

# JRun:

## Inspired by the future



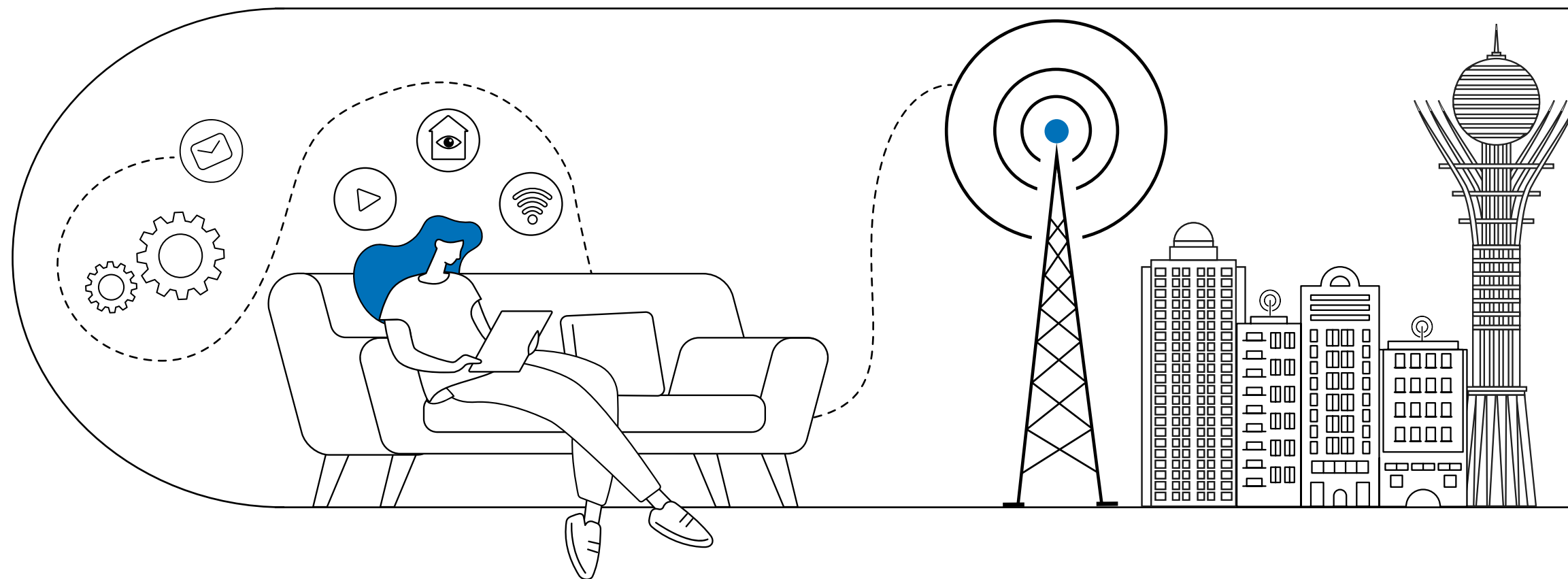
KAZAKHTELECOM



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## Preface



We bring to your attention the Integrated Annual Report of Kazakhtelecom JSC for 2023, being the most detailed overview of the financial and economic performance of the Company and reflecting its achievements, plans and prospects.

The past year was challenging but at the same time unique. We saw changes in the market situation, competition and growing customer needs. The Company not only successfully met all the challenges, but also demonstrated high efficiency and effectiveness of operations.

Kazakhtelecom JSC implemented a number of strategically important projects aimed at developing the telecommunications infrastructure not only in the Company itself, but also in the country as a whole. The Company became the first and the only one in the CIS to put 5G technology into commercial operation. We launched a unique project to build the Trans-Caspian submarine fibre-optic communication line, upgraded the network, transferring thousands of subscribers to modern optical technologies.

All this enabled us to cement the Company's leading position in the market, improve the quality and availability of services, meet the highest customer demands, and contribute to the development of the digital economy and information society in Kazakhstan.

The Company thanks all its shareholders, partners and customers for trust and support provided to us throughout the entire period of cooperation. Kazakhtelecom JSC appreciates your contribution to the Company's success and

development. We also express our gratitude to our team – highly professional and talented employees working daily for the benefit of the Company and customers.

In 2024, Kazakhtelecom JSC celebrates its 30th anniversary. During these three decades, the Company has evolved from a simple supplier and provider of voice communication and broadband into a multi-product holding company, the leader of the national telecommunications market in Kazakhstan, providing a whole range of telecommunication and

digital services to customers across all segments: B2C, B2B, B2G, B2O.

Today, the Company's infrastructure includes more than 88,000 kilometres of fibre-optic lines throughout the country, 27 data centres, over 14,000 base stations. We operate 4G/LTE network in all major cities of Kazakhstan. By the end of 2023, we had installed more than 1,000 5G base stations across the country. The Company continues active deployment of the new generation network. There are more than 44,000

municipal video surveillance cameras installed in cities. In the republic, over 5,000 schools, almost 4,000 hospitals, and more than 15,000 state institutions and organisations use our services. More than 570,000 business entities have registration on the Fiscal Data Operator portal.

All this paves the way for Kazakhtelecom to be the country's largest technological company, being a provider of innovative and digital services for the government, business and people.

# Message from the Chairman of the Board of Directors

GRI 2-22



## Dear shareholders, colleagues, customers and partners,

In 2023, we implemented a number of projects of strategic importance not only for Kazakhtelecom, but also for Kazakhstan.

These are such large-scale and important projects as the Deployment of the Fifth-generation communication standard and the Laying of an underwater highway under the Caspian Sea along the Kazakhstan-Azerbaijan route.

5G technology has already become available to residents of megapolises and regional cities. Last year, we installed and connected about 1,000 base stations to the network. This year we are planning to install more than 2,700 stations throughout the country, and next year – about 3,200.

We are not complacent, continuing to implement our plans to develop the country's telecommunications infrastructure. We invested

heavily in expanding and upgrading the network to ensure its reliability, security and high throughput. We transferred tens of thousands of our customers from ADSL copper lines to GPON optical lines.

In 2023, we launched a number of projects aimed at improving our customer satisfaction. This enabled us to provide improved services.

Despite significant investments in the implementation of numerous projects, the Company managed to maintain a sufficiently favourable level of liquidity, ensure a substantial amount of financial resources and growth in virtually all key financial and economic indicators. At the same time, social responsibility and sustainable development have always been and will remain important to us.

This year the Company traditionally has a whole

portfolio of major projects and tasks set by shareholders. I am confident that with all the support from our team of professionals we will fulfil all of them and continue our journey towards achieving our strategic goals.

In conclusion, I would emphasise that all our successes and achievements have become possible thanks to the effective and coordinated work of the Company's employees and management and the support from the members of the Board of Directors, Management Board, partners, customers and other stakeholders. For all this I would like to express my sincere gratitude.

**Sincerely,  
Nurzhan Baidauletov,  
Chairman of the Board  
of Directors of  
Kazakhtelecom JSC**

# Message from the Chairman of the Management Board

GRI 2-22



## Dear shareholders, colleagues, customers and partners,

Today I am pleased to share with you the results of our Company's operations in 2023, becoming one of the most intense and productive years taking into account implementation of strategically important projects not only for Kazakhtelecom, but also on a national scale.

In 2023, we set ambitious goals related to the development of the Kazakhstan's telecommunications infrastructure. The Company invested significant resources in the build-up, construction and modernisation of the network to ensure its reliability, security and high bandwidth capacity. Kazakhtelecom was the first and the only one in the CIS to launch a commercial 5G network, opening up new opportunities for business, education, medicine and entertainment.

The Company has launched a unique project on construction of the Trans-Caspian submarine fibre-optic communication line. This will create a new international telecommunications hub in Kazakhstan and increase the country's transit potential.

We transferred thousands of subscribers from outdated copper lines to modern optical technology to improve the

speed and quality of broadband access, launched a completely updated network Super Core, multiplying the performance of P-device backbone nodes, and modernised edge nodes to provide more stable and faster Internet connections to external networks. Our own nodes have appeared, extending our network infrastructure to the largest traffic exchange centres in Europe and Asia. This has improved the availability and connectivity of our network and, as a result, the quality of service for our customers.

Despite significant capital expenditures on the development and modernisation of telecom infrastructure, the Company maintained a comfortable level of liquidity and financial stability, which indicates the high efficiency and effectiveness of the entire team's activities.

At the same time, we continue to adhere to our JRun Development Strategy 2032 adopted at the end of 2022. This document is a kind of roadmap or step-by-step guidance with a clearly outlined set of tools to achieve the goals and objectives set therein for the entire team of Kazakhtelecom. Above all, to deliver on our key mission – to become an indispensable and familiar part of everyone's life, changing, surprising and

exceeding expectations.

I would like to note that in the coming years JRun will become a real desk book for each of us, guiding all members of the Kazakhtelecom in their plans, works and actions.

The Company also focused on improving customer satisfaction as our core value. We constantly worked on improving the quality of services, shortening connection and repair times, solving all customer problems in one visit. As a result, we achieved high performance in all these parameters in 2023 and tNPS (customer loyalty index) reached 84% last year.

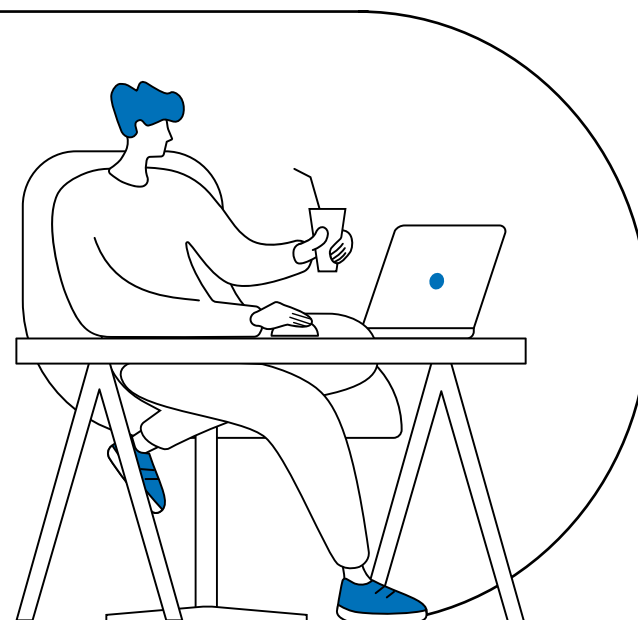
We are confident that we will continue to make steady progress towards achieving our strategic goals, while maintaining high standards of quality and social responsibility in 2024.

In conclusion, I would like to thank all members of the Board of Directors, the Management Board and all employees of the Company for their professionalism, efficiency and teamwork.

**Sincerely,**  
**Kuanyshbek Yessekeyev,**  
**Chairman of the**  
**Management Board of**  
**Kazakhtelecom JSC**

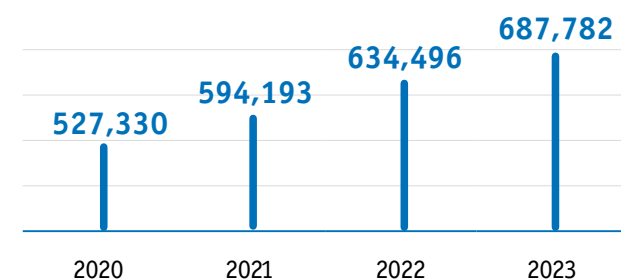
# About the Company

## Highlights

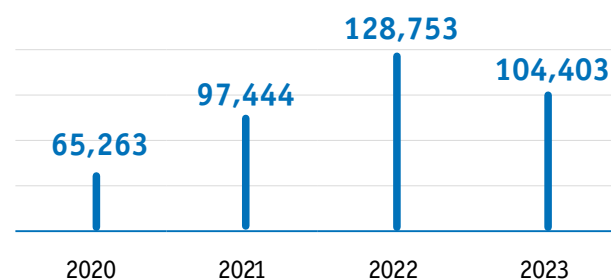


### Key indicators for 2023

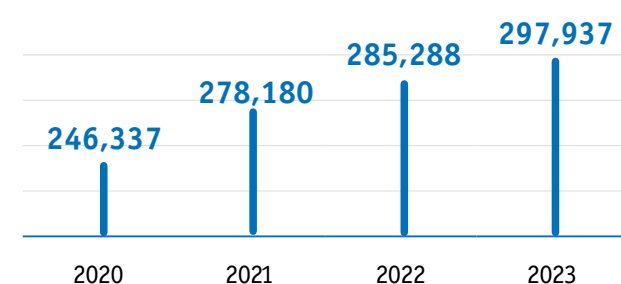
Revenues from sale of services, Million KZT



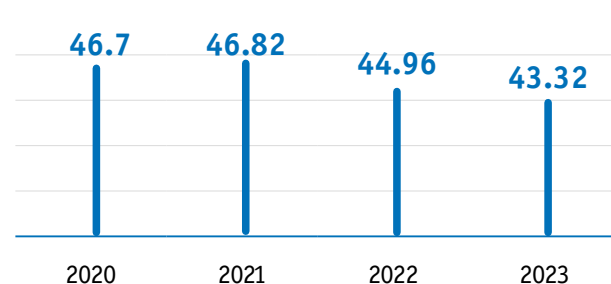
Net profit, Million KZT



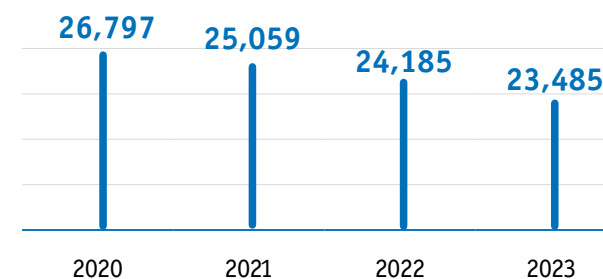
EBITDA, Million KZT



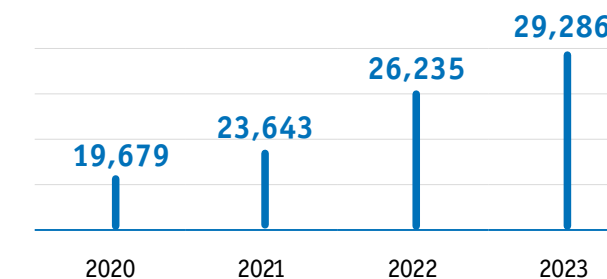
EBITDA margin, %



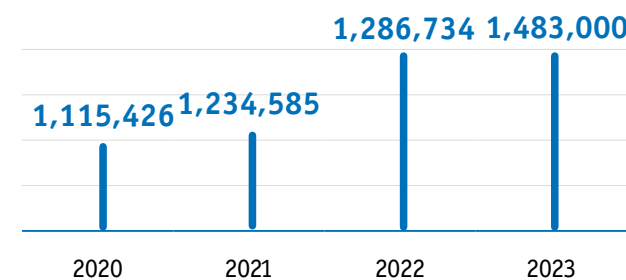
Number of employees<sup>1</sup>, persons



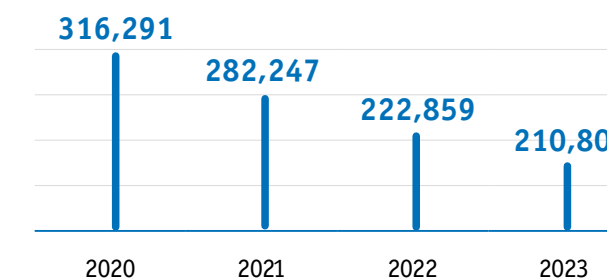
Income per employee, KZT '000



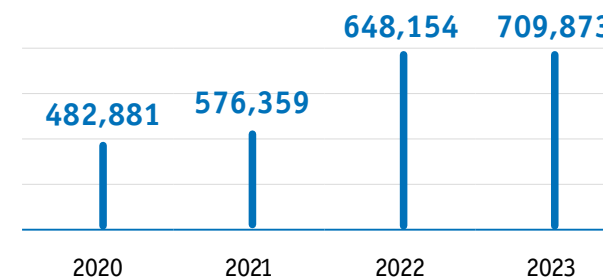
Total assets, Million KZT



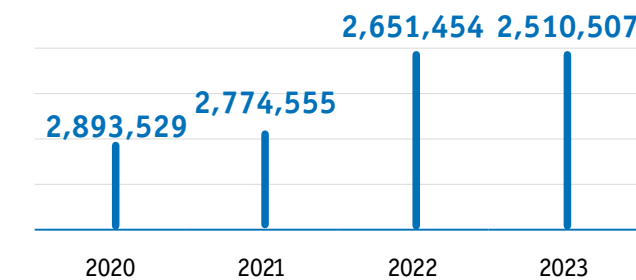
Long-term loans, Million KZT



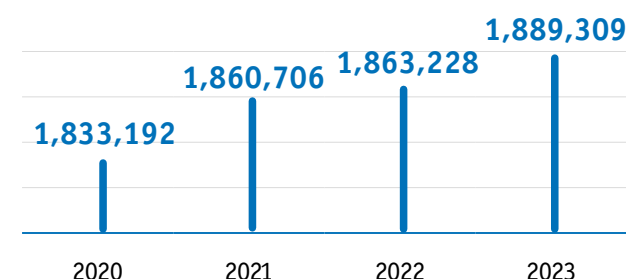
Equity attributable to owners of parent, Million KZT



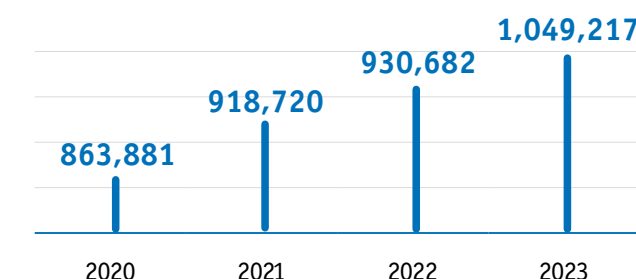
Number of fixed lines



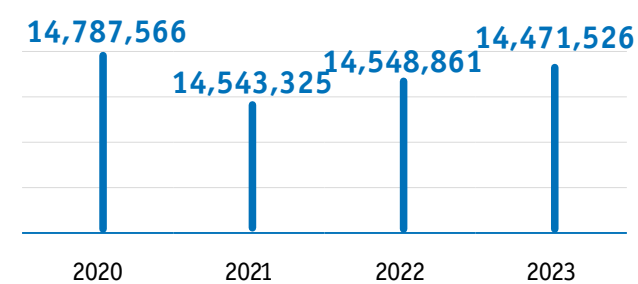
Number of fixed broadband subscribers



Number of Pay TV subscribers



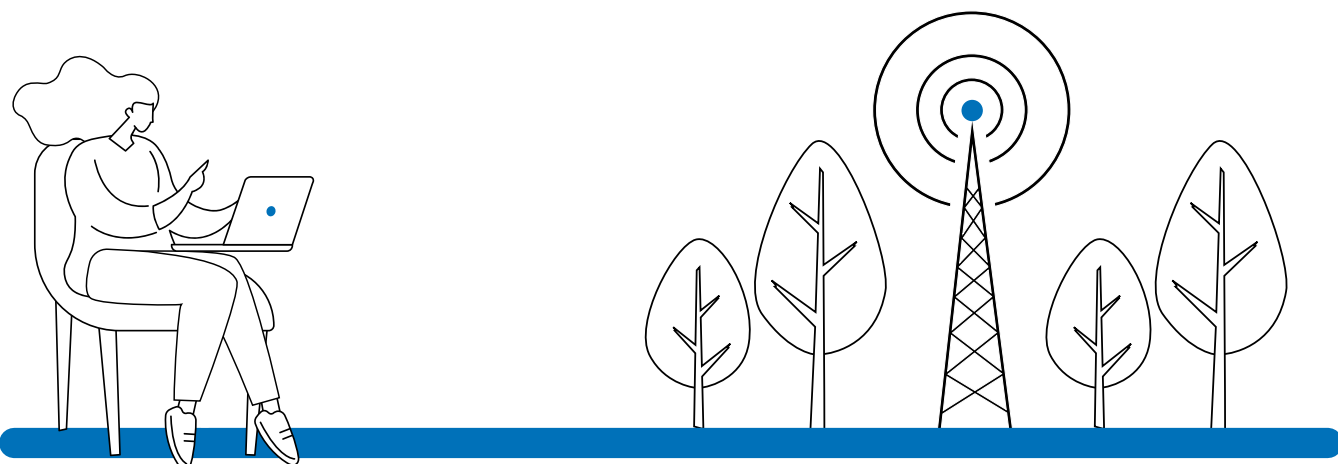
Number of mobile subscribers



<sup>1</sup> Data including subsidiaries



## Milestones 2023



## March

### 2<sup>nd</sup> of March

Kazakhtelecom JSC launched the Telecom Data Factory online internship programme for 3–4-year students, undergraduates and graduates of technical specialties. During the internship, the programme participants perform practical tasks and work on projects in the field of Big Data, and get a chance to join the team of Kazakhtelecom's IT professionals.

### 9<sup>th</sup> of March

On the eve of the International Women's Day, Lyudmila Atamuratova, the Chief Financial Director and a member of the Kazakhtelecom Management Board, took part in the opening ceremony of trading on KASE: Kazakhstan Stock Exchange Ring the Bell for Gender Equality. One of the main goals of the large-scale event is to draw the attention of the world community to the prospects of gender inclusiveness development and support of gender equality in the context of sustainable development policy and ESG principles.

## January

### 10<sup>th</sup> of January

Leading telecommunication companies of Kazakhstan and Azerbaijan Kazakhtelecom JSC and AzerTelecom JSC entered into the Agreement on the Terms of Cooperation within the project on laying a fibre-optic communication line (FOCL) on the Caspian Seabed. The Agreement is a fundamental document of strategic partnership and defines the main terms of cooperation between the two companies within the framework of the memorandum signed earlier.

### 16<sup>th</sup> of January

Salem Social Media, a Kazakhstan media company for creation and promotion of video content, and Kazakhtelecom JSC, the largest telecom operator of Kazakhstan, signed a memorandum implying joint work on film production and its broadcasting on the TV+ platform.

## April

### 11<sup>th</sup> of April

Kazakhtelecom JSC switched 6,000 residents of Turkestan region from copper to optical fibre. Since the beginning of the year, the Company has already completed 23% of the plan on migration from ADSL to GPON in Turkestan region, and active work on transferring the region's residents to optical fibre continues. In general, the Company plans to completely move away from copper throughout the country, especially since we have already a successful pilot experience, when last year the Company completely switched the city of Kurchatov to optical networks.

### 14<sup>th</sup> of April

Kazakhtelecom JSC continues to build up its international presence and infrastructure abroad to improve the quality of services for customers and strengthen national and global network security. The day before, Kazakhtelecom and Microsoft completed the project on installation of direct peering between their systems in Frankfurt that improves access to Microsoft services for Kazakh customers and provide them with more stable operation of services in the country.

## February

### 2<sup>nd</sup> of February

Kazakhtelecom JSC organised a regular meeting with current and potential suppliers of goods and services to discuss the issues and problems in the field of procurement accumulated since the last conference in October last year. Kazakhtelecom holds such meetings on a regular basis, inviting businesses to reform and optimise procurement procedures. Thus, based on the results of last year's meetings, the telecom operator, in co-operation with suppliers, managed to resolve a whole range of issues related to the increase in prices for cable and wire products, purchase of wooden poles, furniture and other goods and services.

### 21<sup>st</sup> of February

Following Astana and Almaty, Kazakhtelecom JSC scales GPON technology in other regions of the country. Kazakhtelecom JSC connected residents of more than 50 new residential complexes in Petropavlovsk to high-speed Internet via Gigabit Passive Optical Network.

### 21<sup>st</sup> of February

Kazakhtelecom JSC continues the large-scale project on modernisation of its own infrastructure in single-industry towns. In 2023, Khromtau joined the list of "optical" cities where Kazakhtelecom transferred the whole city from outdated copper ADSL technologies to modern fiber-optic lines under a separate programme by the end of the year.

### 25<sup>th</sup> of April

Kazakhtelecom Group in cooperation with the state within the framework of the Affordable Internet national project plans to provide modern telecommunication services and facilities to about 5 million villagers. The Company launched the project in April 2023 and plans to implement it in 2024–2028.



## May

### 16<sup>th</sup> of May

New exclusive series of the Kazakh video production studio Salem social media will replenish the Kazakhtelecom's popular TV+ platform. Starting from this month, users of the service can already be among the first to appreciate the dramaturgy and director's work of the exclusive pictures "Black Yard", "MSB", "Qarga" and "Sheshe".

### 17<sup>th</sup> of May

In Q1 2023, video surveillance cameras made it possible to identify over 680,000 violations of traffic rules, record more than 136,000 administrative violations and helped solve almost 3,000 criminal cases (according to statistics from the Ministry of Internal Affairs of the Republic of Kazakhstan). Video surveillance systems including Kazakhtelecom equipment integrated with the law enforcement database record over 9,000 violations a day.

### 31<sup>th</sup> of May

Kazakhtelecom JSC extended peering connection with Amazon's autonomous system by organising a new direct physical connection with Amazon Web Services (AWS) network in Hong Kong. In general, the largest telecom operator completed organisation of direct connections with the largest Internet companies: Facebook, Amazon, Apple, Microsoft, Google in Europe and Asia and now exchanges traffic with them directly without transit systems.

## June

### 23<sup>rd</sup> of June

Leading telecom operators of Kazakhstan and Azerbaijan Kazakhtelecom JSC and AzerTelecom within the framework of the visit of the Prime Minister of Kazakhstan Alikhan Smailov to Baku signed the Shareholders' Agreement on establishment of a joint venture for construction and operation of the Trans-Caspian fibre-optic communication line (FOCL) along the Caspian Seabed.

### 29<sup>th</sup> of June

Since 2022, Kazakhtelecom has been implementing the Tazartu project to replace outdated copper networks with modern optical fibre. For two years of the project implementation, the Company has switched over 113,000 customers by replacing outdated copper networks with modern fibre optics. By the end of 2023, we plan switching another 23,000 more customers.

## July

### 4<sup>th</sup> of July

The head of the Samruk-Kazyna Fund met with Kazakhtelecom top management. Kazakhtelecom's Chairman of the Management Board Kuanyshbek Yessekeyev, as well as heads of mobile operators Kcell Askhat Uzbekov and Mobile Telecom-Service Sergey Konkov told Nurlan Zhakupov about interim results of implementation of the large-scale project on introduction of 5G in the country.

### 26<sup>th</sup> of July

Kazakhtelecom JSC presented a new mobile application E-Kassa. The telecom operator's new product will help businesses simplify the process of accounting for sales of goods and services, as well as save on the purchase of cash registers. Google Play Market users can already appreciate the advantages of the application.

## August

### 17<sup>th</sup> of August

Kazakhtelecom JSC, the country's largest telecom operator, and Eurasian Resources Group, one of the world's leading companies in the field of extraction and processing of natural resources, intend to create a joint investment fund. The parties have already signed the corresponding agreement, the fund will be registered on the site and under the legislation of the Astana International Financial Centre. The fund will focus on supporting and developing projects in IT, media and fintech.

Kazakhtelecom JSC set a course for 100% transfer of legal entities from offline to online sales and service format. To this end, the functionality of the business portal ismet.kz is being expanded and new digital services are being created.

### 18<sup>th</sup> of August

Kazakhtelecom JSC put into operation 84 additional rack spaces in the existing modular data centre in Almaty. After the works on expansion of machine halls, the capacity to accommodate customers' equipment increased several times. Now the total number of rack spaces of the data centre is 168.

## September

### 5<sup>th</sup> of September

Kazakhtelecom JSC studied the impact of its equipment on the environment. The Company, being the country's largest telecom operator, will include the assessment results of its equipment's impact on Kazakhstan biodiversity, land and water resources in its application for the implementation of ESG-principles, reflecting the efforts of various companies to reduce risks associated with climate change and social factors.

### 7<sup>th</sup> of September

Kazakhtelecom JSC offers cooperation in connecting new users to the mobile application of online cash register E-Kassa with FDO. Starting from 1 September, anyone can become a consultant and help entrepreneurs to connect the fiscal data operator's service from Kazakhtelecom.

### 22<sup>nd</sup> of September

Kazakhtelecom Group will install more than 700 5G base stations by the end of 2023. Kazakhtelecom Group continues to implement a large-scale and most important project for the country – deployment of the fifth generation communication standard.

The most active network infrastructure updating takes place in the cities of Astana, Almaty and Shymkent. At the same time, residents of Turkestan, Kostanay, Karaganda and Semey already have access to the 5G network. Since the beginning of the year, the Company has connected 266 base stations to provide 5G coverage. We plan to connect about 516 more base stations by the end of this year.





## October

### 12<sup>th</sup> of October

Kazakhtelecom JSC presented two largest and strategically important for the country and population projects at the annual IT forum Digital Bridge. In particular, they are the project to construct a fibre-optic line along the Caspian Seabed in cooperation with the Azerbaijan company AzerTelecom, and the project to deploy the fifth generation communication standard, 5G in Kazakhstan.

### 24<sup>th</sup> of October

Kazakhstan's fans of cyber sports have gained access to local servers of the mobile game PUBG MOBILE. Kazakhtelecom JSC deployed them on its infrastructure under agreements with the right holder of PlayerUnknown's Battlegrounds Mobile, Tencent Corporation.

### 26<sup>th</sup> of October

At the meeting with potential suppliers and representatives of contracting organisations, Kazakhtelecom's top managers spoke about one of the Company's strategic objectives for 2024 – to reduce the Time to Market for its services. This will make it possible to quickly satisfy customer demand for telecommunications services and speed up the implementation of various projects.

## November

### 16<sup>th</sup> of November

Kazakhstan Stock Exchange at the forum Role of Exchanges in Transformation of Financial Markets held in Almaty awarded Kazakhtelecom with the title of Equity Market Leader. In addition, the Company's CEO and CFO received individual awards for their contribution to the development of the domestic capital market.

### 27<sup>th</sup> of November

S&P Global Ratings affirmed the credit rating of Kazakhtelecom JSC at BB+ with a Stable outlook, reflecting further organic revenue growth and moderate level of the Company's debt burden.

## December

### 6<sup>th</sup> of December

Fitch Ratings affirmed the credit rating of Kazakhtelecom JSC at BBB- with a Stable outlook, drawing special attention to the stable market positions of Kazakhtelecom Group of companies, as well as a significant margin of financial strength.

### 13<sup>th</sup> of December

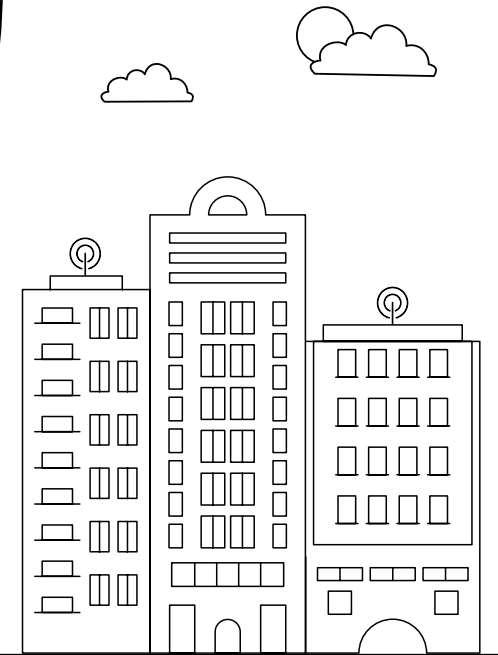
Kazakhtelecom actively continues implementation of the project on upgrading its Tazartu network infrastructure. Only this year, Kazakhtelecom switched almost 55,000 subscribers throughout the country to fibre-optic communication lines. Thus, the Company recently completed large-scale migration of customers from ADSL to GPON of Stepnogorsk residents and this city became the second "optical" city in the country after Kurchatov.

### 7<sup>th</sup> of December

Kazakhtelecom JSC and Smart Cities, a member of BTS Digital's AITU digital ecosystem, signed an agreement on co-operation in developing cloud technologies in Kazakhstan, as well as expanding the line of cloud solutions and products. The Company has already introduced the first few joint cloud services on its business portal ismet.kz.

### 26<sup>th</sup> of December

Mobile operators Tele2 and Kcell, part of Kazakhtelecom Group, continue to increase the pace of deployment of the fifth generation network in the country. Kcell has already installed 480 5G base stations in 17 cities of the country, and Tele2 – 754 ones in 18 cities. Hundreds of thousands of Kazakhstan people are using all telecommunication and digital services using the new communication technology. The speed and scale of implementation of the 5G project by Kazakhtelecom Group made Kazakhstan a leader among the EAEU countries in the implementation of the fifth generation network.





## • Growth History of Kazakhtelecom JSC Group of Companies

**1994**

Foundation of Kazakhtelecom JSC.

**1995**

Construction of the National Sector of the International Trans-Asian-European Fiber Optic Line (TAE FOCL), 52 km from Almaty.

**1996**

Launch of TLX.25 Turbo telex station in Almaty.

**1997**

Listing of the Company on the Kazakhstan Stock Exchange.

**1998**

Launch of a satellite communications system to provide telephone services in remote population centres.

**1999**

- Creation of a unified National Data Transmission Network with the Kazakhstan Online trademark.
- Operation of the first International Switching Centre (ISC) in Almaty.

**2000**

Introduction of Internet access services using DialUp technology – “Internet Zone”.

**2001**

Opening of the first Internet Data Centre (IDC) for 10,000 users in Central Asia.

**2002**

- Launch of the National Intellectual Network.
- Commissioning of the Russia–Kazakhstan fiber-optic linear transition.

**2003**

- Kazakhtelecom JSC receives the International Gold Medical Award for Management Quality and Effectiveness.
- Completion of digitalisation of Kazakhstan’s capital.

**2004**

Re-registration of the Company from an open joint stock company (OJSC) to a joint stock company (JSC).

**2005**

Launch of Megaline broadband Internet access services based on ADSL technology.

**2006**

Separation of ICT into a separate line of business (Directorate of Information Systems).

**2007**

Kazakhtelecom JSC ensured 100% distribution of fixed-line services in Kazakhstan.

**2008**

Implementation of the project on introducing the Quality Management System and commissioning of the Balanced Indicators Information System.

**2009**

Launch of IPTV services under the iD TV brand.

**2010**

- Opening of the Directorate of the Academy of Information and Communication Technologies.
- Completion of the project on Transition of telecommunications networks of Kazakhtelecom JSC to Next Generation Network (NGN) technologies.

**2011**

Launch of a strategic project on the construction of a universal fiber-optic access network FTTH.

**2012**

- Sale of 49% of Kcell JSC shares to TeliaSonera.
- Presentation of the largest Data Processing Centre (DPC) in the CIS developed in cooperation with Hewlett-Packard.

**2013**

Recognition of the Company as a leader in the corporate governance rating among the Fund’s subsidiaries based on the results of an independent diagnostics of corporate governance conducted at five subsidiaries of Samruk-Kazyna JSC.

**2014**

- Launch of LTE network (based on ALTEL subsidiary).
- Launch of the next generation of DWDM backbone network.

**2015**

Kazakhtelecom JSC made 100% digitalisation of fixed voice networks.

**2016**

- Creation of ALTEL/Tele2 joint venture in the mobile communications market.
- Implementation of the Dream project to organise the Europe-Southeast Asia transit route in cooperation with China Mobile.

## 2017

- Creation of an Integrated Network Management Centre.
- Upgrading Kazakhtelecom JSC's credit rating to BB+ (Stable) from BB (Positive) by the international rating agency Standard & Poor's.

## 2018

- Acquisition of 75% of shares in Kcell JSC.
- Construction of FOCL RS.

## 2019

- Implementation of the Smart Aqkol project.
- 5G testing in Astana and Almaty.
- Acquisition of 49% share of Tele2 AB in the joint venture.
- The winner in the Deal of the Year category at the Annual International TMT M&A Awards 2019.

## 2020

- Completion of the FOCL RS (rural settlement) construction. Over two years of the project, 14,380 kilometers of fiber-optic networks have been built across the country.
- Implementation of the 250+ project to provide rural settlements with population of 250 people with broadband mobile Internet.
- Designation of Kazakhtelecom JSC as the single operator of the system of mandatory labelling of tobacco products, responsible for the technical component, data storage and synchronisation of information systems of market participants.
- Launch of the new SERPIN Strategy and Transformation Programme including digitalisation of the core business, development of new digital businesses and digital network transformation.
- Completion of construction of another 104 base stations using LoRa technology. M2M (machine to machine) and IoT-device can be connected in city municipal systems in the Jambyl and West Kazakhstan regions, in Turkistan and Almaty either. In general, expansion of the network to 14 cities in the country.
- Raising Kazakhtelecom JSC's credit rating to BBB- (Stable) from BB+ (Positive) by Fitch Ratings.

## 2021

- Launch of the Mobile Office service in Kazakhstan, based on Kcell networks, allowing a business or its branch office to work anywhere in the country and have access to its own information network without changing access parameters, and employees to be mobile.
- Launch of the new generation service – eSIM. Kazakhtelecom subscribers now have access to a new service eSIM – a digital alternative to plastic SIM cards.
- In April 2021, Kazakhstan became the leader in the EEU and Central Asian countries in the global ranking of mobile Internet speed according to Ookla Speedtest Global Index.
- Bringing domestic cybersport to the TV+ platform. At the end of May, the first online broadcasts of domestic cyber sports tournaments held on the TV+ platform launched by Kazakhtelecom JSC this year.
- Transition to the active phase of implementation of the Smart Turkistan project, beginning to equip the city's utilities and municipal facilities with devices for remote transmission of data on water consumption with connection to the IoT network built by the largest telecom operator.
- Creation of a network of eQoldau open access points in rural settlements of the country, thanks to which residents will have another tool to access the world of digital services and e-services.
- Launch of the FWA network in Astana.

## 2022

- Launch of a new project Digital Partner in Rural Areas. The project will provide the rural population with high-speed and high-quality Internet, and will enable entrepreneurs to develop their business.
- Presentation of the concept of introducing 5G technology in Kazakhstan, which will enable the digital transformation of the country's economy and open up the possibility of creating new digital services in Kazakhstan in the near future.
- Signing of a memorandum on strategic partnership on the Trans-Caspian project between Kazakhtelecom and AzerTelecom. The document provides for strategic partnership of the two operators within the framework of the Trans-Caspian Fibre Optic Communication Line (FOCL) project along the Kazakhstan-Azerbaijan route being a part of the large-scale Digital Silk Way project that envisages the creation of a digital new telecommunications corridor between Europe and Asia through Kazakhstan and Azerbaijan.

## 2023

- Leading telecom operators of Kazakhstan and Azerbaijan Kazakhtelecom JSC and AzerTelecom within the framework of the visit of the Prime Minister of Kazakhstan Alikhan Smailov to Baku signed the Shareholders' Agreement on establishment of a joint venture for construction and operation of the Trans-Caspian fibre-optic communication line (FOCL) along the Caspian Seabed.
- Kazakhtelecom actively continues implementation of the project on upgrading its network infrastructure "Tazartu". Only this year, Kazakhtelecom switched almost 55,000 subscribers throughout the country to fibre-optic communication lines. Thus, the Company recently completed large-scale migration of customers from ADSL to GPON of Stepnogorsk residents and this city became the second "optical" city in the country after Kurchatov.





# About the Company

## Brief Profile of the Company

GRI 2-1

### Facts about the Company

Key facts about Kazakhtelecom:

- Kazakhtelecom is Kazakhstan’s biggest telecommunications company.
- Kazakhtelecom NJSC was founded by Resolution No. 666 adopted by the Cabinet of Ministers of the Republic of Kazakhstan on 17 June 1994.

- The main offices are located in Astana and Almaty, and regional offices are located across Kazakhstan.
- Since the mid-2000s, Kazakhtelecom JSC has consistently ranked high among the most profitable enterprises in the country, with annual turnover of dozens of billion KZT.
- Kazakhtelecom owns the National Information

Superhipment, which is an optical-fiber ring connecting large cities in Kazakhstan with high data rate digital flows.

- The Company’s operations cover the entire territory of the Republic of Kazakhstan.

## Line of Business

GRI 2-6

Joint Stock Company Kazakhtelecom (the Company, Kazakhtelecom JSC, Kazakhtelecom) is the largest fixed-line telephone operator in Kazakhstan, recognised

as a leader in providing communications services, including rural communications services, and one of the largest operators of the National Data Transmission Network.

Kazakhtelecom is a national company established in

accordance with Resolution No.666 adopted by the Cabinet of Ministers of the Republic of Kazakhstan on 17 June 1994 On Establishment of the National Joint Stock Company Kazakhtelecom by transferring the property of state enterprises, joint stock companies

and telecommunication organisations towards the charter capital of the national joint stock company providing a wide range of telecommunication services throughout the Republic.

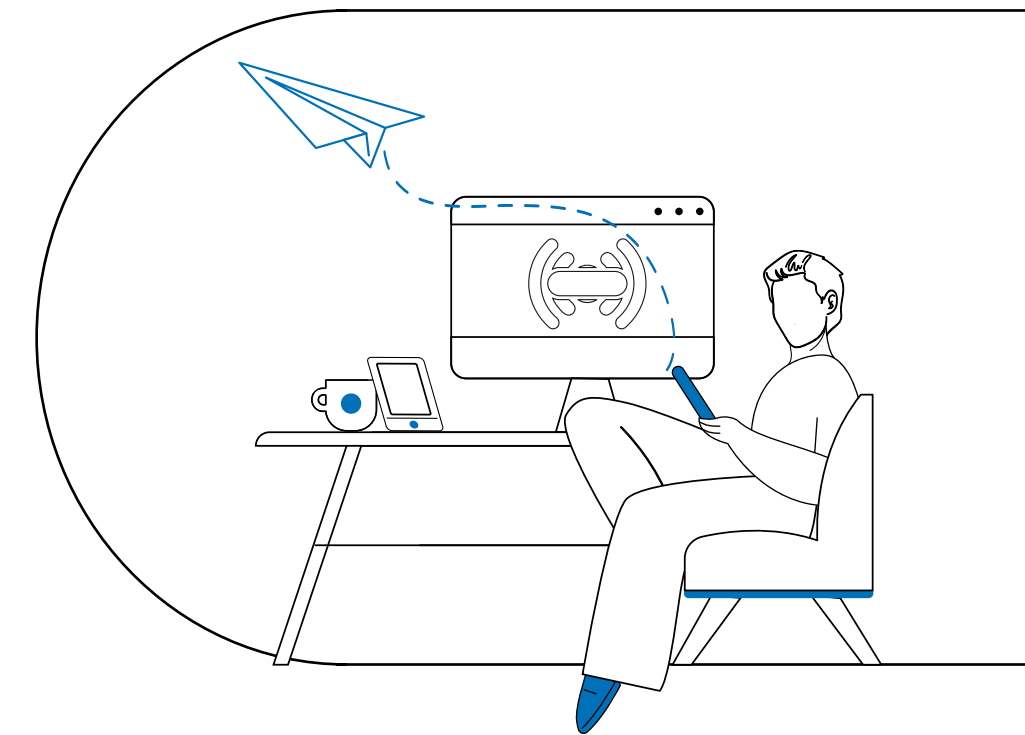
The Company is the legal successor of the National Joint Stock Company Kazakhtelecom (primary state registration by the justice authorities of the Republic of Kazakhstan took place on 1 December 1994).

Kazakhtelecom JSC is a commercial entity that issues shares for the purpose of raising funds to carry out its operations with the primary goal of generating value for the shareholders.

The joint-stock company operates on the basis of the approved Charter that outlines the legal framework for its organisation and operations.

The key goals of Kazakhtelecom’s operations are:

- Making profit from commercial operations and using the profit for the benefit of shareholders;
- Building the state-of-the-art telecommunication networks in Kazakhstan and their integration into the global telecommunication network;
- Providing all types of telecommunication services to users in Kazakhstan and abroad.



Kazakhtelecom JSC operates as Kazakhstan’s telecommunications operator for creation, installation, operation and maintenance of the public telecommunications network and private telecommunications systems. The Company performs functions of a public telecommunications network operator and, among others, an operator of long-distance and international telecommunications, with the right to make settlements with telecommunications administrations of other countries, companies, users, international organisations in line with the Regulations of the International Telecommunications Union (ITU) and the laws of the Republic of Kazakhstan.

The Company shows great attention to developing transit potential and increasing transit telecommunication flows through Kazakhstan, as it has a network of backbone fibre-optic communication lines connecting all border areas, providing communications with China, Russia, Europe and Central Asian countries.

Kazakhtelecom’s infrastructure consists of more than 88,000 kilometres of fibre-optic lines throughout the country, 27 data processing centres, and over 14,000 base stations. The Company has deployed 4G/LTE network in all major cities of Kazakhstan. By the end of 2023, we had installed over 1,000 5G base stations throughout the country.

## Kazakhtelecom's Organisational Structure

GRI 2-9

General  
Shareholders  
Meeting

### Branches:

Corporate Business Division

Division Network

Service factory

Project Management Directorate (formerly,  
Telecommunications and Infrastructure Facilities  
Construction Directorate)

Retail Division

IT Division

Telekom-Komplekt Directorate

Corporate University (Directorate of the Academy of  
Information and Communication Technologies)

Board of  
Directors

Management  
Board

Central  
Administration

### Subsidiaries and other affiliates:

	Shareholding
Mobile Telecom-Services LLP	<b>100%</b>
KT-IX LTD	<b>100%</b>
VOSTOKTELECOM LLP	<b>100%</b>
Digital Economy Development Centre LLP	<b>100%</b>
Nursat+ LLP	<b>100%</b>
KT Telecom LLP	<b>100%</b>
Kcell JSC	<b>51%</b>
CASPINET B.V.	<b>50%</b>



## Structure of Kazakhtelecom Group of Companies

### GRI 2-6

Subsidiaries play an important role in the establishment of Kazakhtelecom JSC as an integrated B2C service provider on the information communications market by:

- strengthening the position of Kazakhtelecom JSC Group in the mobile segment of the

telecommunications market and contributing to the development of traditional telecommunications services;

- launching new products complementing the main line of Kazakhtelecom JSC's services;

- developing new directions, such as e-commerce (Kazakhtelecom Store);
- ensuring digitalisation and work with big data.

## Mobile communication

### Kcell JSC | (51%)

Over the past 20 years, Kcell JSC has managed to build one of the most modern, technologically advanced and extensive mobile networks in Kazakhstan. Kcell provides mobile voice, short messaging, value-added services (VAS) such as multimedia messaging, access to mobile content, and data services, including Internet access.

Kcell and Activ brands are well established in the highly competitive B2B and B2C telecoms markets and are known for their quality of service and value. Kcell JSC has a perpetual licence to operate in 2G, 3G and 4G/LTE networks.

### Mobile Telecom-Service LLP | (100%)

Mobile Telecom-Service LLP is a mobile operator in Kazakhstan, providing a full range of 2G/3G/4G (LTE/LTE Advanced) mobile communication services, and providing services under the Tele2 and Altel brands.

Mobile Telecom-Service LLP provides mobile voice, short message, value-added services (VAS), such as multimedia

messaging, access to mobile content, and data transmission services, including Internet access.

In December 2022, Kcell JSC and Mobile Telecom-Service LLP, as part of a consortium of operators, won the radio spectrum

auction and received the right to deploy the 5G fifth-generation mobile communication standard in Kazakhstan. By the end of 2023, the operators have installed more than 1,000 5G base stations across the country.

## Technical resources

### Vostoktelecom LLP | (100%)

Vostoktelecom LLP is a frequency and technical resource of Kazakhtelecom JSC for the provision of telephony and Internet services in rural settlements (RS).

### KT IX LLC | (100%)

The Company operates as a technical hub of Kazakhtelecom JSC in the Russian Federation, connecting and servicing IPLC and IP VPN clients:

- connects to its terminal on LDITC No. 9 and service operators and corporate clients under the lease of IPLC and IP VPN channels;
- is an Internet peer-to-peer platform, sending traffic to Google, Vkontakte, MailRu, and the content of high-clarity television in the form of HD, UHD, 4K to the networks of Kazakhtelecom JSC;
- provides high-quality Telepresence video conferencing services.

### CASPINET B.V. | (50%)

CASPINET B.V. is a company aimed at creating an alternative route for Kazakhtelecom JSC's access to the external Internet.

## New businesses

- NURSAT+ LLP (100%).
- NURSAT+ LLP is a subsidiary of Kazakhtelecom JSC developing new lines of business in the area of e-commerce.
- KT-Telecom LLP (100%).
- Digital Economy Development Centre LLP (100%).

## Business model

### Leadership in the telecommunications market

#### Resources

##### Employees

More than  
**19,000** **33%**

total number of employees      share of women in the Management Board

##### Finance

KZT  
**75.6** billion\*

Cash CAPEX in 2023      \* for Kazakhtelecom JSC

##### Infrastructure

More than  
**88,000 km**

of fibre-optic network coverage

**27** data processing centres

Over  
**14,000** base stations



## B2C

Internet access, Pay TV, traditional telephony, comprehensive offers for households (ID Phone, iD-TV, iD Host, FMS).



## B2B and B2G

Broadband, IP VPN, Mobile office, ismet.kz business platform, fiscal data service (FDO), video surveillance.



## B20

Projects that contribute to the digital and industrial development of the country.

#### Data centres and cloud services

- Digital platform for business ismet.kz;
- Cloud videoconferencing;
- Video surveillance;
- Digital medical card;
- Infrastructure for blockchain products.

#### Information security

- Protection against DDoS-attacks Service;
- Virtual Firewall.

#### Public safety

- Alarm button.

#### Innovations

- 5G network deployment.

#### Digital and industrial development of the country

- Construction of FOCL along the Caspian Seabed;
- Super Highway Initiative.

#### Additional services

- Video surveillance;
- Smart city;
- Smart housing and utilities;
- Smart lighting, etc.

### Created value for stakeholders

#### Shareholders

KZT **3,038.36**

Dividends paid per 1 share in 2023 as announced on the basis of 2022 results.

#### Customers

**97%**

AP indicator (Agent Performance) in 2023.

**84%**

tNPS indicator (customer loyalty index) in 2023.

#### Employees

KZT  
**104.2** billion

payroll expenses in 2023.

KZT  
**1.060** million

investments in staff training and development in 2023.

#### State and society

KZT  
**119.8** billion\*

tax payments in 2023 (\*consolidated data).

More than  
**1,000**

5G base stations deployed and connected to the network in all regional centres.

Communications and broadband access services provided to:

More than  
**5,000** schools

Almost  
**4,000** hospitals

More than  
**15,000** state institutions

Kazakhtelecom serves more than  
**570,000** business entities as FDO

# Strategic Report

## Business Strategy

At the end of 2022, Kazakhtelecom adopted a new JRun development strategy for 2023–2032.

**The key goal of JRun strategy is to lead the Kazakhstan market by improving customer experience.**

Strategic areas of focus of the Company's development are outlined clearly in the Kazakh language that build confidence among the Company's customers, employees and stakeholders.

### Jaqyn

#### Obsession with the client

Leading the telecom market by improving the customer experience.

### BiRlik

#### Unity in a changing environment

Success through improved employee experience.

### AlaU

#### Continuous improvement

The engine of economic growth and competitive innovation.

### OrkeN

#### Sustainable growth

First-class business management and better infrastructure.

### JRUN strategy

#### Mission

Become an irreplaceable and usual part of everyone's life, changing, surprising and exceeding expectations.

#### Vision

A leading Kazakhstan integrated service provider in the information communication market.







## • Strategic goals for 2022–2027

### Jaqyn | Obsession with the client

Leadership in quality of the last mile delivery in the B2C market cities from

cities from **200** Mbps  
rural communities from **20** Mbps

Become No.1 Operator by customer experience in the B2C segment

Best NPS among fixed operators

Maintaining the leading position on the B2C broadband and TV market

broadband access **72–74%**  
TV **45–50%**

Cementing the leading position in terms of revenues on the B2X market

**50–52%**  
B2X market

Become No.1 Operator in terms of customer experience in the B2B segment

Best NPS among fixed operators

Solid growth in the ICT segment and selected new business lines

**+14%**  
in revenues

### BiRlik | Unity in a changing environment

Social stability index in the favourable zone

SRS (Happy Index)

**75%**

eNPS

**70%**

Engagement

**85%**

Loyalty

**65%**

**EJM**

(Employee satisfaction at each stage of life cycle) in % (to be measured)

**IR**

(high standards in industrial relations)

### AlaU | Continuous improvement

Managing data as an asset

- Sales and churn management
- External monetisation of data
- Optimising internal processes

FCF from BigData as of 2027

KZT **6.5** billion

Migration of network and IT infrastructure to the cloud

Reducing share of equipment operated for more than 10 years to

**15%** in 2024

Availability of IT platforms and digital sales channels

**99.9%**

- Transition to microservice architecture
- Building Telco Cloud infrastructure based on SDN/NFV platform

Digital transformation of business

- Reducing time-to-market by half
- Reducing the cost of scaling
- Providing digital and cloud-based IaaS/PaaS services
- Entering new markets

### OrkeN | Sustainable growth

Creating conditions for the transition to a Gigabit Society

Reaching 18 regional centres on 100G interfaces

Meeting customer expectations for access speeds

**≈500,000** customers (households)

Operational efficiency at the level of industry leaders EBITDA for 2023–2032

KZT **≈8** billion

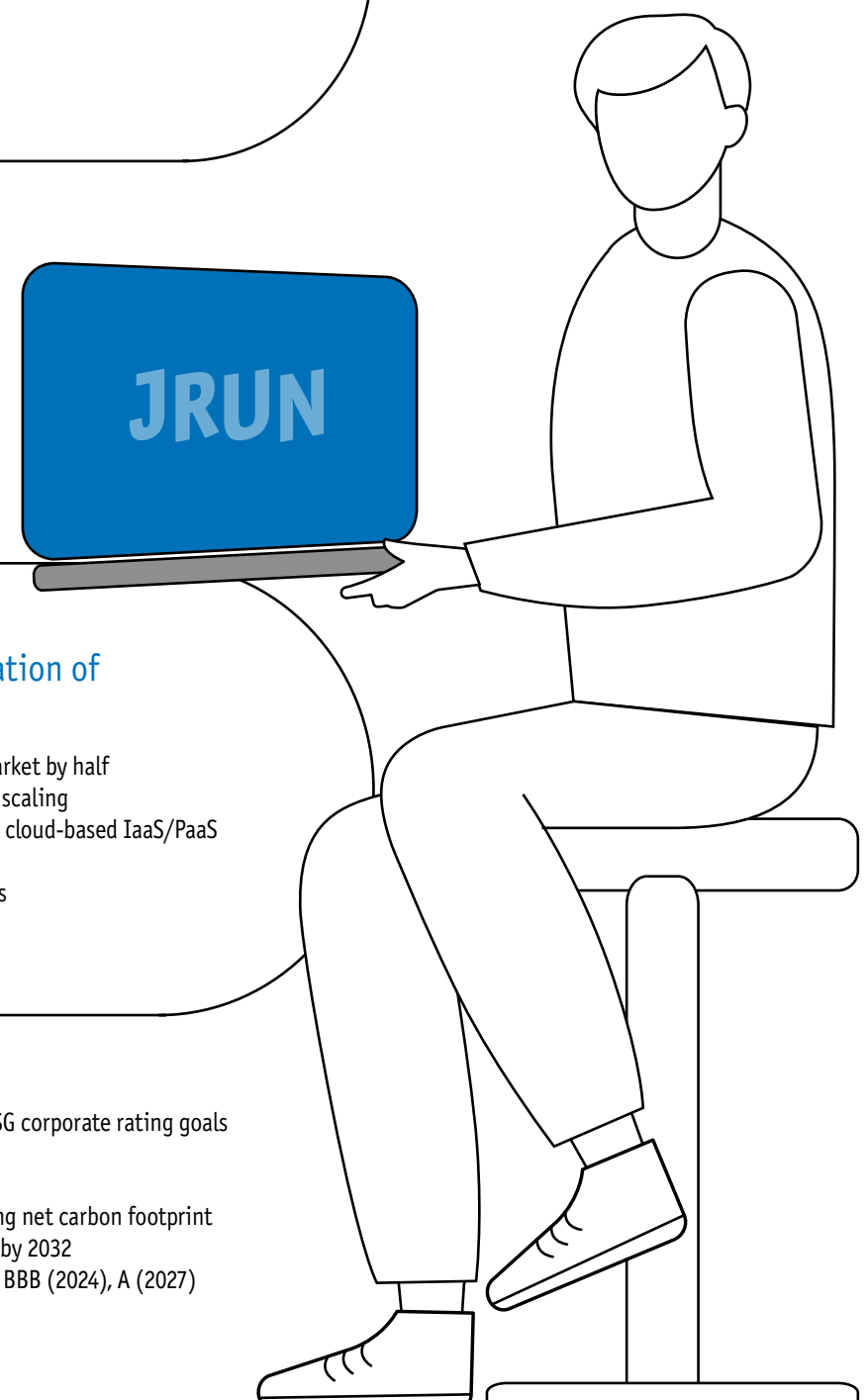
Creation of Tower Operator  
Implementing the Dual-Purpose Pillar project, managing Kazakhtelecom's Antenna Mast Facility, synergies with 50+ projects and wireless broadband internet access.

Supply chain automation and digitalisation of CSC processes

Minimising routine operations

Achieving ESG corporate rating goals

- Reducing net carbon footprint by 13% by 2032
- Rating: BBB (2024), A (2027)





# Overview of the Strategy implementation in 2023



## Become No.1 Operator by customer experience in the B2X segment

4

### Goals of the Strategy

Best NPS among fixed operators

### Result 2023

**19%** (2<sup>nd</sup> position)

## Become No.1 Operator by customer experience in the B2C segment

3

### Goals of the Strategy

Become No.1 Operator by customer experience in the B2C segment

### Result 2023

**8%** (3<sup>rd</sup> position)

## Cementing the leading position in revenues in the B2X market

2

### Goals of the Strategy

**50–52%**

of B2X market

### Result 2023

**44%**

## Maintaining the leading position in the B2C broadband and TV market

1

### Goals of the Strategy

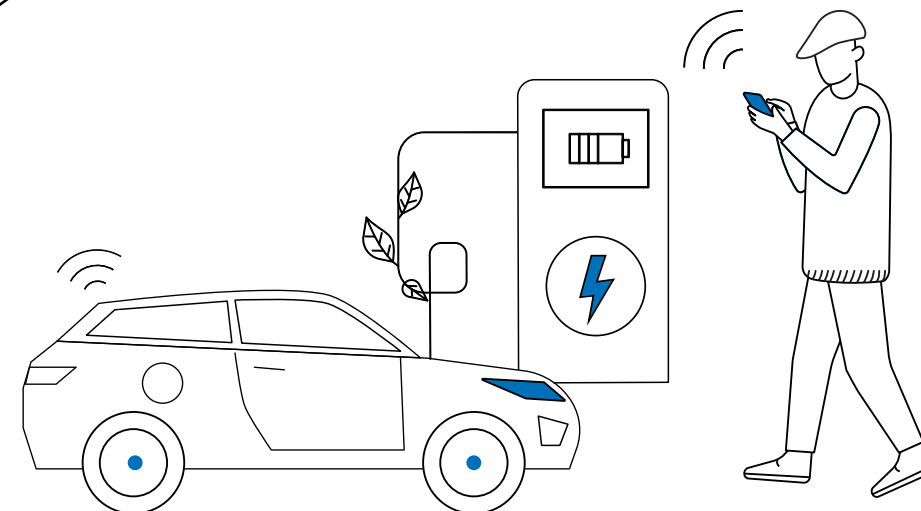
broadband access **72–74%**

TV **45–50%**

### Result 2023

broadband access **74%**

TV **48%**



# JRun Transformation Programme

Within its transformation, Kazakhtelecom seeks to improve customer routes and quality of interaction with them and optimise processes. The Company implements the transformation programme in line with its strategic goals.

To effectively manage and control the implementation of the strategic initiatives of the JRun Strategy, we develop the Strategy Roadmap including all initiatives, projects and milestones on an annual basis.

Over  
**8.5** (61%)  
million

customer queries handled in Kazakhtelecom's mobile application with Self-Service tools without agents' involvement

Almost  
**600,000**

subscribers of the Company use the mobile application

Their number grew almost

**1.5**  
times

in 2023

**84%**

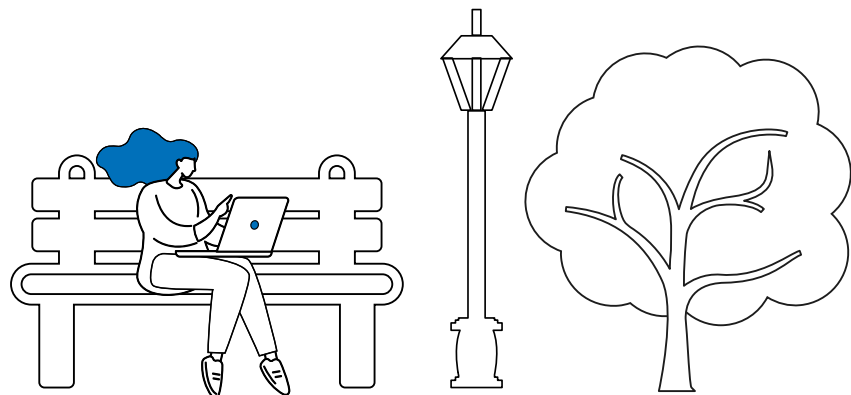
NPS (customer loyalty index) in 2023

As the Company declared 2023 the Year of Service Excellence, we focused on such key aspects:

- customer service;
- network quality;
- internal development.

The Company continues fostering a culture of change, improving and simplifying communications by forming cross-functional teams, organising regular meetings to openly discuss obstacles that

can slow down achievements and address challenges. Thanks to optimised and digitalised processes, we significantly improved the speed of connecting services and resolving issues.



## JRun Roadmap implementation in 2023

The JRun Roadmap is a set of strategic business initiatives that provide project-based

execution of the Company's corporate strategy.

### Jaqyn Obsession with the client

Improved service quality (including faster network deployment), development of digital customer pathways, omnichannelisation and personalisation

- The T2M optimisation initiative more than halved product launch time.
- In the B2C segment we introduced a voice/chat bot that handles 47% of 160/165 call traffic and 65% of chat traffic.
- Electronic document signing functionality was introduced – Auto Blank, 210K documents signed via SMS.
- Since the beginning of 2023, the number of registered users grew 40% (+165K) on telecom.kz and on ismet.kz by 45% (+40K).
- 94% of subscriber service functions in 160 and SARs (123 out of 131) were digitised.
- The TV+ base more than doubled (548K receivers).
- 5 exclusive TV series were launched on the TV+ platform.

### Birlik Unity in a changing environment

Working in customer-centric cross-functional teams and EVP (employer value proposition), implementing a new operating model of the ecosystem

- As part of the project to create a modern user-friendly working environment for employees:
  - we developed and launched 22 main portal functionalities (modules);
  - we tested the portal and launched additional modules;
  - the number of unique portal users totaled 8,881 employees or 49.31% of active employees (by the end of 2023).
- As part of the project fostering the target behaviour of the Company's employees we presented the updated CREDO corporate values.
- To supply skilled personnel to implement strategic business initiatives through project management, we revised and approved the Personnel Selection Rules:
  - The share of employees with digital competences makes up at least 50%.

## Alau Continuous Improvement

Continuous improvement, IT modernisation, development of high-frequency services in demand, Launch of new horizontal digital platforms (AI, cloud, etc.).

The Continuous Update strategy addresses several key areas:

1) Business development through data management as an asset: the Company strives to maximise the efficiency in its data use. This includes collecting, storing, processing, analysing data and making data-driven decisions to grow the business and boost competitiveness.

2) Transition of network and IT infrastructure to the cloud computing environment: Kazakhtelecom plans to modernise its IT infrastructure by moving to cloud technologies. This includes creating a microservice architecture and deploying Multicloud environment to improve flexibility, scalability and availability of systems.

Our achievements:

- Launch of Data Governance lab area.
- Implementation of 5 Data Lineages in the Data Catalogue.
- 22 business terms configured to be entered into Axon Business Glossary for object management.
- Upgrade of IT infrastructure, changes in operating processes.
- ISO 20000 certificate obtained.
- Launch of a backup site for corporate information systems.
- Continued transition to microservice architecture.
- Launch of an in-line platform of the software development and testing environment.
- Work Force Management (WFM) system introduced for B2C and B2B installers on service connection process across 34 cities in Kazakhstan.
- Regular virtualisation and disaggregation of network functions in the cloud environment.
- Two solutions tested: VOLTHA in cloud environment.
- Launch of Telco Cloud in Konaev and Flash Call based on virtual infrastructure of Telco Cloud DIT cloud node in Astana.

## Orken Sustainable Growth

- We set up 12\*100GE channels of the backbone network on DWDM sections Almaty–Taldykorgan, Astana–Taldykorgan, Astana–Petropavlovsk, Aktobe–Petropavlovsk, Aktobe–Kostanai, and Astana–Kostanai as part of a project on network capacity increasing.
- We expanded cache-servers on Kazakhtelecom’s network and peered with content providers for a total of 900 Gbit/s (Facebook, Tencent, Meta, Google, Twitch).
- As part of transition from copper to fibre optics, we switched 57,000 subscribers. Two cities – Kurchatov and Stepnogorsk – are fully “optical”.
- Within the framework of DCS processes automation we launched:
  - Telegram chat-bot on Service Factory (for 2023 average increase in query handling by 15%);
  - real estate accounting and monitoring (operational access to information);
  - secondment of employees (work in one click, reduction of processing time by half).

Such steps will allow the Company to reach its business goals more effectively and gain competitive advantages in the rapidly changing digital environment.

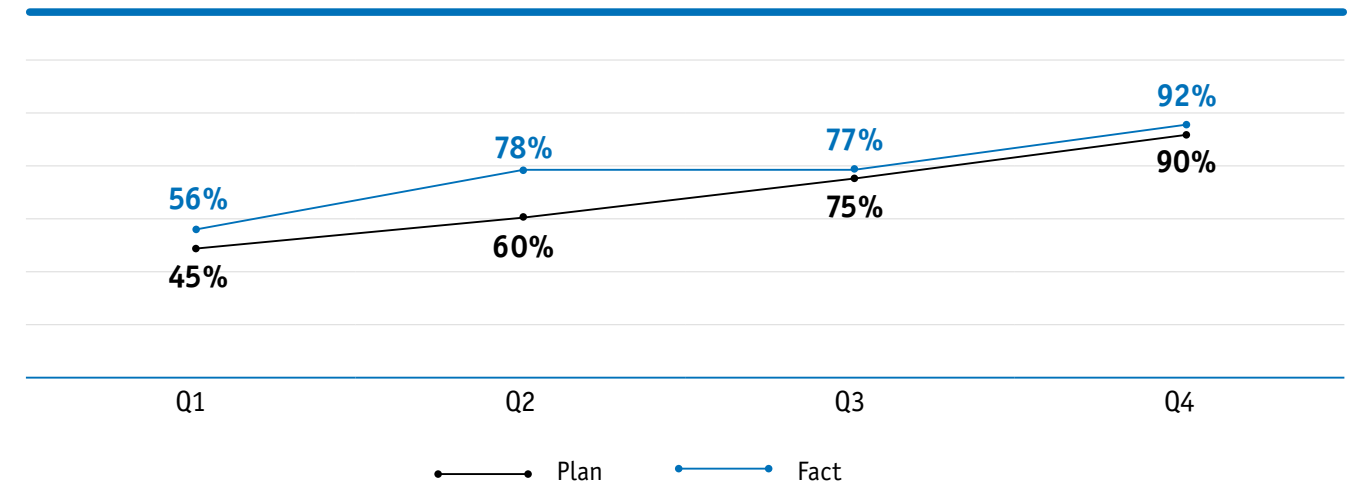
## Implementation of the focus map for 2023

The Company has developed a focus map combining the Company’s main objectives for the year into measurable goals. Employees from different departments work on achieving

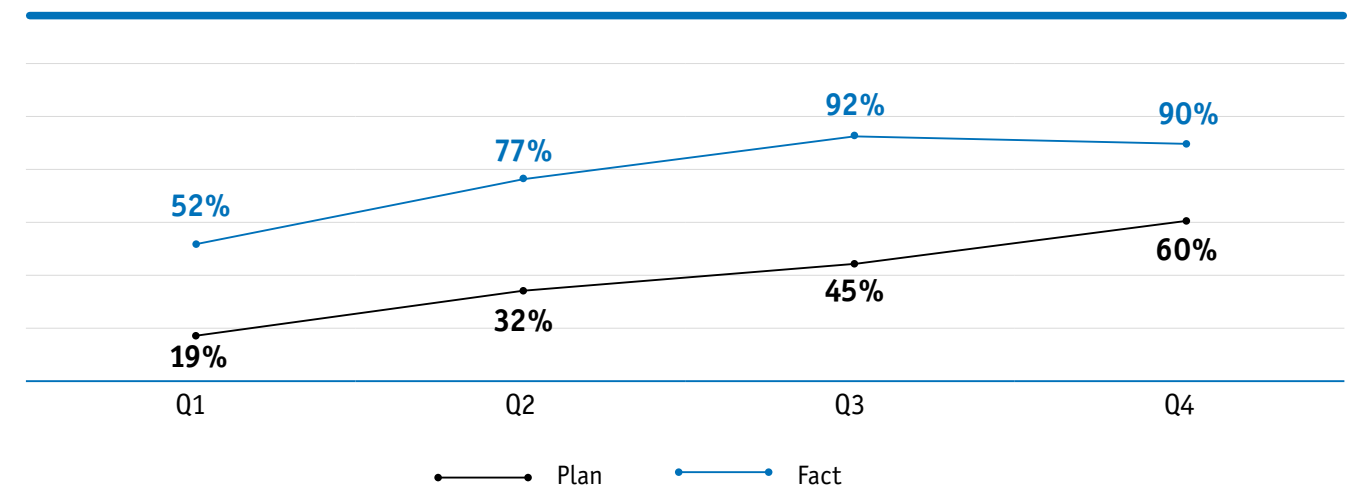
the goals. The Company regularly monitors progress at Scrum sessions and implements Agile approaches in the work of transformation teams. In addition, we digitised reports on

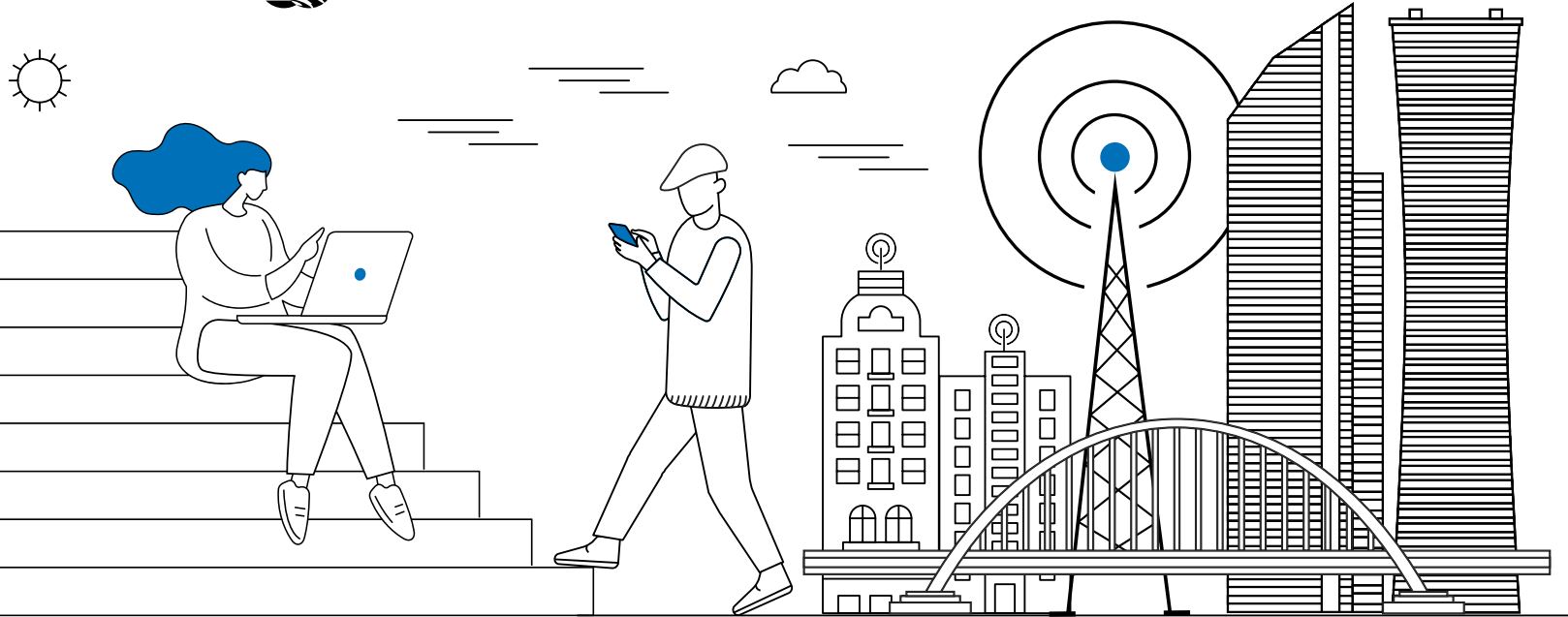
all focuses and visualised them on dashboards in Qlik Sense. The Company included realisation of the transformation focus map in the corporate performance indicators of all employees.

### Customer connection to the Internet via Optical Technology service in 24 hours (Retail Business Division)

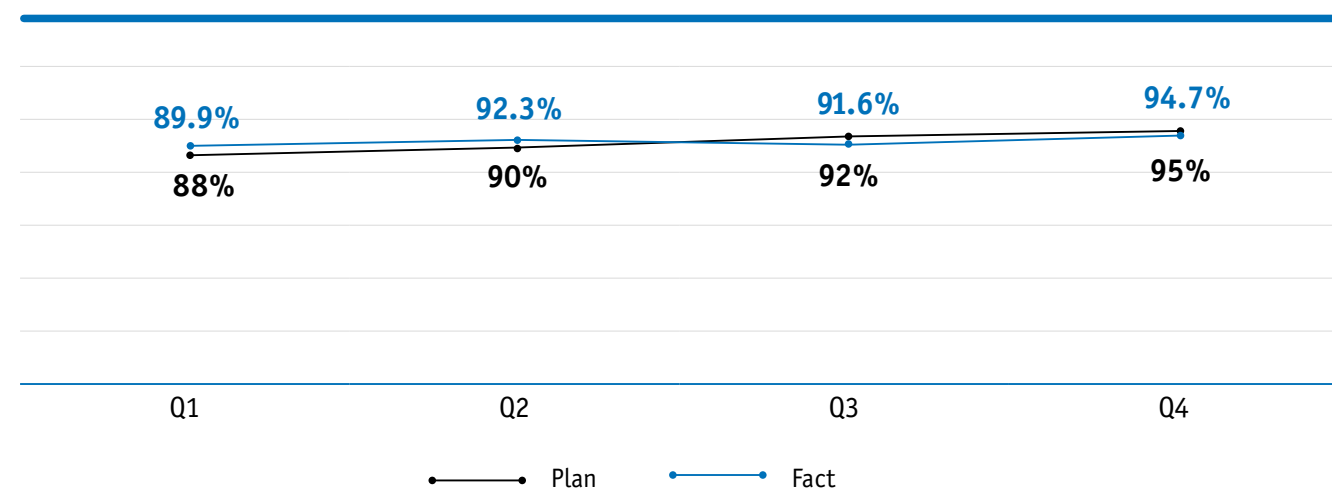


### Customer connection to the Internet via Optical Technology service in 24 hours (Corporate Business Division)

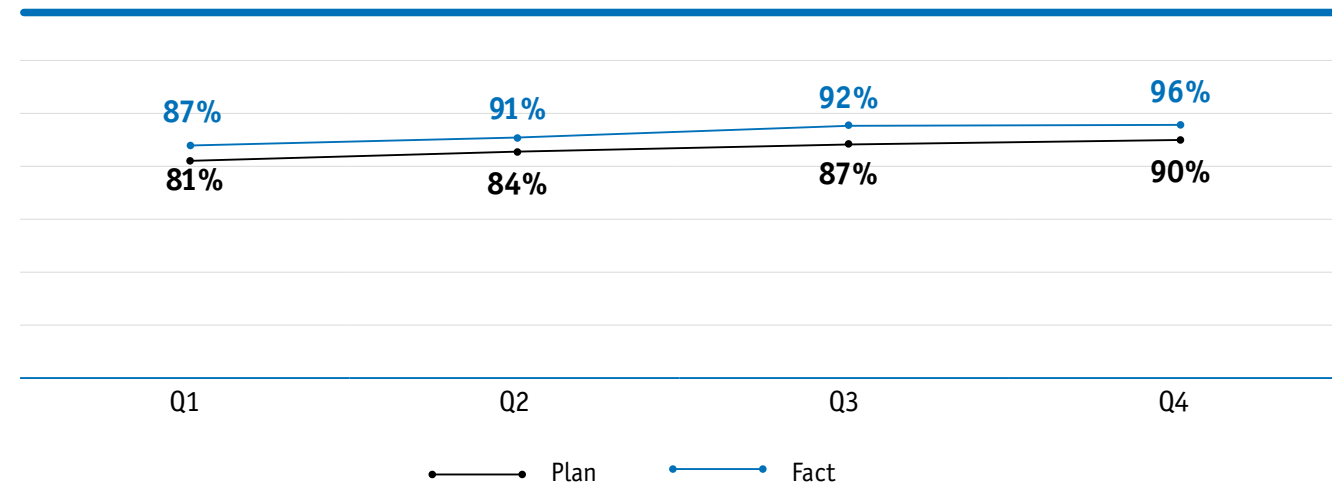




Fixing of single damages in 12 calendar hours of report registration (UDF)



FRR in the company at 90% across all channels and divisions (DUKO)



Key focuses:

Customer connection to the Internet via Optical Technology service in 24 hours in B2C segment



Customer connection to the Internet via Optical Technology service in 24 hours in B2B segment



Fixing single damages in 12 calendar hours of report registration



FRR



Focus map for 2024

Company's Business Focuses

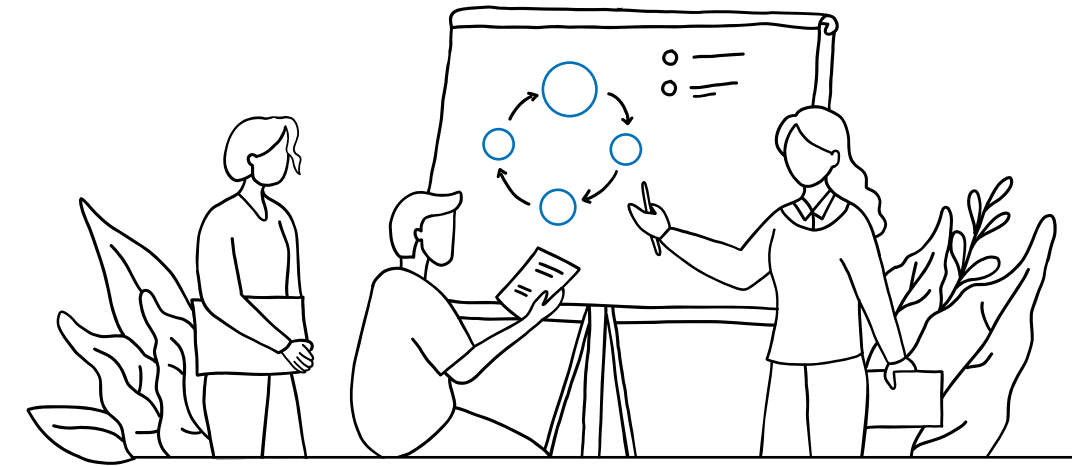
- 90% of customer connections to the Internet via optical technology service are made within 24 calendar hours in the B2C segment
- 90% of customer connections to the Internet via optical technology service are made within 24 calendar hours in the B2B segment
- 95% of single faults were fixed in 8 calendar hours at the end of the year
- 100% of customer requests in the omnichannel system
- Improved customer equipment turnover in 6 months

Product Quality Focuses

- Reduction in the number of appeals on product quality issues by 30%
- Improvement of Customer Satisfaction Index by product

# Values

## • CREDO Model of Corporate Values at Kazakhtelecom



### Client centricity

This means taking into account the requests of our colleagues and customeres, their active solution.

Following this value, we provide:

- Effective development of the Company's products and services through an in-depth understanding of market trends and current and future customer needs.
- Development of the customer base by increasing the level of satisfaction of external and internal clients with the quality of services, services and solutions provided to them.
- Increase of the revenue by finding and implementation of mutually beneficial terms of cooperation with both our clients and within our Company.
- Formation of long-term relationships with customers and counterparties, based on the principles of partnership and cooperation.



### Responsibility for the result

This means a persistent and responsible achievement of the goal.

Following this value, we provide:

- Increasing the Company's financial results by setting and cascading clear and ambitious goals at all levels of management.
- Increasing the level of involvement and the proportion of employees who are proactively involved in solving urgent business problems.
- Increasing the speed of making and implementing decisions necessary to achieve goals.
- Savings through the introduction of a rational approach in planning and use of resources required to implement the decisions taken.



### Experimentation

This means finding the best ways to solve your problem and elimination of imperfections in current processes.

Following this value, we provide:

- Increasing the attractiveness and competitiveness of the Company's products and services through the search for and implementation of new promising ideas.
- Improving the efficiency of business processes in the course of continuous improvement of existing practices, processes and parameters of their results.
- Reducing time to develop innovations as a result of built practices of experimentation, learning from lessons and improving results.
- Increasing the speed of implementation of changes through the active involvement of all employees involved in changing processes and working practices.



### Digitality

This means the ability to look at the task through the prism of analytics and find digital paths to success.

Following this value, we provide:

- A radical increase in the quality of decisions made as a result of the use of interfaces, models and algorithms for data analysis.
- A multiple increase in the speed of work processes and solving business problems through the use of digital interfaces, services and devices.
- Increasing the transparency of business processes and the speed of response to deviations through access to analytics and reports from BI systems.
- Reducing the cost of processes as a result of the introduction of digital tools and platforms for solving everyday work tasks.



### Openness

This means respect for colleagues and involvement in joint work, taking into account the potential of each.

Following this value, we provide:

- Increasing the involvement of personnel, their desire to show their talents as a result of the formation of a constructive and friendly atmosphere of interaction.
- Increasing the attractiveness of the employer brand and the ability to attract the best professionals from the labour market by creating a barrier-free development environment.
- Reducing the transaction costs of the Company due to the well-coordinated work of professionals from different departments.
- Increasing Company performance by openly discussing complex issues and adjusting behavior as a result of receiving feedback.



# Review of regulatory environment

## Description of the main activities of Kazakhtelecom JSC:

In accordance with clause 1 of Article 7 of the Kazakhtelecom's Charter the Company operates as a telecommunications operator of the Republic of Kazakhstan for the creation, installation, operation and maintenance of a public telecommunications network

and private telecommunications systems, performs the functions of a public telecommunications network operator and, among others, an operator of long-distance and international communications with the right to make settlements with the Communications Administrations

of other states, companies, users, international organisations in accordance with the Regulations of the International Telecommunication Union and the legislation of the Republic of Kazakhstan.

## State regulatory provisions of the legislation of the Republic of Kazakhstan governing the activity of Kazakhtelecom JSC

The main legislative acts of the Republic of Kazakhstan governing the activity of Kazakhtelecom JSC are the Business Code of the Republic of Kazakhstan, the Laws of the Republic of Kazakhstan On Communications, On Natural Monopolies, and On Joint Stock Companies.

### Business Code of the Republic of Kazakhstan

The Business Code of the Republic of Kazakhstan

determines the legal, economic and social conditions and ensures freedom of entrepreneurship in the Republic of Kazakhstan and regulates public relations arising in connection with the interaction of business entities and the state, including state regulation and support for entrepreneurship.

The Business Code of the Republic of Kazakhstan was amended during 2023 in various ways:

In accordance with the

Law of the Republic of Kazakhstan dated 30.12.2022 No.177-VII On introducing amendments and additions to some legislative acts of the Republic of Kazakhstan on the implementation of certain instructions of the Head of State, the following amendments and additions were entered to the Business Code:

1) Article 90-6 Competence of the antimonopoly authority is supplemented with subparagraph 39-5) in the following wording:

“39-5) The antimonopoly authority approves in the manner established by the legislation of the Republic of Kazakhstan, the business plan for a republican public-private partnership project, the investment proposal of a republican state investment project, the tender (auction) documentation of a republican public-private partnership project, including in the case of making amendments and (or) additions to them in the part related to the protection of competition and restriction of monopolistic activities, for projects involving the provision of public functions by private partners;”;

2) Article 138 Spheres of activity of business entities in which control is exercised is supplemented with subparagraphs 118) and 119) in the following wording:

“Control shall be exercised:

118) for compliance with the legislation of the Republic of Kazakhstan on online platforms and online advertising;

19) for compliance with the legislation of the Republic of Kazakhstan on personal data and their protection.”.

