

**APPROVED BY**

the Resolution of the General Meeting  
of «International Green Technologies and  
Investment Projects Center» Shareholders  
of Non-Commercial Joint-Stock Company

(Minutes dated August 19, 2019 No. 01/19)

*With the changes, which were approved by the decision  
of the general meeting of «IGTIC» NCJSC shareholders  
(protocol December 24, 2019, № 03/19)*

**Corporate Governance Code of  
«International Green Technologies and Investment Projects Center»  
Non-Commercial Joint-Stock Company**

**Nur-Sultan city, 2019**

## **Chapter 1. General Provisions**

1. The Corporate Governance Code (hereinafter - the Code) of "International Green Technologies and Investment Projects Center" Non-Commercial Joint-Stock Company (hereinafter - the Company) is developed in accordance with the legislation of the Republic of Kazakhstan, corporate and ethical standards and principles of corporate governance.

The Code is aimed at improving corporate governance in the Company, ensuring of the transparency and efficiency of the management.

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

1) shareholder - a person who owns shares in the authorized capital of the Company. The shareholders of the Company are:

The Government of the Republic of Kazakhstan as the founder of the Company. The rights of the state as a shareholder to participate in the management of the Company are exercised by the Committee of State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan. The ownership and use rights of the state block of shares of the Company are exercised by the Ministry of Energy of the Republic of Kazakhstan;

Association of Legal Entities "Association of Environmental Organizations of Kazakhstan";

2) General Meeting of Shareholders is the supreme body of the Company. The procedure for holding the General Meeting of Shareholders is determined by the Law of the Republic of Kazakhstan "On Joint Stock Companies", the Charter of the Company;

3) Management Board is the collegial executive body of the Company;

4) budget - a document that defines the main areas of activity, indicators of financial and economic activities and key indicators of the Company for the medium term, approved by the Board of Directors;

5) development strategy - a document that defines and justifies the mission, vision, strategic goals, objectives and key performance indicators of the Company, approved by the General Meeting of Shareholders;

6) Board of Directors is the governing body in the Company responsible for the general management and control over the activities of the Company and the Management Board;

7) Corporate governance - a set of processes that provide management and control over the activities of the Company and include relations between shareholders, the Board of Directors, the Management Board, other bodies of the Company and interested parties in the interests of shareholders. The Corporate governance also determines the structure of the Company, with the help of which its goals are established, ways to achieve these goals, as well as monitoring and assessment of performance;

8) corporate events - events that have a significant impact on the activities of the Company, affecting the interests of shareholders and investors of the Company, defined by the legislation of the Republic of Kazakhstan, as well as the Charter of the Company;



9) corporate conflict - disagreement or dispute between shareholders and bodies of the Company, members of the Board of Directors and the Management Board, head of the Internal Audit Service, corporate secretary;

10) Corporate Secretary - an employee of a joint-stock company who is not a member of the Board of Directors, who is appointed by the Board of Directors of the Company and reports to the Board of Directors of the Company, and also organizes and supervises the preparation and implementation of decisions of the General Meeting of Shareholders and the Board of Directors of the Company, ensures the formation of materials on issues decisions of the General Meeting of Shareholders and materials for the meeting of the Board of Directors of the Company, monitors access to them;

11) key performance indicators (indicators) (hereinafter referred to as KPIs) are indicators characterizing the level of efficiency of the Company, officers and employees of the Company, which allow us to evaluate the effectiveness of their activities. KPIs are of quantitative importance, approved for the Company as part of the development strategy and/or development plan of the Company, or approved differentially for each employee of the Company and corresponding to the results of their activities for the planned and reporting periods;

12) official - member of the Board of Directors, Management Board;

13) stakeholders - individuals, legal entities, groups of individuals or legal entities that influence or may experience the influence of the Company, their products or services and related actions by virtue of legislation, concluded agreements (contracts) or special (indirectly); The main representatives of interested parties are shareholders, employees, partners, suppliers, government agencies, subsidiaries and dependent organizations, creditors, investors, public organizations, the population of the regions in which the Company operates;

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

15) independent director - a member of the Board of Directors who is not connected by subordination with the officials of this Company - affiliates of this Company and was not connected by subordination with these persons during the three years preceding his election to the Board of Directors; not a public servant; is not a representative of a shareholder at meetings of the bodies of this Company and was not him during the three years preceding his election to the Board of Directors; does not participate in the audit of this Company as an auditor working in an audit organization, and did not participate in such an audit during the three years preceding his election to the Board of Directors;

16) fiduciary obligations - obligations undertaken by a person who carries out his professional activities in favor of another person. There are two main fiduciary duties: good faith 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 obligation should act



exclusively in the interests of the Company. In turn, the obligation of rationality is manifested in the application of skills, knowledge and skills usually required in such a situation.

The subjects bound by fiduciary obligations in relation to the Company include the officers of the Company, its shareholders, as well as other interested parties. For example, members of the management bodies of the Company, as well as a shareholder, are not entitled to use the business opportunities of the Company exclusively in their own interests. The opposite will mean a violation of the obligation of good faith in relation to the Company.

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

3. In carrying out its activities, the Company provides:

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

4. Control over the implementation by the Company of this Code is carried out by 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 the issues of proper compliance with this Code, and also annually generates a report on compliance/non-compliance with its principles and provisions.

Subsequently, this report is submitted for consideration by a committee of the Board of Directors, approved by the Board of Directors and included in the annual report of the Company.

5. Cases of non-compliance with the provisions of this Code are considered at meetings of the Committee and the Board of Directors with the adoption of decisions aimed at further improving corporate governance in the Company.

## **Chapter 2. The principles of corporate governance of the Company**

6. The Company considers corporate governance as a means of increasing the efficiency of the Company, ensuring transparency and accountability, strengthening its reputation and reducing the cost of attracting capital. The corporate governance system provides for the separation of powers and responsibilities between bodies, officers and employees of the Company.

7. The corporate governance of the Company is based on fairness, honesty, responsibility, transparency, professionalism and competence. The corporate governance structure is based on respect for the rights and interests of all persons interested in the activities of the Company and contributes to the successful operation of the Company, including the growth of its value, support for financial stability and profitability.

8. The fundamental principles of this Code are:

- principle of separation of powers;
- principle of protecting the rights and interests of shareholders;



- principle of effective management of the Company by the Board of Directors and the Management Board;
- principle of sustainable development;
- principle of risk management, internal control and audit;
- principle of regulation of corporate conflicts and conflicts of interest;
- principle of transparency and objectivity of disclosing information on the activities of the Company.

