

## **Corporate Governance Code of the Joint Stock Company "Kazakhtelecom"**

### Contents:

Chapter 1. General Provisions

Chapter 2. The Government as a Shareholder of the Foundation.

Chapter 3. Interaction between the Foundation, the Society and Organizations. The Role of the Foundation as a National Management Holding.

Chapter 4. The Rights of Shareholders (Participants) and Fair Treatment of Shareholders (Participants).

Chapter 5. Effectiveness of the Board of Directors and the Management Board

Chapter 6. Risk Management, Internal Control, Audit, Compliance and Ombudsman.

Chapter 7. Transparency of the Activities of the Society and Organizations.

### **Chapter 1. General Provisions**

1. This Code of Corporate Governance of Joint Stock Company Kazakhtelecom (hereinafter - the Code) is developed in accordance with the legislation of the Republic of Kazakhstan, the Code of Corporate Governance of Joint Stock Company National Welfare Fund Samruk-Kazyna (hereinafter - the Fund), and taking into account the corporate governance practices developing in Kazakhstan and worldwide. The provisions of this Code shall be applied subject to the specifics stipulated by the legislation of the Republic of Kazakhstan.

2. The objectives of this Code are to improve corporate governance in Kazakhtelecom JSC (hereinafter - the Company) and legal entities, more than fifty percent of voting shares (participatory interests) of which are owned directly or indirectly by the Company on the right of ownership or trust management (hereinafter - organisations), to ensure transparency of management, to confirm the commitment of the Company and organisations to follow the standards of good corporate governance.

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

1) Shareholder (participant) - a person who owns shares (participatory interest in the authorised capital) of the Company (organisation); 2) Group - a group of companies of the Company;

3) Official of the Company (Organisation) - a member of the Board of Directors (Supervisory Board), collegial executive body or a person who solely performs the functions of the executive body;

4) Stakeholders - individuals, legal entities, groups of individuals and (or) legal entities that influence or may be influenced by the Company's and (or) Organisation's activities, their services and related actions by virtue of legislation, concluded agreements (contracts) or indirectly (indirectly); this definition does not apply to all those who are familiar with the Company and (or) Organisation or express an opinion about them; the main representatives of the Stakeholders are shareholders (participants), employees, and clients

5) key performance indicators (indicators) (hereinafter referred to as KPIs)

- indicators characterising the level of efficiency of the Company's or Organisation's activities that allow to assess the efficiency of their activities in general, as well as of the Company's or Organisation's executives (KPIs have a quantitative value approved as part of the Company's or Organisation's action plan and corresponding to the results of their activities for the planned and reporting periods);

6) Audit Committee - the Audit Committee of the Fund, the Audit and Sustainable Development Committee of the Board of Directors of the Company, the Committee of the Board of Directors of the Organisation that considers audit issues;

7) Human Resources and Remuneration Committee - the Human Resources, Remuneration and Social Affairs Committee of the Board of Directors of the Fund/Society, the Committee of the Board of Directors of the Organisation that considers human resources and remuneration issues;

8) companies - national development institutes, national companies and other legal entities, more than fifty per cent of voting shares (participation shares) of which are owned directly or indirectly by the fund on the right of ownership or trust management;

9) corporate events - events that have a significant impact on the activities of the joint stock company, affecting the interests of securities holders and investors of the issuer, as defined in Article 102 of the Law of the Republic of Kazakhstan 'On the Securities Market' (hereinafter - the Law on the Securities Market);

10) corporate conflict - disagreement or dispute between: shareholders and the Company's bodies; Company's bodies; members of the Board of Directors and the Management Board, Head of the Internal Audit Service, Corporate Secretary, Head of Compliance Service, Ombudsman;

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

12) General Meeting of Shareholders (Participants) - the supreme body of the Company (Organisation);

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

14) action plan - a document defining the main activities and key performance indicators of the Company or the Organisation for a five-year period approved by the Board of Directors;

15) sustainable development - a development in which the Company and Organisations manage the impact of their activities on the environment, economy, society and make decisions taking into account the interests of stakeholders;

16) holding company - a company that directly or indirectly owns shares (participatory interests) in other organisations and has the ability to influence decisions made by these organisations.

4. The scope of this Code applies to the Company and organisations. For organisations with other shareholders (participants), the Code is recommended for approval at the General Meeting of Shareholders (Participants).

5. The Company and the Organisations shall follow the provisions of this Code to the extent that they do not contradict the laws of the Republic of Kazakhstan 'On Limited and Additional Liability Partnerships' (hereinafter - the Law on Partnerships), 'On Joint Stock Companies'

(hereinafter - the Law on Joint Stock Companies), 'On the National Welfare Fund' (hereinafter - the Law on the Fund) and other laws of the Republic of Kazakhstan.

6. The Company and the Organisations shall comply with the provisions of this Code. In case of non-compliance with the provisions of this code, the Company shall provide explanations in the annual report on the reasons for non-compliance with each of the provisions. If the non-compliance with the provisions of this code has a duration of more than six months, the Company shall notify the foundation and provide an appropriate explanation of the reasons. The Board of Directors of the Company shall be responsible for monitoring the Company's compliance with this code. The Corporate Secretary shall monitor and advise the Board of Directors and the Management Board of the Company on proper compliance with this code, and shall prepare a report on compliance/non-compliance with its principles and provisions on an annual basis. This report is subsequently submitted to the relevant committees of the Board of Directors, approved by the Board of Directors and included in the Company's annual report.

7. The documents and processes of the Company (organisation) shall be updated in accordance with the provisions of this code.

8. Cases of non-compliance with the provisions of this code shall be thoroughly considered at meetings of the relevant committees and by the Board of Directors of the Company (Organisation) with appropriate decisions made to further improve corporate governance in the Company (Organisation).

9. The norms of this Code shall be subject to revision taking into account changes in the legislation of the Republic of Kazakhstan, Kazakhstani and international practice, corporate governance standards.

## **Chapter 2. The Government as a Shareholder of the Fund**

10. The Government of the Republic of Kazakhstan - the sole shareholder of the fund (hereinafter - the Government) delineates its powers as the sole shareholder of the fund and powers related to state regulation.

The Government participates in the management of the fund and companies exclusively by exercising the powers of the sole shareholder of the fund, as provided for by the Law on the fund and the Charter of the fund, and representation on the Board of Directors of the fund. The main principles and issues of co-operation between the Government and the fund are regulated in the Co-operation Agreement. The principles of Chapter 4 'Rights of Shareholders (Participants) and Fair Treatment of Shareholders (Participants)' of the Corporate Governance Code of the Fund are applied to the Government as a shareholder. Code of Corporate Governance of the Fund to the extent not contradicting the Law on the Fund.

11. Relationships (interaction) between the Government and the Fund, companies are carried out through the Board of Directors of the Fund in accordance with the principles of good corporate governance.

12. The board of the fund, the chairman of the board of the fund, the bodies of the companies are fully independent and autonomous when making decisions and taking any actions within their competence.

In case of interference by the state bodies in the operational (current) activities of the companies, not provided for by the laws of the Republic of Kazakhstan, the companies shall immediately inform the Fund of such circumstance.

The Fund periodically brings such information to the attention of the Board of Directors of the Fund, which, if necessary, submits to the Government as the sole shareholder proposals to prevent such cases.

13. In case of establishment in the drafts of state programme documents, action plans and regulatory legal acts of target indicators, measures and / or other provisions that affect the activities of the fund and / or companies, then such projects are sent by the state body-developer to obtain within the time frame provided by the Regulations of the Government of the Republic of Kazakhstan, the written position of the fund, which is attached to the project when submitted to the Government.

14. When the Government (Prime Minister) or state bodies establish consultative and advisory bodies or working groups to consider issues related to the activities of the fund and / or companies, representatives of the fund and / or companies are included in the working group in consultation with the fund.

15. The Fund discloses to the Government as a shareholder and the Board of Directors of the Fund all necessary information on the Fund's activities in accordance with the legislative acts of the Republic of Kazakhstan, the Charter of the Fund, the Agreement on Cooperation and ensures transparency of the Fund's and companies' activities.

Depending on the issue, the Government shall hear the companies on their activities exclusively by inviting their representatives to the Board of Directors of the fund.

The board of the fund at least once a quarter reports by submitting to the board of directors of the fund consolidated results of the fund's activities with legal entities, more than fifty per cent of voting shares (participatory interests) of which are owned by the fund on the right of ownership or trust management. The list of information submitted to the fund's Board of Directors is governed by the Agreement on Cooperation, the Regulations on the Fund's Board of Directors, the fund's internal documents, and decisions of the fund's Board of Directors.

The Fund provides reporting to the state authorities if it is expressly provided for by the laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan, the Government and/or the Rules for posting reports required by the state authorities on the Fund's Internet resource, as well as the list, forms and frequency of posting reports approved by the central authorised body for state planning.

16. Investment activities of the fund or company are carried out on market principles in accordance with the development plan of the fund or company and are aimed at value growth and optimal asset structure.

17. Distribution of net income in favour of the Government as the sole shareholder is carried out by the fund in the form of dividends on the basis of a formalised and transparent dividend policy.

18. Cases of implementation of low-profit and socially important projects by the fund or the company should be disclosed in the annual report of the fund or the company with indication of the sources of financing of such projects.

19. By the decision of the sole shareholder and in the order determined by him, the fund annually allocates to the non-profit organisation represented by the public fund 'Kazakhstan Khalkyna' funds in the amount of not less than seven per cent of the net income of the fund.

### **Chapter 3: Interaction between the Foundation, the Company and the Organisations. The Foundation's role as a national management holding company**

20. The Fund as a national management holding performs the role of a strategic holding in relation to the Company and the Organisations. Corporate governance is based on efficiency, responsiveness and transparency.

21. The Fund, the Company and the Organisations should have an optimal asset structure. The Fund, the Company and the Organisations should strive to simplify the structure of their assets and their organisational and legal forms as much as possible.

The Company and the Organisations shall carry out their activities within the framework of their core (core) activities. New activities are allowed provided that there is no competition in the given market or the participation of the Fund and the Company (Organisation) will contribute to the development of small and medium-sized businesses.

22. The corporate governance system of the Fund, the Company and the Organisation is a set of processes that ensure management and control over the activities of the Fund, the Company and the Organisation, as well as a system of relationships between the Executive Body, the Board of Directors (Supervisory Board), Shareholders (Participants) and Stakeholders and is aimed at the growth of long-term value and sustainable development. The Board of Directors (Supervisory Board) periodically considers issues of improving the efficiency of the above system of relations. The competence of the bodies and the decision-making procedure are clearly defined and fixed in the Charter of the Company (Organisation).

The corporate governance system of the Company (Organisation) provides for relations between:

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

The Company's (Organisation's) corporate governance system shall ensure, among other things:

- 1) compliance with the hierarchy of the order of consideration of issues and decision-making;

- 2) clear delineation of authority and responsibility between bodies, officials and employees;
- 3) timely and high-quality decision-making by the bodies of the fund, the Company and the organisation;
- 4) efficiency of processes in the activities of the Foundation, the Company and the Organisation;
- 5) compliance with the legislation, this Code and internal documents of the Fund and the Company (Organisation).

23. The Fund, the Company and the Organisations have approved regulations on the bodies and structural units, as well as job descriptions for the respective positions. Compliance with the provisions of these documents ensures systematic and consistent corporate governance processes.

24. The Fund participates in the management of the Company by exercising the functions of a shareholder (participant), as well as through the Board of Directors in accordance with the procedure determined by the Charter of the Company and this Code.

The Board of Directors of the Company has full independence in decision-making within its competence established by the Charter of the Company.

The Foundation's position on certain issues is communicated through the Foundation's representatives on the Company's Board of Directors.

The Company participates in the management of the Organisations by exercising the functions of a shareholder (participant), as well as through the Board of Directors (Supervisory Board) in accordance with the procedure established by the Organisation's Charter and this Code. The Organisation's Board of Directors (Supervisory Board) has full independence in decision-making within its competence established by the Organisation's Charter. The Company's position on certain issues is communicated through the Company's representatives in the Organisation's Board of Directors (Supervisory Board).

25. The Fund, in accordance with the Law on the Fund, forms a unified policy for companies, approves methodological guidelines and corporate standards for companies. Such guidelines include human resources management, information technology, investment, innovation, risk management, corporate governance, planning, economics and finance, and others. The Company may approve a single policy for its Group in areas not covered by the fund's corporate standards, or complementary/detailing policies and corporate standards of the fund.

