

**APPROVED**  
by the decision of  
the Sole Shareholder  
dated \_\_\_\_\_ 2023  
No. \_\_\_\_\_

**Corporate Governance Code of "Almaty Social-Entrepreneurial  
Corporation" Joint Stock Company**

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## Chapter 1. General provisions

1. The Corporate Governance Code (the Code) of "Almaty Social-Entrepreneurial Corporation" Joint Stock Company (the Company) is a set of rules and recommendations that the Company follows in the course of its activities to ensure efficiency, transparency, accountability, high level of business ethics in relations within the Company and with other stakeholders.

2. The objectives of this Code are to improve corporate governance in the Company and its subsidiaries and affiliates, to ensure transparency and efficiency of management, to confirm the commitment of the Company and its subsidiaries and affiliates to follow the standards of good corporate governance.

In particular:

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

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

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

4) minimizing the risk of a conflict of interest that may lead to decisions other than those based in the best interests of the Company and the general public.

3. The Company is obliged to strictly comply with the provisions of the Code in its activities. In case of non-compliance, provide explanations in the annual report on the reasons for non-compliance with each of the provisions.

4. The Company's officials and employees assume the obligations stipulated by this Code, including on the basis of relevant agreements with the Company, and undertake to comply with the provisions in the Company and in relations with stakeholders.

5. Control over the Company's implementation of this Code is assigned to the Board of Directors of the Company. The Corporate Secretary monitors and advises the Board of Directors and the Management Board of the Company on issues of proper compliance with this Code, and also prepares a report on compliance/non-compliance with its principles and provisions on an annual basis. Subsequently, this report is submitted for consideration by the relevant committee of the Board of Directors, approved by the Board of Directors and included in the Company's annual report.

6. Cases of non-compliance with the provisions of this Code are considered at meetings of the relevant committee of the Board of Directors and the Board of Directors with the adoption of appropriate decisions aimed at further improving corporate governance in the Company and its subsidiaries and affiliates.

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

1) The sole shareholder - Entrepreneurship and Investment Department of Almaty city MPI;

2) official - members of the Board of Directors and the Management Board;

3) subsidiary - legal entity whose decision may be determined by another legal entity based on the presence of a predominant interest in the authorized capital or an agreement concluded between them, or otherwise;

4) affiliate joint-stock company - joint-stock company is recognized as affiliate if another legal entity has more than twenty percent of its voting shares;

5) stakeholders - individuals, legal entities, groups of individuals or legal entities that influence or may be influenced by the activities of the Company and/or its subsidiary, their products or services and related actions by virtue of legislation, concluded agreements (contracts) or indirectly (indirectly); the main representatives interested parties are shareholders, employees, customers, suppliers, government agencies, subsidiaries and dependent

organizations, bondholders, creditors, investors, public organizations, the population of the regions in which the Company and/or its subsidiary operates;

6) institutional investor - legal entity investing the money attracted by it in securities and other financial instruments in accordance with the legislation of the Republic of Kazakhstan;

7) corporate events - events that have a significant impact on the Company's activities, affecting the interests of the Sole Shareholder, defined by the laws of the Republic of Kazakhstan "On Joint Stock Companies", "On Accounting and Financial Reporting" and "On the Securities Market", as well as the Charter of the Company;

8) corporate conflict - disagreement or dispute between: the Sole Shareholder and the bodies of the Company or its subsidiary; members of the Board of Directors and the Management Board, the head of the Internal Audit Service, the Corporate Secretary;

9) key performance indicators (KPIs) are indicators that characterize the level of efficiency of the Company's activities, the Company's officials, and the Company's employees, which allow assessing their performance. KPIs have a measurable value approved for the Company in the Development Program and/or the Company's development plan, or approved differentially for each employee of the Company and corresponding to the results of their activities for the planned and reporting periods;

10) independent director - member of the Board of Directors who is not an affiliated person of the Company and has not been an affiliated person for three years prior to his/her election to the Board of Directors (except in the case of his/her tenure as an independent director of the Company), is not an affiliated person in relation to the affiliated persons of the Company; is not subordinated to officials of the Company or its subsidiary organization - affiliated persons of the Company and was not subordinated to these persons during the three years preceding his election to the Board of Directors; is not a civil servant; is not a representative of the Sole Shareholder at meetings of the Company's bodies and was not one of them during the three years preceding his/her election to the Board of Directors; is not participates in the audit of the Company as an auditor working as part of an audit organization, and did not participate in such an audit during the three years preceding his election to the Board of Directors;

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

12) partners - suppliers and contractors, partners in joint projects;

13) development plan - document defining the main areas of activity, indicators of financial and economic activity and key performance indicators of the Company or its subsidiary for a five-year period, approved by the Board of Directors;

14) Management Board - executive body of the Company acting collectively;

15) The Board of Directors - corporate body in the Company that carries out general management of its activities, except for resolving issues referred to the exclusive competence of the Sole Shareholder by the Law of the Republic of Kazakhstan "On Joint Stock Companies" and/or the Charter of the Company;

16) Development Program - document defining and justifying the mission, vision, strategic goals, objectives and key performance indicators of the Company for a three-year period, approved by the decision of the Board of Directors;

17) sustainable development - development in which the Company and its subsidiaries and affiliates manage the impact of their activities on the environment, economy, society and make decisions taking into account the interests of stakeholders. Sustainable development should meet the needs of the current generation without depriving future generations of the opportunity to meet their needs;

18) fiduciary obligations - obligations assumed by any person who carries out his/her professional activity in favor of another person. There are two main fiduciary duties: integrity and reasonableness. The duty of good faith is manifested in the fact that in the event of a conflict

of interests, the subject of this duty must act exclusively in the interests of the Company. In turn, the duty of reasonableness manifests itself in the application of skills, knowledge and skills usually required in such a situation.

Subjects bound by fiduciary obligations towards the Company include members of the Company's management bodies, its employees, the Sole Shareholder, as well as other stakeholders. For example, members of the Company's management bodies, its employees, as well as the Sole Shareholder are not entitled to use the Company's business opportunities solely in their own interests. The opposite would mean a violation of the duty of good faith towards the Company;

19) Company - legal entity operating in accordance with the Constitution of the Republic of Kazakhstan, the Civil Code of the Republic of Kazakhstan, the Law of the Republic of Kazakhstan "On Joint Stock Companies" (hereinafter - the Law) and other regulatory legal acts of the Republic of Kazakhstan, as well as the Charter of the Company;

8. Other terms used, but not defined in this Code, shall have the meaning assigned to them in the legislation of the Republic of Kazakhstan, the Charter of the Company.

9. The Company recommends the implementation of this Code in organizations in which the Company directly or indirectly owns more than fifty percent of voting shares (participation shares).

10. The Company recommends that limited liability partnerships comply with the provisions of this Code in a part that does not contradict the Law of the Republic of Kazakhstan "On Limited and Additional Liability Partnerships".

11. The Company conducts an independent assessment of corporate governance at least once every three years, the results of which are posted on the Company's Internet resource.

## **Chapter 2. Principles of corporate governance of the Company**

### **Definition and principles**

12. The Company considers corporate governance as a set of processes that ensure management and control over the Company's activities and include relations between the Sole Shareholder, the Board of Directors, the Management Board, other bodies of the Company and interested parties in the interests of the Company, as well as the interaction of the Company with subsidiaries and affiliates. Corporate governance also determines the structure of the Company, with the help of which the goals of activity are set, ways to achieve these goals, as well as monitoring and evaluation of the results of activities.

13. Corporate governance is aimed at improving the efficiency of the Company and its subsidiaries and affiliates, ensuring transparency and accountability, strengthening its reputation and reducing capital raising costs. The Company considers a proper corporate governance system as its contribution to ensuring the rule of law in the Republic of Kazakhstan and a factor determining the place of Company in the modern economy and society as a whole. The corporate governance system provides for a clear separation of powers and responsibilities between the Company's bodies, officials and employees.

14. The Company's corporate governance is based on the principles of fairness, honesty, responsibility, transparency, professionalism and competence. Effective corporate governance structure implies respect for the rights and interests of all stakeholders and contributes to the successful operation of the Company.

15. The fundamental principles of this Code are:

- 1) the principle of separation of powers;
- 2) the principle of protecting the rights and interests of the Sole Shareholder;
- 3) the principle of effective management of the Company by the Board of Directors and the Management Board;
- 4) the principle of sustainable development;

- 5) the principle of risk management, internal control and internal audit;
- 6) the principle of regulating corporate conflicts and conflicts of interest;
- 7) principles of transparency and objectivity of disclosure of information about the Company's activities.

16. Within the framework of the Company's corporate governance structure, it is recommended to clearly define the division of responsibilities between the Company's bodies, to ensure the consistency and consistency of corporate governance processes.

17. Following the principles of corporate governance set out in the Code is intended to promote the creation of an effective approach for conducting an objective analysis of the Company's activities and obtaining appropriate recommendations from analysts, financial consultants and rating agencies, if necessary.

