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# 681

**Corporate Governance Code  
of Baiterek National  
Managing Holding Joint-Stock Company**

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## Chapter 1. General provisions

1. The Corporate Governance Code (hereinafter - the Code) of Baiterek National Managing Holding Joint-Stock Company (hereinafter –the Holding) is a set of rules and recommendations that the Holding follows in the course of its activities to ensure efficiency, transparency, accountability, a high level of business relations conduct within the Holding and with other related parties.

The Code is designed to ensure that the corporate governance of the Holding complies with the relevant standards of the Organization for Economic Cooperation and Development.

The Holding will ensure the implementation of this Code in organizations in which the Holding owns directly or indirectly more than fifty percent of voting shares or ownership interests (subsidiaries).

A subsidiary of the Holding in the limited liability partnership form of business is recommended to follow the provisions of this Code in the part that does not contradict the Law of the Republic of Kazakhstan “On Limited and Additional Liability Partnerships”.

2. The objectives of this Code are to improve corporate governance of the Holding and its subsidiaries, to ensure transparency and efficiency of the governance, to confirm the commitment of the Holding and its subsidiaries to follow the standards of proper corporate governance.

In particular:

1) the governance of the Holding and subsidiaries is carried out in compliance with the principle of legality and the appropriate level of responsibility, clear separation of powers, accountability and efficiency to maximize the value of the Holding and other benefits for the Sole Shareholder;

2) disclosure of information, transparency, including thorough assessment, disclosure and periodic review of objectives that justify state participation in the Holding is ensured;

3) risk management and internal control systems are functioning properly;

4) minimization of the risk of conflict of interest, which may lead to resolutions other than those based on the highest interests of the Holding and the general public.

3. This Code is developed in accordance with the provisions of the legislation, taking into account the evolving practice of corporate governance in the Republic of Kazakhstan and the world<sup>1</sup>.

4. Holding and subsidiaries are obliged to strictly comply with the provisions of the Code in their activities. In case of non-compliance, explanations for non-compliance with each of the provisions should be provided in the annual report, periodic (at least once every two years) assessment (if necessary, an independent assessment) of corporate governance should be carried out and the corresponding results should be posted on the Internet resource of the Holding and subsidiary.

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<sup>1</sup> OECD guidelines on corporate governance of state-owned enterprises dated July 8, 2015. G20/OECD corporate governance principles.

This clause does not apply to publicly owned non-commercial joint-stock companies established in accordance with the Law of the Republic of Kazakhstan “On non-commercial organizations”.

5. The officials and employees of the Holding assume the liabilities provided for by this Code, including on the basis of relevant agreements with the Holding, and undertake to comply with its provisions in the Holding and in relations with its subsidiaries.

6. Control over the execution of this Code by the Holding rests with the Board of Directors of the Holding. The Corporate Secretary monitors and advises the Board of Directors and the executive body of the Holding on the proper compliance with this Code, as well as prepare an annual report on compliance/non-compliance with its principles and provisions. Subsequently, this report is submitted to the relevant Committee under the Board of Directors for consideration, approved by the Board of Directors and included in the annual report of the Holding.

7. Cases of non-compliance with the provisions of this Code are considered at the meetings of the relevant Committee under the Board of Directors and the Board of Directors with the passing of appropriate resolutions aimed at further improvement of corporate governance of the Holding and its subsidiaries.

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

1) the Sole shareholder – the Government of the Republic of Kazakhstan or the authorized body of the corresponding industry determined by it, exercising the rights of ownership and state-owned stake of the Holding;

2) official – a member of the Board of Directors (Supervisory Board), the executive body or a person solely performing the functions of the executive body;

3) subsidiary – a legal entity whose decisions may be determined by the Holding on the basis of the predominant ownership interest in the authorized capital or an agreement concluded between them, or otherwise;

4) related parties – individuals, legal entities, groups of individuals or legal entities that influence or may be influenced by the activities of the Holding and/ or its subsidiary, their products or services and related actions by virtue of legislation, concluded agreements (contracts) or indirectly (remotely); the main representatives of related parties are shareholders, employees, clients, suppliers, government agencies, subsidiaries, bondholders, creditors, investors, public organizations, the population of the regions in which the activities of the Holding and/or its subsidiary are carried out;

5) institutional investor – a legal entity investing the money raised by it in securities and other financial instruments in accordance with the legislation of the Republic of Kazakhstan;

6) corporate events – events which have a significant effect on the Holding's operations affecting the interests of the Sole Shareholder and investors of the Holding defined by the laws of the Republic of Kazakhstan “On Joint-Stock Companies”, “On accounting and financial reporting” and “On securities market”, as well as the Charter of the Holding;

7) corporate conflict – disagreement or dispute between: Sole shareholder and bodies of the Holding or its subsidiary; bodies of the Holding or its subsidiary;

members of the Board of Directors and executive body, Head of the Internal Audit Service, Corporate Secretary;

8) key performance indicators (hereinafter - KPIs) – indicators characterizing the efficiency of the performance level of the Holding or its subsidiary, officials of the Holding or its subsidiary, employees of the Holding or its subsidiary, which allow assessing the efficiency of their activities. KPIs have a quantitative value approved for the Holding or its subsidiary in the development strategy and/ or development plan of the Holding or its subsidiary, or approved differentially for each employee of the Holding or its subsidiary and corresponding to the results of their activities for the planned and reporting periods;

9) Independent Director – a member of the board of directors who is not an affiliate of the Holding and was not such for three years prior to his election to the board of directors (except for the case of his tenure as an independent director of the Holding); is not affiliated with the person's affiliated persons of the Holding; is not connected by subordination with officials of this Holding or its subsidiaries (affiliated persons of the Holding) and was not bound by subordination with these persons within three years preceding his election to the Board of Directors; is not a state worker; is not a representative of a shareholder at meetings of bodies of the Holding and was not during three years preceding his election to the Board of Directors; is not involved in the audit of the Holding company as a auditor working in the audit team and had not participated in such audit during three years preceding his election to the Board of Directors;

10) Ombudsman – a person appointed by the Board of Directors of the Holding or its subsidiary, whose role is to advise the employees of the Holding or its subsidiary, and to assist in the resolution of labor disputes, conflicts, problematic issues of social and labor nature and compliance with the principles of business ethics by employees of the Holding or its subsidiary;

11) partners – suppliers and contractors, partners in joint projects;

12) development plan – a document defining the main activities, financial and economic performance indicators and key performance indicators of the Holding or its subsidiary for a five-year period, approved by the Board of Directors;

13) Management Board – the executive body of the Holding and/ or subsidiary acting collectively or a person solely performing the functions of the executive body;

14) the Board of Directors – the management body in the Holding, carrying out general management of its activities, except for the resolution of items related to the Law of the Republic of Kazakhstan “On Joint-Stock Companies“ and/ or the Charter of the Holding to the exclusive competence of the Sole Shareholder;

15) development strategy – a document defining and justifying the mission, vision, strategic objectives, goals and key performance indicators of the Holding for a ten-year period, approved by the decree of the government of the Republic of Kazakhstan;

16) sustainable development – the development in which the Holding and its subsidiaries manage the impact of their activities on the environment, economy, society and make decisions taking into account the interests of related parties.

Sustainable development must meet the needs of the current generation without depriving future generations of the opportunity to meet their needs;

17) fiduciary liabilities – liabilities assumed by any person who carries out his professional activity for the benefit of another person. There are two main fiduciary responsibilities: due diligence and rationality. Due diligence commitment is expressed in the fact that in the event of a conflict of interest the subject of such commitment must act solely in the interests of the Holding. As for the rationality commitment, it is expressed in the adaptation of skills, knowledge, and abilities that are usually required in such a situation.

Subjects bound by fiduciary liabilities to the Holding include members of the Holding's management bodies, its employees, the Sole Shareholder, and other related parties. For example, members of the Holding's management bodies, its employees, and the Sole Shareholder do not have the right to use business opportunities of the Holding solely for their own interests. The opposite would mean a breach of the due diligence commitment in relation to the Holding;

18) Holding – a legal entity carrying out its activities in accordance with the Constitution of the Republic of Kazakhstan, the Civil Code of the Republic of Kazakhstan, the Laws of the Republic of Kazakhstan “On state property”, “On Joint-Stock Companies“ (hereinafter – the Law) and other regulatory legal acts of the Republic of Kazakhstan, and the Charter, and has the status of a national managing Holding.

19) the authorized body for the management of the relevant industry (sphere) of public administration (hereinafter – the authorized body of the relevant industry) – central executive bodies, local executive bodies or their departments, which transferred the rights of ownership and use of the state stake of the Company, as well as the State Property and Privatization Committee or its territorial divisions, performing the functions of a shareholder in relation to it in accordance with the Law on state property;

9. Terms used, but not defined in this Code, are used in the sense in which they are used in the legislation of the Republic of Kazakhstan, the Charter of the Holding.

9-1. The Holding conducts an independent assessment of corporate governance at least once every three years, the results of which are posted on the internet resource of the Holding.

## **Chapter 2. Information about the Holding**

10. The Holding was founded in accordance with Decree of the President of the Republic of Kazakhstan dated May 22, 2013, # 571 “On some measures to optimize the management system of development institutions, financial organizations and to develop National economy” and in accordance with the decree of the Government of the Republic of Kazakhstan dated May 25, 2013, # 516 “On measures for implementation of the Decree of the President of the Republic of Kazakhstan dated May 22, 2013, #571 “On some measures to optimize the management system of

development institutions, financial organizations and to develop National Economy”.

The purpose of the Holding is to promote the development and diversification of the economy, attract investments (including national investors), develop clusters and improve the corporate governance system in its subsidiaries and affiliates (organizations transferred to trust management), aimed at increasing the transparency and efficiency of their activities.

The Sole Shareholder of the Holding is the Government of the Republic of Kazakhstan or an authorized body of the relevant industry, which exercises the rights of ownership and use of the state stake of the Holding

The mission of the Holding is to promote the sustainable economic development of Kazakhstan in order to implement state policy, resolve socially-oriented goals and achieve objectives set by the Kazakhstan – 2050 Strategy.

The vision of the Holding – a key concept of the Government of the Republic of Kazakhstan, which meets the advanced standards of corporate governance and ensures the implementation of goals for sustainable development of the economy of Kazakhstan through its diversification, support for innovation, export development, increase in labor productivity.

Holding's activities are carried out on the basis of economic autonomy. Financing of the Holding's activities is carried out at the expense of the authorized capital, income generated by dividends from national development institutions, national companies and other legal entities, shares (ownership interest) of which belong to the Holding on the right of ownership, and other income not prohibited by the legislation of the Republic of Kazakhstan.

The Holding puts the following values at the head of its activity:

- 1) responsibility: for intentions and actions;
- 2) professionalism: high readiness to perform the tasks of professional activity;
- 3) team: cooperation to achieve better results from joint activities;
- 4) honesty: honesty within the Holding and to its partners;
- 5) social responsibility: responsibility for the impact of Holding's activities on the public sector related parties.

### **Chapter 3. Corporate governance principles of the Holding**

#### **Definition and principles**

11. Corporate governance refers to a set of processes that provide management and control over the activities of the Holding and include relations between the Sole Shareholder, the Board of Directors, the Management Board, other bodies of the Holding and concerned persons in the interests of the Sole Shareholder, as well as the interaction of the Holding with subsidiaries. Corporate governance also determines the structure of the Holding, through which the objectives of the

activities, ways to achieve these goals, as well as monitoring and evaluation of performance.

12. The Holding considers corporate governance as a means of improving the efficiency of the activities of the Holding and its subsidiaries, ensuring transparency and accountability, strengthening its reputation and reducing the cost of raising capital by them. The Holding considers the proper Corporate governance system as its contribution to ensuring the supremacy of legislation in the Republic of Kazakhstan and a factor determining the Holding's place in the modern economy and society as a whole. The corporate governance system provides for a clear separation of powers and responsibilities between the bodies, officials, and employees of the Holding.

13. Corporate governance of the Holding is based on the principles of fairness, honesty, responsibility, transparency, professionalism, and competence. An effective corporate governance structure implies respect for the rights and interests of all persons concerned in the activities of the Holding and contributes to the success of the Holding. Corporate governance should not be applied in order to create undue advantages and distort competition in the market where the Holding operates.

14. The fundamental principles of this Code are:

- 1) separation of powers principle;
- 2) the protection of the rights and interests principle of the Sole Shareholder;
- 3) the principle of effective governance of the Holding by the Board of Directors and the Management Board;
- 4) sustainable development principle;
- 5) risk management, internal control, and internal audit principle;
- 6) the principle of regulation of corporate conflicts and conflicts of interest;
- 7) principles of transparency and objectivity of disclosure of information of the Holding's activities.

15. As part of the corporate governance structure of the Holding, it is recommended to clearly define the division of responsibilities between the bodies of the Holding to ensure the systematic and coherent corporate governance processes.