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

26. The executive bodies of the foundation and the companies interact in a spirit of cooperation to ensure that the development plans of the Company sent for approval to the Board of

Directors (Supervisory Board) of the companies are sufficiently ambitious and realistic, and that they are consistent with the development plan and the plan of activities of the foundation.

The executive body of the fund maintains an ongoing dialogue with the executive bodies of the companies on issues of strategy and sustainable development. At the same time, the fund does not allow interference in the operational (current) activities of the companies, including personnel decisions, procurement and production processes, for which the executive body of the company is responsible, except in cases defined by the legislation of the Republic of Kazakhstan, as well as in cases where there are circumstances entailing non-fulfilment of KPIs established in the development plan.

27. It is recommended to ensure an optimal asset structure for companies. In a holding company, the parent company may be established in the form of a joint stock company. It is preferably recommended that the other entities be established in the legal form of a limited liability partnership. In organisations already established in the form of a joint stock company, it is recommended to consider the possibility of reorganisation in the form of a limited liability partnership, taking into account economic, legal and other aspects and ensuring the interests of the fund group.

The establishment of new companies in the form of a joint stock company is permitted in exceptional cases, such as the planned future sale of the company's shares on the stock market.

When establishing a company in the form of a limited liability partnership, the participants independently decide on the necessity of establishing supervisory boards and the advisability of electing independent members depending on the scale and specifics of the company's activities.

The management of the asset portfolio, including the determination of the shareholding when acquiring new assets and/or selling shares in organisations, is carried out in accordance with the strategic objectives set out in the fund's development plan and the fund's investment policy approved by the board of directors of the fund.

28. Distribution of net profit and payment of dividends by the Company is carried out in accordance with the dividend policy of the Company, approved by the general meeting of shareholders of the Company on the basis of the dividend policy of the fund.

In order to effectively distribute the profit received, the Company has determined a clear and transparent mechanism for determining the amount and payment of dividends.

29. Management of the Company (organisation) shall be carried out by the bodies of the Company (organisation) in accordance with the competences and procedure determined by the charter of the Company (organisation).

30. Management of the portfolio of assets and the package of shares (participatory interests) in the Company (Organisation) shall be determined within the framework of the Company's (Organisation's) development plan.

Issues related to the development and implementation of the development plan shall be considered at intervals determined by the Board of Directors (Supervisory Board) of the

Company (Organisation), but at least once a year, exclusively at in-person meetings of the Board of Directors (Supervisory Board). The Board of Directors (Supervisory Board) shall implement a system of early detection and timely response to changes in the domestic and external market conditions, force majeure situations.

Bodies, officials and employees of the Company (Organisation) act and make decisions in accordance with the Development Plan and the Charter of the Company (Organisation). The development plan is a long-term document defining the vision, mission, goals, objectives, tasks, strategic directions and KPIs for a ten-year period.

31. The development plan of the Company (organisation) shall contain the goals, objectives and directions of the Group's development. Individual development plans are adopted in the Company and organisations whose shares are already listed on stock exchanges, as well as organisations established in the form of joint ventures. In these organisations, when drafting a development plan, the provisions of the organisations' charters should be followed and consultations with other shareholders (participants) should be held.

As part of the development plan, the Board of Directors (Supervisory Board) determines long-term goals that should meet the following criteria: specific, measurable, achievable, relevant, and with set deadlines for achievement. The assessment of the achievement of strategic goals is determined by means of long-term KPIs. It is recommended that individual areas of activity (e.g. investment, innovation, information technology, human resource management) be included in the development plan.

32. In the process of development and monitoring of the development plan implementation, the Board of Directors (Supervisory Board) and the Executive Body hold strategic sessions during which the main areas of activity, tasks, problematic issues, risks, corrective measures are discussed.

When drafting the development plan, consultations are held with key stakeholders, in particular, major shareholders, key business partners, and interested government bodies.

The development plan includes goals, objectives and indicators in terms of sustainable development.

33. The Fund, the Company, the Organisations and their officials are responsible for the growth of long-term value and sustainable development of the Fund, the Company and the Organisations, respectively, and the decisions made and actions/inactions taken in accordance with the procedure established by the legislation of the Republic of Kazakhstan and internal documents.

The main element of performance evaluation of the Fund, the Company, the Organisations and their executive bodies is the KPI system. The Fund through its representatives in the Board of Directors of the Company sends its expectations on KPIs to the Company. The list and target values of the Company's KPIs are approved by the Company's Board of Directors.

In order to achieve the KPIs, the Company and the Organisations develop relevant development plans.



34. The achievement of KPIs of the Fund, the Company and the Organisations against the approved development plan is assessed on an annual basis. This assessment affects the remuneration of managers and members of executive bodies, is taken into account when re-electing them, and is also the basis for their early dismissal.

In order to assess the achievement of the goals and objectives set out in the development plan, the Company is set KPIs through the following processes:

1) the Foundation sends its expectations of the Company's target KPIs for the planning period to its representatives on the Company's Board of Directors, which are submitted by them to the Company's Board of Directors for consideration;

2) following the review and discussion, the Board of Directors of the Company approves the list and target KPIs, which are communicated to the Management Board of the Company for the development of relevant development plans;

3) in order to achieve the approved KPIs of the Company, a development plan for a five-year period shall be developed in accordance with the procedure determined by the relevant documents of the Fund;

4) the draft of the Company's development plan, after receiving the approval of the Company's Management Board, shall be entered into the fund's information system for planning, monitoring and evaluation of activities and sent to the Company's Board of Directors for consideration and approval;

5) the Company's development plan shall be approved by the Company's Board of Directors and the approved version of the development plan shall also be entered into the Fund's information system for planning, monitoring and evaluation of activities.

Adjustment of the Company's development plans after their initial approval is allowed in accordance with the procedure determined by the relevant documents of the fund. The Foundation does not agree on the draft development plan of the Company and the draft adjustment of the approved development plan of the Company.

35. The Management Board of the Company shall monitor the execution of the Company's development plan and KPIs; the results of monitoring and reports on the execution of the development plan shall be entered into the fund's information system for planning, monitoring and evaluation of activities in accordance with the procedure determined by the relevant documents of the fund.

36. The Board of Directors of the Company ensures efficient management, long-term value growth and sustainable development in all legal entities within the Group. The results of effective governance in the Group are increased operational efficiency, improved reporting quality, improved standards of corporate culture and ethics, greater openness and transparency, risk mitigation, and a proper internal control system.

The Group implements, maintains and continuously improves management systems in its Group.

The Board of Directors of the Company is the body responsible to the shareholders for the effective management and functioning of the entire Group and makes decisions related to the management of the Group.

37. The corporate governance system in the Group shall ensure:

- 1) a clear governance system in the Group, delineated authority and decision-making process, no duplication of functions and processes;
- 2) unified standards, policies and processes, including in terms of defining unified approaches to planning, monitoring and control, performance evaluation and application of corrective actions;
- 3) access to quality information regarding the Group's activities;
- 4) proper management of the Group's risks;
- 5) ensuring compliance with the requirements established by the legislation of the Republic of Kazakhstan and documents of the Fund and the Company;
- 6) coordination of interaction with stakeholders.

38. Other possible mechanisms of the Company's management include centralisation of certain functions (planning, treasury, accounting, information technology, legal support, internal audit and other).

The Company should ensure a balance between the management performed within the Group and granting independence in making operational decisions for them to carry out their activities.

#### **Chapter 4. Rights of shareholders (participants) and fair treatment of shareholders (participants)**

39. Respect for the rights of shareholders (participants) is a key condition for attracting investments in the fund, the Company and the organisations. The Company and the Organisations should ensure that the rights of shareholders (participants) are realised.

40. The rights, obligations and competence of the shareholders (participants) are determined in accordance with the current legislation, constituent documents and are fixed in them. The rights of Shareholders (Participants) include, but are not limited to, timely receipt of information sufficient for decision-making in accordance with the procedure established by the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Company (Organisation) in the field of information disclosure; participation at the General Meeting of Shareholders (Participants) and voting on issues within their competence; participation in determining the number of members, term of office of the Board of Directors (Supervisory Board), the

Management Board of the Company (executive body of the Organisation), of the Board of Directors (executive body of the Organisation), of

41. A shareholder (participant) has an opportunity to receive information about the Company (Organisation) necessary for making a relevant decision, taking into account the requirements of confidentiality and disclosure of information of the Company (Organisation).

Disclosure of information on the Company's (Organisation's) activities shall facilitate the adoption of an informed decision on participation in the Company's (Organisation's) authorised capital by investors or withdrawal from the Company's (Organisation's) shareholders (participants).

42. The Company (Organisation) shall bring to the attention of its Shareholders (Participants) information on its activities affecting the interests of Shareholders (Participants) in the manner prescribed by the legislation of the Republic of Kazakhstan, the Charter, as well as other internal documents of the Company (Organisation). The procedure and channels of information disclosure to shareholders (participants) are defined in the information policy or other document regulating the issues of information disclosure about the Company (Organisation). The Company and Organisations whose shares are listed on a stock exchange shall additionally disclose information in accordance with the listing rules.

The Company and Organisations shall disclose to shareholders (participants) and investors information on any forms and terms of cooperation, agreements, partnership with the Government and state bodies.

43. Shareholders (participants) exercise their rights to participate in the management of the Company (Organisation) through participation in General Meetings of Shareholders (Participants). General Meetings of Shareholders (Participants) are divided into annual and extraordinary.

Organisations with a single shareholder (participant) do not hold General Meetings of Shareholders (Participants). Decisions on issues referred by the legislation of the Republic of Kazakhstan and the Organisation's Charter to the competence of the General Meeting of Shareholders shall be made by such shareholder alone and shall be executed in writing.

44. The General Meeting of Shareholders (Participants) shall hold meetings with the Board of Directors and the Executive Body (Supervisory Board and Executive Body) (hereinafter - hearing of the Board of Directors) to summarise the results of the year's activities and make decisions on issues within its competence. A major shareholder (sole shareholder) shall also hold regular meetings with the Chairman and members of the Board of Directors during the year to discuss the Company's activities within its competence.

45. The date and time of the general meeting of shareholders (participants) shall be set so that the meeting can be attended by the largest number of persons entitled to participate in it, or by all persons in respect of issues requiring unanimous decision-making.

46. Information and materials provided to shareholders (participants) prior to the General Meeting of Shareholders (Participants)/Board of Directors' hearing, as well as the procedure for

its provision, shall ensure the fullest possible understanding of the essence of the issues under discussion with an exhaustive list of precisely formulated issues to be discussed, the risks associated with the adoption (non-adoption) of a decision, receiving answers to questions of interest and the possibility of making informed decisions on the agenda items.

Agenda items should be formulated clearly as much as possible and exclude the possibility of different interpretations. Issues with the wording 'miscellaneous', 'other', 'other', etc. shall be excluded from the agenda. At the General Meeting of Shareholders (Participants), the Company (Organisations) shall propose a separate resolution on each separate issue. The rights of shareholders to make proposals to the agenda of the general meeting of shareholders (participants) in accordance with the established procedure, as well as to demand the convening of an extraordinary general meeting of shareholders (participants) shall be easily exercised if they are clearly justified.

47. During the period of preparation for the General Meeting of Shareholders (Participants)/Board of Directors Hearing, the Company (Organisation) should create the necessary organisational and technical conditions to enable shareholders (participants) to ask questions on the agenda and materials. The Company (Organisation) shall fix the powers of its officers, Corporate Secretary or a person performing his/her functions, and employees of the Company (Organisation) to interact with shareholders (participants) and investors, as well as the procedure for providing answers to their requests.

48. The Corporate Secretary or a person performing his/her functions shall monitor incoming questions from shareholders (participants) and provide answers regarding the procedure of holding the General Meeting of Shareholders (Participants), explain the provisions of the legislation of the Republic of Kazakhstan and documents of the Company (Organisation) regarding the procedure of participation and voting at the General Meeting of Shareholders (Participants), as well as on other issues, if such is defined in the internal documents of the Company (Organisation).

49. In organisations whose shares are listed on the stock exchange, it is recommended to create special investor relations departments to maintain communication with investors, to ensure timely and qualitative provision of answers to shareholders' questions.

