

# Sustainability management

## Management approach

Kazakhtelecom's JSC approach to sustainable development management is based on the alignment of the Company's strategic development priorities and activities with the fundamental principles of corporate responsibility and sustainable development, national and regional development, and is aimed at:

- › compliance with regulatory and legal requirements;
- › effective management of sustainability risks;
- › consistent application of industry best practices and recommendations of international sustainability standards;
- › increasing stakeholder engagement to effectively address the most significant sustainability issues.

One of the fundamental areas of Kazakhtelecom's JSC Strategy to 2024 is the improvement of the sustainability system.

The mission of Kazakhtelecom JSC in the area of sustainable development is to make a positive contribution to the socio-economic development of the regions of presence, following the principles of environmental and social responsibility, in order to maintain and increase the opportunities of future generations, meeting the needs of the present.

The Company is active in the area of sustainable development, which covers three main principles:

1

**strategic integration** — sustainability principles are embedded into the Strategy (mission, values and strategic goals);

2

**operational integration** — all corporate decisions are taken by the Company's management based on criteria of compliance with sustainability principles and goals;

3

**cultural integration** is implemented as part of training, the placement of articles on the Company's corporate portal, and also within the framework of the Code of Business Ethics.

Kazakhtelecom's approach to prioritizing sustainability activities is based on analysis of key sustainability risks faced by the business and interaction with internal and external stakeholders to identify environmental, social and management issues (ESG) that are critical for the Company's stakeholders and activities. This process allows the Company to prioritize its efforts and facilitate progress in those areas where it may have the greatest impact.

Kazakhtelecom JSC continues to improve its corporate sustainability management practices by developing and implementing internal sustainability policies and integrating sustainability principles into its corporate governance system.

The main corporate principles of Kazakhtelecom JSC in the area of sustainable development are reflected in the main ESG policies and documents:

- › Sustainability policy;
- › Environmental policy;
- › Health and safety policy;
- › Sustainability guidelines;

- › Anti-fraud policy;
- › Whistleblowing policy;
- › Human resources policy;
- › Code of Business Ethics;
- › Corporate Governance Code;
- › Sustainability reference model for portfolio companies of Samruk-Kazyna JSC;
- › Procurement management standard of Samruk-Kazyna JSC;
- › ISO 14001, ISO 26000, ISO 9001, ISO 45001.

The Sustainable Development Guidelines (hereinafter the "Guidelines") are the fundamental document for improving the Company's operations in this area.

## Sustainability management structure

Kazakhtelecom JSC improved its approach to sustainable development management in 2021. The functions of the Corporate Governance Service, which oversees sustainable development issues, were expanded, and a supervising person from among the Company's top management was appointed, in order to further strengthen sustainable practise.

The dedicated division shall perform a full-scale inventory of existing policies, procedures and internal controls of the Company, as well as legislative requirements in the area of sustainable development. A dedicated unit identifies sustainability risks for further risk management. The unit also ensures communication with local communities on project implementation issues and is responsible for sustainability disclosures within its competencies.

In accordance with the Guidelines, the Board of Directors and the Human Resources, Compensation and Social Committee perform strategic management and control over the implementation of the sustainability system at Kazakhtelecom JSC.

The Chairman of the Management Board and the General Directors of the Company's branches are responsible for monitoring, timely implementation of the Sustainability Initiatives Programme, implementation of sustainability

principles, and reliable disclosure of information.

The Managing Director of Kazakhtelecom JSC, who oversees the sustainability area, ensures coordination of sustainability measures.

The Compliance Controller/Chief Compliance Officer is responsible for the internal communication process in respect of ethical principles. The Head of the Public Relations Service ensures external communications, including public relations.

Certain sustainability issues are also managed by relevant departments responsible for HR, Health and Safety. The work of the divisions is coordinated as part of direct interaction with the Central Office of the Company.

Kazakhtelecom is working to integrate sustainability principles into all business processes and strives to build mutually beneficial relations with all stakeholders. Sustainability issues integrated into the Company's Strategy are an integral part of the Company's Strategy and a long-term platform for building the business of Kazakhtelecom JSC.

### Strategic areas of Kazakhtelecom JSC in the area of sustainable development:

- › introduction of innovative information and communication technologies and improvement of the quality of services provided in order to improve the lives of people;
- › stable economic growth;
- › reduction of environmental impact;
- › creating attractive working conditions and ensuring the safety of employees.