16. Following the corporate governance principles set out in the Code is intended to facilitate the creation of an effective approach to conduct an objective analysis of the Holding's activities and obtain appropriate recommendations from analysts, financial advisers, and rating agencies, if necessary.

#### **Chapter 4. Separation of powers principle**

17. The rights, responsibilities, and competences of the Sole Shareholder, the Board of Directors and the Management Board are determined in accordance with the current legislation of the Republic of Kazakhstan, constituent instruments and are fixed thereto.



18. The state body delineates its powers as the Sole Shareholder of the Holding and powers of those related to the execution of state functions<sup>2</sup> of preventing a conflict of interest that is not in the interest of both the Holding and the Sole Shareholder. The state body performs the functions of the Sole Shareholder of the Holding in order to ensure the profitability in operations of the Holding and its subsidiaries and the implementation of state and government programs in which the Holding and its subsidiaries participate.

19. Holding and its subsidiaries carry out their activities within the framework of their main (profile) activities.

The implementation of new activities is regulated by the Commercial Code of the Republic of Kazakhstan dated October 29, 2015.

20. Holding and its subsidiaries should build an optimal asset structure, they should strive to simplify the structure of their assets and their organizational and forms of business as much as possible.

When creating new organizations, a limited liability partnership is a preferred form of business.

Operating and financial companies, where the increase of state assets is possible through the implementation of investment projects and financial operations to attract extra-budgetary investments for the implementation of socio-economic tasks, are created in the form of a joint-stock company.

When creating an organization by the Holding in the form of a limited liability partnership, a participant (participants) independently makes a decision on the necessity to create supervisory boards and the advisability of electing independent members, as well as electing an audit commission (auditor), depending on the scope and specifics of the organization being created.

21. The state body as the Sole Shareholder participates in the management of the Holding solely through the exercise of the powers of the Sole Shareholder provided for in the regulatory acts of the Republic of Kazakhstan and representation in the Board of Directors of the Holding.

22. The state body as the Sole Shareholder of the Holding provides the Holding with full operational independence and does not interfere in the operating (current) and investment activities of the Holding, except as provided for by the legislation of the Republic of Kazakhstan, acts and decrees of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

23. The Sole Shareholder and concerned parties carries out transactions and relations between the Holding on an ordinary commercial basis in accordance with the current legislation of the Republic of Kazakhstan, except when one of the main goals of the Holding and its subsidiaries is to implement or assist in the implementation of the state policy for the development of certain industries of the Republic of Kazakhstan.

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<sup>2</sup> article 9-2 of the Law of the Republic of Kazakhstan “On administrative procedures” dated November 27, 2000, # 107.

Holding and its subsidiaries are not exempt from the application of general laws, tax rules and regulations, except as provided for by the legislation of the Republic of Kazakhstan.

24. The economic activity of the Holding and its subsidiaries must meet the market requirements regarding debt and equity finance, namely:

1) the relations of the Holding and its subsidiaries with all market participants (including financial and non-financial organizations) is solely on a commercial basis, except for cases when one of the main objectives of the Holding and its subsidiaries is to implement or assist in the implementation of the state policy for the development of certain industries of the Republic of Kazakhstan;

2) due to limited access to public funding sources, the Holding will seek to consider alternative funding sources in order to replace part of public funds;

3) the financial and economic activities of the Holding require its profitability.

25. When the Holding participates in procurement as a customer, the procedures applied must be commercially viable, transparent (taking into account the principle of confidentiality) and non-discriminatory.

26. Relations (interaction) between the state body as the Sole Shareholder and the Holding and its subsidiaries are carried out through the Board of Directors and/or the Management Board of the Holding in accordance with the proper corporate governance principles. The role and functions of the Chairman of the Board of Directors and the Chief Executive Officer of the Holding are clearly distinguished and fixed in the documents of the Holding.

Meanwhile, the Holding discloses all the necessary information about the activities of the Holding in accordance with the regulatory acts of the Republic of Kazakhstan and the Charter of the Holding to the state body as the Sole Shareholder and the Board of Directors of the Holding and ensure transparency of the Holding and organizations to all parties concerned.

27. The corporate governance system of the Holding provides for the relationship between:

1) Sole Shareholder;

2) the Board of Directors;

3) the Management Board;

4) related parties;

5) other bodies determined in accordance with the Charter.

The corporate governance system also provides:

1) compliance with the hierarchy of the order of consideration of items and resolutions;

2) clear separation of powers and responsibilities between bodies, officials and employees;

3) timely and high-quality resolution by the bodies of the Holding and its subsidiaries;

4) efficiency of processes in the activities of the Holding and its subsidiaries;

5) compliance with the legislation, this Code and internal documents of the Holding and its subsidiaries.

The Holding and its subsidiaries approve the provisions on the bodies (if such provisions are not provided for by the Charter of the Holding) and structural divisions, as well as job descriptions for the corresponding positions. Compliance with the provisions of these documents ensures systematic and coherent corporate governance processes.

28. The Holding participates in the management of its subsidiaries through the implementation of the functions of a shareholder (participant), as well as through their Board of Directors (supervisory board), in accordance with the articles of subsidiaries, this Code and the legislation of the Republic of Kazakhstan.

Boards of Directors (supervisory boards) of subsidiaries have full autonomy in decision-making within their competence established by the Charter of subsidiaries.

The Holding annually sends expectations of the Sole Shareholder for the upcoming financial year to the Chairman of the Board of Directors of subsidiaries and representatives of the Holding in the Board of Directors (Supervisory Board) of subsidiaries.

29. In order to ensure the sustainable development of subsidiaries, the Holding forms and approves unified policies, methodological recommendations and corporate standards for its subsidiaries.

The resolution on the application of corporate standards approved by the Holding in the field of risk management, internal control and internal audit in the subsidiary is made by the Board of Directors of the subsidiary taking into account the compliance of these standards with the specifics of its activities.

The executive bodies of the Holding and subsidiaries ensure the implementation of the strategies and development plans of the Holding and subsidiaries approved by the Boards of Directors of the Holding and subsidiaries.

30. Bodies of the Holding and its subsidiaries are recommended to interact in a cooperative way to ensure sufficient ambition and feasibility of the strategies and plans for the development of the Holding and its subsidiaries.

The Holding's Management Board should be in a regular dialogue with subsidiaries on items of strategy and sustainable development. At the same time, the Holding does not interfere in the operating (current) activities of subsidiaries, for which the executive body of its subsidiaries is responsible. The Holding's Management Board ensures compliance with the development plans of subsidiaries sent for approval of the strategy and/or the development plan of the Holding to the Boards of Directors of subsidiaries.

Holding, subsidiaries and their officials bear the responsibility for achieving profitability of the Holding and its subsidiaries, respectively, and resolutions and actions/omissions in accordance with the legislation of the Republic of Kazakhstan and internal documents.

31. The key goals that the Holding solves in the framework of its mission to promote sustainable development of the economy of Kazakhstan are:

- 1) Development of non-resource sectors of the economy;
- 2) Development of entrepreneurship (private sector of the economy);
- 3) Supporting the urbanization of the economy;

- 4) Supporting the export of non-resource materials;
- 5) Innovation development.

All resolutions and actions must be consistent with the development strategy and/or development plan.

To achieve goals set for Holding, Holding develops a development strategy and/or development plan, which includes key performance indicators (KPIs).

The main element of assessing the efficiency of activities of the Holding and its executive body is the KPI system.

The assessment of KPI achievement of members of the Holding's Management Board is carried out on an annual basis. This assessment affects the remuneration of the Chief Executive Officer and members of the executive bodies, is taken into account during their re-election and may also be the basis for their suspension ahead of schedule.

To assess the achievement of the goals and objectives set out in the development strategy and/or development plan, subsidiaries define KPIs through the following processes:

- 1) the Holding agrees on the relevant development strategies for a ten-year period and development plans for a five-year period of subsidiaries, including target KPIs, which are submitted by them for the consideration of the Boards of Directors/Supervisory Boards of subsidiaries;

- 2) development strategies and development plans of subsidiaries are approved by the Board of Directors/Supervisory Board of subsidiaries.

The Holding and its subsidiaries are guided by the unified regulations of development, approval of development strategies and/ or development plans of its subsidiaries, the controlling share (ownership interest) of which belong to the Holding, as well as monitoring and evaluation of their implementation.

The Holding's Management Board monitors the implementation of the development strategy, development plan and KPI of the Holding.

32. The Board of Directors of the Holding ensures the effective governance, sustainable development, and profitability of the Holding. The results of effective governance in the Holding group is the increased operational efficiency, improved reporting quality, improved standards of corporate culture and ethics, publicity and transparency, risk reduction, and an appropriate system of internal control.

The corporate governance system in the Holding provides:

- 1) the presence of a clear management system in the group, delineated powers and decision-making process, without duplication of functions and processes;

- 2) common standards, policies, and processes, including the definition of common approaches to planning, monitoring and control, evaluation of the effectiveness and the application of corrective actions;

- 3) access to quality information regarding the group's activities;

- 4) proper risk management of the group.

33. The Holding also accepts other possible mechanisms for managing subsidiaries, including centralized management of certain functions (planning, treasury, interaction with government agencies, risk management, information technology, legal support, internal audit, etc.).

The corporate governance system and decision-making process in the Holding and subsidiaries are regulated in the Charter and other internal documents of the Holding and subsidiaries.

## **Chapter 5. The protection of the rights and interests principle of the Sole Shareholder**

34. Compliance with the rights of the Sole Shareholder is a key condition for the fund-raising for the Holding and its subsidiaries. In this regard, corporate governance in the Holding and its subsidiaries is based on ensuring the protection, respect for the rights and legitimate interests of the Sole Shareholder and is aimed at contributing to the effective operation of the Holding and achieving profitability.

### **Clause 1. Security for rights of the Sole Shareholder**

35. The Holding, in accordance with the established procedure, ensures the implementation of the rights of the Sole Shareholder, including:

- the right of ownership, use, and disposal of shares;
- the right to participate in the management of the Holding and the election of the Board of Directors in accordance with the laws of the Republic of Kazakhstan “On Joint-Stock Companies“, “On state property” and/ or the Charter of the Holding;
- the right to receive a profit share of the Holding (dividends);
- the right to receive a share in the assets of the Holding upon its liquidation;
- the right to receive information about the Holding's activities, including the financial statements of the Holding, in the manner determined by the Sole Shareholder or the Charter of the Holding;
- the right to apply to the Holding and its subsidiaries with written requests regarding its activities and to receive substantiated and comprehensive responses within the terms established by the Charter of the Holding;
- the right to receive an extract from the Registrar of the Holding or nominee shareholder confirming its right of ownership of the securities;
- the right to challenge in court the resolutions passed by the Holding bodies;
- the right to resort to judicial authorities on its own behalf in cases provided for in articles 63 and 74 of the Law of the Republic of Kazakhstan “On Joint-Stock Companies“, demanding that the Holding's officials compensate the losses incurred by the Holding and return to the Holding by the Holding’s officials and/or their affiliates profit (income) received by them as a result of resolutions on the conclusion (proposal to conclude) major transactions and/or transactions which is the related party transaction;
- the right to preemptive purchase of shares or other securities of the Holding convertible into its shares in accordance with the procedure established by the Law of the Republic of Kazakhstan “On Joint-Stock Companies“, except for cases provided by regulatory acts of the Republic of Kazakhstan;

the right to pass a resolution on changing the number of shares of Holding or changing their type in accordance with the Law of the Republic of Kazakhstan “On Joint-Stock Companies“.

36. Resolutions in the Holding on items referred by the legislation of the Republic of Kazakhstan and the Charter of the Holding to the competence of the Sole Shareholder are made by the Sole Shareholder solely and be made in writing.

The Sole Shareholder may hold meetings with the Board of Directors and the executive body to summarize the results of the year and pass resolutions on items of its competence. The Sole Shareholder may also hold regular meetings with the Chairman of the Board of Directors during the year to discuss the activities of the Holding within its competence.

37. The Holding brings valid and complete information about its activities affecting the interests of the Sole Shareholder in accordance with the Charter and internal documents of the Holding to the attention of the Sole Shareholder.

38. The Holding provides the Sole Shareholder with reliable information about its financial and economic activities and its results in accordance with the requirements of the legislation of the Republic of Kazakhstan. In the case of combining the goals on the implementation of the state policy in the conduct of the Holding's business with the main commercial activities, these goals are disclosed and brought to the notice of related parties.

In the case of acquisition of shares (ownership interests) in subsidiaries by institutional investors, institutional investors acting as a trustee are recommended to disclose their corporate governance policies and regulations for their investment activities, including the current decision-making procedures in the investor's company, in order to ensure the stability and sustainability of subsidiaries.

Institutional investors acting as trustees report on how they resolve significant conflicts of interest that may affect ownership rights in relation to their investments.