### **Chapter 3. The principle of separation of powers**

18. The rights, duties and competencies of the Sole Shareholder, the Board of Directors and the Management Board are determined in accordance with the current legislation of the Republic of Kazakhstan, constituent documents.

19. Department of Entrepreneurship and Investments of Almaty city MPI performs the functions of the Sole Shareholder of the Company in order to ensure the profitability of the Company's activities and the implementation of state and government programs in which the Company participates.

20. The Company and its subsidiaries and affiliates carry out their activities within the framework of their main (profile) activities.

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

21. The Company and its subsidiaries and dependent organizations should build an optimal asset structure; they should strive to simplify the structure of their assets and their organizational and legal forms as much as possible.

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

When creating an organization in the form of a limited liability partnership, the participant (participants) independently decide on the need to create supervisory boards and the expediency of electing independent members to its composition, as well as electing an audit commission (auditor), depending on the scope and specifics of the activities of the organization being created.

22. The Sole Shareholder participates in the management of the Company solely through the exercise of the powers of the Sole Shareholder provided for in the legislative acts of the Republic of Kazakhstan, the Charter of the Company and representation in the Board of Directors of the Company.

23. The sole shareholder of the Company provides the Company with full operational independence and does not interfere in the operational (current) and investment activities of the Company, except in cases provided for by the legislation of the Republic of Kazakhstan, acts and instructions of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

24. Transactions and relations between the Company, the Sole Shareholder and interested parties are carried out on an ordinary commercial basis within the framework of the current legislation of the Republic of Kazakhstan, except for cases when one of the main tasks of the Company is to implement or assist in the implementation of the state policy for the development of certain sectors of the Republic of Kazakhstan.

The Company and its subsidiaries and affiliates are not exempt from the application of general laws, tax rules and regulations, except in cases provided for by the legislation of the Republic of Kazakhstan.

25. The economic activity of the Company and its subsidiaries and affiliates must meet the market conditions regarding debt and equity finance, namely:

1) the relations of the Company and its subsidiaries and affiliates with all market participants (including financial and non-financial organizations) should be based solely on a commercial basis, except in cases where one of the main tasks of the Company and its subsidiaries and affiliates is the implementation or assistance in the implementation of the state policy on the development of those or other branches of the Republic of Kazakhstan;

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

3) the Company's financial and economic activities should be profitable.

26. When the Company participates in public procurement as a customer, the procedures applied should be competitive, transparent (taking into account the principle of confidentiality) and non-discriminatory.

27. The relationship (interaction) between the Sole Shareholder and the Company and its subsidiaries and affiliates is carried out through the Board of Directors and/or the Management Board of the Company in accordance with the principles of good corporate governance. The role and functions of the Chairman of the Board of Directors and the Chairman of the Management Board of the Company are clearly delineated and fixed in the Company's documents.

At the same time, the Company discloses to the Sole Shareholder and the Board of Directors of the Company all the necessary information about the Company's activities in accordance with the legislative acts of the Republic of Kazakhstan and the Company's Company and ensures transparency of the Company's activities and organizations to all interested parties.

28. The Company's corporate governance system provides for the relationship between:

1) Sole shareholder;

2) Board of Directors;

3) Management Board;

4) stakeholders;

5) subsidiaries and affiliates;

5) other bodies determined in accordance with the Charter of the Company.

The corporate governance system provides, including:

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

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

3) timely and high-quality decision-making by the bodies of the Company and its subsidiaries and affiliates;

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

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

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

29. The sole shareholder participates in the management of the Company through the implementation of the functions of a shareholder (participant), as well as through the Board of Directors, in accordance with the procedure established by the Charter of the Company, this Code and the legislation of the Republic of Kazakhstan.

The Board of Directors has full independence in making decisions within its competence established by the Company's Charter.

30. In order to ensure the sustainable development of the Company, the Sole Shareholder forms and approves uniform policies, methodological recommendations and corporate standards for the Company.

The decision on the application of corporate standards approved by the Sole Shareholder in the field of risk management, internal control and internal audit in the Company and its subsidiaries and affiliated organizations is made by the Board of Directors of the Company, taking into account the compliance of these standards with the specifics of its activities.

The executive bodies of the Company and its subsidiaries and affiliates ensure the implementation of Programs/strategies and development plans of the Company and its subsidiaries and affiliates approved by the Board of Directors of the Company and its subsidiaries and affiliates.

31. The bodies of the Company and its subsidiaries and affiliates are encouraged to cooperate in a spirit of cooperation in order to ensure that the Programs/strategies and development Plans of the Company and its subsidiaries and affiliates are sufficiently ambitious and realistic.

The Management Board of the Sole Shareholder should maintain a constant dialogue with the Company on the issues of the Development Program and Sustainable Development. At the same time, the Sole Shareholder does not allow interference in the operational (current) activities of the Company, for which the Management Board of the Company is responsible.

32. All decisions and actions taken must comply with the Company's development strategy/program and/or development plan.

In order to achieve the objectives set for the Company, the Company develops a development strategy/program and/or a development plan, which includes key performance indicators (KPIs).

The main element of evaluating the effectiveness of the Company and the Management Board is the efficiency system.

On an annual basis, the achievement of the KPIs of the members of the Management Board of the Company is assessed. This assessment affects the remuneration of the Chairman and members of the Management Board, is taken into account when they are re-elected, and may also be the basis for their removal from office ahead of schedule.

33. The Board of Directors ensures management efficiency, sustainable development and profitability of the Company's activities. The results of effective management in the Company are an increase in operational efficiency, an improvement in the quality of reporting, improved standards of corporate culture and ethics, greater openness and transparency, risk reduction, and an appropriate internal control system.

The corporate governance system in the Company provides:

- 1) the presence of a clear management system, delimited powers and decision-making process, the absence of duplication of functions and processes;
- 2) common standards, policies and processes, including the definition of common approaches to planning, monitoring and control, performance assessment and the application of corrective actions;
- 3) access to quality information regarding the group's activities;
- 4) proper risk management.

34. The corporate governance system and decision-making process in the Company and its affiliates are regulated in the Charter of the Company and its subsidiaries and affiliates.

#### **Chapter 4. The principle of protecting the rights and interests of the Sole Shareholder**

35. Compliance with the rights of the Sole Shareholder is a key condition for attracting investments in the Company. In this regard, corporate governance in the Company is based on ensuring the protection, respect for the rights and legitimate interests of the Sole Shareholder and is aimed at contributing to the effective operation of the Company and achieving profitability.



### **Paragraph 1. Ensuring the rights of the Sole Shareholder**

36. The Company, in accordance with the established procedure, ensures the exercise of the rights of the Sole Shareholder, including:

- the right to own, use and dispose of shares;
- the right to participate in the management of the Company and the election of the Board of Directors in accordance with the procedure provided for by the Law of the Republic of Kazakhstan "On Joint Stock Companies" and/or the Charter of the Company;
- the right to receive a share of the Company's profit (dividends);
- the right to receive a share in the Company's assets upon its liquidation;
- the right to receive information about the Company's activities, including to get acquainted with the Company's financial statements, in accordance with the procedure determined by the Sole Shareholder or the Company's Charter;
- the right to apply to the Company with written requests regarding its activities and to receive motivated and exhaustive answers within the time limits established by the Company's Charter;
- the right to receive an extract from the registrar of the Company or a nominee holder confirming his ownership of securities;
- the right to challenge decisions taken by the Company's bodies in court;
- the right to apply to the judicial authorities on its own behalf in cases provided for in Articles 63 and 74 of the Law of the Republic of Kazakhstan "On Joint Stock Companies", with a claim for compensation to the Company by the Company's officials of the losses caused to the Company, and the return to the Company by the Company's officials and/or their affiliated persons of the profit (income) received by them as a result of the adoption of decisions on the conclusion (proposals for conclusion) of large transactions and/or transactions in which there is an interest;
- the right to pre-emptive purchase of shares or other securities of the Company convertible into its shares in accordance with the procedure established by the Law of the Republic of Kazakhstan "On Joint Stock Companies", except for cases provided for by legislative acts of the Republic of Kazakhstan;
- the right to make a decision on changing the number of shares of the Company or changing their type in accordance with the procedure provided for by the Law of the Republic of Kazakhstan "On Joint Stock Companies".

37. In the Company, decisions on issues referred by the legislation of the Republic of Kazakhstan and the Charter of the Company to the competence of the Sole Shareholder are taken by the Sole Shareholder alone and are subject to execution in writing.

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

38. The Company informs the Sole Shareholder in a timely manner and in full about its activities affecting the interests of the Sole Shareholder in accordance with the procedure provided for by the Charter and internal documents of the Company.

39. The Company provides the Sole Shareholder with reliable information about its financial and economic activities and its results in accordance with the requirements of the legislation of the Republic of Kazakhstan. In the case of combining the tasks of implementing state policy in the implementation of the Company's activities with the main commercial activity, these goals are disclosed and brought to the attention of stakeholders.

