

Socio-economic contribution

Management approach

Social activity is an important component of corporate social responsibility of the business and one of the key indicators of sustainable development of Kazakhtelecom JSC.

In 2021, Kazakhtelecom continued to improve its approach to the system of managing relations with local communities and external communications at various corporate levels. In order to further develop this practice, a dedicated unit was created that oversees sustainability issues and is responsible for interaction with local communities on project implementation issues.

The Company's relations with local communities are governed by the provisions of the Corporate Governance Code and international standards, such as the UN Sustainable Development Goals, the Global Reporting Initiative (GRI), IFC and EBRD Environmental and Social Standards, the UN Principles of Responsible Investment, etc.

In 2021, key changes were introduced to Kazakhtelecom JSC's policy on managing the full cycle of investment activity in the following areas:

- › interaction with subsidiaries and associates on issues of investment activity and project approval levels;
- › Lean start-up principles in planning and budgeting "New Business" projects;
- › increasing the responsibility of Sponsors (mini-CEO) for project results/cascading responsibility to the Client and the Project Manager;
- › increasing control over monitoring of project implementation and post-monitoring of project performance.

Kazakhtelecom JSC recognizes its responsibility and strives to ensure that the investments made contribute to the development of the production and economic base in the regions of presence, conservation of the natural environment and the exercise of the right to work. The Company supports national economic development programs that include elements of environmental, social and governance principles and sustainability plans.

Creating economic value for stakeholders

As part of the social aspect of sustainable development, Kazakhtelecom JSC focuses on improving the quality of life of the population in places of presence through social and educational programs, transparency of operations, and reducing the negative impact on the environment.

Kazakhtelecom JSC takes a responsible approach to conducting efficient and profitable business, and acknowledges the importance of its participation in the sustainable development of its regions of presence. The Company contributes through its core activities and socio-economic investments in the regions of presence.

The Company operates in all regions of Kazakhstan and is a major employer and taxpayer. The Company's contribution to the local and national economy and local communities is expressed in:

- › direct business activity and focus on improving efficiency;
- › creation of direct and indirect employment opportunities;
- › social investments.

By implementing the Development Strategy and continuing to make regular contributions to local labor markets, Kazakhtelecom JSC brings significant economic benefits to local communities. Thus, direct economic value is created from the Company's core activity, which generates income. The economic value created is distributed through the payment of wages, dividends, taxes and other payments to the state, the purchase of goods and services, and voluntary social investments.

Qlang Online Courses

In cooperation with Kazakhtelecom, Qlang, an online school in Kazakhstan, continued its work on a social project on free English language training for children of medical professionals on the front line for the treatment of coronavirus patients, which was launched in 2020. All the children of Kazakhstani healthcare professionals who wish to take a free English course online on the platform www.med.qlang.kz.

The Qlang Online School courses involve both self-study of interactive tasks on the platform at any time convenient

for the child, and sessions with experienced and qualified teachers with the most appropriate schedule for each child. It is also possible to practice communication in English in a conversational online club, and after completing the course obtain a certificate of completion from Qlang online school.

Kazakhtelecom JSC was not only a technical partner of the project, but also committed to paying for the work of the teachers who will provide online training for the children.

Regional development

EQoldau is an effective tool in the fight against "digital disparity".

The Ministry of Digital Development, Innovations and Aerospace Industry of the Republic of Kazakhstan, together with Kazakhtelecom, is creating a network of open points in rural settlements.

EQoldau is a device similar to a payment acceptance device, but in fact it is a full-fledged computer equipped with a touchscreen display, screen key, printer and sound device.

With its help, the Selskers will be able to:

- > to receive government services;
- > to use the service of the electronic labor exchange;
- > purchase equipment and various goods in online stores;
- > purchase railway and air tickets;
- > make online payments for utility services;
- > to make transfers;

- > the possibility to use all the capabilities of the portal Azamattarfa arnalfan ykimet/Government for citizens Portal Egov.kz and the website of the Unified Pension Fund of the Unified State Pension Fund;
- > order postal services and courier deliveries.

