



## **On approval of the Model Code of Corporate Governance in Joint Stock Companies Controlled by the State, except for the National Welfare Fund**

### *Unofficial translation*

Order of the Minister of National Economy of the Republic of Kazakhstan dated October 5, 2018 No. 21. Registered with the Ministry of Justice of the Republic of Kazakhstan on November 12, 2018 No. 17726.

### **Unofficial translation**

In accordance with paragraph 3 of Article 182 of the Law of the Republic of Kazakhstan "On State Property", **I hereby ORDER:**

**Footnote. Preamble - as amended by order № 102 of the Minister of National Economy of the Republic of Kazakhstan dated 17.11.2021 (effective ten calendar days after the date of its first official publication).**

1. To approve the attached Model Code of Corporate Governance in the State-Controlled Joint Stock Companies, Except for the National Welfare Fund.

2. In accordance with the procedure established by law, the Department of State Assets Management Policy of the Ministry of National Economy of the Republic of Kazakhstan shall ensure:

1) state registration of this Order with the Ministry of Justice of the Republic of Kazakhstan;

2) within ten calendar days from the date of state registration of this order with the Ministry of Justice of the Republic of Kazakhstan, the direction hereof in electronic form in Kazakh and Russian languages to the Republican State Enterprise on the Right of Economic Management "Republican Center of Legal Information" for official publication and inclusion in the Reference Control Bank of Normative Legal Acts of the Republic of Kazakhstan;

3) placement of this order on the website of the Ministry of National Economy of the Republic of Kazakhstan;

4) within ten working days after the state registration of this order with the Ministry of Justice of the Republic of Kazakhstan, submission to the Legal Department of the Ministry of National Economy of the Republic of Kazakhstan of information on the implementation of measures provided by subparagraphs 1), 2) and 3) of this paragraph.

3. Control over the execution of this order shall be entrusted to the supervising Vice-Minister of National Economy of the Republic of Kazakhstan.

4. The present order shall come into effect upon expiration of ten calendar days after the day of its first official publication.

*Minister of the National Economy*

*T. Suleimenov*

AGREED

the Ministry of Finance  
of the Republic of Kazakhstan

Approved.  
by order of the  
Minister of National Economy  
of the Republic of Kazakhstan  
№ 21 dated 5 October 2018

## **Model Code of Corporate Governance in state-controlled joint stock companies, except for the National Welfare Fund**

**Footnote. Model Code - in wording of the order of the Deputy Prime Minister - Minister of National Economy of the RK dated 23.04.2024 № 19 shall enter into force upon expiry of ten calendar days after the day of its first official publication).**

### **Chapter 1. General situation**

1 The Model Code of Corporate Governance in State-controlled Joint Stock Companies, except for the National Welfare Fund (hereinafter referred to as the Code) have been developed in accordance with paragraph 3 of Article 182 of the Law of the Republic of Kazakhstan “On State Property” (hereinafter referred to as the Law on State Property) and shall define the approaches of corporate governance in relations within a state-controlled joint stock company (hereinafter referred to as the Company) and with other stakeholders.

2. The following basic concepts shall be used in this Code:

- 1) shareholder- a person who is the owner of a share;
- 2) General Meeting of Shareholders - the supreme body of the Company. The procedure for holding the General Meeting of Shareholders shall be determined by the Law of the Republic of Kazakhstan “On Joint Stock Companies” (hereinafter referred to as the Law on Joint Stock Companies) and the Charter of the Company;
- 3) partners - suppliers and contractors, partners in joint projects;
- 4) Management Board - the executive body of the Company acting collegially;
- 5) development plan - a document defining the main directions of activities and indicators of financial and economic activities of a state-owned enterprise, joint-stock company and limited liability partnership, the controlling interest (share in the authorized capital) of which belongs to the state, for a five-year period;
- 6) development plan of the national management holding, national holding companies and national companies - a document defining and justifying the mission, vision, strategic goals and objectives of the national management holding, national holding company, national company for a ten-year period;

7) action plan - a document defining the main activities and financial and economic performance indicators of the national management holding company, national holding company and national company for a five-year period;

8) Board of Directors - a management body in the Company, which shall be formed by electing its members at the general meeting of shareholders (the sole shareholder) of the Company, responsible for general management and control over the activities of the Company and the Management Board;

9) subsidiary organization - a legal entity, the predominant part of the authorized capital of which have been formed by another legal entity (hereinafter referred to as the parent organization);

10) institutional investor - a legal entity that shall attract funds for the purpose of making investments in accordance with the legislation of the Republic of Kazakhstan;

11) corporate governance - a set of processes ensuring management and control of the Company's activities and including relations between shareholders, Board of Directors, Management Board, other bodies of the Company and interested parties in the interests of shareholders. Corporate governance also shall determine the structure of the Company, by means of which its goals shall be established, the means of achieving these goals, as well as monitoring and evaluation of the results of its activities;

12) corporate events - events that shall have a material impact on the issuer's activities, affecting the interests of the issuer's securities holders and investors, as defined by Article 102 of the Law "On Securities Market";

13) corporate conflict - a disagreement or dispute between shareholders and the Company's bodies; members of the Board of Directors and the Executive Body, Head of the Internal Audit Service, Corporate Secretary;

14) Corporate Secretary - an employee of the Company who shall not be a member of the Board of Directors and (or) the executive body of the Company, who is appointed by the Board of Directors of the Company and is accountable to the Board of Directors of the Company, and within the framework of his/her activity controls preparation and holding of meetings of the Shareholders' Meeting and the Board of Directors of the Company, shall ensure formation of materials on the agenda of the General Meeting of Shareholders and materials for the meeting of the Board of Directors of the Company, shall control access to them. The competence and activities of the corporate secretary shall be determined by the internal documents of the company;

15) General meeting of participants - the supreme body of a limited liability partnership controlled by the Company (hereinafter referred to as the Partnership). The procedure for holding the general meeting of participants shall be determined by the Law of the Republic of Kazakhstan "On Limited and Additional Liability Partnerships" (hereinafter referred to as the Law on Limited Liability Partnerships) and the Charter of the Partnership;

16) participant - a founder, as well as a person who received the right to a share in the property of the Partnership after its creation;

17) key performance indicators (KPIs) - indicators characterizing the level of performance of the Company, its officers and employees that shall allow to assess the efficiency of their activities. KPIs shall have a quantitative value, including a breakdown by year, approved for the Company as part of the Company's development plan and/or action plan, or approved differentiated for each employee of the Company and corresponding to the results of their activities for the planned and reporting periods;

18) official - a member of the Board of Directors (Supervisory Board), executive body;

19) Stakeholders - individuals, legal entities, groups of individuals or legal entities that shall influence or may influence the Company's activities, its products or services and related actions by virtue of legislation, concluded agreements (contracts) or indirectly (indirectly); the main representatives of stakeholders shall be shareholders, employees, customers, suppliers, state bodies, subsidiaries and affiliates, bondholders, creditors, investors, public organizations; 20) Ombudsman – an individual who shall be a member of the Company's Board of Directors (Supervisory Board), executive body.

20) Ombudsman – an individual appointed by the Board of Directors of the Company, whose role shall be to advise the Company's employees who have applied to him/her and assist in resolving labor disputes, conflicts, problematic issues of social and labor nature, as well as in compliance with the principles of business ethics by the Company's employees;

21) sustainable development shall be a development in which the Company manages the impact of its activities on the environment, economy, society and makes decisions taking into account the interests of stakeholders. Sustainable development shall meet the needs of the current generation without depriving future generations of the opportunity to meet their needs ;

22) dependent organization - a legal entity shall be recognized as a dependent if another (participating, predominant) legal entity has more than twenty percent of its voting shares (participatory interests);

23) Independent Director - a member of the Board of Directors who shall not be an affiliated person of the joint stock company and has not been such within three years preceding his/her election to the Board of Directors (except for the case of his/her holding the position of an independent director of the joint stock company), shall not be affiliated with affiliated persons of the joint stock company; shall not be subordinate to officials of the joint stock company or organizations - affiliated persons of the joint stock company; is not affiliated with any of the organizations - affiliated individuals of the joint stock company.

24) authorized body on management of the relevant branch (sphere) of state management (hereinafter referred to as the authorized body of the relevant branch) - the central executive body or department of the central executive body, determined by the Government of the Republic of Kazakhstan, managing the relevant branch (sphere) of state management and

having rights in respect of the republican property on the terms provided by the Law on State Property and other laws of the Republic of Kazakhstan In cases where the Government of the Republic of Kazakhstan transfers rights in respect of the republican property to other state bodies, the rules of the Law on State Property on the authorized body of the relevant branch shall apply to such state body;

25) organizations - legal entities, more than fifty percent of voting shares (participatory interests) in the authorized capital of which shall belong to the Company by right of ownership or trust management;

26) fiduciary obligations - obligations assumed by a person carrying out his/her professional activities in favor of another person. There shall be two basic fiduciary duties: good faith and reasonableness. The duty of good faith shall be manifested by the fact that in the event of a conflict of interest, the subject of this duty must act solely in the best interests of the Company. In turn, the duty of reasonableness shall be manifested by applying the skills, knowledge and abilities normally required in such a situation.

Subjects bound by fiduciary obligations towards the Company shall include members of the Company's governing bodies, its employees, majority and minority shareholders, as well as other stakeholders. For example, members of the Company's governing bodies, its employees and the controlling shareholder may not use the Company's business opportunities solely for their own benefit. The opposite would mean a breach of the duty of good faith towards the Company.

27) Holding company - a company that owns shares (participatory interests) in other organizations and has the ability to influence decisions made by these organizations.

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

3. State-controlled joint stock companies, except for the National Welfare Fund, shall approve codes of corporate governance in accordance with the Code, as well as conduct an independent assessment of corporate governance at least once every three years, the results of which shall be posted on the Internet resource of joint stock companies.

The Company's Internal Audit Service analyzes the efficiency of the corporate governance system.

The Board of Directors shall determine the frequency of analysis of the efficiency of the corporate governance system, taking into account the expectations of the Sole Shareholder.

The results of independent assessment and analysis of the efficiency of the corporate governance system shall be disclosed in the Company's annual report.

4 The Company shall recommend implementation of this Code in the organizations in which the Company owns more than fifty percent of voting shares (participatory interests) (hereinafter referred to as organizations).

5. The Company shall recommend that limited liability partnerships implement the provisions of this Code to the extent not contradicting the Law on Limited Liability Partnerships.

6. In carrying out its activities, the Company shall ensure:

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

7. Control over the Company's fulfillment of this Code shall be exercised by the Board of Directors of the Company. Corporate Secretaries shall monitor and advise the Board of Directors and the executive body of the Company on the issues of proper compliance with this Code, as well as prepare a report on compliance/non-compliance with its principles and provisions on an annual basis.

This report shall be subsequently submitted to the Committees of the Board of Directors, approved by the Board of Directors and included in the annual report of the Company.

8. Cases of non-compliance with the provisions of this Code shall be considered at meetings of the Committees and Boards of Directors with the adoption of decisions aimed at further improvement of corporate governance in the Company.

## **Chapter 2. Principles of Corporate Governance of the Company**

9. The Company shall consider corporate governance as a means of improving the efficiency of the Company's operations, ensuring transparency and accountability, strengthening its reputation and reducing the cost of raising capital. The system of corporate governance shall provide for delineation of powers and responsibilities between bodies, officers and employees of the Company.

10. Corporate governance of the Company shall be based on fairness, honesty, responsibility, transparency, professionalism and competence. The structure of corporate governance shall be based on respect for the rights and interests of all individuals interested in the Company's activity and contributes to the successful activity of the Company, including the growth of its value, support of financial stability and profitability.

11. The fundamental principles of this Code shall be:

- the principle of separation of powers;
- the principle of protecting the rights and interests of shareholders;
- the principle of effective management of the Company by the Board of Directors and the Management Board;
- the principle of sustainable development;
- the principle of risk management, internal control and audit;
- the principle of regulation of corporate conflicts and conflicts of interest;

the principle of transparency and objectivity of disclosure of information on the Company's activities.

Deviation from the above principles of the Company's management shall require submission of appropriate explanations in accordance with Paragraph 133 of this Code.

12. Within the framework of the Company's corporate governance structure, the division of responsibilities between the Company's bodies shall be determined, and the systematicity and consistency of corporate governance processes shall be ensured.

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

#### **Paragraph 1. The principle of separation of powers**

14. Rights, obligations and powers of shareholders (sole shareholder), Board of Directors and executive body shall be determined according to the current legislation of the Republic of Kazakhstan.

15. The state body shall delimit its powers as a shareholder of the Company and powers related to fulfillment of state functions in order to prevent conflict of interests. The state body shall perform functions of the Company's shareholder in order to increase the long-term value (value) of the Company taking into account stimulation of development of the relevant industry and/or region.

16. The Company shall carry out its activities within the framework of its core (specialized) activities. Implementation of new types of activities shall be regulated by the Entrepreneurial Code of the Republic of Kazakhstan.

17. The Company shall build an optimal structure of assets, shall simplify their structure and organizational and legal form.

In a holding company, the parent company shall be established in the form of a joint stock company.

When the Company creates new organizations, the preferred legal form shall be a limited liability partnership. Production and financial companies, where it is possible to increase the state assets through the implementation of investment projects and financial operations to attract extra-budgetary investments for the realization of socio-economic tasks shall be established in the form of a joint stock company.

When the Company establishes an organization in the form of a limited liability partnership, the participant (participants) in cases stipulated by the charter, the limited liability partnership may establish a supervisory board and (or) audit commission (auditor).

18. The state body as a shareholder shall participate in the management of the Company solely by exercising the shareholder's powers provided for in the Law on Joint-Stock Companies.

19. The state body as a shareholder shall grant full operational autonomy in the activities of the Board of Directors of the Company in order to ensure independent and objective fulfillment of their functions of strategic management and control over the activities of the executive body.

