

«Approved»

by decision of Board of Directors of
JSC «NC «KTZ»

February 14.2019,

minutes No. 2

with the amendments implemented

by the decision of the Board of

Directors of JSC «NC «KTZ»

dated November 29, 2021

minutes No. 14

**Confidential informing Policy
in the Joint Stock Company «National company
«Kazakhstan Temir Zholy»**

1. The purpose of the document and general provisions

1. This confidential informing Policy in the Joint Stock Company “National Company “Kazakhstan Temir Zholy” (hereinafter - Policy and Company, respectively) developed in accordance with the legislation of the Republic of Kazakhstan (hereinafter - RK) and internal documents of the Company.

2. This Policy establishes:

1) risk areas and types of violations;

2) guarantees to the Claimant when he submits Report;

3) channels of Confidential informing;

4) the procedure for submitting Reports and their reviewing;

5) authorities and responsibilities of the participants of the Confidential informing process.

3. The purpose of this Policy is:

1) to create a basis for increasing the culture of openness and transparency in the Company's activities, maintaining and strengthening in the Company a system of values reflecting intolerance to corruption, by providing employees and Associates with access to communication tools that allow them to inform responsibly about their concerns regarding actual and perceived violations, governed by this Policy;

2) ensuring effective risk management in relation to possible violations of business principles and standards of conduct set forth in the Company's Code of Ethics and Conduct of JSC «NC «KTZ» and its subsidiaries that can cause substantial material damage, as well as reduce the reputation and credibility of the Company by timely detection and prevention of these violations. The Confidential Informing system is one of the important tools in the fight against corruption and fraud in the Company and represents preventive approach concerning potential risks;

3) ensuring the adoption of corrective measures on the results of internal investigations and strengthening internal control, based on the principle of zero tolerance for any manifestations of bribery and corruption.

4. In order to achieve above mentioned aims, this Policy provides implementation of an effective system of Confidential informing as an instrument of an open dialogue, where honesty and openness, professionalism and the desire to protect the rights and legitimate interests of the Company are encouraged.

2. Scope of application

5. This Policy is obligatory to observe and comply for all participants of the Confidential informing process, applies to all Company employees and Associates, and is posted on the Company's corporate website.

6. Based on this Policy, Company's subsidiary organizations should develop and approve in accordance with established procedures a similar document, regulating processes of confidential informing.

7. This Policy is not applied when considering appeals of individuals and legal entities in accordance with the Administrative Procedural Code of the Republic of Kazakhstan (hereinafter referred to as the Code), and is not a way to initiate issues caused by personal dissatisfaction of the Company's employees.

3. Terms and definitions

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

1) **Anti-corruption legislation** - Law of the Republic of Kazakhstan "On Combating Corruption" and other regulatory legal acts on combating corruption;

2) **Associates** - members of the Board of Directors, Management Board, employees of the Company, agents, partners in joint ventures, subsidiaries and affiliates, and other persons providing services to the Company or acting on its behalf;

3) **External Operator ("hotline")** - an external independent Organization that receives Reports on potential or committed violations of the Anti-corruption legislation, regulatory requirements, as well as on other issues provided by this Policy. «Hotline» is available around the clock, seven days a week and operates on the state, Russian and English languages and guarantees confidentiality and also available through the corporate mobile application;

4) **Official** - a person who performs managerial functions in the Company (hereinafter referred to as an official of the Company) - a person who permanently, temporarily or by special authority performs organizational and administrative or administrative-economic functions in the Company;

5) **Claimant** - author of the Report;

6) **Company's Code of Ethics and Conduct of JSC «NC «KTZ» and its subsidiaries** - an internal document of the Company that establishes values, basic principles and standards of conduct aimed at developing corporate culture and strengthening the Company's reputation;

7) **Confidential informing** - process when an employee and/or Associates expresses suspicions about committed violations, governed by this Policy, and has full confidence that the Company's management will take the necessary measures to conduct an inspection, internal investigation and properly treat such Report;

8) **Employees** – individuals who have labor relationship with Company;

9) **Report** - information on relevant violations received through the channels of Confidential informing, stipulated by this Policy;

10) **Subject** - employee and/or Official of the Company in respect of which the Report is submitted;

11) **Authorized person** - head of the Company's Compliance Service, in case of his/her absence (business trip, vacation, temporary disability) – acting on his/her behalf employee of the Company's Compliance Service.

9. Definitions used, but not disclosed in this Policy, correspond to the definitions used in the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Company.