The Sustainability Strategy reflects the intention of Kazakhtelecom JSC to make the most contribution in those areas of environmental protection in which the Company has a greater influence and potential impact.

### ESG PRIORITIES

#### Environment

- › reduced use of natural resources
- › energy efficiency



#### Society

- › training and development of personnel
- › increase in the level of employee engagement
- › occupational safety and safety
- › reduction of digital disparity



#### Governance

- › shareholders` rights
- › best corporate governance practices
- › fair remuneration



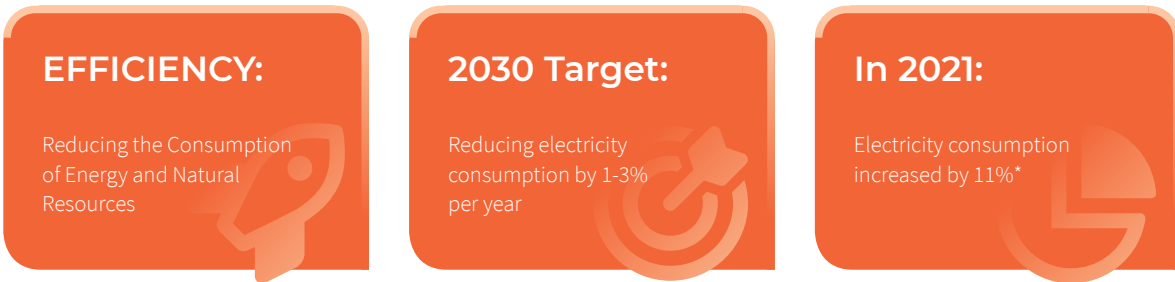
In 2021, the Action Plan of Kazakhtelecom JSC for obtaining the ESG rating for 2022-2023 was developed and approved. **The Plan includes the following measures and initiatives:**

- › Climate disclosures in accordance with the world's leading GRI Standards determining the procedure for disclosing information on sustainable development;
- › preparation of the ESG rating;
- › awareness of the Company's responsible persons of the main areas of decarbonisation and the ESG system.

# ESG Strategic Goals

## Environment

One of the main resources used by Kazakhtelecom is electricity. It is in this area that the Company sees the greatest opportunity to contribute to the fight against climate change.



\* In 2021, the amount of electricity consumed increased by 11% compared to 2020 as a result of Centralized management system of telecommunication networks-2 (CMSTN-2) project implementation, the change of facilities from liquid fuel heating to electric heating, and an increase in the customer load on the data center.

## Society

Kazakhtelecom JSC is not only the leading communications provider in Kazakhstan, but also a major employer creating jobs throughout the country. The Company recognizes its impact on both the standard of living of employees and residents in the regions of presence.

The Company strives to improve the well-being of its employees. In order to determine the level of engagement, an annual study of the rating (index) of social stability is conducted and measures are taken to increase it. In an effort to promote quality development, Kazakhtelecom JSC is implementing projects aimed at improving the quality of life of people and reducing digital disparity.



## Governance

Kazakhtelecom JSC builds and maintains an effective system of corporate governance in accordance with all requirements and international best practices, striving to take into account the interests of a wide range of stakeholders.

### EFFICIENCY:

Corporate Governance Rating

### 2030 Target:

Maintaining at AA level

### In 2021:

BBB

## Risk-oriented approach to sustainable development

Kazakhtelecom JSC analyzes key opportunities and risks in terms of sustainability components. In 2021, COVID-19 was high on the list of current threats. The impact of ESG factors on both internal and external stakeholders was extended.

Key sustainability impacts, risks and opportunities (SWOT) of Kazakhtelecom



### Strengths

#### ECONOMIC ASPECT

- › Innovations and technological progress;
- › Local economic growth.

#### SOCIAL ASPECT

- › Dynamic development of society;
- › Growth of urbanization.

#### ENVIRONMENTAL ASPECT

- › Increasing the importance of issues of environmental pollution and depletion of natural resources.



## Weaknesses

### ECONOMIC ASPECT

- › Slowdown in global economic growth;
- › Potential for political instability;
- › Possible economic crisis associated with with the panemics.

### SOCIAL ASPECT

- › Growing dissatisfaction among people due to technological problems in providing ICT services;
- › Increasing competition.

### ENVIRONMENTAL ASPECT

- › Depletion of natural resources;
- › Climate change;
- › Environmental pollution;
- › Global consumption growth.