9. Within the framework of the corporate governance structure of the Company, the division of responsibilities between the bodies of the Company is determined, and the systematic and consistent processes of corporate governance are ensured.

10. Following the principles of corporate governance set forth in the Code contributes to the creation of an effective approach to conduct an objective analysis of the Company's activities and receive recommendations from analysts, financial advisors and rating agencies.

### **Paragraph 1. Principle of separation of powers**

11. The rights, obligations and powers of shareholders, the Board of Directors and the Management Board are determined in accordance with the legislation of the Republic of Kazakhstan.

12. The Company carries out its activities under the Charter of the Company.

13. The Company builds up the optimal structure of assets, simplifies their structure and legal form.

14. Shareholders participate in the management of the Company solely through the exercise of the powers of the shareholder provided for in the Law "On Joint Stock Companies".

15. Transactions and relations between the Company, shareholders and interested parties are carried out on a commercial basis in accordance with the legislation of the Republic of Kazakhstan.

16. The economic activity of the Company meets market conditions regarding debt and equity finance:

1) the Company's relations with all market participants (including financial and non-financial organizations) are based on an exclusively commercial basis;

2) the business activities of the Company do not benefit from any indirect financial support, which gives advantages over private competitors, with the exception of cases provided for by the legislation of the Republic of Kazakhstan;

3) compliance with profit standards from the business activities of the Company, taking into account working conditions that correspond to the results obtained by competing private enterprises.

17. With the participation of the Company in the procurement of goods, works and services as a customer, the applied procedures are competitive, transparent (taking into account the principle of confidentiality) and are non-discriminatory.

18. The relations (interaction) between shareholders and the Company are carried out through the General Meeting of Shareholders, the Board of Directors and /



or the Management Board of the Company in accordance with the principles of corporate governance. The role and functions of the Chairman of the Board of Directors and the Chairman of the Management Board of the Company are delimited and fixed in the documents of the Company.

The Company discloses to its shareholders and the Board of Directors of the Company information on its activities in accordance with the Law "On Joint Stock Companies", the Charter of the Company and ensures transparency of activities to all interested parties.

19. The corporate governance system provides for the relationship between:

- 1) shareholders;
- 2) by the Board of Directors;
- 3) by the Board;
- 4) by interested parties;
- 5) other bodies determined in accordance with the Charter.

The company approves the regulations on bodies and structural units, as well as job descriptions of employees. Compliance with the provisions of these documents ensures a consistent and consistent corporate governance process.

20. In order to ensure sustainable development, the Company forms and approves accounting policies.

The decision on the application of corporate standards approved by the Company in the field of internal audit and the internal control system is taken by the Board of Directors of the Company, taking into account the compliance of these standards with the specifics of the Company.

21. One of the main strategic objectives of the Company is to ensure the growth of long-term value and sustainable development of the Company, which is reflected in the development strategy and budget of the Company. All decisions and actions taken must comply with the specified internal documents of the Company.

The main element of evaluating the performance of the Company and its Management Board is the KPIs.

On an annual basis, an assessment of the achievement of the Company's KPIs is carried out. This assessment affects the remuneration of the Chairman and members of the Management Board, is taken into account when they are re-elected, and is also one of the grounds for their dismissal ahead of schedule.

In order to assess the achievement of the goals and objectives established in the development strategy, KPIs are established through the following processes:

- 1) shareholders through their representatives on the Board of Directors express strategic guidelines and their expectations for KPIs for the planning period, which they submit to the Board of Directors for consideration;
- 2) based on the results of consideration and discussion, the Board of Directors approves the list and target KPIs that are communicated to the Management Board for the development of the development strategy and budget of the Company for the medium term;
- 3) the budget of the Company is approved by the Board of Directors.



22. The company approves the rules for the development, coordination, approval, execution, adjustment and monitoring of the budget of the Company.

23. The Board of Directors ensures management efficiency, long-term value growth and sustainable development. Effective management results in improved operational efficiency, improved reporting quality, improved standards of corporate culture and ethics, openness and transparency, reduced risks, and an appropriate internal control system.

The corporate governance system provides:

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

**Paragraph 2. The principle of protecting the rights and interests of shareholders**

24. Respect for the rights of shareholders is a key principle of corporate governance in the Company. Corporate governance in the Company is based on ensuring protection, respect for the rights and legitimate interests of shareholders and is aimed at promoting the efficient operation of the Company, including increasing the long-term value of the Company, maintaining their financial stability and profitability.

25. The register of shareholders of the Company is maintained by the central depository.

**Paragraph 3. Ensuring the rights of the shareholder**

26. The Company ensures the implementation of the rights of the shareholder, including:

- the right to own, use and dispose of shares;
- the right to participate in the management of the Company and to elect the Board of Directors in the manner provided by the Law on Joint Stock Companies;
- the right to receive a share in the assets of the Company upon its liquidation;
- the right to receive information about the activities of the Company, including to get acquainted with the financial statements of the Company in the manner specified by the general meeting of shareholders or the Charter of the Company;
- the right to apply to the Company with written requests regarding its activities and to receive motivated and exhaustive answers within the time periods established by the Charter of the Company;
- the right to receive an extract from the central depository, confirming the ownership of securities;
- the right to challenge in court the decisions made by the bodies of the Company;



- the right to preemptive purchase of shares of the Company in the manner prescribed by the Law on Joint Stock Companies.

27. Shareholders exercise their rights to participate in the management of the Company through participation in General Meetings of Shareholders. Decisions on issues referred by the Law on Joint Stock Companies and the Charter of the Company to the competence of the General Meeting of Shareholders are taken by the body, shareholders' officials with the right to make such decisions in accordance with the legislation of the Republic of Kazakhstan or the constituent documents of shareholders.

General meetings of shareholders are divided into annual and extraordinary.

28. The shareholders may hold meetings with the Board of Directors and the Management Board to summarize the results of the year and make decisions on matters within their competence. Shareholders can also hold regular meetings throughout the year with the Chairman of the Board of Directors to discuss issues of the Company's activities within their competence.

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

29. The organization and procedure for holding the General Meeting of Shareholders meets the following requirements:

- fair and equal treatment of all shareholders, as well as the availability of participation in the General Meeting of Shareholders;
- providing organizational and reporting information;
- simplicity and transparency of the General Meeting of Shareholders.

The procedure for holding the General Meeting of Shareholders is determined in accordance with the Law "On Joint-Stock Companies", the Charter of the Company or a decision of the General Meeting of Shareholders.

In the cases provided for by paragraph 2 of Article 177 of the Law of the Republic of Kazakhstan "On State Property" and the need to agree on a decision by a shareholder - authorized body with an authorized body on state property, shareholders are notified of the General Meeting by no later than 45 (forty-five) calendar days before the date of its holding.