3) Article 163-1 Mandatory services provided by natural monopolies and quasi-public sector entities was supplemented with paragraph 3 in the following wording:

“3. When providing mandatory services to individuals and legal entities, natural monopolies and quasi-public sector entities use informatisation objects and submit data in machine-readable form to

“e-government” informatisation objects in accordance with the Rules for the Provision of Mandatory Services by Natural Monopolies and Quasi-public Sector Entities in the Framework of Competition Protection and Restriction of Monopolistic Activities.”.

4) paragraph 3 of article 193 is amended and stated in the following wording:

“3. The subject of state monopoly, except for the Government for Citizens State Corporation, Social Medical Insurance Fund, State Technical Service, may be only a state enterprise established by decision of the Government of the Republic of Kazakhstan.

The subject of a special right may be a state enterprise, joint-stock company, limited liability partnership, one hundred per cent of shares (participatory interests in the statutory capital) of which directly or indirectly belong to the state, determined in accordance with the procedure established by the Government of the Republic of Kazakhstan.

The requirement specified in part two of this paragraph shall not apply to the Single Operator of Labelling and Traceability of Goods and legal entities, more than fifty per cent of voting shares of which are directly or indirectly owned by the state, placed shares on the primary securities market, as well as persons affiliated with them.”;

5) Article 193, paragraph 4, is amended and stated in the following wording:

“4. It shall be prohibited to grant market participants other exclusive or preferential rights to produce, sell and (or) purchase any goods on a competitive market in violation of the requirements of this Article.”.

In addition, according to the Law of RK dated 05.04.2023 No.221-VII On introducing amendments and additions to some legislative acts of the Republic of Kazakhstan on digitalisation of state services in the sphere of land relations, Article 163-1 of the Business Code of the Republic of Kazakhstan is supplemented with paragraph 3 of the following content:

“3. When providing mandatory services to individuals and legal entities, natural monopolies and quasi-public sector entities use informatisation objects and submit data in machine-readable form to «e-government» informatisation objects in accordance with the Rules for the Provision of Mandatory Services by Natural Monopolies and Quasi-public Sector Entities in the Framework of Competition Protection and Restriction of Monopolistic Activities.”.

At the same time, in accordance with the Law of RK dated 19.04.2023 No.223-VII On introducing amendments and additions to some legislative acts of the Republic of Kazakhstan on the issues of administrative reform in the Republic of Kazakhstan, the following amendments and additions were made to the Business Code of the Republic of Kazakhstan:



1) Article 61, paragraph 1 is stated in the following wording:

“1. The limits of compulsory membership fees are determined by the authorised body for entrepreneurship.”;

2) The competence of the Government of the Republic of Kazakhstan in the field of state regulation of entrepreneurship was changed, Article 84 of the Business Code of the Republic of Kazakhstan is set out in the following wording:

“The competence of the Government of the Republic of Kazakhstan includes:

1) approval of the rules for maintaining and using the register of business entities;

1-1) development of the main directions of state policy in the field of state regulation of entrepreneurship;

1-3) determination of spheres of entrepreneurial activity regulation, regulatory acts of which are subject to inclusion in the register of requirements;”;

3) paragraph 2 of article 85 of the Business Code of the Republic of Kazakhstan Authorised body on entrepreneurship and its competence in the field of state regulation of entrepreneurship was supplemented with subparagraph 1-1) in the following wording:

“1-1) formulates and implements state policy in the sphere of state regulation of entrepreneurship;”;

4) subparagraphs 5-1) and 6) of

paragraph 2 of Article 85 of the Business Code of the Republic of Kazakhstan are set out in the following wording:

“5-1) approves the rules for maintaining the register of mandatory requirements in the field of entrepreneurship;

6) approves the rules for calculating the average annual number of employees and average annual income;”.

#### **Law of the Republic of Kazakhstan On Communications**

Law of the Republic of Kazakhstan On Communications (hereinafter – the Law on Communications) establishes the legal basis for activities in the field of communications in the territory of the Republic of Kazakhstan, determines the powers of state bodies to regulate these activities, the rights and obligations of individuals and legal entities providing or using communications services.

In accordance with the Law of the Republic of Kazakhstan dated 19.04.2023 No.223-VII On introducing amendments and additions to some legislative acts of the Republic of Kazakhstan on issues of administrative reform in the Republic of Kazakhstan:

1) the competence of the Government of the Republic of Kazakhstan in the field of communications was changed,

Article 7 of the Law on Communications was amended and reworded as follows:

“Article 7: Competence of the Government of the Republic of Kazakhstan

The competence of the Government of the Republic of Kazakhstan in communications shall include:

1) development of the main directions of the state policy in the field of communications and organisation of their implementation;

2) development and implementation of the state policy in the field of radio frequency spectrum allocation, as well as effective use of radio frequencies and orbital positions of communication satellites;

3) approval of the procedure for the preparation and use of public telecommunications networks, resources of the unified telecommunications network for the needs of government agencies, defence, security and law enforcement agencies of the Republic of Kazakhstan.”;

2) The competence of the authorised body in the field of communications was amended. Thus, subparagraph 1) of paragraph 1) of Article 8 of the Law on Communications is reworded as follows:

“1) formation and implementation of the

state policy in the field of communications including distribution and use of national resources in the field of communications, as well as participation within its competence in the field of technical regulation, ensuring uniformity of measurements and standardisation in the field of communications and ensuring its implementation;”;

At the same time, paragraph 1 of Article 8 of the Law on Communications is supplemented with subparagraph 1-1) in the following wording:

“1-1) approval of the rules for holding a tender to determine universal service operators, including the calculation of the amount of subsidies and the procedure for assigning the obligation to provide universal services to telecommunications operators by the authorised body, the requirements for telecommunications operators to provide universal telecommunications services and the list of universal telecommunications services;”;

3) Article 9 of the Law on Communications was amended. Now the Ministry of Defence of the Republic of Kazakhstan instead of the Central Executive Body of Military Administration became the radio frequency body that distributes, allocates and assigns frequency bands, radio frequencies (radio frequency channels) in the Republic of Kazakhstan;

4) Amendments were made to paragraph 7, Article 36 of the Law on Communications, instead of the Government of the Republic of Kazakhstan, now the amount and procedure of compensation for the increase in tariffs of subscription fees for the provision of telecommunications services to socially protected citizens is determined by the authorised body.

#### **Law of the Republic of Kazakhstan On Natural Monopolies**

The Law of the Republic of Kazakhstan On Natural Monopolies applies to relations in the market of services in Kazakhstan provided by subjects of natural monopolies.

In accordance with the Law of the Republic of Kazakhstan dated 30.12.2022 No.177-VII On introducing amendments and additions to some legislative acts of the Republic of Kazakhstan on the implementation of certain instructions of the Head of State, the following significant amendments and additions were made to the Law of the Republic of Kazakhstan On Natural Monopolies:

1) Paragraph 1 of Article 22 is supplemented with subparagraph 9-2) and reworded as follows:

“9-2) change in the average

monthly nominal wage of one employee by types of economic activities in the region (city), developed according to statistical data for the year;” (Grounds matter for changing the tariff approved by the authorised body before its expiry;

2) Paragraph 12 of Article 25 shall be supplemented with parts two, three, four and five of the following content:

“Public hearings, reports of subjects of natural monopolies to consumers and other stakeholders shall be held including online broadcasting and unhindered access of participants of public hearings.

When a state of emergency, restrictive measures, including quarantine, are imposed in the country, the authorised body or its territorial subdivisions, natural monopoly entities shall hold public hearings, reports to consumers and other stakeholders via online broadcasts.

When holding public hearings via online broadcasting, the department of the authorised body or its territorial subdivision shall, not later than ten calendar days before the date of the public hearings, place an announcement in the mass media and on the Internet resource about the upcoming public hearings, indicating the date, time and a link to the online broadcast of the public hearings.



If financial statements of a natural monopoly entity in accordance with the laws of the Republic of Kazakhstan are subject to mandatory audit, their publication in mass media provided for by paragraph 2 of this Article shall be carried out within ten calendar days after completion of the audit.”;

3) Article 26, paragraph 2, regarding the obligations of a natural monopoly entity was supplemented with subparagraphs 24-2) and 24-3), and now a natural monopoly entity is obliged to:

“24-2) to agree with the authorised body on a contract of trust management of property owned by a natural monopoly entity being used in the technological cycle of providing regulated services;

24-3) to coordinate with the authorised body credit agreements for attracting loans from international financial organisations, specialised sectoral banks, the Kazakhstan’s Development Bank and second-tier banks of the Republic of Kazakhstan;”.

According to the Law of the Republic of Kazakhstan dated 19.04.2023 No. 223-VII On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Administrative Reform in the Republic of Kazakhstan, the Law of the Republic of Kazakhstan On Natural Monopolies has been amended as follows:

1) the competence of the Government of the Republic of Kazakhstan in the sphere of natural monopolies has been changed, Article 7 is reworded as follows:

“Article 7. Competence of the Government of the Republic of Kazakhstan The Government of the Republic of Kazakhstan develops the main directions of state policy in the spheres of natural monopolies and organises their implementation.”;

2) the competence of the authorised body has also been amended, subparagraph 2) of Article 8 is reworded as follows: “2) formulates and implements the state policy in the spheres of natural monopolies and organises its implementation;”.

In addition, according to the Law of the Republic of Kazakhstan dated 5 April 2023 No. 221-VII RC On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Digitalisation of State Services in the Sphere of Land Relations, the following significant amendments and additions were made to the Law of the RK On Natural Monopolies:

1) Article 24, paragraph 7 is reworded as follows:

“7. Issuance of technical conditions for connection to the networks of a natural monopoly entity at the request of the architecture and town planning bodies shall be carried

out by the natural monopoly entity:

1) for technically uncomplicated objects – within two working days;

2) for technically complex objects – within five working days.

Technical conditions for connection to the networks of a natural monopoly entity or an increase in the volume of a regulated service shall be issued for the normative period of design, construction and shall be submitted by the architecture and town-planning bodies to the state town-planning cadastre.”;

2) Article 25 is supplemented by paragraph 6-2 as follows:

“6-2. Natural monopolies entities shall place and (or) update in the automated information system of the state town-planning cadastre in machine-readable form according to the forms approved by the authorised body for architecture, town-planning and construction:

1) information on:

- reserve;
- installed power and (or) capacity;
- availability of free and accessible power and (or) capacity;
- capacity of networks;



- location (with indication of the name of streets of the locality);
- length;
- number of booked power and (or) capacity and their booking terms;
- number of occupied power and (or) capacity used in the technological process for provision of services to end consumers;

2) schemes for the location of networks or other property used in the provision of regulated services, except for information related to state secrets and other secrets protected by law in accordance with the laws of the Republic of Kazakhstan.”.

In addition, in 2023, various general amendments were made to some legislative acts of the Republic of Kazakhstan used in Kazakhtelecom JSC’s activity, such as the Civil Code

of the Republic of Kazakhstan, the Tax Code of the Republic of Kazakhstan, the Code of the Republic of Kazakhstan on Administrative Offences, the Law of the Republic of Kazakhstan On Securities Market, the Law of the Republic of Kazakhstan On Permits and Notifications, as well as to subordinate regulatory legal acts on telecommunications services provision.



# Overview of the 2023 telecoms market

The review is provided in accordance with the data of the Statistics Committee of the

Ministry of National Economy of the Republic of Kazakhstan, marketing data on the

communications market from open Internet sources, as well as expert assessments.

## Main trends in the telecoms market in 2023

KZT  
**1,261**  
billion  
(+14% against 2022)

Kazakhstan communications services market size

At the end of 2023, the communications services market made KZT 1,261 billion, exceeding

the previous year's figure by 14%.

- Mobile communications dominated by type of services. Mobile revenue still generates more than half of the total market volume – 57.8%.
- At the end of Q4 2023, the fixed telephony market volume totalled KZT 44.7 billion, down 6.8% year-on-year in 2022.
- Data transmission and Internet access services in fixed networks showed revenue growth to KZT 195.3

billion. In 2023, the market share was about 15.5%.

- The segment of Pay TV services accounted for 3.9% of total revenues from communication services in 2023.
- Revenues from telecom operators' services are growing under the influence of structural shifts. As the retail market grows, the volume of telecom operator services increases, which is reflected in the growth of this segment's share in total telecom revenues.

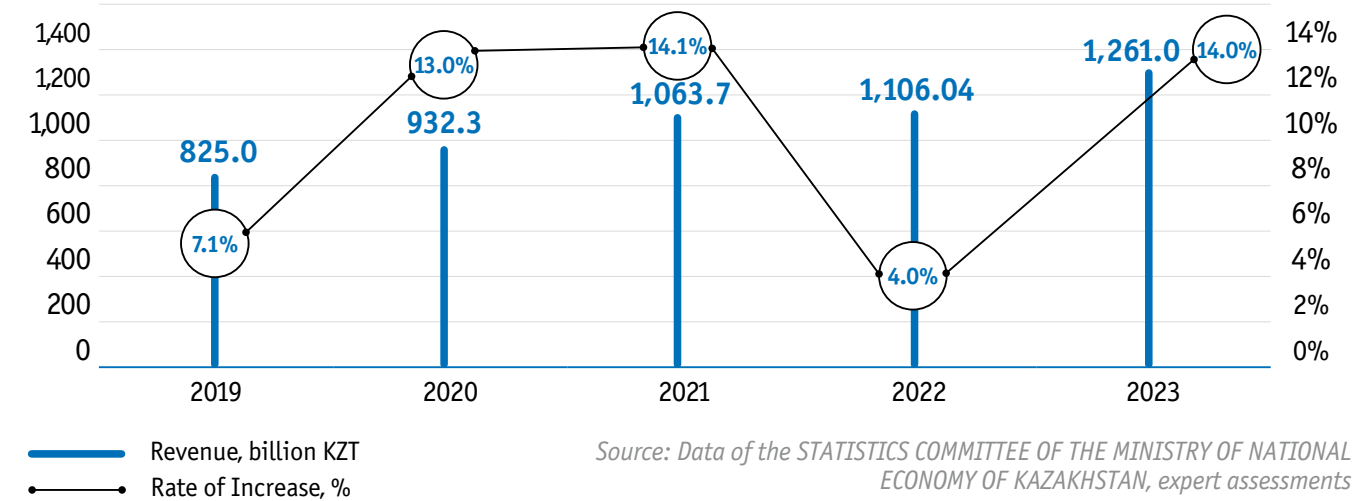
## Assessment of the size and structure of the Kazakhstan telecommunications market in 2023

Kazakhstan's telecoms market cemented its growth prospects,

showing a 14% year-on-year growth in 2023. In absolute

terms, the market volume totalled KZT 1,261 billion.

## Revenue from communication services in Kazakhstan in 2019-2023, billion KZT



Service revenues in the mobile segment continue to dominate, with their share rising to 57.8% in 2023. The key growth driver for the mobile market is the growth of mobile data transmission and services based on them.

The stable share of revenues

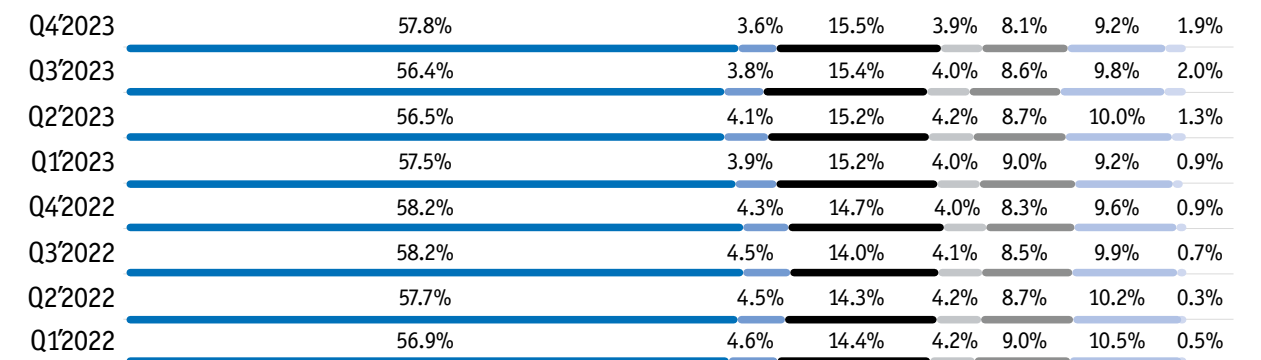
from B2O services – 9.2% – is related to the active development of infrastructure by telecom operators in remote areas to reduce the digital divide between citizens.

Positive dynamics in the fixed broadband and data transmission

segments, as well as in the IT services segment, keep their contribution to the total market volume at 15.5% and 8.1%, respectively.

Overall, the market structure by service type has not changed significantly compared to 2022.

## Revenue structure of the communications industry in Kazakhstan by type of services, %



- Mobile communication
- Fixed telephony
- Internet access and Data Transmission in Fixed lines
- Pay TV
- IT Services
- Services to communications operators
- Fixed mobile services

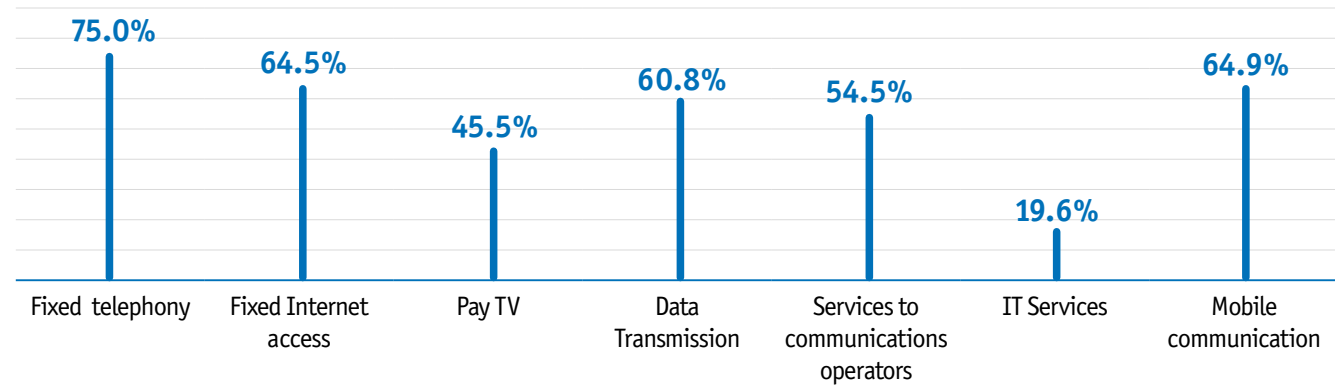
## Kazakhtelecom Group's market position

There was no global change in the balance of forces in the market in 2023, which indicates the established competitive landscape and maturity of the market. The Kazakhtelecom Group market share in 2023

made 61.8%. At the same time, it should be noted that the Beeline Group market share grew from 25.3% in 2022 to 28%. The operator became the leader in terms of revenue both in the mobile segment and

significantly increased revenue in the fixed segment. The development of the Company's IT solutions made a significant contribution to the growth of the operator's fixed-line revenue.

### Positions of the Kazakhtelecom Group by market segment for 2023, %



Source: Data of the Statistics Committee of the Ministry of National Economy of Kazakhstan, expert assessments

## Fixed telephony

At the end of 2023, the fixed telephony market volume totalled KZT 44.7 billion, decreasing by 6.8% compared to 2022. The reduction in revenues is due to the trend towards mobile and Internet substitution of fixed telephony services, affecting the annual decrease in the consumption of classic wireline telephony services.

In the structure of revenues by type, the largest specific weight with the volume of KZT 28.3 billion falls on local telephony services, being associated with regular balancing of tariff policy by operators aimed at systematic increase in the size of subscriber fees against the background of reduction of tariffs for calls to non-CIS countries. Taking into account

the annual reduction of traffic by KZT 2.5 billion on long-distance and international routes, this approach makes it possible to slow down the rate of decline in revenues from fixed telephony services.

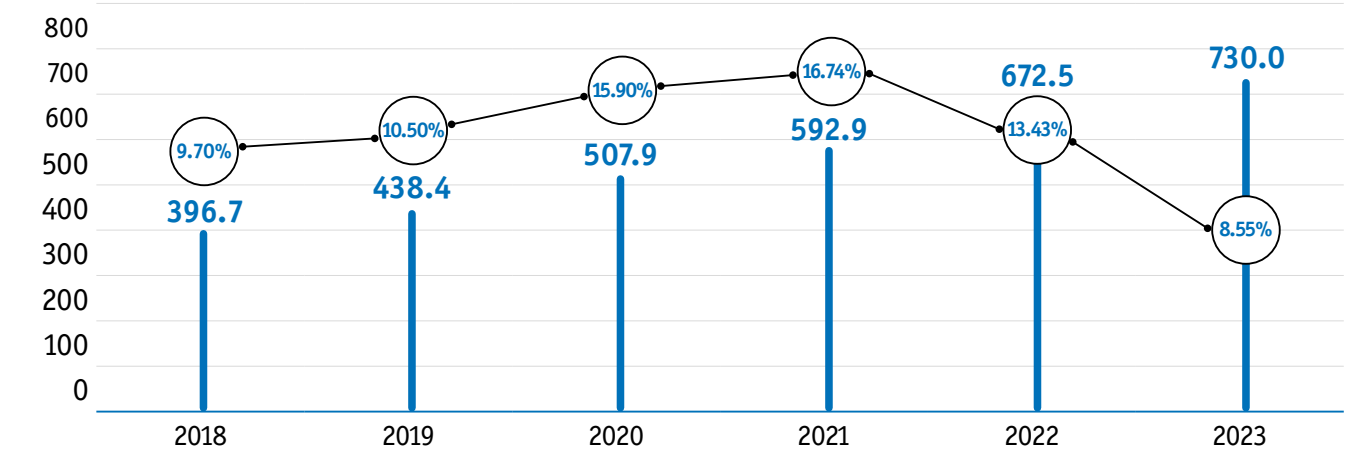
## Mobile communication

Despite its maturity, the mobile market retains its fundamental role in the development of the telecoms industry, both in Kazakhstan and globally. This is due to the trend towards universal mobility, digitalisation and personalisation of processes – business, social

and government interaction. The development of new network technologies and improved quality of mobile data transmission ensure the development of new offers and services, most of which are successfully monetised, which ultimately affects the growth of paid consumption.

At year-end 2023, the cellular telecommunications market in Kazakhstan totalled KZT 730 billion, up 13% year-on-year. The segment's share of the total telecoms market also strengthened, from 58.2% in 2022 to 57.8% in 2023.

### Revenues from mobile communications services in 2018-2023, billion KZT



Source: Data of the Statistics Committee of the Ministry of National Economy of Kazakhstan, expert assessments



## High-speed Internet access

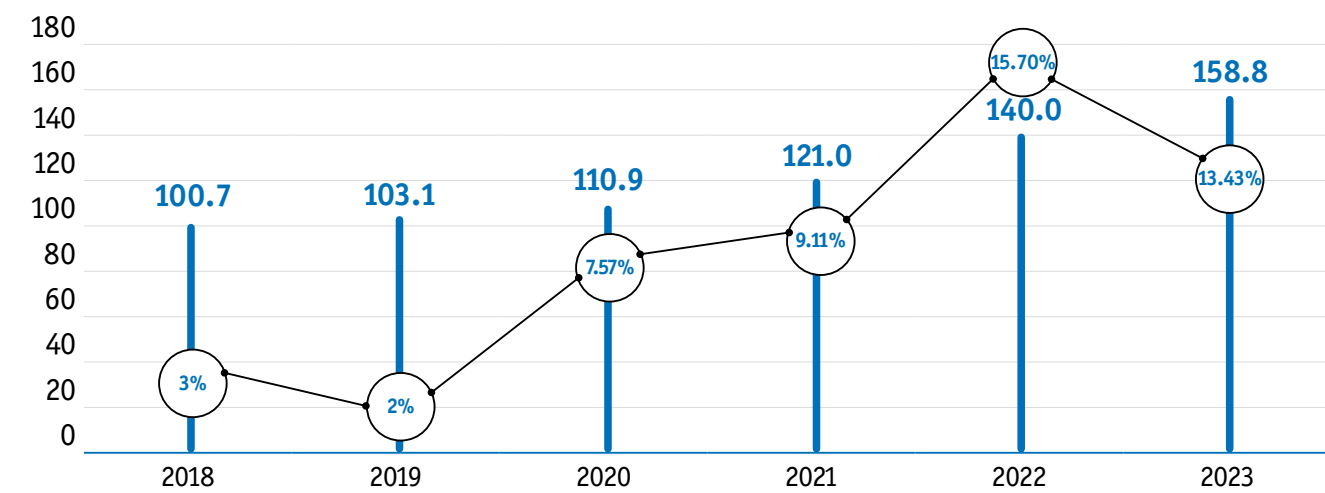
### Revenue from broadband access services

The broadband market demonstrates positive revenue dynamics year on year. Despite the fact that the potential of connections in large cities is close to exhaustion, the number of connections continues to grow at the expense of rural

settlements. In large cities, ISP operators strive to increase subscribers' profitability due to migration of subscribers from ADSL connections to FTTx and GPON networks, allowing to increase access speed and volume of provided services and, accordingly, to offer subscribers packages with higher cost for the complex of services at the corresponding cost. Operators

providing universal services in rural areas receive appropriate subsidies from the government to compensate lost revenues through the special tariff application. The estimated volume of the fixed broadband market at the end of 2023 is KZT 158.8 billion, which corresponds to an increase of 13.43% year-on-year.

Revenue from broadband access services in fixed networks in 2018-2023, billion KZT



Revenue from broadband access services, billion KZT  
Growth rate, %

Source: Data of the Statistics Committee of the Ministry of National Economy of Kazakhstan, expert assessments

### Lease of data transmission channels

The channel lease market, almost entirely based on IP-VPN technology, has been showing signs of stagnation in recent years, despite the fact that the number of branch structures is growing. The DSM task force sees the cloud technologies development and migration of

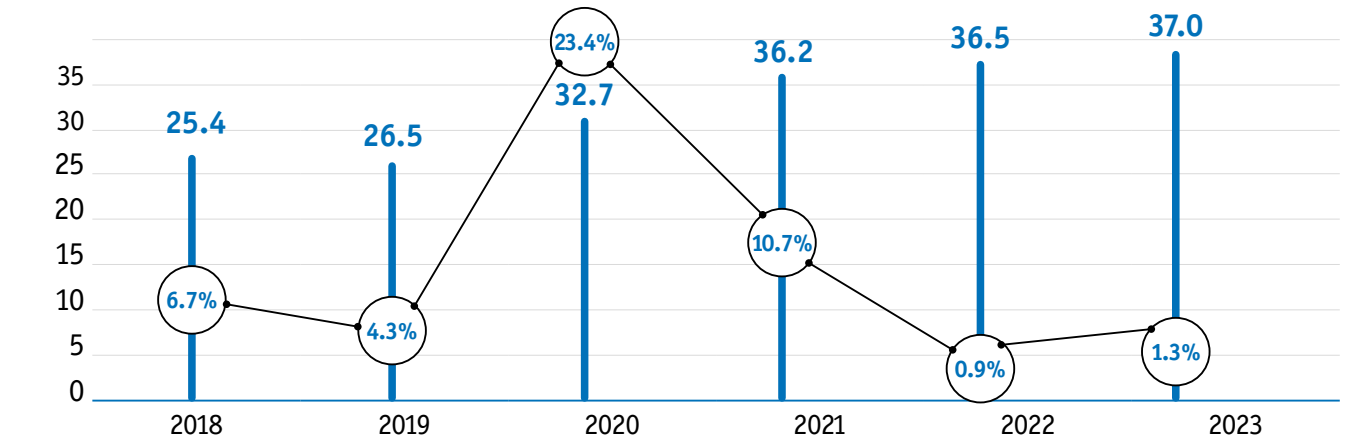
enterprise information systems from local infrastructure to the cloud environment to be the main reason for the reduction in demand for IP-VPN services. This particularly trends in the segment of state-owned enterprises, where complete digital transformation processes are underway.

In the corporate segment, digitalisation is less intensive

than in the public sector. This means that the demand for the organisation of communication channels between branches remains, although the volume of new demand is also significantly decreasing.

At the end of 2023, the channel rental market, according to the task force's estimates, totalled KZT 37 billion, i.e. almost at the level of the previous year.

Revenue from channel lease services in 2018-2023, billion KZT



Revenues from channel lease services, billion KZT  
Growth rate, %

Source: Data of the Statistics Committee of the Ministry of National Economy of Kazakhstan, expert assessments





## Pay TV

At the end of 2023, operators' revenue from Pay TV services in Kazakhstan totalled KZT 49.2 billion, up 10% year-on-year.

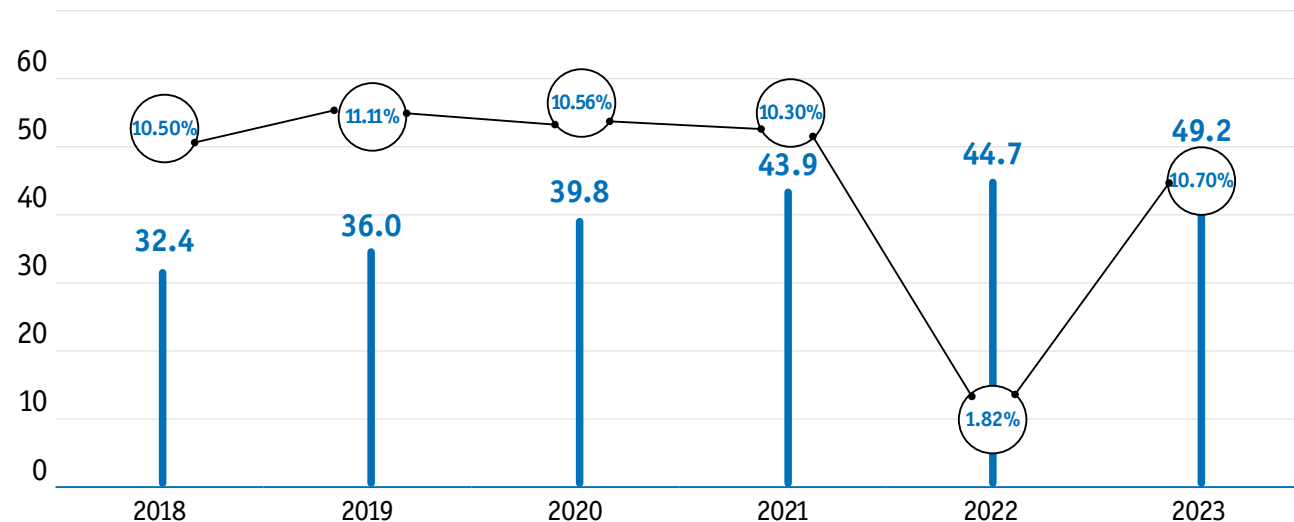
This volume includes the amount of monthly payments by subscribers for services and

equipment rental (STB) and does not include revenue from the purchase of satellite TV sets.

Revenue from Pay TV services is almost entirely generated by households. They accounted

for 3% of total revenue in 2023, or over KZT 45 billion. Accordingly, the corporate segment provided services worth KZT 3.5 billion (7% of total revenue).

### Revenue from Pay TV services in 2018–2023, billion KZT



Revenues from Pay TV services, billion KZT  
Growth rate, %

Source: Data of the Statistics Committee of the Ministry of National Economy of Kazakhstan, expert assessments

## Services to communications operators

In 2023, the market volume and structure of revenue in the inter-operator market did not undergo significant changes compared to the previous year. Aggregate services to operators were rendered in the amount of KZT 116.8 billion, up by 15.7% year on year.

The following major segments

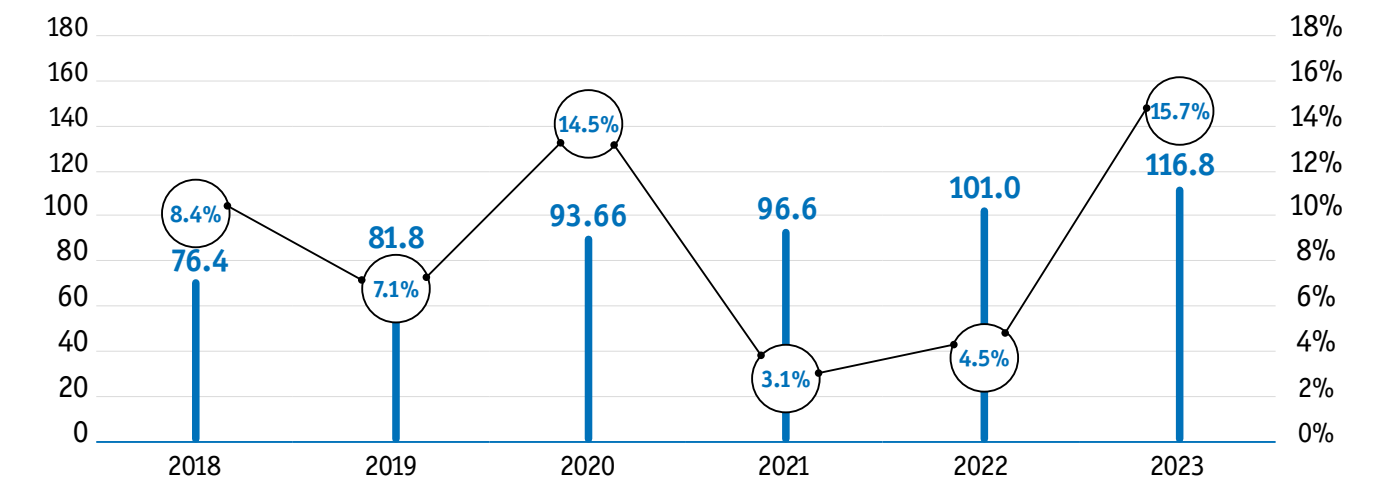
generate revenues from services to telecom operators:

- Connection to the public telecommunications network and voice traffic.
- Lease of national and international channels.
- Services on organisation of

virtual channels (IP-VPN).

- Internet access for telecom operators.
- Transit of voice and data traffic (IP-transit).

### Revenue from services to communications operators in 2018–2023, billion KZT



Revenues, billion KZT  
Growth rate, %

Source: Data of the Statistics Committee of the Ministry of National Economy of Kazakhstan, expert assessments

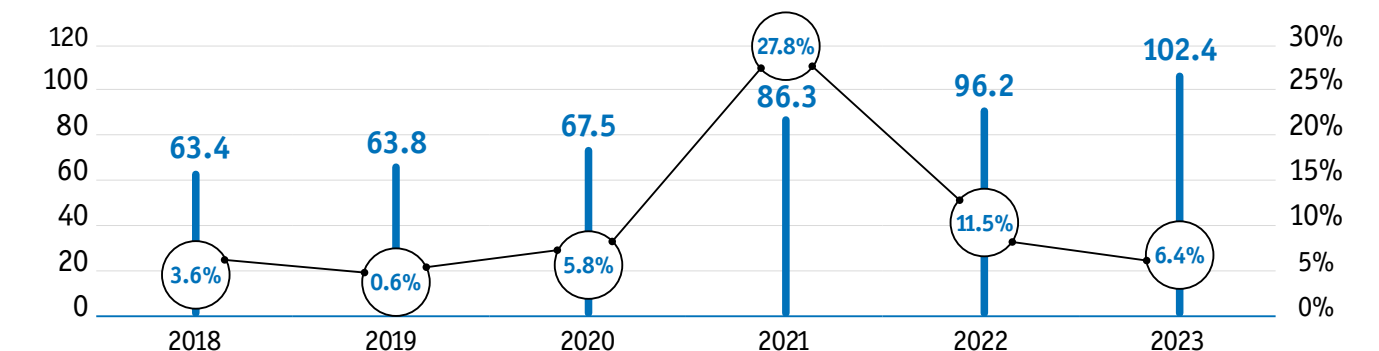
## IT services

Against the background of intensive digitalisation of socio-economic processes, as well as interaction between the state and society, the volume of IT services is steadily growing.

In addition to the digital transformation processes taking place within the country, the volume of services provided by Kazakh enterprises is growing due to the export abroad of the

Kazakhstan's developments and IT services. In 2023, services provided by telecom operators account for KZT 102.4 billion.

### Changes in revenue from IT services in 2018–2023, billion KZT



Revenues, billion KZT  
Growth rate, %

Source: Data of the CS MNE RK, expert assessments

The bulk of IT services provided by operators to commercial customers in the open market (outside of government orders

or parent company services) is related to the provision of data centre-based services. As additional areas, operators

develop cloud video surveillance services, implement IoT-based solutions, and function as fiscal data operators (FDA).

# Business and finance review

## Retail business

### Key results

In 2023, the Company's revenue in the retail segment totalled KZT 144.5 billion. Average subscriber yield (ARPU) increased by +13.8%.

KZT  
**144.5** **+13.8%**  
billion  
Company's revenue in the retail segment in 2023  
growth of average subscriber yield (ARPU)

**+1.6%** **+13.2%** **+5.5%**

growth of the broadband Internet access subscriber base

growth of the Pay TV subscriber base

growth of the converged services subscriber base

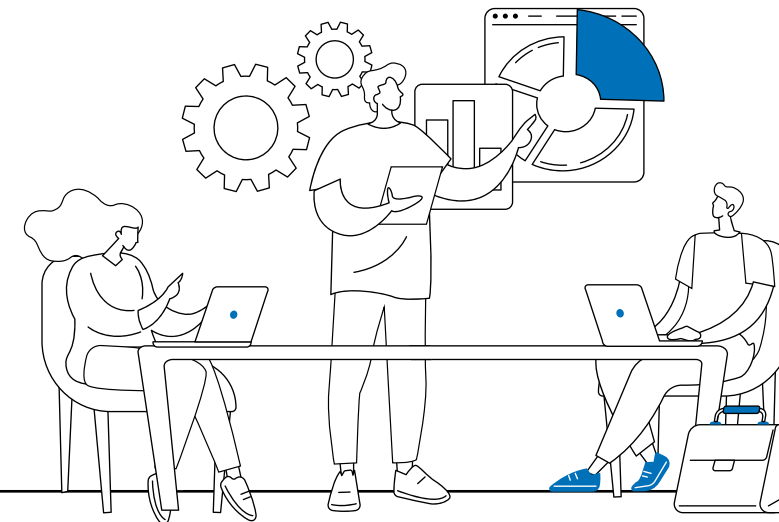
**184,000** **+40%** **+25%**

services

Company's sales volumes in 2023

compared to 2022

growth in sales of Pay TV services



**+21%**

growth in sales of broadband internet access services

In the reporting period, the growth of the broadband subscriber base made up +1.6%, the growth of Pay TV +13.2% and converged services +5.5%. At the end of 2023, the Company's total level of overdue and doubtful receivables

totalled KZT 2.8 billion, being lower than planned.

The Company's sales volumes for 2023 increased by 40% to 184,000 services. The Pay TV services achieved the largest growth in +25% due to full

digital sales of TV+. Broadband Internet access service sales increased by +21%.

The effect of sales through digital channels for 2023 totalled KZT 982 million and reached 11.2% of all sales.



## Development of product offerings

The Company seeks to provide original content on its platforms to attract and retain new users. Therefore, creating its own original content was the next stage in the development of the TV+ platform after the launch of interactive TV and the integration of the best online cinemas.

In May 2023, Salem social media company and Kazakhstan JSC entered into a cooperation

agreement, planning to promote domestic product on the TV+ television platform. Domestic series "Black Yard", "Qarga", "Sheshe" and "1286", which are joint products of Kazakhstan JSC and Salem social media, became in 2023 the bestsellers of TV+ platform and allowed Kazakhstan JSC to triple its mobile audience.

The interest in own content led to a surge in Kazakhstani

people downloading the TV+ mobile application to their own smartphones that allows them to watch literally wherever the Internet is available: at work, on business trips and when travelling. As a result, TV+'s own content attracted around 131,9 thousand new paying users in 2023. In addition, in terms of video content, in September 2023 we added Premier Cinema and in December 2023 – More Cinema.

## New lines of tariff plans

In 2023, the Company retained the concept of long-term contracts including unlimited home internet, hundreds of TV channels, and cellular services, where subscribers can get a discount on subscription fees with a guarantee of unchanged price throughout the contract period.

The Company launched TV+ mobile service on mobile

numbers included in the Bereket package. Thus, the national telecom operator subscribers connecting new tariff plans can watch more than 150 TV channels and more than 6,000 films and series from Made in KZ, Salem, AMEDIATECA, QAZAQSHA, more.tv from Kazakhstan mobile numbers without consuming additional Internet traffic.

In 2023, there was an important change in the new line-up regarding the telephony services provision: telephony services were excluded from service packages that include Internet access via optical technologies. These services can now be purchased separately only if necessary.

## Client experience

The Company improves the quality of service in the retail segment. Since October 2023, the Company implemented live-chat on the telecom.kz website and in the mobile application to increase responsiveness to its subscribers' requests. As a result, 30,238 subscribers received support via live-chat.

In December 2023, the Company launched the Omilia robot, which integrated 20 dynamic and 15 static scripts to serve 160 and 165 subscribers in voice mode.

In the reporting period, the Company also improved operation of online channels in WhatsApp and Telegram:

- channels operate on a 24/7/365 round-the-clock service mode;
- we improved the waiting time for a response from a specialist from 30 minutes at the beginning of the year to 3.5 minutes at the end of the year;
- we reduced the duration of dialogue with the client from 3.5 hours to 2 hours;
- we improved the percentage of serviced dialogues from 98% to 99%;
- we transferred some requests to the self-service level. Such queries as current personal account balance,

payment methods, SIM card registration procedure, advice on roaming, TV+ service connection, debts, recommendations on Wi-Fi routers, shop.telecom.kz

services are handled by an online chatbot.

We served online about 950,000 subscribers.

### Online channels operation in WhatsApp and Telegram:



**24/7/365** service mode

**3.5** minutes reduction of the dialogue duration with the client from **3.5** hours to **2** hours waiting time for a specialist response

from **98%** to **99%** percentage of serviced dialogues

**950,000** subscribers were served online

## Improvement of service installation process

In 2023, the Company's retail business mainly focused on organising, maintaining

and supporting work on installation and connection of telecommunications services.

Key performance indicators in 2023:

Indicator	January 2023	December 2023
Share of subscribers connected in less than 24 hours	37%	92%
Customer loyalty index (tNPS)	61%	84%
Assessing the quality of installer service (Agent Performance)	94%	97%
Resolving a subscriber's enquiry from the first contact (FRR)	85%	95%

97%

Agent Performance (AP) in 2023

92%

Agent Performance (AP) in 2022

84%

tNPS (customer loyalty index) in 2023

55%

tNPS (customer loyalty index) in 2022

customer loyalty index rose

61% → 84%

in Q1'2023

in Q4'2023

The Company attributes this to a number of factors:

- digitalisation of the Company's interaction with its customers (online customer service);
- reduction of the digital divide due to the deployment of modern networks in rural areas;
- reduction of time spent by the Company's employees on providing services due to the automation of business processes.

In 2023, the Company achieved a number of key goals in the service quality improvement:

- connecting at least 90% of new subscribers to the Company's services within no more than 24 hours of their request;
- fixing 95% of customers' damages within no more than 12 hours;
- solving all problems of 90% of customers in one visit to them by the Company's specialists.

The Company managed to achieve such results due to the automation of internal business processes. For example, the Company implemented a WFM-system (Workforce Management – a personnel management system distributing orders for service connection in automatic mode, depending on which installer is available at the moment). This allows activation of services on equipment in one "click" and drastically reduces the time of servicing each individual subscriber.

The Company continues improving this system. We assume the clients will use it to schedule a convenient day and time for the Company's specialists to visit them. Kazakhtelecom introduced similar changes using Self-Service tools in its external services. This allows subscribers to solve some of their problems on their own, without using the Company's operators.





## Network development

From January to December 2023, the Company commissioned optical networks throughout Kazakhstan under the project on the Development of broadband network using FTTx technology. This provides high-speed Internet access to 39,634 subscribers in 557 apartment blocks and 1,725 subscribers in the private sector of cities.

In addition, in 2023, optical networks were commissioned under a partnership model of network construction, enabling connection of 64,709 households to high-speed internet access.

In 2023, to reduce the digital divide in villages, we procured 145 Wi-Fi radio bridge base

stations and 10,063 client terminals to provide internet access to 145 rural settlements in 16 regions of the country.

Also planned:

- Expansion of optical networks in Almaty and Astana cities in 2024, enabling access to high speed broadband internet access for 54,201 households.
- Construction/expansion of optical networks in all major cities of Kazakhstan, enabling access to high-speed broadband internet access for 169,014 households.

In addition, the Company plans to modernise the GPON network in Almaty and Karaganda by replacing outdated station equipment. For this purpose, we purchased and installed GPON equipment in Almaty for 4,592 PON ports and in Karaganda for 3,776 PON ports. Also, the Company concluded a Contract for purchase of GPON equipment for 4,560 PON ports for the cities of Almaty, Kostanai, Karaganda, Shymkent and Almaty region. At the same time, we will redistribute the station equipment dismantled in the cities to rural settlements.

## Changes in organisational structure

The Company continues to improve its organisational structure and this contributes to enhancing its efficiency.

In 2023, to create a full-featured management system

for Kazakhtelecom’s investment projects, providing an end-to-end management mechanism for the full cycle of investment projects in the Retail Business Division (a Kazakhtelecom JSC’s branch), we transformed the

Project Office Service into the Business Development Service.

## Social responsibility

The Company strives to increase the accessibility of telecommunications services for people with special needs.

In September 2023, the Company launched a preferential tariff plan “social”

for people with special needs, giving them the opportunity to use all modern digital services at a favourable price. The Company has filled the new package with the most popular services allowing subscribers to use the tariff as comfortably as

possible. The package includes unlimited access to the Internet at a speed of 8 Mbps (ADSL)/100 Mbps (FTTh), unlimited calls to fixed numbers within the Republic of Kazakhstan and calls to the numbers of Altel/Tele2 operators.

### Tariff Plan "Social"

unlimited access to the Internet at a speed of 8 Mbps (ADSL)/100 Mbps (FTTh)

unlimited calls to fixed numbers within the Republic of Kazakhstan and calls to the numbers of Altel/Tele2 operators

### free traffic on





# Corporate business

Kazakhtelecom is the leader in the telecommunications market of the Republic of Kazakhstan,

in the corporate segment either. The Company has the most developed infrastructure,

a large branch network, as well as a large technical and human resources potential.

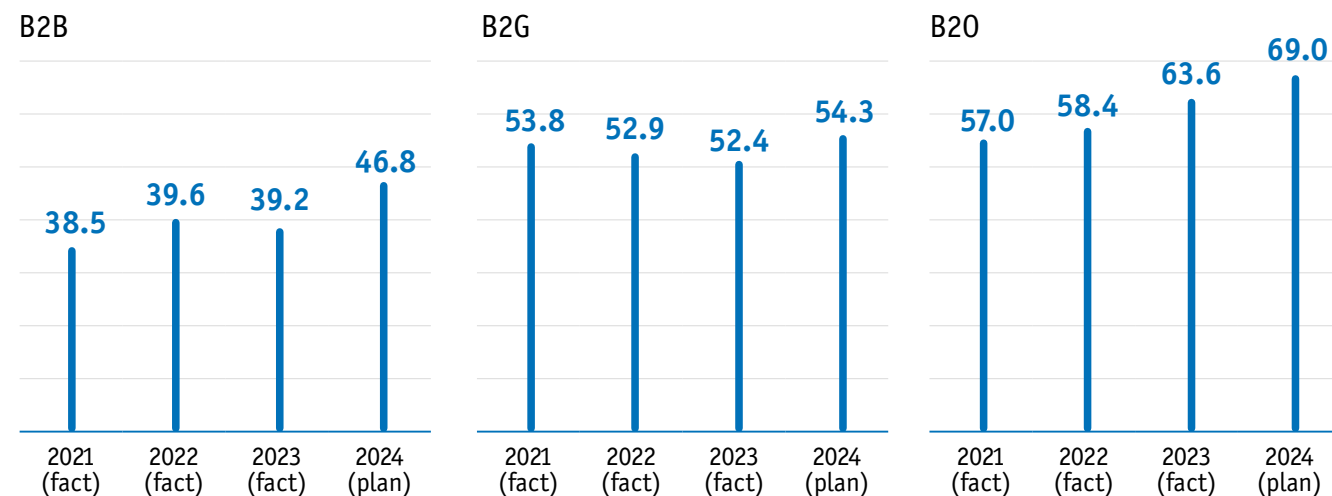
## Key performance results in 2023

The Company offers its customers a wide range of modern telecommunication services, including telephony, data transmission, internet access and satellite

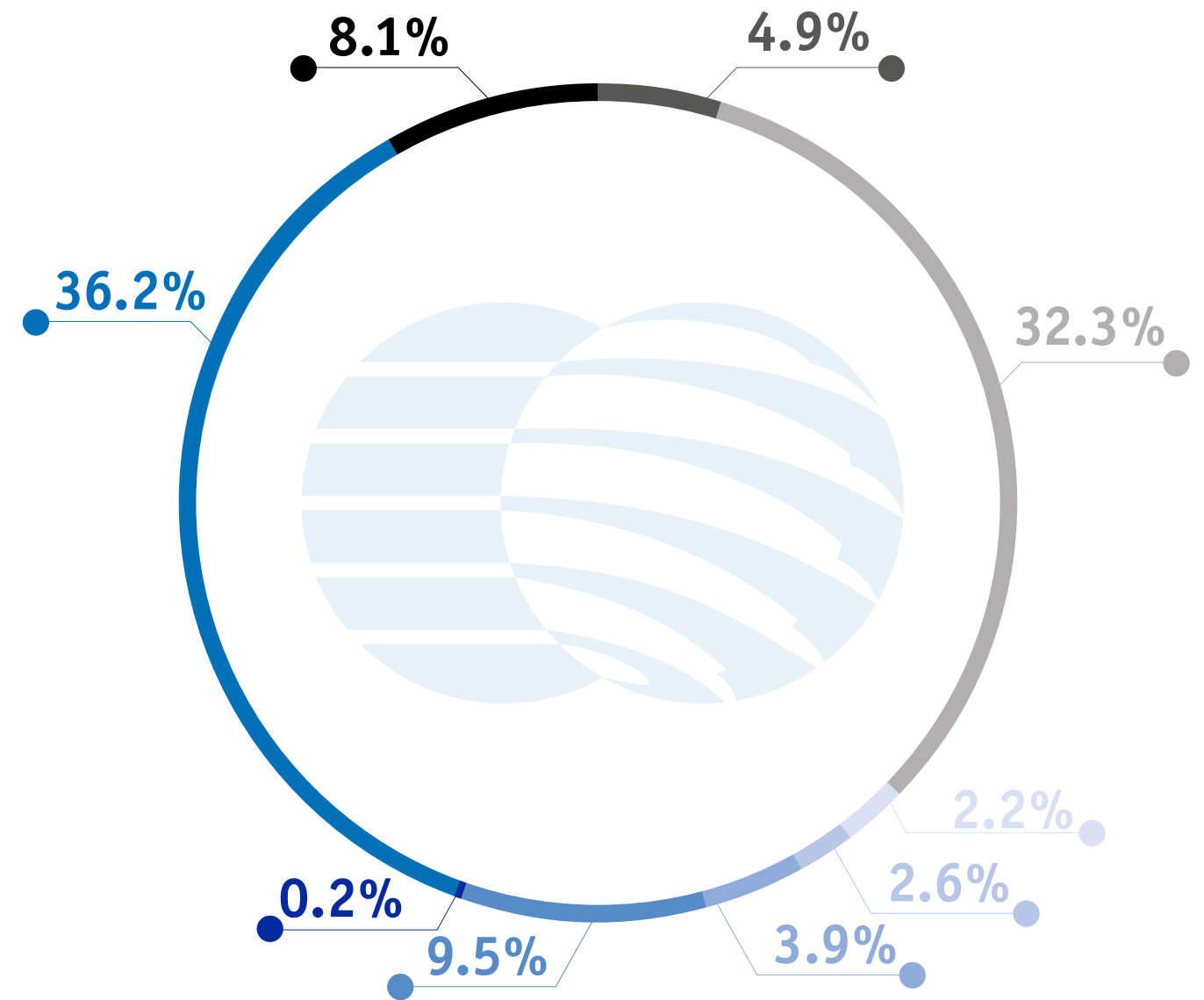
communication services. Based on the results of operations for 2023 in the corporate segment, the Company's revenue by B2B, B2G, B2O segments totaled KZT 155.2 billion, net of VAT.

As part of the implementation of the strategic objective of Kazakhtelecom JSC in the corporate segment in 2023, the revenue growth amounted to KZT 4.2 billion against 2022.

## Company's revenue in the corporate segment, billion KZT



## Revenues structure of the Company in the corporate segment in 2023, %



- Telephony
- Domestic operator market
- OFD services
- New businesses
- Other services
- International operator market
- TV
- Data transmission
- Corporate info-communication services

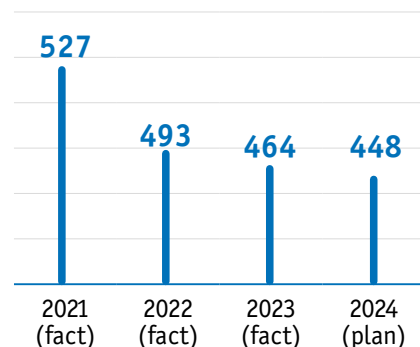
In the Company's revenues structure in the corporate segment, the largest share of 39.7% is revenues from the

provision of data transmission network services. The share of revenues from the domestic market operator makes up

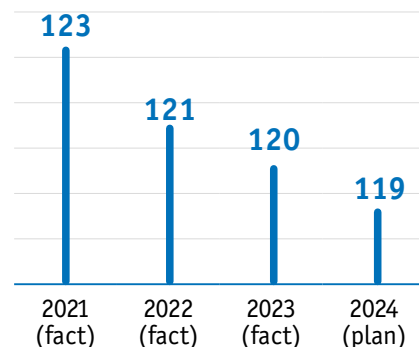
35.5%, and the share of revenues under the agreement with international operators equaled 10.4%.

## Changes in B2B and B2G segments, '000 devices

Fixed lines



Broadband



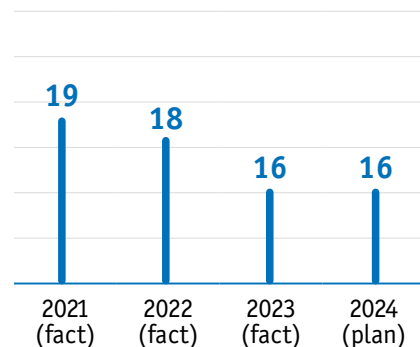
The decline in fixed line sales is an established global trend due to the development of messenger and social networking services-substitutes. Due to the formation of new regions and customers' relocation to new regional centres, inventory and cost reduction measures, corporate networks were optimised, which led to the disbanding of FL, broadband, TV and IP VPN outlets.

ARLB growth for 2023 to 2022 in the context of Internet access and IP VPN services.

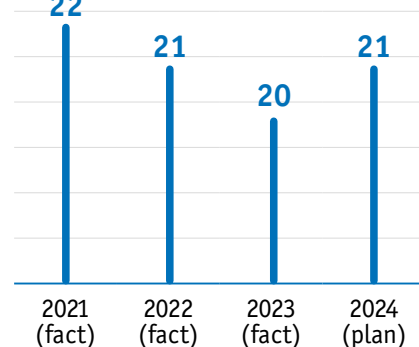
At the end of 2023 compared to 2022, ARLB's commercial indicator increased by KZT 5,000 per month for each outlet of broadband Internet access, which is 10.3%, and by KZT 2,200 (5.9%) per month for each connected outlet of IP VPN.

As of the end of 2023, the customer base in B2X segments was 97,436 BINs, of which in B20 segment the contracts with 172 BINs of telecom operators were supported, in B2G segment – with 15,068 BINs of state organisations, in B2B segment – with 82,196 BINs of business companies.

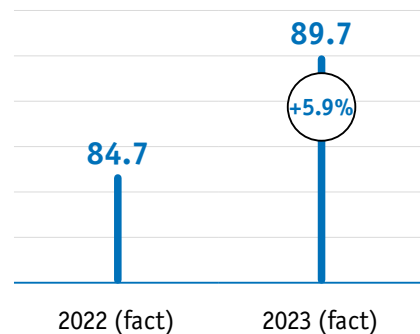
TV



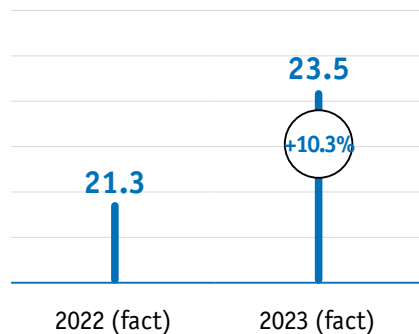
IP VPN



IP VPN



Broadband



## Digitalisation and transformation results for 2023:

### TU Online update:

Redesign of the TU Online service, addition of a function to search for contractor partners for network laying and provision of an opportunity to join the Company as a partner.

### Home page redesign:

Improvement of visual design, enhancement of performance

**from 24% to 80%**

and reduction of loading time

**from 4.7 to 0.7** seconds



### Sales through the digital channel:

more than **5,000** applications

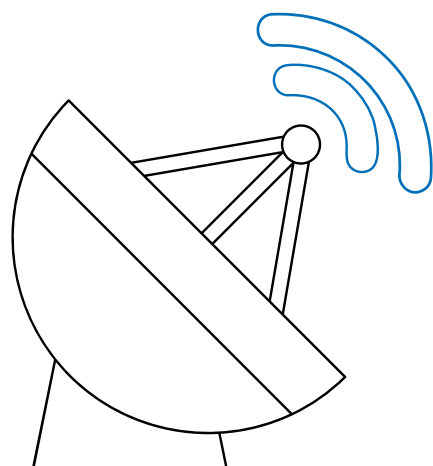
for connection of telecom services were submitted through the digital channel

Receiving service online: key applications such as receiving invoices, reconciliation certificates, AIAs, tariff changes, changing payment details and others were digitised, allowing customers to conveniently resolve these issues online without visiting sales offices. As a result, 47% of KT customers actively use the online platform.

### Attracting new users:

the number of users increased by 28% and the number of companies increased by

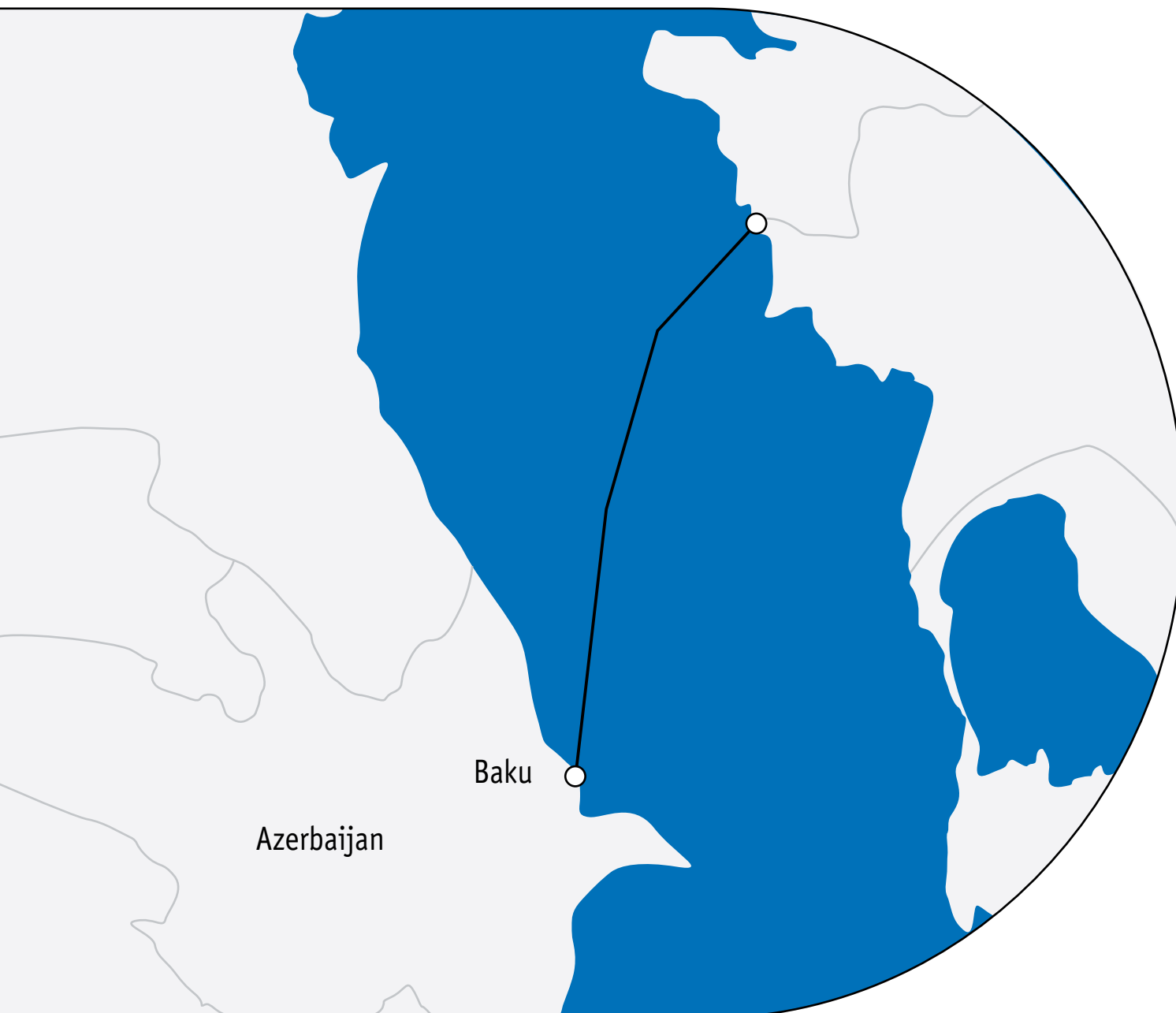
**20%**



## International operator segment (B20)

In the international operator segment, in 2023, the Company implemented the following projects:

### Construction of FOCL along the Caspian Seabed



Kazakhtelecom is implementing a strategically important project for the country – construction of the Trans-Caspian fibre-optic communication line (FOCL) along the Kazakhstan–Azerbaijan route, which is a part of the large-scale project Digital Silk Way – creation of a

digital corridor between Europe and Asia.

The Trans-Caspian FOCL will provide data transit between Europe and Asia, as well as enable Kazakhstan to reserve existing routes and create an international digital hub on its territory. It will facilitate

access to new markets and improve the usability of the internet and data transmission capacity between the countries. In addition, the project is also unique in that it will provide the first submarine cable route under the Caspian Seabed.

**The main goal of the project is to ensure telecommunication security and information sovereignty of Kazakhstan.**

Within the implementation of the project on Construction of FOCL along the Caspian Seabed the parties signed an agreement on the terms of cooperation, registered a joint venture CASPINET B.V., the shareholders of which are Kazakhtelecom JSC and Azertelecom Int. Ltd.

Commissioning of the FOCL is planned for 2026, with the introduction of optical lines into commercial operation in the second half of 2026.

The main route will run along the route “Aktau–Sumgayit district” and will be about 370 km, the reserve canal with a length of about 330 km will be laid along the route “Kuryk–Buzovna”.

A FOCL bandwidth of 400 terabits per second (Tbps) is a very high data transfer rate. As an example, global Internet traffic per day in the early 2020s is estimated to be approximately 500 Tbps per second. This means that a bandwidth of 400 Tbps could provide almost 80 per cent of all daily global Internet traffic.

Organisational procedures completed in 2023:

- The foundation for the international project is laid.
- First steps in logistical and project preparation initiated.
- A business plan for the project is developed.
- Terms of reference for further design approved.

#### Plans for 2024 and the medium term:

- Tender documentation development to select a contractor for the design and construction of FOCL along the Caspian Seabed.
- Holding tenders and signing contracts with contractors and partners for the design and construction of FOCL.
- Start of the design phase for the subsea part of FOCL.
- Clarification of terms and stages FOCL construction.

We will inform on the project implementation in our next reports.

### SuperHighway Initiative

As part of the SuperHighway initiative, Kazakhstan plans to build a high-speed digital information network (superhighway), with two branches stretching from China to Azerbaijan and Russia.

In January 2023, the Samruk-Kazyna Fund approved the Kazakhtelecom's initiative on the development of a pre-feasibility study for the SuperHighway project. As part of the study, we determined the impact of the Super Highway and Super Data Centre on the economy, studied world experience, assessed risks, developed a technological solution, carried out survey work, and prepared a financial model. At present, Kazakhtelecom JSC works on defining conditions for the project implementation.

We will inform on the project implementation in our next reports.

### Target Superhighway topology



- Super highway
- Existing backbone FOCL
- Traffic I/O and regeneration nodes in regional centres
- International junction nodes

## New businesses and products

The Company continues to develop new services for its customers in the B2B and B2G

segments. In 2023, we launched new services on the ismet.kz portal, including information security services.



### DDoS Protection' service

This service provides reliable protection of IT infrastructure from DoS/DDoS attacks, including zero-day attacks, by applying the most advanced developments in the field of cyber security. This innovative solution provides protection against both internal and external attacks, regardless of their origin – from Kazakhstan or beyond its borders.

The Service is integrated into Kazakhtelecom JSC's network infrastructure, which ensures effective counteraction to DDoS attacks of any complexity.

For more details on the service, please visit [ismet.kz](https://ismet.kz) portal.

### Alarm button

The Alarm button from Kazakhtelecom JSC is a modern solution in the sphere of public security. SOS button allows making an emergency call from the place where the device is installed to the centre of operative response of the Ministry of Internal Affairs in case of illegal actions or emergency situations.

**Alarm buttons are tied to the location, thus reducing the time of calling police officers.**

The Alarm button advantages:

- Ease of use
- Fast signal transmission
- Possibility to receive prompt assistance
- Possibility of integration into a comprehensive school security system

The use of the Alarm Button in schools provides participants of the educational process with an additional level of protection, contributes to the creation of a safer educational environment.

For more details on the service, please visit [ismet.kz](https://ismet.kz) portal.

### Internet with access to cache servers

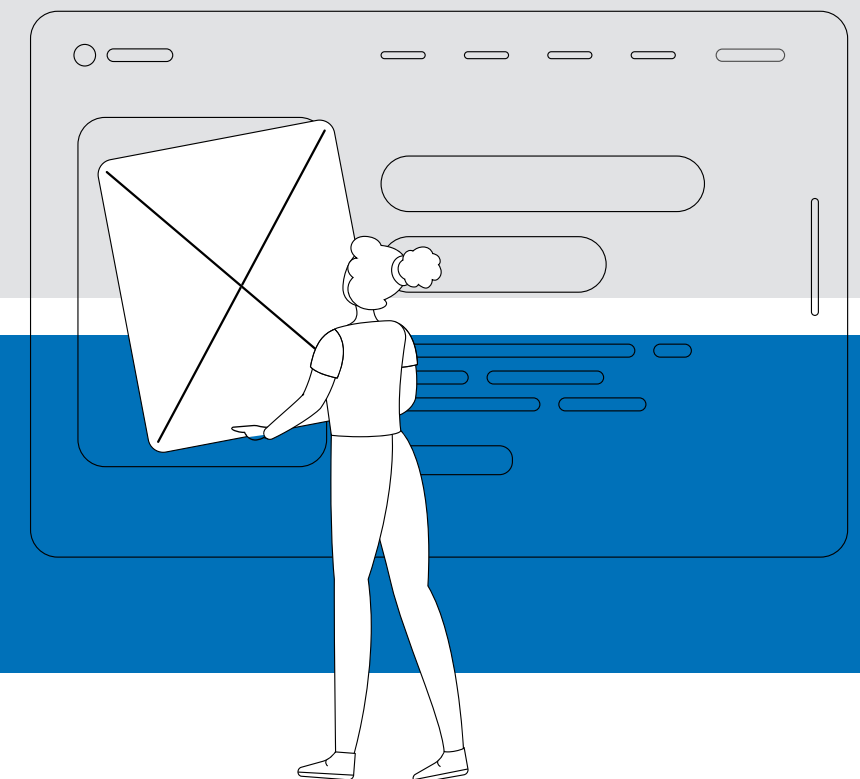
Cache servers are part of the infrastructure of the largest content providers: online games, video hosting, online cinemas, and social networks, located in the territory of Kazakhstan in Kazakhtelecom JSC's data centres. The service improves user experience of the end subscriber by reducing ping in games, fast video uploading and more stable connection to services of content providers. Connection of the service on Internet with access to cache-servers is possible for telecom operators that have a direct joint or are consumers of the Internet service from Kazakhtelecom JSC. This product also reduces expenses for purchase and maintenance of expensive equipment: data storage systems, servers, power supply installations, network equipment.

For more details on the service, please visit [ismet.kz](https://ismet.kz) portal.

The killer product in the corporate segment (at the end of 2023) was the KASIPKER package product for individual entrepreneurs with the ability to choose a variation to suit their business. On average, revenue growth since the beginning of 2023 is 11% per month.

We created the Kasipker product to support small and medium-sized businesses. The tariff line consists of three packages and includes mobile telephony services, calls to mobile operators and unlimited calls within Kazakhstan, Internet access, as well as video surveillance service IMOU Kazakhtelecom.

Focusing on the customer's needs, the Company gives them an opportunity to choose from several variations of filling within one tariff plan: Bailanysta, Qorganysta and Bari bar. Each of them takes into account individual wishes of the customer and makes it possible to choose the most optimal package of services at a favourable cost for their business.



## New products and services on the ismet.kz business platform in 2024:

### Launch of a new platform for business deals:

Launch of a new platform that will become a central point for entrepreneurs to interact. It is a place where businesses can find everything they need to solve current problems and increase sales.

### Ismet Docs – Electronic Document Management:

Launch of an electronic document management system. This reduces “mountains” of paper documents, increasing the efficiency of information exchange between users and promoting a more efficient working environment.

### Upgrade of TU Online to version 3.0:

With the upgrade to version 3.0, TU Online will have full-cycle functionality from obtaining TU to connecting services remotely and without paper documents.

## Fiscal data operator

In 2023, the Company maintained its leading position in the market of fiscal data operators in Kazakhstan through optimisation and digitalisation of business processes and provision of quality services to end users.

**Kazakhtelecom’s FDO service (fiscal data operator) helps entrepreneurs to process and transmit data from cash register devices to state authorities online that makes doing business easier.**

In 2023, Kazakhtelecom presented to its users an updated version of E-Kassa mobile application with new functions, services and interface. The small and free programme from Kazakhtelecom fully replaces cash control machines and is designed for cash accounting, registration and control of cash transactions.

Earlier E-Kassa was hosted on the ismet.kz business platform, and since December 2023 it has become an independent application that can be downloaded to a smartphone in Google Play Market, App Store and App Gallery. E-Kassa can be used in trade and services to register the sale or purchase of goods, print cheques or transmit them electronically, and store information on cash transactions. In addition, E-Kassa can work for 72 hours in offline mode: the application will save all issued cheques and send them to the FDO as soon as communication with the server is restored. This is especially important for businesses with several sale points or with a large customer flow.

## New product in B2G and B2C segment in 2024

In 2024, the Company plans to develop the Social Wallet project. The goal of the project is to introduce a digital payment instrument to simplify the receipt of social payments by citizens, as well as their use on the basis of the instant payment system of the National Bank of the Republic of Kazakhstan. The service, developed by the Kazakh

IT company BTS Digital and integrated into the eGov mobile application, allows receiving all social payments, including monetary and non-monetary measures of state support, paying with electronic money, transferring funds to cards, as well as receiving free medicines and hot lunches in schools.

In the future it is planned to add to the “Social Purse” the possibility of buying food at a discounted price, taxi services for the disabled, purchase of rehabilitation equipment for people with special needs and much more.

We will give more details about this in our next report.

## Information technology

**Kazakhtelecom provides its customers with a wide range of info-communication services necessary for digital business – from physical placement of customer equipment in the data centre and virtual infrastructure, to SaaS services on information security, website building, conferences and much more.**

At the end of 2023, the IT Division demonstrated growth in all areas of activity. Thus, free cash flow from the Division’s business activities doubled. Thus, the growth of free cash flow at current investments is achieved, among other things, due to proper capital management

and operational efficiency. This demonstrates that the IT Division is capable of generating sufficient cash flow to compensate for the investments made.

At the same time, despite the number of implemented projects and new areas of the

Division’s activities, operating expenses do not show a tangible increase. Thus, the increase in operating expenses in 2023 compared to 2022 was only 5%, which indicates efficient management of assets, technical and human resources.

KZT  
**249**

billion

income received from Kazakhtelecom JSC's products and projects on the basis of the Data Centre

KZT  
**12.6**

billion

ICT revenue by 2023 results



## Data centre network development

**27**

data centres in major cities and regional centres of the Republic of Kazakhstan

about

**1,600**

racks in data centres

The Information Technologies Division (IT Division) successfully maintains its leading position in the market of data centres and cloud services in Kazakhstan. According to IDC, the Company's share in the data centre market is about 52%, and in the domestic market of cloud services – 31% (taking into account cloud service projects implemented on the basis of Kazakhtelecom's data centres).

Today the Company maintains a network of 27 data centres in major cities and regional centres of the republic. This is about 1,600 racks.

In 2023, the Division completed the organisation of two new modules with a capacity of 84 racks in the modular data centre of Almaty – the newest data centre in the Company's network. Accordingly, the total capacity of the data centre was 168 racks. In 2024, the Division intends to complete the organisation of a new hermetic zone with a capacity of 44 racks in the data centre of Akkol. It also plans to build a new TIER III level data centre in Astana for 300 racks, where demand is currently growing exponentially.

## Cloud services development

In terms of developing cloud services and expanding their range, the IT Division is developing its own infrastructure of virtual resources and infrastructure solutions on the basis of its own data centres, as well as in cooperation with partners. As part of this direction, we organised a new virtual data

centre site in Almaty, where the solution is supported by updated VMware licenses of the latest version. In 2024 the Company plans to migrate existing sites to the new version and develop the range of IaaS services. In the same part, we plan partner co-operation with cloud service providers to develop PaaS/IaaS solutions. At the end of 2023, Kazakhtelecom JSC and Smart Cities LLP signed an agreement on cooperation

in the design and development of new cloud IaaS and PaaS services with self's services functionality on ismet.kz. Already today, the Company's customers can purchase two products on the portal – Virtual Computing Resources and S3 Object Storage. In 2024, we plan to expand the range of products with the development of capacities on the resources of Kazakhtelecom's data centres.

## Kazakhtelecom and Smart Cities jointly develop cloud technologies in the Republic of Kazakhstan

In December 2023, Kazakhtelecom and Smart Cities LLP, a member of BTS Digital's AITU digital ecosystem, signed an agreement on co-operation in developing cloud technologies in Kazakhstan, as well as expanding the line of cloud solutions and products.

Kazakhtelecom have already presented the first few joint cloud services on the ismet.kz business portal: Virtual Computing Resources and S3 Object Storage.

At the next stage, Kazakhtelecom intends to connect its own infrastructure to the cloud products of the partner company. This will make it possible to combine high reliability and data security provided by Kazakhtelecom on the basis of its own network of data centres with high quality and prompt service of Smart Cities. In addition, in 2024, the companies intend to expand the range of cloud products and services through joint developments. One of the priority joint products to be launched in the near future will be joint cloud products for IT developers: Kubernetes as a Service and analytics service – Database as a Service.

## Infrastructure and IT architecture development

One of the important 2023 results for the IT Division was the successful certification of the IT service management system "Information Technologies. Service Management". Now,

Kazakhtelecom has the international certification ISO/IEC 20000-1-2016 confirming its IT services quality.

Kazakhtelecom was one of the first in the market of Kazakhstan to receive the international certificate of IT services management system ISO/IEC 20000-1-2016





As part of the project to modernise and improve the Company's IT infrastructure, the IT Division installed and commissioned new high-performance server and network equipment. We upgraded the corporate network core, and launched a large programme to upgrade network segments

in the regions. In 2024, the Division plans to complete global modernisation. The IT infrastructure will fully meet business expectations in terms of fault tolerance, reliability, performance and speed of response to changes in business requirements.

In addition, Kazakhtelecom launched a fault-tolerant, geographically dispersed site for the Company's key IT systems. Most of the systems have already migrated to the new site. The Division plans to complete the migration process in the first half of 2024.

A new landscape for microservices was launched at the Astana data centre, including the microservices environment itself, the necessary authorisation, logging and monitoring tools. Existing microservices are also migrated to the new platform.

As part of ESG initiatives, the IT Division implemented a project to reduce electricity consumption by personal computers. In practice, this resulted in the setting of energy saving policies on all these devices that made it possible to achieve a total saving of about 900 MW of electricity consumption in 2023 alone.

In 2023, the IT Division also carried out significant internal work to migrate the Company's main information systems from a monolith to a microservice IT architecture. Microservices make it possible to promptly make changes to a particular system without affecting others. This ensures a faster process of introducing new

services, and also provides higher fault tolerance and flexible scalability. Currently, the Company have already implemented several tasks, including the transfer of the Oracle ASAP system to microservice architecture. There, the IT Division developed two sets of microservices for activation/deactivation of GPON resources and telephony network objects. The result was the reengineering of business processes lowering the time of order processing at the stage of resource activation, reducing the number of manual operations, the number of returns to previous stages, etc.

Based on the results of order execution under the new

scheme, all data is uploaded to the Big Data system to analyse for incorrect data in technical accounting systems and minimise errors. As part of the migration to microservice architecture, in 2024 the IT Division plans to complete work in such monolithic systems as Amdocs, Sputnik, Remedy, Siebel CRM. Of the proprietary software, the Company will retain the following information systems: Small Word, Cramer, SAP, Genesys. They will support the requirements of open interfaces and microservice standards. At the same time, the SAP system will be transferred to the SAP Hana multi-model database management system.

# Network and infrastructure development

In 2023, as part of the implementation of investment projects on technical development and support of telecommunications networks, the Company continued working on the following main areas:

- backbone transport network;
- backbone data transmission network;
- access network.

As a result, we achieved the

following indicators:

### Data transmission network

To implement licence obligations of Kazakhtelecom JSC on covering the cities of Almaty, Astana, Shymkent with 5G network in 2023, we installed 30 PAGG core nodes (Almaty – 15, Astana – 7, Shymkent – 8), 486 provided 10 Gb/s ports for connection of access equipment of 5G base stations (Kcell – 189 BS, MTS – 297 BS), provided 89 100 Gb/s ports for inclusion in the core.

The number of communication channels on the core of the MDN network for 2023 are: 64 x 100G and 230 x 10G.

Equipment was put into operation under the project on MDN Expansion (Kostanai, Semey, Petropavlovsk, Taraz, Aktau, Taldykorgan) for the transition from 10GE to 100GE interfaces, taking into account the requirements of the SOIM authorised body.

### MDN network expanded

462 ports 100G → +174  
(2022 – 288) 2023

378 ports 40G → +242  
(2022 – 136) 2023

191 ports 10G → +143  
(2022 – 48) 2023

612 ports 1G → +552  
(2022 – 60) 2023



## Transport network

up to **2,780** Gb/s

the total capacity of external Internet channels was increased (previously it was 2140 Gbit/s)

**5x100** Gb/s

organised channels to new POP nodes in Hong Kong and Frankfurt

Within the framework of the project on expansion of transit capacity at junctions with international operators, we organised backbone communication channels for transit through Kazakhtelecom JSC's network to international operators in the directions Russia–Uzbekistan with capacity of 400 Gb/s, Russia–Kyrgyzstan with capacity of 300 Gb/s.

International joints at the border crossings Abai–Pakhta with Uzbektelecom for 2x100Gbit/s, Uralsk–Ozinki with MMTS for 3x100Gbit/s and Kvant–Telecom for 1x100Gbit/s were expanded.

DWDM hiT7300 and G30 backbone network was expanded to 4x100 Gbit/s on the following sections: Aktobe–Aktau; Aktobe–Uralsk.

Under the projects on Network modernisation to improve the quality of Internet services, on Broadband network

development, Kazakhtelecom organised 69x100 Gb/s channels on the DWDM backbone transport network to connect to the central equipment nodes of the data transmission network service boundaries in the following cities: Taldykorgan, Petropavlovsk, Kostanai, Taraz, Pavlodar, Semey, Aktau, Kyzylorda, Uralsk. We organised a reserve optical direction on the Almaty–Zharkent section based on DWDM hiT7300 equipment (Malovodnoe, Chilik, Chunja, Zharkent).

Kazakhtelecom reconfigured network elements for I/O organisation and modernisation of the existing Almaty communication hub based on DWDM hiT7300 and G30 equipment (Konaev, Turkestan, Zhezkazgan, Almaty).

We expanded zonal transport network for construction of GPON network in Shchuchinsk-Borovsky resort zone of Burabay district of Akmola region 2x10 Gbit/second.

### Access network

To modernise outdated equipment of optical access networks (ECI, Ericsson) GPON equipment was put into operation in the cities of Kostanai, Shymkent, Karaganda, Zhezkazgan, Temirtau, Almaty.

GPON network was expanded by 824 PON ports in the cities of Karaganda, Temirtau, Botakara, Ereimentau, Semey, Turkestan, Taldykorgan and Almaty region.

Work continued to switch telecoms consumers from copper to optical networks. During the implementation of the Tazartu project, more than 57 thousand subscribers were switched in 2023 with the plan of 53 thousand. Also in the course of network modernisation, 13 thousand analogue TV subscribers were switched to modern digital iD TV and TV service.

### 5G network deployment

In December 2022, a consortium of operators represented by MT-S LLP and Kcell JSC won the auction of frequencies for 5G network deployment. The companies are to install more than 7,000 5G base stations across the country by 2027. The base stations will first appear in Astana, Almaty and Shymkent.

Kazakhtelecom experts estimate that by the end of 2027, 80% of Kazakh citizens will be able to access the 5G network.

The Company has developed a plan to build more than 7 thousand base stations of the fifth generation standard, which envisages deployment of more than 2.7 thousand stations in the country in 2024 and about 3.2 thousand in 2025. At present, the Company is the first and so far the only one in the CIS to put 5G technology into commercial operation: about one thousand 5G base stations have already been deployed and connected to the network in all regional centres.

The 5G network deployment will have a significant impact on Kazakhstan's economy and the life quality of its citizens through the emergence of unique digital opportunities, the development of innovations and technologies, and the acceleration of transformation processes in all spheres.

More information about this project's implementation will be provided in our next reports.

### Key objectives for 2024

#### Transport network:

- 1) organisation of transit channels in the direction Russia–China with the capacity of 12\*100 Gbit/s with 1+13 redundancy;
- 2) expansion of DWDM equipment to organise channels on the backbone network in accordance with the projects on MDN expansion;
- 3) organisation of 100G channel (1+1) in the direction Turkestan–Shymkent.

#### Data transmission network:

- 1) expansion of IMDN channels:
  - 41 400G ports on Astana, Aktobe, Almaty sections;
  - 66 100G ports in Aktobe, Aktau, Kostanai, Petropavlovsk, Uralsk, Ust-Kamenogorsk, Almaty;
- 2) organisation of channels under the 5G project.

#### Access network:

- 1) replacement of outdated G-PON OLT equipment in the following cities: Almaty, Shymkent, Karaganda, Kostanai;
- 2) continuation of work on leaving copper networks and switch about 63,000 consumers in the regions;
- 3) construction of FOCL to 21 rural settlements.

# Big Data Development

Kazakhtelecom pays considerable attention to the issues of data management, creation and development of Big Data infrastructure and expertise, as well as introduction of artificial intelligence into the Company's business processes.

Kazakhtelecom continues introducing Big Data analytics as a tool for generating additional revenues of the Company, optimising business processes, improving the quality of services and maintaining leading positions in the market.

In 2023, the Information Technology Division (IT Division) successfully implemented significant strategic steps in the area of data management and Big Data. Among them is the implementation of data management practices,

adhering to the principles of Data Governance. The Company's focus is on the global data governance standards DAMA-DMBOK and DCAM. This allows not only to ensure effective data management, but also to guarantee its quality, reliability and confidentiality.