### **Paragraph 2. Dividend policy**

40. The sole shareholder must have access to information regarding the conditions and procedure for the payment of dividends, as well as be provided with reliable information about the financial position of the Company when paying dividends. For these purposes, the Sole Shareholder approves the dividend policy.

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

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

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

Also, the dividend policy establishes the procedure for determining the minimum share of the Company's net profit allocated for the payment of dividends.

41. The amount of dividends is calculated based on the amount of the Company's net income reflected in the Company's annual audited financial statements prepared in accordance with the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting and international financial reporting standards. At the same time, the amount of dividend payment is determined taking into account the legislation of the Republic of Kazakhstan.

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

In order to make a decision on the payment of dividends, the Board of Directors of the Company submits proposals for the distribution of net income for the past financial year and the amount of the dividend for the year per one common share of the Company for consideration by the Sole Shareholder.

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

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

## **Chapter 5. The principle of effective management of the Company by the Board of Directors and the Management Board**

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

42. The Board of Directors is a management body providing strategic management of the Company and control over the activities of the Management Board.

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

The Board of Directors performs its functions in accordance with the legislation of the Republic of Kazakhstan, the Charter of the Company, this Code, the Regulations on the Board of

Directors and other internal documents of the Company. At the same time, the Board of Directors pays special attention to the issues of:

- 1) determination of the Development Program/strategy (directions and results);
- 2) setting and monitoring the KPIs set in the development strategy/program and/or development plan;
- 3) organization and supervision of the effective functioning of the risk management system, internal control and internal audit;
- 4) election (re-election), remuneration, succession planning and supervision of the activities of the Chairman and members of the Management Board;
- 5) corporate governance;
- 6) compliance with the provisions of this Code and the Code of Business Ethics in the Company.

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

- 1) act within the limits of their powers - members of the Board of Directors make decisions and act within the limits of their powers stipulated in the Law of the Republic of Kazakhstan "On Joint Stock Companies", as well as the Charter of the Company;

- 2) devote sufficient time to attend meetings of the Board of Directors, its committees and prepare for them;

- 3) contribute to the achievement of profitability and sustainable development of the Company - members of the Board of Directors act in the interests of the Company; the impact of decisions and actions of members of the Board of Directors can be determined by the following questions: what are the consequences of the decision/action in the long term; what is the impact of the organization's activities on society and the environment; impact on the reputation of the Company and high standards of business ethics; impact on the interests of stakeholders (this list of issues is minimally necessary, but not exhaustive);

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

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

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

44. The responsibility of the Board of Directors for ensuring its activities, performing its functions and responsibilities, including determining the strategic directions of the Company's activities, setting clear objectives and specific, measurable (digitized) KPI and the responsibility of the Management Board for the operational (current) activities of the Company, including the clear fulfillment of the tasks set and the achievement of the established KPI should be clearly separated and fixed in the relevant internal documents of the Company.

Members of the Board of Directors are personally responsible for the performance of their duties, including fiduciary duties and decisions taken, the effectiveness of their activities, actions

and/or omission. If there are different opinions, the Chairman of the Board of Directors ensures that all acceptable options and proposals that are expressed by individual members of the Board of Directors are considered in order to make a decision that meets the interests of the Company.

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

The sole shareholder of the Company may additionally hold meetings with the Chairman and members of the Board of Directors to discuss issues of the Development Program/Strategy, the election of the first head of the Management Board of the Company and other aspects that affect the profitability and sustainable development of the Company. Such meetings are planned in advance and conducted in accordance with approved procedures.

45. The Board of Directors and its committees should maintain a balance of skills, experience and knowledge that ensures the adoption of independent, objective and effective decisions in the interests of the Company.

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

The term of office of the Board of Directors is set by the Sole Shareholder. The term of office of the members of the Board of Directors coincides with the term of office of the entire Board of Directors and expires at the time when the Sole Shareholder makes a decision to elect a new Board of Directors. The sole shareholder has the right to terminate the powers of all or individual members of the Board of Directors ahead of time.

No person should participate in making decisions related to their own appointment, election and re-election.

When selecting candidates for the Board of Directors, the following are taken into account:

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

The quantitative composition of the Board of Directors is determined by the Sole Shareholder. The composition of the Board of Directors is determined individually, taking into account the scope of activities, current tasks, development program and/or development plan and financial opportunities.

The composition of the Board of Directors should be balanced, which means a combination of members of the Board of Directors (representatives of the Sole Shareholder, independent directors, Chairman of the Management Board), ensuring decision-making in the interests of the Company and the economic development tasks assigned to it.

The following person cannot be elected to the position of a member of the Board of Directors:

- 1) person having an outstanding or not removed criminal record in accordance with the procedure established by law;
- 2) person, who previously was the Chairman of the Board of Directors, Chairman of the Management Board, Deputy Chairman of the Management Board, chief accountant of another legal entity for a period not more than one year prior to the decision on compulsory liquidation or compulsory repurchase of shares, or conservation of another legal entity declared bankrupt in

accordance with the established procedure. The specified requirement is applied within five years after the date of the decision on compulsory liquidation or compulsory repurchase of shares, or temporary shutdown of another legal entity declared bankrupt in accordance with the established procedure.

47. Independent directors must be present and participate in the Board of Directors. The number of members of the Board of Directors must be at least 5 (five) people. The number of independent directors who are members of the Board of Directors may not be less than thirty percent of the Board of Directors. At the same time, the number of independent directors should be sufficient to ensure the independence of the decisions taken. The recommended number of independent directors on the Board of Directors is up to fifty percent of the total number of members of the Board of Directors.

Independent directors are elected for a term of no more than three years, and subsequently, subject to satisfactory performance results, they may be re-elected for up to three more years.

Any term of election of independent directors to the Board of Directors for a period of more than 6 (six) consecutive years (for example, two three-year terms) is subject to special consideration, taking into account the need for a qualitative renewal of the Board of Directors.

The same person shall not be elected as an independent director to the Board of Directors for more than nine consecutive years. In exceptional cases, election for a term of more than nine years is allowed, while the election of this independent director to the Board of Directors is carried out with a detailed explanation of the need to elect this member of the Board of Directors and the impact of this fact on the independence of decision-making.

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

Independent director is a person who has sufficient professionalism and independence to make independent and objective decisions, free from the influence of the Sole Shareholder, the Management Board and other stakeholders.

Requirements for independent directors are established in accordance with the legislation of the Republic of Kazakhstan.

Independent directors actively participate in the discussion of issues where a conflict of interest is possible (preparation of financial and non-financial statements, conclusion of interested-party transactions, nomination of candidates to the Management Board, establishment of remuneration to members of the Management Board). Independent Directors are elected by the Chairmen of the key committees of the Board of Directors – on audit, appointments and remuneration, strategic planning and corporate development.

Independent director monitors the possible loss of independence status and must notify the Chairman of the Board of Directors in advance if there are 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 Sole Shareholder for making an appropriate decision.

48. Relations between independent directors and the Company are formalized by contracts taking into account the requirements of the legislation of the Republic of Kazakhstan, the provisions of this Code and internal documents of the Company.

The contracts must specify the rights, obligations, responsibilities of the parties and other essential conditions, as well as the obligations of independent directors of the Board of Directors to comply with the provisions of this Code, including to devote sufficient time to perform the functions assigned to them, on non-disclosure of internal information about the Company after the termination of its activities for a period established by the Board of Directors and additional obligations arising from the requirements for the status and functions of independent directors (in terms of timely declaration of loss of independence and others).

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

The Company needs to ensure that there are succession plans for the members of the Board of Directors in order to maintain the continuity of activities and update the composition of the Board of Directors.

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

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

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

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

The roles and functions of the Chairman of the Board of Directors and the Chairman of the Management Board of the Company should be clearly separated and fixed in the internal documents of the Company. The Chairman of the Management Board may not be elected as Chairman of the Board of Directors of the Company.

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

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

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

50. It is recommended that the remuneration level of the members of the Board of Directors be set in an amount sufficient to attract and motivate each member of the Board of Directors of the level required for the successful management of the Company. The Committee on Appointments, Remuneration and Social Issues of the Board of Directors makes proposals on the amount of remuneration of candidates for independent directors.

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

When determining the amount of remuneration of a member of the Board of Directors, the responsibilities of members of the Board of Directors, the scope of the Company's activities, long-term goals and objectives determined by the development program, the complexity of

issues considered by the Board of Directors and, if necessary, the level of remuneration in similar private sector companies (benchmarking, remuneration review) are taken into account.

The members of the Board of Directors are paid fixed annual/monthly remuneration, and additional remuneration may also be paid for participation and chairmanship in the committees of the Board of Directors. Remuneration of a member of the Board of Directors should not include options or other elements related to the results of the Company's activities.

If a member of the Board of Directors attended less than 50% of the meetings of the Board of Directors or provided completed ballots on less than 50% of the issues put to absentee voting, he/she is not paid remuneration, and the Board of Directors of the company is obliged to recommend to the General Meeting of Shareholders (Sole Shareholder) to terminate his powers ahead of time.

