



# **KAZATOMPROM**

NATIONAL ATOMIC COMPANY

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***Report  
on compliance with the principles and  
provisions of the Corporate Governance  
Code of NAC Kazatomprom JSC  
for 2021***

*February 2022  
Nur-Sultan city*

## **Introduction**

Resolution of the Management of Samruk-Kazyna (hereinafter – the Fund), Minutes № 22/15 dated 27 May 2015 approved the Corporate Governance Code (hereinafter – the Code) for the legal entities, fifty or more percent of the voting shares (participatory interests) of which belong to the Fund as a mandatory corporate standard.

The goals of the Code are to improve the corporate governance of the Fund and the Organisations, provide for governance transparency, and confirm the Fund and the Organisations' commitment to adhere to standards of good corporate governance.

The Code has been developed in accordance with legislation of the Republic of Kazakhstan and the Fund's internal documents. The Code takes account of developments in corporate governance both in Kazakhstan and globally, and the Transformation Programme approved by the Fund's Board of Directors (Minutes No. 113 dated 17 September 2014). The provisions of the Code should be applied with consideration of special provisions contained in legislation of the Republic of Kazakhstan.

The Fund and the Organisations should comply with the principles of the Code. Any instance of non-compliance is to be disclosed in the Organisations' Annual Reports together with explanations for the non-compliance. The Board of Directors may conclude that certain provisions of the Code are either not applicable or impossible to implement. If an instance of non-compliance with the provisions of the Code should last for more than six months, the Organisation must notify the Fund and provide an explanation of the reasons for non-compliance. The Boards of Directors of the Fund and the Organisations, respectively, should each be responsible for implementing the Code. Corporate Secretaries should monitor the implementation of the Code and advise the Boards of Directors and the Executive Bodies of the Fund and the Organisations on compliance with the Code. Every year, Corporate Secretaries should prepare a report on compliance/non-compliance with the principles and provisions of the Code. These reports shall be submitted for the consideration of the appropriate Committees of the Board of Directors and subsequently for approval by the Board of Directors. The approved reports shall be included in the Annual Reports of the Fund and the Organisations.

Cases of non-compliance with the provisions of this Code should be thoroughly considered at meetings of the respective Committees of the Boards of Directors and the Boards of Directors, and appropriate decisions should be made to improve corporate governance of the Fund and the Organisations.

In accordance with the Provisions of the Corporate Governance Code the Corporate Secretary Service prepared a report on compliance/non-compliance with the principles and provisions of the Code. The Company also carries out work on improving the Corporate governance system in accordance with the approved plan of measures, drawn up on the basis of the conclusions and recommendations on the results of annual evaluation of the Company's corporate governance rating done using the methodology approved by the Fund, as well as recommendations of BCG for improving the Corporate governance system for IPO listing.

The form of the Report has the same structure and details as the Code. The Report is presented in the form of a table, consisting of 7 parts (similar to the Code), each has the following structure:

- Provisions of the Corporate governance code;
- Description of the current situation in the Company regarding the corresponding provision of the Code;
- Level of compliance (“observed” / “partially observed” / “not observed” / “not applicable”);

Monitoring included the following key steps:

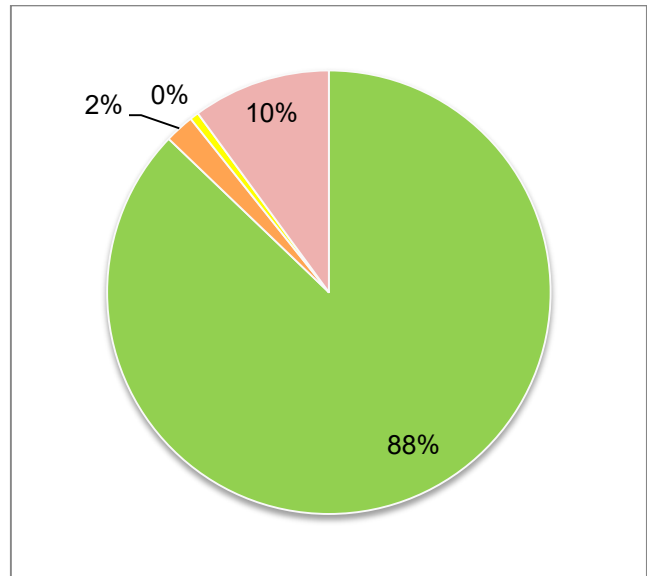
- 1) Collection of available information of the Company.
- 2) Completing the report by the persons responsible for carrying out Gap-analysis in various areas, based on the analysis of internal documents and materials of the Company and information obtained during the interview.
- 3) Consolidation of the monitoring results for consideration by the Internal Audit Committee of the Board and approval by the Board, with subsequent inclusion of the report conclusion in the annual report of the Company for a wide range of stakeholders.

Further, the main conclusions are presented in the context of each separate section of the Code.

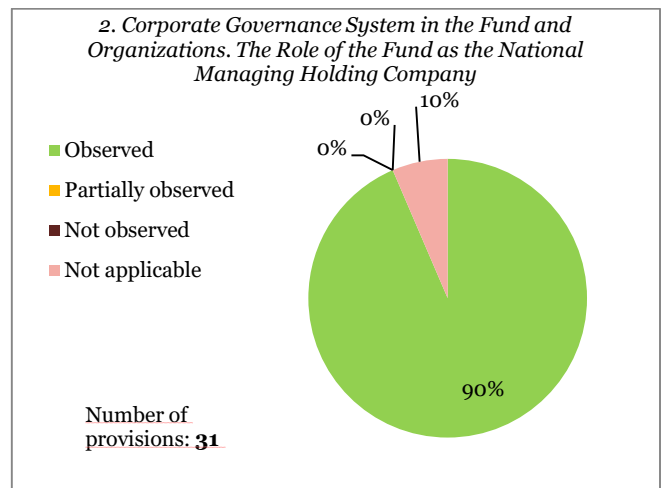
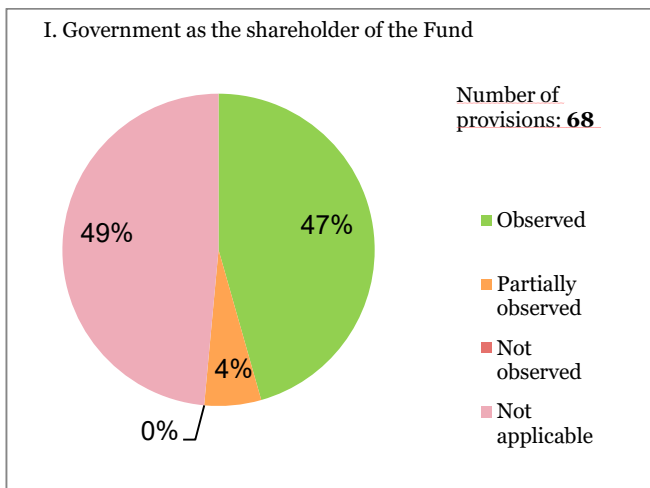
**Main conclusions**