The executive body of the Company and the head of the executive body are fully independent and autonomous in making decisions and acting within their competence.

The Company shall quarterly inform the Board of Directors and shareholders (the sole shareholder) about cases of interference by state bodies in operational (current) activities of the Company and organizations not provided for by the Laws of the Republic of Kazakhstan.

If necessary, the Board of Directors shall make proposals to the shareholders (the Sole Shareholder) to prevent such cases.

20. Transactions and relations between the Company, the Organization, shareholders and interested parties, as well as with market participants shall be carried out on a commercial basis within the framework of the current legislation of the Republic of Kazakhstan and in order to maintain fair competition in the market, except for cases when one of the main tasks of the Company and the Organization shall be the implementation or assistance in the implementation of state policy for the development of certain industries of the Republic of Kazakhstan.

21. The Company finances its economic activities on market conditions. In particular, with conditions concerning access to debt and equity financing:

1) the Company's relations with all market participants (including financial and non-financial organizations) shall be based on an exclusively commercial basis, except for cases when one of the main tasks of the Company shall be implementation or assistance in implementation of the state policy on development of industries of the Republic of Kazakhstan;

2) within the framework of economic activity, the Company shall not benefit from any indirect financial support, which gives advantages over private competitors, except for cases stipulated by the legislation of the Republic of Kazakhstan. The economic activity of the Company shall not obtain resources (e.g., energy, water resources or land plots) at prices and on terms that shall be favorable compared to those offered to private competitors;

3) The rates of profit set in consideration of the operating conditions with respect to the economic activities of the Company shall be consistent with the results obtained by competing private enterprises;

4) the Company and organizations may participate in the implementation of socially significant and industrial-innovation projects, taking into account the main directions of the state policy in industrial-innovation, socio-economic and other spheres, according to the areas of activity of the Company and organization.

Information on expenditures related to public policy objectives shall be disclosed on the Company's and organization's Internet resource.

22. When the Company participates in public procurement as an organizer, the procedures applied shall be based on maintaining competition, non-discrimination, ensuring transparency and shall be conducted taking into account the requirements of the Laws of the Republic of Kazakhstan “On Public Procurement” and “On Procurement of Certain Entities of the Quasi-Public Sector”.

23. Relationships (interaction) between the state body and the Company, organizations shall be carried out through the Board of Directors and/or the executive body of the Company in accordance with the principles of corporate governance. The role and functions of the Chairman of the Board of Directors and the Chairman of the Management Board of the Company shall be differentiated and fixed in the documents of the Company.

Interaction between state bodies, the Company and organizations, not related to interaction within the framework of the activity of shareholders (sole shareholder), membership of representatives of state bodies in the Board of Directors of the Company and organizations, shall be carried out exclusively within the framework of the current legislation of the Republic of Kazakhstan.

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

Provision of information, including reports by the Company and organizations to state bodies shall be made in cases stipulated by the legislation of the Republic of Kazakhstan.

24. The corporate governance system shall provide for relationships between:

- 1) shareholders (participants);
- 2) the Board of Directors (Supervisory Board);
- 3) the executive body;
- 4) stakeholders;
- 5) other bodies determined in accordance with the Charter.

The Company shall approve regulations on bodies (if such regulations shall not be provided for by the Company's Charter) and structural subdivisions, as well as job descriptions. Compliance with the provisions of these documents shall ensure systematic and consistent corporate governance processes.

25. The Company shall participate in the management of organizations by exercising the functions of a shareholder (participant), as well as through the Board of Directors (Supervisory Board), in the manner prescribed by the charters of organizations and this Code.

26. The Company annually shall send to the Chairman of the Board of Directors and the Company's representatives in the Board of Directors (Supervisory Board) of the organization the expectations of the shareholder for the upcoming fiscal year.

27. The Company in the format of the general meeting of shareholders shall hold meetings with members of the Board of Directors (Supervisory Board) of the organization, all voting shares of which shall be owned by the Company.

Boards of Directors (Supervisory Boards) of Organizations shall have full independence in decision-making within their competence established by the Articles of Association of Organizations.

28. In order to ensure sustainable development of the Organizations, the Company shall form and approve uniform accounting policies, methodological recommendations and corporate standards for the Organizations.

The decision to apply the corporate standards approved by the Company in the field of internal audit and internal control system in the Organization shall be made by the Board of Directors of the Organization, taking into account the compliance of these standards with the specifics of the Organization's activities.

The Executive Body of the Company and the Organizations shall ensure that the Organizations' action plans submitted for approval by the Board of Directors of the Organizations shall be in line with the Development Plan and/or the Company's action plan.

The Executive Body of the Company shall maintain an ongoing dialogue with the Executive Body of the Organization on the issues of development plans and Sustainable Development. At the same time, the Company does not allow interference in the operational (current) activities of the Organization for which the Executive Body of the Organization shall be responsible.

The Company, Organizations and their officials shall ensure the growth of long-term value and Sustainable Development of the Company and Organizations, respectively, and the decisions made and actions/inaction taken in accordance with the procedure established by the legislation of the Republic of Kazakhstan and internal documents of the Company and Organizations.

The Executive Body of the Company shall interact with the Executive Body of the Organization on the issues of strategy and Sustainable Development. At the same time, the Company shall not interfere in the operational (current) activities of the Organization, for which the Executive Body of the Organization shall be responsible.

The recommended number of women in the collegial executive bodies of the Company and Organizations shall be at least thirty percent of the total number of members of the collegial executive bodies.

29. One of the main strategic objectives of the Company shall be to ensure the growth of long-term value and sustainable development of the Company, which is reflected in their development plans and/or action plans. All decisions and actions taken shall be in line with the development plan and/or action plan.

The main element in assessing the performance of the Company and its executive body shall be the KPI system. Shareholders (the sole shareholder) through their representatives in

the Board of Directors (or by written notice) express strategic benchmarks and their expectations on KPIs with a breakdown by year.

In order to achieve KPIs, the Company shall develop a development plan and/or action plan in accordance with the Law of the Republic of Kazakhstan on State Property.

The Company's action plan is developed to implement its development plan. KPIs of the action plan shall correspond to the KPIs of the development plan, including in terms of values

The achievement of the Company's KPIs shall be assessed on an annual basis. This assessment shall affect the remuneration of the head and members of executive bodies, shall be taken into account during their re-election, and shall be also one of the grounds for their early dismissal.

In order to assess the achievement of goals and objectives set in the development plan and/or action plan, KPIs shall be set for the organizations through the following processes:

1) The Company shall submit its expectations of the organizations' target KPIs for the planned period to its representatives on the Boards of Directors, which shall be submitted by them for consideration by the organizations' Boards of Directors;

2) based on the results of review and discussion, the Boards of Directors of the organizations approve the list and target KPI values, which shall be communicated to the executive body of the organizations for the development of relevant development plans for the ten-year period and/or action plans for the five-year period;

3) the action plan of the Company shall be approved by the Board of Directors of the Organizations.

30. The Company shall approve unified rules for development, approval of development plans and/or action plans of the organizations, the controlling interest (shareholding) of which shall be owned by the Company, as well as for monitoring and evaluation of their implementation.

The Executive Body of the Company shall monitor the execution of development plans and/or action plans and KPIs of the organization.

The results of monitoring and reports on the execution of the action plan shall be entered into the Company's information system for planning, monitoring and evaluation of activities in accordance with the procedure determined by the Company's documents.

31. The Board of Directors of the holding company shall ensure management efficiency, long-term value growth and sustainable development in all legal entities belonging to its group. The results of effective management in the holding company group shall be increased operational efficiency, improved quality of reporting, improved standards of corporate culture and ethics, openness and transparency, risk mitigation, proper internal control system.

The Board of Directors of the holding company shall be a body responsible to shareholders for the effective management and functioning of the entire group and shall make decisions related to the management of the group.

The holding company's corporate governance system shall ensure:

- 1) the presence of a management system in the group, delimited powers and decision-making process, the absence of duplication of functions and processes;
- 2) uniform standards, policies and processes, including in terms of determining uniform approaches to planning, monitoring and control, assessing effectiveness and applying corrective actions;
- 3) access to high-quality information regarding the activities of the group;
- 4) proper risk management of the group.

Holding companies may adopt other possible group management mechanisms involving the centralization of some functions.

The corporate governance system and decision-making process in a holding company shall be regulated in the Charter and documents of both the holding company and its group entities.

## **Paragraph 2. Principle of protection of rights and interests of shareholders**

32. The Company shall ensure the exercise of the rights of shareholders provided for by the Laws on joint-stock companies, on state property, and the Company's Charter. Observance of shareholders rights shall be a key condition for attracting investments into the Company.

Corporate governance in the Company shall be based on ensuring protection, respect for the rights and legitimate interests of shareholders and shall be aimed at promoting the Company's effective activities, including the growth of the long-term value of the Company, maintaining its financial stability and profitability.

33. If the Company has several shareholders, including minority shareholders, a fair treatment of each of them is ensured.

The Company shall protect minority shareholders from abuse by individuals who have the opportunity to directly, indirectly and/or otherwise determine decisions made by the Company. Shareholders, including institutional investors, shall participate in discussions with other shareholders and representatives of the Company on compliance with the basic rights of shareholders and the Company's corporate governance policy.

34. The register of shareholders of the Company shall be maintained by a single registrar.

## **Paragraph 3. Securing shareholder rights**

35. The Company shall ensure the exercise of the rights of shareholders (sole shareholder), including:

the right to own, use and dispose of shares;

the right to participate in the management of the Company and elect the Board of Directors in the manner prescribed by the Law on State Property, Article 36 of the Law on Joint Stock Companies and/or the Charter of the Company;

the right to receive a share of the Company's profit (dividends);

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

the right to receive information about the Company's activities, including familiarization with the Company's financial statements, in the manner determined by the General Meeting of Shareholders (sole shareholder) or the Company's Charter;

the right to apply to the Company with written requests in relation to its activities and to receive motivated and comprehensive answers within the time limits established by the Company's Charter;

the right to receive an extract from the Company's registrar or nominee confirming its ownership of the securities;

the right to challenge decisions made by the Company's bodies in court;

when owning independently or in aggregate with other shareholders five or more percent of the voting shares of the Company, apply to the judicial authorities on its own behalf in the cases provided for by Articles 63 and 74 of the Law on Joint Stock Companies, with a claim for compensation to the Company by the Company's officials for losses caused to the Company, and return to the Company by the Company's officials and/or their affiliates of the profit (income) received by them as a result of making decisions to enter into (offer to enter into) major transactions and/or interested party transactions;

the right to pre-empt shares or other securities of the Company convertible into its shares in the manner prescribed by the Law on Joint Stock Companies;

the right to participate in the adoption by the General Meeting of Shareholders of a decision to change the number of shares of the Company or change their type in the manner prescribed by the Law on Joint Stock Companies.

If there are several shareholders in the Company or an organization, including minority shareholders, the corporate governance system must ensure equal and fair treatment of all shareholders and the exercise of their rights, which must be enshrined in the Charter of the Company or organization.

36. Shareholders exercise their rights to participate in the management of the organization through participation in general meetings of shareholders.

The Company shall create favorable conditions for shareholders to participate in the General Meeting of Shareholders and shall express their opinions on the agenda items of the General Meeting of Shareholders.

At general meetings of shareholders, the state body and the Company as shareholders shall be present and effectively exercise their right to vote on their shares.

37. In a company where all voting shares shall belong to one shareholder, general meetings of shareholders shall not be held. Decisions on issues referred by the legislation and

(or) the company's charter to the competence of the general meeting of shareholders shall be made by such shareholder individually and shall be issued in writing, provided that these decisions shall not infringe or limit the rights certified by preferred shares.

#### **Paragraph 4. Procedure for the General Meeting of Shareholders**

38. The sole shareholder may hold meetings with the Board of Directors and the executive body to summarize the activities of the year and make decisions on issues of his competence. The sole shareholder may also hold regular meetings with the chairman of the Board of Directors during the year to discuss issues of the Company's activities within its competence.

39. The organization and procedure of the General Meeting of Shareholders shall comply with the following requirements:

- fair and equal treatment of all shareholders;
- availability of participation at the general meeting for all shareholders;
- provision of organizational and reporting information;
- simplicity and transparency of the general meeting of shareholders.

The procedure for holding the General Meeting of Shareholders shall be determined in accordance with the Law on Joint Stock Companies, the Charter and other internal documents of the Company regulating the Company's activities, or by the decision of the General Meeting of Shareholders.

40. The date and time of the General Meeting of Shareholders shall be established with the possibility of ensuring the participation of the largest number of individuals entitled to participate in it.

The Company shall promptly inform shareholders of the date and place of the General Meeting of Shareholders in accordance with the requirements of the Law on Joint Stock Companies.

The procedure for informing about the General Meeting of Shareholders, as well as the procedure and conditions for providing materials on its agenda issues should provide shareholders with the opportunity to effectively prepare for participation in the meeting.

Information and materials provided to shareholders prior to the general meeting of shareholders/hearing of the Board of Directors, as well as the procedure for its provision, provide a complete picture of the essence of the issues discussed with a comprehensive list of precisely formulated issues for discussion, risks associated with the adoption (non-adoption) of a decision, obtaining answers to questions of interest and the possibility of making informed decisions on agenda items.

Agenda items shall be stated meaningfully and interpreted in accordance with the literal meaning of their verbal expression and exclude the possibility of their different interpretation. The agenda shall not allow the inclusion of issues with the wording "different," "other," "other." At the General Meeting of Shareholders, the Company shall propose a separate decision on each individual issue submitted for consideration by shareholders.

The shareholder may make proposals to the agenda of the General Meeting of Shareholders, as well as demand the convocation of an extraordinary General Meeting of Shareholders upon their justification.

41. Methods of informing about the convocation of the general meeting of shareholders ensure timely notification of all shareholders. In order to simultaneously provide information to shareholders about the Company's activities, to ensure equal treatment of them, the general meeting of shareholders determines the media.

