Approved
by the decision of the Board
Joint Stock Company
National Company
Kazakhstan Temir Zholy
№02/20 from 19.07. 2023
question № 8

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Directors
Joint Stock Company
National Company
Kazakhstan Temir Zholy
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HR POLICY
Joint Stock Company National Company
Kazakhstan Temir Zholy for 2023-2028

Astana

Content

1.   Introduction

The HR policy of the National Company Kazakhstan Temir Zholy Joint Stock Company for 2023–2028 (hereinafter referred to as the HR Policy) determines the system of principles, key areas, approaches, and methods of human resource management in the National Company Kazakhstan Temir Zholy Joint Stock Company (hereinafter referred to as Company) aimed at implementing the Company's Development Strategy for the long term.

The prerequisites for updating and developing the HR Policy were:
- Updated Development Strategy of the Company.
- Updated HR Policy of Samruk-Kazyna JSC.

In order to implement the Company's Development Strategy and maintain a competitive advantage, it is necessary to continue developing human capital tHRough the optimal allocation of resources, developing a fair system of labor incentives, ensuring transparency in employment processes, career growth and developing the business competencies of employees.

2.   Scope of action

This HR Policy is the Company's strategic human resource management document and is recommended for use by the Company's subsidiaries.

The Company implements this HR Policy to improve the efficiency of the human resource management system, as well as the degree and significance of the impact of events and initiatives for the implementation of the Company's Development Strategy.

3.   Goals and key areas of HR Policy

The HR Policy is focused on increasing the value of human capital, creating favorable conditions, and ensuring the competitiveness and sustainability of the labor market.

The main conceptual tasks for the implementation of the HR Policy are defined as follows:
- ensuring the implementation of the HR Policy in a single format across the entire group of companies.
- proactive planning of HR, considering the needs of business areas, their rational distribution and efficient use.
- increasing the professionalism of employees at all levels based on the development of a corporate system of continuing education, improving the system of professional and corporate training.
- bringing the wage system in line with the complexity and level of work performed.
- provision of social protection and improvement of working conditions for employees.

The implementation of the tasks set will ensure the optimal balance of processes, updating and bringing the quantitative and qualitative composition in line with the needs of the business.

In accordance with the specified prerequisites, the key areas of the HR Policy have been determined:

➢ creation and maintenance of a corporate culture aimed at developing ESG practices, considering the values of the Company and the needs of employees.

➢ development and implementation of employee talent and well-being management programs aimed at attracting, developing, and retaining highly qualified specialists, as well as creating conditions for increasing the level of staff satisfaction and motivation.

➢ introduction of digital technologies and HR analytics to optimize human resource management processes and improve the quality of decisions made.

➢ development of HR business partnerships and HR functions aimed at supporting the Company's Development Strategy and improving performance.

4. Corporate culture and ESG practices

The corporate culture should consider global sustainable development trends and be part of the Company's comprehensive ESG policy. A sustainable and efficient corporate culture will strengthen the Company's image, increase the reputation and trust of current customers, and help attract new contractors, partners, and investors.

The Company, being a member of the UN Global Compact, will continue to implement the principles of the conventions of the international labor organization with respect for human rights, safety, labor protection and anti-corruption in all aspects of its activities.

In accordance with this HR Policy, the Company applies the following approaches:

▪ providing and maintaining a working environment that protects the rights and dignity of all people.

▪ ensuring equality in the field of employment, inclusiveness, and diversity of the workforce across the group of companies.

▪ provision of compensations and social benefits.

▪ protecting the physical and mental health of HR in the workplace, providing the necessary personal protective equipment, providing a clean and healthy working environment that meets legal standards.

▪ observance of the rights of employees to conduct collective bargaining and freedom of association.

▪ engagement of key stakeholders, including communities, suppliers, and customers, for due respect for human rights.

The key tasks to prevent discrimination and respect the diversity in this HR Policy by the Company are:

▪ periodic review of HR processes to ensure that no discrimination is tolerated at any level of management and diversity of HR is respected.