50. In order to simultaneously provide information to all shareholders (participants) on the Company's activities to ensure equal treatment, the Company (organisations) publishes information on the Internet resource of the financial statements depository.

Disclosure requirements shall not impose unnecessary administrative burdens or unreasonable costs on the Company.

51. Relevant materials on the agenda of the General Meeting of Shareholders (Participants), taking into account the protection of confidential information, are recommended to be placed on the Company's (organisation's) Internet resource with the contact information of persons responsible for interaction with shareholders (participants) and investors (telephone number, e-mail address).

The voting process at the General Meeting of Shareholders (Participants) shall be as simple and convenient as possible for a shareholder (participant) using all possible voting methods, taking into account the provisions of the Charter of the Company (Organisation).

52. The procedure for holding the General Meeting of Shareholders (Participants) ensures equal opportunity for all shareholders (participants) to exercise their rights to participate in the General Meeting of Shareholders (Participants). A shareholder (participant) may vote at the General Meeting of Shareholders (Participants) held in person or without personal attendance (by proxy issued by the shareholder (participant) to its representative). A power of attorney for participation in the general meeting of shareholders (participants) and voting on the issues under consideration is not required for a person who has the right to act without a power of attorney on behalf of a shareholder or represent his/her interests in accordance with the laws of the Republic of Kazakhstan or a contract.

53. The Company (Organisation) shall approve the rules of procedure of the General Meeting of Shareholders (Participants), which defines the procedure for holding the General Meeting of Shareholders (Participants), providing for the possibility of proper discussion of agenda items and decision-making, speeches of officials and other issues.

The significance of the general meeting of shareholders (participants) of the Company (Organisation) implies mandatory participation (if invited) of all officials involved in the management of the Company (Organisation).

The registration time should be sufficient for all shareholders (their representatives) to register, while shareholders who have not registered are not counted in determining the quorum and cannot take part in voting.

The procedure for collecting and counting votes should be as simple and transparent as possible, and shareholders should be sure that there is no possibility of any distortion of the voting results. The company (organisation) should ensure that votes are duly cast and recorded.

54. The Chairman of the general meeting of shareholders (participants) should endeavour to ensure that shareholders (participants) receive answers to questions directly during the meeting. In the event that the complexity of the questions does not allow them to be answered immediately, the person(s) to whom they are asked shall provide written answers to the questions asked as soon as possible after the conclusion of the general meeting of shareholders (participants).

55. If institutional investors acquire shares (participatory interests) in the Company (Organisation), in order to ensure the stability and sustainability of the Company (Organisation), institutional investors acting as a proxy shall disclose their corporate governance policy and the regulations on their investment activities, including the current decision-making procedures in the investor's company.

Institutional investors acting in a fiduciary capacity should disclose how they address material conflicts of interest that could affect ownership rights with respect to investments they have made.

Institutional investor means a legal entity that raises funds for the purpose of making investments in accordance with the laws of the Republic of Kazakhstan, for example, large

financial organisations that accumulate free funds of individuals, companies or enterprises for subsequent investment in various financial instruments (insurance and pension funds, investment companies).

56. The Company (Organisation) has a transparent procedure for election and remuneration of the Board of Directors (Supervisory Board) approved by the General Meeting of Shareholders (Participants), as well as the procedure for election and remuneration of the Executive Body approved in accordance with the Charter of the Company (Organisation).

57. Shareholders (Participants) shall have access to information on the terms and procedure for payment of dividends and shall be provided with reliable information on the financial position of the Company (Organisation) when dividends are paid. To this end, the General Meeting of Shareholders (Sole Shareholder)/Participants (Sole Participant) of the Company (Organisation) approves the dividend policy with access for all shareholders/participants. The Group creates a unified dividend policy for the Group, which is developed taking into account the specifics of the presence of organisations with several shareholders/participants in the Group's structure. Organisations with several shareholders (participants) adopt a different dividend policy approved by the General Meeting of Shareholders (Participants).

58. If the Company (Organisation) has several shareholders (participants), including minority shareholders (participants), the corporate governance system should ensure fair treatment of all shareholders (participants) and exercise of their rights, which should be set out in the Company's (Organisation's) Charter.

Ensuring equal and fair treatment of all shareholders (participants) affects the Company's (Organisation's) reputation, its investment attractiveness and contributes to the Company's (Organisation's) value growth.

The procedure and procedures for holding General Meetings of Shareholders (Participants) should ensure equal treatment of all Shareholders (Participants). Corporate procedures shall not unreasonably complicate or burden with costs the voting procedure.

If the Company (Organisation) has a shareholder (participant) that owns fifty or more percent of voting shares (participatory interests) or has the right to determine decisions by virtue of agreements concluded with the Company (Organisation) and/or other shareholders (participants), financial resources should be redistributed in favour of such shareholder (participant) through dividend payments. If there are other mechanisms for redistribution of the Company's (Organisation's) funds in favour of a shareholder (participant) who owns fifty or more percent of voting shares (participatory interests), they shall be set forth in the Company's (Organisation's) documents and shall be disclosed to all shareholders (participants).

## **Chapter 5: Effectiveness of the Board of Directors and the Executive Body**

59. The Board of Directors of the Company (Organisation) is a management body accountable to the General Meeting of Shareholders (Participants), providing strategic management of the Company and control over the activities of the Executive Body, as well as implementation of all provisions of this Code.

The Executive Body reports to the Board of Directors of the Company (Organisation), manages the day-to-day operations of the Company (Organisation) and ensures their compliance with the development plan, action plan and decisions made by the General Meeting of Shareholders (Participants) and the Board of Directors.

The Board of Directors and the Executive Body interact in a spirit of co-operation, act in the interests of the Company and make decisions based on the principles of sustainable development and fair treatment of all shareholders.

The Board of Directors and the Executive Body of the Company (Organisation) ensure the growth of long-term value and sustainable development of the Company (Organisation).

60. The Board of Directors of the Company (organisation) is vested with powers sufficient to manage the Company and supervise the activities of the executive body, performs its functions in accordance with the Company's Articles of Association and pays special attention to the following issues:

- 1) defining the development plan and integration of ESG objectives (directions and results);
- 2) setting and monitoring the key performance indicators of the action plan;
- 3) organising and supervising the effective functioning of the risk management and internal control system;
- 4) approving and monitoring the effective implementation of major investment projects and other key strategic projects within the competence of the Board of Directors;
- 5) election, remuneration, succession planning and supervision of the head and members of the executive body;
- 6) corporate governance and ethics;
- 7) compliance in the Company (Organisation) with the provisions of this Code and corporate standards of the Fund.

61. Members of the Board of Directors duly perform their duties, ensure growth of long-term value and sustainable development of the Company (Organisation). The Board of Directors of the Company (Organisation) is accountable to the shareholders. This accountability is realised through the mechanism of the General Meeting of Shareholders.

Members of the Board of Directors fulfil their functional duties and adhere to the following principles in their activities:

- 1) act within the limits of their authority - members of the Board of Directors make decisions and act within the limits of their authority as set out in the Company's (Organisation's) Charter;
- 2) devote sufficient time to attend and prepare for meetings of the Board of Directors, its committees - it is not allowed for a member of the Board of Directors to simultaneously hold the position of a member of the Board of Directors in more than four legal entities, simultaneous holding of the position of the Chairman of the Board of Directors is allowed only in two legal

entities (holding of positions in other legal entities by a member of the Board of Directors is allowed after obtaining the approval of the Board of Directors);

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

5) avoid conflicts of interest - a member of the Board of Directors shall not allow situations to arise in which his/her personal interest may affect the proper performance of his/her duties as a member of the Board of Directors; in case of situations with conflicts of interest that affect or potentially affect impartial decision-making, members of the Board of Directors shall notify the Chairman of the Board of Directors in advance and shall not participate in the discussion and adoption of such decisions; this requirement shall also apply to other members of the Board of Directors; 6) act with due reasonableness and reasonable diligence.

6) act with due reasonableness, skill and prudence - members of the Board of Directors are recommended to continuously improve their knowledge of the competences of the Board of Directors and performance of their duties in the Board of Directors and committees, including such areas as legislation, corporate governance, risk management, finance and audit, sustainable development, knowledge of the industry and specifics of the Company's (Organisation's) operations; in order to understand the current issues of the Company's (Organisation's) operations, members of the Board of Directors regulate the Company's (Organisation's) activities and the Company's (Organisation's) activities.

62. Members of the Board of Directors are personally responsible for fulfilment of their duties as a member of the Board of Directors, including their fiduciary duties to the shareholder(s) and decisions made, their performance, action and/or inaction. If there are different opinions, the Chairman of the Board of Directors shall ensure that all acceptable options and proposals expressed by individual members of the Board of Directors are considered in order to make a decision that is in the best interests of the Company (organisation).

63. The Board of Directors is accountable to the general meeting of shareholders of the Company (organisation). At the Annual General Meeting of Shareholders (hearing of the Board of Directors), the Chairman of the Board of Directors provides shareholders (members) with a report of the Board of Directors, which reflects the results of the activities of the Board of Directors and its committees during the reporting period, measures taken by the Board of Directors to increase the long-term value and sustainable development of the Company (Organisation), the main risk factors, significant events, issues considered, number of meetings, form of meetings, attendance, as well as other important information - the report of the Board of Directors.

A report on compliance with the provisions of this Code shall be submitted to the General Meeting of Shareholders on an annual basis.

64. The Board of Directors and its committees shall maintain a balance of skills, experience and knowledge to ensure that independent, objective and effective decisions are made in the best



interests of the Company (Organisation) and with due regard to fair treatment of all shareholders.

65. It is recommended that the composition of the Board of Directors should ensure sufficient diversity in terms of personal characteristics, age and gender composition to enhance long-term value in accordance with ESG principles.

The recommended number of women on the Board of Directors of the Company (organisation) is at least thirty per cent of the total number of Board members.

66. The Board of Directors shall include independent directors in the number sufficient to ensure independence of decision-making and fair treatment of all shareholders. The recommended number of independent directors on the Board of Directors of the Company (Organisation) is up to sixty percent of the total number of members of the Board of Directors.

67. The process of search and selection of Independent Directors of the Fund, Companies and Organisations is carried out on a competitive basis. The procedure for selection of Independent Directors of the Fund shall be approved by the Board of Directors of the Fund. The procedure for selecting independent directors of companies and organisations is approved by the Board of Directors of the Fund.

68. It is recommended that the Board of Directors elect a senior independent director from among the independent directors.

The key functions of the senior independent director include:

- 1) acting as an advisor to the chairman of the Board of Directors and supporting him in communicating the goals he determines;
- 2) evaluating the performance of the Chairman of the Board of Directors;
- 3) succession planning for the Chairman of the Board of Directors;
- 4) in the event of disagreements between shareholders, the executive, the chairman and other directors, acting as a mediator in resolving disagreements.

69. The General Meeting of Shareholders elects members of the Board of Directors on the basis of 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 shall be taken into account.

70. The term of office of members of the Board of Directors shall coincide with the term of office of the entire Board of Directors and shall expire at the time the General Meeting of Shareholders decides to elect a new Board of Directors.

Members of the Board of Directors shall be elected for a term of up to three years and may be re-elected for a further term of up to three years, subject to satisfactory performance.

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

An independent director may not be elected to the Board of Directors for more than nine consecutive years. In exceptional cases, election for more than nine years is allowed, provided that such independent director is elected annually, with a detailed explanation of the need to elect this member of the Board of Directors and the impact of this factor on the independence of decision-making. No person should participate in decisions related to his/her own appointment, election and re-election.

71. The Board of Directors should be composed of 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.

72. A person shall not be elected to the position of a member of the Board of Directors who:

- 1) who has an unexpunged or not cancelled criminal record in accordance with the procedure established by law;
- 2) previously served as Chairman of the Board of Directors, head of the executive body, deputy head, chief accountant of another legal entity for a period of not more than one year prior to the adoption of a decision on forced liquidation or forced buyout of shares, or conservation of another legal entity recognised as bankrupt in accordance with the established procedure (this requirement shall apply for a period of five years after the date of adoption of a decision on forced liquidation or forced buyout of shares, or conservation of another legal entity).
- 3) who has committed a corruption offence.

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

- 1) work experience in managerial positions;
- 2) experience as a member of the Board of Directors;
- 3) length of service;
- 4) education, speciality, including international certificates;
- 5) competences in areas and industries (industries may vary depending on the asset portfolio);
- 6) business reputation;
- 7) direct or potential conflict of interest in case of election to the Board of Directors of the Organisation.