According to the results of the analysis, in practice 88% of the provisions of the Code are observed in the Company, 2% of the provisions of the Code are partially observed (with an explanation of the reasons) and 0% of the provisions are currently not observed. 10% of the provisions of the Code are not applicable to the Company.

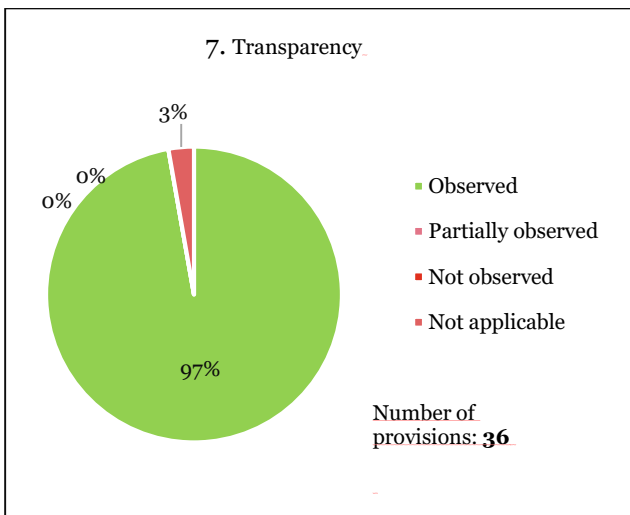
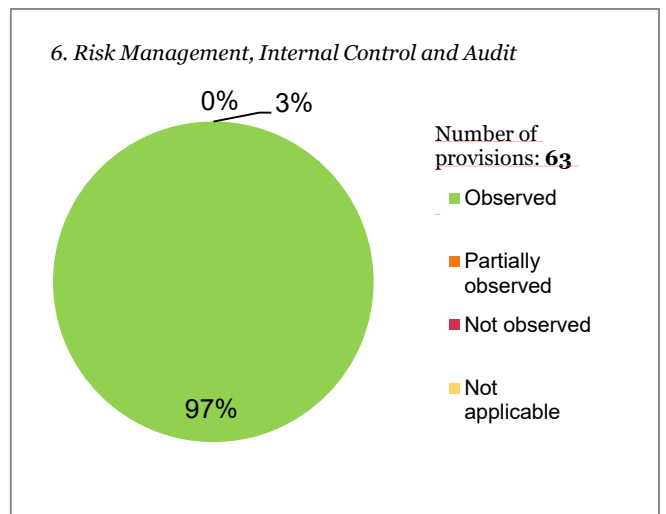
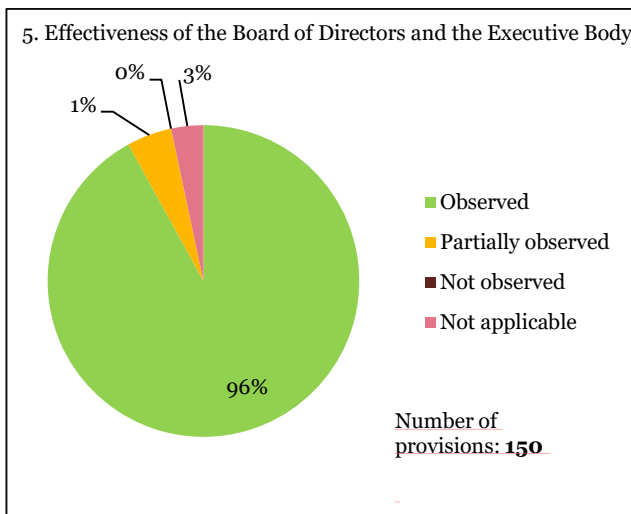
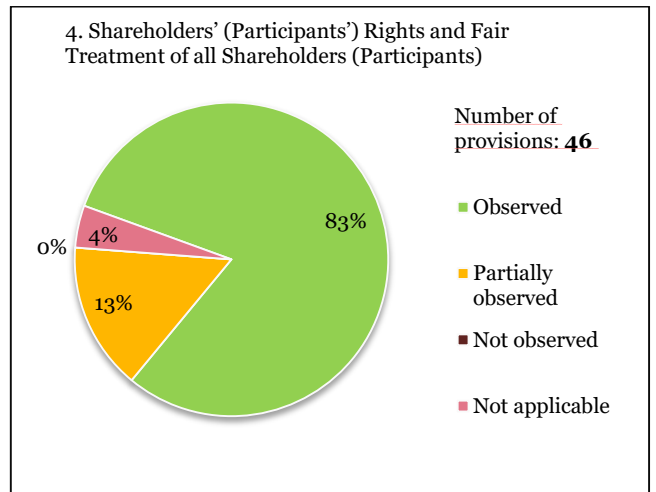
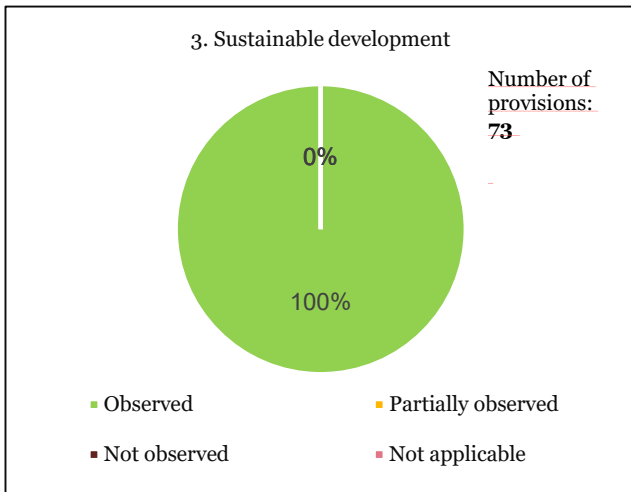
	Evaluation of the Company, %	Number
Observed	88%	411
Partially observed	2%	10
Not observed	0%	0
Not applicable	10%	46
<b>Total number of the Code provisions</b>		<b>467</b>