30. The information and materials provided to shareholders prior to the General Meeting of Shareholders, as well as the procedure for its provision, provide a complete picture of the essence of the issues discussed with an exhaustive list of precisely formulated issues for discussion, risks associated with making (not accepting) a decision, and receiving answers to questions of interest issues and the possibility of making informed decisions on agenda items.

If questions on the selection of members of the Board of Directors are included in the agenda of the General Meeting of Shareholders, full information on candidates for these positions is provided in accordance with the Law on Joint Stock Companies, the Charter and internal documents of the Company.

The issues on the agenda are presented in a meaningful way and are interpreted in accordance with the literal meaning of their verbal expression and exclude the



possibility of their different interpretation. It is not allowed to include issues with the words “any other”, “other”, “other than” on the agenda. At the General Meeting of Shareholders, the Company offers a separate decision on each individual issue submitted for consideration by the shareholders.

The shareholder may submit proposals to the agenda of the General Meeting of Shareholders, as well as require the convocation of an extraordinary General Meeting of Shareholders when substantiating them.

31. The methods of informing about the convening of the General Meeting of Shareholders provide timely notification of all shareholders.

32. The shareholders have the opportunity to familiarize themselves with the list of persons participating in the work of the General Meeting of Shareholders. The process of familiarization with the list of persons entitled to participate and receive materials from the General Meeting of Shareholders is simple for all shareholders. The list of shareholders participating in the General Meeting of Shareholders is compiled by the central depository on the basis of information from the register of shareholders of the Company with disclosure by nominal holders of shareholders.

33. Information materials distributed during the preparation of the General Meeting of Shareholders are systematized with respect to the agenda of the General Meeting of Shareholders. A simple and easy procedure is established for obtaining and / or acquaintance with these materials.

34. At the request of the shareholders, they are provided with additional information about plans, achievements and problems of the Company's activities, as well as analytical studies and materials of other organizations on the activities of the Company.

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

36. The Company provides shareholders with reliable information about its financial and economic activities and its results. In the case of combining the tasks of implementing state policy in carrying out the activities of the Company with the main commercial activity, these goals are disclosed and brought to the attention of shareholders.

37. The procedure for holding the General Meeting of Shareholders provides shareholders with an equal opportunity to exercise their rights to participate in the General Meeting. A shareholder may vote in person or through a representative (by proxy issued by the shareholder to his representative). The votes cast in person and without a personal presence shall be equally effective. A power of attorney for participation in the General Meeting of Shareholders and voting on the issues under discussion is not required for a person who, in accordance with the legislation of the Republic of Kazakhstan or constituent documents, has the right to act without a power of attorney on behalf of the shareholder.

38. During the preparation for the General Meeting of Shareholders of the Company, organizational and technical conditions are created that provide the opportunity for shareholders to ask questions on the agenda and materials. The



Company has secured the powers of officials, the corporate secretary and employees of the Company to interact with shareholders and investors, as well as the procedure for providing answers to their requests.

39. The Corporate Secretary monitors incoming questions from shareholders and provides answers regarding the procedure for holding the General Meeting of Shareholders, explains the provisions of the legislation of the Republic of Kazakhstan and the documents of the Company regarding the procedure for participation and voting at the General Meeting of Shareholders, as well as on other issues, if such is defined in Company internal documents.

40. The Chairman of the General Meeting of Shareholders ensures that shareholders receive answers to all material questions directly at the General Meeting of Shareholders.

The Chairman ensures the attendance of all members of the Board of Directors and the Management Board, heads of the internal audit service and structural divisions of the Company to answer questions at the annual General Meeting.

If the questions raised do not allow you to answer them immediately, the person (s) to whom they were asked provides written answers to the questions asked as soon as possible after the General Meeting.

41. The procedure for collecting and counting votes is simple and transparent, shareholders are convinced of the exclusion of the possibility of any distortion of the results of the voting.

42. The results of the voting of the General Meeting of Shareholders or the results of absentee voting are communicated to the shareholders by sending a written notice to each shareholder within 3 (three) business days after the closing of the General Meeting of Shareholders.

### **Paragraph 5. Effective Board of Directors**

43. The Board of Directors is a management body reporting to the General Meeting of Shareholders, providing strategic management of the Company and control over the activities of the Management Board.

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

45. The Board of Directors exercises its functions in accordance with the Law "On Joint Stock Companies", the Charter of the Company, this Code, the Regulation on the Board of Directors and other internal regulatory documents of the Company.

The Board of Directors pays particular attention to issues related to:

- 1) definition of development strategies (directions and results);
- 2) setting and monitoring of KPIs established in the development strategy and plan;
- 3) organization and supervision of the effective functioning of the risk management system and internal control;
- 4) election (re-election), remuneration, succession planning and control over the activities of the Chairman and members of the Management Board;
- 5) corporate governance and ethics.



46. The Members of the Board of Directors faithfully fulfill their functional duties and adhere to the following principles in their activities:

1) act within their powers - members of the Board of Directors make decisions and act within their powers enshrined in the Law "On Joint Stock Companies", the Charter of the Company;

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

3) contribute to the growth of long-term value and sustainable development of the Company - members of the Board of Directors act in the interests of the Company, taking into account fair treatment of all shareholders and the principles of sustainable development;

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

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

47. Responsibility between the Board of Directors for ensuring its activities, performing its functions and duties, including (but not limited to) determining strategic directions of the Company's activities, setting goals and specific, measurable (digitized) KPIs and the responsibility of the Company's Management Board for operational (current) activities The Company, including (but not limiting) the implementation of tasks and the achievement of established KPIs is divided and fixed in the relevant internal documents of the Company.

The Members of the Board of Directors fulfill their duties and are responsible for decisions made, the effectiveness of their activities, action and/or inaction. In case of different opinions, the Chairman of the Board of Directors ensures consideration of all acceptable options and proposals that are expressed by individual members of the Board of Directors in order to make a decision that meets the interests of the Company.

At the annual General Meeting of Shareholders (hearing), the Chairman of the Board of Directors provides the shareholders with a report of the Board of Directors, which reflects the results of the activities of the Board of Directors and its committees for the reporting period, measures taken by the Board of Directors to increase the long-term value and sustainable development of the Company, the main risk factors, significant events, issues discussed, number of meetings, form of meetings, attendance. The report of the Board of Directors is included in the annual report of the Company.



The Board of Directors annually reports on compliance with this Code to shareholders. The Board of Directors ensures the implementation of mechanisms that will help to avoid a conflict of interest that impedes the objective fulfillment by the Board of Directors of its duties, and limit intervention in the processes of the Board of Directors.

