

Appendix to the decision of the Board
of Directors of Kaztemirtrans JSC

from _____ 2024 year

Protocol № question No.

2023

Annual report of «Kaztemirtrans» Joint Stock Company for 2023

«Kaztemirtrans» Joint Stock Company

2024

ANNUAL REPORT
Joint Stock Company «Kaztemirtrans» for 2023

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Address by the Chairman of the Board of Directors
Dear members of the Board of Directors, colleagues!

In 2023, the Board of Directors of Kaztemirtrans JSC (hereinafter referred to as the Company) successfully implemented a number of strategic initiatives, including:

- increasing the working fleet of wagons;
- execution of planned financial and economic indicators;
- expansion of logistics of transportation by wagons of the Company.

In order to increase the working park, the Board of Directors initiated an adjustment of the Company's budget with timely procurement procedures.

The measures taken in 2023 made it possible to increase the Repair Program by 1.5 times compared to 2022 and reduce the non-working fleet of wagons from 19% to 3.6%.

An agreement was signed with the domestic carriage building enterprise «KBK» LLP for the production of 3,000 new gondola cars until 2025, and in 2023 the fleet was replenished with 242 new gondola cars.

Taking into account the purchase of new gondola cars and planned repairs, the working fleet was significantly disrupted, which amounted to 36,270 units at the end of the year.

For the first time in the last 9 years, the Company came out with a positive net profit of 20.2 billion tenge.

With an income plan for 2023 of 175.1 billion tenge, the fact amounted to 184.8 billion tenge.

The Operating Ratio has been improved by 20%, which in 2023 amounted to 64% against 84% in 2022.

At the same time, the cost amounted to 115,244 million tenge, with a plan of 120,905 million tenge, a decrease of 4.68% due to savings in core business expenses.

In 2023, the Company increased transportation on export-import routes, while fulfilling all customer requests for intra-republican transportation.

The Board of Directors paid special attention to automation issues. Integration into the Unified Service Center of JSC «NC «KTZ» is planned on the basis of Egov.kz. An algorithm for distributing wagons according to requests has been developed and tested, as well as the functionality of orders for the relocation of wagons.

Within the framework of the Company's Unified Production Management Platform project, it is planned to develop and implement the Wagon Distribution module by the end of 2024.

Goals and objectives for 2024:

1. The Company's main task for 2024 is to increase the profitability of the company. It is planned to receive revenue from core activities in the amount of KZT 211 billion, with an actual indicator of KZT 184.8 billion in 2023;
2. Further increase of the working fleet of wagons by 100% execution of the repair program;
3. The development of new export-import markets and an increase in the number of «firm» long-term contracts with shippers;
4. Implementation of a tool for transparent distribution of the car fleet with further automation.

Sincerely, Meiramkul Altynbekovna
Chairman of the Board of Directors of «Kaztemirtrans» Joint Stock Company

The address of the Chairman of the Board (General Director) of the joint-stock company «Kaztemirtrans»

Dear colleagues, partners and customers!

I bring to your attention the Annual report of the Kaztemirtrans Joint Stock Company for 2023.

The Company is the largest operator of the freight car fleet and the taxpayer of Kazakhstan not only as part of the group of the Sole Participant, but also of the country as a whole.

The Company is one of the key subsidiaries of the Joint Stock Company «National Company «Kazakhstan Temir Zholy»».

By the end of 2023, the Company's fleet of wagons amounted to 37,615 units: gondola cars, covered wagons, platforms, tanks, grain carriers, cement carriers. The Company's market share in terms of the number of car fleets among car owners in Kazakhstan is 28%, the share in the Company's loading is 46%.

The Company's business partners in the field of rail transport are the largest transport and logistics companies, small and medium-sized businesses.

In general, the company's activities cover such areas as the provision of freight wagons for operation (gondola cars, covered, platforms, grain carriers, cement carriers), leasing of special rolling stock, storage and sale of scrap metal.

Thanks to the close-knit work of the Company's employees, by the end of 2023, production figures in terms of loading volume in operation amounted to 1.3 million car shipments, 85 million tons were transported, including in covered wagons, gondola cars, grain carriers and on platforms.

The main share of goods transported in wagons is bulk bulk cargo, such as coal, crushed stone, ores, grain cargoes, flour and construction materials are also actively transported in covered wagons.

The production program was completed in full, as 6,932 wagons (100%) were repaired by depot, 2,778 wagons (106.9%) were overhauled.

The tasks set to ensure technically sound rolling stock have been completed in full. This was made possible thanks to a systematic approach and an adopted strategy of customer orientation, which is an immediate priority of the Company.

The customer-oriented strategy required the Company to continuously improve its service, as well as optimize and digitalize business processes.

The Company takes all measures to ensure the needs and wishes of customers.

In conclusion, it should be noted that the Company's staff continues to successfully develop and strengthen its position in the railway freight transportation market, becoming an increasingly dynamic participant in this industry.

We thank you for your interest in this Annual Report of the Company for 2023 and wish you a successful business with confidence for fruitful cooperation, the result of which should be the constant development of the Republic of Kazakhstan and mutual assistance.

Sincerely, Kairat Abenovich

Chairman of the Management Board (CEO)

«Kaztemiptrans» Joint Stock Company

About the Company

General information about the Company

The Company (a 100% subsidiary of JSC NC KTZ) is the largest owner of the freight wagon fleet of the Republic of Kazakhstan. Its own fleet of wagons is about 37 thousand units. These are covered wagons, platforms, gondola cars, grain trucks, cement trucks.

The Company's activities cover such areas as the provision of freight car operating services, the rental of freight cars; storage, processing and sale of scrap metal, etc..

The Company's clients in the field of rail transportation are the largest transport and logistics enterprises, manufacturing plants, mining companies, small and medium-sized businesses.

The central office is located in Astana, Kunaeva str., 10, the administrative building «Emerald Tower», 32nd floor.

State registration:	Registered on 21.10.2003 by the Ministry of Justice of the Republic of Kazakhstan	Registration number №14750-1901-AO
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The structure of the Company's authorized capital:

- the amount of the declared authorized capital of the Company is 123 000 000 000 tenge;

- the number of paid shares is 64,669,773, with a total value of 70,238,739,000 tenge;

Description of the rights granted by shares - A simple share grants the right to make decisions submitted for consideration by a shareholder, the right to receive dividends if the Company has net income based on the relevant decision of the shareholder, as well as part of the Company's property upon its liquidation, in accordance with the procedure established by the Legislation of the Republic of Kazakhstan.

- the amount of unpaid shares in the amount of 52,761,261,000 tenge;

- the composition of shareholders and the number and share of common shares owned by them – 100% of the shares belong to JSC «NC «KTZ».

Credit ratings of JSC NC KTZ and its subsidiaries:

International Rating Agency «Standard & Poor's»:

on an international scale:

«**BB**»

according to the national scale:

«**kzA+**»

forecast:

«**stable**»

Certificates:

Quality management systems of the series standard ISO 9001:2015.


Environmental management systems of the series standard ISO 14001:2015.

Occupational safety and health management systems of the series ISO 45001:2018.

Energy management systems of the series ISO 50001:2011.

Our story

2003	As a result of the reform of the railway transport of the Republic of Kazakhstan, Kazzheldortrans Joint Stock Company (a 100% subsidiary of «NC «KTZ» JSC) was established.
2004	The opening of branches in the regions of the republic, the location of the Company's branch network coincides with the location of branches «NC «KTZ» JSC.
2005	Opening of subsidiaries – JSC «Center for Transport Services» for the provision of freight forwarding services and a subsidiary in the Russian Federation (Moscow).
2006	Opening of a representative office in Urumqi (China).
2007	Rebranding of «Kazzheldortrans» JSC, as a result of which the Company was renamed into Kaztemirtrans Joint Stock Company.
2007	Certification according to the Environmental Management System and the Occupational Safety and Health System for compliance with international standards ISO 14001 and OHSAS 18001, respectively.
2009	The signing of an agreement between the Company and JSC «ZIKSTO» for the supply of the first 167 gondola cars of Kazakhstani production.
2010	Signing of a loan agreement with the European Bank for Reconstruction and Development (EBRD) for USD 250 million. The funds were raised in order to upgrade the Company's carriage fleet.
	Expansion of the corporate data transmission network using MPLS technology and the organization of IP telephony.
2011	A private limited liability company «Kazakhstan Temir Zholy Finance BV» (a subsidiary of the Company) has successfully repaid Eurobonds in the amount of 450 million US dollars
	Implementation of the project on automation of the Company's wagon fleet management system (ASU KTT).
2012	«KTZ Finance B.V.» issued bonds in the amount of USD 800 million and carried out an additional issue to the above-mentioned bonds in the amount of USD 300 million (the Company's share amounted to USD 200 million). The proceeds are used to implement investment projects to upgrade the Company's rolling stock.
2013	Implementation of measures to transfer the inventory fleet of cars of JSC «NC «KTZ» to management on the rights of its own fleet.
	Creation on a parity basis of a joint Kazakh-Russian enterprise JSC «Astyk Trans» for the transportation of grain cargoes with the participation of the Company and CJSC «Rusagrotrans». The main objectives of the Company are to provide the dynamically developing agricultural sector of the Republic of Kazakhstan with specialized rolling stock, modernization of logistics capacities and improvement of technologies for

	<p>railway transportation of grain crops.</p>
	<p>10th anniversary of «Kaztemiptrans» Joint Stock Company.</p> 
2014	<p>The company has concluded six long-term contracts with domestic producers (OTP) for a total amount of 73.27 billion tenge. In total, from 2011 to 2014, 34 long-term contracts with OTP were concluded for a total amount of 112.64 billion tenge.</p>
	<p>Grain wagons of «Kaztemirtrans» JSC and Rusagrotrans CJSC in the amount of 3,000 wagons: 1,500 units from each side were transferred to «Astyk Trans» JSC to replenish the authorized capital.</p>
	<p>In order to reduce the tax burden on repayment of financial obligations under issued Eurobonds, as well as expenses on the paid margin of «KTZ Finance B.V.», the original issuer, «KTZ Finance B.V.», was replaced by «NC «KTZ» JSC for Eurobonds issued in 2010 and 2012 in the amounts of 700 and 1100 million dollars. USA, respectively.</p>
	<p>In accordance with the purchase and sale agreement, the Company acquired 90% of the shares of «Regional Forward Logistics» LLC (RFL, Moscow).</p>
2015	<p>Based on the results of the certification audit conducted by the international certifying body IMQ (Istituto Italiano del Marchio di Qualita – Italian Institute of quality mark), the Company was awarded certificates for compliance with the requirements of the international standard of the energy management system ISO 50001:2011.</p>
2016	<p>The Development Committee of the Joint-Stock Company «National Company «Kazakhstan Temir Zholy» approved the concept of creating a Single sales center for services of the group of companies of the Joint-Stock Company «National Company «Kazakhstan Temir Zholy» on the basis of JSC «KTZ Express» by creating a branch of JSC «KTZ Express» - «KTZE Operator» with the transfer of functionality and staffing of JSC «Kaztranservice» and a branch of the Company – «Directorate of Wagon Operator Services» in JSC «KTZ Express».</p>
	<p>The Development Committee of JSC «NC «KTZ» approved the closure of the Company's branch – «Directorate of Wagon Operator Services» with the transfer of the main functions and staff to JSC «KTZ Express», as well as part of the auxiliary staff and functions to the Company's branch – «Directorate of the Wagon Fleet».</p>
	<p>On August 1, 2016, «KTZ Express» JSC began selling the services of the Company's wagon operator.</p>

	<p>At the II Forum of Commodity Producers of Kazakhstan «Uly dala eli» of the National Chamber of Entrepreneurs of the Republic of Kazakhstan «Atameken», the Company was recognized as the winner of the competition «Senimdi seriktes 2016» in the nomination «Long-term contracts with domestic producers». The Company has become the best customer supporting domestic producers with the largest amount of long-term contracts.</p> <p>Pursuant to the Decree of the Government of the Republic of Kazakhstan dated December 30, 2015 No. 1141 «On certain issues of privatization for 2016-2020», a 100% stake in a subsidiary of the Company, JSC «Center for Transport Services», was sold.</p>
2017	<p>Pursuant to the Decree of the Government of the Republic of Kazakhstan dated December 30, 2015 No. 1141 «On certain issues of privatization for 2016-2020», 50% of the shares of the Company's subsidiary, JSC «Astyk Trans», were sold, and 90% of the Company's share in the authorized capital of the limited liability company Regional Forward Logistics was realized.</p>
2018	<p>Auctions were held to sell the property of the Company's branches – «Wagon Repair Depots» (Arys, Balkhash, Kushmurun), as well as the production base at the Astana station.</p> <p>In 2018, the Board of Directors of the Company decided to close the branch «Directorate of the carriage fleet» and the branch of the Company – «Ural Wagon Repair Depot».</p>
2019	<p>Since January 2019, the Company has transferred the functions of the operator of wagons and freight forwarding services from «KTZ Express» JSC.</p>
2020	<p>Since January 2020, the Company has changed its approach to the organization of repairs from the classical model to the service model.</p>
2021	<p>A project has been implemented to purchase 1,000 gondola cars from a domestic manufacturer, Kazakhstan «Wagon Building Company» LLP.</p> <p>The Company was reorganized by joining «Kamkor Repair Corporation» LLP and «Remlokomotiv» JSC.</p>
2022	<p>The construction project of 62 Talgo wagons has been completed, with the conclusion of a Warranty Service Agreement.</p>
2023	<p>100% of the share of «Kaztemirtrans» JSC in the Plant for the «Construction of Passenger Cars» LLP has been realized.</p> <p>As part of the implementation of the project «Purchase of 3000 gondola cars», Kaztemirtrans JSC supplied 242 gondola cars from the domestic manufacturer Kazakhstan Wagon Building Company LLP.</p> <p> 20th anniversary of Kaztemirtrans Joint Stock Company.</p>

Key events of 2023

JANUARY

According to the purchase and sale agreement for 100% of the participation of «Kaztemirtrans» JSC in the «Passenger Car Construction Plant» LLP dated December 13, 2022, an act of acceptance of the transfer of property to Stadler Bussnang AG was signed and payment was made.

Since January 1, the Company has gradually increased the tariff conditions for the Company's services.

APRIL

An agreement on the purchase of freight forwarding services dated April 28, 2023 No.28-4/158-NPp was concluded for independent work with the Company's wagons through commercial electronic trading platforms (RF, BCH, Baltic countries) without involving the services of a «KTT Agent».

