

## COMPLIANCE SERVICE

The role of KMG in the national economy requires a responsible approach to fostering a favourable business environment and is reflected in its approaches towards corporate governance, including corporate compliance. KMG, therefore, adopts global best practices in compliance when developing its internal rules and procedures to promote its strategic objectives in line with applicable laws and ethical standards, and to mitigate reputational and legal risks that have a significant effect on its business stability, efficiency, and integrity.

KMG is committed to improve existing corporate standards in line with best global practices in corporate governance. As part of the efforts to ensure the Company's and its employees' compliance with legal and ethical anti-corruption standards, KMG reviewed risk factors in corporate business processes to assess the likelihood of potential damage from risk occurrence, and assessed performance of existing controls for each potential risk.

Integrity and compliance are paramount for every business as they enable its successful and sustainable operation, promote zero tolerance to corruption and foster transparency and openness within the corporate culture and employee behaviours and attitudes. These principles are central to the operation of the Compliance Service and lie at the heart of robust corporate governance.

KMG's Compliance Service, with a direct functional reporting line to the Board of Directors, was launched in 2019. The role of the Compliance Service is to ensure compliance with mandatory regulations and global best practices in pursuing anti-corruption policies and building corporate culture across KMG Group to foster transparency and integrity among its employees, as well as to create a business environment aligned with global best practices, internal policies, and Kazakhstan's laws. The Compliance Service is responsible for preventing all existing risks of KMG Group employees being involved in corrupt practices in performing their duties. While being a standalone function within KMG, the Compliance Service is integrated with all of its business units.

KMG applies a common group-wide policy to prevent corruption, embezzlement, and misuse of funds, misappropriation of, or deliberate damage to, inventories, misrepresentation and falsification of financial statements or other documents, abuse of office, negligence or omission, as well as other offences.

In line with global best practices, KMG has also introduced anti-corruption clauses in its contracts with independent contractors, disciplinary sanctions against employees who fail to comply with corporate regulations and applicable laws, as well as awareness raising for administrative and management staff through compliance trainings on the principles of the Code of Business Ethics covering international and national anti-corruption laws.

KMG has in place whistleblowing channels administered by an independent third-party contractor. In case of any suspicions or knowledge of a breach of the Code of Business Ethics, including corruption, fraud, or non-ethical conduct, every employee can report them via a hotline, with such information then forwarded to relevant compliance officers to identify the cause and remedy the breach. The investigation results are presented to the Board of Directors each quarter. A total of 28 whistleblowing reports were received via the hotline in 2019, including six reports that were confirmed, with recommendations and answers promptly prepared and sent via the independent contractor to the whistleblowers.