In addition to the aforementioned services, the eQoldau may distribute a Wi-Fi signal, so the rural people can easily connect to and use the Internet on their phones.

The creation of the eQoldau became possible after the completion last year of Kazakhtelecom's JSC largest project on the construction of FOCL SNP.

Sponsorship activities

Kazakhtelecom JSC takes care of the socio-economic development of the regions of presence and the state as a whole, recognizing that their high development rates are one of the key factors contributing to the achievement of the Company's goals in the area of sustainable development in the long term. In its regions of presence, the Company strives to achieve and maintain the status of the best employer and the best partner, both in its business activity and in cooperation with government and management bodies, educational, non-profit and public institutions, corporate clients, consumers and society as a whole.

Kazakhtelecom's activities in this area include:

- > participation in the production and economic development of the regions of presence, including through the implementation of projects to create new telecommunications infrastructure and jobs;
- > participation in the social development of regions through social and charity programs;
- > assistance in the development of the educational system through the organization of training of young specialists, the creation of partnerships with specialized secondary-specialized and higher educational institutions, and the organization of practices and internships for students in the Organization;
- > support in the development of the sports and recreation movement, including the development of children's and youth sports and physical training;
- > wide coverage of communications services to the public, with a high level of network quality, competitive tariffs and speed;
- > development of a mobile network with a phased construction of an integrated operator in accordance with the Company's strategic development plans and on the basis of mutually beneficial cooperation with the regions of the Republic of Kazakhstan.

Digital Almaty 2021 support for digitalization

Kazakhtelecom JSC acted as the General Partner of the Digital Almaty 2021 Forum, where it presented a number of projects on digitalization of the economy.

Digital Almaty is one of the key platforms for forming and discussing the global and regional digital agenda, challenges, solutions and policies for digitalization worldwide.

The purpose of the forum is to provide a platform for regional and global dialogue to discuss the digital agenda in the COVID-19 environment, new digital transformation strategies and trends in the latest technologies in the period of the disaster.

Digital Bridge support

With the support of Kazakhtelecom JSC and BTS Digital, Tengizchevroil and Transtelecom, a Digital Bridge forum was held in Nur-Sultan. The main topics of the business program are: development of the venture market, experience in scaling IT products abroad, digital inclusion, online education, women in IT, development of the GameDev industry, etc.

Digital Bridge has been a platform for sharing ideas in IT since 2018, and for the third time brought together technology entrepreneurs, venture investors, business angels, government officials, IT specialists, bloggers and the media. At the forum, participants in Kazakhstan's digital ecosystem and foreign experts discuss the results of the country's digitalization, generate new ideas and initiatives on the development of digital technologies and innovations.

Responsible investments

Kazakhtelecom JSC updated and approved by the Board of Directors the Policy of the Group of Companies of Kazakhtelecom JSC on managing the full cycle of investment activity.

In order to achieve sustainable development, the Company introduced the concept of green investments. These projects have additional strategic points when prioritizing projects in the capital investment portfolio.

Green investment projects include capital investment projects with a long-term effect on the achievement of sustainable development goals, ensuring

the minimization of impacts on biological and physical natural systems, the optimal use of limited resources, the minimization, processing and destruction of waste, and the use of environmentally friendly, energy and material-saving technologies (green technologies).

In order to develop responsible investment practices involving the assessment of environmental, social and good corporate governance factors as part of investment analysis and when making investment decisions, the Company adheres to the following key principles of sustainable development directly related to investments:

3,718

government bodies and budgetary institutions

unites a project to provide broadband access to rural settlements of the Republic of Kazakhstan

- › introduction of high ethical standards and establishment of a trust-based corporate culture;
- › investing in human capital and gaining competitive knowledge; enhancing reputation, brand and transparency;
- › improving financial stability;
- › support responsible procurement and integration of ESG principles into investment activities;
- › creation and maintenance of a health and safety culture;
- › ensuring environmental sustainability.