The Holding seeks to limit the number of transactions which is the related party transaction. In case of such transactions, the holding discloses the information provided for by the legislation, the Charter and internal documents of the Holding.

## **Clause 2. Dividend policy**

39. The Sole Shareholder must have access to information regarding the conditions and procedure for payment of dividends, and be provided with reliable information about the financial position of the Holding in the payment of dividends. For this purpose, the Sole Shareholder approves the dividend policy.

The dividend policy defines the principles that guide the Board of Directors (Supervisory Board and/or executive body) in preparing proposals to the Sole Shareholder on the distribution of net income of the Holding and/or its subsidiary for the past financial year. The dividend policy is based on the following principles:

- 1) compliance with the interests of the Sole Shareholder;
- 2) ensuring the profitability of the Holding and its subsidiaries;
- 3) ensuring the financial stability of the Holding and subsidiaries;

- 4) ensuring financing of the Holding and its subsidiaries, including financing of investment projects implemented at the expense of the Holding;
- 5) transparency of the mechanism for determining the dividend rates;
- 6) balance of short-term (income generation) and long-term (Holding's development) interests of the Sole Shareholder.

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

In addition, the dividend policy establishes the procedure for determining the minimum share of the Holding's net profit to be allocated for the payment of dividends.

40. The calculation of dividends is based on the amount of net income of the Holding reflected in the annual audited financial statements of the Holding, prepared in accordance with the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting and International Financial Reporting Standards. At the same time, the dividend payment rate is determined taking into account the legislation of the Republic of Kazakhstan.

In the case of payment of dividends on ordinary shares following the results of the quarter or half a year or distribution of retained earnings of previous years, as well as in some cases, the dividend rates may be determined by the Sole Shareholder in a special manner when considering the approval of the procedure for the distribution of profit for relevant periods.

For decision-making on payment of dividends the Board of Directors of the Holding (Board of Directors / Supervisory Board of its subsidiaries) submits for consideration of the Sole Shareholder (Board of Directors / the Sole Shareholder of its subsidiaries) proposals for the distribution of net income for the expired financial year and dividend amount for the year per ordinary share of the Holding (its subsidiaries).

When considering the payment of dividends in accordance with the established procedure, the current state of the Holding, its short -, medium - and long-term plans are taken into account.

If a subsidiary of the Holding has a shareholder (participant) who owns fifty or more percent of voting shares (ownership interests) or who has the right to determine decisions by virtue of agreements concluded with the organization and / or other shareholders (participants), redistribution of funds in favor of such shareholder (participant) is made through dividend payments.

If there are other mechanisms for redistributing the organization's funds in favor of the shareholder (participant) who owns fifty or more percent of voting shares (ownership interests), they are fixed in the relevant documents of the organization and disclosed to all shareholders.

The Holding should disclose information about any forms and conditions of cooperation, agreements, and partnerships to the Sole Shareholder and investors.

## **Chapter 6. The principle of effective governance of the Holding by the Board of Directors and the Management Board**

### **Clause 1. Effective Board of Directors**

41. The Board of Directors is a management body that provides strategic management of the Holding and control over the activities of the Board.

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

The Board of Directors performs its functions in accordance with the legislation of the Republic of Kazakhstan, the Charter of the Holding, this Code, the Statutes on the Board of Directors and other internal documents of the Holding. At the same time, the Board of Directors pays special attention to:

- 1) definition of Development Strategy (directions and results);
- 2) setting and monitoring of KPIs set in the Development Strategy and / or Development Plan;
- 3) organization and supervision of the effective functioning of the risk management system, internal control, and internal audit;
- 4) approval and monitoring of the 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 the activities of the head and members of the executive body;
- 6) corporate governance;
- 7) compliance of the Holding with the provisions of this Code and corporate standards of the Holding in the field of business conduct (Code of Business Conduct).

42. Members of the Board of Directors should perform their responsibilities with due diligence and adhere to the following principles in their activities:

- 1) to act within their powers – members of the Board of Directors pass a resolution and act within their powers, enshrined in the laws of the Republic of Kazakhstan “On Joint-Stock Companies“ and “On state property”, as well as the Charter of the Holding;
- 2) to devote sufficient time to attend and prepare for meetings of the Board of Directors and its committees;
- 3) to contribute to the achievement of profitability and sustainable development of the Holding – members of the Board of Directors act in the interests of the Holding; the impact of decisions and actions of members of the Board of Directors can be determined through the following questions: what are the consequences of the decision/action in the long term; what is the impact of the organization's activities on society and the environment; the impact on the reputation of the Holding and high standards of business conduct; impact on the interests of related parties (this list of items is a minimal requirement, but not exhaustive);
- 4) to maintain high standards of business conduct - members of the Board of Directors must comply with high standards of business conduct in their actions,



decisions, and behavior and be an example (model) for employees of the Holding and subsidiaries;

5) to avoid conflict of interest - member of the Board of Directors prevents the occurrence of situations in which their personal interest may affect the proper performance of their responsibilities as a member of the Board of Directors; in the case conflicts of interest situations that affect or could potentially affect unbiased decision-making, the members of the Board of Directors should notify the Chairman of the Board of Directors and not participate in the discussion and adoption of such decisions; this requirement also applies to other actions of a member of the Board of Directors that directly or indirectly may affect the proper performance of responsibilities of a member of the Board of Directors;

6) to act with due intelligence, skill and discretion – members of the Board of Directors are recommended to enhance their knowledge in terms of competencies of the Board of Directors on a regular basis and perform their responsibilities in the Board of Directors and committees, including such areas as legislation, corporate governance, risk management, finance and audit, sustainable development, industry knowledge and the specific activities of the Holding; in order to understand current issues of the Holding's activities member of the Board of Directors regularly visit the key installations of the Holding and conduct meetings with employees.

43. Responsibility of the Board of Directors for ensuring that its activities, its functions and responsibilities, including the determination of strategic directions for activities of the Holding, setting clear goals and specific, measurable (digitized) KPIs and responsibility of the Holding's Management Board for operational (current) activities of the Holding, including the clear implementation of goals and the achievement of established KPIs must be clearly separated and fixed in the relevant internal documents of the Holding.

Members of the Board of Directors are personally responsible for the performance of their responsibilities, including fiduciary responsibilities and resolutions, the efficiency of their activities, actions and/or omissions. If there are different opinions, the Chairman of the Board of Directors ensures consideration of all acceptable options and proposals made by individual members of the Board of Directors to pass a resolution in the interests of the Holding.

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

The Sole Shareholder of the Holding may additionally hold meetings with the Chairman and members of the Board of Directors to discuss the development strategy, the election of the Chief Executive Officer of the Holding and other aspects that affect the profitability and sustainable development of the Holding. Such meetings are scheduled in advance and are conducted in accordance with approved procedures.

44. The Board of Directors and its committees should maintain a balance of skills, experience, and knowledge to ensure that independent, objective and effective

decisions are made in the interests of the Holding and taking into account the interests of the Sole Shareholder and the principles of sustainable development.

45. The Sole Shareholder elects members of the Board of Directors based on clear and transparent procedures taking into account the competencies, skills, achievements, business reputation and professional experience of the candidates. When re-electing individual members of the Board of Directors or its entire composition for a new term, their contribution to the efficiency of activities of the Board of Directors of the Holding is taken into account.

The term of powers of the Board of Directors is set by the Sole Shareholder. The term of powers of the members of the Board of Directors is the same as the term of powers of the entire Board of Directors and expire at the time of the Sole Shareholder's resolution on the election of a new Board of Directors. The Sole Shareholder has the right to remove all or individual members of the Board of Directors.

No person participates in decision-making relating to his or her appointment, election or re-election.

The following is taken into account at the selection of candidates for the Board of Directors:

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

The number of members of the Board of Directors is determined by the Sole Shareholder. The composition of the Board of Directors is determined individually taking into account the scope of activities, current goals, development strategy and/or development plan and financial capabilities.

The composition of the Board of Directors should be balanced, which means a combination of members of the Board of Directors (representatives of the Sole Shareholder, Independent Directors, the head of the executive body), ensuring decision-making in the interests of the Holding and its goals of economic development.

A person may not be elected to the position of a member of the Board of Directors in case of:

- 1) having an outstanding or not expunged convictions in accordance with the procedure established by law;
- 2) previously serving as Chairman of the Board of Directors, Chief Executive Officer, Deputy Chief Executive Officer, Chief Accountant of another legal entity for a period not more than one year prior to the decision on compulsory liquidation or mandatory buyout of shares, or temporary closing of another legal entity declared bankrupt in accordance with the established procedure. This requirement is applied within five years after the date of the decision on compulsory liquidation or

mandatory buyout of shares, or temporary closing of another legal entity declared bankrupt in accordance with the established procedure.

46. Independent Directors are required to be present and participate in the Board of Directors. The number of members of the Board of Directors must be at least three. At least one-third of the members of the Board of Directors of the Holding must be Independent Directors. However, the number of Independent Directors must be sufficient to ensure the independence of resolutions. The recommended number of Independent Directors on the Board of Directors of the Holding is up to fifty percent of the total number of members of the Board of Directors.

Independent Directors are elected for a term not exceeding three years, and subsequently, subject to satisfactory performance, may be re-elected for a further term of up to three years.

Any term of the election of Independent Directors to the Board of Directors for more than six consecutive years (for example, two three-year terms) is subject to special consideration, taking into account the need for a qualitative renewal of the Board of Directors.

The same person is advised not to be elected as an Independent Director to the Board of Directors for more than nine consecutive years. The election for a period of more than nine years is allowed in exceptional cases, however, the election of such Independent Director to the Board of Directors is carried out with a detailed explanation of the need to elect this member of the Board of Directors and the impact of this fact on the independence of decision-making.

Independent members of the Board of Directors are free from any financial interest or relationship with the Holding, its management or its ownership that could jeopardize the exercise of objective judgment.

A person who has sufficient professionalism and independence to make independent and objective decisions free from the influence of the Sole Shareholder, the executive body and other related parties is to be considered an Independent Director.

Requirements for Independent Directors are established in accordance with the legislation of the Republic of Kazakhstan.

Independent Directors are actively involved in the discussion of items where there may be a conflict of interest (preparation of financial and non-financial statements, the conclusion of transactions which is the related party transaction, the nomination of candidates to the Management Board, the establishment of remuneration to members of the Management Board). Independent Directors are elected by the chairmen of key committees of the Board of Directors – on audit, appointments, and remuneration, other committees also recommend their election as chairmen.

The Independent Director monitors the possible loss of independence status and notifies the Chairman of the Board of Directors in advance in case of such situations. In the event of circumstances affecting the independence of a member of the Board of Directors, the Chairman of the Board of Directors immediately brings this information to the attention of the Sole Shareholder for a relevant resolution.

47. The relations between Independent Directors and the Holding are executed by contracts taking into account the requirements of the legislation of the Republic of Kazakhstan, the provisions of this Code and internal documents of the Holding.

The contracts specify the rights, responsibilities of the parties and other essential conditions, as well as liabilities of Independent Directors of the Board of Directors to comply with the provisions of this Code, including devoting sufficient time to carry out their functions, non-disclosure of internal information about the Holding after the termination of its activities for a term specified by the Board of Directors and additional liabilities arising from the requirements to the status and functions of Independent Directors (in respect of timely declaration of the loss of independence, etc.).

Contracts may set terms of execution for members of the Board of Directors to perform certain responsibilities.

The Holding is required to ensure that there are succession plans for the members of the Board of Directors in order to maintain business continuity and update the composition of the Board of Directors.

The Board of Directors approves an induction program for newly elected members of the Board of Directors and a professional development program, if necessary. The Corporate Secretary ensures the implementation of this program.

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 are acquainted with their rights and obligations, key aspects of the activities and documents of the Holding and its subsidiaries, including those related to the greatest risks.

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

The Chairman of the Board of Directors should strive to create a unified team of professionals who are committed to achieving profitability and sustainable development of the Holding, who are able to respond to internal and external challenges in a timely and professional manner.

The roles and functions of the Chairman of the Board of Directors and the Chief Executive Officer should be clearly separated and fixed in the internal documents of the Holding. The Chief Executive Officer may not be elected as a Chairman of the Board of Directors of the Holding.

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

- 1) planning of meetings of the Board of Directors and formation of the agenda;
- 2) ensuring timely receipt by members of the Board of Directors of complete and up-to-date information for decision-making;
- 3) ensuring the focus of the Board of Directors on strategic issues and minimizing current (operational) issues to be considered by the Board of Directors;

4) ensuring maximum effectiveness of the meetings of the Board of Directors by allocating sufficient time for discussions, comprehensive and in-depth consideration of agenda items, stimulation of open discussions, the achievement of agreed resolutions;

5) ensuring monitoring and supervision of proper execution of resolutions of the Board of Directors and Sole Shareholder;

6) in case of corporate conflicts, taking measures to resolve them and minimize the negative impact on the activities of the Holding, and timely informing the Sole Shareholder, if it is impossible to solve such situations using its own resources;

7) building proper communication and interaction with the Sole Shareholder, including the organization of consultations when making key strategic decisions.