42. All shareholders shall have the opportunity to familiarize themselves with the list of individuals participating in the work of the General Meeting of Shareholders. The process of reviewing the list of individuals entitled to participate in and receive materials of the General Meeting of Shareholders shall be simple for shareholders. The list of shareholders participating in the General Meeting of Shareholders shall be compiled by the registrar of the Company on the basis of the data of the register of shareholders of the Company with disclosure by nominal holders of shareholders.

43. Information materials distributed during the preparation of the General Meeting of Shareholders shall be systematized in relation to the agenda of the General Meeting of Shareholders. A simple and easy procedure for obtaining and/or familiarizing with these materials shall be established.

44. At the request of the participants, they shall be provided with additional information about the plans, achievements and problems of the Company's activities, as well as analytical studies and materials of other organizations about the Company's activities.

45. The Company shall inform its shareholders in a timely manner and in full of information on its activities affecting the interests of shareholders in the manner prescribed by the Charter and internal documents of the Company.

46. The Company shall provide shareholders with reliable information about its financial and economic activities and its results. If the objectives of implementing the state policy are combined with the Company's main business activities, these objectives are disclosed and communicated to all shareholders, including minority shareholders.

47. In case of acquisition of shares (interests) in organizations by institutional investors, in order to ensure the stability and stability of organizations, institutional investors acting as a proxy are disclosed the corporate governance policy and the rules for their investment activities, including the current decision-making procedures in the investor's company.

Institutional investors acting as fiduciaries report how they address significant conflicts of interest that may affect property rights in respect of their investments.

The Company shall seek not to enter into interested party transactions. In case of such transactions, the Company shall disclose information on the Company's affiliates and transactions.

48. The procedure for holding the General Meeting of Shareholders shall provide all shareholders present at the meeting with an equal opportunity to exercise their rights to

participate in the General Meeting, including expressing their opinion, asking questions, and, if authorized to vote, taking part in voting when making decisions of the General Meeting of Shareholders. The shareholder shall vote in person or by proxy (by proxy issued personally by the shareholder to its representative). Votes cast in person and without personal presence have equal force. A power of attorney shall not be required to participate in the general meeting of shareholders and vote on the issues under consideration for an individual who, in accordance with the legislation of the Republic of Kazakhstan or constituent documents, shall have the right to act without a power of attorney on behalf of the shareholder or represent his interests.

49. In preparation for the General Meeting of Shareholders/hearing of the Board of Directors of the Company, organizational and technical conditions shall be created to enable shareholders to ask questions on the agenda and materials. The powers of the Company's officials, the corporate secretary (or the person performing his/her functions) and employees to interact with shareholders and investors, as well as the procedure for providing answers to their requests, shall be enshrined in the Company.

50. The Corporate Secretary (or the individual performing its functions) shall monitor incoming questions from shareholders and provide answers regarding the procedure for holding the General Meeting of Shareholders, shall clarify the provisions of the legislation of the Republic of Kazakhstan and the Company's documents regarding the procedure for participation and voting at the General Meeting of Shareholders, as well as on other issues, if such is defined in the Company's internal documents.

51. The Company shall develop and approve by the General Meeting of Shareholders the regulations of the General Meeting of Shareholders, which shall define the procedure for holding the General Meeting of Shareholders, providing for the possibility of proper discussion of agenda issues and decision-making, speeches of officials and other issues.

52. The Chairman of the General Meeting of Shareholders shall ensure that shareholders receive answers to all material questions directly at the General Meeting of Shareholders.

The Chairman shall ensure the attendance of all members of the Board of Directors and the Management Board, heads of the internal audit service and structural subdivisions of the Company to answer questions at the annual general meeting.

The registration time shall be sufficient for all shareholders (their representatives) to be able to register, while shareholders who have not been registered shall not be taken into account when determining a quorum and do not take part in voting.

In the event of a reasonable absence of the heads of the Internal Audit Service and structural subdivisions of the Company, their deputies and/or persons competent in these matters may be present.

If the questions raised do not make it possible to answer them immediately, the individual (persons) to whom they are asked shall provide written answers to the questions asked as soon as possible after the end of the general meeting.

53. The procedure for collecting and counting votes shall be simple and transparent, shareholders shall be convinced that there is no possibility of any distortion of the voting results.

54. The voting results of the General Meeting of Shareholders or the results of absentee voting shall be communicated to shareholders by publishing them in the mass media and on the Company's corporate Internet resource or by sending a written notice to each shareholder within ten (10) calendar days after the closing of the General Meeting of Shareholders.

The procedure for notification of voting results shall be determined by the Company's Charter.

#### **Paragraph 5. Dividend policy**

55. Shareholders shall be provided with access to information on the conditions and procedure for dividend payment, as well as reliable information on the Company's financial position when paying dividends.

For this purpose, the general meeting of shareholders (the sole shareholder) shall approve the dividend policy with access for all shareholders.

The holding company shall approve a single dividend policy for the group, developed taking into account the specifics of the presence in the structure of a group of organizations with several shareholders/participants.

In organizations with several shareholders (participants), another dividend policy of the Company and organizations may be adopted, approved by the general meeting of shareholders (participants).

56. The Dividend Policy shall determine the principles that guide the Board of Directors (Supervisory Board and/or Executive Body) when preparing proposals to shareholders (participants) on the distribution of net income of the Company and/or organization for the past financial year. The dividend policy shall be based on the following principles:

1) observance and protection of the interests and rights of shareholders (participants), including ensuring the guaranteed payment by the Company of dividends provided for by the Law;

2) increase in the long-term value of the organization;

3) ensuring the financial stability of the organization, including taking into account the influence of macroeconomic factors;

4) ensuring an optimal balance between the needs of the organization in financing activities aimed at further development of the organization, including financing of activities and investment projects implemented at the expense of the Company, the needs of shareholders (participants) in the form of dividends to return funds invested in shares (participation interests) of the organization, subject to the optimal asset structure;

5) ensuring transparency of the mechanism for determining the number of dividends;

6) balance of short-term (income generation) and long-term (development of the organization) interests of shareholders (participants);

7) ensuring an increase in dividend payments subject to an increase in the net income of the organization;

8) using a differentiated approach to determining the number of dividends of an organization depending on its maturity and financial and economic condition, determined on the basis of indicators of its financial stability and liquidity;

9) compliance with obligations established by contracts concluded by the Company and/or organization.

57. The dividend policy shall also regulate the procedure for distributing net income and determining its part allocated for the payment of dividends, the procedure for calculating the number of dividends, the conditions under which they shall be declared, the procedure and period for paying dividends.

58. The dividend policy shall establish the procedure for determining the share of the Company's net profit allocated for the payment of dividends.

59. The dividend policy shall reflect the procedure for calculating the number of dividends based on the amount of net income reflected in the audited annual financial statements of the organization, prepared in accordance with the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting and international financial reporting standards.

60. In case of payment of dividends on ordinary shares at the end of a quarter or six months or distribution of retained earnings of previous years, as well as in some cases, the amount of dividends is determined by the general meeting of shareholders (the sole shareholder) in a special manner when considering the approval of the procedure for distributing net income for the relevant periods.

61. To make a decision on the payment of dividends, the Board of Directors (supervisory board or executive body) shall submit for consideration by the general meeting of shareholders (sole shareholder)/participant (sole participant) proposals on the distribution of the Company's net income for the past financial year and the amount of dividend for the year per one ordinary share of the organization.

62. Dividends shall be paid upon economic feasibility and if such payment does not lead to deterioration of the long-term stability of the Company's activities or to the Company's insolvency.

If there is a shareholder (participant) in the organization who owns fifty or more percent of the voting shares (participation interests) or who has the right to determine decisions by virtue of agreements concluded with the organization and/or other shareholders (participants), the redistribution of funds in favor of such shareholder (participant) shall be carried out by means of dividend payments.

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

63. The Company (Partnership) shall disclose to shareholders (participants) and investors information on any forms and conditions of cooperation, agreements and partnerships.

#### **Paragraph 6. Effective Board of Directors**

64. The Board of Directors shall be a management body accountable to the general meeting of shareholders, providing strategic management of the organization and control over the activities of the executive body.

65. The Board of Directors shall ensure full transparency of its activities to shareholders, as well as the implementation of all provisions of this Code.

The State Body/the Company shall ensure the existence of effective mechanisms for communicating the shareholder's will to the members of the Company's Board of Directors/organization nominated by such shareholder and/or being its representatives.

66. The Board of Directors shall perform its functions in accordance with the Law on State Property, the Law on Joint Stock Companies, the Charter of the Company, this Code, the Regulation on the Board of Directors and other internal documents of the Company.

The Board of Directors shall pay special attention to issues related to:

- 1) definition and updating of the development plan/action plan (directions and results);
- 2) setting and monitoring of KPIs established in the development plan and/or action plan;
- 3) organization and supervision of the effective functioning of the risk management and internal control system, and identification of key risks;
- 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) disclosure of information, including financial statements, which reliably reflected the Company's affairs and relevant risks;
- 7) corporate governance and ethics;
- 8) compliance of the Company with the provisions of this Code and corporate standards of the Company in the field of business ethics (Code of Business Ethics).

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

- 1) act within the limits of their powers - members of the Board of Directors make decisions and act within the limits of their powers enshrined in the Law on State Property, the Law on Joint Stock Companies, as well as the Charter of the Company;

2) devote sufficient time to attend and prepare for meetings of the Board of Directors and its committees - it is not allowed to hold the position of a member of the Board of Directors in more than four legal entities at the same time, the position of chairman of the Board of Directors is allowed only in two legal entities, with the exception of representatives of the central authorized body for state property. A member of the Board of Directors may hold positions in other legal entities after receiving the approval of the Board of Directors;

3) contribute to the growth of long-term value and sustainable development of the Company - members of the Board of Directors act in the interests of the Company, taking into account fair treatment of all shareholders and the principles of sustainable development; the impact of decisions and actions of members of the Board of Directors can be determined by the following issues: what are the consequences of a decision/action in the long term; what is the impact of the organization's activities on society and the environment; whether all shareholders will be treated fairly; impact on the Company's reputation and high standards of business ethics; impact on stakeholders "interests (this list of issues is not exhaustive);

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

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

6) act with due reasonableness, skill and prudence - members of the Board of Directors on an ongoing basis improve their knowledge of the competencies of the Board of Directors and the performance of their duties on the Board of Directors and committees, including such areas as legislation, corporate governance, risk management, finance and audit, sustainable development, knowledge of the industry and the specifics of the Company's activities. In order to understand the current issues of the Company's activities, members of the Board of Directors regularly shall visit key facilities of the Company and hold meetings with employees.

68. Responsibility between the Board of Directors for ensuring its activities, performance of its functions and duties, including (but not limited to) determining the strategic directions of the Company's activities, setting tasks and specific, measurable (digitized) KPIs and the responsibility of the Management Board of the Company for the operational (current)

activities of the Company, including (but not limiting) the fulfillment of the set tasks and achievement of the established KPIs shall be divided and fixed in the relevant internal documents of the Company.

Members of the Board of Directors shall perform their duties, including fiduciary duties to the shareholder (s) and shall be responsible for decisions made, the effectiveness of their activities, action and/or omission. In case of different opinions, the Chairman of the Board of Directors shall ensure consideration of all acceptable options and proposals that shall be expressed by individual members of the Board of Directors in order to make a decision that meets the interests of the Company.

At the annual general meeting of shareholders (hearing), the chairman of the Board of Directors shall provide shareholders with:

1) the report of the Board of Directors, which shall reflect the results of the activities of the Board of Directors and its committees for the reporting period, the measures taken by the Board of Directors to increase the long-term value and sustainable development of the Company, the main risk factors, significant events, considered issues, the number of meetings, the form of meetings, attendance, as well as other important information - the report of the Board of Directors is included in the annual report of the Company;

2) report on the implementation of the expectations of shareholders (sole shareholder).

The Board of Directors annually shall report on compliance with the standards of this Code to shareholders (the sole shareholder). The Board of Directors shall ensure the introduction of mechanisms that shall help avoid conflicts of interest that prevent the Board of Directors from objectively performing its duties, and limit political interference in the processes of the Board of Directors.

The sole shareholder of the Company may additionally hold meetings with the chairman and members of the Board of Directors to discuss issues of the development plan, the election of the first head of the Company's management board and other aspects that affect the growth of long-term value and sustainable development of the Company. Such meetings shall be pre-scheduled and held in accordance with approved procedures.

69. The Board of Directors and its committees maintain a balance of skills, experience and knowledge that ensures independent, objective and effective decisions in the interests of the Company and taking into account fair treatment of all shareholders and the principles of sustainable development.

70. Members of the Board of Directors shall be elected in accordance with a transparent and fair competition, in the order of rules and criteria approved by the authorized body for state planning, which takes into account the competencies, skills, achievements, business reputation and professional experience of candidates. When re-electing individual members of the Board of Directors or its full composition for a new term, their contribution to the efficiency of the Company's Board of Directors shall be taken into account.

In the event of early termination of the powers of a member of the Board of Directors and the election of a new member of the Board of Directors, the powers of the latter expire simultaneously with the expiration of the term of office of the Board of Directors as a whole.

71. The term of office of members of the Board of Directors shall expire at the time of adoption by the general meeting of shareholders (the sole shareholder) of a decision on the election of a new composition of the Board of Directors.

72. Members of the Company's Board of Directors shall be elected for a term of not more than three years, and subsequently, subject to satisfactory performance, re-election for another term of up to three years shall be allowed.

73. Any term of election to the Company's Board of Directors for more than six consecutive years shall be subject to special consideration by the General Meeting of Shareholders (the sole shareholder), taking into account the need for a qualitative renewal of the Board of Directors. In exceptional cases, election for a term of more than six years is allowed, while the election of such a person to the Board of Directors of the Company takes place annually, with a detailed explanation of the need for the election of this member of the Board of Directors and the influence of this factor on the independence of decision-making.