## Opportunities

### ECONOMIC ASPECT

- › Increase in market coverage;
- › Development of new technologies for business and the state;
- › Growing demand for ICT services due to the pandemic.

### SOCIAL ASPECT

- › "Smart city" technology solutions;
- › Advantages of using cloud storage technologies for the population;
- › Improving the level of education and medical care through ICT technologies.

### ENVIRONMENTAL ASPECT

- › Implementation of sustainable development principles;
- › Greening of industries.



## Risks

### ECONOMIC ASPECT

- › Changes in the state management structure;
- › Political tension, cyber attacks.

### SOCIAL ASPECT

- › Pandemics;
- › Social vulnerable problems associated with strikes.

### ENVIRONMENTAL ASPECT

- › Growth of local environmental problems;
- › More stringent environmental regulations.

## The sustainable development initiatives program

When determining sustainability initiatives, we considered a wide range of topics that require attention, including the Company's development strategy and business model, and significant topics from the standpoint of sustainable development not only for the Company, but also for stakeholders.

The Company identified the following sustainability initiatives:



ensuring economic efficiency and financial stability;



improving the effectiveness of the corporate management system;



improving efficiency through the Digital Transformation program;



development of human resources as part of their contribution to sustainable development;



high ethical standards and anti-corruption;



socially responsible partnership;



reduced injuries and improved safety culture;



reduction of the environmental impact of the Company's operations.

In 2021, the Sustainable development initiatives program for 2021 was completed.

### Report on Sustainable development initiatives program for 2021

#### ECONOMIC SPHERE

##### ENSURING ECONOMIC EFFICIENCY AND FINANCIAL STABILITY

###### ACTIVITY

- > Increase in revenues
- > Cost reduction

###### PROGRESS REPORT

According to the audited financial statements for 2021, consolidated income from the sale of services under Kazakhtelecom JSC amounted to KZT 594,193 million. Revenue increased by 13% year on year.

According to the audited financial statements for 2021, consolidated operating expenses for Kazakhtelecom JSC amounted to KZT 430,606 million. Compared to the previous year, revenue increased by 11%.

##### INCREASING THE EFFICIENCY OF THE CORPORATE GOVERNANCE SYSTEM

###### ACTIVITY

- > Ensuring risk-based sustainable development
- > Keeping a rating of effectiveness of the internal control system

###### PROGRESS REPORT

In 2021, the independent audit company PwC carried out a diagnostics of the corporate governance of Kazakhtelecom JSC. Based on the results of the measures taken, the overall rating in the section "Risk management, internal control and audit" has been increased from BB to BBB.

## INCREASING THE EFFICIENCY THROUGH THE DIGITAL TRANSFORMATION PROGRAM

### ACTIVITY

- › Development of the product portfolio and digital platforms

### PROGRESS REPORT

In 2021, as part of the Digital Transformation:

- › Full digital process of connecting services has been implemented;
- › The mobile application MVP has been launched;
- › CRM 2.0 implementation stage completed;
- › ISMET.KZ and telecom.kz. personal accounts have been upgraded.

### ACTIVITY

- › Ensure effective client interactions and improve customer experience

### PROGRESS REPORT

The NPS for 2021 was 7%. In 2021, 929K requests were received in the messaging system, which is 52% more than in the service network (610K).

The number of requests to the client center 160 decreased by 27% to 3.3 million calls.

Since August 2021, the Retail Directorate has implemented a transactional service quality assessment system for Front Line operators.

### ACTIVITY

- › Digitalization of customer promotion, sales and service channels

### PROGRESS REPORT

In order to implement the KPI "Digitalization of Client Routes", the following measures were taken in 2021:

1. Development of an online WhatsApp channel;
2. Launch of a mobile application;
3. Social medileadership;
4. Implementation of the functionality for submitting requests in the Personal Cabinet and Mobile Application;
5. Implementation of the First Call Resolution (FCR) indicator to assess the work of CP 160 operators;
6. Digital onboarding for 24 hours;
7. Digital services:
  - › via the WhatsApp online channel;
  - › through self-service tools in the Mobile Application and Personal Cabinet;
  - › via a new TV+ product;
  - › through the Lideneration channel.

Share of B2B digital sales in 2021 — 13.2%.

According to factor analysis, SAC grew by 23% in 2021 compared to 2019 due to fewer new individual accounts (14% impact) and increased digitalization costs and installation dealers (8% impact).