## **Clause 2. Remuneration of members of the Board of Directors**

49. It is recommended to set the level of remuneration of the members of the Board of Directors in the amount sufficient to attract and motivate each member of the Board of Directors at the level required for the successful governance of the Holding. Nominations, Remunerations and Social Issues Committee under the Board of Directors of the Holding shall make proposals on the amount of remuneration of candidates for Independent Directors.

No person participates in decision-making relating to his or her own remuneration.

Remuneration should fairly reflect the expected contribution of a member of the Board of Directors to improving the efficiency of the entire Board of Directors and the activities of the Holding.

When establishing the amount of remuneration of a member of the Board of Directors the responsibilities of the members of the Board of Directors, the range of activities of the Holding, the long-term goals and objectives defined by the development strategy, the complexity of the items under consideration of the Board of Directors and, if necessary, the level of remuneration in similar companies in the private sector (benchmarking, compensation survey) are taken into account.

Members of the Board of Directors are paid a fixed annual remuneration, as well as additional remuneration for participation and chairmanship in the committees of the Board of Directors. Remuneration of a member of the Board of Directors does not include options or other elements related to the performance of the Holding.

Nevertheless, members of the Board of Directors of the Holding who are state workers and/or representatives of a shareholder and Chief Executive Officer (in the case of his membership in the Board of Directors) remuneration for membership in the Board of Directors is not paid.

The Sole Shareholder of the Holding determines the amount and terms of payment of remuneration and compensation of expenses to the members of the Board of Directors of the Holding. Meanwhile, the terms of remuneration of

directors are reflected in the contracts concluded with them, and/or, if necessary, in the internal document of the Holding.

### **Clause 3. Committees under the Board of Directors**

50. The Board of Directors of the Holding has established committees whose competence includes consideration of audit and risk management, strategic planning, personnel, remuneration, and social issues. In order to improve the efficiency of investment decision-making, the Strategic Planning Committee pre-examines strategic investment projects. The concept of a strategic investment project is defined by the internal documents of the Holding.

The presence of committees does not exempt members of the Board of Directors from responsibility for resolutions passed within the competence of the Board of Directors.

Committees are established to conduct a detailed analysis and make recommendations on the most important items before their consideration at the meeting of the Board of Directors. The final resolution on the items considered by the committees is passed by the Board of Directors.

The activities of the committees are regulated by internal documents approved by the Board of Directors, containing provisions on the composition, competence, procedure for the election of members of the Committee, the procedure for the work of the committees, as well as the rights and obligations of their members. The Sole Shareholder may, upon request, familiarize himself with the Statutes on the committees.

To organize the work of the Committee, the Committee or the Board of Directors appoint a Secretary of the Committee from the employees of the Corporate Secretary Service. The Secretary of the Committee ensures the preparation of committee meetings, the collection and systematization of materials for meetings, timely sending notifications on the Committee meetings to the members of the Committee and invited persons, agenda item of meetings, materials on agenda items, the minute taking of meetings, preparation of draft resolutions of the Committee and subsequent keeping of all relevant materials.

51. The Board of Directors passes a resolution on the establishment of committees, determines the composition of committees, terms, and powers.

Committees are composed of members of the Board of Directors who have the necessary professional knowledge, competencies, and skills to serve on the Committee. Potential conflicts of interest are taken into account in the formation of committees. Chairman of the Committee, along with professional competencies, should have organizational and leadership qualities, good communication skills for the effective organization of the Committee's activities.

Only members of the Committee should be present at Committee meetings. The presence of other persons is permitted only at the invitation of the Committee. If necessary, the Committees may engage experts and consultants.

Committees approve their work plan (recommended before the beginning of the calendar year), which is coordinated with the work plan of the Board of Directors, indicating the list of items under consideration and the dates of meetings. The frequency of meetings of the Committees shall be at least four meetings per year. Meetings of the Committees are held in person, with the registration of minutes. In order to create favorable conditions and reduce the cost of Committee meetings, Committee members may participate through technical means of communication.

The Chairmen of the Committees prepare a report on the activities of the Committee and report at a separate meeting to the Board of Directors on the results of the activities for the year during the meeting of the Board of Directors. The Board of Directors has the right at any time during the year to require the committees to submit a report on current activities. The terms of preparation and submission of such a report are determined by the Board of Directors.

#### **Clause 4. Strategic Planning Committee**

52. The Chairman of the Strategic Planning Committee is elected from among independent members of the Board of Directors for the term of the Board of Directors executing its powers at one of the first meetings of the Board of Directors. The decision on the election is made by a simple majority of the total number of members of the Board of Directors.

If necessary, experts with relevant experience and competence can be involved in the Strategic Planning Committee. Members of the Committee who are not members of the Board of Directors are appointed by the Board of Directors on the proposal of the Chairman of the Committee.

The main functions of the Strategic Planning Committee are to develop and submit recommendations to the Board of Directors of the Holding on the development of priority areas of the Holding's activity and its development strategy, including the development of measures to improve the efficiency of the Holding's activities, its cost-effective activities, and sustainable development. The detailed goals and objectives of the Committee are provided for by the Statute on the Committee.

#### **Clause 5. Audit Committee**

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

In addition, the Audit Committee assesses candidates for the Holding's external auditors, as well as preliminarily analyzes the audit organization's opinion before submitting it to the Board of Directors and the Sole Shareholder.

A member of the Board of Directors who is not independent may be elected to the Committee if the Board of Directors, as an exception, decides that the membership of the person in the Audit Committee is necessary for the interests of the Sole Shareholder and the Holding. When this appointment occurs, the Board of Directors should disclose the nature of the person's dependence and justify such a resolution.

## **Clause 6. Nominations, Remunerations and Social Issues Committee**

54. The Nominations, Remuneration and Social Issues Committee includes the majority of independent directors in order to develop objective and independent decisions and to prevent the influence of related parties (representatives of the Sole Shareholder, Chief Executive Officer, employees and other persons) on the opinions of committee members.

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

The Nominations, Remuneration and Social Issues Committee determines the criteria for selecting candidates as members to the Board of Directors, candidates for top managers, develops the Holding's policy in the field of remuneration of these persons, and regularly assesses the activities of members of the Board of Directors and top managers.

The main functions of the committee include the issues of appointment (election), setting motivational KPIs, performance assessment, remuneration and succession planning of the Chairman and Members of the Management Board, issues of appointment and remuneration of the Corporate Secretary, as well as participation in the consideration of these issues in relation to the composition of the Board of Directors, in cases where such powers by the Sole Shareholder. In this case, members of the Nominations, Remuneration and Social Issues Committee are advised not to allow a situation with a conflict of interest and not to participate in the consideration of their own appointments and/or remuneration.

## **Clause 7. Administration of the Board of Directors**

55. The preparation and conduct of meetings of the Board of Directors should contribute to the maximum effectiveness of its activities. To perform their responsibilities, members of the Board of Directors need to have access to complete, relevant and timely information.



The Board of Directors should follow the procedures established by the Holding's documents for the preparation and conduct of meetings of the Board of Directors.

56. Meetings of the Board of Directors are held in accordance with the work plan approved by the Board of Directors prior to the beginning of the calendar year, including a list of issues to be considered and a schedule of meetings with dates. Meetings of the Board of Directors and its committees are carried out through in-person or absentee voting, while the number of meetings with absentee voting must be minimized. Consideration and decision-making on issues of an important and strategic nature are carried out only at meetings of the Board of Directors with in-person voting.

If members of the Board of Directors (not more than 30% of the total number of members of the Board of Directors) are not able to attend a meeting of the Board of Directors personally, a combination of both forms of a meeting of the Board of Directors and its committees is possible. At the same time, an absent member of the Board of Directors may participate in the discussion of the issues under discussion using technical means of communication and provide his opinion in written form.

The recommended frequency for holding meetings of the Board of Directors is at least six meetings a year. A uniform distribution of the number of issues planned for consideration during the year is recommended to ensure a thorough and full discussion and adoption of timely and high-quality decisions.

57. Materials for meetings of the Board of Directors are sent in advance - no later than 10 calendar days unless otherwise specified by the Charter of the Holding.

The agenda of the meeting of the Board of Directors does not include issues for which materials were provided in violation of the deadlines. In case of inclusion in the agenda of issues with a deadline, the Chairman of the Board of Directors is provided with an exhaustive justification for this need, this fact is taken into account when evaluating the activities of the Corporate Secretary of the Holding.

58. The Board of Directors makes decisions based on complete, reliable and high-quality information. In order to make effective and timely decisions by the Board of Directors, the following terms must be met:

- 1) high-quality materials, information, documents provided to the Board of Directors (including, if necessary, translation into English);
- 2) obtaining the opinion of experts (internal and external) if necessary (it should be borne in mind that the involvement of experts does not relieve the Board of Directors of responsibility for the decision);
- 3) time devoted to discussions at the Board of Directors, especially for important and complex issues;
- 4) timely consideration of issues;
- 5) the decisions provide for a plan of further actions, terms, and responsible persons.

The following factors may adversely affect the quality of decisions of the Board of Directors:

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

- 2) formal attitude to risks;
- 3) the pursuit of personal interests and low ethical standards;
- 4) formal resolution-making at a meeting of the Board of Directors, without real and active discussions;
- 5) the position of uncompromising (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 agenda items necessary for making a resolution.

59. Each member of the Board of Directors participates in meetings of the Board of Directors and the committee of which he is a member. Deviation from this norm is allowed in exceptional cases specified in the Statute on the Board of Directors.

The quorum for holding a meeting of the Board of Directors is determined by the Charter of the Holding but is at least half of the number of its members.

60. Decisions at a meeting of the Board of Directors of the Holding are adopted by a majority of votes of the members of the Board of Directors participating in the meeting, unless otherwise provided for by the laws of the Republic of Kazakhstan, the Charter of the Holding or its internal documents determining the procedure for convening and holding meetings of the Board of Directors.

When resolving issues at a meeting of the Board of Directors of the Holding, each member of the Board of Directors of the Holding has one vote. Transfer of the voting right by a member of the Board of Directors of the Holding to another person, including another member of the Board of Directors of the Holding, is not be allowed, with the exception of cases provided for by the legislation of the Republic of Kazakhstan or the Charter of the Holding.

When decisions are made by the Board of Directors of the Holding, in case of an equality of votes of the members of the Board of Directors, the casting vote belongs to the Chairman of the Board of Directors of the Holding.

61. A member of the Board of Directors who is interested in the matter submitted for consideration of the Board of Directors does not participate in the discussion and voting on this issue, as appropriate, is recorded in the minutes of the meeting of the Board of Directors.

62. *Excluded in accordance with the order of the Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan dated \_\_ #\_\_.*

63. The Board of Directors may audit previous decisions. Both the decision itself and the process of its adoption are subject to analysis. It is recommended to audit earlier decisions when the Board of Directors assesses its activities.

## **Clause 8 Performance assessment of the Board of Directors**

64. The Board of Directors, committees and members of the Board of Directors are assessed on an annual basis in the event that a corresponding assessment is initiated by the Chairman of the Board of Directors of the Holding. Moreover, at least once every three years, an assessment is carried out with the involvement of an independent professional organization.

In subsidiaries of the Holding, the Board of Directors, committees and members of the Board of Directors are assessed on an annual basis in accordance with their internal documents.

The assessment allows determining the contribution of the Board of Directors and each of its members in achieving the strategic objectives of the Holding's development, as well as identify areas and recommend measures for improvement. Assessment results are taken into account upon re-election or early termination of powers of members of the Board of Directors.

Assessment is one of the main tools to improve the professionalism of the Board of Directors and its individual members. Assessment is mandatory both for independent directors and for representatives of the Sole Shareholder.

Assessment is carried out according to principles such as regularity, comprehensiveness, continuity, realism, confidentiality.

The process, timing, and procedure for assessing the activities of the Board of Directors, its committees and members of the Board of Directors should be clearly regulated in the internal documents of the Holding.

65. Assessment includes, but is not limited to, consideration of the following issues:

1) the optimality of the structure of the Board of Directors (balance of skills, experience, diversity of structure, objectivity) in the context of the tasks facing the Holding;

2) clarity of understanding of the vision, strategy, main tasks, problems and values of the Holding;

3) succession and development plans;

4) the functioning of the Board of Directors as a single body, the role of the Board of Directors and the Chief Executive Officer in the activities of the Holding;

5) the effectiveness of interaction between the Board of Directors and the Sole Shareholder, the Management Board and the Holding's officials;

6) the effectiveness of each member of the Board of Directors;

7) the effectiveness of the committees of the Board of Directors and their interaction with the Board of Directors, members of the Management Board;

8) the quality of information and documents provided to the Board of Directors;

9) the quality of discussions on the Board of Directors, in committees;

10) the effectiveness of the corporate secretary;

11) clarity in understanding processes and competencies;

12) the process of identifying and assessing risks;

13) interaction with the Sole Shareholder and other related parties.