The main results of the analysis of the compliance of the Company's practice with the provisions of the Corporate Governance Code:

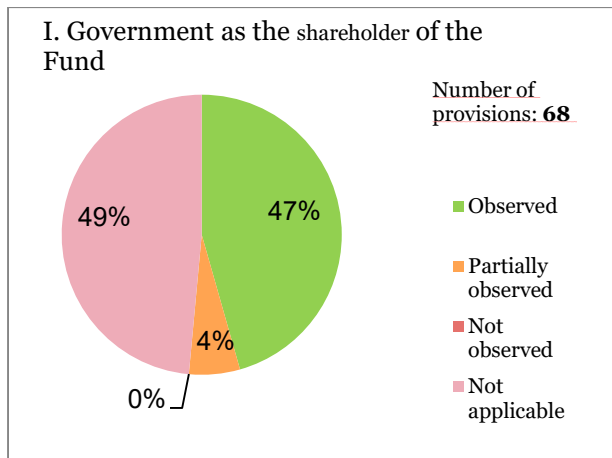


Further, the Report provides detailed analysis on the compliance of the Company's practice of corporate governance with the provisions of the Code.



## **I. The Government as the Shareholder of the Fund**

Below are results of the Chapter of the Code: “The Government as the Shareholder of the Fund”.



According to the results of the analysis, the current practice of corporate governance in the Company under this chapter meets the requirements of the Code by 47%. 49% - 33 provisions of the chapter are not applicable to the Company as they relate to the activities of the Fund (the Sole Shareholder of the Company).

#	Key spheres of Company's compliance with the Code requirements
1.	The Board of the Company approved the Company's Development Strategy for 2018-2028 (Minutes No. 01/18 of the Board dated February 8, 2018). The Company reports to the Board of Directors of the Company on implementation of the indicators of the strategy on half-year basis. The Management of the Company takes decisions in accordance with its competency, and in the way prescribed by the law, Charter and internal documents of the Company.
2.	The main strategic goal of the Company is the growth of long-term value and sustainable development. Based on the strategic goals and objectives defined in the development strategy, development plans (business plans) are developed. The bodies, officials and employees of the Company and organizations act and make decisions in accordance with the development strategy and Charter.
3.	The relationship between the Company and the Shareholders is determined by the Company's Charter, the Law on the Joint stock companies of RoK, the Law on the Fund of the RoK. The Charter of the Company defines its bodies and their competencies: the General Meeting of Shareholder, the Board, the Management, IAS, and they are listed in the regulations on the relevant bodies (Regulations on the Board, Regulations on the Management, Regulations on the Company's IAS, etc.).
4.	The Company approved the Code of Ethics and Compliance (hereinafter referred to as the "CEC") (approved by the Board Minutes No. 8/18 dated 26.09.2018, with changes and additions approved by the decision of the Board of Directors dated November 26, 2020 # 13/20). The Company has approved the Anti-bribery policy (by the decision of the Board of Directors of the Company dated November 27, 2019 No. 11/19), moreover the Company has its own “hot-line” and e-mail provided on the official internet site for anonymous calls and letters. The proposed mechanism allows claiming straight to the Audit Committee of the Company on the violation of the CEC. The CEC applies to employees and officials of the Company and is mandatory for execution.
5.	The Company has ensured the presence of the Ombudsman, whose duties include clarifying the provisions of the CEC and organizing the review of all situations related to violations of business ethics, legislation or policies of the Company. The Ombudsman is independent and has a high enough status and level of accountability in order to make any issues in the field of business ethics, compliance with the Company's policies or legislation at the level of the Company's management and Board of Directors.

According to the results of the analysis, the current practice of corporate governance in the Company partially complies with the requirements of the Code by 4%. The practice of corporate governance of the Company at the moment does not meet or partially meets the requirements of the Code as listed below and the following measures are proposed to bring corporate governance practices in line with the provisions of the Code:

#	<i>Areas of non-compliance with key requirements of the Code</i>	<i>Explanations and measures for implementation</i>
1.	<p>The Fund and the Companies should have an optimal structure of assets. The Fund and the Companies should seek the greatest simplicity of their asset structure and their organizational and legal forms of the assets.</p>	<p>According to the Code, a holding company (Kazatomprom) may be established as a joint stock company. It is recommended that other Organisations within the same group be established as limited liability partnerships. It is recommended to consider converting Organisations already established as joint stock companies to limited liability companies. As of December 31, 2021, the Company has subsidiaries and affiliates and owned shares in the charter capital of the enterprise - 36, which include 30 entities of second level S&amp;As, 6 entities of third level S&amp;As.</p> <p>Second level S&amp;As: There are 20 entities in the form of LLP registered in RoK, 5 entities in the form of JSC registered in RoK, 3 entities in the form of JSC in Russian Federation and Ukraine, and 2 foreign companies.</p> <p>Third level S&amp;As: There are 4 entities in the form of LLP registered in RoK, 1 entity registered in China, 1 entity registered in Russian Federation.</p> <p>Out of second level S&amp;As 7 entities are 100% shares owned and 11 entities are more than 50% owned by Kazatomprom). 7 entities are not part of the group (5-50% shares are owned by Kazatomprom).</p> <p>Inside third level S&amp;As 3 entities are in the Kazatomprom's group, 1 entity is not part of the group (5-50% shares are owned by Kazatomprom), 2 foreign companies.</p> <p>Currently, within the framework of the business transformation and asset restructuring program, the Company is working to separate the core activity, simplify the structure of assets, exit from the spheres of activity in order to avoid competition with private business in the territory of the Republic of Kazakhstan. At the same time, the Company systematically works on the sale of non-core assets.</p> <p>Based on the results of the risk analysis and the economic effect, subject to the adoption of all necessary decisions by the authorized bodies of the Company, it is possible to hold negotiations with other participants of the subsidiaries in the form of joint-stock company for reorganization in the LLP. These measures should also be envisaged by the Restructuring Plan for the medium-term period.</p>

