

Anti-Corruption

KEGOC JSC adheres to the policy of zero tolerance for corruption in any of its manifestations in cooperation with all stakeholders and to concealment of corruption offences. The Company excludes any form of bribery, including offering or receiving material remuneration, benefits, or services of property, physical or moral nature for performing work or rendering services for actions (inaction) in favour of the persons who provided them, if such actions (inaction) are within the authority of the Company's employees. Employees of the Company do not provide and do not accept hospitality or gifts, which may further entail any obligations of the parties. Officials and employees involved in corruption cases are subject to dismissal and prosecution in accordance with the procedure stipulated by the legislation of the Republic of Kazakhstan.

As part of corruption risk management, the main factors of its occurrence have been identified:

- use of his official powers and related opportunities to obtain property benefits;
- abuse in procurement procedures of goods, works and services, as well as in relations with clients, suppliers, and contractors of KEGOC JSC;
- use of the Company's material resources for personal benefit or enrichment;
- lack of comprehensive and targeted information work to form an anti-corruption model of behaviour among the Company's employees and a public atmosphere of rejection of corruption;
- giving bribes or other remuneration to third parties;
- poor response to incidents of a corrupt nature.

In its day-to-day activities, KEGOC JSC complies with the requirements of anti-corruption legislation and takes maximum organisational and practical steps aimed at uncompromisingly combating corruption in any of its forms and manifestations and managing corruption risk. Contracts with the Company's counterparties contain obligations of the parties and their employees to combat corruption — the parties undertake to ensure the implementation of procedures for conducting compliance audits to prevent risks of involvement in corrupt activities.

In 2023, a new version of the Code of Conduct (business ethics) of KEGOC JSC was approved due to changes in the administrative and criminal legislation of the Republic of Kazakhstan, as well as the implementation of the concluded framework agreement between KEGOC JSC and the European Bank for Reconstruction and Development dated 29 March 2023 in terms of ensuring prohibition of any form of harassment in the workplace, as reflected in the Social Environmental Action Plan under the bond programme.

On 30-31 March 2023, KEGOC JSC employees were tested for knowledge of the provisions of the Code of Conduct (business ethics). A total of 597 KEGOC JSC employees passed the test, scoring an average of 20.7 out of 25 points. This result indicates an excellent understanding by KEGOC JSC employees of the basic norms of the Code of Conduct (business ethics).

In 2023, the Ombudsman:

- took part in the Forum of trade union leaders and corporate ombudsmen on the topic 'Social partnership and assistance in ensuring social stability and social harmony on the basis of objective consideration of the interests of the Employee and Employer' organized by the Centre for Social Interaction and Communications of Samruk-Kazyna JSC.
- took part in the Forum on Social and Labour Communications in the Group of Companies of Samruk-Kazyna JSC ombudsmen of portfolio companies, chairmen of trade unions of PCs and affiliated subsidiaries, heads of IR PCs and subsidiaries and affiliates, and internal mediators of the Group of Companies of Samruk-Kazyna JSC;
- trained Ombudsmen of PCs and subsidiaries and affiliates of Samruk-Kazyna JSC on the topic 'Methods and organization of negotiations in managing labour conflicts'.

The procedure for consideration of employee appeals is regulated by the Regulations on the Ombudsman of KEGOC JSC, according to which the Ombudsman has the right to request and receive information, materials and explanations from employees, officials, Head of the Internal Audit Service and Compliance Service necessary for consideration of the appeal in accordance with the established procedure. Having accepted the appeal for consideration, within 5 (five) working days, the Ombudsman shall explain the ways and means that the applicant may use to protect his/her rights and/or eliminate violations of the norms of conduct and/or decisions or actions (inaction) taken in violation of the norms of conduct. The Ombudsman is also obliged to transfer the appeal to the Company's bodies, whose competence includes the resolution of such appeals.

In 2023, the Ombudsman of KEGOC JSC received 12 appeals, including 8 appeals via the Nysana Call Centre and in person during visits to branches. For each appeal the applicants were provided with answers in accordance with the procedure established by the Company's internal documents and the legislation of the Republic of Kazakhstan.

At the same time, no violations of human rights were detected, and in 2023, no cases of filing lawsuits by the Company's employees for non-compliance with labour legislation were recorded.

The Ombudsman submits a quarterly report to the Board of Directors on all appeals and measures taken on appeals of the Company's employees and officials.

2-16, 2-24, 2-25, 2-26

In 2023, work was carried out to implement the international standard ISO 37001:2016 'Anti-corruption management systems. Requirements and Recommendation for Application': the Anti-Corruption Management System Manual was developed, which became the fundamental document of the anti-corruption management system and describes the anti-corruption management procedures at KEGOC JSC.