Requirements for candidates to the Fund's Board of Directors are determined by an internal document approved by the Fund's Board of Directors. The requirements for candidates to the Board of Directors of companies and organisations are determined by an internal document approved by the Foundation's Board of Directors.

74. The number of members of the Board of Directors is set individually, taking into account the scale of operations, business needs, current tasks, development plan and financial capabilities. The number of members of the Board of Directors should allow for the creation of the required number of committees. It is recommended to determine the number of members of the Board of Directors of the Company (organisation) in the range from 7 to 11 persons.

75. The composition of the Board of Directors is balanced, which means a combination of members of the Board of Directors (representatives of shareholders, independent directors, and the Head of the Executive Body) that ensures decision-making in the interests of the Organisation and fair treatment of shareholders.

A transparent process of selection of Board members is ensured, involving the Fund's Board of Directors (in relation to company boards) and the Organisation. The search for candidates and election is based on objective criteria and takes into account the need for diversity on the Board of Directors.

The search and selection process is conducted before the full term of office of the entire Board of Directors and the terms of office of individual members have expired.

76. The issue of election of the entire Board of Directors of the Company or individual members may be initiated in due course by a major shareholder or the Human Resources and Compensation Committee of the Fund through the Board of Directors of the Company.

77. Companies in which the fund owns 100 per cent of the shares have the following process for seeking and electing a member of the Board of Directors.

The Fund, together with the Chairman of the Board of Directors of the company and the Chairman of the Nomination and Remuneration Committee of the Board of Directors of the company:

- 1) conducts preparation and planning: analyses and determines the set of required competences and skills in the Board of Directors taking into account the company's objectives;
- 2) determines the channel of candidate search - independently or with the involvement of a recruiting organisation;
- 3) searches for candidates;
- 4) selects candidates: assessment, interviews and preparation of candidate proposals (candidates to the Board of Directors of companies are discussed with at least one member of the Nomination and Remuneration Committee of the Board of Directors of the Fund);
- 5) adopts a resolution by the sole shareholder;
- 6) publishes information on the company's Internet resource, press release.

The process of search and selection of independent directors of companies is carried out on a competitive basis. The procedure for selecting independent directors of companies is approved by the Fund's Management Board.

Holding companies use a similar process within their group.

In organisations with several shareholders, the process of electing members of the Board of Directors and the Chairman of the Board of Directors is carried out in accordance with the procedure determined by the Law on Joint Stock Companies and the Organisation's Charter.

It is recommended that organisations establish a Nomination and Remuneration Committee of the organisation's Board of Directors to determine the composition, required skills and competencies of the Board of Directors and candidates to the Board of Directors.

78. Independent Directors are elected to the Board of Directors. An independent director is a person who has sufficient professionalism and autonomy to make independent and objective decisions free from the influence of individual shareholders, the Executive Body and other stakeholders.

79. It is recommended to take into account the following circumstances that may prejudice the independence of an independent director:

- 1) is or has been an employee of a company more than fifty per cent of the voting shares (participatory interests) of which are directly owned by the fund by right of ownership or trust (hereinafter referred to as companies with direct participation of the fund), or of the group within the last three years;

- 2) has or has had within the last three years a material business relationship with a company with direct participation of the fund directly or as a partner, shareholder, director or general manager

of the body or maintains such a relationship with a company with direct participation of the fund;

3) has received or is receiving additional remuneration from a company with direct fund involvement in addition to director's remuneration, participates in a company with direct fund involvement share option or performance-related payment scheme, or is a member of a company with direct fund involvement pension scheme;

4) holds board membership or has connections with other directors through participation in other direct shareholding fund companies or bodies;

5) represents a major shareholder;

6) has served on the board for more than nine years since their first appointment.

If these or other relevant circumstances apply, and if the board considers that the independent director is independent, a clear explanation shall be provided.

80. Independent directors should actively participate in the discussion of issues where there may be a conflict of interest (preparation of financial and non-financial statements, conclusion of related-party transactions, nomination of candidates to the executive body, setting remuneration for members of the executive body). Independent Directors are elected as chairmen of the key committees of the Board of Directors - Audit, Nomination and Remuneration.

The Independent Director monitors possible loss of independence status and notifies the Chairman of the Board of Directors in advance in case of such situations. If there are circumstances affecting the independence of a member of the Board of Directors, the Chairman of the Board of Directors shall immediately bring this information to the attention of the shareholders in order to make an appropriate decision.

The Company and organisations should ensure that succession plans are in place to maintain continuity and progressive refreshment of the Board of Directors.

81. The Board of Directors approves an induction programme for newly elected members of the Board of Directors and a professional development programme for each member of the Board of Directors. The Corporate Secretary ensures the implementation of this programme.

During the induction process, members of the Board of Directors are familiarised with their rights and duties, key aspects of the Fund's, the Company's and the Organisation's activities and documents, including those related to the greatest risks.

82. The Chairman of the Board of Directors is responsible for the overall management of the Board of Directors, ensuring that the Board of Directors fully and effectively implements its core functions and builds a constructive dialogue between the members of the Board of Directors, major shareholders and the executive body.

In addition to formal general meetings, the Chairman should liaise regularly with major shareholders to understand their views on governance and strategy implementation. Committee chairmen should endeavour to engage with shareholders on significant issues within their area of responsibility. The Chairman should ensure that the board clearly understands the views of shareholders.

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

To fulfil the role of the Chairman of the Board of Directors, in addition to professional qualifications and experience, it is necessary to have special skills such as leadership, the ability to motivate, to understand different views and approaches, and to have skills in conflict resolution.

83. The roles and functions of the Chairman of the Board of Directors and the Head of the Executive Body of the Company (Organisation) are clearly separated and set out in the Charter of the Company (Organisation). The Head of the Executive Body is not elected by the Chairman of the Board of Directors.

The key functions of the Chairman of the Board of Directors include:

- 1) planning meetings of the Board of Directors and setting the agenda;
- 2) ensuring that members of the Board of Directors receive complete and relevant information for decision-making in a timely manner;
- 3) ensuring that the Board of Directors focuses on strategic issues and minimises current (operational) issues to be considered by the Board of Directors;
- 4) ensuring maximum efficiency of the Board of Directors' meetings by allocating sufficient time for discussions, comprehensive and in-depth consideration of agenda items, encouraging open discussions, and reaching agreed decisions;
- 5) building proper communication and interaction with shareholders, including organisation of consultations with major shareholders when making key strategic decisions;
- 6) ensuring monitoring and oversight of proper implementation of decisions made by the Board of Directors and the General Meeting of Shareholders (the Sole Shareholder);
- 7) in the event of corporate conflicts, taking measures to resolve them and minimise their negative impact on the Organisation's activities and timely informing major shareholders (the Sole Shareholder) if such situations cannot be resolved internally.

84. The Chairman of the Board of Directors may not be simultaneously the Chairman of the Management Board of the Foundation.

The Board of Directors considers issues in relation to the Company (Organisation) within its competence in accordance with the Charter of the Company (Organisation).

The Board of Directors of the Company (organisation) is elected by the general meeting of shareholders of the Company (organisation).

85. The level of remuneration of the members of the Board of Directors is sufficient to attract, retain and motivate each member of the Board of Directors at the level required for successful management of the Company (Organisation). The expected positive effect for the organisation from the person's participation in the Board of Directors is taken into account. The Human Resources and Remuneration Committee of the Company makes proposals on the amount of remuneration for candidates to independent directors.

Remuneration to a member of the Board of Directors of the Company (Organisation) is set in accordance with the methodology developed by the Fund.

The expected positive effect for the Company (Organisation) from the person's participation in the Board of Directors is taken into account.

In an organisation with several shareholders, the relevant rules for remuneration of members of the Board of Directors are developed on the basis of the Foundation's methodology and approved by the General Meeting of Shareholders. The Human Resources and Remuneration Committee of the Organisation makes proposals on the amount of remuneration for candidates for Independent Directors.

Remuneration levels for the Chairman and all members of the Board of Directors include the time commitment and responsibilities of the position.

No individual should be involved in decisions relating to their own remuneration.

Remuneration should fairly reflect the expected contribution of a Board member to the effectiveness of the entire Board and the Company's operations. When setting remuneration, the responsibilities of Board members, the scale of the Company's operations, long-term goals and objectives defined by the development plan, the complexity of the issues considered by the Board of Directors, and the level of remuneration in similar companies (benchmarking, remuneration review) shall be taken into account.

86. Members of the Board of Directors are generally paid a fixed annual remuneration, as well as additional remuneration for chairing the Board of Directors and participating in and chairing Board committees. The remuneration of a member of the Board of Directors shall not include options or other elements linked to the Company's performance.

The General Meeting of Shareholders of the Company (Organisation) determines the amount and terms of remuneration and reimbursement of expenses to the member(s) of the Board of Directors of the Company (Organisation).

Members of the Board of Directors of the Company (organisation) who are civil servants do not receive separate remuneration for membership in the Board of Directors and its committees.

87. For more in-depth and qualitative consideration of issues, the Board of Directors of the Fund establishes standing committees: Audit, Nomination and Remuneration, Strategy, Specialised Committee. Other committees may be established at the discretion of the Board of Directors of the Foundation. The Strategy Committee considers issues of strategic planning, the head of which is the first head of the central authorised body for state planning.

The activity of the committees of the Board of Directors of the foundation contributes to a deep and thorough consideration of issues within the competence of the Board of Directors and

improves the quality of the decisions made, especially in such areas as audit, risk management, proper and effective application of the procurement procedure by the foundation and organisations, appointment and remuneration of members of the Board of Directors and the executive body, sustainable development, including occupational safety and environmental protection. The existence of committees does not exempt members of the Board of Directors from responsibility for decisions made within the competence of the Board of Directors.

The Committees are established to conduct detailed analyses and develop recommendations on the most important issues before they are considered at a meeting of the Board of Directors. The final decision on issues considered by the Committees is made by the Board of Directors.

The Board of Directors decides on the establishment of committees, determines their personal and numerical composition, chairpersons, term of office, as well as their functions and operating procedures.

88. The committees are composed of members of the Board of Directors of the Foundation and experts with the necessary professional knowledge to work in a particular committee.

89. The specialised committee of the foundation carries out a comprehensive and objective analysis of the impact of the activities of the organisations included in the group of the foundation on the development of the economy or a particular sector of the economy in accordance with the Law on the foundation. A permanent member of the Specialised Committee - expert with the right to vote is a representative of the Supreme Audit Chamber of the Republic of Kazakhstan.

Control over the use by the Fund and organisations of the allocated funds of the republican budget, the National Fund of the Republic of Kazakhstan for compliance with the financial and economic justification, assessment of the effectiveness of budget investments fall within the competence of the Supreme Audit Chamber of the Republic of Kazakhstan.

Independent directors make up the majority of the other committees of the Board of Directors of the Fund.

90. Committees are composed of members of the Board of Directors who have the necessary professional knowledge, competences and skills to work in the committee. The existence of potential conflicts of interest should be taken into account when forming the composition of committees. In addition to professional competencies, committee chairmen possess organisational and leadership skills and good communication skills to effectively organise the committee's activities.

The Boards of Directors establish committees whose competence includes consideration of audit, risk management, nomination and remuneration issues.

91. Companies whose operations involve the risk of accidents and technological disasters (e.g. industrial companies, air and railway transport) should establish industrial safety committees. In order to improve the efficiency of investment decision-making, it is recommended that one of the committees under the Board of Directors include in its competence issues related to the organisation's investment activities, the consideration of which falls within the competence of the Board of Directors. Depending on the composition, size and current tasks of the Board of

Directors, other areas of activities of the committees on strategy, investment and other issues are envisaged. The composition of the Committee includes at least 3 persons.

92. The Audit Committee shall include independent directors. If the Committee engages a qualified expert, this person shall not have the right to vote. The decision to engage an expert shall be made by the Audit Committee, and the engagement shall be reviewed annually for performance and independence.

Members of the Audit Committee are required to have in-depth knowledge and practical experience in accounting and auditing, risk management and internal control. The basic functions of the Audit Committee include internal and external audit, financial reporting, internal control and risk management, compliance with the laws of the Republic of Kazakhstan, internal documents and other matters as instructed by the Board of Directors.