At the end of 2021, one of the key projects of Kazakhtelecom JSC, which is of high importance for society and the economy, is the project "Provision of broadband access to rural population centers of the Republic of Kazakhstan using fiber-optic line technology".

Innovation

Innovative technologies play an important role in achieving the Company's strategic goals, as they have a direct effect on their implementation. Innovation and digital

164

population centers

were connected to OS base stations with a total capacity of 13,261 Mbit/s

The project is aimed at expanding access to telecommunications networks and broadband access services for government agencies and budgetary organizations in rural settlements in order to reduce the level of disparity between cities and villages in access to broadband access services. The project will impact 2.4 million people, bringing together around 3,718 government bodies and budgetary institutions in 1,249 villages. This figure reflects about fifty percent of the 7.75 million residents of the regions (districts) that will be connected to the high-speed broadband network. The level of environmental impact is defined as minimal.

Over the period 2018-2020, 837 rural settlements of the Republic of Kazakhstan were connected to telecommunications networks using FOCL technology and 2,505 state institutions and budgetary organizations in rural settlements were connected to the broadband access services of Kazakhtelecom JSC.

In 2021, OS base stations were connected in 164 population centers with a total capacity of 13,261 Mbit/s.

Equipping utilities and municipal facilities with remote water consumption data transmission devices as part of the Smart Turkey project

The company has launched the Smart Turkey project, which is based on the remote transfer of water consumption data with connection to the IoT network. The project is aimed at ensuring remote monitoring and reading of meters, transparency and prompt response to a surge in resource

consumption, ensuring the safety of residents of the city and prevention of unauthorized opening of hatches thanks to the Smart Hatch solution, monitoring and control of water consumption during watering work, and monitoring of soil wetness.

Organization of broadband access based on FWAs

Kazakhstan is the first country in Central Asia and one of the first in the world to launch a fully dedicated **FWAs** network thanks to Kazakhtelecom JSC. For deployment, base stations were used that provide a large network capacity for fixed subscribers. In the reporting year, the Company launched the FWAs network in Nur-Sultan, a microdistrict in the South-East. The base stations have

already been installed in the Shymkent urban and private sector and in Almaty and Kosshy.

The Company is actively implementing **5G** technologies in Kazakhstan. Hotspots launched to test and display 5G mobile devices are already installed in cities such as Nur-Sultan, Almaty, Turkmenistan and Shymkent.

Digitalization

Digitalization is an important element in achieving such goals as optimizing and automating the Company's business processes. The information technologies implemented by the Company are aimed at developing such areas as data management, customer service, partnership and management.

The Company has a center of digital HR competencies for **InDigiCo**, the main function of which is the development of digital products. Several teams were created within the division, which include both Company employees and specialists involved. They are scrummers, product owners, developers, IT architects, designers, testers, etc.

Key digitalization projects

Kazakhtelecom JSC is actively working to ensure access to the network of residents of remote villages and villages. Thus, thanks to Internet access, such areas as education, business, medicine, culture and sports are reaching a new level. These areas are actively developing in rural areas and have a direct

effect on the daily life of the population. Residents interact with government authorities and other agencies, not by visiting cities, but directly from home online, promptly receive the necessary information, communicate on social networks, learn from remote sources and actively conduct business.

Socio-economic effect of digitalization in villages and villages



Education

Thanks to information technology, employees improve their professional qualifications through online training, as well as schoolchildren and students, they have the opportunity to take various courses, seminars and participate in intellectual competitions.



Medicine

Due to serious difficulties in obtaining qualified medical advice, a telemedicine platform has been developed on which patients can access quality services online at any convenient time.



Culture

The appearance of broadband access in six villages of Osakarovskiy district made it possible to develop the sphere of culture, library business, and also to reformat the work of libraries. The creation of official pages of the library in social networks with information adapted for young people, various news on the activity of the institution, announcements of events and presentations will lead to an increase in attention to this area.



Sport

The introduction of the Internet had an effect on the activity of the McTaaraal football club from Atakent village. The club's matches are aired on Youtube, attracting more fans.