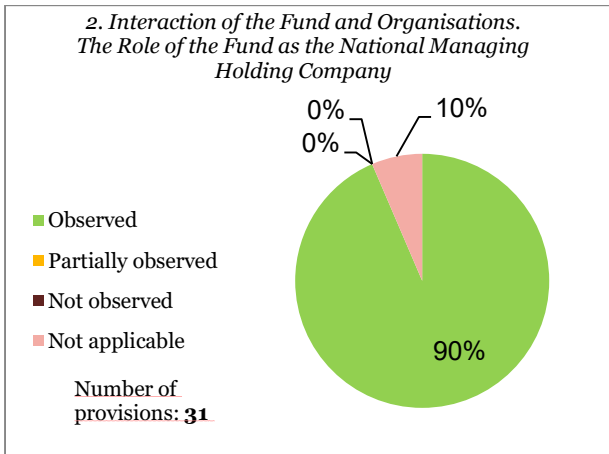
<p>2.</p>	<p>The Organisations should operate within their core activities. New activities may take place only if there is insufficient competition in a given market or if the involvement of the Fund and the Organisations will aid the development of small and medium-sized businesses.</p>	<p>Based on the results of an analysis conducted by an external consultant in 2015, as part of the business transformation program, it was revealed that individual S&amp;A perform their activities in a competitive environment. Currently, the Company is implementing the Action Plan on Restructuring the Company's Assets in order to identify the core activity, simplify the structure of assets, exit from the spheres of activity in order to avoid competition with private business in the territory of the Republic of Kazakhstan. At the same time, since 2013 the Company systematically works on the sale of non-core assets.</p>
<p>3.</p>	<p>It is recommended that the Fund should have and retain a controlling stake (interest) in its organisations.</p>	<p>Of the 36 subsidiaries and affiliates of the Company, 7 are joint stock companies (JSC), in which the number of voting shares owned by the Company ranges from 10% to 100% (2 JSC in the territory of the Russian Federation - less than 1% of shares). 24 are limited liability partnerships (LLP) with a participation interest from 5% to 100%, 3 are foreign companies.</p> <p>It is possible to hold negotiations with other participants of the Company's subsidiaries and affiliates for the acquisition of controlling stake (interest). These measures should also be envisaged by the Restructuring Plan for the medium-term period.</p>
<p>4.</p>	<p>Notifications of alleged violations should be sent directly to the IAS or the Board of Directors of the Fund or organization. The executive body and all its structural units, including the security service, should not impede the transfer of notifications of alleged violations to IAS or to the Board of Directors</p>	<p>The Company has established the Ombudsman's Service and the Compliance Service, whose duties include clarification of the provisions of the Code of ethics and compliance and review of all situations related to violations of business ethics, laws or policies of the Company.</p> <p>The Ombudsman and the Compliance Service are independent and have a sufficiently high status and level of accountability in order to raise any issues in the field of business ethics, compliance with the Company's policies or legislation at the level of management and the Company's BoD.</p> <p>The company has mechanisms aimed at gathering information about the violation of the Code of ethics and compliance and Company policies. The company approved the Anti-Corruption and Fraud Policy (Approved by the Board of Directors No. 11/19 of 27.11.2019), the ombudsman also has a helpline and an email address indicated on the Company's website and in the Anti-Corruption and Fraud Policy for anonymous calls and letters. The existing mechanism allows you to report directly to the Audit Committee on Corporate Ethics Violations. At the same time, this functionality, according to the Code, is assigned to the IAS.</p>

*Potential negative impact on the Company regarding non-compliance with key requirements of the Code*

1. In general, it should be noted that the Company needs to develop its own Corporate Governance Code, taking into account the public status and the specifics of the Company's activities. At the same time, the Corporate Governance Code of Samruk-Kazyna JSC used in relation to the Company may cause concern among minority shareholders.
2. The absence of a controlling stake (participation share) in the Company's subsidiaries and affiliates, in particular, in the mining companies, entails the risk of losing control over the sales markets and production volumes, reducing the Company's share in the world market and, as a consequence, the possibility of influencing the price in the world market. There is also a risk of receiving dividends from subsidiaries and affiliates in an incomplete (planned) amount.
3. The inconsistency of the provisions of the Code with other internal documents of the Company may be misleading, to shareholders, and potential investors.



## **II. Corporate Governance System in the Fund and Organizations. The Role of the Fund as the National Managing Holding Company**



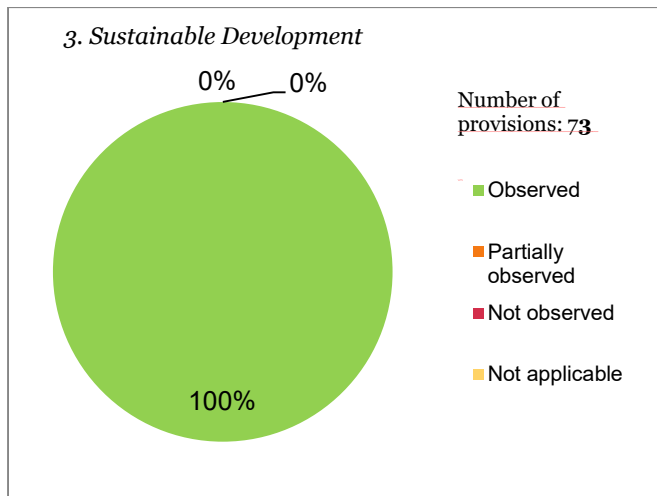
Below are the results of the analysis under the Code section: "Interaction of the Fund and Organisations. The Role of the Fund as the National Managing Holding Company".

According to the results of the analysis, the current practice of corporate governance in the Company under this section is 90% consistent with the requirements of the Code. 10% - 3 provisions of the chapter are not applicable to the Company, in connection with the IPO and, as a result, the Fund is no longer the sole shareholder of the Company.

#	<i>Key spheres of Company's compliance with the Code requirements</i>
1.	The bodies and departments within the Fund and the Organisations should have approved Regulations and job descriptions for respective positions. Compliance with these documents ensures consistency of governance processes.
3.	The Fund participates in the management of the Company through the implementation of the functions of a shareholder (participant), as well as through the Board of Directors, in the manner determined by the charters of the companies and the Code
4.	The company's Board of Directors on a quarterly basis holds a meeting on the implementation of the medium-term development plan (business plan), KPD, and interested-party transactions, the decision on which is taken by the Company's Board. The Board of Directors annually reviews the results of the implementation of the Strategy and Development Plan (business plan), which includes the budget, efficiency, investment and financial plans.
5.	The Board of Directors of the Company has full autonomy in making decisions within its competence established by the charter of the Company.
#	<i>Potential negative impact on the Company regarding non-compliance with key requirements of the Code</i>
1.	Not applicable.