48. The Board of Directors and its committees maintain a balance of skills, experience and knowledge, ensuring the adoption of independent, objective and effective decisions in the interests of the Company and taking into account a fair attitude to all shareholders and the principles of sustainable development.

49. The shareholders elect members of the Board of Directors on the basis of transparent procedures, taking into account the competencies, skills, achievements, business reputation and professional experience of candidates. When re-election of individual members of the Board of Directors or its full composition for a new term, their contribution to the effectiveness of the activities of the Board of Directors of the Company is taken into account.

50. The term of office of members of the Board of Directors expires at the time of adoption by the General Meeting of Shareholders of a decision on the election of a new composition of the Board of Directors.

51. The Members of the Board of Directors of the Company are elected for a term of not more than three years, in the future, subject to satisfactory performance, re-election is allowed for another term of up to three years.

No person is involved in decisions related to his own appointment, election and re-election.

52. When selecting candidates for the Board of Directors:

- 1) experience in senior positions;
- 2) 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 portfolio of projects);
- 6) business reputation;
- 7) presence of direct or potential conflict of interest.

53. The quantitative composition of the Board of Directors of the Company is determined by the Charter of the Company. The composition of the Board of Directors of the Company is established individually taking into account the scale of activity, business needs, current tasks, development strategy and/or development plan and financial capabilities.

54. The composition of the Board of Directors ensures decision-making in the interests of the Company and taking into account a fair attitude to shareholders through a balanced combination of members of the Board of Directors (representatives of shareholders, independent directors, head of the executive body).

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



1) having a criminal record outstanding or not removed in the manner prescribed by legislative acts;

2) previously being the Chairman of the Board of Directors, the first head (Chairman of the Management Board), deputy head, chief accountant of another legal entity for a period of not more than one year prior to the decision on the forced liquidation or forced redemption of shares, or conservation of another legal entity recognized as bankrupt according to established order. The specified requirement applies within five years after the date of the decision on the forced liquidation or forced repurchase of shares, or the conservation of another legal entity declared bankrupt in the prescribed manner.

Other requirements for persons elected to the Board of Directors are established by the legislation of the Republic of Kazakhstan, the Regulation on the Board of Directors and the Charter of the Company.

56. Independent directors are present and participate in the Board of Directors. The number of members of the Board of Directors is at least 6 (six) people. At least thirty percent of the Board of Directors of the Company must be independent directors.

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

Independent directors are actively involved, including in the discussion of issues where a conflict of interest is possible (preparation of financial and non-financial statements, nomination of candidates to the Management Board, establishment of remuneration to members of the Management Board). Independent directors are elected as chairpersons of key committees of the Board of Directors - on audit, appointment and remuneration.

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

57. The relations between independent directors and the Company are drawn up 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.

In the agreements indicate the rights, obligations, responsibilities of the parties and other essential conditions, as well as the director's obligations to comply with the provisions of this Code, including devoting sufficient time to perform the functions assigned to them, obligations to not disclose internal information about the Company after termination of its activities for a period established by the Board of Directors and additional obligations arising from requirements for the status and functions of independent directors.

58. The Company ensures the existence of succession plans for members of the Board of Directors to maintain business continuity and progressively update the composition of the Board of Directors.



59. The Board of Directors approves the induction program for newly elected members of the Board of Directors and the professional development program for each member of the Board of Directors. The Corporate Secretary ensures the implementation of this program.

60. The Members of the Board of Directors who are elected for the first time after their appointment undergo an induction program. In the process of taking office, members of the Board of Directors are familiarized with their rights and obligations, key aspects of the activities and documents of the Company, including those associated with the greatest risks.

61. 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 members of the Board of Directors, large shareholders and the Management Board.

The functions of the Chairman of the Board of Directors are divided and fixed in the Charter of the Company. The Chairman of the Management Board cannot be elected as the Chairman of the Board of Directors of the Company.

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

- 1) planning meetings of the Board of Directors and the formation of the agenda;
- 2) ensuring timely receipt by members of the Board of Directors of complete and relevant information for decision-making;
- 3) ensuring that the Board of Directors focuses its attention on strategic issues and minimizes issues of a current (operational) nature that are subject to consideration by the Board of Directors;
- 4) ensuring the effectiveness of meetings of the Board of Directors by allocating sufficient time for discussions, comprehensive and in-depth consideration of agenda items, stimulating open discussions, and reaching agreed decisions;
- 5) building appropriate communication and interaction with shareholders, including the organization of consultations with large shareholders in making key strategic decisions;
- 6) ensuring monitoring and supervision of the proper implementation of decisions made by the Board of Directors and the General Meeting of Shareholders;
- 7) in the event of corporate conflicts, the adoption of measures to resolve them and minimize the negative impact on the activities of the Company, and timely informing shareholders if it is impossible to resolve such situations on their own.

**Paragraph 6. Remuneration and compensation of expenses of members of the Board of Directors - Independent Directors**

62. The Company discloses information on the amount of remuneration to independent directors for all interested parties in accordance with the legislation of the Republic of Kazakhstan. Information on the amount of remuneration to independent directors for the reporting period is subject to mandatory disclosure in the annual report prepared for the General Meeting of Shareholders.



63. The remuneration to an independent director is subject to the following conditions:

- 1) conscientious performance of the powers of a member of the Board of Directors, using methods that most closely reflect the interests of the Company;
- 2) leadership in making decisions by the legislation of the Republic of Kazakhstan and the Charter of the Company;
- 3) participation in meetings in person, with the exception of illness, vacation, business trips and participation in all meetings in absentia of the Board of Directors of the Company.

64. The remuneration is made by the Company based on its financial capabilities and is paid according to the Regulation on the Board of Directors.

*the paragraph is set out in a new edition according to the decision of the general meeting of «IGTIC» NCJSC shareholders (protocol December 24, 2019, № 03/19)*

65. The Independent Director is compensated for expenses associated with traveling to meetings of the Board of Directors held outside the place of permanent residence of the independent director.

The compensation of expenses is made by the Company upon presentation by the independent director of supporting documents, within the limits of the reimbursement of travel expenses, which are provided by the Regulation on the Board of Directors.

*the paragraph is set out in a new edition according to the decision of the general meeting of «IGTIC» NCJSC shareholders (protocol December 24, 2019, № 03/19)*

66. In the event of termination of the powers of a member of the Board of Directors (including early) before the end of the calendar year, the independent director is paid compensation for the period of actual stay on the Board of Directors, no later than a month from the date of expiration of the powers determined by the relevant decision of the General Meeting of Shareholders or by filing an independent director of an application for early termination of office.