Business

More and more entrepreneurs are developing their business online, since in our time this is a key element in the search for potential clients. Today's current professions include SMM managers, business account managers, targeting specialists, visual experts. These positions require constant and high-speed Internet access.

Zhanaozen and Akkol — digital cities of Kazakhstan

Kazakhtelecom offers Smart City technologies in Zhanaozen covering all key areas of the city's life. Monitoring of COVID-19 distribution risks, citizens' safety, localization of online conferences for schoolchildren, mechanisms for managing the urban environment through data analytics, management and collection of data from all utilities facilities, public

transport management, and many other elements are integrated into a single platform through which management can be performed. The introduction of Smart City technologies makes it possible to optimize the work of city services and improve the living standards of residents. This project has already been successfully implemented in Akkol.

Digital Partner in village

The goal of this project is to involve private entrepreneurs in the provision of Internet services to rural communities. In addition, partners have the opportunity to earn money together with the operator.

The project will quickly eliminate the digital disparity between rural and urban areas, providing the rural population with high-speed Internet, and will also provide new vectors for business development and stimulate the development of entrepreneurship in rural areas.

Any Kazakhstani entrepreneur can take part in the project by completing an application on the **ISMET.KZ** digital platform.

Online WhatsApp

The online WhatsApp channel has become the most popular, and for clients it is time saving, ease and convenience. More than 60 000 requests from the online WhatsApp channel are received and processed on

a monthly basis, which is an indicator of the effectiveness of interaction and an increase in customer satisfaction. In addition, this year the channel was put into 24/7 operation.

eSIM

In 2021, a new service — the eSIM card — became available to Kazakhtelecom JSC's clients. This is a microchip that allows the client to use all services of a mobile operator without using a SIM card. This initiative is useful for

consumers, device manufacturers and communications operators, since it is an alternative to gadgets with two SIM cards and allows up to five eSIM profiles to be held on one device and to switch between them as necessary.

Mobile Business service

On the basis of Kcell networks, the Mobile Business service was launched, which allows businesses to work anywhere in the country and have access to their own information

network without changing access parameters, while maintaining the protection of digital protocols.

Quartile Monitoring System

The goal of this project is to reduce the risk of the spread of COVID-19 in medical institutions. Built-in video analytics makes it possible to recognize persons who do not comply with social distance rules or do not wear their masks properly.

In the fight against the spread of konavirus, all medical institutions in the Karaganda region have anti-virus surveillance cameras that make it possible to promptly respond and identify violators of the quartile regime and those who disregard protective equipment.

Procurement practices

Procurement processes are managed in accordance with the regulatory documents of the authorized procurement body of Samruk-Kazyna JSC and the Company's internal documents. The Foundation's electronic procurement information system is an instrument for managing procurement processes.

The procurement system is being developed at the Fund level. Together with the Fund, Category-based Procurement Management Strategies are being developed.