- ensuring that HR processes are considered in terms of diversity and inclusiveness.
- creating an inclusive work environment where individual differences are understood, respected, and valued.
- providing jobs for people with disabilities in the framework of the implementation of the state employment policy of the country.
- gender equality in the composition of executive bodies and management bodies.

A key role in improving the gender diversity of the top management of the Company is the introduction of a policy and practice of recruitment and promotion of employees in which there are no stereotypes regarding female managers. It is also necessary to emphasize the importance of equal support for all workers, regardless of gender.

4.1. Implementation of IR (Industrial relations) standards

To implement the principles of sustainable development and improve the system of industrial relations, the Company focuses on the main tasks of the socio-economic development of the country and the Company's employees.

To successfully implement this area, the key tasks are:
- formation of a unified concept for the development of industrial relations.
- improvement of social and living conditions to improve the level of sanitary and epidemiological well-being of employees.
- development of internal communications, culture of feedback.
- development of ways to effectively interact with contracting companies to improve the quality of the working life of their employees.
- implementation of regular monitoring of the effectiveness of the ongoing social policy by conducting studies of social stability and well-being of employees. Improving methods aimed at identifying and studying the needs of employees to develop targeted programs to eliminate problem areas.
- successful collaboration and a friendly atmosphere within the group of companies for mutually beneficial exchange of experience and effective practices, with particular attention to the study of practices in the field of IR, HSE and ESG.

5. Talent management and employee well-being management

The development of talent and the desire to unlock the full potential of employees is becoming one of the most important strategic focuses of modern organizations. The Company pays great attention to the development of young professionals, which allows it to renew its HR through the introduction of new ideas and approaches, overcome the shortage of HR and show social responsibility in supporting and developing young people.

As part of the youth policy, various programs are being implemented aimed at providing the Company with young, qualified specialists in the railway profile,

considering the Company's development prospects and introducing the best mentoring practices.

We provide opportunities for training, professional growth, and employment of young people.

To expand the pool of promising candidates and support the State's initiative to create a transparent and effective social lift for the talented youth of the country, the selection of candidates is carried out in compliance with the principle of meritocracy and transparency, involving the internal pool of talents, including the resources of the Presidential Personnel Reserve.

5.1. The search and selection process

The process of search and selection of HR in the Company is aimed at providing equal opportunities to all candidates who meet the qualification requirements, an objective assessment of their professional qualities to form a positive impact of a single employer brand on the perception of the Company by candidates and employees.

To successfully implement this process, the following approaches are used:

- strict observance of competitive procedures.
- application of the principle of meritocracy, under equal conditions, priority in filling vacancies for internal candidates.
- transparency of selection and recruitment procedures, including the use, if necessary, of profiling and polygraph tools in selection.
- use of candidate assessment methods relevant for each position, assessment of personal and business competencies.
- ensuring inclusiveness in recruitment and selection: non-admission of discrimination on national, gender, age, and other grounds.
- providing candidates with timely and objective feedback.

5.2. Adaptation

Ensuring quick and effective adaptation of employees to the Company's team and culture is carried out using a set of measures aimed at increasing the involvement of employees in the Company's production activities, the formation of corporate values and culture, assistance in understanding the social and organizational and economic working conditions in the Company, establishing long-term labor relations and a decrease in the percentage of employee turnover in the first year of operation.

The main approaches of the Company to building the adaptation of employees are:

- corporate adaptation - a beginner's guide has been developed for new employees, within which they get acquainted with the history of the creation and development of the Company, mission, corporate values, structure, Compliance and anti-corruption principles, corporate risk management system and other aspects.
- social adaptation - building effective communications and relationships with colleagues.

- organizational adaptation - acquaintance of a newcomer with the corporate culture of the Company, formal and informal rules, team traditions, orientation in the workspace.
- technical (technological) adaptation - demonstration / training of a beginner to work with a set of equipment and software.
- psychophysiological adaptation - adaptation to a certain mode of work and rest, etc.

