownership and management structure.

210. Company approves internal documents defining the principles and approaches to information disclosure and protection, list of information disclosed to interested parties, timeframe, procedure, method, information disclosure form, responsible officials and employees with indication of their functions and duties, and other provisions regulating information disclosure processes.

In accordance with the legislation of the Republic of Kazakhstan and the Charter of the Company, the Company defines the procedure of information categorisation of access, conditions of storage and information usage.

Company defines the circle of entities entitled to have free access to information constituting commercial and official secrets and takes measures to protect its confidentiality.

211. Company's Internet resource is structured, user-friendly to navigate and contains information sufficient for interested parties to understand the Company's activities. Information published in separate thematic sections in the Internet resource.

212. Online resource updating is at least once a week. Company regularly monitors the completeness and relevance of information posted on the Internet resource, and also defines the compliance of this information posted on the Kazakh, Russian, English versions of the Internet resource. For this purpose, responsible persons (structural subdivision) responsible for the completeness and relevance of information on the Internet resource are assigned.

213. The Internet resource of the Companies contains the following information:

1) general information about the Company, including information on the mission, main objectives, goals and types of activities, amount of equity capital, amount of assets, net income and personnel;

2) on the development plan (strategic objectives); priority activities;

3) Charter and internal documents of the Company regulating the activities of authorities, Committees, Corporate Secretary;

4) on ethical principles;

5) on risk management;

6) on dividend policy;

7) on members of the Board of Directors, including the following information: photograph (upon agreement with a member of the Board of Directors), last name, first name, patronymic, date of birth, citizenship, status of a member of the Board of Directors (independent director, representative of the Sole Shareholder), indication of functions of a member of the Board of Directors, including membership in Committees of the Board of Directors or fulfilment of functions of the Chairman of the Board of Directors, education, including basic and additional education (name of educational institution, graduation year, qualification, degree obtained), experience over the last five years, main place of work and other positions currently held, professional qualification, date of first election to the Board of Directors and date of election to the current Board of Directors, number and share of shares owned by affiliated organisations, criteria of independent directors;

8) on members of the Management Board, including the following information: photograph, last name, first name, patronymic, date of birth, citizenship, position and functions performed, education, including basic and additional education (name of educational institution, year of graduation, qualification, degree obtained), work experience for the last five years, professional qualification, positions held on a part-time basis, number and share of shares held in affiliated organizations;

9) on financial reporting;

10) on the annual reports;

11) on the external auditor;

12) on procurement activities, including procurement rules, announcements and results;

13) on the structure of the authorized capital, including the following information: number and nominal value of issued shares (participatory interests), description of rights granted by shares, number and nominal value of shares authorised but not placed, structure of shareholders (participants), number and proportion of common shares (participation interests) owned by them, procedure for disposal of ownership rights;

14) structure of assets, including information on affiliated organisations of all levels with a brief indication of their activities;

15) on the annual calendar of corporate events;

16) on interested-party transactions, including information on the parties to the transaction, material terms of the transaction (subject of the transaction, transaction price), the authority that adopted the decision on transaction approval;

17) on major transactions, including information on the parties to the transaction, material terms of the transaction (subject of the transaction, transaction price), and the authority that adopted the decision on transaction approval;

18) on sustainable development activities;

19) on the amount of approved dividends;

20) on news and press releases.

214. Company prepares an annual report in accordance with the provisions of this Code and information disclosure practices.

Annual report is approved by the Board of Directors.

215. Annual Report is a structured document and is published in Kazakh, Russian and English languages (if necessary).

Annual report is prepared and published on the Internet resource after the approval of the annual financial statements.