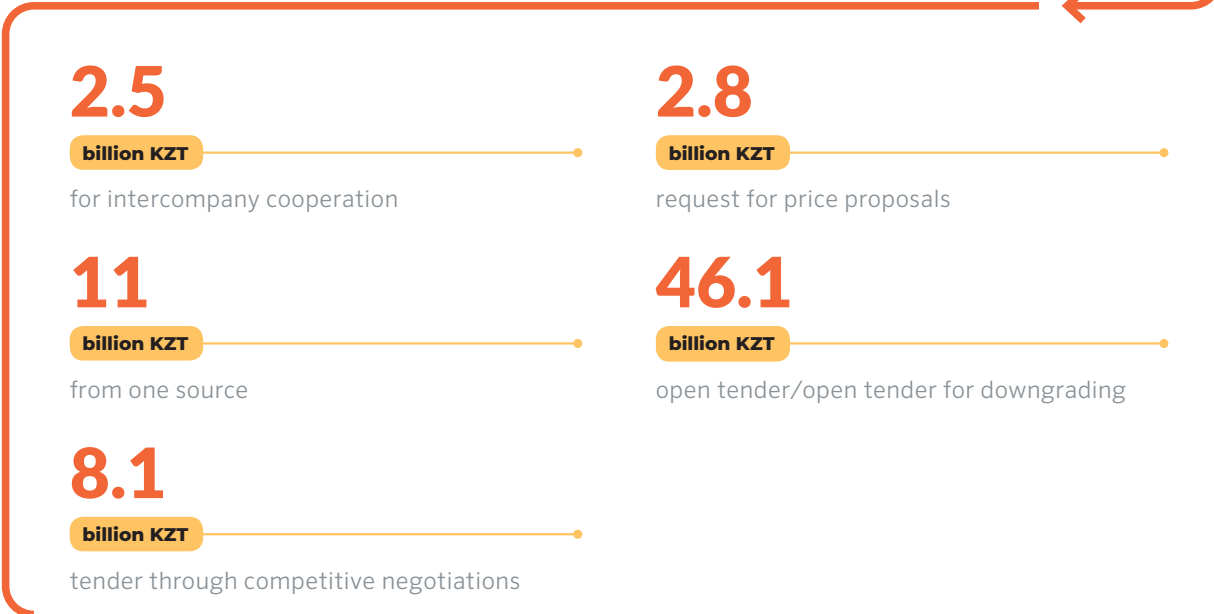
The Company's procurement principles:

- > cost minimization;
- > timely provision of the necessary goods, work and services of the required quality;
- > transparency and transparency of the procurement process;
- > control and responsibility for decisions made.

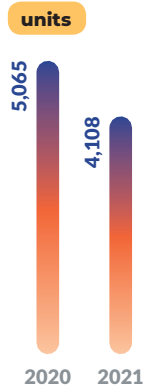
In order to increase local content in purchased goods, a local import substitution project office has been created on the basis of the Directorate of Telecom Komplekt to work with the instructions of the authorized bodies on issues of procurement and import substitution, and the Central Project Office of Samruk-Kazyna JSC. The Authorized Procurement Body of the Fund shall also establish target KPI on an annual basis to increase the share of local content in purchased goods, work and services.



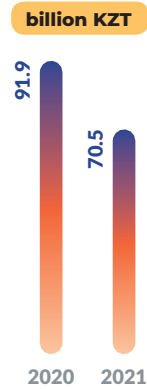
OF WHICH:



Number of purchases for 2020-2021



Purchase amount for 2020-2021



Suppliers are assessed and audited for social and environmental criteria by the Foundation. In 2021, the Telecom Komplekt Directorate sent a list of TRU categories for inclusion in the TRU classification purchased from prequalified suppliers to pass the qualification selection process.

Kazakhtelecom JSC has created a Test Laboratory. The testing laboratory is a structural division of the DTC and is intended for testing products in the declared area of accreditation, as well as for initial control over cable and wire products, patchcords, splitters, and AKB. Accreditation certificate No. KZ.T.02.2382 was received on 30 September 2020.

The laboratory's activity is supported by highly qualified experts, and about 60 different reviews are performed with the provision of test reports. The laboratory is accredited by the NCA, which confirms the maximum reliability of the tests performed.



Purchases from SMEs

Total purchases from SMEs in 2021

24.9

billion KZT

Share of SMEs in the total volume of purchases

35%

Development of local content

Kazakhtelecom pays special attention to working with local suppliers, giving them preference when purchasing goods and services. The Company implements state policy on the development of the national economy and local substance.

Following the results of 2021 the share of local content in purchases on tovaramao Kazakhtelecom made **27%**, on works and services — **87%**.

Share of local content in purchases of goods



Membership of associations

As part of improving the sustainability of its operations, the Company takes part in the implementation of the tasks of various associations at the national and international levels, developing long-term cooperation. Kazakhtelecom JSC is committed to an open, constructive dialogue and responsible interaction with the state authorities, business and the Companies, and is governed by the norms of legislation and high standards of corporate and business ethics.

Key areas of cooperation: development of the telecommunications market, development and improvement of legislation and the regulatory framework, initiation and implementation of joint projects, promotion of key sustainability initiatives for the industry and regions.