93. The Human Resources and Remuneration Committee includes a majority of independent directors in order to develop objective and independent decisions and to prevent interested parties (representatives of shareholders, the head of the executive body, employees and other persons) from influencing the judgements of the Committee members.

The members of this Committee are required to have in-depth knowledge and practical experience in human resources management and performance evaluation, as well as in corporate governance.

The committee is chaired by an independent director.

The basic functions of the Committee include issues of appointment, setting motivational KPIs, performance evaluation, remuneration and succession planning for the head and members of the executive body, issues of appointment and remuneration of the Corporate Secretary, as well as participation in consideration of the above issues in relation to the composition of the Board of Directors itself, in cases where such powers are granted by the General Meeting of Shareholders (Sole Shareholder). In this case, the members of the Human Resources and Remuneration Committee do not allow a conflict of interest situation to arise and do not participate in the consideration of their own appointment and/or remuneration.

The Human Resources and Remuneration Committee analyses the staff remuneration policy and related policies and agrees incentives and remuneration arrangements, taking them into account when determining the remuneration policy for the Executive Director.

94. Only committee members shall attend committee meetings. Other persons may attend only at the invitation of the committee. The committees engage experts and consultants when necessary.

95. The functions, powers, composition and process of organising the activities of the committees are regulated in the respective regulations and approved by the Board of Directors. The committees approve their work plan (recommended before the beginning of the calendar year), which is coordinated with the work plan of the Board of Directors, specifying the list of issues to be considered and the dates of meetings.

96. The frequency of committee meetings shall be at least 4 meetings per year. Meetings of the Committees shall be held in person and minutes shall be drawn up. In order to create favourable



conditions and reduce the cost of committee meetings, committee members may participate via technical means of communication.

97. Committee Chairmen shall prepare a report on committee activities and report to the Board of Directors at a separate meeting on the results of their activities for the year. The Chairman of the Board of Directors has the right to request the committees to provide information on their activities during the year.

98. The preparation and holding of meetings of the Board of Directors contribute to maximising the efficiency of its activities. To fulfil their duties, members of the Board of Directors have access to complete, relevant and timely information.

99. The Board of Directors meets regularly to fulfil its functions effectively. Meetings of the Board of Directors and its committees shall be held through in-person or absentee voting, and the number of meetings with absentee voting shall be minimised. Consideration and decision-making on matters of an important and strategic nature shall be carried out only at meetings of the Board of Directors in person.

100. Meetings of the Board of Directors and its committees shall be duly minuted by the Corporate Secretary, indicating in full the results of discussions and decisions taken.

Meetings of the Board of Directors shall be held in accordance with the work plan approved before the beginning of the calendar year, including the list of issues to be considered and the schedule of meetings with indication of dates.

101. The recommended frequency of meetings of the Board of Directors shall be from 8 to 12 meetings per year. It is recommended to evenly distribute the number of issues scheduled for consideration during the year to ensure thorough and full discussion and timely and high-quality decisions.

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

102. Materials for meetings of the Board of Directors of the Company shall be sent to the members of the Board of Directors not later than 10 working days prior to the date of the meeting of the Board of Directors.

The agenda of the meeting of the Board of Directors shall not include the issues, materials for which were provided in violation of the deadlines. In case of inclusion of issues in the agenda with a delay, the Chairman of the Board of Directors shall be provided with a comprehensive justification of this necessity.

103. The Board of Directors makes decisions on the basis of complete, reliable and quality information. In order for the Board of Directors to make effective and timely decisions, the following factors shall be ensured:

1) high quality of materials, information, documents provided to the Board of Directors, including translation into English if necessary;

2) obtaining expert (internal and external) opinions, if necessary (it should be taken into account that the involvement of experts does not relieve the Board of Directors of responsibility for the decision taken);

- 3) time devoted to discussions at the meetings of the Board of Directors, especially for important and complex issues;
- 4) timely consideration of issues;
- 5) decisions set out a plan of further actions, deadlines and responsible persons.

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

- 1) dominance of one or several directors at the meeting, which limits full participation of other directors in the discussions;
- 2) formal attitude to risks;
- 3) pursuit of personal interests and low ethical standards;
- 4) formal decision-making at the Board meeting, without real and active discussions;
- 5) an attitude of uncompromising (lack of flexibility) or lack of desire for development (contentment with the current situation);
- 6) weak organisational culture;
- 7) lack of information and/or analysis.

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

104. Meetings of the Board of Directors and its committees shall be held by means of in-person or absentee voting (with a justification of the reasons for choosing an absentee voting form); the number of meetings with absentee voting should be minimised. Consideration and decision-making on strategic business issues shall be carried out only at meetings of the Board of Directors with in-person voting.

In special cases, it is possible to combine both forms of meetings of the Board of Directors and its committees. This applies to the situation when one or more members of the Board of Directors are unable to attend a meeting of the Board of Directors in person.

105. The quorum for holding a meeting of the Board of Directors shall be at least half of its members and shall be determined taking into account the members of the Board of Directors who participate in the discussion and voting of the issues under consideration using technical means of communication (videoconference, telephone conference call, etc.) or if their votes are expressed in writing.

A member of the Board of Directors who has an interest in an issue submitted for consideration by the Board of Directors shall not participate in the discussion and voting on such issue, and a corresponding entry shall be made in the minutes of the meeting of the Board of Directors.

106. The statute of limitations for non-disclosure of internal (proprietary) information of the Company by former members of the Board of Directors after termination of their activities as members of the Board of Directors shall be at least 5 years.

The Board of Directors is recommended to audit previously adopted decisions. Both the decision itself and the process of its adoption should be analysed. It is recommended that the Board of Directors audit previously adopted decisions when assessing its performance.

107. The Board of Directors, committees and Board members are evaluated on an annual basis through a structured process approved by the Company's Board of Directors. This process is consistent with the Foundation's methodology. At least once every three years, the evaluation is carried out with the involvement of an independent professional organisation. The methods of assessment are self-assessment or engagement of an independent consultant to improve the quality of assessment. Upon agreement with the General Meeting of Shareholders (Sole Shareholder) or the Chairman of the Board of Directors, the assessment may be carried out with the involvement of an independent professional organisation once every three years.

The assessment should make it possible to determine the contribution of the Board of Directors and each of its members to the growth of long-term value and sustainable development of the Company (Organisation), as well as to identify areas and recommend measures for improvement. The results of the assessment shall be taken into account in the re-election or early termination of powers of the Board of Directors members.

The Company complies with the Fund's internal regulations on the organisation and performance evaluation of the Board of Directors and its committees, the Chairman, members of the Board of Directors and the Corporate Secretary, as well as corporate governance diagnostics.

108. Evaluation is one of the main tools for improving the professionalism of the Board of Directors and its individual members. Conducting an evaluation is mandatory for both independent directors and shareholder representatives.

The assessment should comply with such criteria as regularity, comprehensiveness, continuity, realism, and confidentiality.

The process, terms and procedure for evaluation of the performance of the Board of Directors, its committees and members of the Board of Directors are clearly regulated in the Company's (Organisation's) internal documents. The Chairman and members of the Board of Directors are trained in conducting the evaluation.

109. The evaluation includes, but is not limited to, consideration of the following issues:

1) the optimality of the composition of the Board of Directors (balance of skills, experience, diversity of composition, objectivity) in the context of the challenges facing the Company;

2) clarity of understanding of the organisation's vision, strategy, key objectives, challenges and values;

3) succession and development plans;

4) functioning of the Board of Directors as a single body, the role of the Board of Directors and the head of the executive body;

5) efficiency of interaction in the Board of Directors, the Board of Directors with the Company's bodies and officials;

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

7) efficiency of the committees of the Board of Directors and their interaction with the Board of Directors, members of the executive body;

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

9) quality of discussions at the Board of Directors, committees;

10) efficiency of the corporate secretary's activity;

11) clarity of understanding of processes and competences;

12) the process for identifying and assessing risks;

13) interaction with shareholders and other stakeholders.

The evaluation of the Board of Directors, its committees and members of the Board of Directors, providing feedback to the members of the Board of Directors and developing follow-up actions for improvements are led by the Chairman of the Board of Directors. The results of the evaluation are discussed at a separate meeting of the Board of Directors, which results in a development programme for the Board of Directors as a whole and individually for each of its members.

110. The Chairman of the Board of Directors is responsible for the entire evaluation process and for acting on its results.

The key roles in the evaluation process are allocated as follows:

1) the Chairman of the Board of Directors leads the evaluation process, provides feedback to the entire Board of Directors and each of its members, informs the Sole Shareholder(s) of the evaluation results and discusses improvement measures, and monitors the implementation of the action plan based on the evaluation results;

2) the Chairman of the Human Resources and Remuneration Committee ensures the process of evaluation of the Chairman of the Board of Directors;

3) Chairmen of the Committees ensure the process of evaluation of the performance of the Committees they chair;

4) an independent consultant (if engaged) acts as a moderator and methodologist, organises and coordinates the evaluation process;

5) members of the Board of Directors ensure active participation, openness, honesty and involvement.

The results of the evaluation serve as a basis for re-election of the entire Board of Directors or an individual member thereof, revision of the composition of the Board of Directors and the amount of remuneration to the members of the Board of Directors. If there are serious shortcomings in the performance of individual members of the Board of Directors, the Chairman of the Board of Directors consults with major shareholders.

In the annual report, the Board of Directors reflects how the Board of Directors was evaluated and the measures taken to address the results. If an independent consultant has been engaged, it is indicated whether the independent consultant has provided other consulting services to the Fund, the Company and organisations during the last three years.

111. In order to effectively organise the activities of the Board of Directors and interaction of the Board of Directors, the Executive Body with the shareholders, the Board of Directors of the Company (Organisation) appoints a Corporate Secretary.

The Board of Directors shall decide on the appointment of the corporate secretary and early termination of his/her powers, determine the term of office of the corporate secretary, requirements to the corporate secretary, functions and procedure of activity, the amount of the official salary and terms of remuneration, decide on the establishment of the service (secretariat) of the corporate secretary. The Corporate Secretary reports to the Board of Directors of the Company (Organisation) and is independent from the Executive Body of the Company (Organisation).

The decision to appoint a corporate secretary in organisations established in the form of a limited liability partnership is made at the discretion of the Supervisory Board.

112. The main duty of the Corporate Secretary is to ensure timely and high-quality adoption of corporate decisions by the Board of Directors and the General Meeting of Shareholders of the Company (Organisation), to ensure effective interaction between the Board of Directors, the Executive Body and the Shareholders. In addition, the functions of the Corporate Secretary include oversight of good corporate governance practices.

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

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

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

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

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

- 4) recording the minutes of the meetings of the Board of Directors and its committees, ensuring storage of minutes, transcripts, audio-video recordings, materials of the meetings of the Board of Directors and its committees;
- 5) advising the members of the Board of Directors on the legislation of the Republic of Kazakhstan, the Charter of the Company (Organisation), this Code, internal documents of the Company (Organisation), monitoring of changes and timely informing the members of the Board of Directors;
- 6) organisation of induction of newly elected members of the Board of Directors;
- 7) organisation of training of members of the Board of Directors and engagement of experts;
- 8) organisation of interaction of members of the Board of Directors with shareholders and the executive body.

In terms of ensuring interaction with shareholders:

- 1) organisation of holding general meetings of shareholders;
- 2) timely sending materials on issues submitted for consideration by the General Meeting of Shareholders for adoption of relevant decisions;
- 3) Minutes of the General Meeting of Shareholders, storage of minutes, transcripts, materials of the General Meeting of Shareholders;
- 4) ensuring proper interaction of the Organisation with shareholders, including control over provision of information to shareholders' requests on a timely basis.

In terms of implementation of good corporate governance practices:

- 1) monitoring the implementation of and compliance with the principles and provisions of this code;
- 2) preparing a report on compliance with the principles and provisions of this code;
- 3) detection of violations of the corporate governance norms set forth by the legislation, the Charter and other internal documents of the Company (organisation) within the scope of performance of its functions;
- 4) advising shareholders, officials, employees of the Organisation on corporate governance issues of the Company (Organisation);
- 5) monitoring the best international practices in the field of corporate governance and making proposals to improve corporate governance practices in the Company (Organisation).

Assignment of other duties to the Corporate Secretary should be carried out taking into account the current workload of the Corporate Secretary. Assignment of new duties should not contribute to poor performance of the functions set out in this Code. New functions should not

duplicate the functions of other structural subdivisions and officials. In case of duplication, the performer of such functions should be reconsidered.