JULY

The bonds were refinanced in the equivalent of 1 billion US dollars by issuing two new tranches of perpetual coupon bonds: 397.5 billion tenge (equivalent to 883 million US dollars) and 67.4 billion tenge in order to reduce the cost of financing loans.

DECEMBER

Depot repairs were carried out with the extension of service life for 707 grain carriers with subsequent transfer to independent operation by the Company.

The number of cars of the non-working fleet that were idle on the main railway networks has been reduced from 5,497 units to 671 units.

The repair program for freight wagons was completed. 13,533 units (+225 to the plan) wagons were repaired (including 3,700 long-standing wagons from 2019).

242 wagons out of 3,000 gondola cars have been put into operation, which are planned to be purchased by 2025 under a financial leasing agreement.

Development strategy

The Company implements strategic goals and mission in accordance with the unified Development Strategy of JSC «NC «KTZ» until 2032, approved by the decision of the Board of Directors of JSC «NC «KTZ» dated March 29, 2023 (Protocol No. 3), while in 2023 the Company's own development strategy until 2032 was approved.

The level of their professionalism and safety directly affects the results of our activities and our value to investors.

We strive to attract professional candidates to the labor market in an open and transparent way and ensure their safety. The training of our employees is based on the principle of meritocracy, and we develop programs to motivate and develop the professionalism of our employees accordingly.

The mission - We are an advanced company of **HIGH STANDARDS** in operating wagons, with the main **FOCUS** on the needs of our customers, based on the **GUARANTEE** of fulfillment of our contractual obligations, **OPTIMAL** logistics solutions and pricing policy, using the **LATEST** organizational IT solutions.

As a backbone transportation company in Kazakhstan, we provide a high-quality foundation for sustainable business growth for our customers, create value for the shareholder and benefit consumers and society as a whole by providing safe and competitive transportation services.

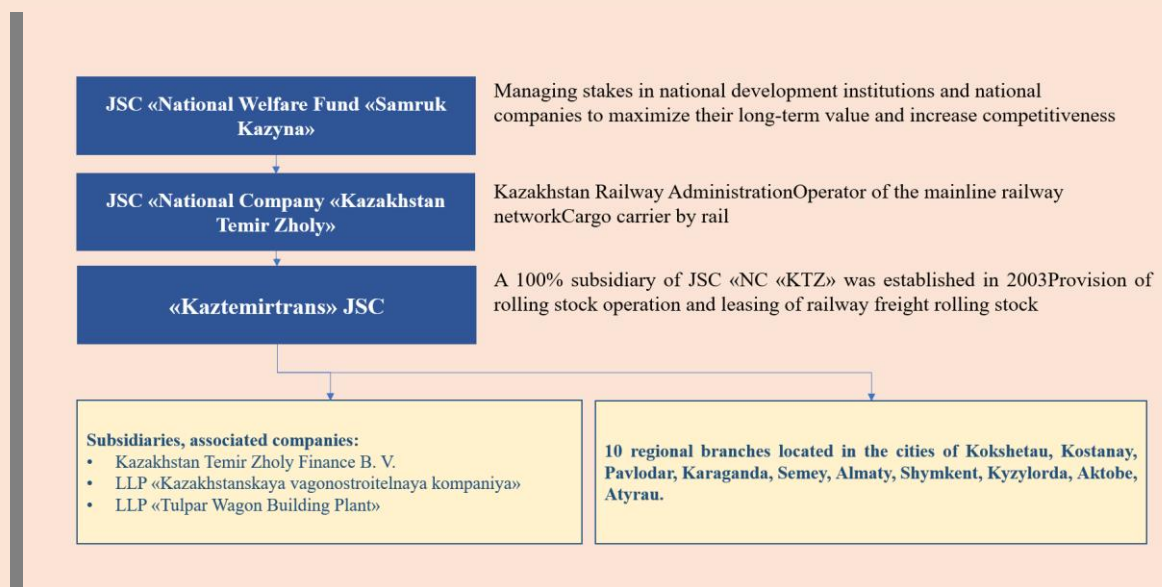
Values - The Code of Ethics and Conduct of «NC «KTZ» JSC and its subsidiaries, approved by the Board of Directors of «NC «KTZ» JSC dated September 20, 2019 (Protocol No. 14), defines the following fundamental corporate values on the basis of which the Company's activities are formed.

We are guided by our values of «Blago» (Security, Leadership, Ambition, Pride, Responsibility) and strive to achieve our strategic goals to improve the national welfare of the Republic of Kazakhstan.

Goals for future periods:

- 1. The maintenance of the working fleet of freight wagons is not less than 96%;*
- 2. The maintenance of the non-working fleet of wagons is no more than 4%;*
- 3. Provide staff with the required professional qualifications at the level of at least 90%;*
- 4. Implementation of 100% of the implementation of the Environmental Action Plan for «Kaztemirtrans» JSC;*
- 5. To ensure 100% implementation of comprehensive measures to improve working conditions and safety, the planned funds should be at least 1 percent of the salary fund of «Kaztemirtrans» JSC;*
- 6. Increase in the average income of a freight car per day;*
- 7. Maintaining a market share in the Republic of Kazakhstan of at least 45 %;*
- 8. Reduction of empty mileage to 40%;*
- 9. Ensuring social stability, increasing staff engagement and developing human resources.*

Subsidiaries, affiliated organizations, branches of the Company



Companies held in trust by the Company:

- «Vostokmashzavod» JSC, 50% of shares;
- «Aktyubinskiy relsobalochnyy zavod» LLP, 30% of the share of participation.

The Company consists of 10 regional branches located in the cities of Kokshetau, Kostanay, Pavlodar, Karaganda, Semey, Almaty, Shymkent, Kyzylorda, Aktobe, Atyrau.

Branches have production, technical and operational departments. Activities of branches:

- provision of services for the operation of wagons on the territory of Kazakhstan;
- organization of work on the supply and cleaning of wagons for repair / from repair;
- leasing of freight wagons;
- control over the implementation of planned types of freight car repairs.

The list number of employees of regional branches as of December 31, 2023 is 408 people.

The Company includes the property complex of the GEVO Diesel Engine Production and Overhaul Plant, located at 107 Al-Farabi str., Astana, with a land plot of 8.23 hectares and production facilities with a total area of 13 thousand square meters.

The production workshops and premises of the GEVO Plant with an area of 9.4 thousand square meters. since 2018, they have been leased from Transportation Global El-El-Si (affiliated with Wabtec Corporation) for a period up to 2036 in order to carry out major repairs of GEVO diesel engines of locomotives of the Evolution series.

Subsidiaries and associated companies

LLP «Kazakhstanskaya vagonostroitel'naya kompaniya» (hereinafter – «KVK» LLP, Partnership)

Members of «KVK» LLP: A company with a share of 78.47% (from October 29, 2021 transferred to the trust management of «SMP Group» LLP), «SMP Group» LLP - 21.53% (in April 2020 it was bought out from «Kamkor Wagon» LLP).

Production capacity: 2,500 wagons per year (gondola, covered).

The area of the land plot: 17,425 hectares;

The list number of the Partnership: 712 people.

The quality system of «KVK» LLP is certified according to ISO 9001:2009 standards.

«KVK» LLP was formed on the basis of the «Taman» LLP wagon repair depot in 2008.

The strategic task facing the company is to meet the needs of the national carrier with freight wagons.

The partnership is the only domestic plant for the production of railway freight gondola cars model 12-9846.

The production of an innovative gondola car with improved performance characteristics of the model 12-196-01 and a platform car of the universal model 13-9808 for the transportation of large-capacity containers, wheeled and tracked vehicles, etc. has been mastered.

A distinctive feature of the production is its innovation, which consists in creating a flexible automated production process based on the use of robots and microprocessor technology, transformer stands, which allows in the future to expand the production of various types and models of freight wagons.

The competitiveness of car building production is based on the following resources of the enterprise:

- the sections of the car-building production are equipped with standard and non-standard equipment from leading world manufacturers.

- the car building industry uses equipment manufactured in Germany, Italy, Austria, Sweden, Switzerland, Slovakia, Russia and Ukraine.

Products produced - for the period from 2010 to 2023 – 7,047 units of freight wagons, including (2023 – 271 units.):

- gondola cars (models 12-9846, hatch, on a trolley 18100) – 4,667 units.;
- gondola cars (models 12-9941, hatch, on a Chinese trolley ZK-1, ZK-2 with cassette bearings) – 2,350 units.;

- universal platforms (models 13-9808 for transporting 40-foot containers, carrying capacity 72 tons) - 26 units.;

- covered wagons (prototypes of model 11-9980, body volume 138 m³) – 2 units.;

- innovative gondola car (prototype model 12-6986, hatch, load capacity 75 tons, on a trolley 186988 type 3) – 1 unit,

- Gondola car models 12-1293-1 units.

On October 25, 2021, the Board of Directors of the Company decided to transfer

the Company's share in LLP «Kazakhstanskaya vagonostroitelnaya kompaniya» to the trust management of «SMP Group» LLP for a period of 1 year.

On October 29, 2021, a Trust Management Agreement was signed for the Company's share in LLP «Kazakhstanskaya vagonostroitelnaya kompaniya» with «SMP Group» LLP for a period of 1 year.

On November 2, 2022, a trust management agreement was signed for the Company's share in LLP «Kazakhstanskaya vagonostroitelnaya kompaniya» with LLP «SMP Group» for a period up to November 1, 2023.

On November 1, 2023, an Additional Agreement No. 1 was signed to the Trust Management Agreement for the Company's Share in LLP «Kazakhstanskaya vagonostroitelnaya kompaniya» with «SMP Group» LLP for a period up to March 31, 2024.

The purpose of the transfer to the trust management of the second participant of the Partnership:

- financing of operational activities (salaries, taxes, payments to the budget, utilities);
- reduction of financial burdens on the Company, for the maintenance of the plant (about 100 million tenge per month, taking into account downtime);
- provision of work volumes, maintenance of fixed assets in working condition, scheduled preventive maintenance;
- settlement of debts to tax authorities and third parties, removal of arrests from accounts, property and restrictions on registration actions;
- improving the investment attractiveness of an asset as a working plant with profitable contracts;
- retention of qualified personnel;
- the removal of social tension in the team.

Currently, as part of the Partnership's preparation for privatization, together with the second participant of «SMP Group» LLP, work is underway to clear the Partnership of accounts payable.

On August 3, 2023, as part of the implementation of the project «Purchase of 3000 freight gondolas» of «Kaztemirtrans» JSC, a contract for the purchase and sale of wagons No.549/342/342-KP was concluded between the Company (lessee), JSC «Industrial Development Fund» (buyer, IDF) and a Consortium represented by a Temporary association of legal entities KVK and «SMP Group» LLP (the seller) is about 99 billion tenge, including VAT.

JSC «NC «KTZ» is working on the transfer of «KVK» LLP to a competitive environment, in accordance with the Comprehensive Privatization Plan for 2021-2025, approved by Decree of the Government of the Republic of Kazakhstan dated December 29, 2020 No. 908.

In accordance with the Rules for the Transfer of assets of «Samruk-Kazyna» JSC and organizations to the competitive environment, more than fifty percent of the voting shares (participation interests) of which directly or indirectly belong to «Samruk-Kazyna» JSC by right of ownership, two-stage tenders were announced 3 times (11/26/2021, 10/11/2022, 11/23/2022), which were declared invalid due to the lack of potential buyers.

Currently, JSC «NC «KTZ», together with an independent consultant, is working on the preparation of the sale of 78.47% of the Company's share in the authorized capital of «KVK» LLP.

LLP «Tulpar Wagon Building Plant» 100% of the share of participation (hereinafter – LLP «WBP «Tulpar»)

Participants: 100% participant of «Kaztemiptrans» JSC.

List number: 12 people.

It was built in 2010 exclusively for the assembly of light small-sized high-speed passenger railcars using the technology of the Spanish company Patentes Talgo.

As part of the implementation of the Comprehensive Privatization Plan for 2021-2025, approved by the Decree of the Government of the Republic of Kazakhstan dated December 29, 2020 No. 908 On Some Issues of Privatization for 2021-2025 «Tulpar Wagon Building Plant» LLP was reorganized by separating a new legal entity from its composition – «the Passenger Car Construction Plant» LLP (hereinafter – LLP «PCCP») with the transfer to its composition according to the dividing balance sheet and transfer act of all fixed assets and staff of 110 units.

On December 07, 2022, Amendments No. 989 were made to the Decree of the Government of the Republic of Kazakhstan On certain issues of privatization for 2021-2025» No. 908 dated December 29, 2020 regarding the replacement of LLP «WBP «Tulpar» by LLP «PCCP».

On December 13, 2022, a purchase and sale agreement was signed for 100% of the Company's share in the authorized capital of «PCCP» LLP between «Kaztemirtrans» JSC and Stadler Bussnang AG.

Since January 27, 2023, «PCCP» LLP, after the procedure of state re-registration to the new owner Stadler Bussnang AG, dropped out of the group of JSC «NC «KTZ».

«WBP «Tulpar» LLP, after the reorganization with a staff of 15 people, continues to work to ensure the production warranty of previously released passenger cars, including 62 cars of Talgo design, 241 cars of Tver Carriage Plant design in accordance with the terms of passenger car supply agreements concluded with Passenger Transportation JSC. Also, «WBP «Tulpar» LLP is working to optimize the remnants of TMZ (NVL/NL) remaining from the project for the production of Talgo passenger cars and as a result of economic activity.

JSC «Vostokmashzavod» (trust management of 50% of shares) (hereinafter – JSC «VMZ»)

Participants: «VMZ – Invest» LLP owns 100% of shares (50% of shares in the trust management of the Company).

On December 30, 2020, an agreement for the purchase and sale of ordinary shares of «VMZ» JSC (hereinafter referred to as DKP) with «VMZ – Invest» LLP was concluded.

According to the terms of the transaction, as of December 31, 2023, the debt to the group of JSC «NC «KTZ» (there is no debt to the Company) It is repaid

according to the schedule until 2025..

In fulfillment of the above-mentioned conditions of the DCP, currently the shares of JSC «VMZ» are pledged in the Company, and the Company has also taken 50% of the shares of JSC «VMZ» into trust management until the debt is fully repaid.

«Aktobe Rail and Block Plant» LLP (trust management of the Company's 30% stake) (hereinafter referred to as «ARBP» LLP)

The participant of «ARBP» LLP is «Transport Technologies» LLP with a 100% stake.