5.3. Talent Management

Availability at all levels of the Company of promising, highly professional and motivated employees to achieve high results is carried out by constantly building up internal HR and educating their own management HR capable of ensuring consistency and high efficiency in achieving the strategic goals of the Company, developing a corporate culture, succession of best business practices and corporate traditions.

The main approaches in the framework of the successful implementation of this area are:

- annual review of the List of key positions and the Succession Plan with a focus on production HR.
- identification of high-potential employees (HIPO and HIPRO).
- attraction of young talents in the system college/university - enterprise.
- 360-degree evaluation.
- the method of independent judges (a pool of questions of experts and management that relate to professional activities to determine how qualified an employee is).

An integral part of talent development is the mentoring system, in which more experienced managers share their experience and knowledge with colleagues with high potential and a desire to develop certain skills and competencies.

5.4. Training and development

The provision of equal opportunities and support in the professional development of each employee is carried out through regular courses, trainings, training programs, advanced training to acquire or develop the necessary knowledge and skills that contribute to more efficient performance of the tasks set as part of achieving the strategic goals of the Company.

The company considers the cost of staff training as a long-term investment in the development of HR.

To create an effective corporate training system, the Company applies the following approaches:

- determination of the need for training based on a comparison of the results of an assessment of the professional development of an employee with the necessary knowledge and skills to achieve the set strategic and / or operational objectives.
- introduction of modular corporate training programs.
- development of dual education.

- priority of training of engineering and technical specialists and working professions.
- formation of a comprehensive training plan based on the IDP according to the 70/20/10 principle. The training needs will be formed based on the IDP, compiled based on the results of a regular comprehensive assessment of the effectiveness of the HR, and the needs declared by the immediate supervisors of the employees, based on the goals of the structural unit.
- development of a unified system of internal coaching, mentoring, and coaching.
- development of knowledge of the state language and assessment of the level of proficiency in it in accordance with the language policy of the country.
- improvement and development of systems/methods for assessing the effectiveness of training.
- implementation of training in accordance with the Calendar training plan based on training centers and external providers, considering corporate training standards.

5.5. Remuneration management

A competitive remuneration system with the ability to attract highly qualified specialists, which has a sufficient motivational effect to increase labor productivity, will allow an objective assessment of the employee's contribution to the achievement of the Company's overall goals.

The strategic goal of improving the remuneration system in the Company is the formation and implementation of a unified remuneration policy aimed at developing a system of remuneration, incentives and remuneration depending on the results of work.

Given the fundamental nature of the issue of remuneration in relations with employees, the main approaches to managing remuneration are:

- simplicity and transparency of the mechanism for determining the amount of remuneration, the dependence of the amount of remuneration on the results of the Company's activities.
- monitoring the level of remuneration of comparable positions in the labor market, comparison with the level of competitors (labor market analysis), determining the position of the Company in the labor market.
- feedback to employees, allowing them to be informed about the initiatives taken by the Company to improve the existing system of remuneration, aimed at improving the living standards of employees.
- further development of the system of rewarding the Company's employees, submission of corporate and state awards and certificates for awarding.
- introduction of a unified grading system for a group of companies.
- revising the level of remuneration, considering inflation and the financial capabilities of the Company.

6. Digitalization and HR analytics

As part of the implementation of the Development Strategy, HR will continue the course towards the digitalization of processes.

The key tasks in this area are:

- introduction of self-service.
- building a system for collecting and analyzing data to make decisions based on them and develop processes.
- introduction of a system of regular indicators and studies, allowing to assess the situation in real time and apply corrective measures.
- calculation of the optimal number of employees based on an automated model of the headcount standard.

To ensure development, the Company will continue to improve the system for the formation of effective organizational structures based on the monitoring and development of business processes.