At the same time, members of the Board of Directors who are civil servants and/or representatives of the shareholder, as well as the Chairman of the Management Board, are not paid remuneration for membership in the Board of Directors.

The Sole shareholder determines the amount and conditions of remuneration and compensation of expenses to the members of the Board of Directors. At the same time, the terms of remuneration of directors are reflected in the contracts concluded with them and/or, if necessary, in the internal document of the Company.

### **Paragraph 3. Committees of the Board of Directors**

51. The Company's Board of Directors should establish committees whose competence includes consideration of issues related to audit, risks, strategic and budgetary planning, appointments, remuneration and social issues.

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

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

The activities of the committees are regulated by internal documents approved by the Board of Directors, which contain provisions on the composition, competence, procedure for electing committee members, the procedure for the work of committees, as well as the rights and obligations of their members. The sole shareholder may, upon request, get acquainted with the regulations on the committees.

In order to organize the work of the committee, the committee or the Board of Directors, the secretary of the committee (corporate Secretary) is appointed. The Secretary of the committee ensures the preparation of committee meetings, collection and systematization of materials for meetings, timely sending to committee members and invited persons notifications of committee meetings, the agenda of meetings, materials on agenda items, recording of meetings, preparation of draft decisions of the committee, as well as subsequent storage of all relevant materials.

52. The Board of Directors decides on the establishment of committees, determines the composition of committees, terms and powers.

The Committees consist of members of the Board of Directors who have the necessary professional knowledge, competencies and skills to work in the committee. When forming the composition of the committees, the presence of potential conflicts of interest is taken into account. The chairmen of the committees, along with professional competencies, should have organizational and leadership qualities, good communication skills for the effective organization of the committee's activities.

Only committee members should attend committee meetings. The presence of other persons is allowed only at the invitation of the committee. If necessary, the committees may involve experts and consultants.

The Committees approve their work plan, which is coordinated with the work plan of the Board of Directors, indicating the list of issues under consideration and the dates of meetings. The frequency of committee meetings is at least four meetings per year. Meetings of the committees are held in full-time and in absentia, with the registration of the protocol. In order to create favorable conditions and reduce the cost of holding committee meetings, the participation of committee members through technical means of communication is allowed.

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

#### **Paragraph 4. Strategic and Budgetary Planning Committee**

53. The Chairman of the Strategic and Budget Planning Committee is elected from among the independent directors of the Board of Directors for the term of the Board of Directors' performance of its powers. The decision on election is made by a simple majority of votes of the total number of members of the Board of Directors.

If necessary, experts with relevant experience and competence may be involved in the composition of the strategic and budgetary planning committee.

The main functions of the Strategic and Budget Planning Committee are to develop and submit recommendations to the Board of Directors on the development of priority areas of activity (development), strategic goals (Development Programs/strategies), corporate development issues, including issues on the development of measures to improve the efficiency of the Company in the medium and long term, its profitable activities and sustainable development. The detailed goals and objectives of the committee are provided for in the regulations on the committee.

#### **Paragraph 5. Audit Committee**

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

In addition, the audit committee preliminarily analyzes the conclusion of the audit organization before submitting it to the Board of Directors and the Sole Shareholder.

Member of the Board of Directors who is not an independent director may be elected to the Committee if the Board of Directors exceptionally decides that the membership of this person in the Audit Committee is necessary in the interests of the Sole Shareholder and the Company. When this appointment occurs, the Board of Directors should disclose the nature of the dependence of this person and justify such a decision.

#### **Paragraph 6. Committee on Appointments, Remuneration and Social Issues**

55. The Appointment, Remuneration and Social Affairs Committee includes a majority of independent directors in order to develop objective and independent decisions and to prevent the influence of interested persons (representatives of the Sole Shareholder, Chairman of the Management Board, employees and other persons) on the judgments of the committee members.



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

The Committee on Appointments, Remuneration and Social Issues determines the criteria for the selection of candidates for members of the Board of Directors, for members of the Management Board, with the exception of the Chairman of the Management Board, develops the Company's policy in the field of remuneration of these persons, evaluates the activities of members of the Board and top managers.

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

### **Paragraph 7. Organization of the activities of the Board of Directors**

56. Preparation and holding of meetings of the Board of Directors should contribute to the effectiveness of its activities. To fulfill their duties, members of the Board of Directors must have access to complete, up-to-date and timely information.

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

57. Meetings of the Board of Directors are held in accordance with the work plan approved by the Board of Directors before the beginning of the calendar year, which includes a list of issues under consideration and a schedule of meetings with deadlines. The recommended number of meetings of the Board of Directors should be 6-12 meetings per calendar year. Meetings of the Board of Directors and its committees are held by means of in-person or absentee voting, while the number of meetings with absentee voting should be minimized. The Company determines the list of issues on which decisions of the Board of Directors are recommended to be taken only at in-person meetings of the Board of Directors. Consideration and decision-making on issues of important and strategic nature is recommended to be considered at meetings of the Board of Directors with face-to-face voting.

If the members of the Board of Directors (no more than 30% of the total number of members of the Board of Directors) are unable to attend a meeting of the Board of Directors in person, a combination of both forms of a meeting of the Board of Directors and its committees is possible. At the same time, an absent member of the Board of Directors may participate in the discussion of the issues under consideration using technical means of communication and provide his opinion in writing.

The recommended frequency of meetings of the Board of Directors is at least six meetings per year. It is recommended to evenly distribute the number of issues planned for consideration during the year to ensure thorough and full discussion and timely and high-quality decisions.

58. Materials for meetings of the Board of Directors are sent in advance - at least 5 calendar days in advance, unless other deadlines are established by the Company's Charter.

The agenda of the meeting of the Board of Directors does not include issues on which materials were provided in violation of deadlines. If issues are included in the agenda with a violation of deadlines, the Chairman of the Board of Directors is provided with an exhaustive justification of this need, this circumstance is taken into account when evaluating the activities of the Corporate Secretary of the Company.

During any meeting of the Board of Directors, additional issues may be included and considered in the agenda, provided that all members of the Board of Directors present vote for their inclusion in the agenda.

59. The Board of Directors makes decisions based on complete, reliable and high-quality information. In order for the Board of Directors to make effective and timely decisions, it is necessary to ensure compliance with the following conditions:

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

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

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

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

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

The quorum for holding a meeting of the Board of Directors is determined by the Charter of the Company, but is not less than half of the number of its members.

61. Decisions at a meeting of the Board of Directors are taken by a majority vote of the members of the Board of Directors participating in the meeting, unless otherwise provided by the legislation of the Republic of Kazakhstan, the Charter or internal documents of the Company defining the procedure for convening and holding meetings of the Board of Directors.

62. When resolving issues at a meeting of the Board of Directors, each member of the Board of Directors has one vote. The transfer of voting rights by a member of the Board of Directors to another person, including another member of the Board of Directors, is not allowed.

When the Board of Directors makes decisions, in case of equality of votes of the members of the Board of Directors, the right of decisive vote belongs to the Chairman of the Board of Directors or the person presiding at the meeting of the Board of Directors of the Company.

63. A member of the Board of Directors who has an interest in an issue submitted for consideration by the Board of Directors does not participate in the discussion and voting on this issue, which is recorded in the minutes of the meeting of the Board of Directors.

64. The Board of Directors may audit previously adopted decisions. Both the decision itself and the process of its adoption are subject to analysis. It is recommended to audit previously made decisions when the Board of Directors evaluates its activities.

## **Paragraph 8. Assessment of performance of the Board of Directors**

65. The Board of Directors, committees and members of the Board of Directors are evaluated on an annual basis in accordance with the Company's internal documents. At the same time, at least once every three years, the assessment is carried out with the involvement of an independent professional organization.

The assessment makes it possible to determine the contribution of the Board of Directors and each of its members in achieving the strategic objectives of the Company's development, as well as to identify areas and recommend measures for improvement. The results of the assessment are taken into account when re-electing or early termination of the powers of members of the Board of Directors.

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

The assessment is carried out according to principles such as regularity, complexity, continuity, realism, confidentiality.

The process, timing and procedure for assessment the performance of the Board of Directors, its committees and members of the Board of Directors should be clearly regulated in the Company's internal documents and should meet the criteria of regularity, complexity, continuity, realism and confidentiality.

66. The assessment includes, but is not limited to, consideration of the following issues:

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

2) clarity of understanding of the vision, program/strategy, main tasks, problems and values of the Company;

3) succession and development plans;

4) functioning of the Board of Directors as a single body, the role of the Board of Directors and the head of the Management Board in the Company's activities;

5) efficiency of interaction of the Board of Directors with the Sole Shareholder, the Management Board and officials of the Company;

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

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

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

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

10) efficiency of the Corporate Secretary;

11) clarity in understanding processes and competencies;

12) risk identification and assessment process;

13) interaction with the Sole Shareholder and other stakeholders.

67. Assessment methods are self-assessment or the involvement of independent consultant to improve the quality of assessment. Independent external consultant is engaged at least once every three years.

