ANNUAL REPORT · 2020

Transtelecom
Joint-stock Company

Nur-Sultan, 2021



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Nur-Sultan, 2021

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01. The Company today

Transtelecom Joint-stock Company (Transtelecom JSC, the Company) is one of the largest telecommunications operators of the Republic of Kazakhstan, specializing in telecommunications, digitalization and system integration in the field of IT, communications, automation and energy.

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32,528
SUBSCRIBERS
Number of fixed lines of individuals

69,492
PORTS
Number of fixed BBA ports

About the Report

Transtelecom Joint-stock Company (hereinafter – Transtelecom JSC, the Company) presents to the reader its next integrated report for 2020 (hereinafter – the Report). This Report reflects the key performance indicators, necessary information for shareholders, customers, investors and partners, as well as the prospects for further development of the Company. The Company also emphasizes high standards of corporate governance and sustainable development.

The Company strives to provide timely and most complete information on the results of its activities, satisfying the expectations of all stakeholders. Since 2015, the Company has published annual reports that reflect information not only on its operating results, but also on sustainable development, in particular, the application of GRI Standards in disclosing issues in the field of occupational health and safety, environmental protection, industrial safety and social responsibility.

To make this Report useful and concise, we have included links to additional sources of information, including the Company's website.

Report Period and Scope

The Report period is from January 1 to December 31, 2020. The Company's performance indicators are presented in the dynamics for 2019 and 2020.

Information on the results of financial and economic activities is reflected in the financial statements as of December 31, 2020, as well as published on the corporate website www.ttc.kz. All financial indicators of the Company are expressed in tenge in accordance with the audited financial statements under IFRS.

The report was prepared in the Russian, English and Kazakh languages and will be posted on the corporate website www.ttc.kz.

Hard copies of the Report can be provided to stakeholders upon request.

Report Content Definition Process

In an effort to provide a complete and objective reflection of its performance, the Company discloses in the Report both achievements and challenges that arose during the reporting period.

Principles of defining the content of the Report:
- Interaction with stakeholders
- Sustainable development context
- Materiality
- Completeness

The Report covers a wide range of issues in accordance with the Company's priorities, including the Company's long-term economic growth, occupational safety and environmental protection, and human capital development.

The Report presents information in a form accessible to stakeholders and the general public, avoids the use of complex technical terminology, and generally does not contain information requiring special industry-specific technical, technological and economic knowledge and skills. The Report uses charts, tables and graphs for a more clear and accessible presentation of the material, provides a list of abbreviations used, and gives only reliable information.

Statement about the Future

The information provided in the Report for the future is based on forward-looking information. Words such as: "believes", "anticipates", "expects", "estimates", "intends"; indicators marked "plan" and similar expressions indicate that this is a forward-looking statement. Actual results may differ materially from the plans, targets, expectations, estimates and intentions contained in forward-looking statements. Forward-looking statements are valid only as of the date of the Report. The Company does not guarantee that the expected performance results contained in the forward-looking statements will actually be achieved, so they should not and cannot be viewed as the most likely and typical scenario.

Representation

The preparation of annual reports plays an important role not only in increasing the Company's information transparency, but also in improving the efficiency of internal business processes.

Address by the Chairperson of the Board of Directors

Dear shareholders, investors, partners and clients!

New realities have shown the particular importance of digital technology for the population. The Company provided the people of Kazakhstan with stable communication and Internet access during the pandemic.

Thus, Kokshetautranstelecom together with the Department of State Revenue of Kokshetau, launched a round-the-clock call center to help residents receive services in the shortest possible time. The modular 200-bed infectious disease hospital was also quickly connected to the Internet. Kostanaytranstelecom implemented a project for a single contact center iKomek, created by the experience of the United States, where number 311 operates for non-emergency messages. In addition, as a participant in government programs, the branch provided the Internet to an infectious disease hospital for the treatment of coronavirus infection. Astanatranstelecom connected COVID-19 infectious hospital for 200 beds to wireless Internet, telephony, providing communications for medical staff and patients using wireless Wi-Fi technology, ahead of schedule.

In addition, the company took part in the campaign of ZHANARTU Charity Fund held jointly with Degdar Humanitarian Fund, Technodom Company, Astana-Motors Company, Allure Group, as well as Ayala Private Charity Fund, BI. ZONE Company in Kazakhstan represented by Dmitry Samartsev, Rustam Bayaliyev, Dias Ospanov and other participants of the charity event, where thanks to the efforts of partners, 300 oxygen concentrators 7F-10 and 26 units of artificial lung ventilation Positive Airway Pressure Units YH-830 (Bi-level) with Independent Humidifier with LCD screen were purchased for medical institutions of Kazakhstan on a gratuitous basis.

In addition, the Company, despite the increased social burden, has not stopped the process of interaction with business partners. Thus, Kyzylordatranstelecom commenced the implementation of the project “Work on the Setting Video Surveillance at the West Tuzkol Field” together with TuzkolMunaiGaz Operating LLP. This project involves the installation of thermal imaging cameras at 63 facilities of the Western Tuzkol field. The project will allow the Company to establish itself among large subsoil users, and in the future to connect additional fields. In addition, using GPON technology the branch will connect to the Internet a new town of 1,532 hectares on the left bank of the Syr Darya River, where more than 3 million sq.m. of housing will be built, 1 million sq.m. of which will be built by 2025. This residential area will provide housing for more than 50 thousand residents by 2025 and more than 155 thousand residents at the end of the project. Semeytranstelecom has laid fiber-optic lines to 15 rural settlements and 53 state institutions. The total length of fiber-optic communication lines amounted more than 138.9 km. The Company’s branch connected schools, hospitals, kindergartens, and local executive bodies to high-speed Internet and promptly provided local residents with access to the Internet before the start of the school year. It continued to develop cooperation with major companies, such as Bakyrchik Mining Enterprise LLP, Maksam Kazakhstan LLP, Technobur Kazakhstan LLP, and Auezov Utility Networks LLP.

The vector of smart-cities development was not ignored either. Thus, residents of the city of Arys in the Turkestan region had the opportunity to use the Internet for free at any time: four city parks Dendrosayabak, Heroes Alley, Arbat and Zhastar installed free WiFi network.

It is worth noting that the Company actively implemented educational platforms, worked with health care system and government, and made the connection to services free of charge not only for individuals, but also helped businesses. Thus, in order to organize support for small and medium-sized businesses during the imposed state of emergency in the Republic of Kazakhstan, the Company, as the fiscal data operator, established a non-refundable subscription fee for its services.

Transtelecom JSC passed the stress test during this stressful time, gaining completely new experience in building work in a rapidly changing environment. This was made possible as a company employs professionals.

On behalf of the Board of Directors, I would like to thank all of the Company’s employees for their endurance and social responsibility. I am confident that we will continue to develop the capabilities of our brand and work effectively in the interests of investors and clients of Transtelecom JSC.



ALIYEV NURALI RAKHATOVICH

Chairperson of the Board of Directors of Transtelecom JSC

Address by the Chairperson of the Management Board of the Company

Dear shareholders, partners and colleagues!

On behalf of the Management Board of Transtelecom JSC, I am pleased to bring to your attention the Annual Report for 2020.

The year 2020 was a difficult one not only for the country's telecommunications operators, such as Transtelecom JSC, but also for the entire world. However, the Company continued to do its work effectively in spite of the pandemic and the changes that followed.

We've changed the speed of response to emerging situations, incorporated a rapid response headquarters and prepared our backbone networks and overseas junctions for exponential traffic growth. The capacity of external Internet channels with foreign providers was expanded. For instance, to maintain a stable awareness of citizens during the state of emergency, the Company expanded the Internet channel capacity of the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan 4-5 times for the Internet resources Egov, E-license, pki.gov.kz for free, due to the fact that these state-level resources are strategically important. And we, being a trusted partner of the state, have an obligation to ensure that vital services, such as health care, emergency services, national defense facilities and other agencies actively involved in overcoming the crisis continue to receive a stable communication channel.

In addition, Transtelecom JSC actively supported the educational process in the country. Thus, the Company provided free access to the websites of universities, electronic reference databases, online diaries, e-learning portals and other educational resources recommended by the Ministry of Education and Science of the Republic of Kazakhstan. In addition, we supported the automation of online platforms for domestic companies. For instance, with our help, Platonus College project was implemented to help businesses in a state of emergency. The platform provides absolutely free of charge all automated online learning processes for the student and the instructor. Also, the Company together with the Orleu company and the Bilimal brand, known as a developer of information systems in education, has a product – a system of distance learning and testing. The system is completely free, colleges and schools in the Karaganda region use it, and we get positive feedback. It makes it possible to download various educational media materials, conduct interactive classes, webinars and organize testing for students in the process of distance learning.

Being a socially responsible business, the Company provided the subscribers with comfortable conditions during the quarantine period, not disconnecting any of the subscribers, even if they had debts, so that the population in conditions of reduced income could keep in touch with their loved ones and obtain information about the situation in the country through communication and the Internet. Individuals received an expanded range of online services, through which customers could apply for a connection, change their rate plan, recharge, and other services online from the comfort of their homes.

Transtelecom JSC made the connection of unlimited Internet, telephony and digital television TTC BOX, a new product giving access to Kazakhstani and foreign TV channels, free for the period of the quarantine. The main convenience of our television is that it is enough for the population to have any device connected to the global network: it can be smartphones and tablets based on iOS and Android, TVs with Smart TV and Android TV functions, set-top boxes (STB) connected to TVs. to get the service.

But besides the fact that in 2020 Transtelecom JSC acted in the position of a state partner in the period of overcoming the crisis in the social sphere, the Company continued to perform all its obligations in full, including on major national projects. Thus, the project "Providing Rural Settlements of the Republic of Kazakhstan with Broadband Access Using Fiber-Optic Communication Lines Technology" within the framework of the State Program "Digital Kazakhstan 2020" to connect 429 rural settlements to broadband Internet access was completed without delays. As part of the project, about 6,000 km of fiber-optic cables were laid and 1,222 social facilities were connected to broadband Internet access: 451 schools, 371 hospitals, 276 local administrations, 12 emergency services, 14 facilities of the Ministry of National Defense of the Republic of Kazakhstan, 11 facilities of the Ministry of Agriculture of the Republic of Kazakhstan, 78 police stations and 9 prosecutor's offices. Synergy from the project will affect over 40 thousand subscribers.

The Company developed not only in the public sector, but also in the business environment, several good-quality partners were acquired to continue development in the IT-industry. For instance, Transtelecom JSC became an official partner of Micro Focus, one of the world's top leaders in the development of software solutions and services for corporate users.

Certainly one of the key points of growth in the future will be the technical completion of the construction of own data centers in the cities of Karaganda, Kyzylorda, Aktau, Atyrau,



ADAIBEKOV YELNAR RUSLANOVICH

Chairperson of the Management Board of Transtelecom JSC

Aktobe, Uralsk and Zhezkazgan, Nur-Sultan and Almaty. The purpose of implementing data centers is to increase the range of business tasks, improve the scalability of IT-systems and increase the security of information exchange, which together will reduce costs and expenses. The wide range of cloud solutions provided is relevant for both government agencies and private companies. In addition, all components of the data center are licensed and officially supported by global manufacturers.

The emergence of new data centers from a domestic company in the Republic of Kazakhstan contributes to the saturation of the telecommunications market, the development of competition in the promotion of cloud solutions within the framework of the state program “Digital Kazakhstan”.

However, it would be impossible to move forward fully at a time of stagnation from the global pandemic without a rapid change in the organizational structure designed to respond effectively to coming changes. So in 2020 a new organizational structure based on the methodology of change management of the Adizes Institute, aimed at innovation and the accumulation of unique competencies was introduced.

I would like to express my gratitude to the employees, partners and shareholders of Transtelecom JSC for their professionalism and diligence. Our Company’s cognitive environment, established corporate culture and team spirit helped us achieve our goals in this challenging year and maintain our potential for growth. Our mission and values in the format of new age are more relevant than ever – because in the IT&TELCO industry we work to provide Kazakhstanis with new digital opportunities.



History of Development

On the basis of the order of Kazakhstan Temir Zholy Republican State Enterprise (hereinafter – RSE) "On Optimization of the Management System of Signaling and Communication Department", Transtelecom subsidiary state enterprise (hereinafter – SSE) was formed.

1998

- **August.** The Resolution of the Government of the Republic of Kazakhstan "On Measures to Reorganize RSE Kazakhstan Temir Zholy and the Separation from its Structure of Transtelecom Open Joint-stock Company (hereinafter – OJSC) with 100% State Participation" was issued.
- **November.** Date of initial state registration of Transtelecom OJSC.

1999

- Introduction of an automated billing system and technical accounting system.
- A satellite communication network was created.
- The installation and implementation of data network nodes began, and a wide range of new services, including access to the Internet, were made available to customers.
- **September.** Introduction of a digital automatic telephone exchange (hereinafter – ATE) at the Almaty station.
- A centralized agreement for connection to the network of Kazakhtelecom Joint-stock Company (hereinafter – JSC), as a telecommunications operator, was signed.

2003

- Transtelecom OJSC was renamed into Transtelecom JSC.
- More than 30 new digital automatic telephone exchanges have been installed.

2004

- **March.** FOCL construction on the Almaty-Astana section with the length of 1,340 kilometers was completed.
- **April.** Opening of the Communications Network Control Center and commissioning of a unified system for monitoring and administering FOCLs.
- **November.** The Company received a certificate of compliance with International Quality Management Standards ISO 9001-2000.

2005

- **March.** Participation of the Company in the international telecommunications exhibition CEBIT in Hannover, Germany.
- **March.** The company was awarded the Gold Medal of the International Foundation for Excellence in Business Practice.
- **November.** In the city of Almaty, 2 operating telegraph stations APSK 120/120 and AT-PS-PD 72/64 were replaced with the first digital Telegraph Switching Server "Vector-2000".

2006

- **January.** Start of modernization of telegraph stations in Astana (2 pcs.), Kokshetau, Karaganda, Kostanay, Ekibastuz with replacement of 6 operating AT-PS-PD telegraph stations by one digital Telegraph Switching Server "Vector-2000".
- **February.** The Primary Backbone Network Center was established to coordinate the activities of the primary backbone network and FOCL sites.
- **March.** For the first time in the history of the Company, a 45 Mbit Astana-London channel was organized and put into operation for the Orange company.
- **April.** KTZ operational communication system SDH network was built on the Almaty-Astana section (setting of equipment, software and testing).
- **July.** Territorial sections of the backbone network were created in the cities of Almaty, Shu, Kokshetau, Karaganda, and Astana.
- **August.** A virtual POP node was organized in Moscow on M9, capacity STM1 for rational use of the Company's resources, as well as for operational work on providing services to customers outside Kazakhstan.
- **October.** Testing of the STM1 level channel Astana-Petropavlovsk-Atyrau was completed, which would make it possible to unite telephone lines of Atyrau branch with branches in Almaty, Karaganda, Astana, Kokshetau and provide channel lease services for customers in Atyrau.
- **October.** Two VC3 Hong Kong-Almaty-Moscow were tested for British Telecom. British Telecom projects were implemented in other cities of Kazakhstan on the Company's transport network.

2007

September. The "POTOK" Automated Settlement System was introduced.

2008

- **December.** A contract was signed with Alcatel-Lucent for the supply and installation of a large backbone transport network. The project was financed by the European Bank for Reconstruction and Development.

2009

- 128 satellite communication systems commissioned a year earlier, passed the electromagnetic compatibility in Republican Center for Space Communications and Electromagnetic Compatibility of Radioelectronic Equipment JSC and were registered with the Agency for Informatization and Communication of the Republic of Kazakhstan with the subsequent receipt of permission for the radio-frequency spectrum.

2010

- **June.** Data transmission services for Tulpar-1 and Tulpar-2 branded trains Astana – Almaty – Astana were put into commercial operation (order of the Company No. 174-P dated June 01, 2010).
- **June.** Connection of the network of the operator KazTransNet LLP and Space.KZ LLP to the Company's network to organize transit telephone traffic in Almaty to the Public Switched Telecommunications Network (hereinafter – PSTN) and pass-through traffic to international directions and cellular operators' networks.

2011

- **July.** HUB (central control station) OP-39 was put into operation by the decision of the State Commission.
- **August.** The satellite ground data and voice transmission network "High-Speed Passenger Traffic" was switched to the Company's control station in the city of Astana (OP-39).
- **September.** A satellite data and voice terminal was installed on the medical train No. 3 to organize videoconferencing, based on the decision of NC Kazakhstan Temir Zholy JSC (hereinafter – NC KTZ JSC).

2012

- The first stage of FOCL construction on the Aktobe-Kandyagash section with the length of 96 km was implemented.
- The monitoring control system (cable network), located along the FOCL route, was launched.

2013

- The Department of Design and Development carried out work to connect the Company in Novoishimsky settlement to PSTN.
- **September.** Fibers from the backbone cable with the length of 3.9 thousand km were branched to organize communication channels and to connect KTZ's units to the backbone line. At that time, the total length of FOCL was 6.6 thousand km.

2014

- Organization of the channel for the project "Toll Road Astana-Shchuchinsk" and setting of switch and router equipment for toll roads for EnergoRemService company, "Service for Monitoring" (Vlan) – together with Kazsatnet and Astel companies, "Service for Charging" – together with Kazteleport company.

2015

- The installation of new SkyEdge-1 satellite earth stations at 20 railway stations was organized.
- At the end of the year, within the framework of the strategic project of the automated control system "Traction Power Supply Dispatch" (TPSD ACS), 856 sections of diesel locomotives and 983 sections of electric locomotives were equipped with TPSD ACS and put into commercial operation.
- The length of the FOCL is 8,139 km.
- On a permanent basis, work was organized to provide telephony, Internet and videoconferencing services for medical trains "Salamatty Kazakhstan", "Zhardem" and "Densaulyk".

- The beginning of the privatization of the Company.
- **September.** Deployment of the Kaizen/Lean Manufacturing Improvement and Management Process.
- **December.** In accordance with Decree No. 1141 of the Government of the Republic of Kazakhstan "On Certain Privatization Issues for 2016-2020", the Company was included in the list of assets to be transferred to the competitive environment on a priority basis 26% minus 1 share.

2016

- **December.** In Paris, the Company deployed 100G DWDM optical transport equipment from Ekinops on an optical network covering the entire country and at the border with China, which is part of a major network between China and Western Europe.
- **December.** The Company entered the Kazakhstan Association of Automation and Robotics.
- As part of the TPSD ACS project, locomotives were equipped with the TPSD ACS hardware and software system; since the start of the project, a total of 1,240 sections of diesel locomotives and 1,043 sections of electric locomotives had been equipped.
- The length of the FOCL is 10,954.2 km.
- Completion of research and development work on the Automated Management System "Magistral". The beginning of "Magistral" replication in the RK.

- **February.** The Company is a single integrator for the implementation of IT solutions, automation and telecommunications solutions for NC KTZ JSC group under the Transformation Road Map.
- **February.** Accreditation and commissioning of the Company's Certification Center.
- **May.** Participation in the largest annual event dedicated to the development of the telecommunications transport networks market in Russia and the CIS – the 7th International Conference "Transport Networks Russia 2016".
- **May.** Official sponsor of the Women's World Boxing Championships in Astana, where 12 licenses for the Summer Olympics in Rio de Janeiro were awarded.
- **June.** The sale and purchase agreement for the 49% stake in the Company came into force.
- **July.** According to the National Business Rating Union, the Company was awarded the Industry Leader status.
- **August.** The "Digital Mine" information system was launched at a uranium mining enterprise in the South Kazakhstan region.
- **August.** The 1st Summer Sports and Athletic Contest in the Company's history opened its doors to 16 sports teams at the Khadzhimukhan Munaitpasov Stadium.
- **November.** During the bilateral meeting, China Telecom Global Limited and the Company signed a memorandum of cooperation to implement the project "Provision of Broadband Access (hereinafter – BBA) to Rural Communities with a Population over 250 People".
- **November.** The Company was the general partner of the largest international exhibition and conference "ASTEX-2016".
- The length of the FOCL is 15,000 km.

- The Company's Contact Center was opened with a single dial-up number of 191.
- The Company rebranded itself. Part of the rebranding was the change of the trademark from "Transtelecom" to "TTC".
- Transtelecom JSC was an advertising partner of the boxing match Golovkin – Martirosyan.
- In search of talented young people, the Company holds an Olympiad among graduates of the undergraduate program.

- The Company reached a partnership agreement with Waves Platform to integrate the Company's Vostok blockchain platform.
- Commissioning of two new modular Data Processing Center (hereinafter – DPC) in the city of Astana near the business center "Emerald Quarter".
- Transtelecom JSC, as the first cloud provider, connected the private cloud to the Unified Transport Network of government agencies.

- The successful long-term migration of KTZ SAP virtual infrastructure from Transtelecom's old cloud to the new one, which began in July, was completed.
- The Company contracted for Kazakhstan's largest joint PPP project to provide broadband Internet access to Kazakhstani villages.

2017

- The results of the open two-stage tender for the sale of 26% minus 1 share were summed up, and the winner was determined.
- The Company's Development Strategy up to 2026 was approved.
- Launch of cybersecurity services "SOC" – Security Operation Center.
- The new organizational structure of the Company came into effect.
- Partner of the international exhibition "ASTANA EXPO-2017".

2018

- The launch of free Wi-Fi in the Almaty metro as part of the implementation of the "Smart Almaty" concept.
- Transtelecom JSC was chosen as the fiscal data operator in Kazakhstan, the launch of the OFD service.
- Launch of a new transit corridor from China to Russia and Europe – 500 Gbps capacity.
- Creating a unified platform for cybersecurity services in Kazakhstan together with BI.ZONE, a subsidiary of Sberbank.

2019

- Winning in the category "LEVEL UP" of the international business prize "WOW!HR", with the project "Involvement in Improvement. Gamification according to Transtelecom".
- Winning in the category "Kazakhstan" with the project "TTC Digital HR" in the annual award "HR-brand Central Asia 2019".
- Implemented a plan to provide rural communities with Internet – the project covered 9 regions of Kazakhstan.

- The project "Provision of Broadband Access to Rural Settlements of Kazakhstan using FOCL Technology" as part of the state program "Digital Kazakhstan 2020" to connect 429 settlements to broadband Internet access was completed.
- TTC is one of the major companies, which has implemented the project on construction of data center buildings with infrastructure of information resources for customers in the cities of Karaganda, Kyzylorda, Aktau, Atyrau, Aktobe, Uralsk and Zhezkazgan.
- The functional strategies of Transtelecom JSC blocks were approved.

2020

- In 2020, a new organizational structure was implemented to improve TTC's business efficiency and successfully overcome new market challenges. The proposed structure is based on the methodology of change management of the Adizes Institute and is built so that it can quickly respond to changes in the external environment, innovation and aims at the accumulation of unique competencies.



The Company in Figures

3,864
MLN TENGE
Net profit

31,081
MLN TENGE
Equity

28
%
EBITDA margin

52,476,157
THOUSAND TENGE
Cost of sales

25,050
MLN TENGE
EBITDA

8,095,346
THOUSAND TENGE
General administrative expenses

69,654
MLN TENGE
Revenues

892,352
THOUSAND TENGE
Local communication services

68,452
MLN TENGE
Income

516,161
THOUSAND TENGE
Long-distance and international telephone communication services

6,942,213
THOUSAND TENGE
Internet access services

5,432,692
THOUSAND TENGE
International transit

1,487,549
THOUSAND TENGE
Telegraph communication

32,528
SUBSCRIBERS
Number of fixed lines of individuals

4,163,980
THOUSAND TENGE
Satellite communication and data transmission services

69,492
PORTS
Number of fixed BBA ports

9,885,833
THOUSAND TENGE
Services for lease of main FOCL channels

7,662
SUBSCRIBERS
Number of pay TV connection points

Key Performance Indicators

Financial indicators

Income from the sale of services — min tenge

2020	68,452
2019	82,095
2018	74,691

Capital investments — min tenge
(charges excluding VAT)

2020	65,669
2019	14,840
2018	24,092

Net profit — min tenge

2020	3,864
2019	2,708
2018	3,949

ROACE — %

2020	17%
2019	14%
2018	21%

Performance indicators

EBITDA — min tenge

2020	25,050
2019	20,630
2018	19,531

ROIC — %
(Return on Invested Capital)

2020	5%
2019	18%
2018	16%

EBITDA margin — %

2020	28%
2019	24%
2018	25%

Headcount — people

2020	3,183
2019	2,763
2018	3,060

Income per employee — thousand tenge

2020	21,506
2019	29,669
2018	24,409

Asset details

Assets, total — min tenge

2020	174,543
2019	113,960
2018	108,915

Liabilities — min tenge

2020	143,462
2019	86,659
2018	82,775

Equity — min tenge

2020	31,081
2019	27,301
2018	26,140

Production indicators

Number of telephone subscribers of individuals — subscribers

2020	32,528
2019	33,974
2018	36,422

Number of Internet subscribers of individuals — subscribers

2020	69,492
2019	32,557
2018	29,668

Number of pay TV connection points — subscribers

2020	7,662
2019	421
2018	—

Number of subscribers of legal entities — subscribers

2020	175,283
2019	84,585
2018	22,323

Main Events of 2020

FEBRUARY

- As part of the bond program, the first issue of bonds on the domestic market for a total amount of 18 billion tenge.

MARCH

- Transtelecom JSC granted a deferral of payment for services to its customers for the duration of the state of emergency.
- Transtelecom JSC established a free subscription fee for the OFD service for the period of the state of emergency to support businesses.

APRIL

- Transtelecom JSC supported Platonus LLP in the initiative to connect all colleges in the country to their product for the automation of the educational process in the online mode. This decision was made as part of assisting businesses in a state of emergency and quarantine. The Platonus College service was made available absolutely free of charge to all colleges in Kazakhstan that found themselves without the ability to organize distance learning.

MAY

- Transtelecom JSC completed the construction of the FOCL a few days before the opening of the hospital and the arrival of the first patients. The fiber-optic communication line made it possible to connect the 200-bed COVID-19 infectious diseases hospital to wireless Internet and telephony and to use wireless Wi-Fi technology for the communication needs of medical staff and patients.

JUNE

- The Board of Directors of the Company decided to appoint a new Chairperson of the Management Board of Transtelecom JSC – Adaibekov Yelnar Ruslanovich.

JULY

- Transtelecom JSC paid the first coupon on its bonds (KZ2C00006344, KASE main floor, category “bonds”, TCOMb1) in the amount of 575,000 thousand tenge.

AUGUST

- Transtelecom JSC took part in the campaign of ZHANARTU Charity Fund held jointly with Degdar Humanitarian Fund, Technodom Company, Astana-Motors Company, Allure Group, as well as Ayala Private Charity Fund, BI. ZONE Company in Kazakhstan represented by Dmitry Samartsev, Rustam Bayaliyev, Dias Ospanov and other participants of the charity event, which contributed to the purchase of medical equipment (300 oxygen concentrators and 26 ventilators for Kazakhstanis).
- Transtelecom JSC launched thematic tariff plans TTS TV starting from 500 tenge – an advantageous offer for the citizens of Kazakhstan! TTS TV presents 4 thematic tariff plans at a promotional price until the end of the year.

SEPTEMBER

- The project “Providing Rural Settlements of the Republic of Kazakhstan with Broadband Access Using Fiber-Optic Communication Lines Technology” within the framework of the State Program “Digital Kazakhstan 2020” to connect 429 rural settlements to broadband Internet access was completed.
- Transtelecom JSC laid about 6,000 km of fiber-optic communication lines and connected 1,222 social facilities to broadband Internet access (schools, hospitals, emergency services, facilities of the National Defense of RK, facilities of the Ministry of Agriculture of RK, facilities of law enforcement agencies, local administrations). The potential coverage of this project amounted to about 40 thousand subscribers.

OCTOBER

- Transtelecom JSC was included in the top 38 companies with the best HR practices according to the Association of HR Managers of Kazakhstan.
- Transtelecom developed a television service – TTS TV, positioning digital television as part of package solutions.

NOVEMBER

- 21st Anniversary of the Company! 21 is the age of legal majority in some countries.
- Under the program “Digital Kazakhstan – 2020”, the Company implemented the project “Provision of Rural Settlements of the Republic of Kazakhstan with Broadband Access using Fiber-Optic Communication Lines Technology”. As part of the project, the Company has connected 19 settlements via a fiber-optic communication line.

DECEMBER

- Transtelecom connected to the Internet using Ethernet, SIP telephony, SIP TRUNK and television technologies a large facility of Abu-Dhabi Residences in the city of Nur-Sultan, where, among other things, elite class apartments Abu-Dhabi Residences are located.

Brief Overview

Company Profile

Transtelecom Joint-stock Company (Transtelecom JSC, the Company) is one of the largest telecommunications operators of the Republic of Kazakhstan, specializing in telecommunications, digitalization and system integration in the field of IT, communications, automation and energy.

Transtelecom Joint-stock Company (Transtelecom JSC, the Company) is one of the largest telecommunications operators of the Republic of Kazakhstan, specializing in telecommunications, digitalization and system integration in the field of IT, communications, automation and energy.

Transtelecom Joint-stock Company before re-registration had the name Transtelecom Open Joint-stock Company, earlier – Subsidiary State Enterprise Transtelecom was established in accordance with the order Republican State Enterprise Kazakhstan Temir Zholy dated 16 June 1998 No. 426 – Ts "On Optimization of Control System of Signaling and Communication Department", was subsequently reorganized into Transtelecom Open Joint-stock Company on the basis of the Decree of the Government of the Republic of Kazakhstan dated August 4, 1999 No. 1101 "On Measures to Reorganize Republican State Enterprise Kazakhstan Temir Zholy" by order of the Committee of State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan dated September 1, 1999 No. 135 "On Reorganization of Some Subsidiary State Enterprises of Republican State Enterprise Kazakhstan Temir Zholy".

The Company is the legal successor of all rights and obligations of Subsidiary State Enterprise Transtelecom of Republican State Enterprise Kazakhstan Temir Zholy. Transtelecom JSC is a legal entity in accordance with the laws of the Republic of Kazakhstan, has an independent balance sheet, bank accounts, may on its own behalf acquire and exercise property and personal non-property rights, bear responsibilities, be a plaintiff and defendant in court. The Company's activities are carried out within the framework of the Articles of Association approved by the resolution of the General Meeting of Shareholders of Transtelecom JSC No. 13 dated January 20, 2020, which defines the legal basis for its organization and functioning.

The main objectives of Transtelecom JSC are as follows:
- making profits from commercial activities and using them for the benefit of shareholders;
- creation of modern information and telecommunication networks on the territory of the Republic of Kazakhstan and their integration into the global IT network;
- providing various types of advanced technologies to consumers in the Republic of Kazakhstan and abroad.

The Company's primary objective remains to improve the quality of communications and services on the territory of Kazakhstan through the development and modernization of networks.

Transtelecom JSC operates as a telecommunications operator of the Republic of Kazakhstan and specializes in providing a wide range of telecommunications and info-communications services, including international, long-distance, local telephony and Internet access, as well as backbone links.

Transtelecom JSC strives to develop transit potential and increase transit telecommunications flows through Kazakhstan, as it has a network of main fiber-optic communication lines, providing communications with international operators of the Russian Federation, the People's Republic of China, the Kyrgyz Republic, the Republic of Uzbekistan and the Republic of Turkmenistan (under implementation).

Transtelecom JSC has a nationwide network of services, consisting of 14 branches, its own network of 3 data centers, as well as contact centers.

Address of the location of the executive body of the Company: Republic of Kazakhstan, Z05H9A7, Nur-Sultan, Yesil district, D. Kunayev Street, 10.

Equity Structure and Securities

In accordance with the Decree of the Government of the Republic of Kazakhstan No. 280 dated March 31, 2014 "On Approval of the Comprehensive Privatization Plan for 2014-2016". Transtelecom JSC was included in the list of companies to be privatized and alienated in a competitive environment.

Thus, in May 2015, 49 percent of the Company's shares were sold as a result of auctions conducted by National Company Kazakhstan Temir Zholy JSC by way of an open two-stage tender and by the Decree No. 107 of the Government of the Republic of Kazakhstan dated February 25, 2016.

In May 2018, another 26 percent stake minus one share in Transtelecom JSC was purchased as part of the second wave of privatization in an open two-stage tender.

As of December 31, 2020, the shareholders of the Company are as follows:
National Company Kazakhstan Temir Zholy JSC – share of ownership

25%

PLUS 1 SHARE

Mukhanov M.S. – share of ownership

75%

MINUS 1 SHARE

A detailed historical background of the issue and placement of shares is reflected in the annual report for 2017 in the section "Share Capital Structure".

As of December 31, 2020 the authorized capital was formed in the amount of

12,241,487

THOUSAND TENGE

(twelve billion two hundred forty-one million four hundred eighty-seven thousand tenge)

The total number of authorized common shares of the Company is

6,471,089
SHARES

The nominal value of one share is

1,000
TENGE

No preference shares are provided.

including: placed

5,638,097
SHARES

not placed

832,992
SHARES

Number of authorized common shares

6,471,089
SHARES

The amount of funds raised from the placement of shares

12,241,487,000
TENGE

In accordance with the resolution of the Board of Directors dated July 22, 2019 (Minutes No. 7/2019), it was decided to issue bonds in the domestic market for an amount not exceeding 22 billion tenge.