66. Assessment methods are self-assessment or the involvement of an external counsel to improve the quality of the assessment. An independent external counsel is hired at least once every three years.

The results of the assessment may serve as the basis for the re-election of the entire structure of the Board of Directors or its individual member, review of the structure of the Board of Directors and the amount of remuneration to members of the Board of Directors. If there are serious shortcomings in the performance of individual members of the Board of Directors, the Chairman of the Board of Directors consults with the Sole Shareholder.

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

67. The Sole Shareholder may make the assessment of the Board of Directors independently or with the assistance of an external counsel. The results of an assessment carried out independently by the Board of Directors, the results of the Holding's activities, the KPIs and other factors are taken into account.

### **Clause 9 Corporate Secretary of the Holding**

68. In order to effectively organize the activities of the Board of Directors and the interaction of the Management Board with the Sole Shareholder, the Corporate Secretary is appointed by the Board of Directors.

The Board of Directors makes a decision on the appointment of the Corporate Secretary, determines the term of his powers, functions, and procedures, the size of the salary and terms of remuneration, decides to create a service (secretariat) of the Corporate Secretary (if necessary) and determines the budget of the specified service. The Corporate Secretary reports to the Board of Directors of the Holding and independent of the Holding's Management Board. The main responsibilities of the Corporate Secretary include assistance in timely and high-quality corporate decision-making by the Board of Directors, the Sole Shareholder, acting as an adviser to the Board of Directors on all matters of their activities and the application of the provisions of this Code, as well as monitoring the implementation of this Code and participating in improving corporate governance in the Holding and subsidiaries. The Corporate Secretary also prepares a report on compliance with the principles and provisions of this Code, which is included in the annual report of the Holding. This report should reflect a list of principles and provisions of the Code that are not complied, with appropriate explanations.

69. The main functions of the Corporate Secretary include, but are not limited to, the following.

In terms of ensuring the activities of the Board of Directors:

- 1) assisting the Chairman of the Board of Directors in the formation of a work plan and meeting agendas;
- 2) the organization of meetings of the Board of Directors and its committees;

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

4) recording of meetings of the Board of Directors and committees, ensuring the storage of minutes, transcripts, audio-video records, materials of meetings of the Board of Directors and committees;

5) advising the Board of Directors on issues of the legislation of the Republic of Kazakhstan, the Charter of the Holding, this Code, internal documents, monitoring amendments and timely informing the Board of Directors;

6) organization of the introduction of the newly elected Board of Directors;

7) the organization of training for Board of Directors and the involvement of experts;

8) organization of interaction of the Board of Directors with the Management Board.

70. In terms of ensuring interaction with the Sole Shareholder, the Corporate Secretary provides quarterly monitoring of the implementation of decisions of the Sole Shareholder and the provision of information to the requests of the Sole Shareholder on a timely basis.

With regard to the implementation of applicable corporate governance practices, the Corporate Secretary provides:

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

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

3) identification within the framework of the performance of their functions of violations in terms of corporate governance, enshrined in law, the Charter and other documents of the Holding;

4) advising shareholders, officials, employees of the Holding on corporate governance items;

5) monitoring of the best world practices in the field of corporate governance and making suggestions for improving the practice of corporate governance in the Holding.

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

72. To perform his duties, the Corporate Secretary has the knowledge, experience and qualifications, a good business reputation. Depending on the size of the Holding and the scale of its activities, the Corporate Secretary Service can be established.

The position of Corporate Secretary is assigned to a person with a higher legal or economic education, with at least 5 years of experience, and practical knowledge in the field of corporate governance and corporate law.

In order to improve the preparation and conduct of meetings of the Board of Directors, the completeness and usefulness of materials provided to the Board of Directors are periodically discussed. The results of these discussions serve as the basis for the performance assessment of the Corporate Secretary.

In relation to the Corporate Secretary, the Holding is developing a program for the appointment and succession planning. The appointment of the Corporate Secretary is carried out on the basis of open and transparent procedures enshrined in the internal documents of the Holding.

The Corporate Secretary carries out its activities on the basis of a regulation approved by the Board of Directors, which indicates the functions, rights and obligations, the procedure for interaction with the Holding bodies, qualification requirements and other information.

73. To perform his functions, the Corporate Secretary is vested with the following powers:

1) to request and receive from the bodies, officials and employees of the Holding the documents and information necessary for making decisions at meetings of the Board of Directors and decisions of the Sole Shareholder;

2) take measures to organize meetings of the Board of Directors;

3) directly interact with the Chairman and the members of the Board of Directors, the Chief Executive Officer and members of the Management Board, employees of the Holding, the Sole Shareholder.

The Holding's Management Board provides the Corporate Secretary with comprehensive assistance in the exercise of his powers.

74. By resolution of the Board of Directors of the Holding, the duties of the Corporate Secretary of the Holding may be assigned to the Head of the Office of the Prime Minister of the Republic of Kazakhstan, who is not an employee of the Holding and who is not covered by labor relations and is not paid remuneration. At the same time, the Head of the Office of the Prime Minister of the Republic of Kazakhstan does not participate in the management of the Holding.

### **Clause 10 The Ombudsman of the Holding**

75. In order to comply with the principles of business conduct, the optimal regulation of social and labor disputes arising in the Holding, an Ombudsman is appointed from among the employees of the Holding.

A candidate for the position of Ombudsman should have an impeccable business reputation, high authority, as well as the ability to make impartial decisions.

The Ombudsman is appointed by the decision of the Board of Directors of the Holding and is subject to re-election every two years. The role of the Ombudsman is to advise the employees who have appealed to him, participants in labor disputes, the conflict and assist them in developing a mutually acceptable, constructive and implementable solution, taking into account compliance with the laws of the Republic of Kazakhstan (including maintaining confidentiality if necessary), assisting in solving problematic social and labor issues of both employees and the Holding.

The Ombudsman submits for consideration of the relevant bodies and officials of the Holding the problematic issues identified by him, which are systemic in nature and require the adoption of appropriate decisions (comprehensive measures), puts forward constructive proposals for their solution.

The Ombudsman at least once a year submits a report on the results of the work to the Nominations, Remunerations and Social Issues Committee, and the Audit Committee under the Board of Directors of the Holding, that make an assessment of the results of his activities.

The Board of Directors of the Holding makes an assessment of the results of the activities of the Ombudsman and decides on the extension or termination of the powers of the person holding the position of the Ombudsman.

### **Clause 11. Internal Audit Service under the Board of Directors of the Holding**

76. For the implementation of the internal audit as an activity to provide independent and objective guarantees and consultations aimed at improving the work of the Holding, an Internal Audit Service has been created and is functioning. Internal audit helps achieve goals by using a systematic and consistent approach to assessing and improving the efficiency of risk management, control, and corporate governance processes.

The Board of Directors of the Holding determines the number of members and term of powers of the Internal Audit Service, appoints its head and employees, and early terminates their powers, determines the procedure for its work, the size and conditions of remuneration and bonuses for employees of the Internal Audit Service, as well as the budget of the Internal Audit Service.

Employees of the Internal Audit Service cannot be elected to the Board of Directors and the Holding's Management Board.

The Internal Audit Service reports directly to the Board of Directors of the Holding and is independent of the Holding's Management Board. The tasks and functions of the Internal Audit Service, its rights and responsibilities are determined by the Statute on the Internal Audit Service, approved by the Board of Directors of the Holding.

Key responsibilities of the Internal Audit Service include assessing the quality of internal control, risk management, and corporate governance systems in the Holding and communicating to the Board of Directors information on the adequacy and efficiency of these systems. The main objective of the Internal Audit Service is to help improve the results of the Holding's performance.

77. The Statute on the Internal Audit Service defines and consolidates the following:

- 1) adherence to the principles and regulations adopted by the International Institute of Internal Auditors;
- 2) the status, goals, and objectives of the internal audit of the Holding;
- 3) the conditions for ensuring the independence, objectivity, and professionalism of the Internal Audit Service to achieve the goals and objectives of the internal audit and the effective implementation by the Internal Audit Service of its functions and responsibilities;

4) qualification requirements for the Head and employees of the Internal Audit Service;

5) the scope and content of the internal audit activity;

6) the right of access to documentation, employees and tangible assets when performing the relevant tasks;

7) the procedure for the interaction of the Internal Audit Service with the Board of Directors and the Holding's Management Board and reporting to the Audit Committee and the Board of Directors of the Holding.

The Statute on the Internal Audit Service also provides for the following tasks and functions:

1) assistance to the Management Board and employees of the Holding in the development and monitoring of the implementation of procedures and measures to improve risk management systems, internal control, and corporate governance;

2) coordination of activities with the external auditor of the Holding, as well as persons providing consulting services in the field of risk management, internal control, and corporate governance;

3) conducting, within the established procedure, an internal audit of subsidiaries that do not have their own services/functions of internal audit, as well as the conditions and procedure for interaction with the Internal Audit Services of subsidiaries on the collection and submission of necessary information to the Board of Directors of the Holding and on development/improvement of activities Internal Audit Services activities of subsidiaries in general;

4) preparation and submission to the Board of Directors and the Audit Committee of periodic reports on the results of the Internal Audit Service activities and the implementation of the (annual) audit plan (including information on significant risks, shortcomings, results and efficiency of measures to eliminate identified shortcomings, assessment results actual state, reliability and efficiency of the risk management system, internal control and corporate governance);

5) verification of compliance by members of the Management Board of the Holding and its employees with the provisions of the legislation of the Republic of Kazakhstan and internal documents related to insider information and the fight against corruption, compliance with ethical requirements;

6) monitoring the implementation of the recommendations of the external auditor;

7) providing advice within the framework of the work plan approved by the Board of Directors on the organization and improvement of internal control, risk management, corporate governance and organization of internal audit, as well as on other issues falling within the competence of the Internal Audit Service.

78. The performance assessment of the Internal Audit Service, its Head and employees is carried out by the Board of Directors on the basis of reports consideration of the Internal Audit Service, compliance with the deadlines for the execution of the (annual) audit plan and reporting, assessment of compliance of reports with the requirements of standards and internal regulatory documents of the Internal Audit Service.



## **Clause 12. Management**

79. Management of the current activities of the Holding is carried out by the Management Board. The Chief Executive Officer and members of the Management Board have high professional and personal characteristics, a good business reputation and adhere to ethical standards. The Chief Executive Officer has high organizational skills, works actively with the Sole Shareholder and constructively builds a dialogue with the Board of Directors, employees, and other related parties.

80. The Management Board reports to the Board of Directors and manages the daily activities of the Holding, is responsible for implementing the development strategy and/or development plan and decisions taken by the Board of Directors and the Sole Shareholder.

81. The Board of Directors elects the members of the Management Board (with the exception of the Chief Executive Officer), determines the terms of powers, the size of the official salary, the terms of labor payment and bonuses. The key role in the process of searching and selecting candidates for the Management Board, determining their remuneration is played by the Nominations, Remunerations and Social Issues Committee under the Board of Directors of the Holding.

Proposals for candidates for election to the Management Board for consideration by the Nominations, Remunerations and Social Issues Committee under the Board of Directors are made by the Chief Executive Officer. In case of rejection by the Board of Directors of a candidate proposed by the Chief Executive Officer for the same vacant position to the Management Board for the second time, the right to make a proposal for a candidate for this vacant position shall be transferred to the Board of Directors.

The Board of Directors may at any time terminate the powers of members of the Management Board (except for the Chief Executive Officer).

It is recommended that members of the Holding's Management Board be elected for a term of up to three years. The terms of powers of the Chief Executive Officer and members of the Management Board coincide with the term of powers of the Management Board as a whole.

In order to increase the transparency of the processes of appointment and remuneration of members of the Holding's Management Board, the Board of Directors is encouraged to approve and strictly comply with the rules on the appointments, remuneration, assessment, and succession of members of the Holding's Management Board.

82. The Management Board, under the leadership of the Board of Directors, develops a development strategy and/or development plan for the Holding.

The Management Board provides:

1) carrying out activities in accordance with the laws of the Republic of Kazakhstan, the Charter and internal documents of the Holding, decisions of the Sole Shareholder, Board of Directors;

2) proper risk management and internal control;

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

4) labor safety of the Holding's employees;

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

The Board of Directors exercises control over the activities of the Holding's Management Board. Control can be exercised by providing the Management Board with regular reporting to the Board of Directors and hearing the Management Board on the implementation of medium-term development plans and the results achieved at least once a year.