We also successfully implemented key data management components such as DataCatalog, BusinessGlossary and DataQuality. These tools have significantly simplified the processes of working with data. At the same time, the Company is actively implementing domain-distributed data storage based on the telecom operator's industry standards – SID TM-Forum TM-Forum.

In addition, Kazakhtelecom successfully launched an analytical database based on

Open Source technologies, introduced real-time analytics, which enabled the Company to promptly process and use data for making business decisions. Also, the Company pays great attention to the development and improvement of machine learning models.

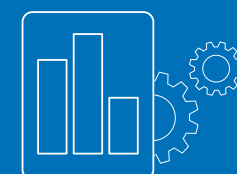
In general, thanks to the ongoing work on Big Data, the number of active users of the corporate data platform and BI-analytics tool has grown significantly. Today, about 3,000 employees actively use these tools in their work. An important Company's result is also the growth of free cash flow from data management through 2023. Thus, the Company has already developed more than 50 projects based on big data analysis, 26 of which showed FCF effect of about KZT 11 billion.

Tools involving the use of Big Data allow Kazakhtelecom to find an individual approach to each customer. The Company's divisions also use them to improve their performance.



## Data Factory

In November 2021, Kazakhtelecom created a special structural unit Data Factory dealing with infrastructure, data collection, processing and cleansing. In addition, the Company allocated specialists in each business unit whose main tasks were to analyse big data and use all the information accumulated by the Company to solve the business tasks of their area. In the past, requests for data were sent to a centralised division. Processing of such requests could take a long time due to the large volume of tasks. To solve the problem more quickly, the Company decided to decentralise the process and train all employees working directly or indirectly with data in the necessary skills. Now we process all requests more efficiently.



The Data Factory promotes internal and external data monetisation, as well as increasing the maturity of big data management practices.

The first phase of the Data Factory audited the Company's data landscape, operating model and current analytical initiatives. The next step was to develop the target state of the data management function, including a roadmap of initiatives for three years.

At the moment, we implement the roadmap initiatives: components of the target architecture are deployed, business requirements are

being collected for their further customisation, and workshops are being held with employees of structural units to implement the target operating model.

Kazakhtelecom plans that the Data Factory will become a key driver of the Company's development as a multi-service operator providing various range of modern and digital services.

International experts recognised Kazakhtelecom's Data Factory project that received awards for its contribution to the development and promotion of Big Data management tools and technologies:

- Global CIO recognised Data Factory as the best IT project in the telecoms industry.
- DAMA International recognised Data Factory as the best in the Embrace Transformation Award 2023 category.

## Plans for 2024

- 1) Implementing all tasks related to process automation and digitalisation of services.
- 2) Ensuring uninterrupted operation of all systems and continuity of service provision.
- 3) Fulfilling all targets set for the Information Technologies Division, including fulfilment of accrued revenue plans for

the ICT business, solution of information security tasks.

### The largest planned initiatives:

- implementation of the third stage of IT infrastructure modernisation;
- construction of a new TIER III level data centre in Astana;

- migration of SAP ERP system to S\4 HANA;

- improvement of the IT service management system and reengineering of business processes of providing services to customers and employees of the Company.



# Financial performance for 2023

GRI 2-6

In 2023, the Company achieved positive results in the Long-Term Strategy implementation.

According to the results of the Kazakhtelecom JSC work in 2023:

**2,510,507**

lines

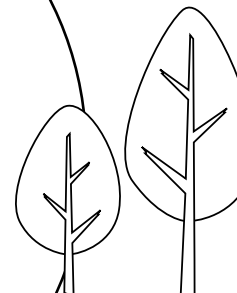
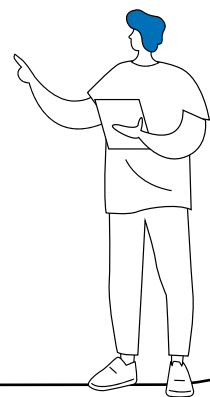
the number of fixed lines in the Kazakhtelecom JSC network (94.7% compared to the fact of 2022\*)

\*decrease in number of fixed lines is explained by the refusal of users from fixed telephony services in favour of mobile communications, which is in line with global trends

**1,889,309**

ports

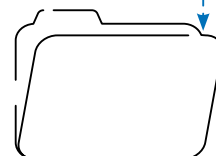
the number of broadband subscribers (101.4% compared to the fact of 2022)



**1,049,217**

points

the number of Pay TV subscribers (112.7% compared to the fact of the last year)



**14,471,526**

the number of mobile subscribers (99.5% compared to the fact of 2022)

KZT

**687,782**

million

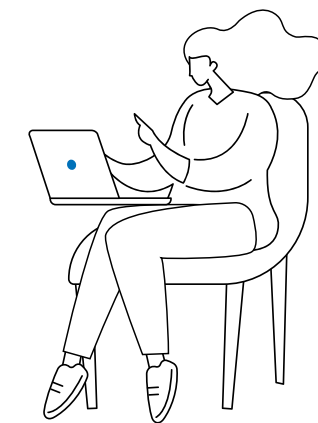
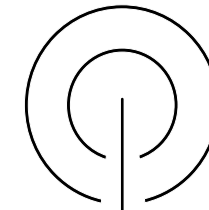
consolidated revenues from the sale of services

KZT

**104,403**

million

consolidated net profit



KZT

**297,937**

million

Profit before taxes, interest on loans and depreciation – EBITDA for 2023

**43.32%**

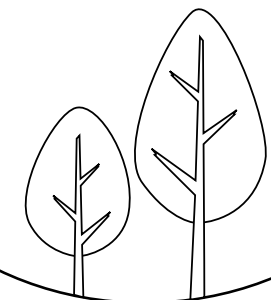
the EBITDA margin, thanks to the implementation of a strategy aimed at improving operating efficiency and optimising costs

KZT

**516,241**

million

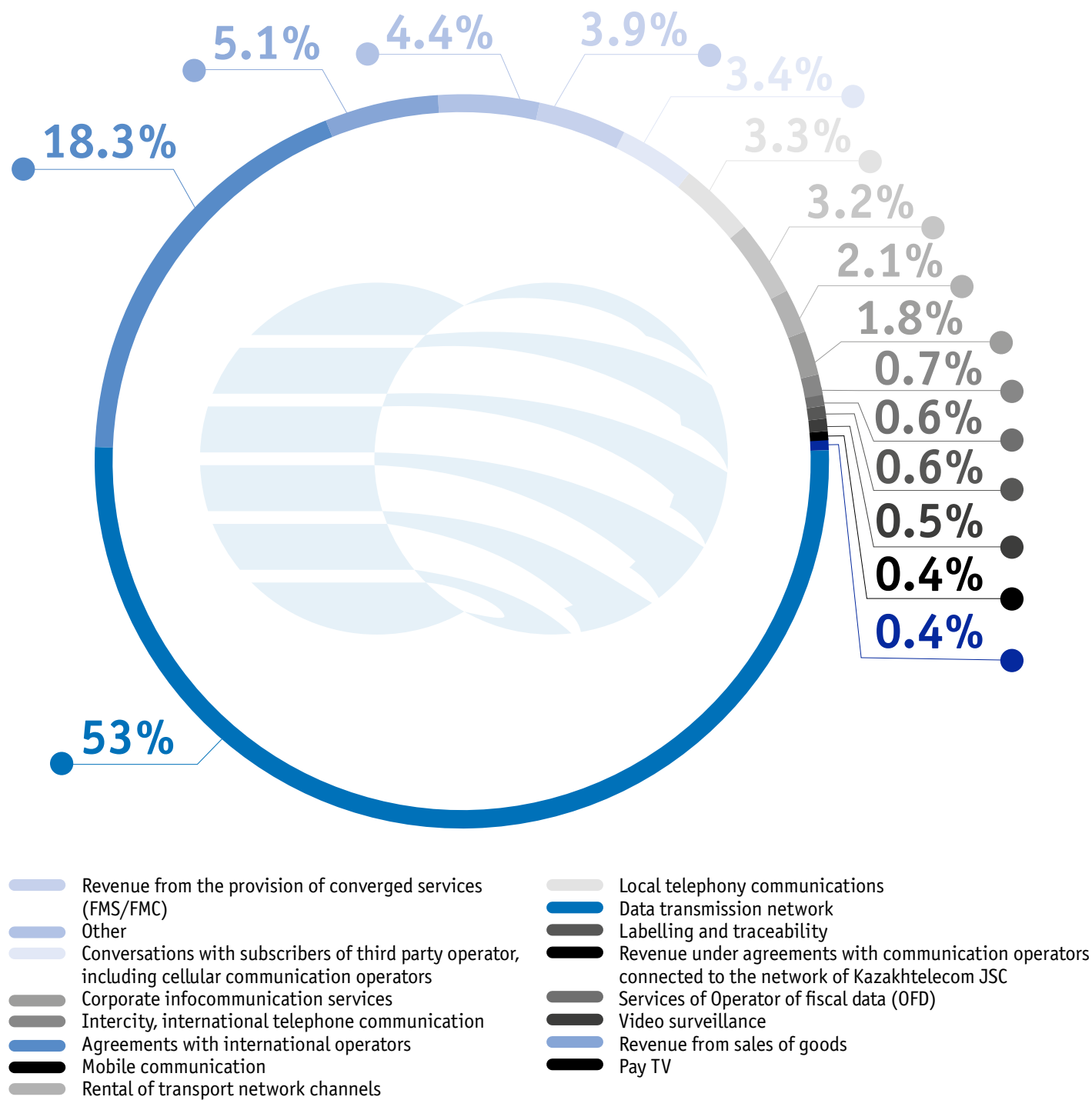
consolidated operating expenses (cost and expenses of the period)



### Financial overview

In 2023, the Kazakhtelecom JSC Group of Companies generated KZT 687,782 million in consolidated revenues from the sale of services.

Revenue structure across Kazakhtelecom Group



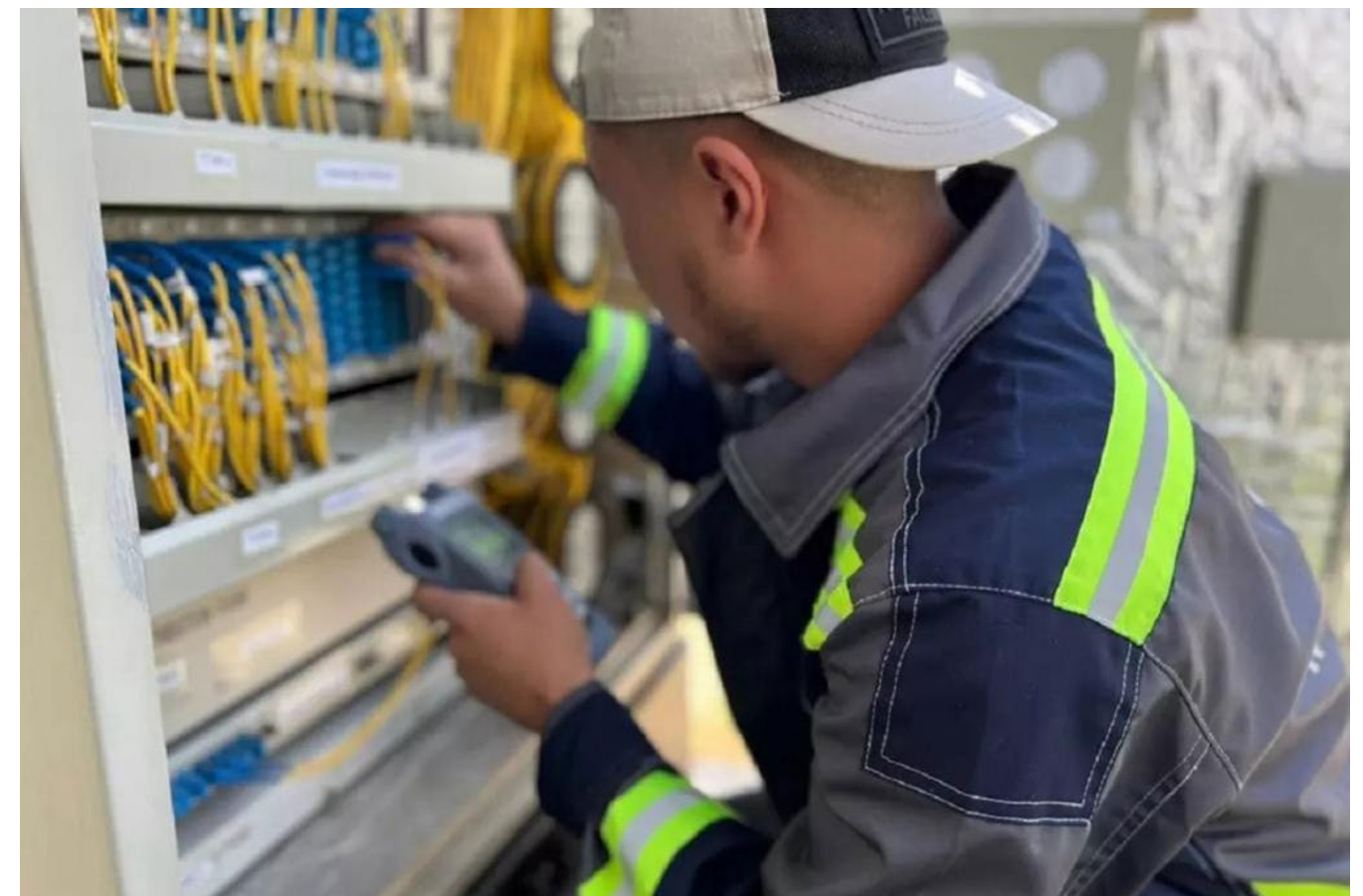
In 2023, the Company obtained the largest specific weight of revenues from:

- data transmission network services with the share in the total revenue structure of Kazakhtelecom JSC of 53%;
- cellular communication with a share in the total structure of revenues of 18.3%;
- sale of goods with a share in the total structure of revenues of 5.1%;
- provision of local telephony services with a share in the total structure of revenues of 3.3%;
- provision of converged

services (FMS/FMC) with a share in the total revenue structure of 3.9%;

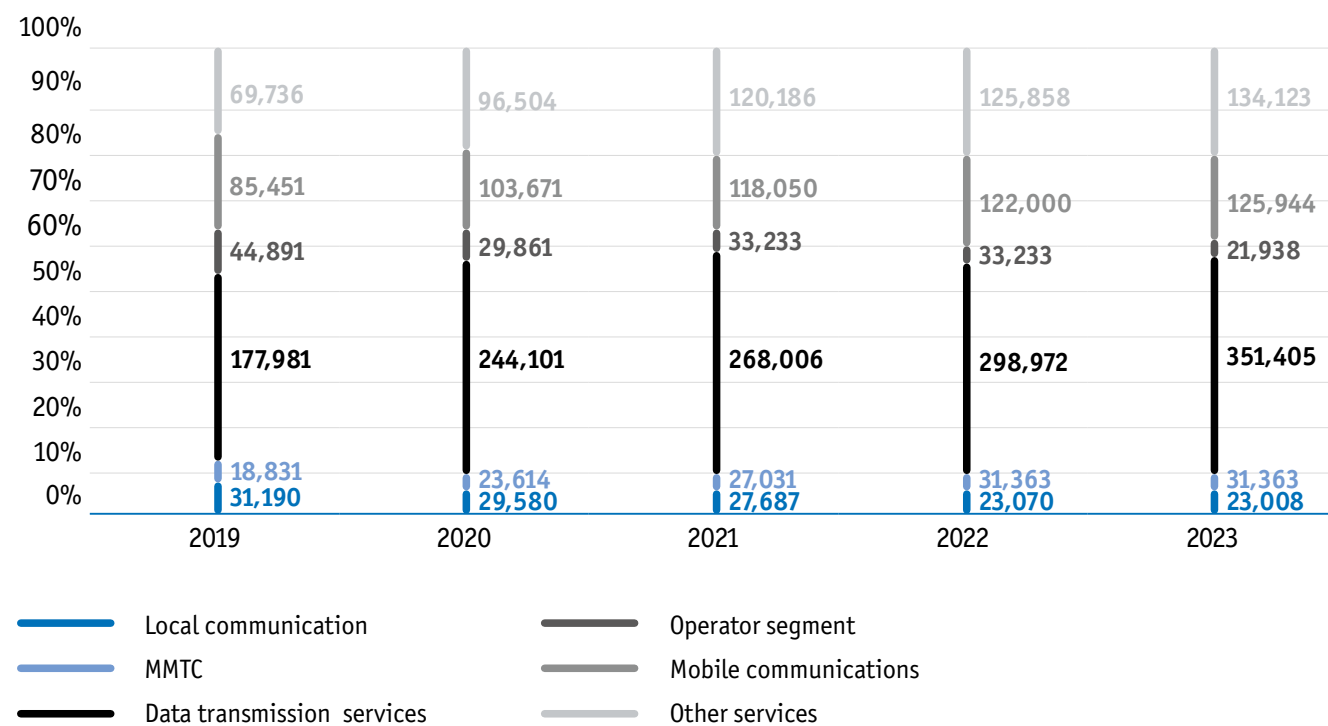
- corporate info-communication services with a share in the total revenue structure of 1.8%;
- Pay TV with a share in the total revenue structure of 3.2%;
- agreements with telecom operators connected to Kazakhtelecom JSC's network with a share in the total structure of revenues of 0.4%;
- other services with a share in the total structure of revenues of 4.4%;

- calls with subscribers of third-party operators, including mobile operators with a share in the total structure of revenues of 3.4%;
- agreements with international operators with a share in the total revenue structure of 2.1%;
- video surveillance with a share in the total revenue structure of 0.5%;
- labelling and traceability of goods with a share in the total revenue structure of 0.6%.

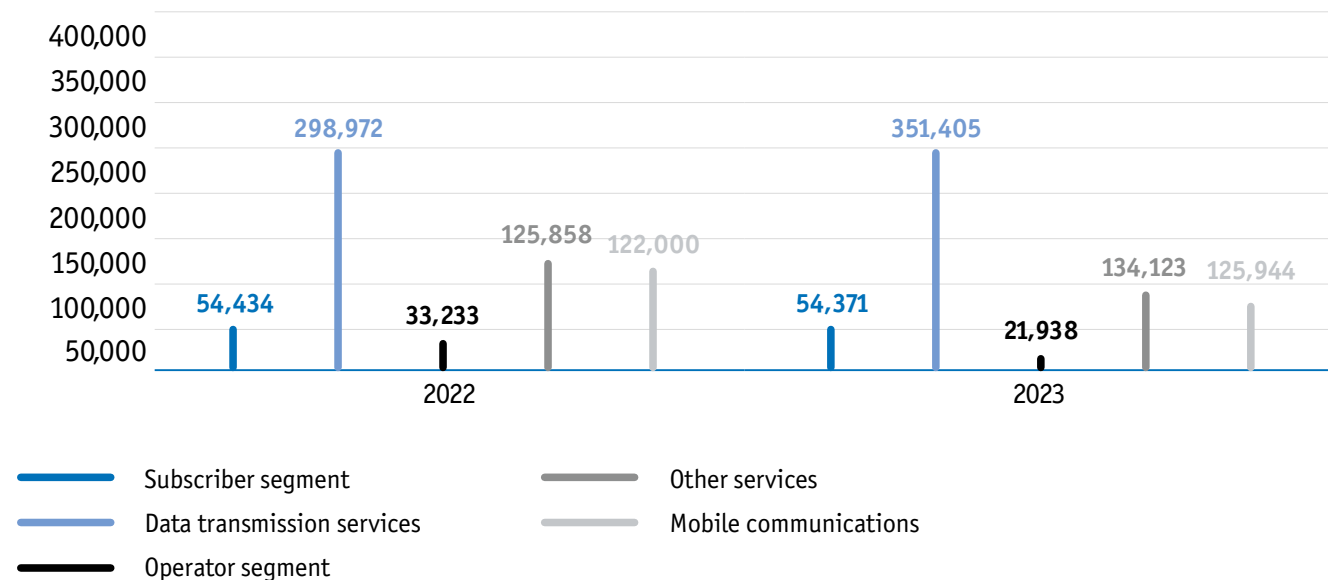




### Dynamics of the most significant items of income for 5 years, million KZT



### Changes in the structure of income in 2023 against 2022, million KZT

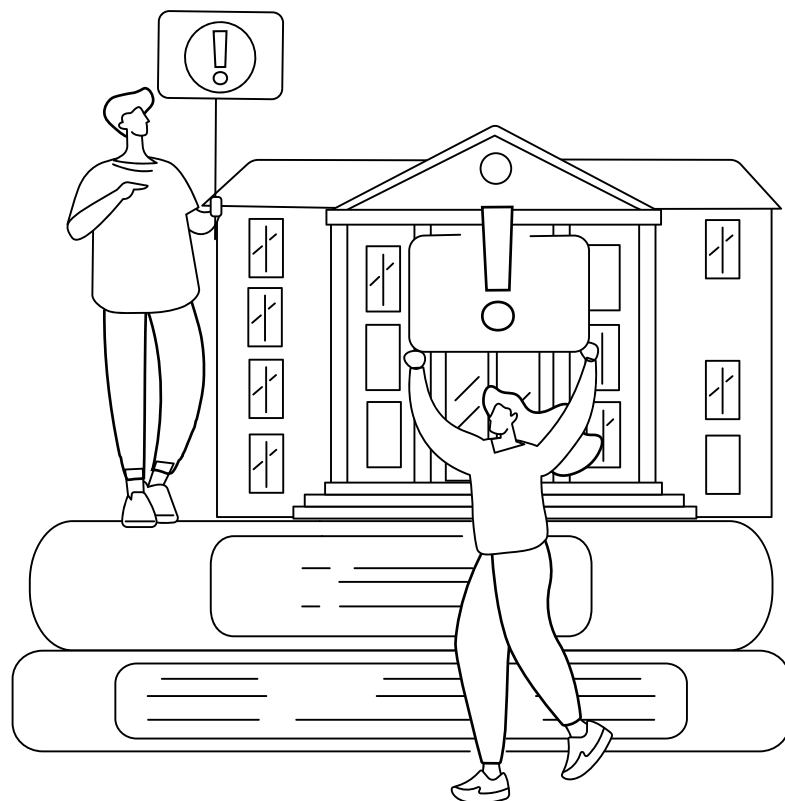


# Sustainability report

## Sustainability management

### Our approach

Kazakhtelecom aims at long-term sustainable development and in its activity adheres to ESG criteria: ecology, social responsibility, corporate governance. Sustainable development goals are integrated into the Company's business strategy: we correlate all our actions and decisions with the interests of society.



### Kazakhtelecom JSC's principles in the field of sustainable development

**Openness** | We are open to dialogue with all stakeholders to build long-term cooperation based on mutual interests, respect for rights and a balance between our interests and the interests of stakeholders.

We are aware of our responsibility for the impact on the economy, the environment and society and our accountability to shareholders and investors for the growth of long-term value and sustainable development of the Company on a long-term basis.

**Accountability**

**Transparency** | We base all our decisions and actions on transparency and timely disclosure of information to stakeholders.

We base our decisions and actions on our values, such as respect, honesty, openness, team spirit and trust, integrity and fairness.

**Ethical behaviour**

**Respect** | We respect the rights and interests of stakeholders.

We make decisions and act in compliance with the laws of the Republic of Kazakhstan.

**Legality**

**Zero tolerance to corruption** | We show zero tolerance to corruption in all its manifestations in cooperation with all stakeholders. Officials and employees involved in corruption cases are subject to dismissal and prosecution as stipulated by the laws of the Republic of Kazakhstan.

We observe and promote the observance of human rights provided for by the Constitution of the Republic of Kazakhstan and international documents such as the Universal Declaration of Human Rights. We categorically reject and prohibit the use of child labour. Our employees are our main value and main resource. The results of our activities and the value created for investors directly depend on the level of their professionalism and safety.

**Respect for human rights**

**No Conflict of Interest** | All violations related to a conflict of interest may damage the Company's reputation and undermine the confidence in them on the part of shareholders and other stakeholders, and the personal interests of an official or employee should not affect the impartial performance of their official, functional duties.

Each of us daily in our actions, behaviour and decision-making contributes to the implementation of the sustainable development principles.

**Personal example**

Improvement of the sustainable development management system is an integral part of the Kazakhtelecom Strategy until 2032.

The Company developed and

adopted ESG strategy in 2023, which is a part of the Company's broader business strategy JRun, and takes into account the Company's role in implementing state programmes in the areas of information technologies,

education, infrastructure and low-carbon development, and contributes to more effective implementation of the tasks set to ensure financial well-being and competitiveness.

**Kazakhtelecom JSC Mission**



Formation of a long-term ESG agenda at the level of an advanced telecommunications company with minimal environmental impact. The Company's activity aims at paramount improvement of social security not limiting economic growth.

**Areas of the Company's activities in the field of sustainable development**

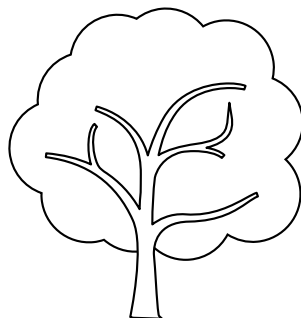
Kazakhtelecom strategic directions in the field of sustainable development:

- introduction of innovative info-communication technologies and services quality enhancement to improve people's lives;
- stable economic growth;
- reduction of environmental impact;
- creation of attractive working conditions and ensuring safety of employees.

**ESG priorities**

**Environmental**

- reduced use of natural resources;
- energy efficiency.



**Social**

- training and development of personnel;
- increase in the level of employee engagement;
- occupational health and safety;
- social stability.

**Governance**

- shareholders' rights;
- best corporate governance practices;
- fair remuneration.

**The Company's sustainable development principles**

**GRI 2-23**

Kazakhtelecom JSC reflects ESG key principles in its main policies and documents:

- Sustainable Development Policy (updated and approved by the Board of Directors' Decision No. 5 dated 21 April 2023).
- Environmental Policy (updated and approved by the Board of Directors' Decision No. 5 dated 21 April 2023).
- Human Rights Policy (approved by the Board of Directors' Decision No. 6 dated 30 May 2023).
- Equal Opportunities, Inclusion and Diversity Policy (approved by the Board of Directors' Decision No. 6 of 30 May 2023).
- Community Engagement Policy (approved by the Board of Directors' Decision No. 6 dated 30 May 2023).
- Health and Safety Policy (approved by the Management Board's Decision No. 2/7 of 27 January 2020).
- Anti-Corruption Policy (updated and approved by the Board of Directors' resolution No. 11 dated 19 September 2023).
- Policy for notification of



alleged unethical/illegal actions (approved by Board of Directors' Decision on 8 December 2023).

- Employee Experience Strategy (approved by the Board of Directors' Decision No. 8 dated July 21, 2021).
- Personal Data Protection Policy of Kazakhtelecom JSC (approved by the Order No. 313 dated 6 October 2023).
- Information Policy of Kazakhtelecom JSC (approved by the Order No. 153 dated 19 July 2023)
- Code of Business Ethics (approved by the Board of Directors' Decision No. 14 dated 28 May 2019).
- Corporate Governance Code (approved by the Decision of the Extraordinary General

Shareholders Meeting No. 56 dated 7 December 2015).

- Procurement Management Standard of Samruk-Kazyna JSC.
- Supplier Code (approved by the Board of Directors' Decision No. 2 dated 11 February 2022).
- International standards ISO 14001, ISO 26000, ISO 9001, ISO 45001.

In addition, the Company informs its employees about the approval of new documents, including those related to sustainable development, through internal mailings.

All Company's stakeholders can review all documents on the Company's website [telecom.kz](http://telecom.kz).



# Sustainable development management structure

## GRI 2-12, 2-14

The Company is continuously working to improve its approach to sustainable development management. In Kazakhtelecom JSC, sustainable development issues are integrated at all levels of management. The Company's Board of Directors pays special attention to this subject, considering it as a strategic priority. The Board of Directors is the body approving and controlling the implementation of the Company's Development Strategy, which integrates the Company's sustainable development principles and objectives.

### The Board of Directors:

- determines the Company's strategy and main areas of sustainable development activities;
- reviews and approves sustainable development reporting;
- controls the implementation of sustainable development principles in the Company's operations;
- manages sustainable development risk issues, including climate risks.

The Board of Directors receives reports on the performance results in sustainable development on a regular basis (annual, quarterly).

Until 2022, the HR, Remuneration and Social Affairs Committee of Kazakhtelecom JSC was responsible for sustainable development management at the level the Board of Directors of Committees. Within the framework of development and strengthening of the Company's ESG practices, in July 2022 the Audit Committee was renamed into the Audit and Sustainable Development Committee.

## GRI 2-13

The Corporate Governance and Sustainable Development Department manages sustainable development issues. The Department regularly conducts an inventory of the Company's internal regulatory documents, policies, practices and internal controls. In addition, we constantly work to identify sustainability risks and take measures to manage them. The Corporate Governance and Sustainable Development Department regularly (at least semi-annually) submits issues related to the Company's sustainable development activities to the Audit and Sustainable Development Committee for consideration, namely, approval of developed internal documents, provision

of information on sustainable development performance, etc.

Chairman of the Management Board and the General Directors of the affiliated branches control, implement and introduce sustainable development principles, policies, standards and provide reliable information according to the Company's action plan. The Managing Director of Kazakhtelecom JSC supervising sustainable development ensures coordination of approaches of the Company's activity to achieve the goals and KPIs. The Compliance Controller/ Head of the Compliance Service regulates the procedure of internal communications with regard to ethical standards. The Head of the Communications

Department is responsible for external communications with the public.

Kazakhtelecom JSC's structural subdivisions responsible for human resources, occupational health and safety, environmental protection, supervise certain issues in the field of sustainable development, are responsible for initiation, coordination and implementation of the sustainable development management system and achievement of the Company's sustainable development goals. Kazakhtelecom Central Administration bears direct responsibility and control over the implementation of initiatives of the Company's structural units.

## The Committee's functions to control the Company activities in the field of sustainable development include:

- pre-approving the Company's annual report for the quality of the non-financial information provided;
- developing recommendations to the Board of Directors on topics related to sustainable development, as well as on the implementation of ESG and low-carbon development principles in the Company;
- supervising the transformation of business processes to reflect the principles of sustainable development, ethical behaviour and responsible investment;
- developing recommendations to the Board of Directors on the approval of new and performance evaluation of the Company's existing sustainability policies, plans and programmes, as well as the Company's priority projects, key activities and initiatives in the area of sustainable development;
- considering issues of low-carbon development and management of the Company's carbon footprint, including potential risks and restrictions arising for the Company related to the global climate agenda;
- developing recommendations to the Board of Directors on the compliance of the Company's activities, corporate reporting and documents with the requirements of international sustainability ratings, as well as monitoring the implementation of measures to improve the Company's position in international sustainability ratings;
- monitoring the quality of the Company's public reporting on sustainable development.

## Roadmap for Kazakhtelecom JSC's ESG practices development

Kazakhtelecom JSC pays great attention to the development of ESG practices. In February 2023, the Board of Directors approved the Roadmap for the development of Kazakhtelecom JSC's ESG practices, including 108 measures on the environment, social balance and corporate governance.

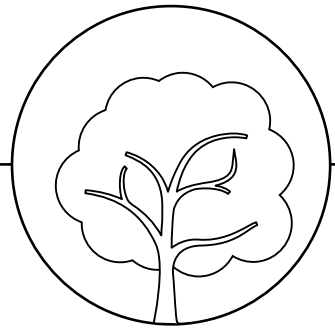
As part of the Roadmap for ESG practices development, Kazakhtelecom JSC implemented the following:

- climate change disclosure;
- obtaining an independent ESG assessment from S&P Global;
- assessing the current level of biodiversity in the Company's area of operations;
- increasing the share of women on the Management Board – 33.3% in 2023.

# ESG Strategic Goals

GRI 2-23

## Our ESG Strategic Goals



### Environment

Electricity is one of the energy-intensive resources used by Kazakhtelecom JSC. In view of this, the Company is making every effort to reduce electricity consumption, making the most significant contribution to the fight against climate change.

#### KPI

Reducing the Consumption of Energy and Natural Resources

#### Goal until 2032:

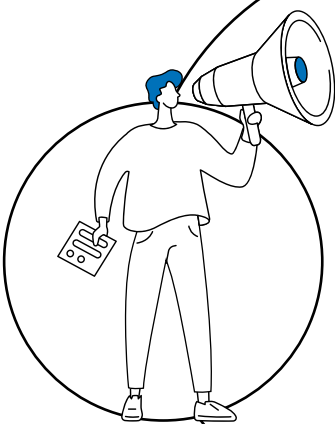
**2%** per year

reducing electricity consumption

#### In 2023:

**0.4%**

decrease of electricity consumption



### Society

Kazakhtelecom JSC is the leading telecommunications company in the Republic of Kazakhstan, as well as a major employer that creates jobs throughout the country. The Company is aware of how its presence in a particular region affects the quality of life of residents and employees and takes all available measures to manage this impact.

In 2023, the Company continued striving to improve the quality of life of the population and ensure social stability in the regions where it operates. In addition, the Company's focus is on ensuring the well-being of its employees. The Company conducts the Samruk Research Services (SRS) sociological survey on an annual basis to determine social stability based on three key indicators:

- Engagement Index.
- Social Well-being Index.
- Social Security Index.

#### KPI

Social Stability Index

Zero injury

#### Goal until 2030:

level maintaining

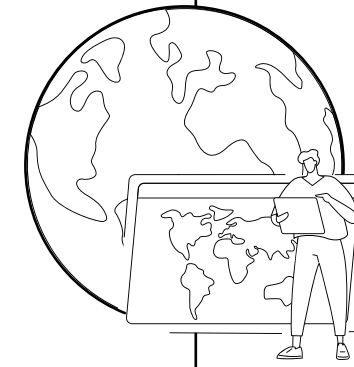
**64–79%**

**4** accidents

#### In 2023:

**67%**

**0.19** (LTIFR)



### Governance

Kazakhtelecom JSC builds and maintains an effective system of corporate governance in accordance with all requirements and international best practices, striving to take into account the interests of a wide range of stakeholders.

# Risk-oriented approach to sustainable development

The Company assess risks and opportunities in the field of sustainable development on annual basis. The evaluation process includes analysis of the ESG factors impact for internal and external stakeholders.

## Key sustainability impacts, risks and opportunities (SWOT) of Kazakhtelecom

### Strengths



#### Economic aspect

- innovations and technological progress;
- local economic growth.

#### Social aspect

- dynamic development of society;
- growth of urbanisation.

#### Environmental aspect

- increasing the importance of issues of environmental pollution and depletion of natural resources.

### Weaknesses



#### Economic aspect

- slowdown in global economic growth;
- potential for political instability;
- possible economic crisis associated with the pandemics.

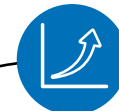
#### Social aspect

- growing dissatisfaction among people due to technological problems in providing ICT services;
- increasing competition.

#### Environmental aspect

- depletion of natural resources;
- climate change;
- environmental pollution;
- global consumption growth.

### Opportunities



#### Economic aspect

- increase in market coverage;
- development of new technologies for business and the state;
- growing demand for ICT services due to the pandemic.

#### Social aspect

- smart city technology solutions;
- advantages of using cloud storage technologies for the population;
- improving the level of education and medical care through ICT technologies.

#### Environmental aspect

- implementation of sustainable development principles;
- greening of industries.

### Threats



#### Economic aspect

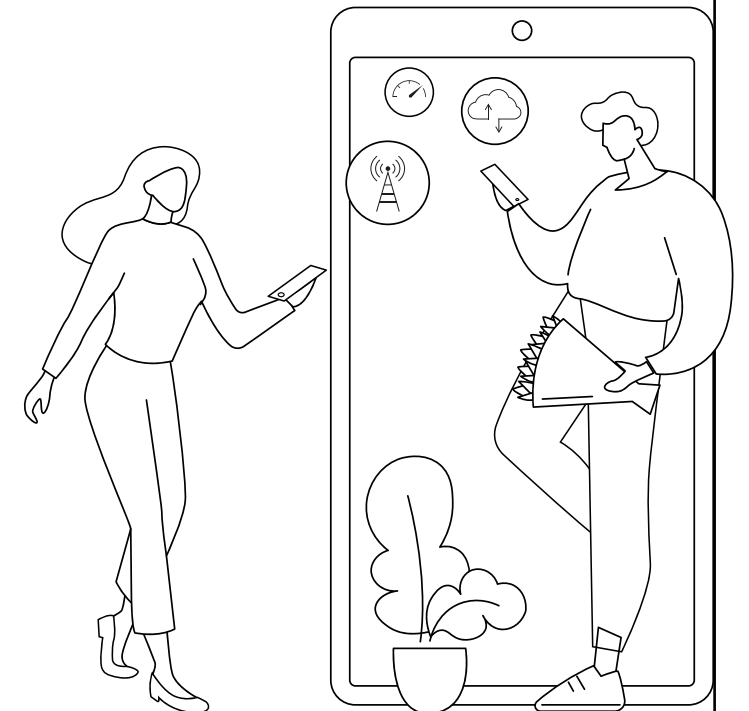
- changes in the state management structure;
- political tension, cyber attacks.

#### Social aspect

- geopolitical risks;
- socially vulnerable problems associated with strikes, protest rallies.

#### Environmental aspect

- growth of localised environmental problems;
- stricter requirements of environmental legislation.

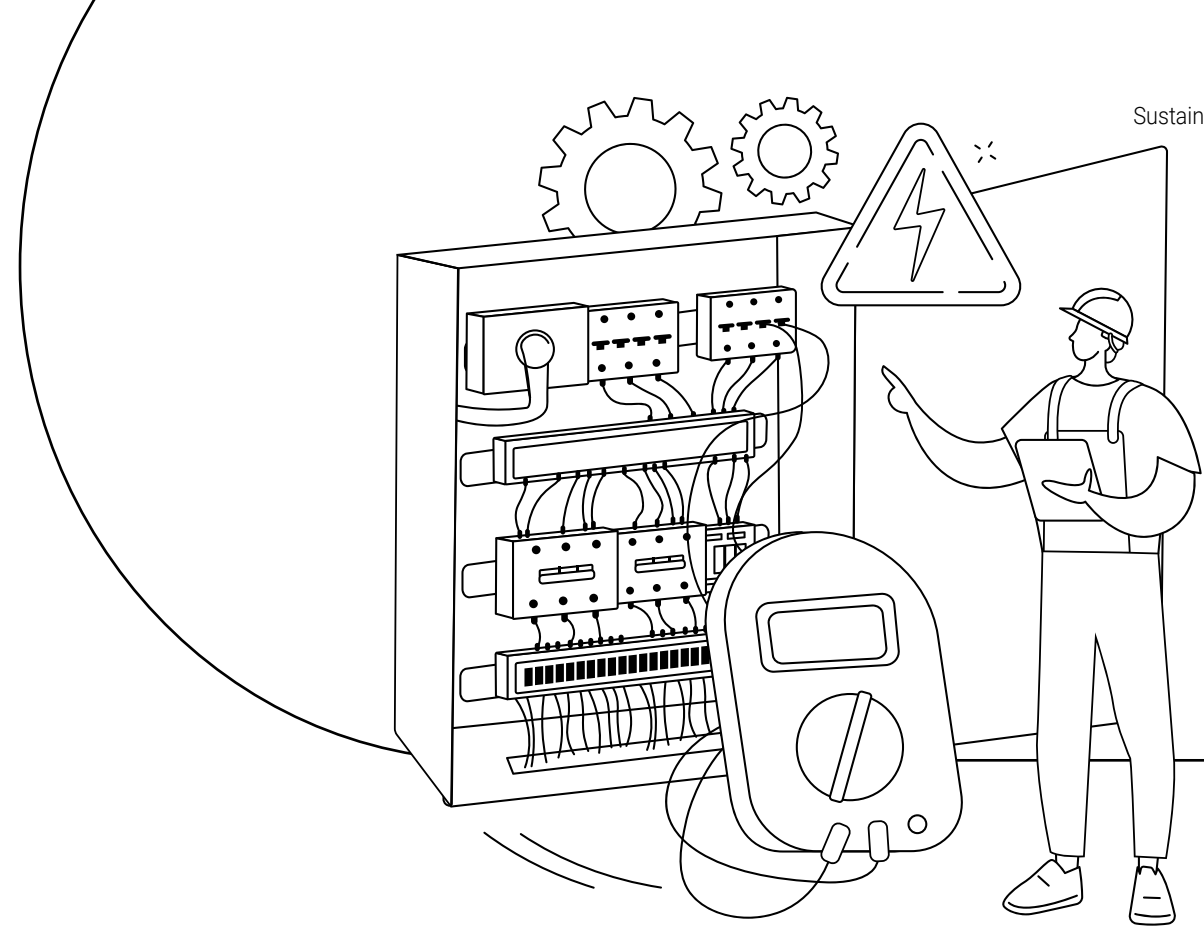


# Contribution to the UN Sustainable Development Goals

The Company supports the UN's Global Sustainable Development Agenda 2030 and shares the UN Sustainable Development Goals (SDGs).

Kazakhtelecom JSC recognises the importance of all seventeen Sustainable Development Goals and identifies nine key goals that are especially relevant for the telecommunications sector,

specifics of the Company's activity and implementation of the Company's Strategic Directions of Growth.



## UN Priority Sustainable Development Goals

### First choice brand



#### SDG 15

Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



#### SDG 17

Strengthen the means of implementation and revitalize the global partnership for sustainable development



#### SDG 11

Make cities and human settlements inclusive, safe, resilient, and sustainable

### Digital platform



#### SDG 12

Ensure sustainable consumption and production patterns



#### SDG 10

Reduce inequality within and among countries



#### SDG 16

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels

### Effective organisation



#### SDG 8

Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all



#### SDG 9

Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation



#### SDG 4

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

## Contribution to the UN Sustainable Development Goals



**Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**

### Relevant SDG objectives

4.4 By 2030, significantly increase the number of young people and adults with high-demand skills, including professional and technical skills, for employment, decent work, and entrepreneurial activities.

4.7 By 2030, ensure that all students acquire the knowledge and skills necessary to promote sustainable development, including through training on sustainability and sustainable lifestyles, human rights, gender equality, promotion of a culture of world and non-violence, citizenship of the world and recognition of the value of cultural diversity and the contribution of culture to sustainable development.

### Projects, initiatives, activities implemented by Kazakhtelecom JSC

- Opening of the Corporate University of Kazakhtelecom JSC, aimed at cooperation with educational institutions and providing conditions for students to undergo internships in the Company.
- More than 10,000 employees have been trained in the following areas: Leadership academy, EX academy, HSE&ESG academy, Service and sales academy, Technical academy, IT academy, Qazaq&English academy, Finance academy, Jas academy.
- Conducted training events for members of the Board of Directors to further qualitative growth of the management body in the implementation of ESG standards.



**Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all**

### Relevant SDG objectives

8.2 Improve economic productivity through diversification, technical modernisation, and innovation, including by focusing on high value-added and labour-intensive sectors.

8.8 Protect employment rights and promote safe and secure working conditions for all workers, including expatriate workers, particularly women, and people without stable employment.

### Projects, initiatives, activities implemented by Kazakhtelecom JSC

- Continuous improvement of the network infrastructure.
- Development of innovation and new businesses: 5G, IoT, Smart City, product labelling, etc.
- Technical development and maintenance of networks.
- Approved the Human Rights Policy, the Equal Opportunities, Inclusion and Diversity Policy, and the Community Engagement Policy.
- Provision of social support to employees, including through the Collective Bargaining Agreement.



**Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation**

### Relevant SDG objectives

9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and cross-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

9.2 Significantly increase access to information and communications technology and strive for universal and affordable Internet access in least developed countries.

### Projects, initiatives, activities implemented by Kazakhtelecom JSC

- We installed more than 44,000 city video surveillance cameras in cities.
- More than 5,000 schools, almost 4,000 hospitals, and more than 15,000 state institutions and organisations use the Company's services.
- The Company has more than 1,000 5G base stations across the country.



**Reduce inequality within and among countries**

### Relevant SDG objectives

10.3 Ensure equality of opportunity and reduce disparity in outcomes, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and actions in this direction.

### Projects, initiatives, activities implemented by Kazakhtelecom JSC

- We launched the Women Support in the Regions programme, aimed at increasing the level of knowledge and competencies of the Company's female personnel.
- We developed and scheduled for approval the Equal Opportunity, Inclusion and Diversity Policy.



**Make cities and human settlements inclusive, safe, resilient, and sustainable**

**Relevant SDG objectives**

11.3 By 2030, expand inclusive and sustainable urbanisation and opportunities for inclusive and sustainable human settlements planning and management in all countries.

**Projects, initiatives, activities implemented by Kazakhtelecom JSC**

- In connection with the large-scale natural emergency (forest fires) in Abai region, Kazakhtelecom provided the operational headquarters with telephone and Internet communications with additional deployment of mobile telephone communications.



**Ensure sustainable consumption and production patterns**

**Relevant SDG objectives**

12.2 Achieve sustainable development and efficient use of natural resources by 2030.

**Projects, initiatives, activities implemented by Kazakhtelecom JSC**

- Implementation of measures to reduce energy consumption, such as deduplication of copper communication lines and replacement with LED light sources.
- Low-carbon development programme of Kazakhtelecom JSC for 2022–2032.
- Implementation of the principles and values of sustainable development.
- Issuance of an annual sustainability report in accordance with the requirements of GRI standards.
- Implementation of the the Roadmap for ESG practices development in Kazakhtelecom.

12.6 Encourage companies, particularly large and multinational companies, to adopt sustainable production methods and report on the rational use of resources.



**Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss**

**Relevant SDG objectives**

15.1 To ensure the conservation, restoration and rational use of surface and internal freshwater ecosystems and their services, including forests, wetlands, hills and drylands, in accordance with the obligations arising from international treaties.

**Projects, initiatives, activities implemented by Kazakhtelecom JSC**

- Carrying out land reclamation activities after construction of networks.
- Carrying out activities in accordance with the Biodiversity and Land Management Guidelines.
- Assessing ongoing biodiversity activities in the Company's areas of operation.



**Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

**Relevant SDG objectives**

16.5 Significantly reduce corruption and bribery in all its forms.

**Projects, initiatives, activities implemented by Kazakhtelecom JSC**

- Implementation of the Company's Anti-Corruption Policy.
- 100% of employees and members of key corporate governance bodies are aware of anti-corruption policies and methods.
- The Company regularly holds anti-corruption training sessions for employees.
- We conducted an internal analysis of corruption risks, and prepared and approved an Action Plan to eliminate causes and conditions conducive to the commission of corruption offences.



**Strengthen the means of implementation and revitalise the global partnership for sustainable development**

**Relevant SDG objectives**

17.16 Strengthen the Global Partnership for Sustainable Development, supplemented by multistakeholder partnerships that mobilise and distribute knowledge, experience, technology and financial resources to support the achievement of sustainable development goals in all countries, particularly in developing countries.

**Projects, initiatives, activities implemented by Kazakhtelecom JSC**

- Interaction with legislative and executive authorities, civil society institutions, local communities and business communities.
- Participation in international and national associations.
- Membership in task forces, profile committees of state structures and associations.

17.17 Encourage effective partnerships between public organisations, between public and private sectors and between civil society organisations, based on experience and strategies to use partner resources.



# Stakeholder engagement

GRI 2-26, 2-29

Effective stakeholder engagement is an important component of sustainable development. As the largest

provider of telecommunications services in the Republic of Kazakhstan, the Company has a significant impact on stakeholders. In turn, the interests and expectations of stakeholders influence

the setting of the Company's strategic goals and their fulfilment. Kazakhtelecom JSC strives to build partnership relations and conduct a constructive dialogue with stakeholders.

## Principles of the Company's stakeholder engagement:

**Materiality** – the Company knows our stakeholders and what our interests are and what stakeholder interests are material to us;

**Completeness** – the Company understands the concerns of its stakeholders, namely, it understands their views, needs and expected performance, as well as their opinions on issues being significant to them;

**Responsiveness** – the Company consistently responds to significant issues facing stakeholders and the organisation itself.

Kazakhtelecom JSC identifies two groups of stakeholders:

1) The immediate circle (area of direct influence) includes stakeholders that have direct and significant influence on the decisions made by the Company or are under the influence of these decisions. The immediate circle of stakeholders includes:

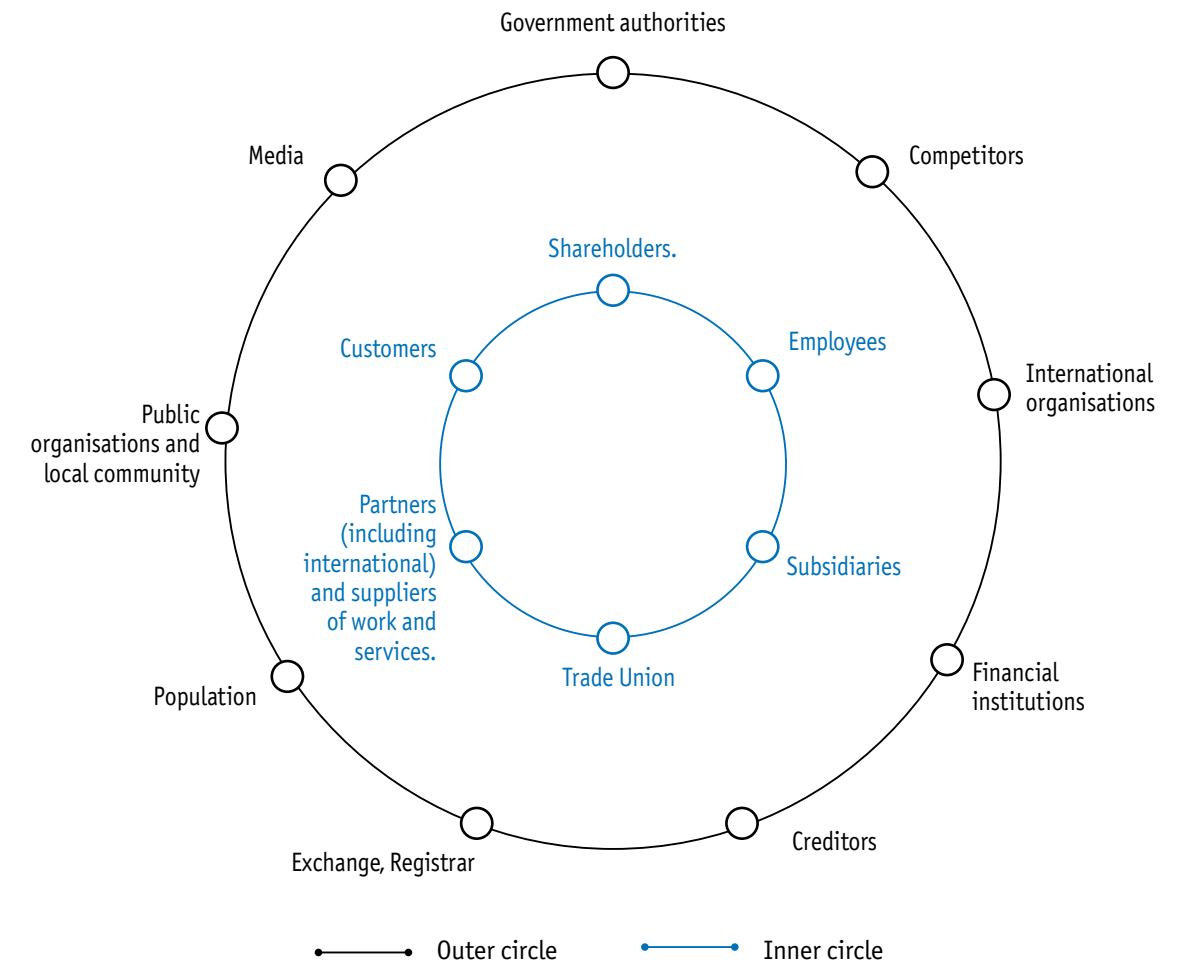
- Shareholders.
- Employees.

- Subsidiaries.
- Trade Union.
- Partners (including international) and suppliers of work and services.
- Customers.

2) Far circle (area of indirect influence) includes stakeholders that have indirect influence on the decisions made by the Company. The far circle of stakeholders includes:

- Government authorities.
- Competitors.
- International organisations.
- Financial institutions.
- Creditors.
- Exchange, Registrar.
- Population.
- Public organisations and local community.
- Media.

Kazakhtelecom Stakeholder Map



In 2023, the Company updated the Stakeholder Map, revised it in accordance with the world's leading practices in the field of sustainable development, and

developed the Communication Plan of Kazakhtelecom JSC on interaction with stakeholders for 2023.

The Company's updated Stakeholder Map is available on the Company's website [telecom.kz](http://telecom.kz).



## Stakeholder engagement

### Inner circle of stakeholders

#### Shareholders

##### Interests:

- growth of the Company's value;
- receipt of dividends;
- stability and expansion of the Company's operations;
- transparency;
- effective risk management;
- maximisation of the Company's value and dividend.

##### Input:

- financial resources allocation;
- statutory capital replenishment.

##### Communication mechanisms:

- dividend payment;
- annual financial and non-financial statements approval;
- the JRun transformation programme implementation;
- holding meetings, negotiations, appointments;
- discussing and making key, strategic and investment decisions;
- holding surveys, questionnaires, testing.

#### Employees

##### Interests:

- Company's results and achievements;
- Company's development prospects;
- HR and social policy;
- safe and comfortable working conditions;
- human rights observance;
- personnel involvement and development prospects;
- material and non-material motivation measures, youth policy;
- collective bargaining agreement.

##### Input:

- human resources;
- loyalty.

##### Communication mechanisms:

- taking measures to create safe and decent working conditions;
- involving employees in the Company's management process;
- social benefits;
- corporate training and development programmes;
- regular meetings with management;
- functioning of internal corporate communication channels, hotline;
- online feedback mechanisms (surveys/ questionnaires).

#### Subsidiaries

##### Interests:

- respecting the interests of shareholders/participants.

##### Input:

- respecting the interests of shareholders.

##### Communication mechanisms:

- regular monitoring of the performance of subsidiaries;
- continuing the mobile business development together with subsidiaries;
- participating in decisions of the Company as a shareholder.

#### Trade Union

##### Interests:

- social responsibility and protection of employees;
- the collective bargaining agreement terms fulfilment;
- compliance with the law.

##### Input:

- contribution to ensuring social stability;
- regulation of labour relations and conflict resolution.

##### Communication mechanisms:

- compliance with all clauses of the collective bargaining agreement;
- provision of material assistance to the Company's employees in the form of interest-free loans;
- holding public hearings;
- functioning of internal corporate communication channels, hotline.

#### Partners and suppliers

##### Interests:

- commercial interests.

##### Input:

- joint implementation of projects;
- transfer of technologies, competences and innovations.

##### Communication mechanisms:

- mutually beneficial co-operation;
- participation of partners in making strategic decisions of the Company as a shareholder;
- meetings, negotiations, business correspondence;
- reports on current activities.

#### Customers

##### Interests:

- commercial interests;
- quality characteristics of services;
- continuity of services;
- qualified service support.

##### Input:

- Company's loyalty;
- financial resources through goods and services acquisition.

##### Communication mechanisms:

- interaction within the agreements/contracts framework;
- service quality improvement;
- online service;
- increasing and improving support service channels;
- customer feedback system;
- customer satisfaction analysis.





## Outer circle of stakeholders

### Government authorities

#### Interests:

- performance of legislative and executive functions;
- implementation of the state telecommunications policy, job creation.

#### Input:

- state regulation.

#### Communication mechanisms:

- task forces, forums, conferences;
- meetings, negotiations, business correspondence;
- timely reporting on current activities;
- provision of feedback;
- verification of compliance with the legislation of the Republic of Kazakhstan.

### Competitors

#### Interests:

- market share increase.

#### Input:

- market development.

#### Communication mechanisms:

- adherence to the fair competition principle.

### International organisations

#### Interests:

- developing international co-operation between member countries of ITU, RCC, exchange of experience, adoption of common standards in the use of technology;
- ensuring the requirements of international standards and agreements on sustainable development, fair and balanced growth in compliance with environmental norms and in the development of info-communication services.

#### Input:

- international grants;
- opportunities for future development.

#### Communication mechanisms:

- conferences, sessions, meetings forums;
- signing of agreements, treaties and memorandums, cooperation agreements.

### Financial Institutions

#### Interests:

- placing free cash on deposits, servicing special accounts.

#### Input:

- providing favourable conditions for free cash placement.

#### Communication mechanisms:

- interacting within the agreements/contracts framework.

### Creditors

#### Interests:

- targeted use of funds;
- compliance with the terms and conditions of loan agreements;
- timely repayment of principal and interest;
- stability and transparency of the Company's operations.

#### Input:

- provision of funds.

#### Communication mechanisms:

- interaction within the agreements/contracts framework;
- general meeting of bondholders;
- disclosure of information through mass media, the Company's website;
- provision of reports according to credit agreement requirements.

### Exchange, Registrar

#### Interests:

- securities market development (listing rules, registrar rule book).

#### Input:

- opportunity to participate in the securities market development.

#### Communication mechanisms:

- negotiations, meetings with stakeholders;
- providing feedback through mass media.

### Population

#### Interests:

- job creation;
- transparent information about the Company's development prospects;
- quality of services;
- attractiveness of tariffs for services;
- social and charity programmes;
- health safety.

#### Input:

- support in the regions of the Company's operation.

#### Communication mechanisms:

- development of regions of presence;
- interaction via social networks, hotline;
- reputation audit;
- charitable activities;
- public reporting.

### Public organisations

#### Interests:

- various issues, within the activities of public, non-governmental organisations.

#### Input:

- co-operation on mutually beneficial terms.

#### Communication mechanisms:

- co-operation within the framework of agreements;
- public reporting.

### Media

#### Interests:

- informing the public about the Company's activities.

#### Input:

- constructive co-operation;
- favourable public opinion.

#### Communication mechanisms:

- publication of information about the Company;
- social networks, hotline;
- provision of responses to media enquiries;
- public reporting.

## Channels of communication with stakeholders

The Company adheres to the principles of information openness and transparency and provides stakeholders with information on its activities.

Kazakhtelecom JSC interacts with stakeholders using various communication channels:

- Information on the Company's activity is placed on the website telecom.kz.
- Information on the

Company's activity, which is material for shareholders, is published in the Company's annual reports.

- The Company has online communication channels.
- The Company publishes news on corporate projects, training and development programmes, as well as motivation and social benefits for employees on its internal corporate portal.

- There is a Hotline for complaints related to violations of legislation (fraud, corruption, discrimination, unethical behaviour, etc.).
- There is a special platform with information for B2B clients ismet.kz.
- The Company's news is published in mass media.

### Online communication channels

- 160 Call center
- Whatsapp
- Telegram
- Business
- 165 Technical support
- Checking service



## Stakeholder engagement as part of report preparation

### GRI 2-29

The Company endeavours to take stakeholders' opinions into account when preparing the Annual Report and, in particular, the Sustainability Report.

When preparing the 2023 report, the Company set the following objectives for the dialogue with stakeholders:

- to inform stakeholders about the release of the 2022 Report;
- to collect stakeholder suggestions on the content of the 2023 Report, including recommendations on

material topics that the Company should disclose in the 2023 Annual Report.

We conducted the stakeholder dialogue in accordance with the recommendations of the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

The Company held a dialogue with stakeholders as part of the preparation of the 2023 Report in a remote format. Stakeholders were surveyed by means of questionnaires.

The following groups of stakeholders participated in the dialogue: representatives

of state authorities, the Management Board members, Samruk-Kazyna JSC (main shareholder), customers, business partners, experts, representatives of public organisations, trade union representatives, heads of the Company's divisions, as well as employees of the Company's regional divisions. These included: KPMG Tax & Advisory LLC (as ESG experts), Centre for Social Engagement and Communications, Kazakhstan Stock Exchange, Atameken NPP, Association of Nature Users, Ministry of Digital Development of the Republic of Kazakhstan, Development Bank of Kazakhstan.

### As a result of the stakeholder questionnaire, the following significant themes emerged:

#### Social aspect

1. Remuneration and social programmes for employees
2. Health and safety in the workplace
3. Professional development of employees
4. Equal opportunities (including ratio of basic salary of men and women by employee category)
5. Human rights (including assessment of compliance with human rights)

#### Environmental aspect

1. Compliance with the requirements of environmental legislation
2. Waste management
3. Energy efficiency
4. Climate change (including reduction of greenhouse gas emissions)
5. Pollutant emissions

#### Corporate governance aspect

1. Economic performance
2. Anti-corruption
3. Information security and data protection
4. Innovation and new technologies
5. Quality of services

The Company considered these material topics when forming the materiality matrix for the 2023 Report.



# Materiality analysis

## GRI 3-1

In accordance with the recommendations of the GRI Sustainability Reporting Standards (GRI Sustainability

Reporting Standards), when preparing this Report, the Company performed a materiality assessment based on an analysis of the Company's significant potential and actual impacts. The assessment was

the result of joint work of the Company's management and stakeholder representatives. The assessment covered the Company's internal and external stakeholders.

### Steps in determining materiality:

#### Step 1

- Context analysis.
- Formation of a list of topics based on the context of the Company's activities and the global agenda.
- Identification of the circle of stakeholders.

#### Step 2

- Identification of the Company's actual and potential impacts.
- Analysis of the expert industry materials and the Company's risks to identify its impacts.

#### Step 3

- Assessment of the significance of impacts.
- Assessment of the strength and scale of impacts based on the questionnaire survey of stakeholders and the Company's internal expertise.

#### Step 4

- Prioritisation of significant impacts.

Based on the results of the materiality determination, the Company formed a matrix of most significant impacts. The following were classified as material:

## GRI 3-2

### Social aspect

- Remuneration and social programmes for employees.
- Health and safety in the workplace.
- Employee training and development.
- Human rights and equal opportunities.
- Community development

### Environmental aspect

- Biodiversity.
- Combating climate change (including reduction of greenhouse gas emissions).
- Energy efficiency.
- Waste management.
- Atmospheric emissions.
- Water resource management.

### Corporate governance aspect

- Economic performance.
- Information security and data protection.

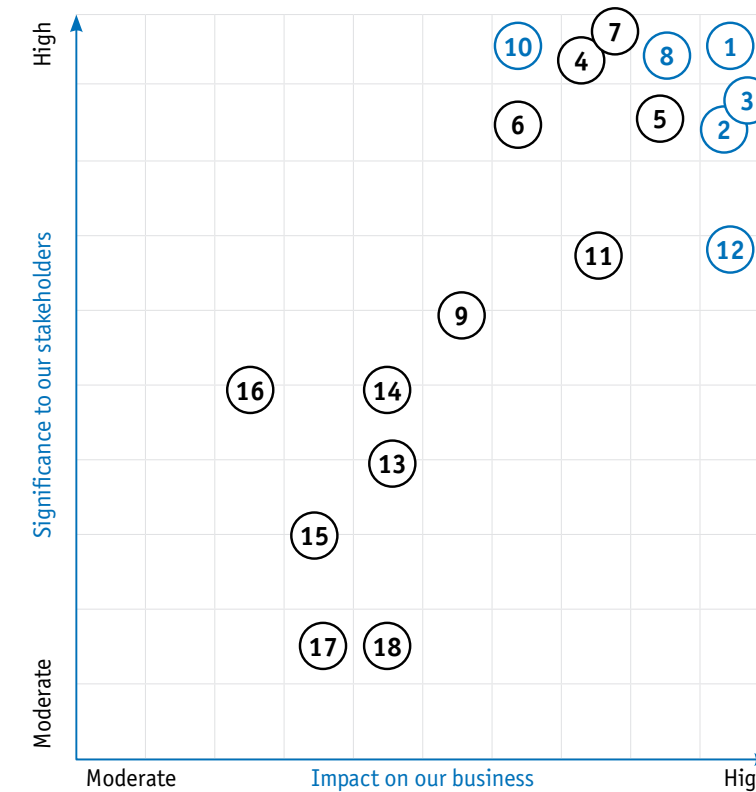
- Innovation and new technologies.
- Quality and affordable services.
- Procurement practices.
- Anti-corruption.
- Markets and competition.

## GRI 3-2

The topics "Remuneration and social programmes for employees", "Employee development", "Human rights and equal opportunities", "Combating climate change" (including low-carbon development), "Biodiversity", "Information security and data protection", "Quality and accessible services" are among the most material topics to be disclosed in Report 2023.

While "Workplace Stress and Sustainability", "Indirect Economic Impacts", "Corporate Ethics" (material topics in the 2022 report) were not included in the list of material topics based on the materiality assessment results in 2023.

## Materiality Analysis 2023



1. Remuneration and social programmes for employees.
2. Health and safety in the workplace.
3. Training and development of employees.
4. Human rights and equal opportunities.
5. Community development.
6. Biodiversity.
7. Combating climate change (including reduction of greenhouse gas emissions).
8. Energy efficiency.
9. Waste management.
10. Air emissions.
11. Water resource management.
12. Economic performance.
13. Information security and data protection.
14. Innovation and new technologies.
15. Quality and affordable services.
16. Procurement practices.
17. Anti-Corruption.
18. Markets and competition.

# Membership association

## GRI 2-28

To enhance the sustainability of its activity, Kazakhtelecom JSC takes part in the fulfilment of tasks proposed by various associations at the national and international levels and develops long-term cooperation. The Company strives for an open and constructive dialogue, as well as responsible interaction with state authorities and other companies, adhering to high standards of corporate and business ethics and complying with legal norms.

The main areas of co-operation include:

- development of the telecommunications market;
- improvement of the legal and regulatory framework;
- initiation and implementation of joint projects;
- promotion of key initiatives for sustainable development of the industry and regions.

The Company is a member of the international and national associations listed below, working with various target groups:

- Association for the Development of Blockchain and Data Centre Industry in Kazakhstan;

- Association for the Development of Competition and Commodity Markets;
- The Union of Machine-Building Companies of Kazakhstan;
- The International Telecommunication Union (ITU);
- Association of Legal Entities "National Telecommunication Association of Kazakhstan";
- Regional communication community;
- National Chamber of Entrepreneurs of the Republic of Kazakhstan Atameken.



# Sustainable development report: Aspect E

## Environment

### Our approach

GRI 3-3, GRI 2-25

Due to the specific nature of its operations, the Company does not have a significant negative impact on the environment and the quality of life of the population in the regions where it operates. The Company seeks to minimise the impact of its operations on ecosystems through rational use of resources, energy efficiency,

and improvement of production processes.

#### Environmental Management System

To manage the environmental aspect, Kazakhtelecom operates an environmental management system, which is part of the corporate governance system

and an essential part of the non-financial risk management system. The Company is certified for compliance with the international standard ISO 14001. The system monitors the processes of reducing emissions of pollutants into the atmosphere and using environmentally friendly technologies for information transmission. In addition, the system records environmental

risks and possible environmental consequences in the course of the Company's activity, as well as is engaged in development of solutions to problems on reduction of energy consumption in the process of telecommunication

services provision through introduction of energy and resource saving technologies at the Company's facilities, as well as modernisation of equipment. Kazakhtelecom JSC implements measures on continuous improvement

of the EMS in accordance with the requirements of the international standard ISO 14001. Within the framework of these measures, we carry out internal and external audits.

Kazakhtelecom JSC built its environmental management system in accordance with the regulatory requirements of the Republic of Kazakhstan and taking into account the best international practices.

#### Organisational structure of environmental management

In 2023, the Company's organisational structure in the field of environmental protection (EP) remains unchanged. We manage environmental issues at two levels. The department responsible for occupational health and safety coordinates these activities at both the head office and branch levels. All planning, coordination, assessment of the Company's environmental risks, and hazard identification are the responsibility of the Chief Director for Strategic Management.

#### Key regulatory documents of Kazakhtelecom Group in the field of environmental protection

GRI 2-23

The Company has a number of internal regulatory documents governing environmental protection activities. The provisions of these documents are binding on every employee of the Company:

- Environmental policy;
- Kazakhtelecom JSC's Low Carbon Development Programme for 2022–2032 (hereinafter LCDP);
- Kazakhtelecom JSC's Action Plan of on environmental protection for 2022–2023;
- Kazakhtelecom JSC's

Programme of internal environmental inspections;

- Kazakhtelecom JSC's Guidelines on management and conservation of biodiversity;
- Kazakhtelecom JSC's Guidelines on monitoring, reporting and reclamation of land resources;
- Documented procedure for the identification of hazards, environmental aspects and risk assessment;
- Documented procedure for identifying legislative and other requirements in occupational H&S and environmental protection;
- Documented procedure for monitoring occupational H&S and environmental indicators;

- Documented procedure on production and consumption waste management;
- Documented procedure for emergency readiness and response.

**Precautionary Principle**

The Company applies the precautionary principle for the EP. The Company’s risk management system assesses environmental risks. The Company has implemented the documented procedure for the identification of hazards, environmental aspects and risk assessment. The Company analyses and identifies impacts and potential consequences of projects that may affect the environment in accordance with the requirements of the legislation of the Republic of Kazakhstan.

**Priority areas in environmental protection**

To achieve the set objectives, the following facilitates among others:

- Kazakhtelecom JSC’s Action Plan on environmental protection for 2022–2023. The Plan reflects 30 main measures on natural resources rational use, monitoring and promotion of environmental initiatives among the Company’s employees;

**In accordance with the Environmental Policy and Low-Carbon Development Programme, the Company identified the following priority development areas in the environmental sphere:**

- minimising negative impact on the environment;
- awareness of the extreme importance of the climate change problem;
- complying with legislation and national and international environmental standards;
- adhering to the principles of sustainable development in the design and implementation of the Company’s activities;
- responsibility of the Company’s management at all levels for the effective functioning of the environmental management system;
- disclosure of accessible and transparent environmental information to all stakeholders.

- Kazakhtelecom JSC’s LCDP for 2022–2032. The Programme was developed within implementation of the strategic objective to reduce carbon footprint in accordance with the legislation of the Republic of Kazakhstan and the Charter of Kazakhtelecom JSC.

Within the framework of Kazakhtelecom JSC’s Action Plan on environmental protection for 2022–2023, in the reporting period, the Company implemented measures to minimise environmental impact

in terms of air emissions, waste generation and biodiversity. For more details, see the subsections Emissions, Waste and Biodiversity.

As part of raising employee awareness of international environmental requirements and ESG principles, the Company held a number of seminars on the topics “Sustainable Development and Priorities, Timing and Possible Outcomes of Integrating ESG Principles into the Company’s Business Processes” and “Low Carbon Development” in face-to-face and online formats.

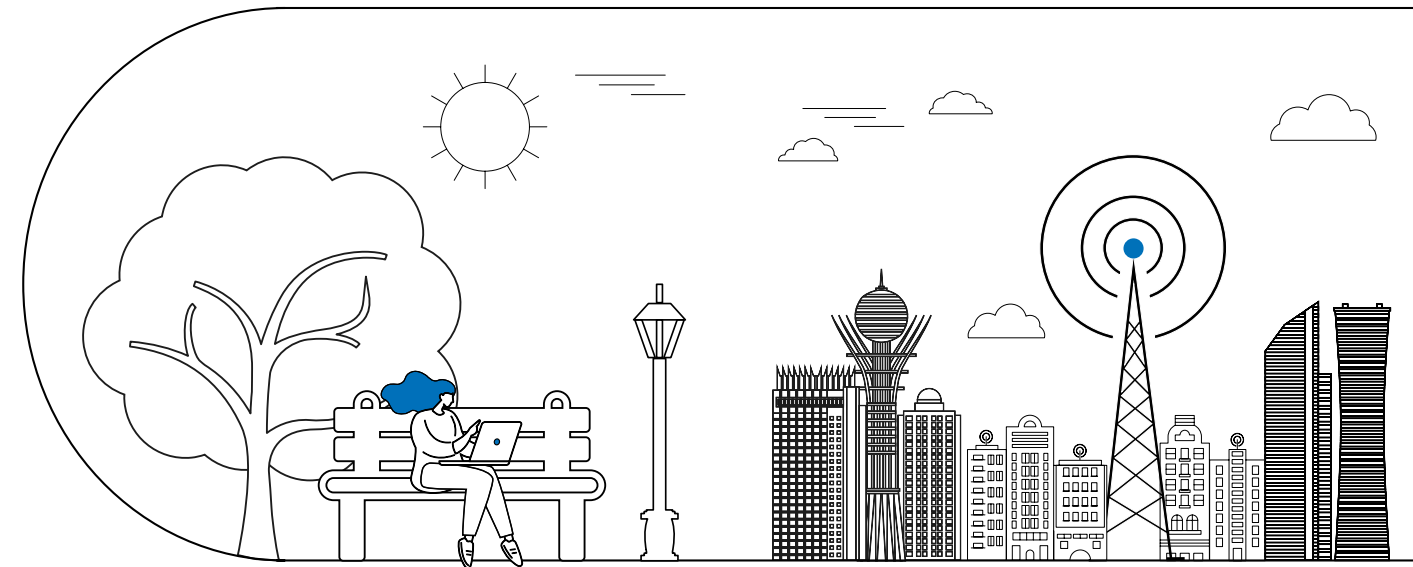
**Compliance with the legislation of the Republic of Kazakhstan in the field of environmental protection**

**GRI 2-27**

Kazakhtelecom JSC annually implements measures to reduce the negative impact of the Company’s activities on

the environment. In 2023, no violations of environmental legislation were recorded. In the reporting year, non-financial sanctions and other administrative penalties for violations in the field of

environmental protection were imposed. In 2023, the Company paid environmental payments for negative environmental impact.



**No violations of environmental legislation were recorded in 2023.**

**In the reporting year, no non-financial sanctions or other administrative penalties for environmental violations were imposed on the Company.**

### Costs of environmental protection measures, '000 KZT

Expenses item	2021	2022	2023
Development of ESIA projects, draft emission standards and performance of production environmental monitoring, confirmation of categories	38,212	0	82.2
Payments for adverse environmental impact, total	7,101	12,526.7	12,500.0
of which by stationary source	0	1,686.8	0
Total	45,313	12,526.7	12,582.2



In 2023, in accordance with the Kazakhtelecom JSC's Programme of internal environmental inspections, we inspected the affiliated branches in the Southern region and Almaty region for compliance with the legislation in environmental protection:

- Network Division Association
- Telecom Komplekt Directorate
- IT Directorate
- Service Factory

Based on the results of the audit, the Company's branches developed corrective action plans for the identified non-compliances in environmental protection. The responsible employees eliminated them.

### Plans for 2024 and the medium term

The Company plans to implement the following measures to effectively manage environmental protection:

- 1) Participation in obtaining ESG rating.
- 2) Establishment of KPIs to

achieve waste reduction at warehouses in the Company's branches.

### Emissions

#### GRI 3-3

Systematic reduction of pollutant emissions into the atmosphere is one of the key components of Kazakhtelecom JSC's environmental protection activities. The Company annually implements measures to reduce atmospheric emissions.

Taking into account the fact that the main sources of impact on atmospheric air are boiler houses and motor vehicles, the Company pays special attention to their timely maintenance, and operates generators, petrol generators and motor vehicles in accordance with the manufacturer's recommendations. During periods of low activity,

equipment engines are switched off; in case of power outages, stationary generators are used. The Company prepares a report on pollutant emissions on a quarterly basis in accordance with the deadlines set up by the legislation of the Republic of Kazakhstan.

#### GRI 305-6

### Volume of ozone-depleting substances (ODS) emissions, kg CFC-11- equivalent<sup>2</sup>

Indicator	2020	2021	2022	2023
Imported	0	0	0	0
Exported	0	0	0	0
Produced	89.4	56.8	124.7	105.415

<sup>2</sup> Trichlorofluoromethane (CFC -11- equivalent).



In 2023, in accordance with the methodology of the Montreal Protocol on Substances that Deplete the Ozone Layer, the Company carried out calculations for the following ozone-depleting substances used in refrigeration systems at the Company's facilities:

refrigerants R-407C, R-410A, chlorodifluoromethane (R-22), difluoromethane (R-32). The main producer of emissions of ozone-depleting substances is refrigerant R-22 with a share of 100%. In 2023, there is a decrease in emissions of ozone-depleting substances by 15.46%.

The Company accounts for refrigerants in cylinders and kilograms. When calculating ODS, the ozone-depleting potential coefficient of 0.055 was applied.

GRI 305-7

Air emissions structure, tonnes

Emission type	2021	2022	2023
NOx	68.8	73	5.478
SO <sub>2</sub>	29.1	31	7.199
CO	103	109	18.527
Dust	55.6	57	18.322
Other emissions	25.1	23	2.824
Total	281.7	294	52.350

Note to the table: the methodology has changed in the data submission for 2023. Total GHG emissions (unregulated + regulated) were reported for 2021–2022. Total GHG emissions for 2023 are 228.57 tonnes, of which regulated on the basis of statistical reporting submitted to state authorities (Form 2-Тр air) – 52.3 tonnes.

In 2023, the total volume of air pollutant emissions was 228.573 tonnes for non-regulated pollutants, of which 52.350 tonnes for regulated pollutants. Pollutants were calculated on the basis of the approved Methodology for determining the norms of emissions into the environment. The main sources

of air pollutants are carbon monoxide (CO) and dust – they account for 35.4% and 34.9% respectively.

For operation of autonomous heating systems and diesel-generator sets in accordance with the requirements of environmental legislation, the

Company develops drafts of maximum permissible emissions. In 2023, Kazakhtelecom JSC transferred the facilities from the second category to the fourth category due to implementation of wastewater management measures at the facilities in Zhambyl region.

Plans for 2024 and the medium term

In 2024, we plan to reduce air pollutant emissions by way of:

1) Monitoring pollutants and recording of emissions.

2) Introducing quantitative targets to reduce air pollutant emissions.

Water resources

GRI 3-3

GRI 303-1, 303-2, 303-3, 303-4, 303-5

The Company annually implements measures aimed at rational use of water resources and economical consumption of drinking quality water. The Company has no significant impact on water resources. The main sources of water supply are water supply organisations

(water utilities). The Company does not use water from wells and other sources, except for municipal water supply networks.

Efficient use of water resources at all Company facilities is a priority goal of the Environmental Policy. The Company carries out water resources management in accordance with the regulatory documents:

- The Kazakhtelecom JSC's Plan on achieving long-term objectives in the environmental management for 2020–2030 as approved by the Company's Order;
- The Kazakhtelecom JSC's Action Plan on environmental protection for 2022–2023 as approved by the Company's Order.

Water consumption

GRI 303-3, 303-5

Total volume of water intake, '000 m<sup>3</sup>

Indicator	2020	2021	2022	2023
Total volume of water intake	369.5	391.9	257.2	250.313

Note to the table: The Company's water consumption in 2023 amounted to 251.005 thousand m<sup>3</sup>.

GRI 303-1, 303-3

The main sources of water supply are water from water utilities. The Company does not withdraw water from surface and underground sources in regions with water deficit. In 2023, there was a decrease in water intake by 2.75% due to the

implementation of measures of the Kazakhtelecom JSC's Plan on achieving long-term objectives in the environmental management for 2020–2030.

Wastewater discharges

The Company uses water exclusively for sanitary and domestic needs. All the Company's wastewater is discharged into the central sewerage network in accordance with the agreement.

GRI 303-4

Total volume of discharges by source, '000 m<sup>3</sup>

Indicator	2020	2021	2022	2023
Total volume of discharges, including:	369.5	391.9	245.9	251.005
Water transferred to third-party organisations for disposal	0	0	0,1	0
Waters transferred through the central sewerage system	369.5	391.9	245.8	251.005

**Assessment of the Company operations' impact on water bodies at the trunk pipelines crossing points**

In 2023, as part of the assessment of the Company operations' impact on water resources, water bodies were

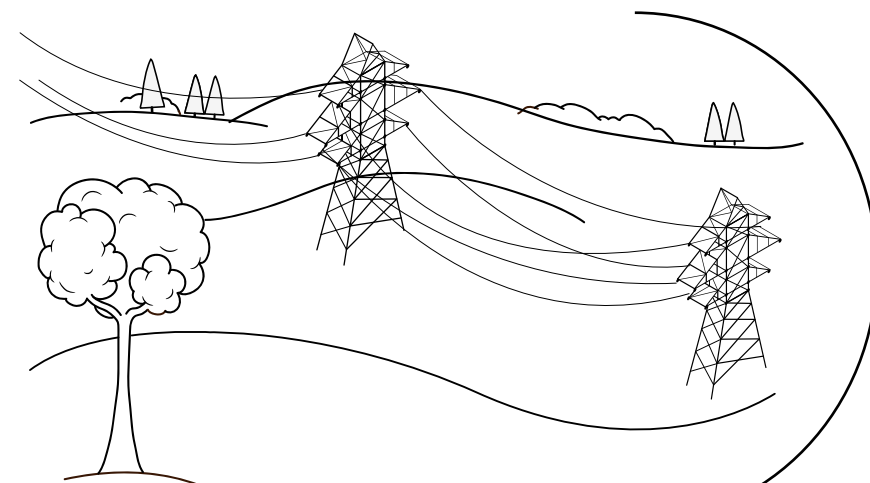
monitored at the crossing points of the main networks. In the course of monitoring, the methods of cable laying on the water bottom, cable burial under water and its impact on water quality and aquatic wildlife were studied. According to the monitoring results, maximum permissible concentrations

typical for water bodies did not exceed. Quantitative and qualitative composition of fauna and coastal strip has not changed. According to the results of this assessment, the cable has no negative impact on water bodies.

**Plans for 2024 and the medium term**

The Company plans to implement the following measures to rationalise the use of water resources:

- 1) Installation of water saving devices in administrative premises (water flow regulators, sensor faucets).



**Waste**

GRI 3-3, GRI 306-1, 306-2

The Company pays significant attention to responsible and safe waste management. We endeavour to reduce waste generation and increase the share of waste transferred for recycling.

The Company has a Documented Procedure on Production and Consumption Waste Management, which reflects the procedure for production and consumption waste management, including collection, temporary storage, utilisation, disposal, removal and monitoring of generated waste in accordance with the environmental legislation of

the Republic of Kazakhstan. The Company records waste volumes in registers and on the basis of waste movement acts (write-off, acceptance, disposal, etc.)

The Company's branch Service Factory implements projects to improve and optimise business processes in waste management. Every year, Service Factory enters into an agreement with organisations to sell and dispose of the following types of the Company's waste:

- electronic and electrical equipment (climate control equipment, household appliances, electricity metering devices, standby power sources (DGU, DGA,

mini-electric power plants), uninterruptible power supplies, EPP equipment, transformer substations, power tools, etc.);

- chemical power sources (batteries of various types);
- mercury-containing waste (fluorescent lamps);
- waste oil (waste oil from gas processing plants, motor vehicles, transformer substations, etc.);
- waste paper (paper);
- packaging (all types of packaging material).

GRI 306-3

Volume of generated waste, tonnes

Indicator	2022	2023
Hazardous waste	29.0	53.49
Non-hazardous waste	12.7	7.25
Total	41.7	60.74

In 2023, the total amount of waste generated made up 60.74 tonnes (excluding municipal

solid waste). A third party disposes the entire volume of waste. The volume of municipal

solid waste generated in 2023 was 3,234 tonnes.



GRI 306-5

Volume of disposed waste by hazard class, tonnes

Indicator	2022	2023
Hazardous waste	29.0	53.49
Non-hazardous waste	12.7	7.25
Total	41.7	60.74

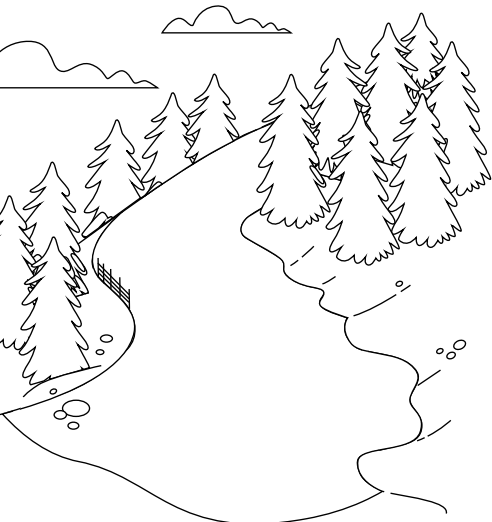
In 2023, the amount of waste transferred for recycling increased due to the physical wear and tear of batteries.

In 2023, the Company developed waste passports for 21 types of its waste and registered them on the unified eco-portal. The Company is also considering the possibility of organising separate waste collection at sites with the special containers installation and temporary waste collection and storage sites.