On January 10, 2020, National Management Holding Baiterek JSC purchased bonds of the Company, issued on the Kazakhstan Stock Exchange, in the amount of 10,000,000 thousand tenge with a coupon rate of 11.5% per annum.

According to the bond issue prospectus, the circulation period of the issued bonds is 12 years. **On July 13, 2020, the first coupon was paid on the bonds in the amount of 575,000 thousand tenge.**

Transtelecom JSC strives to observe the interests of shareholders by ensuring the growth of long-term value and sustainable development of operations.

The Dividend Policy was approved by the resolutions of the General Meeting of Shareholders on August 04, 2016 (Minutes No. 1).

The purpose of the Dividend Policy of the Company is to ensure a balance of interests of the Company and the Shareholders, predictability and transparency of approach in determining the amount of dividends, conditions and procedure for their payment.

At the end of 2020, it was decided not to pay dividends on ordinary shares of Transtelecom JSC.

Organizational structure

In 2020, a new organizational structure was implemented to improve Company's business efficiency and successfully overcome new market challenges. The proposed structure is based on the methodology of change management of the Adizes Institute and is built so that it can quickly respond to changes in the external environment, innovation and aims at the accumulation of unique competencies.

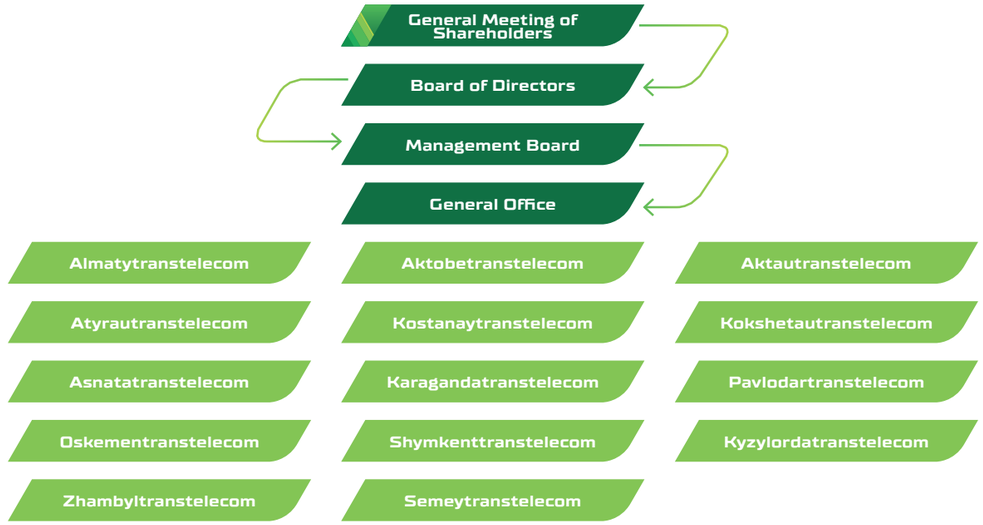
When developing the new version of the organizational structure of the Company's central office, we proceeded from the following principles:

- compliance with the approved development strategy;
- business focus on profit centers;
- customer focus and increasing customer loyalty;
- reducing the hierarchical load;
- strengthening the product focus and stabilization of revenues;
- separation of development and operation functions;
- exclusion of conflicts of interest.

In order to reduce the distance from the source of profit, a flatter structure by business areas is proposed, whose main advantage is its ability to quickly respond and adapt to changes in the external environment, innovation and the accumulation of unique competencies. The flat organizational structure of company management implies that fewer people are involved in the decision-making process. Decisions are made by managers with relevant information and authority based on the area/customer being supervised.

Implementing the Development Strategy, the Company switches to a mixed business model when the project business model used by the Company is complemented by a product business model focused on mass customers, both private and business customers. In this regard, the proposed structure provides for a dedicated Product Office, which acts as a competence center for the development and implementation of the latest technologies in the field of ICT, which will strengthen the product focus of business and stabilize the flow of income (recurring revenues), respectively, without being limited to one-time projects.

Organizational structure as of December 31, 2020



02. Strategic overview

Transtelecom JSC is one of the largest telecom operators in Kazakhstan. The Company has an extensive branch network (14 branches) throughout the Republic.

In 2020, Transtelecom JSC continued to implement the strategy adopted in 2019. The strategy aims to transform the Company from an operator of telecommunications services into a digital partner for the public, government and business.

Description of the Company	032
Overview of the Telecommunications Market in 2020	034
Business Overview and Assessment of the Company's Position	036



52,476,157
THOUSAND TENGE
Cost of sales

68,452
MLN TENGE
Income

Description of the Company

Geography of Presence

Transtelecom JSC is one of the largest telecom operators in Kazakhstan. The Company has an extensive branch network (14 branches) throughout the Republic.

14

BRANCHES

throughout the Republic

Development Strategy

In 2020, Transtelecom JSC continued to implement the strategy adopted in 2019. The strategy aims to transform the Company from an operator of telecommunications services into a digital partner for the public, government and business.

Mission

To lead the people of Kazakhstan to digital prosperity, relying on the unique capabilities of the company:

- **Information Security Center SOC**
- **Experience in implementing unique ICT projects**
- **Accredited certifying center with legitimate EDS in the territory of the Republic of Kazakhstan and the Russian Federation**
- **International, Transboundary Transitions**
- **Own backbone fiber-optic network, which unites all major cities of the country into a single network**
- **Speed and flexibility in decision-making**

Vision

The company's vision is the Company as a diversified operator of a wide range of ICT services, implementing large complex projects in the private and public sectors and providing a wide range of services to individuals and organizations.

The key facts of this statement are as follows:
- Providing services in all market segments
- Combination of service delivery and project implementation
- Existence of a large portfolio of services, combining both traditional communication services and IT and cloud services

Values

RESPECT

We respect each other

The perception of customers, partners, competitors as equals, the acceptance of their own values and goals, the ability to listen and hear, to find common ground and build mutually beneficial relationships, if it does not contradict the values of the Company.

IMPROVEMENT

We are constantly improving

The Company is continuously working both on the quality of services provided and their user-friendliness for customers, as well as on improving its activities, the qualifications of employees and their involvement in the Company, the efficiency of business processes and procedures, and the organizational structure of the Company.

RELIABILITY AND REPUTATION

We are a reliable company; we value our name

The Company makes efforts to preserve and enhance the reputation of a reliable service provider and partner, a socially responsible and law-abiding player in the market.

Investment Attractiveness

Kazakhstan's telecommunications industry is an attractive segment of the economy for both long-term and short-term investors.

At the same time, the Company has strong competitive advantages that allow it to provide a stable cash flow and demonstrate decent operating results even in difficult macroeconomic conditions, complemented by a rapid change in technology and customer preferences.

Transtelecom JSC is not only successfully responds to market challenges, but also makes effective use of newly created opportunities. Thanks to high-quality assets, well-functioning business processes and accumulated competencies, the Company is able to demonstrate steady growth in its core business segments.

Overview of the Telecommunications Market in 2020

The Internet, mobile communications and other telecommunications services have the largest shares in the total volume of communication services, concentrating 83% of the total market.

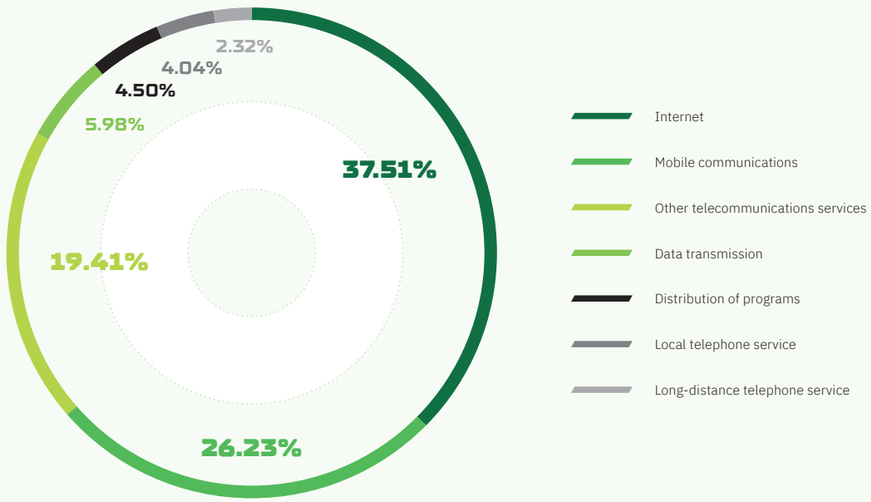
In 2020, the volume of the communication services market amounted to **884.5 billion tenge,** which is 8.6% more than in 2019. The volume of Internet services amounted to **331.8 billion tenge,** an increase of 14.4% in 2020. The volume of cellular services increased by 1.5% and amounted to **231.3 billion tenge.** The volume of local telephone services in 2020, on the contrary, decreased by 2.6% compared to 2019 and amounted to **35.8 billion tenge.**

> 14,000

KILOMETERS

fiber-optic lines have been laid in two years of communication construction in rural settlements throughout the country

Structure of Revenues from Communications Services in Kazakhstan in 2020



Source: Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan, profit.kz.

A surge in telecom revenues in the first half of 2020: 425 billion tenge against 372.7 billion tenge a year earlier (+14%) – raised questions about the roll-back after the return to a normal state. However, the growth continued until the end of December and 2020 was the most successful period for the telecom market in the last 4 years.

In December 2020, the number of cellular subscribers was **24.18 million** (in November – 24.27 million, a decrease is noted), of which almost **15.93 million** have access to the Internet (in November – 15.87 million, an increase is noted). Thus, the level of Internet penetration among mobile subscribers was **65.6%** (+0.2%). The number of fixed-line subscribers amounted to **3.11 million** (in November – 3.09 million, a slight increase). Finally, the number of fixed Internet subscribers is almost **2.62 million** (an increase is noted).

Quarantine measures imposed in the country in March 2020 have had a significant impact on Kazakhstan's information and communication industry. The mass switch of users to online mode and the transition of companies to remote work has significantly increased the load on the infotelecommunication resources. As a result, the main task of telecom operators was to take measures to maintain the network's operability. In addition, quarantine measures have created a massive demand for IT services, enabling the remote work of businesses and educational institutions, as well as significantly increased the turnover of e-commerce. This, in turn, has increased the importance of ensuring the security of sensitive data, connection quality and availability.

The issue of security of popular foreign solutions for organizing remote work, such as WebEx, ZOOM and other videoconferencing systems put the IT-market participants before the development of domestic solutions. Only in this case, operators will be able to control the security of connections.

The traffic distribution map has also changed. In contrast to countries such as China, in Kazakhstan the growth rate of fixed traffic in the cities was very much higher than the growth of mobile traffic. Some operators even noted a decrease in traffic in the mobile network. At the same time, in suburban areas and villages mobile traffic on the contrary has increased, which is associated with the departure of people out of town due to quarantine.

In addition, in December 2020, the largest telecommunications project in the history of independent Kazakhstan was completed – the construction of communications in rural areas. Over the two years of the project, more than **14,000 kilometers** of fiber-optic lines have been laid across the country.

Telecommunications Market Development Prospects

Based on Gartner's analysis of companies' reactions to the COVID-19 crisis, we can draw the following conclusions about the expected direction of the ICT services market:

Companies have focused on products and services that help enable and optimize work within quarantine and limited mobility. Video conferencing, electronic document management and CRM systems are examples of such products.

The forced need for businesses to use such products accelerates the digital transformation in Kazakhstan, forcing entrepreneurs to embrace change amid low confidence in information technology, and raising their awareness of existing IT solutions.

The fact that businesses are forced to adopt IT solutions in the future leads to habituation and the construction of further business processes based on the use of IT products.

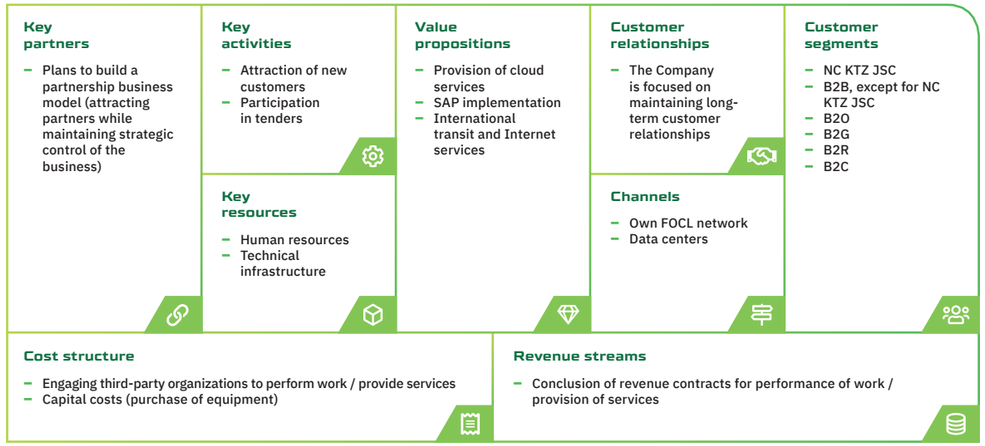
When developing new products, attention should be paid to the challenges faced by this or that industry in a pandemic, what actions they are willing to take to reduce the impact of the crisis on business operations, and how the use of IT solutions will help them in this task.

Business Overview and Assessment of the Company's Position

Business Model

TTC mainly uses a project-based business model, involving the implementation of large projects for corporate and public sector customers. The Company's Development Strategy for 2019-2023 involves a transition to a mixed project-product business model. The advantage of using such a business model is to reduce the Company's dependence on one-time project-related revenues by increasing the share of regular revenues generated by the sale of standard products. The transition to the project-product model also contributes to the strategic goal of expanding the Company's customer base.

Below is a description of the current TTC business model in Business Model Canvas format.



Assessment of the Company's Position and Development Prospects

The Company is an active market player with a significant share of the IT market. A proactive approach to working with business customers and a high degree of customer focus have ensured the Company's good reputation and proper positioning. Experience in implementing major IT projects and creating a cloud infrastructure for their implementation has ensured the Company's competitive position in the segment of cloud services.

However, business development in the private segment and the provision of services for small businesses has been developed on the residual principle, due to the focus on big business, which led to a predominantly project-based approach to the provision of services by the Company and the weak development of access networks.

Under the Development Strategy for the period until 2023, the Company will focus on four key strategic directions:

- **B2C segment,** in which the Company will increase and continue its expansion in this market through pre-sales on the combined subscriber base of double and triple-play services, as well as offering subscribers a new set of services – cloud services and non-ICT partner services sold through the marketplace;
- **B2B/B2G segment,** in which the Company will seek to transform its business model towards offering a wide range of services to a wide range of customers in the format of packages formed by industry and customer size;
- **B2O segment,** in which the Company will focus on forming a value propo-sition of services, in which by improving the quality of services and customer service it will be able to differentiate itself from competitors and maintain prices for services provided in the face of ongoing price competition in the segment;
- **segment of new solutions,** in which the Company will expand the range of offered cloud services for other strategic areas in terms of expanding the range of XaaS services towards the provision of comprehensive services and packages of them, as well as the mass offering of SaaS services and software on a subscription basis. In addition, as part of this direction, the Company will build up its competencies in new markets such as information security, Internet of Things, big data and digitalization of business.

Within these strategic directions, the Company has the following strategic goals:

- growth of the Company's net profit;
- increasing operational efficiency;
- expanding the customer base in all segments, increasing the share of revenue from outside customers, increasing the share of service revenue;
- expansion of the Company's product portfolio.

The key factors that ensure the Company's successful movement to the formulated position are internal transformations that ensure the Company's operational efficiency, its adaptability to changing market conditions and the creation of a competitive advantage over key competitors. These transformations include:

- building a partnership business model within the Company, where the Company retains strategic control over its business, attracting partners to form a product portfolio and perform service functions;
- switch to a mixed business model when the project business model used by the Company is complemented by a product business model focused on mass customers, both private and business;
- creating a system of material incentives for all levels of the Company's employees, linked to the performance of both the Company as a whole and each employee individually;
- transition to the system of multiple profit centers in the Company, with assignment of responsibility for financial results to branches of the Company and separate units of the Central Office (hereinafter – CO), working with individual customers or groups of customers;
- expanding the focus of planning beyond operational and financial indicators, introducing the practice of not only financial planning, but also long-term rolling planning for key non-financial resources of the Company – in-frastructure, product portfolio, set of competencies, improvement and automation of business processes.

Functional Strategies of the Company

In 2020, functional strategies for the B2B, B2G, B2O, B2C, B2R and Railroad Business Development block were developed. The development process was carried out by Green teams – cross-functional teams consisting of employees of the Company. Within 2.5 months, 10-12 strategic sessions were held. The minimum time for one session was 4 hours. Adizes and OKR (Objectives and Key Results) methodologies were used to develop the strategies.

On November 20, 2020, the Change Management Board approved the Company's functional strategies for the B2B, B2C, B2G, B2O, B2R and Railroad Business Development segments. In developing functional strategies, the general, project and hybrid approaches were used.

03. Operating Activities

Most of the Company's services are provided for the following groups of users:

- **individuals;**
- **legal entities;**
- **individual entrepreneurs;**
- **telecom operators.**

Additional services provided by the Company help save time, control costs, and prevent unauthorized use of electronic devices.

Services	**040**
Key Achievements by Product and Segment	**043**
Company's Projects	**048**
Major and Strategically Important Projects of the Company in 2020	**052**
IT Projects	**058**
Customer Base	**058**
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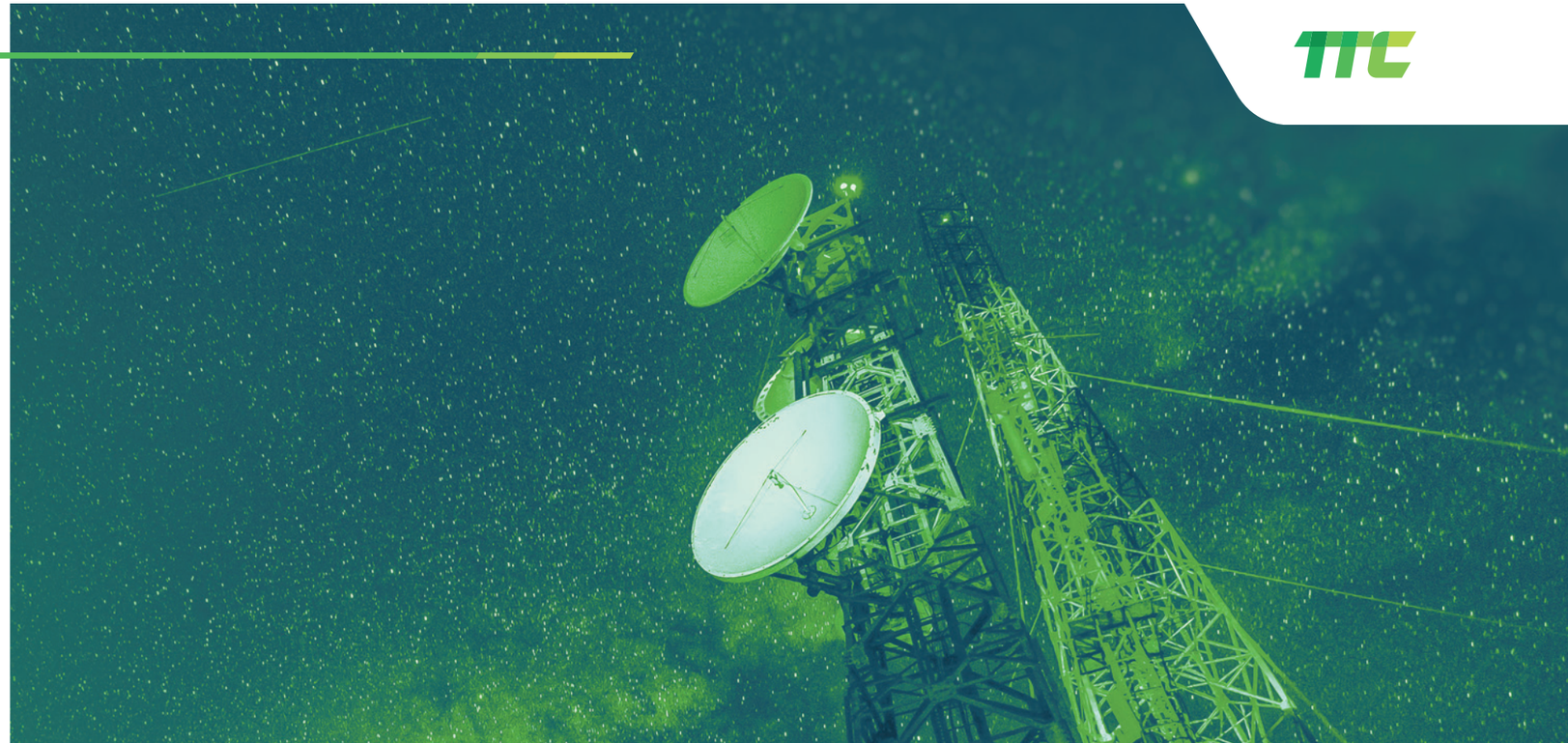


25,050
MLN TENGE
EBITDA

28%
EBITDA
margin

Services

Most of the Company's services are provided for the following groups of users:

INDIVIDUALS

- Services provided to the population.

LEGAL ENTITIES

- Telecommunication services provided to commercial organizations (joint-stock companies, limited liability partnerships, etc.), non-commercial organizations (state institutions, public associations, public foundations, etc. defined by legislative acts).

INDIVIDUAL ENTREPRENEURS

- Services provided to individuals using subscriber terminals in non-residential premises, or in residential premises, in order to carry out entrepreneurial activities to generate income.

TELECOM OPERATORS

- Services provided to individuals or legal entities that have received a license to provide communication services in the manner prescribed by the legislative act of the Republic of Kazakhstan on licensing.

Additional Services

Additional services provided by the Company help save time, control costs, and prevent unauthorized use of electronic devices.

Outsourcing Services

One of the promising areas of activity and expansion of information services of the Company is IT outsourcing, solving problems associated with the design, operation and maintenance of information and technical systems of organizations.

For organizations that are not in the IT market, IT support is in the category of auxiliary processes. Due to the growing complexity of the IT infrastructure and its management, as well as a shortage of personnel, many organizations consider IT outsourcing as a real solution to these problems.

In the course of project implementation the Company proposes to outsource all functions of information and communication complex and consolidate its ICT structure: centralization of tasks of development, implementation, management, operation and service support of information and communication systems in the management of information and telecommunication operator.

Thus, the Company concentrates in its hands many similar type of tasks, thereby increasing productivity and quality of their performance. This is the social and economic meaning of the service strategy specialization in IT outsourcing. For large organizations, IT outsourcing will reduce the cost of using information technologies and increase their quality, standardization of IT processes increases the transparency of the organization and improves the economy of funds.

Transtelecom JSC, being one of the largest telecommunications operators of Kazakhstan, specializes in providing a wide range of telecommunications and IT services.

Types of services	Description
Electronic document management	Multi-user system that automates office work processes.
Contact center	Service to process requests and information via voice channels, e-mail, fax and Internet chats in the interests of the customer organization or the parent organization.
Cloud services	Virtual Infrastructure IaaS is a flexible solution for creating your own, fully isolated virtual data center (VDC), which allows you to create, clone virtual servers, change their configuration and manage network configuration.
DNS hosting	DNS – Domain Name System – converts a domain name to an IP address.
Verification Center	Services of a certification center in the form of issuing electronic digital signatures.
Electronic archive	A multi-user system designed to store electronic versions of documents, according to the archives. Optimizes the work of the archivist in terms of searching for archive files.
DC accommodation	Placement of equipment (servers) in the Company's data centers, including the provision of power supply and a communication channel.
SERVICE-DESK	Technical support service and user support.
ITSM platform for SERVICE-DESK	IT process management platform.
Print outsourcing	Providing productive universal corridor-type devices for workgroups and units with a heavy load (scanning, printing, copying). A software solution for managing all print and scan workflows and a fleet of devices.
Outsourcing of work-place organization and support	Outsourcing of the maintenance and support of computer equipment / laptops, licensed software.
Network organization and support service	Services for installation, setup and support of active, passive network equipment.
Information Security Management System (ISMS)	A set of technical and organizational measures aimed at ensuring information security (IS) and confidentiality of corporate data.
Information security consulting services (hereinafter – IS)	Consulting in the field of information security is a complex of services provided to the customer in order to determine: – the current level of IS provision (maturity level) in the organization, in accordance with the world's best IS practices, industry requirements, as well as in terms of the effectiveness of countering existing IS threats; – directions of development of information security, goals and tasks to be solved, taking into account the strategic goals of the organization's development; – specific actions necessary to advance in the chosen direction and achieve the set goals and objectives.
Implementation of a distance learning and testing system (hereinafter – DLTS)	Provision of comprehensive turnkey information technology work, including the supply of software, implementation of the information system and the supply of equipment (if necessary), as part of the DLTS project.
Arrangement of video conferencing systems	Services for the provision, arrangement and technical support of video conferences.
Implementation of projects of any complexity	Project management for the implementation and commissioning of new or modified services in accordance with the needs of customers.

Types of services	Description
SAP	– SAP ERP is an enterprise resource management system; – SAP HCM is an HR management and payroll system; – SAP BW is a system that collects, stores and manages data used to build corporate reports; – SAP BO is a unified analytical platform for advanced analysis and presentation of data in the most intuitive form; – SAP CRM is a customer relationship management system; – SAP HANA is a high-performance NewSQL platform for data storage and processing; – SAP S/4 HANA is a next generation platform for business process automation.
IT infrastructure technical support	Services for the provision of technical support for IT-infrastructure including equipment such as: server, storage, switching, life support (air conditioners, UPS).
Long-distance and international communication services	Arrangement of a telephone connection between users located in different countries.
SIP telephony	Voice signal transmission services over the Internet or any other IP networks.
Telegraph communication	Services for the transmission of alphanumeric messages (telegrams) at a distance, with their mandatory recording at the receiving point, is carried out by electrical signals transmitted by wire and/or radio signals. A distinctive feature – documentality: the message is delivered to the addressee in the form of a printed (less often handwritten) text.
Providing access to the Internet using ADSL technology	Services to provide Internet access technology ADSL allows you to use the phone at the same time with the transfer of information. Provides transmission of voice traffic with simultaneous data transmission over an asymmetric data channel.
Provision of Internet access via FTTB/ FTTx/GPON technology	Services to provide Internet access over optical fiber, which reaches the border of the building, the penetration of optics to the subscriber, i.e. the ability of the optical node to provide access to an average of 100-250 subscribers.
Providing access to the Internet using Ethernet technology	Services to provide access to the Internet using Ethernet technology supports data transfer at a speed of up to 100 GB per second.
Lease of IP VPN-channels (VPN) communication	Creation of a geographically distributed secure corporate data transmission network for customers. Organization of secure corporate IP networks based on IP/MPLS technology. The service makes it possible to link together units of an entity (association of offices) or a network of companies/partners in the city, in localities within the region, as well as throughout the Republic of Kazakhstan and abroad.
Lease of digital channels	Data transmission services with point-to-point topology between geographically distributed offices of the customer's company, bandwidth Nx64 Kbps and necessary terminal equipment.
Lease of data transmission channels when connecting via satellite stations	Data transmission services of any type throughout the territory of the Republic of Kazakhstan based on satellite systems.
Connection to the Company's telecommunications network of telecommunications networks of fixed telephony operators	Services for the provision of connection of a third-party telecommunications operator to the Company's network for the implementation of telephone communication services.
Connection to the control panel "System of Operational-Search Measures (SOSM)"	Services for connecting customers/third-party operators to the SOSM control panel on the Company's telecommunications network.

Key Achievements by Product and Segment

B2C

69,492

Number of Internet ports

662

Number of pay TV connection points

In order to differentiate profit centers by customers of the Company and in view of the necessity to improve the portfolio of product services, including own and partner services, the Company decided to separate the B2C segment (resolution of the Board of Directors of the Company dated February 04, 2019).

In December 2020, the Company's Commercial Strategy for the Retail Segment was approved, which includes the following business initiatives:

01. Formation of a B2C corporate structure.
02. Modernization and development of the local network.
03. Creation of an automated customer-oriented platform for the B2C segment.
04. Automation of technical accounting process for B2C.
05. Optimization of internal business processes.
06. Development of an affiliate network.
07. Acquisition of Tier 2 operators.
08. "Marketing. New package solutions".
09. Increased customer satisfaction.

By 2023 it is planned to increase the B2C market share from **0,04% to 0,2%,** as well as to increase the active subscriber base and revenues from services **3-fold.**

The Company strives to improve the level of customer service and develop the offer of digital services for each category of customers, strengthening its leadership in the telecommunications and digital solutions market.

+1.2%

growth of revenue in the B2C segment

+1.2%

growth in revenue from the provision of Internet access services

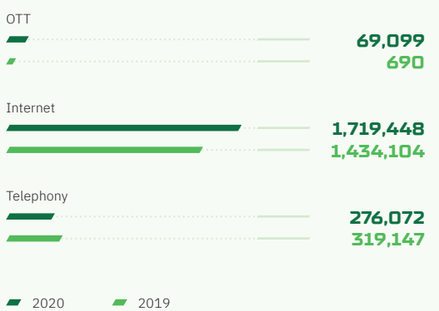
18-fold

The number of OTT subscribers increased

-0.9%

decrease in the number of rendered telephony services

Revenue of the B2C segment *thousand tenge*



In 2020, Transtelecom JSC achieved significant success in promoting broadband and telephony services in the retail segment:

2,064,619
THOUSAND TENGE

3%
share in the total revenue

53%
an increase by 2019

In recent years, the retail business in Kazakhstan and in the world has undergone serious changes – now it is a highly competitive market, where the demands of users are constantly growing. Therefore, the Company is increasingly shifting its focus not just to technology, but to the experience and quality of life that customers can have with our services. Having established a solid foundation and gained a leading competitive position in the key markets of Internet access and pay TV, the Company is developing new markets and increasing the share of business, which is formed by promoting modern digital services from the family of so-called smart products for households. Transtelecom JSC is working on the development of proposals that best meet the needs of retail customers, as well as on further improving the quality of communication services and the efficiency of service.

Anchor Services: Broadband Access and Pay TV

The main part of revenues in the retail segment is formed by anchor services: Internet access and pay TV, which continue to make a significant contribution to revenue growth. Despite the consistent saturation of markets, the company has managed to increase its customer base, as well as to demonstrate growth in revenue per household.

In November 2019, the "OTT Television" project was launched. Television is a new service for our company. It is worth noting that with the introduction of the above service, the employees of the Information Technology Service and the Local Network learned in practice how to connect this service. For the first time, the Company provided package solutions (Internet + TV).

In 2020, the number of Internet subscribers in the household segment increased by 1% and income amounted to **1.7 million tenge.** During the same period, the number of Pay TV subscribers of Transtelecom JSC grew 18-fold compared to the same period last year, and amounted to **7,662 customers.**

Sales and Promotion

A separate segment on retail business in 2019 began "laying the groundwork" for future active sales.

In 2020, profitable promotions were held in all branches at a 100% discount for connecting all services for individuals, individuals engaged in entrepreneurial activities without forming a legal entity and legal entities (except for National Company Kazakhstan Temir Zholy JSC and companies included in its group).

It should be noted that Transtelecom JSC pays great attention to improving the processes of connection and installation of services.

The Company's Retail Business Support Department developed and published the Public Agreement on the Company's website, introduced new application forms for connection and disconnection of telecommunications services, and introduced the advance payment method.

A website for the Company's subscribers was developed, where everyone can see tariffs, news, promotions, etc. We also launched the development of a new design of the personal account with new conveniences for the Company's subscribers.

One of the tasks facing the B2C direction is the creation of online sales offices, and at the moment the Company can accept applications of any kind through a personal account, call-center (191), Telegram bot (at the launch stage).

We constantly monitored complaints from subscribers via the official social networks: Instagram, Facebook, Twitter, YouTube, 2GIS for timely elimination of complaints and suggestions and improvement of the quality of service.

Additionally, we negotiated the conclusion of an agreement with SMS Consult LLP on the introduction of SMS-notification service for the following purposes:

- timely reminder of the formation of accounts receivable;
- providing a login and password when connecting to the Internet access service: previously, the subscriber had to go to the branch office to receive this information, but at the moment notifications/SMS are sent to subscribers.

Taking care of the Company's customers in a difficult time for the country, in order to provide Kazakhstanis with uninterrupted communication with relatives and friends, the Company decided to support subscribers and not disconnect those who had arrears in payment for services.

To speed up the process of connecting new subscribers in 2020, Astanatranstelecom introduced the Service 24/7, which made it possible to process applications by phone and sign the contract "at the doorstep" (application by phone – arrival of the connection service with the act). Service 24/7 includes work on connecting to the network, eliminating accidents, disconnecting subscribers, transferring the connection point, configuring/debugging the router and OTT set-top boxes, as well as consulting and technical support.

This service also made it possible to connect customers to the network in the topical period from 06:00 p.m. to 10:00 p.m. after the end of the working day, as well as on weekends and holidays. The work of Service 24/7 group covers the most relevant periods of time for the B2C sector.

As a result of the introduction of this service, the influx of new customers has increased, which in dynamics has increased the revenue received, and this, in turn, will shorten the payback period and accelerate the progress of projects. In addition, Service 24/7 allowed the Company to gain a competitive advantage in the capital's market by introducing a unique service, the analogue of which does not yet exist in the city of Nur-Sultan.