83. The Management Board holds in-person meetings and discusses the implementation of the development strategy and/or development plan, resolutions of the Sole Shareholder, Board of Directors and operating activities. Board Management meetings are held on a regular basis. Cases of meeting in absentia are limited and defined in the Charter and internal documents of the Holding.

The Management Board draws up a work plan for the coming year with a list of issues before the start of the calendar year. Members of the Management Board are provided in advance with materials for consideration of appropriate quality. When considering items such as development strategies and/or development plans, investment projects, risk management, several meetings are allowed.

When considering each item, a separate discussion is devoted to the risks associated with decision-making/non-decision making and their impact on the Holding's cost-effective activities.

All items submitted at the initiative of the Management Board to the Board of Directors and the Sole Shareholder are preliminarily considered and approved by the Management Board.

84. The Chief Executive Officer and members of the Management Board do not allow a conflict of interest situation to arise. In the event of a conflict of interest, they notify the Board of Directors or the Chief Executive Officer of the Management Board in advance of the need to fix this in written form and not participate in the decision on the issue.

85. The Chief Executive Officer and members of the Management Board may hold positions in other organizations only with the consenting of the Board of Directors. The Chief Executive Officer does not occupy the position of the Chief Executive Officer of another legal entity.

86. The Management Board ensures the creation of the optimal organizational structure of the Holding.

The organizational structure should focus on:

1) the efficiency of decision-making;

2) increasing the productivity of the Holding;

3) efficiency of decision-making;

4) organizational flexibility.

The selection of candidates for the vacant positions of the Holding is carried out on the basis of open and transparent competitive procedures. Career advancement, material incentives for the employees of the Holding are carried out

in accordance with the principles of meritocracy, taking into account the level of knowledge, competencies, work experience and achievement of tasks. The Holding forms a pool of personnel reserve employees, from which subsequently appointments can be made to senior positions of middle and senior management. Employees undergo a comprehensive performance assessment on an annual basis.

The selection procedures are implemented according to the following requirements:

preference for the development of the internal resources of the Holding and its subsidiaries, and in the absence of such an opportunity, publicity and absence of restrictions for holding positions for a wide range of people, ensuring the principle of equal opportunities that contribute to increased competition and the selection of worthy applicants that meet the requirements of professionalism and competence;

impartial selection of personnel and a complete lack of protectionism, a patronage reception system (on the principle of loyalty, ethnicity, family ties, and personal friendships);

legal regulation, including in matters of securing the principles and criteria for assessing candidates, excluding the conditions for subjectivity in making decisions.

### **Clause 13. Assessment and remuneration of members of the Holding's Management Board**

87. The Chief Executive Officer and members of the Management Board are evaluated by the Board of Directors. The main assessment criterion is the achievement of the KPIs.

Motivational KPIs of the Chief Executive Officer and members of the Management Board are approved by the Board of Directors of the Holding. Suggestions regarding motivational KPIs of members of the Management Board for consideration by the Board of Directors are made by the Chief Executive Officer.

Assessment results affect the size of remuneration, promotion, re-election (appointment) or early termination of powers.

The remuneration of the Chief Executive Officer and members of the Management Board consists of a constant and variable part. When establishing the official salary, the complexity of the tasks performed, the personal competencies of the employee and his competitiveness in the market, the contribution made by this person to the development of the Holding, the level of official salaries in similar companies, and the economic situation in the Holding are taken into account.

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

## **Chapter 7. Sustainable development principle**

88. The Holding and its subsidiaries are aware of the importance of its influence on the economy, ecology, and society for ensuring sustainable development in the long term, observing a balance of interest of related parties. An approach of responsible, thoughtful and rational interaction with related parties will contribute to the sustainable development of the Holding and its subsidiaries.

89. The Holding and its subsidiaries strive for profitability, ensure sustainable development, and balance of interests of related parties.

The Holding and its subsidiaries in the course of its activities influence or experience the influence of related parties. Sustainable development activities comply with the best international standards.

Related parties can have both positive and negative impacts on the activities of the Holding and its subsidiaries, namely, on achieving profitability, sustainable development, reputation and image, and constituting or reducing risks. The Holding and its subsidiaries attach great importance to the proper interaction with related parties.

90. The Holding and its subsidiaries, when determining related parties and interacting with them, use international standards for identifying and interacting with related parties.

The list of related parties includes, but is not limited to:

<b>Related parties</b>	<b>Contributions, influence</b>	<b>Expectations, interest</b>
Investors, including Sole Shareholder, international financial institutions	Financial resources (Equity capital (EC), borrowed funds)	Return on investment, timely payment of dividends, principal and interest
Employees, officials	Human Resources, Loyalty	High salary, good working conditions, professional development
Trade unions	Contribution to social stability, labor relations, and conflict resolution	Compliance with the rights of employees, good working conditions
Clients	Financial resources through the acquisition of organization services	Obtaining high-quality services at an affordable price
Suppliers	Supply of resources (goods, works, and services) for value creation	Reliable sales market, regular solvent purchaser
Local communities, people in places of activity, public organizations	Support in the field of activities; loyalty and support of local authorities; favorable attitude; cooperation	Creation of additional job opportunities, development of the region
Government, State bodies, Parliament	State regulation, return of allocated funds from NF and CGB	Taxes, solving social problems

Holding and its subsidiaries are taking measures to establish dialogue and long-term cooperation with related parties.

91. The Holding and its subsidiaries draw up a map of related parties, taking into account risks and ranking according to a dependency (direct or indirect), liabilities, situation (paying special attention to high-risk areas), influence and various perspectives.

Related parties interaction methods include, but are not limited to, the following forms:

<b>Level of interaction</b>	<b>Method of interaction</b>
Consultations: two-way interaction; related parties answer questions of the Public and organizations	Questionnaires; focus groups; meetings with related parties; public meetings; workshops; providing feedback through communication; advisory councils
Negotiations	Collective negotiations based on the principles of social partnership
Involvement: Bilateral or multilateral interaction; building experience and knowledge from all sides, related parties and organizations act independently	Multilateral forums; consultation panels; consensus-building process; the joint decision-making process; focus groups; feedback schemes
Cooperation: Bilateral or multilateral interaction; joint development of experience and knowledge, decision-making and measures	Joint projects; joint ventures; partnership; joint related parties initiatives
Empowerment related parties (if applicable) participate in governance	Integration of related parties engagement items into management, strategy, and operations

92. The Holding and its subsidiaries ensure the coherence of their economic, environmental and social goals for sustainable development in the long term. Sustainable development in the Holding and its subsidiaries consists of three components: economic, environmental and social.

The economic component directs the activities of the Holding and its subsidiaries to the profitability of their activities, ensuring the interests of shareholders and investors, increasing the efficiency of processes, increasing investment in the creation and development of more advanced technologies, and increasing labor productivity.

The environmental component helps to minimize the impact on biological and physical natural systems, the optimal use of limited resources, the use of environmentally friendly, energy and material-saving technologies.

The social component is focused on the principles of social responsibility, which include, among other things, ensuring labor safety and preserving the health of employees, fair remuneration and compliance with the rights of employees, individual development of staff, implementation of social programs for staff, creation of new job opportunities, sponsorship and charity, environmental and educational stocks.

The Holding and its subsidiaries analyze their activities and risks in these three aspects and also strive to prevent or reduce the negative impact of their results on related parties.

The Holding and its subsidiaries analyze their activities and risks in these three aspects, and also strive to prevent or reduce the negative impact of their activities on related parties:

<b>Category</b>	<b>Aspects</b>
<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 with the requirements; transport; general information; environmental assessment of suppliers; environmental complaint mechanisms
<b>Social</b>	Employment practices and decent work include, but are not limited to, employment, health, and safety in the workplace, training, and education, employee and management relationships, diversity and equal opportunities, equal remuneration for women and men, assessment of supplier labor practices, mechanisms filing complaints about labor practices
	Human rights include, but are not limited to, investments, non-discrimination, freedom of association and collective bargaining, child labor, forced or compulsory labor, security practices, the rights of indigenous and small-numbered peoples, assessment of compliance by suppliers with human rights, complaint mechanisms human rights
	The society includes, inter alia, local communities, anti-corruption, public policy, non-competition, compliance with requirements, assessment of the impact of suppliers on the society, mechanisms for filing complaints about the impact on the society
	Product liability includes, but is not limited to, consumer health and safety, product and service labeling, marketing communications, consumer privacy, compliance with requirements

93. The principles in the field of sustainable development are publicity, accountability, transparency, ethical behavior, compliance with the interests of related parties, the rule of law, compliance with human rights, intolerance to corruption, and the inadmissibility of conflicts of interest.

Under the principles it is necessary to understand the following:

1) publicity - we are ready for meetings, discussions, and dialogue; we strive to build long-term cooperation with related parties, based on consideration of mutual interests, compliance with the rights and a balance between the interests of the Holding, its subsidiaries and related parties;

2) accountability - we are aware of our accountability for the impact on the economy, the environment and society; we are aware of our responsibility to shareholders and investors for the profitability of the Holding and its subsidiaries in the long term; we strive to minimize the negative impact of our activities on the environment and society through a careful attitude to resources (including energy, raw materials, water), consistent reduction of emissions, waste, and the introduction of high-performance, energy, and resource-saving technologies; we pay taxes and other statutory fees to the state budget; we save and create job opportunities as part of our development strategy and opportunities; we strive to promote the development of the area in which we carry out activities within the framework of our strategy and within the limits of available financial opportunities; we carefully and reasonably make decisions and perform actions at every level, starting from the level of officials and ending with employees; we strive to introduce innovative technologies aimed at the careful and responsible use of resources, increasing labor productivity; our products, goods, and services must comply with consumer health and safety standards established by law and be of appropriate quality; we value our clients;

3) transparency - our decisions and actions should be clear and transparent to related parties. We timely disclose the information provided for by law and our

documents, taking into account standards for the protection of confidential information;

4) ethical behavior - at the heart of our decisions and actions are our values, such as respect, honesty, publicity, team spirit and trust, due diligence and justice;

5) respect - we respect the rights and interests of related parties that result from legislation, contracts, or indirectly in the framework of business relationships;

6) legality - our decisions, actions, and behavior comply with the legislation of the Republic of Kazakhstan and decisions of the Holding's bodies;

7) observance of human rights - we respect and promote the observance of human rights provided for by the Constitution of the Republic of Kazakhstan, laws of the Republic of Kazakhstan and international documents; we categorically do not accept and prohibit the use of child labor; our employees are our main value and main resource, the results of our activities directly depend on the level of their professionalism and safety. Therefore, we attract professional candidates from the labor market on an open and transparent basis and develop our employees on the basis of the principle of meritocracy; we provide safety and labor protection for our employees; we carry out wellness programs and provide social support to employees; we create an effective system of motivation and development of employees; developing a corporate culture;

8) intolerance to corruption - corruption destroys the value that our organizations create for our shareholders, investors, other related parties and society as a whole; we declare intolerance to corruption in all its manifestations in cooperation with all related parties. Officials and employees involved in corruption cases are subject to dismissal and prosecution in the manner provided for by the Laws; internal control systems in the Holding and its subsidiaries include, inter alia, measures aimed at preventing and detecting corruption offenses; The Holding and its subsidiaries should develop a dialogue with related parties in order to raise their awareness in the fight against corruption;

9) the inadmissibility of a conflict of interest - serious violations related to a conflict of interest may damage the reputation of the Holding and its subsidiaries and undermine the credibility of the Sole Shareholder and other related parties; the personal interests of an official or employee should not affect the impartial performance by them of their official, functional duties; in relations with partners of reputation Holding and its subsidiaries, counting on the establishment and maintenance of fiduciary relations, in which the parties are obliged to act in relation to each other as honestly, in good faith, fairly and loyally, take measures to prevent, identify and eliminate conflicts of interest;

10) a personal example - each of us every day in our actions, behavior and in making decisions contributes to the implementation of the principles of sustainable development; officials and employees holding managerial positions should, by their own example, motivate the implementation of the principles of sustainable development.

94. The Holding and its subsidiaries are building a management system in the field of sustainable development, which includes, but is not limited to, the following elements:

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

2) analysis of the internal and external situation in three components (economy, ecology, social issues);

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

4) building a map of related parties;

5) integration of sustainable development into key processes, including risk management, planning, human resources management, investments, reporting, operations, and others, as well as into development strategies and decision-making processes;

6) determination of goals and KPIs in the field of sustainable development, development of an action plan and determination of responsible persons;

7) advanced training of officials and employees in the field of sustainable development;

8) regular monitoring and assessment of activities in the field of sustainable development, assessment of achievement of goals and KPIs, the adoption of corrective measures, the introduction of a culture of continuous improvement.

The Board of Directors and the Holding's Management Board and its subsidiaries ensure the formation of an appropriate system in the field of sustainable development and its implementation.