Report on Sustainable development initiatives program for 2021 (continued)

## SOCIAL SPHERE

### IMPROVING OF HUMAN RESOURCES AS PART OF THEIR CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

#### ACTIVITY

- › Employee training

#### PROGRESS REPORT

The average annual number of hours spent on training one employee of the Kazakhtelecom:

- › in 2019 — 47.30 hours;
- › in 2020 — 52.60 hours;
- › in 2021 — 68.80 hours.

#### ACTIVITY

- › Increase in average salary

#### PROGRESS REPORT

Regulations on additional remuneration of employees of Kazakhtelecom JSC branches for exceeding the EBITDA (Profit Sharing Plan) plan have been developed and approved.

#### ACTIVITY

- › Organization of preventive measures with coverage of the provisions of the laws of the Republic of Kazakhstan and the existing Anti-Corruption Policies

#### PROGRESS REPORT

In 2021, five training competitions on competence of the Company's anti-corruption, conflict of interest, and Code of Conduct requirements were organised, involving approximately 1200 workers. Participants examined internal documents in the form of a specially built online game (gamification), with subsequent testing and determination of the winners on a voluntary and competitive basis.

The Anti-Corruption Policy has been read and signed by 100% of the Company's workers.

### SOCIALLY RESPONSIBLE PARTNERSHIP

#### ACTIVITY

- › The initiative is aimed at promoting the employment of redundant employees to optimize staffing/headcount

#### PROGRESS REPORT

Order of the 01.02.2022. No. 12 approved the Program for Promoting the Employment of Discharged Employees at Kazakhtelecom JSC for 2022-2024. As part of this program, appropriate work is being performed with the personnel being released. There were no complaints from the employees being released.

#### ACTIVITY

- › Maintaining a social stability rating that is no lower than last year. Identification of areas for development, creation of an action plan, implementation of activities. Approval of the action plan for work on emergency zones for 2021

#### PROGRESS REPORT

In 2020, the Center for Social Interaction and Communications developed a new methodology with continuity in the main indices and the process of collecting and processing sociological information, based on fundamentally new external conditions caused by COVID-19. The integral indicator of social stability at Kazakhtelecom JSC for 2021 was 74%, which according to the ranking scale classifies it as a stable developing company.

Taking into account the recommendations of the Center for Social Interaction and Communications, the Company has approved the Action Plan on Work on Emergency Zones for 2022 (Order of 05.03.2022. № 45). A quarterly report on the implementation of this plan is provided to Samruk-Kazyna JSC.

## REDUCING INJURIES AND IMPROVING SAFETY CULTURE

### ACTIVITY

- › Implementation of software to digitalize OHS processes

### PROGRESS REPORT

Developed and implemented HSE Telecom software to digitalize OHS processes.

### ACTIVITY

- › Implementation of the Zero Injury Action Plan

### PROGRESS REPORT

Reports on the implementation of the Zero Injury Action Plan are prepared on a quarterly basis, with subsequent submission to the Board of Directors of Kazakhtelecom JSC. In 2021, there were 6 accidents with a severe level of production severity — 5.

### ACTIVITY

- › Implementation of the Action Plan for the transition from the international standard OHSAS 18001:2007 to the standard ISO 45001:2018

### PROGRESS REPORT

Implementation of approved procedures in accordance with ISO 45001:2018. The plan was implemented by 100%. The national certification body issued the Company a certificate of compliance with ISO 45001:2018 requirements.

### ACTIVITY

- › Implementation of the OHS Internal Control Plan

### PROGRESS REPORT

Performance of OHS audits at 19 regional divisions of the Company's branches.

## EMPLOYEE WELL-BEING AND HEALTH

### ACTIVITY

- › A program has been developed to support physical health through sports events. Promoting healthy lifestyles

### PROGRESS REPORT

As part of social partnership, trade unions and the Company hold sports and recreation events.

### ACTIVITY

- › Vaccination of employees against a coronavirus disease has been organized

### PROGRESS REPORT

The Company has achieved collective immunities — 88%.

## Report on Sustainable development initiatives program for 2021 (continued)

**ENVIRONMENTAL****REDUCTION OF THE COMPANY'S ENVIRONMENTAL IMPACT****ACTIVITY**

- › Transition of autonomous heating systems from diesel fuel to gas/central heating

**PROGRESS REPORT**

In 2021, one diesel boiler station transferred to central heating (Akmola region), 2 boiler stations — from diesel to gas (Kostanay region).