B2B/ B2G/ B2R/B2O

Transtelecom JSC creates digital ecosystems of services in the corporate and state segments, offering modern digital solutions for businesses as part of the implementation of government initiatives. Thanks to our partnership, the railway industry is systematically moving to a "digital track".

Artificial intelligence, Big data, blockchain and other technological solutions provide the railway industry with high-quality analytics, make it possible to identify growth reserves, reduce costs, and save resources. This applies to both business processes of the enterprise and work with customers.

For more than 20 years, Transtelecom JSC has transformed from a company serving exclusively the railway industry into the largest provider in the field of telecommunications and IT services, and has entered international markets. This contributed to the strengthening of partnerships, the development of new promising areas of activity of Transtelecom JSC – and there are many such important milestones that open up new opportunities and transform regions in the history of the company.

The year 2020 saw the establishment of the Public Sector Business Development Block as a full-fledged revenue-generating member of the Company. The first year of operation was marked by the following achievements compared to 2019:

Revenues in the B2B, B2G and B2O sectors amount to

60,114,265
THOUSAND TENGE

88%
share in total revenue

19%
decrease by 2019

~ doubled
the number of contracts has almost doubled

~ 388
MILLION TENGE INCLUDING VAT
the OFD service has shown steady growth with a yield of almost

81%
At the end of the year, revenue growth in the corporate and government segment amounted to 81%, primarily due to an increase in revenue from the promotion of cloud services and data center services, as well as new digital products: information security services, OTT and cloud services

3%
The B2R sector in 2020 showed an increase in the share of total revenue by 3% by 2019

13%
The share of revenue from interaction with international operators amounted to

9%
an increase by 2019 amounted to

Strategic Business Initiatives of Transtelecom JSC in the B2B Sector until 2023

- Expansion of the customer base in Kazakhstan and abroad
- Analysis of market opportunities/competitive position
- Improving the efficiency and competence of employees
- Financial efficiency
- Development of new products and solutions
- Development of internal processes
- Development of competitive areas of business in the company

The project "Video Surveillance System in Kosshi Village" for the Department of Police of Akmola region of the Ministry of Internal Affairs of the Republic of Kazakhstan was successfully presented.

Project "Providing Rural Settlements with Broadband Access via Fiber Optic Communication Lines Technology"

Transtelecom JSC takes an active and direct part in the state program "Digital Kazakhstan", aimed at improving the standard of living of every citizen of the country through the use of digital technologies.

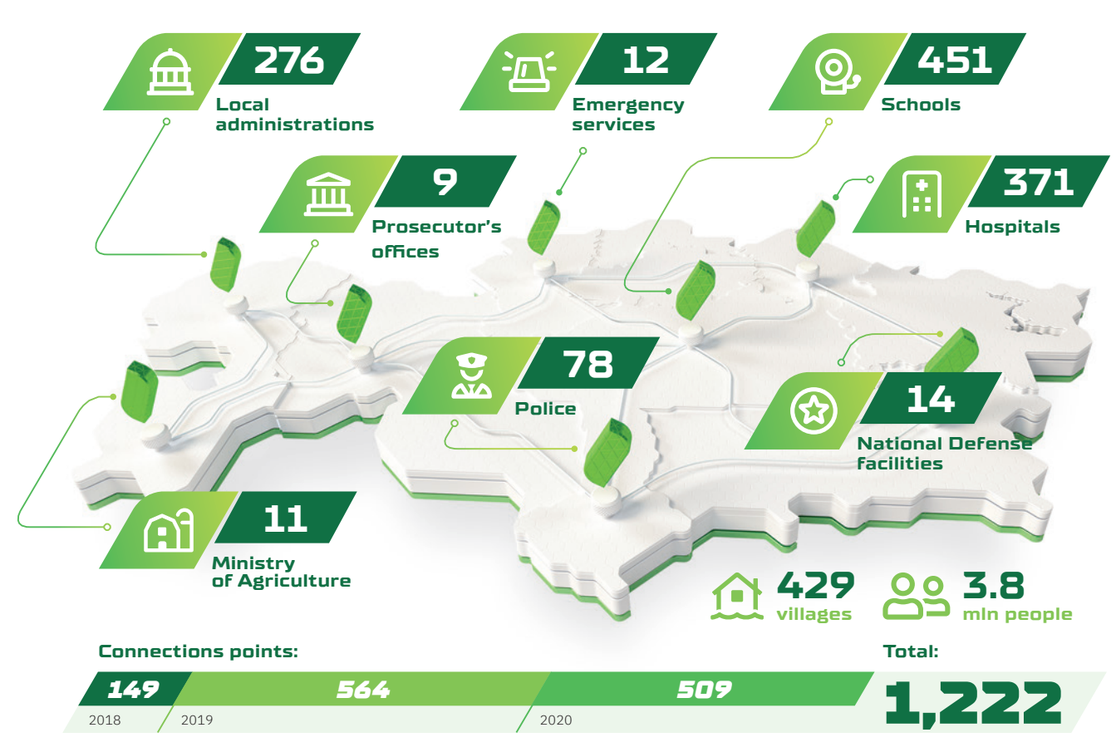
As part of the program, the Company continues to implement a large-scale project to provide broadband access to rural settlements of the Republic of Kazakhstan using the technology of fiber-optic communication lines, which resulted in the construction of 6,000 km of FOCL to connect public institutions in 429 rural settlements in 2020.

Currently, 1,222 social facilities are connected using fiber-optic lines (451 schools, 371 hospitals, 276 local administrations, 12 emergency services, 14 facilities of the Ministry of National Defense of the Republic of Kazakhstan, 11 facilities of the Ministry of Agriculture of the Republic of Kazakhstan, 78 police stations and 9 prosecutor's offices). Connecting government agencies to FOCL provided access to the Unified Electronic Document Management System of government agencies, as well as access to government Internet portals, which made it possible to provide a wider range of services to the population.

Potential coverage of the project is up to 40 thousand subscribers.

The total project implementation period is 3 years (2018-2020)

Results of the project Provision of broadband Access to rural settlements of the RK



In 2020, **600 subscribers** were connected, in 2021 up to **3,000 subscribers** are planned. Work on connecting rural settlements in the Zhambyl, Mangystau, Turkestan, and East Kazakhstan regions is progressing. To date, more than **1,000 rural subscribers** have already been connected. In order to maximize the coverage of settlements, it is planned to carry out this work, attracting partners from the sphere of small and medium-sized businesses, which will attract additional investments to the regions of the republic and create additional jobs in rural areas.

Connecting rural residents contributes to the growth of digital literacy among the population, the development of technological entrepreneurship, and an improvement in the quality of life in rural areas through the use of digital technologies.

We are working with mobile operators, developing individual tariffs for leasing backbone lines to deploy 4G mobile broadband in rural areas of Kazakhstan.

In addition, work is underway on the project "Construction, Possession and Use of FOCL on the Bottom of the Caspian Sea Along the Route Kazakhstan – Azerbaijan (TCFO – Trans Caspian Fiber Optic)". A **380-400 km** long cable laid on the seabed will allow receiving **up to 1 Tbps** of traffic through the Republic of Kazakhstan for 1 year of the project. Start of technical implementation of the project – spring 2021. TCFO will make it possible to realize the transit potential of Kazakhstan in the telecommunications sector, increase the volume of sales of telecommunications services, and create additional jobs both during the construction of the project and during further operation.

Company's Projects

TTC TV Service

Since December 1, 2020, the provision of the TTC TV service has been organized through the cooperation of the Company with the operator of television and radio broadcasting in Kazakhstan – TV Commerce LLP.

TTC TV is a digital television service available through a TV player provided by the service provider or its distributor, as well as through mobile applications for Smart TV, IOS, Android devices.

The purpose of this service is as follows:

01. Increasing the customer base.
02. Expansion of the range of services provided by the Company.
03. Competing with the most advanced local and global products.

Considering that the Company has several competitors in the digital television market, such as AlmaTV, Kazakhtelecom, the OTT set-top box was presented to the B2C segment of the Company, which gives us advantages over competitors, such as:

01. User interface.
02. Remote monitoring.
03. Converting regular TV to Smart TV.
04. Connecting a set-top box from any provider anywhere in the Republic of Kazakhstan.
05. Up to 7 days TV archive.
06. Convenient catalog – search for movies, programs by genre and ratings.
07. Profiles, favorites and browsing history for each family member.
08. Pause, rewind and delayed viewing.

Since the connection of this service in the B2C segment, there has been an increase in the customer base and an increase in the need for new tariff plans with the TTC TV service.

Growth in the number of subscribers using OTT

December, 2020	7,622
December, 2019	421
November, 2019	15

Unified Reference and Information Center (hereinafter – URIC)

The Center provides the population with a wide range of information and reference services at the railway stations of the country.

Total for the period from January 1, 2020 to December 31, 2020, the Help Desk received

739,150 CALLS from fixed line subscribers

94.80% 700 110 served

5.20% 38 421 unanswered

During the same period last year there were

1,526,587 CALLS from fixed line subscribers

97.19% 1,483,673 served

2.81% 42,914 unanswered

There is a decline in inquiries from fixed-line subscribers to the Help Desk in 2020 compared to 2019. This decline is due to the fact that fixed-line subscribers have become less likely to use this type of communication.

"Introduction of the Fiscal Data Operator Service" in Transtelecom JSC

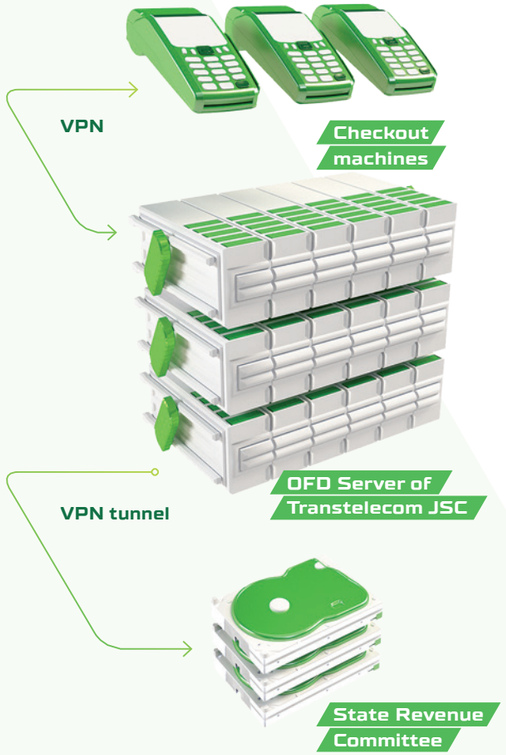
By the order of the First Deputy Prime Minister of the Republic of Kazakhstan – the Minister of Finance (hereinafter – the MF) of the Republic of Kazakhstan No. 363 dated April 19, 2019. Transtelecom JSC was assigned the status of operator of fiscal data (hereinafter – OFD), the launch of the OFD service of which was carried out in the commercial environment on August 31, 2019.
The provision of the OFD service increases revenues and enables the Company to enter a new segment of the market and services. The OFD, as an institution, was introduced in order to reduce the level of the shadow economy in the retail sector, to modernize the existing system of using cash registers (hereinafter – CRs) in the Republic of Kazakhstan, as well as to improve the monitoring and analysis of cash transactions. The introduction of the OFD institute is a state project, and the customer in this project, in accordance with the Tax Code of the Republic of Kazakhstan, is the Ministry of Finance of the Republic of Kazakhstan.

The OFD information system accepts, systematizes, accumulates and stores unchanged information about cash payments with a fiscal sign from each cash register and transmits this data to the system of the State Revenue Committee (hereinafter – SRC) of the Ministry of Finance of the Republic of Kazakhstan.

The OFD service is fully automated and connection to it is carried out through the web portal www.OFD1.kz. Since the launch of the OFD service, to the present, the cost of the monthly subscription fee for the OFD service has been set by the Company in the amount of 1,400 tenge, including VAT.

To date, the OFD service has been successfully implemented in commercial operation, and at the end of 2020 the plan for revenues from the OFD service was exceeded by 11%:

Conceptual Scheme of Interaction CR-OFD-SRC



the number of registered cash registers increased almost 13-fold (or 1 200%) and amounted to

135,342
UNITS

the number of registered customers increased more than 5.9-fold (or 392%) and amounted to

135,635
ORGANIZATIONS

revenues in the context of the OFD service exceeded

387
MILLION TENGE, INCLUDING VAT,

which is 120 times higher than the indicators for 2019

20
EMPLOYEES

have been trained as part of the implementation of the new ITSM system «SMAX»

Complex Works on Stages 3, 4, 5 of Dispatching the Automated System of Information Collection and Gas Metering of KazTransGas JSC

The project "Complex Works on Stages 3, 4, 5 of Dispatching the Automated System of Information Collection and Gas Metering of KazTransGas JSC" (SCADA-system) is included in the State Program "Digital Kazakhstan", approved by the Decree of the Government of the Republic of Kazakhstan No. 827 dated December 12, 2017.

SCADA-system is a toolkit that provides the creation of software for automation of control and management of technological process in real time. The main purpose of a SCADA-created program is to give the operator, controlling the technological process, complete information about the process and the necessary tools to influence it.

Project "Service Management Automation X"

In 2020, Transtelecom JSC made a decision to switch to new software for managing IT services and reengineer IT processes. Based on the results of the tender procedures, it was decided to purchase the information system "Service Management Automation X" (IS SMAX) from Micro Focus.

IS SMAX is a comprehensive system of IT service management and automation of processes for providing IT services to users. The solution is built in full compliance with the ITSM approach and supports the recommendations of the ITIL library of best practices.

The Micro Focus product portfolio includes a wide range of software that makes it possible to create hybrid IT infrastructures, automate all business processes – from application development and testing to service catalog management, incident management, risk management, and predictive analytics data generation. The main users of the company's solutions are large corporate customers: banks, aircraft manufacturers, car manufacturers, government agencies and organizations. The corporation supplies solutions to more than 15,000 customers, including 98 Fortune 100 companies.

The successful implementation of the SMAX IS made it possible to automate the management of service requests, incidents, problems, configurations, changes, knowledge, service level agreements and service catalog. Today, more than 60 specialists of the first line of support and about 600 specialists of the second line of support work in the created IS SMAX system. During the project implementation, integration with Zabbix monitoring system, Unify Open Scape convergent communication system, Active directory and other external systems was carried out, and a self-service portal was created for internal customers and customers of Transtelecom JSC.

As part of the introduction of the new ITSM-system "SMAX", trainings were conducted among the employees of Transtelecom JSC. After the training 20 employees of Transtelecom JSC received certificates, and now Transtelecom JSC can provide technical support to other companies that receive SMAX system services.

Major and Strategically Important Projects of the Company in 2020

SAP Competence Center

In 2019, the Company created, and is currently successfully operating one of the largest SAP Competence Center in the territory of the Republic of Kazakhstan, which includes more than 50 leading Kazakhstani specialists with experience in the introduction and maintenance of SAP systems in various business sectors, more than 60% of whom are certified SAP specialists in the following blocks:

- Finance and Accounting Block (Modules: FI, AA, CO, TR);
- Logistics Block (Modules: MM, SD, PM, PS, PP, CRM, TM);
- Analytical Systems Block (Modules: BW, BPC);
- Consolidation of Financial Statements Block (Modules: BI, FC);
- HR Accounting Block (HCM (HR) system;
- Programming Block (ABAP programming);
- System Administration Block (BC-administration, SolMan).

In 2020, the Company focused on the training and certification of specialists in accordance with the advanced directions in the SAP field, in particular, the specialists of the SAP Competence Center passed the SAP S/4HANA certification in all the main functional areas of SAP.

In addition, the SAP Competence Center has developed its own implementation accelerator based on SAP S/4HANA (turnkey boxed solution). When developing this accelerator, the best world practices were taken into account, which are easily adapted to the market of the Republic of Kazakhstan.

In the reporting year, the Company successfully implemented several projects initiated within the framework of the Business Transformation Program by the Samruk-Kazyna Fund. Including, based on the results of the work, the Company, represented by the SAP Project Manager, received a letter of gratitude for the successful implementation of the project **“Migration of SAP Systems to the New SAP HANA Platform in NC KTZ JSC”.**

Data Center Construction

The project “Development of Infrastructure of Transtelecom JSC to Provide Data Center Infrastructure as a Service” provides for the construction of Data Centers in major cities of the Republic of Kazakhstan to further generate rental income from providing cloud services to potential customers.

The provision of the service will lead to an expansion of the range of services provided and an increase in the income of Transtelecom JSC. This service provides a high level of availability and quality, and this will provide access to cloud services for other projects.

In the process of design and construction and installation work, all the main technical indicators of the Data Center were taken into account:

- Compliance with ST RK ANSI/TIA 942 A 2016 standards (fault tolerance level 3);
- Compliance with the Decree of the Government of the Republic of Kazakhstan No. 832 dated December 20, 2016 (On Approval of Uniform Requirements in the Field of Information and Communication Technologies and Information Security);
- Compliance with the Decree of the Government of the Republic of Kazakhstan No. 191 dated April 3, 2015 (On Approval of Requirements to the System of Anti-Terrorist Protection of Facilities Vulnerable to Terrorism).

Data Centers of Transtelecom JSC are technological facilities provided with the latest equipment, which will ensure the necessary conditions for the operation of IT equipment.

It should also be noted that each data center is equipped with a round-the-clock biometric control system, as well as full control of all checkpoints and passages to buildings, technical rooms.



In addition, the location of the data center in each city has been carefully selected taking into account man-made and natural risks. A certain location makes it possible to create a reservation of services in several cities of Kazakhstan. Data center is a modern equipment in large spacious halls with optimal temperature with an accuracy of up to 1 degree, a system of redundant power supply, able to maintain equipment availability for several days, autonomous heating and water supply systems, enabling to survive prolonged shutdowns. In addition, several levels of physical and information security systems developed by Transtelecom JSC, the site for testing equipment, own communication channels, including those backed up by third-party service providers. If necessary, it is possible to provide a comfortable workplace for the Customer’s specialists – all living conditions are provided in full: from the shower to the dining room.

The Company’s first-ever Data Center Construction Project was already generating revenue in 2020. Thus, the Company has successfully expanded access to cloud services and new customers.

Electronic Document Management System "TTSdocs"

In 2020, Transtelecom JSC entered into an agreement with Dynamics Business Technologies LLP on the acquisition of exclusive property rights to the Electronic Document Management System "TTSdocs" (EDMS) software in order to increase income and expand the Company's product range.

EDMS "TTCdocs" is designed to manage organizational documents, records, group work and business processes in an organization, where the result is an increase in the level of integration, providing the possibility of paperless workflow, ensuring the coordinated work of units, increasing labor productivity by reducing the time for creation, processing and search for documents, simplification of access to corporate information and documents, their safety, the ability to customize the access rights of employees to different types of documents, as well as the ability to build an information architecture of electronic document management on a unified platform with the possibility of centralized maintenance and technical support within the Customer's companies.

The basis of the EDMS functionals is the Adizes methodology. The Adizes methodology is based on the basic principle of organization – just as living organisms have their life cycle and exhibit predictable and repetitive behaviors as they grow and age.

There are also additional features in EDMS:

01. New technologies and a new user-friendly interface, according to the latest version of Angular.
02. New Alfresco platform.
03. It uses the free Alfresco platform and free software.
04. Receiving email notifications.
05. Versioning of attachments.
06. Archive – Destruction of documents (sending documents to the Archive according to the Company's nomenclature (the nomenclature is approved annually), and their destruction upon expiration of the nomenclature).

EDMS "TTCdocs" is one of the flexible and versatile electronic document management systems on the IT market, as suggestions and comments on improvements received from large organizations in our country during the demonstration of the EDMS functionality and capabilities have been taken into account and implemented in the current version.

"SMART KASIPODAQ"

The purpose of this project is to coordinate and support the activities of trade union organizations to protect and represent the rights and interests of workers.

Description of the project:

- all trade union organizations of the Federation of Trade Unions of Kazakhstan (FTUK) in one application;
- tracking and control of the activities of all primary trade union organizations;
- provision of online services to members of trade unions.
- creates effective communication of the trade union association with the employer and members of the trade union;
- large coverage and ease of use;
- has no analogues in the Republic of Kazakhstan.

With just a smartphone, any union member can get comprehensive information or assistance on labor laws; seek legal assistance or write directly to the FTUK; make a proposal for a draft collective bargaining agreement; learn about occupational safety measures and current labor disputes; receive benefits, preferences and discounts in Partner networks; and read news about their union.

The system has a web interface and a mobile application.

The development of the information system began in December 2019 and the work within the requirements of the Terms of Reference was completed in the period from December 2019 to March 2020. In April 2020, mobile applications were published in PlayMarket and AppleStore.

The data of Transtelecom JSC trade union members and chairs (about 2,500 people) were uploaded to the system database.

In May 2020, training was conducted on working with the SMART KASIPODAQ system for the chairs of the primary trade union organizations in the branches of the Company, then the pilot operation of the system in the Central Office and branches began. AIS "SMART KASIPODAQ" was put into permanent operation.

Pilot operation of the SMART KASIPODAQ system is underway in the Almaty and Kostanay branches of the Yntymak Regional Public Organization, about 1 000 new users are entered into the system.

Project "Automated Notification System "Dabyl"

In order to improve communication between personnel through sms and voice messages from the Ministry of Defense (MoD) of the Republic of Kazakhstan, a request was received regarding the implementation of the online notification system "Dabyl". Automated notification system "Dabyl" is designed for automatic transmission of voice and SMS messages (alerts) on switched telephone lines, cellular channels, and contains a built-in message dictionary, as well as the formation of messages when using a microphone. Subscribers can be notified according to the general list, in the group of private lists and individually.

During the development of the Notification System "Dabyl", the main requirements for the System were defined to automate the work of duty shift officials (operational duty officers, duty officers of military units (institutions) when transmitting signals of combat control and notification, and agreed with representatives of the Department of Informatization of the Defense Ministry the Republic of Kazakhstan. In addition, to send SMS messages and voice audio signals, integration with an SMS aggregator, XTECH LLP (Kazakhstan), was performed.

As of December 31, 2020, the development team is working to improve the System for further implementation at the facilities of the Ministry of Defense of the Republic of Kazakhstan.

ACS "Traction Power Supply Dispatch"

The Automated Control System "Traction Power Supply Dispatch" (hereinafter – TPSD ACS) is one of the largest energy saving projects on the railroads of Kazakhstan. Its main purpose is to reduce the consumption of fuel and energy resources for traction. It is carried out by comprehensive automation of business processes in the locomotive department through the introduction of an electronic route for the driver.

As a single integrator for the implementation of automation and telecommunications solutions for the group of companies of National Company Kazakhstan Temir Zholy JSC, the Company implemented the TPSD ACS project in 2013-2015 on the principles of the service model. Today, almost all locomotive traction in the country is equipped with high-precision equipment for measuring diesel fuel consumption and electricity consumption.

1,000

NEW USERS

entered into the system as part of the pilot operation of the SMART KASIPODAQ system

The project also deployed the core of the central level of the energy efficiency management system, which has no analogues in the post-Soviet space. It is based on the implementation of a unique business scheme for the further maintenance of the system and maintenance of locomotives throughout the entire life cycle of the project. Services are provided on the basis of a quality SLA.

The project provides measurement of technological parameters of fuel equipment and diesel generator, reliable and accurate calculation of diesel fuel residue and consumption for certain time periods, control and comparison of actual diesel fuel/electricity consumption with standard values under various operating modes of diesel locomotive/electric locomotive, indirect diagnostics of diesel locomotive fuel equipment.

The created system makes it possible to form an electronic route for the driver, relying on the volume of the locomotive operation parameters taken by the sensors, the information entered from the driver's visualization unit and from remote terminals.

The system provides the user with an automated tool for assessing the level of skill and discipline of locomotive crews, analyzing the modes and real workload of each locomotive to take measures for their rational use on work sites and routes.

Architecturally, the TPSD ACS contains 3 levels: central server, locomotive and locomotive depot. The first level is the locomotive level, where technical parameters are collected and more than 80% of all information collected by the system is generated. At this system level (on each locomotive) several devices are installed, such as GPS receiver, Tetra antennas, GPRS, fuel sensors, coolant temperature sensors, oil sensors, diesel generator speed sensor, analog and discrete signal acquisition module.

According to the results of 2020, calibration was carried out within the framework of the commitments made

679

SECTIONS OF DIESEL LOCOMOTIVES

A total of 24 parameters are measured at the locomotive level (4 parameters common to diesel and electric locomotives, as well as 12 parameters on diesel locomotives and 8 parameters on electric locomotives). This data is used to generate various reports and further to fill in the driver's route automatically.

Measuring equipment (level, density and temperature sensors) has certificates on the type of measuring instruments and calibration certificates of authorized bodies in the field of metrology.

The following most significant modifications have been implemented as part of the support services for access to the TPSD ACS:

- introduction of the "Auto Equip" algorithm, which eliminated the influence of human factor in the data accounting;
- Modification of the "Electronic Driver's Route" and "Working Time Record" modules, which made it possible to further automate this accounting process;
- Modernization of the "Overhaul Mileage Control" module, which provided more flexibility for its further development;
- The transition to the technology of server virtualization of ADMS software was carried out, which allowed both to update the infrastructure of the system, and to obtain a significant increase in productivity for the customer, while simultaneously increasing the reliability of the system.

According to the results of 2020, 679 sections of diesel locomotives were calibrated within the framework of the undertaken obligations, which is 55% of the total volume of work.

In addition, in the reporting year, the Nur-Sultan station began to integrate data between the TPSD ACS and fuel dispensers on the amount of diesel fuel dispensed in the pilot mode.

When the TPSD ACS reaches its design capacity, the customer of the project (KTZ-Freight Transportation JSC) received a significant positive effect in saving fuel and energy resources for train traction in 2014-2020.

ACS Magistral

In 2020, the Company continued the successful implementation of the Magistral Automated Control System Project. The uniqueness of this project lies in the development of a new approach to diagnostics, organization of repair work, control and analysis, implementation of the latest developments in the field of railway track diagnostics. At the moment, the Company has introduced 6 units of the latest mobile diagnostic systems and provides a service for diagnosing mainline railways for NC KTZ JSC through the service model.

In 2020, through the introduction of mobile diagnostic complexes, the Company will diagnose about 280 thousand km of railroad track with detection of faults. The software "Control and Analysis of Pre-failure Condition of Continuous Welded Railway Track", which is used for successful predictive analysis of the pre-failure condition of the continuous welded railway track, was also made available to NC KTZ JSC. Timely elimination of identified / predicted malfunctions ensures the maintenance of train traffic safety at a sufficiently high level.

Mobile diagnostic complexes have been diagnosed about

280

THOU. KM OF RAILWAY TRACK

As part of the project «Video surveillance system in the village of Kosshy» were installed

62

including 54 stationary and 8 PTZ cameras

CAMERAS

Project "Video Surveillance System in the Village of Kosshy"

In December 2020, the Company successfully implemented the project "Video Surveillance System the Village of Kosshy" for the Main Department of Police of the Akmola Region of the Ministry of Internal Affairs of the Republic of Kazakhstan.

Within the framework of the project, 62 cameras were installed, including 54 stationary and 8 PTZ cameras, as well as 66 cameras in the Lesnaya Polyana residential area were restored, a mini-center for operational management was put into operation and an "all-seeing eye" was installed after analyzing the crime situation.

The video surveillance system determines the license plates of cars, making it possible to monitor the situation in the village in real time, promptly respond to offenses and crimes and dispatch the nearest police units in a timely manner.

Works on Installation of the Video Surveillance System for West Tuzkol Field Facilities

In 2020, the Company provided a wide-scale IT service – work on setting up video surveillance at the West Tuzkol field. The West Tuzkol field was discovered in October 2010 by receiving oil free-flowing in the West Tuzkol 1 well. The West Tuzkol field is the largest in the license block with recoverable C1 reserves.

Cameras with face detection and temperature measurement functions, intelligent analytics, special false alarm filter allows the system to focus only on measuring a person's temperature, ignoring other objects.

IT Projects

Successful implementation of IT projects helps to strengthen the Company's position in the market. Thus, in 2020, projects such the following were implemented: IT infrastructure management services, printing services, organization of videoconferencing, maintenance of IT solutions, video surveillance and ACS, development/calculation/creation of design and estimate documentation, maintenance of fire/security alarm/safety/video surveillance systems and similar equipment, comprehensive turnkey IT work, services of a virtual data center, WEB-service, authorization, commissioning works on video surveillance system with the analysis of the recognition of the state registration plates for vehicles, construction of local networks, construction of fiber-optic communication cable, installation of lighting systems, infrastructure network construction, vehicle monitoring services through a GPS-monitoring system and so on.

National Information Technologies JSC

By the Decree of the Government of the Republic of Kazakhstan No. 40 dated January 29, 2016, NIT JSC was assigned the status of an operator of information and communication infrastructure of "electronic government", in other words, an integrator of communication services for government bodies. Thus, NIT JSC is one of the key corporate and strategic customers of Transtelecom JSC.

In 2020, close cooperation between the Company and NIT JSC has continued:

- The lease of IP VPN communication channels was provided
- The partnership between the two companies continued to develop as part of the project "Provision of Broadband Access to Rural Settlements of Kazakhstan Using Fiber Optic Communication Line Technology" (rural settlements 250+).

Thus, the Company provides full assistance, providing quality access.

Customer Base

The customers of the Company are individuals and corporate users and telecom operators. Our partners are major companies for which high-quality telecommunications services are a prerequisite for doing business.

For many years, the corporate customers of the Company includes well-known international telecom operators, such as: British Telecom, ChinaTelecom, China Mobile, China Unicom, RETN, Veon, MegaFon, CenturyLink, Orange and others, which indicates the ability to conduct reliable cooperation at the highest level.

As a backbone operator, the Company is interested in mutually beneficial cooperation with all "recognized" and "alternative" telecommunications operators engaged in both fixed and mobile communications. The capabilities of backbone and regional operators always favorably complement each other, which creates an objective basis for the implementation of attractive schemes of inter-operator cooperation.

There are international joints with telecom operators of the Russian Federation, the People's Republic of China, the Kyrgyz Republic, the Republic of Uzbekistan, and the Republic of Turkmenistan (under implementation). These international joints give Transtelecom JSC the status of a primary provider in the domestic market of Kazakhstan, allow it to purchase Internet access services from different providers, and thereby create a full reserve of Internet access services and improve the quality of services provided. International junctions also allow for new orders from international partners for leasing communication channels and transit channels to Central Asia and China, thereby significantly increasing the Company's revenues.



Backbone fiber-optic communication lines



Transtelecom network

Kazakhstan Temir Zholy network

Partners and Contracting Parties

The Company is one of the leading telecommunications operators in Kazakhstan, providing a wide range of services – from international, long-distance, local telephony, Internet access, data transmission channels over VPN network, private IPLC communication lines and up to provision of high-speed backbone links throughout the territory of Kazakhstan.

This testifies to the ability to conduct reliable cooperation at the highest level. As a backbone-level operator, the Company is interested in mutually beneficial cooperation with all telecom operators. Over the past few years, tremendous work has been done to create the image of Kazakhstan's leading transit backbone operator, bringing the number of geographically independent cross-border crossings along the entire perimeter of the RK border to 26:

- 13 on the border with the Russian Federation;
- 2 on the border with Uzbekistan;
- 5 on the border with China;
- 6 on the border with Kyrgyzstan.

Work is also underway on docking with the communications operator of the Republic of Turkmenistan.

These connections with international telecommunications operators give the Company the status of a primary provider in the domestic market of Kazakhstan, and also make it possible to purchase Internet access services from various TIER-1 and TIER-2 providers and, thereby, create a full reserve of Internet access services and improve the quality of services provided.

For many years Transtelecom JSC has been active in providing quality communications services in the domestic and international markets. Our partners are major telecommunications operators for whom high-quality telecommunications services are a prerequisite for doing business.

In 2020, as part of the development of relationships with telecom operators, the partner network of Transtelecom JSC was expanded. A new additional channel with a capacity of 100 GB was organized in the direction of China via the TRANS.KZ network, together with our partner RENT on IRU terms for 10 years.

Also in the city of Almaty a POP-node (point of presence) was organized for Chine Telecom.

All this makes it possible to increase the partnership network of the Company to which there is great interest from international operators as a reliable and promising partner.

Participation in Charters and Associations

The Company does not make any type of donation to political parties, politicians, or related organizations, nor does it make any type of community investment. During the reporting period, the Company did not make any commitments or support charters or initiatives in the economic, environmental and social spheres as part of its work with external parties.

The Company is a member of the following organizations, which often de-termine the effective functioning of a telecom operator:

- National Chamber of Entrepreneurs;
- National Telecommunications Association;
- Internet Traffic Exchange Center;
- RIPE;
- FIRST.

National Chamber of Entrepreneurs (NCE) is a non-profit organization created to strengthen the bargaining power of business with the Government of the Republic of Kazakhstan and government agencies. The Chamber of Entrepreneurs represents the interests of small, medium and large businesses, covering all areas of business, including domestic and foreign trade.

Transtelecom JSC has been a member of this organization since its foundation in 2013.

National Telecommunications Association (NTA) is a non-profit organization, an association of legal entities with relevant licenses, whose main activity is the provision of telecommunications services. This is a voluntary association of companies recognized as leaders in the telecommunications market, which most fully reflects the diverse interests of alternative telecom operators. Membership in this organization allows companies to gain first-hand experience of other telecommunications operators, to take part in developing proposals for improving the legislative framework in the field of telecommunications, to receive assistance in the field of staff development activities, to participate in the development of uniform technical standards for telecommunications equipment.