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

95. The Holding and its subsidiaries develop action plans in the field of sustainable development through:

1) analysis of the current situation in three main areas: economic, environmental and social; when conducting this analysis, the reliability, timeliness, and quality of the information is important;

2) definition of risks in the field of sustainable development; risks are distributed in accordance with the three directions of sustainable development; they can also affect related areas and capture other risks. To determine the risks, an analysis of both internal and external factors affecting the Holding and its subsidiaries is carried out;

3) determination of related parties and their impact on activities;

4) determination of goals, and, if possible, key indicators, measures to improve the activities of the three components, responsible persons, necessary resources and terms of execution;

5) regular monitoring and assessment of the implementation of goals, activities to achieve targets;

6) systematic and constructive interaction with related parties, receiving feedback;

7) implementation of the formed plan;

8) continuous monitoring and regular reporting;

9) analysis and evaluation of the effectiveness of the plan, summarizing and adoption of corrective and improvement measures.



Sustainable development is recommended to be integrated into:

- 1) management system;
- 2) development strategy;
- 3) key processes, including risk management, planning (long-term (strategy), medium-term (5-year development plan) and short-term (annual budget) periods), reporting, risk management, human resources management, investments, operations and others, and also in decision-making processes at all levels, starting from bodies (Sole Shareholder, Board of Directors, Management Board), and ordinary employees.

96. The management system in the field of sustainable development defines and consolidates the roles, competencies, responsibility of each body and all employees for the implementation of principles, standards, and relevant policies and plans in the field of sustainable development.

The Board of Directors of the Holding provides strategic guidance and control over the implementation of sustainable development. The Holding's Management Board forms an appropriate action plan.

In order to prepare sustainable development items, a committee is created or these functions are delegated to the competence of one of the existing committees under the Board of Directors of the Holding of sustainable development items.

The Holding and its subsidiaries conduct training and advanced training programs on a regular basis. Training is a constant element in the implementation of sustainable development. Officials of the Holding and its subsidiaries contribute to the involvement of employees in sustainable development based on understanding and commitment to the principles of sustainable development and amendments of culture, behavior in the conduct of activities and duties performance. The Holding conducts research on employee engagement and satisfaction on an annual basis.

97. The benefits of implementing the principles of sustainable development include:

- 1) attraction of investments-in the world practice, when determining the investment attractiveness of investors, efficiency in the field of sustainable development is taken into account;

- 2) increasing managerial effectiveness and minimizing risks - integration of environmental and social aspects into the process of making managerial decisions allows expanding the horizons of planning and taking into account a more diverse range of risks and opportunities, which creates the prerequisites for sustainable business development;

- 3) increasing efficiency - the introduction of high-performance and resource-efficient technologies allows to create innovative products and services while increasing its competitiveness and efficiency;

- 4) strengthening the reputation - improving the corporate image is the most obvious result of activities in the field of sustainable development, which increases the brand value and builds a credit of trust, and also has a positive impact on the quality of interaction with business partners;

- 5) increasing loyalty on the part of internal and external related parties - the creation of attractive working conditions, opportunities for professional and career

growth allows to attract and retain promising qualified specialists; building an effective dialogue with related parties contributes to the creation of a positive environment around the activities of the Holding and its subsidiaries, which helps to increase the efficiency of activities through understanding and support from clients, Sole Shareholder, investors, government agencies, local people, public organizations.

98. The Holding and its subsidiaries discuss the inclusion and compliance with the principles and standards of sustainable development in relevant contracts (agreements, contracts) with partners.

If the Holding and/or its subsidiary identifies the risk associated with the partners having a negative impact on the economy, the environment and society, the Holding and/or its subsidiary take measures aimed at terminating or preventing such impact.

In case of non-acceptance or improper implementation by the partner of the principles and standards of sustainable development, the importance of this partner for the Holding and/or its subsidiary should be taken into account and whether there are any measures of influence on it and the possibility of its replacement.

## **Chapter 8. Principle of risk management, internal control and internal audit**

### **Clause 1. Risk management and internal control**

99. The Holding has an efficiently functioning risk management and internal control system aimed at ensuring reasonable confidence that the Holding will achieve its strategic and operational goals, and is a combination of organizational policies, procedures, standards of conduct and actions, management methods and mechanisms established by the Board of Directors and the Holding's Management Board to ensure:

1) the optimal balance between the profitability of the Holding, strategic goals and the risks associated with them;

2) the efficiency of financial and economic activities and the achievement of financial stability of the Holding;

3) the safety of assets and the efficient use of the resources of the Holding;

4) the completeness, reliability, and reliability of financial and management reporting;

5) compliance with the requirements of the legislation of the Republic of Kazakhstan and the internal documents of the Holding;

6) proper internal control to prevent fraud and provide effective support for the functioning of the main and auxiliary business processes and analysis of performance.

100. The Board of Directors of the Holding approves internal documents that determine the principles and approaches to organizing risk management and internal control system based on the objectives of this system.

The organization of an effective risk management and internal control system in the Holding is aimed at building a management system that can provide an understanding of the reasonableness and acceptability of the risk level by employees, management, Holding bodies when making decisions, quickly respond to risks, exercise control over the main and auxiliary business processes and daily operations, as well as to immediately inform management of the appropriate level about any significant deficiencies.

The principles and approaches to the organization of an effective risk management system and internal control include:

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

2) the organizational structure of the risk management and internal control system, covering all levels of decision-making and taking into account the role of the appropriate level in the development, approval, application, and evaluation of the risk management and internal control system;

3) the basic requirements for organizing the risk management process (approaches to identifying risks, the procedure for identifying and assessing risks, determining response methods, monitoring and others);

4) requirements for the organization of the internal control system and the implementation of control procedures (characteristics of key areas and the main components of the internal control system, the procedure for assessing the efficiency and reporting in the field of internal control and others).

The internal regulatory documents of the Holding stipulate the responsibility of the Board of Directors and the Holding's Management Board to organize and ensure the effective functioning of the risk management and internal control system on a consolidated basis.

101. Each official of the Holding ensures proper consideration of risks when making decisions.

The Holding's Management Board ensures the implementation of risk management procedures for employees with relevant qualifications and experience.

The Management Board:

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

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

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

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

5) ensures the improvement of processes and procedures for risk management and internal control, taking into account amendments in the external and internal business environment.

In order to implement the principles of internal control and ensure the efficiency of the risk management and internal control system, the Holding's Management Board distributes the powers, duties, and responsibilities for specific risk management and internal control procedures between the managers of the following level and/or the heads of structural divisions.

The heads of structural divisions in accordance with their functional responsibilities are responsible for the development, documentation, implementation, monitoring, and development of the risk management and internal control system in the functional areas of the Holding's business entrusted to them.

102. The organizational structure of the risk management and internal control system in the Holding provides for the presence of a structural unit responsible for risk management and control, the tasks of which include:

- 1) overall coordination of risk management and control processes;
- 2) the development of methodological documents in the field of risk management and control and the provision of methodological support to business process owners and employees in the process of identification, documentation of risks, implementation, monitoring and improvement of control procedures, the formation of risk response plans and action plans to improve the management system risks and internal control, reports on their implementation;
- 3) the organization of training for employees in the field of risk management and control;
- 4) analysis of the risk portfolio and development of proposals for a response strategy and redistribution of resources in relation to the management of relevant risks;
- 5) the formation of consolidated reporting on risks;
- 6) implementation of operational control over the risk management process by structural units;
- 7) preparing and informing the Board of Directors and/or the Holding's Management Board about the status of the risk management system, existing threats and the proposal for their prevention/leveling.

The Head in charge of the risk management and control functions does not own the risk, which ensures its independence and objectivity. It is impossible to combine the functions of risk management and control with the functions associated with economic planning, corporate finance, corporate treasury, and investment decision-making. A combination with other functions is allowed if there is no significant conflict of interest.

103. The risk management and internal control system provide for the identification, assessment, and monitoring of all significant risks, as well as the adoption of timely and adequate measures to reduce the level of risk.

Risk management procedures provide a quick response to new risks, their clear identification, and determination of risk owners. In case of any unforeseen

amendments in the competitive or economic environment of the Holding, the risk card is re-evaluated and its compliance with the risk appetite.

The Board of Directors approves the general level of risk appetite and tolerance level in relation to key risks, which are fixed by the Holding's internal documents.

Tolerance levels for key risks are reviewed in the event of significant events. Limits that restrain risks in everyday activities are established.

For a holistic and clear understanding of the inherent risks, the Holding identifies and assesses risks, which are reflected in the risk register, risk map, risk response plan (process improvement, minimization strategies), approved by the Board of Directors, at least annually.

The Board of Directors, when considering the register and the risk map, ensures that risks are included in them that can really affect the implementation of strategic objectives, and when considering the action plan for responding to risks, make sure that the measures are useful. The Board of Directors and the Holding's Management Board regularly receive information on key risks and their analysis in terms of their impact on the Holding's strategy and development plan.

Risk reports are submitted to meetings of the Board of Directors at least once a quarter and are duly discussed in full.

104. The Holding has implemented transparent principles and approaches in the field of risk management and control, the practice of educating employees and officials on the risk management system, as well as the process of documenting and timely bringing the necessary information to the attention of officials.

Employees of the Holding and its subsidiaries annually, as well as when hiring, undergo training/induction training to familiarize themselves with the adopted risk management and internal control system. Based on the results of such training, knowledge testing is carried out.

As part of the risk management and control system, the Holding has organized a safe, confidential and accessible way (hotline) to inform the Board of Directors (Audit Committee) and the internal audit units about violations of the legislation of the Republic of Kazakhstan, internal procedures, and the Code of Business Conduct by any employee and official of the Holding.

## **Clause 2. Internal audit**

105. The Holding established an Internal Audit Service for a systematic independent assessment of the reliability and efficiency of the risk management system and internal control and corporate governance practices.

Separate bodies, internal audit services, are also created in subsidiaries that are part of the Holding group. In subsidiaries in the form of a limited liability partnership, the internal audit functions are assigned to the Revision Commission/Inspector, functionally accountable to the Supervisory Board; at the same time, the goals, functions, and tasks of the Revision Commission/Inspector, the procedure for their interaction with the organization's bodies are established

taking into account the principles applicable to the Internal Audit Service set out in this Code.

106. The Internal Audit Service carries out its activities on the basis of a risk-based (annual) audit work plan approved by the Board of Directors of the Holding. The results of audit reports, key findings, and related recommendations are quarterly submitted for consideration to the Board of Directors.

The Head of the Internal Audit Service takes into account the concept of risk management adopted by the Holding and applies his own risk assessment, formed after consultation with the Holding's Management Board and the Audit Committee.

107. In carrying out its activities, the Internal Audit Service assesses the efficiency of internal control, risk management and corporate governance systems using generally accepted standards of activity in the field of internal audit and corporate standards, in accordance with the methods approved by the Board of Directors.

Assessment of the efficiency of the internal control system includes:

1) analysis of the conformity of the goals of business processes, projects and structural divisions with the goals of the Holding, verification of the reliability and integrity of business processes (activities) and information systems, including the reliability of procedures to counter illegal actions, abuse and corruption;

2) verification of the reliability of accounting (financial), statistical, managerial and other reporting, identification of the results of business processes and structural units for compliance with the goals;

3) determining the adequacy of the criteria established by the Holding Board to analyze the degree of fulfillment (achievement) of the goals;

4) the identification of deficiencies in the internal control system that did not allow (does not allow) the achievement of goals;

5) assessment of the results of the implementation of measures to eliminate violations, deficiencies and improve the internal control system, implemented at all levels of management;

6) verification of the efficiency and appropriateness of the use of resources;

7) verification of the safety of the assets of the Holding;

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

Assessment of the effectiveness of the risk management system includes:

1) verification of the sufficiency and maturity of the elements of the risk management system for effective risk management (goals and objectives, infrastructure, process organization, regulatory and methodological support, the interaction of structural units within the risk management system, reporting);

2) verification the completeness of the identification and correctness of the risk assessment by the executive body at all levels of its management;

3) verification of the efficiency of control procedures and other risk management measures, including the efficiency of the use of resources allocated for these purposes;

4) analysis of information about the risks that have taken place (violations revealed by the results of internal audits, facts of failure to achieve goals, facts of court proceedings).

Corporate governance assessment includes verification of:

1) compliance with the ethical principles and corporate values of the Holding;  
2) the procedure for setting goals, monitoring and controlling their achievement;

3) the level of regulatory support and procedures for information interaction (including on issues of internal control and risk management) at all management levels, including interaction with related parties;

4) ensuring the rights of the Sole Shareholder, including subsidiaries, and the efficiency of relations with related parties;

5) procedures for the disclosure of information on the activities of the Holding and its subsidiaries.

108. The Holding conducts an annual audit of financial statements by engaging an independent auditor who provides an objective opinion to related parties on the reliability of the financial statements and its compliance with the requirements of the International Financial Reporting Standards.