In accordance with the Purchase and Sale Agreement, 30% of the share in the authorized capital of «ARBP» LLP with a suspensive condition for the release by the Buyer of the Guarantee of «NC «KTZ» JSC to the Development Bank of Kazakhstan JSC, and in order to monitor the fulfillment of the conditions, «ARBP» LLP was transferred to the trust management of the Company.

The company's activities are carried out in accordance with the terms of the contract.

Membership and participation in associations

Today, the Company is a full member in the following Associations:

- «Associations of National Freight Forwarders of the Republic of Kazakhstan»;
- «Kazakhstan Association of Carriers and Operators of Wagons (Containers)» (hereinafter -KazACO);
- □ «Union of Transport and Logistics Organizations and Associations «KAZLOGISTICS» (hereinafter - STK «KAZLOGISTICS»);
- □ The National Chamber of Entrepreneurs of the Republic of Kazakhstan «Atameken» (Hereinafter-NCE RK).

Participation in these Associations ensures the protection of the rights and legitimate interests of Society as owners of wagons in the state bodies of the Republic of Kazakhstan, participates in the work of various international organizations, working groups on the implementation of operator activities, conducts practical work to expand and strengthen partnerships with the national railway company.

As part of the Company's cooperation with the above-mentioned Associations, the following joint work was carried out in 2023:

On February 03, 2023, at a meeting of «Transtelecom» JSC with wagon operators, freight forwarders, issues of interaction and participation of companies in the E-telegram Business pilot project were discussed.

Currently, JSC «NC «KTZ» sends telegrams in the pilot project mode through the E-Telegram information system developed jointly with JSC «Transtelecom». To speed up the processes of telegram exchange with private companies, the E-telegram Business module has been developed, which implements the sending of the following types of telegrams from JSC «NC «KTZ» to private companies (consignees, shippers, forwarders and wagon owners):

- 1) Notification of the uncoupling of the wagon (technical and commercial reasons).

- 2) Notification of cargo arrival.
- 3) Notification of the upcoming delivery of wagons for freight operations.
- 4) Notification of the non-acceptance of the wagon at the MGSP.
- 5) Notification of abandoned trains due to the fault of the consignee or the branch owner, etc.

During the meeting, «Transtelecom» JSC informed the participants about the advantages of this project and that this service (receiving notifications from private companies using the E-Telegram Business system) would be provided to them free of charge, and a short introductory tour of the E-Telegram Business program with entry algorithms for wagon owners, freight forwarders, shippers and consignees.

Entrepreneurs were notified about the launch of the mobile version of E-telegram Business, which will allow them to view incoming telegrams online. In addition, the functionality for receiving notifications on conventional prohibitions will be additionally developed.

On September 29, 2023, in Aktau, the Executive Directorate and representatives of KazACO companies took part in the business forum «TMTM 2023: «Innovation and Development in the era of digitalization». The event was organized by the International TMTM Association and JSC «NC «KTZ». The business forum was dedicated to the dynamically changing situation in the region of the Trans-Caspian International Transport Route (TMTM). Within the framework of this forum, topical issues were discussed and the topics of innovations in the field of transport and logistics, key infrastructure projects and their necessity were touched upon.

On October 3, 2023, a round table meeting was held to promote the transport and logistics potential of railway transport in the transportation of goods between JSC «NC «KTZ» and the Belarusian Railway. During the meeting, problematic issues and expected prospects for improving the situation in transportation in the current geopolitical conditions were discussed.

On October 13, 2023, the IV Eurasian Forum on Safety and Digitalization in Railway Transport was held at the Academy of Transport and Logistics (Almaty).

K.E. Almagambetov, First Deputy Chairman of the Board of JSC «NC «KTZ», noted that the national railway company intends to build a new transport and logistics architecture in the context of global changes in the world. In addition, he noted that the steady volume of trade in Europe and Asia, the instability of maritime transport and the demand for rail transport have increased the transit potential of transport corridors through Kazakhstan, and that there is a need to develop alternative transit routes and ensure safe and uninterrupted exports of domestic products.

On November 21, 2023, a round table «Rail freight transportation: problems and solutions» was held on the topics of research carried out at the expense of targeted financing from the «KAZLOGISTICS» Corporate Fund. Reports were heard on a systematic approach to solving problematic issues of the organization of freight rail transport, the choice of a rational structural model for freight rail transport: in search of consensus, methodology and practice of the development of railway industrial transport hubs.

Performance results

Geography and markets of presence

Railways play a leading role in the economic life of the republic in the implementation of interstate and international transportation, including transit, and support the country's progress towards a free market economy. This is due to the large territory of the country, low population density, and remoteness of settlements from each other.

Railway transport connects not only individual territories and regions of the republic, but also all types of production into a single economic space. It is the basis for the formation and prosperity of Kazakhstan.

In January-December 2023, 980.7 million tons of cargo were transported by the republic's transport, which is 4.4% more than in January-December 2022.

In January-December 2023, compared with the corresponding period of the previous year, the real growth in the production of goods, services and taxes on products amounted to 3.9%, 5.7% and 7.6%, respectively.

Gross domestic product (hereinafter referred to as GDP) increased by 5.1% in real terms compared to the corresponding period of the previous year. The largest growth was shown by the sectors «Construction» (13.3%), «Wholesale and retail trade; repair of cars and motorcycles» (11.3%), «Information and Communication» (7.5%), «Transport and Warehousing» (7.1%), «Provision of accommodation and catering services» (5.4%).

Inflation in the Republic of Kazakhstan in December 2023 slowed down over the year and amounted to 9.8% (in November 2023 – 10.3%), for the month – 0.8% (the previous month – 1%). Food prices increased by 8.5% over the year (in November 2023 – 9.2%), non-food products – by 9.1% (in November 2023 – 9.9%), paid services - by 12.4% (in November 2023 – 12%).

Kazakhstan's foreign trade turnover in January-December 2023 amounted to 139,833.4 million US dollars and increased by 3.2% in nominal terms compared to January-December 2022, including exports – 78,674.5 million US dollars (in nominal terms by 7% less), imports – 61,158.9 million US dollars (in nominal terms, 20.1% more).

The railway plays a leading role in the transport system of Kazakhstan. This is due to the extensive length of roads in the country and the remoteness of settlements from each other. It plays a leading role in the socio-economic life of Kazakhstan, carries out international transportation, including transit.

The system of transport routes connecting China and Europe is one of the most important areas of world trade. Currently, most goods are transported by sea, but overland routes are becoming increasingly popular due to the possibility of significantly reducing delivery time and the variety of risks associated with maritime transportation. For example, the «Northern Corridor» through Kazakhstan, Russia and Belarus reduces the delivery time of goods from 45-60 days by sea to two weeks. The development of the Trans-Caspian International Transport Route (TMTM) contributes to the diversification of flows and is one of the key priorities for the country and the region.

In 2023, Kazakhstan's foreign trade turnover remained a key factor in the

country's economic development. The stability of world prices for raw materials and the expansion of trade relations contributed to an increase in exports and imports, which indicates the successful integration of Kazakhstan into the global economy. The nomenclature of non-primary exports has expanded by 141 positions. Russia, China, the countries of the European Union and Central Asia remain the main trading partners of Kazakhstan. Russia remains the largest importer for Kazakhstan, supplying a significant portion of imported goods. At the same time, China is strengthening its position as the second largest trading partner, which indicates the expansion of economic cooperation between the two countries. Kazakhstan's export structure remains diverse, with a predominance of mining products, including oil, natural gas and metals. There is also an increase in exports of manufacturing products, which reflects the country's desire to increase the share of high-tech and processed goods in exports. Imports to Kazakhstan traditionally include machinery and equipment, vehicles, chemical products and consumer goods. The Government of the country is taking measures to stimulate domestic production and reduce dependence on imports, including the development of industrial zones and technology parks.

Thus, railway transport is one of the main sectors of the economy of Kazakhstan, provides internal and external transport and economic links and meets the needs of the population in transportation.

The main production indicators.

Provision of transportation by freight car fleet

In order to achieve the fulfillment of the production performance plan for operating wagons, systematic work was carried out with a permanent portfolio of customers, as well as active sales with potential customers outside the territory of the Republic of Kazakhstan, including favorable tariff conditions. According to the results of the analysis for 2023, the main volume of work of the Company's freight car fleet was to ensure the transportation of goods through operating services. The implementation of the income plan for 2023 amounted to 105.5%. The corresponding indicator was achieved due to an effective pricing policy and increased demand for a fleet of freight cars in import and transit traffic.

Name	units	The plan for 2023	The fact behind 2023	Deviation of the fact to the plan for 2023	
Operating income	tons	46 759 089	47 592 261	833 172	2%
	vag shipments	678 893	701 042	22 149	3%
	income, thousand tenge	124 647 164	131 482 229	6 835 065	5%

According to the results of work for 2023, the main volume of work of the Company's freight car fleet fell on providing cargo transportation through operating services.

The remaining volumes were divided when the wagons were leased to third-party organizations, «KTZ-Freight Transportation» LLP, a branch of «NC «KTZ» JSC - Directorate of the Backbone Network, «KTZ Express» JSC.

car-days

Name of rental indicators	2023
Transfer of wagons for rent (management) «KTZ-Freight Transportation» LLP	44 453
Leasing of wagons to third-party organizations	4 501 638
Transfer of wagons for rent (only special technical needs of JSC «NC «KTZ») to the branch of JSC «NC «KTZ» - «Directorate of the Backbone network»	19 502
Leasing of wagons to JSC «Kedentranservice»	88 156
Leasing of wagons to «Vagonservice» JSC	671
Total:	4 654 420

Maintaining a fleet of wagons in a technically sound condition

The Company is constantly working to maintain the fleet of freight cars in technically sound condition.

Every year, the Company establishes a production program plan for the repair of freight cars.

Scheduled repairs are carried out by third-party repair companies, according to contracts for the repair of wagons.

Actual performance of planned types of wagon repairs in 2023:

Depot repair (DR) – 6,932 wagons;

Major repairs (KR) – 2,778 wagons.

In 2023, 2,548 freight wagons were excluded from the Company's inventory fleet.

IT – technologies

In 2023, in order to increase the level of automation in controlling the closure of transportation, as well as reduce the risks of under-charging the Operator's Tariff, improvements were made to the form of carriage payments, in terms of adding an algorithm for determining and combining duplicates in shipping information, changing the algorithm for determining the type of transportation, adding display parameters for corrective flights to the IS STJ Complex.

In order to increase the level of automation of the tariff calculation process, calculations of shipments made through the ETP (electronic trading platform) in the Tariff Calculator based on the STJ-Complex are automated.

In order to increase the level of automation of the operator's tariff collection, together with the branch of JSC «NC «KTZ» - Directorate of Automation and Digitalization, logical control has been added for the application of expired contracts previously concluded between the Company and the client in the DKR Automated control System (automated management system for contractual commercial work of «KTZ-Freight Transportation» LLP).

In order to increase the level of automation of customer interaction processes in the Personal Account, a reporting functionality has been developed, a functionality for restarting integration services, as well as signing additional agreements to the contract, signing documents with non-residents of the Republic of Kazakhstan,

transmitting reconciliation certificates, additional fields have been added to indicate the necessary features of the carriage in the «Transportation Requests».

In order to increase the level of automation of the wagon distribution process, and to exclude direct contact with participants in the transportation process, the integration of the STJ-Complex and the DKR automated control system has been finalized in terms of transmitting and receiving decade-long adjustment applications of the GU-11 form.

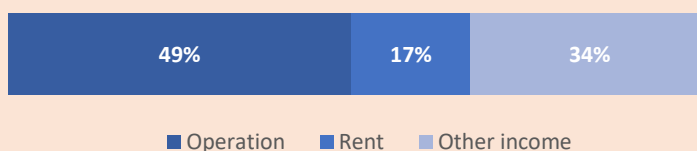
In order to increase the level of automation of Warehouse accounting, log control for numbered parts with the sign of use «Attracted, the cost is included in the repair» has been added to the KTT automated control system, the algorithm for moving parts has been changed, in terms of accounting for the condition «On the way», the cancellation function has been developed, the sign of using the «Batch» has been added, and the algorithm for carrying out replacement acts has been changed spare parts, for the application of the principle of conveyor repairs.

Financial and economic indicators

Результаты финансовой деятельности

The total income from the main activities of the Company in 2023 amounted to KZT 184.8 billion.

The operating profit for 2023 amounted to 69.6 billion tenge. The Company's profit for 2023 amounted to 20.2 billion tenge.



In the income structure, the largest share (49%) is occupied by income received from operating wagons. The rest (51%) is occupied by: income from renting wagons (17%); positive exchange rate difference (25%), other income (9%).

The cost of transportation accounts for the largest share in the cost structure (46%), financing costs (25%), negative exchange rate difference (21%), and other expenses (8%) also account for a large share.

Assets, equity

The Company's assets as of December 31, 2023 amounted to KZT 332.3 billion.

Thus, as of December 31, 2023, the amount of equity amounted to 80.8 billion tenge.

Corporate loans

In 2023, the Company ensured timely and full fulfillment of financial obligations to creditors.

On July 28, 2023, the bonds of Kaztemirtrans JSC were listed on AIX for a total amount of 561,186,816 thousand tenge. The bondholder is JSC «NC «KTZ» in accordance with the following concluded agreements:

1. Bond Purchase and Sale Agreement No. 38-AO dated 07/28/2023:
perpetual coupon bonds without collateral in the amount of KZT **67,428,639** thousand (ISIN KZX000001516).

Terms: no maturity date, base rate of the National Bank of the Republic of Kazakhstan + 2% per annum;

2. Bond Purchase and Sale Agreement No. 39-AO dated 07/28/2023:
coupon bonds without collateral in the amount of 96,276,800 thousand tenge (ISIN KZX000001490).

Conditions: maturity date 03.10.2034, interest rate 14.58% per annum, possible rate reduction due to subsidies received by JSC «NC «KTZ»;

3. Bond Purchase and Sale Agreement No. 40-JSC dated 07/28/2023:
indexed perpetual coupon bonds without collateral in the amount of 397,481,377 thousand tenge (ISIN KZX000001508) - equivalent to 882,978 thousand US dollars.

Conditions: without maturity, the interest rate is 2% per annum.