74. The same individual shall be advised not to be elected to the Company's Board of Directors for more than nine consecutive years.

No person shall participate in decisions related to his own appointment, election and re-election.

75. When selecting candidates for the Board of Directors, the following shall be taken into account:

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

76. The number of members of the Board of Directors of the Company and its organizations shall be determined by the General Meeting of Shareholders (the sole shareholder). The composition of the Company's Board of Directors shall be determined individually taking into account the scale of activities, business needs, current tasks, development plan and/or action plan and financial capabilities. The number of members of the Board of Directors should allow the creation of the required number of committees. The recommended number of the Board of Directors shall be from 3 to 11 people.

The recommended number of women on the Board of Directors of the Company and organizations shall be at least thirty percent of the total number of members of the Board of Directors.

77. The composition of the Board of Directors shall ensure the adoption of decisions in the interests of the Company and taking into account fair treatment of shareholders by a balanced combination of members of the Board of Directors (representatives of shareholders, independent directors, and if included in the Board of Directors, the head of the executive body).

The issue of electing the entire Board of Directors or individual members shall be duly initiated by a major shareholder or the nomination and remuneration committee through the Company's Board of Directors.

78. Not a person shall be elected to the position of a member of the Company's Board of Directors:

1) having a conviction outstanding or not withdrawn in accordance with the procedure established by the Law;

2) who was previously the chairman of the Board of Directors, the head of the executive body, the deputy head, the chief accountant of another legal entity in the period not more than one year before the decision on the compulsory liquidation or compulsory redemption of shares, or the conservation of another legal entity declared bankrupt in accordance with the established procedure. The said requirement shall apply for a period of five years after the date of the decision on compulsory liquidation or compulsory redemption of shares, or the conservation of another legal entity declared bankrupt in accordance with the established procedure;

3) who committed a corruption crime.

The provisions specified in this paragraph shall be established in the Company Charter.

79. Independent directors shall be present and participate in the Board of Directors. The number of members of the Board of Directors shall be at least three. At least thirty percent of the Company's Board of Directors shall be independent directors. The number of independent directors should be sufficient to ensure the independence of decisions and fair treatment of all shareholders. The recommended number of independent directors in the Company's Board of Directors shall be up to fifty percent of the total number of board members.

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

An independent director shall be an individual who has sufficient professionalism and independence to make independent and objective decisions free from the influence of individual shareholders, the executive body and other stakeholders.

Requirements for independent directors shall be established in accordance with the legislation of the Republic of Kazakhstan and the Company's Charter.

Independent directors shall actively participate, among other things, in discussing issues where a conflict of interest shall be possible (preparation of financial and non-financial statements, conclusion of transactions in respect of which there shall be an interest, nomination of candidates to the management board, establishment of remuneration for members of the management board). Independent directors shall be elected by the chairmen of the committees of the Board of Directors on matters of strategic planning, personnel and remuneration, internal audit, social issues, and other matters stipulated by the company's internal documents.

The independent director shall monitor the possible loss of independence status and shall notify the chairman of the Board of Directors in advance in case of such situations. If there are circumstances affecting the independence of a member of the Board of Directors, the chairman of the Board of Directors immediately shall bring this information to the attention of shareholders for making an appropriate decision.

80. Relations between members of the Board of Directors and the Company shall be formalized by agreements taking into account the requirements of the legislation of the Republic of Kazakhstan, provisions of this Code and internal documents of the Company.

The contracts shall specify the rights, obligations, responsibilities of the parties and other material conditions, as well as the director's obligations to comply with the provisions of this Code, including to devote sufficient time to perform the functions assigned to them, obligations on non-disclosure of internal information about the Company after the termination of its activities for a period, established by the Board of Directors and, with respect to independent directors, also additional obligations arising from requirements for the status and functions of independent directors.

The contracts may provide for the deadlines for members of the Board of Directors to fulfill certain duties.

81. The Company shall ensure the availability of succession plans for members of the Board of Directors to maintain business continuity and progressive renewal of the composition of the Board of Directors.

82. The Board of Directors shall approve the induction program for newly elected members of the Board of Directors and the professional development program for each member of the Board of Directors. The Corporate Secretary shall ensure the implementation of this program.

83. Board members elected for the first time shall go through an induction program upon their appointment. During the induction process, members of the Board of Directors shall familiarize themselves with their rights and obligations, key aspects of the Company's and the organization's activities and documents, including those related to the greatest risks.

84. The Chairman of the Board of Directors shall be responsible for the overall management of the Board of Directors, shall ensure the full and effective implementation by the Board of Directors of its main functions and builds a constructive dialogue between

members of the Board of Directors, major shareholders and the Company's Management Board.

The Chairman of the Board of Directors shall create a single team of professionals determined to increase the long-term value and sustainable development of the Company, who shall be able to respond to internal and external challenges in a timely manner and at the proper professional level.

To fulfill the role of chairman of the Board of Directors, the candidate, along with professional qualifications and experience, shall have special skills, such as leadership, the ability to motivate, understand different views and approaches, and shall have skills in resolving conflict situations.

The role and functions of the Chairman of the Board of Directors and the head of the executive body of the Company shall be divided and enshrined in the Company's Charter. The head of the executive body cannot be elected chairman of the Board of Directors of the Company.

Key functions of the Chairman of the Board of Directors shall 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 making decisions;
- 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 the effectiveness of meetings of the Board of Directors by allocating sufficient time for discussions, comprehensive and in-depth consideration of agenda issues, stimulating open discussions, and achieving agreed decisions;
- 5) building proper communication and interaction with shareholders, including organizing consultations with large shareholders when making key strategic decisions;
- 6) ensuring monitoring and supervision of the proper implementation of the adopted decisions of the Board of Directors and the General Meeting of Shareholders (sole shareholder);
- 7) in the event of corporate conflicts, taking measures to resolve them and minimize the negative impact on the activities of the organization, and timely informing large shareholders (sole shareholder), if it is impossible to resolve such situations on their own.

#### **Paragraph 7. Remuneration of members of the Board of Directors**

85. The level of remuneration for members of the Board of Directors shall be established by the General Meeting of Shareholders (the sole shareholder) in an amount sufficient to attract and motivate each member of the Board of Directors of the level required for the successful management of the Company. The Nomination and Remuneration Committee of the Company's Board of Directors shall make proposals on the amount of remuneration for candidates to independent directors.

86. No individual shall participate in decisions related to their own remuneration.

87. When determining the amount of remuneration of a member of the Board of Directors, the duties of members of the Board of Directors, the scale of the Company's activities, long-term goals and objectives determined by the development plan/action plan, the complexity of issues considered by the Board of Directors, the level of remuneration in similar companies in the private sector (benchmarking, remuneration review) are taken into account.

Members of the boards of directors of joint-stock companies and supervisory boards of limited liability partnerships and organizations that shall be civil servants shall not be paid remuneration.

88. The level of remuneration shall be balanced and justified in order to exclude the potential negative reaction from the public caused by the establishment of an excessively high level of remuneration.

89. Disclosure of information on remuneration of members of the Board of Directors and the executive body of the Company shall be carried out by posting them on the corporate website.

90. As a rule, members of the Board of Directors shall be paid a fixed annual remuneration, as well as additional remuneration for chairing the Board of Directors, participating and chairing committees of the Board of Directors.

At the same time, members of the Board of Directors who shall be civil servants shall not be paid remuneration.

91. The General Meeting of Shareholders (sole shareholder) of the Company shall determine the amount and conditions of payment of remuneration and compensation of expenses to the member (s) of the Board of Directors of the Company. The terms and conditions of directors "remuneration shall be reflected in the agreements concluded with them and in the Company's internal document.

#### **Paragraph 8. Board Committees**

92. The Board of Directors shall establish committees with competence to consider issues related to audit, strategic planning, risk management, personnel and remuneration, as well as other issues stipulated by the Company's internal documents. In organizations whose operations shall be associated with the risk of technological disasters and a significant negative impact on the environment, safety and environmental protection committees shall be created. In order to increase the efficiency of making investment decisions, the competence of one of the committees under the Board of Directors shall include issues related to the investment activities of the organization, the consideration of which shall be within the competence of the Board of Directors. The number of members of the Committee shall be at least three (3) persons.

93. The presence of committees shall not relieve members of the Board of Directors from responsibility for decisions made within the competence of the Board of Directors.

94. Committees shall be created to conduct a detailed analysis and develop recommendations on a range of the most important issues before they are considered at a meeting of the Board of Directors. The final decision on the issues considered by the committees shall be made by the Board of Directors.

95. The activities of all committees shall be governed by internal documents approved by the Board of Directors, containing provisions on the composition, competence, procedure for electing committee members, the procedure for the work of committees, as well as on the rights and obligations of their members. Shareholders (sole shareholder) and other interested parties can familiarize themselves with the provisions on committees. Committee regulations shall be posted on the corporate website.

96. To organize the work of the committee, committee or Board of Directors, the secretary of the committee shall be appointed from among the employees of the corporate secretary service or, by decision of the Board of Directors, the corporate secretary or employee of the Company, in the absence of the corporate secretary service. The Secretary of the Committee shall ensure preparation of Committee meetings, collection and systematization of materials for meetings, timely sending of notices to Committee members and invitees on Committee meetings, agenda of meetings, materials on agenda items, minutes of meetings, preparation of draft decisions of the Committee, as well as subsequent storage of all relevant materials.

97. The Board of Directors shall decide on the establishment of committees, shall determine the composition of committees, terms and powers.

Committees shall consist of a number of board members with the professional knowledge, competencies and skills to serve on the committee. When forming the composition of committees, the presence of potential conflicts of interest is taken into account. The chairmen of the committees, along with professional competencies, shall have organizational and leadership qualities, good communication skills for the effective organization of the committee's activities.

At committee meetings, decisions shall be made by committee members.

Committees, if necessary, involve independent experts and consultants to provide expert advice on agenda issues.

98. The Committees shall approve their work plan (before the beginning of the calendar year), which shall be coordinated with the work plan of the Board of Directors, indicating the list of issues under consideration and the dates of the meetings. The frequency of committee meetings shall be at least four meetings per year. Committee meetings shall be held in person, with minutes drawn up. Minutes of committee meetings shall be sent to all members of the

Board of Directors. In order to create favorable conditions and reduce the cost of holding committee meetings, the participation of committee members is allowed through technical means of communication.

99. The chairmen of the committees shall prepare a report on their activities and at a separate meeting report to the Board of Directors on the results of their activities for the year. The Board of Directors shall have the right at any time during the year to require the committees to submit a report on current activities within the deadlines established by the Board of Directors.

#### **Paragraph 9. Strategic planning committee**

100. In order to develop objective and independent decisions and prevent the influence of any stakeholders with a potential conflict of interest (representatives of shareholders, the head of the executive body, employees and other persons) on the judgments of members of the strategic planning committee, the majority of members of the strategic planning committee shall be independent directors. It shall be recommended that an independent director shall be elected a chairman of the committee.

101. The functions of the Strategic planning committee shall be to develop and submit to the Board of Directors of the Company recommendations on the development of priority areas of the Company's activities and development strategy, including issues related to the development and updating of the development plan/action plan, and monitoring of its implementation, setting and monitoring of KPIs established in the development plan and/or action plan, and identification of key risks, as well as other measures that contribute to improving the efficiency of the Company, its long-term value and sustainable development.

#### **Paragraph 10. Audit committee**

102. In order to develop objective and independent decisions and prevent the influence of stakeholders with a potential conflict of interest (representatives of shareholders, the head of the executive body, employees and other persons) on the judgments of the committee members, the audit committee shall include only independent directors with knowledge and practical experience in accounting and audit, risk management, internal control.

The functions of the Audit committee shall include internal and external audit, financial reporting, internal control and risk management, compliance with the Laws of the Republic of Kazakhstan, internal documents and other issues on behalf of the Board of Directors.

103. The Audit committee shall prepare recommendations to the Board of Directors on the choice of the audit organization for auditing the annual financial statements of the Company (consolidated and/or unconsolidated), and also pre-analyzes the audit report before its presentation by the audit organization to the Board of Directors and at the general meeting of shareholders.

## **Paragraph 11. Nomination and remuneration committee**

104. In order to develop objective and independent decisions and to prevent the influence of any interested parties with a potential conflict of interest (representatives of shareholders, the head of the executive body, employees and other persons) on the judgments of the committee members, the majority of the members of the nomination and remuneration committee shall be independent directors.

105. At least one of the members of the Nomination and remuneration committee must have knowledge and practical experience in the field of personnel management and evaluation of its activities, as well as in the field of corporate governance. The committee shall be chaired by an independent director.

106. Functions of the Nomination and remuneration committee shall include appointment issues (election), setting motivational KPIs, evaluating activities, remuneration and succession planning of the head and members of the executive body, issues of appointment and remuneration of the corporate secretary, head and employees of the internal audit service, other employees of the Company, whose appointment shall be made by decision of the Board of Directors (in this case, issues related to the head and employees of the internal audit service fall within the competence of the audit committee) as well as participation in the consideration of these issues in relation to the composition of the Board of Directors itself, in cases of granting such powers by the general meeting of shareholders (the sole shareholder). In this case, members of the Nomination and remuneration committee shall not allow a conflict of interest and shall not participate in the consideration of their own appointment and/or remuneration.

## **Paragraph 12. Organization of activities of the Board of Directors**

107. The preparation and holding of meetings of the Board of Directors shall contribute to the effectiveness of its activities. Members of the Board of Directors shall have access to complete, up-to-date and timely information in order to perform their duties.

108. The Board of Directors shall comply with the procedures established by the Company's documents for preparing and holding meetings of the Board of Directors.

109. Meetings of the Board of Directors shall be held in accordance with the work plan approved by the Board of Directors before the beginning of the calendar year, including a list of issues under consideration and a schedule of meetings.