Transtelecom JSC is one of the oldest members of NTA and has been a member since 2003.

Internet Traffic Exchange Center is an association that provides primary Kazakhstani Internet service providers with the opportunity to exchange IP traffic according to uniform rules and conditions of connection. The Company has been a member of the Internet Traffic Exchange Center since 2010.

RIPE (Réseaux IP Européens) is an international organization of Internet registries that distributes Internet resources and performs related registration and coordination activities to globally support the functioning of the Internet. Transtelecom JSC has been a member of RIPE since 2006.

FIRST (The Forum of Incident Response and Security Teams) is an international organization in the field of computer incident response. FIRST membership allows incident response teams to respond to security incidents more effectively, both reactive and proactive.

FIRST brings together a variety of computer security incident response teams from government, commercial and educational organizations. The purpose of FIRST is to foster collaboration and coordination in incident prevention, stimulate rapid incident response, and facilitate the exchange of information between members and the community at large.

In addition to the web of trust that FIRST builds in the global incident response community, FIRST also provides value-added services. Here is some of them:

- access to the latest best practice documents;
- technical colloquia for security experts;
- hands-on training sessions;
- annual incident response conference;
- publications and web services;
- special interest groups.

Currently, FIRST has more than 400 members located in America, Asia, Africa, Europe and Oceania.

04. Financial Results

Financial analysis as of December 31, 2020.

Key Financial Indicators	066
Investments	067



3,864 MLN TENGE
Net profit

69,654 MLN TENGE
Revenues

Key Financial Indicators

Revenue for 2020 is

68,452

MLN TENGE

incl. revenue from communication services amounted to

29,496,511

THOUSAND TENGE

Structure of operating income, thousand tenge

	2019	2020
communication services	30,718,504	29,496,511
IT services and projects	51,222,190	38,956,078
other services	154,005	132,541
Total operating income	**82,094,699**	**68,452,589**

Net profit

3,864,081

THOUSAND TENGE

Net profit for 2019

+43%

Net profit for 2019 – 2,708,133 thousand tenge.

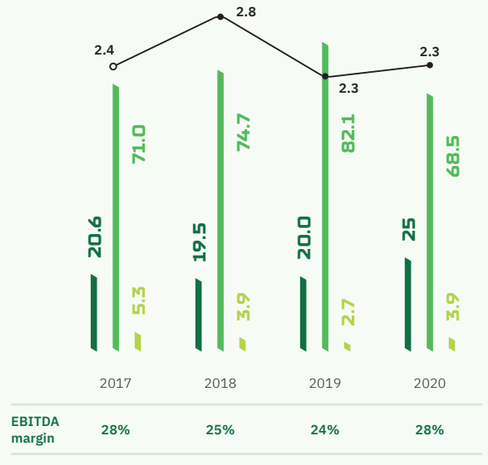
ROA (Return on Assets)

2020	2.6%
2019	2.4%

ROE (Return on Equity)

2020	13.2%
2019	10.1%

Return on Assets and Return on Equity showed positive dynamics associated with an increase in net profit.



In 2020, operating expenses increased by 18% to

1,281,431

THOUSAND TENGE

Indicator	Amount (billion tenge)
Revenue	68.5
Other income	1.1
EBITDA	25
EBT	5.1
CIT	1.2
Net profit	**3.9**

Investments

Transtelecom JSC is aware of its responsibility and strives to ensure that its investments contribute to the development of the production and economic base in the regions of its presence.

Investment portfolio projects

	bln tenge
Development of NSC data center infastructure as a service	4.7
Modernization and development of the transit network (Core 1)	0.8
Constraction of IP network of Transtelecom JSC	2.4
Last milles in branches	1.5
ACS Magistral	2.9

05. Sustainable Development

The year 2020 opens a decade of decisive action to achieve the Goals by 2030.

Transtelecom JSC's activity in the field of sustainable development is based on the principle of responsible business conduct and innovative potential, which opens up new opportunities for economic growth, environmental and social well-being.

Interaction with Stakeholders	072
Personnel	076
Procurement	094
Environmental Protection	096



9,885,833
THOUSAND TENGE
Services for lease of main FOCL channels

6,942,213
THOUSAND TENGE
Internet access services



Transtelecom JSC is committed to 17 Sustainable Development Goals by integrating the principles of sustainable development into its activities. Transtelecom JSC realizes that environmental and social problems reflected by each of the SDGs are relevant and have an impact on any organization.

The year 2020 opens a decade of decisive action to achieve the Goals by 2030.

Transtelecom JSC's activity in the field of sustainable development is based on the principle of responsible business conduct and innovative potential, which opens up new opportunities for economic growth, environmental and social well-being.

The Company focuses on improving the quality of life in the communities where it operates, enhancing the quality of its services through innovative technologies, social and educational programs, transparency of operations, and reducing the negative impact on environmental issues.

The Company has committed itself to the following principles:

01. **In the field of human rights:** support and respect the observance of human rights proclaimed by the international community, ensure its noninvolvement in human rights violations.
02. **In the field of labor relations:** support freedom of association and the recognition in practice of the right to collective bargaining, advocate the elimination of all forms of forced labor, advocate the total eradication of child labor, advocate the elimination of discrimination in the field of labor and employment.
03. **In the field of environmental protection:** promote the prevention of negative impacts on the environment, undertake initiatives aimed at increasing environmental responsibility, promote the development and dissemination of environmentally friendly technologies.
04. **In the field of combating corruption:** oppose all forms of corruption, including extortion and bribery.

The Company's sustainability activities are largely determined by the specific nature of the telecommunications industry. Today, information technology is embedded in almost all spheres of the company life and has become the driving force behind the development of the company. The ability to use the most modern technologies in the telecommunications market, combined with a high level of professional competence, allows the Company to systematically improve the quality of work and life of the people of Kazakhstan.

Sustainable development is an integral element of the business strategy of Transtelecom JSC. This principle guides our approach to innovation, development and implementation of new products. The Chairperson of the Company's Management Board, the Board of Directors and the Management Board of the Company jointly provide strategic guidance in the area of sustainable development, while specialists from among employees implement specific programs and initiatives.

Contribution of Transtelecom JSC to the Community

Name	Unit of measurements	2019	2020
Shareholders			
Dividends	mln tenge	1,580	-
Employees			
Total number of employees	people	3,171	3,568
Labor costs	mln tenge	9,524	10,602
Investment in training	mln tenge	180,765	69,042
Contributions to the pension fund	mln tenge	893	947
Occupational safety costs	mln tenge	68	77
State			
Income tax	mln tenge	1,104	1,240
Community			
Membership dues, payments to trade unions, charitable programs	mln tenge	46	52

Transtelecom JSC provides jobs for more than 3,500 people. The Company's employees are the main component of sustainable growth, and the Company pays special attention to creating favorable and safe working conditions. The personnel policy of the Company is aimed at strengthening the personnel potential, building an effective motivation system and creating conditions for the full development of personnel. Transtelecom JSC has developed documents regulating the Company's actions in the field of sustainable development, including the Corporate Governance Code, Personnel Policy, Environmental Policy, and is also developing a Policy of Corporate Social Responsibility defining the principles of the Company's social responsibility.

Introduction of energy-efficient and environmentally friendly technologies is an obligatory component of Transtelecom JSC's short- and long-term plans.

The Company's sustainable development activities include creating favorable working conditions, ensuring workplace safety, protecting the environment, supporting the social and economic development of the regions where it operates, and improving the quality of life of the population. Transtelecom JSC strictly adheres to the principles of economic, environmental and social well-being of its stakeholders and views this as an investment in the future.

Interaction with Stakeholders

Implementing the principle of active dialog with stakeholders, Transtelecom JSC strives to ensure the highest level of openness and transparency of its activities. The Company maintains active communications with all stakeholders, providing relevant information on all aspects of its activities in a timely manner and responding to stakeholder requests and wishes.

Transtelecom's Approach to Stakeholder Engagement

Interaction with stakeholders is the key to the necessary conditions for creating long-term value, achieving strategic goals and forming the positive reputation of Transtelecom JSC. Building constructive relationships with both external and internal stakeholders allows for more equitable and sustainable social development, better risk and reputation management, and a comprehensive assessment of the business environment and market. It is important for us to know how the stakeholders see Transtelecom JSC, what their needs and expectations from business and social, environmental and charitable initiatives are.

Social partnership, mutually beneficial cooperation, respect, openness and trust are the basic rules that guide the Company in any interaction with stakeholders.

The basic principles and priorities of stakeholder engagement are reflected in the corporate documents of Transtelecom JSC: The Code of Conduct and the Corporate Governance Code. By forming new and constantly improving existing corporate governance mechanisms and procedures, the Company seeks to protect the rights and harmonize the interests of all stakeholders.

Stakeholders map



The stakeholder map identifies three concentric areas of influence of the Company on a particular stakeholder:

Area of authority/ responsibility

Stakeholders are identified in this area who are directly subordinate to the Company.

Area of direct influence

Stakeholders directly influenced by the Company are identified in this area.

Area of indirect influence

This area includes stakeholders indirectly influenced by the Company.

The approach to engagement is based on the following principles:

- regular constructive dialog;
- partnership;
- mutually beneficial cooperation;
- trust and sincerity;
- publicity and transparency;
- fulfillment of the assumed obligations.

he Company's key stakeholders include:

- shareholders;
- unions;
- customers;
- suppliers;
- employees;
- government agencies;
- the media and local communities.

Shareholders

The Company is aimed at continuous development and increase of its value for the benefit of its shareholders. Transtelecom JSC follows the best corporate governance practices and cares about its reputation. The Company provides all shareholders with equal access to information about Transtelecom JSC and its financial position, as well as observes absolute equality of shareholders' rights. The main sources of information are mandatory disclosure documents: Annual report, financial statements, corporate website of Transtelecom JSC.

According to the Articles of Association of Transtelecom JSC, the Company is managed by the General Meeting of Shareholders. The Board of Directors and the Management Board of the Company respect and protect the rights of shareholders. Shareholders are interested in the Company's financial results, but do not lose focus on non-financial indicators that testify to the quality of the Company's management, such as corporate governance, customer and supplier relations, operational safety and contribution to local communities.

Personnel

Interaction between the Company and its personnel is aimed at developing human capital and forming cooperative relationships.

Employees' salaries, social package and social guarantees, career development, safety and working conditions fully comply with the laws of the Republic of Kazakhstan, regulated by the employment contract and the Code of Business Ethics. The Company values the contribution of each employee and builds relationships with employees on the basis of respect and cooperation, encouraging initiative, responsibility and achievement of ambitious goals. These principles help employees to improve their efficiency and achieve high professional results.

Suppliers and Consumers

The long-term success of the Company is impossible without comprehensive consideration of the external factors of the Company's environment. Sustainable development of suppliers and consumers is among the key external factors.

The Company is a reliable and conscientious partner and timely fulfills its obligations to suppliers and consumers. Transtelecom JSC adheres to the principles of transparency, fair competition and anti-corruption. The Company does not accept unfair competition methods and does not participate in collusion. The Company is focused on long-term business cooperation and provides its partners with all the necessary information, remaining open to dialog and taking into account the position of the other side.

According to the State Standards of the Republic of Kazakhstan and the standards of the Corporate Standardization System, Transtelecom JSC regularly monitors the quality of services.

Government Authorities

The Company strives to build and maintain stable and constructive relationships with government and local authorities based on the principles of responsibility, honesty and respect for mutual interests. Transtelecom JSC actively participates in committees and working groups on amendments to laws and legislative acts of the Republic of Kazakhstan.

The Company does not support political parties and politicians; the Company's voluntary contribution to the welfare of the country, beyond the legal minimum, consists in extensive charitable and sponsorship activities.

Local Communities

Local communities have a significant impact on Transtelecom JSC by shaping the environment and being a source of key resources for the Company. Transtelecom JSC implements several projects related to education, job creation, cultural events, health care, infrastructure development, landscaping and greening of regions for local communities. Interaction with local communities for Transtelecom JSC is a systematic activity, which has a positive impact on the atmosphere and the psychological climate in the regions of presence.

In 2020, the Company's vacancies were staffed 100% from local residents.

Mass Media

Observing the rules of information disclosure of Transtelecom JSC, the Company maintains a high degree of transparency, as well as a constructive dialog with the mass media, regularly holding press conferences and reporting on the work carried out in the national publications.

The most important channel for disseminating information that is accessible to the greatest number of interested parties is the Company's official website (www.ttc.kz), in particular the "About the Company" section of the website (www.ttc.kz/ru/About/history/). On these resources you can find the latest news of the Company, financial and production indicators, reports and other useful information about the Company's activities, as well as documents regulating the activities of the management and control bodies of Transtelecom JSC, such as Articles of Association, Regulations on the Board of Directors, Regulations on the Management Board. Adhering to the principle of equal accessibility of information for all interested parties, Transtelecom JSC publishes information posted on the official website in three languages: Russian, Kazakh and English.

Consumer Privacy

Transtelecom JSC prioritizes privacy and protection of customer information.

The Company has determined the circle of employees who have authorized access to the data of consumers and customers of the Company. Moreover, for the Company, the customer base is a strategic and trade secret.

Disclosure of information about the customer database to third parties, in relation to Transtelecom JSC, is carried out only at the request of the authorized bodies of the Republic of Kazakhstan.

During the reporting period, there were no cases of loss of customer data in the Company, as well as no complaints regarding violation of consumer privacy and loss of customer data.

Personnel

Workplace Safety



Occupational Safety

Preventing health hazards, accidents and injuries is a key element of our company's sustainable strategy and an integral part of our business processes. Health and safety and the successful management of technical risks play an important role in protecting our employees and assets, thereby contributing to the Company's competitiveness. The unconditional priorities of Transtelecom JSC in the field of occupational health and safety are to ensure accident-free operation of production facilities, as well as to increase the safety level of the Company's employees, reduce occupational injuries and occupational diseases. The Company is committed to the concept of zero injuries, and the year 2020 is indicative of this.

Analysis of Injuries for 2019–2020

Name	2019	2020
Total number of accidents	3	0
including minor	1	0
including major	2	0
including fatal		0
including with disability	-	0
including group	-	0
Number of victims	3	0
Total number of days of inability to work	337	0
The material damage amounted to (in thousand tenge):	**1,737**	**0**
Disability sick leave payments (in thousand tenge)	1,737	0
Lump sum payments (in thousand tenge)	-	0
Total material damage for 3 years amounted to (in thousand tenge):	**31,815**	

All incidents that occurred during the performance of work in the Company are subject to registration and investigation. This requirement has been brought to the attention of all employees of the Company and contractors, with an emphasis on its implementation.

Each incident is thoroughly investigated to gather the facts, identify root and underlying causes, identify management failures, and provide recommendations to correct them and prevent future recurrences. In 2020, the Company did not register a single case of industrial injuries.

Transtelecom JSC confirmed the compliance of its management system with the requirements of the new international standard ISO 45001:2018. The work to implement the requirements of ISO 45001:2018 was carried out according to the developed action program from the beginning of 2020 until the inspection audit of the integrated management system (IMS), within which a certificate of compliance with the above standard was obtained. This audit was conducted by an independent certification body Russian Register LLP.

In accordance with the Company's Health and Safety Policy ("H&S"), the commitment of senior management to workplace safety is reinforced by the following commitments of line managers and employees:

Each line manager is committed to being an H&S leader, ensuring knowledge and application of H&S requirements, acting to protect the health and safety of employees and contractors.

All employees and contractors are aware of their personal responsibility for H&S and the right to openly report any H&S issue. Each employee's intervention if unsafe behavior is detected is encouraged, and each employee has the authority to stop work if necessary.

In order to ensure the thorough implementation of H&S processes, the Company regularly conducts control checks.

Control

The Company carries out a set of measures to ensure occupational safety and health, in strict accordance with the requirements of the laws of the Republic of Kazakhstan, international and national standards, and internal documents of the Company in this area. The Company operates according to the documented procedure of the integrated quality management system "Occupational Health and Safety Management System", developed in accordance with the requirements of the laws of the Republic of Kazakhstan, international and national standards.

In accordance with the laws of the Republic of Kazakhstan, the Company has established and successfully operates the Occupational Health and Safety Service (both in Central Asia and in each regional branch). The main functions performed by employees of the Occupational Health and Safety Service:

- internal control for occupational health and safety;
- identification of risks and dangers;
- training of personnel in occupational health and safety.

Internal control over occupational health and safety in the Company is carried out through comprehensive, targeted, administrative inspections, self-monitoring, spring and fall inspections.



The process of identifying risks and hazards



Administrative inspections in the branches of the Company are carried out in two stages – the first and the second:

The first stage of inspection is carried out daily by the immediate supervisor of works (site manager, senior electrician, foreman, etc.) at the place of his/her permanent presence or location during the period of inspection.

The second stage of inspection is carried out on a monthly basis by a commission consisting of one of the branch managers (managing director, deputies, chief engineer), head of the inspected unit and technical inspector, according to the schedule approved by the first head of the branch.

An occupational health and safety engineer checks and provides methodological assistance to each unit of the branch at least 4 times a year (depending on their number and the calculation that 60-70% of his/her working hours should be at the work sites), and to the shops performing hazardous work (local network, technical unit of local network, etc.) – at least 6 times a year.

Comprehensive and targeted inspections are carried out by the Company's Occupational Health and Safety Service (hereinafter the OH&SS) in the Company's structural units and branches.

Based on the results of inspections, the performance of the inspected branch and the activities of the HS engineer are evaluated according to the methodology developed in the OH&SS.

Leadership and Engagement

The Company has implemented a program to improve the competence of line management in the field of OH&S. In 2020, the Company conducted training for line managers and top management of the company. We believe that effective control and prevention of incidents depends on the level of competence of top and line management, and the first step in improving their competence was provided through training that addressed such priority areas as OH&S risk management, investigation and recording of incidents and potentially dangerous situations, the COVID-19 pandemic employee action algorithm, OH&S inspections and audits and other elements.

Identification of risks and hazards is an ongoing process. The Company has developed an OH&S Risk Management System. This document establishes a system of risk acceptability criteria and highlights a unified approach for the selection of risk assessment tools, as well as consistency in the application of risk acceptability criteria.

In each branch of the Company, groups of employees work under the guidance of technical specialists, who regularly compile and recheck the register of hazards and risks, if necessary, supplement newly discovered ones, or exclude irrelevant ones. In addition, once every 5 years, in accordance with the laws of the Republic of Kazakhstan, all production facilities undergo workplace certification for working conditions. Based on the identified hazards, risks and inconsistencies, measures are developed to improve working conditions. Occupational health and safety measures are financed at the expense of the Company. Necessary funds for occupational health and safety are allocated annually under the collective bargaining agreement. The employees do not bear the costs for these purposes.

Employees who experience harmful or dangerous factors in the performance of their job duties, in accordance with the laws of Kazakhstan, undergo annual periodic medical examinations, are provided with personal and collective protective equipment, receive additional payment for harmful working conditions, additional leave, special food (milk).

923

EMPLOYEE

successfully completed training with obtaining the appropriate certificates, certificates and protocols

Occupational health and safety training is carried out strictly in accordance with the laws of the Republic of Kazakhstan. In 2020, at the expense of the Company, 923 employees successfully completed training with the receipt of relevant certificates and protocols. Personnel were trained in occupational health and safety, industrial safety, fire safety, environmental safety.

As part of the Emergency Response Training and Exercise Plan for 2020, several thematic discussions and drills were conducted.

Since September 2020, the Company, along with other Kazakhstani telecommunications operators, became part of the Republican Civil Protection Service of the Ministry of Digital Development, Innovation and Aerospace Industry (Order of the Ministry of Digital Development, Innovation and Aerospace Industry No. 239/HK dated September 20, 2019). For the first time, as part of this service, our Company took an active part in the command and staff training "Kys-2020" conducted by the Ministry of Emergency Situations. In addition, in November 2020, as part of internal measures for civil defense, the Company held a command and staff exercise "Apat-2020".

As part of measures to improve the mobilization readiness of company employees in case of emergencies, on December 7, 2020 in the office building of the company, located at Kabanbay Batyr Street, building 28, an internal training was held.

In order to improve the safety culture and engagement of the Company's employees, training sessions were held for 352 company employees in 2020. These trainings are used as a tool for injury prevention when performing hazardous work.

Health Care in a COVID-19 Pandemic

The Company is aware that staff work involves certain health risks, especially in the context of the spread of COVID-19 coronavirus infection. Transtelecom JSC has undertaken to achieve high standards in the management of these risks, not being limited by the requirements of legislative norms. Thus, an algorithm for COVID-19 nonproliferation was developed and implemented, which prescribes the actions of workers in case of incidents related to infection. Health indicators are a necessary part of effective management and promotion of occupational health and safety. Signs of infectious diseases can manifest themselves over a period of time, so monitoring and early warning systems are obviously needed before diseases develop or accidents occur. We also see a need for proactive systems and reporting metrics in this area. In this regard, in accordance with the established algorithm, we are able to identify and track both infected and contact workers.

COVID-19 Statistics for 2020

Infected with COVID-19	59
Infected with pneumonia	17
Recovered	75
Deceased	1

Occupational Health and Safety Strategic Plans

- Compliance with OH&S Management System requirements
- OH&S leadership and monitoring
- Technological safety
- Management of risks
- Compliance with legal requirements
- Ensuring the safety of employees

Occupational Health and Safety Strategic Plans for 2021

- Maintaining the concept of "zero injuries" in the Company
- Scheduled hazard identification and risk assessment
- Participation in the development of digitalization of health and safety management system processes
- Introduction of a digital format for testing OH&S knowledge within the Company
- Rating of the Company's branches according to the state of OH&S
- Participation of OH&SS in the training of management and responsible employees within the framework of the activities of the corporate university
- Carrying out measures to improve safety culture in the Company
- Updating internal regulatory documents of the OH&SS.

Staff Reserve and Talent Pool



At the beginning of 2020, Transtelecom JSC formed a staff reserve and a talent pool of 123 people from among the Company's promising employees in order to maximize their potential: for appointment to key positions, for participation in projects, for training employees as internal trainers.

For 2020, 34% of Transtelecom JSC reserved employees were rotated. Vertical growth – 32 employees rotated into management positions, including the positions of executive director – 1 employee, managing director – 2 employees, commercial director – 4 employees, technical director – 2 employees, business partner – 4 employees, line manager – 6 employees, head of service/site – 4 employees; horizontal growth – 10 employees from the staff reserve to participate in various Company projects.

Staff reserve, talent pool 2020

23
Reserved staff of the Internal Trainer and Expertise category

34%
Rotation of reserved staff

26
Reservedstaff off the Expertise categiry

42
Reserved staff of the Govemance category

28
Reservedstaff of the Internal Trainer and Govemance category

123
TOTAL

9
Reserved employess received a Mini MBA diploma (2019–2020)

65
Number of projects: rural settlements 250+, DPCs, SOSM, OFD, Smart, Gpon, Core, KTZ, MIA, 17 terminal Stations, Samruk, ICA, etc

5
Participants of the progect «100 Young Persons of KTZ»

55
Number of training courses taken

26
Number of training courses held

As part of the implementation of individual development plans (hereinafter – IDPs), reserved employees participated in the implementation of 65 projects of Telco and IT directions: rural settlements 250+, construction of data centers (7 cities of the RK), System of Operational-Search Measures, OFD, Smart City, 17 stations, “Authorization of Wi-Fi via SMS”, video surveillance, SCADA, OTT TV, construction of the last mile and others).

During the calendar year, reserved employees actively participated in external and internal training courses, master classes, webinars and trainings. Over 55 internal and external training courses were completed in offline and online formats (including Teams platform). 26 training courses were held (master classes, presentations, product trainings, Welcome trainings, etc.). Reserved employees paid a lot of attention to self-development: reading technical/fiction literature from the Knowledge Base and outside sources, and learning foreign languages.

10 reserved employees of the Company joined the ranks of certified internal trainers of the Corporate University TTS GREEn University. They were trained under the second modular program “Training for Trainers” and developed several their own training courses to transfer knowledge within the Company. Training course recordings are stored in the Knowledge Base on the GREEn corporate portal.

In order to develop public speaking skills, internal trainers willingly participated as speakers on the interactive platform PechaKucha for launching new ideas, sharing experiences, networking, as well as on IT startups of Astana Hub.

In 2020, nine reserved employees of Transtelecom JSC became the first graduates of KIMEP University under Mini MBA program, Management major. The comprehensive 2-year program included 12 subject modules of mandatory courses (basics of management, risk management, macro/microeconomy, negotiation skills, etc.) and additional ones such as: strategic management, innovation management, emotional intelligence, leadership, based on the Company strategy and business needs.

5 reserved employees became finalists of the projects of NC KTZ JSC – "100 Young Persons of KTZ" and "Project Management" of the 10th Republican Youth Forum of NC KTZ JSC. During the year, participants of the youth program intensively studied the second module "Potential", took part in business games, challenges, contests called "For Myself", "For the Company", "For the Country". In general, the project "100 Young Persons of KTZ" was a powerful developmental platform that gave participants good opportunities for professional and personal growth, gaining new knowledge and skills in project activities. During the year, visit meetings and round tables of young people with the participation of the Deputy Chairperson of the Management Board for Corporate Affairs and HR of NC KTZ JSC Abdenov S. were held in different departments of KTZ.

For their contribution to the development of the communications industry in 2020, 6 reserved employees of the company were awarded by the Minister of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan (badge "Uzdik bailanysshy" (TN: Best Communicator), Certificate of Honor, Letter of Appreciation); 15 reserved employees were encouraged by letters of appreciation from the company management.

The development of a staff reserve, a talent pool within the company ensures the continuity of knowledge, which is a distinctive advantage of any company from others. During the year, in the "Staff Reserve" section of the GREEn portal, reserved staff willingly shared their success stories and talked about their personal achievements and building their careers with the company.

Interaction with Universities of the Republic of Kazakhstan. Practice and Internship at Transtelecom JSC

In order to attract promising and talented young people to the company, the HR development department has conducted active work in cooperation with educational institutions of the Republic of Kazakhstan. At the moment, Transtelecom JSC cooperates with educational institutions in the following cities: Nur-Sultan, Almaty, Atyrau, Karagandy, Oskemen, Pavlodar – 23 educational institutions in total. Memorandums of cooperation were concluded with KIMEP University, International University of Information Technologies, L.N. Gumilyov Eurasian National University, S. Seifullin Kazakh Agrotechnical University, D. Serikbayev East Kazakhstan State Technical University, S. Toraigyrov Pavlodar State University, Karaganda Higher College "Bolashak", Almaty State Business College and others. One of the latest agreements was signed with the State Enterprise "Polytechnic College" of the Akimat of the city of Nur-Sultan, which trains leading IT specialists in the technical direction (developers of programs/platforms, etc.) for various sectors of the economy.

Our training partners:

- Gumilyov Eurasian National University, S. Seifullin Kazakh Agrotechnical University (KazATU), Al-Farabi Kaakh National University (KazNU), KIMEP University, Nazarbayev University (NU), Intrnational IT University and other universities/educational institutions.

In 2020, 113 students underwent practical training and internships in the Company's units:

- Computing Technology and Software
- Computer Science
- Information Systems
- Automation and Control
- Radio Engineering, Electronics and Telecommunications
- Optical Electronic Equipment
- Technical Operation of Transport Radio Electronic Equipment
- Management, etc.

The practice took place in 9 regions: Nur-Sultan, Pavlodar, Semey, Shymkent, Kostanay, Karaganda, Atyrau, Almaty, Kyzylorda.

During the year, students were actively involved in IT and telecom projects, and each of them was assigned a supervisor and mentor. In the on-air issues of GREEn of the portal "Transtelecom JSC is looking for talents", we introduced employees to the feedback of young people about the internship.

While undergoing training and internship at Transtelecom JSC, students begin to better understand the requirements of modern business, improve the knowledge and skills of their future profession, completely immerse themselves in the process, consciously choose the topics of their theses.

In the feedback questionnaires, many students indicated that they would like to work in our company – they remembered interesting projects, complex tasks, as well as a sense of involvement and personal contribution to the common cause, and gained tremendous experience.

Expanding the boundaries of cooperation with universities, attracting talents to the company (including employment) is one of the priority tasks of HR and the company as a whole. It is very important for employers to get involved in the process of training young professionals in order to have staff ready for the challenges and realities of business in the future. I would like our Company to become a desirable place of work for talented and motivated young professionals!

Industry and Government Awards

For significant contribution to ensuring the supremacy of the Constitution of the Republic of Kazakhstan, strengthening the independence of the country the Jubilee medals of the President of the Republic of Kazakhstan – "25 years of the Constitution of Kazakhstan" were awarded to: Chairperson of the Management Board of Transtelecom JSC – Adaibekov Yelnar Ruslanovich; Deputy Chairperson of the Management Board for Regional Business Development – Kumpekeyev Anuar Kairgeldiyevich.

Annually, on the occasion of the professional holiday "Communication and Informatization Day", the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan (hereinafter – MDDIAI) awards highly qualified specialists with a badge "The Best Communicator" for professionalism, high performance and significant contribution to the communications industry.

In 2020, 10 employees of the Company obtained this high award:

01. Naujunas Eduard Pranasovich – Electric Mechanic of the Central Automatic Telephone Exchange and Local Network of Tobol station of Kostanaytranstelecom branch;
02. Rakynbayev Zholboldy Konshibayevich – Head of the Communications Section of the Altynkol station of Almatytranstelecom branch;
03. Negovora Nina Nikolaevna – Communication Engineer of the Central Automatic Telephone Exchange of Karagandatranstelecom branch;
04. Yeskarayev Leskhan Umirzakhovich – Head of the Communication Section of the Arys station of Shymkenttranstelecom branch;
05. Rogachev Alexey Georgievich – Power Engineer of the WMP of Kokshetautranstelecom branch;
06. Bulatbayeva Balsulu Kulzhanovna – Head of the Communication Section of the Makat station of Atyrautranstelecom branch;
07. Abdiev Koibagar Sarsenbayuly – Head of the Line-Cable Brigade of the Sai-Utes station of Aktautranstelecom branch;
08. Seissembekov Abzal Berikovich – Technical Director of Astanatranstelecom branch;
09. Ospanov Yerkin Yereshepovich – Chief Manager of the Technical Inspection and Monitoring of Service Quality direction (CO);
10. Gorbenko Vasily Anatolyevich – Architect of the 1st Level Solutions of the Telecommunication Network Management direction (CO).

Certificates of Merit from the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan were awarded for impeccable service, great contribution to the development and prosperity of the communications industry to 9 employees of the Company:

01. Kurmaniyazov Kanat Maratovich – Head of the Technical Unit of Local Network of Aktobetranstelecom branch;
02. Togizbayeva Gulzhan Kenesbekovna – Electrician of the Central Automatic Telephone Exchange and Local Network of the Zhanatas station of Zhambyltranstelecom branch;
03. Alimsaranov Dulat Mukhambetovich – Communication Engineer of the Central Automatic Telephone Exchange of Kokshetautranstelecom branch;
04. Guseinov Rafik Allahverdi Oglu – Commercial Director of Kostanaytranstelecom branch;
05. Mirgorodsky Alexander Anatolyevich – Head of the Information Technology Service of Pavlodartranstelecom branch;
06. Silakov Yuri Vladimirovich – Head of the Line-Cable Bigade of the Charskaya station of Semeytranstelecom branch;
07. Bekturov Berik Zhumagalyevich – Head of the Line-Cable Bigade of the Balkhash station of Karagandatranstelecom branch;
08. Akhmetov Murat Sailaubekovich – Deputy Chairperson of the Management Board for Operations;



09. Ali Saken Ybyrayuly – 1st Level Business Partner of the Services and Solutions for Corporate Business direction.

Letters of Appreciation from the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan were awarded to 16 employees of the Company.

Certificate of Honor of the Minister of Defense of the Republic of Kazakhstan and Akim of Nur-Sultan, as well as the state medal for the conscientious performance of military and civil duty "For Conscientious Performance of Duties in the State of Emergency", when carrying out activities to ensure the state of emergency regime and prevent the spread of dangerous infections during a special military training, was awarded to Bektanov Zhanat – Project Manager of the Development and Implementation of IT Solutions direction.

Awards of Transtelecom JSC

In 2020, Letter of Appreciation from the Chairperson of the Management Board of Transtelecom JSC for achieving high results, professionalism, and participation in the implementation of the Company's strategic projects were awarded to 72 employees on the occasion of the following celebrations: Independence Day of the Republic of Kazakhstan, Communications and Informatization Day, Day of the First President of the Republic of Kazakhstan.

It has become a tradition in the company to hold a contest for the Best Line-Cable Team and the Best ITS (Information Technology Service) in the regions on the Communications and Informatization Day. In 2020, we increased the number of participants and held a competition in 7 categories:

- **Best Telecommunications Shop** (for contribution to the development of telecommunications services, efficiency in the construction of new NGN networks, allowing to provide a range of new services)
- **Best Local Network** (for prompt elimination of damages on cable and overhead lines, observance of high quality of works on suspension and laying of new cable and overhead lines/installation of local network switchgear)
- Best Sales Service (for attracting new customers, fulfilling the plan of accrued income, the ability to see prospects in attracting potential customers, building relationships with current customers and increasing their loyalty)
- **Best Line-Cable Brigade** (for the absence of linear damage, prompt performance of emergency recovery work, quality of work performed on request, ensuring uninterrupted operation and reliability of the main network)
- **Best Information Technology Service** (for providing effective support for information systems, quality work on connecting strategically important channels, prompt connection of customers, availability of backup solutions to reduce the risk of downtime)
- **Best Project Team for Maintenance of ICA and Kaztransoil Networks** (for promptness and quick reaction to eliminate damages, ability to build relationships with customers effectively, best teamwork).