### III. Sustainable Development

The results of the analysis under the Code chapter «Sustainable Development» are presented below:



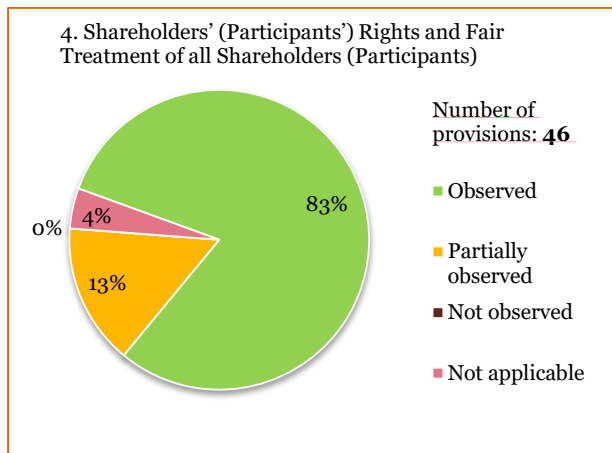
According to the results of the analysis, the current practice of corporate governance in the Company under this section is 100% consistent with the requirements of the Code.

In particular, the Company fulfills the following key requirements of the Code:

#	Key spheres of Company's compliance with the Code requirements
	By the decision of the Management Board of NAC Kazatomprom JSC # 10/21 dated 18.03.2021, a new edition of the Map of Stakeholders of NAC Kazatomprom JSC was approved.
1.	The Board of Directors of the Company approved the Corporate Policy of NAC Kazatomprom JSC in the field of sustainable development (Minutes of the Board of Directors of NAC Kazatomprom JSC # 1/20 dated 20.02.2020.), which defines the main principles and priorities in the field of interaction with stakeholders. The corporate policy of NAC Kazatomprom JSC in the field of sustainable development is consistent with the general corporate development strategy of the Company.
2.	The Board of the Company holds quarterly meetings on the implementation of the Company's development plan (business plan), and annually holds a meeting devoted to the implementation of the development strategy, involving all interested parties. When evaluating the performance of the Company, the Board compares the Company with similar companies.
3.	The anti-corruption and fraud policy includes measures to inform stakeholders about the fight against corruption.
4.	The Company annually publishes the Annual Integrated Report containing the section on Sustainable Development.
#	Conclusion: Potential negative impact on the Company regarding non-compliance with key requirements of the Code
1.	Not applicable.

#### IV. Shareholders' (Participants') Rights and Fair Treatment of all Shareholders (Participants)

Below are the results of the analysis under the chapter of the Code: «Shareholders' (Participants') Rights and Fair Treatment of all Shareholders (Participants)».



According to the results of the analysis, the current practice of corporate governance in the Company under this section meets the requirements of the Code by 83%. In particular, the Company fulfills the following key requirements of the Code:

#	Key spheres of Company's compliance with the Code requirements
1.	Shareholders (participants) and investors receive information about the activities of the organization through: 1) an annual report including, a report of the Board of Directors and audited annual financial statements; 2) the organization's Internet resource, containing a section for shareholders (participants) and investors, reflecting current information on the organization's activities; 3) the possibility of obtaining information and documents through sending requests to the organization in the manner prescribed by the legislation of the Republic of Kazakhstan, constituent and internal documents of the organization; 4) press releases and other information materials distributed by the organization; 5) briefings by the organization; 6) other methods in accordance with the internal documents of the organization
2.	In order to effectively distribute the profits of the organization, a clear and transparent mechanism for determining the amount and payment of dividends has been defined (the Company's Dividend Policy).
3.	Dividends are paid within the period established by the decision of the general meeting of shareholders (sole shareholder).
4.	The Company has an Investor Relations Department, whose functions include maintaining communication with investors, ensuring timely and high-quality response to shareholders' questions.
5.	Materials for the General meeting of shareholders were published on the corporate web site of the company. All contacts for shareholders and investors were published within the notice on convening the GMS and press-releases of the Company.

Based on the results of the analysis, the current practice of corporate governance in the Company in this section partially complies with the provisions and principles of the Code by 13%. The main discrepancies are related to the detailed regulation of the work of the General Meeting of Shareholders, the establishment of requirements for institutional investors and some clarifications in the Company's dividend policy.

#	Areas of non-compliance with key requirements of the Code	Explanations and measures for implementation
1.	The procedures of the General Meeting of Shareholders (Participants) should ensure equal treatment of all Shareholders (Participants). The procedures should not	The company has developed a Regulation on the General Meeting of Shareholders of Kazatomprom JSC, which is planned to be submitted for approval by the General Meeting of Shareholders of Kazatomprom JSC on May 26, 2022.