The main condition for the issue of bonds under 3 contracts was the early repayment of the First Bond Program of «Kaztemirtrans» JSC with a total nominal amount of KZT 509,821,900 thousand under the Bond Purchase and Sale Agreement No. 45-JSC/15-06/5- NPef dated June 15, 2020 and No. 44-JSC/15-06/4- NPef of June 15 2020.

On December 28, 2023, in order to reflect the Company's perpetual coupon bonds in the Capital section of the consolidated Statement of Financial Position of the Company in accordance with the requirements of International Financial Reporting Standards (IFRS), amendments were made to the terms of issue of bonds ISIN KZX00001508 and ISIN KZX00001516 and published on the website of the Astana International Exchange.

Investment activities

In 2023, the amount of investments amounted to 52.0 billion tenge. These funds were allocated to the following projects:

carrying out work on the overhaul of freight cars 27.2 billion tenge;
carrying out works on depot repair of freight wagons according to a technical solution with an extension of the useful life of 17.7 billion tenge;
purchase of freight wagons of 7.1 billion tenge.

Sustainable development

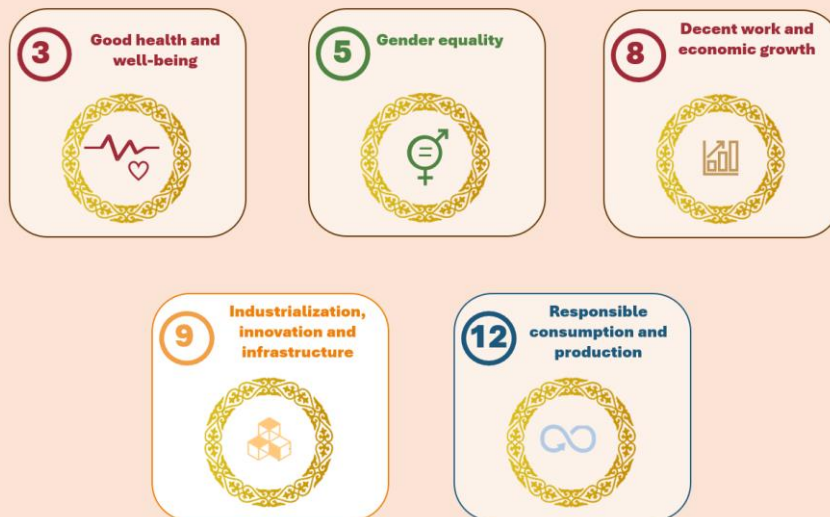
In the Development Strategy of JSC NC KTZ, one of the strategic goals is to ensure sustainable development.

In its activities, the Company strives to:

- create the most favorable conditions for the life and work of its employees, providing them with a full social package and the opportunity;
 - training and professional development;
 - ensure labor protection;
- to minimize the negative impact on the environment.

The Society is committed to all 17 United Nations (UN) Sustainable Development Goals, but focuses on 5 goals:

- Goal 3 – «Good health and well-being»;
- Goal 5 – «Gender equality»;
- Goal 8 – «Decent work and economic growth»;
- Goal 9 – «Industrialization, innovation and infrastructure»;
- Goal 12 – «Responsible consumption and production».



People and values

The consolidated list of employees of the Company by the end of 2023 amounted to 1,338 people.

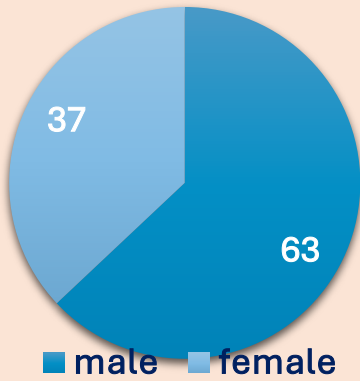
Our employees are our main value and main resource.

The level of their professionalism and safety directly affects the results of our activities and our value to investors.

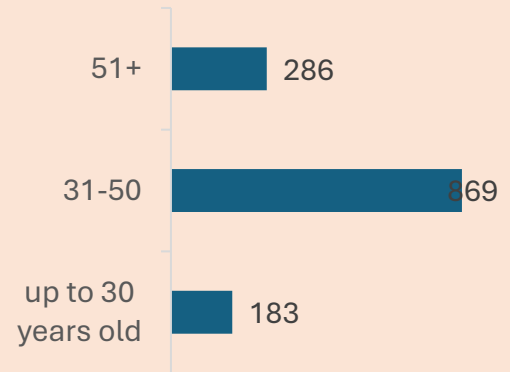
We strive to attract professional candidates to the labor market in an open and transparent way and ensure their safety. The training of our employees is based on the principle of meritocracy, and we develop programs to motivate and develop the professionalism of our employees accordingly.

Staff characteristics

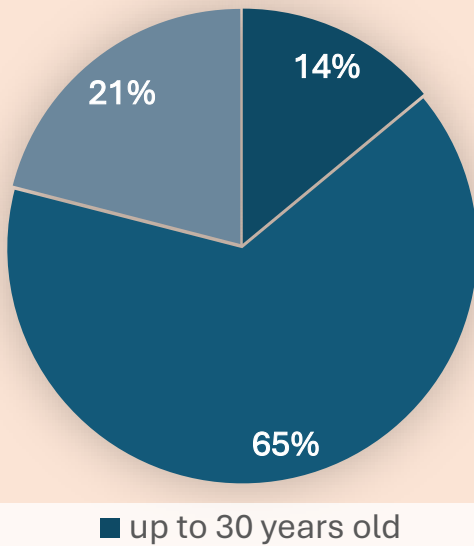
Characteristics by gender, %:



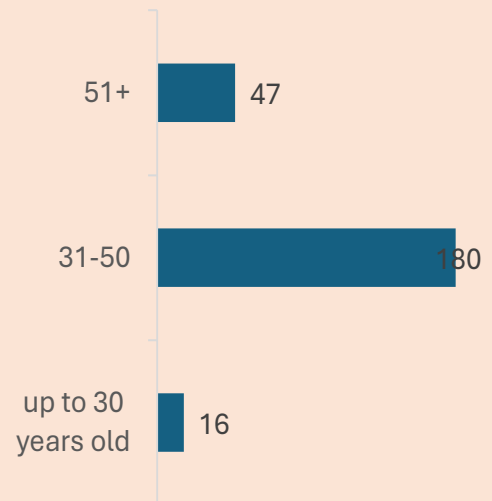
Characteristics of employees, number



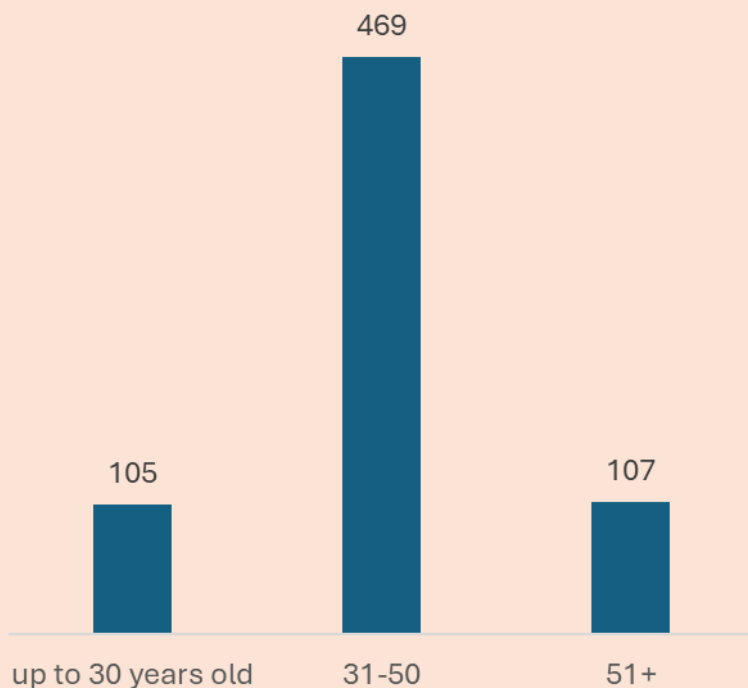
Characteristics by age groups, %:



Staff turnover by age group, people:



Newly hired employees by age group, people:



Selection and employment

In accordance with the Rules of Recruitment and transfer to certain positions in JSC «NC «KTZ» and its subsidiaries, approved by the order of the Chief of Staff of JSC «NC «KTZ» dated October 16, 2023 (Order 753-CZ), the Company conducts the process of personnel search and selection centrally (block recruitment of JSC «NC «KTZ»») on a competitive basis.

In 2023, 209 meetings of the Competition Commissions were held.

159 candidates were employed who received the recommendation of the Competition Commission to fill vacant positions.

159 candidates received a recommendation from the Competition Commission to fill vacant positions of the Company, of which:

- CA - 42%, Branches - 58%;
- Administrative and managerial staff % - 51%;
- Production staff % - 49%.

Remuneration and evaluation

- in 2023, salaries of employees of the Company's branches were increased by 5% from January 1 and by 15% from March 1, thus the average increase in tariff rates/official salaries of employees of the Company's branches in 2023 amounted to 20%;

- since March 1, 2023, a one-time increase in the size of official salaries of

employees on the graded wage system has been made by 10% and a revision of the size of official salaries has been made based on the results of the assessment of activities for 2022. The cumulative increase in the size of official salaries of employees on the graded wage system averaged 16%.

The growth of the average monthly salary of the Company's employees in 2023 amounted to 17.95% compared to 2022.

In 2023, all employees of the Company were paid one-time bonuses for the Nauryz Meiram state holiday in the amount of 1 MCI (70 thousand tenge), for the professional holiday - 'Transport Workers' Day in the amount of 1.5 MCI (105 thousand tenge), for the national holiday - Republic Day and for the state holiday - Independence Day in the amount of 1 MCI (70 thousand tenge).

Based on the results of the assessment of the activities of employees for the 2nd half of 2022 and the 1st half of 2023, a bonus was paid to employees of the central office of the Company.

Based on the results of the rating assessment of the branches (industry competition), bonuses were paid to employees of the Company's branches for the first 12 months of 2022 and the 1st half of 2023.

In accordance with the local acts of the Company, bonuses (current bonuses) were paid to employees of the Company's branches based on the results of work for the 3rd quarter of 2023, taking into account the fulfillment of unconditional, production (collective) and individual indicators.

By the end of 2022, a regular (annual) assessment of the activities of 190 employees was carried out, the average performance was 98.15%. As part of the regular comprehensive assessment of activities for 2022, employees were distributed in the Talent Map according to the principle of standard distribution (Protocol No. 1 of March 14, 2023). Following the results of 2022, a regular (annual) assessment of the corporate secretary's activities was carried out (protocol of the calibration session No. 1 dated July 3, 2023).

According to the results of the first half of 2023, 187 employees were evaluated according to the goals with an average performance of 98.13%.

According to the results of the second half of 2023, 182 employees were evaluated according to the goals with an average performance of 98.28%.

Also, by the decision of the Board of Directors of the Company dated October 4, 2022 (Minutes No. 16, question No. 5), the structure of the central office of the Company was approved, into which the position of compliance controller was introduced. In this regard, a draft of relevant amendments and additions to the Rules for Evaluating the Activities of Executives and Employees Directly Accountable in their activities to the Board of Directors of Kaztemirtrans Joint Stock Company has been developed, in terms of extending their action to the compliance controller of the Company (Decision of the Board of Directors of the KTT dated June 2, 2023, Protocol No. 7, question No. 7).

The coverage perimeter includes all employees of the central office of the Company, with the exception of Senior Employees (Chairman of the Management Board, members of the Management Board) who are directly accountable to the Board of Directors of the Company.

Training and development

In order to achieve the Company's strategic goals, increase the value of human resources, staff productivity, and improve the quality of services provided, the Company annually plans funds for staff development.

In 2023, the following work was carried out within the planned budget:

- professional development of 110 employees of the administrative and management staff;

- professional training at the branch of JSC «NC «KTZ» - «Training Center for railway transport workers» 81 employees of branches of JSC Kaztemirtrans.

- 11 employees (NPFs, CA) were trained on the topic: «Accompanying invoices for goods in the Republic of Kazakhstan, taking into account changes in 2023» in online format at the expense of the budget of JSC «NC «KTZ».

According to clause 20) clause 2.1. of the Roadmap of JSC NC KTZ for improving the ESG rating for 2023-2024, approved by the decision of the Board of JSC NC KTZ dated February 02, 2023 (Protocol No. 02/2), in the period from September to November 2023 within the framework of the concept of a field school «Bilim Express» internal trainers of JSC «NC «KTZ» conducted trainings on topics for 210 employees of the Company: «Effective communication», «Stress tolerance», «Customer orientation», «Conflict management».

As part of the program for the development of young professionals «100 young people of KTZ», 1 employee of the Company took English language courses.

When planning the development of the Company's employees, the principle of the ratio of percentages of developmental actions is used – 70/20/10, where:

70%-workplace development, developmental projects, rotation/internship;

20%-feedback, coaching, mentoring/mentoring;

10%-self-development, studying literature and reading books, seminars/trainings.

Social stability

In accordance with the Collective Agreement between the Company dated January 5, 2023 and its workforce for 2021-2023, in 2023, the Company:

by the public holiday – International Women's Day on March 8, a one-time bonus was paid to 284 employees in a fixed amount - 8 MCI;

By the Children's Day, financial assistance in the amount of 5 MCI (15,900 tenge) was provided to 47 employees raising children under 14 years old alone;

By September 1, financial assistance was paid to 147 employees of the Company with 3 or more school children, to employees alone raising 2 school children in the amount of 2 MCI (6,360 tenge);

By the Family Day, financial assistance in the amount of 4 MCI (12,720 tenge) was provided to 59 large families of employees of the Company with four or more children and employees alone raising 2 or more children.

By the Day of the Disabled, financial assistance was paid to 16 disabled children of the Company's employees in the amount of 10 MCI.

Vouchers to children's health centers in Kazakhstan were presented to 167 children of the Company's employees.

690 gifts were purchased for the children of the Company's employees from 1 to 13 years old.

377 children from 1 to 10 years of age of the Company's employees attended New Year's matinees.

During 2023, 15 employees and 22 pensioners of the Company received vouchers to sanatoriums in Kazakhstan, 64 employees received financial assistance in the amount of 60 MCI (207,060 tenge) for sanatorium and resort rehabilitation in accordance with internal regulations.