All Company employees (100%) are familiarised with anti-corruption documents. The Company's officials accept anti-corruption restrictions by signing commitments to comply with anti-corruption legislation. Work is carried out to comply with the Action Algorithm for the implementation of the institute of resignation and prosecution of managers for corruption offences committed by their subordinates.

Within the framework of forming of KEGOC JSC anti-corruption culture and intolerance to corruption manifestations, special attention is paid to preventive and prophylactic work aimed at reducing corruption risks. Thus, in 2023, the Compliance Service conducted training on the topic 'Formation of integrity and anti-corruption culture. Strengthening public control in corporate governance'. During the training, the main objective was to raise employees' awareness of the compliance function, popularise the Hotline, the provisions of KEGOC JSC Anti-Corruption and Fraud Regulations, and build interaction with the management of territorial branches and substations.

In addition, all employees of the Company (100%) are periodically reminded to immediately report any concerns regarding the following:

- bribery and corruption;
- unequal employment and labour conditions;
- accounting irregularities;
- health, safety and environmental hazards;
- information leakage.

Adaptation courses were also held with newly hired employees in accordance with the Rules of HR Administration at KEGOC JSC on the provisions of the Code of Conduct (business ethics) of KEGOC JSC (55 employees). During the adaptation course, information and explanatory work on the provisions of the organization's standards was carried out:

- Proactive reporting policies ('Hotline'),
- Anti-fraud and corruption policy,
- Policies on conflict of interest management for officials and employees.

Samruk-Kazyna has organised a Hotline with stakeholders of the portfolio companies, including KEGOC JSC. All stakeholders of KEGOC JSC are given the opportunity to report their concerns regarding actual or suspected violations of laws, regulatory requirements, as well as internal policies and procedures on corruption and ethics. They are given the opportunity to make a report on a confidential and anonymous basis. Confidentiality and anonymity are guaranteed and 100 per cent of referrals are considered. Working hours of the Hotline are 24 hours a day, 7 days a week.

2-26

In 2023, KEGOC JSC received 8 appeals to the hotline. All complaints were thoroughly investigated: in 5 complaints the facts of violations were not confirmed, in 3 complaints – interviews were held, explanations were given and measures were taken to eliminate violations and satisfy the complainants. The Head of the Compliance Service informed the Board of Directors about all appeals and measures taken as part of quarterly reports.

Classification of detected violations for 2023

Corruption or bribery	0
Discrimination or harassment	1
Customer privacy data	0
Conflict of interest	0
Money laundering or insider trading	0
Other	2

2-16, 2-25

Risk management and internal control systems

KEGOC JSC has successfully implemented and operates a risk management system, which is based on the generally accepted conceptual models of risk management developed by the Committee of Sponsoring Organizations of the Treadway Commission – COSO ERM ‘Organizational Risk Management. Integrated Model’ and requirements of Samruk-Kazyna JSC.

The corporate risk management system is a key component of the corporate governance system aimed at the timely identification of risks, their assessment and the development of risk management measures that may adversely affect the achievement of KEGOC JSC strategic and operational objectives.

The purpose of the current CRMS is to ensure continuity and stability of operations by limiting the degree of impact of internal and external negative factors on KEGOC JSC operations.

The main principles of the risk management system are as follows:

- involvement of the Company’s management in risk management;
- continuous improvement of the risk management system;
- continuous training and knowledge sharing in the area of risk management by the Company’s employees;
- openness and honesty in reporting and escalation of risks.

The objectives of the risk management system are as follows:

- development and application of uniform and consistent approaches to identifying, assessing and managing KEGOC JSC risks, simplification of procedures for sharing information on risks vertically (management) and horizontally (exchange of experience);
- prompt response to emerging risk events, tracking changes in the external and internal environment;
- organization of targeted risk management activities to reduce risks to an acceptable level or transfer them to third parties (outsourcing, insurance, hedging) or risk avoidance;
- systematization and further accumulation of information on risks
- systematization and further accumulation of information on KEGOC JSC risks, improvement of KEGOC JSC manageability;
- improvement of KEGOC JSC competitiveness and achievement of KEGOC JSC strategic goals by increasing the efficiency of the RMS.

The RMS serves as a tool supporting the management decision-making process and daily operational activities of KEGOC JSC.

The risk management process at KEGOC JSC is permanent, cyclical (continuous), multi-directional and consists of the following components:

- Internal Environment;
- Goal setting;
- Identifying risks;
- Risk assessment;
- Risk Management;
- Controls;
- Information and Communication;
- Monitoring.

KEGOC JSC risk management process