Meetings of the Board of Directors and its committees shall be held in person or in absentia. The Board of Directors shall be recommended to reduce the number of meetings with absentee voting.

110. Consideration and adoption of decisions on strategic issues shall be carried out only at meetings of the Board of Directors with full-time voting.

111. 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 personally attend a meeting of the Board of Directors, a combination of both forms of meeting of the Board of Directors and its committees is possible.

The absent member of the Board of Directors can participate in the discussion of the issues under consideration using technical means of communication and provide his opinion in writing.

112. The frequency of meetings of the Board of Directors shall be at least six meetings per year.

113. Materials for meetings of the Board of Directors shall be sent at least ten calendar days in advance, and on more important issues, which shall be determined by the Company's charter, at least fifteen business days in advance, unless otherwise established by the Company's charter.

114. The list of important issues shall include, but is not limited to, approval and evaluation of the implementation of the development plan and/or action plan, KPIs for the head and members of the executive body, the annual report, and participation in the creation of other legal entities.

115. The agenda of the meeting of the Board of Directors shall not include issues on which materials have been provided in violation of the deadlines. If issues are included in the agenda in violation of the deadlines, the chairman of the Board of Directors is provided with a comprehensive justification of this need. The circumstance associated with the inclusion of issues on the agenda in violation of the deadlines shall be taken into account when assessing the activities of the person responsible for their timely preparation and provision.

116. The Board of Directors shall make decisions on the basis of complete, reliable and high-quality information. In order for the Board of Directors to make effective and timely decisions, the following conditions shall be met:

1) high quality of materials, information, documents provided to the Board of Directors (including translation into other languages, depending on the language skills of the board members);

2) obtaining expert opinion (internal and external) if necessary. The involvement of experts shall 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, deadlines and responsible persons.

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

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

2) formal attitude to risks;

- 3) the pursuit of personal interests and low ethical standards;
- 4) formal adoption of decisions at a meeting of the Board of Directors, without real and active discussions;
- 5) a position of uncompromising (lack of flexibility) or lack of desire for development (satisfaction 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 decision.

117. Each member of the Board of Directors shall participate in meetings of the Board of Directors and the committee of which he is a member. Derogation from this rule shall be allowed in exceptional cases stipulated in the regulation on the Board of Directors.

118. The quorum for holding a meeting of the Board of Directors shall be determined by the Company's charter, but not less than half of the number of members of the Board of Directors and shall be determined taking into account the members of the Board of Directors who shall participate in the discussion and voting of the issues under consideration using technical means of communication (in the mode of a video conference, telephone conference, etc.), or if their votes are expressed in writing.

119. Decisions at a meeting of the Company's Board of Directors shall be made by a majority vote of the members of the Board of Directors participating in the meeting, unless otherwise provided by the legislation of the Republic of Kazakhstan and the Company's charter.

120. When resolving issues at a meeting of the Company's Board of Directors, each member of the Company's Board of Directors shall have one vote. Transfer of voting rights by a member of the Company's Board of Directors to another individual, including another member of the Company's Board of Directors, shall not be allowed.

121. When the Board of Directors of the Company makes decisions, in case of equality of votes of members of the Board of Directors, the Chairman of the Board of Directors of the Company shall have the casting vote.

122. A member of the Board of Directors who shall have an interest in an issue submitted to the Board of Directors shall not participate in the discussion and voting on this issue, which shall be recorded in the minutes of the meeting of the Board of Directors.

Meetings of the Board of Directors and its committees shall be recorded by the Corporate Secretary or the Secretary of the Committee from among the employees of the corporate secretary service in accordance with the internal documents of the Company in accordance with the established procedure, indicating in full the results of discussions and decisions made

123. The Board of Directors may audit previously adopted resolutions. The decision and the process of its adoption shall be subject to analysis. The audit of previously adopted

decisions shall be carried out when the Board of Directors conducts an annual assessment of its activities.

**Paragraph 13. Evaluation of the activities and efficiency of the Board of Directors**

124. The Board of Directors, committees and members of the Board of Directors shall be assessed on an annual basis within a structured process approved by the Company's Board of Directors. Assessment methods shall be self-assessment or the involvement of an independent external consultant to improve the quality of the assessment. The decision on the need for an independent assessment of the activities of the Board of Directors shall be made by the Company's Board of Directors based on the recommendation of the Nomination and remuneration committee of the Board of Directors. Moreover, at least once every three years, the assessment shall be carried out with the involvement of an independent professional organization.

Assessment of the Board's performance shall be aimed at determining the effectiveness of the Board of Directors, communications with the executive body, increasing the involvement of committees and members of the Board of Directors in its work, identifying priority areas for improving the work of the Board of Directors, committees and the corporate secretary.

125. The assessment shall make it possible to determine the contribution of the Board of Directors, committees and each of its members to the growth of long-term value and sustainable development of the Company, as well as to identify areas and recommend measures for improvement. The results of the assessment shall be used to determine the needs for skills, experience and knowledge of board members necessary to ensure the growth of long-term value and sustainable development of the Company, succession planning and re-election. 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 shareholders (the sole shareholder) to make an appropriate decision. The results of the assessment shall be taken into account when determining the optimal quantitative composition of the board and the amount of remuneration for members of the Board of Directors.

126. Evaluation shall be one of the primary tools for enhancing the professionalism of the board and its individual members and shall help develop effective and appropriate induction and training programs for new and current board members. The assessment shall be carried out both for independent directors and for representatives of shareholders (the sole shareholder), and, if included in the Board of Directors, the head of the executive body.

Assessment shall be carried out using criteria such as regularity, complexity, continuity, realism, confidentiality.

The process, terms and procedure for assessing the performance of the Board of Directors, its committees and members of the Board of Directors shall be regulated by the Company's internal documents.

The Chairman of the Board of Directors shall be responsible for the assessment process and taking measures based on its results.

127. The evaluation shall include, but is not limited to:

- 1) optimal composition of the Board of Directors (balance of skills, experience, diversity of composition, independence and objectivity) in the context of the tasks facing the Company;
- 2) clarity of vision, strategic issues (development plan/action plan), main tasks, problems and values of the Company;
- 3) planning the succession and development of the Board of Directors;
- 4) functioning of the Board of Directors as a single body, the role of the Board of Directors and the Head of the Management Board in the Company's activities;
- 5) efficiency of interaction of the Board of Directors with shareholders (sole shareholder), management board and officers of the Company;
- 6) efficiency 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 executive body;
- 8) quality of information and documents provided to the Board of Directors;
- 9) the quality of discussions at the Board of Directors, in committees;
- 10) performance of the corporate secretary;
- 11) clarity of processes and competencies;
- 12) risk identification and assessment process;
- 13) interaction with shareholders and other stakeholders.

128. The Board of Directors in its annual report shall reflect the method of assessing the Board of Directors and the measures taken based on its results.

129. The sole shareholder may conduct his own assessment of the Board of Directors independently or with the involvement of an independent external consultant, at his own expense. The assessment carried out by the sole shareholder shall take into account the results of the assessment carried out by the Board of Directors, the results of the Company's activities , and the implementation of KPIs.

#### **Paragraph 14. Corporate secretary of the company**

130. In order to effectively organize the activities of the Board of Directors and interaction of the Board of Directors, the executive body with shareholders, the Board of Directors appoints a corporate secretary.

131. The Board of Directors shall decide on the appointment of the corporate secretary and early termination of his/her powers, shall determine the term of office of the corporate secretary, the functions and procedure of activity, the amount of the official salary and the terms of remuneration, shall decide on the establishment of the service (secretariat) of the

corporate secretary and determine the budget of this service. The Corporate secretary shall report to the Company's Board of Directors and shall be independent of the Company's management board.

132. The main responsibilities of the corporate secretary shall include:

assistance in timely and high-quality corporate decision-making by the Board of Directors , the sole shareholder;

acting as an advisor to members of the Board of Directors on all issues of corporate governance and application of the legislation of the Republic of Kazakhstan, the Company's charter and the provisions of this Code;

control over timely implementation of corporate decisions adopted by the General Meeting of Shareholders and the Board of Directors;

maintaining an archive of corporate decisions, materials and results of activities of the Board of Directors and the general meeting of shareholders;

interaction with shareholders on convening and preparing for the general meeting of shareholders;

monitoring the execution by the executive body and other key employees of the decisions of the general meeting of shareholders and the Board of Directors, informing the Board of Directors about such execution/non-execution;

providing clarifications regarding the provisions of this Code and their application monitoring the implementation of this Code;

participation in improving the Company's corporate governance and organizations.

The Corporate secretary shall also prepare a report on compliance with the principles and provisions of this Code, which shall be included in the Company's annual report. This report shall provide a list of principles and provisions of the Code that shall not be observed, with appropriate explanations.

Other duties shall be assigned to the corporate secretary taking into account the current workload of the corporate secretary. The assignment of new duties shall not adversely affect the quality of the performed functions described in this Code and internal documents of the Company. New functions shall not duplicate functions of other structural subdivisions and officials. In case of duplication, the functions need to be revised to minimize duplication.

133. The main functions of the corporate secretary in terms of ensuring the activities of the Board of Directors shall include, but shall not be limited to:

1) assistance to the Chairman of the Board of Directors in the formation of the work plan and agendas of meetings;

2) organization of meetings of the Board of Directors and its committees;

3) ensuring that members of the Board of Directors receive up-to-date and timely information sufficient to make decisions on issues on the agenda and within the competence of the Board of Directors;

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

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

6) organizing the induction of newly elected members of the Board of Directors;

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

8) organization of interaction between members of the Board of Directors and shareholders, the management board.

In terms of ensuring interaction with shareholders (sole shareholder):

1) organizing general meetings of shareholders;

2) timely submission of materials on issues submitted for consideration by the general meeting of shareholders/sole shareholder for adoption of relevant decisions;

3) keeping minutes of the General meeting of shareholders, ensuring the storage of minutes, transcripts, materials of meetings of the General meeting of shareholders (decisions of the sole shareholder);

4) ensuring proper interaction of the organization with shareholders, including control over the provision of information to shareholders' requests on a timely basis.

Regarding the implementation of good corporate governance practices:

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

4) advising shareholders, officials, employees of the Company on corporate governance issues;

5) monitoring the best international practices in the field of corporate governance and making proposals to improve corporate governance practices in the Company.

134. In order to ensure effective interaction and transfer of information between the bodies of the organization, the corporate secretary must have the ability to build fruitful relationships and have the skills to resolve conflict situations. In the event of a conflict of interest, the corporate secretary shall bring this information to the attention of the Chairman of the Board of Directors.

135. In order to perform his/her duties, the corporate secretary shall have knowledge, experience and qualifications, good business reputation. Depending on the size of the Company and the scale of its activities, a corporate secretary service may be established.

136. An individual with a higher legal or economic education with at least five years of experience and practical knowledge in the field of corporate governance and corporate Law shall be appointed to the position of corporate secretary.

137. In order to improve the efficiency of the preparation and conduct of meetings, the Board of Directors periodically shall discuss the completeness and usefulness of the materials provided to the members of the Board of Directors. The results of these discussions serve as one of the elements of assessing the effectiveness of the corporate secretary.

138. In relation to the corporate secretary, the Company shall develop an induction and succession planning program. The appointment of the Corporate Secretary is carried out on the basis of open and transparent procedures enshrined in the Company's internal documents.

139. The corporate secretary shall carry out its activities on the basis of a provision approved by the Board of Directors, which specifies the functions, rights and obligations, the procedure for interaction with the Company's bodies, qualification requirements and other information.

140. The executive body of the Company shall render full assistance to the corporate secretary in the performance of his/her duties.

#### **Paragraph 15. Ombudsman of the company**

141. In order to comply with the principles of business ethics and optimal regulation of social and labor disputes arising in the company and organizations, an ombudsman may be appointed.

A candidate for the position of ombudsman must have an impeccable business reputation, high authority and have the ability to make impartial decisions.

142. The Ombudsman shall be appointed by the decision of the Board of Directors of the Company and organizations and shall be subject to re-election every two years. The role of the Ombudsman shall be to advise the employees, participants in labor disputes, conflict and assist them in developing a mutually acceptable, constructive and feasible solution, taking into account compliance with the standards of the legislation of the Republic of Kazakhstan (including confidentiality), to assist in solving problematic social and labor issues, both employees and the Company and organizations.

143. The Ombudsman shall submit to the relevant bodies and officials of the Company and organizations the problems identified by him that shall be of a systemic nature and require the adoption of appropriate decisions (complex measures), shall put forward constructive proposals for their solution.

144. The Ombudsman shall, at least once a quarter, submit a report on the results of the work performed to the Nomination and remuneration committee and the Board of Directors of the Company, which shall assess the results of its activities.

145. The Board of Directors of the Company shall approve the annual work plan and KPIs, shall evaluate the results of the Ombudsman's activities at least once a quarter, shall consider

issues of labor payments and bonuses, and shall decide on the extension or termination of the powers of the individual holding the position of the Ombudsman. Remuneration and bonus issues shall be determined by an internal regulatory document approved by a decision of the Company's Board of Directors. The place of work, working conditions of the Ombudsman shall be determined by the decision of the executive body of the Company.

The Company shall be obliged to adhere to high ethical standards and implement the necessary procedures to ensure the constant application of these standards by all employees and partners of the Company.

#### **Paragraph 16. Internal audit service under the company's Board of Directors**

146. In order to assist the Board of Directors in overseeing the risk management, internal control and corporate governance systems, the Board of Directors shall ensure the existence of an independent internal audit. In particular, the Internal audit service (hereinafter referred to as the IAS) shall be created as a separate structural unit to provide the Board of Directors and the executive body with independent and objective guarantees and consultations aimed at improving the Company's activities and achieving its goals, on the basis of a systematic and consistent approach to assessing and improving the effectiveness of risk management processes, internal control and corporate governance.