**ACTIVITY**

- › The Energy Transition Plan was developed as part of strategic planning in accordance with the instruction of the Chairman of the Management Board of Samruk-Kazyna JSC

**PROGRESS REPORT**

On 12 December 2021, Decision No. 57/348 of the Management Board approved the Action Plan for the Transition of Kazakhtelecom JSC to Low-Carbon Development 2030.

**REDUCTION OF THE COMPANY'S ENVIRONMENTAL IMPACT****ACTIVITY**

- › Transfer for disposal of written off telecommunications and cable scrap

**PROGRESS REPORT**

In 2021, the following waste were transferred for disposal to individuals:

1. scrap copper-containing cable in the amount of 71.88 tons;
  2. ash and ash wastes — 125 tons;
  3. sold equipment — 128,024 units.
- Transferred to landfill — 135 tons.

# Priority Sustainable development goals

## First-choice brand



SDG 15

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



SDG 17

Strengthen the means of implementation and revitalize the global partnership for sustainable development



SDG 11

Make cities and human settlements inclusive, safe, resilient, and sustainable

## Digital platform



SDG 16

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



SDG 12

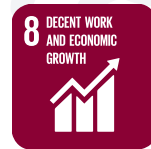
Ensure sustainable consumption and production patterns



SDG 10

Reduce inequality within and among countries

## Effective organization



SDG 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



SDG 4

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



SDG 9

Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

## Contribution to the UN Sustainable Development Goals

**SDG 4**

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

**RELEVANT SDG OBJECTIVES**

**4.4** By 2030, significantly increase the number of young people and adults with high-demand skills, including professional and technical skills, for employment, decent work and entrepreneurial activities

**ENGAGEMENTS, INITIATIVES AND ACTIVITIES**

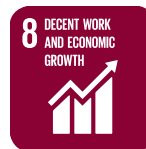
- › CDN for online education — a product based on the Blockchain infrastructure has been developed to localize educational traffic.
- › The process of online education in the Republic of Kazakhstan was organized during the Padnemics.
- › Implementation of internship/further employment/adaptation programs for promising graduates and development of young specialists.
- › Ensuring constant professional development of employees.

**RELEVANT SDG OBJECTIVES**

**4.7** By 2030, ensure that all students acquire the knowledge and skills necessary to promote sustainable development, including through training on sustainability and sustainable lifestyles, human rights, gender equality, promotion of a culture of world and non-violence, citizenship of the world and recognition of the value of cultural diversity and the contribution of culture to sustainable development

**ENGAGEMENTS, INITIATIVES AND ACTIVITIES**

- › Sustainability webinars have been held for all Company employees and subsidiaries. Training materials have been sent.
- › The online course "Sustainable Development and Environmental Literacy" has been developed and is available on the distance education portal.

**SDG 8**

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

**RELEVANT SDG OBJECTIVES**

**8.2** Improve economic productivity through diversification, technical modernization and innovation, including by focusing on high value-added and labor-intensive sectors

**ENGAGEMENTS, INITIATIVES AND ACTIVITIES**

- › Continuous improvement of network infrastructure.
- › Development of innovation activities and new businesses: 5G, IoT, Smart quantity, labeling of goods, etc.
- › Technical development and support of networks.

**RELEVANT SDG OBJECTIVES**

**8.8** Protect employment rights and promote safe and secure working conditions for all workers, including expatriate workers, particularly women, and people without stable employment

**ENGAGEMENTS, INITIATIVES AND ACTIVITIES**

- › Implementation of the Zero Injury Action Plan.
- › Completion of an external audit for compliance with the requirements of international standard OHSAS 18001.
- › Performance of current OHS measures.
- › Prompt response to incidents and emergency prevention, analysis, monitoring and control of risks in the area of production safety.
- › Implementation of programs to improve the social and living conditions of employees, ensure compliance with high standards of working conditions, and performance of periodic medical examinations.
- › Provision of social support to employees, including under the Collective Agreement.