12 best regional teams were awarded with Letters of Gratitude from the Chairperson of the Management Board of Transtelecom JSC and commemorative cups.

All of the incentive awards (letters of gratitude, souvenirs, badges) were sent to the regions to be awarded in a festive atmosphere.





Transtelecom's Labor Dynasties Project

Our company employs real professionals in their field. The experience of many colleagues of communications workers is carefully passed on from generation to generation, there are family labor dynasties that have preserved continuity, a vocation for the profession of "communications operator". In 2020, as part of the celebration of the 20th anniversary of the company, the TTC's Labor Dynasty project was launched. Families with a total length of service at Transtelecom JSC of at least 30 years participated in the contest.

The project was launched with the aim of:
- preserving the continuity of generations;
- strengthening the family;
- supporting family inheritance of the profession;
- enhancement of the best traditions and transfer of experience;
- attracting the younger generation to the history of the company;
- positioning the Company's social policy;
- expressing feelings of pride in their profession and strengthening social stability.

We prepared 5 art posters about labor dynasties of Transtelecom JSC, which were broadcasted on GREEn portal and external resources of the company: Imanbayev family (Aktobetranstelecom); Terekhov family (Almatytranstelecom/CO), Suleimenov family (Zhambyltranstelecom/CO); Nuraldinov family (Oskementranstelecom), Chulembayev family (Semeytranstelecom).

Transtelecom's 20 Persons Project

Within the framework of the company's anniversary celebration we opened another rubric "20 Persons of Transtelecom JSC" – about honored figures, who stood at the origins of our company. It is an introduction to colleagues whose professional path and achievements deserve deep respect and recognition. In their short essays, the founders of the company answered the following questions:
- The mission of my profession (what my job does and what value I create)
- My first mentor and leader (for which I am grateful)
- The most memorable day during the period of work at Transtelecom JSC and why
- One interesting fact that my colleagues do not know about (hobbies, etc.)
- My favorite book and movie (what inspires me about them)
- The motto of my life.

This project made it possible to identify 20 persons of Transtelecom JSC, whose names and events were included in the history of pioneering founders of our company: Ignatenko Natalya Viktorovna (Karaganda TTC branch), Datsenko Dmitry Petrovich (Astana TTC branch), Belgibayeva Ardak Kaskenovna (Almaty TTC branch), Sabyrov Medet Yessenbayevich (Aktobe TTC branch), Sosna Albina Ivanovna (Aktobe TTC branch), Tagibergenov Yerlan Tursangalievich (Aktau TTC branch), Sufaldiyarova Gulbatira Kulmukhanbetovna (Atyrau TTC branch), Seissembekov Abzal Berikovich (Astana TTC branch), Omarov Kairat Zhandildayevich (Karaganda TTC branch), Litvinov Pavel Valeryevich (Kokshetau TTC branch), Murzabekov Zhaksylyk Kassimovich (Kostanay TTC branch), Kudaibergenov Zhanat Kalybayevich (Kyzylorda TTC branch), Dyrymbayev Serik Amangazinovich (Oskemen TTC branch), Kolesnik Julia Aleksandrovna (Pavlodar TTC branch), Beissebayev Yessenzhol Bazilkanovich (Semey TTC branch), Badakbayev Amir Shoinovich (Zhambyl TTC branch), Kemelov Meirzhan Mamurbekovich (Shymkent TTC branch), Kalzhanov Abat Akhatkulovich (CO), Ten Zauresh Nurakhmetovna (CO), Zhumadilov Nurlan Ualikhanovich (CO).

Sports and Health

Transtelecom JSC pays great attention to promoting healthy lifestyles and allocates funds on a regular basis for sports and recreation activities.

Football Team of Transtelecom JSC

The football team of Transtelecom JSC FC TTC began its existence in January 2018. According to the rules of Public Association Kazakhstan League of Football Fans, the team began its performance with the lowest division (League – D, futsal). In 2020, due to the introduction of restrictive quarantine measures, the team practiced for only 3 months, nevertheless it entered the Super League (the highest league).

Hockey Team of Transtelecom JSC

The amateur hockey team of Transtelecom JSC was founded in January 2019. In 2020, due to the introduction of restrictive quarantine measures, the team worked on the ice for only 3 months. During this period, the team has 5 victories and 7 defeats. The team ranks 11th out of 13 teams in the standings.

There are huge plans ahead to get into the top 3 of the Astana Amateur Hockey League standings, to practice hockey skills and to build a close-knit team.

Sports Challenge

In the spring of 2020, HR Block launched the TTCsportenergy Sports Challenge, the essence of which was to have employees perform exercises while on self-isolation at home. The goal is to maintain a healthy lifestyle in any conditions, to raise the mood and psychological environment in the company, and to involve employees. Challenge covered 6 cities: Nur-Sultan, Kokshetau, Kostanay, Aktobe, Almaty, Semey. This activity was featured at the Wellbeing Forum Central Asia, which was held in December 2020. High positive feedback from the forum participants was received and the relevance of the topic of physical health of employees was noted.

Charity, Social Projects

For 2020, the following union-supported events were held:
- Gifts and a contest for the best drawings were organized for Children's Day. As a result of the voting, the children were sent gift certificates with a nominal value of 5,000 tenge from the Marwin store
- Congratulatory folders with memorable gifts were organized for the company's jubilees
- The union provided material assistance to employees in the amount of 100,000 tenge
- The union organized New Year's gifts for employees
- Charitable assistance was provided to children with cancer at the National Research Center of Maternal and Child Care

Social Policy

Expenses for social benefits for 2020 amounted to

309,018 THOU. KZT

Compared in 2019, ex-penses for social benefits decreased by

–43%

Expenses for social benefits for 2019 amounted to **542,566 thou. KZT**

On average, expenses per 1 employee

~78 THOU. KZT

The Social Policy of Transtelecom JSC, as a motivation tool, directly affects personnel satisfaction, which in turn affects the production and economic performance of the Company. The Social Policy of Transtelecom JSC is aimed at improving the quality of life of the Company's employees, providing assistance and support to persons in need of social assistance (employees, pensioners, veterans of the Great Patriotic War and equal-status persons, etc.), increasing personnel satisfaction indicators.

The collective agreement for 2018-2020 between Transtelecom JSC and its labor collective provided for the main areas of social support in the form of material assistance:

- **to employees:** with the onset of the anniversary date, for the birth of a child, registration, dental prosthetics, health improvement and treatment, burial, financial assistance in connection with the occurrence of an unforeseen circumstance, medical insurance;
- **to employees with children:** for preparing children for school, Children's Day, September 1, Family Day, Day of the Disabled, for organizing and holding events for children's holidays;
- **to pensioners registered with the Company:** with the onset of the anniversary date, participants of the Great Patriotic War and equal-status persons to May 9, payments for the Communication and Information Day, Day of the Elderly, New Year.

In addition, new types of benefits for employees were introduced: to pay for the education of gifted children, to rehabilitate and improve the health of a disabled child, to participate in creative competitions, sports competitions, compensation for staff reduction 3 years before the retirement age.

Social expenses for 2020

	thousand tenge
Organization of cultural events for the holidays of Kazakhstan	27,318
Financial assistance to employees not related to work	93,736
Acquisition of certificates for children	70,732
Organization of events for children	47,587
Welfare assistance for non-working pensioners	22,235
Compensation for retining due redundancy	15,147
Bonus for woman on March 8	32,263

Corporate TTC GREEn University

65
training events

22
implemented courses

2,423
employees trained

19
internal traners

37
online events

6
external speakers

21%
of branch employees

The Corporate TTC GREEn University (hereinafter – CU) has trained 19 internal trainers who have completed training and developed their own training course for self-management. They conducted pilot courses on the basis of CU. In addition to coaching, our employees acted as "change agents", i.e., they broadcast certain changes, uniform standards and approaches, and spoke to the public to introduce the mission of our company.

In 2020, 65 training events were held, of which 37 were online; in total, we implemented 22 courses, while the coverage of trained employees was 2,423 people, 21% of them were representatives of the company's branches.

Through the efforts of internal trainers several training needs of the company were covered on courses such as "CCNA-Basic Level", "Fundamentals of Project Management", "ISO 2001 – Audit of New Systems", "Pull-Sales, "Sales – Psychological Yes", "Change Management", "Customer Service Skills", "Secure Development Life Cycle – SDL", "Work with Persuasion", "Corporate Communication Skills", "Technical Specification Development for the Project Manager", "Telephone Sales Technique", Telephone Sales", "How to Retain an Existing Customer", "DWDM Technology", "Communication Tools for a Successful Security Awareness", "Raising Awareness of Information Security", etc.

Savings from the courses amounted to **26%** of the total training budget for 2020.

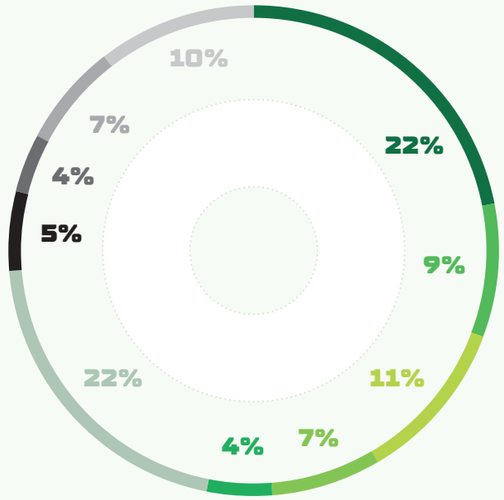
Upon completion of the courses, participants take a satisfaction survey, below we attach analytics for 2020.

Analysis of the 2020 In-House Course Satisfaction Survey

The teaching materials (presentation and other supplementary materials) were clear and useful to achieve the learning goal.	4.90
The duration of the module is consistent with the proposed scope of work and the teaching material has been distributed consistently throughout the module.	4.79
How would you rate this module?	4.93
The trainer has demonstrated a comprehensive knowledge of the subject.	4.80
The coach was well prepared.	4.93
The trainer used interactive teaching methods and applied various supplementary materials.	4.86
The coach's speech was clear and understandable.	4.80
How would you rate the coach?	4.90
This module was effective for me and my work.	4.90
I gained new knowledge and techniques on this module.	4.93

Survey overview

September-October 2020



- The city of Nur-Sultan
- the city of Almaty
- Akmola region
- Aktobe region
- Almaty region
- East-Kazakhstan region
- Karaganda region
- Kyzylorda region
- Pavlodar region
- Everyone else

Increase in the engagement index

+14%

Satisfaction with the staff training process

> 60%

A knowledge base of educational and methodical materials, presentations of courses was collected with free internal access on the basis of a common corporate portal GREEn. A new Canvas-based educational platform is being developed. This is an educational platform for managing the learning process, integrating online with offline formats. At the moment, sections of the platform are defined and developed, training materials are filled in the test mode, and training for trainers on its use is conducted.

A community of internal trainers was created on the initiative of the HR Development direction. Several meetings and events were held, which provided an opportunity to exchange experiences and discuss various issues related to internal training and beyond. In addition, external experts were invited to speak on relevant topics: digital transformation, network administration, business etiquette, personal finance management, etc.

As a result, we have a more engaged staff today: a 14% increase in the engagement index (as of early 2020). Satisfaction with the employee training process was over 60% of those surveyed (HR Maturity Survey of November 2020).

Goal: To evaluate the level of maturity of HR-processes of participating organizations, its impact on the efficiency of activities, the attractiveness of the organization as an employer.

190

Pertocopating organizations

19

Sectors represented

344

Respondents of Transtelecom JSC

INFORMATION AND COMMUNICATION

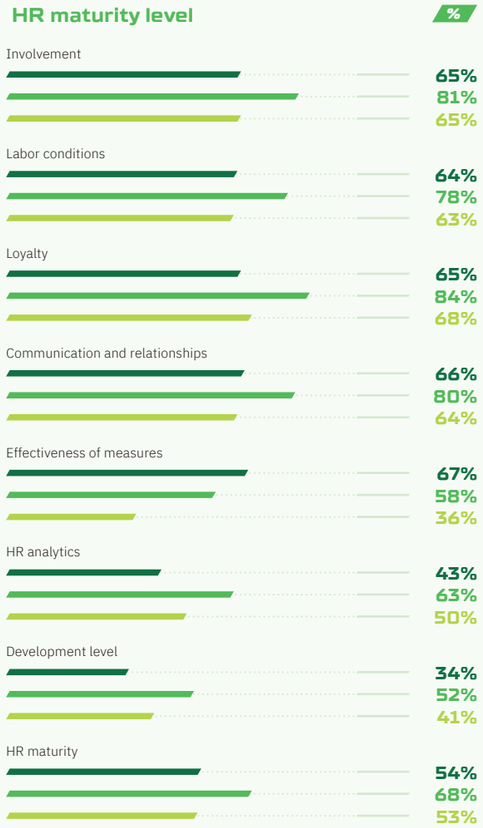
4 companies, including

Beeline™

SMARTER

ҚАЗАҚТЕЛЕКОМ

HR maturity level



HR maturity level in the company was 53%, which corresponds to the average in the Republic of Kazakhstan, and below the average in the communications industry. This level is operational, which is characterized by clear descriptions of HR processes. Situational difficulties in interaction with staff.

- RK in geberal
- Info and communication
- Transtelecom JSC

Composition of the HR and Remuneration Committee

Procurement

Procurement in Transtelecom JSC was carried out in accordance with the Rules for Procurement of Goods, Works and Services of Transtelecom JSC (hereinafter – the Rules), approved by the resolution of the Management Board of Transtelecom JSC dated February 11, 2020, Minutes No. 6/2020.

The need for the procurement of goods, works and services is determined on the basis of the approved production program and (or) investment program and (or) budget and (or) development plan and (or) business plan and procurement plan(s) of the Company, formed according to requests from units of the Company, based on service and production needs.

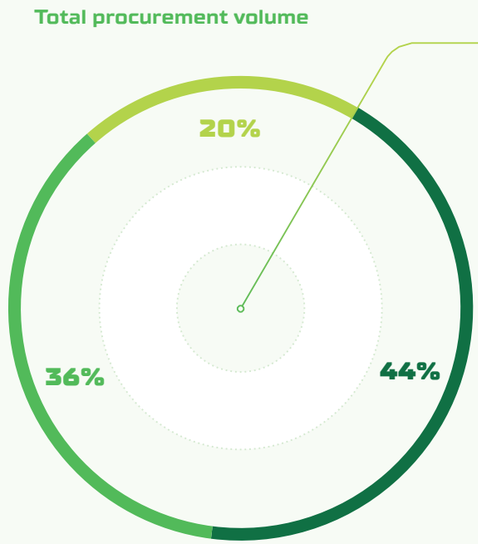
Within the framework of research of the market of prices for goods, works and services (hereinafter – GWS), inquiries are sent to producers/suppliers (dealers, distributors), which makes it possible to determine the objective market value of GWS purchased for Transtelecom JSC and identify and standardize codes of the Unified Nomenclature Guide of Goods, Works and Services.

The selection of the supplier is determined by the results of procurement procedures regulated by the Rules.

According to the Rules, the procurement procedures for the selection of a supplier by tender or request for quotation, as well as by single-source method, since February 11, 2020, were conducted on paper on the Company's website www.ttc.kz; since December 04, 2020, they are conducted in the Electronic Procurement Information System, on the website www.ztender.kz.

Procedures for the selection of a supplier for single-source procurement are carried out by conducting market research, in order to purchase quality goods, at optimally acceptable prices and taking into account fair competition.

Total procurement volume



- For goods purchased
- For services rendered
- For work performed

34,738,818
THOUSAND TENGE

goods amounting to
15,088,153
THOUSAND TENGE

works amounting to
12,631,672
THOUSAND TENGE

services amounting to
7,018,993
THOUSAND TENGE

In general, Transtelecom JSC takes all necessary measures to optimize procurement activities, develop local producers and achieve strategic goals.

Environmental Protection



Environmental Initiatives and Approach to Environmental Protection

Environmental protection activities of Transtelecom JSC are carried out in accordance with the Environmental Code of Republic of Kazakhstan and other regulatory legal acts in the field of environmental protection.

The Company does not cause direct significant harm to the environment through its activities and does not conduct business in potentially environmentally hazardous industries. Nevertheless, we understand that the tasks of improving the energy efficiency of operations, resource conservation, and minimizing the negative impact on the environment are relevant for the Company, as a leading player in the telecommunications and IT market operating throughout Kazakhstan.

We are aware of the importance and priority of the environmental factor in the implementation of any activity and strive to contribute to ensuring a healthy life for future generations. With all the advantages of a high-tech telecommunications operator, we have all the prerequisites and conditions to help society move toward greater energy efficiency, lower emissions and reduced consumption of resources.

In 2020, environmental protection was ensured within the framework of developed and approved standards, regulations, instructions aimed at complying with the requirements of national laws and assumed international obligations. Transtelecom JSC strives to minimize its environmental impact and apply the most advanced technologies for managing such impact.

In order to improve the environmental management system and increase environmental responsibility at all stages of the production process, the Company has implemented international environmental management standards (hereinafter – EMS) ISO 14001 and energy management standards (hereinafter – EnMS) ISO 50001.

Environmental management and environmental protection means ensuring the implementation of environmental laws, the Company's EMS requirements. With regard to the subject of this industry, we are talking about the disposal of natural resources, about ensuring the rational use and reproduction of natural resources, about the preservation of the environment, the protection of the environmental rights and legitimate interests of individuals and legal entities.

On the basis of the order of the heads of the Company's branches, employees in charge of the environmental safety and operation were identified.

In order to maintain the EMS, as well as to continuously improve its performance, internal regulatory documents on the EMS have been developed:

- Production and consumption waste management.
- Handling mercury-containing equipment and materials.
- Identification and assessment of environmental aspects (hereinafter – EAs).
- Register of EAs.
- Register of significant EAs.
- Register of regulatory requirements.
- Goals, objectives and programs in the field of environmental management.
- EMS guidelines.

In 2020, the Company underwent an inspection audit for compliance with the ISO 14001 environmental protection standard.

The Company's management has assumed responsibility for the implementation of the Environmental Policy, undertakes to continually improve the effectiveness of the environmental management system and assures that each employee of the Company is personally responsible for compliance with the legally established environmental requirements and norms. In carrying out its activities in the field of telephone and telegraph services, IP-telephony services, telecommunications services, creation and operation of communication networks, the Company is fully aware that its activities have an impact on the environment.

To achieve environmental goals, the Company intends to:

- follow the principle of a reasonable combination of economic, environmental and social interests of the Company, cities and regions when developing the Company's development strategy;
- maintain and continuously improve the environmental management system of the Company in accordance with the requirements of MS ISO 14001:2015, considering it as one of the most important components of the advantage in the field of its activities;
- reduce and prevent all types of negative impacts on the environment by allocating the necessary resources for environmental protection, development and implementation of measures to reduce the negative impact on the environment;
- reduce the risks of environmental pollution associated with potential accidents and emergencies;
- monitor the environmental performance of suppliers when purchasing services and goods;
- use modern, highly efficient equipment for emissions and discharge treatment and waste disposal when implementing projects;
- carry out an internal audit of the environmental management system of the Company in order to increase the efficiency of environmental protection activities and continuous improvement of environmental indicators;
- strive to establish a constructive dialog with the authorities, the population and public organizations, openly informing all interested parties on environmental issues related to the activities of the Company;
- constantly improve the qualifications of employees and managers of the Company in the field of environmental protection to ensure that they fulfill the requirements of the environmental laws of the Republic of Kazakhstan and the Environmental Policy at their workplaces;
- act in accordance with the requirements of the environmental laws of the Republic of Kazakhstan.

In 2020, draft EIAs were developed as part of the projects "Development of Infrastructure of Transtelecom JSC to Provide Data Center Infrastructure as a Service", "Construction of External Off-Site Engineering Networks for Office Buildings with Data Center". Draft MPE standards have been developed at the Company's branches, and there are permits for emissions into the environment, limits on emissions of pollutants into the atmosphere, and declarations of payment for emissions into the environment for 2020.

No prescriptive regulatory comments were received for the period 2019-2020.

For 2020, there are no penalties and other non-financial sanctions imposed for non-compliance with environmental legislation.

The total consumption of heat energy in 2020 amounted to

4,360
Gcal

Actual electricity consumption

12,729,196
kWh

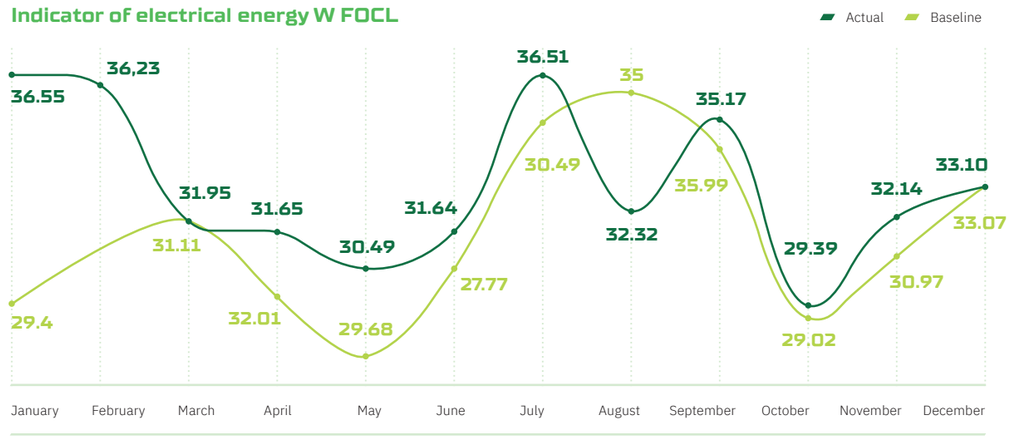
Use of Energy Resources and Energy Conservation

Introducing new technologies instead of outdated ones, the Company gives preference to resource-saving and environmentally friendly technologies. The Company has carried out an energy analysis. Based on the analysis of the use and consumption of energy resources for the base year 2019-2020, the Company identified areas of significant energy consumption: electricity, heat, fuel. These types of energy also provide potential for improving energy efficiency.

According to the analysis of the operation of power equipment in the branches the Company identified equipment that significantly affects the use of energy: air conditioners, power supply devices of telecommunications equipment and employees of the Central Automatic Telephone Exchange, LN, FOCL, production department, AMP, the service of economic support of the branches. Weather conditions also indirectly affect the modes of significant energy use.

The main indicators of energy efficiency are as follows: electric power consumption for the equipment of FOCL and telegraph and telephone stations and own needs, thermal power consumption, gasoline consumption by motor vehicles when servicing the equipment of FOCL and telegraph and telephone stations and own needs, diesel fuel consumption by motor vehicles when servicing the equipment of FOCL and telegraph and telephone stations and own needs.

Indicator of electrical energy W FOCL



TOTAL fact. FOCL
33.10

TOTAL basic. FOCL
31.56

In 2020 (33.1), a 1% decrease in the W FOCL indicator relative to 2019 (31.56) has not been achieved because there has been an increase of 54,779.3 kWh of W FOCL electricity consumption from 5,204,749.7 kWh to 5,259,529 kWh.

Energy Efficiency Indicators in TTC for 2020

Indicators	W FOCL	W telegraph and telephone station and own needs N	Q h. e.	V gasoline	V diesel fuel
January	36.55	22.49	0.04	4.92	0.71
February	36.23	22.52	0.04	4.99	0.48
March	31.95	18.65	0.03	5.74	0.46
April	31.65	17.37	0.01	5.34	0.59
May	30.49	17.85	0	5.24	0.5
June	31.64	19.09	0	5.12	0.26
July	36.51	19.24	0	5.36	0.5
August	32.32	20.41	0	5.08	0.92
September	35.17	19.61	0	5.30	0.74
October	29.39	19.58	0.02	5.60	0.92
November	32.14	20.73	0.03	5.49	1
December	33.1	21.05	0.04	6.20	0.91
Total/Average	**33.10**	**19.88**	**0.02**	**5.37**	**0.67**

Energy Efficiency Monitoring for 2019–2020

Types of fuel and energy resources	UoM	2019	2020	difference (+/-) 2019/2020	Deviations,% 2019/2020
Electricity	kWh	12,570,220	12,729,196	158,976	5.3
Heat	Gcal	4,428	4,360	- 68	11.45
Diesel fuel	tons	130,523	106,081	- 24,442	8.81
Gasoline	tons	852,520	860,617	8,097	0.95

The potential for energy efficiency improvements over the next three years is no more than 3% of the baseline energy consumption in 2019.

In the future, electricity consumption will increase in connection with the implementation of new projects and the acquisition of new real estate properties.

In 2021, Transtelecom JSC plans to continue the implementation of the Last Mile project, which provides for the installation of additional active equipment and the commissioning of Rural Settlements 250+ facilities.

For these projects, the power consumption of telecommunications equipment according to preliminary calculations will be approximately 1,600,000 kW per year.

Air Emissions and Climate Change

The telecommunications industry has a relatively low environmental impact compared to other industries. However, due to the growing importance of global and local environmental problems, Transtelecom JSC aims to implement measures to compensate for damage from its activities by minimizing direct and indirect environmental impact.

To manage the environmental aspect, the company has created an environmental management system (EMS), which is an integral part of the corporate governance system and an essential part of the non-financial risk management system. The Company is certified for compliance with the international standard ISO 14001 and is constantly improving the EMS.

As part of production activities, all enterprises of the Company obtain appropriate permits, and statistical information is provided to the supervisory authorities on an annual basis.

The total amount of pollutant emissions into the atmosphere in 2020 amounted to **790.4527 tons.**

Emissions of Gaseous Pollutants by Branches in 2020

№	Branches	Actual volume, ton	Amount for emission into the environment, tenge
1	**CO**	45.895	263,733.00
2	**AstanaTTC**	52.87	105,644.08
3	**AlmatyTTC**	96.6447	188,480.00
4	**AktobeTTC**	81.75	266,909.00
5	**AktauTTC**	37.335	121,351.00
6	**AtyrauTTC**	28.807	156,574.41
7	**ZhambylTTC**	56.8	130,170.00
8	**KaragandaTTC**	96.59	305,477.00
9	**KostanayTTC**	35.14	61,900.00
10	**KokshetauTTC**	58.39	112,807.00
11	**KyzylordaTTC**	34.005	61,618.00
12	**OskemenTTC**	36.77	67,007.00
13	**PavlodarTTC**	43.695	117,564.00
14	**SemeyTTC**	41.54	75,411.00
15	**ShymkentTTC**	44.221	79,902.45
	Total	**790.4527**	**2,114,547.94**

The activities of the Company have no negative impact on flora and fauna. The Company does not have facilities located in the territories of state national natural parks or reserves, in specially protected natural areas.

The amount of water consumed in 2020 is

14,417 m³

Resource Saving

Every year, the Company continues to reduce the impact of its operations on the environment through reasonable use of resources, particularly water and paper, in the Company's offices and branches.

Paper consumption is reduced due to the electronic document management system and electronic memos. In addition, we encourage the use of electronic media instead of paper in our daily work, and all printing and copying equipment settings default to economy mode.

The Company promotes ecological culture in the company as the basis for a more responsible attitude of people towards the environment. The Company actively supports environmental initiatives of representatives of local communities that form a responsible attitude towards nature and aimed at nature conservation, its study and restoration. Employees of Transtelecom JSC act as volunteers, taking part in projects for landscaping, gardening and cleaning areas. Every year in May a clean-up event is held.

The Company's activities do not have a significant impact on water intake; however, we strive to reduce the use of water.

For the water supply of the Company's units, water is mainly used from the networks of water supply organizations. Water is withdrawn from two original sources – groundwater (wells) and surface water (rivers, lakes, sea), which are protected by the Ministry of Environmental Protection of the Republic of Kazakhstan.

Reuse of water in the production process of providing telecommunications services by the units of the Company is not applied. Transtelecom JSC uses water only for sanitary and household needs. Installed water meters are kept in technically corrected condition.



06. Corporate Governance

The Company ensures equal rights for all shareholders and continuously improves the corporate governance system.

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4,163,980 THOUSAND TENGE
Satellite communication and data transmission services

1,487,549 THOUSAND TENGE
Telegraph communication

General Information on Corporate Governance in the Company

The Company ensures equal rights for all shareholders and continuously improves the corporate governance system.

The Board of Directors and the executive body of the Company build effective corporate governance, which is designed to ensure the successful development of the Company while maintaining a balance of interests of shareholders, investors and management.

The Company has a mechanism for collecting and confidential consideration of information about violations. The hotline makes it possible to confidentially declare known facts of corruption, fraud, discrimination, as well as other violations of the norms of the laws of the Republic of Kazakhstan by the employees of Transtelecom JSC.

Basic Principles of Corporate Governance

In accordance with the Corporate Governance Code of the Company (hereinafter – the Code) approved by the resolution of the General Meeting of Shareholders of Transtelecom JSC dated August 4, 2016 (Minutes No. 1) corporate governance in the Company is based on the principle of protection and respect for the rights and legitimate interests of shareholders and promotes efficient operation of the Company, including growth of the Company's assets and maintenance of financial stability and profitability of the Company.

The fundamental principles of the Code are as follows:

- the principle of protecting the rights and interests of shareholders;
- the principle of effective management of the Company by the Board of Directors and the Management Board;
- the principle of independent activity of the Company;
- the principle of transparency and objectivity in disclosing information on the activities of the Company;
- the principles of legality and ethics;
- the principles of dividend policy efficiency;
- the principles of effective HR policy;
- the principle of environmental protection;
- the policy of regulating corporate conflicts and conflicts of interest;
- the principle of responsibility.

Thus, the Company operates in full compliance with international corporate governance standards, which provides shareholders with the opportunity to effectively control and monitor the activities of the management and contributes to increasing investment attractiveness.

Major Transactions and Interested-Party Transactions

In accordance with sub-clause 1, 4, 5 of clause 1 of Article 64 of the Law of the Republic of Kazakhstan "On Joint-stock Companies" (hereinafter – the Law), National Company Kazakhstan Temir Zholy Joint-stock Company (hereinafter – NC KTZ JSC) and its subsidiaries are affiliated persons of the Company.

In accordance with sub-clause 19 of Article 53 of the Law, as well as sub-clause 26 of clause 24 of the Articles of Association of the Company, the exclu-sive competence of the Board of Directors includes adopting a resolutions on concluding interested-party transactions by the Company, in accordance with the legislative acts of the Republic of Kazakhstan, except for major transactions, the resolution on the conclusion of which is adopted by the General Meeting of Shareholders of the Company.

According to Article 71 of the Law, affiliated persons of the Company are recognized as persons interested in the Company's transaction if they:

01. are a party to the transaction or participate in it as a representative or intermediary;
02. are affiliated persons of a legal entity that is a party to the transaction or participates in it as a representative or intermediary.

Meanwhile, in the reporting year, the Company concluded 86 interested-party transactions with affiliated persons.

We also note that the Company was a part of the Samruk-Kazyna group until January 29, 2020 and was subject to special conditions. Thus, according to clause 10 of the Rules for concluding transactions between organizations belonging to the group of Samruk-Kazyna JSC, in respect of which the Law of the Republic of Kazakhstan "On Joint-stock Companies" establishes special conditions, the adoption of a corporate resolution was not required for interested-party transactions for the procurement of goods, works and services.

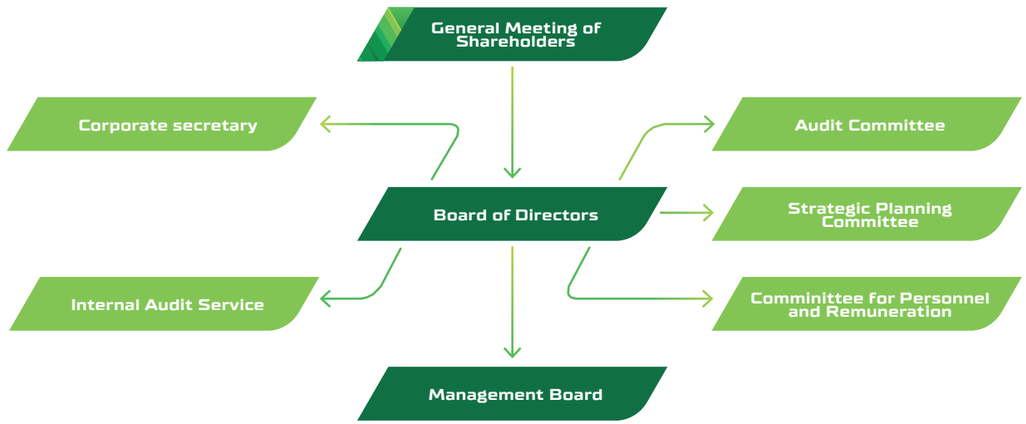
In the reporting period, the Company concluded 2 major transactions: in accordance with the resolution dated June 29, 2020, Minutes of the Board of Directors No. 5/2020 and the resolution dated January 20, 2020, Minutes of the General Meeting of Shareholders No. 13.