In limited liability partnerships, in the absence of the IAS, the functions of internal audit shall be assigned to the audit commission/auditor, functionally accountable to the general meeting of participants; at the same time, the goals, functions and tasks of the audit commission/auditor, the procedure for its interaction with the bodies of the organization should be established taking into account the principles set forth in this Code in relation to the IAS.

The Board of Directors of the Company shall determine the quantitative composition of the internal audit service, the term of office of its employees, appoints its head, as well as shall terminate his powers ahead of schedule, shall determine the procedure for its work, the amount and conditions of remuneration and bonuses for employees of the internal audit service, as well as the budget of the internal audit service.

147. Employees of the internal audit service may not be elected to the Company's Board of Directors and executive body.

148. The Internal audit service shall report directly to the Company's Board of Directors and shall be independent of the Company's executive body. The tasks and functions of the internal audit service, its rights and responsibilities shall be determined by the regulation on the internal audit service approved by the Company's Board of Directors.

Organizational subordination and functional accountability of the IAS to the Board of Directors shall mean:

1) approval by the Board of Directors (after preliminary consideration by the audit committee) of the provisions of the field of internal audit governing the goals, objectives, functions and procedure of the IAS,

2) approval by the Board of Directors (after preliminary consideration by the audit committee) of a risk-based annual audit plan;

3) providing the Board of Directors (after preliminary consideration by the audit committee) with a quarterly and annual report on the implementation of the annual audit plan and other information on the activities of the internal audit;

4) approval by the Board of Directors (after preliminary consideration by the audit committee) of decisions on the appointment, dismissal, remuneration of the head and employees of the internal audit service;

5) approval by the Board of Directors (after preliminary consideration by the audit committee) of the IAS budget;

6) consideration by the Board of Directors of significant restrictions on the powers of the IAS or other restrictions that could adversely affect the implementation of internal audit.

149. The key responsibilities of the internal audit service shall include assessing the quality of the Company's internal control and risk management system and informing the Board of Directors of the adequacy and effectiveness of this system. The main task of the internal audit service shall be to help improve the Company's performance.

150. The Regulation on the Internal audit service shall define its objectives, tasks and responsibilities and establishes:

1) adherence to the principles, code of ethics of internal auditors and international standards of internal audit adopted by the Institute of Internal Auditors;

2) status, goals, tasks and responsibilities of the Company's internal audit service;

3) conditions for ensuring independence, objectivity and professionalism of the internal audit service to achieve the goals and objectives of the internal audit and efficient performance by the internal audit service of its functions and duties;

4) qualification requirements for the head and employees of the internal audit service;

5) scope and content of internal audit activities;

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

7) procedure for interaction of the internal audit service with the Board of Directors and the Management board of the company and reporting to the Audit committee and the Board of Directors of the company.

151. The regulation on the internal audit service shall also provide for the following tasks and functions:

1) assisting the management board and employees of the Company in developing and monitoring the implementation of procedures and measures to improve the risk management and internal control system and corporate governance;

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

3) conducting internal audit of subsidiaries within the established procedure;

4) preparation and submission to the Board of Directors and the Audit committee of quarterly and annual reports on the results of the internal audit unit's activities and fulfillment of the annual audit plan (including information on significant risks, deficiencies, results and efficiency of measures to eliminate identified deficiencies, results of assessment of the actual state, reliability and efficiency of the risk management, internal control and corporate governance system);

5) verification of compliance by members of the Company's executive body and its employees with the provisions of the legislation of the Republic of Kazakhstan and internal documents related to insider information and anti-corruption, compliance with ethical requirements;

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

7) providing consultations to the Board of Directors, Management Board, structural subdivisions and subsidiaries on the organization and improvement of internal control, risk management, corporate governance and organization of internal audit (including the development of internal regulatory documents and projects in these areas), as well as on other issues within the competence of the Internal audit service.

The IAS shall operate on the basis of a risk-oriented annual audit plan approved by the Board of Directors. The results of audit reports and key findings, monitoring the implementation of the IAS recommendations shall be submitted to the Board of Directors on a quarterly basis.

In carrying out its activities, the IAS shall conduct an annual assessment of the effectiveness of the internal control system and risk management system, and an assessment of corporate governance using generally accepted standards for internal audit activities and corporate standards.

The Board of Directors shall ensure timely review of the IAS reports and controls the timely implementation of the IAS recommendations.

The Head of the IAS shall develop and maintain a quality assurance and improvement program covering all internal audit activities and providing for mandatory internal and external evaluation of the IAS.

152. The efficiency (quality) of the Internal Audit Service, its Head and employees shall be assessed by the Board of Directors on the basis of an internal regulatory document approved by the Board of Directors and defining the procedure for assessing the efficiency (quality) of the Internal audit service and its head.

The Quality assurance and improvement program shall be developed and implemented to assess compliance of the IAS activities with international internal audit standards. This

program shall provide for periodic internal and external assessments (for compliance with standards and the Code of ethics of internal auditors), as well as assessment of the efficiency and effectiveness of internal audit and identification of opportunities for improvement.

#### **Paragraph 17. Executive body**

153. The management of the current activity of the Company shall be carried out by the executive body.

A collegial executive body shall be established in joint stock companies, and in case of establishment of the Company - joint venture, it may be collegial or sole at the discretion of the shareholders.

The Head and members of the executive body shall have high professional and personal characteristics, good business reputation, and adhere to ethical standards.

The Head of the executive body shall have organizational skills, also works in active interaction with shareholders and constructively builds a dialogue with them, the Board of Directors, employees and other stakeholders.

154. The Executive body shall report to the Board of Directors and manages the day-to-day operations of the Company and shall be responsible for the implementation of the development plan and/or action plan and decisions made by the Board of Directors and the General meeting of shareholders.

155. The Board of Directors shall elect the head and members of the executive body, shall determine the terms of office, the amount of their official salary, and the terms of their remuneration. The Nomination and remuneration committee of the Company's Board of Directors shall play a key role in the process of searching and selecting candidates for the executive body and determining their remuneration.

The recommended number of women in the collegial executive body of the Company shall be at least thirty percent of the total number of members of the collegial executive body. At the same time, the main criterion for forming the composition of the executive body shall be the knowledge and competencies of the members of the executive body stipulated by the legislation of the Republic of Kazakhstan.

156. Proposals on candidates for election to the Executive body shall be submitted by the Head of the Executive Body to the nomination and remuneration committee of the Board of Directors. If the Board of Directors rejects a candidate proposed by the Head of the Executive Body for the same vacant position in the Executive Body for the second time, the right to propose a candidate for the vacant position shall be transferred to the Board of Directors.

157. The Board of Directors may at any time terminate the powers of the head and members of the executive body.

158. The head and members of the executive body of the Company shall be elected for a term of up to three years. The term of office of the manager and members of the executive body shall coincide with the term of office of the executive body.

159. In order to increase the transparency of the appointment and remuneration processes of the manager and members of the executive body of the Company, the Board of Directors shall approve and strictly enforce rules on the appointment, remuneration, evaluation and succession of the manager and members of the executive body of the Company.

160. The executive body shall, under the guidance of the Board of Directors, draw up a development plan and/or an action plan for the Company.

The executive body shall ensure:

1) performance of activities in accordance with the standards of the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Company, decisions of the General meeting of shareholders, the Board of Directors;

2) proper risk management and internal control;

3) allocation of resources for realization of decisions of the General meeting of shareholders (Sole shareholder), Board of Directors;

4) labor safety of the Company's employees;

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

161. The Board of Directors shall exercise control over the activities of the Company's executive body. Control shall be exercised by means of regular reporting by the executive body to the Board of Directors and hearing the executive body on the execution of mid-term action plans and achieved results at least once a quarter.

162. The executive body holds face-to-face meetings and discusses the implementation of the development plan and/or action plan, decisions of the general meeting of shareholders (the sole shareholder), the Board of Directors and operational activities. Meetings of the Executive Body shall be held on a regular basis. The cases of holding meetings in absentia are limited and defined in the Articles of Association and internal documents of the Company.

163. The Executive Body shall form a work plan for the forthcoming year with a list of issues before the beginning of the calendar year. Members of the Executive Body shall be provided in advance with materials for consideration of proper quality. When considering such issues as the development plan and/or action plan, investment projects, risk management, it is allowed to hold several meetings.

When considering each issue, a separate discussion is devoted to the risks associated with the adoption/non-adoption of the decision and their impact on the value and sustainable development of the Company.

All issues submitted at the initiative of the executive body for consideration by the Board of Directors and the General meeting of shareholders (the Sole shareholder) shall be preliminarily reviewed and approved by the Management board.

164. The Head and members of the Executive Body shall not allow a conflict-of-interest situation to arise. If a conflict of interest arises, they shall notify the Board of Directors or the

Head of the Executive Body in advance, record it in writing and shall not participate in making a decision on the issue.

Cases of violation of the Code of business ethics by members of the Executive Body shall be brought to the attention of the Board of Directors by the Head of the Executive Body.

165. The Head and members of the Executive Body may hold positions in other organizations only with the approval of the Board of Directors. The Head of the Executive Body or an individual solely exercising the functions of the Executive Body shall not hold the position of the Head of the Executive Body or an individual solely exercising the functions of the Executive Body of another legal entity.

166. The Executive Body shall ensure the creation of an optimal organizational structure of the Company.

The organizational structure shall be aimed at:

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

Candidates for vacant positions of the Company shall be selected on the basis of open and transparent competitive procedures. Career advancement and financial incentives for the Company's employees shall be carried out in accordance with the principles of meritocracy, taking into account the level of knowledge, competencies, work experience and achievement of set tasks. The Company shall form a pool of personnel reserve employees, from which appointments to middle and top management positions can be made in the future. Employees shall be evaluated on an annual basis.

Personnel selection procedures shall be implemented according to the following requirements:

openness and absence of restrictions on positions to a wide range of individuals, ensuring the principle of equality of opportunity, which shall promote competition and the selection of worthy applicants who meet the requirements of professionalism and competence;

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

legal regulation, including the establishment of principles and criteria for the evaluation of candidates, eliminating conditions for subjectivity in making a decision.

The Company shall ensure succession planning for the executive body. The mechanism and terms of re-election of members of the executive body should motivate them to achieve long-term results, providing for the possibility of early dismissal in case of failure to achieve KPIs.

#### **Paragraph 18. Evaluation and remuneration of members of the Company's executive body**

167. The Head and members of the Executive Body shall be evaluated by the Board of Directors. The main evaluation criterion shall be the achievement of the set motivational KPIs

Motivational KPIs of the Head and members of the Executive Body shall be approved by the Board of Directors of the Company. Proposals regarding motivational KPIs of the members of the executive body shall be submitted by the head of the executive body for consideration by the Board of Directors.

168. The assessment results shall influence the amount of remuneration, incentives, re-election (appointment) or early termination of powers.

#### **Paragraph 19. The principle of sustainable development**

169. The Company shall realize the importance of its impact on the economy, environment and society, striving for the growth of long-term value, and shall ensure its sustainable development in the long term by balancing the interests of stakeholders. The approach of responsible, thoughtful and rational stakeholder engagement will contribute to the Company's sustainable development.

The Company's sustainable development activities shall be carried out in accordance with the principles of openness, accountability, transparency, ethical behavior, respect for stakeholder interests, legality, respect for human rights, intolerance of corruption, and inadmissibility of conflicts of interest.

Intolerance to corruption shall be one of the principles of sustainable development.

Corruption shall destroy the value that the society shall create for shareholders, investors, other stakeholders and society as a whole; the society shall declare intolerance to corruption in any of its manifestations. Officials and employees involved in corruption cases shall be dismissed and prosecuted in the manner prescribed by the Laws; internal control systems in the society shall include, among other things, measures aimed at avoiding, preventing and detecting corruption offenses; the society shall develop a dialogue with stakeholders to raise their awareness in the fight against corruption.

170. The Company's activities in the field of sustainable development shall comply with the best international standards.

In the course of its activities, the Company shall influence or shall be influenced by stakeholders.

171. When identifying and interacting with stakeholders, the Company shall use generally accepted international standards for identifying and interacting with stakeholders, such as AA1000 Stakeholder Principles Standard (2008), AA1000 Stakeholder Engagement Standard (2015), ISO 26000 Guidance on Social Responsibility, Global Reporting Initiative standards.

The Company shall take measures to establish dialogue and long-term cooperation with stakeholders.

172. The Company shall prepare a map of stakeholders, taking into account risks and ranking them according to dependence (direct or indirect), obligations, situation (paying special attention to high-risk areas), influence, different (diverse) perspectives.

173. Holding companies shall have a consolidated stakeholder map for their group and prepare an appropriate stakeholder engagement plan.

174. The Company shall ensure consistency of its economic, environmental and social goals for sustainable development in the long term, which shall include, among other things, growth of long-term value for shareholders and investors. Sustainable development in the Company shall consist of three components: economic, environmental and social.

175. The economic component shall direct the Company's activities towards the growth of long-term value, securing the interests of shareholders and investors, increasing the efficiency of processes, increasing investment in the creation and development of more advanced technologies, and improving labor productivity.

176. The environmental component shall ensure minimization of impact on biological and physical natural systems, optimal use of limited resources, application of environmentally friendly, energy- and material-saving technologies, creation of environmentally acceptable products, minimization, recycling and destruction of waste, and other relevant activities.

177. The social component shall be focused on the principles of social responsibility, which, among other things, include ensuring occupational safety and preserving employee health, fair remuneration and respect for employee rights, individual development of personnel, implementation of social programs for personnel, creation of new jobs, sponsorship and charity, environmental and educational activities and other relevant activities

178. The Company shall analyze its activities and risks with respect to these three aspects, and shall strive to avoid or reduce the negative impact of the results of its activities on stakeholders.