67. The conflicts related to the payment of remuneration to independent directors are regulated in accordance with the requirements of the legislation of the Republic of Kazakhstan and internal documents of the Company.

No person should participate in decisions related to their own amount of compensation.

#### **Paragraph 7. Committees of the Board of Directors**

68. Committees are created under the Board of Directors, the competence of which includes consideration of issues of audit, personnel and remuneration, as well as other issues provided for by the internal documents of the Company. The quantitative composition of the Committee is at least 3 (three) people.

69. The presence of committees does not relieve members of the Board of Directors of responsibility for decisions taken within the competence of the Board of Directors.

70. The Committees are created to conduct a detailed analysis and develop recommendations on the most important issues before they are considered at a



meeting of the Board of Directors. The final decision on issues considered by the committees is taken by the Board of Directors.

71. The activities of all committees are regulated by internal documents approved by the Board of Directors containing provisions on the composition, competence, procedure for the election of members of the Committee, the working procedure of committees, as well as the rights and obligations of their members.

72. To organize the work of the committee, the committee or the Board of Directors appoints the secretary of the committee. The secretary of the committee ensures the preparation of committee meetings, the collection and systematization of materials for meetings, timely notification to committee members and invitees of meetings of the committee, the agenda of meetings, materials on agenda items, the recording of meetings, the preparation of draft decisions of the committee, and the subsequent storage of all related materials.

73. The Board of Directors decides on the establishment of Committees, determines the composition of the Committees, terms and powers.

The Committees are composed of members of the Board of Directors with professional knowledge, competencies and skills to work on 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, possess organizational and leadership qualities, good communication skills for the effective organization of the Committee.

74. The meetings of the Committees are held in person or in absentia, with the execution of the protocol. In order to create favorable conditions and reduce costs for holding committee meetings, the participation of members of the Committee through technical means of communication is allowed.

75. The chairmen of the committees prepare a report on their activities and at a separate meeting report to the Board of Directors on the results of activities for the year. The Board of Directors has the right at any time during the year to require the committees to submit a report on current activities.

#### **Paragraph 8. Committee of the Audit**

76. The Committee of the Audit includes independent directors with knowledge of accounting and auditing, risk management, and internal control. The Chairman of the audit committee is an independent director. The functions of the audit committee include issues of internal and external audit, financial reporting, internal control and risk management, compliance with the legislation of the Republic of Kazakhstan, internal documents and other issues on behalf of the Board of Directors.

77. The Committee of the Audit evaluates candidates for auditors of the Company, as well as preliminary analyzes the opinion of the audit organization before submitting it to the Board of Directors and at the General Meeting of Shareholders.

78. The member of the Board of Directors who is not independent is elected to the committee if the Board of Directors, as an exception, decides that the membership



of the person in the audit committee is in the interests of shareholders and the Company and the provision of appropriate justifications.

**Paragraph 9. Committee of the HR and Remuneration**

79. The Committee of the HR and Remuneration is consists of two independent directors in order to develop objective and independent decisions and to prevent the influence of interested parties (representatives of shareholders, members of the Management Board, employees and other persons) on the opinions of committee members.

80. Members of the Committee possess knowledge and practical experience in the field of personnel management and assessment of its performance, as well as in the field of corporate governance. The Chairman of the Committee is an independent director.

81. The Committee of the HR and Remuneration determines the criteria for selecting candidates for members of the Board of Directors and the Management Board, develops the Company's policy in the field of remuneration or promotion of these persons, and regularly evaluates the activities of members of the Board of Directors and the Management Board.

The functions of the committee include the issues of appointment (election), setting motivational KPIs, performance assessment, remuneration and succession planning of the Chairman and members of the Management Board, issues of appointment and remuneration of the corporate secretary and employees of the Internal Audit Service, as well as participation in the consideration of these issues in relation to the composition of the Board of Directors , in cases where such powers are granted by the General Meeting of Shareholders. In this case, the members of the The Committee of the HR and Remuneration are not allowed to have a conflict of interest situation and are not involved in the consideration of issues of their own appointment and/or compensation of expenses.

**Paragraph 10. Organization of the activities of the Board of Directors**

82. The preparation and conduct of meetings of the Board of Directors contribute to the effectiveness of its activities. To fulfill their duties, members of the Board of Directors are provided with access to complete, relevant and timely information.

83. The Board of Directors complies with the procedures established by the documents of the Company for the preparation and conduct of meetings of the Board of Directors.

84. The meetings of the Board of Directors are held in accordance with the work plan approved by the Board of Directors, including a list of issues to be considered and a schedule of meetings.

The meetings of the Board of Directors and its committees are carried out through in-person or absentee voting. The Board of Directors is advised to reduce the number of absentee meetings.



85. Consideration and decision-making on issues of a strategic nature is carried out only at meetings of the Board of Directors with an in-person voting.

86. If members of the Board of Directors (not more than 30% of the total number of members of the Board of Directors) are not able to attend a meeting of the Board of Directors in person, a combination of both forms of a meeting of the Board of Directors and its committees is possible.

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

87. The frequency of meetings of the Board of Directors is at least six meetings per year.

To ensure a thorough and full discussion and adoption of timely and high-quality decisions, the issues planned for consideration during the year are evenly distributed.

88. The meeting of the Board of Directors must be convened by the Chairman of the Board of Directors or the Management Board no later than 7 (seven) calendar days from the date of receipt of the request for convocation. Materials on the issues on the agenda of the meeting to the members of the Board of Directors should be sent at least 5 (five) calendar days.

89. At the discretion of the Chairman of the Board of Directors, absentee meetings of the Board of Directors are possible by filling out ballots of the established form. An absentee ballot with attached materials on the agenda items of the meeting should be sent to members of the Board of Directors no later than 3 (three) calendar days before the date of the absentee meeting of the Board of Directors, unless otherwise specified by the Regulation on the Board of Directors.

90. The Board of Directors makes decisions based on complete, reliable and high-quality information. To make effective and timely decisions by the Board of Directors, the following conditions are met:

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

2) obtaining expert opinions (internal and external), if necessary. The involvement of experts does not relieve the Board of Directors of responsibility for the decision;

3) timely consideration of issues;

4) the decisions provide for a plan of further actions, terms and responsible persons.

91. At factors that adversely affect the quality of decisions of the Board of Directors include:

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

2) formal attitude to risks;

3) pursuit of personal interests and low ethical standards;



4) formal decision-making at a meeting of the Board of Directors, without real and active discussions;

5) uncompromising position (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.