4. Areas of risk and types of violations

10. This Policy provides following areas of risks and types of violations for which employees and Associates can express their concern regarding future or committed violations in the Company and inappropriate behavior of the Subject:

Corruption	Accounting violations
Giving / receiving a bribe, mediation in bribery;	Accounting errors;
Abuse of official authority / abuse of official authority;	Misstatements in accounting;
Conflict of interest and / or affiliation;	Financial omissions;
Misappropriation or embezzlement of the entrusted property of others;	Manipulation, falsification of records and documents;
Legalization (laundering) of money and (or) other property;	Unauthorized acquisition, write-off and / or use of assets;
Economic smuggling;	Late and/or incomplete and / or excessive payment under contracts and / or payment without a contract;
Fraud;	Payment for goods, works and services that do not exist and/or are not provided and/or not delivered in full
Illegal participation in business activities;	
Official forgery;	
Inactivity in the service;	
Provision of illegal material remuneration;	
Receiving illegal material remuneration;	
Violation of procurement procedures;	
Employment of persons who have previously committed a corruption	

crime	
<p>Unequal employment and working conditions Discrimination in employment relations; Labor conflicts; Unethical behavior in the field of labor relations; Employment of spouses, close relatives and relatives; Issues of remuneration of labor, as well as social payments; Violation of staff training rules; Recruitment / promotion of personnel in violation of internal procedures</p>	<p>Threats to health, safety and the environment Violation of traffic safety; Damage to the environment; Unsafe working conditions; Concealment of the incident; Negligence that causes a significant and definite danger to life and health</p>
<p>Information leakage / destruction Unauthorized disclosure of confidential and insider information (including personal data of employees and / or consumers of services and / or contractors, etc.); Unauthorized and deliberate destruction or deletion of documents and information</p>	<p>Operational disruption Violations in granting access to the main railway network; Violations of the established procedure for issuing technical specifications for connecting access roads; Violations in the provision of services for the delivery and cleaning of freight cars; Violation of the requirements of the Rules for the Carriage of Passengers, Baggage and cargo storage by rail; Requests from railway administrations; Appeals from shippers/ consignees/ owners of rolling stock</p>

5. Guarantees in favor of Claimant

11. Company guarantees:

1) full protection of the rights and legitimate interests of Claimant, including preservation of job. Claimant will not be harassed and/or discriminated against. However, the protection provided by this Policy does not protect Claimant from measures of disciplinary or other responsibility provided by the legislation of the RK for giving a deliberately false Report;

2) impossibility to establish a person in case Claimant chooses an External Operator to express concern and wishes to remain anonymous;

3) reviewing cases of harassment and/or discrimination of the Claimant as a thing that entails adoption of disciplinary measures in accordance with established procedures;

4) Report's full confidentiality. It is prohibited to discuss Reports, results of internal investigations and taken measures. Persons found guilty of improperly disclosing any information about Reports, results of internal investigations and taken measures will be prosecuted to the fullest extent of the law;

5) refraining from any attempts of concealing evidence that confirms information identified in Report;

6) adoption in accordance with established procedures disciplinary measures regarding persons who destroyed or concealed evidence that confirms information identified in Report.

6. Channels of Confidential informing

12. Confidential informing system represents channels that allow Company receive information from its employees and Associates on things that worry them. Such channels perform function of stable functioning and risk management of the Company in the field of ethics and compliance.

13. System of Confidential informing consists of three levels, each of which is an integral part of the Company's open dialogue activities:

1) first level informing (direct channel):

- Company employees inform their direct manager in person or in writing;
- Company employees inform management of the Company in writing, in case it is impossible or inappropriate for the employee to inform their direct manager (if this question affects the direct manager);

2) second-level informing (direct channel):

- Claimant may apply in person or in writing to the Authorized Person regarding potential or committed violations of the applicable laws of RK, including Anti-Corruption legislation and/or internal procedures of the Company;
- Claimant may apply in person or in writing to the Company's Ombudsman regarding issues of unequal recruitment and working conditions;
- Claimant may apply in person or in writing to the head of the Company's Internal Audit Service, if the issue involves possible irregularities in financial activities and accounting.

3) third level informing (indirect channel):

- Company admits that employees may have difficulties in reporting potential or committed violations, committed by their colleagues;
- Company admits that it is important to increase confidence in the System of Confidential informing, so employees and Associates can be confident that their Reports will be properly considered and appropriate measures will be taken. In such circumstances, Company provides an indirect channel that allows to express concern to an independent third party by contacting the External Operator, on a confidential and anonymous basis in one of the following ways:

- free telephone line;

- Email;
- Internet;
- Mobile application.