Development of corporate culture

As part of the development of corporate culture, the following events were held:

- in order to increase the cohesion of the Company's employees and strengthen the corporate spirit, as well as in the framework of further development of Social Partnership with the Trade Union, on March 21, 2023, a cultural and sports event for the Company's employees dedicated to the celebration of Nauryz Meiram was organized at the Nurly-Zhol station complex.

- in order to introduce physical culture and sports among the Company's employees, on October 13, 2023, a cultural and sports event was organized for employees in connection with the celebration of the 20th anniversary of Kaztemirtrans JSC in Astana.

- On December 9-10, 2023, in the sports complex of the N. Nazarbayev University, the Company organized a football tournament among the subsidiaries of JSC «NC «KTZ», following which the teams that won prizes were awarded with cups and cash prizes.

The development of corporate culture in the Company is carried out through the use of a wide range of communication tools, including a network of internal information channels and feedback channels, meetings of management with employees, holding corporate events for employees.

There are also communication mechanisms such as news messages via the corporate WhatsApp group, e-mail, Teams, Zoom programs.

Communication

As part of the Internal Communications Plan of JSC «NC «KTZ» for 2023, the Company is carrying out planned activities. Meetings of the management, the trade union and the labor collective are held, each employee can get answers to his questions, and practice has also begun to improve the Company's activities and business processes by collecting employee ideas.

In 2023, the Company's internal trainers (employees of the central office) conducted training events/explanatory information sessions online on the following topics:

- to clarify the ongoing work to improve the socio-economic situation of branch employees in 2023;
- awareness of employees on tax literacy;
- on information security;
- an increase in the amount of wages of employees on the graded wage system

from March 1, 2023, taking into account the one-time indexation and evaluation of employees' activities;

- on the implementation of the current bonuses for employees of the Company's branches from July 1, 2023;

- on amendments and additions to the Rules of remuneration and bonuses for employees of branches.

Charity and sponsorship Activities

The Corporate Fund «Samruk-Kazyna Trust» implements the unified policy for the provision of charitable assistance to the Fund group of companies.

Along with this, through corporate volunteering, the Company implements programs aimed at promoting a healthy lifestyle, implementing youth policy, providing assistance to vulnerable segments of the population, poor citizens, and more. At the expense of the Company's employees, financial assistance is provided to the NGO «Kazakh Society of the Blind».

The Company's employees also took part in the annual campaign for Children's Day in the formation of gifts to the Company's employees with many children.

Environmental responsibility

Taking care of the environment is one of the most important aspects of the Company's activities. The Company adheres to a responsible policy regarding the environmental environment.

In order to prevent environmental pollution, the Environmental Action Plan approved by the Company for 2023 was implemented for a total amount of 6,881,432 thousand tenge, including:

Protection of land resources: 9 measures were implemented for a total amount of 1,229,859 thousand tenge, or 100%.

Development and adjustment of regulatory documentation: 6 measures were carried out (development of hazardous waste passports) for a total amount of 230,850 thousand tenge, or 100%.

Training of personnel responsible for the organization of work on environmental protection: training was conducted for 6 employees for a total amount of 82.8 thousand tenge, or 100%.

Accumulation and sale of waste paper, plastic is not carried out due to the location of the Central Office and branches of the Company in leased buildings (Branches of the road of JSC «NC «KTZ», buildings of KTZ wagon services, etc.), according to concluded contracts, the export of solid waste is carried out by Landlords. According to the Production base of Saryozek station, the removal of Solid waste is carried out by the Tenant. There are no other objects on the Company's balance sheet.

The Environmental Code of the Republic of Kazakhstan regulates the work on environmental protection in the Company.

The state of environmental safety is also constantly monitored in order to obtain reliable information about the impact of Society on the environment, possible changes and to prevent the occurrence of adverse or dangerous conditions.

Sustainable values in the field of security and protection

In 2023, there were no cases of industrial injuries and occupational diseases in the Company.

The Labor Code of the Republic of Kazakhstan regulates compliance with the requirements of occupational safety and labor protection in the Company.

All efforts of the Company are aimed at preserving the life and health of employees, which is a top priority for the Company.

In order to prevent occupational injuries and violations of regulatory legal acts of the Republic of Kazakhstan, local acts of JSC «NC «KTZ» and the Company in the field of occupational safety and health, the Company carries out timely work to improve the level of occupational safety.

Employees of the Company's branches are provided with 100% special clothing and personal protective equipment. Due to the partial transfers of employees of the Company's branches to the TTS in 2020, remnants of special clothing and personal protective equipment were formed, in connection with which, in 2023, only gloves in the amount of 475 pairs, suits for protection from low temperatures 21 sets, signal vests 14 pieces were purchased.

The management of JSC «NC «KTZ» and the heads of all subsidiaries signed an assurance of the right to stop unsafe work without further consequences. The process of exercising the right to terminate work involves stopping, notifying, correcting and resuming work in order to solve an existing problem. Stopping unsafe work is the last opportunity to prevent an accident and, consequently, serious injury and death.

An automated integrated system for managing industrial safety processes, the KTZ HSE ISPB mobile application (hereinafter referred to as ISPB), has been introduced for accessibility and conducting a safety dialogue.

ISPB is a proactive tool aimed at injury prevention through the use of the world's best practices in the field of occupational safety and health protection.

The ISPB has the following modules (8):

the module «Conducting behavioral security dialogues»;

the module «Incident management with identification of their root causes»;

the module «Familiarization with incidents»;

module «The process of certification of production facilities according to working conditions»;

the module «Internal control of the National Security Service» (inspections, audits, etc.);

the module «Prevention and liquidation of emergency situations»

module «Environmental safety»;

the «Security Minute» module.

During the reporting period, in the module «Behavioral Security Dialogues» (hereinafter – PDB), a total of 375 PDBs were conducted and registered for the Company, all have the status executed. Of the 375 traffic regulations, 294 PB were drawn up for dangerous conditions, 81 PB for dangerous actions of employees that can lead to injuries.

Also, during the reporting period, 268 comments were identified and registered in the Internal Control module, of which:

- labor protection -213 comments;
- fire safety – 13 comments;
- electrical safety -18 remarks;
- environmental safety – 10 comments;
- health protection – 14 comments.

All identified comments have been eliminated.

At each branch of the Company there are employees with the granted right of «Controller» who have the opportunity to view all Internal audits and PDB for the branch in the ISPB, as well as this access is open to the first heads of the Company's branches.

In addition, it is possible to familiarize the ISPB with all the «lightning incidents» and bulletins on cases of industrial injuries in JSC «NC «KTZ».

In general, the level of familiarization with lightning and incident bulletins in the Society was 95.28%, with a plan of at least 92.6%.

According to the Collective Agreement for 2021-2023 between Kaztemirtrans Joint Stock Company and its workforce, funds are allocated annually for comprehensive measures to improve working conditions in the amount of at least 1 percent of the wage fund, excluding the cost of special clothing, safety shoes, personal protective equipment (medicines or first aid kits, therapeutic and preventive nutrition - milk, juices; detergents).

In this regard, in 2023, according to the Comprehensive Action Plan to improve working conditions and safety, measures were planned and implemented for a total amount of 50,049 thousand tenge, including:

- training on occupational safety and health in the amount of 400 thousand tenge – completed, the funds have been fully disbursed;
- ensuring the completion of the automated STJ-Complex system (automation of the processes of operation and transport expedition) within the framework of technical support in the amount of 49,649 thousand tenge - executed, the funds have been fully disbursed.

According to the training plan for 2023, they have been trained:

- on safety and labor protection of 13 managers, employees of branches and the central office of the Company for a total amount of 396 thousand tenge;
- for industrial safety, 2 employees of the central office of the Company in the amount of 61 thousand tenge;
- on electrical safety, 15 employees, heads of branches and the central office of the Company for a total amount of 189 thousand tenge;
- fire safety of 13 employees, heads of branches of the Company for a total amount of 164 thousand tenge;
- on environmental safety, 8 employees, heads of branches of the Company for a total amount of 100 thousand tenge;
- to improve the skills of road inspectors for the safety of the carriage fleet of 12 employees, heads of branches of the Company for a total amount of 366 thousand tenge;

- to improve the skills of process engineers, 18 employees, heads of branches of the Company for a total amount of 549 thousand tenge.

In general, during the reporting period of 2023, inspections of authorized and supervisory bodies in the Company's branches were not carried out.

According to the approved schedule of inspections of the Company's branches for ensuring industrial safety and labor protection for 2023, inspections were planned and carried out in 10 branches. All identified comments on regional branches have been eliminated, debriefing protocols and corrective action plans have been drawn up.

The costs of the Company's industrial safety

№	Name	2021	2022	2022
1				
1.1	The amount of planned funds to meet the requirements in the field of industrial safety, including directions, thousand tenge:	32 832	30 644	50 122
	<i>Labor protection</i>	32 775	30 584	50 049
	<i>Fire safety</i>	57	60	73
	<i>Industrial safety</i>	0	0	0
1.2	The amount of money spent to ensure the requirements in the field of industrial safety, including in the following areas, thousand tenge:	32 832	30 644	50 122
	<i>Labor protection</i>	32 775	30 584	30 584
	<i>Fire safety</i>	58	60	73

		Intelligence
1.3	The name of the main document regulating the industrial safety management system	Labor contract of the Republic of Kazakhstan
1.4	Availability of the ISO 45001-2018 certificate of conformity in the PC	In stock
1.5	Number of DZO with ISO 45001-2018 certificate of conformity	2
1.6	Names of DZO with ISO 45001-2018 certificate of conformity	LLP «Vagonostroitel'nyy zavod «Tulpar» LLP «Kazakhstanskaya vagonostroitelnaya kompaniya»

Information on hazard identification, risk assessment and accident investigation of the Company

№	Name of the required data	2022	2023
2			
2.1	The number of critical risks (located in the red zone of the risk map) for industrial safety	0	0
2.2	The number of risks that have been migrated from the red zone of the risk map to the orange, yellow or green zone of the industrial safety risk map	0	0
2.3	The number of shutdowns of unsafe work	0	0

2.4	The number of exercises conducted to prevent fires/fires by internal formations	2	11
2.5	The number of fire/fire prevention exercises conducted with the involvement of State Fire Services	1	1
2.6	The number of training alarms conducted according to the accident response plan	1	0
2.7	The number of emergency response training sessions conducted according to the accident response plan	0	0
2.8	The number of PAB/NPB/PPB conducted by the management of the PC (SEA, SEO-1, SEO-2), DZO (GD, Deputy GD, Director of the department/service, head of structural divisions)	56	120
2.9	Number of PAB/NPBs conducted/PB by other employees	107	254
2.10	The number of audits conducted by the Corporate Center/Central Office of the PC in the subsidiaries/branches for compliance with requirements in the field of industrial safety	12	10
2.11	The number of identified inconsistencies during the audit by the Corporate Center / Central Office of the PC in the subsidiaries/branches for compliance with requirements in the field of industrial safety	49	36
2.12	The number of eliminated inconsistencies identified during the audit by the Corporate Center/ Central Office of the PC in the subsidiaries/branches for compliance with requirements in the field of industrial safety	49	36
2.13	The number of internal audits conducted in the DZO/branches for compliance with requirements in the field of industrial safety	166	220
2.14	The number of inconsistencies identified by internal audit in the DZO/branches for compliance with requirements in the field of industrial safety	207	268
2.15	The number of nonconformities eliminated by internal audit in the subsidiaries/branches for compliance with requirements in the field of industrial safety	207	268

Note. Inspections of state environmental protection agencies are not taken into account

List of information on the Company's industrial safety service

№	Name of the required data	Intelligence
3		
3.1	Number of specialists in the central office/corporate PC center:	Total 2
	<i>on labor protection</i>	1
	<i>and other directions</i>	1
3.2	Number of specialists in DZO and affiliates:	20
	<i>on labor protection</i>	10
	<i>and other directions</i>	10
3.3	The ratio of employees of industrial safety services to 1 employee of the company	22/592 CA and NPF employee = 0,037

Note. Employees of the environmental protection service are not taken into account

Information on employee representation in official joint working meetings on employee safety management Societies

№	Name of the required data	Intelligence
4		
4.1	Number of trade union organizations	1
4.2	Number of employees in trade unions	68
4.3	The number of technical inspectors on labor protection	0
4.4	Number of trained occupational safety and health technical inspectors	1

List of information on training in the field of industrial safety of the Company

№	Name of the required data	2022	2023
5			
5.1	The number of employees trained in the field of industrial safety within the requirements of the legislation of the Republic of Kazakhstan	71	81
	<i>on labor protection</i>	22	13
	<i>on industrial safety</i>	1	2
	<i>on fire safety</i>	19	13
	<i>and other directions</i>	29	53
5.2	The number of employees trained to provide first aid to victims (paramedic) at the workplace	32	
5.3	The number of employees trained under the NEBOSH program	1	1
5.4	The number of employees trained under the IOS program	31	0

List of information on health promotion and occupational diseases of the Company's employees

№	Name of the required data	2022	2023
6			
6.1	The number of cases of deterioration of health in the workplace that are not related to work and have not led to a fatal outcome	0	0
6.2	The number of deaths not related to work due to poor health	1	0
6.3	The number of employees registered on the «D» account	0	9
6.4	Number of registered occupational diseases	0	0
6.5	The number of employees subject to mandatory periodic medical examination	314	314
6.6	The number of employees who have	287	288

	undergone periodic medical examination in accordance with the legislation of the Republic of Kazakhstan		
6.7	The main causes of deaths due to poor health according to the medical report	Stroke	-
6.8	The number of employees who have voluntary health insurance from the employer	522	591

List of information on employees covered by the Company's industrial safety management system

№	Name of the required data	Intelligence
8	Employees covered by the occupational safety management system	Intelligence
8.1	% coverage of employees by the industrial safety management system in the PC	100%
8.2	% coverage of the contractor's employees by the industrial safety management system who perform work/provide services on the territory/facility of the PC and DZO.	100%

List of information on occupational injuries for the Sustainable Development Report of the Company

№	Name	2021	2022	2023
9				
9.1	The number of registered work-related accidents	0	0	0
9.2	The number of victims of work-related accidents	0	0	0
9.3	The number of deaths in work-related accidents	0	0	0
9.4	The number of injured employees in contractors in work-related accidents	0	0	0
9.5	The number of dead employees of contractors in work-related accidents	0	0	0
9.6	The number of all traffic accidents	0	0	0
9.7	Death rate	0	0	0
9.8	Injury rate with loss of a worker	0	0	0
9.9	Traffic accident rate	0	0	0
9.10	Number of man-hours worked	903 437	972 510	994 331
		Intelligence		
9.11	The main measures taken to reduce occupational injury rates	conducting internal audits, conducting industrial safety dialogues, identifying risks, familiarizing employees with risk assessments, familiarizing employees with all accomplished risks in JSC «NC «KTZ», training employees on industrial safety, technical classes and briefings.		