	unreasonably complicate or raise the cost of voting.	
2.	<p>Institutional investors acting as a proxy should disclose how they resolve significant conflicts of interest that may affect the property rights in relation to their investments.</p> <p>An institutional investor is a legal entity seeking to attract funds to be invested in accordance with legislation of the Republic of Kazakhstan. Institutional investors may be large financial organisations accumulating surplus funds of the population or legal entities for further investment in various financial instruments (insurance funds, pension funds and investment companies).</p>	<p>Such a rule is not provided for by paragraph 26 of the Company's Charter (shareholder's obligations). The Company should consider the possibility of making appropriate adjustments to the Company's Charter and receive feedback from institutional investors.</p>
3.	<p>If shares (interests) in the Organisation are owned by institutional investors, and if these institutional investors act as a proxy, they should disclose, for the purpose of the Organisation's stability, their corporate governance policies and regulations concerning investment activities, including their decision-making procedures. An institutional investor is a legal entity seeking to attract funds to be invested in accordance with legislation of the Republic of Kazakhstan. Institutional investors may be large financial organisations accumulating surplus funds of the population or legal entities for further investment in various financial instruments (insurance funds, pension funds and investment companies).</p>	<p>Such a rule is not provided for by paragraph 26 of the Company's Charter (shareholder's obligations). At the same time, this information is publicly available on the official website of the some institutional investors. The Company should consider the possibility of making appropriate adjustments to the Company's Charter and receive feedback from institutional investors.</p>
4.	<p>The importance of the General Meetings of Shareholders means that it is essential that any executive involved in governance and management systems attends the Meetings if invited.</p>	<p>In accordance with the Charter of the Company, invited persons may attend the General Meeting of Shareholders, who are entitled to speak at the meeting with the permission of the Chairman of the meeting. The mandatory participation of all relevant officials (in particular, members of the Board) at such a meeting is not provided in the current Charter. The company has developed a Regulation on the General Meeting of Shareholders of Kazatomprom JSC, which is planned to be submitted for approval by the General Meeting of Shareholders of Kazatomprom JSC on May 26, 2022.</p>
5.	<p>The Organisation should develop Regulations for General Meetings of Shareholders (Participants) specifying the procedures for a proper discussion of agenda items, decision-making and presentations by executives.</p>	<p>The company has developed a Regulation on the General Meeting of Shareholders of Kazatomprom JSC, which is planned to be submitted for approval by the General Meeting of Shareholders of Kazatomprom JSC on May 26, 2022. The current provisions of the legislation and the Charter of the Company allow the General Meeting of Shareholders to carry out its activities without infringing upon the rights of shareholders of the Company.</p>
6.	<p>The process for voting at the General Meeting of Shareholders should be as</p>	<p>The company has developed a Regulation on the General Meeting of Shareholders of Kazatomprom</p>

simple as possible for the Shareholders (Participants) and should include all possible means of voting as specified in the Organisation's Charter.

JSC, which is planned to be submitted for approval by the General Meeting of Shareholders of Kazatomprom JSC on May 26, 2022.

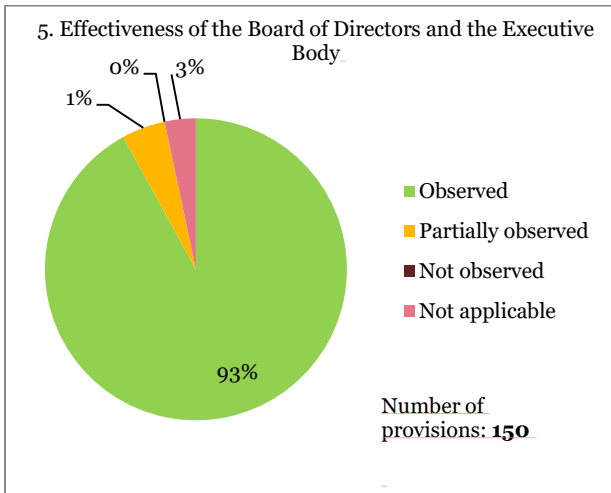
The detailed voting process is planned to be regulated in the abovementioned document of the Company. At the moment, the Company is governed by the provisions of the applicable law and the Charter of the Company.

# *Potential negative impact on the Company regarding non-compliance with key requirements of the Code*

1. The lack of detailed regulations for the work of the General Shareholders Meeting of the Company may entail certain difficulties during the meeting of the General Shareholders Meeting in the part not regulated by the legislation and the Articles of Association of the Company, which may reduce the trust of shareholders in respecting their rights. It should be noted that the company has developed a Regulation on the General Meeting of Shareholders of Kazatomprom JSC, which is planned to be submitted for approval by the General Meeting of Shareholders of Kazatomprom JSC on May 26, 2022.

## V. Effectiveness of the Board of Directors and the Executive Body

Below are the results of the analysis under the Code section: «Effectiveness of the Board of Directors and the Executive Body».



Based on the results of the analysis, the current practice of corporate governance in the Company under this section meets the requirements of the Code by 96%. In particular, the Company fulfills the following key requirements of the Code:

#	<i>Key spheres of Company's compliance with the Code requirements</i>
1.	In accordance with the Regulations on the Board of Kazatomprom JSC, the members of the Board bear personal responsibility for the performance of the duties of a member of the Board, including fiduciary duties to the shareholder (s) and decisions taken, the effectiveness of their activities, action and / or inaction.
2.	The term of office of the Board members does not exceed three years, with the right of subsequent re-election, which is clearly enshrined in the Company's Charter and the Regulations on the Board and the Code approved by the Sole Shareholder.
3.	The Board of Directors of the Company and its committees should observe a balance of skills, experience and knowledge, ensuring the adoption of independent, objective and effective decisions in the interests of the organization, taking into account fair treatment of all shareholders and the principles of sustainable development.
4.	In organizations with several shareholders, the process of electing members of the Board of Directors and the Chairman of the Board of Directors is carried out in the manner determined by the Law of the Republic of Kazakhstan "On Joint Stock Companies" and the Charter of the organization. In these organizations, it is recommended that the Nomination and Remuneration Committee of the organization be involved in determining the composition, necessary skills and competencies of the Board of Directors and candidates to the Board of Directors.
5.	The participation of members of the Government, officials of state bodies on the Board of Directors of the Company is not allowed.
6.	Evaluation of the activities of the Board, Committees of the Board and each member of the Board is held annually and every 3 years with the involvement of an independent consultant.
7.	The Company approved the Regulation on the Settlement of Corporate Conflicts and Conflicts of Interest of Kazatomprom JSC (approved by the Board Minutes No. 2/11 dated 10.03.2011), which defines the concept of conflict of interests, a list of possible situations of conflict of interest, fixes the procedure for resolving conflicts of interests among members of executive Bodies and other employees of the Company, which is being implemented in practice.
8.	The Company approved the Rules for the formation of a succession plan for members of the Board of Directors of NAC Kazatomprom JSC by the decision of the Board of Directors dated December 4, 2020 (Minutes No. 14/20). In addition, candidates were received for inclusion in the internal list of successors for positions on the Board of Directors of NAC Kazatomprom JSC.