113. To perform his/her duties professionally, the corporate secretary shall possess knowledge, experience and qualifications, impeccable business reputation and enjoy the confidence of the Board of Directors and shareholders. Depending on the size of the organisation and the scope of its activities, a corporate secretary service shall be established.

114. A person with a higher legal or economic education, at least five years of work experience and practical knowledge of corporate governance and corporate law shall be appointed to the position of the Corporate Secretary.

115. In order to improve the efficiency of preparation and holding of meetings of the Board of Directors, it is recommended to periodically discuss the completeness and usefulness of the materials provided to the members of the Board of Directors. The results of these discussions shall serve as a basis for assessing the effectiveness of the Corporate Secretary's performance.

116. The organisation develops an induction and succession planning programme for the Corporate Secretary. The search and appointment of the Corporate Secretary is based on open and transparent procedures set out in the Company's (Organisation's) internal documents.

117. The Corporate Secretary carries out his/her activities on the basis of a regulation approved by the Board of Directors, which specifies functions, rights and duties, the procedure for interaction with the Company's (Organisation's) bodies, qualification requirements and other information.

In order to ensure effective interaction and information flow between the Company's (Organisation's) bodies, the Corporate Secretary has the ability to build fruitful relationships and has skills to resolve conflict situations. In the event of a conflict of interest situation, the Corporate Secretary shall bring this information to the attention of the Chairman of the Board of Directors.

118. To fulfil its functions, the Corporate Secretary shall have the following powers:

1) to request and receive from the Company's bodies, officials and employees documents and information necessary for decision-making at meetings of the Board of Directors and general meetings of shareholders;

2) to take measures to organise meetings of the Board of Directors and General Shareholders' Meetings, to inform the Company's (organisation's) officials about the decisions made, and to follow up on their execution;

3) interact directly with shareholders, Chairman and members of the Board of Directors, the first manager and members of the executive body, employees of the Company (Organisation).

The executive body of the Company (Organisation) shall provide the Corporate Secretary with comprehensive assistance in the performance of his/her powers.

119. The Company's (Organisation's) budget shall include items of expenses to support the activities of the Board of Directors and the Corporate Secretary, including expenses related to

travelling to the place of meetings, accommodation and other trips within the framework of performance of assigned duties. It is recommended to provide funds for training and development of the Board of Directors' members and engagement of external consultants and experts by the Board of Directors and its committees. The corporate secretary shall formulate a budget of expenses to support the activities of the Board of Directors and the corporate secretary and send it to the relevant structural subdivision of the Company (Organisation).

The Corporate Secretaries of the Company and the Organisation shall provide explanations regarding the provisions of this Code and their application.

120. The Company shall establish a collegial executive body - the Management Board. In organisations, as well as in case of establishment of a joint venture organisation, the executive body may be collegial or sole at the discretion of shareholders (participants).

The Head and members of the Executive Body must have high professional and personal characteristics, as well as an impeccable business reputation and adhere to high ethical standards.

The Executive Body of the Organisation established in the form of a joint stock company is accountable to the Board of Directors, regularly reports to the Board of Directors on its performance and manages the daily operations of the Organisation, and is responsible for the implementation of the development plan, action plan and decisions adopted by the Board of Directors and the General Meeting of Shareholders.

121. The Board of Directors elects the Head and members of the Executive Body, determines the terms of office, the amount of the official salary, and the terms of remuneration of their labour. The Human Resources and Remuneration Committee plays a key role in the process of searching and selecting candidates for the executive body and determining their remuneration.

The recommended number of women in the collegial executive bodies of the Company and organisations is at least thirty percent of the total number of members of the collegial executive bodies.

122. Proposals on candidates for election to the collegial executive body shall be submitted by the head of the executive body for consideration by the Human Resources and Remuneration Committee. If the Board of Directors rejects a candidate proposed by the Head of the Executive Body for the same vacant position in the Executive Body for the second time, the right to propose a candidate for this vacant position is transferred to the Board of Directors.

123. The Board of Directors may terminate the powers of the Head and members of the Executive Body at any time.

It is recommended to elect the head and members of the executive body of the Company (Organisation) for a term of up to three years. The term of office of the head and members of the executive body shall coincide with the term of office of the executive body as a whole.

124. A candidate for the position of the first head of the Company shall be submitted (recommended) for appointment (election) by the Prime Minister of the Republic of Kazakhstan, agreed by the Head of Administration in accordance with the procedure established by the act of the President of the Republic of Kazakhstan.



The procedure of search and election of the head of the executive body of the Company shall be conducted in accordance with the internal documents of the Fund and the Company.

125. The Head and members of the Executive Body of the Company (Organisation) shall be evaluated by the Board of Directors of the Company (Organisation). The main evaluation criterion is the achievement of the set KPIs.

The motivational KPIs of the Head and members of the Executive Body are approved by the Board of Directors.

Proposals regarding the motivational KPIs of the members of the Executive Body are submitted by the Head of the Executive Body for consideration by the Board of Directors.

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

126. The Executive Body holds face-to-face meetings and discusses the implementation of the development plan, resolutions of the General Meeting of Shareholders (the Sole Shareholder), the Board of Directors and operational activities. Particular attention is paid to issues of industrial safety. It is recommended to hold meetings of the Executive Body on a regular basis. The cases of holding meetings in absentia should be limited and defined in the Company's (organisation's) documents.

127. The executive body shall form a work plan for the coming year with a list of issues before the beginning of the calendar year. Members of the Executive Body should receive materials for consideration in advance and of appropriate quality. When considering important and complex issues, such as strategy and development plans, investment projects, risk management, several meetings may be held. In order to thoroughly prepare such issues, taking into account the scale and specificity of the organisation's activities, it is recommended to establish special committees, project and/or working groups working on specific tasks. The rights, duties, competence and responsibility of these bodies are set out in the Company's (Organisation's) internal documents.

128. When considering each issue, a separate discussion is devoted to the risks associated with making/not making a decision and their impact on the value and sustainable development of the Company (Organisation).

All issues submitted at the initiative of the Executive Body for consideration by the Board of Directors and the General Meeting of Shareholders shall be preliminarily considered and approved by the Executive Body.

129. The Head and members of the Executive Body meet with the labour collective, if there are branches and organisations of the Group in other regions, visit such facilities, hold meetings, video conferences at least once a year.

The Head and members of the Executive Body show high standards of ethical behaviour and set an example for the Company's (organisation's) employees.

The Head and members of the Executive Body do not allow a conflict of interest situation to arise. If a conflict of interest arises, they shall notify the Board of Directors or the Head of the Executive Body in advance, record it in writing, and shall not participate in decision-making on the issue.

130. A member of the executive body may work in other organisations only with the approval of the Board of Directors. The head of the executive body or a person solely exercising the functions of the executive body shall not be authorised to hold the position of the head of the executive body or a person solely exercising the functions of the executive body of another legal entity.

131. Succession planning of the executive body shall be ensured in the Company (organisation). The mechanism and terms of re-election of members of the executive body should motivate them to achieve long-term results, providing for the possibility of early dismissal in case of failure to fulfil key performance indicators.

In the event of a change of the Head and/or the composition of the Executive Body, it is recommended to ensure the principle of continuity in the composition of the Executive Body, while taking into account the results of their performance in the areas under their supervision when considering the re-election of individual members of the Executive Body. In the event of a change of the Chairman of the Board of Directors, it is recommended to ensure continuity in the composition of the Board of Directors.

132. The Executive Body shall ensure the creation of an optimal organisational structure.

The organisational structure is aimed at:

- 1) efficiency of decision-making;
- 2) increased productivity;
- 3) responsiveness of decision making;
- 4) organisational flexibility.

Candidates for vacant positions of the Company (Organisation) are selected on the basis of open and transparent competitive procedures. The Company (Organisation) has a pool of personnel reserve employees from which appointments to middle and top management positions can be made in the future. Employees are evaluated on an annual basis.

133. Cases of violation of the Code of Business Ethics by members of the Executive Body shall be brought to the attention of the Board of Directors by the Head of the Executive Body.

A member of the Executive Body who has committed a violation of the Code of Business Ethics may not be a member of the Executive Body of any other Organisation.

134. In case of corporate conflicts, the participants seek ways to resolve them through negotiations in order to ensure effective protection of the interests of the Organisation and Stakeholders.

The effectiveness of work on prevention and settlement of corporate conflicts implies, first of all, the fullest and earliest possible identification of such conflicts and clear coordination of actions of all bodies of the Company (Organisation).

Corporate conflicts are considered by the Chairman of the Board of Directors of the Company (Organisation) with the assistance of the Corporate Secretary. If the Chairman of the Board of Directors is involved in a corporate conflict, such cases shall be considered by the Human Resources and Remuneration Committee.

#### **Chapter 6. Risk management, internal control, audit, compliance and ombudsman**

135. The Company and the Organisations shall have in place an effectively functioning risk management and internal control system aimed at providing reasonable assurance that the Company and the Organisations will achieve their strategic and operational objectives and representing a set of organisational policies, procedures, norms of conduct and actions, methods and management mechanisms established by the Board of Directors and the executive of the Company (Organisation) to ensure:

- 1) optimal balance between the growth of the Company's (organisation's) value, profitability and the risks accompanying them;
- 2) efficiency of financial and economic activities and achievement of financial stability of the Company (Organisation);
- 3) safety of assets and efficient use of the Company's (Organisation's) resources;
- 4) completeness, reliability and authenticity of financial and management reporting;
- 5) compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents;
- 6) proper internal control to prevent fraud and provide effective support for the functioning of core and auxiliary business processes and analysis of performance results.

The Board of Directors and the Executive Body shall ensure the introduction of a culture of proper risk management in the Company (Organisation). Implementation and functioning of the risk management and internal control system in the Company (Organisation) should have a clear regulatory framework based on best practices.

136. The Board of Directors of the Company (Organisation) determines the principles and approaches to the organisation of the risk management and internal control system based on the objectives of this system and taking into account the best practices and methodology of the Fund in the field of risk management and internal control.

The Board of Directors approves internal documents that define the principles and approaches to the organisation of an effective risk management and internal control system, demonstrating the Company's (Organisation's) commitment to the best practices in the field of risk management and internal control (COSO Integrated Concept for Building an Internal Control System, Concept (COSO) 'Organisational Risk Management. Integrated Model' of the Committee of Sponsoring Organisations of the Treadway Commission, International Standard ISO 31000 'Risk Management. Principles and Guidelines', International Standard ISO 31010 'Risk Management. Risk Assessment Techniques', etc.) and anti-corruption, compliance (International Standard ISO 37001:2016 'Anti-Bribery Management Systems. Requirements and guidance for use").

137. The organisation of an effective risk management and internal control system of the Company (organisation) is aimed at building a management system capable of ensuring an accurate understanding of the reasonableness and acceptability of the level of risks by employees, management, bodies of the Company (organisation) when making decisions,

responding quickly to risks, exercising control over the main and auxiliary business processes and daily operations, as well as immediately informing the management of the appropriate level of any significant shortcomings and areas of concern.

The principles and approaches to organising an effective risk management and internal control system include:

- 1) defining the purpose and objectives of the risk management and internal control system;
- 2) the organisational structure of the risk management and internal control system, covering all levels of decision-making and taking into account the role of the appropriate level in the process of development, approval, application and evaluation of the risk management and internal control system;
- 3) basic requirements for the organisation of the risk management process (approaches to the determination of risk appetite, risk identification and assessment procedure, determination of response methods and monitoring);
- 4) requirements to the organisation of the internal control system and control procedures (characterisation of key areas and main components of the internal control system, procedure for assessment of efficiency and reporting in the field of internal control).

The Company's (Organisation's) internal documents should formalise the role and tasks, responsibilities of the Company's (Organisation's) bodies, Audit Commission, internal audit units and other units of the Company (Organisation), as well as the procedure for their interaction within the framework of organisation and operation of the risk management and internal control system.

When approving internal documents in the field of risk management and internal control, the Board of Directors of the Company (Organisation) shall be guided by the regulatory documents adopted by the Fund that regulate risk management and internal control issues.

The internal regulatory documents of the Company and holding companies should stipulate the responsibility of the boards of directors and executive bodies to organise and ensure effective functioning of the risk management and internal control system on a consolidated basis.