Corporate governance

The Company is aware of the importance of improving corporate governance and strives to ensure openness and transparency of activities, as well as the practical implementation of the basic principles of the Corporate Governance Code.

The Corporate Governance Code of the «Samruk-Kazyna» National Welfare Fund Joint Stock Company was approved by Resolution No. 1403 of the Government of the Republic of Kazakhstan dated January 5, 2012.

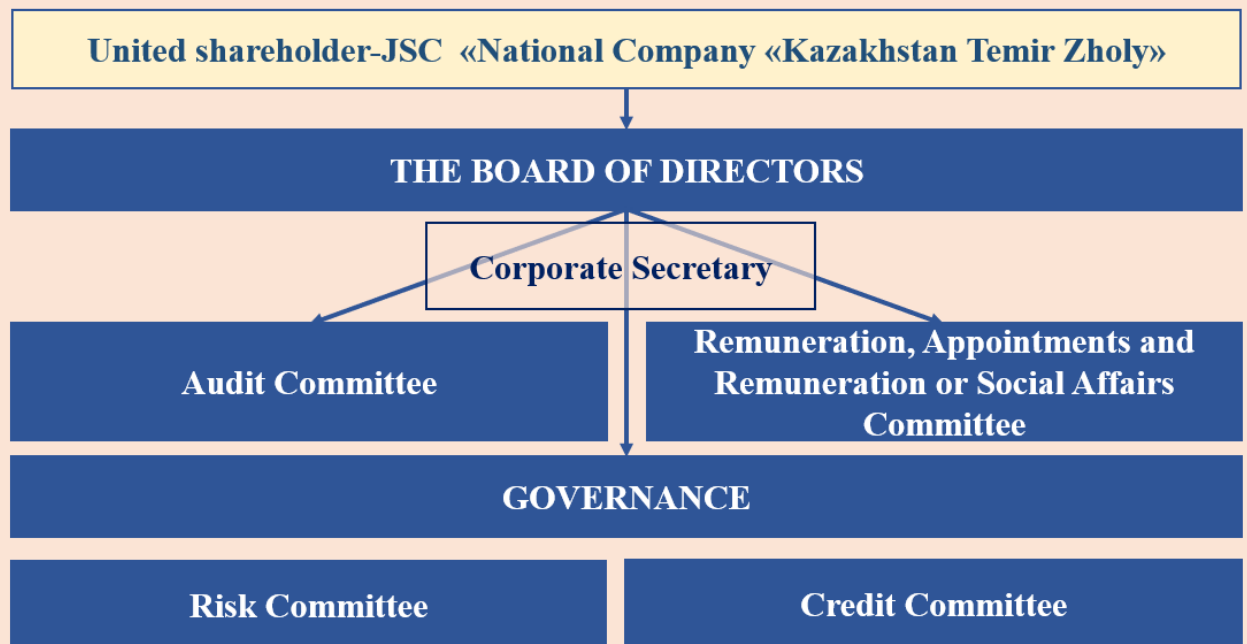
We are convinced that good corporate governance lays the foundation for the success of a Society.

Assessment of compliance

The Company consistently and systematically improves corporate governance, increases the effectiveness of the risk management system, internal control, sustainable development and transparency of activities.

The corporate governance rating of the Company based on the results of the internal diagnostics of the Company's corporate governance was determined at the «BB» level. This rating means that it meets most of the established criteria in all essential aspects, but there is insufficient evidence that the system is working effectively.

Corporate governance structure



Sole Shareholder

The supreme body is the Sole Shareholder – JSC «NC «KTZ». The sole shareholder has the rights provided for by the legislation and the Articles of Association.

The sole shareholder of the Company has the right to cancel any decision of other bodies of the Company on issues related to the internal activities of the

Company.

The Board of Directors

The Company's management body is the **Board of Directors**, which carries out general management of the Company's activities, with the exception of resolving issues referred to by the Law «On Joint Stock Companies» and the Articles of Association to the exclusive competence of the Sole Shareholder.

Committees of the Board of Directors

The purpose of the work of the Committees under the Board of Directors is to increase the efficiency of the Board of Directors and improve the corporate governance structure. There are two committees under the Board of Directors: on planning, appointments and remuneration or social issues; and on audit.

Corporate Secretary

The Corporate Secretary ensures that the Company's bodies and officials comply with the rules and procedures of corporate governance that guarantee the exercise of the rights and interests of the Sole Shareholder.

Governance

The Executive Body – the Management Board - manages the current activities of the Company, headed by the Chairman of the Management Board of the Company.

The competence of the management body and the executive body is determined by the Charter of the Company.

Basic principles

Corporate governance in the Company is based on the principles of fairness, honesty, responsibility, transparency, professionalism and competence. The corporate governance system assumes respect for the rights and interests of all stakeholders, allows timely identification of critical risks for the Company and effective management of them, contributes to the successful operation of the Company, including the growth of its value, maintaining financial stability and profitability.

The Company considers the corporate governance system as a tool for respecting the interests of the Sole Shareholder, building a balanced system of relationships with all stakeholders and improving the efficiency of its activities. At the same time, in order to implement its own initiatives to improve corporate governance, the Company is implementing the Corporate culture project.

The fundamental principles of corporate governance in the Company are:
the principle of protecting the rights and interests of the Sole Shareholder;
the principle of effective management of the Company, the Board of Directors and the Management Board;
the principle of independent activity of the Company;
principles of transparency and objectivity of information disclosure;
principles of legality and ethics;
principles of an effective dividend policy;

principles of effective personnel policy;
the principle of environmental protection;
corporate conflict and conflict of interest regulation policy;
the principle of responsibility.

Corporate governance objectives

The main objectives of corporate governance in the Company:
improving the system of strategic planning, monitoring and internal control;

ensuring timely disclosure of information about the Company, including its financial position, economic indicators, ownership and management structure;

improving the effective performance of the Company by improving the accountability system, risk management and internal control mechanisms;

improving the efficiency of personnel management and development as the most important resource of the Company, developing partnerships between the Company and employees in solving social issues and regulating working conditions;

active cooperation with stakeholders, etc.

In accordance with the Corporate Governance Code, internal corporate governance documents are distributed and brought to the attention of the Company's employees, including in a new edition, namely:

The Code of Business Ethics.

Policy in the field of significant corporate events.

Corporate conflict resolution policy.

Information constituting an official, commercial or other legally protected secret.

The Regulation on the Board.

Rules for providing social support to employees of the central office.

Information policy.

Risk management policy.

Rules for identification and risk assessment.

Regulation on the internal control system.

Rules on certain issues of moral encouragement (stimulation) of employees of Kaztemirtrans JSC.

The policy of Kaztemirtrans JSC on risk management and internal control.

Guidance on the internal control system of Kaztemirtrans JSC.

The action plan for minimizing the risks of Kaztemirtrans JSC.

The main functions and provisions of corporate governance and the executive body are defined by the Company's Charter.

Information on the compliance of corporate governance practices with the principles of the Corporate Governance Code

In accordance with the requirements, Corporate Secretaries monitor and advise the boards of directors and the executive body on proper compliance with this Code,

as well as prepare an annual report on compliance/non-compliance with its principles and provisions.

The Board of Directors is responsible for monitoring the implementation of the Code.

The results of the analysis of corporate governance practices show that in 2023 the Company ensured compliance with the basic principles and provisions of the Code, out of 237 provisions: 203 provisions (85.7%) are complied with; 14 provisions (5.9%) are partially complied with; 4 provisions (1.7%) are not complied with; 17 provisions are not applicable to the Company (7.2%).

№	Name of the section	Observed	Partially observed	Not applicable	Not observed
1	Interaction	30	0	0	0
		<i>100%</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>
2	Shareholders' rights	13	0	10	0
		<i>57%</i>	<i>0%</i>	<i>43%</i>	<i>0%</i>
3	Efficiency of SD and IO	103	14	6	4
		<i>81%</i>	<i>11%</i>	<i>5%</i>	<i>3%</i>
4	SD, VK and audit	44	0	0	0
		<i>100%</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>
5	Transparency	12	0	1	0
		<i>92%</i>	<i>0%</i>	<i>8%</i>	<i>0%</i>
T O T A L		202	14	17	4
		<i>85,2%</i>	<i>5,9%</i>	<i>7,2%</i>	<i>1,7%</i>

In 2024, the Company will continue to work to ensure compliance with the provisions of the Corporate Governance Code.

Interaction of members of the Board of Directors with the Management Board

The Company encourages free and open contact between members of the Board of Directors and management at all levels.

Members of the Board of Directors are given full access to the necessary

information. In order to monitor the Company's strategic initiatives and take timely corrective measures, at each committee meeting, members of the Board of Directors receive reports and detailed presentations from the Company's supervising managers. Further at the meetings, the Chairman of each Committee reports to the Board of Directors on the issues considered at the meetings of the Committee.

The Board of Directors regularly analyzes the actual performance of the Company in comparison with its long-term strategy.

Remuneration policy for members of the Board of Directors

In accordance with the Corporate Governance Code, the remuneration level of members of the Board of Directors should be sufficient to attract, retain and motivate each member of the Board of Directors at the level required for successful management of the Company. At the same time, no person should participate in making decisions related to their own remuneration.

Payment of remuneration and compensation of expenses to independent directors of the Company is carried out in accordance with the Rules for the formation of the composition of the Boards of Directors and payment of remuneration and compensation of expenses to independent directors of subsidiaries of JSC «NC «KTZ». At the same time, the expected positive effect for the Company from the participation of this person in the Board of Directors is taken into account. When determining the amount of remuneration, the responsibilities of the members of the Board of Directors, the scope of the Company's activities, long-term goals and objectives determined by the development strategy, the complexity of issues considered by the Board of Directors, the level of remuneration in similar companies (benchmarking, remuneration review) are taken into account. Independent directors are paid a fixed remuneration. Remuneration to independent directors is paid subject to the following conditions: conscientious fulfillment of the powers of a member of the Board of Directors, using methods that best reflect the interests of the Company; leadership in decision-making by the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Company; participation in at least 75% of meetings of the Board of Directors of the Company, except for illness, vacation, business trips.

The process of selecting independent directors. Criteria of independence

The formation of the Board of Directors consists of the stages of planning the composition of the Board of Directors, search for candidates for directors, selection and election of candidates for directors.

An independent director must have sufficient professionalism and independence to make independent and objective decisions free from the influence of the Sole Shareholder, the Management Board and other interested parties.

Independent directors meet all legislative criteria of independence, their status, powers, rights and obligations are strictly regulated by the requirements of the Law of the Republic of Kazakhstan «On Joint Stock Companies», the Company's Charter, the Company's Corporate Governance Code.

According to the world practice of corporate governance and the requirements of paragraph 5 of Article 54 of the Law of the Republic of Kazakhstan «On Joint Stock Companies», the number of members of the Board of Directors must be at least three people. At least thirty percent of the company's board of directors must be independent directors. In accordance with the best corporate governance practices, the Company has ensured the presence of independent members of the Board of Directors. The number of independent members of the Company's Board of Directors exceeds the minimum threshold and amounts to 40%.

In the reporting year, there were 3 independent directors on the Board of Directors. The election of candidates for independent directors of the Company was carried out by observing subparagraph 20) of Article 1 of the Law of the Republic of Kazakhstan «On Joint Stock Companies», according to which an independent director:

- was not an affiliated person of the Company at the time of election and during the three years preceding his election to the Board of Directors (except in the case of his tenure as an independent director of this joint-stock company);
- is not an affiliated person in relation to the affiliated persons of the Company;
- is not subordinated to officials of the Company or affiliated organizations of the Company and was not subordinated to these persons during the three years preceding his election to the Board of Directors;
- is not a government employee;
- is not a representative of the shareholder at meetings of the bodies of this joint-stock company and has not been one for three years;
- is not an auditor of the Company and did not participate in the audit of the Company during the three years preceding his election to the Board of Directors.

Composition of the Board of Directors

The Board of Directors is the Company's governing body, which determines strategic goals, priority areas of development, the main guidelines for long-term activities, ensures the availability of the necessary financial and human resources to achieve the goals set, also approves development plans, budgets, is based on the principles of reasonableness, efficiency, activity, integrity, honesty, responsibility and accuracy.

In its activities, the Board of Directors is guided by the Law of the Republic of Kazakhstan «On Joint Stock Companies», the Charter, the Corporate Governance Code and other internal documents of the Company.

Composition of the Company's Board of Directors as of January 1, 2023:

1. Urynbasarov B.P. – Representative of the interests of the Sole Shareholder, Chairman of the Board of Directors;
2. K.E. Almagambetov – representative of the interests of the Sole Shareholder;
3. Kakimov A.S. – representative of the interests of the Sole Shareholder;
4. Yernazarov I.B. – representative of the interests of the Sole Shareholder;
5. Abelseitova S.K. – independent Director;
6. Argingazin A.A. - independent director.

On April 27, 2023, the Sole Shareholder of the Company, the Board of Directors of JSC «NC «KTZ», decided to terminate the members of the Board of Directors of the Company early:

-Almagambetova K.E.,

-Akimova A.S.,

-Argingazina A.A. from April 11, 2023, the powers of Urynbasarov B.P. as Chairman of the Board of Directors were prematurely terminated, the members of the Board of Directors of the Company were elected:

- Duzbayeva M.A. - representative of the interests of JSC «NC «KTZ»
Chairman of the Board of Directors;

- Yesenbayev K.A. representative of the interests of JSC «NC «KTZ»;

- Urazbekov M.Zh. – independent director.

By the decision of the Sole Shareholder of the Company – the Board of Directors of JSC «NC «KTZ» dated July 24, 2023 No. 9, the composition of the Board of Directors of the Company was determined in the number of 7 (seven) people, Hegai V.N. was elected a member of the Board of Directors of the Company - an independent director.