Authorized person places data about work of the External Operator on the Company's corporate website and newspaper, also places posters and banners in the offices of the Company, and conducts compliance training.

External operator transmits all received Reports to the Authorized Person on the basis of confidentiality, and if the Claimant wishes to remain anonymous - on the basis of anonymity. However, it is difficult to respond properly if it is an anonymous Report, as it may be necessary to obtain additional information or to disclose information provided by the Claimant. Report will be reviewed more thoroughly and efficiently if Claimant provides personal information and Company will be able to communicate with him/her. Company encourages employees and Associates/third parties to provide their names, contact information in order to assist Company in further investigation and informing the Claimant about the results of the investigation.

7. The procedure for filing Reports and their reviewing

14. Regardless of the method used by the Claimant (in person, in writing or by phone) for the purposes of efficient processing of incoming Reports and ensuring the effectiveness of internal investigations, the following format and structure of Reports are recommended:

- 1) name of an author of the Report;
- 2) contacts (postal/email address, phone number) to enable two-way communication with Claimant;
- 3) crux of the matter (reason of concern) in an understandable way and known concrete essential facts;
- 4) name of the Official or employee and other necessary information;
- 5) any documents supporting concern.

15. The information disclosed in the Report must be reliable and such disclosure must be fair and without malicious intent. Claimant is not required to conduct own investigation of potential or committed violations of the applicable laws of RK, including Anti-Corruption legislation and/or internal procedures of the Company.

16. For Reports received orally or in personal meeting via direct communication channels (sub-paragraphs 1) and 2) of paragraph 13 of this Policy), direct manager or authorized heads of structural division prepares a brief confidential report on the content of the oral Report, measures taken, proposals on ways to solve raised issues, which are transferred to the Authorized person (or are registered by the Authorized person).

17. Reports, received by the Authorized person and the External Operator are recorded by the Authorized person in the report log.

18. Reports are reviewed by the Authorized Person as are received. Authorized person conducts initial process to classify Reports by risk level,

determines type of violation in accordance with clause 10 of this Policy, and need to conduct an internal investigation, also distributes reviewing of the Report among the authorized structural divisions in accordance with the annex to this Policy.

19. Reports are not reviewed if they are not subject to the Company's activities, and in next cases:

1) Report contains no information about Subject (it is impossible to identify Subject by Report's information);

2) Report does not disclose the crux of the violation or the violation is not included in the risk areas provided by this Policy;

3) Report is simultaneously addressed to several authorities, including office of Company's service/management of the Company / government bodies. Such Communications are reviewed under the Code;

4) there are no internal experts to conduct an internal investigation, whereas involvement of external experts is not possible;

5) The report contains information about criminal offenses being prepared or committed, or about a threat to state or public security. Such communications shall be immediately forwarded to the State authorities in accordance with their competence;

6) The repeated communications do not contain new arguments or newly discovered circumstances, and the response sent to the applicant on the previous communication contains the necessary verification materials.

20. When deciding whether to conduct an internal investigation, the Authorized Person determines responsible structural division (responsible person) in accordance with the list of structural units that reviews Reports in accordance with the annex to this Policy or, if necessary, forms a working group to conduct investigation.

An order of creation and activity of the working group, mechanism of interaction of the responsible structural division in the framework of the internal investigation, results of internal investigation, procedures for reporting on the results of the internal investigation are governed by the Company's internal documents.

8. Authorities and responsibilities of the participants of Confidential informing

21. Authorities and responsibilities of the Authorized Person within the process of Confidential informing include (without limitation to the following):

1) receiving and registering Reports on possible violations, initial processing for risk classification, distribution of reviewing Report between authorized structural divisions in accordance with the annex to this Policy, and defining mechanisms of internal investigation, if necessary;

2) informing Claimant of the results of the investigation and taken measures;

3) interaction with heads of structural divisions and the Company's management in order to form working groups for investigation, if necessary;

4) quarterly reporting on the implementation of this Policy to the Audit Committee / Board of Directors of the Company, JSC Samruk-Kazyna (upon request), as well as ensuring the inclusion of information on the hotline in the Company's Annual sustainable development report;

5) conducting awareness-raising activities about hotline among employees and Associates, as well as conducting training activities under this Policy. Newly accepted employees of the Company are required to undergo training under this Policy as part of an adaptation course.