According to the results of the analysis, the current corporate governance practice in the Company partially complies with the requirements of the Code by 1% as indicated below and the following measures are proposed to bring the corporate governance practice in line with the provision of the Code:

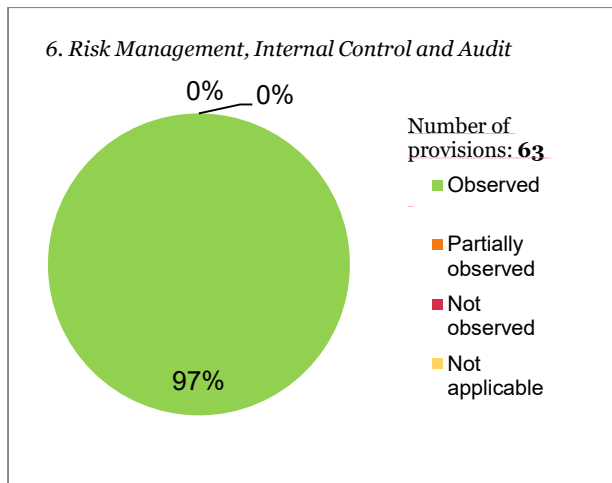
#	<i>Areas of non-compliance with key requirements of the Code</i>	<i>Explanations and measures for implementation</i>
1.	<p>Major shareholders (the sole shareholder) can meet with the chairman and members of the Board of Directors to discuss development strategy, elect the first head of the executive body and other aspects that affect the growth of long-term value and the sustainable development of the organization. Such meetings are pre-planned and held in accordance with approved procedures.</p>	<p>Representatives of Samruk-Kazyna JSC held meetings with the Chairman and members of the Board of Directors to discuss development strategy issues, elect the first head of the Executive Body and other aspects that affect the growth of long-term value and the Sustainable Development of the Organization. Such meetings were pre-planned and held in accordance with approved procedures.</p>
2.	<p>In the composition of the Board of Directors it is necessary to ensure diversity in terms of experience, personal characteristics and gender composition. The Board of Directors should include independent directors, in quantities sufficient to ensure the independence of decisions made and fair treatment of all shareholders. The recommended number of independent directors on the company's Board of Directors is up to fifty percent of the total number of members of the Board of Directors.</p>	<p>Determination of the number, term of office of the Board of Directors, election (appointment) of the Chairman of the Board of Directors, its members and early termination of their powers, as well as determination of the amount and terms of remuneration and reimbursement of expenses to members of the Board of Directors for the performance of their duties fall within the exclusive competence of the General Shareholders Meeting. Observed in accordance with the Charter of NAC Kazatomprom JSC, the Regulation on the Board of Directors of NAC Kazatomprom JSC and the Corporate Governance Code of NAC Kazatomprom JSC and the relevant provisions of the Fund. The number of members of the Company's Board of Directors is 8. Not less than 30% members must be independent directors (4 out of 8 members are independent directors – 50%). The diversity of the composition of the Company's Board of Directors on the basis of gender is partially met (2 out of 8 members are female - 25%).</p>
3.	<p>The level of remuneration of members of the Board of Directors should be sufficient to attract, retain and motivate each member of the Board of Directors to the level that is required for successful management of the organization. The remuneration of a member of the organization's Board of Directors is determined in accordance with the methodology developed by the Fund, and the expected positive effect on the organization of the participation of this person on the Board of Directors should be taken into account. In organizations with several shareholders, the relevant rules for remuneration of members of the Board of Directors are developed on the basis of the Fund's methodology and approved by the general meeting of shareholders. The Nomination and Remuneration Committee of the Board of Directors of the organization makes proposals on the amount of remuneration of candidates for independent directors.</p>	<p>Independent directors of the Company are paid remuneration in accordance with the methodology of Samruk-Kazyna JSC.</p> <p>The remuneration policy of members of the Board of Directors provides the possibility of non-payment of incentives to the members of the board of Directors in case he/she did attend less than 50% of Board meetings, or provided ballots on less than 50% voting issues.</p> <p>On May 20, 2021, the General Meeting of Shareholders of the Company approved the Rules for Payment of Remuneration and Compensation of Expenses to Members of the Board of Directors of NAC Kazatomprom JSC.</p>



#	<i>Potential negative impact on the Company regarding non-compliance with key requirements of the Code</i>
1.	Not applicable.

## VI. Risk Management, Internal Control and Audit

Below are the results of the analysis under the Code chapter: «Risk Management, Internal Control and Audit».



Based on the results of the analysis, the current practice of corporate governance in the Company under this chapter is 97% consistent with the requirements of the Code. In particular, the Company fulfills the following key requirements of the Code:

#	Key spheres of Company's compliance with the Code requirements
1.	An effective risk management system is a fundamental element of the activity and development strategy of Kazatomprom JSC. Kazatomprom JSC has formed a structural unit responsible for the organization of risk management activities, which carries out activities to organize the activities of the Company's risk management system. At the Company's enterprises, separate structural units responsible for risk management have been formed, or risk managers have been appointed.
2.	The Management of the Company is responsible for the organization of an effective RMS and ICS. The process of risk management is based on interaction with key business processes of the Company, such as: strategic planning, operational activities, investment activities, credit activities, budgeting, staff motivation.
3.	Qualitative and quantitative risk appetites, a register and a risk map are approved in the Company. The risk register provides for levels of tolerance for key risks.
4.	All key issues on risks submitted for consideration and approval to the Board of the Company are preliminary considered by the Internal Audit Committee of the Company. Only after all comments and suggestions of the Internal Audit Committee have been worked out, is document submitted to the Board of the Company. All meetings of the Committee and the Board of the Company are recorded.
5.	Employees and officials of the Company have the right to confidentially declare to the Internal Audit Committee/Board of the Company about the violation or incorrect execution of risk management procedures or internal control, or other policies, as well as cases of fraud, violation of legislation, hotline.
6.	The Regulation on IAS provides for functional accountability to the Board of Directors. Functional accountability is ensured by the Board of Directors by approving the annual and strategic plan, budget, composition, and remuneration conditions of IAS. The provision specifies that IAS should be free from the intervention of third parties in the process of determining the scope of internal audit, conducting work and reporting on results. The head of the CBA should provide the board with the information if there are interventions and discuss the possible consequences.

According to the results of the analysis, the current corporate governance practice in the Company partially complies with the requirements of the Code by 3% as indicated below and the following measures are proposed to bring the corporate governance practice in line with the provision of the Code:

#	Areas of non-compliance with key requirements of the Code	Explanations and measures for implementation
1.	The Board of Directors should consider the organization, functioning and efficiency of the risk management and internal control systems at least once a year and, if necessary, make recommendations for its improvement. Information on the results of the consideration by the Board of Directors on the effectiveness of the	I. The Board of Directors of the Company approves the indicators of the effectiveness of the RMS of the Company with a meeting on an annual basis dedicated to the issue of assessing the effectiveness of the RMS, analyzes the conclusions of external auditors on improving internal control and risk management. II. The Internal Audit Service annually forms a final conclusion on the adequacy of the RMS / ICS for the

internal control system is provided to shareholders (participants) as part of the annual report.