**Handling of discarded telecommunication equipment**

The Company sends written-off telecommunications equipment (customer digital equipment (STBs, CDMA terminals, modems, routers, multimeters, modules, control boards, terminals and other equipment) and office equipment for sale to third-party organisations that hold an auction to sell them. In case of proper condition, the written-off

telecommunication equipment is used as spare parts on the basis of the Company Standard "Rules for dismantling and disposal of written-off telecommunication equipment" as approved by the Company's Order. The Company transfers part of the written-off equipment (including cable communication lines using copper cable, cable scrap) to specialised organisations for storage and disposal of non-ferrous and ferrous metals.



**Plans for 2024 and the medium term**

The Company plans to implement the following measures for effective waste management:

1) Inventory of production and consumption waste;

2) Expansion of separate waste collection;

3) Introduction of accounting by waste hazard classes.

**Biodiversity**

GRI 3-3, GRI 304-1, GRI 304-2

The Company does not operate in protected areas or other areas of high biodiversity value.

Pursuant to the Environmental Policy, Kazakhtelecom JSC

undertakes to promote the level of biodiversity enhancement and prevent industrial activities in protected areas.

Within the framework of preservation of flora and fauna at the sites of construction and installation works (including

cable laying), the Company performs mechanical and biological recultivation, which minimise the risks of soil erosion and promote restoration of the vegetation layer on the disturbed land plot.

In 2023, the Company adopted the Kazakhtelecom JSC'S Guidelines on Management and Conservation of Biodiversity establishing requirements for assessment and monitoring of biodiversity in the process of installation and operation of telecommunications equipment and backbones, as well as other areas of the Company's activities and in the post-reclamation period.

The Kazakhtelecom JSC'S Guidelines on Management and Conservation of Biodiversity are available on the Company's website.

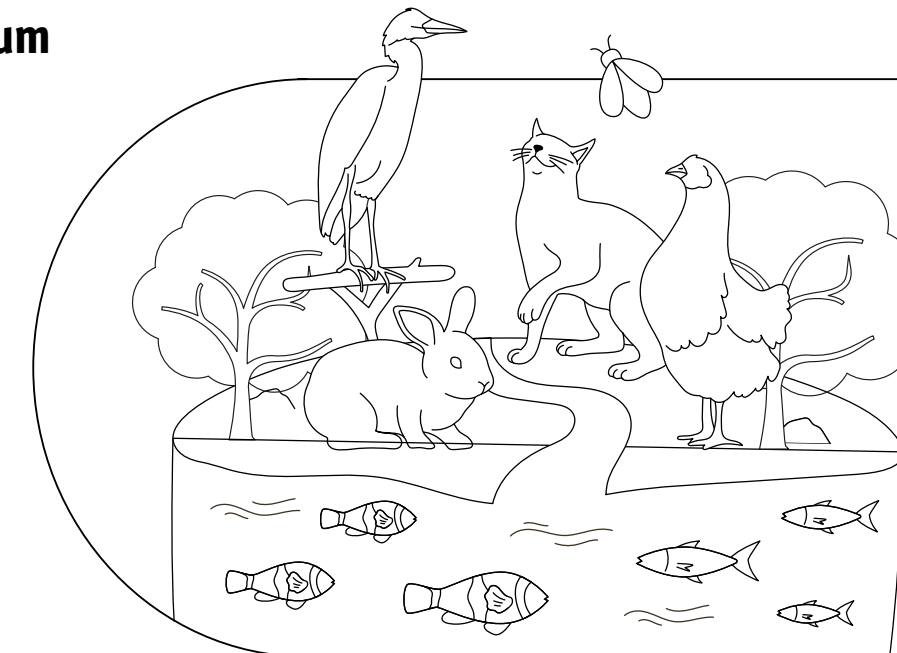
In 2023, the Company carried out an independent assessment of the impact of its activities on biodiversity, land, water resources in the areas where telecommunications equipment is present. KazTECO LLP carried out the assessment.

According to its results, the assessment identified no negative impact of the Company on land resources, biodiversity. Qualitative and quantitative indicator of flora, fauna and land resources did not change in comparison with fund data.

The detailed monitoring report is available on the Company's website.

**Plans for 2024 and the medium term**

In 2024, Kazakhtelecom JSC plans to continue assessing the impact of its activities on the environment. The project will monitor biodiversity, atmospheric air, land and water resources, physical impact on the environment and population in the urban environment. The main cities for monitoring are Astana, Almaty, Shymkent in connection with the introduction of high-speed Internet 5G and installation of base stations in these cities.



# Energy

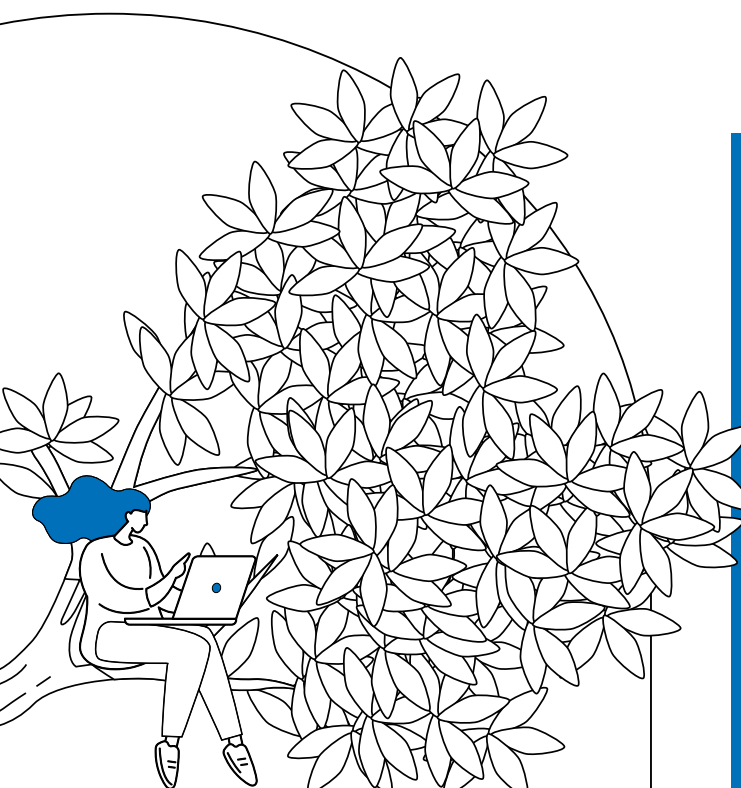
## Our approach

**GRI 3-3**

Kazakhtelecom JSC strives to increase energy efficiency of its production activities and to apply resource-saving technologies.

In 2023, we developed and approved the Energy Management Policy and analysed the Energy Register of production facilities consuming energy resources. The Company developed and approved the Documented Procedure

on Identification of Energy Types. Determination of Basis. Energy Analysis. It provides for internal procedures to control quantitative and qualitative indicators of the Energy Register equipment.



### Principles of the Kazakhtelecom JSC's Energy Management Policy:

- Compliance with the laws of Kazakhstan, as well as national and international standards in the field of energy saving and energy efficiency improvement.
- Striving to achieve the level of the best available technologies in the field of energy efficiency of production.
- Rational use of fuel and energy resources.
- Openness and availability of information on the Company's energy efficiency.

The principles and provisions of the Policy apply to the following areas: provision of telecommunications services, management of procurement of goods, works and services, ongoing operation of telecommunications networks and infrastructure.

### Key areas of the Policy:

- Systematic and targeted improvement of the Company employees' professional level, as well as personnel knowledge in energy saving and energy efficiency of production.
- Respond to changes in legislative requirements, national and international standards in energy saving and energy efficiency and improve internal regulatory documents.
- Consideration of energy efficiency as a procurement criterion wherever possible.
- Selection of the most energy-efficient solutions when modernising key process and energy equipment.
- Continuous monitoring of consumption and generation of fuel and energy resources in the main and auxiliary production processes.
- Formation of mechanisms for motivation and involvement of the Company's personnel in energy saving.

## Alternative energy

Kazakhstan has set ambitious goals with regard to renewable energy sources - to increase the share of generation and consumption of electricity from RES. Kazakhtelecom JSC fully supports this goal and

is ready to increase the share of RES energy consumption in the future. In accordance with the LCDP, Kazakhtelecom JSC considers purchasing of green certificates in 2032. Purchase of green certificates

will allow to reduce indirect GHG emissions by Scope 2 by substituting imported electricity generated by burning fossil fuels with "green" electricity from RES.

## Resource saving and energy efficiency

Transition to resource-saving technologies and energy efficiency improvement is one of the key directions

for Kazakhtelecom JSC. The Company develops measures to minimise the consumption of imported electricity, heat and

fuel resources when operating its own power generating facilities.

## Key areas of intervention:

- Upgrade of technological equipment;
- Replacement of fluorescent lamps with LED lamps in administrative premises;
- Installation of motion/presence sensors for the lighting system;
- Setting up sleep mode for personal computers

and installing software to automatically switch off personal computers;

- Application of reflective film on windows;
- De-duplication and upgrading of copper networks to modern fibre optic technology;
- Use of climatic systems applying free-cooling technology in the

construction of new data centres;

- Modernisation of existing data centres to improve energy efficiency;
- Thermal modernisation of buildings and structures;
- Optimisation of heated spaces in use (reduction of unused spaces).

## GRI 302-1

## Total consumption of fuel resources, GJ

Indicator	2022	2023
Petrol	180,543	197,783
Diesel fuel	67,570	107,905
Coal	19,324	21,445
Natural gas	101,415	108,074
Liquefied gas (propane) as motor fuel	50,181	23,165
Firewood	-	528.23
Total FER consumption	419,035	458,902

In 2023, total fuel consumption made up 458,901.71 GJ, which was 8.7 per cent higher than in 2022. The main sources of energy are petrol and diesel fuel. The Company uses

autonomous heating systems in 248 properties, including those operating on diesel fuel (at 103 properties), gas heating (at 103 properties), and solid fuel (at 39 properties, including 28

properties using electric boilers). In 2023, fuel consumption for stationary sources (boiler houses) significantly increased due to a long period with minus temperatures.

## GRI 302-1

## Heat and electricity consumption for own process needs, GJ

Indicator	2020	2021	2022	2023
Electric energy	639,333	717,085	622,298	620,135
Thermal energy	373,375	350,071	294,185	411,892

In 2023, electricity consumption totalled 620.135 GJ. The indicator decreased by 0.35% compared to 2022

as a result of measures taken to switch PCs to sleep mode and complete shutdown and replacement of lamps

with lamps with lower power consumption.

## GRI 302-3

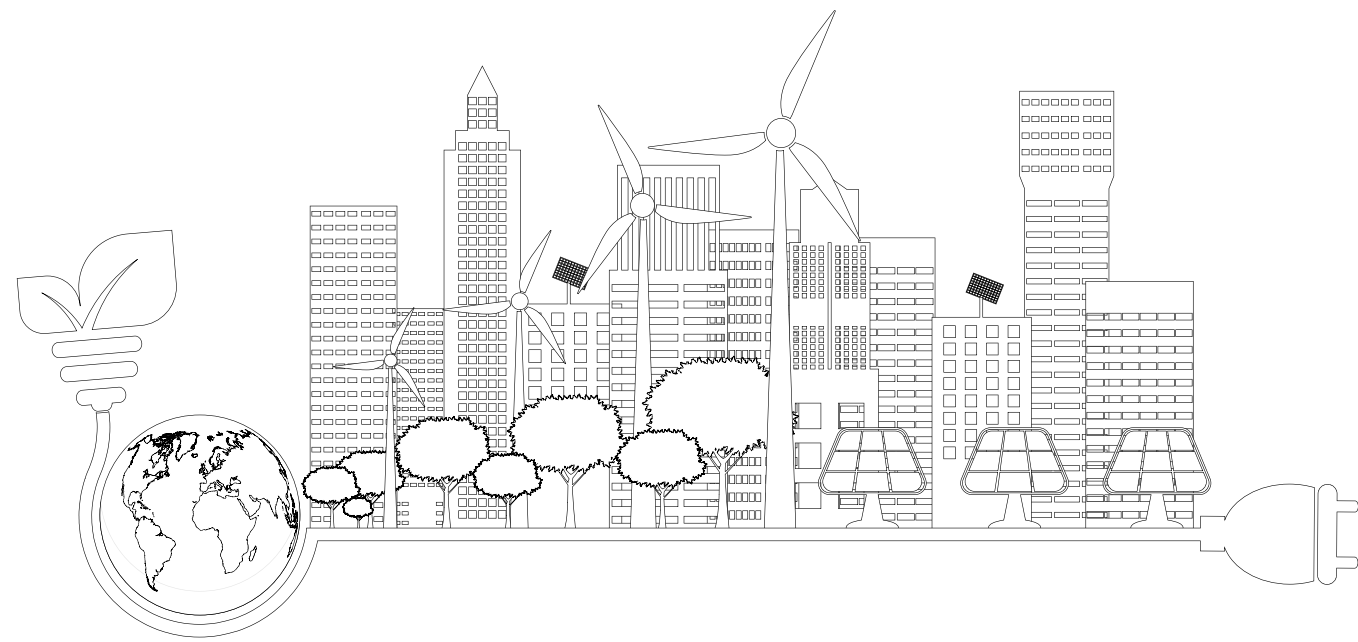
## Energy intensity

Indicator	2020	2021	2022	2023
Total energy consumption, GJ	1,433,513	1,493,719	1,335,517	1,490,928
Consolidated revenues from sales of services, million KZT	527,330	594,193	635,665	669,467
Specific energy consumption, GJ/million KZT	2.7	2.5	2.1	2.23

## GRI 302-4, GRI 305-5

## Total reduction of energy consumption through implementation of energy saving programmes

Indicator	2022	2023
Copper grid deduplication, GJ	7,761	0
Replacement of fluorescent lamps and motion sensors, GJ	605	1,056
Reduced PC power consumption due to hibernation and complete shutdown	0	3,270
Total reduction of energy consumption, GJ	8,366	4,325



In 2023, the total energy consumption reduction made up 4,326.04 GJ due to the LCDP measures. As a result, we switched to sleep mode 11,458 PCs and installed 2,731 LED lamps and 210 motion sensors.



The Company plans to gradually convert heating systems to gas, which will contribute to reducing energy consumption.

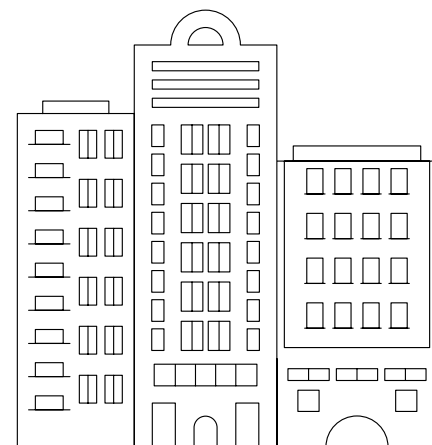
### Plans for 2024 and the medium term

In 2024, we plan to implement the following energy efficiency measures:

- 1) Elimination of heat losses through insulation of buildings and structures as part of measures to prepare the Company's

facilities for the heating season.

- 2) Maintenance of autonomous heating systems.
- 3) Mandatory energy audits.



# Climate change

## Our climate strategy

GRI 3-3, GRI 305-1, 305-2, 305-4

Being the largest telecommunications company of the country, Kazakhtelecom JSC supports Kazakhstan's participation in global initiatives to reduce greenhouse gas emissions. The Company strives to contribute to climate change mitigation and fulfilment of the Paris Climate Agreement. Our ESG Strategy, improved in the reporting period, sets out the priority areas in which we strive to be leaders, including in combating climate change.

Transition to low-carbon development is a strategic priority for Kazakhtelecom JSC. The Company has developed and is implementing the Low Carbon Development Programme for 2022–2032.

The Company is working to reduce greenhouse gas emissions and is implementing efficiency measures that save energy. We are taking steps to make our Company more resilient in the face of more extreme climate conditions

that could otherwise prove costly. We drive revenue growth through innovative products and services that help our millions of customers reduce greenhouse gas emissions and be more energy efficient.

The Company plans to promote projects and new technologies (including IoT) that contribute to reducing carbon footprint and improving energy efficiency. The Company will facilitate the development and promotion of a wide range of digital and telecommunications services and products that will positively impact the intensity and rate of reduction of greenhouse gas emissions by our customers and the economy of the Republic of Kazakhstan as a whole. As part of the development of the RES market in Kazakhstan, the Company will endeavour to procure alternative energy and switch to environmentally friendly fuels.

### Key priorities of our climate strategy:

- Decarbonisation and reduction of greenhouse gas emissions from the Company's operations and across the value chain.
- Alternative energy.
- Resource conservation and energy efficiency improvement.



To increase openness and transparency in low-carbon development, the Company

plans to prepare annual climate reporting within the international platform Carbon

Disclosure Project (CDP).

**Meeting low-carbon development goals is inextricably linked to the development and implementation of decarbonisation measures, as well as the deep integration of the climate aspect into the Company's business model.**

## Our goals

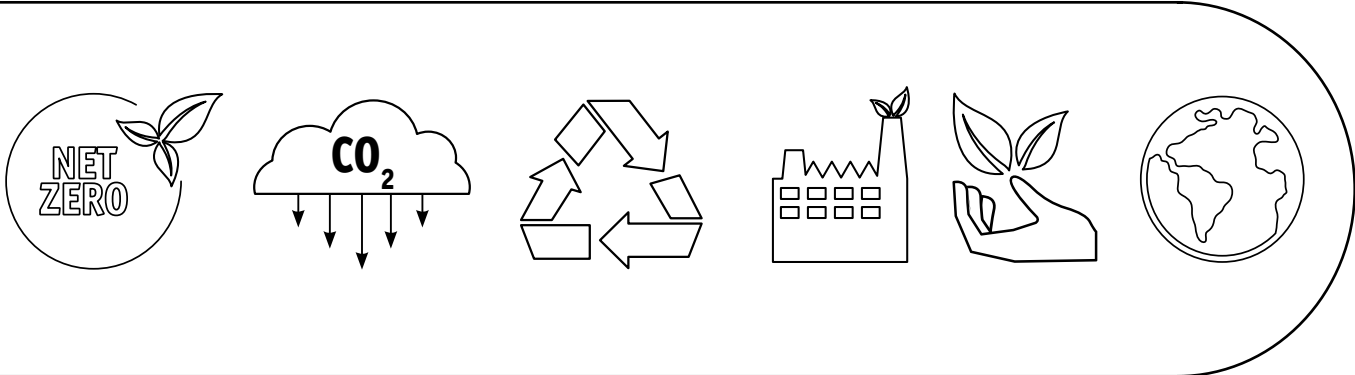
The strategic goal of Kazakhtelecom JSC is to reduce GHG emissions by 13% by 2032 as compared to the

base 2021. As a long-term goal, the Company aims to achieve carbon neutrality by 2060, taking into account the

objective set by the President of the Republic of Kazakhstan on decarbonisation of the national economy.

**Strategic goals of Kazakhtelecom JSC:**

- Reduction of greenhouse gas emissions by 13% by 2032
- Achieving carbon neutrality by 2060.



## Climate risk management

The Company plans improving the corporate system in terms of climate risk management by way of:

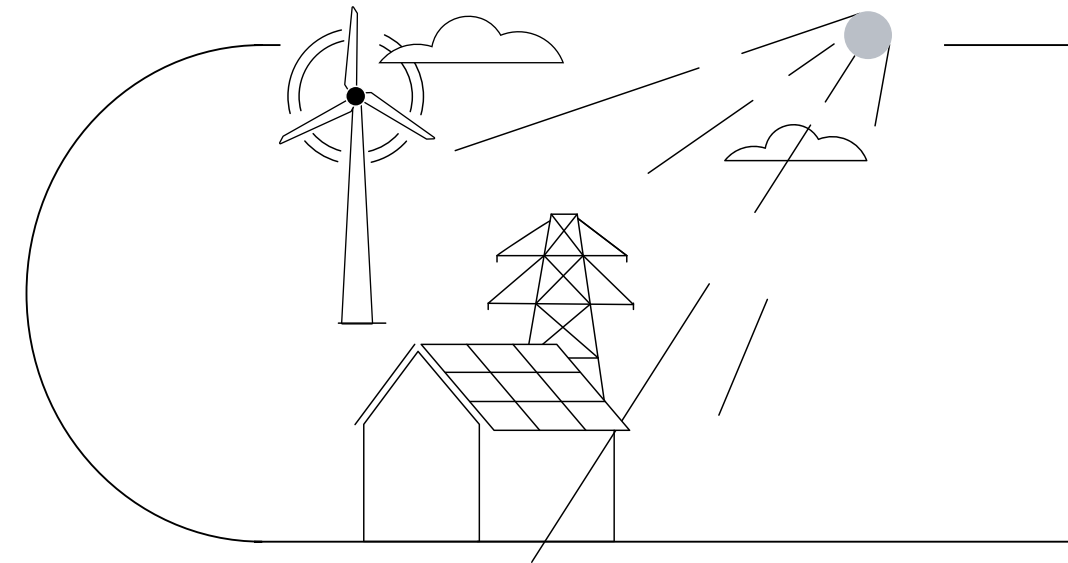
- Identification of climate risks and opportunities in accordance with TCFD Recommendations

(Recommendations on Climate Change-related Financial Disclosures) and development of a methodological approach for identifying climate risks and opportunities.

- Analysis of scenarios related to climate change in line with TCFD recommendations.

- Development of a plan to adapt to the identified physical climate risks.
- Appointment of a person responsible for climate risk management at the level of the highest executive body.

More on this in our next reports.



## Greenhouse gas emissions

### GRI 3-3

The Company implements measures aimed at reducing greenhouse gas emissions in accordance with the following internal documents:

- Kazakhtelecom JSC's Low Carbon Development Programme for 2022–2032.
- Guidelines for monitoring

and reporting on greenhouse gas emissions and energy flows.

### GRI 2-24

In 2023, the Company continued to implement measures to reduce its carbon footprint. In 2023, the Company's branches "Association Division Network" and "Information

Technologies Division" reduced the consumption of purchased electricity in the amount of 1,201.303 MWh. However, in 2023, there is an increase in fuel consumption for stationary emission sources (boiler houses) and purchased heat. The reason for the growth was weather conditions: the amount of precipitation and days with minus temperature.



GRI 305-1, 305-2

### Greenhouse gas emissions, tonnes CO<sub>2</sub>-equivalent

Indicator	2021	2022	2023
Direct (Scope 1) GHG emissions, incl.:	28,833	28,291	34,315
carbon dioxide (CO <sub>2</sub> )	28,750	27,851	34,307
nitrous oxide (NO <sub>2</sub> )	62	298	1,331
methane (CH <sub>4</sub> )	20	142	7,359
Energy indirect (Scope 2) GHG emissions (electric power and heat)	225,417	204,276	200,537
<b>Total greenhouse gas emissions</b>	<b>254,249</b>	<b>232,567</b>	<b>234,853</b>

*Note to the table: due to changes in the energy supply system in Kazakhstan (introduction of the Unified Power Purchaser from 1 July 2023), companies can only apply the location-based method to calculate indirect energy emissions of GHG Scope 2. To use the location-based method, national coefficients determined by benchmarks are used. Accordingly, the Company has calculated the volume for 2023 in accordance with the new methodology. Important: the change in the calculation approach affected only emissions from purchased electricity, emissions from purchased heat are calculated as usual, without changes.*

The Company has no GHG emissions from biomass combustion and decomposition. Scope 1 GHG emissions were calculated based on IPCC guidance using individual fuel density indicators. Scope 2 GHG emissions were calculated

based on the approved list of benchmarks in regulated sectors of the economy. The Company has no biogenic impact on the environment.

At the end of 2023, the total volume of greenhouse gas emissions of Kazakhtelecom

JSC under Scopes 1 and 2 amounted to 234,853.03 tonnes of CO<sub>2</sub>-eq., The volume of direct (Scope 1) and indirect energy emissions (Scope 2) changed by +17.6% and -1.8%, respectively.

# 234,853

tonnes of CO<sub>2</sub>-eq.

total volume of greenhouse gas emissions (Scopes 1 and 2) Kazakhtelecom JSC by results of 2023

### Reduction of greenhouse gas emissions through implementation of energy saving programmes, tonnes CO<sub>2</sub>-equivalent

Indicator	2022	2023
Total reduction of GHG emissions, tonnes CO <sub>2</sub> -equivalent	2,289	1,066

GRI 305-4

### Dynamics of carbon intensity, tonnes of CO<sub>2</sub>-equivalent /million KZT

Indicator	2021	2022	2023
Volume of greenhouse gas emissions by Scopes 1 and 2, tonnes of CO <sub>2</sub> -equivalent	254,249	232,567	234,853
Consolidated revenues from sales of services, million KZT	594,193	635,665	669,467
Carbon intensity, tonnes CO <sub>2</sub> -equivalent /million KZT	0.42	0.394	0.35

### Plans for 2024 and the medium term

- |                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>1) Improved climate risk management system, including:</b></p> <ul style="list-style-type: none"> <li>• Analysis and assessment of climate risks and opportunities; a plan to adapt to identified physical climate risks; analysis of scenarios related to climate change in accordance with TCFD recommendations.</li> <li>• Better integration of climate risks into the Company's</li> </ul> | <p>corporate risk management system.</p> <ul style="list-style-type: none"> <li>• Appointment of a responsible person at the Management position level.</li> <li>• Preparation of climate risk reporting in accordance with TCFD Recommendations.</li> </ul> <p><b>2) In 2024, it is planned to implement measures on the use of low-carbon energy sources</b></p> | <p>as a substitute for the share of fossil fuels:</p> <ul style="list-style-type: none"> <li>• Implementation of Kazakhtelecom JSC's LCDP measures for 2022–2032.</li> <li>• Revise the low-carbon development programme to achieve the 13% indicator.</li> <li>• Reduce fossil fuel consumption at stationary and mobile sources.</li> </ul> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



# Sustainability report: Aspect S

## Employee relations

The Company's greatest value is its employees. The Company provides equal opportunities to its employees for professional and personal development and cares about their safety and well-being.

### Management approach



Kazakhtelecom JSC provides its employees with decent remuneration and social support, invests in training and development programmes for employees, strives to improve working conditions.

The Company's training system helps employees of different ages to master new skills. In 2023, the average duration of training of Kazakhtelecom JSC's employees made up: 11.54 hours for men, 11.84 hours for women.

To attract digital talents to

the Company, Kazakhtelecom is building up a multi-stage programme on HR provision, actively working with higher educational institutions, and in the future we plan to nurture its future employees from school.

The Company has various programmes for its employees: Demeu social support programme, medical insurance programme, mortgage lending programme on preferential terms, etc.

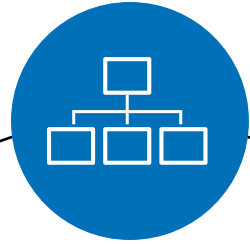
Kazakhtelecom JSC provides equal opportunities in the level

of wages irrespective of position and gender. The level of the Company's average monthly salary does not depend on the employee's position and is determined in accordance with the Company's labour remuneration rules.

The Company continues to implement the Employee Experience Strategy approved in 2021, which sets out the Company's key strategic initiatives in human resource management.



## Employee Experience Strategy



### Organisational development:

Governance model in a new environment:

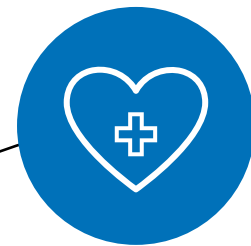
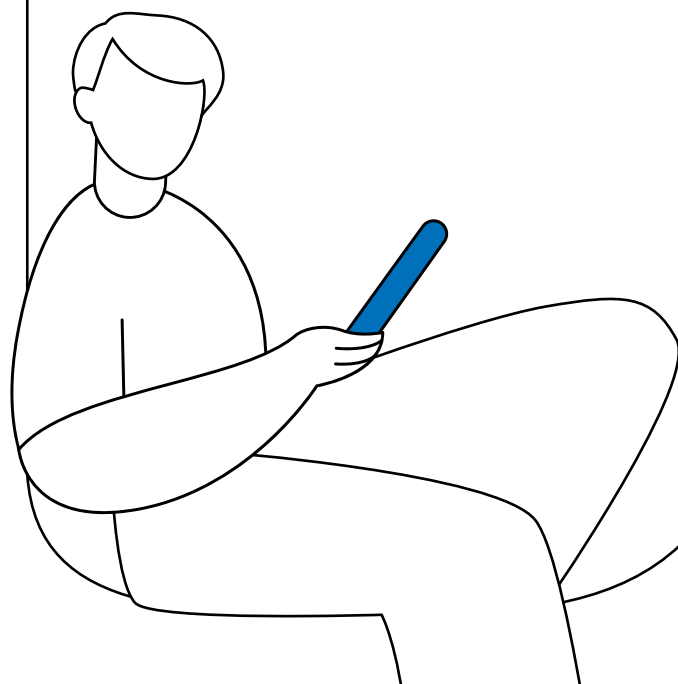
- the BCV project management function (PMU) has been centralised;
- the Customer Service function has been centralised;
- 18 points of the B2C service network were optimised.

Operational Efficiency:

- transition to quarterly bonuses for employees with grades B5 and above (focus/service KPIs);
- a project to identify efficient employees through Big Data analysis "Business Stars" was implemented.

Effectiveness of the labour remuneration system:

- economic model of Labour payment fund's budgeting was introduced;
- additional motivation tools for unique technical specialists, project teams and digital transformation teams (FCF) were introduced.



### Well-being and health

Implementation of a comprehensive Well-Being programme:

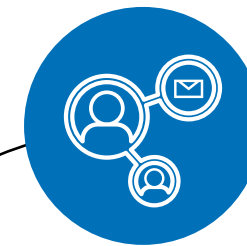
- A comprehensive Well-Being programme has been approved;
- we introduced Health Balance platform (health marathons, psychological counselling, monitoring of health indicators);
- we conducted a study of employees' health status using the "Cardiovisor" apparatus and providing counselling on the results of testing in 5 cities of the Republic of Kazakhstan;
- we conducted 2 webinars on health support;
- we organised compulsory medical examination of employees and vaccinations.

Development of the labour relations system (Industrial Relations):

- we introduced monitoring of social and living conditions through IR screening;
- we systematised work with staff appeals (algorithm/telegram chats);
- we conducted an in-depth study of the social stability and well-being of employees (SRS 67%).

Social Support:

- we supplemented the Demeu programme. Assistance was provided to 1,8 thousand employees in the amount of KZT 294 million;
- we continued to issue targeted interest-free loans;
- we continued the programme of preferential lending;
- we concluded an agreement to the Collective Bargaining Agreement dated 01 June 2023;
- we concluded a VHI contract for 2024.



### Corporate culture

Development of CREDO's corporate values:

- we developed a code of updated corporate values;
- we involved top managers as ambassadors of value promotion;
- we implemented CREDO project in the West (4 regions) 170 leaders – 43 projects (1,100 participants);
- we organised collaboration of graduates and updating of CREDO projects for new business realities;
- we carried out diagnostics of values penetration and competence profile (DEEP) in branches;
- we held a women's leadership forum.

Recognition of Merit:

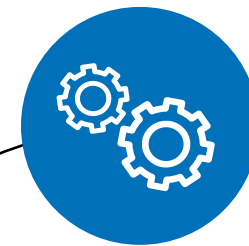
- we launched a non-financial incentive programme;
  - Best in the profession
  - State honours
  - Corporate awards
  - Professional holidays
- we organised visits of the SDOE to 15 regions to award staff members.

Dynasties Programme:

- IT-Summer Camp - a summer IT camp for children of employees;
- HSE for children of employees;
- reimbursement of expenses for the education of employees' children in higher education institutions.

A culture of gratitude:

- we introduced the THANK YOU function on the employee portal with the possibility of accumulating telecoins for purchasing merchandise and other goods.



### EX operating activity

Learning and Development:

- we developed the roles and competences of the 7 core academies of the Corporate University:
  - Service and sales
  - Technical
  - Leadership&JAS
  - Financial
  - HSE&ESG
  - EX
  - Digital
- we launched a programme to form a pool of internal trainers for service in the national language;
- we implemented eMBA projects to develop the talent pool.

Recruitment and Adaptation:

- transformation of the recruitment process:
  - HEI – 26 memoranda
  - SMS – 40 memoranda
  - 1,267 students were invited for internships. 259 students were employed (20%)
- we introduced ktbot – an adaptation and development assistant.

Digitalisation of EX processes:

- we launched the Employee Portal ecosystem. Approximately 9,000 users;
- 28 EX processes on EJM were automated.





## Principles of Kazakhtelecom JSC's HR Policy:

### Social responsibility

While building relationships with employees, the Company complies with the requirements of the legislation of the Republic of Kazakhstan in the field of labour relations to achieve social well-being.

### Transparency of the HR system

The Company applies a transparent procedure for managing the HR function through systematic processes (appointment, career development, training and development, performance evaluation, etc.) to implement strategic goals (Employee Experience Programme).

### Continuity

The Company considers employee training and development as a valuable tool in achieving a qualified level of succession for its employees.

### Customer focus

The HR function strives to improve the customer-centric approach through the Company's employees based on effective mutually beneficial relationships with customers to enhance positive reputational status in the business space.

### Individual responsibility

Employees of the HR function strive to instil high self-discipline and individual responsibility in every employee of the Company to achieve high results.

### Balance of interests and objectives of Kazakhtelecom JSC and employees

The Company respects the interests of its employees and bases itself on their needs and requirements to promote social welfare, and equally expects employees to respect the interests of the Company to achieve its objectives in the course of its business.

### Innovative thinking

The Company considers innovative thinking as one of its competitive advantages, and in this regard, the HR function provides employees with all conditions for the formation of innovative thinking aimed at optimising and automating the products and technologies provided by the Company.

## Human resources management system

Kazakhtelecom JSC manages its HR in accordance with the requirements of the labour legislation of the Republic of Kazakhstan, internal corporate regulations, policies and codes, as well as takes into account the best international practices in this area.

The HR management system of Kazakhtelecom JSC is regulated by the activities of the HR Management and Development Department. The main objectives of the Department are to increase the level of efficiency, personnel development and corporate culture.

Kazakhtelecom JSC strictly complies with the requirements of the labour legislation of the Republic of Kazakhstan and the principles of selection, development, ensuring decent working conditions for all its employees. The Company strives to improve organisational mechanisms and procedures of HR-function.

In 2023, the Company adopted the Kazakhtelecom JSC's HR Management Policy.

Key directions of the Policy are:

- attraction, motivation and creation of favourable conditions for qualified

personnel through the development of human resources taking into account the strategic directions of the Company's development;

- effective development of corporate culture that contributes to the realisation of the Company's strategic goals;
- introduction of modern methods and advanced technologies of HR management, improvement of EX-processes to enhance the efficiency of EX-functions.

The purpose of the Kazakhtelecom JSC's HR Management Policy is to define the principles and conceptual approaches to HR management in interrelation with the Company's JRun business strategy by Strategic Development Areas (hereinafter SDAs):

1. Jaqyn SDA: the foundation of business transformation being a superior customer experience;
2. Birlık SDA: focusing on the internal customer and improving their experience;
3. Alau SDA: harnessing the full potential of data, modernising IT infrastructure, information security, moving to a microservice IT architecture and creating a Multi-cloud environment to realise business objectives;
4. Orken SDA: modernising the network and improving operational efficiency.

A structural subdivision of the HR system, the Employee Experience Management Service, is responsible for managing employee training and development issues. The Company is based its activities

on the following internal documents:

- Knowledge Management Rules of Kazakhtelecom JSC.
- Employee Experience

Strategy of Kazakhtelecom JSC.

- Rules for formation and preparation of the personnel pool of Kazakhtelecom JSC.

## Headcount and staff structures

GRI 2-7

### Dynamics of the headcount, 2020–2023, persons

	2020	2021	2022	2023
Number of personnel as of 31 December of the reporting period	22,400	20,517	19,979	19,022

GRI 405-1

### Breakdown of employees by age group as of 31 December of the reporting period, 2022–2023, persons

Category	Total, persons	2022						Total, persons	2023					
		under 30 years		30-50 years		over 50 years			under 30 years		30-50 years		over 50 years	
		Persons	share, %	Persons	share, %	Persons	share, %		Persons	share, %	Persons	share, %	Persons	share, %
Total number of employees	19,979	3,876	19.4	10,989	55	5,114	25.6	19,022	3,317	17.4	10,659	56	5,046	26.5
in management positions	1,151	33	2.9	766	66.6	352	30.6	1,092	30	2.7	737	67.5	325	29.8
experts	13,149	2,607	19.8	7,606	57.8	2,936	22.3	12,949	2,398	18.5	7,569	58.5	2,982	23
workers	5,679	1,236	21.8	2,617	46.1	1,826	32.2	4,981	889	17.8	2,353	47.2	1,739	34.9

GRI 405-1

### Structure of governing bodies by age as of 31 December of the reporting period, 2022–2023, persons

Category	Total, persons	2022						Total, persons	2023					
		under 30 years		30-50 years		over 50 years			under 30 years		30-50 years		over 50 years	
		Persons	share, %	Persons	share, %	Persons	share, %		Persons	share, %	Persons	share, %	Persons	share, %
Board of Directors	7	0	0	5	71.4	2	28.6	7	0	0	5	71.4	2	28.6
Management Board	4	0	0	4	100	0	0	6	0	0	4	66.7	2	33.3

Compared to 2022, one more woman joined the Management Board of Kazakhtelecom, raising

the share of women in the Management Board to 33.3% at the end of 2023.



## GRI 405-1

### Gender structure of employees as of 31 December of the reporting period, 2022–2023, persons

Category	Total, persons	2022				Total, persons	2023			
		Men		Women			Men		Women	
		Persons	share, %	Persons	share, %		Persons	share, %	Persons	share, %
Total number of employees	19,979	12,589	63.0	7,390	37.0	19,022	12,006	63.1	7,016	36.9
in management positions	1,147	816	71.2	331	28.8	1,092	782	71.6	310	28.4
experts	13,862	7,112	51.3	6,750	48.7	12,949	6,620	51.1	6,329	48.9
workers	4,970	4,662	88.4	380	11.6	4,981	4,604	92.4	377	7.6

## GRI 405-1

### Structure of governing bodies by gender groups as of 31 December of the reporting period, 2022–2023, persons

Category	Total, persons	2022				Total, persons	2023			
		Men		Women			Men		Women	
		Persons	share, %	Persons	share, %		Persons	share, %	Persons	share, %
Board of Directors	7	7	100	0	0	7	7	100	0	0
Management Board	4	3	75	1	25	6	4	66.7	2	33.3

The number of permanent and temporary employees varies significantly by regions where Kazakhtelecom JSC operates.

## GRI 2-7

### Number of permanent and temporary employees of Kazakhtelecom JSC, 2023, by regions

Name of the region	Number of permanent employees, persons	Number of temporary employees, persons
Astana	1,409	230
Pavlodar region	801	85
Almaty region	609	64
Kyzylorda region	541	19
Aktobe region	876	88
Atyrau region	589	47
Mangistau region	411	39
North Kazakhstan region	850	53
Kostanay region	1,005	88
Zhambyl region	663	27
Turkestan region	563	18
Shymkent	677	79
Abay region	601	39
Almaty	3,678	416
Zhetysu region	686	65
Akmola region	1,013	50
Karaganda region	1,033	80
Ulytau region	114	15
West Kazakhstan region	539	48
East Kazakhstan re-gion	754	60

In the reporting period, the number of the Company's employees working under open-ended labour contracts amounted to 17,412 people or 91.5% of the total headcount.



GRI 2-7

Number of permanent and temporary employees as of 31 December of the reporting period, persons, by gender groups

Category	2022			2023		
	Total, persons	Men	Women	Total, persons	Men	Women
Listed number of personnel, including:	19,979	12,589	7,390	19,022	12,006	7,016
permanent	17,896	11,337	6,559	17,412	11,045	6,367
temporary	2,083	1,252	831	1,610	961	649

Note to table: In 2022, the methodology for categorising employees into permanent and temporary differs from the methodology recommended by KPMG representatives when completing the 2023 report. The data for all years are aligned with KPMG recommendations.

GRI 2-7

In 2023, the number of Kazakhtelecom JSC's employees

working on a full-time basis totalled 18,826 persons or 99% of the total number of personnel, with 11,875 male employees and 6,951 female employees.

During the reporting period, the Company employed 196 people, or 1%, including 131 men and 65 women, on a part-time basis.

GRI 2-8

In 2023, 275 employees worked for the Company under civil law

contracts and were engaged by the Company for projects that are temporary in nature.

Recruitment

Kazakhtelecom JSC carries out the recruitment procedure in accordance with the Rules of Selecting Personnel of

Kazakhtelecom JSC. Recruitment for vacant positions and working professions in the Company is carried out by structural

divisions of the General HR Service Centre and Employee Experience Management Service.

Principles of personnel selection:

- recruitment planning based on business needs;
- clear and transparent selection criteria based on the requirements to the position and the Competence Model;
- transparent tender procedures;
- professionalism, personal qualities of the candidate and his/her compliance with the qualification requirements and competencies for the position;
- reasonableness of decisions taken based on the meritocracy principle;
- use of candidates evaluation methods that are relevant for each position, making it possible to make objective decisions when hiring personnel;
- non-discrimination, professional, open and respectful attitude towards all candidates;
- compliance with laws of the Republic of Kazakhstan;
- rational use of resources for attracting and recruiting personnel.

The Company has adopted an Equal Opportunity, Inclusion and Diversity Policy, one of the key principles of which is to strive to build diverse teams and promote diversity initiatives, including prioritising local hiring as well as targeted recruitment.

If necessary, the Company selects external candidates. The Company uses the following tools to search for potential new employees:

- electronic database of candidates formed on the Unified Online Recruitment Platform Samruk Qyzmet (<https://qsamruk.kz/>);
- electronic CV database generated by the Company;
- specialised sites with CV databases (Qyzmet.kz, Kz.jooble.org and others);
- social networks (Facebook, LinkedIn and others);
- electronic database of graduates of young specialists development/ talent management programmes implemented by the Company/Samruk-Kazyna JSC.

Personnel selection is carried out on a competitive basis. In-house candidates, including those in the personnel reserve, have priority when filling a vacant position. Applicants for search and selection of qualified specialists can be:

- candidates participating in the competition for a vacant position;
- graduates of universities, senior students.
- the Company's employees, including reservists in the personnel reserve of Kazakhtelecom JSC;
- employees of Kazakhtelecom JSC's Group of companies;
- employees of Samruk-Kazyna JSC Group;

In 2023, the Company recruited 1,809 new employees. Among them, 81 were candidates selected from the Company's Personnel Reserve. Most of the newly hired employees are less than 30 years old.

## GRI 401-1

## Number of newly hired employees, persons

Indicator	2021	2022	2023
Total for the Company:	1,890	2,175	1,809
By gender group:			
Women	691	715	605
Men	1,199	1,460	1,204
By age group:			
Less than 30 years	1,164	1,216	928
30-50 years	642	813	718
More than 50 years	84	146	163

## GRI 401-1

## Ratio of newly hired employees, 2021-2023, %

Indicator	2021	2022	2023
Total for the Company:	0.09	0.11	0.10
By gender group:			
Women	0.09	0.1	0.09
Men	0.09	0.12	0.10
By age group:			
Less than 30 years	0.23	0.28	0.28
30-50 years	0.06	0.08	0.07
More than 50 years	0.02	0.03	0.03

## GRI 401-1

## Number of newly hired workers by region, persons

Name of the region	Number, persons	Number, persons
	2022	2023
Astana	236	268
Pavlodar region	110	91
Almaty region	86	73
Kyzylorda region	27	14
Aktobe region	77	77
Atyrau region	78	56
Mangistau region	57	46
North Kazakhstan region	101	63
Kostanay region	109	113
Zhambyl region	64	23
Turkestan region	28	14
Shymkent	105	86
Abay region	39	42
Almaty	578	495
Zhetysu region	77	68
Akmola region	104	56
Karaganda region	123	86
Ulytau region	35	24
West Kazakhstan region	66	55
East Kazakhstan region	75	59

## Attracting young professionals

Kazakhtelecom JSC has a Knowledge Centre, which provides a single integrated platform of access to corporate information, corporate applications and other sources

of information that help in adaptation and development of employees.

The Company continues to co-operate with universities,

provides internship opportunities for students, and employs young specialists.

One of the key internship programmes for students is the PROTelecom programme, which has been implemented in the Company for over seven years. As part of the PROTelecom programme, memorandums on attracting interns have been concluded with 25 higher and 40 secondary professional educational institutions in Kazakhstan.

In 2023, 1,260 students completed internships with the Company under the PROTelecom programme. The Company employed 261 of them.

In addition, Kazakhtelecom JSC continues the Telecom Data Factory internship programme, which gives 3-4 year and Master's degree students, as well as recent graduates of higher education institutions the opportunity to take a 10-week intensive online internship session in the Company. This session involves students solving applied practical tasks related to the Company's activities with mentors from among the Company's specialists.

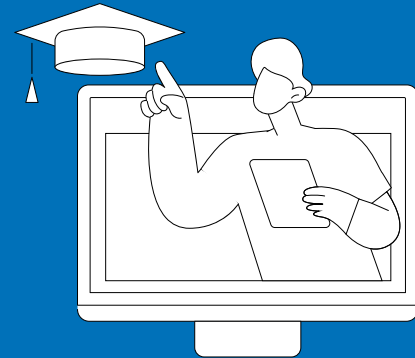
As part of the Telecom Data Factory in 2023:

**25** interns

gained experience working with Big Data.

**4** trainees

got an opportunity to become a part of Kazakhtelecom JSC's team.



## Talent pool

The Company continues to implement the Talent Management project aimed at building and training the talent pool as the main internal source of filling key positions in the Company.

This project helps the Company identify and retain talented employees with high professional potential. As part of this project, the Company runs the Leadership School, a programme where reservists receive training to develop management and leadership competencies.



**489**

persons

total number of reservists for key positions in the Company (as of the end of 2023)

**81**

vacancies

filled by employees from the talent pool in 2023

## Principles of forming the talent pool:



### Objectivity

Candidates for the talent pool are identified on the basis of objective evaluation criteria.

Procedures for selection and formation of the talent pool are carried out openly and publicly.

### Transparency



### Voluntariness

Inclusion of a candidate in the talent pool shall be at the employee's request.

Any eligible employee may participate in the selection of candidates for inclusion in the talent pool.

### Equal opportunities



### Meritocracy

The process of filling key management positions with the most capable and talented employees.



## Employee turnover

### GRI 401-1

Kazakhtelecom JSC implements programmes for motivation

and retention of personnel, which contribute to reduction of personnel turnover and stimulation of development of the Company's employees.

In 2023, the total number of employees with whom employment relations were terminated was 1,267 persons.

### GRI 401-1

### Total number of employees whose employment ended in 2020-2023, by category, persons

Indicator	2020	2021	2022	2023
Kazakhtelecom JSC:	1,882	2,341	1,444	1,267
By gender group:				
Women	530	690	417	345
Men	1,352	1,651	1,027	922
By age group:				
Less than 30 years	899	1,144	579	482
30-50 years	843	1,045	747	666
More than 50 years	140	152	118	119

Note: staff turnover rate – 0.07% total, women – 0.05%, men – 0.08% (share of the Company's average headcount).

## Personnel assessment

The performance management system in Kazakhtelecom JSC consists in setting clear, measurable goals and objectives for a corresponding period in the form of key performance indicators (KPI), on the fulfillment of which the remuneration depends. The

Company has also introduced the system of individual development plan (IDP), thanks to which each employee gets an opportunity to focus on the development of his/her knowledge and skills, improve personal efficiency and effectiveness.

In the reporting period, regular performance assessment covered 1,628 employees of the Company (8.56% of the Company's total headcount).

### GRI 404-3

### Number of employees covered by regular performance and career development assessment, persons

Indicator	2021	2022	2023
Kazakhtelecom JSC:	681	530	1,628
By gender group:			
Women	204	173	716
Men	467	357	912
By employee category:			
Managers	330	234	638
Experts	351	296	990
Workers	0	0	0





## Remuneration

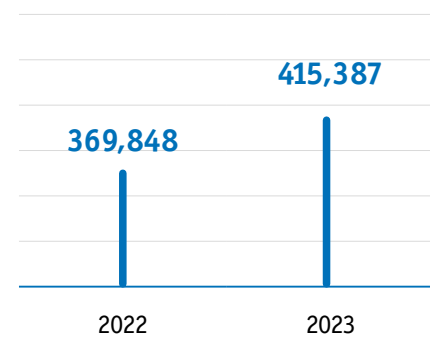


Kazakhtelecom JSC provides its employees with fair and competitive remuneration of labour.

KZT **104.2** billion  
Kazakhtelecom JSC's expenditure on labour remuneration in 2023

Graph. Dynamics of average monthly salary in the Company, 2022–2023, KZT

Average monthly salary of the Company's employees, KZT



The motivation system in Kazakhtelecom JSC ensures a clear relationship between remuneration of employees and their performance results, including the introduced system of personnel performance evaluation.

The structural subdivision regulating the approach to remuneration of Kazakhtelecom JSC's employees is the Remuneration and Organisational Efficiency Service. The key task of this division is to create a cost-effective system of remuneration necessary to attract, retain and motivate employees.

Kazakhtelecom JSC has a grading system based on Hay Group methodology. Approaches to remuneration of labour, additional payments, allowances, current and one-time bonuses, differentiation of grade/category of position with application of inter-discharge coefficient are unified.

In the reporting period,

the Company developed and updated the following approaches to material remuneration of employees:

- Regulations on additional remuneration of Kazakhtelecom JSC's employees for overfulfilment of the planned EBITDA indicator.
- Rules on current and quarterly bonus payment to employees of Kazakhtelecom JSC's branches.
- Map of total KPIs of the branch or individual major structural subdivisions of the branch to calculate current bonuses.
- Map of total KPIs of the branch or individual major

structural subdivisions of the branch to calculate quarterly bonuses.

- Rules for remuneration of data positions labour and motivation of the digital transformation team experts of Kazakhtelecom JSC.

GRI 405-2

We analysed the gender gap in remuneration of the Company's employees in 2023. The results of the analysis showed that in 2023, the average income of women in the Company was 11% lower than that of men. In 2022, the average salary of women in relation to the average salary of men was 107.5%.

GRI 405-2

Ratio of men's and women's salaries by employee category as of 31 December 2023

Indicator	In management positions	Specialists	Workers
Wages and salaries, '000 KZT:			
Men	514	246	163
Women	562	234	134
Ratio, % (ratio of basic salary of women and men by category of Kazakhtelecom JSC's employees)			
	109	95	82

The Company ensures that it does not discriminate on any grounds and ensures that employees are rewarded fairly and equitably.



GRI 202-1

In 2023, the minimum wage of male and female employees of Kazakhtelecom JSC is KZT 101,000. Taking into account the minimum wage in the country at the level of KZT 70,000, the ratio of the minimum wage of the Company's employees to the minimum wage in the country in 2023 is higher by 44%.





GRI 405-2

Ratio of remuneration of men to women by employee category as of 31 December 2023

Indicator	In management positions	Specialists	Workers
Remuneration (base salary + bonuses), '000 KZT:			
Men	9,024	4,035	2,767
Women	9,068	3,293	1,680
Ratio, % (ratio of basic salary of women and men by category of Kazakhtelecom JSC's employees)	100	82	61

Social stability

In the reporting period, the Company continued to ensure social stability. The heads of HR-functions of Kazakhtelecom JSC's divisions and branches held meetings with employees, where the issues of social and labour relations, wage fund, and social support were discussed.

The Company has established an effective channel of communication between employees and top management in the online conferences format, that includes the following procedures:

- initial collection of a pool of questions;
- moderation of the pool of questions by

the Kazakhtelecom's Communications Department;

- live chat with the Chairman of the Management Board.

The Samruk-Kazyna Group of Companies performs annual monitoring of the social situation at production facilities. To timely identify hidden social tension and manage this process, Kazakhtelecom JSC and PI Centre for Social Interaction and Communications are conducting sociological research of Samruk Research Services (SRS). Based on the results of the survey, in accordance with the recommendations of sociologists, the Action Plan for

working on the concern zones is approved on an annual basis.

In 2023, the Centre for Social Interaction and Communications conducted a study of the SRS index, according to the results of which the total value was 67%, with the threshold value of the Kazakhtelecom JSC's KPI being 65%.

The aggregate SRS is integrated from three indices

- Engagement Index – high level.
- Social Wellbeing Index – stable level.
- Social Security Index – high level.

The Engagement Index measures the level of satisfaction with the logistical infrastructure required to perform the job well and comfortably, workload, remuneration and social package, loyalty, communication, development and career opportunities, and recognition from management.

The Social Wellbeing Index captures self-assessment of well-being in static and dynamic terms, as well as

assessment of social, financial well-being, one's health and environmental quality.

The Social Security Index reflects the level of social tension in the collective, employees' assessment of their own rights protection degree, the level of conflict in the collective and protests, including attitudes to participation therein, as well as the level of loyalty to the participants of protests.

As a result of the analysis of the SRS results for 2023, the Company carried out work to ensure a positive social environment, comfortable and safe working conditions, as well as to maintain healthy and constructive relations in the teams. Based on the results of the SRS, to improve employee satisfaction with the level of conditions in Kazakhtelecom JSC, the Company has approved an Action Plan to work on the areas of concern for 2024.





## Social support for employees

Kazakhtelecom JSC has a system of social support for employees ensuring comfortable and safe working conditions.

The Kazakhtelecom JSC Collective Bargaining Agreement covers 86% of the Company's employees.

GRI 2-30, GRI 401-2

The Company, in accordance with the Collective Bargaining Agreement, regardless of the employment nature (permanent or temporary), continued to provide the following types of social support in 2023:

- life insurance;
- health care;
- parental leave;
- retirement provision.

Our 2021 Annual Report contains basic social benefits included in the Company's Collective Bargaining Agreement.

GRI 402-1

The minimum notification period of employees in case of labour contracts termination

due to staff reduction in accordance with the Labour Code of the Republic of Kazakhstan is 4 weeks (30 calendar days). In accordance with the Collective Bargaining Agreement approved in Kazakhtelecom JSC, this period has been increased compared to the minimum requirements of the legislation and makes up to 45 calendar days.

### In June 2023, an additional agreement was signed between the Company's management and the Industry Trade Union, which expanded social guarantees in such areas as:

- additional paid annual labour leaves for employees engaged in heavy work, work in harmful and/or hazardous working conditions; for employees with disabilities of the first and second groups;
- material assistance to employees during marriage registration;
- payments to the Company's employees who are on unpaid leave to care for a child up to the age of three (mothers (fathers), women (men) who have adopted a child);
- additional payments to employees on childcare leave and other payments.

In addition to the basic social benefits for employees, the Company developed in 2023 and since 2024 has been operating

the "Benefits Cafeteria" system, which implies that an employee can independently determine the structure and content of

his/her social package within the allocated limits of funds and the list of benefits.

The Benefits Cafeteria concept applies to the Company's employees in the following positions:

- Managing Directors of the Central Office (except for the Managing Director for External Asset Management), Chief Treasurer, Human Resources Director, Director for Customer Experience Management, Branch Line

Directors directly reporting to the Branch General Managers;

- heads of structural subdivisions of the Central Office.

"Benefits Cafeteria" includes categories such as:

- expansion of the voluntary health insurance

programme;

- payment of educational courses/programmes cost for employees and/or children of employees;
- payment of the cost of health resort holidays/treatment (except for VHI), etc.

One of the Company's key social programmes for employees is the DEMEU programme, under which the Company provides assistance to families with many children, families with disabled children, and families that have adopted more than 2 children. In 2023, the DEMEU programme was updated and now also applies to employees in the "single-parent family" category, as well as employees caring for close relatives.

Under the DEMEU programme, the Company's employees receive payments to reimburse expenses related to rehabilitation of disabled children, special educational programmes for disabled children; attendance at special correctional organisations for disabled children; purchase of vouchers to children's health camps and sanatoriums (for disabled children), as well as financial assistance for the purchase of medicines, meals for school students, etc.

In 2023

1,800

employees of the Company

received payments under the Demeu programme totalling

KZT

294

million

One of the directions of the Employee Experience Strategy is to ensure well-being and health of Kazakhtelecom JSC's employees. In 2023, the Company approved the Well-Being Programme aimed at monitoring morbidity and prevention of diseases among employees, promotion of healthy lifestyle.

In 2023, we assessed risk factors for employee health and well-being as well as implemented disease prevention measures:

- HEA marathons;
- lectures and webinars on preventing life-threatening diseases;
- prophylactic vaccination of employees against seasonal diseases;
- personal psychological counselling for employees on the Health Balance platform and other activities.

Parental leave

GRI 401-3

Distribution of employees on parental leave, persons

Indicator	2020	2021	2022	2023
Total number of employees that were entitled to parental leave, by gender:	22,400	20,517	19,979	19,022
Women	8,198	7,618	7,390	7,016
Men	14,202	12,899	12,589	12,006
Total number of employees that took parental leave, by gender:	1,286	1,352	1,345	1,008
Women	1,268	1,331	1,314	992
Men	18	21	31	16
Total number of employees that returned to work in the reporting period after parental leave ended, by gender:	437	435	379	368
Women	420	426	369	353
Men	17	9	10	15
Total number of employees due to return to work after taking parental leave, by gender:	137	111	145	174
Women	133	109	139	168
Men	4	2	6	6
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.	245	257	221	226
Women	244	252	219	214
Men	1	5	2	12

The number of employees on parental leave at the end of the reporting period was 1,008, with women accounting for 98%.

Training and development of employees



GRI 404-1, GRI 3-3

Kazakhtelecom has created a system that promotes the professional and personal development of employees,

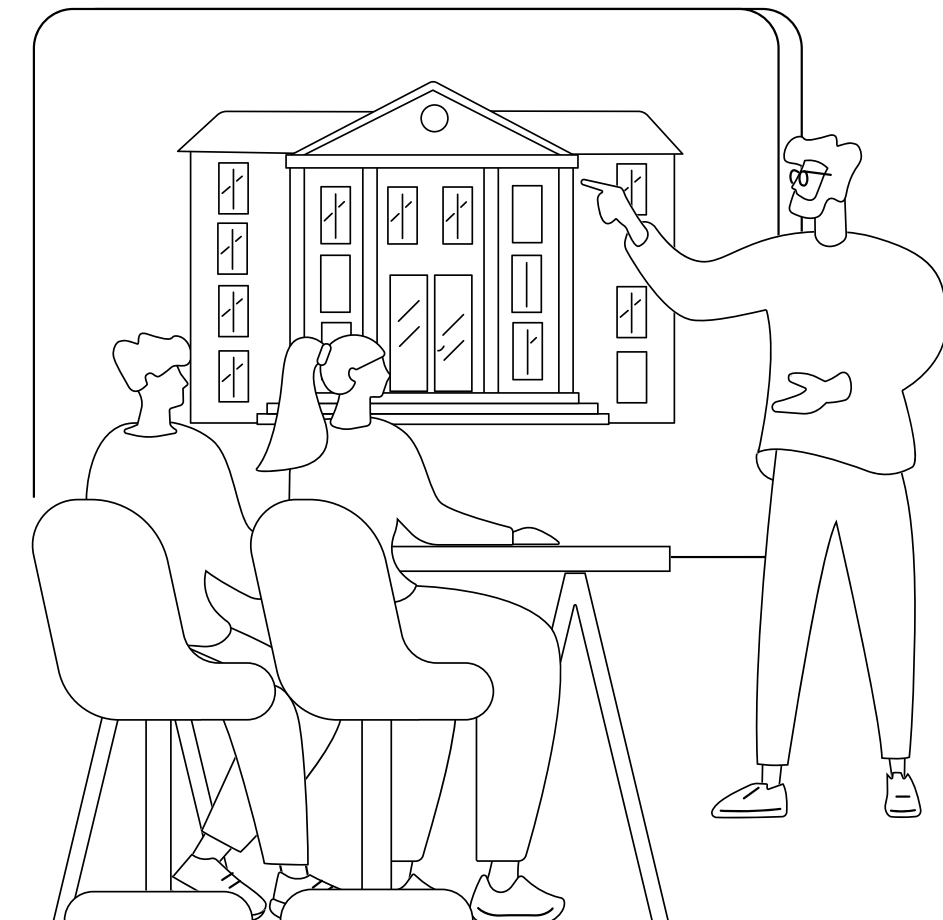
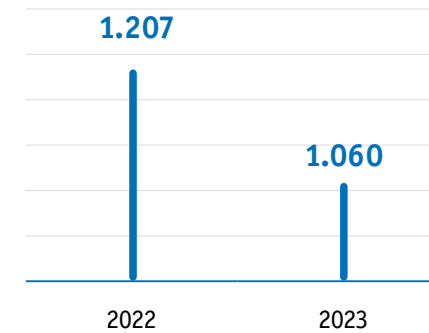
including training, self-development and career opportunities.

In 2023, more than 10,851 employees of the Company were trained, including distance

learning courses in the following areas: Leadership academy, EX academy, HSE&ESG academy, Service and Sales academy, Technical academy, IT academy, Qazaq&English academy, Financial academy.

Kazakhtelecom JSC's investments in training, 2022-2023, million KZT

Investments in employee training, million KZT



GRI 404-1

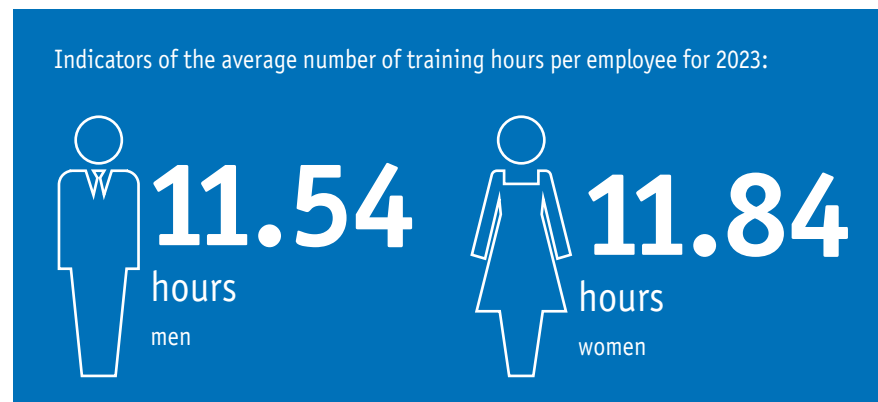
Number of hours of employee training as of 31 December 2023, persons

Number of training hours in 2023 (hours)										
Women					Men					Total
AP		PP			AP		PP			
manager	expert	worker	manager	expert	manager	expert	worker	magager	expert	
2,611	6,146	2,387	3,759	68,148	1,218	2,867	35,420	13,689	85,328	221,573

Number of employees as of 31.12.2023 (persons)										
Women					Men					Total
AP		PP			AP		PP			
manager	expert	worker	manager	expert	manager	expert	worker	magager	expert	
116	776	377	194	5,553	116	185	4,604	666	6,435	19,022

Average training performance by category (hours)										
Women					Men					Total
AP		PP			AP		PP			
manager	expert	worker	manager	expert	manager	expert	worker	magager	expert	
22	8	6	18	12	10	14	7	20	12	Average hours per employee

In accordance with the Employee Experience Strategy, the Company approved the number of training hours per employee. The actual average number of training hours per employee per year in 2023 was 11.54 hours for men, and 11.84 hours for women.



Corporate University

GRI 404-2

In 2023, the Corporate University on the basis of

Astana IT University continued its work providing conditions for the university students to undergo industrial practice and

internships in Kazakhtelecom JSC, recruiting IT specialists from among talented graduates.

In co-operation with the Corporate University, Kazakhtelecom participates in training qualified specialists in telecommunications.

The Corporate University allows training personnel in accordance with the specific demands of the Company and adjusting its training programme immediately after appearing new trends on the market.





## Key educational programmes of the Corporate University

### Leadership and Management Academy – training and development of managers (self & people management)

**1,537** trainees in 2023

Including:

#### Start MBA

**113** participants (3 modules) for reservists and high potential workers.

Trainings on topics such as change management, negotiation skills, presentation skills, corporate finance, management accounting, strategic management, marketing management, marketing fundamentals, executive coaching and professional communications in the national language.

#### Digital MBA, Digital Mini MBA (ended in 2023)

**80** people

have been trained (from December 2022 to June 2023)

Training topics: understanding the Company's IT architecture; Big Data analytics; Company transformation in the digital economy, digital project management; information-analytical and cognitive technologies and services in digital business; digital business security; principles of forming an effective product team; business models for digital products; finding solutions in complex product situations; digital product analytics; use of software tools for digital products; digital marketing and brand management; leadership in modern business; technology and ethics of negotiations.

#### Next MBA (Caspian University) alternative and/or pre-preparation for an MBA programme

**70** people

out of 149 reservists (experts, line managers) underwent modular training under Start MBA corporate programmes.

### HSE Academy – introduction and development of safe work culture

#### Occupational Health and Safety (H&S) courses

**1,759** employees of the Company

completed distance courses on H&S on the Learning Telecom platform.

A total of

**11,888** employees

completed H&S courses (offline) in 2023.

During 2023, training events were held:

- Injury Prevention & Response - **2,279** workers in mass occupations.
- Safe Driving - **1,522** drivers (including regular drivers and drivers working for the Company on a part-time basis).
- Safe Work Environment - **796** middle managers.

#### Occupational safety culture courses

**5,768** listeners

### Sales and Service Academy – sales and service skills, new products

#### Training on High Service Culture:

**500** employees trained in the Kazakh language

**1,626** employees trained in Russian

**12** coaches  
Creating a pool of internal coaches

A series of training events for front office employees working in online channels was completed, 46 people were trained at 3 sites: Astana, Almaty, Shymkent.

**62** customer grievance employees in Astana and Almaty trained in 2023.

**84** front office employees of the commercial block trained in 2023

#### Employee development programme for the Service

**Department to** change the onboarding processes for new employees, support managers and develop high potential employees.

Service Leadership training to support line managers of the teams in front offices.

Training Service for Internal Customers (conducted for employees of the Service Factory, DTC)

A training for the heads of CRC (Customer Relations Centre), CSC (Online Service Centre) and CPLTCC (Customer Support First Line Centre) on the Role of a Leader in the Service Management System was held. The purpose of the training was to objectively assess the level of customer service, identify and set directions for staff training and development, create a unified corporate style of customer service, and hold effective meetings for employees (33 employees participated).



### Technical Academy – GPON, CISCO, data transmission, universal installer, technical mentor support

**1,369**

engineers and technicians trained in 2023

**11,913**

people  
total number of employees trained at the Company's training grounds in 2023.

Work programmes and training courses have been developed:

- Work in CRM 2.0 system - 121 people.
- Customer Technical Support System (CTSS) - 456 people.
- Workforce Management (WFM) for installers - 45 people.
- Overview course on the Company's networks and services - 6 people.
- Training on eTOM card (Open Digital Framework Overview, eTOM, SID) - 20 people.

Training events were also held on such topics as customer support system; basics of business analytics; NRI Cramer database user course and others.

In addition, unscheduled training of 453 installers on training grounds on Connection of subscribers to the subscriber access network via copper, optical and wireless technologies was conducted for DRS.

Regular professional development is provided to the group of technical mentors located in the regions.

### Qazaq&English Academy language training for employees

**161**

employees of the Company  
trained in the Kazakh language in 2023

### Jas Academy

(youth programmes, schoolchildren, students) – programmes to attract schoolchildren and students to the Company, the struggle for digital talent

### IT Summer Camp

**209**

participants in IT Summer Camp  
(students of Astana IT University)

The educational programme included: robotics, NoCode website development, blogging, improving soft skills.

**100**

participants  
HSE trainings (piloting)

**20**

participants  
Intellectual endurance (piloting)

**14**

participants  
University admissions webinar (piloting)

### Development of EX Expert categories: EX Operations, EX Generalist, EX Analyst, EX Business Partner, EX Director

### EX Generalist Training Programme (completed in 2023)

**40**

people were trained

A total of

**129**

trainees

were covered in 2023 (taking into account the sessions on Effective interview, Material and non-material motivation of personnel» for EX generalists).

### Financial Academy – training of employees in financial literacy

Together with specialists of the Yesil district State Revenue Department of the Astana State Revenue Department we recorded training videos in Russian and Kazakh languages on filling in tax reporting forms 250 and 270.

Training was organised for employees to fill in tax reporting forms (Form 250) for declaring assets and liabilities in the format of a distance learning course in Russian and Kazakh languages.

**1,670**

employees  
trained to fill in tax reporting forms Form 250.00 (Declaration of Assets and Liabilities).

**65**

employees  
were trained to fill in tax reporting forms 250.00 in Kazakh language.

To improve the qualifications of the Company's employees we held the sessions on:

- Finance for Non-Financiers
- Budgeting
- Analysing the financial and economic condition of an enterprise
- Financial evaluation of business projects

### Plans for 2024 and the medium term

- 1) Continuation of implementation of the Employee Experience Strategy.
- 2) Continuation of implementation of the Well-Being programme.
- 3) Implementation of the social support programme for employees of Kazakhtelecom JSC "Demeu".
- 4) Training of health ambassadors of the Healthy Lifestyle marathon.
- 5) Continuation of implementation of programmes to support women in the regions.
- 6) Continuation of implementation of PROTelecom, Telecom Data Factory internship programmes.
- 7) Development of the Corporate University of Kazakhtelecom JSC.
- 8) Implementation of the Benefits Cafeteria system.
- 9) Continuation of the programme of interest-free loans, taking into account the social status of the employee, with priority loans to production personnel, low-income and large families.



# Respect for human rights and equal opportunities

## Management approach



GRI 2-23, 3-3, GRI 406-1

Kazakhtelecom JSC ensures observance of human rights and equal opportunities for

all employees and eliminates conditions for gender inequality and any types of discrimination.

The Company informs employees, contractors and

other stakeholders about the Company's policies and principles of fair business processes.

Respect for human rights and equal opportunities are the fundamental principles of Kazakhtelecom JSC's activity.

The Policies can be found on the Company's website [telecom.kz](http://telecom.kz) in the section Sustainable Development, subsection Respect for Human Rights and Equal Opportunities.

In 2023, the Company adopted several key documents on human rights and equal opportunities:

- Human Rights Policy.
- Equal Opportunities, Inclusion and Diversity Policy.



## Protecting and respecting human rights

### Kazakhtelecom JSC's Human Rights Policy

The Policy sets out the principles that guide the Company to respect human rights at all stages of its operations.

Basic Principles of the Human Rights Policy:

- The Company complies with the laws of the Republic of Kazakhstan, as well as international human rights norms and regulations, including the Universal Declaration of Human Rights adopted by the UN General Assembly, the UN Global Compact and the ILO Declaration on Fundamental Principles and Rights at Work.
- The Company adheres to the belief that everyone is free and equal in dignity and rights, regardless of sex, race, colour, nationality, language, origin, age, place of residence, attitude to religion, beliefs, membership or non-membership in public associations or any social groups; property, family,



social and official status; other circumstances not related to the employee's business qualities.

- The Company does not tolerate any form of discrimination and infringement of human dignity, physical and psychological violence in the workplace.
- The Company opposes forced labour, child labour, and human trafficking.
- The Company guarantees the protection of human dignity and privacy.
- The Company has a zero-tolerance approach to corruption.
- The Company endeavours to develop a human rights risk management procedure in accordance with the best international practices.
- The Company is committed to identifying and preventing any adverse human rights impacts in the course of its operations.

The Company's Human Rights Policy is distributed among Kazakhtelecom JSC's employees, shareholders, customers and other stakeholders.

## Equal opportunities

### Kazakhtelecom JSC’s Policy on Equal Opportunities, Inclusion and Diversity

In 2023, the Company adopted the Policy on Equal Opportunities, Inclusion and Diversity (the Policy) to promote equal opportunities, inclusion and diversity practices, to take into account unique personal characteristics and to prevent discrimination against employees at all levels. The Policy complies with the best international norms and standards and also takes into account the requirements of the legislation of the Republic of Kazakhstan.

The Policy is distributed among Kazakhtelecom JSC’s employees, shareholders, customers and other stakeholders.

Key Principles of the Policy:

- Complying with the legislation of the Republic of Kazakhstan, as well as taking into account the principles set out in the Convention concerning Equal Remuneration for Men and Women Workers for Work of Equal Value (Convention 100) and the Discrimination (Employment and Occupation) Convention, 1958 (Convention 111).
- Ensuring equal opportunities, inclusion and diversity for employees.
- Providing of social guarantees to employees in accordance with the requirements of the legislation of the Republic of Kazakhstan.
- Forming the corporate culture based on mutual respect of employees, absence of social prejudices and cultural barriers.
- Providing a dignified, safe and comfortable work environment in which each employee feels respected, accepted and heard, and has the necessary authority and rights to perform job duties.
- Encouraging transparency in labour relations, helps all employees to develop and build their careers by providing support and creating conditions for professional growth.
- Seeking to build diverse teams and promoting diversity initiatives, including prioritising recruitment from the local community as well as targeted recruitment.

The Company ensures equal opportunity for its employees in the selection, recruitment, hiring, evaluation, promotion, development, training, and compensation processes.

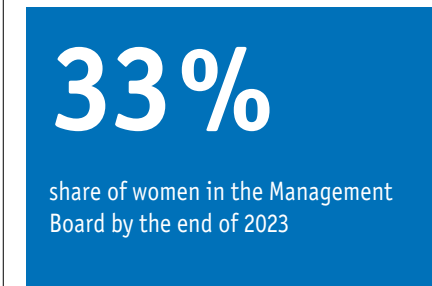
The Company has a collective bargaining agreement, which is based on the principles of social partnership and promotes interaction between employees and the Company. It aims at improving the efficiency of work and protecting the social and

labour interests of employees. The collective agreement defines the common positions of the parties on the regulation of social and labour relations, terms of remuneration, employment, as well as social guarantees and benefits. The Company participates in negotiations with employees to conclude, amend and supplement the collective agreement, observes the terms of the negotiations and ensures the work of the relevant

joint commissions, provides information necessary for the negotiations. The Company strictly fulfils the terms of the collective agreement. According to labour legislation, any employee has the right to participate, through their representatives, in collective bargaining and drafting of the collective agreement, as well as familiarisation with the signed collective agreement.

## Promoting gender equality and equal opportunities

In 2023, the implementation of the Gender Equality programme aimed at increasing the share of women in the Company’s management. It should be reminded that in 2022, the controlling shareholder of Kazakhtelecom JSC - Samruk-Kazyna Fund - set a task to increase the average share of women in the Management Boards, Boards of Directors and Supervisory Boards of the entire Group of companies to 20% by December 2023 and 30% by 2030. The programme is being implemented in cooperation with the Alliance of Women’s Forces of Kazakhstan.



In September-October 2023, the Company implemented the Women’s Forum project to promote gender equality and equal opportunities. More than a thousand female employees of the Company took part in the project. The project consisted of several blocks:

1) As part of the online educational block, the Forum participants were addressed by

speakers (from the Company’s management and invited coaches) on the following topics:

- women’s personal boundaries in working relationships;
- mindfulness practices of the leader;
- gender specificity in working relationships;
- balance of personal and business in time management.

2) Successful women of the Company made TED talks, where their success stories were shared by: Lyudmila Atamuratova (Member of the Management Board of Kazakhtelecom JSC, Chief Financial Director of the Company), Nurgul Buleshova (Chief Treasurer), Orazmukhamedkyzy Marzhan (Director of the Quality Directorate of the UDF), Akmaral Kadyrbaeva (Director General of the Corporate University), Yulia Mikhailova (HR Director), Inkar Khusainova (Director of the Department on Project Office of Transformation).

3) An online survey was conducted to identify the following issues most relevant to female employees of the Company:

- material well-being;
- safety;
- qualification;
- welfare package;
- balance;
- mentoring;
- hobbies and interests.

Kazakhtelecom JSC provides equal opportunities in the level of wages irrespective of position and gender. The level of the Company’s average monthly salary does not depend on the employee’s position and is determined in accordance with the organisation’s remuneration rules. For more details on the Company’s approach to employee remuneration and key results of 2023, please see the section Employee Engagement.

The Company ensures non-discrimination on any grounds and a fair and equitable approach to remuneration. Kazakhtelecom JSC recorded no facts of discrimination in the reporting period.



# Occupational health and safety

The highest value for the Company is life and health of its employees. In its activities, the Company adheres to a responsible approach to occupational safety.

## Management approach

### GRI 3-3

Creation of favorable working conditions, as well as minimisation of risks associated with production activities and risks of emergency situations are the priorities of Kazakhtelecom JSC's Development Strategy.

The Company strives to create safe and comfortable working conditions for its employees and develops a culture of personal responsibility for health and safety at work.

The Company intends to comply with the world's best practices, as well as strictly follow the national and international requirements and continuously improve its Health and Safety Management System (HSE).

### Kazakhtelecom's OHS (occupational health and safety) priorities are:

- relevant compliance with and application of the Labour Code of the Republic of Kazakhstan;
- provision of safe working conditions and workplaces;
- use of modern technologies and best practices in occupational health and safety;
- introduction of modern means and methods of preventing occupational injuries and occupational diseases.

The Company implements the concept of "zero injuries" (Vision Zero), which is an initiative of the Samruk-Kazyna Fund.

The main internal documents regulating the issues of occupational health, safety and environment, industrial safety, within which Kazakhtelecom JSC's health and safety management system operates, are:

- Occupational Health and Safety Policy;
- Collection of instructions on safety and labour protection by types of work;
- Collection of instructions on safety and labour protection by professions of the Centre for maintenance of local networks of branches of Kazakhtelecom JSC;
- Technical requirements and specifications for special clothing and personal protective equipment;
- Health and Safety Card Programme;
- Regulations on encouragement of employees in the field of occupational safety and health;
- Procedure for drawing up reports and collecting data on accidents and potentially dangerous situations related to the work activities of employees to be investigated by Kazakhtelecom JSC;
- Kazakhtelecom JSC's policy on driving;
- Travel and Driving Standard;
- Approved forms of statistical

reporting on OHS;

- Rules for periodic mandatory medical examinations;
- Rules to produce work in conditions of increased danger according to work permits;
- Standard Fire safety rules at Kazakhtelecom JSC;

- Documented procedure on Emergency Preparedness and Response.

The documents are available on the Company's website in the Sustainable Development section, subsection "Health and Safety at Work".

Kazakhtelecom JSC developed the Occupational Health and Safety Policy that applies to all employees and contractors of the Company.



## Structure and tools of management

The Company has the Occupational Safety and Health Service (OSHS), which is a special functional unit of the Central Administration of Kazakhtelecom JSC.

The Service is responsible for day-to-day management and coordination of all organisational work on labour protection in the Company. More details on the functions of the OSHS can be found in the

Company's [Integrated Annual Report 2022](#).

Heads of structural subdivisions of the Company's Head Office and its branches, as well as specially appointed occupational health and fire safety officers, are responsible for the implementation of emergency and accident management procedures.

Responsibility for the implementation of the emergency management procedure is vested in the heads of structural subdivisions of the Company's Central Administration Office and affiliated branches, as well as responsible employees for occupational health and fire safety

## Involvement of employees in the management of occupational safety issues

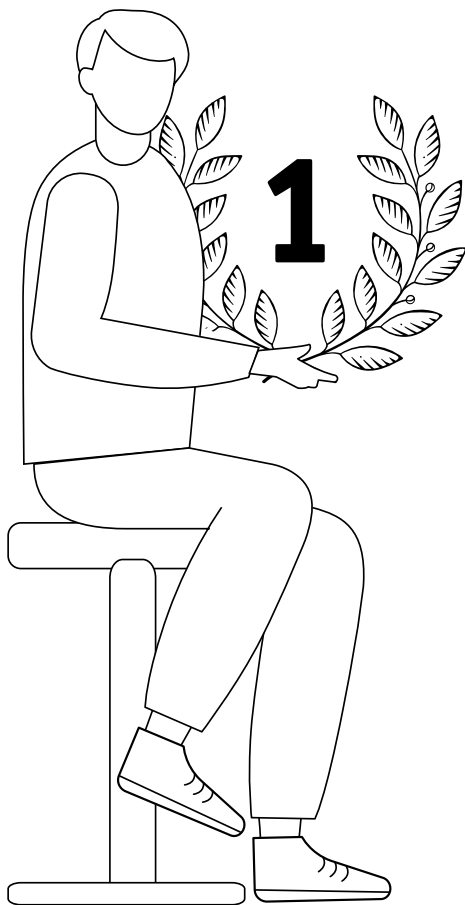
GRI 403-4

At Kazakhtelecom JSC, we understand that employees play an important role in managing occupational safety issues. For this reason, we ensure active involvement of employees in the development, implementation, and evaluation of the occupational safety

management system. All branches and Central Office of the Company have established industrial safety and labour protection councils. The production councils work on an ongoing basis to organise joint efforts by the Company and employees to ensure compliance with occupational safety requirements, prevent occupational injuries and

diseases, and also organise inspections of working conditions and occupational safety at workplaces. In addition, in case of crisis situations, the Company forms a task force for investigation and elimination of crisis situations with the participation of the Occupational Safety and Health Service together with the Civil Defense Headquarters.

As part of the HSE Concept , the Company annually takes measures to reduce accidents, achieve zero injuries and train managers at all levels.



**KAZAKHTELECOM**

Kazakhtelecom JSC won the first place by the level of industrial safety among the Samruk-Kazyna Fund's portfolio companies.

The Company was also awarded in 2023 with a certificate of honour for the best indicators and implemented proactive measures in health and safety.

### Occupational Health and Safety Card programme

Starting from 2022, Kazakhtelecom introduced a standard of OHS Card Programme aimed at increasing the level of involvement of the Company's employees in the process of improving the OHS system, as well as enabling employees to observe and report on hazards, potentially dangerous cases, and good practices, and make proposals for improving the Company's OHS.

The programme aims to identify and report occupational hazards, unsafe working conditions at each workplace, unsafe actions and behaviours of individual employees, potentially dangerous occurrences and pre-accident situations, and provides an opportunity to make suggestions for improving the state of OHS.

The purpose of the Programme is not only to eliminate and control the risks of injury or damage to the environment and the Company's property, but also to involve the Company's employees in the common cause of strengthening industrial discipline and developing a safe work culture through cards at each workplace, site, and facility.

In 2023, the top 3 risks include:



provision of PPE



health and hygiene



workplace ergonomics



To motivate non-OHS employees to participate in the Programme, it was decided to

train all employees on how to execute and register OHS cards, as well as to stimulate the most

active participants by awarding valuable prizes.

**A total of 28,578 cards were completed by employees in 2023 (the target was 24,000), which confirms the importance of this initiative for the Company's employees.**

In addition, in 2023, the Company developed and implemented the Injury Prevention Team Standard (IPT), which is designed to identify, eliminate or reduce workplace hazards and improve safety culture among the Company's employees.

IPT is an active team that helps the heads of structural subdivisions of Kazakhtelecom JSC's branches to improve the culture of safe labour. At the beginning of each calendar year, the IPT Leader, together with the representative of the Health and Safety Department, develops the Work Plan, which is agreed upon by the General Directors of the branches and approved by the Chief Director for Operational Efficiency.

**148**  
employees of the  
Company

participated in the IPT in 2023.

The composition of injury prevention teams was approved in the cities of Astana, Almaty, Aktau, Aktobe, Atyrau, Kokshetau, Karaganda, Konaev, Kostanai, Kyzylorda, Semey, Taldykorgan, Taraz, Pavlodar, Petropavlovsk, Uralsk, Ust-Kamenogorsk, Shymkent.

In addition, in accordance with the Regulations on Encouragement of Employees in Occupational Health and Safety, the Company rewards employees for their participation in creating a safe working environment and achieving a zero injury rate.

GRI 403-8

### Employees covered by the occupational health and safety management system, persons

Indicator	2021		2022		2023	
	persons	share	persons	share	persons	share
The total number of employees	20,517	100%	19,979	100%	19,022	100%
Employees covered by the occupational health and safety management system	20,517	100%	19,979	100%	19,022	100%

## Improvement of the labour safety and health management system

GRI 403-1

The Company strives to comply with H&S international standards. The Company has implemented health and safety management systems that comply with international

standards. The Occupational Health and Safety Management System establishes uniform requirements in accordance with the ILO OHS Management Systems Manual 2001 ILO-OSH 2001 and the international standard ISO 45001:2018.

The Company is constantly improving its occupational health and safety management system in accordance with the requirements of the international standard ILO-OSH, their national analogue ST RK ISO 45001-2018.