A separate important task is the development of predictive analytics, which allows you to make timely and high-quality decisions in the field of management.

7. HR business Partnership and HR function development

HR is an integral part of the Company's strategic management, helping to create effective and successful work, to make informed management decisions to achieve the Company's strategic goals.

The development and improvement of HR processes should consider the best world practices, modern methods, and technologies of human resource management.

To improve the efficiency and development of the HR function, the following approaches have been identified:

- continuous improvement of professional competences of HR employees.
- development of the HR business partnership function in the group of companies.
- creation of a database of HR metrics to improve the efficiency of regular monitoring of the work of the HR function and conduct surveys of satisfaction and analysis of HR metrics.
- increasing the role of the HR function and the degree of influence on business decisions at various levels.
- development of professional HR communities, participation and holding of professional competitions for HR projects.

8. Final provisions

This HR Policy is the main document regulating HR activities in the Company.

Internal regulatory documents, the improvement/development of which is necessary to implement this HR Policy, are approved by the authorized body/persons.

The effectiveness of the implementation of the HR Policy is assessed by such key indicators as:

- social stability and involvement of employees.
- labor productivity.
- maintenance of staff turnover rates (no more than 14%).
- gender equality in executive and management bodies.
- percentage of training of employees, assessment of the effectiveness of training.
- evaluation of the well-being management program by employees.
- satisfaction with the HR function by internal customers.
- the number of trained mentors, the average number of trainees per mentor per year, etc.

Control over the implementation of the HR Policy is carried out by the relevant officials responsible for human resource management, in accordance with the internal documents of the Company.

The HR policy may be changed or supplemented in case of changes in legislation, internal procedures of the Company or other circumstances requiring a change in the policy.

All participants in the processes and procedures regulated by the HR Policy evaluate the results and develop corrective measures. The effectiveness of monitoring depends on the timeliness of the exchange of information between all participants.

The HR Policy may be amended or supplemented in case of changes in legislation, internal procedures of the Company or other circumstances requiring a change in the Policy.

Glossary

ESG (Environment, Social, Governance – environment, social policy, corporate governance)	a set of characteristics of company management, in which the involvement of this company in solving environmental, social, and managerial problems is achieved
HR	HR management
HR function	a function that performs human resource management (or HR management) in the Company and covers both the HR structural unit of the central office and all branches and subsidiaries
HR Business Partner	the position responsible for establishing a constructive dialogue between the business and the HR team, namely, providing expert advice on HR issues when making strategic decisions, effective implementation of HR services for business
HR metrics	indicators that allow you to evaluate or measure the effectiveness of human resource management processes in the company
HSE	Health, Safety and Environment
IR (Industrial Relations)	relations between workers, work collectives and companies on the one hand and managers, companies, and employers' companies on the other
Subsidiaries	of the joint-stock company "National Company "Kazakhstan Temir Zholy"
Dual training system	a training system based on the joint responsibility of business and education (employer and educational institution) for HR training
IDP	an individual development plan consisting of a list of training activities aimed at improving the level of professional skills and competencies of employees
Qualification requirements	minimum requirements for the level of professional education, work experience (experience) in the specialty, professional knowledge, and skills necessary for the performance of official duties
Company	Joint Stock Company "National Company "Kazakhstan Temir Zholy" and Subsidiaries
Corporate culture	Company-specific values, principles, norms of behavior and attitudes
Mentoring	a kind of supportive relationship and an effective way of transferring knowledge and experience from

	a more expert, a manager (mentor) to a less experienced one (mentor), which leads to the professional development and progress of a mentor, the disclosure of his potential and personal growth
Degree of involvement	the level of social well-being of staff tHRough the definition of an integrated indicator of engagement, consisting of tHRee key blocks / indices: staff satisfaction, staff loyalty to the company, support for the initiative by staff
Development strategy	Development strategy of the joint stock company "National Company "Kazakhstan Temir Zholy", approved by the Board of Directors of the Company