The selection of an external auditor is based on a contest. The selection takes into account the opinion of the Audit Committee under the Board of Directors of the Holding, which coordinates the qualification requirements and/or technical specifications developed for the purpose of the contest.

109. The external auditor engaged should not provide the Holding with consulting services that could become a threat to the independence of the external auditor, in the event that it is expected that a member of the Management Board, Managing Director or Chief Accountant of the Holding will be appointed (elected) as an employee of the external auditor or who participated in the mandatory audit of the Holding as an employee of an external auditor or who participated in the mandatory audit of the Holding as an employee of an external auditor during the two years preceding the date of his appointment (election) to the Holding, in order to avoid a conflict of interest, preliminary consenting of the Audit Committee under the Board of Directors of the Holding on the proposed candidate is required for further consideration of the item of his appointment (election).

110. Related parties must be sure of the reliability of the financial statements of the Holding by engaging an external auditor that meets the following criteria: high level of specialists qualification of the audit organization; significant work experience and a goodwill reputation (both in the Kazakhstan market and in the international market (if necessary); industry experience; compliance by the audit organization with International Audit Standards, the legislation of the Republic of Kazakhstan in the field of audit activity, the Code of Ethics of Professional Accountants of the International Federation of Accountants; the efficiency of the work to identify shortcomings and provide recommendations on improving internal controls on the process of preparing financial statements.

111. The Holding approves documents governing the audit and relations with the external auditor, including the process of selecting an external auditor, the

powers and functions of the tender committee, the issues of the audit organization providing consulting services not related to the audit of financial statements and other information, issues of rotation of audit organizations and senior staff of the audit organization, issues of hiring former employees of the audit organization.

The rotation of partners and senior staff of the audit organization responsible for the audit of financial statements is carried out at least once every five years if the audit organization provides the Holding with audit services for more than 5 consecutive years.

## **Chapter 9. The principle of regulation of corporate conflicts and conflicts of interest**

### **Clause 1. Corporate conflict regulation**

112. Members of the Board of Directors and the Holding's Management Board, employees of the Holding, perform their professional functions faithfully and reasonably in the interests of shareholders and the Holding, avoiding conflicts.

In the event of corporate conflicts (occurrence), participants will find ways to resolve them through negotiations in order to ensure effective protection of the interests of the Holding and related parties. At the same time, the Holding's officials timely inform the Corporate Secretary and/or Ombudsman of the presence (occurrence) of conflict.

The efficiency of work on the prevention and settlement of corporate conflicts involves the full and speedy identification of such conflicts and coordination of actions of all bodies of the Holding.

113. Corporate conflicts with the assistance of the Corporate Secretary and/or Ombudsman are considered by the Chairman of the Board of Directors of the Holding. If the Chairman of the Board of Directors is involved in a corporate conflict, such cases are considered by the Nominations, Remunerations and Social Issues Committee.

In order to prevent the interference of state bodies in the operating activities of the Holding, as well as to increase the responsibility of the Board of Directors for decisions made, the Sole Shareholder should avoid the election of an excessive number of members of the Board of Directors who are representatives of state bodies.

114. In order to ensure objectivity in assessing a corporate conflict and creating conditions for its effective settlement, persons whose interests are affected by the conflict or may affect it, do not participate in its settlement.

If it is impossible to resolve corporate conflicts through negotiations, they are resolved strictly in accordance with the legislation of the Republic of Kazakhstan.

115. The Board of Directors approves and periodically reviews the policies and rules for resolving corporate conflicts, in which their resolution will be in the



interests of the Holding and the Sole Shareholder.

116. The Board of Directors resolves corporate conflicts on issues within its competence. In this case, the Corporate Secretary and/or the Ombudsman are charged with ensuring the maximum possible awareness of the Board of Directors about the nature of the corporate conflict and the role of the mediator in resolving the corporate conflict.

The Chief Executive Officer, on behalf of the Holding, resolves corporate conflicts on all issues for which decision-making is not within the competence of the Board of Directors of the Holding, and also independently determines the procedure for resolving corporate conflicts.

The Board of Directors considers individual corporate conflicts within the competence of the Management Board (for example, if the subject of the conflict is the actions (inaction) of this body).

## **Clause 2. Regulation of conflict of interest**

117. Conflict of interest is defined as a situation in which the personal interest of an employee of the Holding affects or may affect the impartial performance of official duties.

118. Employees of the Holding do not allow a situation in which a conflict of interest is possible, neither in relation to themselves (or related persons) nor in relation to others.

In order to avoid a conflict of interests that impede the objective fulfillment by the Board of Directors of its duties and limit political interference in the processes of the Board of Directors of the Holding, mechanisms are being introduced to prevent and regulate them.

119. The basic principles for preventing conflicts of interest, methods for their identification, assessment, and resolution are enshrined in the Code of Business Conduct of the Holding, approved by the Board of Directors.

## **Chapter 10. Principles of transparency and objectivity of disclosure of information of the Holding's activities**

120. In order to comply with the interests of related parties, the Holding promptly and reliably discloses information provided for by the legislation of the Republic of Kazakhstan and the internal documents of the Holding, as well as information on all important aspects of its activities, including financial condition, results of operations, ownership and management structure.

121. To ensure a systematic disclosure of information, the Holding approves internal documents that determine the principles and approaches to disclosing and protecting information, a list of information disclosed to related parties, the terms, order, method, form of disclosure of information, responsible officials and employees, indicating their functions and responsibilities, as well as other provisions governing disclosure processes.

In order to protect confidential information and trade secrets, the Holding, in accordance with the legislation of the Republic of Kazakhstan, determines the procedure for classifying information to access categories, storage and use of information. The Holding determines the circle of persons having the right of free access to information constituting commercial and official secret, and take measures to protect its confidentiality.

122. The Internet resource is structured, easy-to-use of navigation and contains information sufficient for related parties to understand the activities of the Holding. It is recommended that the information be placed in separate thematic sections of the Internet resource.

Updating the Internet resource is carried out as necessary, but at least once a week. On a regular basis, the Holding monitors the completeness and relevance of information posted on the Internet resource and also determines the conformity of this information posted on the Kazakh, Russian, English versions of the Internet resource. For these purposes, responsible persons (structural unit) are assigned, responsible for the completeness and relevance of information on the Internet resource.

123. The Internet resource of the Holding contains the following information:

1) general information about the Holding, including information about the mission, main tasks, goals and activities, amount of equity capital (EC), amount of assets, net income and number of staff;

2) about the development strategy and/or development plan (at least strategic goals); priority areas of activity;

3) The Charter and internal documents of the Holding governing the activities of bodies, committees, corporate secretaries;

4) about ethical principles;

5) about risk management;

6) about dividend policy;

7) about members of the Board of Directors, including the following information: photo (by agreement with a member of the Board of Directors), last name, first name, middle name, date of birth, citizenship, status of a member of the Board of Directors (independent director, representative of the Sole Shareholder), an indication of the functions of a member of the Board of Directors, including membership in committees of the Board of Directors or performance the functions of the Chairman of the Board of Directors, education, including basic and additional education (name of educational institution, year of graduation, qualification, degree obtained), work experience over the past five years, main place of work and other positions currently held, professional qualifications, date of first election to the Board of Directors and date of election to the current Board of Directors, number and share of owned shares of affiliated organizations;

8) about members of the Management Board, including the following information: photo, surname, first name, middle name, date of birth, citizenship, position, and functions, education, including primary and secondary education (name of educational institution, year of graduation, qualification, degree obtained),

work experience over the past five years, professional qualification, positions held part-time, the number and proportion of shares held by affiliated organizations;

9) about financial statements;

10) about annual reports;

11) about the external auditor;

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

13) about the structure of the authorized capital, including the following information: the number and nominal value of issued shares (ownership interest), a description of the rights granted by the shares, the number and nominal value of declared but unplaced shares, information about the Sole Shareholder, the number and proportion of ordinary shares (ownership interest) owned by them, the procedure for disposing of property rights;

14) about the structure of assets, including information on affiliated organizations at all levels with a brief indication of the scope of their activities;

15) about the annual calendar of corporate events;

16) about the transactions which are the related party transaction, including information on the parties of the transaction, the material terms of the transaction (transaction subject, transaction price), the authority that made the decision on consenting of the transaction;

17) about major transactions, including information on the parties of the transaction, the material terms of the transaction (transaction subject, transaction price), the authority that made the decision on consenting of the transaction;

18) about activities in the field of sustainable development;

19) about the number of approved dividends;

20) about news and press releases.

124. The Holding prepares an annual report in accordance with the provisions of this Code and best practices for the disclosure of information. The annual report is approved by the Board of Directors.

The annual report is a structured document and published in Kazakh, Russian and English (if appropriate).

The annual report is prepared and, after approval by the Board of Directors of the Holding, is posted on the Internet resource.

125. The requirements for the content of the annual report minimally assume the following information:

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

2) address of the Chief Executive Officer;

3) about the Holding: general information; about the structure of the authorized capital, including the following information: the number and nominal value of the issued shares (ownership interest), a description of the rights granted by the shares, the number and nominal value of the announced but unplaced shares, information about the Sole Shareholder, the number of ordinary shares owned by him, the procedure for disposing of property rights; mission; development strategy, results of its implementation; market review and market position;

4) the results of financial and operating activities for the reporting year: review and analysis of activities regarding the tasks; operational and financial performance indicators; main significant events and achievements; information on material transactions; any financial support, including guarantees received from the state and any liabilities to the state and society assumed by the Holding (if not disclosed in accordance with IFRS);

5) the structure of assets, including subsidiaries of all levels, review, the main results of their financial and production activities;

6) goals and plans for future periods;

7) the key risk factors and the risk management system;

8) corporate governance: corporate governance structure; shareholder's structure and ownership structure; the structure of the Board of Directors, including qualifications, the selection process, including on independent directors with criteria for determining their independence; a report on the activities of the Board of Directors and its committees, which reflects the results of the activities of the Board of Directors and its committees for the reporting period, significant events, issues considered, number of meetings, form of meetings, attendance; information on the compliance of corporate governance practices with the principles of this Code, and if it does not comply, an explanation of the reasons for non-compliance with each of the principles; composition of the Holding's Management Board; report about the activities of the Management Board; officials remuneration policy;

9) sustainable development;

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

11) the analytical indicators and data included in the annual report should reflect the comparative analysis and the progress achieved (regression) in relation to the previous period (comparison with the values of similar indicators specified in the previous annual report). In order to compare indicators with international companies operating in a similar industry, it is recommended that performance indicators be published that will allow for benchmarking analysis.

## **Chapter 11. Interaction with subsidiaries**

126. An important role in the process of carrying out the activities of the Holding is not only the trust of the Sole Shareholder to the management of the Holding, but also the trust of partners and other related parties. In this regard, an important point in the formation of the principles of corporate behavior of the Holding is to maintain a stable, balanced relationship with its subsidiaries, based on effective mechanisms of corporate governance.

127. In order to exercise its rights as the Sole Shareholder, the Holding maintains relations with subsidiaries in accordance with the requirements of the legislation, the Charter, this Code and the internal documents of the Holding, the charters of subsidiaries.

128. The main objectives of the Holding's interaction with subsidiaries are:

1) ensuring stable development, financial stability, effective management of

subsidiaries;

2) ensuring the protection of the rights and interests of the Sole Shareholder of the Holding;

3) harmonization of relations between the Sole Shareholder, officials and employees of the Holding, as well as subsidiaries, the adoption of systemic measures to prevent conflicts between them and within these groups;

4) development and implementation of a coordinated and effective strategy and investment policy of the Holding and subsidiaries.

129. The Holding seeks non-interference in the operating activities of subsidiaries.

130. The Holding will take measures to develop and approve, in the manner prescribed by law, the Corporate Governance Code of its subsidiaries, the provisions of which will fully comply with the Code.

## **Chapter 12. Interaction with business partners**

131. The Holding interacts with business partners (clients, investors, rating agencies, consulting companies, etc.) on the basis of mutual benefit, respect, trust, honesty, and fairness. The Holding conducts business only with reliable business partners who are engaged in legal activities.

132. The Holding selects suppliers of services/goods mainly on a competitive basis in accordance with the legislation and internal documents of the Holding.

133. The Holding conscientiously fulfills its contractual liabilities to business partners and demands the same from them.

134. The Holding always resolves disputes arising in the course of its activity through legal means, negotiating and trying to find mutually acceptable compromises.

## **Chapter 13. Final provisions**

135. This Code shall enter into force upon approval.

136. The Holding seeks to implement the provisions of this Code in its activities.

137. The Holding will improve this Code, taking into account amendments in legislation and the emergence of new corporate governance standards in international and national practice, guided by the interests of the Sole Shareholder, the Holding, and other related parties.

138. Issues not specified in this Code are regulated by the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Holding.

139. The Holding may develop and adopt additional internal documents of the Holding aimed at adapting and applying the provisions of this Code.