Corporate Governance Structure of the Company

Corporate governance is a key factor in ensuring sustainable business development and one of the most important criteria in making management and investment decisions. High-quality and efficient corporate governance contributes to improving the efficiency of financial and economic activities of organizations, ensures effective risk management and a reliable internal control system.

The Company pays significant attention to improving the corporate governance system and meeting the interests of shareholders.

Corporate Governance System of the Company



General Meeting of Shareholders

The supreme governing body of the Company is the General Meeting of Shareholders. According to the Articles of Association of the Company and the current laws of the Republic of Kazakhstan, shareholder participation is required for some of the most important corporate decisions.

The procedure for holding the General Meeting of Shareholders is set forth in the "Regulations on the General Meeting of Shareholders", which can be found on the Company's website at www.ttc.kz.

The Annual General Meeting of Shareholders is held no later than five months after the end of the financial year. The specified period is considered extended up to three months if it is impossible to complete the audit of the Company's activities for the reporting period.

In 2020, the Annual General Meeting of Shareholders was held on July 29, 2020. In total, 5 meetings of the General Meeting of Shareholders were held in 2020.

Report of the Board of Directors of the Company

Organization of Activities of the Board of Directors

The Board of Directors carries out general management of the Company's activities, with the exception of resolving issues referred to the competence of the General Meeting of Shareholders of the Company. The Board of Directors plays a key role in the formation and development of the corporate governance system, ensures the protection and implementation of shareholders' rights, and controls the activities of the executive body.

The procedure for the formation, competence of the Board of Directors, the procedure for convening and holding meetings of the Board of Directors are determined by the Articles of Association and the Regulations on the Board of Directors of the Company (approved by the resolution of the General Meeting of Shareholders of Transtelecom JSC dated August 4, 2016, with subsequent amendments and additions).

The work of the Board of Directors of the Company is carried out on the basis of the approved annual work plans. In total, 12 meetings of the Board of Directors of the Company were held in 2020, including: 12 – in person, 0 – in the form of absentee vote.

In 2020, the Board of Directors considered 88 issues during in-person meetings, including 73 issues preliminary recommended for consideration by the committees of the Board of Directors.

The competence of the Board of Directors includes, in particular, but not limited to:

- Determining the Company's priorities and development strategy;
- Ensuring compliance with and evaluating the effectiveness of the Company's internal control and risk management systems;
- Determining the number of members and terms of office of the executive body, as well as decisions regarding the appointment of the head of the Internal Audit Service and the Corporate Secretary;
- Calling annual and extraordinary General shareholders' meetings, as well as preliminary consideration of matters referred to the General Meeting of Shareholders;
- Approving the Company's Development Plan and monitoring its implementation;
- Approving the total number of employees and the structure of the Company's Central Office;
- Approving motivation maps for the Chairperson, members of the Management Board, Head of the Internal Audit Service and the Corporate Secretary of the Company, and passports of key performance indicators;
- Approving the Company's internal documents, except for internal documents the approval of which is attributed to the competence of the General Meeting of Shareholders and the executive bodies of the Company;

The Board of Directors of the Company consists of seven (7) directors. Members of the Board of Directors of the Company are elected by the General Meeting of Shareholders.

Composition of the Board of Directors

As of December 31, 2020, the Board of Directors consists of seven members: four members appointed by the shareholders and three independent directors:

Member of the Board of Directors	Election date	Status
Aliyev Nurali Rakhatovich – Chairperson	November 15, 2019	Shareholder representative
Nadyrov Zhanbolat Urakovich	August 3, 2020	Shareholder representative
Amrin Salmen Gabdollinovich	November 15, 2019	Shareholder representative
Pokupatelev Dmitry Alexandrovich	February 6, 2020	Shareholder representative
Dosmukametov Kanat Mukhametkarimovich	November 15, 2019	Independent director
Issekeshev Yerlan Orentayevich	November 15, 2019	Independent director
Otemurat Berik Mustayuly	February 6, 2020	Independent director

Changes in the composition of the Board of Directors in 2020:

- On February 6, 2020, the following members left the Board of Directors: Barmambekov Baurzhan Amangeldiyevich, Selikanov Arystan Kairbekovich and Hexter David Richard.
- On February 6, 2020, the following persons joined the Board of Directors: Pokupatelev Dmitry Alexandrovich, Otemurat Berik Mustayuly and Rahul Gupta.
- Rahul Gupta left the Board of Directors on August 3, 2020.
- On August 3, 2020, Nadyrov Zhanbolat Urakovich joined the Board of Directors.

The Company considers the composition of the Board of Directors to be optimal in terms of the number of members, level of competencies, representation of shareholders' interests and balanced in terms of the proportion of independent directors. A large share of independent directors (43%) ensures objectivity in the consideration of issues, independence of judgement increases the efficiency of the Board of Directors, as well as contributes to the improvement of the Company's corporate governance system as a whole.

Selection Criteria for Independent Directors, Chairperson of the Management Board and Members of the Committees of the Board of Directors

Independent directors play an important role in the effective implementation of its functions by the Board of Directors, especially in matters related to the development of the Company's development strategy, as well as aimed at protecting the interests of shareholders.

The General Meeting of Shareholders elects members of the Board of Directors – independent directors on the basis of clear and transparent procedures, which are approved in the Regulations on the Board of Directors of the Company, taking into account the competencies, skills, achievements, business reputation and professional experience of candidates.

At the end of the reporting year, out of seven members of the Board of Directors, three of the Board of Directors of the Company were independent – a number sufficient to significantly influence the decision-making process.

The Board of Directors believes that the Committees should have a majority of members who are independent directors; thus, in 2019, the Company's Board of Directors approved the composition of the Audit Committee and the Personnel and Remuneration Committee, which are comprised of 100% independent directors.

During the reporting period, the Company's independent directors fully met the independence criteria stipulated by Article 1 of the Law of RK "On Joint-stock Companies":

- are not affiliated with the Company and have not been affiliated with the Company for three years prior to their election to the Board of Directors (except in the case of their tenure as an Independent Director of this JSC);
- are not affiliated with the affiliated persons of the Company;
- are not related by subordination to officers of the Company or organizations affiliated with the Company and have not been related by subordination to such officers for three years prior to their election to the Board of Directors;
- are not government officials;
- are not representatives of a shareholder at meetings of the bodies of this JSC and have not been them for three years prior to their election to the Board of Directors;
- did not participate in the audit of the Company as an auditor working in an audit organization, and did not participate in such an audit for three years prior to their election to the Board of Directors;
- The Regulations on the Board of Directors establishes additional requirements for candidates for the position of an independent director, which are also met by independent directors of the Company:
- have special skills in certain areas related to the functional duties of an independent director, membership in the Committees of the Board of Directors;
- must possess general information on key issues specific to an organization similar in scope and nature of operations to the Company, including demonstrating an understanding of regulatory obligations, the competitive environment in the national and international markets, specifics in corporate finance, audit and internal control, strategy and/or appointment and/or remuneration issues to provide an expert opinion when serving on the relevant Committee of the Company's Board of Directors;
- have an impeccable reputation/positive achievements in the business and/or industry environment, adhere to high ethical standards. In the candidate's biography there are no facts of committing a crime in the sphere of economic activity, as well as of committing an administrative offense in entrepreneurial activity.
- have enough time to participate in the work of the Board of Directors not only during meetings of the Board of Directors, but also to properly study materials for meetings of the Board of Directors.

The criteria for determining the independence of the Chairperson of the Management Board are not stipulated by law or by the Company's internal documents.

Information on the Remuneration of Members of the Board of Directors

In accordance with the resolutions of the General Meeting of Shareholders of the Company, members of the Board of Directors, during the period of their duties, are paid remuneration and compensated for the costs associated with the performance of their functions as a member of the Board of Directors.

Members of the Board of Directors are reimbursed for expenses (travel, accommodation, per diem) associated with travel to meetings of the Board of Directors and Committees of the Board of Directors of the Company held outside the place of permanent residence of a member of the Board of Directors.

Evaluation of the Performance of the Board of Directors, its Committees, Individual Members of the Board of Directors, the Management Board, the Internal Audit Service and its Head

The performance of the Board of Directors of Transtelecom JSC and its Committees was not evaluated in 2020, as the composition of the Board of Directors changed several times during 2019; also, no members of the Company's Board of Directors were elected from August 7 to November 15, 2019.

In order to evaluate the performance of the Company's Management Board, on September 25, 2017, the Board of Directors approved the Rules for Performance Evaluation and Remuneration of the Executive Officers of Transtelecom JSC. Based on the above Rules, the motivation maps of the Chairperson and members of the Management Board of Transtelecom JSC for 2020 were approved on January 31, 2020; the motivation maps with actual values of the Chairperson and members of the Management Board of Transtelecom JSC for 2020 were approved on October 7, 2020.

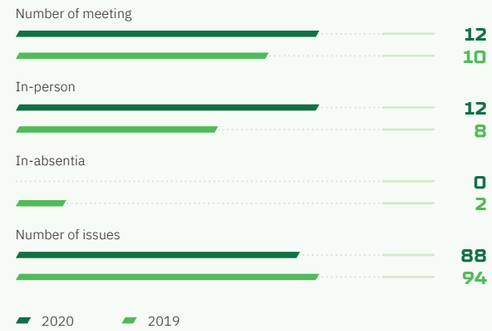
Performance evaluation of the Head of the Internal Audit Service is carried out on the basis of the Rules for Performance Evaluation and Remuneration of the Head of the Internal Audit Service of Transtelecom JSC, approved by the resolution of the Company's Board of Directors dated December 12, 2017. On October 2, 2020, the motivational KPI map of the Head of the Internal Audit Service of Transtelecom JSC for 2019 was approved; on June 15, 2020, the motivational KPI map with actual values of the Head of the Internal Audit Service of Transtelecom JSC based on the results of 2018 was approved.

Number of Meetings and Attendance of Meetings by Members of the Board of Directors

The work of the Board of Directors of the Company is carried out on the basis of the approved annual work plans. In total, 12 meetings of the Board of Directors of the Company were held in 2020, including: 12 – in person, 0 – in the form of absentee vote. During these in-person meetings of the Board of Directors, 88 resolutions were adopted.

The table below shows the statistics of the Board of Directors' meetings and the issues that have been considered at those meetings over the past 3 years:

Information about the BoD meetings



Information about the Participation of Members of the Board of Directors of the Company in Meetings of the Board of Directors in 2020

Full name	Attendance at meetings, from date of appointment	%	Period of being a member of the Board of Directors in the reporting period
Aliyev Nurali Rakhatovich	12 out of 12	100	January 01, 2020 – December 31, 2020
Nadyrov Zhanbolat Urakovich	6 out of 6	100	August 03, 2020 – December 31, 2020
Amrin Salmen Gabdollinovich	11 out of 12	92	January 01, 2020 – December 31, 2020
Pokupatelev Dmitry Alexandrovich	11 out of 11	100	February 06, 2020 – December 31, 2020
Dosmukametov Kanat Mukhametkarimovich	11 out of 12	92	January 01, 2020 – December 31, 2020
Issekeshev Yerlan Orentayevich	12 out of 12	100	January 01, 2020 – December 31, 2020
Otemurat Berik Mustayuly	11 out of 11	100	February 06, 2020 – December 31, 2020
Rahul Gupta	0 out of 6	0	February 06, 2020 – August 03, 2020

Key Issues Considered by the Board of Directors in 2020

During the reporting period, the meetings of the Board of Directors considered both strategic and current issues within its competence. The list of issues and resolutions on them are reflected in the corresponding minutes and resolutions of the meetings of the Board of Directors.

During the reporting period, the Board of Directors considered several key issues regulating the following areas:

Financial and economic activities

- on preliminary approval of the annual financial statements of Transtelecom JSC;
- on submitting proposals to the General Meeting of Shareholders of Transtelecom JSC on the procedure for distribution of net income of Transtelecom JSC for 2019 and the amount of dividend per common share of Transtelecom JSC;
- on approval of the budget of Transtelecom JSC for 2021;
- on conclusion of major transactions and interested-party transactions.

Strategic development

- on implementation of the Development Strategy of Transtelecom JSC;
- on approval of the total headcount and the structure of the Central Office of Transtelecom JSC;
- On consideration of the Reports on execution of the budget of Transtelecom JSC for 2019-2020.

Corporate governance

- on adopting resolutions in preparation for the annual and extraordinary meetings of the General Meeting of Shareholders of the Company;
- on endorsing the reports on the work of the Board of Directors and Committees of the Board of Directors of Transtelecom JSC for 2019;
- on election of the Chairpersons and members of the Committees of the Board of Directors of Transtelecom JSC;
- on approval of the Work Plan of the Board of Directors of Transtelecom JSC for 2021;
- on hearing the reports on the execution of instructions of the Board of Directors of Transtelecom JSC.

Internal audit

- on approval of the Audit Plan of the Internal Audit Service of Transtelecom JSC for 2021;
- on a quarterly basis, the Board of Directors hears reports from the Internal Audit Service.

Sustainable development

- preliminary consideration and approval of the issue: “On amendments and additions to the Articles of Association of Transtelecom JSC”;
- on approval of the Rules for Remuneration of the Chairperson of the Management Board, members of the Management Board, the Corporate Secretary and employees of the Internal Audit Service of Transtelecom JSC;
- on participation of Transtelecom JSC in the creation of a legal entity;
- on approval of the new edition of qualification requirements for management positions of Transtelecom JSC;
- reports on risks of the Company were reviewed on a quarterly basis.

Activities of the Committees of the Board of Directors in 2020

In order to increase the efficiency of resolutions adopted by the Board of Directors, Transtelecom JSC has three Committees of the Board of Directors, which are engaged in detailed preliminary consideration of the most important issues and preparation of relevant recommendations:

- Audit Committee
- Committee for Personnel and Remuneration
- Strategic Planning Committee.

In accordance with the Regulations on the Committees under the Board of Directors, each of the Committees shall submit to the Board of Directors a report on the work done on an annual basis.

Activities of the Audit Committee of the Board of Directors in 2020

The Audit Committee of the Board of Directors of Transtelecom JSC (hereinafter – the Committee) operates in accordance with the Regulations on the Audit Committee of the Board of Directors of Transtelecom JSC, approved by the resolution of the Board of Directors of the Company dated March 17, 2017. The Committee promotes deep and thorough consideration of issues within the competence of the Board of Directors and enhances the quality of resolutions adopted.

In accordance with the Articles of Association of the Company, the creation of Committees of the Board of Directors, approval of regulations on them, as well as the election of chairpersons and members of the Committees are within the competence of the Board of Directors of the Company. Independent Director Hexter David Richard was the Chairperson of the Committee from December 4, 2019 to February 6, 2020. On April 27, 2020, Independent Director of the Company Otemurat Berik was elected, which meets the requirements of the laws of the Republic of Kazakhstan, as well as international best practices of corporate governance.

In accordance with the resolution of the Board of Directors of Transtelecom JSC dated April 27, 2020, the following composition of the Audit Committee was determined (as of December 31, 2020):

Composition of the Audit Committee

Full name	Position	Committee member from:
Otemurat Berik Mustayuly	Independent Director of Transtelecom JSC, Chairperson of the Committee	April 27, 2020
Dosmukametov Kanat Mukhametkarimovich	Independent Director of Transtelecom JSC, member of the Committee	April 27, 2020
Issekeshev Yerlan Orentayevich	Independent Director of Transtelecom JSC, member of the Committee	April 27, 2020

Activities of the Audit Committee of the Board of Directors of Transtelecom JSC in 2020

During the reporting period, the Committee held 8 in-person meetings. During the reporting period, the meetings of the Committee considered all issues within the competence of the Committee. In accordance with the agendas of the meetings, the Committee considered 38 issues; the relevant recommendations to the Company's Board of Directors were submitted on the issues considered.

Meetings of the Committee in 2020:

Participation of members of the Audit Committee in meetings in 2020

Full name	Total meetings (number)	Participation in meetings (number)	Participation in meetings (%)
Otemurat Berik Mustayuly	7	6	86
Dosmukametov Kanat Mukhametkarimovich	8	7	88
Issekeshev Yerlan Orentayevich	8	8	100
Hexter David Richard	1	1	100

Evaluation of the Performance of the Audit Committee of the Board of Directors

The performance of the Board of Directors of Transtelecom JSC and its Committees for 2019 was not evaluated, as the composition of the Board of Directors changed several times during 2019, also no members of the Board of Directors were elected in the Company from August 7 to November 15, 2019.

For 2020, the Committee fully met the goals, objectives and functional responsibilities in accordance with the Regulations of the Committee. The Committee considered in detail all the issues on the agenda of the Committee meetings, provided balanced and detailed recommendations, which were adopted by the Board of Directors of the Company.

Activities of the Committee for Personnel and Remuneration of the Board of Directors in 2020

The Committee for Personnel and Remuneration of the Board of Directors of Transtelecom JSC (hereinafter – the Committee) was established in accordance with resolution of the Board of Directors of Transtelecom JSC dated August 31, 2016.

The Committee carries out its activities in accordance with the Regulations on the Committee for Personnel and Remuneration of the Board of Directors of Transtelecom JSC, approved by the resolution of the Company's Board of Directors dated August 31, 2016.

The Committee promotes deep and thorough consideration of issues within the competence of the Board of Directors and enhances the quality of resolutions adopted.

In accordance with the Articles of Association of the Company, the creation of Committees of the Board of Directors, approval of regulations on them, as well as the election of chairpersons and members of the Committees are within the competence of the Board of Directors of the Company.

Independent Director of the Company Issekeshev Yerlan Orentayevich was elected as the Chairperson of the Committee, which meets the requirements of the laws of the Republic of Kazakhstan, as well as international best practices of corporate governance.

In accordance with the resolution of the Board of Directors of Transtelecom JSC dated April 27, 2020, the following composition of the Committee for Personnel and Remuneration was determined (as of December 31, 2020):

Состав Комитета по кадрам и вознаграждениям

Full name	Position	Committee member from:
Issekeshev Yerlan Orentayevich	Independent Director of Transtelecom JSC, Chairperson of the Committee	April 27, 2020
Dosmukametov Kanat Mukhametkarimovich	Independent Director of Transtelecom JSC, member of the Committee	April 27, 2020
Otemurat Berik Mustayuly	Independent Director of Transtelecom JSC, member of the Committee	April 27, 2020

Activities of the Committee for Personnel and Remuneration of the Board of Directors of Transtelecom JSC in 2020

During the reporting period, the Committee held 6 meetings, all meetings were held in person. In accordance with the agendas of the meetings, the Committee considered 25 issues; the relevant recommendations to the Company's Board of Directors were submitted on the issues considered. During the reporting period, all issues of the Company's activities falling within the competence of the Committee were considered.

Personal participation of members of the Committee in meetings held in the reporting period is as follows.

Participation of members of the Committee for Personnel and Remuneration in meetings in 2020

Full name	Total meetings (number)	Participation in meetings (number)	Participation in meetings (%)	Period of membership in the Committee
Issekeshev Yerlan Orentayevich	6	6	100	January 01, 2020 – December 31, 2020
Dosmukametov Kanat Mukhametkarimovich	6	5	83.33	January 01, 2020 – December 31, 2020
Otemurat Berik Mustayuly	5	4	80	April 27, 2020 – December 31, 2020
Hexter David Richard	1	1	100	January 01, 2020 – February 06, 2020

Evaluation of the Performance of the Committee for Personnel and Remuneration of the Board of Directors

The performance of the Board of Directors of Transtelecom JSC and its Committees for 2019 was not evaluated, as the composition of the Board of Directors changed several times during 2019, also no members of the Board of Directors were elected in the Company from August 7 to November 15, 2019.

For 2020, the Committee fully met the goals, objectives and functional responsibilities in accordance with the Regulations of the Committee.

The Committee considered in detail all the issues on the agenda of the Committee meetings, provided balanced and detailed recommendations, which were adopted by the Board of Directors of the Company.

It should be noted that the work of the Committee increased the efficiency of the work of the Board of Directors of the Company and had a positive effect on the increase in the level of corporate governance of the Company.

Activities of the Strategic Planning Committee of the Board of Directors in 2020

The purpose of the Strategic Planning Committee of the Board of Directors (hereinafter – the Committee) is to thoroughly consider issues and submit recommendations to the Board of Directors to improve the quality of resolutions adopted.

The tasks of the Committee are to provide recommendations to the Board of Directors of the Company for adopting resolutions on the following issues:

01. preliminary consideration of the priority directions of the Company's activity, as well as approval of the Company's development strategy;
02. preliminary consideration of the draft Development Plan of the Company, as well as amendments and additions thereto;
03. monitoring the implementation of the Company's Development Strategy;
04. preliminary consideration of documents submitted for consideration by the Board of Directors containing information on the progress of strategies implementation, achievement of target values of strategic key performance indicators;
05. providing the Board of Directors with an annual report on the work of the Committee;
06. providing recommendations to the Board of Directors on possible risks associated with the implementation of the long-term development strategy of the Company;
07. consideration and approval of strategic risks in order to integrate the risk management system into the planning process;
08. monitoring the implementation of the medium-term development plan;
09. providing recommendations to the Board of Directors on other issues within its competence in accordance with the instructions of the Board of Directors and/or the provisions of the internal documents of the Company.

The Committee carries out its activities in accordance with the Regulations on the Strategic Planning Committee of the Board of Directors of Transtelecom JSC, approved by the resolution of the Company's Board of Directors dated August 31, 2016.

In accordance with the Articles of Association of the Company, the creation of Committees of the Board of Directors, approval of regulations on them, as well as the election of Chairpersons and members of the Committees are within the competence of the Board of Directors of the Company.

Independent Director of the Company Dosmukametov Kanat Mukhametkarimovich was elected as the Chairperson of the Committee, which meets the requirements of the laws of the Republic of Kazakhstan, as well as international best practices of corporate governance.

The following composition of the Strategic Planning Committee of the Board of Directors of Transtelecom JSC as of December 31, 2020 was determined by the resolution of the Board of Directors of Transtelecom JSC dated April 27, 2020:

Composition of the Strategic Planning Committee

Full name	Position	Election date
Dosmukametov Kanat Mukhametkarimovich	Independent Director of Transtelecom JSC, Chairperson of the Committee	April 27, 2020
Issekeshev Yerlan Orentayevich	Independent Director of Transtelecom JSC, member of the Committee	April 27, 2020
Otemurat Berik Mustayuly	Independent Director of Transtelecom JSC, member of the Committee	April 27, 2020

Activities of the Strategic Planning Committee of the Board of Directors in 2020

In 2020, 3 in-person meetings of the Committee were held, at which 10 issues were considered and recommendations were provided.
Personal participation of members of the Committee in meetings held in the reporting period is as follows.

Participation of members of the Strategic Planning Committee in meetings in 2020

Full name	Total meetings (number)	Participation in meetings (number)	Participation in meetings (%)
Dosmukametov Kanat Mukhametkarimovich	3	1	33.33
Issekeshev Yerlan Orentayevich	3	3	100
Otemurat Berik Mustayuly	3	3	100

Evaluation of the Performance of the Strategic Planning Committee

The performance of the Board of Directors of Transtelecom JSC and its Committees for 2019 was not evaluated, as the composition of the Board of Directors changed several times during 2019, also no members of the Board of Directors were elected in the Company from August 7 to November 15, 2019.

For 2020, the Committee fully met the goals, objectives and functional responsibilities in accordance with the Regulations of the Committee, as well as the Committee's work plan for 2020. The Committee considered in detail all the issues on the agenda of the Committee meetings, provided balanced and detailed recommendations, which were adopted by the Board of Directors of the Company.

The work of the Committee meets the expectations of shareholders regarding the increase in the efficiency of the work of the Board of Directors of the Company and the corporate governance of the Company.

Service Record of Members of the Board of Directors of the Company



ALIYEV NURALI RAKHATOVICH

Chairperson of the Board of Directors of Transtelecom JSC

Date of the first election to the Board of Directors of Transtelecom JSC: August 4, 2016

Education
- 2001-2002 — Pepperdine University, Malibu, California, USA
- 2002-2003 — International University, Vienna, Austria
- 2003-2005 — Abay Kazakh National Pedagogical University, Almaty, Kazakhstan
- 2006 — University of Texas, McCOMBS School of Business, USA
- 2005-2006 — IMADEK University, Vienna, Austria.

Work experience
- 2003-2004 — Corporation SUCDEN ET DENREES SA, France, Department of International Trade
- 2004-2005 — Sugar Center JSC, Head of the International Department / Deputy Head of the International Department
- 2005-2006 — Sugar Center JSC – President
- 2007-2010 — Nurbank JSC – Chairperson of the Board of Directors / First Deputy Chairperson of the Management Board / Deputy Chairperson
- 2008-2013 — Development Bank of Kazakhstan JSC – Managing Director – Member of the Management Board
- 2013-2014 — Transtelecom JSC – President
- 2014-2016 — Akimat of the city of Astana – Deputy Akim of the city of Astana



NADYROV ZHANBOLAT URAKOVICH

Member of the Board of Directors of Transtelecom JSC

Date of the first election to the Board of Directors of Transtelecom JSC: August 3, 2020

Education
- 1998 — Satpayev Kazakh National Technical University, Almaty, Kazakhstan
- 2002 — Baikonurov Zhezkazgan University, Zhezkazgan, Kazakhstan

Work experience
- 2002 — KMT LLP – Head of Department, General Director
- 2002-2004 — TPK Asia LLP – Deputy Director of the Branch
- 2005-2006 — AMO JSC – Deputy Chairperson of the Management Board
- 2007-2008 — Nurbank JSC – Head of Corporate Business Department
- 2007-2008 — Nurbank JSC – Managing Director
- 2008-2010 — Nurbank JSC – Deputy Chairperson of the Management Board
- 2010-2013 — Development Bank of Kazakhstan JSC – Representative Office Director
- 2013-2014 — Transtelecom JSC – Acting Vice-President for Economy and Support – Member of the Management Board, Acting First Vice-President – Member of the Management Board
- 2016-2017 — Transtelecom JSC – President
- 2019-2020 — Transtelecom JSC – Chairperson of the Management Board



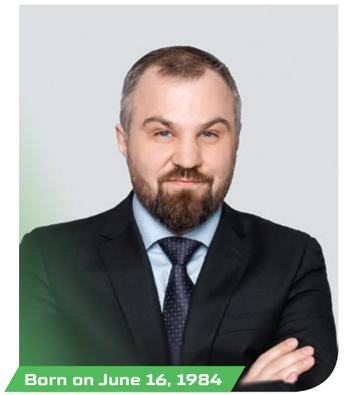
AMRIN SALMEN GABDOLLINOVICH

Member of the Board of Directors of Transtelecom JSC

Date of the first election to the Board of Directors of Transtelecom JSC: November 15, 2019

Work experience

- 2014-2016 — DBA B.S.D.O., Houston, USA – Project Manager
- 2017-2019 — NC KMG JSC – Project Management Coordinator, Head of the Transformation Office of Oil Construction Company LLP
- 2019 – present — NC KTZ JSC — Managing Director, Director of the Directorate of Automation and Digitalization



POKUPATELEV DMITRY ALEXANDROVICH

Member of the Board of Directors of Transtelecom JSC

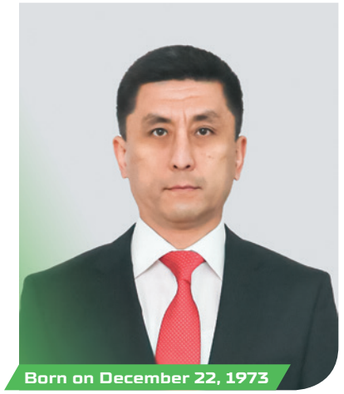
Date of the first election to the Board of Directors of Transtelecom JSC: February 6, 2020

Education

- 2015 — Jan Amos Komensky University, Czech Republic, MBA, General and Strategic Management (in cooperation with the RFCA Academy under the National Bank of Republic of Kazakhstan)
- 2006 — St. Petersburg Humanitarian University of Trade Unions, St. Petersburg

Work experience

- 2006-2009 — Kazkommertsbank JSC – 1st Category Manager of Small and Medium Business
- 2009-2010 — Kazkommertsbank JSC – Auditor
- 2010-2011 — Temirbank JSC – Deputy Head of the Credit Risk Department, Chief Risk Manager
- 2011-2012 — Temirbank JSC – Chief Risk Manager of the Office of Methodology and Analysis of Credit Risks
- 2012-2014 — Temirbank JSC – Head of the Office of Methodology and Analysis, Problem Loans Management Department
- 2014-2015 — SB Sberbank of Russia JSC – Head of the Office of Analysis, Methodology and Reporting, Problem Asset Management Department
- 2015-2017 — Food Invest Group – Deputy General Director
- 2017 – present — Sigma Advisors LLP – Managing Director, Due Diligence Group



DOSMUKAMETOV KANAT MUKHAMETKARIMOVICH

Independent Director, member of the Board of Directors of Transtelecom JSC

Date of the first election to the Board of Directors of Transtelecom JSC: August 4, 2016

Education

- 1994 — Kazakh State Academy of Management, PhD in Economics

Work experience

- 2000-2003 — National Bank of the Republic of Kazakhstan (Astana) – Head of the Coordination Office of the National Bank of the Republic of Kazakhstan; Deputy Director of the Financial Supervision Department of the National Bank of the Republic of Kazakhstan
- 2004-2006 — Agency for Regulation of Financial Market and Financial Organizations – Deputy Chairperson
- 2006-2007 — Investment company SAFC – Managing Director
- 2007 — National Holding KazAgro JSC – Deputy Chairperson of the Management Board
- 2007-2009 — Delta Bank JSC – Chairperson of the Management Board
- 2009 — Deloitte TCF LLP – Managing Director
- 2009-2012 — Ministry of Finance of the Republic of Kazakhstan – Chairperson of the Treasury Committee
- 2012 — Samruk-Kazyna JSC – Managing Director
- 2012-2015 — Eurasian Development Bank – Deputy Chairperson of the Management Board
- 2015 — Eurasian Development Bank – Deputy Chairperson of the Management Board
- 2016 — Polymetal Eurasia LLP – General Director



ISSEKESHEV YERLAN ORENTAYEVICH

Independent Director, member of the Board of Directors of Transtelecom JSC

Date of the first election to the Board of Directors of Transtelecom JSC: August 4, 2016

Education

- 1992 — Almaty University of Power Engineering
- 2003 — Turan University
- 2010 — French Business School NES, Paris

Work experience

- 2000-2002 — Astanaenergoservice LLP – Deputy Director
- 2002-2005 — Karagandy Zhylu LLP – Commercial Director
- 2005 — Karagandy Zharyk LLP – General Director
- 2005-2007 — Karagandy Zhylu LLP – General Director
- 2007-2008 — Akimat of the Karaganda region – Deputy Akim for Communal Issues
- 2008 — KazynaCapitalManagement JSC – Advisor to the Chairperson of the Management Board on the Establishment and Development of the Ithmaar Kazyna CIS Regional Energy Fund
- 2009-2011 — Investment Fund Falah Partners – Managing Partner
- 2009-2012 — Samruk-Energo JSC – Independent Director, Member of the Board of Directors
- 2011 – present — ISS Corporation LLP – Chairperson of the Board of Directors of a diversified holding company



Born on March 26, 1980

OTEMURAT BERIK MUSTAYULY

Independent Director, Member of the Board of Directors of Transtelecom JSC

Date of the first election to the Board of Directors of Transtelecom JSC: February 6, 2020

Education

- 2003 — KIMEP University
- 2013 — London Business School, London, UK

Work experience

- 2003-2004 — ERNST & YOUNG – Senior Audit Officer
- 2004-2007 — PARAGON DEVELOPMENT, CFO
- 2007-2008 — Sustainable Development Fund Kazyna – Director of the Corporate Finance Department, General Manager
- 2008-2009 — SWF Samruk-Kazyna JSC – Director of the Corporate Finance Department
- 2009-2010 — Development Bank of Kazakhstan JSC – Deputy Chairperson of the Management Board, Member of the Management Board
- 2010-2011 — BTA Bank JSC – Deputy Chairperson of the Management Board, Member of the Management Board
- 2012-2013 — Government of the Republic of Kazakhstan – Advisor to the Deputy Prime Minister (external)
- 2013-2014 — National Bank of the Republic of Kazakhstan – Advisor to the Chairperson
- 2014-2016 — National Investment Corporation – Chairperson of the Management Board, Member of the Board of Directors
- 2017 – present — ND CAPITAL – Managing Partner

Activities of the Corporate Secretary

The institution of the Corporate Secretary is designed to maintain effective interaction between the Company's shareholders, the Board of Directors and the Executive Body. As part of this interaction, the activities of the Corporate Secretary are aimed at improving the efficiency of the Company's development management in the interests of its owners, increasing the investment appeal of the Company, increasing its capitalization, and increasing the profitability of the business. The Corporate Secretary ensures the proper functioning of the Board of Directors and its Committees.

The Regulations on the Corporate Secretary was approved by the resolution of the Board of Directors dated November 17, 2016 (Minutes No. 9/2016). In accordance with the Regulations, the Corporate Secretary is an employee of the Company who is not a member of the Board of Directors, or the Management Board of the Company, who is appointed by the Board of Directors of the Company and reports to the Board of Directors of the Company.