138. The executive bodies of the Company (organisation) shall ensure that an effective risk management and internal control system is established and maintained. The risk management process is integrated with the processes of planning (development plan and action plans, annual budget) and evaluation of the Company's (Organisation's) performance (management reporting).

Each official of the Company (Organisation) ensures that risks are properly considered when making decisions.

The Executive Body of the Company (Organisation) ensures implementation of risk management procedures by employees with appropriate qualifications and experience.

The executive body shall:

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

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

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

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

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

139. In order to implement the principles of internal control and ensure the effectiveness of the risk management and internal control system, the executive body distributes powers, duties and responsibility for specific risk management and internal control procedures among the following level managers and/or heads of structural units/business process owners.

In accordance with their functional duties, heads of structural units/business process owners are responsible for the design, documentation, implementation, monitoring and development of the risk management and internal control system in the functional areas of the Company's (organisation's) activities entrusted to them.

The organisational structure of the risk management and internal control system in the Company (organisation) (depending on the scale and specifics of its activities) should provide for the presence of a structural unit (structural units) responsible for the functioning of the risk management and internal control system, the tasks of which include:

1) general coordination of risk management and internal control processes;

2) development of methodological documents in the field of risk management and internal control and provision of methodological support to business process owners and employees in the process of identification, documentation of risks, implementation, monitoring and improvement of control procedures, formation of action plans to respond to risks;

3) organisation of employee training in the field of risk management and internal control;

4) preparation of consolidated reporting on risks, informing the Board of Directors and the Executive Body on issues stipulated by internal documents in the field of risk management and internal control;

5) taking measures to improve the risk management and internal control system.

140. It is recommended that the manager supervising the risk management and internal control function should not be the owner of the risk, which ensures its independence and objectivity. It is prohibited to combine risk management and internal control functions with

functions related to economic planning, corporate finance, treasury, investment activities, internal audit. Combination with other functions is allowed if there is no significant conflict of interest.

The risk management and internal control system of the Company (Organisation) is based on a high risk management culture conducted by the executive body, providing for mandatory procedures for identification, assessment and monitoring of all significant risks, as well as taking timely and adequate measures to reduce the level of risks that may adversely affect the achievement of strategic goals, the implementation of operational objectives and the reputation of the Company (Organisation).

141. Risk management procedures shall ensure prompt response to new risks, their clear identification and determination of risk owners. In case of any unforeseen changes in the competitive or economic environment of the Company (organisation), the risk map shall be urgently reassessed and aligned with the risk appetite.

142. For a holistic and clear understanding of the inherent risks of the Company (Organisation), risks are identified and assessed on a regular basis and reflected in the risk register/map, risk response action plan (process improvement, minimisation strategies) approved by the Board of Directors.

The carried out risk assessment, which makes it possible to assess the compliance of risks with the approved risk appetite and the impact of risks on the implementation of the Company's development plan, results in measurable indicators.

143. Employees of the Company (organisation) on a daily basis work with risks, manage them and monitor their potential impact in the sphere of their functional duties.

144. Information on risks should be an integral part of management reporting. The Board of Directors and the Executive Body should regularly receive information on key risks and their analysis in terms of their impact on the Company's (organisation's) strategy and business plans.

Approval of quarterly consolidated risk reports is assigned to the Board of Directors.

145. In the Company (organisation), sustainable development should be integrated into:

1) management system (the sustainable development management system clearly defines and enshrines the roles, competences, responsibilities of each body and all employees for the implementation of principles, standards and relevant policies, and sustainable development plans);

2) development plan by integrating Environmental, Social, and Corporate Governance (hereinafter referred to as ESG) goals;

3) risk management system (the Company and organisations shall improve practices of environmental and climate change risk management);

4) investment decision-making process (it is necessary to integrate the practice of analysis of material ESG factors and ESG risk assessment to identify investment risks and opportunities that are likely to affect the Company's (Organisation's) performance and investment efficiency);

5) remuneration system for top management and management (the Company and the Organisations develop and publicly disclose ESG targets, ESG targets are used to assess the performance of managers);

6) key processes, including planning (long-term, medium-term (5-year plan) and short-term (annual budget) periods), reporting, human resources management, operations and others, as well as decision-making processes at all management levels;

7) a system of regular stakeholder engagement, which implies the provision of relevant and reliable information, ensuring the possibility of bilateral dialogue, awareness of environmental hazards and risks associated with the activities of portfolio companies, and the development of a flexible grievance mechanism.

Holding companies have a consolidated stakeholder map for their group and draw up an appropriate plan of interaction with such parties.

The Board of Directors and the executive body of the Company (organisations) ensure the formation of an appropriate system in the field of sustainable development and its implementation.

The Company and the Organisations develop sustainability action plans taking into account international standards and best practices.

The Board of Directors provides strategic guidance and control over the implementation of the sustainable development system. The Executive Body forms the relevant plan and submits it to the Board of Directors for consideration.

146. In order to thoroughly prepare issues in the field of sustainable development, it is recommended to establish a committee or delegate ESG issues to one of the existing committees under the Board of Directors of the Company (organisation).

The Audit Committee monitors sustainability risks, quality of non-financial information and reporting.

All employees and officers at all levels contribute to sustainable development, implement sustainability principles and activities through personal behaviour and compliance with relevant policies and standards.

The Company and organisations should take measures to adopt and comply with the principles of sustainable development in their relationships with partners.

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

Control procedures are a documented system of measures and actions to ensure effective internal control over the implementation of goals, objectives and plans of the Company (Organisation),

identification and execution of non-standard operations, as well as prevention, limitation and avoidance of risks and possible misconduct on the part of officials and employees of the Company (Organisation).

Control procedures shall be implemented at all management levels and be subject to compliance by all employees and bodies of the Company and organisations.

Control procedures cover three key areas: operational activities, preparation of financial statements, compliance with the requirements of the legislation of the Republic of Kazakhstan, internal documents and are aimed at:

- 1) reducing the probability of possible risks;
- 2) prevention of errors and/or identification of errors after they have occurred;
- 3) identification and elimination of duplicative and redundant operations;
- 4) identification of deficiencies and areas for improvement;
- 5) further improvement of the internal control system.

148. The Board of Directors of the Company (organisation) should take appropriate measures to ensure that the current risk management and internal control system complies with the principles and approaches to its organisation determined by the Board of Directors and functions effectively. Risk reports should be brought to the Board of Directors' meetings at least once a quarter and discussed properly in full.

149. The Board of Directors of the Company (organisation) together with the Audit Committee shall be responsible for assessing the effectiveness of the risk management and internal control system and shall form its own opinion on its effectiveness after proper and thorough analysis of the information and assurances communicated to it by the internal audit unit or external expert, the Audit Committee and the executive body.

150. The Board of Directors should regularly review the organisation, operation and effectiveness of the risk management and internal control system and, if necessary, make recommendations for its improvement.

Implementation of control procedures provides for the development/updating of business process flowcharts indicating process-level risks and control procedures, development/updating of a matrix of risks and controls by business process, testing of control procedures and assessment of their effectiveness, formation of an action plan for further improvement of the internal control system.

Responsibility for approval of control procedures is assigned depending on the nature and materiality of the risk in relation to which the relevant control procedures are established.

151. The Company (organisation) shall have an Internal Audit Service (hereinafter - IAS) to provide the Board of Directors with independent and objective assurance and advice aimed at improving the risk management, internal control and corporate governance systems.



The Board of Directors of the Company (Organisation) determines the quantitative composition, term of office, appoints its head, as well as early termination of his/her powers, determines the procedure for its work, the amount and terms of remuneration and bonuses for IAS employees.

The IAS of the Company/organisation reports directly to the Board of Directors of the Company/organisation and is independent from the executive body of the Company/organisation.

The key responsibilities of the IAS include assessing the quality of the internal control and risk management system in the fund and reporting to the Board of Directors on the adequacy and effectiveness of this system. The main objective of the IAS is to contribute to the improvement of the Company's/organisation's performance.

152. Internal audit in the Company (organisation) shall be carried out through the establishment of a separate structural unit - the IAS (in organisations in the form of limited liability partnerships, the internal audit functions shall be assigned to an audit commission/auditor functionally reporting to the Supervisory Board; at the same time, the objectives, functions and tasks of the audit commission/auditor and the procedure for its interaction with the bodies of the organisation shall be established with due regard to the principles set out in this Code as applied to the IAS).

An internal document of the Company (Organisation) defines the Regulations on the IAS, its objectives, powers, responsibilities and establishes:

1) adherence to the principles, code of ethics and standards of internal auditors established by international institutions in the field of internal audit;

2) status, goals, objectives and responsibility of the Company's (organisation's) internal audit;

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

4) qualification requirements for the head and employees of the IAS, including requirements in terms of professional knowledge and skills, work experience, managerial experience (for managers), as well as requirements in terms of additional specialised training confirmed by international certificates (internal auditors are recommended to demonstrate their professionalism by obtaining relevant professional certificates and qualifications);

5) scope and content of internal audit activities;

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

7) the procedure for interaction of the IAS with the Board of Directors and the executive body and reporting to the Audit Committee and the Board of Directors.

153. To ensure the independence and objectivity of the internal audit function, the IAS should be organisationally subordinate and functionally accountable to the Board of Directors, which makes decisions on the approval of the IAS's plans and strategy, determines the quantitative composition, amount and terms of remuneration and bonuses for IAS employees.

Organisational subordination and functional accountability of the IAS to the Board of Directors means:

1) approval by the Board of Directors (after preliminary review by the Audit Committee) of the Regulations and other internal audit policies governing the goals, objectives, functions and procedures of the IAS;

2) approval by the Board of Directors (after preliminary review by the Audit Committee) of the risk-based annual audit plan;

3) submission to the Board of Directors (after preliminary review by the Audit Committee) of quarterly and annual reports on the implementation of the annual audit plan and other information on the internal audit activities;

4) approval by the Board of Directors (after preliminary review by the Audit Committee) of decisions on appointment, dismissal, remuneration of the head and employees of the internal audit division;

5) consideration by the Board of Directors (Audit Committee) of material limitations on the IAS's authority or other restrictions that may adversely affect the performance of internal audit.

154. The IAS carries out its activities based on a risk-oriented annual audit plan approved by the Board of Directors. The results of audit reports and key findings, monitoring the implementation of audit recommendations are submitted to the Board of Directors on a quarterly basis.

The Board of Directors ensures timely review of the IAS reports, monitoring of timely implementation of audit recommendations.

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

The Head of the IAS in the Company (organisation) shall develop internal documents regulating the activities of the unit based on the Fund's corporate standards in the field of internal audit and ensure their review and approval by the Audit Committee and the Board of Directors.

The performance of the IAS, its head and employees shall be assessed by the Board of Directors based on the review of the IAS reports, compliance with the deadlines for fulfilment of the annual audit plan and submission of reports, and assessment of compliance of the reports with the requirements of the IAS standards and internal regulatory documents.

The Quality Assurance and Improvement Programme is developed and implemented to assess the compliance of IAS activities with international internal audit standards. This programme provides for periodic internal and external assessments (for compliance with standards, code of

ethics of internal auditors), as well as assessment of the efficiency and effectiveness of internal audit and identification of opportunities for improvement.

156. In accordance with the legislation of the Republic of Kazakhstan, the Company and its organisations have a compliance service, the task of which is to build an effective compliance system that provides reasonable assurance that the Company's significant compliance and corruption risks are properly managed.

The Compliance Service is designed to ensure compliance with the anti-corruption legislation of the Republic of Kazakhstan, adoption of compliance policies, and formation of an internal corporate culture based on the principles of transparency and trustworthiness in accordance with the legislation and best international practices.

The activities of the Compliance Service are regulated by the anti-corruption legislation of the Republic of Kazakhstan, corporate standards of the Fund, and internal documents of the Company (Organisation).

The Compliance Service shall have independence in the management system of the Company (Organisation). In the Company (Organisation) Compliance Service is directly subordinate to the Board of Directors of the Company (management body) (Organisation). In order to work effectively, the Compliance Service should have sufficient authority and resources, as well as regularly interact with the Company's (organisation's) management body and report to it on a periodic basis. The Executive Body shall support the independence of the Compliance Service, provide the resources necessary for the development, implementation, operation and continuous improvement of the anti-corruption management system and shall not interfere with the performance of the Compliance Service's duties.

The Head of the Compliance Service has relevant experience and is a senior manager. It is necessary to exclude conflicts of interest on combining another position in the Company (organisation).