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

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

Based on the results of the assessment, the board of Directors has the right to petition the sole shareholder for specific measures to improve its efficiency, including directions for improving the activities of the board of Directors, adjusting the work plans of the board of directors, training members of the board of directors and taking into account the results of the evaluation of the board of directors

68. The sole shareholder may assess the Board of Directors independently or with the involvement of an independent consultant. The results of assessment carried out independently by the Board of Directors, the results of the Company's activities, achievement of KPIs and other factors are taken into account.

### **Paragraph 9. Corporate Secretary of the Company**

69. In order to effectively organize the activities of the Board of Directors and the interaction of the Management Board with the Sole Shareholder, the Board of Directors appoints a Corporate Secretary.

The Board of Directors decides on the appointment of the Corporate Secretary, determines the term of its powers, functions and procedure of activity, the amount of the official salary and remuneration conditions, decides on the establishment of the Corporate Secretary's service (secretariat) (if necessary) and determines the budget of the specified service. The Corporate Secretary is accountable to the Board of Directors and is independent from the Management Board. The main duties of the Corporate Secretary include assistance in timely and high-quality corporate decision-making by the Board of Directors, the Sole Shareholder, acting as an adviser to the members of the Board of Directors on all issues of their activities and the application of the provisions of this Code, as well as monitoring the implementation of this Code and participation in improving corporate governance in the Company. The Corporate Secretary also prepares a report on compliance with the principles and provisions of this Code, which is included in the Company's annual report. This report should reflect a list of principles and provisions of the Code that are not observed, with appropriate explanations.

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

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

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

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

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

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

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

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

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

8) organization of interaction between members of the Board of Directors and the Management Board.

71. In terms of ensuring interaction with the Sole Shareholder, the Corporate Secretary ensures monitoring of the execution of decisions of the Sole Shareholder and providing information to the requests of the Sole Shareholder on a timely basis.

In terms of implementing good corporate governance practices, the Corporate Secretary ensures:

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

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

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

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

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

72. In case of situations with a conflict of interests, the Corporate Secretary brings this information to the attention of the Chairman of the Board of Directors.

73. To perform their duties, the Corporate Secretary has knowledge, experience and qualifications, a good business reputation. Depending on the size of the Company and the scale of its activities, Corporate Secretary Service may be established.

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

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

The search and appointment of the Corporate Secretary are carried out on the basis of open and transparent procedures stipulated in the internal documents of the Company.

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

74. In order to perform its functions, the Corporate Secretary is vested with the following powers:

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

2) take measures to organize meetings of the Board of Directors and to inform the Company's officials about the decisions taken by the Board of Directors and the Sole Shareholder, as well as the subsequent control of their execution;

3) directly interact with the Chairman and members of the Board of Directors, the Chairman and members of the Management Board, employees of the Company, the Sole Shareholder.

The Management Board of the Company provides the Corporate Secretary with full assistance in the performance of his/her powers.

### **Paragraph 10. Ombudsman of the Company**

75. In order to comply with the principles of business ethics, optimal regulation of social and labor disputes arising in the Company, an Ombudsman is appointed from among the Company's employees/Sole shareholder.

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

The Ombudsman is appointed by the decision of the Board of Directors of the Company and is subject to re-election every two years. The role of the Ombudsman is to advise employees who have applied to him/her, participants in labor disputes, conflict and assist them in developing a mutually acceptable, constructive and implementable solution, taking into account compliance with the norms of the legislation of the Republic of Kazakhstan (including confidentiality, if necessary), assisting in solving problematic social and labor issues of both employees and Company. The position of the Ombudsman does not provide for additional surcharges and other payments.

The Ombudsman submits to the relevant bodies and officials of the Company the problematic issues identified by him/her that are systemic in nature and require appropriate decisions (comprehensive measures), puts forward constructive proposals for their solution.

The Ombudsman submits at least once a year a report on the results of his/her work to the Committee on Appointments, Remuneration and Social Issues, which evaluates the results of his/her activities.

The Management Board evaluates the results of the Ombudsman's activities and decides on the extension or termination of the powers of the person holding the position of the Ombudsman.

### **Paragraph 11. Internal Audit Service under the Board of Directors of the Company**

76. In order to carry out internal audit as an activity to provide independent and objective guarantees and consultations aimed at improving the Company's work, an Internal Audit Service has been established and is functioning. Internal audit helps to achieve the set goals by using a systematic and consistent approach to assessing and improving the effectiveness of risk management, control and corporate governance processes.

The Board of Directors determines the quantitative composition and term of office of the Internal Audit Service, appoints its head and employees, as well as prematurely terminates their powers, determines the procedure for its work, the amount and conditions of remuneration and bonuses for employees of the Internal Audit Service, as well as the budget of the Internal Audit Service.

Employees of the Internal Audit Service may not be elected to the Board of Directors and the Management Board of the Company.

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

The key responsibilities of the Internal Audit Service include assessing the quality of internal control, risk management and corporate governance systems in the Company and informing the Board of Directors about the sufficiency and effectiveness of these systems. The main task of the Internal Audit Service is to contribute to the improvement of the Company's performance.

77. The regulation on the Internal Audit Service defines and fixes the following:

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

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

- 1) assistance to the Management Board and employees of the Company in developing and monitoring the implementation of procedures and measures to improve risk management systems, internal control and corporate governance;
- 2) coordination of activities with the Company's external auditor, as well as persons providing consulting services in the field of risk management, internal control and corporate governance;

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

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

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

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

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

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

### **Paragraph 12. Management Board**

79. The management of the Company's current activities is carried out by the Management Board, the Chairman and members of the Management Board have high professional and personal characteristics, a good business reputation and adhere to ethical standards. The Chairman of the Management Board has high organizational skills, works in active interaction with the Sole Shareholder and constructively builds a dialogue with the Board of Directors, employees and other interested parties.

80. The Management Board is accountable to the Board of Directors and manages the daily activities of the Company, is responsible for the implementation of the Development Program and/or Development Plan and decisions taken by the Board of Directors and the Sole Shareholder.

81. The Board of Directors elects the Chairman of the Management Board and members of the Management Board, determines the terms of office, the amount of the official salary, the terms of payment for their work and bonuses. The Committee on Appointment, Remuneration and Social Affairs of the Board of Directors plays a key role in the process of searching and selecting candidates to the Management Board, determining their remuneration.

Proposals on candidates for election to the Management Board for consideration by the Committee on Appointments, Remuneration and Social Issues of the Board of Directors are submitted by the Chairman of the Management Board of the Company. If the Board of Directors rejects a candidate proposed by the Chairman of the Company's Management Board for the same vacant position in the Management Board for the second time, the right to make a proposal for a candidate for this vacant position passes to the Board of Directors.

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

In order to increase the transparency of the processes of appointment and remuneration of members of the Management Board, the Board of Directors is recommended to approve and strictly comply with the rules on appointments, remuneration, evaluation and succession of members of the Management Board.

82. The Management Board, under the guidance of the Board of Directors, develops a Development Program and/or a development plan for the Company.

The Management Board ensures:

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

2) proper risk management and internal control;

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

4) occupational safety of the Company's employees;

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

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

83. The Management Board holds face-to-face meetings and discusses the implementation of the Development Program and/or Development plan, decisions of the Sole Shareholder, the Board of Directors and operational activities. Management Board meetings are held on a regular basis. The cases of holding absentee meetings are limited and defined in the Charter and internal documents of the Company.

The Management Board forms a work plan for the coming year with a list of issues before the beginning of the calendar year. Members of the Management Board are provided with materials for consideration in advance, of proper quality. When considering issues such as Development programs and/or development plans, investment projects, risk management, several meetings are allowed.

When considering each issue, a separate discussion is devoted to the risks associated with making/not making a decision and their impact on the Company's profitable activities.

All issues submitted on the initiative of the Management Board for consideration by the Board of Directors and the Sole Shareholder are pre-considered and approved by the Management Board.

84. The Chairman and members of the Management Board do not allow a conflict of interest situation to arise. If a conflict of interest arises, they notify the Board of Directors or the Chairman of the Management Board in advance about the need to record it in writing and not participate in making a decision on the issue.

85. The Chairman and members of the Management Board may hold positions in other organizations only with the approval of the Board of Directors. The Chairman of the Management Board does not hold the position of the head of the Management Board of another legal entity.

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

The organizational structure should be aimed at:

1) efficiency of decision-making;

2) increasing the productivity of the Company;

3) efficiency of decision-making;

4) organizational flexibility.



The selection of candidates for vacant positions of the Company is carried out on the basis of open and transparent competitive procedures. Career advancement and financial incentives for the Company's employees are carried out in accordance with the principles of meritocracy, taking into account the level of knowledge, competencies, work experience and achievement of the tasks set. A pool of personnel reserve employees is formed in the Company, from which appointments to senior positions of middle and top management can be made in the future.