The main tasks of the Corporate Secretary are as follows:

01. Ensuring that the Company's bodies and officials comply with the laws of Kazakhstan on corporate governance, listing rules (when securities are traded on a stock exchange), the Articles of Association, the Corporate Governance Code and internal regulatory documents of the Company, as well as improving corporate governance policies and practices
02. Ensuring the efficient operation of the Board of Directors and its Committees
03. Ensuring the adoption of resolutions by the General Meeting of Shareholders in accordance with the requirements of the laws of the Republic of Kazakhstan, the Articles of Association and other internal regulatory documents of the Company
04. Ensuring storage, disclosure and provision of material information about the Company, as well as maintaining a high level of information transparency
05. Ensuring clear and efficient interaction between the bodies of the Company, including between the Company and the General Meeting of Shareholders.

Management Board

Appointment of the Chairperson and Members of the Management Board, Their Duties and Responsibilities

The Management Board is a collegial executive body that manages the current activities of the joint-stock company in order to fulfill the tasks and implement the strategy.

Members of the Management Board are obliged to protect the interests and execute resolutions of the General Meeting of Shareholders and the Board of Directors of the Company in accordance with the Regulations on the Management Board of the Company. In accordance with the Regulations on the Management Board, the Company's Articles of Association and the laws of the Republic of Kazakhstan, the Board of Directors of the Company shall appoint members of the Management Board and early terminate their powers, as well as determine the number of members and the term of office. The number of members of the Management Board must be at least five people.

The Company and members of the Management Board have concluded employment contracts (additional agreements to the employment contract if a member of the Management Board is an employee of the Company), which provide for a direct dependence of financial incentives for the Chairperson and members of the Management Board on the achievement of goals in terms of key performance indicators of the Company.

The functions, rights and obligations of the members of the Management Board are determined by the laws of the Republic of Kazakhstan, the Articles of Association of the Company, the Regulations on the Management Board, as well as the employment contract. Members of the Management Board, as well as heads of units of the Company, are responsible to the Company and shareholders for timely and high-quality execution of resolutions adopted by the Management Board, as well as for losses incurred by the Company as a result of violation of the procedure for providing information established by law.

Composition of the Management Board of the Company as of December 31, 2020

The resolution of the Board of Directors dated December 10, 2020 (Minutes No. 10/2020) determined the composition of the Management Board of the Company in the amount of eight (8) people and determined the term of office of the Management Board of the Company – three (3) years.

Composition of the Management Board

Adaibekov Yelnar Ruslanovich	Chairperson of the Management Board of the Company
Minavar Yerlan Yerikuly	Deputy Chairperson of the Management Board for Strategic Development and Innovation of the Company
Barmenkulov Kenes Tanatarovich	Deputy Chairperson of the Management Board for Organizational Development of the Company
Donenbay Gaziz Bolatuly	Deputy Chairperson of the Management Board for Corporate Business Development of the Company
Kassymov Karim Dosmukhambetovich	Deputy Chairperson of the Management Board for Business Development in the Public Sector of the Company
Akhmetov Murat Sailaubekovich	Deputy Chairperson of the Management Board for Operations of the Company
Kozhasbayev Daniyar Zhenissovich	Deputy Chairperson of the Management Board for Economy and Finance of the Company
Baimyrzauly Askar	Deputy Chairperson of the Management Board for Administrative and Legal Affairs of the Company

Service Record of Members of the Management Board



Born on February 18, 1986

ADAIBEKOV YELNAR RUSLANOVICH

Chairperson of the Management Board of Transtelecom JSC

Education
- Kings College London, University of London, London, UK, BSc in Computer Science.

Work experience
- 2008-2009 — Nurbank JSC, Almaty – Project Manager
- 2009-2010 — Nur-Trans JSC, Almaty – Chief Risk Officer
- 2010-2011 — Rompetrol Gas SRL Bucharest, Romania – Senior Risk Manager
- 2012-2015 — Rompetrol Gas SRL Bucharest, Romania – Deputy General Director
- 2015-2017 — Transtelecom JSC – Vice President for Corporate Governance and Legal Affairs, member of the Management Board of the Company.
- 2017-2019 — Transtelecom JSC – Vice President for Development and Legal Affairs, member of the Management Board of the Company.
- 2019-2020 — Transtelecom JSC – Deputy Chairperson of the Management Board for Organizational Development of the Company
- 2020 – Until now — Transtelecom JSC – Chairperson of the Management Board



Born on November 01, 1981

BARMENKULOV KENES TANATAROVICH

Deputy Chairperson for Organizational Development, member of the Management Board of Transtelecom JSC

Education
- 1999-2003 – Ryskulov Kazakh Economic University, major – International Economic Relations
- 2010 – Telecoms MINI MBA, London, UK
- 2015-2016 – School of Business, Nazarbayev University, EMBA

Work experience
- 2003-2005 – Kazakhtelecom JSC – Economist in the Corporate Sales Directorate
- 2005-2008 – Branch of Uni Commerce Ltd LLP, Branch of TeaLand and Branch of ASF, RG Brands Kazakhstan LLP – Financial Manager
- 2008-2015 – SWF Samruk-Kazyna JSC – Senior Expert of the Communication Assets Directorate
- 2015-2020 – Transtelecom JSC – Executive Director for Corporate Development
- 2020 – Until now – Transtelecom JSC – Deputy Chairperson of the Management Board for Organizational Development, member of the Management Board



Born on August 22, 1983

AKHMETOV MURAT SAILAUBEKOVICH

Deputy Chairperson of the Management Board for Operations, member of the Management Board of Transtelecom JSC

Education

- Tynyshpayev Kazakh Academy of Transport and Communication, major – Automation, Telemechanics and Communication
- 2011 – Tynyshpayev Kazakh Academy of Transport and Communication, major – Interoperability, Certification and Safety in International Railway Transport
- CNAM University (France), major – Interoperability, Certification and Safety in International Railway Transport

Work experience

- 2005-2009 – National Company Kazakhstan Temir Zholy JSC, North Regional Computing Center – Electronic Engineer of the 1st Category, Electronic Engineer of the 2nd Category of the Information Security Sector
- 2009-2014 – National Company Kazakhstan Temir Zholy JSC, Head of the Company units
- 2014-2016 – National Company Kazakhstan Temir Zholy JSC, Directorate of Information Technologies – Director of the Development and Project Management Department
- 2016-2017 – National Company Kazakhstan Temir Zholy JSC, Directorate of Information Technologies – Deputy Director for Information Technologies
- 2017-2020 – Transtelecom JSC – Executive Director for IT Support and Development; Executive Director for IT Operations; Vice President for IT and Innovation, Member of the Management Board; Deputy Chairperson of the Management Board for Infrastructure Operations;
- 2020 – Until now – Transtelecom JSC – Deputy Chairperson of the Management Board for Operations, member of the Management Board



Born on January 9, 1985

BAIMYRZAULY ASKAR

Deputy Chairperson of the Management Board for Administrative and Legal Affairs, member of the Management Board of Transtelecom JSC

Education

- 2006 — Al-Farabi Kazakh National University, Almaty, major – Laws
- 2008 — Al-Farabi Kazakh National University, Almaty, Master of Laws
- 2010 — T. Ryskulov Kazakh Economic University, Almaty
- 2019 — Executive MBA, Graduate School of Business, Nazarbayev University

Work experience

- 2008-2009 — National Company Kazakhstan Temir Zholy JSC – Chief Manager of the Legal Support Department
- 2010-2011 — National Company Kazakhstan Temir Zholy JSC – Manager of the Litigation and Claims Department
- 2011-2011 — Kedentransservice JSC – Chief Manager
- 2011-2016 — National Company Kazakhstan Temir Zholy JSC – Chief Manager of the Legal Support Department and the Litigation and Claims Department
- 2016-2018 — NC KTZ JSC – Team Leader of the Legal Support Department and the Department of Litigation and Claims
- 2018-2019 — Transtelecom JSC – Executive Director for Legal Affairs
- 2018-2019 — Transtelecom JSC – Executive Director for Legal Affairs, member of the Management Board
- 2020 – Until now — Transtelecom JSC – Deputy Chairperson of the Management Board for Administrative and Legal Affairs, member of the Management Board



KASSYMOV KARIM DOSMUKHAMBETOVICH

Deputy Chairperson of the Management Board for Business Development in the Public Sector, member of the Management Board of Transtelecom JSC

Education
- Abay Almaty State University, major – Economics
- M. Tynyshpayev Kazakh Academy of Transport and Communication, major – Radio Electronics and Telecommunications
- Executive MBA, Graduate School of Business, Nazarbayev University

Work experience
- 2006 — Company Alas LTD LLP – Deputy Director, Arman-Munay LLP – Deputy Director
- 2009 — Almaty Megatau – Director
- 2013-2017 — KTZ Express JSC – Chief Manager of the Sales Department, Chairperson of the Trade Union Committee
- 2017-2019 — Transtelecom JSC – Head of Procurement and Logistics, Executive Project Director
- 2019-2020 — Transtelecom JSC – Executive Director of Business Development (B2G)
- 2020 – Until now — Transtelecom JSC – Deputy Chairperson of the Management Board for Business Development in the Public Sector, member of the Management Board



KOZHASBAYEV DANIYAR ZHENISSOVICH

Deputy Chairperson of the Management Board for Economy and Finance, member of the Management Board of Transtelecom JSC

Education
- Almaty Economic University, major – Financial Management

Work experience
- 2007-2008 — Hewlett Packard Kazakhstan – Sales Representative for the largest customers in the Central Asia and Caucasus region (B2B)
- 2008-2010 — TOYOTA TSUSHO (Toyota Group International Trade Structure) – Sales Director (Industrial Equipment and Construction Equipment)
- 2010-2013 — Kazakhstan office, Boart Longyear (international company in the field of Mining & Metals) – Head
- 2013-2016 – Kazkommertsbank JSC – Head of the Subsurface Users Division, Corporate Lending Department; Director of the Corporate Lending Department No. 2;
- 2016-2017 — Association of Financiers of Kazakhstan – Managing Director, Corporate Development Center
- 2017-2019 – Fortebank JSC – Executive Director, Head of the Corporate Business Unit; Executive Director, Head of SME and CB Unit;
- 2019-2020 — First Heartland Jysan Bank JSC (formerly – Tsesnabank JSC) – Deputy Chairperson of the Management Board
- 2020 — Tigin Industry LLP – Financial Director
- July 2020 – August 2020 — Transtelecom JSC – Deputy Chairperson of the Management Board for Economy and Administrative Affairs
- August 2020 — Transtelecom JSC – Deputy Chairperson of the Management Board for Administrative and Legal Affairs, member of the Management Board
- December 2020 — Transtelecom JSC – Deputy Chairperson of the Management Board for Economy and Finance
- December 2020 – Until now — Transtelecom JSC – Deputy Chairperson of the Management Board for Economy and Finance, member of the Management Board



MINAVAR YERLAN YERIKULY

Deputy Chairperson of the Management Board for Strategic Development and Innovation, member of the Management Board of Transtelecom JSC

Education
- 2003-2006 — Carnegie Mellon University, Pittsburgh, USA, major – Science of Decision-Making and Rational Choices, Bachelor in Information Systems
- 2016-2017 — INSEAD Singapore, France, MBA

Work experience
- 2007-2009 — CIBC World Markets/Oppenheimer & Co (USA) (M&A, Investment Bank) – M&A Analyst
- 2009-2013 — Caspian Engineering & Research (Kazakhstan) – Financial Director
- 2010-2011 — Belkamit LLP (Kazakhstan) – Financial Director
- 2013-2015 — Frontier Mining (Kazakhstan / England) – Executive Director
- 2017-2019 — Billboard Video Singapore (Kazakhstan / Singapore) – Managing Director, Product Manager, Scrum Master
- 2019-2020 — Capital Holding – CEO
- June 2020 — Transtelecom JSC – Deputy Chairperson of the Management Board for Development and Innovations, member of the Management Board
- December 2020 — Transtelecom JSC – Deputy Chairperson of the Management Board for Strategic Development and Innovation, member of the Management Board



DONENBAY GAZIZ BOLATULY

Deputy Chairperson of the Management Board for Strategic Projects Development, member of the Management Board of Transtelecom JSC

Education
- 2011 — Asia Pacific University, Kuala Lumpur, Malaysia, BSc (Hons) in Business Information Technology,
- 2012 — Asia Pacific University, Kuala Lumpur, Malaysia, Master of Business Administration, Postgraduate program of Staffordshire University, UK

Work experience
- 2011-2013 — Aldiyar B LLP – Business Analyst
- 2013-2015 – NC KTZ JSC – Directorate of Information Technologies – Chief Specialist of the Business Analytics Office of the Branch Project Management Department; Expert of the Project Portfolio Analysis Department, Head of the Branch Project Management Department;
- 2015-2016 — Branch of Transtelecom JSC – Directorate of Infotelecommunication Technologies – Technical Expert on PG Infrastructure "Implementation and Support of IT Infrastructure"
- 2016-2017 — Transtelecom JSC – Directorate of Infotelecommunication Technologies – Project Manager for branch hardware and software systems
- 2017 – 2020 – Transtelecom JSC – Executive Project Director; Executive Director for Corporate Business Development (B2B);
- December 2020 – March 2021
- Transtelecom JSC – Deputy Chairperson of the Management Board for Corporate Business Development, member of the Management Board
- March 2021 – Until now — Transtelecom JSC – Deputy Chairperson of the Management Board for Strategic Projects Development, member of the Management Board of Transtelecom JSC

Meetings of the Management Board in 2020

The activities of the Management Board of the Company are determined by the Articles of Association, the Corporate Governance Code and the Regulations on the Management Board. In 2020, 38 meetings of the Management Board were held, at which 180 issues attributed by the Company's Articles of Association to the competence of the executive body were considered and resolved. The Management Board carried out its activities in accordance with the resolutions of the General Meeting of Shareholders and the Board of Directors of the Company.

The key issues discussed at the meeting of the Management Board are as follows:

01. approval of the staffing table (amendments and additions) of the CO and branches;
02. approval of internal documents:
   - HR strategy of Transtelecom JSC for 2021-2023.
   - Information Security Development Strategy of Transtelecom JSC for 2021-2023.
   - Functional strategies of Transtelecom JSC for B2B, B2C, B2R, B2O, B2G segments and for business development in the railway industry.
   - Rules of Access and Intrafacility Regime to the Administrative Building of Transtelecom JSC.
   - Rules of Remuneration of Personnel of the Central Office of Transtelecom JSC, Except for the Chairperson of the Management Board and Members of the Management Board, the Corporate Secretary and Employees of the Internal Audit Service of Transtelecom JSC.
   - Regulations of Transtelecom JSC in a new edition.
   - The Company's Occupational Health and Safety Policy in the new edition.
   - Regulations on the Investment Committee of Transtelecom JSC in a new edition and the composition of the Investment Committee of Transtelecom JSC.
   - Regulations on the Commissions for Social and Housing Issues of Transtelecom JSC and the composition of the Commissions for Social and Housing Issues of Transtelecom JSC.
   - Regulations on the Project Committee of Transtelecom JSC in a new edition and the composition of the Project Committee of Transtelecom JSC.
   - Regulations on the Tariff and Food Committee of Transtelecom JSC in a new edition and its composition.
   - Regulations on the Risk Committee of Transtelecom JSC in a new edition.
   - Regulations on the Commission for Write-off of Fixed Assets and Intangible Assets of Transtelecom Joint-stock Company.
   - Regulations on the Commission for Write-off of Inventory and Composition of the Commission of the Central Office and Branches for the Write-off of Inventory of Transtelecom Joint-stock Company.
   - Regulations and composition of the working Commission for Inventory and Write-off of Fixed Assets and Intangible Assets of Transtelecom Joint-stock Company.
   - Regulations on the Budget Committee of Transtelecom JSC in a new edition and the composition of the Budget Commission of Transtelecom JSC.
   - Regulations on the Competitive and Qualification Commissions of Transtelecom JSC and compositions of the Competitive and Qualification Commissions of the Central Office and branches of Transtelecom JSC.
   - Regulations on the Expert Commission of Transtelecom JSC in a new edition and compositions of the Expert Commission of the Central Office and branches of Transtelecom JSC.
03. on procurement issues:
   - approval of the Rules for the Procurement of Goods, Works and Services by Transtelecom Joint-stock Company (amendments and additions).
   - procurement of goods, works and services in accordance with the Procurement Rules.

The amount of remuneration paid to key senior employees

219,709
THOUSAND TENGE

Remuneration of Members of the Management Board

Remuneration of members of the Management Board is made in accordance with the Rules for Performance Evaluation and Remuneration of the Company's Executive Employees (hereinafter – the Rules), which were developed in accordance with the laws of Kazakhstan, the Company's Articles of Association, and the Standard Rules for Performance Evaluation and Remuneration of the Executive and Managerial Employees of NC KTZ JSC.

The Rules are based on the following principles:
- interrelation of remuneration with the fulfillment of tasks that is in the interests of the Company and NC KTZ JSC;
- simplicity and transparency of the principles for determining the amount of remuneration;
- dependence of the amount of remuneration on the results of the Company's activities and the performance of its executives.

The procedure for evaluating the performance of executives consists of the following steps:
- selection of motivational KPIs, setting target values;
- approval of motivational KPIs;
- performance monitoring;
- calculation and approval of actual performance.

Motivational KPIs are developed in the form of a KPI map with target values by cascading the Company's strategic goals into specific indicators. At the same time, KPI passport is developed for each KPI.

Performance-based remuneration (short-term and long-term remuneration), as well as performance-based remuneration for the year, are paid depending on performance in order to provide financial incentives for achievements and performance improvement, are not permanent in nature and are not included in the calculation of average salary.

Performance evaluation is based on KPIs, which characterize the effectiveness of the Company's financial and economic activities (corporate KPIs) and the extent to which members of the Management Board achieve results in functional areas of activities (functional KPIs).

Corporate KPIs are the same for all members of the Management Board. Functional KPIs are KPIs that are set individually for each employee, and, as a rule, are aimed at achieving goals in the areas supervised by this employee.

Corporate and functional KPIs have a threshold and target value, as well as a "Challenge" value. The threshold value characterizes the minimum expectations of the performance result, which with high probability are achievable on condition of conscientious performance of job duties. Target values characterize the expected level of high performance. The "Challenge" KPI value characterizes the outstanding KPI results contributing to the implementation of the Company's ambitious goals.

The maximum size of remuneration of executives based on the results of work for the year cannot exceed their 4-fold annual amount of salary (official salary).

In the reporting year, the amount of remuneration paid to key management employees of the Company (the total amount of salaries and all types of incentives in cash) amounted to 219,709 thousand tenge.

Internal Audit Service

The organization and implementation of internal audit in Transtelecom JSC is ensured by the Internal Audit Service (hereinafter – the IAS), which is directly subordinate and accountable to the Board of Directors. Supervision of the IAS's activities is carried out by the Audit Committee of the Board of Directors of the Company. The head and employees of the Department are appointed by the Board of Directors of the Company.

The mission of the Department is to provide the necessary assistance to the Board of Directors and the Management Board of the Company in the performance of their duties to achieve the strategic goals of the Company.

The main purpose of the Department is to provide the Board of Directors and the Audit Committee with independent and objective information by providing guarantees and consultations aimed at improving the systems of internal control, risk management and corporate governance in the Company.

The Regulations of the IAS defines the goals, powers and responsibilities of the IAS, as well as qualification requirements. The Regulations of the IAS was developed based on International Professional Standards. The Regulations of the IAS fully meet the specific business needs of Transtelecom JSC.

Organizational subordination and functional accountability of the IAS to the Board of Directors is achieved under the following conditions:

01. approval by the Board of Directors (preliminary consideration by the Audit Committee) of the regulations and other policies in the field of internal audit governing the goals, objectives, functions and procedures for the activities of the IAS;
02. approval by the Board of Directors (preliminary consideration by the Audit Committee) of the risk-based annual audit plan;
03. providing the Board of Directors (Audit Committee) with quarterly and annual reports on the implementation of the annual audit plan and other information on the activities of internal audit;
04. approval by the Board of Directors (preliminary consideration by the Audit Committee) of resolutions on the appointment, dismissal, remuneration of the head and employees of the Internal Audit Service;
05. consideration by the Board of Directors (Audit Committee) of significant restrictions on the powers of the IAS or other restrictions that may negatively affect the implementation of internal audit.

The head of the IAS developed internal documents regulating the IAS activities (Regulations, Internal Audit Guidelines, etc.), these documents were reviewed, preliminarily approved by the Audit Committee and approved by the Board of Directors of the Company.

The Internal Audit Service operates on the basis of a risk-based annual audit plan, approved annually by the Board of Directors of the Company, and revised as necessary.

The Internal Audit Service periodically evaluates the effectiveness of the internal control and risk management systems using generally accepted performance standards and best practices.

In 2020, the IAS conducted 7 scheduled audits in accordance with the approved Annual Audit Plan.

Settlement of Conflict of Interest

The Company has a Policy for Settlement of Corporate Conflicts of Transtelecom JSC, approved by the resolution of the Board of Directors, which regulates the procedure for settlement of corporate conflicts between NC KTZ JSC and other bodies of the Company.

The Company ensures the most complete and prompt identification of corporate conflicts, if they may arise in the Company, and clear coordination of the actions of the Company's bodies, namely:

- ensures that corporate conflicts are identified at the earliest stages of their development and that the Company, its officers and employees are attentive to them;
- entrusts the Company's Corporate Secretary with keeping records of corporate conflicts and registering appeals, letters and demands received from shareholders. The Corporate Secretary of the Company shall make a preliminary assessment of them and submit them to the body of the Company within whose competence the conflict in question falls.

The Corporate Secretary shall ensure proper consideration by the Company of the shareholders' appeals and resolution of conflicts related to violation of the shareholders' rights. In the branches of the Company, the organization of such work should be entrusted to the persons who head them. But even in this case, the Corporate Secretary of the Company must have all the information about corporate conflicts that have arisen in the Company's branches, as soon as possible determine his position on the merits of the conflict, make the appropriate decision and bring it to the attention of shareholders.

In 2020, there were no cases of conflict of interest in the Company.

Anti-Corruption Activities

Ethics and Integrity

Transtelecom JSC considers manifestations of corruption as one of the systemic threats to national security and in order to improve legal literacy and zero tolerance for its manifestations, is guided by the principles and priorities that are enshrined in the State Anti-Corruption Policy, takes into account all current requirements of laws of the Republic of Kazakhstan in this area.

Anti-Corruption Management

An important feature of the Law of the Republic of Kazakhstan "On Combating Corruption" dated November 18, 2015, and other normative acts of anti-corruption laws is that, in addition to guarantees to protect entrepreneurial activi-ty from corruption challenges, entrepreneurs are classified as entities that carry out anti-corruption measures, which means they are obliged take measures to localize the causes and conditions conducive to the commission of corruption of-fenses.

In accordance with the Anti-Fraud and Corruption Policy approved by the Company in November 2015, the Company's employees must strictly observe and be guided by its principles:

- legality;
- recognition, provision and protection of fundamental human and civil rights and freedoms; publicity and openness in the activities of the Company's employees;
- inevitability of responsibility for committing corruption offenses;
- assistance in the formation of a legal culture among the Company's employees that rejects fraud and corruption, ensuring the principles of honesty and incorruptibility in the performance of official duties;
- implementation of anti-corruption outreach;
- complex use of political, organizational, information and outreach, socio-economic, legal, special and other measures;
- cooperation in the field of combating fraud and corruption with the Company, government agencies, and contractors of the Company.

The objectives of the Policy are as follows:

- prevention of illegal actions;
- instilling in the employees of the Company strict observance of the legis-lative acts of the Republic of Kazakhstan, as well as internal regulations governing the activities of the Company;
- elimination of the causes and conditions that give rise to fraud and corruption.

In order to implement practical anti-corruption measures in the areas of corporate governance, interaction with partners, counterparties and customers in procurement, as well as in relations with government agencies, the Company is taking the following measures:

- all employees are informed of the norms of the current laws of the Republic of Kazakhstan on the prevention of corruption;
- control of procurement and services is carried out on an ongoing basis (no facts of violations of regulations in the procurement and services were recorded in 2020);
- timely formation of procurement plans, publicity and involvement of procurement procedures is ensured using modern information systems to automate the processes of their organization and implementation.

Since 2016, the Company continues to operate a "hotline", which employees and business partners of the company contact, informing personally or on an anonymous basis about possible facts of corruption, fraudulent manifestations, violations in financial, accounting and personnel work. All justified incidents of non-compliance reported to the hotline are immediately reported to the Company's managers and measures are taken.

When hiring and relocating employees, controls are in place to ensure transparency and openness of the competitive selection procedures for vacant positions, in accordance with regulations. Information about the results of the competitive selection is posted on the official website.

Currently, constant monitoring is conducted of the state of corruption prevention in the Central Office and branches of the Company. In 2020, there were no complaints from employees about corruption.

In total, in 2020 the Internal Security unit of the Company carried out 19 internal investigations, some of which were transferred to the Legal Support unit for the organization of judicial and claim work to recover 102,627,474 tenge, of which at present 41,243,846 tenge have been recovered. In addition, that year, on the facts of theft and fraud in the Company, materials of the inspection were sent to the bodies of internal affairs, criminal cases are being investigated.

Countering Terrorist Threats

In accordance with the Law of the Republic of Kazakhstan "On Countering Terrorism" dated July 13, 1999 No. 416-I, the Company continues to carry out purposeful planned work to implement measures to counter terrorism.

Organizational measures:

- an action plan has been developed to ensure the anti-terrorist protection of facilities for 2021;
- changes were made to the organization of personnel training on the basis of updated teaching materials;
- the analysis of the security organization system for the facilities of the Company's branches was carried out, training was carried out to counter terrorist threats;
- according to the developed and approved plan, the technical equipping of the most important objects of the Company was carried out in stages.

On a regular basis, classes were held to study the application by state bodies of the "Rules of Organization and Functioning of the State System of Information Monitoring and Notification of the Population about the Threat of an Act of Terrorism", developed by the Headquarters of the Anti-Terrorist Center of the Republic of Kazakhstan in April 2015.

Regime, Security and Preventive Measures

- a system for controlling and managing access to the Company's branch buildings is in place, and newly hired employees are given electronic access cards;
- round-the-clock and daytime physical security posts have been established at the Company's facilities;
- monthly checks of fencing of administrative buildings, territories, and line-cable facilities to detect foreign objects;
- facilities are equipped with modern engineering and technical security equipment, an access control and monitoring system, and video surveillance;
- passports for anti-terrorist security of administrative buildings were developed and approved;
- scheduled monthly training sessions are held to train operating personnel to act in the event of a terrorist threat;
- the Company adjusts and updates the notification schemes and lists in case of a threat or terrorist act at the Company's facilities.

Technical Measures

- the lighting of the premises at night is maintained in good working order on an ongoing basis;
- the visual aids for anti-terrorist protection are updated;
- monthly checks of operability of security alarm systems;
- quarterly checks of the condition and preventive maintenance of the personal protective equipment available at the Company's branches;
- monthly inspections of basement, attic premises and adjacent territories of the Company's branches;
- periodic inspections of line communication facilities for foreign objects.

Ensuring the Implementation of the Law of the RK "On Religious Activity and Religious Associations" dated October 11, 2011 No. 483-IV

The Company systematically carries out outreach work aimed at instilling religious tolerance, mutual respect, and the prevention of religious extremism.

As part of this work, the following activities were carried out:

- sessions and lectures on the legal framework for combating religious extremism and terrorism;
- sessions at small stations of branches with employees and young specialists on anti-terrorist protection and prevention of religious extremism;
- constant monitoring was exercised to prevent penetration of literature of terrorist and extremist nature to the Company's facilities;
- studying the religious situation in the branch offices, explaining the requirements of the Labor Code of the RK, articles of the Administrative Offenses Code and the Criminal Code of the RK, and laws of the RK "On Countering Terrorism" No. 416-I dated July 13, 1999, and "On Religious Activity and Religious Associations" No. 483-IV dated October 11, 2011.

Values and Ethical Principles

Corporate Values of the Company

The fundamental corporate values that form the basis of the Company's activity are decency, reliability and professionalism of its employees, efficiency of their work, mutual assistance, respect for each other, stakeholders and the Company as a whole.

The Company is guided by the following principles of business ethics:

- honesty;
- fairness;
- integrity;
- transparency;
- responsibility.

The Company's Code of Business Conduct is an internal regulatory document that forms the corporate culture and enshrines the Company's corporate values. The Code defines the most important rules of business conduct of the Company and its employees, ethical standards of intracorporate relationships, social responsibility, as well as issues of business ethics of corporate governance.

The Code of Business Conduct was developed on the basis of generally accepted standards of business ethics, taking into account the experience of the best Kazakh and foreign corporate governance practices.

The Code is binding on all employees of the Company (including employees of branches) and members of its management bodies.

For individuals working under civil law contracts concluded with the Company, as well as for contractors and consultants who are agents performing assignments or representing the Company before third parties, if their actions are performed on behalf of the Company, the Code, to the extent not inconsistent with the substance of existing obligations, has a recommendatory nature.

The provisions of the Code have a subordinate meaning in relation to the current laws and can be taken into account when resolving controversial issues.

Relations with Competitors

Transtelecom JSC builds relationships with competitors on the principles of mutual respect and mutually beneficial cooperation, not allowing facts of un-fair competition and abuse of dominant position, strictly complying with antimonopoly laws and avoiding harsh statements to competitors.

The Company's employees may not unreasonably criticize the products and services of competitors, and in cases of complications in relations with them must be guided by the instructions of their direct supervisors.

Risk Management

Transtelecom JSC realizes the importance of risk management as a key component of the Company's corporate governance system, aimed at timely identification and taking measures to reduce the level of risks that can negatively affect the Company's value and reputation. The Company's Risk Management Policy is implemented through the introduction of the Corporate Risk Management System (hereinafter – CRMS).

The CRMS is a set of interrelated elements combined into a single process in which the Board of Directors, executive officers and employees, each at their own level, are involved in identifying potential events that could affect the Company's business and in managing those events within a level of risk acceptable to shareholders.

The implementation and improvement of the CRMS is a prerequisite for achieving the strategic and operational objectives of the Company, and also implies the establishment and development of the necessary infrastructure and culture, covers the application of logical and systematic methods of identification, analysis and evaluation, monitoring, control and management of risks inherent in all activities, functions or processes of the Company, in order to prevent losses and maximize the benefits.

CRMS Goals

The main goal of the CRMS is to improve the management of threats and opportunities, which should contribute to the process of increasing capitalization. The CRMS also sets the following goals:

01. development and application of uniform and consistent approaches to identification, assessment and management of risks in the Company, simplification of procedures for the exchange of information on risks vertically (management) and horizontally (exchange of experience);
02. creating an opportunity for the Company to set and monitor the quality of risk management in the Company on the basis of clear and understandable criteria;
03. formation of an information base for building a system of accounting for assets, their market value and assessment of share capital;
04. prompt response to emerging risk events, tracking changes in the external and internal environment;
05. organization of targeted risk management activities in order to reduce them to an acceptable level, or transfer to third parties (insurance, hedging);
06. systematization and further accumulation of information on the risks of the Company, increasing the manageability of the business;
07. as a result – increasing the capitalization of the Company by increasing efficiency and optimizing risk management.

CRMS Principles

The Board of Directors of the Company oversees the effectiveness of risk management and internal control. The Audit Committee of the Company assists the Board of Directors of the Company in matters of control over the reliability and efficiency of the CRMS and internal control.

The Management Board of the Company ensures the creation and maintenance of the efficiency of the risk management and internal control system.

To ensure horizontal communication and effective implementation of the risk register, the Company has a Risk Committee, which is an advisory and consultative body under the Management Board of the Company, which develops proposals in terms of risk management. The Company's Board of Directors and Management Board rely on the Three Lines of Defense model in carrying out their functions.

First line of defense (business functions) is represented by units represented by each employee within their competence. The Company's employees (risk owners), when performing their official duties, directly manage risks and carry out control procedures within their competence.

Second line of defense – units, including the risk unit, that monitor the activities of the first line of defense and key risks, ensure and monitor the implementation of effective risk management practices, internal control, compliance with laws, administrative rules/internal regulations. The second line of defense monitors, reviews, evaluates, and examines the activities of the first line of defense.

Third line of defense (independent guarantee) is presented by the Internal Audit Service of the Company and performs an independent assessment of the effectiveness and facilitates the improvement of risk management and internal control, supports the Audit Committee and the Company's Board of Directors, and provides them with an independent assessment of the effectiveness of the risk management and internal control system.

CRMS Approaches

Effective risk management requires an ongoing and cyclical process that consists of the following five steps:



1. Formulation of business goals and identification of risks:

The Company formulates business goals taking into account the strategic and inherent risks that it faces in its activities. The potential impact of the business context on the risk profile is considered, as well as possible ways to reduce the level of risks to which the Company is exposed.

2. Assessment of materiality of risks:

The process of risk assessment is carried out in order to highlight the most significant risks that may adversely affect the Company's activities and the achievement of its strategic goals and objectives. The results of the risk assessment determine the choice of risk response measures.

3. Risk prioritization:

Risks are prioritized according to the position of each risk on the risk map (critical, major, medium and low risks). In addition to the results of the assessment, the following criteria may be taken into account when prioritizing risks: the Company's ability to adapt to and respond to the risk, the interdependence of risks, which increases the complexity of managing them, the speed of the risk impact on the Company, the duration of the negative impact of risk consequences on the Company, etc.

