

**«Approved»**

by the decision of the Board of  
Directors of JSC «NC «KTZ»  
May 6, 2020,  
minutes No. 7

**Policy on prevention and resolving of  
conflict of interests amongst officials and employees  
of the JSC «NC «Kazakhstan Temir Zholy»**

**1. The purpose of the document and the general provisions of**

1. The Policy on prevention and resolving conflicts of interest amongst officials and employees of the JSC «NC «Kazakhstan Temir Zholy» (hereinafter - the Politics and Company, respectively) developed in accordance with the Laws Republic of Kazakhstan “On Combating Corruption”, “On Joint-Stock Companies”, the Code of Corporate Governance of the Company and other internal documents of the Company on ethics and compliance.

2. This Policy is designed to prevent conflicts of interest and is one of the key anti-corruption mechanisms. Serious violations related to a conflict of interest may damage the Company's business reputation and undermine the trust of all interested parties. The personal interests of an official or employee should not affect their performance of their official, functional duties based on the principles of impartiality, honesty and protection of the interests of the Company.

3. This Policy defines situations of conflict of interest, measures to prevent and resolve them, as well as the responsibility of all participants in the conflict of interest management process.

4. The Company understands that officials and employees may have legitimate personal interests outside the framework of the performance of their duties / duties in the Company, but any conflict of interests between such personal interests and duties in the Company must be disclosed and settled in accordance with this Policy.

5. In relations with business partners, counterparties and third parties, the Company expects to establish and maintain fiduciary relations in which the parties are obliged to act in relation to each other as honestly, in good faith, fairly and loyally, as well as take comprehensive measures to prevent, identify and exclude conflict of interest.

**2. Scope**

6. This Policy is mandatory for review and strict observance by all officials and employees of the Company.

7. This Policy is applied in conjunction with the Code of Ethics and Conduct and the Anti-Corruption Policy, approved in the established manner.

8. Subsidiaries of the Company need to develop and approve a similar

policy without violating the requirements of this Policy, taking into account the specifics of their activities.

9. This Policy is subject to posting on the corporate website of the Company.

### **3. Terms and definitions**

10. The following terms and definitions are used in this Policy:

1) administrative and business functions - the right to manage and dispose of property on the balance sheet of the Company granted in accordance with the law of the Republic of Kazakhstan;

2) close relatives - parents, children, adoptive parents (adoptive parents), adopted (adopted), full and half brothers and sisters, grandfather, grandmother, grandchildren;

3) official - a person who permanently or temporarily performs organizational and administrative or administrative functions in the Company;

4) Sole shareholder – JSC «Samruk-Kazyna»;

5) Compliance Service - Compliance Service of the Company;

6) Conflict of interest - a contradiction between the personal interests of officials and employees and their official powers, in which the personal interests of these persons may lead to non-performance and (or) improper performance of their official duties;

7) personal interests - personal property benefits or interest in obtaining personal benefits from the Company that are not related to receiving wages and other payments established by internal documents of the Company;

8) organizational and administrative functions - the right granted in the manner prescribed by the law of the Republic of Kazakhstan to issue orders and orders binding on subordinates in the service, as well as apply incentive measures and disciplinary sanctions against subordinates;

9) Management Board - Management Board of the Company;

10) employee - an individual who is in labor relations with the Company;

11) proprietors - brothers, sisters, parents and children of the spouse;

12) Board of Directors - The Board of Directors of the Company.

11. Terms used, but not defined in this Policy, are used in the sense in which they are used in the legislation of the Republic of Kazakhstan and internal documents of the Company.

### **4. Basic principles of conflict of interest management**

12. Company manages a conflict of interest (prevention and resolution) based on the following key principles of conflict of interest management:

1) Principle of legality - compliance of this Policy with the legislation of the Republic of Kazakhstan and internal documents of the Company;

2) Principle of protecting the interests of the Company. Protection of the interests of the Company is the duty of each official and employee who are obliged to make decisions based only on the legislation of the Republic of Kazakhstan and

internal documents of the Company, and not on the basis of personal preferences;

3) Principle of ensuring transparency and accountability - the open declaration of personal interests and the performance of official duties within the framework of the prescribed procedures form the basis for ensuring openness and accountability, which helps to prevent or resolve a conflict of interest;

4) Principle of objectivity and individual consideration - each case of a conflict of interest should be examined individually with an assessment of potential risks for the Company and timely resolved. Officials and employees should strive to minimize any subjectivity that distorts the real situation of a conflict of interest, including any influence of personal and other interests and various factors on the process and results of a study of a conflict of interest;

5) Principle of confidentiality - strict observance of confidentiality: from the process of disclosing information about a conflict of interest and the process of further resolving a conflict of interest to the stage of summing up and making a final decision on the situation in question;