157. The Company shall develop standards of business ethics, ombudsman activities, and an effective system of notification of alleged violations. The Boards of Directors of the Company (Organisation) shall ensure the implementation of these standards and compliance with them.

158. In order to comply with the principles of business ethics and to optimally regulate social and labour disputes arising in the Company (Organisation), an ombudsman shall be appointed.

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

The ombudsman is appointed by a resolution of the Board of Directors of the Company (Organisation) and is subject to re-election every two years. The role of the Ombudsman is to advise employees, parties to 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, if necessary), to assist in resolving problematic social and labour issues of both employees and the Fund and the Company, as well as compliance with the principles of business ethics by employees of the Fund and the Company.

The Ombudsman shall submit for consideration by the relevant bodies and officials of the Fund and/or the Company (organisation) the problematic issues identified by the Ombudsman, which are of a systemic nature and require appropriate solutions (comprehensive measures), and make constructive proposals for their resolution.

At least once a year, the Ombudsman submits a report on the results of his work to the Human Resources and Remuneration Committee and the Audit Committee, which evaluate the results of his work.

The Board of Directors of the Company (Organisation) evaluates the results of the Ombudsman's performance and re-elects the Ombudsman by deciding to extend the powers of the current Ombudsman or terminate the powers of the person holding the position of the Ombudsman and elect a new Ombudsman.

The place of work and working conditions of the ombudsman shall be determined by the decision of the management board of the Company (organisation), except for the issues of wage conditions and bonuses. The issues of remuneration and bonus payment conditions are determined by an internal regulatory document approved by the decision of the Board of Directors of the Company (Organisation).

The Company and Organisations shall adhere to high ethical standards and implement the necessary procedures to ensure that all employees and partners of the Company (Organisation) apply these standards at all times.

Personnel should have the opportunity to confidentially and, if desired, anonymously report their concerns. The Board of Directors should ensure that mechanisms are in place to investigate and follow up on such matters in a proportionate and independent manner.

Notifications of suspected wrongdoing should be made directly to the IAS, the compliance function or the Board of Directors of the Company (organisation). The Executive Body and all its structural subdivisions, including the security service, should not prevent notifications of suspected violations from being forwarded to the IAS or the Board of Directors.

## **Chapter 7. Transparency of the Company's and organisations' activities**

159. In order to respect the interests of stakeholders, the Company and the Organisations shall disclose information on all important aspects of their activities, including their financial condition, performance, ownership and management structure, in a timely and reliable manner.

160. The Company and the Organisations shall timely disclose information stipulated by the legislation of the Republic of Kazakhstan and internal documents. To ensure systematic disclosure of information, the Company and the Organisations shall approve internal documents defining the list of information disclosed to interested parties, terms, procedure, method, form of information disclosure, responsible officials and employees with indication of their functions and duties, as well as other provisions regulating information disclosure processes. The Company and the Organisations determine the procedure for classifying information into access categories, the conditions for storing and using information, including the circle of persons entitled to free access to information constituting commercial and official secrets, and take measures to protect its confidentiality.

The Company and the Organisations shall timely disclose information on their activities to the Stakeholders in accordance with the laws of the Republic of Kazakhstan, this Code and internal documents.

161. The list of information disclosed to shareholders (participants) is given in Article 102 of the Law on RZB, laws on economic partnerships, partnerships, constituent documents and internal documents of a legal entity and in the section 'Transparency' of this Code.

Shareholders (participants) and investors shall receive information on the Company's activities through:

1) the annual report, including, inter alia, the report of the Board of Directors and audited annual financial statements (the norms of this clause with regard to audited statements shall apply if the audit of annual financial statements is provided for by the legislation of the Republic of Kazakhstan and/or internal documents of the Company);

2) the Company's Internet resource containing a section for shareholders (participants) and investors reflecting up-to-date information on the Company's activities;

3) Internet resource of the depository of financial statements, stock exchange, containing information stipulated by clause 2 of Article 102, paragraph 2 of the Law on RZB;

4) possibility to receive information and documents by sending requests to the Company in accordance with the procedure established by the legislation of the Republic of Kazakhstan, constituent and internal documents of the Company;

5) press releases and other information materials distributed by the Company;

6) briefings held by the Company;

7) other methods in accordance with the internal documents of the Company.

162. At the request of a shareholder (participant), the Company shall provide copies of documents stipulated by the legislation of the Republic of Kazakhstan, taking into account the restrictions on disclosure of official, commercial or other secret/information protected by law, defined in the legislation of the Republic of Kazakhstan and internal documents of the Company. The fee charged by the Company for provision of copies of documents shall be established by the Company and may not exceed the cost of expenses for their production and, if necessary, delivery to the shareholder (participant).

163. A shareholder (participant) may address the Company with written enquiries about its activities and receive reasoned answers within 30 (thirty) calendar days from the date of receipt of the enquiry by the Company or any other term stipulated by the Charter, internal documents of the Company.

At the request of a shareholder (participant), the Company shall provide copies of documents in accordance with the procedure stipulated by Article 80 of the Law on Joint-Stock Companies.

In order to protect information constituting commercial and official secrets, the Company and the Organisations, in accordance with the legislation of the Republic of Kazakhstan and the Charter of the Company (Organisation), shall determine the procedure for classification of information into access categories, conditions for storage and use of information. The Company

and Organisations shall determine the circle of persons entitled to free access to information constituting commercial and official secrets and shall take measures to protect its confidentiality. Persons who illegally obtained, disclosed or used information constituting commercial and official secrets shall compensate for the damage caused and bear responsibility in accordance with the laws of the Republic of Kazakhstan.

164. In the Company and organisations whose securities are listed on the stock exchange, it is recommended to create a structural subdivision (or assign functions to a structural subdivision) for shareholder and investor relations, the competence of which will include collection, analysis and preparation of information to be posted on the organisation's Internet resource. It is recommended to appoint a person with practical experience in the financial sphere and a good understanding of the specifics of the industry in which the Company (Organisation) operates as the head of this unit.

The Company and organisations whose securities are listed on a stock exchange must notify both shareholders and issuers when acquiring or disposing of major shareholdings of more than 3% (notifiable interests include direct and indirect ownership of shares and financial instruments with similar economic effect).

165. The selection of the external auditor is based on a competitive bidding process. The Audit Committee plays an important role in the selection process. The external auditor does not provide consulting services to the Company (Organisation) that may become a threat to the independence of the external auditor, and there is no practice of hiring former members of the audit team for managerial positions earlier than two years after their dismissal from the audit organisation. The Company and the Organisations disclose detailed information on the external auditor engaged. The Company and the Organisations regulate issues related to the selection and interaction with the external auditor.

The Company (Organisation) approves documents regulating relations with the external auditor, including the process of selection of the external auditor, powers and functions of the tender commission, issues of provision by the audit organisation of consulting services not related to the audit of financial statements and other information, issues of rotation of audit partners and senior personnel of the audit organisation, issues of hiring former employees of the audit organisation.

It is necessary to rotate partners and senior personnel responsible for the audit of financial statements at least once every five years if the audit organisation provides audit services to the Company (organisation) for more than 5 consecutive years.

It should not be practiced to include former members of the audit organisation in the Board of Directors, Executive Body, IAS, hire former members of the audit organisation to the positions of Chief Accountant, Chief Financial Officer earlier than two years after their dismissal from the audit organisation.

In order to assess the risks of independence of the audit organisation and to evaluate the potential quality of the audit of financial statements and other information, it is necessary to disclose information on remuneration paid to the audit organisation, including separately for audit services and services not related to the audit of financial statements and other information.

In order to facilitate the search for information, it should be disclosed on the Company's Internet resource and in the Company's annual report.

The Audit Committee meets with the external auditor on a regular basis (at least three times before the audit report is issued) as part of the audit process.

The external auditor has access to the Audit Committee to discuss audit matters. In the absence of the Audit Committee, the external auditor liaises directly with the Board of Directors and its Chairman.

The external auditor provides the Audit Committee with information on the progress and results of the audit; confirms the maintenance of independence, absence of financial interests in the organisation, absence of significant impact on the financial dependence of the external auditor of the total amount of remuneration.

166. The Company and organisations whose securities are traded on the stock exchange shall prepare an annual report in accordance with the provisions of this Code and best practices of information disclosure.

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

The Annual Report, which is well structured and visually appealing and is published in Kazakh, Russian and English, is one of the key sources of information for stakeholders.

The Annual Report is prepared and posted on the Internet resource prior to the Annual General Meeting of Shareholders (Participants). The annual report is approved by the Board of Directors (Supervisory Board).

The requirements to the content of the annual report minimally presuppose the presence of the following information:

1) address of the Chairman of the Board of Directors (Supervisory Board);

2) address of the head of the executive body;

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

4) results of financial and operating activities for the reporting year: review and analysis of activities in relation to the set objectives; operational and financial performance indicators; main significant events and achievements; information on significant transactions; any financial support, including guarantees received/received from the state and any obligations to the state and society assumed by the Company (organisation) (if not disclosed in accordance with IFRS);

5) Asset structure, including subsidiaries/affiliates of all levels, overview, main results of their financial and operational activities;

6) objectives and plans for future periods;

7) main risk factors and risk management system;

8) corporate governance: corporate governance structure; composition of shareholders (participants) and ownership structure; composition of the Board of Directors (Supervisory Board), including qualifications, selection process, including independent directors, indicating the criteria for determining their independence; report on the activities of the Board of Directors (Supervisory Board) and its committees; information on compliance of corporate governance practices with the principles of this Code, and in case of non-compliance, explanations on the reasons for non-compliance with each of the principles; 9) sustainable development (in case of non-compliance with the principles of this Code).

9) sustainable development (in case of preparation of a separate report on sustainable development, it is possible to provide a reference to this report);

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

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

12) information in accordance with the requirements of leading stock exchanges.

A holding company may prepare an annual report on a consolidated basis for the entire group. The organisation of the holding company may decide to prepare an individual annual report.

167. The Company shall annually publish sustainability reporting prepared in accordance with internationally recognised standards in order to ensure clarity and transparency of its activities for stakeholders, taking into account the protection of information constituting official, commercial and other legally protected secrets. Sustainability reporting is approved by the Board of Directors.

The methods of information disclosure to stakeholders may include meetings with stakeholders, use of mass media (publications, interviews), internet resources, providing feedback through communication means, advisory committees and councils, providing responses to enquiries, and others.

Public reporting should ensure timeliness, completeness, regularity, consistency, comparability, reliability of information, as well as allow assessing the effectiveness of risk mitigation and utilisation of opportunities based on data for at least the last 4 years. The company (organisation) should develop the practice of reporting on leading climate programmes. In organisations listed on the stock exchange and participating in ESG ratings, reporting indicators are independently certified (verified) by a 3rd party.



The Company (organisation) exercises control over disclosure of sustainability information to stakeholders and keeping it up to date on the Internet resource.

168. The online resource is well structured, easy to navigate and contains information necessary for stakeholders to understand the activities of the Fund and the Company.

The Foundation and the Company regularly monitor the completeness and relevance of the information posted on the Internet resource, as well as the compliance of this information with the state, Russian and English versions of the Internet resource. For this purpose, responsible persons (structural unit) responsible for the completeness and relevance of information on the Internet resource are assigned.

The Internet resource shall minimally contain the following information:

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

2) Information on the development plan (at least strategic goals); priority areas of activity;

3) Charter and internal documents regulating the activity of bodies, committees, corporate secretary;

4) information on ethical principles;

5) information on risk management;

6) dividend policy;

7) information on members of the Board of Directors, including the following information: photograph (upon agreement with a member of the Board of Directors), surname, first name, patronymic, date of birth, citizenship, status of a member of the Board of Directors (independent director, shareholder representative), indication of functions of a member of the Board of Directors, including membership in committees of the Board of Directors or fulfilment of functions of the Chairman of the Board of Directors, education, including basic and additional education (name of educational institution, year of graduation, qualification, degree obtained), experience of work in the field of corporate governance, experience of the Board of Directors in the field of corporate governance, etc.).

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

9) financial statements;

10) annual reports;

11) information on the external auditor;

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

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

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

15) annual calendar of corporate events;

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

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

18) information on sustainable development activities;

19) information on the amount of approved dividends;

20) news and press releases.

A holding company may have one internet resource for all organisations of its group. An organisation of the holding company may decide to have its own internet resource.