179. The Company shall build a sustainable development management system that includes, among other things, the following elements:

1) commitment to the principles of sustainable development and adherence to the sustainable development goals of the United Nations Organization in the Republic of Kazakhstan at the level of the Board of Directors, executive body and employees;

2) involvement of the Company's officials in the promotion of sustainable development issues;

3) analyzing the internal and external situation in three components (economy, environment, social issues);

4) ensuring sustainability of supply chain management;

5) identification of sustainability risks in the social, economic and environmental spheres;

6) building a stakeholder map/maintaining a register of related parties;

7) defining areas and formats of interaction with the government and the Company;

8) defining sustainable development goals and KPIs, developing an action plan and identifying responsible persons;

9) motivation of members of the executive body and other employees of the Company to implement sustainable development principles in the Company's activities, including linking remuneration to sustainable development results;

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

11) professional development of officials and employees in the field of sustainable development;

12) regular monitoring and evaluation of sustainable development activities, assessment of achievement of goals and KPIs, taking corrective measures, and implementation of a culture of continuous improvement.

180. The Board of Directors and the Company's executive body shall ensure the formation of an appropriate system in the field of sustainable development and its implementation.

All employees and officers at all levels shall contribute to sustainable development through personal behavior and compliance with relevant policies and standards.

Holding companies shall be responsible for implementing sustainability throughout the group.

181. The Company shall develop sustainability action plans by:

1) analyzing the current situation in three main areas: economic, environmental and social. When conducting this analysis, the reliability, timeliness and quality of information shall be important;

2) identifying sustainability risks. Risks shall be distributed in accordance with the three areas of sustainable development, may also affect related areas and capture other risks. To identify risks, both internal and external factors affecting the Company shall be analyzed;

3) identification of stakeholders and their impact on operations;

4) determination of objectives, as well as, if possible, target indicators, measures for improvement and enhancement of the organization's activities by three components, responsible individuals, resources and deadlines;

5) regular monitoring and evaluation of the realization of goals, measures to achieve targets;

6) systematized and constructive interaction with stakeholders, receiving feedback;

7) implementation of the formed plan;

8) continuous monitoring and regular reporting;

9) analyzing and evaluating the plan's performance, summarizing the results and taking corrective and improving measures.

Sustainable development shall be integrated into:

1) management system;

2) the development plan;

3) key processes, including risk management, planning (long-term (development plan), medium-term (five-year action plan) and short-term (annual budget) periods), reporting, risk management, human resource management, investments, operations, as well as in decision-making processes at all levels, starting from bodies (general meeting of shareholders (sole shareholder), Board of Directors, executive body) and ending with ordinary employees.

182. The sustainability management system shall define and establish the roles, competencies, responsibilities of each body and all employees for the implementation of principles, standards and relevant policies and plans in the field of sustainable development.

183. The Board of Directors of the Company shall provide strategic guidance and control over the implementation of sustainable development. The executive body of the Company shall form a relevant action plan and submit it to the Board of Directors for consideration.

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

The Company shall implement special training and professional development programs on sustainable development. Training shall be a permanent element in the implementation of sustainable development. The Company's officials shall promote employee engagement in sustainable development based on understanding and commitment to the principles of sustainable development and change of culture, behavior in conducting activities and performing duties.

184. Benefits from the implementation of sustainable development principles shall include

:

1) attraction of investments - in global practice, investors take into account sustainability performance when determining investment attractiveness;

2) Improving managerial efficiency and minimizing risks - integration of environmental and social aspects into the process of making managerial decisions shall make it possible to expand planning horizons and take into account a more diverse range of risks and opportunities, which creates prerequisites for sustainable business development;

3) Improving efficiency - the introduction of modern technologies shall allow the Company to create innovative products and services while increasing its competitiveness and efficiency;

4) strengthening of reputation - improvement of corporate image shall be a direct result of sustainable development activities, which shall increase the brand value and shall build trust credit, as well as has a positive impact on the quality of interaction with business partners;

5) Increasing loyalty of internal and external stakeholders - creation of attractive labor conditions, opportunities for professional and career growth shall allow attracting and retaining promising qualified specialists; building an effective dialog with stakeholders contributes to the formation of a positive environment around the Company's activities, which

helps to improve business efficiency due to understanding and support from customers, shareholders, investors, government agencies, local authorities, and local authorities.

185. The Company, whose shares shall be listed on the stock exchange, annually shall develop and publish sustainability reports. The preparation of the sustainability report should be guided by generally accepted international standards:

International Integrated Reporting Standard (IIRC), Global Reporting Initiative (GRI), AA1000 Social and Ethical Accountability Series standards in the field of economic, social and environmental management, as well as shall take into account its impact on the interests of stakeholders, taking into account ensuring the protection of information constituting official, commercial and other protected by the legislation of the Republic Kazakhstan mystery.

It shall be allowed to present information on sustainable development in the form of a separate report or as part of the Company's annual report.

It shall be allowed for holding companies to prepare a single consolidated report for organizations belonging to their group.

186. The Sustainability report shall be approved by the Board of Directors and communicated to stakeholders through posting on a corporate Internet resource and/or submission on paper.

In order to bring the sustainable development policy to the attention of stakeholders, the Internet resource of the Company and organizations shall contain a separate section dedicated to this area of activity.

187. Society and organizations shall discuss the inclusion and observance of principles and standards of sustainable development in relevant contracts (agreements, agreements) with partners.

If the Company or an organization shall identify a risk associated with the negative impact of partners on the economy, environment and society, the Company and/or the organization shall take measures aimed at stopping or preventing such impact.

In case of non-adoption or improper fulfillment by the partner of the principles and standards of sustainable development, the importance of this partner for the Company and the organization shall be taken into account and whether there shall be measures of influence on it and the possibility of its replacement.

## **Paragraph 20. Risk management**

188. The Company shall create an effectively functioning risk management and internal control system aimed at ensuring the achievement by the Company of its strategic and operational goals, and representing a set of organizational policies, procedures, standards of conduct and actions, methods and mechanisms of management created by the Board of Directors and the Management Board of the Company to ensure:

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

The Board of Directors and the executive body shall ensure the introduction of a culture of proper risk management in the Company. Implementation and functioning of the risk management and internal control system in the Company shall have a clear regulatory framework based on best practices.

189. The Company's Board of Directors shall approve internal documents defining the principles and shall approach to the organization of the 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 Company shall be aimed at building a management system capable of ensuring an understanding of the reasonableness and acceptability of the level of risks by employees, management, bodies of the Company when making decisions, quickly responding to risks, exercising control over the main and auxiliary business processes and daily operations, as well as immediately informing the management of the relevant level about any significant shortcomings.

190. The principles and approaches to the organization of an effective risk management and internal control system shall provide for:

- 1) determination of goals and objectives of the risk management and internal control system;
- 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 assessment of the risk management and internal control system;
- 3) basic requirements for organizing the risk management process (approaches to determining the risk, the procedure for identifying and assessing risks, determining response methods and monitoring);
- 4) requirements for the organization of the internal control system and the conduct of control procedures (characteristics of key areas and main components of the internal control system, the procedure for assessing the effectiveness and reporting in the field of internal control).

191. The Company's internal documents shall provide for the role and tasks, responsibilities of the Company's bodies, the internal audit service and other divisions of the Company, as well as the procedure for their interaction within the organization and functioning of the risk management and internal control system.

The internal documents of the Company, which shall have subsidiary legal entities, stipulate the responsibility of the Board of Directors and the executive body of the Company for organizing and ensuring the effective functioning of the risk management and internal control system on a consolidated basis.

The executive body of the Company shall ensure the creation and maintenance of an effective risk management and internal control system. The risk management process shall be integrated with the planning processes (development plan and/or action plans, annual budget) and assessment of the Company's performance.

192. Each officer of the Company shall ensure proper consideration of risks when making decisions.

The executive body of the Company shall ensure the implementation of risk management procedures by employees with appropriate qualifications and experience.

193. Executive body of the Company shall:

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

2) ensure 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 risk management and internal control ;

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

5) ensure improvement of risk management and internal control processes and procedures taking into account changes in the external and internal business environment.

194. In order to implement the principles of internal control and ensure the effectiveness of the risk management and internal control system, the executive body of the Company shall distribute the powers, responsibilities and responsibilities for specific risk management and internal control procedures between managers of the following level and/or heads of structural divisions/owners of business processes.

195. In accordance with their functional duties, heads of structural divisions shall be responsible for development, documentation, implementation, monitoring and development of the risk management and internal control system in the functional areas of the Company's activities entrusted to them.

196. The organizational structure of the risk management and internal control system in the Company (depending on the scale and specifics of activities) shall provide for the presence of a structural unit responsible for the functioning of the risk management and internal control system, the tasks of which shall include:

- 1) overall coordination of risk management and internal control processes;
- 2) development of methodological documents in the field of risk management and internal control and provision of methodological support to business process owners and employees in the process of identifying, documenting risks, introducing, monitoring and improving control procedures, forming risk response plans and action plans to improve the risk management and internal control system, reports on their implementation;
- 3) organization of training of employees in the field of risk management and internal control;
- 4) analysis of the risk portfolio and development of proposals for a response strategy and reallocation of resources in relation to the management of relevant risks;
- 5) preparation of consolidated risk reporting, informing the Board of Directors and the executive body on issues stipulated by internal documents in the field of risk management and internal control;
- 6) taking measures to improve the risk management and internal control system.

The head in charge of the risk management and internal control function shall not be the owner of the risk, which shall ensure its independence and objectivity. It shall be impossible to combine risk management and internal control functions with functions related to economic planning, corporate financing, treasury, investment activities, and internal audit. Combining with other functions shall be allowed if there is no significant conflict of interest.

197. The risk management and internal control system shall provide for the identification, assessment and monitoring of all significant risks, as well as the adoption of timely and adequate risk mitigation measures.

Risk management procedures shall ensure rapid response to new risks, their clear identification and identification of risk owners. In case of significant unforeseen changes in the competitive or economic environment of the Company, the impact of changes on the Company's activities shall be assessed, the risk map shall be reassessed and its compliance with the levels of risk appetite is carried out.

198. The Board of Directors shall approve the general level of risk appetite and tolerance levels in relation to key risks, which are fixed by the Company's internal documents.

199. Tolerance levels for key risks shall be reviewed in the event of significant events. Limits shall be established that limit risks in everyday activities.

200. For a holistic and clear understanding of inherent risks, the Company regularly shall identify and assess risks that shall be reflected in the risk register, risk map, risk response plan (process improvement, minimization strategy) approved by the Board of Directors.

Employees of the Company and organizations on a daily basis work with risks, manage them and monitor their potential impact in the field of their functional duties.

201. The Board of Directors, when considering the list of risks, shall ensure that they include risks that may actually affect the implementation of strategic tasks, and when considering the risk response plan, shall make sure that the measures shall be useful. The Board of Directors and the executive body of the Company regularly shall receive information on key risks, their analysis in terms of their impact on the development plan and/or action plan of the Company.

Risk reports shall be submitted to face-to-face meetings of the Board of Directors at least once a quarter and are discussed properly in full.

202. The Company shall implement transparent principles and approach in the field of risk management and internal control, the practice of training employees and officials on the risk management system, as well as the process of documenting and timely communicating information to officials.

203. Employees of the Company and organizations annually, as well as upon hiring, undergo training/induction to familiarize themselves with the adopted risk management and internal control system in terms of their official duties.

Based on the results of such training, knowledge testing shall be carried out.

#### **Paragraph 21. Internal control and audit**

204. Within the framework of the risk management and internal control system, a safe, confidential and accessible method of informing the Board of Directors, the Audit Committee and the internal audit service about violations of the legislation of the Republic of Kazakhstan, internal procedures, the Code of business ethics by any employee and official of the Company shall be organized.

205. The Company shall establish an internal audit service to systematically and independently assess the reliability and effectiveness of the risk management and internal control system and corporate governance practices.

The Company shall develop, shall approve, formalize and documents control procedures in three key areas: operational activities, preparation of financial statements and compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents

Control procedures shall be carried out at all management levels and shall be followed by all employees of the Company and shall be aimed at:

- 1) reducing the likelihood of possible risks;
- 2) prevention of errors and/or determination of errors after their commission;
- 3) identification and elimination of duplicate and redundant operations;
- 4) identifying deficiencies and areas for improvement;
- 5) further improvement of the internal control system.

The Board of Directors, together with the Audit Committee, shall be responsible, provided for by the Company's internal documents, for assessing the effectiveness of the risk management and internal control system. The Board of Directors shall form its own opinion on its effectiveness after a proper and thorough analysis of the information and guarantees communicated to it by the internal audit service or an external expert, the audit committee and the executive body.

The Board of Directors regularly shall review the organization, functioning and effectiveness of the risk management and internal control system and shall give recommendations on its improvement.

206. In organizations in the form of a joint-stock company that shall be a part of the Company, a separate structural unit shall be created - the internal audit service.

207. The Internal audit service shall operate on the basis of a risk-based annual audit plan approved by the Company's Board of Directors.

208. The results of the audit reports, key findings and related recommendations shall be submitted to the Board of Directors on a quarterly basis.

209. In carrying out its activities, the Internal Audit Service shall assess the effectiveness of the internal control system and the risk management system, shall assess corporate governance using generally accepted standards of internal audit activities and corporate standards.

The assessment of the effectiveness of the internal control system shall include:

1) analysis of the compliance of the goals of business processes, projects and structural divisions with the goals of the Company, verification of ensuring the reliability and integrity of business processes (activities) and information systems, including the reliability of procedures for countering illegal actions, abuse and corruption;

2) checking the reliability of accounting (financial), statistical, management and other reports, identifying the results of the activities of business processes and structural divisions for compliance with the set goals;

3) determining the adequacy of the criteria established by the Company's Management Board for analyzing the degree of fulfillment (achievement) of the set goals;

4) identification of deficiencies in the internal control system that did not allow (do not allow) to achieve the set goals;

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

6) checking the effectiveness and appropriateness of the use of resources;

7) checking the security of the Company's assets;

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

Assessment of the risk management system efficiency shall include:

1) checking the adequacy and maturity of the elements of the risk management system for effective risk management (goals and objectives, infrastructure, organization of processes, regulatory and methodological support, interaction of structural units within the framework of the risk management system, reporting);

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

3) checking the effectiveness of control procedures and other risk management measures, including the effectiveness of the use of resources allocated for this purpose;

4) analysis of information on realized risks (violations revealed by the results of internal audits, facts of failure to achieve the set goals, facts of legal proceedings).