## Risk assessment

GRI 403-2

Kazakhtelecom JSC treats the issues of managing occupational health and safety risks with due responsibility. The process of managing the key OHS risks is an integral part of the corporate risk management system, as well as the Company's health and safety management system. Assessment of unacceptable hazards and risks is carried out in accordance with the approved documented procedure on Hazard Identification, Environmental Aspects and Risk Assessment, Procedure for Determining Management Measures.

The Company's Risk Register identifies occupational injuries as one of the main risks. The

Company has compiled a list of measures aimed at preventing the risk and mitigating its consequences.

To identify work-related hazards and assess risks, we prepared an action plan for a key risk event, and provided the status of key risk indicators for key risk events, on the basis of information on injuries and accidents at work, and internal health and safety control. The Company has approved the Register of significant hazards and unacceptable risks. The Company also analyses and assesses probability and impact of risks, and reviews measures to minimise risk taking into account the current situation.

GRI 403-2, 403-9

Kazakhtelecom JSC regularly identifies and assesses project risks and adverse impacts on the health and safety of population groups in the areas where it operates, and develops protective, preventive measures. If necessary, the Company cooperates with relevant authorities and other stakeholders on mitigation measures and plans. Hazard identification and risk assessment procedures consider the daily activities of all personnel, human behaviour and abilities, hazards identified near or outside the work area, infrastructure, equipment and materials, and technological processes. The Company defines and implements risk management measures.

## Prevention of occupational injuries



**GRI 403-7**

The Company pays great attention to the early prevention or mitigation of adverse impacts on the health and safety its employees, employees of contractors and the public.

The Company develops and implements measures aimed at preventing occupational injuries.

The Company carries out analysis of occupational injuries and accidents. After

that, information letters are prepared and sent to the branches containing a list of measures for prevention and avoidance of accidents. In addition, the Company discusses the circumstances and causes of accidents with employees in all subdivisions and conducts unscheduled safety briefings.

A Zero Injury Plan is implemented annually. A report on the implementation of this plan is submitted to the Board of Directors on a quarterly basis.

The Company does not keep statistical records of injuries among employees of contractors with whom we have service contracts.

In connection with the requirement to improve the level of fire safety, fulfil the requirements of the legislation of the Republic of Kazakhstan, and to reduce the risk of fires, the Company approved the Fire Safety Policy of Kazakhtelecom JSC.

To raise awareness of health and safety issues among the Company's employees and stakeholders, the Company has been actively communicating on social media since September 2023. For example, the Company's Facebook page Kazakhtelecom/HSE Team has published more than 30 posts on fire and transport safety, tips on personal and workplace safety, information on the Company's H&S programmes and other materials. The personal Facebook page of H&S Engineer Abdykalyk Beknur publishes Company news, accident and incident reports, employee questions and suggestions, job vacancies, and advice on H&S issues. In addition, we launched a Kazakhtelecom Safety Telegram channel since September 2023.

## Indicators of injuries among employees of Kazakhtelecom JSC

**GRI 403-9**

### Indicators of injuries among employees of Kazakhtelecom JSC

For all employees	2020	2021	2022	2023
Number of fatalities related to the Company's operations (in units)	0	0	0	0
Fatalities related to the Company's operations (%)	0	0	0	0
Number of severe injuries related to the Company's operations (in units)	1	5	2	1
Severe injury rate related to the Company's operations	0.03%	0.14%	0.06%	0.03%
Number of occupational injuries (units)	4	6	2	6
Lost Time Injury Frequency Rate (LTIFR)	0.12%	0.17%	0.06%	0.19%
Total number of working hours (man-hours)	36,634,678	35,020,687	34,007,902	31,780,000



These data cover 100% of the Company's employees. No categories of employees have been excluded from these statistics.

The ratios are based on 1,000,000 hours worked.

In 2023, the Company recorded 4 "lost time accidents" resulting in 6 minor and moderate injuries; 30 "pre-accidents".

Main causes of injury: road traffic accident caused by a third party.

As a result of the identified accidents, the Kazakhtelecom JSC's management took the following corrective measures:

- a special investigation was conducted;
- a full inspection of working equipment in the Company's

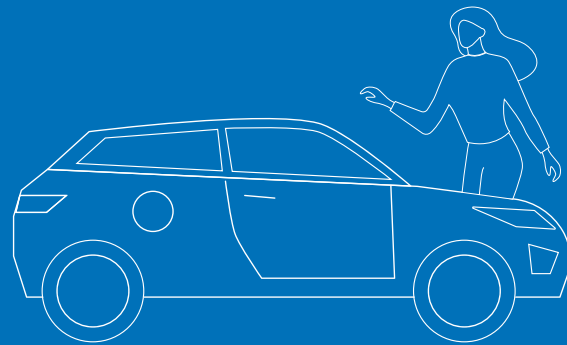
branches and divisions for compliance with occupational health and safety (OHS) requirements was carried out;

- disciplinary reprimands were issued to the responsible managers;
- compensation for material damage was provided.

GRI 403-2

To improve the safety of employee travel, the Travel and Driving Standard was amended in 2023 for items such as:

- 3.2.3 Right to refuse/suspend work;
- 3.2.4 Use of medical products;
- 3.2.6 Vehicle documentation;
- 3.4.3 Reverse motion signals;
- 3.5.6 Parking, reversing, moving off;
- 5.0 Tyres;
- 8.0 360° risk assessment tool (sticker).



Employee training and development of a safe work culture

GRI 403-5

The Company implements international best practices in occupational health and safety, including training and professional development in H&S.

The Company conducts annual training of employees in occupational health and safety, fire and technical minimum and safety at work on electrical installations. This training is provided both in third-party training organisations and directly at workplaces.

In 2023, Kazakhtelecom JSC held various training sessions and training programmes on occupational health and safety for the Company's employees.

External training on H&S, fire safety, safety, 2022–2023

	2022	2023
management accountability for top managers	12	0
occupational Health and Safety	714	1,611
industrial safety requirements	1,306	2,087
Rules of safety at high hazard facilities when working at height and high-climb work	288	527
electrical safety	522	599
fire safety	480	1,963
NEBOSH IGC (International Occupational Health and Safety Certificate)	9	5

The Company also trains employees in the Safe Labour

Culture course. Since August 2023, 7,800 production

personnel have been trained on this course.

In 2023, the DAICT Corporate University conducted training and educational programmes on occupational health and safety for the Company's employees:

- Behavioural approach to risk assessment (coaching course) - 52 participants.
- Falling objects (coaching course) - 52 participants.
- Injury Prevention and Response IPR 3 (coaching course) - 52 participants.
- Safe Working Environment SWE 2 (coaching course) - 52 participants.
- Injury Prevention and Response IPR 2 - 2,130 participants.
- SWE2 safe working environment - 1,097 participants.
- Facilitator Level 2 - 44 participants.
- Safe Driving - 1,552 participants.
- Occupational safety culture - 6,997 participants.
- H&S cards - 5,724 participants.

**Total**  
**17,451**  
participants



The Company has a video training programme on Health and Safety for responsible managers. As part of the programme, employees are shown videos on such topics as:

- work with increased danger close to power lines and with the help of specialised equipment;
- methods and techniques ensuring safety of employees;
- first aid in case of accidents.

This video training programme is implemented across all divisions and subdivisions, with constant monitoring, analysis and decision-making to improve the programme. This method of training helps to improve the efficiency of employees in the production process and minimise existing risks in the workplace.

### «Play | Learn | Be SAFE» – safety workshops for children

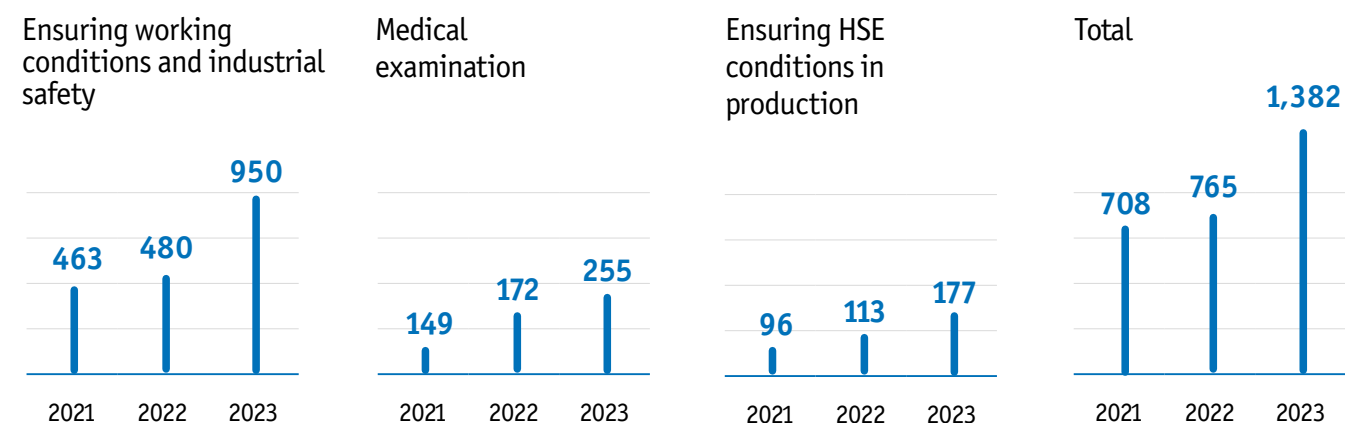
Kazakhtelecom JSC cares not only about the safety of its employees, but also of their children.

In 2023, the Company held 23 seminars for children of employees aged 8-12 in 18 cities in six regions. The topics included personal safety, road safety, and internet safety. In 2023, 334 children attended our workshops.

## Investments in industrial and occupational safety

In 2023, the total amount of investment in occupational health and safety made KZT 1,382 million.

Company's investments in occupational health&safety, 2021–2023, million KZT



## Occupational disease prevention and health protection

GRI 403-3, 403-6

Since care for employees is a key priority for Kazakhtelecom JSC, special attention is paid to their health.

The social package for employees includes full medical insurance. Employees also benefit from health improvement and health resort treatment programmes in accordance with the terms of the collective bargaining agreement. In addition, preliminary, periodic and extraordinary medical examinations of employees are conducted on a regular basis.

Based on the results of these examinations, if necessary, employees are sent for in-depth preventive examinations. Employees in the category of production personnel who are subject to mandatory medical examinations are not allowed to work if they fail to undergo the examination.

According to the requirements of the Labour Code of the Republic of Kazakhstan, employees of contractors engaged in work with increased danger, machines and mechanisms are also subject to mandatory pre- and post-shift medical examinations.

As part of the corporate Well-Being programme, the Company carries out a number of activities aimed at disease prevention. To assess the risks of cardiovascular diseases, employees are tested using the Cardiovisor apparatus. Based on the results of testing, employees receive medical advice and recommendations. Wellness testing is also conducted using the Mediskrin apparatus to assess musculoskeletal problems. Based on the results, employees receive personalised recommendations from a doctor.

## Occupational health and safety management in contracting organisations

Contracting organisations performing work at the Company's facilities are subject to comply with environmental protection and industrial safety requirements, standards and norms.

Kazakhtelecom JSC attaches great importance to interaction

with suppliers of goods, works and services in terms of H&S managing. For this purpose, suppliers and contractors are subject to appropriate requirements in accordance with the corporate standards in industrial safety. At the same time, contractors are obliged to independently monitor

compliance with these health and safety requirements.

The Company implements a system for assessing contracting organisations on occupational safety issues. The Company provides occupational health and safety training for employees of contractors.

## Plans for 2023 and the medium term

“People. Improving safety culture” block:

- Professional development of managers and employees. Organisation of thematic meetings by managers of all levels.
- Report on fatal accident investigations, root causes and measures taken to prevent recurrence to the Company’s Board of Directors.
- Conduct a survey among senior managers to identify the level of labour safety culture. Develop a work plan to improve safety culture for low-performing managers.
- Participate in the development and implementation of the Concept of Safe Labour Development in Kazakhstan until 2030.

“Ensuring the safety of equipment” block:

- Continue to modernise equipment to improve safety.
- Conduct cross audits in the Fund’s portfolio companies in accordance with the audit schedule.
- Continue to monitor the application of proactive accident and

injury prevention tools (behavioural audits/safety observations, recording and investigation of hazardous conditions, hazardous acts and potentially hazardous incidents, Near Miss; right to suspend work) to develop measures to improve them.

- Work on improving the efficiency of interaction with contractors to enhance safe performance at the Company’s production facilities.
- Procure emergency medical supplies, including defibrillators for cardiopulmonary resuscitation.

“Prevention and readiness to eliminate possible accidents and emergencies” block:

- Analyse and ensure availability of material and financial resources to carry out elimination of a major accident or emergency in accordance with the emergency response plan.
- Ensure training activities: drills and/or emergency drills to eliminate a major accident or emergency at a facility involving the Fund and state authorities; fire extinguishing drills in administrative buildings (offices) and accommodation of shift workers.

“Information and awareness-raising work on industrial safety” block:

- Hold an Occupational Safety Forum for the first heads of the Company and branches.
- Release a video message from the Chairman of the Company’s Management Board to summarise the results of the year in industrial safety.
- Raise awareness of personal and industrial safety among employees’ children, organise interactive master classes and a contest on the topic “Safety through the eyes of a child”.

## Local communities

### Management Approach

GRI 3-3

**The Company strives to contribute to the development of the regions where it operates. We provide the local population with high-quality communications and internet, contribute to reducing the digital divide between cities and villages, and help those in dire need.**

In 2023, the Company adopted the Policy on Local Communities Engagement.

The Policy on Local Communities Engagement defines unified principles of Kazakhtelecom JSC’s management for interaction with local executive bodies, public organisations and local population in the regions of the Company’s presence and is aimed at maintaining favourable constructive relations with them.

The Policy is formed on the basis of the principles set forth in the following international documents: UN Global Compact, Universal Declaration of Human Rights, Convention of the International Labour Organisation, and also takes into account the UN Sustainable Development Goals.

Principles of the Policy:

- Ensure contribution to the promotion of social and economic development in the regions where it operates in the course of its business activities.
- Contribute to improving the quality of life of local communities in the regions where the Company operates.
- Maintain constructive relations with local communities, taking into account their opinions, interests, views and preferences.
- Comply with the laws of the Republic of Kazakhstan.
- Minimise social and environmental risks and impacts on local communities in the regions where it operates.



GRI 203-1, 203-2

The Company does not have special divisions that implement programmes of interaction with local communities related to the Samruk-Kazyna JSC's Charity Policy. The Samruk-Kazyna Trust Social Projects Development Fund carries out all charitable and sponsorship activities of Samruk-Kazyna JSC Group of Companies.

The key areas of charitable assistance of the Samruk-Kazyna Trust Social Projects Development Fund in 2023 were as follows:

- supporting medical, children's and other social

institutions;

- improving medical services, primarily for orphans, children without parental care, children from incomplete, low-income and large families, as well as by organising disease diagnosis, treatment and rehabilitation;
- providing assistance to the least protected segments of the population, including low-income persons in need of care and guardianship;
- promoting prevention and protection of citizens' health, as well as promoting healthy lifestyles;

More information about the Samruk-Kazyna Trust activities can be found on the website <https://sk-trust.kz/en/>.

## Promoting community development

GRI 413-1

Kazakhtelecom JSC operates in all regions of Kazakhstan and is a major employer and taxpayer.

The Company makes tax payments in full, on time and with a high level of transparency.

### Large employer and taxpayer

More than **19** thousand total number of employees in 2023

KZT **119.8** billion\* tax payments in 2023 (\*consolidated data)

### We provide with telecommunications and Internet access:

more than **5** thousand schools

almost **4** thousand hospitals

more than **15** thousand state institutions

## Creating economic value for the stakeholders

GRI 413-2

Kazakhtelecom JSC understands importance of its participation in the sustainable development of the regions of its presence and takes all available measures to enhance its positive impact on the life of local communities. Being a major employer in the regions of operation, the Company significantly contributes to the development of local labour markets. The Company developed this responsible approach within its Development Strategy.

The Company creates direct economic value through its core activities, which generate income. The distribution of the created economic value takes place in the process of paying salaries to employees, dividends to shareholders, as well as taxes and other payments to the government; procuring goods and services and making voluntary social investments.

The Company is responsible for the impact of its operations on local communities, the environment and biodiversity. More information on this

is provided in the section Biodiversity.

The Company's contribution to the local and national economies and local communities is recognised through:

- direct business activity and focus on efficiency improvements;
- the creation of direct and indirect employment opportunities;
- social investment.

## Company's interaction with local communities

GRI 2-26, 2-29

The Company recognises its impact on local communities. Kazakhtelecom analyses, takes into account the

interests and opinions of employees, partners and other stakeholders, including local communities, when planning and implementing projects in the course of its activity.

In the course of its operation, Kazakhtelecom builds a dialogue with local communities on a regular basis, respecting their interests.





### Main ways of the Company's interaction with local communities:

- Providing up-to-date information through publications in mass media on development plans, on the results of our activities in the field of sustainable development.
- Conducting surveys, questionnaires through corporate mass media to determine the opinion of local communities on the events planned by the Company in the regions where it operates.
- Handling requests through feedback channels.
- Planning and implementing social investments and charitable activities within the social and economic support of the regions of operation.
- Engaging in direct dialogues with representatives of local communities through participation in joint meetings, task forces and standing committees.
- Building joint effective work on the development of the regions of operations with representatives of government authorities.

Within the pilot national project Comfortable School, the Company issues technical conditions for schools on a free basis. In 2024 (stage 1), technical conditions will be issued for 215 schools. In 2025 (stage 2), technical conditions will be issued for 125 schools.

The pilot national education project Comfortable School aims at eliminating emergency facilities, three-shift education and shortage of pupil places in secondary education organisations throughout the country.

#### It is envisaged to achieve this goal by solving two main tasks:

1. Commissioning of at least 740 thousand (with double-shift education) new pupil places in cities and rural settlements by 2026 to cover the current and projected shortage of pupil places.
2. Creation of a comfortable and safe educational environment in secondary education organisations commissioned under the National Project.

Read more about this project implementation in our next reports.

### In 2023, the whole Kazakhstan worried about its compatriots in Abay region, where forest fires were raging.

Kazakhtelecom Group contributed to the elimination of the forest fire in the Abai region by providing the necessary communications and providing the operational headquarters with telephone and internet communications with additional deployment of mobile telephony.

Kcell JSC charged subscribers within the radius of the fire with 60 minutes and 10 GB package +, provided mobile base stations to the Ministry of Emergency Situations for uninterrupted operation of services.

Operator Tele2/Altel credited its subscribers in the area of forest fires with 60 minutes and 60 SMS to all operators in Kazakhstan, as well as 10 GB of data. In addition, Tele2/Altel specialists deployed a mobile base station in the disaster area to assist the Ministry of Emergency Situations and provide the region's residents with uninterrupted communications.

### Volunteering

Kazakhtelecom supports environmental, educational, sports and cultural initiatives that contribute to improving the quality of life in the regions where the Company operates.

Every year, the Company's employees help elderly people - veterans and pensioners, congratulating them on the International Day of the Elderly and presenting them with food baskets.

For socially vulnerable families, Kazakhtelecom JSC's employees together with the employees of the Fund collected and handed over backpacks for first-graders on the eve of 1 September.

Our employees also participate in subbotniks and marathons.

In September 2023, Kazakhtelecom held a 5G KcellRUN marathon in Astana. The race was also held in Turkestan at the same time. More than a thousand sports fans, adherents of healthy and active lifestyle took part in the marathon in the two cities simultaneously.

During the 5G KcellRUN marathon, we organised a teleconference to link the participants live at the start of the race in the two cities using fifth generation technology.

### Plans for 2024 and the medium term

1) Establish the Company's goals or objectives for local communities development (support of regions of operation)

and the timeframe for their achievement.

2) Introduce the practice of

monitoring local community development programmes (support of regions of operation) and charity programmes.



# Sustainable development report: Aspect G

## Anti-corruption

The Company follows the principles of integrity, transparency and responsibility. Kazakhtelecom and its subsidiaries and affiliates, as well as all their employees are obliged to comply with the requirements of the anti-corruption legislation of the Republic of Kazakhstan and the principles of ethical business conduct.

### Management approach

GRI 3-3

The Company's Compliance Service continues to function

effectively. The main task of the Compliance Unit is to prevent and detect violations of anti-corruption legislation and Kazakhtelecom's internal

documents.

The Compliance Service also pays great attention to issues of ethics and behaviour and

does not tolerate cases of humiliation and discrimination of employees by management both in Kazakhtelecom itself and in its subsidiaries. Where such breaches are identified, compliance takes steps to hold unscrupulous managers to account. In this matter, the compliance department has the support of both the Chairman of the Company's Management Board and the senior management of the subsidiaries.

The Company has introduced the following internal documents regulating anti-corruption compliance procedures:

- Anti-Corruption Policy (updated in 2023)
- Whistleblowing Policy
- Conflict of Interest Policy

- Business Ethics Code
- Corporate Governance Code

The documents are available on the Company's website telecom.kz in the Sustainable Development section, Anti-Corruption subsection.

GRI 205-1, 205-2

The Company bases its anti-corruption efforts on the following key principles:

- 1) legality of the Company's activities;
- 2) publicity and openness of the Company's activities;
- 3) anti-corruption propaganda among the Company's employees, partners and customers;
- 4) co-operation in the field of anti-corruption activities with state bodies, as well as partners and customers of the Company;
- 5) mandatory internal audits of violations of anti-corruption legislation and Company's internal policies;
- 6) protection and encouragement of persons assisting in anti-corruption activities;
- 7) adherence of Officials to the principles of anti-corruption stipulated in this Policy and setting the "tone from above";
- 8) inevitability of punishment for committing corruption offences.

### Main areas of anti-corruption efforts in 2023

In 2023, the main areas of compliance work in anti-corruption were as follows:

- updating the Anti-Corruption Policy;
- internal analysis of corruption risks;
- training of employees;
- feedback channels;
- co-operation with subsidiaries and affiliates.

In 2023, we updated the Anti-Corruption Policy, which establishes the types of corruption offences, anti-corruption goals, objectives and principles, as well as the responsibility of employees and managers at all levels for corruption offences.

The Company has also defined and approved by Orders (Central Administration and branches) lists of positions with a high risk of committing corruption offences, with special, increased requirements for acceptance/appointment to these positions, including acceptance of consent

to anti-corruption restrictions. Kazakhtelecom developed a remote online training course on the Anti-Corruption Policy and posted it on the internal portal learning.telecom.kz for the Company's employees.

In 2023, Kazakhtelecom JSC carried out an internal analysis of corruption risks for 2022.

The internal analysis of corruption risks was conducted in the following areas:

- procurement activities;
- HR management;
- business processes in the Company.

In 2023 **1,030** employees of Kazakhtelecom JSC took a remote online training course on the updated Anti-corruption Policy.

GRI 205-1

Subdivisions and business processes, in respect of which corruption risks were assessed

Indicator	2021	2022	2023
Total number of structural units subject to corruption risk assessment, pcs.	4	0	7
Share of structural units subject to corruption risk assessment, %	70	0	58

The results of the internal analysis of corruption risks with recommendations on their elimination were sent to the Chairman of the Management Board of Kazakhtelecom JSC.

Based on the results of the analysis, we prepared and approved the Action Plan to eliminate causes and conditions that contribute to corruption offences.

GRI 205-3  
At the end of the reporting period, we recorded no confirmed cases of corruption and bribery in Kazakhtelecom JSC and subsidiaries and affiliates.

GRI 205-2

Awareness of anti-corruption policies and practices, 2021-2023

Category of employees	2021		2022		2023	
	persons	%	persons	%	persons	%
Total number of members of key corporate governance bodies (General Shareholders Meeting, Board of Directors, Management Board) informed	15	100	12	100	12	100
Total number of employees informed	20,000	100	18,662	93.4	15,217	80
Total number of business partners informed	0	0	0	0	1,570	100

Note to the table: information by region is not collected.

Training on anti-corruption issues

The Company regularly conducts anti-corruption training for employees. All new employees undergo a mandatory online introduction course on the basic principles of the Code of Business Ethics and Anti-Corruption Policy.

In 2023, all managers of branches and subsidiaries and affiliates held communication training sessions aimed at combating corruption, fraud and other compliance risks.

In connection with the updating of the Anti-Corruption Policy of Kazakhtelecom JSC and introduction of additional norms of anti-corruption

restrictions in accordance with the amendments to the anti-corruption legislation, we organised technical training covering 100% of employees of all branches and Central Administration.

In 2023, the Company held a training session for members of the governing bodies and executive body of Kazakhtelecom JSC and subsidiaries and affiliates on

anti-corruption issues, where we demonstrated the latest trends in compliance and corporate culture.

In 2023, the Head of the Compliance Service conducted review interviews on the information platforms zakon.kz and kursiv.media to disclose the main goals, objectives and results of the Compliance Service's activity.

4 training events on anti-corruption issues conducted in the Company in 2023  
Coverage: **15,217** (80%) of the Company's employees



GRI 205-2

### Number of employees by category who received anti-corruption training in 2023

Category of employees	Persons	Share, %
Total number of members of key corporate governance bodies (Board of Directors, Management Board) trained	4	33
Total number of employees trained (by category):	15,217	80
Management positions	871	80
Specialists	10,360	80
Workers	3,986	80

Note to the table: The number of employees by category differs from the number of employees in the total list, as we take data as of the date of the training.

#### Feedback channels

GRI 2-16, 2-25, 2-27, GRI 205-3

The Company's mechanisms for reporting unethical or illegal behaviour are governed by the Whistleblowing Policy.

The Company operates a hotline, an independent, confidential and anonymous channel for reporting actual or potential violations of the law, including fraud, corruption, discrimination, unethical behaviour and other violations. The hotline operates through the parent company Samruk-Kazyna JSC and is maintained by an independent operator (KPMG).

The hotline guarantees confidentiality and anonymity (at the request of the contacted

person), as well as registration and processing of 100 per cent of requests with subsequent submission of reports to responsible persons.

The Company guarantees confidentiality for employees, business partners and other stakeholders who have reported wrongdoing to the Company, as well as the absence of harassment and/or discrimination.

In 2023, the hotline received 105 appeals (51 were confirmed).

The main topics of appeals:

- violations of procedures for connecting services;
- unequal employment and labour conditions;
- abuse;

- unethical behaviour;
- unfair labour remuneration.

GRI 2-16

The Compliance Service examines appeals and received materials. If there are signs of a criminal offence, the Compliance Service sends them to the Management Committee on financial and economic discipline of Kazakhstan Telecom JSC under the guidance of the Chairman of the Management Board. Members of the Management Committee decide on transferring materials to law enforcement bodies.

Each fact recorded in the Compliance Service is reflected in the quarterly report for reporting to the Board of Directors. There were no critical issues in 2023.

The Company's internal and corporate websites contain contacts of the hotline and the Compliance Service, for

reporting any facts of labour, corruption and other types of offences.

### Feedback channels for reporting violations of the Anti-Corruption Policy:

Samruk-Kazyna JSC Hotline	<b>8 800 080 47 47</b> <small>(Call within the territory of the Republic of Kazakhstan is free)</small>
Internet portal:	<a href="http://www.sk-hotline.kz" style="color: white;">www.sk-hotline.kz</a>
E-mail:	<a href="mailto:mail@sk-hotline.kz" style="color: white;">mail@sk-hotline.kz</a>
Compliance Service	<b>8 701 941-1001</b>
E-mail:	<a href="mailto:tlek.issakov@telecom.kz" style="color: white;">tlek.issakov@telecom.kz</a>

### Plans for 2024 and the medium term

- Organising and conducting training events on compliance issues.
- Ensuring timely detection and settlement of conflicts of interest.
- Dealing with 100 % of requests submitted through the confidential information line.
- Visiting the regions to popularise the Compliance Service among the Company's employees (Mobile Office of the Compliance Service).
- Carrying out the initial certification audit of the Company and subsidiaries and affiliates in accordance with ISO 37001 Anti-Bribery Management System. Requirements and guidelines for use.

# Economic performance of the Company

## Management approach

**GRI 3-3**

The economic component of Kazakhtelecom JSC activity plays an important role in strategic planning both for the Company and the national economy. It aims at increasing long-term value for shareholders and investors being one of the Company's priorities.

As the largest telecommunications operator of the Republic of Kazakhstan,

the Company strives to make a significant contribution to implementation of the strategic direction on modernisation and diversification of the country's economy and promotes development of local content.

**GRI 201-1**

Kazakhtelecom JSC strives to make a significant contribution to economic activity in the regions of its presence.

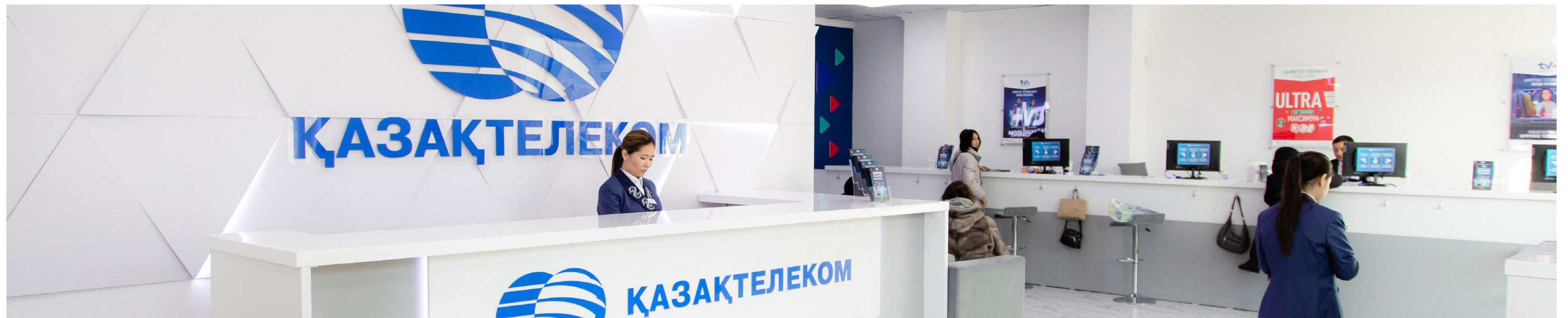
The Company creates direct economic value through its core activities, which generate income. The distribution of the created economic value takes place in the process of paying salaries to employees, dividends to shareholders, as well as taxes and other payments to the government; procuring goods and services and making voluntary social investments. For more information, see the Employee Engagement and Local Communities sections of this Report.

**GRI 2-6, GRI 201-1**

### Direct economic value generated and distributed, 2023, million KZT

Indicator	2023
Direct economic value generated	317,909
Revenue (earnings)	299,725
Revenue from financial investments	13,055
Economic value distributed	295,346
Operating expenses	166,393
Wages, salaries, other payments and benefits to employees	104,190
including wages and salaries	89,293
including other payments and benefits to employees	14,897
Payments to capital providers	16,216
including finance costs	16,216
Payments to the government	8,547
Retained economic value	22,563

Data in the table are stated according to the Consolidated Financial Statements for 2023.



# Procurement practices

## Our approach

**GRI 3-3**

Kazakhtelecom takes a responsible approach to interaction with suppliers. The Company seeks to cooperate only with honest, reliable and transparent partners.

The Company supports the national policy on development of domestic producers of goods, works and services under the conditions of innovative development of the national economy.

Key priorities of Kazakhtelecom JSC's procurement activities:

- transparency and openness of procurement;
- competition in carrying out procurement procedures;
- support and development of local suppliers.

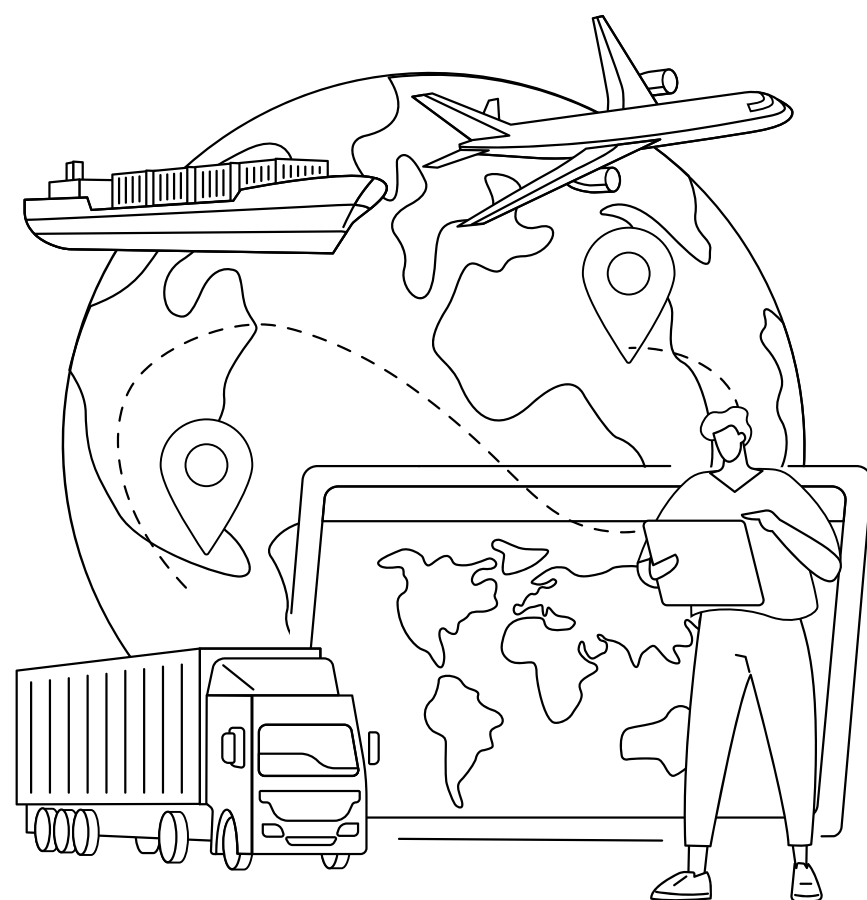
Samruk-Kazyna SWF's Procurement Procedure as adopted in the new wording in April 2023 regulates the Kazakhtelecom's procurement activities. As a result of the introduced changes, the functionality on competitive methods of procurement was

finalised, preferences for small and medium-sized businesses were provided, and items on support of domestic producers were added.

The Fund's e-procurement information system is a tool for managing procurement processes. The Fund's e-procurement information system is a single portal where

the full cycle is performed: from planning the need for goods, works and services, procurement, conclusion and execution of contracts to delivery of goods to the warehouse.

More details can be found on the portal [zakup.sk.kz](http://zakup.sk.kz).



Since 1 April 2022, the Fund has in force the Procurement Procedure approved in a new version by the Board of Directors of Samruk-Kazyna JSC on 3 March 2022.

In accordance with the requirements of the Law of the Republic of Kazakhstan On Procurement of Certain Entities of the Quasi-State Sector, the Ministry of Finance of the Republic of Kazakhstan agreed the new version of the Procurement Procedure (hereinafter - the Procurement Procedure). During the development of the draft Procurement Procedure, the Fund held discussions and consultations with both the authorities and the business community, including: the Ministry of Finance of the Republic of Kazakhstan, the Agency for Protection and Development of Competition of the Republic of Kazakhstan, the National Chamber of Entrepreneurs of the Republic of Kazakhstan Atameken. Based on the results of discussions, the document took into account the main comments of government authorities and constructive proposals of the business community.

The new edition of the Procurement Procedure contains description of all procurement procedures without reference norms to other documents and is a document of direct action. In addition, the grounds for single-source procurement have been significantly reduced, transparency of the procurement category management process and preliminary qualification selection has been increased with the involvement of the National Chamber of Entrepreneurs of the Republic of Kazakhstan Atameken, public associations and unions in these processes, new measures to support domestic producers and SMEs have been introduced.

To improve the procurement process, the Samruk-Kazyna Fund takes an active part in the process of reforming the procurement of all regulated entities on a national scale together with the relevant state bodies and the business community.

## Improvement of procurement system

The Company carries out procurement procedures by the following methods of procurement: open tender, request for quotations, single source, special procedure.

In May 2023, the Company introduced an automated system for submission of applications (Procurement Monitoring of Kazakhtelecom JSC). The Company launched a new type of procurement on

the portal of the Information System of Electronic Procurement through e-shop, which facilitates procurement procedures. As part of the process of digitalisation, analytics on procurement activities from the procurement portal was integrated into Qlik Sense.

Kazakhtelecom strives to select suppliers whose activities comply with the

Company's requirements in the environmental protection, industrial safety and respect for human rights.

In 2024, Kazakhtelecom plans to improve the procurement management system and assess its suppliers according to ESG criteria. Among other things, we will develop the Supplier Code of Conduct taking into account ESG criteria.

## Procurement results in 2023

**1,570**

suppliers

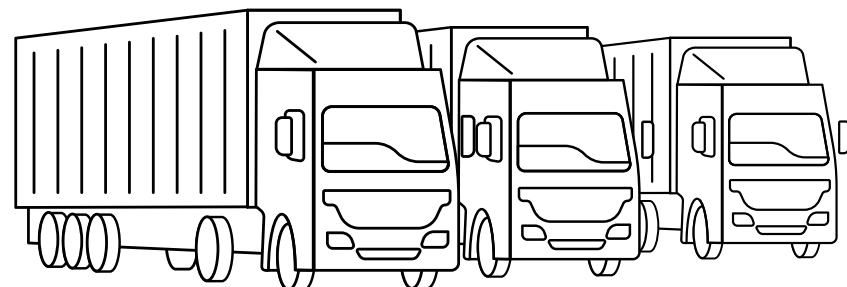
in 2023

Main types of goods/services:

- telecommunication equipment;
- maintenance of telecommunication equipment;
- SOIM services and other types of telecommunication services.

### Share of spending on local suppliers

GRI 2-6, GRI 204-1



Kazakhtelecom attaches special importance to co-operation with local suppliers, preferring to procure goods and services from them. In its activity, the Company follows the state policy aimed at development of local content in the conditions of innovative development of the national economy.

**99.46%**

share of procurement from local suppliers in 2023

KZT

**92.57**

billion

budget for procurement from local suppliers in 2023

To increase the share of local suppliers in the Company's procurement, a local project office for import substitution is functioning on the basis of the Telecom Komplekt Directorate, aimed at working with the instructions of authorised state bodies on procurement and import substitution issues, as well as interaction with the Central Project Office of Samruk-Kazyna SWF JSC. In addition, annually the Fund's Authorised Body for Procurement determines performance targets for increasing the share of local goods,

works and services in procurement.

The category mechanism of procurement management introduced in the Samruk-Kazyna Fund and managed entities (including Kazakhtelecom) also provides point support for domestic producers.

Read more at [zakup.sk.kz](http://zakup.sk.kz).

GRI 2-6, GRI 204-1

### Expenditure on local suppliers, 2022–2023

Indicator	2022	2023
Number of suppliers	2,133	1,565
Budget for procurement from local suppliers, billion KZT	93.283	92.57
Share of in-country value, billion KZT	27.434	35.390

The geographical definition of "local" and the main place of Kazakhtelecoms operations implies the country of the Company's presence - the Republic of Kazakhstan.

#### Key requirements for suppliers

Kazakhtelecom JSC's requirements to suppliers

are documented in the SWF Samruk-Kazyna JSC Procurement Procedure, as well as published on the portal of the Fund's Electronic Procurement Information System.

### Feedback from suppliers

The Company utilises various tools for supplier feedback, including: formal correspondence via paper/email letter; communication via the Company's official Facebook page; a technical support service on the procurement portal; and a direct line to collect complaints and petitions on procurement issues.

The Company holds annual offline/online conferences with current and potential suppliers. In 2023, we held 3 conferences with suppliers (1 offline, 2 online) attended by more than 100 suppliers. Kazakhtelecom systematises all proposals and recommendations received during such conferences for further improvement

of the procurement system management. For example, the suppliers' initiatives that were put forward at one of the conferences in 2022 became the basis for creation of a new separate unit within the Company's procurement division to supervise off-take contracts, category procurement and service models.

Technical support of procurement portal:

**+7 (7172) 55 2266**  
**support2@skc.kz**

Direct line to collect complaints and petitions on procurement issues:

**8(727) 226 82 61**

WhatsApp:

**+7701 428 58 15**  
**vopros@telecom.kz**



80

letters/requests/proposals

received in 2023 from potential and existing suppliers

The main issues related to:

- participation in a tender;
- pre-qualification (the process of assessing potential suppliers for compliance with qualification requirements for the goods, works, services to be procured).

The Company publishes its answers to these and other questions on the official Facebook page.

## Markets and competition

### Management approach

GRI 3-3

The Company's approach to managing anti-competitive behavior includes a combination of legal, ethical, and strategic measures. One of the fundamental legislative acts of the Republic of Kazakhstan that Kazakhtelecom JSC follows is the Law On natural monopolies.

The Company is included in the republican section of the State register of subjects of natural monopolies and performs functions of the operator of "universal services", in this connection its activity is subject to regulation by the state.

The activity of Kazakhtelecom JSC in the sphere of antimonopoly regulation is controlled by the authorised body in the sphere of natural monopolies in the field of telecommunications – the Committee of state control in the field of communications, informatisation and mass media of the Ministry of information and communications of the Republic of Kazakhstan. The Committee for regulation of natural monopolies, protection of competition and consumer rights of the Ministry of national economy of the Republic of Kazakhstan exercises protection of competition with regard to Kazakhtelecom JSC.

GRI 2-27, GRI 206-1

During the reporting period, the Company did not record any cases related to violation of antimonopoly laws and other legal actions against the Company due to obstruction of competition.

## Innovations and new technologies

### Management approach

Innovative technologies play an important role in achieving the Company's strategic goals, as well as helping to create high-quality and convenient services for millions of Kazakhstan people.

Implementation of innovative projects and digital transformation of the Company contribute to improving management efficiency, minimising risks, contributing to compliance with ESG principles and achievement of

the UN Sustainable Development Goals.

Kazakhtelecom JSC develops and implements various digital products and solutions for population, business and state.

### New businesses and new products

#### DDoS Protection

DDoS protection is one of the most popular services among corporate clients in Kazakhstan.

DDoS Protection service includes a set of measures aimed at providing maximum counteraction and prevention of DDoS attacks from the Internet based on solutions of world leaders in information security. It provides mitigation of risks associated with the inaccessibility of public resources due to overflow of

the communication channel or critical equipment load caused by DDoS attacks.

#### Internet with cache servers access

Cache servers are part of the infrastructure of the largest content providers: online games, video hosting, online cinemas, as well as social networks, located in the territory of Kazakhstan in Kazakhtelecom JSC's data centres. Kazakhtelecom JSC's product provides access

to the Internet and the Company's cached resources for subscribers on B2O segments. The use of the product for a subscriber allows its customers and users to significantly reduce the time of access to popular resources. The product makes it possible to reduce expenses for purchase and maintenance of expensive equipment: data storage systems, servers, power supply installations, network equipment.





### Launching network functions in Telco Cloud

In 2023, the Company on the basis of Telco Cloud node

successfully carried out complex project works on virtualisation of vCGNAT and vDNS network functions in Astana and Almaty. These works improved the fault

tolerance of Astana Telco Cloud nodes and network functions. Commissioning of vCGNAT in Astana allowed to free up a large number of IPv4 addresses.

## Telecommunications infrastructure and network development

### Modernisation of Multiservice data network (MDN)

Within the project on Expansion of port capacity for operator connections the Company modernised service boundary routers and equipped them with additional 100 Gbps ports for connection of telecom operators in the cities of Almaty, Astana, Aktobe, Atyrau and Shymkent.

### Expansion of network infrastructure (peering) and caching servers to optimise access to content

In 2023, we continued to modernise the infrastructure for cache servers and with content providers. As part of the implementation of the third phase of the project on Development of infrastructure for cache servers, the Company

modernised the infrastructure in Aktobe, Pavlodar and Almaty. We deployed Meta, Tencent and VK servers. These actions allowed to improve availability of services for Kazakhtelecom subscribers and reduce the load on external channels. In total, the Company localised 70% of Internet traffic on its network.

Peering with major content providers such as Google, Meta, Amazon, Apple, Valve, Tencent, Twitch and others was organised as part of the project to organise POP nodes in Frankfurt and Hong Kong. This had a significant impact on improving subscribers' content connectivity.

## Testing of various network functions and technical solutions

- The Disaggregated Cell Site Gateway (DCSG), an MBH (Mobile Backhaul) network solution that enables multi-functional backhaul connections, has been successfully tested. DCSG combines the benefits of a versatile white box platform with an open network ecosystem of developers to build their service functions. As part of the testing, the compatibility of the software with hardware from different vendors and the performance of CSG functions in the MBH network were verified.
- Field testing of the new vOLT solution (VOLTHA) was carried out in Konaev. Integration of vOLT with various ONTs of other vendors was tested.
- Provision of access to peer-to-peer connections and local cache-servers of Kazakhtelecom JSC for Megafon Tajikistan network (TT Mobile CJSC) was tested.
- Testing of Flash Call service was carried out, which is a service for verification of telephone numbers for two-factor authentication, which is more economical than SMS - OTP verification and is easily integrated through APIs.





# Information security and data protection

The Company realises the importance of information security and data protection of its customers. Kazakhtelecom JSC continues developing a reliable information security and data protection management system.

## Our approach

GRI 418-1, GRI 3-3

Information security is a part of the structural subdivision in the Division of Information Technologies (IT Division) of the Company.

The main internal documents governing information security are:

- Information Security Policy.
- Policy of anti-virus protection of Kazakhtelecom

JSC's information systems.

- Policy on protection of personal data in Kazakhtelecom JSC.
- Information Security concept.

The Company's documents regulating information security issues can be found on the Company's website in the Sustainable Development section, Information Security and Data Protection subsection.

### Basic information security principles:

- 1) compliance with legislative norms;
- 2) involvement of the Company's top management in the IS provision process;
- 3) business-orientation;
- 4) process approach;
- 5) integrated use of methods, techniques and means of information protection;
- 6) adherence to best practices;
- 7) reasonable sufficiency;
- 8) awareness and personal responsibility.

To ensure information security, Kazakhtelecom JSC applies a systematic approach. One of the important aspects is round-the-clock control of data at all stages of their life cycle, starting from the moment they enter the Company's infrastructure and ending with their archiving or irretrievable destruction.

Currently, the Company uses the best international practices of information security methods. Our internal systems are

protected using such solutions as secure remote access to information resources, secure use of the Internet, privileged user monitoring (PAM), vulnerability scanners and others. The Company strives to counter external threats and introduces new solutions and methods of working with resources, including creating the necessary infrastructure in the Company, training qualified specialists, forming an operational centre for information security and

introducing the ZeroTrust concept.

The Company also utilises such important security elements as embedding in the governmental cybersecurity system of the ESDI, Internet of Things security, use of Honeypot traps, Machine Learning and others. In addition, the Company carries out the training and IS awareness of its employees on an ongoing basis.

## Personal data protection

GRI 418-1

The Company has developed and implemented the Personal Data Protection Policy, which defines the basic principles of processing personal data of customers, suppliers, business partners, employees and other persons, as well as defines the main actions for collection, storage and processing of personal data, as well as measures for their protection.

The Policy is a fundamental document on personal data protection, establishes goals, objectives and principles on

personal data protection, which the Company is governed in its activities. It serves as a guideline for the development of

relevant personal data protection documents.

### The basic principles of ensuring personal data protection are:

- 1) observance of constitutional rights and freedoms of a person and citizen;
- 2) legality of ensuring personal data protection;
- 3) confidentiality of limited access personal data;
- 4) involvement of the Company's management in the process of ensuring personal data protection;
- 5) business orientation;
- 6) process approach;
- 7) integrated use of methods, techniques and means of protection;
- 8) adherence to the best practices;
- 9) reasonable sufficiency;
- 10) awareness and personal responsibility.

## Key results for the reporting period

In terms of information security in 2023, the IT Division reformatted the work of the Information Security and Control Division. Its responsibilities include incident investigation, vulnerability search, preparation of recommendations on eliminating information security incidents, protection of the Company's perimeter, management of access to information systems/resources, and management of information security solutions.

The Company established an information security division in the Central Administration - Information Security Service - directly reporting to the Managing Director for Security that controls information security issues in the Company at the top level. In 2024, it is planned to develop and approve the Information Security Strategy for 2025-2028.

In 2023, the Company also realised the first stage of transition to the ZeroTrust model. We started implementation of a hardware and software complex, which will enable segmentation of the corporate network, granular access control and protection of employee end stations.

All these initiatives made it possible to start practical work on the arrangement of the Information Security



Operations Centre (ISOC) for monitoring, responding to information security incidents, reflecting and countering external threats. Also, in 2023, the Information Technology Division specialists were trained for the international information security standards ISO 27001, 27005 and 27035 certification. Obtaining ISO 27001 certification by the IT Division will ensure a standardised approach to information security

management, guaranteeing data safety, security and confidentiality to customers. In 2024, we will continue to prepare the IT Division to obtain ISO 27001 certification.

In the reporting period, there was one hotline call regarding a possible breach in the processing of customer personal data. The fact of leakage of customer data was not confirmed.

**In the reporting period, the Company did not identify any facts of customer data leakage.**

## Implementation of ZERO TRUST concept

The purpose of ZeroTrust concept is to protect the Company from advanced cybersecurity threats and data breaches. This concept is based on a complete lack of trust in the users of processes and systems. This means that for each specific session, the user, be it a device or an application, must authenticate and confirm their right to access certain data. John Kindervag, a former Forrester analyst, developed Zero Trust that is one of the most popular concepts in cybersecurity today.

In 2023, the Company acquired ZeroTrust core, established an Information Security Service in Central Administration, and prevented attempts to introduce and spread malware. During the implementation of the ZeroTrust first stage, many facts of infection of corporate PCs of employees were detected. We prevented spreading a well-known virus called WannaCry ("ransomware virus").

In 2024, we plan to implement the 2nd stage of transition to ZeroTrust model and introduce a number of solutions to improve information security. By the end of the year, we plan to launch a corporate operational centre for information security.

In general, ZeroTrust application in the Company will significantly improve the information security level.

In 2023, the Company detected 160,000 information security events. Thanks to ZeroTrust, the Company will be able to accelerate the process of prompt response to cyberattacks and coordinated resolution of information security issues.

Also it is important that following the full implementation of ZeroTrust concept, the Company plans to pass the international ISO 27001 certification for compliance with the information security management system requirements.



## Digitalisation of customer paths of B2B and B2C segments

### GRI 418-1

As part of the digitalisation of customer interaction on the telecom.kz and ismet.kz platforms, in 2023, the IT Division transferred the Company's IT products to the ismet.kz business platform and completed the transition to the New Hosting platform with the implementation of hosting products for small and medium businesses. The platform implements a complete digital customer journey without the human factor.

In 2024, we plan to redesign the hosting platform, launch new services, expand content and digitalise certain processes. A data model was created for the KT Docs electronic document management system, which is planned to be used as a unified electronic document management system covering

all digital sales channels in the organisation. The IsmetDocs electronic document management system is being developed on a new microservice architecture. It is planned to integrate the system with the state system of the Unified System of Labour Contracts Accounting (USLCA) and Unified System of Electronic Document Management with State Bodies of the Republic of Kazakhstan (USED0) (including the ENSI and EXED systems). Additionally, integration with the state information system Unified State Real Estate Cadastre (IS USREC) has been implemented. Together with colleagues from the Corporate Business Division, a new marketplace, IsmetMarket (Business.ismet.kz), was introduced, where users can place their goods and services. Also on this marketplace users will be able to become

partners/contractors of the Company for laying fibre-optic communication lines in the cable sewer.

In the B2C segment, we worked on optimisation of customer paths on the telecom.kz portal and in the mobile application. We modernised the personal account, including addition of new interaction types, possibility of automatic payment by bank card on a given day through the services of the second-tier banks (STB), and the viewing of receipts to detail subscribers' accounts. In addition, pilot projects are being launched for a voice bot to automatically provide advice to citizens via a phone call, surveying subscribers in branches using QR scanning of the questionnaire, and displaying services in the Egov Mobile application as part of the strategy to increase the customer base.

## Informing and training employees on information security issues

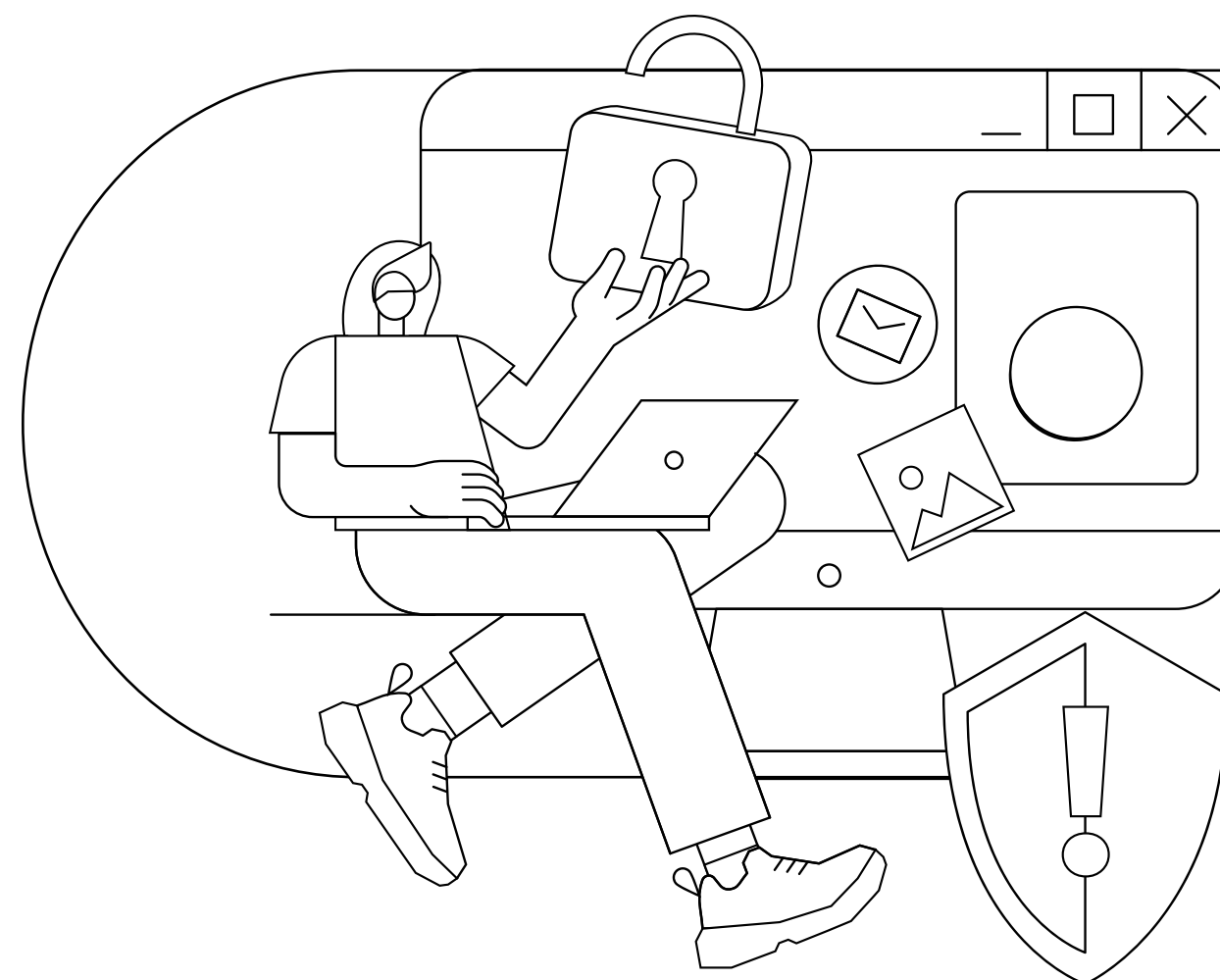
### GRI 418-1

The Company regularly conducts training sessions for its employees to ensure the basic principles of information security - confidentiality, integrity and availability of data.

Information security is ensured both at the administrative level

- each employee is obliged to familiarise himself/herself with and comply with the requirements of the Company's regulations, rules and policies on information security, and at the technical and physical level - the Company uses various hardware and software complexes, cryptographic information protection means, etc.

In addition, specialists of the IS Division regularly attend various advanced training courses on information security, cyber security, IS risks and threats. General training/testing on digital hygiene is conducted for employees of the Customer Relations and Human Resources divisions, where the risk of data misuse is quite high.





# Corporate governance report

## Corporate governance report

The Company endeavours to maintain a high level of corporate governance and transparency of its operations. We improve our corporate governance system, taking into account changes in business and society. This approach ensures efficiency at all levels of management.

Key principles of the Company's corporate governance:

- Sustainable development
- Respect for shareholder rights and fair treatment of shareholders
- Efficiency
- Transparency

The Corporate Secretary highlights compliance with these

principles and provisions of the Corporate Governance Code in the report for to the Board of Directors on annual basis.

Kazakhtelecom JSC developed the Corporate Governance Code in accordance with the legislation of the Republic of Kazakhstan, Samruk-Kazyna SWF JSC internal documents and their Transformation Programme.

The Government of the Republic

of Kazakhstan approved the new edition of the Samruk-Kazyna JSC Corporate Governance Code by its Resolution No. 590 of 23 July 2023. Kazakhtelecom JSC plans to update its Corporate Governance Code in 2024.

The Kazakhtelecom JSC's corporate governance system is a set of processes ensuring management and control over the joint stock company's activity as well as the system

of relationships between the executive body, the Board of Directors, shareholders, and stakeholders. The Charter of Kazakhtelecom JSC determines and enshrines the competence of the bodies and procedure for making decisions.

The analysis by the 2023 results showed that Kazakhtelecom JSC's activity and its corporate practice ensure compliance with the principles and provisions of the Corporate Governance Code.

Management bodies:

- the supreme body — the General Shareholders Meetings;
- the management body — the Board of Directors;
- the executive body — the Management Board.

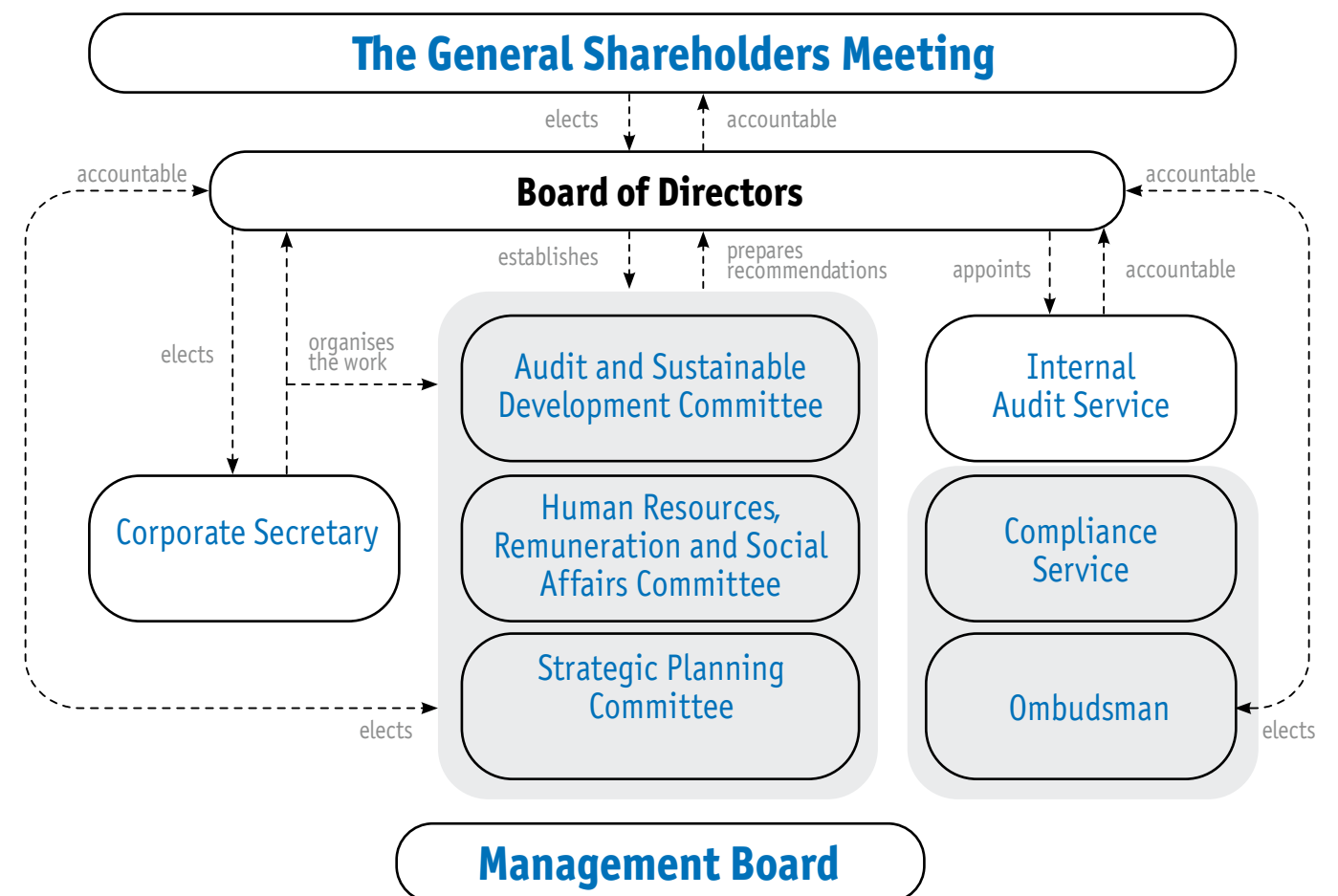
The Management Board is subordinate and accountable to the Board of Directors, which, in turn, is responsible to the General Shareholders Meeting. The detailed role and functions

of each body of the Company are described in the law On Joint-Stock Companies, the Charter and other internal documents of the Company.

The Internal Audit Service is a body that monitors the financial and economic activities of the Company, evaluates internal control, risk management and execution of documents in corporate governance as well as consulting to improve the activities of the joint stock company.

### Corporate Governance Structure

GRI 2-9





## General Shareholders Meeting

Shareholders' rights and their observance are important principles of Kazakhtelecom JSC's corporate governance. The Company equally takes into account the interests of all shareholders, including minority shareholders, regardless of their

shareholding, and ensures equal access to information.

In 2023, the Company held 4 General Shareholders Meetings (1 annual and 3 extraordinary ones). The Meeting considered the issues on the annual

financial statements approval, dividends payment, amendments to the Company's Charter and other internal documents of Kazakhtelecom JSC, changes in the composition of the Board of Directors.

### Shareholder information

Kazakhtelecom JSC discloses information in accordance with the laws of the Republic of Kazakhstan On Securities Market and On Joint Stock Companies, as well as in accordance with the requirements of Kazakhstan Stock Exchange JSC, Astana International Exchange Ltd. and the National Bank of the Republic of Kazakhstan.

The Internet resources of Kazakhstan Stock Exchange JSC (kase.kz), Astana International Exchange Ltd. (aix.kz) and Information and Accounting Centre JSC (dfo.kz) publish information on the composition of the management body and executive body of the Company, on corporate events, on the composition of major shareholders, forthcoming

general shareholders meetings and their results, on securities issues as well as financial statements and other information for the benefit of shareholders and investors.

In addition, for broader shareholder and stakeholder outreach, information is disclosed on the Company's website.

number of issued shares makes up 10%.

Ordinary and preferred shares of Kazakhtelecom JSC were included in the official list of Kazakhstan Stock Exchange JSC (hereinafter - the Exchange) of category A since 16 October 1997, since 1 September 2008 they were transferred to the first category of the Exchange's official list.

Currently, both common and preferred shares of the Company are included in the category Premium of the official list of Kazakhstan Stock Exchange JSC and are traded on the main floor of the Exchange.

On 28 April 2006, the state block of shares of Kazakhtelecom JSC was transferred to Kazakhstan Holding for Management of State Assets Samruk JSC, established in accordance with the Resolution of the Government of the Republic of Kazakhstan dated 23 February 2006 No. 117 for effective management of state stakes in a number of major companies of Kazakhstan. The Government of the Republic of Kazakhstan by

its Resolution dated 17 October 2008 No. 962 On measures for implementation of the Decree of the President of the Republic of Kazakhstan dated 13 October 2008 № 669 established Sovereign Wealth Fund Samruk-Kazyna JSC (hereinafter referred to as SWF Samruk-Kazyna JSC, the Fund) by merging Sustainable Development Fund Kazyna JSC and Kazakhstan Holding for Management of State Assets Samruk JSC.

On 12 September 2023, the State Property and Privatisation Committee of the Ministry of Finance of the Republic of Kazakhstan, the second major shareholder of Kazakhtelecom JSC since May 2022, transferred 3,084,983 (28.24% of outstanding ordinary shares) ordinary shares of Kazakhtelecom JSC to the Fund.

To date, the Fund is the largest shareholder of the Company.

On 13 September 2023, First Heartland Jusan Bank JSC became a shareholder holding 983,350 (9.00% of outstanding ordinary shares) ordinary shares of Kazakhtelecom JSC.

In 2023, the minimum price for ordinary shares of the Company reached KZT 28,200.00 and for preferred shares of the Company KZT 21,844.67.

In the Q4'2023, in anticipation of the date of the shareholders list fixation for dividends payment from retained earnings for 2022 in the amount of KZT 3,038.36 per 1 ordinary share, a short-term increase in the value of Kazakhtelecom JSC shares took place.

After the deadline for inclusion in the dividend payment lists and decrease to the July 2023 level, the value of Kazakhtelecom JSC shares continued a gradual recovery until the end of 2023. According to the results of the last trading day of December 2023, the value of Kazakhtelecom JSC ordinary shares (ISIN KZ0009093241) on Kazakhstan Stock Exchange JSC amounted to KZT 34,500.00, the value of preferred shares of Kazakhtelecom JSC (ISIN KZ0009094645) amounted to KZT 24,750.00.

## Equity capital structure

As of 01 January 2024, members of the Management Board and the Board of Directors of the Company do not own ordinary shares of Kazakhtelecom JSC,

there is no cross ownership of shares. The Company's statutory capital amounts to KZT 12,136,529 thousand and consists of 10,922,876 ordinary

shares and 1,213,653 preferred shares. The nominal value of one share is KZT 1,000. The stake of Kazakhtelecom JSC's preferred shares from the total

## Dividend policy

The purpose of the dividend policy of Kazakhtelecom JSC (hereinafter - the Company) is to

ensure the balance of interests of the Company and Shareholders, predictability and transparency

of approach in determining the amount of dividends, terms and procedure of their payment.



The main principles of the Company's dividend policy are the principle of ensuring guaranteed dividend payment on the entire block of the Company's outstanding shares and the principle of ensuring financing of the Company's activities, including financing of new activities and investment projects implemented at the Company's expense.

The amount of dividends payable depends on the financial and economic condition of the Company,

determined on the basis of financial stability and liquidity indicators.

The Company determines the amount of dividends proposed for payment in accordance with the dividend calculation methodology set out in the Regulation on Dividend Policy of Kazakhtelecom JSC as approved by the decision of the extraordinary General Shareholders Meeting (Minutes No.49 dated 18 January 2013) as amended and supplemented in accordance with the decision

of the extraordinary the Kazakhtelecom JSC's General Shareholders Meeting No. 51 dated 27 December 2013. The General Shareholders Meeting makes final decision on the dividend amount.

In 2023, pursuant to the resolution of the extraordinary General Shareholders Meeting (Minutes No. 79 dated 27 October 2023), 29.30% of the consolidated retained earnings for 2022 attributable to the parent company's owners were allocated to dividend payments.

Members of the Board of Directors are the shareholders' representatives acting in the interests of major shareholders when the Board of Directors performs its activities.

Independent directors of

the Board of Directors are members of all committees, consider all issues and accept recommendations for the Board of Directors. The Audit and Sustainability Committee consists exclusively of independent directors. They

review and make decisions on financial reporting, internal and external audit, risk and other important areas of activity. In addition, independent directors also decide on entering into related-party transactions due to their independence.

## Board of Directors

GRI 2-9

The Board of Directors is the Company's management body that determines strategic directions of its activities, approves the development strategy and budget, elects the executive body and exercises other powers.

**7** persons

are members of the Board of Directors

**3** members

of the Board of Directors are independent directors (43% of the total number)

The Board of Directors' activity is governed by the legislation of the Republic of Kazakhstan, as well as by the Charter, Corporate Governance Code, Regulations on the Board of Directors and other documents adopted by the General Shareholders Meeting.

### Roles of Board of Directors Members

The Chairman manages the Board of Directors, organises the work and ensures efficient

operation of the Board of Directors, conducts its meetings and performs other functions

stipulated by the Charter and the Regulations on the Board of Directors.

### Election of the Board of Directors' members

GRI 2-10

Members of the Board of Directors are elected by the annual General Shareholders Meeting and re-elected by the extraordinary General Shareholders Meeting in case of early termination of powers of previously elected members of the Kazakhtelecom JSC Board of Directors in accordance with the procedure established by the legislation of the Republic of Kazakhstan, the Charter of Kazakhtelecom and the Regulations on Kazakhtelecom's Board of Directors.

The General Shareholders Meeting elects the members of the Board of Directors based on clear and transparent procedures, taking into account the competences, skills, achievements, business reputation and professional experience of the candidates. When re-electing individual members of the Board of Directors or the entire Board of Directors for a new term, their contribution to the effectiveness of the Company's Board of

Directors is taken into account.

The Board of Directors should include individuals with the knowledge, skills and experience necessary for the Board of Directors to perform its functions and ensure the growth of long-term value and sustainable development of the organisation as well as with an impeccable business and personal reputation.

The criteria for selecting candidates to the Board of Directors:

- experience in executive roles;
- experience as a member of the Board of Directors;
- length of service;
- education, specialisation, including international certificates;
- competences in areas and industries (industries may vary depending on the asset portfolio);

- business reputation;
- existence of a direct or potential conflict of interest if elected to the Board of Directors of the organisation.

Elections of members of the Board of Directors are carried out by shareholders by cumulative voting using voting ballots, except for cases when one candidate is running for one seat on the Board of Directors.

Candidates for election to the position of a member of the Board of Directors may be nominated from among:

- Individual Shareholders
- Persons proposed (recommended) for election to the Board of Directors as shareholder representatives.
- Individuals who are not a shareholder of the Company and are not proposed (not recommended) for election to the Board of Directors as a representative of the shareholder.

## Composition of the Board of Directors

Kazakhtelecom's Board of Directors consists of seven (7) members, including three independent directors (43% of the total number of directors).

The current composition of the Board of Directors:

- Nurzhan Baidautov (Chairman of the Board of Directors)
- Kuanyshbek Yessekeyev
- Gibrat Auganov
- Nikolay Kazutin
- Asset Abdualiyev
- Dmitriy Zaika
- Artur Neupokoyev.

Key changes in the composition of the Board of Directors in 2023:

- On 19 July 2023, Alexey Buyanov, a member of the Board of Directors of Kazakhtelecom, Independent Director, resigned as a member of the Board of Directors.
- On 19 July 2023, the extraordinary General Shareholders Meeting decided to:
  - terminate early the powers of Armanbay Jubaev, a member of the Board of Directors of Kazakhtelecom, independent director;
  - Asset Abdualiyev and Artur Neupokoyev were elected as independent directors for the remaining term of office at Kazakhtelecom's Board of Directors.

### Key competencies of members of the Board of Directors:

- Nurzhan Baidautov— management of the Board of Directors, telecommunications, strategy, implementation of a major shareholder decisions;
- Kuanyshbek Yessekeyev — telecommunications, strategy, business planning;
- Gibrat Auganov — strategy, HR, implementation of major shareholder decisions;
- Nikolay Kazutin — audit, finance, marketing, implementation of a major shareholder decisions;
- Asset Abdualiyev — audit, corporate finance, international law, strategy, management, public administration;
- Dmitriy Zaika— audit, finance, strategic planning, marketing, telecommunications, mobile business;
- Artur Neupokoyev — telecommunications, marketing, strategic management, corporate sales, operator business.

## Biographies of the Board of Directors members

GRI 2-9, 2-11



### Nurzhan Baidautov

**Chairman of the Board of Directors, representative of the shareholder Samruk-Kazyna JSC**

**8,655,561**  
ordinary (voting) shares

**Date of Birth:** 1 September 1960  
**Citizenship:** Republic of Kazakhstan  
**Date of first election to the Board of Directors:** 8 May 2012  
**Date of current election to the Board of Directors:** 30 April 2021  
**Shareholding:** No

#### Education: higher

**09.1977 – 06.1986** Moscow Institute of Railway Transport Specialism: Railway Transportation Process Management.  
**2017–2019** International Chartered Director Programme, Institute of Directors, UK.

#### Place of work and positions held in organisations over the last five years:

**04.2016 – present** Representative of Samruk-Kazyna JSC in Kazakhtelecom's Board of Directors.  
**06.2014 – 17.04.2016** Samruk-Kazyna JSC, Senior Asset Management Officer.  
**11.2008 – 06.2014** Samruk-Kazyna JSC, Managing Director.



### Kuanyshbek Yessekeyev

**Member of the Board of Directors — Chairman of the Management Board of Kazakhtelecom**

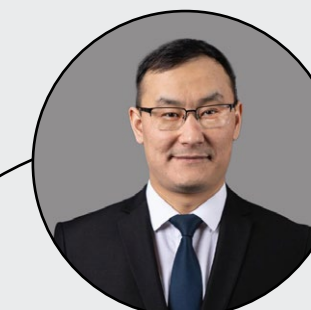
**Date of Birth:** 10 June 1975  
**Citizenship:** Republic of Kazakhstan  
**Date of first election to the Board of Directors:** 16 December 2006  
**Date of current election to the Board of Directors:** 30 April 2021  
**Shareholding:** No

#### Education: higher

**1991 – 1995** Al-Farabi Kazakh State University Specialism: Applied Mathematics. Candidate of Mathematical Sciences.  
**2001 – 2003** Kazakh State Economic University Faculty of Business. Specialism: "Finance and Credit."  
**2015 – 2017** Hult Business School, London, UK. Specialism: Finance. Degree: Executive MBA.

#### Place of work and positions held in organisations over the last five years:

**15.03.2010 – present** Kazakhtelecom, Chairman of the Management Board, member of the Board of Directors Centre for Digital Economy Development LLP, Chairman of the Supervisory Board.  
**02.2007 – 03.2010** Agency of the Republic of Kazakhstan for Informatisation and Communications, the Chairman.



### Gibrat Auganov

**Member of the Board of Directors, representative of the shareholder Samruk-Kazyna JSC**

**8,655,561**  
ordinary (voting) shares

**Date of Birth:** 6 June 1988  
**Citizenship:** Republic of Kazakhstan  
**Date of first election to the Board of Directors:** 30 May 2022  
**Date of current election to the Board of Directors:** 30 May 2022  
**Shareholding:** No

#### Education: higher

**2003 – 2006** Kokshetau Economic College ARNA Finance and Credit. Specialism: Finance (by industry).  
**2006 – 2009** Turar Ryskulov Kazakh Economic University Finance and Accounting. Specialism: Finance.  
**2010 – 2012** Dulaty Taraz State University Specialism: Oil and Gas Business.  
**2014 – 2015** Humanitarian and Technical Academy Specialism: Economics and Business.

#### Place of work and positions held in organisations over the last five years:

**07.2023 – present** Samruk-Kazyna JSC, Managing Director for Corporate Governance, Social and Labour Relations and Health & Safety.  
**02.2021 – 07.2023** Samruk-Kazyna JSC, Managing Director for Public Relations and Change Management.  
**10.2021 – 01.2022** Samruk-Kazyna JSC, Director of Human Resources Management.  
**06.2020 – 10.2021** Karazhanbasmunai JSC, Director of HR Management and Remuneration Department.  
**09.2017 – 06.2020** Embamunaigas, Deputy Director of Human Resources and Remuneration.





## Nikolay Kazutin

**Member of the Board of Directors,  
representative of the shareholder  
Samruk-Kazyna JSC**

**8,655,561**

ordinary (voting) shares

**Date of Birth:** 28 November 1982  
**Citizenship:** Republic of Kazakhstan  
**Date of first election to the Board of Directors:** 4 July 2022  
**Date of current election to the Board of Directors:** 4 July 2022

### Education: higher

**2003** Turar Ryskulov Kazakh Economic University  
Specialism: Accounting and Audit.

### Place of work and positions held in organisations over the last five years:

**02.2022 – present** Samruk-Kazyna JSC, Managing Director of Legal, Assurance and Risk.  
**01.2020 – 02.2022** Deputy Chairman of the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan.  
**01.2018 – 11.2019** Head of Internal Audit Service of East Kazakhstan Regional Energy Company, Ust-Kamenogorsk.  
**08.2016 – 01.2018** Advisor to Kokshetau Mineral Waters JSC, Kokshetau.



## Asset Abdualiyev

**Independent Director**

**Date of Birth:** 8 August 1984  
**Citizenship:** Republic of Kazakhstan  
**Date of first election to the Board of Directors:** 19 July 2023  
**Date of current election to the Board of Directors:** 19 July 2023  
**Independence criteria:** Compliant with the criteria specified in Article 1.20 of the Law of the Republic of Kazakhstan On Joint Stock Companies

### Education: higher

**2001 – 2005** L.N. Gumilev Eurasian National University  
Specialism: Law. Bachelor of International Law.  
**2006 – 2007** University of Dundee CEPMLP Master of Laws (LLM).  
**2017 – 2018** Harvard University. School of Public Administration  
Master of Public Administration (MPA).  
**2018 – 2019** Stanford University, Graduate School of Business  
Master of Science in Management (MSx).

### Place of work and positions held in organisations over the last five years:

**06. 2023 – present** CEO, Silk Road Innovation Hub.  
**06.2021 – 06.2023** TaskRabbit, Inc., Head of Strategy and Development, San Francisco, United States.  
**06.2016 – 05.2017** Almaty Development Centre JSC, Deputy Chairman of the Management Board.



## Dmitriy Zaika

**Independent Director**

**Date of Birth:** 27 April 1975  
**Citizenship:** Republic of Kazakhstan  
**Date of first election to the Board of Directors:** 30 June 2015  
**Date of current election to the Board of Directors:** 30 April 2021  
**Independence criteria:** in Article 1.20 of the Law of the Republic of Kazakhstan

### Education: higher

**1992 – 1998** Almaty Institute of Power Engineering and Communications  
Specialism: radio engineering.  
**2003 – 2005** Kazakh State Economic University. Specialism: Financial Management. Holds degree with distinction in Economics.

### Place of work and positions held in organisations over the last five years:

**2011 – 2020** Chimpharm JSC, Independent Director.  
**2012 – 2016** ALTEL JSC, Independent Director.  
**2015 – present** Kazakhtelecom JSC, Independent Director.



## Artur Neupokoyev

**Independent Director**

**Date of Birth:** 22 June 1967  
**Citizenship:** Republic of Kazakhstan  
**Date of first election to the Board of Directors:** 19 July 2023  
**Date of current election to the Board of Directors:** 19 July 2023  
**Independence criteria:** Compliant with the criteria specified in Article 1.20 of the Law of the Republic of Kazakhstan On Joint Stock Companies

### Education: higher

**1985 – 1992** Kazakh Polytechnic Institute  
Specialism: Physico-Chemical Studies of Metallurgical Processes.

### Place of work and positions held in organisations over the last five years:

**01.2018 – 11.2019** Kazakhtelecom JSC, Director of the Department for Sales to Big Customers of the Corporate Business Division.  
**03.2006 – 12.2017** Kazakhtelecom JSC, Deputy Director General - Commercial Director of the Corporate Sales Directorate.



## Directors' Independence

In accordance with the requirements of the Law On Joint Stock Companies, independent members of the Board of Directors should make at least 30%. In 2023, this proportion in the Kazakhtelecom JSC's Board of Directors was 43%.

An independent director is a person of sufficient professionalism and autonomy to make independent and objective decisions free from the influence of individual shareholders, the executive body and other stakeholders.

Independent Director is a member of the Board of Directors who:

- is not an affiliate of this joint stock company and

has not been an affiliate of this joint stock company for three years preceding his election to the Board of Directors (except for the case of his tenure as an independent director of this joint stock company);

- is not an affiliate of any affiliate of this joint stock company;
- is not a subordinate to any officials of the joint-stock company or affiliated entities of the joint-stock company and has not been subordinate to any such officials during the three years preceding his election to the Board of Directors;
- is not a government official;

- is not a shareholder's representative at meetings of the bodies of the joint stock company and has not been such a representative during the three years preceding his election to the Board of Directors;

- does not participate in the audit of this joint stock company as an auditor working as part of an audit organisation and has not participated in such an audit during the three years preceding his election to the Board of Directors.

The independent directors of the Company's Board of Directors in 2023 fully met the independence criteria.

of the Company and its shareholders in accordance with the laws of the Republic of Kazakhstan and internal documents of the Company;

- maintaining the lawfulness, validity and compliance with the Company's interests of the decisions made by an employee, a member of the Board of Directors of the Company within their competence;
- promoting the formation of an appropriate working culture that ensures timely identification and resolution of conflicts of interest;
- managing conflicts of interest in a transparent and timely manner, without prejudice to the efficiency of the Company's bodies, structural units and employees;

- ensuring personal responsibility of an employee, member of the Company's Board of Directors for decisions taken within their competence;
- introducing internal and external accountability mechanisms;
- ensuring observance of shareholders' rights as well as protection of the Company's property interests and business reputation;
- ensuring that the Company's decision-making mechanism cannot be compromised;
- permanent further improvement of procedures for preventing conflict of interest in the Company in accordance with changing realities.

In accordance with the Conflict of Interest Policy, members of the Company's Board of Directors should:

- disclose any actual or potential conflict of interest to the Board of Directors;
- not to take any actions that may lead to a conflict of interest;
- not make decisions on transactions where members of the Company's Board of Directors have a conflict of interest;
- on a quarterly basis, as well as upon request, provide the Compliance Service with information on its affiliates (physical and legal entities) in the form according to the Appendix to this Policy.

In 2023, the Board of Directors recorded no conflicts of interest in its work.

## Conflicts of interest

GRI 2-15

Kazakhtelecom has a Conflict of Interest Policy in place. The Policy defines the procedure for prevention, identification and regulation of conflict of interests, procedures for

interaction and coordination of the Company's bodies and/or persons in case of occurrence or probability of occurrence of conflict of interests.

Objectives of the Conflict of Interest Policy:

- creating conditions for prevention, detection and elimination of conflict of interest;
- resolving conflict of interest due to this Policy in the interests

## Activity of the Board of Directors

In 2023, the Board of Directors held online meetings using existing video conferencing platforms.

During the year, the Company's Board of Directors held 14

meetings and considered 103 issues.

Key decisions of the Board of Directors in 2023:

- Approval of the Roadmap

for the Company's ESG Practices;

- Approval of the business plan for the strategic project on network modernisation in line



the authorised body's requirements;

- Consideration of certain issues of the Kazakhtelecom JSC Group's mobile operators;
- approval of the Business Plan of Kazakhtelecom JSC for 2024-2028.

The Management Board was also invited to speak on a regular basis regarding the Business Plan implementation, occupational health and safety, strategic projects implementation, risks, Strategy implementation and mobile operators' activities.

Summing up the results of the Board of Directors' work in 2023, no cases of corporate disputes between the Company and members of the Board of Directors were in place, nor were the facts of their misconduct.

## Assessment of the Board of Directors

### GRI 2-18

The Company evaluates Kazakhtelecom's Board of Directors' performance in accordance with the Rules for evaluation of the performance of the Board of Directors and its committees, members of the Board of Directors and the Corporate Secretary. According to this document, the Company evaluates the performance of the Board of Directors once a year by means of self-assessment and at least once in three years by independent consultants.

PricewaterhouseCoopers consultants conducted the last external assessment of the Board of Directors' performance in 2021. According to their assessment, the rating for the Board of Directors and Executive Body Effectiveness increased from BB in 2018 to BBB. In addition, based on the results of this assessment, the Corporate Governance Improvement Plan

included measures related to the activities of the Board of Directors.

According to the mentioned Rules, the Board of Directors was evaluated through self-assessment of its performance in 2023. The list of evaluation criteria included questions to assess the level of strategic thinking, industry knowledge, professional experience, commitment to teamwork, adherence to the principles of sustainable development, and others.

The Board of Directors reviewed the results of the performance evaluation of its members at its meetings. Each member's performance was in line with high standards of reasonable, professional and efficient behaviour. This also translated into the Company's strong financial and operational results. In this regard, the performance of the Board of Directors in 2023 was highly assessed.