6) Principle of involvement is the awareness of the officials and employees of the Company about the provisions of anti-corruption legislation and their active participation in the formation and implementation of anti-corruption standards and procedures, including in the field of prevention, detection and resolution of conflicts of interest;

7) Principle of intolerance and internal culture - Company forms a culture and a high degree of intolerance to the occurrence of conflicts of interest in its work environment. The Company welcomes the disclosure by its officials and employees of possible conflicts of interest and develops an internal culture of open communication aimed at their understanding of the provisions of this Policy;

8) Principle of a personal example - top management and officials by their actions serve as a personal example of integrity and ethical behavior, demonstrate a commitment to professionalism and strictly comply with the requirements of this Policy;

9) Principle of personal responsibility and the inevitability of punishment - the immediate supervisor of an official or employee who has committed a conflict of interest is personally responsible for untimely identification and disclosure, as well as for improper settlement of a conflict of interest. All officials and employees are personally responsible for maintaining a balance between personal interests and the interests of the Company, and must also be responsible for declaring and identifying their personal interests in the performance of duties / official duties.

## **5. Conflict of interest situations**

13. For the purposes of Policy, situations that may lead to a conflict of interest include the following ones:

1) an official or employee occupies positions that are directly subordinate to the positions held by their close relatives, spouse, and relatives;

2) an official, employee or their close relatives, spouse, as well as owners, have or may have any commercial or other interest (direct or indirect) in

transactions, projects related to the Company;

3) an official, employee or their close relatives, the spouse, as well as the owners, are an affiliate, independent director or employee of an organization that competes with the Company in providing services, implementing a project or entering into a transaction with a third party;

4) an official, employee or their close relatives, spouse, as well as proprietors are a party to a project or transaction related to the Company;

5) an official, employee or their close relatives, the spouse, as well as the owners are an affiliate of the organization, which is a party to the project or transaction related to the Company;

6) an official or employee discloses confidential information that became known to him by virtue of the performance of his duties / official duties, or any other information, the disclosure of which may adversely affect the interests of the Company, as well as any use by the official, employee or their close relatives, spouse, proprietors of confidential information related to the Company, for personal gain;

7) an official or employee takes part in the discussion or decision-making on issues of evaluating his work, reappointment (re-election), payment of remuneration, or other issues regarding himself;

8) an official or employee combines executive and control functions, allowing him to use his duties in order to obtain personal gain.

14. The situations of conflict of interest listed in clause 13 of this Policy are not exhaustive. To determine if there is a conflict of interest, officials and employees should be guided by the term of conflict of interest described in paragraph 10 of this Policy.

15. If a member of the Board of Directors has doubts about a conflict of interest, he should consult with the Compliance Service and provide the Chairman of the Board of Directors with the necessary comprehensive information to resolve the issue by the Board of Directors.

16. If a member of the Management Board has doubts about a conflict of interest, he should consult with the Compliance Service and provide the Chairman of the Management Board with the necessary comprehensive information to resolve the issue.

17. If an official or employee has doubts about the existence of a conflict of interest, he should consult with the Compliance Service and provide his immediate supervisor with the necessary comprehensive information to resolve the issue.

## **6. Procedure for disclosing (declaring) a conflict of interest**

18. Disclosure of information about a conflict of interest by officials and employees is carried out immediately in writing, with detailed justification and documentary evidence of the existence or occurrence of a conflict of interest.

19. The Company establishes the following procedure for disclosing (declaring) a conflict of interest:

1) initial disclosure of information about a conflict of interest when hiring;

2) disclosure of information about a conflict of interest when transferring to a higher position, to another structural unit, when changing functionality;

3) annual disclosure of a conflict of interest associated with a high level of corruption risk in the Company's business processes / business operations, the implementation or execution of which is most likely to create conditions for a conflict of interest;

4) one-time disclosure of information as situations arise, listed in paragraph 10 of this Policy, in which the presence of personal interest may lead to or lead to a conflict of interest. A one-time disclosure is carried out by filling out the Notice provided in the Appendix to this Policy.

20. Subparagraphs 1) and 2) of paragraph 19 of this Policy are governed by the relevant internal documents of the Company in the field of personnel management, approved in the prescribed manner.

21. The process of disclosing information by candidates about the existence of a direct or potential conflict of interest in the event of election to the Board of Directors, as well as for the position of the Chairman of the Management Board, is regulated by the internal documents of the Sole Shareholder.

22. The annual disclosure of conflicts of interest by officials and employees is carried out based on the results of the assessment of corruption risks in the business processes / business operations of the Company conducted by the Compliance Service on an annual basis. Officials and employees who are in the zone of high corruption risks, upon request of the Compliance Services, fill out a Declaration of Conflict of Interest in the form provided for by internal documents of the company in the field of personnel management. The completed Declaration is analyzed by the Compliance Service for the presence / absence of a possible conflict of interest and preparation of relevant recommendations.