216. Following information is required for the annual report content:

1) address of the Chairman of the Board of Directors of the Company;

2) address of the Chairman of the Management Board;

3) on the Company: general information; on the structure of the authorised capital, including the following information: number and nominal value of issued shares (participation interests), description of rights granted by shares, number and nominal value of authorised but unplaced shares, membership of shareholders (participants) and number and proportion of ordinary shares (participation interests) owned by them, procedure for disposal of ownership rights; mission; development strategy, results of its implementation; market overview and market position;

4) financial and operational performance results for the reporting year: review and analysis of activities concerning objectives defined; operational and financial performance indicators; main significant events and achievements; information on significant transactions; any financial support, including guarantees received/received from the state and any duties to the state and society assumed by the Company (unless otherwise disclosed in accordance with IFRS);

5) asset structure, including subsidiary/affiliated organizations at all levels, overview, main results of their financial and operational activities;

6) objectives and plans for future periods;

7) main risk factors and risk management system;

8) corporate governance: corporate governance structure; composition of shareholders and ownership structure; composition of the Board of Directors, including qualifications, selection process, including independent directors with criteria for defining their independence; report on the activities of the Board of Directors and its committees; information on the compliance of corporate governance practices with the principles of this Code, and when explanations of the reasons for non-compliance with each of the principles; members of the Company's Management Board; a report on the Management Board's activities; and officials remuneration policy;

9) sustainable development (in case of preparing a separate report in sustainable development, it is possible to refer to this report);

10) auditor's report and financial statements with notes;

11) analytical indicators and data included in the annual report reflect comparative analysis and progress (regress) achieved against the previous period (comparison with the values of similar indicators specified in the previous annual report). To compare performance with international companies operating in a similar industry, performance indicators are published to enable industry benchmarking analysis.



**International standards for identifying and engagement with interested parties**

<b>Interested parties</b>	<b>Contribution, influence</b>	<b>Expectations, interest</b>
Investors, including shareholders, second-tier banks	Financial resources (equity, borrowed funds)	Return on investment, timely dividend, principal and interest payments
Employees, officials	Human resources, loyalty	High wages, good working conditions, professional development
Trade unions	Promoting social stability, labour regulation and conflict resolution	Respect for workers' rights, good working conditions
Customers	Financial resources through the purchase of the organisation's products (products and services)	Getting high quality, safe products and services at an affordable price
Suppliers	Supply of resources (products, works and services) for value creation	Reliable sales market, constant solvent purchaser
Local communities, people in places of activity, public organizations	Support in places of activity; loyalty and support of local authorities; favorable treatment; cooperation	Creation of additional jobs, development of the region
Government, public authorities, Parliament	State regulation	Taxes, social problem-solving

**Methods of interaction with interested parties**

<b>Interaction level</b>	<b>Interaction methods</b>
Consultations: two-way interaction; interested parties answer questions from the Company and organizations	Questionnaires; focus groups; meetings with interested parties; public meetings; workshops; feedback through communication media; advisory boards
Negotiations	Collective negotiations based on the social partnership principles
Engagement: Bilateral or multi-lateral engagement; building expertise and knowledge among all parties, with interested parties and organizations independently acting.	Multilateral forum; consulting panels; consensus building process; participatory decision-making process; focus groups; feedback schemes
Co-operation: Bilateral or multilateral interaction; joint building of expertise, decision-making and action	Joint projects; joint ventures; partnerships; joint interested parties initiatives
Authorization Stakeholders (if applicable) participate in management	Integrating engagement with interested parties into management, strategy and operations

### Categories and dimensions of sustainable development

Category	Aspects
<b>Economic</b>	Economic performance; market presence; indirect economic impacts; procurement practices
<b>Environmental</b>	Materials; energy; water; biodiversity; emissions; discharges and waste; products and services; compliance; transport; general information; environmental assessment of suppliers; environmental complaint mechanisms
<b>Social</b>	<p>Labour practices and decent work, including, inter alia, suppliers, grievance mechanisms for labor practices</p> <p>Human rights, includes, inter alia, investment, non-discrimination, freedom of association and collective bargaining, child labour, forced or compulsory labour, security practices, rights of indigenous and minority peoples, supplier human rights assessments, human rights grievance mechanisms Company, includes, inter alia, local communities, anti-corruption, public policy, non-discrimination, compliance, supplier impact assessments</p> <p>Product liability includes, but is not limited to, consumer health and safety, product and service labelling, marketing communications, consumer privacy, compliance</p>