The corporate governance assessment shall include a review of:

1) compliance with the ethical principles and corporate values of the Company;

2) procedure for setting goals, monitoring and control of their achievement;

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

4) ensuring the rights of shareholders, including controlled organizations, and the effectiveness of relations with stakeholders;

5) procedures for disclosing information on the activities of the Company and its controlled organizations.

210. The Company shall conduct an annual audit of the financial statements by engaging an external auditor - an audit organization that shall provide an independent and objective opinion to stakeholders on the reliability of the Company's financial statements and its compliance with the requirements of International financial reporting standards.

211. The external auditor shall be selected on the basis of a tender, taking into account the opinion of the Audit committee of the Company's Board of Directors, whose members may be included in the tender committee.

212. The engaged external auditor shall not provide consulting services to the Company that may threaten the independence of the external auditor, the Company shall not practice cases of selection to the Board of Directors, admission to managerial positions, including a member of the executive body, head of the IAS, chief accountant, financial director, former members of the audit team earlier than two years after their dismissal from the audit organization.

In order to assess the risks of independence of the audit organization and assess the potential quality of the audit of financial statements and other information, it shall be necessary to disclose information about the remuneration paid to the audit organization, including separately for audit services and services not related to the audit of financial statements and other information. In order to facilitate the search for information, it shall be disclosed on the Internet resource and in the annual report of the Company.

The Company shall regulate issues related to selection and interaction with the external auditor.

213. Interested parties shall verify the accuracy of the Company's financial statements by engaging an external auditor who meets the following criteria:

high level of qualification of audit organization specialists; significant work experience and positive reputation (in the Kazakhstan and international markets (if necessary));

industry experience;

compliance of the audit organization with the international standards for auditing, the legislation of the Republic of Kazakhstan in the field of audit activities, the Code of Ethics of Professional Accountants of the International Federation of Accountants;

effectiveness of work to identify shortcomings and shall provide recommendations for improving internal controls over the financial reporting process.

214. The Company shall approve documents governing the procedure for auditing financial statements and relationships with the external auditor, including the process of selecting an external auditor, the powers and functions of the tender committee, issues of providing consulting services by the audit organization that shall not be related to auditing financial statements and other information, issues of rotation of audit organizations and senior personnel of the audit organization, issues of hiring former employees of the audit organization.

215. Rotation of partners and senior personnel responsible for the audit of financial statements shall be carried out at least once every five years, if the audit organization provides audit services to the Company for more than 5 consecutive years.

The Audit Committee of the Company's Board of Directors regularly (at least three times before issuing the audit report) shall hold meetings with the external auditor as part of the audit process.

The external auditor shall have access to the audit committee of the Company's Board of Directors to discuss issues related to the audit of the financial statements. In the absence of an audit committee, the external auditor shall interact directly with the Board of Directors and its chairman.

The External Auditor shall submit to the Audit Committee of the Company's Board of Directors information on the progress and results of the audit of the financial statements; confirm the independence, absence of financial interests in the Company, the absence of a significant impact on the financial dependence of the external auditor of the total amount of remuneration.

## **Paragraph 22. Corporate conflict management**

216. Members of the Board of Directors and the executive body of the Company, employees of the Company, shall perform their professional functions in good faith and

reasonably in the interests of the Company and taking into account fair treatment of all shareholders, avoiding corporate conflicts.

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

The Company's officers shall promptly inform the Corporate Secretary and/or the Ombudsman of the existence (occurrence) of a conflict.

Efficiency of work on prevention and settlement of corporate conflicts shall imply full and prompt identification of such conflicts and coordination of actions of all bodies of the Company.

217. Corporate conflicts with the assistance of the Corporate Secretary and/or the Ombudsman shall be considered by the Chairman of the Board of Directors of the Company. If the chairman of the Board of Directors is involved in a corporate conflict, such cases shall be considered by the personnel and remuneration committee.

218. Shareholders (sole shareholder) should refrain from electing members of the Board of Directors who shall be representatives of state bodies in order to prevent interference of state bodies in the Company's operational activities, as well as increase the responsibility of the boards of directors for decisions made.

Representatives of the central authorized body for state property and the authorized body of the relevant industry, local executive bodies, which shall be state employees, cannot be elected as chairman of the Board of Directors.

As a representative of the state, individuals who shall not be civil servants may be nominated to the boards of directors of the Company and organizations in accordance with the established procedure.

219. In order to ensure the objectivity of the assessment of the corporate conflict and create conditions for its effective settlement, individuals whose interests shall be affected by the conflict or may be affected 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.

220. The Board of Directors shall develop and periodically reviews policies and rules for resolving corporate conflicts, in which their decision will be in the interests of the Company and ensure equality of rights of all shareholders.

221. The Board of Directors shall settle corporate conflicts on issues within its competence. In this case, the Corporate Secretary and/or the Ombudsman shall be responsible for ensuring that the Board of Directors shall be aware of the essence of the corporate conflict and the role of an intermediary in resolving the corporate conflict.

222. On behalf of the Company, the Head of the Executive Body shall settle corporate conflicts on all issues, decision-making on which shall be not within the competence of the

Company's Board of Directors, and shall independently determine the procedure for resolving corporate conflicts.

223. The Board of Directors shall consider corporate conflicts that shall not within the competence of the executive body.

### **Paragraph 23. Conflict of interest management**

224. A conflict of interest shall be defined as a situation in which the personal interest of a member of the Board of Directors or an employee of the Company affects or may affect the impartial performance of official duties.

225. The Company's officials and employees shall not admit a situation in which a conflict of interest may arise, neither in relation to themselves (or related persons), nor in relation to others.

In order to avoid a conflict of interest that shall prevent the Board of Directors from objectively performing its duties and limit political interference in the processes of the Board of Directors, the Company shall introduce mechanisms to prevent and regulate them.

226. The Company's Code of Business Ethics, approved by the Board of Directors, shall enshrine the basic principles of conflict-of-interest prevention, methods of their identification, assessment and resolution.

### **Paragraph 24. Transparency and disclosure of information on the Company's activities**

227. In order to meet the interests of stakeholders, the Company timely and reliably shall disclose information provided for by the legislation of the Republic of Kazakhstan and internal documents of the Company, as well as information on activities, including financial condition, results of activities, ownership and management structure.

The Company shall disclose information in accordance with the principles of transparency, consistency and efficiency, as well as availability, reliability, completeness and comparability of the disclosed data.

When disclosing information, distribution channels shall provide equal, timely and non-excessive access to the necessary information. Access to information shall be provided free of charge and shall not require special procedures (obtaining passwords, registration or other technical restrictions) to familiarize yourself with it.

When deciding on reporting and information disclosure requirements for the Companies, the legislation takes into account the size of the Company and the direction of its activities. For example, for small Companies that shall not be involved in the implementation of public policy, the requirements for information disclosure should not be too high so as not to lead to unnecessary costs and/or create a disadvantage in relation to competitors.

228. The Company shall approve internal documents defining principles and shall approach to information disclosure and protection, a list of information disclosed to interested

parties, terms, procedure, method, form of information disclosure, responsible officials and employees specifying their functions and duties, as well as other provisions regulating information disclosure processes.

The Company, in accordance with the legislation of the Republic of Kazakhstan and the Company's Charter, shall determine the procedure for classifying information as access categories, the conditions for storing and using information, including the circle of individuals entitled to free access to information constituting a commercial and official secret, and shall take measures to protect its confidentiality.

229. The Company's Internet resource shall be structured, easy to navigate and shall contain information necessary for stakeholders to understand the Company's activities. Information shall be placed in separate thematic sections of the Internet resource.

230. The Internet resource shall be updated at least once a week. The Company regularly shall monitor the completeness and relevance of information posted on the Internet resource, as well as determines the compliance of this information posted on the Kazakh, Russian, English versions of the Internet resource. For this purpose, responsible individuals (structural unit) responsible for the completeness and relevance of information on the Internet resource shall be assigned.

231. The Internet resource of the Companies shall contain at least the following information:

1) general information about the Company, including information about the mission, main tasks, goals and activities, the amount of equity, the amount of assets, net income and the number of employees;

2) on the development plan and/or action plan (strategic goals); priority areas of activity;

3) Articles of Association and internal documents of the Company regulating the activities of bodies, committees, corporate secretary, internal audit service, compliance, ombudsman;

4) on ethical principles;

5) risk management;

6) on dividend policy;

7) about members of the Board of Directors, including the following information: photo (in agreement with a member of the Board of Directors), full name (if any), date of birth, citizenship, status of a member of the Board of Directors (independent director, shareholder representative), indication of the functions of a member of the Board of Directors, including membership in committees of the Board of Directors or performing the functions of the chairman of the Board of Directors, education, including basic and additional education (name of the educational institution, year of completion, qualification, degree obtained), work experience over the past five years, main place of work and other currently held positions, 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 shares owned by affiliated organizations, criteria of independent directors;

8) on members of the executive body, including the following information: photo, surname, name, patronymic (if any), date of birth, citizenship, position and functions performed, education, including basic and additional education (name of educational institution, year of graduation, qualification, degree obtained), work experience over the past five years, professional qualifications, positions held concurrently, number and share of shares owned by affiliated organizations;

9) on financial statements;

10) on annual reports;

11) about the external auditor;

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

13) on the structure of the authorized capital, including the following information: the number and nominal value of issued shares (participation interests), a description of the rights granted by shares, the number and nominal value of declared but unplaced shares, the composition of shareholders (participants), the number and share of ordinary shares (participation interests) owned by them, the procedure for disposing of ownership rights;

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

15) on the annual calendar of corporate events;

16) related party transactions, including information on the parties to the transaction, material terms of the transaction (subject of the transaction, transaction price), the body that made the decision to approve the transaction;

17) on major transactions, including information about the parties to the transaction, significant terms of the transaction (subject of the transaction, transaction price), the body that made the decision to approve the transaction;

18) on activities in the field of sustainable development;

19) on the number of approved dividends;

20) about news and press releases;

21) on the start page of the Internet resource about the hotline - about a safe, confidential and accessible method of informing the Board of Directors (Audit Committee) and the internal audit service about violations of the legislation of the Republic of Kazakhstan, internal procedures, the Code of Business Ethics by any employee and/or official.

**Footnote. Paragraph 231 as amended by the order of the Deputy Prime Minister - Minister of National Economy of the Republic of Kazakhstan dated 21.05.2024 № 25 (shall enter into force upon expiry of ten calendar days after the day of its first official publication).**

232. The Company shall prepare its annual report in accordance with the provisions of this Code and information disclosure practices.

The annual report shall be approved by the Board of Directors.

233. The annual report shall be one of the key sources of information for stakeholders. The annual report shall be a structured and visually convenient document and shall be published in Kazakh using other languages, if necessary.

The Annual Report shall be prepared and posted on the website within five working days after the Annual General Meeting of Shareholders (sole shareholder).

234. The requirements for the content of the annual report shall include the following information:

- 1) address of the Chairman of the Board of Directors of the Company;
- 2) appeal of the head of the executive body;
- 3) about the Company: general information; on the structure of the authorized capital, including the following information: the number and nominal value of issued shares (participation interests), a description of the rights granted by shares, the number and nominal value of announced but not placed shares, the composition of shareholders (participants) and the number and share of ordinary shares (participation interests) owned by them, the procedure for disposing of ownership rights; mission; development plan (action plan), results of its implementation; market overview and market position;
- 4) results of financial and operational activities for the reporting year: review and analysis of activities in relation to the tasks set, including the implementation of the goals and objectives of the state socio-economic policy and assessment of the Company's impact on the socio-economic development of the industry/region/Republic of Kazakhstan; operational and financial performance indicators; major material events and achievements; information on significant transactions with the state and other affiliates; information on the costs associated with the fulfillment of the goals and objectives of state socio-economic policy and the sources of their financing, as well as any financial support, including guarantees received/received from the state and any obligations to the state and society, including contractual obligations arising from public-private partnerships assumed by the Company (unless disclosed in accordance with International Financial Reporting Standards), including the terms of financial support, its objectives and their achievement;
- 5) the structure of assets, including subsidiaries/dependent legal entities of all levels, an overview, the main results of their financial and operating activities;
- 6) goals and plans for future periods;
- 7) significant risk factors and risk management system;
- 8) corporate governance: corporate governance structure; shareholder composition and ownership structure; the composition of the Board of Directors, including qualifications, the selection process, including on independent directors, indicating the criteria for determining their independence; report on the activities of the Board of Directors and its committees; information on compliance of corporate governance practices with the principles of this Code, and in case of its non-compliance, explanations on the reasons for non-compliance with each of the principles; composition of the Company's executive body; report on the activities of the

executive body; remuneration policy for members of the Board of Directors and executive body, as well as the amount of their remuneration for the reporting year;

9) activities aimed at the implementation and application of ESG principles (environmental and social responsibility, corporate governance), sustainable development of the Company and the Company's contribution to the achievement of the UN Sustainable Development Goals in the Republic of Kazakhstan (if a separate sustainable development report is prepared, a link to this report may be provided);

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

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

12) The company also shall disclose additional information recommended by the best information disclosure practice and requirements of KASE and AIX stock exchanges.

The Company, whose shares shall be listed on the stock exchange, shall create special investor relations departments to maintain communication with investors and ensure timely and high-quality answers to shareholders' questions.