23. Concealment and / or untimely, incomplete disclosure of information about the existence of a direct or potential conflict of interest by officials and employees are the causes and conditions for the occurrence of corruption risks that contribute to the commission of corruption offenses in the Company.

## **7. Conflict of interest prevention**

24. In order to prevent a conflict of interest, the responsible structural units of the Company are obliged:

1) when hiring, promoting or changing worker's duties, to avoid appointing employees who are directly related to the immediate supervisor or the person performing the related functions;

2) when checking the counterparties of the Company at the stages of the procurement procedures and formalizing the contractual relationship with them, carry out a study of the composition of their founders and managers for signs of affiliation with officials and employees, their close relatives, spouses, and relatives;

3) to carry out preventive measures and official checks aimed at identifying and suppressing unlawful, unfair or incompetent activities of officials and employees, including those who receive additional income in the form of material

benefits as a result of unlawful use of their official position;

4) to ensure, at the time of hiring, the familiarization of each official and employee with this Policy;

5) to conduct regular outreach work aimed at bringing the provisions of this Policy to officials and employees;

6) to keep records of information on affiliates, insiders of the Company;

7) to ensure confidential information, as well as personal data of officials and employees.

## **8. The obligations of officials and employees to prevent the occurrence of a conflict of interest**

25. Board of Directors and the Management Board should monitor and, if possible, eliminate potential conflicts of interest at the level of officials and the Sole Shareholder, including unlawful use of the Company's property and abuse in concluding related-party transactions.

26. An interested party transaction may be concluded only if there is a positive decision of the body of the Company, which is competent to conclude such a transaction.

27. Officials and employees are prohibited from participating in the consideration and decision-making on any transaction between the Company and themselves, as well as any of their close relatives, spouses and relatives.

28. Members of the Board of Directors and the Management Board are required to:

1) prevent situations of conflict of interest;

2) refrain from participating in the consideration of issues in which they have a conflict of interest and making decisions on them;

3) not participate in decisions related to one's own appointment, election and re-election and remuneration;

4) to bring in advance information about the existing conflict of interest in writing to the Chairman of the Board of Directors / Chairman of the Management Board and not participate in the decision on the issue in accordance with the requirements of this Policy;

5) to monitor possible loss of independence status and notify the Chairman of the Board of Directors of the Company in advance if such situations exist. In the event of circumstances affecting the independence of a member of the Board of Directors of the Company, the Chairman of the Board of Directors of the Company immediately brings this information to the attention of the Sole Shareholder to make an appropriate decision;

6) to provide the Company with information about its affiliates in the prescribed manner;

7) to confirm in writing familiarization with the Company's procedures for the settlement of conflicts of interest and the obligation to comply with them;

8) to introduce a culture of intolerance of conflict of interest by personal example.

29. A member of the Board of Directors must obtain the consent of the Chairman of the Board of Directors to present his candidacy or to participate in the election procedures for members of boards of directors (supervisory boards) or executive bodies in other organizations, with the exception of competing organizations of the Company.

30. A member of the Management Board is entitled to work in other organizations only with the consent of the Board of Directors. At the same time, members of the Management Board should not be members of the boards of directors (supervisory boards) or executive bodies of competing organizations of the Company, and also have a financial interest in them.

31. The Chairman of the Management Board of the Company is not entitled to occupy the position of the head of the executive body or of the person solely performing the functions of the executive body of another legal entity.

32. Officials and employees are required to:

- 1) prevent situations of conflict of interest;
- 2) refrain from participating in the consideration of issues in which they have a conflict of interest and making decisions on them;
- 3) bring information about the existing conflict of interest to your immediate supervisor / supervisor in accordance with the requirements of this Policy;
- 4) confirm in writing familiarization with the Company's procedures for the settlement of conflicts of interest and the obligation to comply with them;
- 5) provide information on violations of the requirements of this Policy or the potential possibility of such a violation in the manner and on the conditions provided for by the Confidential Informing Policy, approved in the established manner;
- 6) comply with the procedure for protecting insider and confidential information.

33. Officials may not act on behalf third parties in relations with the Company.

34. Intervention of officials in the activities of the structural divisions of the Company, whether or not directly subordinate to them, in order to influence the adoption of decisions on the conclusion by the Company of an interested-party transaction, is prohibited.

## **9. The order of consideration and settlement of the conflict of interests**

35. In order to improve the efficiency of the identification, prevention and resolution of conflicts of interest, the Company seeks to create mechanisms for their timely and complete identification, as well as for clear coordination of the actions of all bodies of the Company to resolve them.

36. To resolve conflicts of interest arising in the Company, officials are required to:

- 1) identify emerging conflicts of interest, determine their causes;
- 2) delineate clearly the competence and responsibility of the bodies of the

Company;

3) ensure that officials and employees refrain from participating in the consideration of issues in which they have a conflict of interest and making decisions on them.