### Improving the professional competence of members of the Board of Directors

### GRI 2-17

The Company has a policy in place to encourage professional development and attract external experts by members of the Board of Directors. This policy is based on the best practices of corporate governance to improve the efficiency of the Board of Directors' work through the implementation of a system of skills development and professional development of members of the Board of Directors and the exercise of their right to engage external experts if the issues considered by the Board of Directors require external professional and independent expert analysis. No training of the Board of Directors members was organised in 2023.

## Committees of the Board of Directors

### GRI 2-9

In 2023, three Committees functioned under the Board of Directors: the Audit and Sustainable Development Committee, the Human Resources, Remuneration and Social Affairs Committee, and the Strategic Planning Committee.

The Company's Board of Directors determines and implements quantitative composition, term of office of the Committees, election of their Chairman and members as well as early termination of their powers. According to the Samruk-Kazyna Fund's Corporate Governance Code, the Chairman of the Committee is an Independent Director - member of the Board of Directors.

### Audit and Sustainable Development Committee

### GRI 2-9, 2-13

The Kazakhtelecom JSC's Board of Directors established the Audit Committee by its resolution in 2006. In July 2022, the Board of Directors renamed the Audit Committee into the Audit and Sustainable Development Committee. The Committee carries out its activity in accordance with the

Regulations on the Committee approved by the Board of Directors on 19 July 2022.

Composition of the Committee in 2023:

**from 01 January to 19 July:** Armanbay Jubaev (Chairman of the Committee), Alexey Buyanov, Dmitry Zaika.

**from 21 July:** Asset Abdualiyev (Chairman of the Committee), Dmitry Zaika, Artur Neupokoyev.

In accordance with the Corporate Governance Code of Kazakhtelecom JSC, the Audit and Sustainable Development Committee consists entirely of independent directors who meet the criteria for recognising the independence of directors stipulated by subparagraph 20) of Article 1 of the Law of the Republic of Kazakhstan On Joint Stock Companies.

In accordance with the Regulations on the Committee, the Chairman of the Committee invited to the meetings to provide information on agenda items:

- members of the Board of Directors;
- Heads of the Internal Audit Service and Compliance Service;

- representatives of the external auditor Ernst & Young LLP;
- employees of the Company (top management, heads of structural divisions, experts) and employees of subsidiaries.

The Audit and Sustainable Development Committee holds regular in-person meetings at least once a quarter and extraordinary meetings as required.

In 2023, the Committee held 8 meetings, considered 29 issues (including the activities of the Internal Audit Service, Compliance Service, Internal Controls and Risks, Financial Statements, and External Audit) and made relevant recommendations to the Board of Directors.

The Committee worked in accordance with the 2023 Work Plan. The Committee members took active part in each of its meetings.

In its work, the Committee is guided by the Kazakhtelecom JSC's Charter, the Company's Corporate Governance Code, the Regulations on the Committee.

## Attendance of Audit and Sustainable Development Committee meetings in 2023

Committee members	No.1 09.02	No.2 07.03	No.3 13.04	No.4 26.05	No.5 13.07	No.6 14.09	No.7 30.10	No.8 06.12	Attendance rate *
Armanbay Jubaev	+	+	+	+	+				100%
Alexey Buyanov	+	+	+	+	+				100%
Dmitriy Zaika	+	+	+	+	+	+	+	+	100%
Asset Abdualiyev						+	+	+	100%
Artur Neupokoyev						+	+	+	100%

\* % of participation during the term of office of a Committee member.

### Human Resources, Remuneration and Social Affairs Committee

#### GRI 2-20

The Board of Directors of Kazakhtelecom JSC established the HR, Remuneration and Social Affairs Committee by its decision in 2015.

The Committee reports to the Board of Directors and carries out its activities in accordance with the Regulations on HR, Remuneration and Social Affairs Committee of the Board of Directors of Kazakhtelecom JSC, approved by the decision of the Board of Directors Minutes No.2 dated 18.03.2015.

Composition of the HR, Remuneration and Social Affairs Committee in 2023:

**from 01 January to 19 July:** Alexey Buyanov (Chairman of the Committee), Armanbay Jubaev, Dmitry Zaika, Gibrat Auganov

**from 21 July:** Dmitry Zaika (Chairman of the Committee), Asset Abdualiyev, Artur Neupokoyev, Gibrat Auganov.

In accordance with the Regulations on the Human Resources, Remuneration and Social Affairs Committee, the Chairman of the Committee invited to the meetings as speakers, observers and also to provide information on agenda items:

- members of the Board of Directors;
- employees of the Company (top management, heads

of structural divisions, experts);

- candidates for managerial positions in accordance with the List of managerial positions.

In 2023, the Human Resources, Remuneration and Social Affairs Committee held 10 in-person meetings, considered 33 issues (including social issues, changes in the structure of the Central Administration, election of employees to the Company's Management Board, appointment of the first heads of subsidiaries, approval of KPIs for executives, remuneration, HR management), and made relevant recommendations to the Board of Directors. The Committee worked in accordance with the 2023 Work Plan.

## Attendance of HR, Remuneration and Social Affairs Committee meetings in 2023

Members of the Board of Directors	No.1 13.02	No.2 14.03	No.3 21.04	No. 29.05	No.5 18.07	No.6 29.08	No.7 14.09	No.8 03.11	No.9 28.11	No.10 07.12	Attendance rate *
Alexey Buyanov	+	+	+	+	+						100%
Dmitriy Zaika	+	+	+	+	+	+	+	+	+	+	100%
Armanbay Jubaev	+	+	+	+	+						100%
Gibrat Auganov	+	Business trip	+	+	+	Business trip	+	+	+	Meeting in Samruk-Kazyna	70%
Asset Abdualiyev							+	+	+	+	100%
Artur Neupokoyev							+	+	Business trip	+	80%

\* Attendance in % during the term of office of a Committee member.

### Strategic Planning Committee

The Board of Directors of Kazakhtelecom JSC established the Strategic Planning Committee by the decision of the Board of Directors in 2010. The Strategic Planning Committee is a consultative and advisory body of the Board of Directors and carries out its activities in accordance with the Regulations on the Strategic Planning Committee approved by the decision of the Board of Directors on 19 November 2010.

Composition of the Strategic Planning Committee of the Board of Directors of Kazakhtelecom JSC in 2023:

**from 01 January to 19 July:** Dmitry Zaika (Chairman

of the Committee), Alexey Buyanov, Armanbay Jubaev, as well as non-voting experts Timur Sharipov and Almagul Mukanova.

**from 21 July:** Artur Neupokoyev (Chairman of the Committee), Asset Abdualiyev, Dmitry Zaika, and non-voting experts Timur Sharipov and Almagul Mukanova.

The Chairman of the Committee invited to the meetings as observers, speakers and to provide information on agenda items:

- members of the Management Board;
- top management and other employees of the Company and its subsidiaries;

- Samruk-Kazyna JSC representatives

The Strategic Planning Committee shall hold meetings according to the annual plan approved by a decision of the Committee, but at least once a quarter, extraordinary meetings - as required.

In 2023, the Strategic Planning Committee held 7 in-person meetings, considered 11 issues and made recommendations to the Company's Board of Directors. These are issues of strategy, business planning, strategic projects, the Company's Development Plan and other important issues of the Company's activities. The Committee worked in accordance with the 2023 Work Plan.

## Attendance of Strategic Planning Committee meetings in 2023

Committee members	No.1 09.03	No.2 27.03	No.3 21.04	No.4 13.07	No.5 16.08	No.6 30.10	No.7 06.12	Attendance rate *
Dmitry Zaika	+	+	+	+	+	+	+	100%
Alexey Buyanov	+	+	+	+				100%
Armanbay Jubaev	+	+	+	+				100%
Artur Neupokoyev					+	+	+	100%
Asset Abdualiyev					+	+	+	100%

\* Attendance in % during the term of office of a Committee member.

## Remuneration of the Board of Directors

GRI 2-19, 2-21

The General Shareholders Meeting of Kazakhtelecom JSC of 12 August 2021 decided to pay the independent director a fixed annual fee and additional fee for membership/presidency in committees of the Board of Directors:

- for non-residents of the Republic of Kazakhstan — fixed annual remuneration amounting to USD 45,000 (forty-five thousand) and additional remuneration for membership/chairing of committees of the Board of Directors of the Company amounting to USD 11,000 (eleven thousand) after

taxes and other compulsory contributions in accordance with the legislation of the Republic of Kazakhstan;

- for residents of the Republic of Kazakhstan — fixed annual remuneration amounting to KZT 16,650,000 (sixteen million six hundred fifty thousand) and additional remuneration for membership/chairing of Committees of the Board of Directors of the Company amounting to KZT 4,000,000 (four million) after taxes and other compulsory contributions in accordance with the legislation of the Republic of Kazakhstan.



In accordance with the decision of the Kazakhtelecom JSC General Shareholders Meeting dated 12 August 2021, the amount of the fixed annual remuneration to the Chairman of the Board of Directors of the Company makes up KZT 16,000,000 (sixteen

million) after taxes and other compulsory contributions in accordance with the laws of the Republic of Kazakhstan.

The total remuneration paid to the resident members of the Board of Directors in 2023 made KZT 57,356,111.65. The total remuneration paid to non-resident members of the Board of Directors in 2023 amounted to USD 56,148.87. The total aggregate remuneration paid to the members of the Company's

Board of Directors for 2023 makes up KZT 82,631,922.24.

In accordance with the Regulations on the Board of Directors, if the powers of an Independent Director (including early termination) are terminated before the end of the six-month period, the Independent Director shall be paid remuneration and compensation for the period of actual membership on the Board of Directors.

In accordance with the Regulations on the Board of Directors and the Policy of remuneration of independent members of the Board of Directors of Kazakhtelecom JSC, the Independent Director may be paid additional remuneration based on the results of the year by the decision of the General Shareholders Meeting of Kazakhtelecom JSC.

## Corporate Secretary

The Corporate Secretary shall report to the Board of Directors and shall act in accordance with the provisions of the laws of the Republic of Kazakhstan, the Charter, the Corporate Governance Code, other internal documents, as well as decisions of the General Shareholders Meeting and the Board of Directors.

Within the framework of its activities, the Corporate Secretary controls preparation and holding of General Shareholders' Meetings and meetings of the Board of

Directors, organises office work and ensures document management of the Board of Directors, ensures convocation of meetings of the Board of Directors and keeps minutes of such meetings, provides members of the Board of Directors with necessary information.

The Corporate Secretary of Kazakhtelecom JSC Bulat Abdykalykov holds state awards and a sectoral title of Үздік байланысшы (Best Communicator). He was recognised as one of the

best corporate secretaries of the Samruk-Kazyna Group of Companies, a permanent participant in various measures to further improve corporate governance and the institute of corporate secretaries. He is an Honourable Member of the Central Asian Association of Corporate Secretaries. The Chairman of the 2023 Corporate Secretary competition jury.

The Regulations on the Corporate Secretary are available on the Company's corporate Internet resource in the Corporate Governance section.

# Management Board

The Management Board is a collective executive body that manages day-to-day operations to fulfil the objectives and implement the Company's strategy.

The Management Board's work is based on the principle of maximum observance of shareholders' interests and full accountability to the decisions of the General Shareholders Meeting and the Board of Directors.

The Management Board consists of six (6) members — the Chairman of the Management Board and other members elected by the Board of Directors.

In 2023, Nataliya Lyan, Managing Director for Asset Management, and Alibek Andykbayev, General Director of the Corporate Business Division, were elected to the Management Board of the Company.

## Composition of the Management Board

GRI 2-11



### Kuanyshbek Yessekeyev

**Member of the Board of Directors — Chairman of the Management Board of Kazakhtelecom**

**Date of Birth:** 10 June 1975  
**Citizenship:** Republic of Kazakhstan  
**Date of the first election to the Management Board of Kazakhtelecom JSC:** 15 March 2010  
**Date of the current election to the Management Board of Kazakhtelecom JSC:** 16 March 2022  
**Ownership of the Company's shares, shares of suppliers and competitors:** None.

#### Education: higher

**1991 – 1995** – Al-Farabi Kazakh State University. Specialism: Applied Mathematics, Candidate of Mathematical Sciences.  
**2001 – 2003** – Kazakh State Economic University. Faculty of Business. Specialism: «Finance and Credit»  
**2015 – 2017** – Hult Business School, London, UK; Specialism: Finance; Degree: Executive MBA.

#### Place of work and positions held in organisations over the last five years:

**02.2007 – 03.2010** – Information and Communications Agency of the Republic of Kazakhstan, Chairman.  
**03.2010 – present** – Kazakhtelecom, Chairman of the Management Board, Member of the Board of Directors.

#### Part-time work and membership in the Boards of Directors of other organisations:

Chairman of the Supervisory Board of the Centre for Digital Economy Development LLP.



### Lyudmila Atamuratova

**Member of the Management Board of Kazakhtelecom JSC, Chief Financial Officer**

**Date of Birth:** 1 March 1980  
**Citizenship:** Republic of Kazakhstan  
**Date of election to the Management Board of Kazakhtelecom JSC:** 1 June 2022  
**Ownership of the Company's shares, shares of suppliers and competitors:** None.

#### Education: higher

**1997 – 2002** – South Ural State University (Russian Federation, Chelyabinsk); Specialism: Finance and Economics (degree with distinction); qualified as Manager, specialisation: Project Management.  
**1999 – 2001** – South Ural State (Russian Federation, Chelyabinsk), Language Centre; qualified as a Translator and Teacher of English. Specialism: Theoretical and Applied Linguistics.  
**2002 – 2003** – KIMEP University, Certificate in Finance/Accounting (applied part of MBA programme).  
**2021–2023** – Skolkovo Moscow School of Management, Executive MBA degree.

#### Place of work and positions held in organisations over the last five years:

**07.2015–04.2022** – Kazakhtelecom, Director of the Project Financing Department.  
**05.2022–06.2022** – Kazakhtelecom, Acting Chief Financial Director.  
**06.2022 – present** – Kazakhtelecom, Chief Financial Officer, member of the Management Board.

#### Part-time work and membership in the Boards of Directors of other organisations:

None.



### Berik Bitabarov

**Member of the Management Board of Kazakhtelecom JSC, Chief Operations Officer**

**Date of Birth:** 18 September 1977  
**Citizenship:** Republic of Kazakhstan  
**Date of election to the Management Board of Kazakhtelecom JSC:** 1 May 2022  
**Ownership of the Company's shares, shares of suppliers and competitors:** None.

#### Education: higher

**1994 – 1999** – Abai Almaty State University; Specialism: Expert in International Relations.  
**2021** – London School of Business, UK. Degree: Executive MBA.

#### Place of work and positions held in organisations over the last five years:

**12.2018 – 09.2021** – Kazakhtelecom, Managing Director for Human Resources.  
**09.2021 – 04.2022** – Kazakhtelecom, Managing Director for Human Resources, Health and Safety.  
**04.2022 – 12.2022** – Kazakhtelecom, Chief Director for Human Resources.  
**12.2022 – present** – Kazakhtelecom, Chief Operations Officer, Member of the Management Board.

#### Part-time work and membership in the Boards of Directors of other organisations:

None.



## Alibek Indykbayev

**Member of the Management Board of Kazakhtelecom,  
General Director of the Corporate Business Division**

**Date of Birth:** 30 July 1988

**Citizenship:** Republic of Kazakhstan

**Date of election to the Management Board of Kazakhtelecom JSC:**  
03 July 2023

**Shareholding:** None.

### Education: higher

**2018** – Muhammedjan Tynyshpayev Kazakh Academy of Transport and Communications, Specialism: Radio Engineering, Electronics and Telecommunications.

**2008** – Turan University, Specialism: Finance.

### Place of work and positions held in organisations over the last five years:

**07.2021 – 10.2022** – Q Telecom JSC, Chairman of the Management Board.

**10.2022 – 04.2023** – Q Telecom JSC, Chairman of the Board of Directors.

**05.2023 – present** – Kazakhtelecom, General Director of the Corporate Business Division.

### Part-time work and membership in the Boards of Directors of other organisations:

None.



## Nataliya Lyan

**Member of the Management Board of Kazakhtelecom,  
Managing Director for External Assets Management**

**Date of Birth:** 16 December 1969

**Citizenship:** Republic of Kazakhstan

**Date of election to the Management Board of Kazakhtelecom:** 03 July 2023

**Shareholding:** None.

### Education: higher

**1986 – 1991** – Lomonosov Moscow State University; Specialism: Computational Mathematics and Cybernetics Department.

**2012 – 2014** – Skolkovo Moscow School of Management, EMBA degree.

### Place of work and positions held in organisations over the last five years:

**07.2010 – 07.2023** – Kazakhtelecom, Managing Director for External Asset Management.

**07.2023 – present** – Kazakhtelecom, Managing Director for External Asset Management, Member of the Management Board.

### Part-time work and membership in the Boards of Directors of other organisations:

None.



## Nurlan Meirmanov

**Member of the Management Board of  
Kazakhtelecom, Chief Innovation Officer**

**Date of Birth:** 3 August 1972

**Citizenship:** Republic of Kazakhstan

**Date of election to the Management Board of Kazakhtelecom JSC:** 2 May 2019

**Ownership of the Company's shares, shares of suppliers and competitors:**  
None.

### Education: higher

**1989 – 1995** – Kazakh Chemical Technology Institute; Specialism: Main Processes of Chemical Production and Chemical Cybernetics.

**2008 – 2011** – Russian Presidential Academy of National Economy and Public Administration, Doctor of Business Administration.

**2011** – International Business Academy, Doctor of Business Administration.

### Place of work and positions held in organisations over the last five years:

**01.2012 – 05.2019** – Kazakhtelecom, Managing Director for Innovations.

**05.2019 – present:** Kazakhtelecom, Chief Innovation Officer.

### Part-time work and membership in the Boards of Directors of other organisations:

Member of the Supervisory Board of NURSAT+ LLP.

## Activity of the Management Board

In the reporting period, the Management Board reviewed and made decisions on the following main issues:

1) considered and approved: Roadmap for the development of Kazakhtelecom JSC's ESG practices; annual financial statements of Kazakhtelecom JSC for 2022; annual financial statements of Kazakhtelecom JSC's subsidiaries and associated organisations for 2022; procedure for distribution of Kazakhtelecom JSC's net income for 2022; Kazakhtelecom JSC's Environmental Policy and Kazakhtelecom JSC's Sustainable Development Policy; establishment of a joint venture to implement the project for construction and operation of the Trans-Caspian fibre-optic communication line (FOCL) along the Caspian Seabed; Kazakhtelecom JSC's investment activity parameters for 2024; Business plan for the strategic project on Data Centre Construction in Astana city;

2) approved: the Kazakhtelecom Procurement Budget and Cash Budget 2023, the Roadmap for implementation of Kazakhtelecom's strategic and business initiatives — JRun programme; Kazakhtelecom's Operating Budget 2024-2028; Action Plan for the transition of Kazakhtelecom to low-carbon development until 2032; Kazakhtelecom Stakeholder Map and Communications Plan on interaction with stakeholders for 2023; Kazakhtelecom's Rules of Procedure, etc.

## Remuneration of the Board

GRI 2-19, 2-20, 2-21

The terms and procedure for payment of remuneration to the Company's executives in the reporting period are governed by the Rules for Payment of Performance-Based Remuneration to Kazakhtelecom's Executives in the Reporting Period as approved by the decision of the Board of Directors dated 14.02.2023, Minutes No. 2 (hereinafter the Rules).

Key principles of the Rules:

- Interrelation of remuneration with the performance of tasks that meet the interests of the Company and its shareholders;
- Simplicity and transparency of the principles for setting the remuneration;
- Remuneration reliant on the Company's performance results and the employee's personal performance.

Motivational KPIs are used to assess the performance of executives.

The procedure for evaluating executive performance consists of the following steps:

- Setting motivational KPIs and their target values;



- Approval of motivational KPIs;

- Performance monitoring;
- Calculation and approval of actual performance.

Remuneration based on the results of work for the reporting period shall be paid within the limits of funds provided for these purposes in the Company's budget. This takes place after approval of the results of financial and economic activities based on audited financial statements for the

reporting period in accordance with the established procedure.

The maximum amounts of remuneration based on the results of work for the reporting period are determined in accordance with the remuneration structure.

The total amount of salaries and all types of pecuniary incentives paid to members of the Company's Management Board amounted to KZT 362,426 thousand in 2023.

## Information transparency

Kazakhtelecom adheres to the information openness and transparency principles, confirming its readiness to follow corporate governance high standards. To improve the Company's investment attractiveness and conduct a trust dialogue with stakeholders, the Company discloses information on its activity in accordance with:

- laws of the Republic of Kazakhstan On Securities Market and On Joint Stock Companies;
- requirements of Kazakhstan Stock Exchange, Astana International Exchange Ltd;
- requirements of the National Bank of the Republic of Kazakhstan;
- the basic principles of disclosure and provision of information set out in the Corporate Governance Code;
- the Company's internal documents.

To ensure transparency, the Company is guided by the Information Policy. We developed our Information Policy in accordance with the legislation of the Republic of Kazakhstan, the Charter and Corporate Governance Code of Kazakhtelecom JSC and the Business Development Strategy

until 2025.

Kazakhtelecom JSC implements its information policy by generating unique information messages about the Company's activities to disseminate them through various communication channels and to deliver relevant information to the target audience. The purpose of each information message is to inform the target audience in an accessible and understandable form.

The Information Policy defines the basic principles and specific requirements for information provided by the Company about its activities to key target audiences:

- shareholders and investors;
- customers (corporate partners in B2B, B2C, B2G segments);
- government authorities of the Republic of Kazakhstan;
- mass media, as well as other parties interested in receiving information about the Company, its products and services.

The Policy also imposes requirements for the protection of insider, proprietary and commercial information, as well as information classified as personal data by law.

Information Policy Principles:

- Reliability
- Efficiency
- Systemic approach
- Proactivity and amicability
- Pragmatism and care for the interests of target audiences
- Digitalisation and multimedia
- Confidentiality

The Internet resources of Kazakhstan Stock Exchange (kase.kz), Astana International Exchange Ltd. (aix.kz) and Information and Accounting Centre JSC (dfo.kz) publish information on the composition of the governing body and executive body of the Company, corporate events, the composition of major shareholders, upcoming general shareholders meetings and their results, securities-related matters as well as financial statements and other information in the interests of shareholders and investors.

In addition, for wider outreach to shareholders and stakeholders, the Company discloses information, including publication of annual reports, on its official website at <https://telecom.kz/ru>.





# Corporate ethics

**GRI 2-23**

Corporate ethics issues at Kazakhtelecom are regulated by the Code of Business Conduct and the Corporate Governance Code. The Code of Business Conduct and the Corporate Governance Code are public documents and are freely distributed by the Company to employees, shareholders, customers, partners, and other stakeholders.

The Kazakhtelecom Code of Business Conduct is available on the Company's website at [telecom.kz](http://telecom.kz).

The Kazakhtelecom Code of Business Conduct is developed in line with the laws of the Republic of Kazakhstan, takes into account the requirements of the International Labour Organisation, as well as the Charter, Corporate Governance Code and a number of other internal documents of Kazakhtelecom JSC.

The provisions of the Code of Business Conduct and the Corporate Governance Code are binding on all employees and officers. The Company's officers and employees acknowledge in writing that they have read the Code of Business Conduct. In addition, the Company provides regular training to its officers

and employees to ensure that they understand the Code of Business Conduct, the role

of the Ombudsman and the availability of the system for reporting suspected violations.

**The main principles of the Company's business ethics are:**

- Compliance
- Fairness
- Good faith
- Transparency
- Liability
- Competence and professionalism
- Trust
- Meritocracy

The Ombudsman ensures compliance with the principles of business ethics and settles social and labour disputes. The Ombudsman is a Company's employee appointed by the Board of Directors to assist the

Company in preventing and resolving conflicts in social and employment relations, protecting the rights and legitimate interests of employees, establishing and developing corporate values and observing business ethics.



# Risk management and internal controls

Today's emerging risks in telecommunications include cybersecurity threats, legislative and regulatory changes, and technological challenges such as the introduction of 5G and the Internet of Things (IoT). Cyber-attacks on telecommunications networks are increasing. This can lead to confidential information leaks, network disruptions and serious consequences for businesses and society as a whole.

Being the largest telecommunications

operator in Kazakhstan, Kazakhtelecom plays an important role in contributing to the development of telecommunications infrastructure and ensuring the communications security in the country. The Company actively introduces modern technologies and endeavours to strengthen cyber security of its networks to protect the information of its customers and ensure uninterrupted functioning of telecommunications services. Inter alia, functioning of our corporate risk management and internal control system

(CRMS and IC) ensures asset protection, business processes improvement, activity efficiency enhancement and compliance with regulations of the applicable legislation.

Timely identification of inconsistencies and sources of inefficiency, analysis and forecasting of various scenarios, development of measures for timely prevention or mitigation of risks make a significant contribution to the achievement of the Company's operational and strategic goals.

## Model of risk management and internal control system

The Company's CRMS and IC functioning model involves all levels of corporate governance in the timely identification

and management of risks and non-conformities, and includes building CRMS and IC components at the strategic and

tactical management levels as well as ensuring independent assessment and oversight of its functioning.



**Main tasks aimed at achieving the objectives of the Internal Control System**

- Forming and updating the main areas of development of the Internal Control System (ICS) in accordance with the Company's needs and the stakeholders' requirements
- Risk assessment of business processes, development, implementation and execution of control procedures, including unified methodological support for the organisation and effective functioning of ICS in the Company
- Identification of deficiencies in existing control procedures, development and implementation of measures to eliminate them, typification and regulation of control procedures
- Development and implementation of mechanisms for interaction and exchange of information on internal control between CRMS and IC subjects to build a preventive system for identifying operational risks, including through the information systems use

Transparency and reliability of the Company's financial statements also is one of the key tasks of the internal control system.

To formalise the system of internal control over the financial reporting process, the Company

- identified and described material business processes affecting the preparation of financial statements;
- introduced and delineated responsibility for control procedures and their effective fulfilment;
- periodically updates the elements of ICS;
- permanently monitors and regularly assesses the control procedures effectiveness.

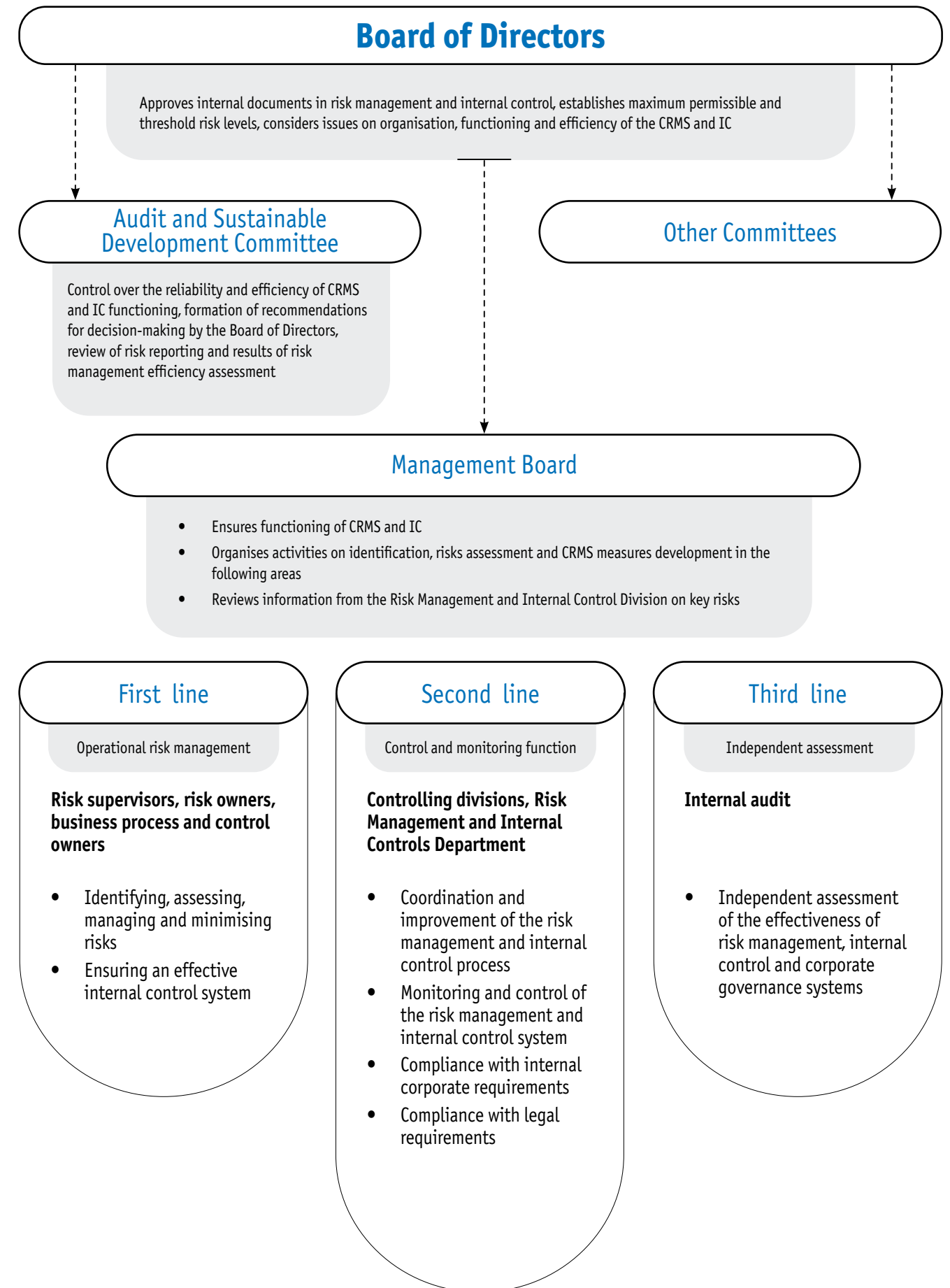
The Company has developed the main regulatory documents governing the procedure and principles of the internal control system functioning: Internal Control System Policy, Rules for the Internal Control System Management. The documents define:

- objectives and principles of building the internal control system;
- distribution of functions of internal control subjects;
- the main steps and procedures of the internal control process, responsible persons and deadlines for their fulfilment (functioning, improvement and diagnostics);
- updating the description of business processes of the internal control system;

- diagnostics (efficiency assessment) of the internal control system and the procedure for preparing and submitting reports on the internal control system condition.

As part of the above tasks, the Company works to identify business process risks, develop and implement control procedures which helps to improve the efficiency and manageability of business processes, ensure the reliability of financial reporting, compliance with legal requirements and local regulatory documents of the Company.

**Organisational structure of the corporate risk management system**





The Company recognises that risk management is effective only when every employee is

in the process. Therefore, we are constantly developing a risk-oriented culture with the

following key aspects:

**Tone on top**

The Company's management sets an example for employees in discussing, identifying and assessing risks, and is actively involved in risk management.

**Cultural spectrum**

Timely provision of risk information is encouraged. Acceptance of risks is allowed if they are not critical but may contribute to business development. The risks themselves are viewed not only as a potentially negative event, but also as an opportunity to improve the Company's processes.

**Involvement**

Risk management training is organised for employees, accessible guidance materials are developed, and communication and support channels are organised.

**Internal controls system**

The Company developed its internal control system based on the recommendations of a number of international best practices in risk management and internal control, including the Committee of Sponsoring

Organisations of the Treadway Commission (COSO), TMForum, and ISO series standards. The Company's internal control system is based on the model of the three lines of defense (for more details on the model of the

three lines of defense, please see our Annual Report 2021).

The Company distributes responsibility for the model functioning as follows:

**First line of defense**

Management (process owner) has the primary responsibility for managing the risks associated with day-to-day operations. In addition, the responsibility of the first line includes the development, maintenance, and implementation of controls.

**Second line of defense**

Identifies emerging risks in the day-to-day activities of the organisation. To this end, it ensures that the necessary concepts, policy documents, tools and technologies are in place.

**Third line of defense**

Evaluation of the ICS effectiveness, responsibility for reporting to the Board of Management and the Audit Committee, and audit evidence provision to regulators and external auditors demonstrating the effectiveness of the structure and functioning of the control culture in the organisation.

**Integration of risk management with the Company's cross-functional processes**

Interrelation of risk management with strategic planning, budgeting, implementation

of investment projects and products and other processes:

**Strategic planning**

When developing strategic plans, risks affecting the achievement of strategic goals are identified and analysed.

**Budgeting**

Analysing and accounting for risks associated with failure to achieve key financial KPIs.

**Implementation of investment projects and products**

Analysis and accounting of project and product risks associated with failure to achieve NPV and other indicators, followed by the formation of measures to mitigate risks.

**Training**

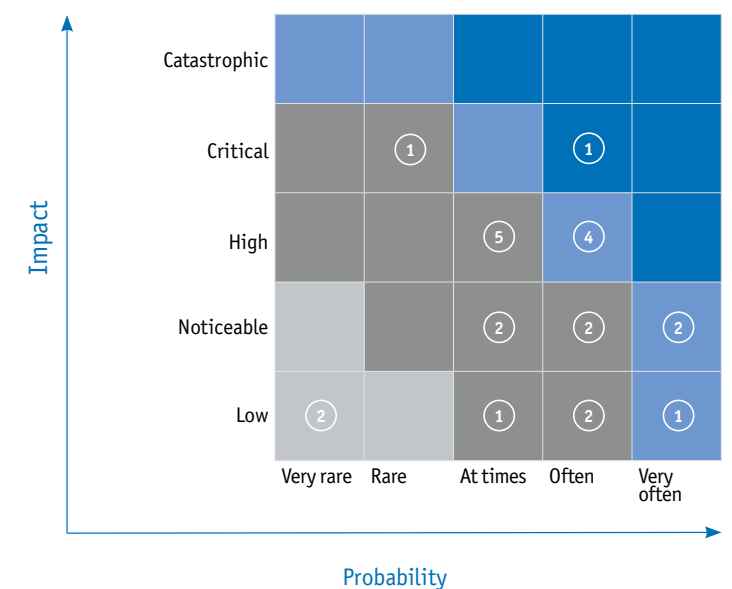
Professional development programmes are regularly held for employees involved in risk management. The training course On Risk Management and Internal Controls is available to all employees of the Company.

**Risk management in 2023**

The Company identifies its risks on the annual basis and reflects the results in the Risk Register and Risk Map approved by the Board of Directors. The Risk Register includes risks that may affect the achievement of long-term strategic goals and key performance indicators of the Development Plan.

According to the Company's Risk Register and Risk Map at the end of 2023, the Company has 23 risks:

Company's Risk Map





## Key risks of 2023

The Risk Management and Internal Controls Department continuously monitors the dynamics of key risks and controls the implementation of measures aimed at mitigating

risks. The results of monitoring are sent to the Company's Board of Directors on a quarterly basis in the form of risk management and internal control reports.

The Company implements measures to proactively manage key risks to reduce their impact on the Company's objectives:

### Key risks and risk mitigation measures taken in 2023:

#### Safeguarding physical assets

Measures taken by the Company to mitigate risk

- Maintenance of security and technical protection systems of the Company's facilities
- Implementation of the Fire Safety 2023 business plan

#### Innovation risk

Measures taken by the Company to mitigate risk

- Updated product pages for new businesses
- Development and modernisation of Blockchain product

#### Legal risk

Measures taken by the Company to mitigate risk

- Registration of property rights to unregistered cable sewerage sections and land plots, prolongation of property rights to expired objects

#### Regulatory risk

Measures taken by the Company to mitigate risk

- Approval of the Roadmap to ensure 100% coverage of fixed telephony by SOIM
- Provision of data transmission network in 10 cities with SOIM functionality
- Provision of FWA service with SOIM functionality

#### Fraud

Measures taken by the Company to mitigate risk

- Prevention and suppression of fraud offences by the Company's employees
- Inspections of structural subdivisions of the Central Administration and Company's branches

#### HR risk

Measures taken by the Company to mitigate risk

- Implementation of the Comprehensive Action Plan on ensuring social stability in the Kazakhtelecom JSC's Group of companies within the year
- Implementation of the Action Plan for work on alarm zones for 2023 within the year

#### Quality risk

Measures taken by the Company to mitigate risk

- Replacement of obsolete equipment to subscribers under the Tsunami pilot project
- Development of the reporting to control and monitor compliance with the parameters of the services provided as specified in the technical specification (tender documentation)/contracts and subscriptions in CRM 2.0.
- Implementation of automated recalculation functionality for downtime of services due to the Company's fault in CRM 2.0 SERVICE and customer support software packages

#### Information security breach

Measures taken by the Company to mitigate risk

- Implementation of the project on Modernisation of information security protection tools

## Emerging risks and opportunities

To ensure preventive risk management measures, the Company identified the following emerging risks not yet reflected in the risk map but may enter therein in the future.

There is currently an increased focus on cyber risks being seen as a major global risk to the financial sector and the wider economy. The information and communications technology risks to which businesses being

exposed are steadily increasing in both frequency and severity of cyber attacks. Data breaches to steal personal information occur every day around the world, but only the largest ones make media headlines.

However, the use of artificial intelligence (AI) also offers a wide range of positive impacts:

- Process automation and optimisation: AI enables the

automation of routine tasks, speeding up processes and improving efficiency in areas ranging from manufacturing to customer service.

- Advances in security technology: AI improves security systems, enabling them to detect anomalous behaviour and prevent cyberattacks and other threats to data security.

### Emerging risks

#### Internal

- Disruption to the procurement process;
- Risks of frequency loss;
- Geo-economic confrontation;
- Untimely fulfilment of 5G project implementation obligations by mobile operators.

#### External

- Interstate armed conflict;
- Shortage of natural resources;
- Negative consequences of artificial intelligence technologies.

## Development of the CRMS and IC in 2023

Continuous development and improvement of the CRMS and IC allows the Company to timely respond to changes in

the external environment and internal business processes, improve the efficiency of its operations, and contribute to

increasing shareholder value of the Company.

### Main results of CRMS and IC development activities in 2023

CRMS and IC development activities	Result
Development and improvement of the CRMS and IC methodology	<ul style="list-style-type: none"> <li>The Risk Management Policy of Kazakhtelecom JSC was updated.</li> <li>The Rules on management of the internal control system of Kazakhtelecom JSC were updated.</li> <li>The Methodology of calculation and cascading of Kazakhtelecom JSC's risk appetite was updated.</li> </ul>
Development and implementation of an employee training programme	<ul style="list-style-type: none"> <li>To develop professional competences of employees, training seminars on risk management and internal controls were improved.</li> </ul>
Development of risk assessment apparatus using economic-mathematical models and expert opinions	<ul style="list-style-type: none"> <li>Models for quantitative assessment of individual risks have been developed.</li> <li>Methodology for risk assessment of investment projects has been updated.</li> </ul>
Improvement and maintenance of the Internal Control System	<ul style="list-style-type: none"> <li>The Kazakhtelecom JSC's Guarantee Card and the Methodology of its formation were approved.</li> </ul>

## Areas of development of the CRMS and IC

In the context of an unpredictable business environment where we face new challenges and high volatility, we recognise the need to continuously improve our risk management model and internal controls. We have clearly defined our objectives and direction based on fundamental concepts and standards. We are active

to implement improvements and recognise where we are going and how to achieve our risk management and internal controls objectives.

Based on the following criteria:

- Corporate Governance and Culture

- Strategy and goal setting
- Operational Effectiveness
- Monitoring and implementation of change
- Information, communication and reporting
- Control procedures

## Internal audit

The Internal Audit Service (hereinafter - IAS) is a body of the Company's Board of Directors that ensures the organisation and implementation of internal audit in the Company, directly subordinated and accountable to the Board of Directors and supervised by the Audit Committee.

The IAS operates in accordance with the Regulations on the Internal Audit Service and Annual Audit Plans of Kazakhtelecom JSC.

In its activities, the Service

is guided by the principles of independence, objectivity, competence and professional attitude to work, quality standards and standards of internal auditors' activities established by the International Professional Standards for Internal Auditing of the Institute of Internal Auditors. In accordance with Standard 1110 (Organisational Independence), the IAS complies with organisational independence.

As part of its core activities in 2023, in accordance with the Annual Audit Plan and the

instructions of the Board of Directors, the Service carried out 16 audit events, the plan was fulfilled by 107%.

Based on the results of an independent external assessment of the IAS activities conducted by KPMG, it was confirmed that the IAS activities comply with the requirements of the International Standards for the Professional Practice of Internal Auditing in all material aspects. Based on the assessment results, compliance with the Standards' requirements, the IAS compliance rate made 98%.





# Annexes

## About the report

This Kazakhtelecom JSC's Integrated Annual Report 2023 (hereinafter – the Integrated Report, the Report) is the seventh report disclosing information on financial, economic and operational performance, as well as data about the sustainable development achievements of the Company. The Report

presents the Company's activities for the period 01 January 2023 – 31 December 2023. The document includes important facts that go beyond the reporting period but are directly related to it, as well as the Company's medium-term plans. The document is addressed to a wide range of stakeholders.

Kazakhtelecom JSC has been issuing annual public non-financial reports since 2017. This Integrated Annual Report 2023 was published on \*\* \*\* 2024. All the Company's reports are available on the Company's official website.

### GRI 2-4

Compared to the Kazakhtelecom JSC's Integrated Annual Report 2022, this Report includes more detailed disclosures of certain indicators and additional metrics. In particular, the Report for the first time includes information on customer confidentiality (GRI 418-1); the impact of the Company's activities, products, and services

on biodiversity (GRI 304-2); and the absence of political contributions (GRI 415-1). Detailed explanations about the change in calculation of a number of indicators (in particular, for indicators in the section of Sustainable Development Report. Aspect E) are given in the text of the Report in the relevant notes.

The financial indicators are presented in the national currency of the Republic of Kazakhstan, KZT (tenge) and correspond to the IFRS audited consolidated financial statements in full in the Annexes to the Report and on the Kazakhtelecom JSC's website.

## Report structure

The Report describes the Company's activities on the following topics:

- implementation of the Kazakhtelecom JSC's Development Strategy and business model;
- corporate governance;
- material financial and economic plans and results for the main types of activities;
- risk management, including in sustainable development;
- supply chain management and supplier liaison;
- business ethics, human rights protection, equal opportunities, anti-corruption;

- management of sustainable development activities;
- stakeholder engagement;
- HR management, development, training and employee relations;
- ensuring safe and healthy working conditions;
- environmental protection, combating climate change and improving energy efficiency;
- support and development of local communities.

To disclose the most relevant topics in the Report, the Company has analysed the materiality of sustainability aspects for individual indicators and topics specified in the GRI 2021 standards, based on

a review of the internal and external environments and on stakeholder engagement. For more details, please refer to the Materiality Analysis section of this Report.

The Company reviews annually the list of material topics to be disclosed in the Company's annual accounts and the Board of Directors approves it as part of the Company's Integrated Annual Report approval.

To designate Kazakhtelecom JSC and its subsidiaries, the Report uses the names: "Kazakhtelecom", "Company", "We".

The Report also links to the Company's Integrated Annual Report 2022 and the Company's website, making it more informative and reader-friendly.

## Standards and regulatory requirements

The Report discloses basic data in accordance with the requirements of the laws of the Republic of Kazakhstan, the internal regulations and practices of the Company, and international corporate governance practices. When drawing up the Report, the

Company considered the following documents:

- Law No. 415-II of the Republic of Kazakhstan dated 13 May 2003 On Joint Stock Companies;
- The rules for information

disclosure by the issuer, Requirements for the content of information to be disclosed by the issuer, and the terms for information disclosure by the issuer on the Internet resource of the Depository of financial statements as approved



by the Resolution No. 189 adopted by the Board of the National Bank of the Republic of Kazakhstan on 27 August 2018;

- International integrated reporting standard (<IR> International Framework);
- International standard for sustainable development reporting, Global Reporting Initiative;
- Recommendations of the TCFD (The Task Force on Climate-related Financial Disclosures) under the Financial Stability Board (partial disclosure);
- Sustainability Accounting Standards Board (SASB) standards for

telecommunications (SASB Telecommunication Services version 2018-10); (partial disclosure);

- AA1000SES Stakeholder Engagement Standard;
- Ten principles of UN Global Compact;
- Sustainable Development Goals adopted by the UN General Assembly for the period till 2030;
- ISO 26000:2010 Social Responsibility Guidance Standard;
- International Standard 3410 Assurance Engagements for Reporting Greenhouse Gas Emissions (ISAE 3410).

Since 2021, Kazakhtelecom JSC has included the information on its contribution to the achievement of the United Nations Sustainable Development Goals in the Report.

Preparing the 2023 Report, Kazakhtelecom JSC for the first time applied the Sustainability Standards Accounting Standards Board (SASB) and Recommendations of the Task Force on Climate-related Financial Disclosures under the Financial Stability Board (TCFD). For more details, please refer to the relevant annexes to this Report. The Company will consider more comprehensive disclosure of SASB and TCFD indicators in the future.

decision on a significant issue, event or decision.

In terms of financial indicators, the Report covers the Kazakhtelecom Group of

companies. The reporting scopes of non-financial indicators include only Kazakhtelecom JSC.

Differences in the scopes of

coverage of financial and non-financial indicators are explained by the fact that statistics on non-financial indicators of subsidiaries and affiliates are not kept.

## Information perimeter

### GRI 2-2, 2-3

The scope of the Report corresponds to the annual reporting cycle of the Company. The previous Report was published in June 2023. Electronic copies of the reports for the previous years

are available on the official website of the Company. The current Report discloses the operations and performance of Kazakhtelecom for the period from 1 January 2023 to 31 December 2023.

The Report discloses information on the most

significant results of the operations of Kazakhtelecom and its subsidiaries. While collecting, we took into account and disclosed all data of quantitative and qualitative nature across the entire Kazakhtelecom Group, which can have a significant impact on making an informed

## Principles for Defining Report Quality

When determining the content of the Report, Kazakhtelecom JSC adheres to the recommendations of the GRI Standards. The Annex to the Report contains the GRI table, which provides information on disclosure of GRI indicators.

The key principles of the GRI Standards ensure the quality of the Report:

### Balance

The Report discloses both positive (implementation of plans, achievement of goals) and negative (e.g. fines, accidents) performance of the Company to show our results as objectively as possible.

### Comparability

The Company presents information in the Report in dynamics over several years by quantitative indicators. This allows stakeholders to track changes in the Company's performance indicators over

time and make a comparative analysis with other organisations.

### Transparency

The information in the Report is presented in a form that is clear to stakeholders with the necessary understanding of the organisation and its activities.

### Reliability

All data in the Report are collected and provided by the relevant divisions of the Company and verified for accuracy. Independent auditors of KPMG Tax & Advisory LLC verified a number of non-financial indicators. The text of the Report provides links to data sources.

### Accuracy

Information on all material topics is detailed and allows stakeholders to evaluate the Company's performance. All data are officially recognised by

Kazakhtelecom and confirmed by internal and public documents placed in the public domain (including on the Company's website).

### Timeliness

The Report presents information for the 2023 calendar year and will be published in 2024.

### Sustainability context

The Report provides information on the Company's contribution from an economic, environmental and social perspective and discloses the extent of the Company's contribution to the achievement of 17 Sustainable Development Goals in 2023.

### Completeness

The Report provides sufficient information to assess the impact of Kazakhtelecom JSC in the reporting period.

## Independent assurance

### GRI 2-5

The external audit of the Company's financial statements was performed by KPMG Tax & Advisory LLC.

The auditor's report is presented as an Annex to the Report. The proper disclosure of non-

financial information prepared in accordance with the GRI Standards published by the Global Reporting Initiative has been assured in accordance with ISAE 3000 (Revised), the International Standard for Assurance Engagements Other than Audits and Reviews of Historical Financial Information and International Standard

on Assurance Engagements 3410 Assurance Engagements for Reporting Greenhouse Gas Emissions issued by the International Auditing and Assurance Standards Board. KPMG Tax & Advisory LLC was an independent auditor. The auditor's report is in the Annexes to the Report.

## Forward-looking statements

This Report contains information on Kazakhtelecom JSC's plans and intentions for the medium and long term, which are or are considered to be forward-looking statements. The plans and intentions stated in the Report are forward-looking, associated with risk and uncertainty, as they relate to future events

and circumstances. Forward-looking statements are not guarantees of the Company's future performance, as they are outside the Company's sphere of influence. The Company's actual results of operations, financial condition and liquidity, the development of the Republic of Kazakhstan and the industries

in which the Company operates may differ materially from the projections described in this Report. For this reason, actual performance in future years may differ from the forward-looking statements published in this Report.

## Contact information

### GRI 2-1

#### Kazakhtelecom JSC

##### Legal address:

Republic of Kazakhstan 010000, Astana, Esil District, 12 Sauran Street

Contact Centre: 160

E-mail: telecom@telecom.kz

##### Office:

Astana: +7 (717) 259 16 00, 258 08 39;

Almaty: +7 (727) 258 72 19, 258 72 15.

##### On Cases of Theft, Fraud and Corruption:

8 (800) 080 19 94

sk.hotline@deloitte.kz

www.sk.deloitte-hotline.com

##### Direct line for collecting complaints and statements on procurement issues:

+7 (727) 226 82 61

##### Investor Relations:

+7 (7272) 581 175

##### Media Relations:

+7 (7172) 59 15 04

##### Human Resources:

+7 (7272) 64 50 21

##### Technical support of the procurement portal:

+7 (7172) 55 22 66

support2@skc.kz

### GRI 2-3

#### Feedback

##### We are very interested in your feedback.

If you would like to propose new ideas and opportunities for sustainability partnerships or in relation to the Report, please contact us:

##### Corporate Governance Service:

##### Assiya Zhailabubaeva

Phone: +7 (717) 259 14 14

Email: assiya.zhailyaubayeva@telecom.kz

##### Aiym Ablekenova

Phone: +7 (717) 58 71 54

Email: aiym.ablekenova@telecom.kz

##### Registrar of the listed Company

Central Securities Depository

28, Samal-1, Almaty, Republic of Kazakhstan.

Phone: +7 (727) 262 08 46, 355 47 60.





# GRI Compliance Table

## Index GRI

Index GRI *	Indicator name	Section Report/Commentary
Statement of use: The report was prepared by Kazakhtelecom JSC in accordance with GRI Standards for the period from 1 January 2023 to 31 December 2023.		
GRI 1: Foundation 2021		
GRI 2: Common Reporting Elements 2021		
2-1	Information about the organisation	About the Company, Corporate Governance Report, Contact Information
2-2	Enterprises included in the organisation's sustainability reporting	About the Report
2-3	Reporting period, frequency and contact person	About the Report, Contact information
2-4	Revision of information	About the Report
2-5	Independent assurance	About the Report
2-6	Operations, value chain and other business relationships	About the Company, Business and Financial Review, Economic Performance, Procurement Practices, Corporate Governance Report
2-7	Employees	Relationships with employees
2-8	Workers who are not employees	Relationships with employees
2-9	Governance structure and composition	About the Company, Sustainable Development Management, Corporate Governance Report
2-10	Election and approval of the supreme governing body	Corporate Governance Report
2-11	Chair of the highest governance body	Corporate Governance Report
2-12	Role of the highest governance body in overseeing impact management	Sustainable Development Management, Corporate Governance Report
2-13	Delegation of responsibility for managing impacts	Sustainable Development Management, Corporate Governance Report
2-14	Role of the highest governance body in sustainability reporting	About the Report
2-15	Conflicts of interest	Report on corporate governance. Information on conflicts of interest (if any) is disclosed on a quarterly basis at meetings of the Board of Directors.
2-16	Communicating critical issues to the highest governance body	Anti-corruption

Index GRI *	Indicator name	Section Report/Commentary
2-17	Collective knowledge of the highest governance body	Corporate Governance Report
2-18	Performance evaluation of the highest governance body	Corporate Governance Report
2-19	Remuneration policy	Corporate Governance Report. In the reporting period, ESG indicators were an integral part of the consolidated goals for the Company's core business areas, but were not allocated to a separate list of individual key performance indicators (KPIs) for members of the Company's senior management.
2-20	Process for determining remuneration	Corporate Governance Report The amount of fixed annual remuneration, as well as additional remuneration for membership/ chairmanship in the Board of Directors' Committees, is determined by a resolution of the General Shareholders Meeting. The Company does not have a practice of involving remuneration consultants in determining remuneration.
2-21	Annual total remuneration ratio	Corporate Governance Report
2-22	Sustainable Development Strategy Statement	Message from the Chairman of the Management Board
2-23	Policy commitments	Sustainability Management, Environmental protection, Respect for Human Rights and Equal Opportunities, Corporate Governance Report
2-24	Embedding policy commitments	Climate change
2-25	Processes to remediate negative impacts	Anti-corruption Stakeholder participation in the creation, review, and improvement of feedback mechanisms is not currently foreseen.
2-26	Mechanisms for seeking advice and raising concerns	Relationships with employees
2-27	Compliance with laws and regulations	Environmental protection. Anti-corruption. Markets and Competition. Company's comments: Total number of cases of non-compliance with laws and regulations - 17. Including: - cases of imposing fines - 17; - cases of non-monetary sanctions - 0. Total number of cases of non-compliance with laws and regulations whose fines were paid - 17. Including: - related to the reporting period - 14; - related to previous reporting periods - 3. Total amount of fines paid for non-compliance with laws and regulations - KZT 12,327,000. Including: - related to the reporting period - KZT 8,345,000. - related to previous reporting periods - KZT 3,982,000.

Index GRI *	Indicator name	Section Report/Commentary
2-28	Membership associations	Sustainability Management
2-29	Approach to stakeholder engagement	Sustainability Management
2-30	Collective bargaining agreements	Relationships with employees
<b>GRI 3: Material Topics 2021</b>		
GRI 3-1	Process to determine material topics	Sustainability Management
GRI 3-2	List of material topics	Sustainability Management
<b>Biodiversity</b>		
GRI 3-3	Management of material topics	Environmental protection
GRI 304-1	Production sites owned, leased or managed by the organisation and located in protected areas and areas of high biodiversity value that are outside the boundaries of protected areas or adjacent to such areas	Environmental protection
GRI 304-2	Significant impacts of activities, products and services on biodiversity	Environmental protection
<b>Climate change and carbon</b>		
GRI 3-3	Management of material topics	Climate change
GRI 305-1	Direct (Scope 1) GHG emissions	"Climate change, The company does not generate biogenic CO <sub>2</sub> emissions."
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Climate change
GRI 305-4	GHG emissions intensity	Climate change
GRI 305-5	Reduction of GHG emissions	Climate change. The accounted gases – CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O.
GRI 305-6	Emissions of ozone-depleting substances (ODS)	Environmental protection
<b>Pollutant emissions</b>		
GRI 3-3	Management of material topics	Environmental protection
GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environmental protection, page 68 The company does not generate emissions of persistent organic pollutants (POPs), volatile organic compounds (VOCs), hazardous air pollutants.

Index GRI *	Indicator name	Section Report/Commentary
<b>Energy Efficiency</b>		
GRI 3-3	Management of material topics	Energy efficiency
GRI 302-1	Energy consumption within the organisation	Energy efficiency. The Company does not resell energy to third parties. In the reporting period, the Company did not use energy from RES, which is due to the underdeveloped renewable energy market in the Republic of Kazakhstan. The Company does not consume or resell cooling and steam energy to third parties.
GRI 302-3	Energy intensity	Energy Efficiency. The energy intensity calculation takes into account fuel resources (petrol, diesel, coal, natural gas, and propane gas used as motor fuel), electricity and heat. Energy consumption is used only within the organisation.
GRI 302-4	Reduction of energy consumption	Energy efficiency
<b>Waste management</b>		
GRI 3-3	Management of material topics	Environmental protection
GRI 306-1	Waste generation and significant waste-related impacts	Environmental protection
GRI 306-2	Management of significant waste-related impacts	Environmental protection
GRI 306-3	Waste generated	Environmental protection
GRI 306-4	Total amount of waste sent for neutralisation and disposal	The Company has no waste sent for neutralisation and disposal.
GRI 306-5	Total volume of waste disposed	Environmental protection
<b>Water resource management</b>		
GRI 3-3	Management of material topics	Environmental protection
GRI 303-1	Utilisation of water as a common resource	Environmental protection. The Company's water intake does not have a significant impact on water sources. The Company does not withdraw water from surface and underground sources in regions with water scarcity.
GRI 303-2	Management of water discharge related impacts	Environmental protection
GRI 303-3	Total amount of water withdrawal	Environmental protection

Index GRI *	Indicator name	Section Report/Commentary
GRI 303-4	Water discharge	Environmental protection
GRI 303-5	Water consumption	Environmental protection
<b>Employee and management relations</b>		
GRI 3-3	Management of material topics	Relationships with employees
GRI 402-1	Minimum notice periods regarding operational changes	Relationships with employees
<b>Employment</b>		
GRI 3-3	Management of material topics	Relationships with employees
GRI 401-1	New employee hires and employee turnover	Relationships with employees
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>Employee Relations. Additional Comments:</p> <p>The Company's collective agreement provides the following:</p> <ul style="list-style-type: none"> <li>• Ensuring the transfer of redundant employees to available vacancies in a similar position, corresponding qualification, speciality or profession;</li> <li>• for the employees with whom the labour contract was terminated due to the reduction of headcount/staff, and who have at least 20 years of continuous work experience in the Company at the time of termination of the labour contract, the Company provides for registration as pensioners of the Company upon reaching the retirement age, provided that they have not worked in other organizations after termination of the labour contract with Kazakhtelecom JSC;</li> <li>• granting the Company's employees subject to redundancy the right to leave their workplace to look for a new job for 4 hours per week with retention of the current salary from the moment of delivery of the notice;</li> <li>• payment of a lump-sum benefit upon retirement from the Company in the amount of the average salary for two months and additionally at the average salary per month for each 10 years of continuous work in Kazakhtelecom JSC before retirement.</li> </ul>
GRI 401-3	Parental leave	<p>Employee Relations. Additional Comments:</p> <p>The retention rate in 2023 was: for total employees, 0.57%; females, 0.55%; males, 1.2%. The return rate in 2023 was: for total employees, 2.11%; women, 2.10%, men, 2.5%.</p>
<b>Occupational Health and Safety</b>		
GRI 3-3	Management of material topics	Occupational health and safety
GRI 403-1	Occupational health and safety management system	Occupational health and safety

Index GRI *	Indicator name	Section Report/Commentary
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Occupational health and safety. In 2023, to improve the safety of workers' travels, we amended the Standard on Travel and Driving Management including 3.2.3 The right to refuse/suspend work: Employees have the right to refuse/suspend work if they judge it to be hazardous.
GRI 403-3	Occupational health services	Occupational health and safety
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational health and safety
GRI 403-5	Worker training on occupational health and safety	Occupational health and safety
GRI 403-6	Promotion of worker health	Occupational health and safety
GRI 403-7	Prevention and mitigation of health and safety impacts directly related to business relationships	Occupational health and safety
GRI 403-8	Workers covered by an occupational health and safety management system	Occupational health and safety
GRI 403-9	Work-related injuries	Occupational health and safety
<b>Local Communities</b>		
GRI 3-3	Management of material topics	Local Communities
GRI 413-1	Operations with local community engagement, impact assessments, and development programmes	Local Communities
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	<p>Local Communities.</p> <p>The Company has no negative impact on local communities.</p> <p>More detailed information on the environmental and biodiversity impacts of the Company's operations can be found in the section "Impact on Biodiversity".</p>

Index GRI *	Indicator name	Section Report/Commentary
<b>GRI 415: Public Policy</b>		
		The Company does not provide financial support to political parties, organisations or their representatives, and does not participate in political activities.
		According to the "Anti-Corruption Policy of Kazakhtelecom", as well as to the legislation of the Republic of Kazakhstan "On Public Service of the Republic of Kazakhstan" and "On Anti-Corruption", the Company strictly prohibits the acceptance and provision of material values, goods, services or benefits to influence decision-making.
415-1	Political contributions	The Company carries out its charitable activities through the Samruk-Kazyna Trust Social Projects Development Fund, which selects and implements socially significant projects on a competitive basis.
<b>Training and Education</b>		
GRI 3-3	Management of material topics	Relationships with Employees
GRI 404-1	Average hours of training per year per employee	Relationships with Employees
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Relationships with Employees
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Relationships with Employees
<b>Diversity and Equal Opportunity</b>		
GRI 3-3	Management of material topics	Respect for Human Rights and Equal Opportunities
GRI 405-1	Diversity of governance bodies and employees	Relationships with Employees
GRI 405-2	Ratio of basic salary and remuneration of women to men	Respect for Human Rights and Equal Opportunities

Index GRI *	Indicator name	Section Report/Commentary
<b>Diversity and Equal Opportunity</b>		
GRI 3-3	Management of material topics	Respect for Human Rights and Equal Opportunities
GRI 405-1	Diversity of governance bodies and employees	Relationships with Employees
GRI 405-2	Ratio of basic salary and remuneration of women to men	Respect for Human Rights and Equal Opportunities
<b>Non-discrimination</b>		
GRI 406-1	Total number of discrimination incidents and measures taken to address them.	Sustainable Development Management Respect for Human Rights and Equal Opportunities
<b>Compensation and social programs for employees</b>		
GRI 3-3	Management of material topics	Respect for Human Rights and Equal Opportunities
GRI 202-1	Ratio of the minimum wage of employees of different genders to the established minimum wage in the regions where the organisation operates	Respect for Human Rights and Equal Opportunities
<b>Compliance of human rights</b>		
GRI 3-3	Management of material topics	Respect for Human Rights and Equal Opportunities
<b>Work stress and resilience</b>		
GRI 3-3	Management of material topics	Relationships with Employees
<b>Anti-corruption</b>		
GRI 3-3	Management of material topics	Anti-corruption
GRI 205-1	Divisions subject to corruption risk assessments	Anti-corruption
GRI 205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption. Information on employee training by region is not available, as the Company did not maintain statistics in this breakdown in 2023
GRI 205-3	Confirmed incidents of corruption and actions taken	Anti-corruption

Index GRI *	Indicator name	Section Report/Commentary
<b>Indirect Economic Impacts</b>		
GRI 3-3	Management of material topics	The Company is committed to making a positive economic and social impact in the regions where it operates by creating jobs and improving infrastructure. For more details on this, see the Local Communities section.
GRI 203-1	Infrastructure investments and services supported	
GRI 203-2	Significant indirect economic impacts	During the reporting period, the Company did not invest in infrastructure development and local communities, which is related to the "Charity Policy of Samruk-Kazyna JSC" which states that all charitable and sponsorship activities of the Group of Companies of Samruk-Kazyna JSC are carried out by Samruk-Kazyna Trust Fund for Development of Social Projects.
<b>Economic performance</b>		
GRI 3-3	Management of material topics	Economic Performance of the Company
GRI 201-1	Direct economic value generated and distributed	Economic Performance of the Company
<b>Procurement Practices</b>		
GRI 3-3	Management of material topics	Procurement Practices
GRI 204-1	Proportion of spending on local suppliers	Procurement Practices
<b>Markets and competition</b>		
GRI 3-3	Management of material topics	Markets and Competition
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Markets and Competition
<b>Customer confidentiality</b>		
418-1	Substantiated complaints about breach of customer confidentiality and loss of customer data.	Information security and data protection

\* There is currently no GRI industry standard applicable to the Company.

## TCFD Scorecard

Indicator	Report section	Company's comments
<b>Governance</b>		
a. Describe Board of Director's oversight of climate-related risks and opportunities.	4.1. Sustainability Report. Sustainable Development Management.  4.1.1 Sustainable Development Management Structure.  4.2. Sustainability report. Aspect E.  4.2.3 Climate Change.  4.2.3.1 Our Climate Strategy.	
b. Describe Management's role in assessing and managing climate-related risks and opportunities.	4.1. Sustainability Report. Sustainable Development Management.  4.1.1 Sustainable Development Management Structure.	
<b>Metrics &amp; Targets</b>		
a. Describe metrics used by the organisation to assess climate-related risks and opportunities, in line with its risk management strategy and process.	4. 2. Sustainability Report. Aspect E.  4.2.3. Climate change.  4.2.3.1 Our climate strategy.  4.2.3.1.1. Our strategic goals.	
c. Describe targets used by the organisation to manage the risks and opportunities associated with climate change and the performance against the objectives.	4.2. Sustainability Report. Aspect E.  4.2.3. Climate change.  4.2.3.1 Our climate strategy.  4.2.3.1.1. Our strategic goals.	



Indicator	Report section	Company's comments
b. Disclose Scope 1, Scope 2, and, where necessary, Scope 3 greenhouse gas (GHG) emissions and emissions-related risks.	4.2. Sustainability Report. Aspect E. 4.2.3. Climate change. 4.2.3.2 Greenhouse gas emissions.	
<b>Strategy</b>		
b. Describe impact of climate-related risks on the organisation's businesses, strategy, and financial planning.	4.2. Sustainability Report. Aspect E. 4.2.3. Climate change. 4.2.3.1 Our climate strategy.	
<b>Risk management</b>		
a. Describe the organisation's processes for identifying and assessing climate-related risks.	Not disclosed.	The Company plans to improve its corporate system in terms of climate risk management:
b. Describe the organisation's processes for managing climate-related risks.	Not disclosed.	Climate risks and opportunities will be identified in line with the TCFD recommendations and a methodological approach for identifying climate risks and opportunities will be developed.
c. Describe the integration of processes for identifying, assessing, and managing climate-related risks into the organisation's overall risk management.	Not disclosed.	Climate change scenarios will be analysed in line with the TCFD recommendations.  A plan will be developed to adapt to the identified physical climate risks.  Appoint a person responsible for climate risk management at the supreme executive body level.

## SASB Scorecard

SASB Code	Disclosure requirements	Report section	Company's Comments
<b>Environmental footprint of operations</b>			
TC-TL-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	4.2. Sustainability Report. Aspect E. 4.2.2. Energy efficiency.	The Company did not use energy from RES in the reporting period, which is due to the underdeveloped renewable energy market in the Republic of Kazakhstan.
<b>Data privacy</b>			
TC-TL-220a.1	Description of policies and practices related to behavioural advertising and customer privacy.	4.4. Sustainability Report. Aspect G. 4.4.6. Information security.	Partially disclosed.
TC-TL-220a.3	Total amount of monetary losses as a result of legal proceedings associated with customer privacy		In the reporting period, the Company did not have any legal proceedings related to customer privacy violation.
<b>Data security</b>			
TC-TL-230a.1	(1) Number of data breaches; (2) Percentage involving personally identifiable information; (3) Number of customers affected.	4.4. Sustainability Report. Aspect G. 4.4.6.A10 Information security.	Partially disclosed.  In the reporting period, there was one hotline call regarding a possible violation of the client's personal data processing. The fact of client data leakage was not confirmed.  In the reporting period, the Company did not identify any facts of client data leakage.

SASB Code	Disclosure requirements	Report section	Company's Comments
TC-TL-230a.2	Description of the approach to identifying and addressing data security risks, including the use of third-party cybersecurity standards	4.4. Sustainability Report. Aspect G. 4.4.6. Information security. Section 5. Corporate Governance Report. 5.9. Risk management and internal controls.	Partially disclosed.
<b>Product End-of- life Management</b>			
TC-TL-440a.1	(1) Materials recovered through take back programmes, percentage of recovered materials that were (2) reused, (3) recycled, and (4) landfilled	4.2. Sustainability Report. Aspect E. 4.2.1. Environmental protection. 4.2.1. 4. Waste Management.	Partially disclosed.
<b>Competitive behavior and Open internet</b>			
TC-TL-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	4.4. Sustainability Report. Aspect G. 4.4.4. Markets and Competition.	During the reporting period, the Company did not record any cases related to violation of antimonopoly legislation and other legal actions against the Company due to obstruction of competition.
TC-TL-520a.2	Average actual sustained download speed of (1) owned and commercially associated content and (2) non-associated content	The minimum, average and maximum download speeds are specified in the technical description of the Company's products.	

# Independent auditor's report



KPMG Tax and Advisory LLC  
Koktem Towers  
180 Dostyk Avenue, A25D6T5  
Almaty, Kazakhstan

## Independent limited assurance report of an independent practitioner on the selected information disclosed in the Integrated Annual Report of Kazakhtelecom JSC for 2023

To the shareholders of Kazakhtelecom JSC

### Introduction

We were engaged by the Board of Directors of Kazakhtelecom JSC (the "Company") to provide limited assurance on the Selected information, as identified below, disclosed in the Integrated Annual Report for the year ended 31 December 2023 of the Company (the "Report").

### Subject matter

We assessed the qualitative and quantitative information disclosed in the Report, that is identified and specified in the Appendix A to this report (the "Selected Information").

### Applicable Criteria

We assessed the information mentioned in Subject Matter using reporting requirements in the Sustainability Reporting Standards published by the Global Reporting Initiative (the "Applicable criteria").

### Management's responsibilities

Management is responsible for the preparation and presentation of the Selected information in accordance with the Applicable criteria and for establishing and maintaining appropriate internal control systems from which the Report is derived.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that Company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

### Our responsibilities

Our responsibility is to carry out a limited assurance engagement in respect of the preparation of the Selected information in accordance with the Applicable criteria and to express a conclusion based on the work performed.



We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (revised) *Assurance Engagements other than Audits or Reviews of Historical Financial Information* (ISAE 3000 (revised)), and, in respect of greenhouse gas emissions, in accordance with ISAE 3410 *Assurance Engagements on Greenhouse Gas Statements* (ISAE 3410), issued by the International Auditing and Assurance Standards Board. ISAE 3000 (revised) and ISAE 3410 require that we plan and perform the engagement to obtain limited assurance about whether the Selected information is free from material misstatement.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

#### **Procedures performed**

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Selected information, and applying analytical and other procedures, as appropriate. These procedures included:

- Inquiries of Management to gain an understanding of the Company's processes for determining the material issues for the Company's key stakeholder groups.
- Interviews with Management and relevant staff concerning sustainability strategy and policies for material issues, and the implementation of these across the business.
- Interviews with relevant staff responsible for preparation and providing the information in the Report.
- Comparing the Selected information to corresponding information in the relevant underlying sources to assess the accuracy of the information and determine whether all the relevant information contained in such underlying sources has been included in the Report.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Company.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained has a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

#### **Inherent limitations**

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

#### **Conclusion**

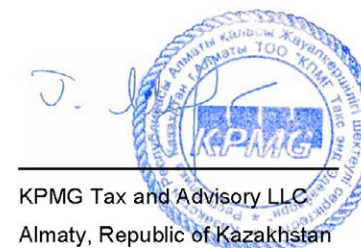
Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Selected information, as identified above, of the Report is not presented, in all material respects, in accordance with the Applicable criteria.

#### **Restriction of use of our report**

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the shareholders of the Company, for any purpose or in any other context. Any party other than the shareholders of the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the shareholders of the Company for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the shareholders of the Company on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent.



KPMG Tax and Advisory LLC  
Almaty, Republic of Kazakhstan

31 May 2024





## Appendix A

№	GRI	Показатель	Раздел и страницы в Отчете
1	2-1	Information about the organization	About the Company, Brief Profile of the Company, p. 20 Annexes, About the report, p. 253
2	2-2	Enterprises included in the organization's sustainability reporting	Annexes, About the report, p. 250-251
3	2-3	Reporting period, frequency, and contact point	Annexes, About the report, p. 250-251 Contact information, p. 253
4	2-4	Revision of information	Annexes, About the report, p. 248
5	2-5	Independent assurance	Annexes, About the report, p. 252
6	2-6	Operations, value chain and other business relationships	About the Company, p. 20-21, 24 Business and Financial Review, Financial Performance for 2023 p. 84 Sustainable Development Report: Aspect G, Economic Performance of the Company, p. 199 Sustainable Development Report: Aspect G, Procurement Practices, p. 203
7	2-7	Employees	Sustainable Development Report: Aspect S, Employee Relations, p. 144, 147-148
8	2-8	Workers who are not employees	Sustainable Development Report: Aspect S, Employee Relations, p. 148
9	2-9	Governance structure and composition	About the Company, p. 22 Corporate Governance Report, p. 215 Corporate Governance Report, Board of Directors, p. 218, 221-223, 227
10	2-10	Election and approval of the supreme governing body	Corporate Governance Report, Board of Directors, p. 219-220
11	2-11	Chair of the highest governance body	Corporate Governance Report, Board of Directors, p. 220-221 Corporate Governance Report, Management Board, p. 232
12	2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Report: Sustainability Management, p. 94
13	2-13	Delegation of responsibility for managing impacts	Sustainability Report: Sustainability Management, p. 95 Corporate Governance Report, Board of Directors, p. 227

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14	2-14	Role of the highest governance body in sustainability reporting	Sustainability Report: Sustainability Management, p. 94
15	2-15	Conflicts of interest	Corporate Governance Report, Board of Directors, p. 224-225 GRI Compliance Table, p. 254
16	2-16	Communication of critical issues to the highest governance body	Sustainability Development Report: Aspect G, Anti-Corruption, p. 196-197
17	2-17	Collective knowledge of the highest governance body	Corporate Governance Report, Board of Directors, p. 226
18	2-18	Performance evaluation of the highest governance body	Corporate Governance Report, Board of Directors, p. 226
19	2-19	Remuneration policy	Corporate Governance Report, Board of Directors, p. 230-231 Corporate Governance Report, Management Board, p. 236 GRI Compliance Table, p. 255
20	2-20	Process for determining remuneration	Corporate Governance Report, Board of Directors, p. 228-229 Corporate Governance Report, Management Board, p. 236 GRI Compliance Table, p. 255
21	2-21	Annual total compensation ratio	Corporate Governance Report, Board of Directors, p. 230-231 Corporate Governance Report, Management Board, p. 236
22	2-22	Sustainable development strategy statement	Message from the Chairman of the Board of Directors, p. 4-5 Message from the Chairman of the Management Board, p. 6-7
23	2-23	Policy commitments	Sustainability Report: Sustainability Management, p. 93, 96-97 Sustainable Development Report: Aspect E, Environment, p. 117-119 Sustainable Development Report: Aspect S, Human Rights and Equal Opportunities, p. 170 Corporate Governance Report, Corporate Ethics, p. 238
24	2-24	Embedding policy commitments	Sustainable Development Report: Aspect E, Climate Change, p. 135
25	2-25	Processes to remediate negative impacts	Sustainable Development Report: Aspect E, Environment, p. 116-117 Sustainable Development Report: Aspect G, Anti-corruption, p. 196 GRI Compliance Table, p. 255

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26	2-26	Mechanisms for seeking advice and raising concerns	Sustainability Report: Sustainability Management, p. 106-112 Sustainable Development Report: Aspect S, Local Communities, p. 189
27	2-27	Compliance with laws and regulations	Sustainable Development Report: Aspect E, Environment, p. 119 Sustainable Development Report: Aspect G, Anti-corruption, p. 196 Sustainable Development Report: Aspect G, Markets and Competition, p. 204 GRI Compliance Table, p. 255
28	2-28	Membership associations	Sustainability Report: Sustainability Management, p. 115
29	2-29	Approach to stakeholder engagement	Sustainability Report: Sustainability Management, p. 106-113 Sustainable Development Report: Aspect S, Local Communities, 189
30	2-30	Collective bargaining agreements	Sustainable Development Report: Aspect S, Employee relations, p. 160
31	3-1	Process to determine material topics	Sustainability Report: Sustainability Management, p. 114
32	3-2	List of material topics	Sustainability Report: Sustainability Management, 114-115
33	3-3	Management of material topics	Sustainable Development Report: Aspect E, p. 116, 121, 123, 125, 127, 128, 133, 135 Sustainable Development Report: Aspect S, p. 163, 170, 174, 187 Sustainable Development Report: Aspect G, p. 192, 198, 200, 204, 208
34	201-1	Direct economic value generated and distributed	Sustainable Development Report: Aspect G, Economic performance, p. 198-199
35	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Sustainable Development Report: Aspect S, Employee relations, p. 157
36	203-1	Infrastructure investments and services supported	GRI Compliance Table, p. 262
37	203-2	Significant indirect economic impacts	GRI Compliance Table, p. 262

38	204-1	Proportion of spending on local suppliers	Sustainable Development Report: Aspect G, Procurement practices, p. 202-203
39	205-1	Operations assessed for risks	Sustainable Development Report: Aspect G, Anti-corruption, p. 193-194
40	205-2	Communication and training about anti-corruption policies and procedures	Sustainable Development Report: Aspect G, Anti-corruption, p. 193, 195-196 GRI Compliance Table, p. 261
41	205-3	Confirmed incidents of corruption and actions taken	Sustainable Development Report: Aspect G, Anti-corruption, p. 194
42	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Sustainable Development Report: Aspect G, Markets and Competition, p. 204
43	302-1	Energy consumption within the organization	Sustainable Development Report: Aspect E, Energy, p. 130-131 GRI Compliance Table, p. 257
44	302-3	Energy intensity	Sustainable Development Report: Aspect E, Energy, p. 131 GRI Compliance Table, p. 257
45	302-4	Reduction of energy consumption	Sustainable Development Report: Aspect E, Energy, p. 131-132
46	303-1	Interactions with water as a shared resource	Sustainable Development Report: Aspect E, Environment, p. 123
47	303-2	Management of water discharge related impacts	Sustainable Development Report: Aspect E, Environment, p. 123
48	303-3	Water withdrawal	Sustainable Development Report: Aspect E, Environment, p. 123
49	303-4	Water discharge	Sustainable Development Report: Aspect E, Environment, p. 124
50	303-5	Water consumption	Sustainable Development Report: Aspect E, Environment, p. 123-124
51	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Sustainable Development Report: Aspect E, Environment, p. 127
52	304-2	Significant impacts of activities, products and services on biodiversity	Sustainable Development Report: Aspect E, Environment, p. 127
53	305-1	Direct (Scope 1) GHG emissions	Sustainable Development Report: Aspect E, Climate change, p. 133, 136 GRI Compliance Table, p. 256



54	305-2	Energy Indirect (Scope 2) GHG emissions	Sustainable Development Report: Aspect E, Climate change, p. 133, 136
55	305-4	GHG emissions intensity	Sustainable Development Report: Aspect E, Climate change, p. 137
56	305-5	Reduction of GHG emissions	Sustainable Development Report: Aspect E, Climate change, p. 137 GRI Compliance Table, p. 256
57	305-6	Emissions of ozone-depleting substances (ODS)	Sustainable Development Report: Aspect E, Environment, p. 121-122
58	305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Sustainable Development Report: Aspect E, Environment, p. 122 GRI Compliance Table, p. 256
59	306-1	Waste generation and significant waste-related impacts	Sustainable Development Report: Aspect E, Environment, p. 125
60	306-2	Management of significant waste-related impacts	Sustainable Development Report: Aspect E, Environment, p. 125
61	306-3	Waste generated	Sustainable Development Report: Aspect E, Environment, p. 125
62	306-4	Waste diverted from disposal	GRI Compliance Table, p. 257
63	306-5	Waste directed to disposal	Sustainable Development Report: Aspect E, Environment, p. 126
64	401-1	New employee hires and employee turnover	Sustainable Development Report: Aspect S, Employee relations, p. 150-151, 154
65	401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	Sustainable Development Report: Aspect S, Employee relations, p. 160 GRI Compliance Table, p. 258
66	401-3	Parental leave	Sustainable Development Report: Aspect S, Employee relations, p. 162 GRI Compliance Table, p. 258
67	402-1	Minimum notice periods regarding operational changes	Sustainable Development Report: Aspect S, Employee relations, p. 160
68	403-1	Occupational health and safety management system	Sustainable Development Report: Aspect S, Occupational Health and Safety, p. 179
69	403-2	Hazard identification, risk assessment, and incident investigation	Sustainable Development Report: Aspect S, Occupational Health and Safety, p. 179-180 GRI Compliance Table, p. 259
70	403-3	Occupational health services	Sustainable Development Report: Aspect S, Occupational Health and Safety, p. 185

71	403-4	Worker participation, consultation, and communication on occupational health and safety	Sustainable Development Report: Aspect S, Occupational Health and Safety, p. 177-178
72	403-5	Worker training on occupational health and safety	Sustainable Development Report: Aspect S, Occupational Health and Safety, p. 182-184
73	403-6	Promotion of worker health	Sustainable Development Report: Aspect S, Occupational Health and Safety, p. 185
74	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainable Development Report: Aspect S, Occupational Health and Safety, p. 180
75	403-8	Workers covered by an occupational health and safety management system	Sustainable Development Report: Aspect S, Occupational Health and Safety, p. 178
76	403-9	Work-related injuries	Sustainable Development Report: Aspect S, Occupational Health and Safety, p. 179-181
77	404-1	Average hours of training per year per employee	Sustainable Development Report: Aspect S, Employee Relations, p. 163-164
78	404-2	Programs for upgrading employee skills and transition assistance programs	Sustainable Development Report: Aspect S, Employee Relations, p. 165-169 GRI Compliance Table, p. 258
79	404-3	Percentage of employees receiving regular performance and career development reviews	Sustainable Development Report: Aspect S, Employee Relations, p. 155
80	405-1	Diversity of governance bodies and employees	Sustainable Development Report: Aspect S, Employee Relations, p. 144-146
81	405-2	Ratio of basic salary and remuneration of women to men	Sustainable Development Report: Aspect S, Human Rights and Equal Opportunities, p. 157-158
82	406-1	Incidents of discrimination and corrective actions taken	Sustainable Development Report: Aspect S, Human Rights and Equal Opportunities, p. 170
83	413-1	Operations with local community engagement, impact assessments, and development	Sustainable Development Report: Aspect S, Local Communities, p. 188
84	413-2	Operations with significant actual and potential negative impacts on local	Sustainable Development Report: Aspect S, Local Communities, p. 189 GRI Compliance Table, p. 259
85	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainable Development Report: Aspect G, Information Security and Data Protection, p. 210



## Information on interested-party transactions

In 2023, the Management Board of Kazakhtelecom JSC approved and submitted to the Company's Board of Directors 1 Decision of the Management Board and approved 7 Decisions of the Management Board concerning conclusion of interested-party transactions, including:

1) Decision of the Management Board No.2/4 dated 09.01.23 "On entering into a transaction in which Kazakhtelecom JSC is an interested party – the Expenses Reimbursement Agreement with QazCloud LLP".

In accordance with the Management Board decision Kazakhtelecom JSC executed the Expenses Reimbursement Agreement with QazCloud LLP dated 19.01.2023 No.04-09-DV.

2) Decision of the Management Board No.6/18 dated 03.02.23 "On some issues of financing Kazakhtelecom JSC".

In accordance with paragraph 2 of the Management Board decision, on 22 February 2023, the Company executed Additional agreement No.3 to the Guarantee Agreement No.561-15-SP dated 2 August 2019 with Kcell JSC.

3) Decision of the Management Board No.24/91 dated 22.05.2023 "On conclusion of a transaction with National Information Technologies JSC".

In accordance with the Management Board decision the Company executed the Agreement on Procurement of Services No.0007400000000 728EEP2309004/00 dated 8 September 2023.

4) Decision of the Management Board No.25/96 dated 29.05.2023 "On investment of temporarily free money of Kazakhtelecom JSC in financial instruments and conclusion of transaction with Kazpost JSC, in which Kazakhtelecom JSC is interested".

In accordance with the Management Board decision the Company concluded:

1) Agreement No.ND-1576 (No.255-17-DU) dated 29 June 2023 on provision of brokerage services with nominal holding with Teníz Capital Investment Banking JSC.

2) Agreement on brokerage services with the right to maintain client's accounts as nominee holder (for legal

entities) No.256-17-DU dated 29 June 2023 with Subsidiary of Halyk Bank of Kazakhstan Halyk Finance JSC.

3) Agreement by signing the Accession Statement to the Brokerage Services and Nominee Securities Holding Agreement (for a legal entity) with Kazpost JSC.

5) Decision of the Management Board No.30/110 dated 03.07.23 "On entering into a transaction in which Kazakhtelecom JSC is an interested party – Agreement for banking services in the Internet-Banking system with Kazpost JSC".

In accordance with the Management Board decision the Company concluded the Agreement by signing the Accession Statement to the Agreement on banking services in the Internet-Banking system with Kazpost JSC No.281-17-ZP dated 12.10.2023.

6) Decision of the Management Board No.43/144 dated 02.10.23 "On entering into a transaction in which Kazakhtelecom JSC is an interested party – the Receivables Repayment

Agreement between Kazakhtelecom JSC and Mobile Telecom-Service LLP".

Kazakhtelecom JSC made adjustments in terms of the interaction parameters specifying and approved Decision of the Management Board No.1/1 dated 15.01.2024 "On entering into a transaction in which Kazakhtelecom JSC is an interested party – the Receivables Repayment Agreement between Kazakhtelecom JSC and Mobile Telecom-Service LLP".