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

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

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

94. The decisions at a meeting of the Board of Directors of the Company are made by a majority of votes 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 of the Company or its internal documents determining the procedure for convening and holding meetings of the Board of Directors.

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

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

97. The member of the Board of Directors who is interested in an issue submitted for consideration by the Board of Directors does not participate in the discussion and voting on this issue, as a corresponding entry is made in the minutes of the meeting of the Board of Directors.

98. The board of directors may audit previous decisions. The decision and the process of its adoption are subject to analysis. Audit of earlier decisions is carried out when the Board of Directors evaluates its activities.

#### **Paragraph 11. Assessment of performance of the Board**

99. The Board of Directors, committees and members of the Board of Directors are evaluated on an annual basis.

100. The assessment allows you to determine the contribution of the Board of Directors and each of its members to the growth of long-term value and sustainable development of the Company, as well as identify areas and recommend measures for



improvement. The assessment results are taken into account upon re-election or early termination of powers of members of the Board of Directors.

101. The assessment is one of the main tools to improve the professionalism of the Board of Directors and its individual members. The assessment is carried out both for independent directors and for representatives of shareholders.

The assessment is carried out according to the principles of regularity, comprehensiveness, continuity, realism, confidentiality.

The process, timing and procedure for evaluating the activities of the Board of Directors, its committees and members of the Board of Directors are governed by internal documents of the Company.

102. The assessment includes, inter alia, consideration of the following issues:

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

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

3) the succession and development plans;

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

5) the effective interaction of the Board of Directors with shareholders, the Management Board and officers of the Company;

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

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

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

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

10) the effectiveness of the corporate secretary;

11) clarity of processes and competencies;

12) the process of identifying and assessing risks;

13) the interaction with shareholders and other interested parties.

103. The assessment is carried out by the Board of Directors on an annual basis, taking into account the corresponding assessment of the HR and Remuneration Committee. Assessment methods are self-assessment or the involvement of an independent consultant to improve the quality of the assessment. An independent external consultant may be involved at least once every three years.

104. The results of the assessment are the basis for the General Meeting of Shareholders in the re-election of the entire composition of the Board of Directors or its individual member, and the revision of the composition of the Board of Directors. If there are serious deficiencies in the performance of individual members of the Board of Directors, the Chairman of the Board of Directors consults with shareholders.



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

105. The shareholders may conduct their own assessments of the Board of Directors on their own or with the assistance of an independent consultant. When evaluating a shareholder, the results of the assessment carried out by the Board of Directors, the results of the Company's activities, and the fulfillment of the KPIs are taken into account.

### **Paragraph 12. Corporate Secretary of the Company**

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

107. The Board of Directors decides on the appointment of a corporate secretary, determines the term of his office, functions and procedures, the size of the salary and terms of remuneration. The Corporate Secretary is an employee of the Company and reports to the Board of Directors of the Company.

108. The core functions of the corporate secretary include but are not limited to:

1) the preparation and conduct of meetings of the General Meeting of Shareholders and the Board of Directors, the formation of materials on the agenda of the General Meeting of Shareholders and materials for the meeting of the Board of Directors, control over access to them;

2) the performing the functions of secretary of the General Meeting of Shareholders and the Board of Directors established by the Law of the Republic of Kazakhstan "On Joint Stock Companies";

3) development, taking into account the views of the Chairman of the Board of Directors, a draft work plan of the Board of Directors with a schedule of meetings for the corresponding year;

4) preparation of draft agendas for meetings of the Board of Directors with a proposal in the form of meetings and their presentation to the Chairman of the Board of Directors;

5) posting information on corporate events on the Internet resource of the financial reporting depository;

6) security:

organizational support of the activities of the Board of Directors;

compliance with the requirements for the procedure for storage and disclosure (provision) of information about the Company established by the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Company;

development of draft Corporate Governance Code, regulations on the Board of Directors, committees of the Board of Directors, corporate secretary, as well as amendments and additions to them;

participation in the preparation of the annual report of the Company;

performing other functions established by the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Company;



7) in terms of ensuring the activities of the Board of Directors:

receiving by the members of the Board of Directors relevant and timely information sufficient to make decisions on agenda items and within the competence of the Board of Directors;

ensuring storage of minutes, transcripts, audio-video records, materials of meetings of the Board of Directors;

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

organization of the introduction of newly elected members of the Board of Directors;

organization of interaction between members of the Board of Directors with shareholders, the Management Board.

8) regarding ensuring interaction with shareholders:

organization of holding General Meetings of Shareholders;

timely submission of materials on issues submitted to the General Meeting of Shareholders for adoption of relevant decisions;

ensuring storage of minutes, transcripts, materials of meetings of the General Meeting of Shareholders;

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

9) regarding the implementation of good corporate governance practices:

monitoring the implementation, compliance with the principles and provisions of this Code, as well as the preparation of a report on compliance with the principles and provisions of the Code;

identifying, as part of the performance of their functions, violations of corporate governance standards enshrined in law, the Charter and other internal documents of the Company;

advising shareholders, officers, employees of the Company on corporate governance issues;

10) monitoring the best global practices in the field of corporate governance and making suggestions for improving corporate governance practices in the Company.

109. In the event of a conflict of interest, the corporate secretary shall bring this information to the attention of the Chairman of the Board of Directors.

110. To fulfill his duties, the corporate secretary has the knowledge, experience and qualifications, a good business reputation.

111. In the position of corporate secretary is assigned to a person with a higher legal or economic education, with at least five years of experience, and practical knowledge in the field of corporate governance and corporate law.

112. In order to increase the efficiency of preparing and conducting meetings, the Board of Directors periodically discusses the completeness and usefulness of materials provided to members of the Board of Directors. The results of these



discussions serve as the basis for evaluating the performance of the corporate secretary.

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

114. To perform its functions, the corporate secretary has the right:

1) to request and receive from the officers and employees of the Company sufficient materials for making decisions at meetings of the Board of Directors and materials on the issues on the agenda of the General Meeting of Shareholders;

2) take measures to organize meetings of the Board of Directors and the General Meeting of Shareholders;

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, shareholders.

The Management Board of the Company renders comprehensive assistance to the Corporate Secretary in the exercise of his powers.

### **Paragraph 13. Internal Audit Service**

115. In order to exercise control over the financial and economic activities of the Company, an Internal Audit Service may be formed, acting in accordance with the International Professional Standards of Internal Auditing and the Regulation approved by the Board of Directors of the Company.