37. The official is obliged to immediately inform the chairman of the Board of Directors / chairman of the Management Board / supervisor in writing about the existence or occurrence of a conflict of interest for the Board of Directors / Management / supervisor to take a decision to resolve such a conflict.

38. The employee must immediately inform his immediate supervisor of the presence or occurrence of a conflict of interest in order to resolve such a conflict.

39. If it is impossible to resolve the conflict of interest at the structural unit level, the head of the structural unit must within one business day provide the head in charge of this structural unit with information about the conflict of interest, the reasons for its occurrence, and the measures that have been taken. The head in charge of this structural unit takes all measures to resolve the conflict of interest. If it is impossible to resolve a conflict of interest, the issue of resolving such a conflict shall be submitted by him to the Chairman of the Management Board, the Management Board or the Board of Directors.

40. The Chairman of the Management Board determines the procedure for resolving conflicts of interest, appoints an authorized person. If necessary, the Chairman of the Management Board creates a working group to resolve the conflict of interest, which includes representatives of the Compliance Services, the structural unit for corporate security, personnel management, and legal support. The composition of the working group is formed so that there is no possibility of a conflict of interest that could affect the decisions made by the group.

41. If it is impossible to resolve a conflict of interest through negotiations, it is resolved in a judicial proceeding.

#### **10. Possible measures for resolving a conflict of interests**

42. When determining measures for resolving a conflict of interests, the Company shall ensure their proportionality with the degree of negative consequences that may affect the interests of the Company.

43. Possible measures and methods taken to resolve the conflict of interest:

1) re-election or transfer of an official or employee of the Company with his consent to another position in the manner established by the legislation of the Republic of Kazakhstan, which implies the performance of functions that exclude conflict of interest;

2) termination of powers of an official or employee in the manner prescribed by the legislation of the Republic of Kazakhstan;

3) voluntary refusal, removal (permanent or temporary) of an official or employee from participating in the discussion of issues in which they have or may have a conflict of interest, and making decisions on them;

4) review and change of duties of an official or employee;

5) elimination by an official or employee of a personal interest that creates a



conflict of interest (for example, the alienation of property belonging to him, which is the basis for a conflict of interest), with subsequent re-filing of the Conflict of Interest declaration provided for by the internal documents of the Company and submission to the human resources management structural unit / Head structural unit.

44. The list of measures given in paragraph 43 of the Policy is not exhaustive. In each case, other measures may be applied depending on the specifics of the situation, the degree of adequacy of the measures taken to resolve the conflict of interest.

### **11. Responsibility**

45. Officials and employees are responsible for the implementation of this Policy.

46. In the event that in the work to prevent or resolve a conflict of interest there will be a violation of the requirements of the legislation of the Republic of Kazakhstan, as well as this Policy, which will lead to losses for the Company, the perpetrators of such a violation shall be held liable in accordance with the legislation of the Republic of Kazakhstan.

### **12. Final Provisions**

47. Changes and additions to this Policy are made by decision of the Board of Directors.

48. If, as a result of a change in the legislation of the Republic of Kazakhstan or the Charter of the Company, certain rules of this Policy will conflict with them, it is necessary to be guided by the laws of the Republic of Kazakhstan or the Charter of the Company before making the appropriate changes and additions to this Policy.

Annex  
to the Policy on the prevention and  
resolving of conflict of interests  
of officials and employees of  
the joint-stock company «National  
Company «Kazakhstan Temir Zholy»

**"To** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(position, name)

**From**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(Name , position, telephone)

**Notification  
of the presence or appearance of conflict of interest**

In accordance with the requirements, I hereby report about a situation that lead or may lead to a real conflict of interest.

1. Circumstances that are the basis for the emergence of a conflict situation (personal interest): \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*(describes a situation in which a conflict of has arisen or may arise interest with a detailed justification).*

2. Job responsibilities, the performance of which is affected or may be affected by personal interest: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*(listing of specific job responsibilities).*

3. Measures taken (proposed) to prevent or resolve a conflict of interest:

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*(indicate what measures an official / employee has taken or is proposed to take to prevent or resolve a conflict of interest).*

4. The list of documents confirming the existence of any conflict of interest, as well as on the measures taken (offered to accept) for the prevention and settlement of conflict of interest:

- 1) \_\_\_\_\_
- 2) \_\_\_\_\_
- 3) \_\_\_\_\_
- 4) \_\_\_\_\_
- 5) \_\_\_\_\_

Person submitting the notification:

\_\_\_\_\_ " \_\_\_\_ " \_\_\_\_\_ 20\_\_  
*(signature signature transcript )*

Person who accepted the notice:

\_\_\_\_\_ " \_\_\_\_ " \_\_\_\_\_ 20\_\_ g.  
*(signature, decryption of signature)*