## SDG 9

Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

## RELEVANT SDG OBJECTIVES

- 9.1** Develop quality, reliable, sustainable and sustainable infrastructure, including regional and cross-border infrastructure, to support economic development and human wellbeing, with a particular focus on ensuring affordable and equal access for all
- 9.2** Significantly increase access to information and communications technology and strive for universal and affordable Internet access in the least developed countries

## ENGAGEMENTS, INITIATIVES AND ACTIVITIES

- › The project "Provision of broadband access to rural population centers of the Republic of Kazakhstan using the technology of fiber-optic communications lines" is aimed at expanding access to telecommunications networks and broadband access services for government agencies and budgetary organizations in rural settlements.
- › Participation in the project "250+" to provide rural settlements with a population of 250 people with broadband mobile Internet.
- › The start of the village internetization project is the Digital Partner in the Village, in which any Kazakhstani entrepreneur can take part.
- › The Internet from Kazakhtelecom JSC develops telemedicine in remote villages.
- › Kazakhtelecom JSC has deployed a free access zone to 5G on the street of Turkmenistan.
- › More than 300 schools in the Turkestan region have been connected to the video surveillance system with data output to the Central Office of Internal Affairs.
- › Kazakhtelecom JSC has entered the active stage of implementing the Smart Turkey project and has begun to connect the public utilities facilities of Turkmenistan to its IoT network.
- › The launch of the first point of public access of the eQoldau in Turkmenistan oblast, thanks to which residents have another tool for accessing the world of digital services and e-services.



## SDG 10

Reduce inequality within and among countries

## RELEVANT SDG OBJECTIVES

- 10.3** Ensure equality of opportunity and reduce disparity in incomes, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and actions

## ENGAGEMENTS, INITIATIVES AND ACTIVITIES

Reduce digital disparity by providing access to the Internet in all regions of the country:

- › Projects "Provision of broadband access to rural population centers of the Republic of Kazakhstan using fiber-optic communication lines", 250+, "Digital Partner in Village", eQoldau, Smart Turkey, telemedicine, ISMET.KZ, FWAs.

Contribution to the UN Sustainable Development Goals (continued)



**SDG 11**

Make cities and human settlements inclusive, safe, resilient, and sustainable

**RELEVANT SDG OBJECTIVES**

**11.3** By 2030, expand inclusive and sustainable urbanization and opportunities for inclusive and sustainable human settlements planning and management in all countries

**ENGAGEMENTS, INITIATIVES AND ACTIVITIES**

- › Implementation of projects and new products IoT (Internet of Things), Smart city, video analytics, broadband digital card, etc.



**SDG 12**

Ensure sustainable consumption and production patterns

**RELEVANT SDG OBJECTIVES**

**12.2** Achieve sustainable development and efficient use of natural resources by 2030

**ENGAGEMENTS, INITIATIVES AND ACTIVITIES**

- › Concepts for the development and operation of the power supply systems and climate technologies of the telecommunications networks of Kazakhtelecom JSC.
- › The Plan for achieving the long-term goals of environmental management stipulates an annual reduction in electricity consumption by 1-3%.
- › Kazakhtelecom transition plan to low-carbon development by 2030.

**RELEVANT SDG OBJECTIVES**

**12.6** Encourage companies, particularly large and multinational companies, to adopt sustainable production methods and report on the rational use of resources

**ENGAGEMENTS, INITIATIVES AND ACTIVITIES**

- › Implementation of sustainable development principles and values.
- › Implementation of the Sustainability Initiatives Programme.
- › Issue of annual sustainability report in accordance with GRI requirements.
- › Implementation of the Action Plan to obtain the ESG rating up to 2023.



## SDG 15

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

## RELEVANT SDG OBJECTIVES

**15.1** To ensure the conservation, restoration and rational use of surface and internal fresh water ecosystems and their services, including forests, wetlands, hills and drylands, in accordance with the obligations arising from international treaties

## ENGAGEMENTS, INITIATIVES AND ACTIVITIES

- › Remediation of land after the construction of networks.
- › Development of a draft environmental impact assessment and receipt of sanitary, epidemiological and environmental reports.



## SDG 16

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

## RELEVANT SDG OBJECTIVES

**16.5** Significantly reduce corruption and bribery in all its forms

## ENGAGEMENTS, INITIATIVES AND ACTIVITIES

- › Strict compliance with the provisions of the Code of Ethics, Anti-Corruption Policy, Conflict of Interest Policy, Whistleblowing Policy.
- › Building a compliance culture and raising the level of knowledge in the area of combating corruption, ethical compliance through training, games, webinars, etc.