### **Paragraph 14. Management Board**

116. The Management Board of the current activities of the Company is carried out by the Management Board. The Chairman and members of the Management Board must have high professional and personal characteristics, a good business reputation and adhere to ethical standards. At the same time, the Chairman of the Management Board should constructively build a dialogue and work actively with shareholders, the Board of Directors, employees and other interested parties.

117. The Management Board reports to the Board of Directors and manages the activities of the Company, is responsible for implementing the development strategy and/or development plan and decisions adopted by the Board of Directors and the General Meeting of Shareholders.

118. The Board of Directors elects the members of the Management Board, with the exception of the Chairman of the Management Board, determines the terms of office, the size of the official salary, and the terms of payment for their labor. The key role in the process of searching and selecting candidates for the Management Board, determining their remuneration is played by the personnel and remuneration committee of the Board of Directors of the Company.

119. Proposals for candidates for election to the Management Board for consideration by the Committee of the HR and Remuneration of the Board of Directors are made by the Chairman of the Management Board.



120. The Management Board is developing a development strategy and plan for the financial and economic activities of the Company.

121. The Management Board provides:

- 1) carrying out activities in accordance with the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Company, decisions of the General Meeting of Shareholders and the Board of Directors;
- 2) proper risk management and internal control;
- 3) allocation of resources for the implementation of decisions of the General Meeting of Shareholders and the Board of Directors;
- 4) labor safety of employees of the Company;
- 5) creating an atmosphere of interest and loyalty of the Company's employees, development of corporate culture.

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

123. The Management Board holds meetings and discusses the implementation of the main areas of activity, decisions of the General Meeting of Shareholders, the Board of Directors and operating activities.

124. The Chairman and members of the Management Board do not allow a conflict of interest situation to arise. In the event of a conflict of interest, they shall notify the Board of Directors or the Chairman of the Management Board in advance, having fixed this in writing and not participating in the decision on the issue.

125. 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 cannot hold the position of the head of another legal entity.

126. The Management Board ensures the creation of the optimal staffing of the Company.

127. The staffing is aimed at:

- 1) effectiveness of decision making;
- 2) increase in the productivity of the Company;
- 3) speed of decision-making;
- 4) organizational flexibility.

128. The selection of candidates for the vacant positions of the Company is carried out on the basis of open and transparent competitive procedures. Career advancement, material incentives for employees of the Company are carried out in accordance with the principles of meritocracy, taking into account the level of knowledge, competencies, work experience and achievement of assigned tasks. A pool of employees of the personnel reserve is being formed in the Company, from which subsequently appointments may be made to senior positions of middle and senior management. The workers are assessed annually.



129. The selection procedures are implemented according to the following requirements:

- openness and lack of restrictions for occupation of positions for a wide range of people, ensuring the principle of equal opportunities that contribute to increased competition and the selection of worthy applicants that meet the requirements of professionalism and competence;
- impartial selection of personnel and a complete lack of protectionism, a patronage reception system (on the principle of loyalty, ethnicity, family ties and personal friendship).

**Paragraph 15. Assessment and remuneration of members of the Management Board of the Company**

130. The Chairman and members of the Management Board are evaluated by the Board of Directors. The main assessment criterion is the achievement of the set efficiency.

KPIs of the Chairman and members of the Management Board are approved by the Board of Directors of the Company. Proposals regarding the KPIs of members of the Management Board for consideration by the Board of Directors are made by the Chairman of the Management Board.

131. The results of the assessment affect the amount of remuneration, promotion, re-election (appointment) or early termination of powers.

**Paragraph 16. Management of risks**

132. The Company is creating a risk management and internal control system aimed at ensuring the achievement of its strategic and operational goals by the Company, which is a combination of organizational policies, procedures, standards of conduct and actions, management methods and mechanisms created by the Board of Directors and the Company's Management Board to ensure:

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

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

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

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

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

3) требования к организации процесса управления рисками (подходы к определению риска, порядок идентификации и оценки рисков, определение методов реагирования, мониторинг);

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

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

136. Each person of the Company ensures proper consideration of risks when making decisions.

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

137. The Management Board of the Company:

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

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

3) is responsible for implementing decisions of the Board of Directors and recommendations of the audit committee in the field of organizing a risk management and internal control system;

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



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

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

139. The Heads of structural divisions, in accordance with their functional responsibilities, are responsible for the development, documentation, implementation, monitoring and development of the risk management and internal control system in the functional areas of the Company entrusted to them.

140. The staffing of the risk management and internal control system in the Company may be determined by an authorized person responsible for risk management and internal control issues, the tasks of which include:

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

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

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

143. When considering the list of risks, the Board of Directors ensures that risks are included in them that can really affect the implementation of strategic objectives, and when considering a plan of measures for responding to risks, make sure that the measures are useful. Risk reports are submitted to meetings of the Board of Directors at least once a year and are duly discussed in full.



144. The Company implements transparent principles and approaches in the field of risk management and internal control, the practice of educating employees and officials on the risk management system, as well as the process of documenting and timely communication of information to officials.

145. The Employees of the Company annually, as well as when applying for a job, may undergo training/induction training to familiarize themselves with the adopted risk management and internal control system.

Based on the results of such training, knowledge testing is conducted.

146. Within the framework of the risk management and internal control system, a safe, confidential and accessible way is organized to inform the Board of Directors, the audit committee and the authorized person about violations of the legislation of the Republic of Kazakhstan, internal procedures, the Code of Business Ethics by any employee and official of the Company.

### **Paragraph 17. Internal control and audit**

147. An internal audit service may be created in the Company for a systematic independent assessment of the reliability and effectiveness of the risk management and internal control system, and corporate governance practices.

148. The Internal Audit Service operates on the basis of a risk-based annual audit plan approved by the Board of Directors of the Company.

149. The results of audit reports, key findings and related recommendations are submitted quarterly to the Board of Directors.

150. The Company conducts an annual audit of financial statements by engaging an independent auditor who provides an objective opinion to interested parties on the reliability of the financial statements and its compliance with the requirements of the International Financial Reporting Standard.

The Company provides disclosure of detailed information about the external auditor involved.

151. Interested parties verify the reliability of the financial statements of the Company by engaging an external auditor that meets the following criteria:

- high level of qualification of specialists of the audit organization; significant work experience and positive reputation (in the Kazakhstan and international markets (if necessary);
- industry experience;
- compliance by the audit organization with international audit standards, the legislation of the Republic of Kazakhstan in the field of audit activity, the Code of Ethics of Professional Accountants of the International Federation of Accountants;
- effectiveness of the work to identify shortcomings and provide recommendations on improving internal controls on the process of preparing financial statements.