Personnel selection procedures are implemented according to the following requirements:

preference for development of internal resources of the Company, and in the absence of such an opportunity - openness and absence of restrictions for holding positions for a wide range of people, ensuring the principle of equality of opportunities, which contribute to increased competition and selection of worthy applicants who meet the requirements of professionalism and competence;

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

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

### **Paragraph 13. Evaluation and remuneration of members of the Management Board of the Company**

87. The Chairman and members of the Management Board are evaluated by the Board of Directors. The main evaluation criterion is the achievement of the set KPI.

The motivational KPIs of the Chairman and members of the Management Board are approved by the Company's Board of Directors. Proposals regarding the motivational efficiency of the members of the Management Board are submitted to the Board of Directors by the Chairman of the Management Board.

The evaluation results have an impact on the amount of remuneration, encouragement, re-election (appointment) or early termination of powers.

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

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

## **Chapter 6. The principle of sustainable development**

88. The Company and its subsidiaries and affiliates are aware of the importance of their influence on the economy, the environment and society to ensure sustainable development in the long term, while maintaining a balance of interests of stakeholders. The approach of responsible, thoughtful and rational interaction with stakeholders will contribute to the sustainable development of the Company and its subsidiaries and dependent organizations. The principles of sustainable development are regulated by the Company's internal documents and should include the principles enshrined in the UN Global Compact.

89. The Company strives for profitability, ensures sustainable development, and maintains a balance of interests of interested parties.

The Company and its subsidiaries and affiliates, in the course of their activities, influence or experience the influence of stakeholders. Activities in the field of sustainable development meet the best international standards.

Stakeholders can have both positive and negative impact on the activities of the Company and its subsidiaries and dependent organizations, namely, on achieving profitability, sustainable

development, reputation and image, create or reduce risks. The Company and its subsidiaries and affiliates attach great importance to proper interaction with stakeholders.

90. The Company and its subsidiaries and affiliates, when identifying stakeholders and interacting with them, use international standards for identifying and interacting with stakeholders.

### **International standards for defining and interacting with stakeholders**

#### **The list of stakeholders includes, but is not limited to:**

Stakeholders	Contribution, influence	Expectations, interest
Investors, including shareholders, second-tier banks	Financial resources (equity, borrowed funds)	Return on investment, timely payment of dividends, principal and remuneration
Employees, officials	Human resources, loyalty	High wages, good working conditions, professional development
Trade unions	Promotion of social stability, regulation of labor relations and conflict resolution	Observance of workers' rights, good working conditions
Customers	Financial resources by purchasing products (goods and services) of the organization	Obtaining high-quality, safe goods and services at an affordable price
Suppliers	Supply of resources (goods, works and services) to create value	Reliable sales market, permanent solvent buyer
Local communities, the population in the places of activity, public organizations	Support in places of activity; loyalty and support of local authorities; favorable attitude; cooperation	Creation of additional jobs, development of the region
Government, State bodies, Parliament	State regulation	Taxes, solving social problems

The Company and its subsidiaries and affiliates take measures to establish a dialogue and long-term cooperation with stakeholders.

91. The Company and its subsidiaries and affiliates draw up a map of stakeholders, taking into account risks and ranking taking into account dependence (direct or indirect), obligations, situation (paying special attention to high-risk areas), influence and various prospects.

In their activities, the Company and its subsidiaries and affiliates undertake to refrain from making any contribution aimed at supporting political activities, including propaganda and propaganda assistance, as well as financing political parties in the form of direct payments, donations or transactions.

Methods of interaction with stakeholders include, but are not limited to the following forms:

Level of interaction	Methods of interaction
Consultations: bilateral interaction; interested parties answer questions from the Company and organizations	Questionnaires; focus groups; meetings with stakeholders; public meetings; seminars; providing feedback through communication tools; advisory councils
Negotiations	Collective bargaining based on the principles of social partnership
Engagement: Bilateral or multilateral interaction; building experience and knowledge from all parties, stakeholders and organizations act independently	Multilateral forums; consultation panels; consensus-building process; joint decision-making process; focus groups; feedback schemes
Cooperation: Bilateral or multilateral cooperation; joint development of experience and knowledge,	Joint projects; joint ventures; partnerships; joint initiatives of stakeholders

decision-making and measures	
Granting of powers stakeholders (if applicable) take part in the management	Integration of issues of interaction with stakeholders in management, strategy and operational activities

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

The economic component directs the activities of the Company and its subsidiaries and affiliates to the profitability of their activities, ensuring the interests of the Sole Shareholder and investors, improving the efficiency of processes, increasing investments in the creation and development of more advanced technologies, increasing labor productivity.

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

The social component is focused on the principles of social responsibility, which, among other things, include ensuring occupational safety and preserving the health of employees, fair remuneration and respect for the rights of employees, individual staff development, the implementation of social programs for staff, the creation of new jobs, sponsorship and charity, environmental and educational campaigns.

The Company selects employees based on transparent competitive procedures in accordance with the Company's internal documents.

The Company and its subsidiaries and affiliates conduct an analysis of their activities and risks in these three aspects, as well as strive to prevent or reduce the negative impact of the results of their activities on interested parties.

International standards provide the following classification of categories and aspects of sustainable development:

<b>Category</b>	<b>Aspects</b>
<b>Economic</b>	Economic performance; market presence; indirect economic impacts; procurement practices
<b>Environmental</b>	Materials; energy; water; biodiversity; emissions; discharges and waste; products and services; compliance; transport; general information; environmental assessment of suppliers; mechanisms for filing complaints about environmental problems
<b>Social</b>	The practice of labor relations and decent work includes, inter alia, employment, health and safety at work, training and education, employee-management relationships, diversity and equal opportunities, equal remuneration for women and men, evaluation of the practice of labor relations of suppliers, mechanisms for filing complaints about the practice of labor relations
	Human rights include, inter alia, investment, non-discrimination, freedom of association and collective bargaining, child labor, forced or compulsory labor, security practices, rights of indigenous and small peoples, assessment of suppliers' compliance with human rights, mechanisms for filing complaints of human rights violations
	The Company includes, inter alia, local communities, anti-corruption, state policy, non-interference with competition, compliance with requirements, assessment of the impact of suppliers on society, mechanisms for filing complaints about the impact on society
	Product responsibility includes, inter alia, consumer health and safety, labeling

93. The principles in the field of sustainable development are openness, accountability, transparency, ethical behavior, respect for the interests of stakeholders, legality, respect for human rights, intolerance of corruption, inadmissibility of conflicts of interest.

The principles should be understood as follows:

1) openness - we are open to meetings, discussions and dialogue; we strive to build long-term cooperation with stakeholders based on consideration of mutual interests, respect for the rights and balance between the interests of the Company, its subsidiaries and affiliates and stakeholders;

2) accountability - we are aware of our accountability for the impact on the economy, the environment and society; we are aware of our responsibility to the Sole Shareholder and investors for the profitability of the Company's activities in the long term; we strive to minimize the negative impact of our activities on the environment and society by taking care of resources (including energy, raw materials, water), consistent reduction of emissions, waste, and the introduction of high-performance, energy- and resource-saving technologies; we pay taxes and other statutory fees to the state budget; we maintain and create jobs within our Development Program and Opportunities; we strive to promote the development of the area in which we operate within our Program and within available financial opportunities; we thoughtfully and intelligently make decisions and take actions at every level, starting from the level of officials and ending with employees; we strive to introduce innovative technologies aimed at careful and responsible use of resources, increasing labor productivity; our products, goods and services must comply with consumer health and safety standards established by law, and be of proper quality; we value our customers;

3) transparency - our decisions and actions should be clear and transparent to stakeholders. We disclose the information provided by the legislation and our documents in a timely manner, taking into account the standards for the protection of confidential information;

4) ethical behavior - at the heart of our decisions and actions are our values, such as respect, honesty, openness, team spirit and trust, integrity and fairness;

5) respect - we respect the rights and interests of stakeholders that follow from legislation, concluded contracts, or indirectly within the framework of business relationships;

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

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

8) intolerance to corruption - corruption destroys the value that our organization creates for the Sole Shareholder, investors, other stakeholders and society as a whole; we declare intolerance to corruption in any of its manifestations in cooperation with all interested parties. Officials and employees involved in corruption cases are subject to dismissal and prosecution in accordance with the procedure provided for by laws; the internal control system in the Company and its subsidiaries and affiliated organizations includes, inter alia, measures aimed at preventing, preventing and detecting corruption offenses; the Company and its subsidiaries and affiliated organizations should develop a dialogue with stakeholders to raise their awareness in the fight against corruption;

9) inadmissibility of conflict of interests - serious violations related to a conflict of interests may damage the reputation of the Company and its subsidiaries and affiliated organizations and undermine the trust in them on the part of the Sole Shareholder and other stakeholders; the personal interests of an official or employee should not affect the impartial performance of their official, functional duties; in relations with partners, the Company and its subsidiaries and dependent organizations, counting on the establishment and preservation of fiduciary relations, in which the parties are obliged to act towards each other as honestly, conscientiously, fairly and loyally as possible, take measures to prevent, identify and exclude conflicts of interest;

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

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

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

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

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

4) building a stakeholder map;

5) integration of sustainable development into key processes, including risk management, planning, human resource management, investments, reporting, operational activities and others, as well as into the Development Program and decision-making processes;

6) definition of goals and efficiency in the field of sustainable development, development of action plan and identification of responsible persons;

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

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

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

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

95. The Company develops an action plan in the field of sustainable development by:

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

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

3) identification of stakeholders and their impact on the activities;

4) defining goals, as well as, if possible, targets, measures to improve and improve the activities of the three components, responsible persons, necessary resources and deadlines;

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

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

7) implementation of the formed plan;

8) continuous monitoring and regular reporting;

9) analyzing and evaluating the effectiveness of the plan, summarizing and taking corrective and improving measures.