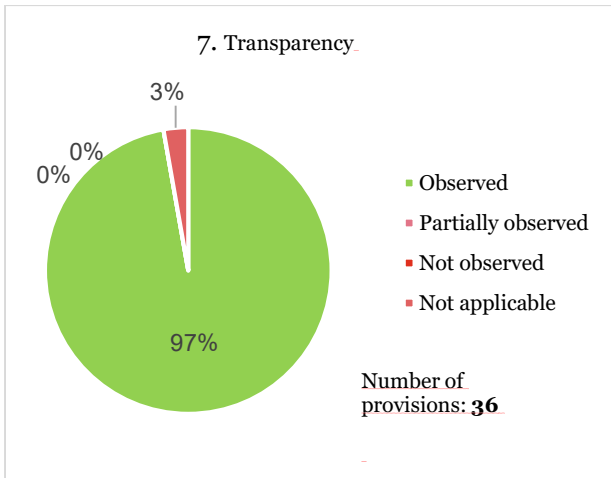
Group in accordance with the Methodology of the same name, approved by the decision of the Board of Directors (Minutes No. 1/18) dated February 8, 2018. For 2021, this conclusion will be formed in the 2nd quarter of 2021, because one of the sources of information are reports on the results of diagnostics of corporate governance in subsidiaries and affiliates and the corporate center.

# *Potential negative impact on the Company regarding non-compliance with key requirements of the Code*

1. The Company should consider the possibility of conducting diagnostics of corporate governance in subsidiaries and affiliates prior to the release of the Integrated Annual Report of the Company, as well as taking into account the time required for the formation of a conclusion by the Internal Audit Service. Otherwise, the investment attractiveness of the Company may decrease due to distrust in the efficiency of the risk management and internal control systems of the Company.

## **VII. Transparency**

Below are the results of the analysis under the Code chapter: «Transparency».



Based on the results of the analysis, the current practice of corporate governance in the Company under this chapter is 97% consistent with the requirements of the Code. However, one provision of the Code is not applicable to the Company. In general, the Company fulfills the following key requirements of the Code:

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*Key spheres of Company's compliance with the Code requirements*

1. The Company has the Rules "Disclosure of information of NAC Kazatomprom JSC approved by the decision of the Board of Directors dated December 6, 2017 No. 11/18.
2. The Company has approved by the Board decision dated May 20, 2021 No. 5/21 "The List of information constituting Kazatomprom commercial secret and the List of information constituting Kazatomprom confidential information", in a new edition and each employee signs the Obligation to not disclose information constituting confidential information of NAC Kazatomprom JSC. Compliance Service leads regular accounting and monitoring of persons who have access to the Company's insider information. Financial statements are published as required. NAC Kazatomprom JSC is listed on AIX, KASE and LSE. On the Company's Internet resource there is a separate section of the Investors website, containing the necessary information in accordance with the AIX, KASE and LSE rules (in three languages) and contact details of the responsible persons.
3. Placement of information on the Internet resource of NAC Kazatomprom JSC is governed by the Information Disclosure Rules approved by the BD 11/19 of November 28, 2019. The corresponding disclosure schedules were drawn up taking into account the requirements of the exchanges on which the Company's shares are placed. The Company also has a Disclosure Policy information of NAC Kazatomprom JSC, approved by the decision of the Company's Board of Directors of 10/19/2018, No. 9/18.
4. The Company prepares an Integrated Annual Report in accordance with the provisions of the Code and best practices for disclosing information.
5. The Company ensures the audit of annual financial statements in accordance with the legislation of the Republic of Kazakhstan and internal documents of the Company. The annual audit of the financial statements is conducted through the involvement of an independent auditor, an international audit organization that has a high level of professional skill of the audit firm; Experience in both Kazakhstan and international markets; Knowledge of the industry's business; Positive reputation. The independent auditor as an external entity provides an objective opinion to the Interested parties on the reliability of the financial statements and its compliance with the requirements of IFRS.  
The selection of the external auditor of the Company is carried out on the basis of a competition. The procedure for selecting an audit organization is carried out in accordance with the Rules for choosing an audit organization for Samruk-Kazyna JSC and organizations, more than fifty percent of the voting shares (shares) which are directly or indirectly owned by Samruk-Kazyna JSC on the right of ownership or trust management, approved by the Decision of the Board of Samruk-Kazyna JSC dated December 7, 2016. Members of the Audit Committee are members of the tender committee for the selection of the external auditor and participate in the process of evaluating the results of the tender. The recommendations of the Audit Committee of the Board of Directors on the appointment and amount of remuneration for the external auditor are presented to the Board of Directors and to the General Meeting of Shareholders. The Audit Committee of the Board of Directors recommends the amount of payment, the timing of the audit and the choice of an auditing organization to the Board of Directors of the Company.
6. The company is disclosed on the corporate website: the name of the audit organizations that provided services for the audit of financial statements; information on the amount of remuneration of the audit organization under the contract; "Policy in the field of attracting services of audit organizations" (Minutes of the Board of Directors of 01.10.2020 No. 11/20), which contains information on the appointment and rotation of the external auditor and key personnel of the audit organization, on the approval of the services of the audit organization, not related to the audit of financial statements and other information, and on the employment of former employees of an audit organization.  
The audit of the Company is carried out by an audit organization that is not affiliated with the Company and its management. In 2014-2020, the external auditor provided seminar and other services, without prejudice to the objectivity or independence of the auditor, the cost of which is no more than 70 (seventy) % of the average amount of remuneration paid for the audit of the Group for the last three consecutive financial years There are no cases of hiring former members of the audit team earlier than 2 years after their dismissal from the audit organization to managerial positions or positions that imply a significant impact on the process of preparing financial statements. The rotation of the partner was carried out for a period of no more than 6 years in accordance with the approved "Policy in the field of engaging the services of audit organizations" and with the approval of the Audit Committee of the Board of Directors (Minutes No. 2/19 dated 18.02.2019).

# *Potential negative impact on the Company regarding non-compliance with key requirements of the Code*

Not applicable.