Kazakhtelecom JSC signed the Agreement and transferred to Mobile Telecom-Service LLP for signing.

7) Decision of the Management Board No.47/156 dated 30.10.23 "On some issues of VOSTOKTELECOM LLP".

The Management Board approved the issue by its decision and submitted for consideration of the Board of Directors of Kazakhtelecom JSC.

In accordance with the Decision of the Board of Directors dated 03.11.2023, Minutes No.12, the Agreement on antenna mast structures lease No.23189 dated 19.09.2023 between VOSTOKTELECOM LLP and AFFA Engineering LLP as well as the Agreement on purchase of works No.23248 dated 22.12.2023 between VOSTOKTELECOM LLP

and Kcell JSC were concluded.

8. Decision of the Management Board No.56/192 dated 29.12.23 "On entering into a transaction in which Kazakhtelecom JSC is an interested party".

In accordance with the Management Board decision Kazakhtelecom JSC, represented by Information Technologies Division – a branch of Kazakhtelecom JSC, and Kcell JSC executed the Agreement No.944119/2023/1 dated 31.12.2023 on supply of "Cellular phone, smartphone, touch screen" in the amount of 2,882 units. In 2023, the agreement was fulfilled in full.

## Report on Compliance with the Principles and Provisions of the Corporate Governance Code of Kazakhtelecom JSC in 2023

This Report is prepared in accordance with clause 15 of chapter 5 of the Corporate Governance Code of Kazakhtelecom JSC

"Effectiveness of the Board of Directors and Executive Body".

Kazakhtelecom JSC's activity and its corporate practice show full

compliance with the principles and provisions of the Corporate Governance Code.



# Principles of corporate governance of joint-stock company Sovereign Wealth Fund Samruk-Kazyna

## Chapter 1. Government as a shareholder of the Fund

The Development Strategy of the Fund and the Companies reflects the main strategic objective being the growth of long-term value and sustainable development of the Fund and the Companies. All decisions and actions should be in line with the development strategy.

The Company's bodies are wholly autonomous and independent in deciding and acting within their competence. The Company shall perform relations (interaction) with shareholders through the Board of Directors in accordance with the principles of good corporate governance.

The Company discloses information on its activities in accordance with the Law On Joint-Stock Companies and the Company's Charter by placing the necessary information in the mass media (Internet resources of the depository of financial statements, stock exchanges). Shareholders received some information personally upon requests.

The Company has an Internal Audit Service, a Compliance Service, a Corporate Secretary

and an Ombudsman exercising their powers, realising their tasks stipulated by the legislation and internal documents of the Company.

This Report discloses these provisions in more detail below.

## Chapter 2. Interaction between the Fund and organisations. Role of the Fund as a national holding manager

The corporate governance system is a set of processes ensuring management and control over the Company's activities, as well as a system of relations between the Management Board, the Board of Directors, shareholders and stakeholders. These issues are clearly regulated in the Charter, regulations on the Shareholders General Meeting, the Board of Directors, the Management Board and other internal documents.

Samruk-Kazyna JSC (hereinafter – the Fund) participates in the management of companies by exercising the functions of a major shareholder, as well as through the Board of Directors.

The Board of Directors of the Company is wholly independent

in decision-making within its competence. The Fund's representatives in the Board of Directors communicate the Fund's position on certain issues.

The Company is managed by its bodies in accordance with legislation and the Charter.

## Chapter 3. Sustainable Development

The Corporate Governance Service coordinates sustainable development activities. In 2021, following the state climate agenda "Achieve carbon neutrality by 2060" and in accordance with the instructions of Samruk-Kazyna JSC, Kazakhtelecom JSC started introducing ESG principles and transition to low-carbon development.

In 2023, in February and April, the Board of Directors approved the Roadmap for the development of ESG practices in Kazakhtelecom JSC and adopted a number of regulatory documents: Kazakhtelecom JSC Environmental Policy, Kazakhtelecom JSC Sustainable Development Policy, the Policy on Equal Opportunities, Inclusiveness and Diversity, Kazakhtelecom JSC Policy

on interaction with local communities, Human Rights Policy.

The Company set a goal to obtain ESG rating being an important tool for increasing investment attractiveness. Kazakhtelecom JSC intends to obtain ESG-rating from the leading rating agency Sustainalytics, and therefore, the Company takes further measures and initiatives to strengthen its rating positions.

## Chapter 4. Rights of shareholders (participants) and fair treatment of shareholders (participants)

Respect for shareholders' rights is a key obligation of the Company. The Company strictly complies with the rights of its shareholders, as set forth in legislation and internal documents, and ensures fair treatment of its shareholders. Shareholders receive notifications on the events affecting their interests in proper time, such as meetings of shareholders, decisions made, etc. The Company promptly provides the shareholders with the necessary information on the Company's activities upon their request.

## Chapter 5. Effectiveness of the Board of Directors and executive body

The Board of Directors is a management body reporting to the General Shareholders Meeting ensuring strategic management of the organisation and control over the

Management Board activity.

The Management Board reports to the Board of Directors, manages the day-to-day activity of the organisation, and ensures its compliance with the strategy, the Development Plan and the decisions made by the General Shareholders Meeting and the Board of Directors.

The powers of the Board of Directors and Management Board are clearly defined and delineated.

The Board of Directors and its committees are balanced in terms of skills, experience and expertise to ensure making independent, objective and effective decisions in the best interests of the Company and with due regard to the fair treatment of all shareholders and the principles of sustainable development.

The Company's Board of Directors is represented by specialists in various fields of knowledge (telecommunications, finance, marketing, technical sphere, etc.) with extensive experience, including international. The number of independent directors corresponds to the recommended by law (at least 30%) and even exceeds it (43% as of 2023).

The Board of Directors' election takes place exclusively within the framework of the procedures established by law and the Company's Charter. The Company's internal documents

regulate the procedure for election, term of office, and activities of the Board of Directors. There is an induction programme for newly elected members of the Board of Directors.

The Chairman of the Board of Directors is responsible for the overall management of the Board of Directors, ensuring full and effective implementation of the Board of Directors' main functions and building a constructive dialogue between the Board of Directors' members, major shareholders and the Management Board.

The role and functions of the Board of Directors' Chairman and the Executive Body's Head are clearly delineated and enshrined in the Company's Charter, the Regulations on the Board of Directors and the Management Board.

The Committees of the Board of Directors contribute to a deep and thorough consideration of issues within the competence of the Board of Directors and improve the quality of decision-making, especially in such areas as audit, risk management, strategic planning, human resources and social issues. In 2023, the Company had three effective committees: Audit and Sustainable Development Committee, Human Resources, Remuneration and Social Affairs Committee, and Strategic Planning Committee. Their role is clearly regulated in their regulations, they consider a wide range of issues and make



necessary recommendations to the Board of Directors. The Board of Directors reviews the results of the Committees' activities on a regular basis and evaluate them positively.

Preparation and holding of the Board of Directors's meetings contribute to maximising the efficiency of its activities. To fulfil their duties, the Board of Directors' members have access to complete, relevant and timely information.

The Board of Directors holds regular meetings for the effective performance of its functions. The Board of Directors holds its meetings in accordance with the work plan approved before the beginning of the calendar year. Meetings of the Board of Directors and its committees are held both in presentia and in absentia, with the minimum meetings in absentia. In 2023, Board of Directors held 14 meetings and only one of them held in absentia. The Board of Directors considers and decides on issues of important and strategic nature only at meetings with voting in presentia.

The Corporate Secretary duly minutes the meetings of the Board of Directors and its committees, indicating the results of discussions and decisions made.

To efficiently arrange the activities of the Board of Directors and the interaction of the Board of Directors and the Management Board with shareholders, the Board of

Directors appointed a corporate secretary, who performs his functions in accordance with the law, the Charter and other internal documents.

The Company has a collegial executive body – the Management Board. The Management Board reports to the Board of Directors and manages the daily operations of the Company, is responsible for the implementation of the strategy, development plan and decisions made by the Board of Directors and the General Shareholders Meeting.

The Board of Directors elects the head and members of the Management Board, determines the term of office, salary, and terms of their remuneration. The Company complies with the recommendation to elect the head and members of the executive body for a term of up to three years.

The Board of Directors approves the incentive KPIs of the director and members of the executive body on annual basis.

In case of corporate conflicts, the participants seek ways to resolve them through negotiations to ensure effective protection of the interests of the organisation and stakeholders.

To comply with the principles of business ethics and optimal regulation of social and labour disputes the Company appointed an Ombudsman. The Ombudsman's role is to advise the employees, participants of

labour disputes and conflicts who have applied to him and assist them in developing a mutually acceptable, constructive and feasible solution taking into account compliance with the legislation of the Republic of Kazakhstan (including confidentiality, where required), to assist in resolving problematic social and labour issues, as well as to ensure compliance with the principles of business ethics by the Company's employees.

The Compliance Service functions actively and effectively, aimed ensuring compliance with mandatory regulatory requirements and international best practices on anti-corruption and formation of internal corporate culture of the Company and its subsidiaries to ensure transparency, honesty among employees, as well as to create conditions for doing business in accordance with the best international standards, internal policies and legislation of the Republic of Kazakhstan.

#### **Chapter 6. Risk management, internal control, and audit**

The Company has a risk management and internal control system in place. The Board of Directors plays an active role in risk management.

On a quarterly basis, the Audit and Sustainability Committee and the Board of Directors reviewed risk management reports. If necessary, they adjust measures and processes in this area.

The Company has an effective Internal Audit Service reporting to the Board of Directors. The Audit and Sustainability Committee and the Board of Directors also review the IAS reports on a quarterly basis.

#### **Chapter 7. Transparency**

To respect the interests of stakeholders, the Company discloses information on all important aspects of its

activities, including its financial condition, performance, ownership and management structure in a timely and reliable manner. The relevant information is posted on various resources, including the Internet resources of the financial statements depository and the stock exchange.

The Company annually audits its financial statements by engaging an independent and

qualified auditor. The General Shareholders Meeting approves annual financial statements audited by an external auditor on an annual basis.

The Company also annually approves an integrated annual report, which discloses all aspects of the Company's operation for the previous year, including sustainable development activities.



# Consolidated financial statements

**For the year ended 31 December 2023  
together with independent auditor's report**

Independent auditor's report

**Consolidated financial statements**

Consolidated statement of financial position

Consolidated statement of comprehensive income

Consolidated statement of changes in equity

Consolidated statement of cash flows

Notes to the consolidated financial statements



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## Independent auditor's report

To the Shareholders, Board of Directors and Management of "Kazakhtelecom" JSC

### Opinion

We have audited the consolidated financial statements of Kazakhtelecom JSC and its subsidiaries (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
------------------	----------------------------------------------

<p><b>Revenue recognition from the provision of telecommunications services</b></p> <p>Recognition and measurement of revenue from provision of telecommunication services was one of the matters of most significance in our audit due to the risk of improper revenue recognition as the billing systems employed by the Group are complex and automated processes. In addition, effect of accounting treatment of changing tariff structures and multi-element arrangements on revenue could be significant.</p> <p>The selection and application of revenue recognition policies, including the application of IFRS 15 <i>Revenue from contracts with customers</i>, involve a number of key judgements and estimates, and therefore revenue could be subject to misstatement, whether due to fraud or error, including untimely recognition.</p> <p>The Group's disclosure of information in respect of the accounting policies on revenue recognition is included in Note 3 to the consolidated financial statements, and detailed revenue disclosures are included in Note 33 to the consolidated financial statements.</p>	<p>We have considered the relevant IT systems and the design of controls, and tested the operating effectiveness of controls over capturing and recording data in billing systems related to revenue recognition; authorisation of changes and accounting treatment of tariff rates input to the billing systems; and calculation of amounts billed to the customers.</p> <p>We performed analytical procedures, including monthly fluctuations analysis and analysis of changes in key drivers of revenue, and compared financial and non-financial data. We also analysed the timing of revenue recognition.</p> <p>We analysed the key judgements and estimates, and the accounting policy for compliance with IFRS 15. We considered the disclosures related to revenue recognition in light of the requirements of IFRS 15.</p>
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**Other information included in the Group's 2023 Annual Report**

Other information consists of the information included in the Group's 2023 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2023 Annual Report is expected to be made available to us after the date of this auditor's report.



Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

**Responsibilities of Management and the Audit Committee of the Board of Directors for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee of the Board of Directors is responsible for overseeing the Group's financial reporting process.

**Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.





- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee of the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee of the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated with the Audit Committee of the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Adil Syzdykov.


*Ernst & Young LLP*

  
 Adil Syzdykov  
 Auditor

Auditor Qualification Certificate  
 No. МФ-0000172 dated 23 December 2013

050060, Republic of Kazakhstan, Almaty  
 Al-Farabi ave., 77/7, Esentai Tower

26 March 2024

  
 Olga Khegay  
 Acting General Director  
 Ernst & Young LLP

State Audit License for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2, № 0000003, issued by the Ministry of Finance of the Republic of Kazakhstan on 15 July 2005

**Kazakhtelecom JSC** Consolidated financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2023

<i>In thousands of tenge</i>	Note	31 December 2023	31 December 2022
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	8	662,836,825	501,991,438
Investment properties	12	105,995	1,976,652
Intangible assets	9	341,989,215	195,141,499
Goodwill	11	152,402,245	152,402,245
Right-of-use assets	24	86,297,307	63,294,805
Advances paid for non-current assets	8,9	2,268,635	6,830,659
Cost to obtain contracts		2,700,469	2,781,123
Cost to fulfil contracts		45,276	80,103
Other non-current non-financial assets	14	10,803,207	6,624,903
Other non-current financial assets	13	5,757,350	6,973,300
Deferred tax assets	41	369,451	1,470,763
<b>Total non-current assets</b>		<b>1,265,575,975</b>	<b>939,567,490</b>
<b>Current assets</b>			
Inventories	15	16,377,249	13,857,314
Trade receivables	16	50,755,814	45,305,186
Advances paid	17	9,695,088	6,206,238
Corporate income tax prepaid		4,848,165	3,944,275
Cost to fulfil contracts		556,811	690,565
Other current non-financial assets	20	13,155,629	12,070,418
Other current financial assets	18	5,280,059	4,374,070
Financial assets carried at amortised cost	19	45,770,813	14,832,821
Cash and cash equivalents	21	70,984,738	242,122,154
		<b>217,424,366</b>	<b>343,403,041</b>
Assets held for sale	10	–	3,763,284
<b>Total current assets</b>		<b>217,424,366</b>	<b>347,166,325</b>
<b>Total assets</b>		<b>1,483,000,341</b>	<b>1,286,733,815</b>

The accounting policies and notes on pages 8 to 79 are an integral part of these consolidated financial statements.

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**Kazakhtelecom JSC** Consolidated financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

<i>In thousands of tenge</i>	Note	31 December 2023	31 December 2022
<b>Equity and liabilities</b>			
Share capital	22	12,136,529	12,136,529
Treasury shares	22	(7,065,614)	(7,065,614)
Foreign currency translation reserve		23,441	26,183
Other reserves	22	1,820,479	1,820,479
Retained earnings		702,957,922	641,236,831
		<b>709,872,757</b>	<b>648,154,408</b>
Non-controlling interests	6	93,789,580	82,453,415
<b>Total equity</b>		<b>803,662,337</b>	<b>730,607,823</b>
<b>Non-current liabilities</b>			
Borrowings	23	210,801,920	222,858,631
Lease liabilities	24	79,673,946	28,360,505
Other non-current financial liabilities		7,339,002	414
Employee benefits obligations	25	13,835,162	16,687,529
Debt component of preferred shares	22	814,868	814,868
Non-current contract liabilities	26	7,088,642	7,554,205
Government grants	32	31,762,239	20,690,473
Asset retirement obligation	27	13,580,106	6,595,165
Deferred tax liabilities	41	25,734,663	31,521,131
<b>Total non-current liabilities</b>		<b>390,630,548</b>	<b>335,082,921</b>
<b>Current liabilities</b>			
Borrowings	23	80,589,678	25,018,246
Lease liabilities	24	11,844,932	12,465,379
Other current financial liabilities	29	32,865,868	27,616,881
Employee benefit obligations	25	1,271,934	1,562,857
Trade payables	28	106,813,027	104,832,254
Current corporate income tax payable		–	2,131,847
Current contract liabilities	30	32,614,490	26,742,107
Government grants	32	8,414,199	6,167,493
Other current non-financial liabilities	31	14,293,328	14,506,007
<b>Total current liabilities</b>		<b>288,707,456</b>	<b>221,043,071</b>
<b>Total liabilities</b>		<b>679,338,004</b>	<b>556,125,992</b>
<b>Total equity and liabilities</b>		<b>1,483,000,341</b>	<b>1,286,733,815</b>

Chairman of the Management Board

Issekeyev K.B.

Chief financial officer

Atamuratova L.V.

Chief accountant

Urazimanova M.M.

The accounting policies and notes on pages 8 to 79 are an integral part of these consolidated financial statements.

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## Consolidated statement of comprehensive income

For the year ended 31 December 2023

In thousands of tenge	Note	2023	2022
Revenue from contracts with customers	33	669,467,961	621,837,582
Compensation for provision of universal services in rural ar-eas	34	8,853,903	6,326,916
Income from government grants	32	9,459,782	6,331,898
		687,781,646	634,496,396
Cost of sales	35	(450,053,405)	(399,170,034)
Gross profit		237,728,241	235,326,362
General and administrative expenses	36	(43,994,606)	(44,158,784)
Impairment losses on financial assets	44	(10,443,884)	(7,622,160)
Impairment losses on non-financial assets	44	(760,899)	(1,478,876)
Selling expenses	37	(23,196,854)	(16,908,727)
Loss on disposal of property and equipment, net		(898,616)	(229,712)
Other operating income	40	6,032,736	17,052,723
Other operating expenses	40	(3,154,835)	(1,322,018)
Operating profit		161,311,283	180,658,808
Share in profits of associates	10	–	380,019
Finance costs	39	(38,920,897)	(40,469,547)
Finance income	39	15,802,142	15,977,954
Net foreign exchange gain		(3,954,737)	7,901,638
		134,237,791	164,448,872
Income tax expenses	41	(29,834,582)	(35,695,727)
Profit for the year		104,403,209	128,753,145

## Consolidated statement of comprehensive income (continued)

In thousands of tenge	Note	2023	2022
Other comprehensive (loss)/income			
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods (net of tax)			
Foreign exchange differences from translation of financial state-ments of foreign subsidiaries		(2,742)	44,521
<b>Net other comprehensive loss/(income) to be reclassified to profit or loss in subsequent periods</b>		<b>(2,742)</b>	<b>44,521</b>
Actuarial income/(loss) on defined benefits plans	25	2,280,970	(3,348,018)
Tax effect	41	(279,987)	387,506
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		2,000,983	(2,960,512)
Other comprehensive income/(loss) for the year, net of tax		1,998,241	(2,915,991)
Total comprehensive income for the year, net of tax		106,401,450	125,837,154
<b>Profit attributable to:</b>			
Equity holders of the Parent		93,067,044	114,117,977
Non-controlling interests	6	11,336,165	14,635,168
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Parent		95,065,285	111,201,986
Non-controlling interests	6	11,336,165	14,635,168
		106,401,450	125,837,154
<b>Basic and diluted, profit for the year attributable to ordinary equity holders of the parent, tenge</b>	<b>22</b>	<b>8,465.09</b>	<b>10,377.97</b>

Chairman of the Management Board

Chief financial officer

Chief accountant



Assekeyev K.B.

Atamuratova L.V.

Urazimanova M.M.

## Consolidated statement of changes in equity

For the year ended 31 December 2023

In thousands of tenge	Attributable to equity holders of the Parent						Non-controlling interests	Total Equity
	Shares outstanding	Treasury shares	Foreign currency translation re-serve	Other reserves	Retained earnings	Total		
Note	22	22		22			6	
At 1 January 2022	12,136,529	(7,065,614)	(18,338)	1,820,479	569,486,063	576,359,119	67,818,247	644,177,366
Net profit for the year	–	–	–	–	114,117,977	114,117,977	14,635,168	128,753,145
Other comprehensive loss	–	–	44,521	–	(2,960,512)	(2,915,991)	–	(2,915,991)
Total comprehensive income	–	–	44,521	–	111,157,465	111,201,986	14,635,168	125,837,154
Dividends (Note 22)	–	–	–	–	(39,421,921)	(39,421,921)	–	(39,421,921)
Other transactions	–	–	–	–	15,224	15,224	–	15,224
At 31 December 2022	12,136,529	(7,065,614)	26,183	1,820,479	641,236,831	648,154,408	82,453,415	730,607,823
Net profit for the year	–	–	–	–	93,067,044	93,067,044	11,336,165	104,403,209
Other comprehensive loss	–	–	(2,742)	–	2,000,983	1,998,241	–	1,998,241
Total comprehensive income	–	–	(2,742)	–	95,068,027	95,065,285	11,336,165	106,401,450
Dividends (Note 22)	–	–	–	–	(33,346,936)	(33,346,936)	–	(33,346,936)
At 31 December 2023	12,136,529	(7,065,614)	23,441	1,820,479	702,957,922	709,872,757	93,789,580	803,662,337

Chairman of the Management Board

Chief financial officer

Chief accountant



Kassekeyev K. B.



Atamuratova L. V.



Urazimanova M. M.

## Consolidated statement of cash flows

For the year ended 31 December 2023

In thousands of tenge	Note	2023	2022
<b>Operating activities</b>			
Profit before tax for the year		134,237,791	164,448,872
Adjustments for:			
Depreciation of property and equipment and right of use as-sets	8, 24	94,997,263	90,445,532
Amortisation of intangible assets	9	41,855,295	28,203,711
Impairment loss of non-financial assets	44	760,899	1,478,876
Impairment loss on financial assets	44	10,443,884	7,622,160
Net foreign exchange gain		3,954,737	(7,901,638)
Changes in employee benefit obligations		1,950,688	(8,472,796)
Write-down of inventories to net realizable value	36	867,068	314,205
Share in profits of associates	10	–	(380,019)
Finance costs	39	38,920,897	40,469,547
Finance income	39	(15,802,142)	(15,977,954)
Accrual of provisions	31	1,976,267	1,019,959
Income from government grants	32	(9,459,782)	(6,331,898)
Loss on disposal of property and equipment, net		898,616	229,712
Income from disposal of an associate	10, 40	(876,945)	–
Reversal of tax and related fines and penalties provision	31, 44	–	(2,130,246)
Operating cash flows before changes in operating		304,724,536	293,038,023
<b>Changes in operating assets and liabilities</b>			
Change in trade receivables		(16,248,866)	(15,518,083)
Change in inventories		(3,387,003)	(2,208,765)
Change in other current assets		9,442,407	3,700,055
Change in advances paid		(3,874,576)	1,294,313
Change in trade payables		(22,829,773)	18,881,620
Change in cost to obtain contracts and cost to fulfil con-tracts		249,235	(67,605)
Change in contract liabilities		4,802,473	2,645,145
Changes in other current liabilities		29,552,692	21,808,177
Cash flows from operating activities		302,431,125	323,572,880
Income tax paid		(35,374,841)	(33,721,779)
Interest paid	44	(35,316,158)	(39,103,847)
Interest received		9,181,452	14,224,876
Net cash flows from operating activities		240,921,578	264,972,130



## Consolidated statement of cash flows (continued)

In thousands of tenge	Note	2023	2022
<b>Investing activities</b>			
Purchase of property and equipment		(194,476,548)	(101,551,623)
Purchase of intangible assets		(180,406,973)	(19,948,771)
Proceeds from sale of property and equipment		508,944	206,549
Proceeds from sale of intangible assets		–	1,518,112
Purchase of financial assets at amortized cost	19	(195,250,278)	(84,163,285)
Proceeds from redemption of financial assets at amortized cost	19	166,568,148	69,350,275
Cash received from assets under reverse repurchase agreement	19	–	49,999,824
Placement of deposits		(796,132)	(908,440)
Refund on deposits		810,299	9,227,472
Proceeds from the sale of 49% of the shares of an associate	10	4,544,676	–
Issue of long-term loans to employees		(5,871,872)	(2,018,873)
Repayment of loans by employees		385,512	496,026
Dividends received from associate	10	50,219	76,855
Net cash flows used in investing activities		(403,934,005)	(77,715,879)
<b>Financing activities</b>			
Borrowings received	44	133,584,742	–
Borrowings repaid	44	(91,120,692)	(66,673,091)
Dividends paid on common and preferred shares	22	(33,411,753)	(39,511,557)
Repayment of principal portion of lease liabilities	44	(12,109,799)	(13,759,891)
Net cash flows used in financing activities		(3,057,502)	(119,944,539)
Effect of exchange rate changes on cash and cash equivalents		(5,074,734)	7,703,007
Effect of changes in expected credit losses	21	7,247	(2,404)
Net change in cash and cash equivalents		(171,137,416)	75,012,315
Cash and cash equivalents, as at 1 January	21	242,122,154	167,109,839
Cash and cash equivalents, as at 31 December	21	70,984,738	242,122,154

Chairman of the Management Board

Chief financial officer

Chief accountant

  
 Kashekeyev K.B.  
  
 Atamuratova L.V.  
  
 Urazimanova M.M.

# Notes to the consolidated financial statements

For the year ended 31 December 2023

## 1. General information

Kazakhtelecom JSC (the “Company” or “Kazakhtelecom”) was established in June 1994 in accordance with the legislation of the Republic of Kazakhstan.

The Company is incorporated, domiciled and operates in the Republic of Kazakhstan. The

legal address of the Company is: 12 Sauran Str., Astana, 010000, Republic of Kazakhstan.

The Company is controlled by the Government of the Republic of Kazakhstan through Sovereign Wealth Fund

“Samruk-Kazyna” JSC (“Samruk-Kazyna” or the “Parent”), which owns 79.2% of the Company’s controlling shares. Below is a list of the Company’s shareholders as at 31 December 2023:

	At 31 December 2023	At 31 December 2022
Samruk-Kazyna	79.2%	51.0%
Committee of State Property and Privatization of the Ministry of finance of the Republic of Kazakhstan	–	28.2%
“First Heartland Jusan Bank” JSC	9%	–
ADR (The Bank of New York – depositor)	0.6%	9.6%
Corporate fund “Social Development fund”	3.4%	3.4%
Other	7.8%	7.8%
	100%	100%



The Company is included in the register of natural monopolists in relation to transit traffic services provided to telecommunication operators, public switch telecommunication network (“PSTN”), connection services provided to third party telecommunication operators, and rental of phone channels to telecommunication operators for connection to PSTN.

The Company and its subsidiaries listed in Note 5 (hereinafter collectively referred to as the “Group”) have a significant share of the fixed line and mobile communication markets, including local, long-distance intercity and international telecommunication services including CIS and non-CIS countries; leases out lines and provides data transfer

services, sells mobile devices and provides other telecommunication services.

These consolidated financial statements of the Group were approved for issue by the Chairman of the Management Board on behalf of the Management of the Company on 26 March 2024.

## 2. Basis for preparation

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (hereinafter, “IFRS”), as issued by International Accounting Standard Board (hereinafter, “IASB”).

These consolidated financial statements have been prepared on a historical cost basis, except as described in the accounting policies and the notes to these consolidated financial statements. The consolidated financial statements are presented in Kazakhstani tenge (“tenge”) and all amounts are rounded to the nearest thousands, except when otherwise indicated.

### Going concern

As at 31 December 2023 the

Group’s current liabilities exceeded its current assets by 71,283,090 thousand tenge. The Group’s current liabilities mainly comprise short-term borrowings of 80,589,678 thousand tenge, trade payables of 106,813,027 thousand tenge and other current financial and non-financial liabilities.

The management believes that the Group will continue its activity in accordance with the principle of going concern, and in making such a judgement, the management took into account current intentions of the Group and its financial position. In particular, the following factor was reviewed in estimating the ability of the Group to continue its activities in accordance with the going concern principle:

- The Group plans to continue generating positive net operating cash flows;

- Effective financial management of net working capital;
- Diversification of funding sources.

Thus, the Group’s management believes that the Group will continue its activities in accordance with the principle of going concern during the next 12 months from the date of authorization of this financial statement.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee

and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual

arrangement(s) with the other vote holders of the investee;

- Rights arising from other contractual arrangements;
- The Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders

of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

## 3. Material accounting policies

### New and amended standards and interpretations

For the first time, the Group has applied certain standards

and amendments that are effective for annual reporting periods beginning on or after 1 January 2023 (unless otherwise indicated). The Group has not prematurely applied standards, clarifications or amendments

that have been issued but are not yet effective.

### IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting

standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The new standard had no impact on the Group's consolidated financial statements.

#### Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques

and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

#### Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

#### Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope

of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

#### International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The Group is part of Samruk-Kazyna Group that is a multinational enterprise with revenue in excess of EUR 750 million per consolidated financial statements of the international group for the financial year, immediately preceding the reporting financial year, using the

arithmetic average market exchange rate determined in accordance with the tax legislation of the Republic of Kazakhstan for the respective financial year.

The Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Group and its Parent are still in the process of assessing the potential exposure to Pillar Two income taxes as at December 31, 2023. The potential exposure, if any, to Pillar Two income taxes is currently not known or reasonably estimable. The Group and its Parent continue to progress on the assessment and expects to complete the assessment in 2024.

#### Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial consolidated are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

#### Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that

a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

#### Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;

- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

#### Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.



In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

#### Lack of Exchangeability - Amendments to IAS 21

In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21).

The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency

within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

#### Foreign currency translation

The consolidated financial statements of the Group are presented in tenge, which is

the functional currency of the Company and its subsidiary. Tenge is the currency of the primary economic environment in which the Company and its subsidiary operate. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the official rate established by the "KASE" and published by the National Bank of the Republic of Kazakhstan (the "NBRK") at the reporting date. All translation differences are recognized in the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the

gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is

recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Foreign exchange rates are presented in the following table:

	31 December 2023	31 December 2022
US dollar	454.56	462.65
Euro	502.24	492.86
Russian rubles	5.06	6.43

The functional currency of foreign operation KT-IX LLC (Russian Federation) is Russian rubles. During consolidation the assets and liabilities of foreign operation are translated into tenge at the rate of exchange prevailing at the reporting date and its statement of comprehensive income is translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income.

#### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non controlling interests in the acquiree. For each business

combination, the Group elects whether to measure the non controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant

cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in



fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or

liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 (twelve) months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 (twelve) months after the

reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 (twelve) months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 (twelve) months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

#### Fair value measurement

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the Note 44.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair

value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for

which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The respective unit of the Group (hereinafter, the "Working Group") determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted AFS financial

assets, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The composition of the Working Group is determined by the Management of the Group.

External valuers are involved for valuation of significant assets, such as investment properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is determined annually by the Working Group after discussion with and approval by the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Working Group decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Working Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Working Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Working Group also compares the change in the fair value of each asset and liability



with relevant external sources to determine whether the change is reasonable.

The Working Group and external valuers of the Group provide valuation results to the Audit Committee and independent auditors of the Group on a regular basis that assumes discussion of main assumptions used in valuation.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

**Property and equipment**

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised

in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Please refer to asset retirement obligation (Note 27) for further information about decommissioning provision recognised. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

	Years
Buildings	50
Constructions	10-20
Telecommunication equipment	3-20
Other	3-20

Land is not depreciated.

An item of property and equipment and any significant component initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive

income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**Construction-in-progress**

Construction-in-progress represents property and equipment under construction and machinery and equipment

awaiting installation and is recorded at cost. Construction-in-progress includes cost of construction and equipment and other direct costs. When construction of such assets is completed or when the machinery and equipment are ready for their intended use, construction-in-progress is transferred to the appropriate category of depreciable assets. Construction-in-progress is not depreciated.

**Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets have finite useful lives.

Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Expenses on amortization of intangible assets with finite useful life are recognized in the consolidated statement of comprehensive

income in the category of expenses, which corresponds to the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

Intangible assets are amortized on a straight-line basis within the following estimated useful lives.

	Years
Licenses	3-20
Computer software	1-14
Customer base	8-10
Other	2-15

**Research and development costs**

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible

asset so that the asset will be available for use or sale;

- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;

- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and

the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

#### Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's or cash-generating unit's (CGU) recoverable amount is the higher of: the fair value of an asset (cash generating unit) less costs of disposal and its value in use (cash generating unit). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are

taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of 5 (five) years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was

recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of comprehensive income.

#### Goodwill

Goodwill is tested for impairment annually as at 31 December (Note 11), and when circumstances indicate that the carrying amount may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

#### Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting

contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets of the Group include cash and cash equivalents, trade receivables, financial assets at amortized cost and other current financial assets.

##### Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated

at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);

- Financial assets at fair value through profit or loss.

##### Financial assets at fair value through profit or loss.

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, loans to employees, bank deposits and other non-current and current financial assets.

### Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed excluded from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, the Group evaluates if it has retained the risks and rewards of the property, and to which extent, if any. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset

to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### Impairment of financial assets

#### *Financial assets carried at amortised cost*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events

that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

For long-term trade receivable that contain a significant financing component the Group measures the loss allowance at an amount equal to lifetime expected losses. An entity applies the simplified approach for ECL calculation of long-term trade receivables

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding

contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities comprise trade payables, loans and borrowings, lease liabilities, debt component of preferred shares.

#### Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as described below:

#### *Loans and borrowings*

This category is the most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR

method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings. Further details are contained in Note 23.

#### *Financial guarantee obligations*

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of the loss allowance determined in accordance with IFRS 9 Financial Instruments and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with IFRS 15 Revenue from Contracts with

Customers.

#### *Debt component of preferred shares recorded in liabilities*

The debt component of the preferred shares that exhibits characteristics of a liability is recognised as a liability in the consolidated statement of financial position, net of transaction costs. The corresponding minimal guaranteed dividends on those shares are charged as interest expense in the consolidated statement of comprehensive income. On initial recognition, the fair value of the liability component is determined by discounting expected future cash flows at a market interest rate for a comparable debt instrument. The fair value of the equity component on initial recognition is assigned the residual amount after deducting from the initial carrying amount of the instrument as a whole the fair value determined for the liability component. Subsequently, the liability component is measured according to the same principles used for loans and borrowings, and the equity component is not remeasured in subsequent years.

#### *Trade payables*

Liabilities for trade payables are recognised at fair value to be paid in the future for goods and services received, whether or not billed to the Group.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

#### Offsetting of financial instruments

Financial assets and financial liabilities are only offset and reported at the net amount in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts

and the Group intends to either settle on a net basis, to realise the asset and settle the liability simultaneously.

#### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Years
Buildings and constructions	5-10
Equipment	3-15

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer

to the accounting policies in section Impairment of non financial assets.

#### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments

to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments

also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of property and

equipment that have a lease term of 12 months or less from the commencement date. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

#### Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### Inventories

Inventories are valued at the lower of: cost of acquisition and net realisable value.

Cost comprise expenses incurred in bringing inventory to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The same cost formula is used for all inventories having a similar

nature and use. All inventories are determined based on weighted average cost method.

#### Cash and short-term deposits

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

#### Provisions

##### General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions

are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### Decommissioning liability

Decommissioning liabilities are recognized in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the reporting period when the related environmental disturbance occurs. Decommissioning costs are recorded at the discounted value of expected liability settlement costs calculated using estimated cash flows and recognized as part of the initial cost of the particular asset. Cash flows are discounted at the current rate before tax, which reflects risks inherent to the decommissioning obligations. Unwinding of discount is expensed as incurred and recognised in the consolidated statement of comprehensive income as finance costs. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

#### Employee benefit

##### Social tax

The Group pays social tax according to the current statutory requirements of the Republic of Kazakhstan. Social tax expenses are charged to expenses as incurred.

Besides, the Group withholds 10% of the salary of employees paid as contributions of employees to the accumulating pension funds. Under the legislation, employees are responsible for their retirement benefits and the Group has no present or future obligation to further compensate its employees upon their retirement, except as provided below.

##### Pension payments

The Group does not incur any expenses in relation to provision of pensions or other post-employment benefits to its employees. In accordance with the legal requirements of the Republic of Kazakhstan, the Group withholds pension contributions from employee salaries and transfers them into state or private pension funds on behalf of its employees. Pension contributions are the responsibility of employees, and the Group has no current or future obligations to make payments to employees following their retirement. Upon retirement of employees, all pension payments are administered by the pension

funds directly.

##### Defined benefits pension plan

In accordance with the Collective Agreement the Company provides certain long-term and retirement benefits to some of its employees (the "Defined Benefit Scheme").

Long-term benefits are paid to employees upon completion of a certain number of years of service whereas retirement benefits represent one-off payments paid upon retirement in accordance with the the Collective Agreement. Both items vary according to the employee's average salary and length of service.

Cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit obligation and the return on plan assets (excluding amounts included in net interest on the net defined benefit obligation), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised

in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit obligation or asset. The Group recognises the outlined changes of net defined benefit obligation in the lines: "cost of sales", "general and administrative expenses" in the consolidated statement of comprehensive income.

#### Cash dividend and non-cash distribution to equity holders of the Parent

The Group recognises a liability to make cash or non-cash distributions to equity holders of the Parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. According to the legislation, distribution is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the

carrying amount of the assets distributed is recognised in the consolidated statement of comprehensive income.

#### Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the acquisition, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

#### Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group's activities mainly relates to the provision of data transmission services, rendering of fixed line and wireless phone services, rent of channels, local, intercity and international calls, interconnect / traffic transmission of other operators, value added services and sale of equipment and mobile devices.

At the beginning of the contract, the Group assesses the goods and services promised

in the contract with the buyer and defines as a performance obligation each promise to transfer to the buyer a certain product or service or a set of certain goods or services.

The Group has concluded that it is acting as a principal in all of its revenue arrangements, since in all cases it is the main party that assumed obligations under the contract, controls the goods and services before transferring them to the customer.

Interconnection fees from domestic and foreign telecommunication operators are recognized when the services are rendered based on the actual minutes of traffic transferred through the network.

Revenue from international and intercity calls and calls to local operators are recognized at the time the call is made over the Group's network.

Subscription fees, consisting primarily of monthly charges for access to broadband and other internet services or voice services, are recognised as revenue over time on a straight-line basis. Revenue from dial up internet is recognized based on the actual airtime provided to the customers.

Revenue from the rental of analogue and digital channels and private circuits as well as wholesale access revenue is recognised on a straight-line basis over the period to which it relates.

Non-refundable upfront fees received for initial connection of new subscribers to fixed line and wireless networks are recognized during the expected period of the customer relationship. The expected period of the customer relationship is based on past history of customer period and industry practice.

#### Equipment provided to customers

The Group provides Internet and other data transmission services and equipment for the provision of these services, including modem, routers and others.

Based on the analysis of current operating indicators, the Group concluded that equipment that cannot be used by the subscriber separately from the services of the Group is not a separately identifiable performance obligation.

The Group capitalized the cost of equipment provided free of charge as costs to fulfil a contract. Costs to fulfil a contract are amortized over the period the service is provided to the customer.

#### Sale of equipment and mobile devices

The Group may bundle services and products into one customer offering. Offerings may involve the delivery or performance of multiple products, services, or rights to use assets (multiple deliverables). In some cases, the arrangements include

initial installation, initiation, or activation services and involve consideration in the form of a fixed fee or a fixed fee coupled with a continuing payment stream. Costs associated with the equipment are recognised when revenue is recognised. The revenue is allocated to separate product and services on a relative stand-alone selling price method.

The stand-alone selling prices are determined based on the list prices at which the Group sells the mobile devices and telecommunication services. Customised equipment that can be used only in connection with services or products provided by the Group is not accounted for separately and revenue is deferred over the total service arrangement period.

In revenue arrangements where more than one performance obligation, transaction price is allocated between the goods and services using relative stand-alone selling price method. Determining the transaction price for each separate performance obligation can require complex estimates. The Group generally determines the stand-alone selling price for each separate performance obligation based on prices at which the good or services are regularly sold on a stand-alone basis after considering volume discounts where appropriate.

#### Roaming discounts

The Group enters into roaming discount agreements with a

number of wireless operators. According to the terms of the agreements the Group is obliged to provide and entitled to receive a discount that is generally dependent on the volume of inter operator roaming traffic. The Group uses various estimates and assumptions, based on historical data and adjusted for known changes, to determine the amount of discount to be received or granted. Such estimates are adjusted monthly to reflect newly-available information.

The Group accounts for discounts received as a reduction of roaming expenses and discounts granted as reduction of roaming revenue. The Group considers terms of the various roaming discount agreements to determine the appropriate presentation of amount of receivable from and payable to its roaming partners in its consolidated statement of financial position.

#### Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group also receives long-term advances from customers for the connection to international telecommunication network. The transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

#### Costs to obtain a contract

The Group sells part of payment scratch cards, sim cards, and handsets using sales agents. The Group pays commission to sales agents for new connected subscribers in the B2C segment. The commission to sales agents is capitalized as costs to obtain a contract in the consolidated statements of financial position. Costs to obtain a contract are amortized over the period the service is provided to the customer.

#### Government grants and compensation for provision of universal services in rural areas

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to

an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

Government grants and compensation for provision of universal services are presented separately in the consolidated statement of comprehensive income within revenues from operating activities.

#### Contract balances

#### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

#### Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration

is due). Refer to accounting policies of financial assets in section Financial instruments – initial recognition and subsequent measurement.

#### Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

#### Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as AFS, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The interest income is recorded as part of finance income in the consolidated statement of comprehensive income.

#### Expense recognition

Expenses are recognized as incurred and reported in the consolidated statement of comprehensive income in the

period to which they relate on the accrual basis.

#### Connection cost

The Group records connection costs incurred and attributable to the related deferred income over the expected period of the customer relationship.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

#### Income tax

##### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity

and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in transaction that is not a business combination and, at the same time of transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be

available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is

either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### Contingent assets and liabilities

Contingent assets are not recognized in the consolidated financial statements. Where an inflow of economic benefits is probable, they are disclosed.

Contingent liabilities are not recognized in the consolidated financial statements unless an outflow of resources embodying economic benefits has become probable. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

#### Related parties

In accordance with IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Transactions with related parties are used to reflect the status of settlements for property, works and services received from companies or sold to companies that are related parties to the Group. Items of a similar nature are disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the consolidated financial statements.

## 4. Critical accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires

management to make judgements, estimates and assumptions that affect the

reported amounts of revenues, expenses, assets and liabilities, and the accompanying



disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Financial instruments and financial risk management objectives and principles – Note 44;
- Sensitivity analyses disclosures – Notes 11 and 25.

### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is

reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group re-assesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of space for technical sites with shorter non cancellable period. The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available.

As of 31 December 2023, the Group reassessed the likelihood of exercising the option to extend contracts for the lease of technical sites. The lease term for the previously concluded agreements on technical sites is coming to an end in 2024- 2025.

The lease extension period of 7 years was determined based on the judgment of the management of the Group at the time of initial recognition based on the useful life of the base station. The effect of the modification of the lease period amounted to KZT 51,574,166 thousand (Note 24).

#### Leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

#### Useful lives of property and equipment and intangible assets

The Group assesses the remaining useful lives of items of property and equipment and intangible assets at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The Group assessed the useful life of 5G frequencies to be 15 years based on an assessment of the development of communication technologies, the practices of other cellular operators and the expected average period of income generation from the use of 5G frequencies.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may

change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### Impairment of non-financial assets

An impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of: its fair value less costs of disposal and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 (five) years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and growth rates used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 11.

#### Provision for expected credit losses

The Group recognizes provision for expected credit losses for trade receivables, other current financial assets and funds in credit institutions (cash and cash equivalents, bank deposits).

For trade receivables, the Group has applied the standard's simplified approach and has calculated expected credit losses based on lifetime of these financial instruments. The Group used a provision model that is prepared taking into account Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 16.

For funds in credit institutions (cash and cash equivalents, bank deposits), the Group calculated expected credit losses based on the 12-month period. The 12-month expected credit losses is the portion of lifetime expected credit losses that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit losses.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. Also, it is considered a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Thus, as at 31 December 2023 provision for expected credit

losses was created in the amount of KZT 17,628,662 thousand (2022: of KZT 18,309,842 thousand) (Notes 13, 16, 18 and 21). Changes in the economy, industry or specific customer conditions would have impact to these allowances recorded in the consolidated financial statements.

#### Significant financing component

The Group concludes that certain long-term contracts contain significant financing components due to the time interval between the provision of the Group's services to the customer and the moment the customer pays for such services.

The transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

#### Costs to obtain a contract

The Group considers commission to sales agents to be an additional cost to obtain a contract, and capitalizes such costs as an asset on expenses under contracts with customers. The Group depreciates the costs to obtain a contract with customers on a systematic basis, which corresponds to the timing of the provision of services to customers. The Group reviews depreciation periods if the

expected service dates have changed.

#### Contract liabilities

Deferred revenues are recognized as contract liabilities and recognized over the expected period of the customer relationship. In making its judgments, management considered the detailed criteria for the recognition of revenues from contracts with customers set out in IFRS 15, industry practice and the Company's historical churn rate.

#### Non-refundable upfront fees

Upfront fees received for activation and connection to the fixed line and wireless network that do not represent a separate earning process are recognized as contract liabilities and recognized over the expected period of the customer relationship. In making its judgments, management considered the detailed criteria for the recognition of revenues from connection fees set out in IFRS 15, industry practice and the Company's historical churn rate. As at 31 December 2023, average customer relationship period is assessed as 13 (thirteen) years for fixed line customers and 5 (five) years for internet customers.

#### Decommissioning liability

Decommissioning liabilities are recognized in respect of the estimated future costs of closure and restoration and for environmental rehabilitation

costs in the reporting period when the related environmental disturbance occurs. Decommissioning costs are recorded at the discounted value of expected liability settlement costs calculated using estimated cash flows and recognized as part of the initial cost of the particular asset. Cash flows are discounted at the current rate before tax, which reflects risks inherent to the decommissioning obligations. Unwinding of discount is

expensed as incurred and recognised in the consolidated statement of comprehensive income as finance costs. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

#### Employee benefit obligations

The Group uses actuarial valuation method for measurement of the present value of defined employee benefit obligation and related current service cost. This involves the use of demographic assumptions about the future characteristics of current and former employees who are eligible for benefits (mortality, both during and after employment, rates of employee turnover, etc.) as well as financial assumptions (discount rate, future salary increases). Due to the long-term nature of these benefits, such estimates

are subject to significant uncertainty.

The current portion of employee benefit obligations represents the obligations which the Group is going to repay within the twelve months period since the end of the annual reporting period.

In determining the appropriate discount rate, management of the Group considers the interest rates of high-yield corporate bonds in respective currencies.

The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates.

Further details about employee benefit obligations are contained in Note 25.

#### Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

As at 31 December 2023, deferred tax assets of the Group were equal to KZT 369,451

thousand (at 31 December 2022: KZT 1,470,763 thousand). Further details are contained in Note 41.

#### Leases – estimating the incremental borrowing rate

For those lease agreements, for which the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

#### Fair value measurement of financial instruments

When the fair value of financial instruments and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on data in active markets, their fair value is measured using valuation techniques including the discounted cash flow

(DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the fair value reported in the consolidated financial statements. For more details on the fair values refer to Note 44.

#### Climate-related matters

- The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both

physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation.

- Useful life of property, plant and equipment. When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters,

such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures;

- Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Group's products;
- Decommissioning liability. The impact of climate-related legislation and regulations is considered in estimating the timing and future costs of decommissioning one of the Group's manufacturing facilities.

## 5. Consolidation

The following subsidiaries have been included in these consolidated financial statements:

	Country of incorporation	Percentage ownership	
		31 December 2023	31 December 2022
Mobile Telecom-Service LLP	Kazakhstan	100.00%	100.00%
KT-IX LLC	Russia	100.00%	100.00%
VostokTelecom LLP	Kazakhstan	100.00%	100.00%
Digital Economy Development Center LLP	Kazakhstan	100.00%	100.00%
Nursat+ LLP	Kazakhstan	100.00%	100.00%
KT-Telecom JSC	Kazakhstan	100.00%	100.00%
Kcell JSC	Kazakhstan	51.00%	51.00%

## 6. Material partly-owned subsidiaries

### Kcell JSC

The following is a summary of

financial information of the subsidiary that has material non-controlling interests of 49%.

This information is based on amounts before inter-company eliminations.

Summarised consolidated statement of comprehensive income of Kcell:

In thousands of tenge	2023	2022
Revenue from contracts with customers	223,747,312	219,002,382
Income from government grants	3,745,709	2,229,406
Cost of sales	(168,210,279)	(149,370,828)
General and administrative expenses	(8,810,772)	(16,259,344)
Impairment of financial assets	(5,702,317)	(6,265,499)
Selling expenses	(5,401,262)	(2,713,999)
Finance costs	(12,888,999)	(9,269,786)
Finance income	5,339,139	4,349,947
Net foreign exchange income	(1,346,426)	(32,355)
Other income	1,909,862	1,185,572
Other expenses	(2,532,571)	(736,966)
Profit before tax	29,849,396	42,118,530
Income tax expenses	(6,714,366)	(12,250,840)
Profit for the year	23,135,030	29,867,690
Profit attributable to equity holders of the Parent	11,798,865	15,232,522
Profit attributable to non-controlling interests	11,336,165	14,635,168

Summarised consolidated statement of financial position of Kcell JSC as at 31 December:

In thousands of tenge	2023	2022
Non-current assets	363,722,055	217,067,822
Current assets	63,301,344	103,311,358
Non-current liabilities	(148,332,773)	(75,740,005)
Current liabilities	(78,563,174)	(67,646,745)
Total equity	200,127,452	176,992,430
<b>Attributable to:</b>		
Equity holders of the Participants	106,337,872	94,539,015
Non-controlling interests	93,789,580	82,453,415

Summarised consolidated cash flow information of Kcell JSC for the years ended 31 December:

In thousands of tenge	2023	2022
Operating cash flows	80,239,490	65,928,336
Investing cash flows	(145,153,844)	(52,463,179)
Financing cash flows	30,651,917	(18,370,212)
Foreign exchange effect on cash and cash equivalents	(954,390)	(249,271)
Net decrease in cash and cash equivalents	(35,216,827)	(5,154,326)

## 7. Segment information

For management purposes, the Group represents business units based on the organizational structure of the Group and has reportable operating segments as follows:

- Rendering fixed-line telecommunication services by business units of Kazakhtelecom JSC, Vostoktelecom LLP;
- Rendering mobile telecommunication services

in GSM and LTE standards by business units of Mobile Telecom-Service LLP and Kcell JSC.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors operating results of its business units separately for the purpose of making decisions about resource allocation and performance

assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

The following tables disclose revenue and profit information for the Group's operating segments for the years ended 31 December 2023 and 2022.

For the year ended 31 December 2023

In thousands of tenge	Fixedline	Mobile tele-communication services in GSM and LTE standards	Other	Eliminations and adjustments	Group
<b>Revenue from contracts with customer</b>					
Sales to external customers	245,222,090	423,182,506	1,063,365	–	669,467,961
Inter-segment	44,530,364	22,291,025	1,840,762	(68,662,151)	–
Total revenue from contracts with customers	289,752,454	445,473,531	2,904,127	(68,662,151)	669,467,961
Compensation for provision of universal services in rural areas	8,853,903	–	–	–	8,853,903
Income from government grants	2,309,209	7,150,573	–	–	9,459,782
<b>Total</b>	<b>300,915,566</b>	<b>452,624,104</b>	<b>2,904,127</b>	<b>(68,662,151)</b>	<b>687,781,646</b>
<b>Financial results</b>					
Depreciation and amortisation	(40,081,397)	(98,330,397)	(46,580)	1,621,214	(136,837,160)
Finance costs	(17,186,381)	(25,992,031)	(3,067)	4,260,582	(38,920,897)
Finance income	8,138,392	8,063,471	102,507	(502,228)	15,802,142
Impairment losses on non-financial assets	55,127	2,059,376	–	(1,353,604)	760,899
Impairment losses on financial assets	(4,507,026)	(5,968,300)	(17,586)	49,028	(10,443,884)
Income tax expenses	(4,938,459)	(28,973,973)	23,490	4,054,360	(29,834,582)
Segment profit before tax/(loss before tax)	30,369,080	105,540,800	(418,941)	(1,253,148)	134,237,791
Operating assets	1,224,250,161	1,390,514,250	2,417,860	(1,134,181,930)	1,483,000,341
Operating liabilities	284,268,091	447,797,103	1,927,232	(54,654,422)	679,338,004
<b>Other disclosures</b>					
Capital expenditures	73,991,757	328,253,641	109,966	(525,552)	401,829,812



For the year ended 31 December 2022 (continued)

In thousands of tenge	Fixedline	Mobile tele-communication services in GSM and LTE standards	Other	Eliminations and adjustments	Group
<b>Revenue from contracts with customer</b>					
Sales to external customers	232,536,678	387,613,412	1,687,492	–	621,837,582
Inter-segment	38,598,380	20,358,415	2,044,761	(61,001,556)	–
Total revenue from contracts with customers	271,135,058	407,971,827	3,732,253	(61,001,556)	621,837,582
Compensation for provision of universal services in rural areas	6,326,916	–	–	–	6,326,916
Income from government grants	1,755,766	4,576,132	–	–	6,331,898
Total	279,217,740	412,547,959	3,732,253	(61,001,556)	634,496,396
<b>Financial results</b>					
Depreciation and amortisation	(38,410,683)	(81,842,592)	(65,294)	1,669,326	(118,649,243)
Finance costs	(22,615,516)	(19,528,225)	5,453	1,668,741	(40,469,547)
Finance income	9,644,772	7,770,013	72,199	(1,509,030)	15,977,954
Dividends income	45,548,416	–	–	(45,548,416)	–
Share in profits of associates	–	–	380,019	–	380,019
Impairment losses on non-financial assets	8,275	(1,463,856)	(23,295)	–	(1,478,876)
Impairment losses on financial assets	(822,142)	(6,631,371)	(16,100)	(152,547)	(7,622,160)
Income tax expenses	(7,156,518)	(33,258,755)	(58,895)	4,778,441	(35,695,727)
Segment profit before tax/(loss before tax)	96,922,361	112,450,208	775,217	(45,698,914)	164,448,872
Operating assets	1,231,669,037	800,777,903	2,349,528	(748,062,653)	1,286,733,815
Operating liabilities	300,556,012	291,337,564	1,460,707	(37,228,291)	556,125,992
<b>Other disclosures</b>					
Investments in associates (Note 10) *	–	–	3,763,284	–	3,763,284
Capital expenditures	55,588,403	70,521,370	16,980	–	126,126,753

On September 20, 2022, the Board of Directors of Kazakhtelecom JSC decided to sell 49% of shares of QazCloud LLP through an open two-stage tender. As of December 31, 2022, the assets and liabilities of QazCloud LLP were classified as assets held for sale.

- 1) Income and expenses between segments are excluded during consolidation;
- 2) Finance costs and finance income comprise intersegment finance costs and intersegment finance income;
- 3) Operating income of segments comprises income from intersegment transactions;
- 4) Capital expenditures include additions to property and equipment and intangible assets.

## Reconciliation of profit

In thousands of tenge	2023	2022
Segment profit before tax	158,690,304	210,147,786
Other	(24,452,513)	(45,698,914)
Profit of the Group	134,237,791	164,448,872

## Reconciliation of assets

In thousands of tenge	2023	2022
Segment operating assets	2,269,896,480	2,034,796,468
Elimination of the Company's investments in subsidiaries	(697,877,620)	(699,527,549)
Elimination of intra-group receivables and payables	(89,018,519)	(48,535,104)
Total assets of the Group	1,483,000,341	1,286,733,815

## Reconciliation of liabilities

In thousands of tenge	2023	2022
Segment operating liabilities	735,404,762	593,354,283
Elimination of intra-group receivables and payables	(89,018,519)	(37,228,291)
Deferred tax liabilities	32,951,761	–
Total liabilities of the Group	679,338,004	556,125,992



## 8. Property and equipment

Movements of property and equipment in 2023 and 2022 were as follows:

In thousands of tenge	Land	Buildings and constructions	Equipment	Other	Construction in progress	Total
<b>Cost</b>						
At 1 January 2022	3,227,809	88,766,468	796,692,380	20,481,563	82,744,255	991,912,475
Additions	832	580,753	15,214,917	1,833,506	90,721,644	108,351,652
Asset retirement obligation (Note 27)	–	–	(1,352,105)	–	–	(1,352,105)
Transfers to investment property (Note 12)	–	(3,536,100)	–	–	–	(3,536,100)
Transfers	(884)	1,039,978	28,701,043	371,155	(30,111,292)	–
Disposals	(390)	(1,060,398)	(16,998,345)	(252,377)	(1,343,346)	(19,654,856)
At 31 December 2022	3,227,367	85,790,701	822,257,890	22,433,847	142,011,261	1,075,721,066
Additions	95,040	404,301	35,157,035	11,055,398	166,399,064	213,110,838
Asset retirement obligation (Note 27)	–	–	3,227,077	–	–	3,227,077
Transfers from right-of-use assets.(Note 24)	–	–	42,431,622	–	–	42,431,622
Transfers from investment property (Note 12)	–	3,173,000	–	–	–	3,173,000
Transfers	–	5,730,329	66,979,204	60,999	(72,770,532)	–
Disposals	(2,533)	(390,819)	(30,823,727)	(799,329)	(2,838,689)	(34,855,097)
At 31 December 2023	3,319,874	94,707,512	939,229,101	32,750,915	232,801,104	1,302,808,506
<b>Accumulated depreciation and impairment</b>						
At 1 January 2022	–	28,712,854	459,301,526	15,653,744	12,206,259	515,874,383
Depreciation charge	–	4,062,886	71,923,023	1,471,163	–	77,457,072
Impairment/(recovery)	–	(504)	164,157	(516)	1,013,226	1,176,363
Disposals	–	(1,001,000)	(16,670,356)	(223,120)	(1,324,266)	(19,218,742)
Transfers to investment property (Note 12)	–	(1,559,448)	–	–	–	(1,559,448)
At 31 December 2022	–	30,214,788	514,718,350	16,901,271	11,895,219	573,729,628
Depreciation charge	–	4,295,810	78,392,512	1,524,499	–	84,212,821
Impairment/(recovery)	–	582	(94,996)	1,541	1,057,996	965,123
Disposals	–	(182,649)	(30,129,527)	(777,874)	(2,597,787)	(33,687,837)
Transfers from right-of-use assets (Note 24)	–	–	13,388,946	–	–	13,388,946

(Continued)

In thousands of tenge	Land	Buildings and constructions	Equipment	Other	Construction in progress	Total
<b>Transfers from investment property (Note 12)</b>						
At 31 December 2023	–	1,363,000	–	–	–	1,363,000
<b>Net book value</b>						
At 31 December 2022	3,227,367	55,575,913	307,539,540	5,532,576	130,116,042	501,991,438
At 31 December 2023	3,319,874	59,015,981	362,953,816	15,101,478	222,445,676	662,836,825

As at 31 December 2023 and 2022, assets under construction represented by equipment for installation for base transmission stations, mobile switch servers and other telecommunication equipment and services works.

During 2023, the equipment as part of the asset of the right of use with a net book value of KZT 29,042,676 thousand was transferred to the equipment, fixed assets, as the financial lease agreement with FitLeasing LLP expired, payments were completed and ownership rights were transferred to the Group (Note 24).

During 2023 a part of the investment property with the carrying amount of KZT 1,810,000 thousand was transferred to property, plant and equipment as these premises were occupied by the Group. The remaining premises in the amount of KZT 105,995

thousand was still leased to third and related parties. As of 31 December 2023 the fair value of the investment property equaled to KZT 427,268 thousand (2022: KZT 2,700,000 thousand) (Note 12).

As at 31 December 2023 the gross carrying value of property and equipment which has been fully depreciated and still in use was KZT 514,731,498 thousand (as at 31 December 2022: KZT 478,739,825 thousand).

During 2023, the Group recognized reversal of impairment of equipment of KZT 94,996 thousand and impairment loss on construction-in-progress of KZT 1,057,996 thousand (2022: impairment loss of property and equipment of KZT 164,157 thousand and impairment of construction-in-progress of KZT 1,013,226 thousand), which represented the write-off of certain assets

to recoverable value as a result of technological obsolescence and damage. Impairment was recognized in the consolidated statement of comprehensive income as an operating expense.

As at 31 December 2023, advances paid for non-current assets in the amount of KZT 2,268,635 thousand mainly represented by advances paid for installation of base stations, construction and delivery of fixed assets (2022: KZT 3,308,209 thousand). During 2023 the Group (reversed)/ recognized impairment of advances paid for non current assets for KZT (554,636) thousand (2022: KZT 510,195 thousand) (Note 44).

## 9. Intangible assets

Movements of intangible assets for 2023 and 2022 were as follows:

In thousands of tenge	Licenses	Software	Other	Intangible assets under development	Total
<b>Cost</b>					
At 1 January 2022	229,905,641	53,722,404	20,426,342	472,733	304,527,120
Additions	8,076,875	10,863,912	186,419	–	19,127,206
Disposals	(1,249,434)	(2,336,957)	(614)	–	(3,587,005)
Transfers	45,555	(4,777)	2,222	–	–
At 31 December 2022	236,778,637	62,201,582	20,614,369	472,733	320,067,321
Additions	174,572,253	8,666,011	498,810	4,981,900	188,718,974
Transfers	–	263,141	–	(263,141)	–
Disposals	(3,459,720)	(565,492)	(188,018)	(472,000)	(4,685,230)
At 31 December 2023	407,891,170	70,565,242	20,925,161	4,719,492	504,101,065
<b>Accumulated amortisation and impairment</b>					
At 1 January 2022	53,015,099	39,723,790	5,890,713	472,733	99,102,335
Amortisation charge	19,120,305	7,212,809	1,870,597	–	28,203,711
Reversal of impairment	(93,265)	(218,066)	–	–	(311,331)
Disposals	(1,133,352)	(935,321)	(220)	–	(2,068,893)
At 31 December 2022	70,908,787	45,783,212	7,761,090	472,733	124,925,822
Amortisation charge	28,681,629	11,269,943	1,903,723	–	41,855,295
Reversal of impairment	(32,433)	(2,881)	–	–	(35,314)
Disposals	(3,399,563)	(574,381)	(188,009)	(472,000)	(4,633,953)
At 31 December 2023	96,158,420	56,475,893	9,476,804	733	162,111,850
<b>Net book value</b>					
At 31 December 2022	165,869,850	16,418,370	12,853,279	–	195,141,499
At 31 December 2023	311,732,750	14,089,349	11,448,357	4,718,759	341,989,215

During 2023, the Group recognized income from reversal of impairment of intangible assets of KZT 35,314 thousand (31 December 2022: loss of impairment of intangible assets of KZT 311,331 thousand). The income was recorded in the consolidated statement of comprehensive income as an

operating income .

As at 31 December 2023 the gross carrying value of intangible assets, which have been fully amortized and still in use was KZT 68,741,862 thousand (as at 31 December 2022: KZT 69,108,150 thousand).

On 22-23 December 2022 the Group participated in an open electronic auction of radio frequencies for the fifth generation of mobile communications (5G). Internet trading was organized by Ministry of Digital Development, Innovation and Aerospace Industry. Participants competed

for the 3600-3700 MHz (100 MHz) and 3700-3800 MHz (100 MHz) radio frequency bands for 5G technology. The Group paid starting price of the auction of KZT 3,522,450 thousand to participate in the auction. The Group consisting of Mobile Telecom Service LLP (under the Tele2 and Altel brands) and Kcell JSC (under the Kcell and Activ brands) won the auction

by bidding final price of KZT 156,069,426 thousand. The balance of the final bid price less initially paid starting price will be paid in 2023. The Group classified prepayment of KZT 3,522,450 thousand as non-current as result of the auction was already known.

In 2023, the Group began developing its own digital

products, which will be used by the Group and its clients in the future. As of December 31, 2023, the carrying value of digital assets included in development costs amounted to 4,981,900 thousand tenge. Costs capitalized as development costs meet the criteria for recognition as intangible assets under IAS 38.

## 10. Investments in associates

### QazCloud LLP – associate

As at 31 December 2022 the Group had a 49% interest in QazCloud LLP, which was a service company providing services for support, maintenance and modernization of IT infrastructure, rental of virtual IT resources, and protection of information data of the Samruk-Kazyna Group. The Group's interest in QazCloud LLP was accounted for using the equity method in the consolidated financial statements.

On 20 September 2022 the Board of Directors of Kazakhtelecom JSC decided to sell 49% of share of QazCloud LLP through an open two-stage tender.

On 26 December 2022 the results of the tender for realization were announced with the selling price of KZT

4,590,010 thousand. The tender winner was selected. In accordance with the tender terms, the conclusion of sale and purchase agreement can only be made after the approval of Samruk-Kazyna, the Parent of the Group.

Investment in associate of QazCloud LLP was classified as an assets held for sale from 20 September 2022. The Company discontinued the use of the equity method from the date that the investment was classified as held for sale. Instead, the associate is measured at the lower of its carrying amount and fair value less cost to sell.

On 3 March 2023 Kazakhtelecom JSC received approval of investment committee of Samruk-Kazyna JSC on the sale of 49% of share in QazCloud LLP to Daneker Sala LLP at a price of KZT 4,544,676 thousand.

The Company and Daneker Sala LLP signed a contract for the purchase and sale on 20 March 2023. On 28 March 2023 Kazakhtelecom JSC received full amount of payment for 49% of share in QazCloud LLP.

During 2023, QazCloud LLP announced and paid dividends to the Group in the amount of KZT 50,219 thousand.

### Caspinet B.V. – joint venture

Azertelecom INT LLC (AT) and Kazakhtelecom JSC (KT) have a mutual interest in the construction, operation and ownership of a fiber-optic cable between Azerbaijan and Kazakhstan along the bottom of the Caspian Sea ("Caspian Cable"). In this regard, and in accordance with the intergovernmental agreement between the Republic of Azerbaijan and the Republic of Kazakhstan, AT and KT agreed to



cooperate in the establishment and management of the Business as a joint venture through "Caspinet B.V.". On

22 August 2023 based on the intergovernmental agreement Caspinet B.V. was registered in accordance with Dutch law.

The Group has 50% interest in Caspinet B.V. As of 31 December 2023 Caspinet B.V. did not have any assets and liabilities.

## 11. Impairment testing

For impairment testing, goodwill acquired through business combinations was allocated to three cash-generating units ("CGUs") ("IP TV", "Kcell JSC" and "Mobile Telecom-Service LLP").

IP TV CGU is part of the fixed telecommunications segment, while Kcell JSC and Mobile Telecom-Service LLP are the part of the mobile telecommunication segment.

Goodwill relates to the assembled workforce and synergy from integration of the acquired subsidiaries into the Group. The carrying amount of goodwill allocated to each of CGUs was as follows:

In thousands of tenge	2023	2022
Mobile Telecom-Service LLP ("MTS CGU")	96,205,967	96,205,967
Kcell JSC ("Kcell CGU")	53,489,943	53,489,943
IP TV ("IP TV CGU")	2,706,335	2,706,335
	152,402,245	152,402,245

The Group performed its annual impairment test in December 2023 and 2022.

### Impairment test

Pursuant to IAS 36, goodwill and other intangible assets with indefinite useful lives and intangible assets not yet brought into use must be tested for impairment annually or more often if indicators of impairment exist. Other assets are tested for impairment when circumstances indicate that there may be a potential impairment.

For the purpose of the impairment testing the Group assessed the recoverable amount of each cash-generating unit to which goodwill was allocated or where indicators of impairment were identified. The Group determined the fact that net assets of the Group was higher than market capitalisation as at 31 December 2023 as an indicator of impairment and performed impairment test.

In 2023, the recoverable amounts for all cash-generating

units have been determined based on the calculation of value-in-use. This valuation technique uses cash flow projections based on the actual operating results and business plans approved by management and appropriate discount rates reflecting the time value of money and risks associated with respective cash-generating units. For the periods not covered by management business plans, terminal value is used. The terminal value is calculated based on the cash flow projections by

extrapolating the results of the respective business plans using a zero real growth rate.

Estimation of future cash flows requires assumptions to be made in respect to uncertain factors, including management expectations in relation to Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) margin, timing and amount of capital

expenditures, terminal growth rates and appropriate discount rates to reflect the risks involved. Therefore, EBITDA margin and capital expenditures used for value in use calculation are primarily derived from internal sources, based on past experience and extended to include management expectations. For the purposes of impairment testing EBITDA calculated as earnings before

interest, taxation, depreciation and amortisation measured on the basis consistent with IFRS consolidated financial statements.

The table below presents EBITDA margin applied for value in use calculation of related CGUs:

In thousands of tenge	2023	2022
MTS CGU	46.0% - 47.9%	48.6% - 55.3%
Kcell CGU	37.3% - 45.7%	41.5% - 53.8%
IP TV CGU	2% - 7%	(2%) - 24%
Kazakhtelecom CGU	23.5% - 24.3%	21.3% - 22.08%

The table below presents capital expenditure as a percentage of revenue applied for value-in-use calculations of related CGUs:

In thousands of tenge	2023	2022
MTS CGU	26.3%	21.4%
Kcell CGU	18.0%	15.7%
IP TV CGU	1.0%	2.5%
Kazakhtelecom CGU	10.9%	11.93%

The table below presents terminal growth rates applied for value-in-use calculations of related CGUs

In thousands of tenge	2023	2022
MTS CGU	4.31%	1.50%
Kcell CGU	3.20%	1.50%
IP TV CGU	5.00%	1.50%
Kazakhtelecom CGU	5.00%	1.50%





The table below presents pre-tax rates for the discounting of cash flows in functional currencies of related CGUs:

In thousands of tenge	2023	2022
MTS CGU	15.42%	16.33%
Kcell CGU	13.88%	16.33%
IP TV CGU	15.41%	14.97%
Kazakhtelecom CGU	15.41%	14.97%

#### Sensitivity to changes in assumptions – IPTV, MTS and Kcell CGUs

Reasonably possible changes in EBITDA margin, growth rate beyond the forecast period and discount rates do not lead to an additional impairment at IPTV, MTS and Kcell.

#### Sensitivity to changes in assumptions – Kazakhtelecom CGU

The calculation of value-in-use for Kazakhtelecom CGU is most sensitive to the following assumptions:

- EBITDA margin included in the financial plan;
- Growth rate for cash flow extrapolation beyond the forecast period;
- Discount rate.

#### EBITDA margin

Decrease in EBITDA margin by 1.5% from 23.5% to 22% in 2024 and gradually further in forecast period would result in loss from impairment in Kazakhtelecom CGU of KZT 4,005,611 thousand.

#### Growth rates

Decrease in the growth rates by 2.5% from 5% to 2.5% in terminal period would result in loss from impairment in Kazakhtelecom CGU for KZT 2,598,089 thousand.

#### Discount rate

An increase in discount rate by 1% from 15.41% to 16.41% would not result in loss from impairment in Kazakhtelecom CGU.

## 12. Investment property

Movements in investment property for the years ended 31 December 2023 and 2022 were as follows:

In thousands of tenge	Building and constructions	Total
<b>Cost</b>		
At 1 January 2022	1,264,668	1,264,668
Transfer from property and equipment (Note 8)	3,536,100	3,536,100
At 31 December 2022	4,800,768	4,800,768
Transfer to property and equipment (Note 8)	(3,173,000)	(3,173,000)
At 31 December 2023	1,627,768	1,627,768
<b>Accumulated depreciation and impairment</b>		
At 1 January 2022	1,264,668	1,264,668
Transfer from property and equipment (Note 8)	1,559,448	1,559,448
Transfer to property and equipment (Note 8)	(1,363,000)	(1,363,000)
Depreciation charge	60,657	60,657
At 31 December 2023	1,521,773	1,521,773
<b>Carrying amount</b>		
At 31 January 2022	1,976,652	1,976,652
At 31 December 2023	105,995	105,995

During 2022, the building with a carrying amount of KZT 1,976,652 thousand was transferred to investment real estate, since it was no longer used by the Group, and it was decided to lease the building to third and related parties.

During 2023, the building with a carrying amount of KZT 1,810,000 thousand was transferred to property, plant and equipment as this part was occupied by the Group. The other part in the amount of KZT 105,995 thousand was still leased to third and related parties.

As of 31 December 2023, the fair value of investment property amounted to KZT 427,268 thousand. The fair value of investment property is determined by reference to significant unobservable in-puts (Level 3).

## 13. Other non-current financial assets

As at 31 December 2023 and 2022, other non-current financial assets comprised:

In thousands of tenge	2023	2022
Long-term trade receivable	1,522,938	4,344,884
Loans to employees	2,717,964	1,731,327
Long-term deposits	1,283,649	642,726
Other	342,983	364,547
As of 31 December 2023	1,627,768	1,627,768
	5,867,534	7,083,484
Less: allowance for expected credit losses	(110,184)	(110,184)
	5,757,350	6,973,300

Movements in the allowance for expected credit losses were as follows for the years ended 31 December:

In thousands of tenge	2023	2022
Allowance for expected credit losses at the beginning of the year	(110,184)	(110,184)
Allowance for expected credit losses at the end of the year	(110,184)	(110,184)

As at 31 December 2023, the balance of long-term accounts receivable of KZT 1,522,938 thousand (2022: KZT 4,344,884 thousand) represented by sale agreements with customers for the purchase of contract phones with period of deferred payments from 18 to 24 months. These long-term accounts receivable were discounted as at market interest.

Loans to employees are interest free loans provided for the

period from 1 to 15 years. The employees are entitled to the interest free loan only if they are employed by the Company. In case of the dismissal of the employee, the Company has a right to request full repayment of the loan. The loans were discounted as at the date of provision using market interest rates and the difference of 3,832,141 thousand tenge between the fair value and nominal amount was recognized as deferred expenses (Note 14

and 20) in the consolidated statement of financial position.

Repayment of long-term loans to employees is made through withholding of amounts due from employees' salaries (Note 42). Loans are secured by employees' real estate properties.

During 2023, the Group placed several long-term deposits with Halyk Bank of Kazakhstan JSC for the total amount of KZT

694,932 thousand (2022: KZT 908,440 thousand) with the maturity date in 2027-2038 and an interest rate of 0.1% per annum (2022: 0.1%). The employees are entitled to the low interest free loan from the bank under the secure of the deposit only if they are employed by the Company.

In case of the dismissal of the employee, the Company has a right to request full repayment of the loan. The deposits were discounted as at the date of placement using market interest rates and the difference of 591,420 thousand tenge between the fair value and nominal amount was recognized

as deferred expenses (Note 20) in the consolidated statement of financial position.

During 2023 the Group withdrew KZT 810,299 thousand from deposits. (2022: a withdrawal in the amount of KZT 921,972 thousand).

## 14. Other non-current non-financial assets

As at 31 December 2023 and 2022, other non-current non-financial assets comprised:

In thousands of tenge	2023	2022
Deferred connection cost of operators	6,346,624	6,104,403
Deferred expenses (Note 13)	3,832,141	—
Other	624,442	520,500
	10,803,207	6,624,903

## 15. Inventories

As at 31 December 2023 and 2022, inventories comprised:

In thousands of tenge	2023	2022
Goods for resale at lower of cost and net realisable value	12,347,563	10,036,992
Cable materials at cost	2,084,775	1,797,938
Raw and other materials at cost	982,480	1,059,764
Fuel at cost	521,168	512,807
Spare parts at cost	441,263	449,813
	16,377,249	13,857,314



During 2023, an amount of KZT 867,068 thousand (2022: KZT 314,205 thousand) was recognized as expenses in

respect of inventories recorded at net realizable value. In 2023, this amount was recorded within the item "General and

administrative expenses" in the consolidated statement of comprehensive income.

## 16. Trade receivables

As at 31 December 2023 and 2022, trade receivables comprised:

In thousands of tenge	2023	2022
Trade receivables	63,179,413	58,301,294
	63,179,413	58,301,294
Less: allowance for expected credit losses	(12,423,599)	(12,996,108)
	50,755,814	45,305,186

Movements in the allowance for expected credit losses were as follows for the years ended 31 December:

In thousands of tenge	2023	2022
Allowance for expected credit losses at the beginning of the year	(12,996,108)	(6,252,535)
Charge for the year (Note 44)	(10,516,790)	(7,464,288)
Write-off for the year	11,089,299	720,715
Allowance for expected credit losses at the end of the year	(12,423,599)	(12,996,108)

Below is information as at 31 December 2023 about the credit risk exposure on the Group's trade receivables using a matrix of reserves:

In thousands of tenge	Days past due							Total
	Current	1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 360 days	Over 360 days	
Estimated credit loss rate	0.59%	3.70%	12.28%	21.69%	19.38%	44.50%	100%	
Estimated total gross carrying amount at default	37,592,094	4,964,687	2,932,936	1,875,032	1,287,736	6,350,750	8,176,178	63,179,413
Allowance for expected credit losses	(221,793)	(183,693)	(360,165)	(406,694)	(249,563)	(2,825,513)	(8,176,178)	(12,423,599)

Below is information as at 31 December 2022 about the credit risk exposure on the Group's trade receivables using a matrix of reserves:

In thousands of tenge	Days past due							Total
	Current	1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 360 days	Over 360 days	
Estimated credit loss rate	0.68%	7.60%	23.01%	18.23%	26.31%	74.14%	100%	
Estimated total gross carrying amount at default	35,640,680	6,712,577	1,773,035	1,557,994	791,946	1,856,360	9,968,702	58,301,294
Allowance for expected credit losses	(240,876)	(509,907)	(407,929)	(283,988)	(208,392)	(1,376,314)	(9,968,702)	(12,996,108)

As at 31 December 2023 and 2022, the Group's trade receivables were denominated in the following currencies:

In thousands of tenge	2023	2022
Tenge	45,965,387	43,123,448
US dollars	4,462,789	1,972,245
Euro	304,893	200,812
Russian rubles	16,368	–
Other currencies	6,377	8,681
	50,755,814	45,305,186

## 17. Advances paid

As at 31 December, advances paid comprised:

In thousands of tenge	2023	2022
Advances paid	10,049,585	6,211,957
Less: allowance for impairment	(354,497)	(5,719)
	9,695,088	6,206,238

Movements in the allowance for impairment were as follows for the years ended 31 December:

In thousands of tenge	2023	2022
Allowance for impairment at the beginnings of the year	(5,719)	(9,136)
Accrual for the year	(385,726)	(103,649)
Write-off for the year	36,948	107,066
Allowance for impairment at the end of the year	(354,497)	(5,719)

As at 31 December 2023 and 2022 advances paid for short term assets were given to contractors for services and delivery of inventories for operational activities of the Group.

## 18. Other current financial assets

As at 31 December 2023 and 2022, other current financial assets comprised:

In thousands of tenge	2023	2022
Bank deposits	3,503,379	3,399,500
Loans to employees (Note 13)	1,800,016	1,235,750
Restricted cash	912,769	912,769
Due from employees	494,924	375,093
Other accounts receivable	3,660,451	3,643,862
	10,371,539	9,566,974
Less: allowance for expected credit losses	(5,091,480)	(5,192,904)
	5,280,059	4,374,070

As at 31 December 2023 and 2022, the allowance for expected credit losses includes a provision in the amount of

KZT 3,399,500 thousand accrued on a deposit placed in Eximbank Kazakhstan JSC due to the liquidation of the bank.

Restricted cash is cash on accounts with Kazinvestbank JSC and Eximbank Kazakhstan

JSC in the amount of KZT 413,315 thousand and KZT 499,454 thousand, respectively, which are assessed as unlikely to be recovered due to the revocation of banking licenses. The provision for expected credit losses was taken into account for the entire amount of these funds.

During 2023, the Group placed bank deposits with an initial

maturity of more than 3 (three) months, but less than 12 (twelve) months in Russian rubles with Sberbank of Russia PJSC at an interest rate of 5.8% in the amount of KZT 101,200 thousand.

Changes in allowance for expected credit losses were as follows for the years ended 31 December:

In thousands of tenge	2023	2022
Allowance for expected credit losses at the beginning of the year	(5,192,904)	(5,056,469)
Reversed/(accrual) for the year (Note 44)	65,659	(155,468)
Write-off for the year	35,765	19,033
Allowance for expected credit losses at the end of the year	(5,091,480)	(5,192,904)

As at 31 December 2023 and 2022, other current financial assets were denominated in the following currencies:

In thousands of tenge	2023	2022
Tenge	4,738,056	4,369,873
US dollars	438,124	4,197
Russian rubles	103,879	–
	5,280,059	4,374,070

## 19. Financial assets at amortized cost

During 2023, the Group acquired U.S. treasury bills of USD 338,710 thousand (equivalent to KZT 154,705,538 thousand) and redeemed USD 290,714 thousand (equivalent to KZT 111,210,398 thousand) at the date of maturity with interest income of KZT 1,798,559 thousand.

During 2023 and 2022 the Group acquired short-term discount notes of the National Bank of the Republic of Kazakhstan (“NBRK”) with a nominal value of KZT 40,544,740 thousand and KZT 84,163,285 thousand, respectively.

In 2023, short-term notes of the NBRK with a nominal value

of KZT 55,357,750 thousand were redeemed at the date of maturity with interest income in the amount of KZT 743,689 thousand (In 2022: KZT 69,350,275 thousand and KZT 649,725 thousand).

As at 31 December financial assets at amortised cost comprised of the following:

In thousands of tenge	Maturity date	Yield to maturity	Nominal value	31 December 2023	31 December 2022
US Treasury bills	25 January 2024	5.38%	11,769,468	11,679,960	–
US Treasury bills	25 January 2024	5.30%	18,274,221	18,181,790	–
US Treasury bills	25 January 2024	5.33%	15,974,147	15,909,063	–
NBRK notes	25 January 2023	16.46%	15,000,000	–	14,832,821
			61,017,836	45,770,813	14,832,821

The Group recognized the financial assets at amortized cost as the contractual cash

flows are solely principal and interest and the financial assets are held within a business model

for collecting contractual cash flows.

## 20. Other current non-financial assets

As at 31 December other current non-financial assets comprised:

In thousands of tenge	2023	2022
VAT receivable	3,789,491	4,355,432
Taxes prepaid other than corporate income tax	3,762,458	3,143,939
Deferred connection cost of operators	1,662,375	1,293,116
Deferred expense (Note 13)	591,420	–
Other	3,349,885	3,277,931
	13,155,629	12,070,418

## 21. Cash and cash equivalents

As at 31 December cash and cash equivalents comprised:

In thousands of tenge	2023	2022
Deposits with maturity less than 90 days' from the date of placement	65,453,268	95,672,493
Cash on current bank accounts	5,520,606	146,451,791
Cash on hand	14,263	8,516
	70,988,137	242,132,800
Less: allowance for expected credit losses	(3,399)	(10,646)
	70,984,738	242,122,154

Cash on current bank accounts earn interest at the rates ranging from 0.5% to 12% per annum (2022: from 0.1% to

7.25% per annum).

Short-term bank deposits earn interest at the rates ranging

from 3% to 15.25% (as at 31 December 2022: up to 15.60%).

As at 31 December cash and cash equivalents were denominated in the following currencies:

In thousands of tenge	2023	2022
US dollars	41,840,133	149,734,206
Tenge	28,866,082	90,509,732
Euro	202,685	1,343,271
Russian roubles	35,545	422,368
Other	40,293	112,577
	70,984,738	242,122,154

Movements in the allowance for expected credit losses were as follows for the years ended 31 December:

In thousands of tenge	2023	2022
Allowance for expected credit losses at the beginning of the year	(10,646)	(8,242)
Restored/(accrued) for the year (Note 44)	7,247	(2,404)
Allowance for expected credit losses at the end of the year	(3,399)	(10,646)

## 22. Equity

### Authorised and issued shares

In thousands of tenge	Number of shares		In thousands of tenge		Total issued shares
	Common shares	Preferred non-voting shares	Common shares	Preferred non-voting shares	
At 31 December 2022	10,922,876	1,213,653	10,922,876	1,213,653	12,136,529
At 31 December 2023	10,922,876	1,213,653	10,922,876	1,213,653	12,136,529

### Treasury shares

In thousands of tenge	Number of shares		In thousands of tenge		Total issued shares
	Common shares	Preferred non-voting shares	Common shares	Preferred non-voting shares	
At 31 December 2022	216,852	914,868	3,052,617	4,012,997	7,065,614
At 31 December 2023	216,852	914,868	3,052,617	4,012,997	7,065,614

#### Dividends

The preferred shares earn a non-discretionary dividend of KZT 300 per share in accordance with the Company's charter documents. Preferred shares are considered to be compound financial instruments, and accordingly the liability and equity components are presented separately in the consolidated statement of

financial position. Dividends in the amount of KZT 89,636 thousand were accrued as at 31 December 2023 (at 31 December 2022: KZT 89,636 thousand) and are recorded as interest expenses in the consolidated statement of comprehensive income (Note 39).