In the reporting year, the following changes occurred in the composition of the Board of Directors:

The composition of the Board of Directors as of 12/31/2023.

full name	Post	Date of joining the Board of Directors
Duzbayeva Meiramkul Altynbekovna	Chairman of the Board of Directors of the Company. Managing Director for Strategy of JSC «NC «KTZ»	April 27, 2023
Urynbasarov, Baurzhan Asylbekovich	Member of the Board of Directors of the Company. Managing Director for Production Processes of JSC «NC «KTZ»	March 16, 2022
Yessenbayev Koblan Amanbaevich	Member of the Board of Directors of the Company. Chief Manager of the Department of Economics and Planning of JSC «NC «KTZ».	April 27, 2023
Ernazarov, Ilyas Bakhytzhonovich	Member of the Board of Directors of the Company. Deputy Director of the Legal Support Department of JSC «NC «KTZ»	June 14, 2022
Urazbekov, Marat Zhanabergenovich	Independent Director – Member of the Board of Directors of the Company	April 27, 2023
Svetlana Abelseitova Капиятовна	Independent Director – Member of the Board of Directors of	October 01, 2021

	the Company	
Hegai Victor Nikolaevich	Independent Director – Member of the Board of Directors of the Company	July 24, 2023

**Duzbayeva Meiramkul Altynbekova
Chairman of the Board of Directors**

Year of birth:

1966

Education:

V. I. Lenin Kazakh Polytechnic Institute (1987)

K. I. Satpayev Kazakh National Technical University (2004)

Work experience:

From December 2018 to the present, he has been the Managing Director for Development of JSC «NC «KTZ»;

From 2009 to 2010 - General Director of «Fuel Energy Complex-KAZAKHSTAN» LLP, «Mercury Service Company» LLP (2009) «Kamkor Management» LLP (2016-2017), «Silkway Transit» LLP (2017-2018).

**Urynbasarov Baurzhan Asylbekovich
Member of the Board of Directors**

Year of birth:

1970

Education:

Almaty Institute of Railway Transport Engineers (1993)

Specialty «Transportation Process Management»

Employment:

From January 2022 to the present, Managing Director for Production Processes of JSC «NC «KTZ»;

Since April 2021, Acting First Deputy Chairman of the Management Board of JSC «NC «KTZ»;

Since November 2018, Managing Director for Infrastructure, Director of the branch of JSC «NC «KTZ» - Directorate of the Backbone Network;

Since March 2017, Vice President for Infrastructure Projects of JSC «NC «KTZ».

**Ernazarov Ilyas Bakhytzhonovich
Member of the Board of Directors**

Year of birth:

1982

Education:

Kazakh State Law University (2003);

Russian State University of Oil and Gas (2013).

Employment:

From 2022 to the present, Deputy Director of the Legal Support Department of JSC «NC «KTZ»;

From 2021-2022 - Director of the Legal Support Department of JSC «NC «KTZ»;

From 2020-2021 - Executive Director for Legal Affairs, Member of the Board of «KTZ-Freight Transportation» LLP.

Urazbekov Marat Zhanabergenovich
Independent Director

Year of birth:

1960

Education:

In 1986, he graduated from the Alma-Ata Institute of Railway Engineers with a degree in electrical and mechanical engineering of railways.

In 2000, he graduated from the Academy of Public Administration under the President of the Republic of Kazakhstan.

Employment:

From 2017 to 2022, Deputy General Director of the «LRT Construction Directorate» LLP;

From 2009 to 2016, Chairman of the Boards of Directors of «Atyrau Airport» JSC, «Aktobe Airport» JSC;

From 2008 to 2016, Director of Transport Asset Management at «Samruk-Kazyna Holding» JSC;

He was a member of the Boards of Directors of JSC «NC «KTZ», JSC «Air Astana»

Abelseitova Svetlana Kapiyatovna
Independent Director

Year of birth:

1974

Education:

Karaganda Polytechnic Institute (1996)

Candidate of Technical Sciences

Specialty «Mining and oil and gas field geology, geophysics, surveying and subsurface geometry».

He is a leading auditor for the Quality Management System program (International Standard ISO 9001:2015), Certificate SIC.St.LA.019.ISO9001.757 SIC-ACADEMY, CCGD.

Work experience:

Independent Director: 2016-2021 at JSC «Tynys», since 2019 at JSC 811 Automobile Repair Plant, part of the group of companies of JSC «National Company

Kazakhstan Engineering»;

From July 2012 to July 2018 – General Director of the «Republican Certification Center» LLP;

Since August 2018, he has been the Executive Director of the «Republican Training and Consulting Center» LLP.

Hegai Victor Nikolaevich Independent Director

Year of birth:

1981

Education:

In 2004, he graduated from the Moscow State University of Railway Engineering, MSU PS (MIIT) with a degree in Organization and Management of transport (railway).

In 2017, he graduated from the Moscow SKOLKOVO School of Management with a degree in Executive Master of Business Administration.

Work experience:

From 2006 to 2008 – Assistant Director of the representative office of «TransLes» LLC in Nizhny Novgorod (Russia);

From 2009 to 2013 – Head of Sales Department at «Rusagrotrans» CJSC (Russia);

From November 2013 to April 2017 – Executive Director of «LP Trans» LLC (Russia);

From 2017 to 2022, he was the General Director of «Rusagrotrans» JSC (Russia).

Report on the activities of the Board of Directors

According to the Work Plan of the Board of Directors for 2023, approved by the decision of the Board of Directors dated February 17, 2023 No. 2, **7 meetings** are scheduled.

Based on the results of the work of the Board of Directors in 2023, **15 in-person meetings (online format) were held, 0 in absentia, 0 in mixed.**

In total, the Board of Directors considered 86 issues:

- approval of rules and regulations
- large transactions, transactions to increase liabilities
- Approval of the adjusted Development Plan for 2024-2028
- Preliminary approval of the annual financial statements (consolidated and separate)
- Election of members of the Committees of the Board of Directors
- election and early termination of the powers of a member of the Management Board, as well as approval of the efficiency of the members of the Management Board
- about some issues of the activities of DZO and affiliates
- The Regulation on the Management Board has been approved
- The structure of the central office has been approved

- The Development Plan for 2024-2028 has been approved
- approval of acts in the field of risk management
- Other matters

KEY ISSUES:

- approval of the Development Strategy until 2032
- approval of the Development Plan for 2024-2028
- approval of the Work Plan of the Board of Directors
- approval of the Annual Report on the results of activities for 2022.

**Number of meetings of the Board of Directors and
information on participation in meetings of the Board of Directors**

п/п №	Member of the Board of Directors, position	Participation	The total number of meetings of the Board of Directors in 2023
1.	B.P. Urynbasarov – representative of the interests of the Sole Shareholder, Chairman of the Board of Directors	13	15
2.	K.E. Almagambetov – representative of the interests of the Sole Shareholder	2	5
3.	Kakimov A.S. – representative of the interests of the Sole Shareholder	5	5
4.	Argingazin A.A. - Independent Director	2	5
5.	S.K. Abelseitova – Independent Director	15	15
6.	Yernazarov I.B. – representative of the interests of the Sole Shareholder	14	15
7.	Duzbayeva M.A. – representative of the Sole Shareholder, Chairman of the Board of Directors	9	10
8.	Yesenbaev K.A. – representative of the interests of the Sole Shareholder	8	10
9.	Urazbekov M.Zh. – Independent Director	9	10
10.	V.N. Hegai – Independent Director	5	5

Evaluation of the activities of the Company's Board of Directors

In May 2024, the Board of Directors decided to conduct a self-assessment of the activities of the Board of Directors of «Kaztemirtrans» JSC based on the results of work for 2023 using «Methodological recommendations for evaluating the activities of the Board of Directors and its committees, the Chairman, members of the Board of Directors and the corporate Secretary of the organizations of «Samruk-Kazyna» JSC (approved by the Decision of the Board of «Samruk-Kazyna» JSC-Kazyna dated December 14, 2017 No. 44/17), approved the Schedule for evaluating the activities of the Board of Directors of «Kaztemirtrans» JSC based on the results of work for 2023.

According to the results of the self-assessment of the activities of the Board of Directors of Kaztemirtrans JSC for 2023, the overall assessment of the activities of the Board of Directors amounted to **2.9** points, which corresponds to the Maturity

level of «Leadership Practice» — The Board of Directors meets almost all the established criteria in all material aspects, and there is sufficient evidence that the Board of Directors is working effectively, however, there are a number of aspects that the Board of Directors and the Executive body need to pay attention to: development strategy, committee structure, training of members of the Board of Directors.

Activities of the Committees of the Board of Directors

In order to increase the efficiency of the Board of Directors and improve the corporate governance structure, by decision of the Board of Directors dated October 25, 2021 No. 10, the following were created:

- 1) Audit Committee of the Board of Directors;
- 2) The Committee on Planning Appointments and Remuneration or Social Issues of the Board of Directors.

This decision also approved the Regulations on the Committees, elected the Chairmen and members of the Committees.

Audit Committee

The activities of the Committee are regulated by the Regulations on the Audit Committee

The composition of the Committee:

1. Chairman of the Committee - Svetlana Kapiyatovna Abelseitova (until April 19, 2023, Argingazin Arman Anuarbekovich)
2. Member of the Committee - Urazbekov Marat Zhanabergenovich (until April 19, 2023, Svetlana Kapiyatovna Abelseitova)

Activities of the Audit Committee

In accordance with paragraph 5 of the Regulations on the Audit Committee, the Committee is an advisory body of the Board of Directors of the Company and is created for in-depth study of issues within the competence of the Board of Directors or studied by the Board of Directors in order to control the activities of the executive body of the Company and develop necessary recommendations to the Board of Directors and the executive body of the Company.

Following the results of 2023, 3 meetings of the Committee on:

providing a recommendation to the Board of Directors of the Company on preliminary approval of the consolidated and separate financial statements of the Company for the year ended December 31, 2022, the order of distribution of net income;

providing recommendations on increasing the Company's obligations;

Approval of the annual financial statements of the private limited liability company «Kazakhstan Temir Zholy Finance B.V.» for the 2022 fiscal year, distribution of net income.

Committee on Planning Appointments and Remuneration or Social Issues

The composition of the Committee:

1. Chairman of the Committee - Urazbekov Marat Zhanabergenovich (until April 19, 2023, Svetlana Kapiyatovna Abelseitova)

2. Member of the Committee - Svetlana Kapiyatovna Abelseitova
(until April 19, 2023 Argingazin Arman Anuarbekovich)

Activities of the Committee on Planning Appointments and Remuneration or Social Issues

In accordance with paragraph 5 of the Regulations on the Committee on Planning Appointments and Remuneration or Social Issues, the Committee is an advisory body of the Board of Directors of the Company and is created for in-depth study of issues within the competence of the Board of Directors or studied by the Board of Directors in order to control the activities of the executive body of the Company and develop necessary recommendations to the Board of Directors and the executive body of the Company.

Following the results of 2023, 12 meetings of the Committee were held and recommendations were provided on the following issues:

- providing recommendations on some issues of the activities of a private limited liability company «Kazakhstan Temir Zholy Finance B.V.»;
- providing recommendations on reducing the authorized capital of LLP «Tulpar Wagon Building Plant» and approving the Charter of LLP «Tulpar Wagon Building Plant» in a new edition;
- providing recommendations on the approval of the total number of employees and the structure of the central office of the Company, etc.

THE COMMITTEE	STRUCTURE	2023
Planning, Appointments and Remuneration or Social Affairs Committee	Urazbekov M.J. (Chairman)	Meetings
	Abelseitova S.K.	12
		Issues considered
		49
Audit Committee	S. K. Abelseitova (Chairman)	Meetings
	Urazbekov M.J.	3
		Issues considered
		7

The composition of the Board

The composition of the executive body as of 12/31/2023:

Saurbaev Kairat Abenovich	Chairman of the Management Board (CEO)
Iskendirov Akylbek Baktiyarovich	Deputy Director General for Economics and Finance
Shiryaev Alexander Sergeevich	Deputy General Director
Iskakov Edil Bolatovich	Deputy General Director for Corporate Affairs
Almusin Adilzhan Dyusembayevich	Managing Director of Legal Affairs



Information on Board members

Saurbaev Kairat Abenovich - Chairman of the Management Board (General Director)

Education: Higher education. He graduated from the Almaty Institute of Railway Transport Engineers with a degree in «Management of transportation processes in railway transport» (1993).

Work experience: 06.1999–01.2002 - Chief Engineer of the branch of RSE «KTZ» - «Akmola department of transportation»;

01.2002–08.2002 - First Deputy Director of the branch of DGP «Infrastructure» - «Akmola department of transportation»;

08.2002–10.2002 years-Deputy Director of the ASU branch of ZAO «NC «KTZ»-»Akmolinsky branch of the Department»;

10.2002–04.2004 years-Deputy Director-Head of the United Dispatch Center branch of ZAO «NC «KTZ»-»Akmolinsky Department of Transportation»;

04.2004–09.2004-the beginning of the Coordination of the transshipment process branch of ZAO «NC «KTZ» - «Center for dispatching transshipment»;

09.2004–07.2006-the main manager of the Coordination of the transfer process branch of JSC «NC «KTZ» - «center of management of transfer»;

07.2006–11.2006-deputy head of planning and ensuring the transfer of the Directorate of transfers of JSC «NC «KTZ»;

11.2006–2008-Director of JSC «NC «KTZ» «Branch-Akmola region»;

2008-07. 2015-director of JSC branch «NC «KTZ» - «Pavlodar branch of the country», managing director, director of JSC branch «NC «KTZ» - «Directorate of the main network»;

07.2015-05.2016-President of JSC «Kaztemirtrans»;

05.2016–07.2016 years-Head of the Directorate of the transition process of JSC «NC «Kazakhstan Temir Zholy»;

01.07.2016-04.06.2017 - Acting Vice President for Operations of JSC «KTZ - Freight Transportation»;

05.06.2017-2018 - Acting Chairman, Chairman of the Management Board (President) of «Kaztemirtrans» JSC;

2018-04.2021 Advisor to the Chairman of the Board of JSC «KTZ-Freight Transportation»;

04.2021–04.2022 - Managing Director for Infrastructure - Director of the branch of JSC «NC «KTZ», «Directorate of the Backbone network»;

04.2022 – Advisor to the Chairman of the Board of JSC «NC «KTZ»;

In July 2023, he was appointed Chairman of the Management Board (CEO) of «Kaztemirtrans» JSC.



Shiryaev Alexander Sergeevich

Deputy General Director

Education: Higher. He graduated from the Kazakh University of Railway Engineering with a degree in Transportation Organization and Transport Management.

2005-2006 Logistics Manager of Dinal Sales and Distribution LLP.