### **Paragraph 18. Management of the Corporate Conflict**



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

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

The Company officials are timely notified to the corporate secretary of the presence (occurrence) of conflict.

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

153. The corporate conflicts are considered by the Chairman of the Board of Directors of the Company. If the Chairman of the Board of Directors is involved in a corporate conflict, such cases are considered by the Committee of the HR and Remuneration.

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

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

155. The Board of Directors develops and periodically reviews policies and rules for resolving corporate conflicts, in which their resolution will be in the interests of the Company and shareholders.

156. The Board of Directors resolves corporate conflicts on issues within its competence. In this case, the corporate secretary is given the responsibility of ensuring the possible awareness of the Board of Directors about the nature of the corporate conflict and the role of a mediator in resolving corporate conflict.

157. The Chairman of the Management Board, on behalf of the Company, resolves corporate conflicts on all issues, the adoption of decisions 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.

#### **Paragraph 19. Regulation of the Conflict of Interest**

158. The 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.

159. The employees of the Company shall not allow situations in which a conflict of interest may arise, neither in relation to themselves (or related persons), nor to others.

160. In order to avoid a conflict of interests that impede the objective fulfillment by the Board of Directors of its duties and limit interference with the processes of the Board of Directors, the Company is introducing mechanisms to prevent and regulate them.



161. The basic principles for preventing conflict of interest, methods for their identification, assessment and resolution are enshrined in the Code of Business Ethics of the Company approved by the Board of Directors.

**Paragraph 20. The principle of transparency and objectivity of disclosure of information on the activities of the Company**

162. In order to comply with the interests of interested parties, 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 activities, including financial condition, results of operations, ownership and management structure.

163. The Company approves internal documents that determine the principles and approaches to the disclosure and protection of information, a list of information disclosed to interested parties, the timing, order, method, form of disclosure of information, responsible officials and employees, indicating their functions and responsibilities, as well as other provisions governing disclosure processes.

The Company in accordance with the legislation of the Republic of Kazakhstan and the Charter of the Company determines the procedure for classifying information as access categories, conditions for storage and use of information.

The company determines the circle of persons having the right of free access to information constituting commercial and official secrets, and take measures to protect its confidentiality.

164. The Internet resource of the Company is structured, convenient for using navigation and contains information sufficient for interested parties to understand the activities of the Company. Information is placed in separate thematic sections of the Internet resource.

165. The updating of the Internet resource is carried out 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) are assigned, responsible for the completeness and relevance of information on the Internet resource.

166. The Internet resource of the Company contains the following basic information:

- 1) general information about the Company, including information about the mission, main tasks, goals and activities;
- 2) on the strategy and development plan (strategic goals), priority areas of activity;
- 3) on internal documents regulating the activities of the Company;
- 4) on procurement activities, including rules, announcements and procurement results;
- 5) about news and press releases.

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



The annual report is approved by the Board of Directors.

168. The annual report is a structured document, prepared and brought to the attention of shareholders before the annual General Meeting of Shareholders.

169. The requirements for the content of the annual report require the following information:

- 1) appeal of the Chairman of the Board of Directors of the Company;
- 2) appeal of the Chairman of the Management Board;
- 3) about the Company: general information; mission; development strategy, results of its implementation; market review and market position;
- 4) financial and operating results for the reporting year: review and analysis of activities regarding the tasks; operational and financial performance indicators; main significant events and achievements; information on material transactions; any financial support, including guarantees received/received from the state and any obligations to the state and society assumed by the Company (if not disclosed in accordance with IFRS);
- 5) structure of assets, including subsidiaries/affiliates of all levels, review, main results of their financial and production activities;
- 6) goals and plans for future periods;
- 7) main risk factors and the risk management system;
- 8) Corporate governance: Corporate governance structure; composition of shareholders and ownership structure; composition of the Board of Directors, report on the activities of the Board of Directors and its committees; composition of the Management Board of the Company; report on the activities of the Management Board; employee remuneration policy;
- 9) sustainable development (in the case of the preparation of a separate report in the field of sustainable development, it is possible to provide a link to this report);
- 10) Auditor's report and financial statements with notes;
- 11) The analytical indicators and data included in the annual report reflect the 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).



**International standards for definition and interaction  
with interested parties**

<b>Interested parties</b>	<b>Contributed Contribution</b>	<b>Expectations, interest</b>
Investors, including shareholders, second-tier banks	Financial resources (equity, borrowed funds)	Return on investment, timely payment of dividends, principal and interest
Workers, officials	Human Resources, Loyalty	High salary, good working conditions, professional development
Partners	Financial resources through the acquisition of products (goods and services) of the organization	Getting high-quality, safe goods and services at an affordable price
Suppliers	Supply of resources (goods, works and services) to create value	Reliable sales market, regular solvent buyer
Government, Government, Parliament	State regulation	Taxes, solving social problems



## Annex 2

**Methods of the interaction with interested parties**

<b>Interaction level</b>	<b>Methods of the interaction</b>
Consultations: bilateral interaction; interested parties answer questions of the Company and organizations	Questionnaires; focus groups; meetings with stakeholders; public meetings; workshops; providing feedback through communication; Advisory Boards
Conversation	Collective bargaining based on the principles of social partnership
Involvement: Bilateral or multilateral interaction; building experience and knowledge from all sides, stakeholders and organizations act independently	Multilateral forums; consultation panels; consensus building process; joint decision-making process; focus groups; feedback schemes
Collaboration: Bilateral or multilateral interaction; joint development of experience and knowledge, decision-making and measures	Joint projects; joint ventures; partnership; joint stakeholder initiatives
Empowerment: stakeholders (if applicable) participate in management	Integration of issues of interaction with stakeholders in the management, strategy and operational activities of the Company



## Annex 3

**Classification of categories and aspects of sustainable development**

Category	Aspects
Economic	Economic performance; market presence; indirect economic impacts; procurement practices
Environmental	Materials energy; water; biodiversity; emissions discharges and waste; products and services; compliance with the requirements; transport; general information; environmental assessment of suppliers; environmental complaint mechanisms
Social	Labor practices and decent work include, but are not limited to, suppliers, complaints mechanisms for labor practices
	The rights of the human include, but are not limited to, investment, non-discrimination, freedom of association and collective bargaining, child labor, forced or compulsory labor, security practices, assessment of suppliers' compliance with human rights, human rights complaint mechanisms
	The Company includes, including local communities, anti-corruption, state policy, non-obstruction of competition, compliance with requirements, assessment of the impact of suppliers on the Company, complaint mechanisms for the Company
	The product liability includes, but is not limited to, consumer health and safety, labeling of products and services, marketing communications, consumer privacy, compliance with requirements