## SDG 17

Strengthen the means of implementation and revitalize the global partnership for sustainable development

## RELEVANT SDG OBJECTIVES

**17.16** Strengthen the Global Partnership for Sustainable Development, supplemented by multi-stakeholder partnerships that mobilise and distribute knowledge, experience, technology and financial resources to support the achievement of sustainable development goals in all countries, particularly in developing countries

**17.17** Encourage and encourage effective partnerships between public organizations, between public and private sectors and between civil society organizations, based on experience and strategies to use partner resources

## ENGAGEMENTS, INITIATIVES AND ACTIVITIES

- › Interaction with legislative and executive authorities, civil society institutions, local communities and business communities.
- › Participation in international and national associations.
- › Membership in working groups, relevant committees of state structures and associations, which makes it possible for the Company to participate in the formation of legislative and other commercial initiatives.



## Stakeholder engagement

One of the main factors for the stable and successful development of the Company is high-quality interaction with interested parties. The interests and requirements of interested parties have a great influence on the formation of the Company's strategic goals and their implementation. An important element in building long-term relations with stakeholders is the principles of respect and consideration of the interests, opinions and preferences of stakeholders, timely and regular notification of stakeholders, and responsible performance of the obligations taken.

In accordance with best practices in stakeholder engagement (AA1000, GRI), the principle of "inclusion" is used to build effective interaction. This principle takes into account and takes into account the interests of all interested parties at all stages of the Company's business management process. The principle of "inclusion" is based on three main principles of interaction:

- > **"materiality"** (the correct assessment of the significance of problems for stakeholders and organizations);
- > **"completeness"** (understanding of the materiality of the consequences of the Company's activity);
- > **"response"** (demonstration of an adequate response).

Following each principle guarantees comprehensive, mutually beneficial and effective interaction with stakeholders.

The Company's stakeholder engagement is based on careful analysis and identification of stakeholder groups. The identification of stakeholder groups is based on:

- 
- 1 **Direct interaction during the implementation of business processes with a specific group.**

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  - 2 **Determination of the level of influence on the resolution of key issues of the Company's operations.**

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  - 3 **Determination of the level of importance (contribution) of the group in the Company's activity.**

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Next are key stakeholder groups, their interests and contributions.



## Shareholders

### STAKEHOLDER INTERESTS

- › increasing the value of the Company;
- › receipt of dividends;
- › stability and scale;
- › transparency;
- › effective risk management;
- › maximization of the value of the Company and the amount of dividends.

### STAKEHOLDER INPUT

- › allocation of financial funds;
- › replenishment of charter capital.

### COMMUNICATION MECHANISMS

- › payment of dividends;
- › approval of annual financial statements and non-financial statements;
- › implementation of the SERPIN transformation program;
- › holding meetings, negotiations, meetings;
- › holding polls, questioning, testings.



## Workers

### STAKEHOLDER INTERESTS

- › results and achievements of the Company;
- › prospects for the Company's development;
- › human resources and social policy;
- › employee engagement and development prospects;
- › material and intangible incentive measures, youth policy;
- › collective bargaining agreement.

### STAKEHOLDER INPUT

- › human resources;
- › loyalty.

### COMMUNICATION MECHANISMS

- › taking measures to ensure zero injuries;
- › regular meetings with management, holding negotiations;
- › functioning of internal communication channels, hotline;
- › safe and decent working conditions;
- › ensuring professional development and professional development.



## Subsidiaries

### STAKEHOLDER INTERESTS

- › assistance in working with state authorities;
- › commercial interests.

### STAKEHOLDER INPUT

- › respect for the interests of shareholders.

### COMMUNICATION MECHANISMS

- › regular monitoring of the performance of subsidiaries;
- › continued work on developing the mobile business together with subsidiaries;
- › participation of subsidiaries in making strategic decisions of the Company as a shareholder.



## Labor union

### STAKEHOLDER INTERESTS

- › social responsibility and protection of employees;
- › Collective bargaining agreement;
- › compliance with laws and regulations.

### STAKEHOLDER INPUT

- › promoting social stability;
- › regulation of employment relations and resolution of conflicts.

### COMMUNICATION MECHANISMS

- › compliance with all clauses of the Collective Agreement;
- › provision of material assistance to Company employees in the form of interest-free loans;
- › holding public hearings;
- › functioning of internal communication channels, whistleblowing hotline.

## Stakeholder engagement (continued)



## Partners

## STAKEHOLDER INTERESTS

- › commercial interests.

## STAKEHOLDER INPUT

- › joint implementation of projects;
- › transfer of technologies, competencies and innovations.

## COMMUNICATION MECHANISMS

- › participation of partners in making strategic decisions of the Company as a shareholder;
- › meetings, negotiations, business correspondence;
- › reports on current activity.