4. Risk response:

The Company determines risk response strategies, taking into account the operating conditions, the balance of benefits and costs, obligations and expectations, prioritization of risks, risk appetite (risk acceptance, risk avoidance, deliberate increase in risk, risk reduction and risk transfer).

5. Analysis of risks and performance:

Analysis of risks and performance is integrated into the activities of the Company. The Company conducts a review of performance, including in the context of individual areas, taking into account risks: consider the risks that affected performance; how effectively risks were previously assessed and response measures identified; how effectively the measures themselves were implemented.

The main results and conclusions of the risk management process in the Company are displayed in the form of regular reporting on risks and measures to respond to them, organize and maintain an effective risk management system of the Company. As part of improving the effectiveness of the corporate risk management system in 2020, key activities were carried out as follows:

01. Quarterly reports on risk management with a description and analysis of critical risks of the Company, as well as information on the implementation of plans and programs to minimize risks were prepared for the Board of Directors of the Company.
02. During the year, the Company's risk managers additionally prepared reports and expert opinions on financial, investment, critical and realized risks, as well as performed work to monitor the Company's business processes.
03. In order to improve risk skills and develop a risk culture in the Company, an annual training for risk coordinators was held in 2020, followed by a CRMS knowledge test.

The Company pays special attention to the assessment and control of risks, both strategic and operational and other risks that can affect the achievement of long-term strategic goals and critical performance indicators.

Based on the results of risk identification and assessment, the following critical risks of the Company were identified, which may have a negative impact on its activities and the achievement of its strategic goals:

Liquidity risk. The risk associated with the inability of the Company to ful-fill its obligations in a timely manner in full, or arising as a result of imbalance of financial assets and liabilities of the Company. By at the end of the year, the current liquidity ratio increased by 0.26 and amounted to 0.88, while the standard ratio was 1.20. The normative value was not achieved due to an increase in the Company's current liabilities and the payment of dividends to the Company's shareholders for 2017-2019.

Risk of increase in overdue accounts receivable (more than 3 months overdue). The risk associated with the receipt of income for services previously provided to buyers and customers of the Company. In 2020, the level of overdue accounts receivable of the Company decreased by 2.79 billion tenge and amounted to 1.14 billion tenge.

Risk of failure to receive the planned income (development of corporate business). The risk associated with receiving incomplete planned income from major projects of the Company. According to the results of the year, income from projects amounted to 12.13 billion tenge, which is 95.7% of the plan.

Risk of untimely implementation of the project "Development of Infrastructure of Transtelecom JSC for Providing the National Security Committee with Data Center Infrastructure as a Service". The risk associated with the failure to perform a number of activities under the project, such as quality design and planning of the project, failure of suppliers to fulfill their obligations on time. As of December 31, 2020, the degree of fulfillment of the project schedule is 100%. Project services on the part of the Company are provided to the customer in full.

Quality Management

Integrated Management System

In offering its customers existing services and developing new infotelecommunications services, the Company traditionally pays considerable attention to the quality level of its services in order to ensure their competitive advantage in the market.

Our Company strives to meet international requirements of corporate governance and advanced management technology by maintaining and developing a management system in the field of management systems ISO 9001:2015, ISO 14001:2015, ISO 50001:2018, ISO/IEC 20000-1:2011, ST RK ISO/IEC 27001-2015, ISO 45001:2018.

In 2020, the Company passed an inspection audit according to the version of the international standard ISO 9001:2015.

In 2020, the Company passed an inspection audit according to the version of the international standard ISO 14001:2015.

The International Accreditation Forum (IAF) and the ISO's Committee on Conformity Assessment (CASCO) have established a three-year transition period from the publication of ISO 50001:2018 EnMS. Date of publication – August 21, 2018. All enterprises within 3 years from the date of publication of ISO 50001:2018 must switch to the current version of the international standard through an inspection audit. The Company approved the transition plan and switched to the new version of the EnMS standard in 2020.

Since 2019, the Company has had in place an Occupational Health and Safety Management System (hereinafter – OH&S MS) in accordance with the international requirements ISO 45001:2018 and an IT Services Management System (hereinafter – ISMS) ISO/IEC 20000-1:2011.

In 2020, the Company switched from the Occupational Health and Safety Management System ST RK OHSAS 18001-2008 to ISO 45001:2018 OH&S MS.

As a result of the certification audit, the following certificates were obtained:

- International certificate of compliance with the requirements of ISO/IEC 20000-1:2011, issued by the Certification Association Russian Register Eurasia, which is a member of the International Association of Certification Bodies IQNet.
- International certificate of compliance with the requirements of ISO 45001:2018, issued by the Certification Association Russian Register Eurasia, which is a member of the International Association of Certification Bodies IQNet.

The following certificates were obtained as a result of the inspection audit:

- International certificate of compliance with the requirements of ISO 9001:2015, issued by the Certification Association Russian Register Eurasia, which is a member of the International Association of Certification Bodies IQNet.
- International certificate of compliance with the requirements of ISO 14001:2015, issued by the Certification Association Russian Register Eurasia, which is a member of the International Association of Certification Bodies IQNet.
- International certificate of compliance with the requirements of ISO 50001:2018, issued by the Certification Association Russian Register Eurasia, which is a member of the International Association of Certification Bodies IQNet.

The Company has Kazakhstani certificates for compliance with the requirements of the national standard: ST RK ISO 14001:2016 (EMS), ST RK ISO 9001:2016 (QMS), ST RK ISO 50001-2019 (EnMS), ST RK ISO 45001-2019 (OH&S MS), ST RK ISO/IEC 27001-2015 (ISMS), ST RK ISO/IEC 20000-1:2016 registered in the State Technical Regulation System of the Republic of Kazakhstan.

IMS development in the Company is carried out in accordance with the objectives defined in the Quality Assurance Policy, the Environmental Policy, the Energy Policy, the Information Security Policy and the Occupational Health and Safety Policy of Transtelecom JSC. The certificates apply to the management system of the entire Company. ISO 9000 series standards do not set requirements for service quality, but for the management system, which should establish and ensure the achievement of objectives related to customer satisfaction with service quality. ISO standards of this series are currently the most common – they are recognized almost everywhere in the world and adopted as national standards in more than 164 countries.

Availability of certificates testifies to the ability of Transtelecom JSC to provide services that meet the constantly growing demands of consumers and promotes effective and successful business development, which is important for gaining and maintaining leading positions in various market segments.

Availability of certified services is an additional confirmation of the fact that Transtelecom JSC provides services in the field of telecommunications, information technologies and information security of guaranteed high quality that meet consumers' requirements and comply with technical norms and standards.

The Company annually conducts inspection audits on management systems.

Internal Audit of the Integrated Management System (hereinafter – IMS)

The effectiveness of the IMS is ensured by constant monitoring of the functioning of the system through measurements, analysis and adjustment of processes. In the reporting year, the Company continued to further improve the certified IMS in the Company.

According to the requirements of ISO 9001:2015, ISO 14001:2015, ISO 50001:2018, ISO/IEC 20000-1:2011, ST RK ISO/IEC 27001-2015, ISO 45001:2018, the organization must conduct internal audits to determine that the IMS meets the planned activities and requirements of this standard and the IMS requirements established by the organization, as well as the effectiveness of its implementation and maintenance.

In compliance with the requirements of the standards, a schedule of internal IMS audits for 2020 was developed and approved.

In accordance with the order of the Deputy Chairperson of the Management Board for Organizational Development "On Approval of the Schedule of Internal Audit of IMS of the Company", the internal audit was conducted at the branches Astanatranstelecom, Almatytranstelecom, Pavlodartranstelecom, Semeytranstelecom. Based on the schedule, an internal audit plan was approved for the Company's units.

Based on the results of internal audits, reports on each branch of the Company audited were prepared and provided to the audited party. Plans of corrective actions to eliminate the cause of the deviations, as well as reports on the implementation of the corrective action plan were prepared on the identified deviations.

In October 2020, the Company underwent an inspection audit, which found that the IMS is effective, developing in accordance with the principle of continuous improvement, is generally successful and meets the audit criteria. The scope of the IMS certification is maintained.

Information about the Registrar

Full name:
Central Securities Depository Joint-stock Company.

On August 16, 2018, a joint extraordinary General Meeting of Shareholders of Central Securities Depository JSC (hereinafter – Central Securities Depository) and Integrated Securities Registrar JSC (hereinafter – Integrated Registrar), at which a resolution was adopted to reorganize the Central Securities Depository and the Integrated Registrar in the form of joining the Integrated Registrar to the Central Securities Depository.

The Central Securities Depository becomes the legal successor of the Integrated Registrar for all rights and obligations from January 01, 2019.

Mailing address:
Republic of Kazakhstan, 050051, Almaty,
microdistrict Samal-1, building 28

Tel.: +7 (727) 262 08 46
Fax: +7 (727) 355 47 60

Hotline phone:
8 800 080 86 68 (calls from landline and cell phones within the Republic of Kazakhstan are free)

E-mail: kacd@kacd.kz

Information about the Audit Organization

By the resolution of the General Meeting of Shareholders of the Company dated November 9, 2020, the audit firm Ernst & Young LLP (hereinafter – EY) was appointed to audit the financial statements of Transtelecom JSC for the year ended on December 31, 2020, 2021, 2022.

EY is a global leader in audit, tax, transaction support and consulting. EY's experience and quality services help build public confidence in capital markets and economies around the world.

In 1992, EY was the first international firm to provide audit and consulting services in Kazakhstan to a wide range of organizations, including multinational corporations, national and private companies operating in various industries. Today, EY's practice in Kazakhstan has more than 700 employees and is represented by three offices – in the cities of Almaty, Nur-Sultan and Atyrau. EY provides over 85 types of professional services in Kazakhstan.

Independent Auditor's Report

According to the external auditor of Ernst & Young LLP, the financial statements of Transtelecom JSC as of December 31, 2020 are presented reliable in all material aspects and in accordance with International Financial Reporting Standards.



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892,352 THOUSAND TENGE
Local communication services

516,161 THOUSAND TENGE
Long-distance and international telephone communication services

Transtelecom JSC

Audited Financial Statements

for the year ended 31 December 2020
with independent auditor's report

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Independent auditor's report

To the Shareholders and Board of Directors of "Transtelecom" JSC

Opinion

We have audited the financial statements of "Transtelecom" JSC (the Company), which comprise the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements section* of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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Key audit matter	How our audit addressed the key audit matter
Revenue recognition As disclosed in ***Note 3***, the Company has multiple sources of revenue, including revenue from IT services, revenue from telecommunication services, rent income and revenue from construction services. The Company enters into multiple element arrangements with customers when a single sales transaction combines the delivery of goods and rendering of services. Revenue is recognized when control over products and services have been passed to the customer. Due to the multitude and variety of contractual terms, the different pricing elements and the risk of management override, revenue recognition is considered to be complex and involves significant management judgement. Moreover, there is a significant risk of misstatement relating to the recognition and measurement of revenue from telecommunication services as the billing systems employed by the Company are complex. Finally, the Company recognizes revenue from long-term construction and installation projects over time based on the measurement of progress toward satisfaction of performance obligation, which the Company management determines using the output method. The output method involves management's application of significant professional judgments to determine the progress toward satisfaction of performance obligation. Therefore, we considered this mater to be one of the matters of most significance in our audit. Accounting policies for revenue recognition and the judgements used by the management are disclosed in **Notes 3** and **4** to the financial statements.	We gained an understanding of the process of recognition of various revenue flows. We compared the date of transfer of control in acts of acceptance to the date when revenue was recognized. We compared the consideration in the contracts to amounts of revenue recognized. We tested the basis of allocation of revenue to various elements of the contracts. We analyzed monthly fluctuations and changes in key drivers of revenue, and compared financial and non-financial data. We also analyzed the timelines of revenue recognition. We have considered the relevant IT systems and the design of controls, and tested the operating effectiveness of controls over capture and recording of revenue transactions in the billing systems; authorization of changes in tariff rates input to the billing system; and calculation of revenue amount from telecommunication services providing to the customers. We evaluated management's assumptions in the determination of estimated costs to complete a project, the percentage of completion of a project, budget versus actual for both revenue and costs, and provisions for future losses for loss making projects. We compared the amounts in acts of acceptance with the amounts recognised as revenue during the period. We examined underlying contracts and costs incurred to assess the status of the long-term projects. We assessed revenue recognised immediately before and after year-end to evaluate whether revenues are recognized in the appropriate period. We analysed revenue recognition accounting policies selected and applied by the Company and disclosures in respect of revenue considering the requirements of IFRS 15. We assessed the disclosures made in **Note 22** to the financial statements.

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Compliance with debt covenants

In accordance with the terms of certain financing arrangements, the Company should comply with certain financial and non-financial covenants. There is a higher likelihood that covenants impacted by revenue and profit, which depends on service rates and amounts of operating expenses, may be breached, therefore, we focused on this area during our audit. Breaching covenants could result in significant fines and penalties along with repayment on demand. Compliance with defined covenants was one of the matters of most significance in the audit since it can have a major impact on the going concern assumption used in the preparation of the financial statements, and on classification of interest-bearing liabilities in the statement of financial position. Information on compliance with covenants is disclosed in **Note 15** to the financial statements.	We examined the terms of financing arrangements and analyzed financial and non-financial covenants, terms of early repayment and events of default. We examined the existence of confirmations received from the banks related to compliance with financial covenants. We compared data used in the calculations with the financial statements. We tested arithmetic accuracy of financial covenants calculations. We analysed the disclosures in respect of debt covenants compliance in the financial statements of the Company.

Emphasis of matter

We draw attention to **Note 27** to the financial statements, which describes a significant concentration of the Company's transactions with related parties. Our opinion is not modified in respect of this matter.

Other matter

The financial statements of the Company for the year ended 31 December 2019 were audited by another auditor, who expressed an unmodified opinion on those statements and included an "Emphasis of matter" section in the auditor's report dated 8 June 2020 drawing attention to the fact that 78% of trade receivables and 81% of revenue were from related parties transactions.

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Responsibilities of management and the Audit Committee for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Adil Syzdykov.

Ernst & Young LLP

Adil Syzdykov
Auditor

Auditor qualification certificate
№МФ-0000172 dated 23 December 2013

Rustamzhan Sattarov
General Director
Ernst and Young LLP

State Audit License for audit activities on the territory of the Republic of Kazakhstan: series МФЮ 2 No. 0000003 issued by the Ministry of Finance of the Republic of Kazakhstan on 15 July 2005

Kazakhstan 050060, Almaty
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19 April 2021

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STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

In thousands of tenge	Notes	31 December 2020	31 December 2019*
Assets			
Non-current assets			
Property, plant and equipment	5	129,564,560	80,612,968
Non-current portion of advances paid	7	6,289,340	–
Intangible assets	6	4,863,662	3,798,576
Finance lease receivables	9	127,795	459,358
Other non-current assets	8	3,749,738	617,115
		144,595,095	**85,488,017**
Current assets			
Inventory	12	1,295,411	2,273,023
Trade receivables from related parties	27	11,056,215	17,601,202
Trade receivables from third parties	10	3,506,182	4,979,007
Finance lease receivables	9	353,473	360,435
Income tax prepaid		137,193	271,030
Other current assets	11	5,175,307	1,613,153
Current portion of advances paid	7	3,599,938	1,087,912
Cash and cash equivalents	13	4,824,053	285,936
		29,947,772	**28,471,698**
Total assets		**174,542,867**	**113,959,715**
Equity and liabilities			
Equity			
Share capital	14	12,241,487	12,241,487
Additional paid-in capital	14	–	244,190
Retained earnings		18,839,334	14,815,299
		31,080,821	27,300,976
Non-current liabilities			
Long-term loans	15	32,849,046	32,717,557
Non-current portion of issued bonds	16	9,182,124	–
Non-current portion of lease liabilities	17	425,454	1,090,482
Employee benefit obligations		548,866	463,341
Long-term accounts payable to suppliers and contractors	19	46,136,804	–
Non-current liabilities under contracts with customers	18	1,015,191	1,195,905
Deferred income tax liabilities	21	4,791,192	4,375,046
		94,948,677	**39,842,331**
Current liabilities			
Short-term loans and short-term portion of long-term loans	15	13,628,929	12,801,605
Current portion of issued bonds	16	546,875	–
Current portion of lease liabilities	17	2,568,992	875,855
Current portion of employee benefit obligation		48,395	40,740
Trade accounts payable	19	24,179,964	22,832,228
Dividends payable	14	2,469,517	3,275,126
Current liabilities under contracts with customers	18	1,768,142	2,357,852
Taxes payable and other mandatory payments		636,111	416,002
Other current liabilities	20	2,666,444	4,217,000
		48,513,369	**46,816,408**
Total liabilities		**143,462,046**	**86,658,739**
Total equity and liabilities		**174,542,867**	**113,959,715**

** Certain amounts in this column do not conform to the amounts in 2019 financial statements, since they comprise performed reclassifications that are detailed in Note 2.*

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

In thousands of tenge	Notes	2020	2019*
Revenue	22	68,452,589	81,976,467
Gain from operating lease	22	132,541	118,232
Cost	23	(52,476,157)	(64,596,712)
Gross profit		**16,108,973**	**17,497,987**
General and administrative expenses	24	(8,095,346)	(6,813,915)
Profit from core operations		**8,013,627**	**10,684,072**
Finance income	25	807,056	104,994
Finance costs	26	(8,588,425)	(7,226,106)
Foreign exchange gain/(loss)		4,610,207	(54,134)
Other income, net		261,804	302,940
Profit before tax		**5,104,269**	**3,811,766**
Income tax expenses	21	(1,240,188)	(1,103,633)
Profit for the year		**3,864,081**	**2,708,133**
Earnings per share			
Basic and diluted profit for the year attributable to ordinary share-holders of the Parent, tenge	14	685,35	480,33
Profit for the year		**3,864,081**	**2,708,133**
Other comprehensive income net of income tax			
Items not subject to subsequent reclassification to profit or loss			
Revaluation of defined benefit plan liabilities		(84,236)	32,932
Total comprehensive income for the year		**3,779,845**	**2,741,065**

** Certain amounts in this column do not conform to the amounts in 2019 financial statements, since they comprise performed reclassifications that are detailed in Note 2.*

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

In thousands of tenge	Share capital	Additional paid-in capital	Retained earnings	Total equity
At 1 January 2019	**12,241,487**	**244,190**	**13,653,859**	**26,139,536**
Profit for the year	–	–	2,708,133	2,708,133
Other comprehensive income for the year, net of income tax	–	–	32,932	32,932
Total comprehensive income for the year	**–**	**–**	**2,741,065**	**2,741,065**
Dividends (Note 14)	–	–	(1,579,625)	(1,579,625)
As at 31 December 2019	**12,241,487**	**244,190**	**14,815,299**	**27,300,976**
Profit for the year	–	–	3,864,081	3,864,081
Other comprehensive loss for the year, net of income tax	–	–	(84,236)	(84,236)
Total comprehensive income for the year	**–**	**–**	**3,779,845**	**3,779,845**
Transfer of the difference between the nominal and fair value of the loan received by the Company from National Company Kazakhstan Temir Zholy JSC (Note 14)	–	(244,190)	244,190	–
As at 31 December 2020	**12,241,487**	**–**	**18,839,334**	**31,080,821**

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

In thousands of tenge	Notes	2020	2019
Cash flows from operating activities			
Profit before tax		**5,104,269**	**3,811,766**
Adjustments for:			
Amortisation	23, 24	11,357,271	9,592,470
Finance costs	26	8,588,425	7,226,106
Finance income	25	(807,056)	(104,994)
Accrual of allowance on obsolete inventory	24	513,040	71,838
Accrual of allowance for impairment of advances issued, other current assets, finance lease receivables	24	2,389,541	241,762
(Income)/loss from disposal of property, plant and equipment and intangible assets, net		(423)	103,163
Expenses on employee benefit liabilities	23, 24	55,927	61,704
Accrual of tax audit expenses		20,571	–
Foreign exchange (gain)/loss		(4,610,207)	54,134
Accrual/(reversal) of the provision for management personnel compensation	24	191,026	(92,347)
(Recovery)/accrual of allowance for expected credit losses on accounts receivable	24	(96,148)	835,740
(Recovery)/accrual of allowance for expected credit losses on other non-current assets	24	(23,851)	16,979
Accrual of allowance for expected credit losses on cash and cash equivalents		19,397	–
Cash flows from operating activities before changes in work-ing capital and other items		**22,701,782**	**21,818,321**
Changes in working capital and other items			
Change in trade receivables		8,362,721	(1,916,541)
Change in inventories		217,854	(1,403,309)
Change in advances paid		(5,962,850)	(113,017)
Change in other current and non-current assets		(8,964,905)	(2,494,607)
Change in trade payables		3,051,327	2,418,302
Changes in taxes payable and other mandatory payments		355,798	765,959
Change in advances received		(1,125,130)	367,258
Change in other current liabilities		(1,736,764)	3,638,496
Changes in employee benefit obligations		(46,983)	(23,972)
Cash generated from operating activity		**16,852,850**	**23,056,890**
Interest paid on loans and lease liabilities	28	(4,781,478)	(6,849,156)
Coupon interest paid on bonds	28	(575,000)	–
Fees paid on loans and bonds	28	(947,810)	–
Interest received		113,259	25,833
Income tax paid		(825,895)	(437,184)
Net cash from operating activities		**9,835,926**	**15,796,383**

STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2020

In thousands of tenge	Notes	2020	2019
Cash flows from investing activities			
Acquisition of property, plant and equipment, as well as payment of advances for acquisition of non-current assets		(14,977,341)	(9,330,116)
Proceeds from disposal of property, plant and equipment		90,349	–
Purchase of intangible assets		(78,081)	(27,093)
Withdrawal of deposits, net		–	394,695
Receipt of funds on lease		295,263	53,395
Net cash used in investing activities		**(14,669,810)**	**(8,909,119)**
Cash flows from financing activities			
Repayment of borrowings	28	(14,461,416)	(12,807,297)
Receipt of loans	28	15,452,626	5,932,028
Issue of bonds	28	10,000,000	–
Dividends paid	14	(805,609)	–
Repayment of lease liability	28	(1,031,342)	(1,322,175)
Net cash from / (used in) financing activities		**9,154,259**	**(8,197,444)**
Net change in cash and cash equivalents		**4,320,375**	**(1,310,180)**
Effect of change in the foreign exchange rate on cash and cash equivalents balances in foreign currency		237,222	(16,615)
Changes in the allowance for expected credit losses on cash and cash equivalents		(19,480)	(83)
Cash and cash equivalents, at the beginning of the year		285,936	1,612,814
Cash and cash equivalents, ending	**13**	**4,824,053**	**285,936**

Table of Standard GRI Elements

GRI Index	Indicator name	Indicator disclosure	Page
1.1	Statement from the most senior decision-maker in the organization	+	Address by the Chairperson of the Management Board
1.2	Description of key impacts, risks and opportunities	+	Operating Results, Risk Management
2.1	Name of the organization	+	About the Report
2.2	Major brands, products and/or services	+	Company Profile Operating Activities
2.3	Functional structure of the organization, including main units, operating compa-nies, subsidiaries and joint ventures	+	Description of the Company and the Struc-ture
2.4	Location of the organization's headquar-ters	+	Contact Infor-mation
2.5	The number of countries in which the or-ganization operates and the names of the countries where the main activity is car-ried out or which are of particular im-portance from the point of view of the sustainable development issues covered by the report	+	Services, Partners and Contracting Parties
2.6	The nature of ownership and organiza-tional and legal form	+	Company Profile
2.7	Markets in which the organization oper-ates (including geographic breakdown, sectors served and categories of customers and beneficiaries)	+	Company Profile, Operations
2.8	Organization's scale	+	Company Profile
2.9	Significant changes in size, structure or ownership during the reporting period	+	Company Profile
2.10	Awards received during the reporting pe-riod	+	Awards of Transtelecom JSC
3.1	Reporting period to which the information provided relates	+	About the Report
3.2	Date of publication of the last of the pre-vious reports (if any)	+	About the Report
3.3	Reporting cycle	+	About the Report
3.4	Contact point for questions regarding the report or its contents	+	Contact Information
3.5	Process for defining report content	+	About the Report
3.6	Boundary of the report (e.g. countries, units, subsidiaries, leased facilities, joint ventures, suppliers)	+	About the Report
3.7	Limitations on the scope or boundaries of the report	+	About the Report
3.8	Reasons for including in the report data on joint ventures, subsidiaries, production leases, transfer of some functions to ex-ternal contractors and other organization-al units that may significantly affect com-parability with previous reports and/or other organizations	+	About the Report
3.9	Data measurement and calculation meth-ods, including assumptions and method-ologies used to prepare the Indicators and other information included in the report	+	About the Report
3.10	A description of the meaning of any re-statements of information in prior reports and the basis for such restatements (e.g., mergers/ acquisitions, change in reporting periods, nature of business, valuation techniques)	-	Not applicable

GRI Index	Indicator name	Indicator disclosure	Page
3.11	Significant changes from previous report-ing periods in the scope, boundaries, or measurement methods applied in the re-port	+	About the Report
3.12	Table indicating the location of standard items in a report	+	Table of Standard GRI Elements
3.13	Policy and current practice for external assurance for the report	+	About the Report
4.1	The governance structure of the organiza-tion, including the main committees within the highest governance body responsible for specific tasks, such as developing strategy or general oversight of the organ-ization	+	Corporate Governance
4.2	Indicate whether the chairperson of the highest governing body is also an execu-tive manager of the company	+	Corporate Governance
4.3	For organizations that have a unitary board of directors, state the number of members of the highest governance body that are independent and/or non-executive members	+	Corporate Governance
4.4	Mechanisms for shareholders or employ-ees to provide guidance or recommenda-tions to the highest governance body	+	Corporate Governance
4.5	The relationship between payments to members of the highest governance body, senior executives (including severance payments) and the organization's performance (including social and environmental performance)	+	Corporate Governance
4.6	Processes in place in the highest govern-ance body to avoid conflicts of interest	+	Corporate Governance
4.7	Processes for determining the qualifica-tions and competencies of members of the highest governance body to define the or-ganization's strategy on economic, envi-ronmental and social sustainability topics	+	Corporate Governance
4.8	Internally developed mission or value statements, codes of conduct and princi-ples that are relevant to economic, envi-ronmental and social performance, and the extent to which they are implemented	+	Strategic Overview Sustainable Development
4.9	Procedures used by the highest govern-ance body to oversee how the organiza-tion evaluates and manages its economic, environmental and social performance, in-cluding risks and opportunities, and ad-herence or compliance with international standards, codes of conduct and princi-ples	+	Corporate Governance
4.10	Processes for evaluating the highest gov-ernance body's performance, particularly in relation to the economic, environmental and social performance of the organiza-tion	+	Corporate Governance
4.11	Explanation of whether the organization is applying the precautionary principle and how	-	Not applicable
4.12	Externally developed economic, environ-mental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	+	Operating Results
4.13	Membership in associations (e.g. industry) and/or national and international advoca-cy organizations	+	Operating Results
4.14	List of stakeholders with whom the organ-ization interacted	+	Interaction with Stakeholders
4.15	Grounds for identifying and selecting stakeholders for further interaction with them	+	Interaction with Stakeholders
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	+	Interaction with Stakeholders
4.17	Key topics and interests raised or identi-fied through stakeholder engagement and how the organization has responded to those topics and interests, including through its reporting	+	Interaction with Stakeholders
EC	Management approach	+	Corporate Governance

GRI Index	Indicator name	Indicator disclosure	Page
EC1	Direct economic value created and allocat-ed, including revenues, operating costs, employee benefits, donations and other investments in communities, retained earnings, payments to capital providers and governments	+	KPIs, Operat-ing Results, Key Financial Indicators, Per-sonnel
EC2	Financial aspects and other risks and op-portunities for the organization's activities due to climate change	-	Not applicable
EC3	Coverage of the organization's obligations related to the defined benefit plan	+	Personnel
EC5	The range of ratios of the standard entry-level salary and the established minimum salary in the significant regions of the or-ganization	+	Personnel
EC6	Policy, practical approaches to procure-ment from local suppliers and the share of such procurement in significant regions of the organization	+	Procurement
EC7	Procedures for local hiring and the pro-portion of senior executives hired from the local community in significant regions of the organization	+	Personnel
EC8	The development and impact of investments in infrastructure and services pro-vided primarily for the public good, through commercial, in-kind, or philan-thropic participation	+	Charity and Sponsorship
EC9	Understanding and describing significant indirect economic impacts, including the area of impact	+	Personnel, En-vironmental Protection
EN	Management approach	+	Environmental Protection
EN1	Materials used with indication of weight or volume	+	Environmental Protection
EN2	The share of materials that are recycled or reused wastes	-	Not applicable
EN3	Direct use of energy with indication of primary sources	+	Environmental Protection
EN4	Indirect use of energy with indication of primary sources	-	Not applicable
EN5	Energy saved as a result of measures to reduce energy consumption and improve energy efficiency	+	Environmental Protection
EN8	Total water withdrawn by source		Not applicable
EN10	The share and total volume of water recy-cled and reused		Not applicable
EN11	Location and area of land owned, leased, managed by the organization, and located in protected areas and areas of high biodi-versity value outside their boundaries, or adjacent to such areas	+	Environmental Protection
EN20	Air emissions of NOx, SOx and other sig-nificant pollutants by type and weight	+	Environmental Protection
EN21	Total discharges with indication of wastewater quality and receiving facility	-	Not applicable
LA	Management approach	+	Personnel
LA1	Total labor force by type of employment, employment contract and region	+	Personnel
LA2	Total number of employees and employee turnover by age group, gender and region	+	Personnel
LA3	Payments and benefits provided to full-time employees that are not provided to temporary or part-time employees by primary activity	+	Personnel
LA4	The share of employees covered by collec-tive bargaining agreements	+	Personnel
LA5	Minimum notice period(s) regarding sig-nificant changes in the organization's ac-tivities, and whether it is specified in a collective bargaining agreement	+	Personnel

GRI Index	Indicator name	Indicator disclosure	Page
LA7	Occupational injury rates, occupational disease rates, lost days and absenteeism rates, and total number of work-related fatalities, by region	+	Workplace Safety Occupational Safety
LA8	Existing education, training, counseling, risk prevention and control programs to help employees, their families and mem-bers of the public with serious illnesses	+	Workplace Safety Occupational Safety
LA10	Average number of training hours per employee per year, by employee category	-	Training and Professional Development
LA12	The share of employees for whom period-ic performance and career development evaluations are carried out	+	Training and Professional Development
LA13	Composition of governing bodies and staff by gender, age group, minority rep-resentation, and other indicators of diver-sity	+	Personnel
HR	Management approach	+	Personnel
HR4	Total number of incidents of discrimina-tion and measures taken	+	Personnel
HR6	Activities in which the right to exercise freedom of association and collective bar-gaining may be at significant risk, and measures taken to support these rights	+	Personnel
HR7	Activities in which there is a significant risk of incidents of forced or compulsory labor, and measures taken to engage in the elimination of forced or compulsory labor	+	Personnel
HR9	Total number of violations affecting the rights of indigenous and minority peoples and measures taken	+	Personnel
SO	Management approach	+	Interaction with Stakeholders
SO2	The share and total number of business units analyzed for corruption risks	+	Anti-Corruption Activities
SO3	The share of employees trained in the or-ganization's anti-corruption policies and procedures	+	Anti-Corruption Activities
SO4	Measures taken in response to incidents of corruption	+	Anti-Corruption Activities
SO5	Position on public policy and participa-tion in public policy-making and lobbying	+	Interaction with Stakeholders
PR	Management approach	+	Quality Management
PR8	Total number of substantiated complaints regarding violation of consumer privacy and loss of consumer data	+	Interaction with Stakeholders
EU16	Contractor and subcontractor health and safety policy and requirements	+	Workplace Safety Occupational Safety
EU18	Percentage of contractor and subcontrac-tor workers who received appropriate health and safety training	+	Workplace Safety Occupational Safety
EU21	Contingency planning, disaster/emergency action plan and training programs, and recovery plans	+	Workplace Safety Occupational Safety
EU25	Number of injuries and fatalities to the public involving the Company's assets, including court judgments, settlements, and pending legal cases related to illnesses	+	Workplace Safety Occupational Safety

Glossary

NC KTZ JSC	National Company Kazakhstan Temir Zholy JSC
Company	Transtelecom Joint-stock Company
IFRS	International Financial Reporting Standards
BBA	Broadband access
FOCL	Fiber optic communication lines
ARPU	Average revenue per user
SLA	Service Level Agreement
M2M	Machine-machine interaction
LCS	Lines of cable structures
ACS	Automated Control System
QMS	Quality Management System
EMS	Environmental Management System
EnMS	Energy Management System
HW	Hardware
LTE	Wireless high-speed data transmission standard for mobile phones and other data terminals
MPLS	A mechanism in a high-performance telecommunications net-work that transmits data from one network node to another using tags
VPN	Virtual Private Network
ATE	Automatic telephone exchange
ANIE	Automatic number identification equipment
CR	Cash register
OFD	Operator of Fiscal Data
KPIs	Key Performance Indicators
SRC	State Revenue Committee
RK	The Republic of Kazakhstan
ICT	Information and Communication Technologies
RSE	Republican State Enterprise
PF	Payroll Fund
CO	Central Office

Contact Information

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Reference to the annual report is mandatory when using the information contained in the annual report.

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