It is recommended to integrate sustainable development into:

- 1) control system;
- 2) Development program;
- 3) key processes, including risk management, planning (long-term (strategy), medium-term (5-year development plan) and short-term (annual budget) periods), reporting, risk management, human resource management, investments, operational activities and others, as well as decision-making processes at all levels starting from bodies (Sole Shareholder, Board of Directors, Management Board), and ending with ordinary employees.

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

The Board of Directors provides strategic guidance and control over the implementation of sustainable development. The Management Board forms an appropriate action plan. In order to increase control over compliance with the principles of sustainable development, the Company's Board of Directors approves key performance indicators in the field of sustainable development and sets their target values for each of the activities in the field of sustainable development, the performance of which should be taken into account when evaluating the results of the Company's management.

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

The Company conducts training and advanced training programs on an ongoing basis. Training is a permanent element in the implementation of sustainable development. The Company's officials promote the involvement of employees in sustainable development on the basis of understanding and commitment to the principles of sustainable development and changing culture, behavior when conducting activities and performing duties. The Company conducts research on employee engagement and satisfaction on an annual basis.

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

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

2) improving managerial efficiency and minimizing risks - integrating environmental and social aspects into the management decision-making process allows expanding planning horizons and taking into account a more diverse range of risks and opportunities, which creates prerequisites for sustainable business development;

3) improving efficiency - the introduction of high-performance and resource-efficient technologies allows creating innovative products and services, while increasing competitiveness and efficiency;

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

5) increasing loyalty on the part of internal and external stakeholders - creating attractive working conditions, opportunities for professional and career growth allows attracting and retaining promising qualified specialists; building an effective dialogue with stakeholders contributes to the formation of a positive environment around the activities of the Company and its subsidiaries and dependent organizations, which contributes to improving the efficiency of activities through understanding and support from clients, Sole shareholder, investors, government agencies, local population, public organizations.

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

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

In case of non-acceptance or improper implementation of the principles and standards of sustainable development by a partner, it is necessary to take into account the importance of this partner for the Company and/or its subsidiary, and whether there are measures to influence it and the possibility of its replacement.

## **Chapter 7. The principle of risk management, internal control and internal audit**

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

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

1) optimal balance between the profitability of the Company's activities, strategic goals and the risks associated with them;

2) efficiency of financial and economic activity and achievement of financial stability of the Company;

3) preservation of assets and efficient use of the Company's resources;

4) completeness, reliability of financial and management reports;

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

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

100. The Board of Directors approves internal documents defining the principles and approaches to the organization of the risk management and internal control system based on the objectives of this system.

The organization of effective risk management and internal control system in the Company is aimed at building a management system capable of ensuring an understanding of the reasonableness and acceptability of the risk level by employees, the Chairman and members of the Management Board, the Company's bodies when they make decisions, quickly respond to risks, exercise control over the main and auxiliary business processes and daily operations, as well as carry out immediate informing the management of the appropriate level about any significant shortcomings.

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

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

2) organizational structure of the risk management and internal control system covering all levels of decision-making and taking into account the role of the appropriate level in the process of developing, approving, applying and evaluating the risk management and internal control system;

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

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

The Company's internal regulatory documents establish the responsibility of the Board of Directors and the Management Board for organizing and ensuring the effective functioning of the risk management and internal control system on a consolidated basis.

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

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

Management Board:

1) ensures the development and implementation of internal documents approved by the Board of Directors in the field of risk management and internal control, as well as the development and approval of internal documents in the field of risk management and internal control, within its competence;

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

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

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

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

In order to implement the principles of internal control and ensure the effectiveness of the risk management and internal control system, the Management Board distributes powers, responsibilities and responsibility for specific risk management and internal control procedures among the managers of the following level and/or heads of structural divisions.

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

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

1) overall coordination of risk management and control processes;

2) development of methodological documents in the field of risk management and control and provision of methodological support to business process owners and employees in the process of identifying, documenting risks, implementing, monitoring and improving control procedures, forming action plans to respond to risks and action plans to improve the risk management and internal control system, reports on their implementation;

3) methodological support for organization of training of employees in the field of risk management and control;

4) analysis of the risk portfolio and development of proposals for a response strategy and reallocation of resources in relation to the management of relevant risks;

5) formation of consolidated risk reporting;

6) implementation of operational control over the risk management process by structural divisions;

7) preparing and informing the Board of Directors and/or the Management Board about the status of the risk management system, existing threats and proposals for their prevention/leveling.

The manager in charge of the risk management and control function is not the owner of the risk, which ensures its independence and objectivity. It is impossible to combine risk management and control functions with functions related to corporate financing, investment



decision-making. Combination with other functions is allowed if there is no significant conflict of interest.

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

Risk management procedures ensure rapid response to new risks, their clear identification and identification of risk owners. In case of any unforeseen changes in the competitive or economic environment of the Company, the risk map is reassessed and its compliance with risk appetite.

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

Tolerance levels for key risks are reviewed in the event of significant events. Limits are set that limit risks in daily activities.

For holistic and clear understanding of the inherent risks in the Company, risks are identified and assessed at least on an annual basis, which are reflected in the risk register, risk map, risk response plan (process improvement, minimization strategies) approved by the Board of Directors.

When reviewing the register and risk map, the Board of Directors ensures that risks that can really affect the implementation of strategic objectives are included in them, and when reviewing the risk response action plan, make sure that the measures are useful. The Board of Directors and the Management Board regularly receive information about key risks and their analysis in terms of their impact on the Company's Development Program and development plan.

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

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

The Company's employees annually, as well as when applying for a job, undergo training/introductory instruction to familiarize themselves with the adopted risk management and internal control system. Based on the results of such training, knowledge testing is carried out.

As part of the risk management and control system, the Company ensures that the Board of Directors (Audit Committee) and the internal audit unit are informed of violations of the legislation of the Republic of Kazakhstan, internal procedures, and the Code of Business Ethics by any employee and official of the Company.

## **Paragraph 2. Internal audit**

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

In subsidiaries and affiliates, separate bodies may also be created that perform internal audit tasks in the form of an audit commission/auditor, functionally accountable to the Supervisory Board; at the same time, the goals, functions and tasks of the Audit Commission/Auditor, the procedure for their interaction with the bodies of the organization are established taking into account the principles applicable to the Internal Audit Service set forth in this Code.

106. The Internal Audit Service carries out its activities on the basis of risk-based (annual) audit work plan approved by the Board of Directors. The results of audit reports, key findings and relevant recommendations are submitted to the Board of Directors at least once a half-year.

The Head of the Internal Audit Service takes into account the risk management concept adopted by the Company, and also applies his/her own risk judgment formed after consultations with the Management Board and the Audit Committee.

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

Evaluation of the effectiveness of the internal control system includes:

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

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

3) determination of the adequacy of the criteria established by the Management Board for analyzing the degree of fulfillment (achievement) of the set goals;

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

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

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

7) verification of the safety of the Company's assets;

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

Assessment of the effectiveness of the risk management system includes:

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

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

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

4) analysis of information on realized risks (violations identified by the results of internal audits, facts of failure to achieve goals, facts of litigation).

Corporate governance assessment includes verification:

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

2) the procedure for setting goals, monitoring and controlling their achievement;

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

4) ensuring the rights of the Sole Shareholder, and the effectiveness of relations with interested parties;

5) procedures for disclosure of information about the activities of the Company and its subsidiaries and affiliates.

108. The Company conducts an annual audit of financial statements by engaging an independent and qualified auditor who, as an outside party, provides an objective opinion to interested parties on the reliability of financial statements and their compliance with IFRS requirements. The norms regarding the annual audit are applied if the audit of the annual financial statements is provided for by the legislation of the Republic of Kazakhstan and/or internal documents of the Company.

The selection of an external auditor is carried out on the basis of a competition. An important role in the selection process is played by the Audit committee of the Board of Directors, which

coordinates the qualification requirements and/or technical specifications developed for the purpose of the competition.