The Company operates in international and national associations indicated below, working with various special-purpose groups:

1

The Association for the Development of Blockchain and the Data Center Industry in Kazakhstan

is a voluntary association of legal entities established for the purposes of developing and promoting blockchain and the Data Center industry in the Republic of Kazakhstan, representing the interests of companies developing these technologies in the state authorities, quasi-public sector, Russian business and internationally. The association is currently the country's leading center of expertise in the use of blockchain technology and the development of the Data Center industry;

2

The Association for the Development of Competition and Commodity Markets

is a non-profit organization established in 2016 with the aim of promoting the protection of legitimate rights and interests of members, developing competition and entrepreneurship, improving antimonopoly legislation, and raising the level of legal awareness of companies and creating a competitive culture in the Republic of Kazakhstan;

3

The Union of Machine-Building Companies of Kazakhstan

was created to consolidate Russian enterprises for the effective development of the country's machine-building industry. assistance in solving systemic problems of the industry, cooperation between enterprises, representation of their interests when interacting with government bodies and other organizations; participation in work on improving legislation, regulatory sphere and technical regulation, participation in the work of expert and working groups, commissions, and also the performance of other functions contributing to the success of the activity of Russian machine-building enterprises. The Union currently comprises more than 616 participants;

4

The International Telecommunications Union (ITU)

is a specialized agency of the United Nations in the field of information and communications technology (ITU). Founded in 1865 to facilitate the establishment of international connections in communications networks, ISE distributes the global radio spectrum and satellite orbits, develops technical standards that ensure the seamless interaction of networks and technologies, and strives to expand access to ITU in poorly serviced communities around the world. Every time you make a call from a mobile phone, enter the Internet or send an e-mail message, you benefit from the work of ISE;

Plans for 2022 and the medium term

In 2022, the Company intends to strengthen partnerships with local communities in various ways. This will include modernization of infrastructure facilities, sponsorship of educational and cultural projects, and assistance to socially vulnerable segments of the population. Monitoring of the share of local content in the procurement of goods, work and services will also continue.

5

The Association of Legal Entities National Telecommunications Association of Kazakhstan

was founded on 27 December 2002. NTA is the only telecommunications association that unites all mobile operators, all backbone operators and Tier 1 providers. The activity of INTA is aimed at the development of the telecommunications market by eliminating administrative barriers, and the possibility to influence the regulatory and legal framework and other regulatory and legal acts governing the organizational and production activity of telecommunications companies;

6

The National Chamber of Entrepreneurs of the Republic of Kazakhstan Atameken

is a non-profit organization. Atameken was established to strengthen the negotiating power of business with the Government of the Republic of Kazakhstan and state authorities. The Chamber of Entrepreneurs represents the interests of small, medium-sized and large businesses, covering all areas of entrepreneurship, including domestic and foreign trade. The main task of Atameken is to protect the rights and interests of business and to ensure the wide coverage and involvement of all entrepreneurs in the process of creating legislative and other regulatory rules for the work of business. In 2020, Kazakhtelecom JSC signed an agreement on participation in the work of Telecom Infra Project (TIP). TIP is a telecommunications community launched in February 2016 that develops the infrastructure underlying the global network. The mission of TIP is to accelerate the pace of innovation in the next generation of telecommunications networks by developing, building, testing and implementing open and segmented network solutions based on standards. Our Company was the first in the Central Asian region and the second in the CIS to join a global initiative uniting the innovative activities of leading ITU companies in the world. Currently, TIP has more than 500 participants. As part of the community's work, projects have been developed in the areas of radio access, transport and package core technologies. Kazakhtelecom has identified the OpenRAN 5G NR radio access project and Open Optical & Package Transport as priority areas.

7

Regional communications community. RCC

is an international organization with the functions of the CIS intergovernmental coordination body in the field of electric and postal communications, and also has the status of an observer in the International Telecommunications Union (ITU) and the World Postal Union (WPU), as well as interacts with international and regional organizations, and actively participates in conferences and forums;