

# RESPONSIBILITY STATEMENT



In line with the Code, the Board of Directors, and the Management Board are responsible for preparing a reliable annual report and financial statements of the Company.

The Board of Directors and each member of the Board of Directors confirm that they recognise their responsibility for preparing and approving the annual report and financial statements, and consider the annual report and financial statements, taken as a whole, to be fair, balanced and understandable and to provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Each member of the Board of Directors confirms that to the best of their knowledge:

- the financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the subsidiary undertakings included in the consolidation taken as a whole;

- the Management Board's report includes a fair review of the development and performance of the business and the financial position of the Company and the subsidiary undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

In line with the Code, the Board of Directors has determined that Philip Holland, Arman Argingazin, Armanbai Zhubayev, Askar Shakirov and Saya Mynsharipova are independent in character and judgement. The Board of Directors has also determined that there are no relationships or circumstances which are likely to affect, or could appear to affect, the directors' judgement.

# CORPORATE CONTROL



In the event of corporate conflicts, the parties attempt to settle them by negotiation to efficiently protect the interests of KMG and other stakeholders.

In order to be effectively prevented or addressed, corporate conflicts primarily need to be identified as soon and fully as possible, with all corporate governance bodies to act in a concerted manner.

Corporate conflicts are addressed by the Chairman of the Board of Directors assisted by the Corporate Secretary. If the Chairman of the Board of Directors is involved in a corporate conflict, such cases are addressed by the Nomination and Remuneration Committee.

## Internal audit

Internal audits are carried out by KMG's Internal Audit Service (IAS).

The IAS reports and is accountable to KMG's Board of Directors, and is supervised by the Audit Committee of KMG's Board of Directors.

The activities of the IAS are governed by Kazakhstan's laws; KMG's Charter; resolutions of KMG's governing bodies; Regulation on Internal Audit Service; Guidelines for KMG's Internal Audits, and other internal documents of KMG. Also, the IAS carries out its activities in line with the basic principles of the International Professional Standards for Internal Auditing developed by The Institute of Internal Auditors Inc., the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics and the Definition of Internal Auditing, which establish the fundamental requirements for the professional practice of internal auditing, as well as the principles underlying the assessment of internal audit performance. The IAS focuses on providing the Board of Directors with independent and objective information to ensure the effective management of KMG and its subsidiaries and associates by employing a systematic approach towards improving risk management, internal control and corporate governance processes.

The annual Internal Audit Plan is developed from a consideration of the principal risks confronting KMG, the audit testing cycle and management requests. The Internal Audit Plan also accommodates ad hoc requests from KMG's Audit Committee, Board of Directors and management.

To perform its activities in accordance with the annual audit plan, the IAS:

- assesses the reliability and effectiveness of applicable internal controls and risk management procedures;

- assesses the reliability, completeness and objectivity of the accounting policy as well as financial statements of KMG and its subsidiaries and associates based on such policy;
- assesses the efficiency of resource management at KMG and its subsidiaries and associates and the methods used to ensure asset integrity;
- monitors compliance with Kazakhstan's laws, corporate operational, investment and financial rules and regulations.

The IAS uses audit results to make recommendations on improving KMG's operations. The IAS consistently monitors and oversees the development and execution of measures to implement its recommendations.

Internal audit matters reviewed by the Audit Committee at its meetings include:

- IAS annual performance report;
- IAS quarterly performance reports, including reviews of any material findings identified in audit reports and follow-up on the implementation of internal audit recommendations;
- annual audit plan and amendments thereto;
- KPI scorecards of the IAS head and staff;
- IAS strategic plan;
- IAS budget;
- HR management within the IAS.

The Audit Committee not only monitors the IAS' performance but also facilitates professional development of the IAS employees and the management of its talent pool. These matters are covered by the IAS reports and reviewed by the Audit Committee on a quarterly basis.

The high professional level of the IAS employees is a key performance driver for KMG's internal audit function, therefore training and upskilling are prioritised.

### Assessments of the internal audit process performance

As required by the IAS quality assurance and improvement programme, following each audit, the audited entity is required to complete a form assessing the IAS' performance. Results of these assessments are consolidated into the IAS quarterly and annual performance reports reviewed and approved by KMG's Audit Committee and Board of Directors.

An independent external assessment of the Internal Audit Service is performed once every five years in accordance with the International Standards for the Professional Practice of Internal Auditing. In 2020, IAS underwent an independent external assessment of compliance with

the International Standards for the Professional Practice of Internal Auditing, international best practices, KMG's Regulation on the Internal Audit Service, the Company's Code of Ethics and other applicable external and internal regulations governing the internal audit function, and was found 100% compliant with the standards.