109. The external auditor involved should not provide consulting services to the Company that may threaten the independence of the external auditor. If a person participating in the mandatory audit of the Company as an employee of an external auditor or participating in the mandatory audit of the Company as an employee of an external auditor is expected to be appointed (elected) to the position of a member of the Management Board, managing director or chief accountant of the Company within two years preceding the date of his appointment (election) to the Company, in order to avoid a conflict of interest, it is required to obtain the preliminary approval of the Audit Committee of the Board of Directors for the proposed candidate for further consideration of his appointment (election).

110. Stakeholders should be confident in the reliability of the Company's financial statements by engaging an external auditor who meets the following criteria: high level of qualification of the audit organization's specialists; significant work experience and positive reputation (both on the Kazakh market and on the international market (if necessary)); experience in the industry; compliance by the audit organization with international auditing standards, the legislation of the Republic of Kazakhstan in the field of auditing, the Code of Ethics of Professional Accountants of the International Federation of Accountants; efficiency of work on identifying shortcomings and providing recommendations for improving internal controls on the process of preparing financial statements.

111. The Company should approve documents regulating the procedure for conducting an audit and relations with an external auditor, including the process of selecting an external auditor, the powers and functions of the competition commission, the provision of consulting services by an audit organization that are not related to the audit of financial statements and other information, the rotation of audit organizations and senior personnel of an audit organization, recruitment issues former employees of the audit organization.

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

## **Chapter 8. The principle of regulating corporate conflicts and conflicts of interest**

### **Paragraph 1. Regulation of corporate conflicts**

112. Members of the Board of Directors and the Management Board, employees of the Company, perform their professional functions in good faith and reasonably in the interests of the Company, avoiding conflicts.

In the event of corporate conflicts, the participants seek ways to resolve them through negotiations in order to ensure effective protection of the interests of the Company and interested parties. At the same time, the Company's officials promptly inform the Corporate Secretary and/or the Ombudsman about the presence (occurrence) of a conflict.

The effectiveness of work on the prevention and settlement of corporate conflicts presupposes the full and early identification of such conflicts and coordination of actions of all organs of the Company.

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

The sole shareholder, in order to prevent interference by state bodies in the Company's operational activities, as well as to increase the responsibility of the Board of Directors for the

decisions taken, should avoid electing an excessive number of members of the Board of Directors who are representatives of state bodies.

114. In order to ensure an objective assessment of the corporate conflict and create conditions for its effective settlement, persons whose interests are affected by the conflict or may be affected do not participate in its settlement.

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

115. The Board of Directors approves and periodically reviews the policy and rules for resolving corporate conflicts, in which their resolution will meet the interests of the Company and the Sole Shareholder.

116. The Board of Directors settles corporate conflicts on issues within its competence. In this case, the Corporate Secretary and/or the Ombudsman are charged with ensuring that the Board of Directors is informed as much as possible about the essence of the corporate conflict and the role of an intermediary in resolving the corporate conflict.

The Chairman of the Management Board, on behalf of the Company, settles corporate conflicts on all issues, decision-making on which is not within the competence of the Board of Directors of the Company, and also independently determines the procedure for resolving corporate conflicts.

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

## **Paragraph 2. Conflict of interest regulation**

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

Serious violations related to a conflict of interests may damage the reputation of the Company and undermine the trust in it on the part of the Sole Shareholder and other interested parties. The personal interests of an official or employee should not influence the impartial performance of their official, functional duties.

118. The Company's employees do not allow a situation in which a conflict of interests may arise, either in relation to themselves (or related persons), or in relation to others.

In order to avoid conflicts of interest that prevent the Board of Directors from fulfilling its duties objectively and to limit political interference in the processes of the Board of Directors, the Company implements mechanisms to prevent and regulate them.

119. The basic principles of conflict of interest prevention, methods of their identification, assessment and resolution are fixed in the Company's Code of Business Conduct approved by the Board of Directors.

## **Chapter 9. Principles of transparency and objectivity of disclosure of information about the Company's activities**

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

121. In order to ensure the systematic disclosure of information, the Company approves internal documents defining the principles and approaches to disclosure and protection of information, a list of information disclosed to interested parties, deadlines, procedure, method,

form of disclosure of information, responsible officials and employees, indicating their functions and responsibilities, as well as other provisions governing the processes disclosure of information.

In order to protect information constituting commercial and official secrets, the Company, in accordance with the legislation of the Republic of Kazakhstan, determines the procedure for classifying information into access categories, conditions for storing and using information. The Company determines the circle of persons who have the right of free access to information constituting commercial and official secrets, and takes measures to protect its confidentiality.

122. The Internet resource is structured, user-friendly navigation and contains information sufficient for stakeholders to understand the Company's activities. It is recommended that the information be placed in separate thematic sections of the Internet resource.

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

123. The Company's Internet resource contains the following information:

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

2) information on Development Program and/or development plan (at least strategic goals); priority areas of activity;

3) The Charter and internal documents of the Company regulating the activities of bodies, committees, corporate secretary;

4) information about ethical principles;

5) information about risk management;

6) information about the dividend policy;

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

8) information about the members of the Management Board, including the following information: photo, 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), work experience over the past five years, professional qualifications, positions held concurrently, the number and share of shares owned by affiliated organizations;

9) information about financial statements;

10) annual reports;

11) information about the external auditor;

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

13) information on the structure of the authorized capital, including the following information: the number and nominal value of issued shares (participation shares), a description

of the rights granted by shares, the number and nominal value of declared but outstanding shares, information about the Sole Shareholder, the number and share of common shares (participation shares) owned by them, the procedure for disposing of ownership rights;

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

15) information about the annual calendar of corporate events;

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

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

18) information on activities in the field of sustainable development;

19) information on the amount of approved dividends;

20) information about news and press releases.

124. The Company prepares an annual report in accordance with the provisions of this Code and the best practice of information disclosure.

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

The Annual report is prepared and, after approval by the Company's Board of Directors, posted on the Company's Internet resource.

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

1) Message of the Chairman of the Board of Directors;

2) Message of the Chairman of the Management Board;

3) information about the Company: general information; about the structure of the authorized capital, including the following information: the number and nominal value of issued shares (participation shares), description of the rights granted by shares, the number and nominal value of declared but outstanding shares, information about the Sole Shareholder, the number of ordinary shares owned by it, the procedure for disposing of property rights; mission; Development program, results of its implementation; market overview and market position;

4) results of financial and operational activities for the reporting year: review and analysis of activities regarding the tasks set; operational and financial performance indicators; key 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 the company assumed by the Company (if not disclosed in accordance with IFRS);

5) asset structure, overview, main results of financial and production activities;

6) goals and plans for future periods;

7) main risk factors and risk management system;

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

9) sustainable development;

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

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

### **Chapter 10. Interaction with subsidiaries and affiliates**

126. Not only the trust of the Sole Shareholder in the Management Board of the Company, but also the trust of partners and other stakeholders plays an important role in the process of carrying out the Company's activities. In this regard, an important point in the formation of the principles of corporate behavior of the Company is to maintain stable, balanced relations with its subsidiaries and affiliates based on effective corporate governance mechanisms.

127. In order to exercise its rights as a shareholder/participant, the Company carries out relations with subsidiaries and affiliated organizations in accordance with the requirements of legislation, the Charter, this Code and internal documents of the Company, the charters of subsidiaries and affiliates.

128. The main objectives of the Company's interaction with subsidiaries and affiliates are:

1) ensuring stable development, financial stability, effective management of subsidiaries and affiliates;

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

3) harmonization of relations between the Sole Shareholder, officials and employees of the Company, as well as subsidiaries and affiliates, taking systematic measures to prevent conflicts between them and within these groups;

4) development and implementation of coordinated and effective Development Program and investment policy of the Company and its subsidiaries and affiliates;

5) involvement of the Company's officials in supervising the activities of subsidiaries and affiliates by participating in the supervisory boards.

129. In order to prevent the formal nature of the activities of the Supervisory Boards of subsidiaries and affiliated organizations and to ensure the principles of corporate governance of efficiency, transparency and accountability of management bodies:

- before submitting issues for consideration by the Supervisory Boards of subsidiaries and affiliated organizations, the subsidiary and dependent organization must send all materials for consideration to the responsible structural unit of the Company;

- this structural subdivision sends all the documents submitted by the structural subdivision of the Company, which, within their competence, consider and issue their independent opinion on the merits of the issues submitted to the Supervisory Boards;

- after receiving the conclusions, where comments, recommendations and adjustments can be submitted, the structural unit sends for consideration to subsidiaries and dependent organizations with recommendations on their elimination.

130. The responsible structural subdivision of the Company sends to the Chairman of the Supervisory Board of subsidiaries and affiliated organizations a brief statement on the issues submitted for consideration by the Supervisory Boards.

### **Chapter 11. Interaction with business partners**

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

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

133. The Company faithfully fulfills its contractual obligations to business partners and demands the same from them.

134. The Company always resolves disputes arising in the course of its activities by legal means, negotiating and striving to find mutually acceptable compromises.

## **Chapter 12. Final provisions**

135. This Code shall come into force upon its approval.

136. The Company strives to implement the provisions of this Code in its activities.

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

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

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