On 27 October 2023 based on 2022 results the Company declared dividends on preferred

shares in the amount of KZT 818,181 thousand and dividends on common shares in the amount of KZT 32,528,755 thousand (2022: KZT 983,119 thousand and KZT 38,438,802 thousand, respectively).

Movements in dividends payable for the years ended 31 December were as follow:

In thousands of tenge	2023	2022
Dividends payable at the beginning of the year	17,573	17,573
Dividends declared on common shares to equity holders of the parent	32,528,755	38,438,802
Dividends declared on preferred shares in excess of the obligatory amount	818,181	983,119
Interest on debt component of preferred shares (Note 39)	89,636	89,636
Dividends paid to equity holders of the parent	(33,411,753)	(39,511,557)
Dividends payable at the end of the year (Note 29)	42,392	17,573

During 2023 the Group paid withholding tax on dividends in the amount of KZT 38,960 thousand (2022: KZT 909 thousand).

### Other reserves

According to the Company's Charter, the Company created a reserve capital equal to 15% of the authorized share capital. This reserve capital was created through appropriation of the retained earnings. There were no movements in the reserve capital in 2023 and 2022.

### Foreign currency translation reserve

The foreign currency translation reserve is used to recognize

exchange differences arising from the translation of financial statements of the subsidiaries, whose functional currency is not tenge and whose financial statements are included in these consolidated financial statements in accordance with the accounting policy disclosed in Note 3.

### Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to common equity holders of the

Company (after adjusting for the after-tax amount of dividends on preferred shares) by the weighted average number of common and preferred shares outstanding during the year.

Diluted earnings per share are equal to basic earnings per share, as the Group does not have any dilutive potential common shares.

The following tables reflect profit and share data used in the basic and diluted earnings per share computations:

In thousands of tenge	2023	2022
Profit for the year attributable to equity holders of the Parent	93,067,044	114,117,977
Interest on preferred shares (Note 39)	89,636	89,636
Net profit for calculating of basic and diluted earnings per share	93,156,680	114,207,613
Weighted average number of common and preferred shares for calculation	11.004.809	11.004.809
Basic and diluted earnings per share, tenge	8,465.09	10,377.97

There have been no other transactions involving common shares or potential common shares

between the reporting date and the date of preparation of these consolidated financial statements.

### Additional information disclosed in accordance with Kazakhstan Stock Exchange (KASE) requirements

#### The cost of common shares, calculated in accordance with the requirements of the KASE

Below is the cost of one ordinary share, calculated in accordance with the requirements of the KASE:

In thousands of tenge	2023	2022
Total assets	1,483,000,341	1,286,733,815
Less: intangible assets, including goodwill	494,391,460	347,543,744
Less: total liabilities	679,338,004	556,125,992
Less: preferred shares issued net of reacquired shares	298,785	298,785
Net assets for calculation of cost of ordinary share in accordance with listing requirements of KASE	308,972,092	382,765,294
Number of ordinary shares	10,706,024	10,706,024
Cost of ordinary share, calculated in accordance with listing requirements of KASE (in tenge)	28,860	35,752

Another requirement for disclosure is the amount of the dividends payable to owners of preferred non-voting shares. The carrying book value of one preferred non-voting share is calculated as the sum of the preferred non-voting

shares in the equity and debt component of preferred non-voting shares, divided by the number of preferred non-voting shares. At the same time, according to the methodology of KASE, the dividend payable on preferred shares, which are

not paid due to the lack of up-to-date information about the shareholders, their payment details, are not taken into account. As at 31 December 2023, this indicator amounted to KZT 21,473 (as at 31 December 2022: KZT 3,727).

## 23. Borrowings

As at 31 December borrowings comprised:

In thousands of tenge	Weighted average effective interest rate	2023	Weighted average effective interest rate	2022
Borrowings with fixed interest rate	15.90%	168,557,967	10.99%	125,061,369
Bonds with a fixed interest rate	11.85%	122,833,631	11.86%	122,815,508
		291,391,598		247,876,877

Borrowings are repayable as follows:

In thousands of tenge	2023	2022
Current portion of borrowings	80,589,678	25,018,246
Maturity between 1 and 2 years	46,839,056	110,270,990
Maturity between 2 and 5 years	155,473,741	101,977,816
Maturity over 5 years	8,489,123	10,609,825
Total non-current portion of borrowings	210,801,920	222,858,631
Total borrowings	291,391,598	247,876,877

As of 31 December 2023 and December 2022, loans represented by the following:

Borrowings	Maturity date	Currency	Effective interest rate	2023	2022
<b>Halyk Bank of Kazakhstan JSC</b>					
Credit line agreement KS 02-19-06					
Borrowing agreement KD 02-19-06-01	21-May-27	Tenge	12.2%	36,955,885	47,508,167
Credit line agreement KS 02-23-05					
Borrowing agreement KD 02-23-05-01	15-Sep-26	Tenge	20.1%	992,321	–
Borrowing agreement KD 02-23-05-02	21-Sep-26	Tenge	20.1%	2,805,767	–
Borrowing agreement KD 02-23-05-02	16-Nov-26	Tenge	19.5%	2,566,437	–
Credit line agreement KS 02-23-40					
Borrowing agreement KD 02-23-40-01	20-Nov-24	Tenge	19.5%	10,113,333	–
Credit line agreement KS 02-23-06					
Borrowing agreement KD 02-23-06-8	8-Sep-26	Tenge	20.1%	17,139,778	–
Borrowing agreement KD 02-23-06-9	29-Sep-26	Tenge	20.2%	5,755,910	–
Borrowing agreement KD 02-23-06-10	13-Oct-26	Tenge	19.5%	975,141	–
Borrowing agreement KD 02-23-06-11	26-Oct-26	Tenge	19.5%	5,027,218	–
Borrowing agreement KD 02-23-06-12	2-Nov-26	Tenge	19.5%	824,400	–
Borrowing agreement KD 02-23-06-13	3-Nov-26	Tenge	19.5%	998,130	–

(continued)

Borrowings	Maturity date	Currency	Effective interest rate	2023	2022
Borrowing agreement KD 02-23-06-14	16-Nov-26	Tenge	19.5%	818,000	–
Borrowing agreement KD 02-23-06-15	23-Nov-26	Tenge	19.5%	5,655,450	–
Borrowing agreement KD 02-23-06-16	23-Nov-26	Tenge	19.5%	957,860	–
Borrowing agreement KD 02-23-06-17	30-Nov-26	Tenge	19.2%	2,639,740	–
Borrowing agreement KD 02-23-06-18	30-Nov-26	Tenge	19.2%	826,899	–
Borrowing agreement KD 02-23-06-19	7-Dec-26	Tenge	19.2%	992,563	–
Borrowing agreement KD 02-23-06-20	14-Dec-26	Tenge	19.2%	1,774,752	–
Borrowing agreement KD 02-23-06-21	22-Dec-26	Tenge	19.2%	4,419,525	–
Borrowing agreement KD 02-23-06-22	22-Dec-26	Tenge	19.2%	2,149,496	–
Borrowing agreement KD 02-23-06-23	28-Dec-26	Tenge	19.2%	2,303,402	–
Borrowing agreement KD 02-23-06-24	28-Dec-26	Tenge	19.2%	1,001,479	–
<b>Development Bank of Kazakhstan JSC</b>					
Creditline agreement 39-СМ-А/05-02					
Borrowing agreement ДБЗИ 164-А/05-02	19-Dec-24	Tenge	7.12%	2,852,241	5,704,483
Creditline agreement 40-СМ-А/05-02					
Borrowing agreement ДБЗИ 215-А/05	19-Dec-24	Tenge	7.12%	1,881,410	3,134,926
Creditline agreement СМ-170-19					
Borrowing agreement ДБЗИ 215-А/05	30-Jun-32	Tenge	8%	4,916,402	5,462,670
Borrowing agreement ДБЗИ 215-А/05	30-Jun-32	Tenge	8%	4,818,181	5,353,534
Borrowing agreement ДБЗИ 215-А/05	30-Jun-32	Tenge	8%	4,035,513	4,483,903
Borrowing agreement ДБЗИ 215-А/05	30-Jun-32	Tenge	8%	4,137,427	4,597,141
Borrowing agreement ДБЗИ 215-А/05	30-Jun-32	Tenge	8%	1,416,150	1,572,798





(continued)

Borrowings	Maturity date	Currency	Effective interest rate	2023	2022
<b>Bank of China Kazakhstan JSC</b>					
<b>Creditline agreement#232001</b>					
Tranche #1	25-Dec-26	Tenge	17.5%	6,200,000	–
<b>Creditline agreement #192004</b>					
Tranche #1	1-Jun-24	Tenge	10.85%	2,094,806	2,033,153
Tranche #2	23-Feb-2026	Tenge	17.8%	3,000,000	–
Tranche #3	23-Feb-2026	Tenge	17.8%	10,000,000	–
<b>Nurbank JSC</b>					
<b>Creditline agreement #10/23-00</b>					
Borrowing agreement 1-10/23-00	8-Sep-2026	Tenge	18.7%	15,000,000	–
First Heartland Jusan Bank JSC	10-Nov-2024	Tenge	11.624%	512,351	40,209,056
VTB Bank JSC	15-Oct-2023	Tenge	11.9%	–	5,001,538
				168,557,967	125,061,369

#### Halyk Bank of Kazakhstan JSC

##### **Credit line agreement KS 02-19-06**

During 2023 the Group repaid principal of KZT 10,428,192 thousand and repaid interest of KZT 5,118,432 thousand (2022: KZT 10,428,192 thousand and KZT 6,331,832 thousand, respectively).

##### **Credit line agreement KS 02-23-05**

In February 2023 the Group opened a non-revolving credit line with the limit of KZT 40,000,000 thousand in JSC Halyk Bank of Kazakhstan in order to finance capital expenditures. The interest rate on this credit line is fixed and

equal to the base rate of the National Bank of the Republic of Kazakhstan, effective on the date of issue of the loan plus 2% per annum, the term of the credit line is 60 months, the term of tranches is up to 36 months, without collateral.

During 2023 the Group received KZT 6,623,292 thousand under this credit line, repaid the principal debt of KZT 342,982 thousand and repaid interest of KZT 192,470 thousand. The repayment period is 36 months from the date of financing.

##### **Credit line agreement KS 02-23-40**

On 17 November 2023 the Group opened a renewed credit line in the amount of KZT 20,000,000

thousand in JSC Halyk Bank of Kazakhstan in order to finance general corporate expenses and replenish working capital. The interest rate on this credit line is equal to the base rate of the National Bank of the Republic of Kazakhstan, effective on the date of issue of the loan plus 2% per annum, the term of the credit line is 36 months, the term of Tranches is up to 24 months, without collateral.

During 2023 the Group received KZT 10,000,000 thousand under this credit line. The repayment period is 12 months from the date of financing.

##### **Credit line agreement KS 02-23-06**

In February 2023 the Group

signed an agreement on nonrevolving credit line with JSC “Halyk Bank of Kazakhstan” with the limit of KZT 50,000,000 thousand on investments in capital expenditures. The interest rate on this credit line is fixed and equal to the base rate of the National Bank of the Republic of Kazakhstan, effective on the date of issue of the loan plus 2% per annum, the term of the credit line is 24 months, the term of tranches is up to 36 months, without collateral.

In September 2023 the Group signed an addendum to the existing credit line agreement and extended the limit to KZT 90,500,000 thousand with revolving limit of KZT 40,500,000 thousand for working capital financing. During 2023 the Group received tranches within the credit line in the amount of KZT 82,761,000 thousand. During 2023 the Group repaid KZT 29,157,000 thousand of principal amount and repaid interest of KZT 2,847,684 thousand.

#### Development Bank of Kazakhstan JSC

##### **Credit line agreement 39-CM-A/05-02**

During 2023 the Group repaid principal of KZT 2,846,154 thousand and repaid accrued interest of KZT 348,654 thousand (2022: KZT 2,846,154 thousand and KZT 546,501 thousand, respectively).

##### **Credit line agreement 40-CM-A/05-02**

During 2023 the Group repaid principal of KZT 1,213,031 thousand and repaid accrued interest of KZT 244,881 thousand (2022: KZT 1,213,032 thousand and KZT 353,597 thousand, respectively).

##### **Credit line agreement CM-170-19**

During 2023 the Group repaid principal of KZT 2,133,333 thousand and repaid accrued interest of KZT 1,502,187 thousand (2022: KZT 2,133,333 thousand and KZT 1,651,723 thousand, respectively).

#### Bank of China Kazakhstan JSC

##### **Credit line agreement #232001**

During 2023 the Group received a loan in the amount of KZT 6,200,000 thousand, under a credit line agreement with Bank of China Kazakhstan JSC. The interest rate on this credit line is equal to the base rate of the National Bank of the Republic of Kazakhstan, effective on the date of issue of the loan plus 0.5% per annum, the term of the credit line is 36 months, the term of Tranches is up to 12 months, without collateral.

##### **Credit line agreement #192004**

In June 2023 the Group obtained additional tranche in the amount of 13,000 million tenge. The interest rate on this tranche is equal to the base rate of the National Bank of

the Republic of Kazakhstan, effective on the date of issue of the loan plus 0.5% per annum.

During 2023 the Group repaid interest of KZT 1,348,799 thousand (2022: repaid principal of KZT 11,000,000 thousand and repaid interest of KZT 1,026,854 thousand).

#### Nurbank JSC

##### **Credit line agreement #10/23-00**

On 8 September 2023 the Group opened a revolving credit line with the limit of KZT 15,000,000 thousand in Nurbank JSC in order to refinance its borrowings in First Heartland Jusan Bank JSC. The interest rate on this credit line is fixed and equal to the base rate of the National Bank of the Republic of Kazakhstan, effective on the date of issue of the loan plus 0.77% per annum.

During 2023 the Group received a loan of KZT 15,000,000 thousand and repaid interest of KZT 647,625 thousand.

#### First Heartland Jusan Bank JSC

On August 2, 2023, the Group received a letter from First Heartland Jusan Bank JSC with a request to carry out full early release under the Loan Agreement until August 25, 2023, due to the fact that the Group became an affiliate of bank. On September 08, 2023, the Group repaid the debt in the amount of KZT 40,000,000 thousand. The remaining

balance of the debt as of 31 December 2023 is KZT 500,000 thousand.

#### VTB Bank JSC

On 28 October 2020 the Group obtained loan in the amount of KZT 6,000,000 thousand within the credit line agreement with VTB Bank JSC with maturity till October 2023 at interest

rate 10.7% per annum. On 31 December 2021 the Group signed an additional agreement with VTB Bank JSC to increase the amount of the credit line from KZT 6,000,000 thousand to KZT 7,000,000 thousand, and obtained KZT 1,000,000 thousand with a maturity until 15 October 2023 and an interest rate of 10.7% per annum. During 2023 the Group repaid principal

of KZT 5,000,000 thousand and repaid accrued interest of KZT 233,055 thousand (2022: KZT 2,000,000 thousand and KZT 574,868 thousand, respectively).

#### Debt securities

As of 31 December 2023 and 31 December 2022, debt securities issued represented by the following:

Bonds	Maturity date	Currency	Effective interest rate	2023	2022
Local bonds of Kazakh-telecom JSC (KZTKb3)	19 June 2026	Tenge	11.86%	80,261,964	80,243,841
Local bonds of Kazakh-telecom JSC (KTCB.1024 and KTCB2.1024) (Note 44)	1 November 2024	Tenge	11.84%	42,571,667	42,571,667
				122,833,631	122,815,508

#### Local bonds of Kazakhtelecom JSC (KZTKb3)

On 19 June 2019 the Group issued bonds on the Kazakhstan Stock Exchange for amount of KZT 80,000,000 thousand at an effective interest rate of 11.86% and maturity in June 2026. The nominal value of one bond is one thousand tenge.

During 2023 the Group paid coupon of KZT 9,200,000 thousand (2022: KZT 9,200,001 thousand).

#### Local bonds of Kazakhtelecom JSC (KTCB.1024)

On 6 November and 12 December 2018 the Group issued bonds

on the stock exchange of the International Financial Center Astana (AIX) for amount of KZT 100,000,000 thousand at an effective interest rate of 11.84% and maturity in November 2024. The nominal value of one bond is one thousand tenge. Bonds on these issues were purchased by the Parent company. 150 million shares or 75% of shares of Kcell JSC were pledged to the Parent as a collateral for the bonds.

On 10 December 2020 the Group early partially redeemed local bonds with the maturity till 1 November 2024 for KZT 25,000,000 thousand.

During 2022 the Group has bought out part of the bonds

ahead of schedule amount for KZT 34,000,000 thousand. During 2023 the Group repaid accrued interest of KZT 4,715,000 thousand (2022: KZT 9,048,583 thousand).

#### Covenants

The Group is required to ensure execution of the financial and non-financial covenants under the terms of the loan agreements. Failure to comply with financial covenants gives the lenders the right to demand early repayment of loans. As at 31 December 2023 the Group complied with all financial and non-financial covenants.

## 24. Right-of-use assets and lease liabilities

Set out below are the carrying amounts of right-of-use assets and the movements during the year:

In thousands of tenge	Buildings and constructions *	Site for networks and base station equipment *	Equipment *	Total
<b>Cost</b>				
At 1 January 2022	18,808,588	46,726,363	42,848,491	108,383,442
Additions	2,809,442	501,403	–	3,310,845
Modifications	412,704	2,409,303	–	2,822,007
Cancellation	(884,365)	–	–	(884,365)
At 31 December 2022	21,146,369	49,637,069	42,848,491	113,631,929
Additions	3,677,328	7,806,101	–	11,483,429
Modifications (Note 4)	(2,033,389)	53,607,555	–	51,574,166
Transfer to property and equipment (Note 8)	416,869	–	(42,848,491)	(42,431,622)
Cancellation	(766,006)	–	–	(766,006)
At 31 December 2023	22,441,171	111,050,725	–	133,491,896
<b>Accumulated depreciation</b>				
At 1 January 2022	8,400,230	18,908,042	10,226,104	37,534,376
Depreciation charge	2,986,510	7,242,387	2,759,563	12,988,460
Cancellation	(185,712)	–	–	(185,712)
At 31 December 2022	11,201,028	26,150,429	12,985,667	50,337,124
Depreciation charge	2,994,986	7,789,456	–	10,784,442
Transfer to property and equipment (Note 8)	(403,279)	–	(12,985,667)	(13,388,946)
Cancellation	(538,031)	–	–	(538,031)



(continued)

In thousands of tenge	Buildings and constructions *	Site for networks and base station equipment *	Equipment *	Total
At 31 December 2023	13,254,704	33,939,885	–	47,194,589
<b>Net book value</b>				
At 31 December 2022	9,945,341	23,486,640	29,862,824	63,294,805
At 31 December 2023	9,186,467	77,110,840	–	86,297,307

\* The Group changed comparative information to comply with current year presentation.

During 2012 - 2019 the Group concluded finance lease agreements with Fit Leasing LLP for the rent of the equipment with further transfer of the rights of legal ownership after repayment of all lease payable under the agreements. The

Group repaid all obligations under agreements with Fit Leasing LLP in 2022 and received acts of acceptance in 2023. Accordingly, the Group reclassified the equipment with the net book value of KZT 29,862,824 thousand tenge in

property, plan and equipment.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

In thousands of tenge	2023	2022
At the beginning of the year	40,825,884	49,151,576
Additions (Note 44)	11,483,429	3,310,845
Modifications (Note 4)	51,574,166	2,822,007
Cancellation (Note 44)	(254,802)	(698,653)
Interest expenses (Note 39)	5,255,697	5,716,000
Payment of interest part (Note 44)	(5,255,697)	(5,716,000)
Payment of principal part (Note 44)	(12,109,799)	(13,759,891)
At the end of the year	91,518,878	40,825,884

Set out below are the carrying amounts of non-current and current lease liabilities:

In thousands of tenge	31 December 2023	31 December 2022
Non-current portion of liabilities	79,673,946	28,360,505
Current portion of lease liabilities	11,844,932	12,465,379

The following are the amounts recognised in profit or loss:

In thousands of tenge	31 December 2023	31 December 2022
Depreciation of right-of-use assets	10,757,614	12,988,460
Interest expense on lease liabilities (Note 39)	5,255,697	5,716,000
Expense relating to short-term leases and leases of low-value assets (included in cost of sales) (Note 35)	1,342,547	1,133,982
Expense relating to short-term leases (included in general and administrative expenses) (Note 36)	294,290	221,786
	17,650,148	20,060,228

The Group had total cash outflows for leases of KZT 19,002,333 thousand in 2023, including cash outflow of KZT

1,636,837 thousand related to leases of low-value assets and short-term leases (2022: KZT 20,831,659 thousand

and KZT 1,355,768 thousand, respectively).

## 25. Employee benefits obligations

### State contribution plan

The Group pays social tax according to the current statutory requirements of the Republic of Kazakhstan. The social tax and salary accruals are recorded in expenses as incurred.

In addition, the Group withholds 10% of the salary of employees paid as contributions of employees to the accumulating pension funds and 2% in mandatory social health insurance. These expenses are recorded in the period when they were incurred.

### Employee benefit obligations

As at 31 December the total employee benefit obligations of the Group comprised the following:

In thousands of tenge	2023	2022
Present value of defined benefit pension plan obligation	14,959,697	17,508,382
Present value of obligations for other long-term payments	147,399	742,004
	15,107,096	18,250,386

A defined benefit pension plan provides for the fulfilment of obligations under the pension provision in accordance with the Collective Agreement concluded between the Company and

employees. Other long-term payments include anniversaries, funeral payments, and others. The Group did not create a fund for such obligations.

A reconciliation of the present value of the defined benefit plan obligation with specified payments was as follows for the years ended 31 December:

In thousands of tenge	2023	2022
Total liability at the beginning of the year	17,508,382	22,685,554
Current service cost	735,483	833,583
Past service cost	–	(9,646,346)
Interest expenses	1,736,831	1,745,547
Benefits paid during the year	(2,740,028)	(1,457,974)
Actuarial (gains)/losses recognized during the year within other com-prehensive income	(2,280,971)	3,348,018
Total liability at the end of the year	14,959,697	17,508,382
Liability payable within one year	(1,181,307)	(1,471,855)
Liability payable after one year	13,778,390	16,036,527

A reconciliation of the present value of obligations for other long-term payments with specified payments was as follows for the years ended 31 December:

In thousands of tenge	2023	2022
Total liability at the beginning of the year	742,004	689,610
Current service cost	57,056	43,184
Previous years service cost	84,244	53,576
Interest expenses	73,607	51,972
Benefits paid during the year	(72,981)	(71,745)
Actuarial income recognized during the year in profit and loss	(736,531)	(24,593)
Total liability at the end of the year	147,399	742,004
Liability payable within one year	(90,627)	(91,002)
Liability payable after one year	56,772	651,002

Actuarial gains recognised in 2023 resulted primarily from changes in the assumptions relating to the discount rate and from historical adjustments (2022: resulted primarily from changes in collective agreement).

Cost of current service, interest expenses and actuarial losses in the total amount of KZT

1,950,689 thousand were recognized in cost of sales and general and administrative expenses within personnel costs (2022: KZT 6,943,077 thousand) (Notes 38 and 39).

There were no unrecognised actuarial losses or past service costs.

The estimates of the liability

were made on the basis of the published statistical data regarding mortality of employees and actual Company's data concerning the number, age, gender and years of employee service. Other principal assumptions used in determining benefit obligations for the Company's plan were shown below:

In thousands of tenge	2023	2022
Discount rate	10.88%	9.92%
The expected rate of future annual minimum salary increases	12.00%	9.00%

A quantitative sensitivity analysis for significant assumptions as at 31 December 2023, was as follows:

Sensitivity level	Discount rate		The expected rate of future annual minimum salary increases	
	Growth by 0.5%	Reduction by 0.5%	Growth by 1%	Reduction by 1%
Impact on defined benefit plan obligations, in thousands tenge	(701,305)	770,278	984,475	(927,323)

A quantitative sensitivity analysis for significant assumptions as at 31 December 2022, was as follows:

Sensitivity level	Discount rate		The expected rate of future annual minimum salary increases	
	Growth by 0.5%	Reduction by 0.5%	Growth by 1%	Reduction by 1%
Impact on defined benefit plan obligations, in thousands tenge	(710,018)	798,215	1,033,723	(912,421)



The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the

end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual

change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

## 26. Non-current contract liabilities

As at 31 December non-current contract liabilities comprised:

In thousands of tenge	2023	2022
Contract liabilities from operators	3,241,662	4,047,586
Contract liabilities for connection of subscribers	351,833	426,653
Other contract liabilities	3,495,147	3,079,966
	7,088,642	7,554,205

Movements in liabilities for the years ended 31 December were as follows:

In thousands of tenge	2023	2022
Contract liabilities as at 1 January	34,296,312	30,068,781
Deferred during the year	355,785,268	287,690,513
Recognised as revenue during the year	(350,378,448)	(283,462,982)
Total contract liabilities as at 31 December	39,703,132	34,296,312
Current portion (Note 30)	32,614,490	26,742,107
Non-current portion	7,088,642	7,554,205

## 27. Asset retirement obligation

Provision for asset retirement obligation is recorded at the discounted value of expected costs to bring the sites and facilities to their original condition using estimated cash

flows and is recognised as part of the cost of the specific asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the asset retirement obligation.

Movements in provision for asset retirement obligation for the years ended 31 December were as follows:

In thousands of tenge	2023	2022
Provision for asset retirement obligation as at 1 January	9,542,760	10,284,324
Reversal/(accrual) in estimate (Note 8)	3,227,077	(1,352,105)
Amortization of discount (Note 39)	1,847,576	610,541
Use of the reserve	(81,522)	–
Provision for asset retirement obligation as at 31 December	14,535,891	9,542,760
Current portion (Note 31)	955,785	2,947,595
Non-current portion	13,580,106	6,595,165

## 28. Trade payables

As at 31 December trade payables comprised:

In thousands of tenge	2023	2022
Trade payables for supply of property and equipment	78,262,370	56,524,594
Trade payables for services rendered	26,239,149	46,382,181
Trade payables for inventory received	2,311,508	1,925,479
	106,813,027	104,832,254



As at 31 December 2023 and 2022, trade payables were interest-free.

As at 31 December trade payables were mainly denominated in the following currencies:

In thousands of tenge	2023	2022
Tenge	85,797,617	98,267,568
Euro	14,545,753	3,035,534
US dollars	6,257,046	3,137,656
Russian rubles	205,951	384,720
Other	6,660	6,776
	106,813,027	104,832,254

## 29. Other current financial liabilities

As at 31 December other current financial liabilities comprised:

In thousands of tenge	2023	2022
Payable to employees	29,093,300	24,352,049
Dividends payable (Note 22)	42,392	17,573
Other	3,730,176	3,247,259
	32,865,868	27,616,881

As at 31 December 2023 and 2022, other current financial liabilities were not interest bearing and the balances were mainly denominated in tenge.

## 30. Current contract liabilities

As at 31 December current contract liabilities comprised:

In thousands of tenge	2023	2022
Advances received	30,584,127	24,597,725
Contract liabilities from operators	1,567,271	1,678,156
Contract liabilities for connection of subscribers	227,587	261,527
Other contract liabilities	112,568	85,025
Other	122,937	119,674
	32,614,490	26,742,107

Advances received represents the prepayment for the services of the Group like telecommunications services, internet services, IP-TV by customers.

## 31. Other current non-financial liabilities

As at 31 December 2023 and 2022, other current non-financial liabilities comprised:

In thousands of tenge	2023	2022
<b>Provisions</b>		
Legal claims on contractual obligations	2,061,971	3,684,675
Accrual of provisions for tax risks	2,025,935	1,910,312
Asset retirement obligation (Note 27)	955,785	2,947,595
	5,043,691	8,542,582
<b>Other non-financial liabilities</b>		
Taxes payable other than income tax	7,250,355	4,249,869
Payable to pension funds	1,187,388	1,009,829
Other	811,894	703,727
	9,249,637	5,963,425
	14,293,328	14,506,007



Movements in tax provisions for the years ended 31 December were as follows:

In thousands of tenge	2023	2022
Provision as at 1 January	1,910,312	3,842,611
Accrual of provisions for tax risks	115,623	1,019,959
Use of provision	–	(822,012)
Reversal of fines and penalties provision	–	(2,130,246)
Provision as at 31 December	2,025,935	1,910,312

As at 31 December 2023 and 2022, provisions represent accrued provision for the Group's tax risks. During 2023 the Group accrued a provision for corporate income tax and

withholding tax in the amount of KZT 115,623 thousand. The Company has analyzed and accrued for those risks that the Company cannot eliminate or reduce to a significant extent.

Movements in provisions for legal claims on contractual obligation and penalties for the years ended 31 December were as follows:

In thousands of tenge	2023	2022
Provision as at 1 January	3,684,675	3,684,675
Payment in accordance with court decision(Note 45)	(2,762,348)	–
Reversal of fines and penalties provision(Note 45)	(721,000)	–
Accrual of provisions(Note 40)	1,860,644	–
Provision as at 31 December	2,061,971	3,684,675

In 2023 the Group accrued provision related to fines and penalties on contractual obligations and contractual

liabilities that Management considers as probable in the amount of KZT 1,860,644 thousand (Note 40). Part of the

reserve for fines and penalties in the amount of KZT 720,348 thousand was restored in 2023 (Note 44).

## 32. Government grants

As at 31 December government grants comprised:

In thousands of tenge	2023	2022
Government grants as at 1 January	26,857,966	18,798,488
Received during the period	22,778,254	14,391,376
Released to the statement of profit or loss	(9,459,782)	(6,331,898)
Government grants as at 31 December	40,176,438	26,857,966
Current portion	8,414,199	6,167,493
Non-current portion	31,762,239	20,690,473

In 2021 the Government approved the changes to the Rules for the assignment of frequency bands, radio frequencies, operation of radio-electronic means and high-frequency devices ("the Rules"), based on which the Group is eligible for government grants in form of 90% reduction in the annual fee for use of radio frequencies from 1 January 2020 till 1 January 2025. The government grants are subject to conditions, namely financing of the projects related to broadband internet in rural and urban areas. If the financing of the projects related to broadband internet is lower

than the amount of the tax incentive received, the Group should pay the annual fee equal for use of radio frequencies to the amount of unfulfilled obligations to the authorities.

The funds released as a result of reduction in the annual fee for use of radio frequencies for 2023 in the amount of KZT 22,778,254 thousand, were used by the Group for the purchase and construction of certain items of property and equipment (mainly base stations). Government grants related to assets are recognized as deferred income that is recognised in profit or loss on

a systematic basis over the useful life of the asset. As of 31 December 2023, the balance of deferred income recognized was equal to KZT 40,176,438 thousand (As of 31 December 2022 KZT 26,857,966 thousand), and part of the government grants released to the profit and loss over the period necessary to match the related depreciation charges equal to KZT 9,459,782 thousand.

As of 31 December 2023 there are no unfulfilled conditions or contingencies attached to these grants.

### 33. Revenue from contracts with customers

Revenue from contracts with customer for the years ended 31 December comprised:

For the year ended 31 December 2023				
In thousands of tenge	Fixedline	Mobile connection	Other	Total
Data transfer services	152,060,224	215,234,347	7,677	367,302,248
Rendering of fixedline and wire-less phone services	35,124,740	141,065,359	–	176,190,099
Sale of equipment and mobile devices	1,601	34,979,021	–	34,980,622
Interconnect	10,591,910	7,017,933	–	17,609,843
Rent of channels	2,731,109	–	–	2,731,109
Other	50,527,893	14,052,821	6,073,326	70,654,040
	251,037,477	412,349,481	6,081,003	669,467,961
Services transferred over time	251,035,876	377,370,460	6,081,003	634,487,339
Goods transferred at a point of time	1,601	34,979,021	–	34,980,622
	251,037,477	412,349,481	6,081,003	669,467,961
B2C*	143,316,682	334,560,606	1,306,547	479,183,835
B2B**	23,301,779	30,420,769	4,496,967	76,833,923
B2O***	21,451,039	28,714,343	–	50,165,382
B2G****	62,967,977	316,844	–	63,284,821
	251,037,477	412,349,481	6,081,003	669,467,961
Data transfer services	138,767,808	176,141,850	15,838	314,925,496
Rendering of fixedline and wire-less phone services	37,096,001	127,814,640	–	164,910,641
Sale of equipment and mobile devices	8,380	44,123,457	–	44,131,837
Interconnect	17,930,063	14,633,308	–	32,563,371
Rent of channels	2,854,076	–	–	2,854,076

(continued)

For the year ended 31 December 2023				
In thousands of tenge	Fixedline	Mobile connection	Other	Total
Other	52,848,428	8,218,746	1,384,987	62,452,161
	249,504,756	370,932,001	1,400,825	621,837,582
Services transferred over time	249,496,376	326,808,544	1,400,825	577,705,745
Goods transferred at a point of time	8,380	44,123,457	–	44,131,837
	249,504,756	370,932,001	1,400,825	621,837,582
B2C*	128,917,266	315,510,583	1,167,135	445,594,984
B2B**	43,032,890	28,358,396	233,690	71,624,976
B2O***	19,996,768	26,767,658	–	46,764,426
B2G****	57,557,832	295,364	–	57,853,196
	249,504,756	370,932,001	1,400,825	621,837,582

\* B2C (Business-to-Consumer) – services rendered to private end consumers (individuals).

\*\* B2B (Business to Business) – services rendered to the corporate sector, including large enterprises and SMEs.

\*\*\* B2O (Business-to-Operator) – services rendered to communication operators.

\*\*\*\* B2G (Business-to-Government) – services rendered to the state sector.

### 34. Compensation for provision of universal services in rural areas

According to the approved regulatory documents on subsidization, losses for the provision of universal telecommunications services in rural areas are subject to subsidies. The amount of compensation is calculated under the terms of the tender or the assignment of obligations to provide subsidy to universal

telecommunications services to a telecommunications operator on the difference between the costs and actual revenues from the unprofitable universal telecommunications services.

Kazakhtelecom JSC was selected as an operator of universal services based on the results of the tenders. The total amount

of compensations received for 2023 amounted to KZT 8,853,903 thousand (2022: KZT 6,326,916 thousand).

As of 31 December 2023 there are no unfulfilled conditions or contingencies attached to these grants.



## 35. Cost of sales

Cost of sales for the years ended 31 December comprised:

In thousands of tenge	2023	2022
Depreciation and amortization	133,677,674	112,252,977
Personnel costs (Note 38)	124,022,295	102,695,145
Cost of SIM-card, scratch card and handsets	30,833,140	40,760,854
Interconnect	28,981,146	29,941,817
Fees for radiofrequencies use	27,803,062	18,684,797
Repair and maintenance	25,164,165	21,368,503
Electricity	13,364,849	12,201,887
Rent of channels	10,882,507	9,454,585
Fee to provide telecom services	8,996,648	8,932,534
Inventories	7,266,068	6,511,029
Content	5,864,179	5,486,641
Security and safety	3,527,275	3,122,944
Fees for the usage of license software	3,390,083	3,303,201
Utilities	2,838,698	2,156,791
Business trip expenses	2,499,973	1,715,207
Costs of hiring consultants	2,183,046	974,860
Labelling costs	1,585,896	1,859,154
Short-term leases and leases of low-value assets (Note 24)	1,342,547	1,133,982
Insurance	965,487	995,354
Satellite communication services	768,482	795,778
Network sharing agreement	685,547	582,961
Emergency expenses	–	103,442
Other	13,410,638	14,135,591
	450,053,405	399,170,034

## 36. General and administrative expenses

General and administrative expenses for the years ended 31 December comprised:

In thousands of tenge	2023	2022
Personnel costs (Note 38)	21,733,115	22,064,056
Taxes other than corporate income tax	5,567,098	7,944,097
Depreciation and amortization	3,175,463	6,396,266
Consulting services	2,602,073	1,589,259
Social activities	1,371,636	1,396,638
Business trips	1,039,860	777,428
Write-down of inventories to net realizable value (Note 15)	867,068	314,205
Trainings	421,458	642,475
Repair and maintenance expenses	370,115	319,344
Inventories	354,685	506,214
Bank fees	325,211	458,947
Short-term lease expenses (Note 24)	294,290	221,786
Security and safety	238,701	116,529
Insurance	236,539	187,431
Personnel outsources expenses	87,835	262,592
Other	5,309,459	961,517
	43,994,606	44,158,784

## 37. Selling expenses

Selling expenses for the years ended 31 December comprised:

In thousands of tenge	2023	2022
Marketing and advertising	16,388,934	9,953,872
Amortization of cost to obtain a contract	4,528,125	4,245,766
Other	2,279,795	2,709,089
	23,196,854	16,908,727

## 38. Personnel expenses

Personnel expenses for the years ended 31 December comprised:

In thousands of tenge	2023	2022
Payroll	129,625,190	119,067,416
Payroll related taxes	14,179,531	12,634,862
Employee benefits (Note 25)	1,950,689	(6,943,077)
	145,755,410	124,759,201

Personnel expenses for the years ended 31 December were allocated as follows:

In thousands of tenge	2023	2022
Cost of sales (Note 35)	124,022,295	102,695,145
General and administrative expenses (Note 36)	21,733,115	22,064,056
	145,755,410	124,759,201

## 39. (finance costs)/finance income

Finance costs and finance income for the years ended 31 December comprised:

In thousands of tenge	2023	2022
<b>Finance costs</b>		
Interest expense on loans (Note 44)	(30,388,789)	(31,724,945)
Interest expense on lease liabilities (Note 24)	(5,255,697)	(5,716,000)
Unwinding of discount (provision for asset retirement obligation) (Note 27)	(1,847,576)	(610,541)
Unwinding of discount on long-term borrowings (Note 44)	(722,343)	(421,562)
Discounting of other non-current financial assets	(152,776)	(633,068)
Interest on debt component of preferred shares (Note 22)	(89,636)	(89,636)
Discounting of long-term loans to employees	–	(1,170,102)
Other costs	(464,080)	(103,693)
	(38,920,897)	(40,469,547)
<b>Finance income</b>		
Interest income on deposits	6,563,404	8,322,955
Interest income on cash balances	2,918,520	4,167,327
Unwinding of discount on long-term loans to employees	1,927,212	720,411
Unwinding of discount on long-term accounts receivable	1,774,751	60,953
Unwinding of discount on long-term deposits	1,497,009	384,448
Interest income on financial assets at amortised cost	358,981	1,841,974
Other income	762,265	479,886
	15,802,142	15,977,954

## 40. Other operating income/(expenses)

Other operating income and expenses for the years ended 31 December comprised:

In thousands of tenge	2023	2022
<b>Other operating income</b>		
Income from damages (Note 46)	–	11,368,772
Rental income	2,202,508	1,786,562
Income from write-off accounts payable	1,597,404	764,932
Income from disposal of an associate (Note 10)	876,945	–
Fines and penalties	–	1,105,628
Reimbursement of utilities expenses	132,640	139,508
Other	1,223,239	1,887,321
	6,032,736	17,052,723
<b>Other operating expenses</b>		
Accrual of the provision (Note 31)	(1,860,644)	–
Utilities expenses	(748,678)	(520,164)
Rental expenses	(192)	(434)
Write-off of inventories (Note 45)	–	(553,000)
Other	(545,321)	(248,420)
	(3,154,835)	(1,322,018)

On 13 March 2022, Kayrat Satybaldyuli, the ultimate beneficiary of Skyline Investment Company S.A. and Alatau Capital Invest LLP, was detained by the Anti-corruption Service of Kazakhstan on suspicion of abuse of office and embezzlement of funds of Kazakhtelecom JSC on a particularly large scale. Kazakhtelecom JSC was recognized as a victim in criminal cases initiated against Satybaldyly K. and other persons involved.

The Mediation Agreement of 8 September 2022 on the

settlement of the dispute and reconciliation of the parties by way of judicial mediation in a dispute that arose in the framework of a criminal case on the episodes “Discounts” and “Last Mile”.

The court No. 2 of the “Baykonyr” district of Astana handed down a verdict dated 26.09.2022 on one of the criminal cases against Satybaldyly K. and other involved persons accused of committing criminal offenses provided for in Articles 28, Part 3, 189, part 4, paragraph 2, 195, part 4, paragraph 2 of the

Criminal Code of the Republic of Kazakhstan. According to the court verdict, the civil claim of Kazakhtelecom JSC was left without consideration, meaning that the effect of the previously concluded Mediation Agreement is not canceled. The judicial act entered into legal force within the prescribed period. The Company recognized compensation for damages in the amount of KZT 11,368,772, net of VAT of KZT 1,364,253 thousand.

According to the dispute that arose in the framework of the criminal case on the episode

“Rent of premises”, allocated to a separate judicial proceeding, the investigation has not been completed.

The entire amount of damage specified in the claims filed

by Kazakhtelecom JSC in the amount of KZT 14,353,966 thousand was repaid in full. The difference between received amount of claim and the amount of recognized as an income was reflected as a part of the other

current financial liabilities (Note 45).

Rental income mainly represents rent of spaces used for the installation of technological equipment by third parties.

## 41. Income tax expenses

Income tax expenses for the years ended 31 December comprised:

In thousands of tenge	2023	2022
Corporate income tax expenses	34,017,688	39,878,423
Adjustments in respect of income tax of previous year	782,037	(709,158)
Deferred income tax benefit	(4,965,143)	(3,473,538)
	29,834,582	35,695,727

Tax rate for the Group and subsidiaries was 20% in 2023 and 2022.

A reconciliation of income tax expenses applicable to profit before taxation at the statutory rate of 20% (2022: 20%), with

the current corporate income tax expenses for the years ended 31 December is out below:

In thousands of tenge	2023	2022
Profit before taxation	134,237,791	164,448,872
Income tax at statutory income tax rate of 20%	26,847,558	32,889,774
Recognition of taxloss carry forward	21,547	1,804,000
Changes in unrecognized taxloss carry forward	–	(1,530,000)
Impairment of non-financial assets	277,705	180,448
Tax provision expenses	–	(178,453)
Share in profit of associates	–	(76,004)
Adjustments in respect of income tax of previous year	1,903,915	1,394,813
Non-deductible expenses	783,857	1,211,149
Total income tax expenses	29,834,582	35,695,727



As at 31 December 2023, deferred taxes calculated by applying the official tax rates effective at the reporting date

to the temporary differences between the tax bases of assets and liabilities and the amounts recognized in the consolidated

financial statements included the following items:

In thousands of tenge	Consolidated statement of financial position		Consolidated statement of comprehensive income		As part of other comprehensive loss	
	2023	2022	2023	2022	2023	2022
<b>Deferred tax assets</b>						
Property and equipment	67,260	3,220,475	(3,153,215)	(3,756,102)	–	–
Deferred services	4,693,770	5,248,087	(554,317)	159,661	–	–
Government grants	8,246,596	5,371,953	2,874,643	1,612,255	–	–
Reserves on employee bonuses	4,051,525	3,352,474	699,051	863,717	–	–
Asset retirement obligation reserves	2,464,751	1,908,874	555,877	(147,991)	–	–
Tax loss carry forward	21,547	8,486	13,061	(1,878,666)	–	–
Employee benefit obligations	2,085,446	2,588,383	(222,950)	649,572	(279,987)	387,506
Lease liabilities	787,978	1,132,732	(344,754)	(52,658)	–	–
Accrued provisions for unused vacations	1,071,816	843,101	228,715	9,094	–	–
Allowance for expected credit losses	1,546,288	1,253,765	292,523	725,127	–	–
Intangible assets	540	96,306	(95,766)	(162,606)	–	–
Other	2,632,433	1,274,023	1,358,410	153,557	–	–
Less: unrecognized tax assets	(21,547)	–	(21,547)	1,530,000	–	–
Less: deferred tax assets less deferred tax liabilities	(27,278,952)	(24,827,896)	(2,451,056)	718,127	–	–
<b>Deferred tax assets</b>	<b>369,451</b>	<b>1,470,763</b>	<b>(821,325)</b>	<b>423,087</b>	<b>(279,987)</b>	<b>387,506</b>
<b>Deferred tax liabilities</b>						
Property and equipment	27,616,099	28,471,199	(855,099)	(1,458,344)	–	–
Intangible assets	24,601,978	27,154,373	(2,552,395)	(2,552,396)	–	–
Other	795,203	723,455	71,748	242,162	–	–
Less: deferred tax assets less deferred tax liabilities	(27,278,617)	(24,827,896)	(2,450,721)	718,127	–	–
<b>Deferred tax liabilities</b>	<b>25,734,663</b>	<b>31,521,131</b>	<b>(5,786,468)</b>	<b>(3,050,451)</b>		
<b>Deferred income tax benefit</b>	<b>–</b>	<b>–</b>	<b>4,965,143</b>	<b>3,473,538</b>	<b>(279,987)</b>	<b>387,506</b>



Deferred tax assets and liabilities are presented in the consolidated statement of financial position as follows:

In thousands of tenge	2023	2022
Deferred tax assets	369,451	1,470,763
Deferred tax liabilities	(25,734,663)	(31,521,131)
Net deferred tax liabilities	(25,365,212)	(30,050,368)

In thousands of tenge	2023	2022
<b>Reconciliation of deferred tax liabilities, net</b>		
Balance at 1 January	(30,050,368)	(33,911,412)
Income tax benefit for the reporting period – origination and recovery of temporary differences	4,965,143	3,473,538
Less: deferred tax recognised within other comprehensive (income)/loss	(279,987)	387,506
Balance at 31 December	(25,365,212)	(30,050,368)

The Group performs offsetting of tax assets and liabilities only if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax assets and deferred tax liabilities relating to income tax collected by the same taxation authority.

A deferred tax asset is recognised only to the extent that it is probable that future

taxable profits will be available against which the asset can be utilised. In accordance with legislation of the Republic of Kazakhstan, tax losses may be deferred for 10 (ten) years from the date of their origination and will expire in 2029. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

As at 31 December 2023, the

aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognised was equal to KZT 293,131,434 thousand (as at 31 December 2022: KZT 197,981,034 thousand). The Group is able to control the timing of the reversal of those temporary differences and does not expect to reverse them in the foreseeable future.

## 42. Non-cash transactions

The following significant non-cash transactions have been excluded from the consolidated statement of cash flows:

In 2023 the Group received government grants in the total amount of KZT 22,778,254 thousand represented by 90% reduction in the annual fee for use of radio frequencies (2022:

KZT 14,391,376 thousand).

In 2023, the Group paid an amount of KZT 56,524,954 thousand for property and equipment purchased in prior year (2022: KZT 46,945,570 thousand). Property and equipment in the amount of KZT 75,206,659 thousand was purchased in 2023 but not paid

as at 31 December 2023 (2022: KZT 56,524,594 thousand).

In 2023, the Group withhold from the salary of employees the amount of previously issued loans for KZT 2,732,278 thousand (2022: KZT 1,206,379 thousand).

## 43. Related party transactions

The category 'entities under control of the Parent' include entities controlled by the Parent Company. Transactions with such entities are mainly represented by transactions of the Group with NC Kazakhstan Temir Zholy JSC, NC KazMunayGaz JSC, KEGOC JSC, Kazpost JSC. The Group provides telecommunication services to the Parent and entities controlled by the Parent. The category of government-related entities includes different government agencies and ministries.

Related party transactions were made on terms, agreed to between the parties, which do not necessarily represent market terms and maybe not accessible to third parties. Outstanding balances at the end of the year are not secured, are short term, and settlements are made in cash, except as described below.

At 31 December 2023, the Group recognized a provision for expected credit loss in the amount of KZT 330,831 thousand in respect of

receivables from related parties.

Sales and purchases with related parties during the years ended 31 December 2023 and 2022 and the balances with related parties at 31 December 2023 and 2022 were as follows:

In thousands of tenge	2023	2022
<b>Sales of goods and services</b>		
Parent	13,049	13,275
Parent-controlled entities	3,910,065	2,963,506
Associate (Qaz Cloud LLP)	–	1,161,487
Government-related entities	54,452,917	53,041,835
<b>Purchases of goods and services</b>		
Parent-controlled entities	5,531,062	2,631,988
Associate (Qaz Cloud LLP)	–	1,773,632
Government-related entities	251,543	277,973
<b>Interest accrued on borrowings and bonds</b>		
Entities under state control		
(Development Bank of Kazakhstan JSC)	2,036,109	2,603,095
Average interest rate on borrowings	8.06%	8.02%
Parent*	4,715,000	7,745,250
Average interest rate on bonds	11.84%	11.85%

\* Local bonds of Kazakhtelecom JSC (KTCB.1024 and KTCB2.1024) were purchased by the parent company, Samruk-Kazyna.

In thousands of tenge	2023	2022
<b>Cash and cash equivalents</b>		
Entities under state control		
(Development Bank of Kazakhstan JSC)	78	31
<b>Borrowings and bonds (Note 23)</b>		
Entities under state control		
(Development Bank of Kazakhstan JSC)	24,057,324	30,309,455
Parent*	42,571,667	42,571,667
<b>Trade receivables</b>		
Parent	1,216	1,229
Parent-controlled entities	571,856	566,382
Associate (Qaz Cloud LLP) (Note 10)	–	222,479
Government-related entities	5,347,641	7,833,829
<b>Trade payables</b>		
Parent	59	59
Parent-controlled entities	1,064,069	234,945
Associate (Qaz Cloud LLP) (Note 10)	–	863,154
Government-related entities	1,647,143	1,643,367

\* Local bonds of Kazakhtelecom JSC (KTCB,1024 and KTCB2,1024) were purchased by the parent company, Samruk-Kazyna.

For the years ended 31 December 2023 and 2022, the total compensation to key management personnel represented by the personnel that has the authority or responsibility for planning, directing and

controlling the activities of the group included in the accompanying consolidated statement of comprehensive income under general and administrative expenses was KZT 567,145 thousand and KZT 665,470 thousand,

respectively, Compensation to key management personnel consists of wages fixed in the employment agreement, as well as remuneration based on the performance for the year.

## 44. Financial instruments and financial risk management objectives and principles

### Impairment losses on financial assets

Impairment losses on financial assets for the year ended 31 December 2023 comprise accrued/(reversed) allowance for expected credit loss for trade receivables in amount of KZT 10,516,790 thousand (Note 16), other current financial assets in amount of KZT (65,659) thousand (Note 18), cash and cash equivalents in amount of KZT (7,247) thousand (Note 21) (2022: trade receivables in amount of KZT 7,464,288 thousand, other current financial assets in amount of KZT 155,468 thousand, cash and cash equivalents in amount of KZT 2,404).

### Impairment losses on non-financial assets

Impairment losses on non-financial assets for the year ended 31 December 2023, comprise accrued/(reversed) allowance for impairment for

advances paid for non-current assets for KZT (554,636) thousand (Note 8), advances paid for current assets for KZT 385,726 thousand (Note 17), impairment of property and equipment for KZT 965,123 thousand (Note 8) and reversal of impairment of intangible assets for KZT (35,314) thousand (Note 9) (2022: advances paid for non-current assets for KZT 510,195 thousand, advances paid for current assets for KZT 103,649 thousand, impairment of property and equipment for KZT 1,176,363 thousand and impairment of intangible assets for KZT (311,331) thousand).

The Group's principal financial instruments include loans, lease obligations, cash and cash equivalents, bank deposits and accounts receivable and accounts payable, assets under reverse repurchase agreements and financial assets at amortized cost. The main risks associated with the Group's financial instruments include

interest rate risk, currency and credit risk. In addition, the Group monitors market risk and liquidity risk associated with all financial instruments.

### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As at 31 December 2023 and 2022, the Group had no loans or borrowings with floating interest rates and was not subjected to the risk of changes in market interest rates.

### Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

As a result of available significant loans and borrowings, accounts payable, cash and cash equivalents

and accounts receivable denominated in the US dollars, the Group's consolidated statement of financial position can be affected significantly by movement in the US dollar/tenge exchange rates.

The following table demonstrates the sensitivity to a reasonably possible changes in the exchange rates of US dollar to tenge, with all the variables held constant, of the Group's profit before income tax (due

to changes in the fair value of monetary assets and liabilities). There is no impact on the Group's equity.

In thousands of tenge	2023		2022	
	Increase/ (decrease) in exchange rate	Effect on profit before tax	Increase/ (decrease) in exchange rate	Effect on profit before tax
US dollars	14.15%	13,308,644	21%	32,688,318
	-14.15%	(13,308,644)	-21%	(32,688,318)
Euro	12.95%	2,714,707	18%	166,748
	-12.95%	(2,714,707)	-18%	(166,748)

### Credit risk

Credit risk is the risk that the Group will incur finance costs because its customers, clients or counterparties failed to discharge their contractual obligations, The Group is exposed to credit risk associated with its operating activities (primarily with respect to trade receivables) and financial activities, including bank deposits and financial organizations, foreign exchange transactions and other financial instruments.

### Trade receivables and contract assets

Financial instruments in which the Group's credit risk is concentrated are primarily

trade and other receivables, The credit risk associated with these assets is limited due to the large number of the Group's customers and the continuous monitoring procedures for customers and other debtors.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses, The provision rates are based on days past due for groupings of various customer segments with similar loss patterns

(i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance), The calculation reflects the probability-weighted outcome, the time

value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions, Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity, The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Notes 13, 16, 18 and 19.

### Financial instruments and cash deposits

In accordance with the financial policy, the Group places free cash in several of the largest Kazakhstani banks (with the highest credit ratings),

To manage the credit risk associated with the placement of free cash in banks, the Group's management periodically conducts procedures for

assessing the solvency of banks, To facilitate such an assessment, deposits are primarily placed in banks, where the Group already has comparable credit

obligations, a current checking account and can easily monitor the activities of such banks

In thousands of tenge	Rating 2023	Rating 2022	Cash balance		Balance on deposit accounts	
	2023	Rating	2023	2022	2023	2022
JSC "Halyk Bank of Kazakhstan"	BB+/stable/BBB-, kzAAA	BB+/stable/BBB-, kzAA	4,246,368	134,827,224	60,453,268	81,489,820
JSC "Halyk Finance"	BB+/stable/BBB-, kzAAA	-	-	-	5,000,000	-
JSC "Citibank Kazakhstan"	A+/stable/A+	A+/stable/A+	579,058	7,498,826	-	37,530
Electronic money	-	-	504,275	994,814	-	-
PJSC "Sberbank of Russia"/	-	-	69,323	125,509	-	-
JSC "Kaspi Bank"	BB/stable, Ba1,kzA	BB-/positive, Ba1,kzA	81,287	225,382	-	-
JSC "Nurbank"	B-/stable/kzBB-	B-/stable/kzBB-	15,000	-	-	-
JSC "First Heartland Jysan Bank"	Ba3/positive, kzAAA	B+/positive, kzBB+	10,888	2,611	-	19,253
Credit Suisse (Schweiz) AG	A-	A-	8,607	12,266	-	-
DB Sberbank JSC/ Bereke bank JSC	BB/stable	-	1,276	4,978	-	-
JSC "Bank CenterCredit"	BB-/stable, kzA-	B+/stable, kzBBB-	656	311,568	-	-
JSC "Altyn Bank" (DB JSC "Halyk Bank of Kazakhstan")	BBB/stable, kzAA+	BBB-/stable, kzAA+	144	72,383	-	7,025,890
JSC "Bank "Bank RBK"	Ba3+/positive/	B2+/positive/	118	2,336,823	-	-
TO JSC VTB Bank (Kazakhstan)	-	-	82	1,177	-	-
JSC "Development Bank of Kazakhstan"	BBB/stable/BBB, kzAAA	BBB/stable/BBB, kzAAA	78	31	-	-
JSC Kazpost	BBB-/stable	Baa3/stable	18	83	-	7,100,000



(continued)

In thousands of tenge	Rating 2023	Rating 2022	Cash balance		Balance on deposit accounts	
	2023	Rating	2023	2022	2023	2022
JSC "ForteBank"	BB-/stable/ BB, kzA-	BB-/stable/ BB-, kzA-	18	11	-	-
JSC DB "Bank of China in Kazakhstan"	BBB+/stable, kzAAA	BBB+/stable, kzAAA	11	23	-	-
PJSC "Bank Uralsib"	-	-	-	26,697	-	-
JSC "Bank Freedom Finance Kazakhstan"	B/negative	B-/positive	-	739	-	-
<b>Total</b>			<b>5,517,207</b>	<b>146,441,145</b>	<b>65,453,268</b>	<b>95,672,493</b>

#### Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances.

The Group monitors its risk of a shortage of funds using a liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts

receivables, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings and leases. The Group's policy is that not more than 35% of borrowings and leases should mature in the next 12 month period. Approximately 23% of the Group's debt will

mature in less than one year at 31 December 2023 (31 December 2022: 17%) based on the carrying amount of borrowings and leases reflected in the consolidated financial statements.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

In thousands of tenge	On demand	1 to 3 months	3 months to 1 year	From 1 to 5 years	More than 5 years	Total
<b>At 31 December 2023</b>						
Borrowings	-	10,621,594	87,647,217	239,635,542	10,741,902	348,646,255
Lease liabilities	-	5,541,828	13,861,320	77,013,334	69,659,770	166,076,252
Trade payables	81,429,756	10,577,767	14,805,504	7,339,002	-	114,152,029
Other financial liabilities	-	3,730,176	-	-	-	3,730,176
	<b>81,429,756</b>	<b>30,471,365</b>	<b>116,314,041</b>	<b>323,987,878</b>	<b>80,401,672</b>	<b>632,604,712</b>
<b>At 31 December 2022</b>						
Borrowings	-	8,418,364	88,985,293	259,610,911	23,096,186	380,110,754
Lease liabilities	-	4,423,948	13,330,621	50,459,590	18,424,535	86,638,694
Trade payables	79,919,698	10,381,610	14,530,946	-	-	104,832,254
Other financial liabilities	-	3,247,259	-	414	-	3,247,673
	<b>79,919,698</b>	<b>26,471,181</b>	<b>116,846,860</b>	<b>310,070,915</b>	<b>41,520,721</b>	<b>574,829,375</b>

#### Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount.

Cash flows requirements are monitored on a regular basis and management provides for availability of sufficient funds required to fulfil any liabilities when they arise. The management of the Group believes that any possible fluctuations of future cash flows associated with a monetary financial instrument will not have material impact on the Group's operations.

#### Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the holders of common shares, return equity to shareholders or issue new shares. No changes were made by the Group in the

capital management objectives, policies or processes in 2023 and 2022.

The Group monitors capital using a debt-to-equity ratio, which is net debt divided by total equity. The Group's policy is to keep the ratio not greater than 1.0. The Group includes within net debt interest bearing borrowings and lease liabilities. Equity includes equity attributable to the equity holders of the Group.



The Group's debt-to-equity ratio at the period end was as follows:

In thousands of tenge	31 December 2023	31 December 2022
Interest-bearing loans and borrowings	291,391,598	247,876,877
Lease liabilities	91,518,878	40,825,884
Debt	382,910,476	288,702,761
Total equity, including non-controlling interests	803,662,337	730,607,823
Debt-equity ratio	0.48	0.40

#### Fair value

For the purpose of disclosing the fair value, the Group determined classes of assets and liabilities based on characteristics and

risks of assets or liabilities and fair value hierarchy level as described above.

The table below presents fair value hierarchy of

assets and liabilities of the Group, Disclosure of quantitative information of fair value hierarchy of financial instruments as at 31 December 2023 was as follows:

In thousands of tenge	Date of valuation	Fair value measurement using			Total
		Price quotations on active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Assets for which fair values are disclosed</b>					
Financial assets carried at amortised cost	31 December 2023	45,770,813	–	–	45,770,813
Investment property	31 December 2023	–	–	427,268	427,268
Other non-current financial assets	31 December 2023	–	–	5,757,350	5,757,350
Other current financial assets	31 December 2023	–	–	5,280,059	5,280,059
Trade receivables	31 December 2023	–	–	50,755,814	50,755,814
<b>Liabilities for which fair values are disclosed</b>					
Borrowings	31 December 2023	–	–	292,300,472	292,300,472
Other non-current financial liabilities	31 December 2023	–	–	7,339,002	7,339,002
Other current financial liabilities	31 December 2023	–	–	32,865,868	32,865,868
Trade payables	31 December 2023	–	–	106,813,027	106,813,027

The table below presents fair value hierarchy of assets and liabilities of

the Group, Disclosure of quantitative information of fair value hierarchy of financial

instruments as at 31 December 2022 was as follows:

In thousands of tenge	Date of valuation	Fair value measurement using			Total
		Price quotations on active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Assets for which fair values are disclosed</b>					
Financial assets carried at amortised cost	31 December 2022	14,896,830	–	–	14,896,830
Investment property	31 December 2022	–	–	2,700,000	2,700,000
Other non-current financial assets	31 December 2022	–	–	6,629,229	6,629,229
Other current financial assets	31 December 2022	–	–	4,374,070	4,374,070
Trade receivables	31 December 2022	–	–	45,305,186	45,305,186
<b>Liabilities for which fair values are disclosed</b>					
Borrowings	31 December 2022	–	–	243,775,351	243,775,351
Other non-current financial liabilities	31 December 2022	–	–	414	414
Other current financial liabilities	31 December 2022	–	–	27,616,881	27,616,881
Trade payables	31 December 2022	–	–	104,832,254	104,832,254



Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial assets and

liabilities that are not carried at fair value in the consolidated statement of financial position, The table does not include the

fair values of non-financial assets and non-financial liabilities.

	Carrying amount 2023	Fair value 2023	Unrecognised gain/(loss) 2023	Carrying amount 2022	Fair value 2022	Unrecognised gain/(loss) 2022
<b>Financial assets</b>						
Cash and cash equivalents	70,984,738	70,984,738	–	242,122,154	242,122,154	–
Other non-current financial assets	5,757,350	4,911,010	(846,341)	6,973,300	6,629,229	(344,071)
Financial assets carried at amortised cost	45,770,813	45,770,813	–	14,832,821	14,896,830	64,009
Other current financial assets	5,280,059	5,280,059	–	4,374,070	4,374,070	–
Trade receivables	50,755,814	50,755,814	–	45,305,186	45,305,186	–
<b>Financial liabilities</b>						
Borrowings	291,391,598	284,442,023	6,949,575	247,876,877	243,775,351	4,101,526
Other non-current financial liabilities	7,339,002	7,339,002	–	414	414	–
Other current financial liabilities	32,865,868	32,865,868	–	27,616,881	27,616,881	–
Trade payables	106,813,027	106,813,027	–	104,832,254	104,832,254	–
Total unrecognised change in unrealised fair value			6,103,234			3,821,464





### Valuation techniques and assumptions

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded

at fair value in the financial statements,

#### *Assets for which fair value approximates carrying value*

For financial assets and financial liabilities that are liquid or

having a short term maturity (less than three months) it is assumed that their fair value approximates to the carrying amount, This assumption is also applied to demand deposits and savings accounts without a specific maturity.

### *Financial liabilities carried at amortised cost*

The fair value of loans obtained is measured by discounting future cash flows using rates currently existing for outstanding amounts with similar terms, credit risk and maturity.

### Changes in liabilities arising from financial activities

Changes in liabilities arising from financial activities for 2023 were as follows:

In thousands of tenge	1 January 2023	Principal obtained	Additions	Modifications	Cancellation of leases	Repayment of principal	Interest expense (Note 39)	Interest paid	Discount (Note 39)	31 December 2023
Borrowings	247,876,877	133,584,742	–	–	–	(91,120,692)	30,388,789	(30,060,461)	722,343	291,391,598
Lease liabilities	40,825,884		11,483,429	51,574,166	(254,802)	(12,109,799)	5,255,697	(5,255,697)	–	91,518,878
Total	288,702,761	133,584,742	11,483,429	51,574,166	(254,802)	(103,230,491)	35,644,486	(35,316,158)	722,343	382,910,476

Changes in liabilities due to financial activities for 2022 were as follows:

In thousands of tenge	1 January 2023	Principal obtained	Additions	Modifications	Cancellation of leases	Repayment of principal	Interest expense (Note 39)	Interest paid	Discount (Note 39)	31 December 2023
Borrowings	315,791,308	–	–	–	(66,673,091)	31,724,945	(33,387,847)	421,562	247,876,877	291.391.598
Lease liabilities	49,151,576	3,310,845	2,822,007	(698,653)	(13,759,891)	5,716,000	(5,716,000)	–	40,825,884	91.518.878
Total	364,942,884	3,310,845	2,822,007	(698,653)	(80,432,982)	37,440,945	(39,103,847)	421,562	288,702,761	382.910.476

## 45. Commitments and contingencies

### Operating environment

In Kazakhstan, economic reforms and the development of the legal, tax and administrative infrastructure that meets the developed markets are still in process. The future stability of the Kazakhstan economy will largely depend on these reforms, as well as on the effectiveness of the Government's actions in the area of economy, financial and monetary policy.

### Protests in Kazakhstan

On 2 January 2022 protests started in Mangystau region of Kazakhstan related to significant increase in the liquified natural gas retail price. These protests spread to other cities and resulted in riots, damage to property and loss of life. On 5 January 2022 the government declared a state of emergency,

During the protests, six Kcell stores located in Almaty and Almaty region were looted, as well as two large offices of the group were attacked. Also in the city of Almaty, several base stations belonging to the Group burned down.

The Management of the Group formed operational headquarters due to state emergency announcement for timely decision making on operational issues for uninterrupted

communication of subscribers and facilitate the Government with urgent actions.

Providing subscribers with continuous cellular communications was a priority of the Group and the Management decided to support its subscribers including small and medium sized businesses during the state of emergency. During the state of emergency declared throughout Kazakhstan, and until the end of January 2022, corporate clients of Kcell LLP and MTS LLP, with a lack of account balance, were not restricted in communication and Internet access.

As a result of the above-mentioned protests and the state of emergency, the President of Kazakhstan made certain public statements about possible measures, including amendments to tax legislation, the introduction of measures for financial stability, control and stabilization of inflation and the exchange rate of tenge.

On 10 January 2022 the National Security Committee of Kazakhstan reported that the situation in the country has stabilized and was under control. On 19 January 2022 the state emergency was lifted.

The Group suffered losses from these events in the amount of KZT 553,000 thousand (Note

40), which represent the theft of inventory (goods for resale) and damage to stores, which was recognized as part of other operating expenses in the consolidated statement of comprehensive income for 2022.

### Events in Ukraine

The war in Ukraine has had a significant negative impact on the global economic outlook. In response to the offensive, extensive sanctions were imposed against Russia, which largely exclude the country from international financial markets and significantly restrict trade in goods. These sanctions are designed to have a negative economic impact on the Russian Federation. The commercial activities of the Group and, consequently, its results of operations and financial position are not significantly affected by the consequences of the war in Ukraine, since the Group does not operate networks in Russia or Ukraine.

Due to the geopolitical events around Ukraine and Russia, oil prices exceeded \$100 per barrel on 24 February 2022. On February 23, 2022, the exchange rate of tenge against the US dollar began to weaken sharply. On 6 December 2022, the National Bank of the Republic of Kazakhstan decided to raise the base rate to 16.75% while maintaining the +/-1 corridor %.

The possible future consequences of the war in Ukraine for the assessment of individual assets and liabilities are being analyzed on an ongoing basis. It is not yet possible to assess with certainty how the Group will be indirectly affected, in particular, the impact on the global economy. The overall economic outlook has deteriorated significantly as a result of extensive sanctions and restrictions on trade in goods. Based on the accumulated experience, the Group expects that the war in Ukraine will have only a limited impact on business in the future.

### Capital commitments

The Group generally enters into contracts for the completion of construction projects and purchase of telecommunication equipment. As at 31 December 2023, the Group had contractual obligations in the total amount of KZT 97,649,118 thousand, including VAT (31 December 2022: KZT 49,774,593 thousand, including VAT) mainly related to purchase of telecommunication equipment and construction of telecommunication network.

### License commitments

Under the terms of certain licenses on the provision of wireless telecom services, the Group has certain obligations in terms of coverage area of its network. The Group is obliged to expand the cellular telecommunication coverage to the regions along the major

highways and small-sized towns and urban-type communities of the Republic of Kazakhstan. The Group's management believes that the Group is in compliance with the terms of the licenses.

### Taxation

Tax legislation and regulatory framework of the Republic of Kazakhstan are subject to constant changes and allow for different interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. Penalties are generally 80% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of the Republic of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Management believes that as at 31 December 2023 its interpretation of the relevant legislation is appropriate and that it is probable that the Group's tax positions will be sustained, except as provided for or otherwise disclosed in these consolidated financial statements.

### State grant related to the frequency fee

The Group presented a summary report on expenditures aimed at financing broadband Internet access projects in urban and rural areas, including capital and operating costs required to provide broadband Internet access services in urban and rural settlements throughout the Republic of Kazakhstan. Management believes that there are no outstanding conditions or unforeseen circumstances related to these grants.

If, based on the results of the audited information, the fact of non-fulfillment by the telecom operator of obligations to send at least the released funds from the reduction of the corresponding remuneration rate for financing broadband Internet access projects in urban and rural areas is confirmed, the authorized body in the field of communications not earlier than one year after the year following the reporting year recalculates the amount of the annual fee for the use of the frequency for the reporting year, which should be proportional to the outstanding amount of financial obligations for the reporting year.

### Technical Regulations

Order No. 91 of the Committee of the National Security dated 20 December 2016 on approval of the Technical Regulations General Requirements to the Telecommunication Equipment in Ensuring Conducting of



Operative Search Measures, Collection and Storage of Subscribers' Information was published on 7 February 2017 and came into force on 8 February 2018 (new Technical Regulation of 27 July 2021 No. 85). According to the new regulations, there are additional requirements to the telecommunication equipment that include expansion of technical capabilities of equipment to conduct operative search activities, collection and storage of subscribers' information (hereinafter – "ORA"). As of 31 December 2023, the Group integrated new SHC for the total amount of KZT 4,964,100 thousand since 2018. The Group gradually plans the modernization and expansion of licensed and port capacity of SHC in accordance with the cellular development plan including 5G and expects that the expected amount of capital expenditures related to modernization and expansion will be KZT 17,673,182 thousand by 2032.

#### Arbitration against Amdocs companies

Amdocs Kazakhstan LLP and Amdocs Software Solutions LLC (jointly referred to as "Amdocs") was to develop, implement and deliver the Convergent Billing System to Kcell under Master Agreement dated April 2014 between TeliaSonera AB and Amdocs Software System Ltd ("Master Agreement"), and Supply Agreement, including Addendums (further as "Supply Agreement").

In November 2018, the Group notified the Supplier of termination of the Supply Agreement, except for the technical support services due to the quality of the Converged Billing System and Amdocs' performance of contractual obligations were not consistent with the terms of the Supply Agreement and the Group's requirements. Moreover, there was delay in delivery and implementation of the OLC (On-line charging) system. In May 2020, Kcell JSC also notified the Supplier of its withdrawal from the technical support agreement. Amdocs did not agree with the arguments of Kcell JSC regarding the termination of the Supply Agreement and withdrawal from the technical support agreement.

As of the year ended 31 December 2022 the Group had a provision for arbitration against Amdocs in the amount of KZT 3,684,675 thousand.

On March 15, 2023, the arbitration decision was received. The amount of claims of Amdocs satisfied in arbitration in the amount of KZT 3,721,874 thousand.

On September 13, 2023 a Settlement Agreement in the amount 6 million US dollars (equivalent of KZT 2,762,348 thousand) was signed between the Group and Amdocs on voluntary enforcement of the arbitration decision in order to reduce payments, as well as risks associated with the execution of the award. Upon payment of the

full amount of the settlement, pursuant to the Settlement Agreement, all claims and all outstanding obligations in respect of the dispute between the Group and Amdocs was deemed to be fully settled/discharged.

On September 15, 2023, the Group paid the full amount of compensation in accordance with the Settlement Agreement and restored the remaining reserve in the amount of KZT 721,000 thousand.

#### Antitrust investigation

##### *Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan dated June 15, 2022*

In accordance with the Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan for the city of Almaty (hereinafter referred to as the APDC) No. 42-OD dated June 15, 2022 (hereinafter referred to as the Order), an investigation was initiated against Kcell JSC on the grounds of a violation provided for in Article 174 (1) of the Entrepreneurial Code of the Republic of Kazakhstan. Initial audited period per was from January 1, 2020 to September 12, 2022. The subject of investigation is the establishment of factual data confirming or refuting the commission of a violation by Kcell JSC, expressed in maintaining a monopoly high

price. The Group did not agree with the investigation and on July 26, 2022 started the appealing process. As a result of the judicial proceedings held during 2022 and 2023, the year 2022 was excluded from the initial audited period by the resolution of the Supreme Court of the Republic of Kazakhstan dated November 09, 2023. In accordance with the definition on the resumption of the investigation of violations of the legislation of the Republic of Kazakhstan in the field of competition protection, the investigation was resumed on November 27, 2023. On December 13, 2023 the Group filed an appeal against resumption of investigation. On December 22, 2023 the investigation was suspended due to filed appeal. During February 2024 the Group participated in preliminary Court hearings related to its appeal to the Specialized Inter-District Administrative Court of Almaty.

If these violations are revealed as a result of the investigation, Kcell JSC may be held administratively liable under Part 3 of Art. 159 of the Code of the Republic of Kazakhstan on Administrative Violations entailing liability in the form of a fine in the amount of 5% of the income (revenue) received as a result of monopolistic activities with confiscation of monopoly income received as a result of monopolistic activities for no more than one year.

##### *Order of the Agency for the Protection and Development*

##### *of Competition of the Republic of Kazakhstan dated December 21, 2023.*

In accordance with the Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan for the city of Almaty No. 38-OD dated December 21, 2023 an investigation was initiated against Kcell JSC. The subject of investigation is the susception of coordinated actions with competitors to set and maintain prices for communication services during May-July 2023. The Group started the appealing process. The investigation was suspended from January 10, 2024. Final response of The Republican antimonopoly office has not been received yet. Should the Group be found to have committed a violation, the Group may be obligated to pay a fine of 5% of monopolistic profits, with confiscation of monopolistic profits earned during the period of up to one year.

##### *Notices of the Department for Protection and Development of Competition*

During 2023 the Group received the following notices of the Department for Protection and Development of Competition:

1) Notice No.05-07/1805 to Kcell JSC of violation of the competition legislation of the Republic of Kazakhstan on August 25, 2023 of unreasonably reduced and changed volumes of cellular service for the period from 2022 through

to the first quarter of 2023. Should the Group fail to comply with the Notice, the Department will initiate an investigation. On 24 November 2023, the Group, disagreeing with the determination of the Almaty Specialized Inter-District Administrative Court to return the administrative claim, filed a private complaint against the determination of the Almaty Specialized Inter-District Administrative Court to return the administrative claim. The Judicial Board for administrative cases of Almaty City Court ruled on 26 December 2023 to uphold the decision of the court of first instance and to dismiss the complaint. A cassation appeal was filed on 26 January. The date for the cassation hearing has not yet been set. If violations are confirmed by the investigation results, the Group may be brought to administrative liability and ordered to pay a turnover fine in the amount of 5% of the income received as a result of monopolistic activities during the period in question.

2) Notice No.05-07/2439 dated 21.11.2023 of the violation expressed in the fact that the price of some tariff plans is unreasonably high. The Group fulfilled the requirement to decrease the price starting from December 25, 2023.

The Management of the Group assessed all risks of the violation of the antimonopoly law as possible and accordingly has not accrued provision for losses in relation to any of the



abovementioned investigations and notices as of December 31, 2023.

#### Judicial proceedings

On 13 March 2022, Kayrat Satybaldyuli, the ultimate beneficiary of Skyline Investment Company S.A. and Alatau Capital Invest LLP (Note 1), was detained by the Anti-Corruption Service of Kazakhstan on suspicion of abuse of office and embezzlement of funds of Kazakhtelecom JSC on a particularly large scale. Kazakhtelecom JSC was recognized as a victim in criminal cases initiated against Satybaldyly K. and other persons involved.

The Mediation Agreement of 8 September 2022 on the settlement of the dispute and

reconciliation of the parties by way of judicial mediation in a dispute that arose in the framework of a criminal case on the episodes "Discounts" and "Last Mile", the Company recognized compensation for damages in the amount of KZT 12,733,025 thousand (Note 40), including VAT.

The court No. 2 of the "Baykonyr" district of Astana handed down a verdict dated 26.09.2022 on one of the criminal cases against Satybaldyly K. and other involved persons accused of committing criminal offenses provided for in Articles 28, Part 3, 189, part 4, paragraph 2, 195, part 4, paragraph 2 of the Criminal Code of the

Republic of Kazakhstan. According to the court verdict, the civil claim of

Kazakhtelecom JSC was left without consideration, meaning that the effect of the previously concluded Mediation Agreement is not canceled. The judicial act entered into legal force within the prescribed period.

According to the dispute that arose in the framework of the criminal case on the episode "Rent of premises", allocated to a separate judicial proceeding, the investigation has not been completed. Since the Company was also recognized as a victim in this episode of the criminal case, a civil claim was filed on 31.05.2022 for compensation for property damage caused by the crime.

The full amount of damage specified in the claims filed by Kazakhtelecom JSC in the amount of KZT 14,353,966 thousand was repaid in full.

## 46. Events after the reporting date

During period from 1 January to 24 February 2024, the Group attracted financing from Halyk Bank of Kazakhstan in the amount of KZT 24,839,000 thousand for 36 months at 17.25% per annum and repaid the loan for a total amount of KZT 18,770,000 thousand.

On 19 January 2024, the Group paid its part of the authorized capital of Caspinet B.V. of 940,500 US dollars (KZT 424,918 thousand) (Note 10).

On 20 January 2024, at a meeting of the State Commission on Economic Modernization, a decision was concluded to sell a 100% share of ownership in Mobile Telecom-Service LLP. To implement the decision, a tripartite agreement on principles was signed on 14 February 2024 in Qatar

between Samruk-Kazyna JSC, Kazakhtelecom JSC and Power International Holding (a leading conglomerate in the Middle East) as part of the official visit of the President of Kazakhstan to Qatar.

On 24 January 2024, as part of the signed Agreement on the Provision (opening) of a credit line with Bank of China in Kazakhstan JSC dated 30 June 2023, the Company repaid a loan in the amount of KZT 6,200,000 thousand and interest of KZT 78,361 thousand ahead of schedule.

On 25 January 2024, as part of the signed Agreement on the provision (opening) of a credit line with the Bank of China in Kazakhstan JSC dated June 30, 2023, a new tranche was selected on the following

conditions: the amount of the credit line is KZT 6,200,000 thousand, for a period of 3 years, until 25 December 2026; the interest rate is 15.75%.

On 28 February 2024, as part of the signed Agreement on the Provision (opening) of a credit line with JSC Bank of China in Kazakhstan dated June 30, 2023, the Company repaid the loan in the amount of KZT 6,200,000 thousand ahead of schedule and interest of KZT 95,225 thousand.

On 1 March 2024, the Group received a loan in the amount of KZT 6,200,000 thousand under the same credit line agreement with JSC "Bank of China in Kazakhstan" with a repayment period of 3 years and an interest rate of 15.25% per annum.



# Glossary

## 3G (third generation)

Third-generation mobile communications technology — a set of services that combine both high-speed mobile access with Internet services and radio communication technology that creates a data channel.

## 4G (fourth generation)

A generation of mobile communications with heightened demands. The fourth generation usually includes promising technologies that make it possible to transfer data at a rate exceeding 100 Mbit/s — mobile and 1 Gbit/s — fixed users.

## 5G (fifth generation)

A high-speed wireless Internet, a fifth-generation technology that provides more efficient communications and access to data and services by increasing the speed of data receipt/transmission, and broadening the range.

## ADSL (Asymmetric Digital Subscriber Line)

An asymmetric digital subscriber line – modem technology in which the available bandwidth of the channel is distributed between the proceeding and entering traffic asymmetrically

## API (Application Programming Interface)

A description of how one computer programme may interact with another programme.

## ARPU (Average Revenue Per User)

Average revenue per month per subscriber.

## B2B (Business to Business)

A term for commercial relations between legal entities.

## B2C (Business to Consumer)

A term that refers to a commercial relationship between a legal entity and a consumer.

## B2G (Business to Government)

A term that refers to commercial relations between a legal entity and the state.

## B2O (Business to Operators)

A term that refers to commercial relations between a legal entity and the state.

## Big Data

Big data processing.

## Blockchain

A continuous sequential chain of blocks containing information, organized according to specific rules. Most often, copies of the chain of blocks are stored on many different computers independently of each other.

## CDMA (Code Division Multiple Access)

Multiple access with code division, digital cellular (wireless) communications network. CDMA is recommended by the global organisation for standardisation of communications as the most promising for building third-generation networks.

## DWDM (Dense Wave Division Multiplexing)

The most reliable technology for the underlying infrastructure of multiservice and mobile networks, ensures a sharp increase in network throughput and provides a wide range of fundamentally new communications services.

## EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)

The Company's profit before deduction of interest on loans, profits tax and depreciation.

## ESG factors (Environmental. Social. Governance)

Environmental, social and management factors.

## Firewall

A technology barrier designed to prevent unauthorised or unsolicited communications between computer networks or hosts.

## FMC – One contact (fixed mobile convergence)

A technology barrier designed to prevent unauthorised or unsolicited communications between computer networks or hosts.

## FTTH (Fiber to the Home)

Fiber optic cable to the home (individual/private home).



### **FTTx (fiber to the x)**

Fiber-optic connection technology.

### **FWA (Fixed Wireless Access)**

4G-based wireless internet technology used in areas not covered by fibre optic lines.

### **GSM**

A global standard of digital mobile cellular communications with time and frequency split, is highly secure and operates in 2G networks. The main purpose is to make calls and exchange messages.

### **GPON (Gigabit passive optical network)**

GB passive optical networks.

### **IaaS (Infrastructure as a Service)**

Infrastructure as a service, for example, virtual servers and a virtual network; the client may install any software and applications.

### **IPTV (Internet Protocol Television)**

Television using Internet protocol, technology (standard) of digital television in data transmission networks using IP protocol, used by digital cable television operators, and the new generation of television.

### **IP-transit**

A service to provide managed and high-speed Internet access through modern optical data transmission networks using the BGP protocol. BGP is a protocol of dynamic route between autonomous systems used on the Internet.

### **IoT (Internet of Things)**

A common name for technologies that allow devices built into individual objects to send and receive information via the Internet (wired or wireless).

### **LoRa (Long Range)**

A technology and a method of modulation of the same name.

### **LTE (Long-Term Evolution)**

Is a wireless high-speed data transmission standard for mobile phones and other data terminals.

### **NPS (Net Promoter Score)**

Consumer Commitment Index or Company (Recommendation Readiness Index), used to assess readiness for repeat purchases. It is one of the main indices for measuring customer loyalty.

### **OTT (Over the Top)**

A method of providing video services over the Internet.

### **ROACE (Return On Average Capital Employed)**

Return on average capital employed.

### **SaaS (Software as a Service)**

Software as a service, for example, e-mail or other office application; the client uses the application, basic application settings are managed by the provider.

### **SAC (Subscriber Acquisition Cost)**

A metric that reflects the Company's total costs on attracting one buyer.

### **SDN/NFV**

Software-Defined Networks (SDN) and Network Function Automation (NFV).

### **VAS (Value-Added Services)**

Value-added services.

### **VPN (Virtual Private Network)**

A common name for the technology that makes it possible to provide one or more network connections (a logical network) over another network (for example, the Internet).

### **WAP (Wireless Application Protocol)**

Wireless data transfer protocol. The protocol was created specifically for GSM networks, where portable devices need to be connected to the Internet. Using WAP, a user of a mobile device may download any digital data from the Internet.

### **WIMAX (Worldwide Interoperability for Microwave Access)**

A broadband wireless technology that provides high-speed long-distance connections, even without a line of sight, on a reflected signal.



**WLL (Wireless Local Loop)**

A broadband wireless technology that provides high-speed long-distance connections, even without a line of sight, on a reflected signal.

**AMTC**

Automatic long-distance telephone communication.

**FOCL RS**

Fiber-optic communications lines in rural settlements.

**SAC**

Subsidiary and affiliated company.

**ICT**

Information and communication technologies.

**CSR**

Corporate social responsibility.

**SMEs**

Small and medium-sized enterprises.

**ULE**

Association of legal entities.

**SSC**

Shared service centre.

**Broadband or high-speed Internet access**

Internet access at a data rate that is higher than the maximum possible when using dial-up access using a modem and a public telephone network.