Therefore, the activities of the IAS were found to be fully compliant with the requirements of the International Standards for the Professional Practice of Internal Auditing.

## Compliance Service

KMG conducts its business in a fair and ethical manner, always guided by the principle of legitimacy. We strictly comply with all applicable laws and regulations, take all steps to prevent corruption, care about business reputation, and seek to implement high international standards of ethics.

KMG's compliance system helps make sure all our operations are aligned with the laws, industry standards, and other regulatory requirements. Components of the compliance system are integrated into all aspects of our operations.

The key areas of focus for KMG's Compliance Service are:

- anti-corruption;
- regulatory compliance and adherence to the standard norms of corporate and business ethics;
- insider information management;
- business reputation management;
- management of conflicts of interest.

In line with best global practices of corporate governance, KMG has the following internal documents on compliance:

- Anti-Corruption Policy;
- Confidential Informing Policy;
- Conflict of Interest Management Policy;
- Counterparty Due Diligence Policy;
- Internal Control Rules for Granting Access Rights to Insider Information and Preventing Information Misuse by Insiders;
- Code of Business Ethics.

In order to meet the standards of business conduct and ethics, the Compliance Service carries out due diligence of KMG's counterparties. This practice helps prevent signing contracts with those acting in bad faith while also reducing the risks of contractual violations.

The Compliance Service also screens candidates nominated to fill vacancies related to administrative and organisational functions. This is a way to enable the reliability and professionalism of the Company's management by reducing the possibility of corruption by highly ranked officers. One of the hiring criteria for new employees in the area of procurement is to successfully pass psychology and polygraph (lie detector) tests.

An important anti-corruption effort at KMG Group is internal analysis of corruption risks. Based on analysis results, we adopt action plans to eliminate root causes and conditions conducive to corruption.

Since 2020, the Company requires employees across the board to declare any conflicts of interest. This contributes to the efficiency of conflict of interest management.

Since KMG's securities are listed and traded on stock exchanges, the Compliance Service takes steps to prevent insider information misuse by those classified as insiders under the laws of Kazakhstan.

### Reporting tools

In order to quickly identify violations, prevent any negative implications, ensure compliance with applicable laws and internal regulation, maintain strong business reputation and public perception, and foster corporate culture, Samruk-Kazyna Group, including KMG and its subsidiaries and associates, have a centralised hotline in place operated by KPMG, an independent auditor.

Using the hotline, employees can anonymously report known facts of corruption, fraud, discrimination, and any other violations committed by employees and counterparties of KMG and its subsidiaries and associates.

The hotline contacts are available on the websites of KMG and its subsidiaries and associates, with measures taken to raise employee awareness about it.

In 2023, the number of whistleblowing reports via the hotline went up by 23% year-on-year, demonstrating the success of KMG's measures to prevent corruption.

We are aware of the importance of fostering whistleblowing channels as the key sources of information about threatened or actual violations. It is our belief that in order for people to trust whistleblowing tools, all reports so received need to be considered comprehensively, in full, and without any bias.

### Compliance training and professional development

As an entity engaged in anti-corruption efforts, KMG closely monitors anti-corruption initiatives in Kazakhstan. Aware of the importance of anti-corruption, we aim to instil respective culture in our employees.

To that end, we provide anti-corruption training and make sure it is continuous, consistent and up-to-date. To increase anti-corruption awareness of the employees of KMG and its subsidiaries and associates, compliance functions and officers across KMG Group hold regular meetings and seminars with executives and employees, covering enforcement of Kazakhstan's anti-corruption laws. Some of the events are attended by officials of the state-run Anti-Corruption Agency.

In 2023, KMG's Compliance Service, with support from the Anti-Corruption Agency, organised a seminar on effective anti-corruption efforts.

The Compliance Service also provided employee training in conflicts of interest. This contributes to the efficiency of conflict of interest management and helps define the requirements for employee conduct to minimise the risks of decision-making affected by personal interests and connections.

The Compliance Service supports the development of professional competencies and expertise of KMG Group's compliance officers. Today, KMG's compliance teams include seasoned professionals certified by international and national compliance organisations.

KMG is committed to high corporate responsibility standards, legitimacy, and impeccable business reputation. The compliance system is a key tool in all regulatory compliance efforts, including compliance with laws and regulations, industry standards, or ethical principles. The variety of activities that KMG is engaged in, including anti-corruption, management of conflicts of interest, and adherence to internal control standards, is a testament to the Company's comprehensive approach to strong governance and transparency of its operations.