22. Authorities and responsibilities of the head of the Internal Audit Service and the Ombudsman of the Company within the process of Confidential informing include (without limitation to the following):

1) receiving Report on potential violations and reviewing it in fair, comprehensive, and objective way with obligatory establishment of facts, confirming the content of Report;

2) consideration of the possibility of providing recommendations (feedback) to Claimant, who expressed a personal concern, if possible. If it is impossible to resolve the issue, send it for reviewing to the Authorized person;

3) consideration of the need for an internal investigation;

4) within a reasonable time frame to inform Authorized Person of the results of the investigation and taken measures, as well as, if necessary, on the extension of the period for consideration of the message with prior notification to the authorized person;;

5) ensuring the awareness of their employees under this Policy and the established procedure;

6) encouraging open dialogue among workers who can easily express their concern.

23. Authorities and responsibilities of the heads of the responsible structural divisions (responsible persons) and their supervising managers, as well as of the working investigation teams within the process of Confidential informing include (without limitation to the following):

1) receiving Report on possible violations and reviewing it in fair, comprehensive way with the obligatory establishment of facts, confirming the content of the Report;

2) consideration of the possibility of providing recommendations (feedback) to Claimant, who expressed a personal concern, if possible. If it is impossible to resolve the issue, send it for reviewing to the Authorized person;

3) consideration of the need for an internal investigation;

4) within a reasonable time frame to inform Authorized Person of the results of the investigation and taken measures, as well as, if necessary, on the extension of the period for consideration of the message with prior notification to the authorized person;

- 5) ensuring the awareness of their employees under this Policy and the established procedure;
- 6) encouraging open dialogue among workers who can easily express their concern.

24. Claimants authorities and responsibilities within the process of Confidential informing include (without limitation to the following):

- 1) fair, reliable expression of concern, without malicious intent and personal gain;
- 2) responsibility for giving a false Report. If retaliatory measures have been taken against the Claimant, or if the Claimant has become aware of the retaliatory measures taken against the person who responsibly reported his concerns, Claimant must immediately inform Authorized person via indicated channels.

Appendix
to the confidential informing Policy in the Joint-Stock Company
«National Company «Kazakhstan Temir Zholy»

**List of structural divisions of JSC «NC «KTZ» responsible for the
consideration of received reports**

Risk area/Type of violation	Responsible structural division of JSC «NC «KTZ»
Corruption	
<p>Giving / receiving a bribe, mediation in bribery; Abuse of official authority / abuse of official authority; Conflict of interest and / or affiliation; Misappropriation or embezzlement of the entrusted property of others; Legalization (laundering) of money and (or) other property; Economic smuggling; Fraud; Illegal participation in business activities; Official forgery; Inactivity in the service; Provision of illegal material remuneration; Receiving illegal material remuneration; Violation of procurement procedures; Employment of persons who have previously committed a corruption crime</p>	<p>Compliance service; The structural division responsible for corporate security issues; Internal Audit Service; The structural unit responsible for organizing and conducting financial, economic and thematic audits; Interested structural divisions of the Company and its subsidiaries</p>
Accounting violations	

<p>Accounting errors; Misstatements in accounting; Financial omissions; Manipulation, falsification of records and documents; Unauthorized acquisition, write-off and / or use of assets; Late and/or incomplete and / or excessive payment under contracts and / or payment without a contract; Payment for goods, works and services that do not exist and/or are not provided and/or not delivered in full</p>	<p>Internal Audit Service; The structural division responsible for corporate security issues; The structural unit responsible for organizing and conducting financial, economic and thematic audits; Interested structural divisions of the Company and its subsidiaries</p>
Threats to health, safety and the environment	
<p>Violation of traffic safety; Damage to the environment; Unsafe working conditions; Concealment of the incident; Negligence that causes a significant and definite danger to life and health</p>	<p>Structural divisions responsible for industrial safety and environmental issues, traffic safety; The structural division responsible for corporate security issues; Interested structural divisions of the Company and its subsidiaries</p>
Unequal employment and working conditions	
<p>Discrimination in employment relations; Labor conflicts; Unethical behavior in the field of labor relations; Employment of spouses, close relatives and relatives; Issues of remuneration of labor, as well as social payments; Violation of staff training rules; Recruitment / promotion of personnel in violation of internal procedures</p>	<p>The Ombudsman; The structural unit responsible for human resource management; Compliance service; Interested structural divisions of the Company and its subsidiaries</p>
Information leak/Destruction of information	

<p>Unauthorized disclosure of confidential and insider information (including personal data of employees and / or consumers of services and / or contractors, etc.); Unauthorized and deliberate destruction or deletion of documents and information</p>	<p>The structural division responsible for corporate security issues; Interested structural divisions of the Company and its subsidiaries</p>
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