## Clients

## STAKEHOLDER INTERESTS

- › commercial interests;
- › qualitative characteristics of services;
- › continuity of services;
- › qualified service support.

## STAKEHOLDER INPUT

- › loyalty of the Company;
- › financial resources through the acquisition of goods and services.

## COMMUNICATION MECHANISMS

- › online services;
- › increasing and improving channels of support services;
- › customer feedback system;
- › customer satisfaction analysis;
- › conclusion of contracts.



## Government authorities

## STAKEHOLDER INTERESTS

- › performance of legislative and executive functions;
- › implementation of the state telecommunications policy, creation of jobs.

## STAKEHOLDER INPUT

- › state regulation.

## COMMUNICATION MECHANISMS

- › meetings, negotiations, business correspondence;
- › provision of reports on current activity;
- › review of compliance with laws of the Republic of Kazakhstan.



## MEDIA

## STAKEHOLDER INTERESTS

- › informing the public about the Company's activities.

## STAKEHOLDER INPUT

- › constructive cooperation;
- › positive public opinion.

## COMMUNICATION MECHANISMS

- › publication of information on the Company in the mass media;
- › social networks, hotline.



## International organizations

### STAKEHOLDER INTERESTS

- > development of international cooperation between member states of the ITU, RCC, exchange of experience, adoption of common standards in the use of technology;
- > ensuring the requirements of international standards and agreements on sustainable development, fair and balanced growth in compliance with environmental norms and in the development of information and communication services.

### STAKEHOLDER INPUT

- > international grants;
- > opportunities for future development.

### COMMUNICATION MECHANISMS

- > conferences, sessions, forum meetings;
- > signing agreements, contracts and memoranda, cooperation agreements.



## Local communities

### STAKEHOLDER INTERESTS

- > employment opportunities;
- > quality of services;
- > attractiveness of service tariffs;
- > receipt of charitable assistance;
- > health safety.

### STAKEHOLDER INPUT

- > local support.

### COMMUNICATION MECHANISMS

- > development of regions of presence;
- > interaction via social networks, hotline;
- > reputation audit;
- > charitable activities.

## Stakeholder map



- Far range of stakeholders
- Close range of stakeholders

The Stakeholder Map, which is approved annually by the Board of Directors of the Company, is intended for systematization and visualization of information on the Company's environment in order to develop methods of interaction with each stakeholder group. The Company distinguishes between two groups of stakeholders:

- > **the immediate circle** (area of close influence) includes groups of interested parties that have a material influence on the decisions taken by the Company or are affected by these decisions;
- > **a long-range** (area of indirect influence) includes groups of interested parties that have less significant influence on the decisions taken by the Company.

# Materiality analysis

As part of the analysis of interested parties, significant topics and issues are identified and ranked (both for the Company and for interested parties).

Identification of material topics and issues enables constructive stakeholder engagement based on a clear understanding of their priorities; as a result of the joint work of Company management and representatives of interested parties, a "materiality matrix" is created. It

provides a visual representation of sustainability topics that are material to the Company and its stakeholders. Based on GRI recommendations and stakeholder questionnaire, the Company's materiality matrix includes topics those rated above four for the Company and stakeholders. If necessary, the threshold may be revised based on the results of joint consultations with the Company's experts and management to ensure more complete disclosure of information.

Matrix of material topics



**SOCIAL ASPECTS**

1. Human rights.
2. Freedom of association and collective bargaining.
3. Training and education.
4. Health and safety in the workplace.
5. Diverse and equal opportunities.
6. Employee-management relations.
7. Support from organizations/government agencies.
8. Non-discrimination.

**ECOLOGICAL ASPECTS**

1. Environmental compliance.
2. Waste management.
3. Conservation of biodiversity.
4. Energy.

**ECONOMIC ASPECTS**

1. Presence in the markets.
2. Economic performance.
3. Anti-corruption.

**TOPICS SPECIFIC TO THE COMPANY AND THE TELECOMMUNICATIONS INDUSTRY**

1. Quality of services.
2. Innovations and new technologies.

## Plans for 2022 and the medium term

1. Ensuring digitalization of technological processes (implementation of power equipment accounting and monitoring systems);
2. Implementation of the action plan for the transition to low-carbon development to 2030;
3. Improving the effectiveness of the Digital Transformation program;
4. Participation in the social development of regions through social and charitable programs.