2006 Planning Coordinator of «Dinal» LLP, Manager of transport and warehousing of «Dinal» LLP.

2014-2015 Deputy Director of ALK Expo LLP. 2015 Director of «CDSI» LLP.

2015-2017 - Advisor to the Director of «ALK Expo» LLP.

2018-2019 - Director of «CDSI» LLP.

2019-2021 - Advisor to the Director of «ALK Expo» LLP.



Iskakov Edil Bolatovich Deputy General Director for Corporate Affairs

Education: Higher. He graduated from Lomonosov Moscow State University, Al-Farabi Kazakh State National University, and the Kazakh Academy of Transport and Communications named after M.Tynyshpaeva.

He has an academic degree - Candidate of Economic Sciences.

2010 - 2011 – Advisor to the President of JSC «NC «KTZ»».

2011 – 2016 – President of JSC «Kedentransservice»

2016 – 2017 – Acting President of JSC «Kaztemirtrans».

2017 – 2019 – Advisor to the President of JSC «NC «KTZ» - «Freight transportation».

2019 – 2021 – General Director of «GP Transservice» LLP.

2021 – 2022 – Advisor to the Chairman of the Board of «NC «KTZ» JSC.

In June 2022, he was appointed Managing Director for Development of «Kaztemirtrans» JSC.



Iskenderov, Akylbek Baktiyarovich Deputy Director General for Economics and Finance.

Education: Higher. Graduated from the

Kazakh State Academy of Management with a degree in Economics and Management.

Work experience: He began his career as a leading specialist at the RSE «Center for Standardization, Metrology and Certification», where he worked from 1999 to 2001.

2001-2003 Head of the Representative office of the Kazakh–Dutch joint venture «Saybolt Kazakhstan» LLP, Aktau.

2003-2006 Commercial Director of «Center Projectservice» LLP, Aktau.

2007-2008 Director of LLP «Center Projectservice», Aktau.

2008-2008 Deputy Director of the Investment Policy Department, «KazTransGas» JSC, Astana.

2008-2009 Deputy Director of the Asset Management Department, «KazTransGas» JSC, Astana.

2009-2012 Chief Manager of the Asset Management Department, «KazTransGas» JSC, Astana

2012-2014 Deputy General Director for Economics and Finance, «Amangeldy Gaz» LLP, Taraz

2015-2015 Deputy General Director for Economics and Finance, «KazTransGaz Onimderi» LLP, Astana

2016-2016 Director of the Corporate Development and Asset Management Department, «KazTransGas Onimderi» LLP, Astana

2017-2019 Director of the branch of Pipeline Field Services Limited, Aktau.

2019-2020 Director of the Purchasing Prices Department of JSC «NC «Kazakhstan Temir Zholy», Nur-Sultan

2020-2021 Deputy General Director for Finance, «KTZ EXPRESS» JSC, Nur Sultan.

In July 2021, he was appointed Deputy General Director for Economics and Finance of Kaztemirtrans JSC».



Almusin Adilzhan Dyusembayevich

Managing Director of Legal Affairs

Education: Higher. He graduated from Karaganda State University named after Academician E.A.Buketov in 2009 with a degree in Finance. In 2012, he graduated from the Karaganda Economic University of Kazpotrebsoyuz with a degree in Law.

Work experience. He started his career in December 2009 in the group of companies of JSC «NC «KTZ».

From April 2019 to September 2019 - Manager of the Legal Department of JSC «Passenger Transportation».

From September 2019 to November 2021 - Chief Manager of the 1st level of the Legal Department of JSC «Passenger Transportation».

In November 2021, he was appointed Director of the Legal Support

Department of «Kaztemirtrans» JSC;

In April 2023, he was appointed Managing Director for Legal Affairs of «Kaztemirtrans» JSC.

In February 2022, he was appointed Deputy General Director of «Kaztemirtrans» JSC.

In 2023, the composition of the executive body changed 2 times:

By the decision of the Board of Directors of JSC «NC «KTZ» dated July 24, 2023 (Protocol No. 9) Saurbaev Kairat Abenovich was appointed Chairman of the Management Board (CEO) Societies

By the decision of the Board of Directors of the Company dated July 14, 2023 (Protocol No. 9), the powers of a member of the Management Board of the Company Tazhibayeva Zhanar Gabitovna were prematurely terminated and Almusin Adilzhan Dyusembayevich was elected a member of the Management Board of the Company.

In 2023, the Company's Management Board held 43 meetings and made decisions on 150 issues, including:

- issues submitted for consideration by SD – 51;
- conclusion of interested transactions – 18;
- approval of the rules – 11;
- approval of staff schedules – 18;
- purchases – 2;
- other matters – 50;

Risk management

Risk management in the Company is a continuous process aimed at reducing the level of risks to an acceptable value and preventing events that may have a negative impact on the achievement of the Company's business goals. The Company strives for effective and proactive risk and opportunity management, as well as the consistent development of a risk culture.

The Company's risk management and internal control system is aimed at ensuring reasonable confidence in achieving its strategic and operational goals, as well as ensuring its sustainable development through prompt identification, assessment and effective management of risks and opportunities.

The Company's risk management system has been developed taking into account the challenges of the external environment and complies with the principles set out in international standards on risk management, including the recommendations of the Committee of Sponsoring Organizations of the «Treadway» Commission (COSO).

The key internal document in the field of risk management of the Company is the Policy of Kaztemirtrans Joint Stock Company on Risk Management and Internal Control, which was approved in a new version by the decision of the Board of Directors of the Company dated September 25, 2020.

In 2023, work continued on building an effective internal control system, and control procedures in the Company's processes are monitored on a regular basis. The Company is aware of the importance of risk management as a key component of the corporate governance system aimed at timely identification and taking measures to reduce the level of risks that may negatively affect its value and reputation.

Risk management and internal control environment

The Company has implemented a formalized risk management structure providing for a clear division of functions and responsibilities and an accountability procedure for the Board of Directors, the Planning, Appointments and Remuneration Committee or Social Issues of the Board of Directors, the Management Board and the Risk Management and Internal Control Group of the Company. The ultimate responsibility for maintaining the smooth operation of the risk management and internal control system is borne by the Board of Directors of the Company.

The Board of Directors of the Company discusses the risks to which the Company's activities are exposed on a regular basis. The Planning, Appointments and Remuneration or Social Affairs Committee of the Company's Board of Directors closely monitors the effectiveness of the risk management system and regularly receives reports from the Management Board on risks and measures to manage them, is responsible for monitoring internal controls on behalf of the Company's Board of Directors.

The Risk Management and Internal Control Group of the Company is responsible for coordinating risk identification and assessment activities, implementing best practices in the field of risk management, and preparing risk reports.

Significant risks of the Company in 2023

The Company has formed a list of significant (critical) risks, which includes strategic, financial, operational and legal risks, the probability of implementation and/or the impact of which are assessed as high. The analysis of critical risks and control over the implementation of measures to manage such risks is in the area of constant attention of the Company's management.

Currency risk – the risk did not take place in 2023. The US dollar exchange rate decreased from 474.47 tenge on October 1, 2023 to 454.56 on December 31, 2023. On December 28, 2023, changes were made to the terms of the issue of perpetual bonds. Based on the changes made to the prospectus, the issued perpetual bonds were classified as an equity instrument. Thus, the amount of debt on the Group's perpetual bonds («Kaztemirtrans» JSC and subsidiaries), which was reflected in the Group's liabilities, was reclassified to retained earnings.

Interest rate risk – the interest rate on bonds of 96 billion tenge is 14.58% excluding subsidies. It was assumed that the remuneration rate would be reduced to 5.08% due to subsidies received by «NC «KTZ» JSC. Since 04/03/2023, there has been no reduction in the remuneration rate for «KTT» JSC..

Reputational risk associated with the implementation of corruption risk in the form of preference to individual entrepreneurs for accelerated delivery of wagons.

A decrease in the turnover of wagons in operation, as well as a decrease in commercial flights and the lack of coal demand due to weather conditions. With a planned turnover of 6-7 days for the agricultural sector, the actual turnover for 2023 was more than 12 days. In addition, transportation of socially significant goods was carried out.

Due to the geopolitical situation, the Company may be exposed to the risk of a decrease in the level of cargo transportation, which may negatively affect the activities and achievement of the Company's strategic goals.

Also, at the end of 2023, 242 wagons were delivered with the delivery plan for 275 wagons, in connection with which «Kazakhstanskaya vagonostroitel'naya kompaniya» LLP and «SMP Group» LLP did not fulfill the delivery schedule for 33 wagons, according to the Purchase and Sale Agreement for 3,000 wagons.

Measures to improve the risk management and internal control system

In 2023, the work of the Management Board and the Board of Directors of the Company was aimed at further improving the corporate risk management system and bringing it in line with the best international practices. As part of this work, the Board of Directors of the Company approved:

- Action plan for responding to the Company's risks for 2023;
- Risk appetite of the Company and Key risk indicators, and levels of tolerance to key risks of the Company for 2023;
- The Risk Register and the Risk Map of the Company for 2023, which identify all the key risks of the Company.

Consolidated risk reports are submitted to the Company's Board of Directors on a quarterly basis.

The Company's priority is the introduction of risk management and internal control elements into existing business processes, as well as the development of a risk management culture.

In order to assess the level of risk culture in Society, a risk culture assessment questionnaire has been developed.

In December 2023, employees of the central office of the Company were trained and tested.

As part of the internal control system, the decision of the Company's Management Board dated November 18, 2022 approved a Business Process Ranking Matrix and a Calendar Schedule for the development and/or updating of flowcharts, risk matrices and controls of the Company for 2023.

By the decision of the Company's Management Board dated November 18, 2022, block diagrams and matrices of risks and process controls were approved:

1. «Ensuring the work of regional agents,
2. «Provision of work on the rental of wagons»,
3. «Monitoring the terms of the service agreement»,
4. «Revenue from operating wagons»,
5. «Tariff management».

The owners of the processes were given appropriate recommendations on minimizing risks when implementing the steps of the processes

Anti-corruption

The priority task of the Company is to combat corruption, which represents a serious barrier to the sustainable development of the Company - it reduces economic growth, distorts competition, undermines investor confidence, as it is associated with serious legal and reputational risks.

In order to assist the Board of Directors in building and effective functioning of the compliance control system, the Kaztemirtrans Joint Stock Company has introduced and operates a Compliance Controller unit, the main task of which is to ensure a reasonable degree of confidence that all compliance risks are under control.

For this purpose, the Company's Board of Directors approved compliance policies, including:

- The anti-corruption policy in the joint-stock company "Kaztemirtrans", which establishes the requirements of the anti-corruption legislation of the Republic of Kazakhstan and obligations to comply with it, as well as a set of measures to prevent and combat corruption in the Company
- Confidential information policy.

In addition, the following measures have been taken to minimize compliance risks:

1. an internal analysis of corruption risks in certain areas of the Company's activities has been carried out;

2. The Board of Directors of the Company approved a new version of the Regulation on the Board of «Kaztemirtrans» JSC, added Appendix No. 5 "List of issues to be agreed upon by the Compliance controller of the joint-stock Company, whose competence includes issues of compliance control of the Company;

3. information sessions, lectures, meetings on anti-corruption, compliance the requirements of the Code of Ethics and Conduct and Anti-Corruption in Society.

4. Significant work has been carried out to implement the Action Plan to eliminate the causes and conditions conducive to the commission of corruption offenses identified by the results of an external analysis of corruption risks. Thus, of the 26 items assigned to the Company, 16 items have been executed, 6 items are under monitoring, 3 items are under execution.

5. In order to establish the procedure for conducting official investigations in the Company upon detection of facts of illegal actions, including facts of a corrupt nature, non-fulfillment or improper fulfillment of labor duties by employees of the Company, the Rules for Conducting Official Investigations in «Kaztemirtrans» JSC were developed and approved by the order of the General Director.

6. in order to fulfill the instructions from the Anti-Corruption Service of the Republic of Kazakhstan, a list of positions of the Company exposed to corruption risks has been formed and sent to JSC «NC «KTZ».

The Company's management, realizing their responsibility in shaping the sustainable development of an anti-corruption culture in Society, express their commitment to zero tolerance for corruption, to the facts of corruption in Society, as well as compliance with the legislation of the Republic of Kazakhstan in the field of anti-corruption.

Legal addresses and contacts

Name	Адрес Address	Telephone	e-mail
The central office of the Company			
Republic of Kazakhstan, 010000, Astana, Yesil district, D. Kunaev str., 10		8 (7172) 930-230	www.qaztt.kz
Subsidiaries			
Kazakhstan Temir Zholy Finance B.V. Company			
1000 Az Amsterdam, Prins Bernhardplein 200, 1097 JB Amsterdam (Amsterdam) The Netherlands (Netherlands)		Wim Rieff +31(0)205214757 Jeroen de Wit +31(0)205214659	amsterdam@intertrust group.com
LLP «Kazakhstanskaya vagonostroitel'naya kompaniya»			
Republic of Kazakhstan, 141203, Pavlodar region, Ekibastuz, Omskaya str. 4		Reception: Tel. 8(7187)22675 Fax: 8(7187)226280	www.ekvk.kz too_kvkv@mail.ru
LLP «Vagonostroitel'nyy zavod "Tulpar»			
Republic of Kazakhstan, 010000, Astana, A184 street, 9 Almaty district, Astana, Z01C1D, 2 floors		Reception: Tel: +7 (7172) 93-06- 02	www.vqztulpar.kz/
Name	Address	Telephone	e-mail
Regional branches of the Company			
Akmola	Republic of Kazakhstan, 020009, Akmola region, Kokshetau station, Shalkar str., 1 A	8 (7162) 294- 374	Kalieva_d@kaztt.kz
Kostanay	119 Al-Farabi Ave., Kostanay, 110000, Kostanay region, Republic of Kazakhstan	8 (7142) 900- 947	kostanay_npf2@kaztt.kz
Pavlodar	Republic of Kazakhstan, 140000, Pavlodar region, Pavlodar, Zheleznodorozhnaya str., 6	8 (7182) 373- 288	Seilhanova_G@kaztt.kz
Karaganda	Republic of Kazakhstan, 100010, Karaganda region, Manuilsky str., 4	8 (7212) 931- 329	npf_4@kaztt.kz
Semeysk	Republic of Kazakhstan, 071401, East Kazakhstan region, Semey, Station square, 1	8 (7222) 381- 325	priemnaya_npf6@kaztt.kz
Almaty	132 Bogenbai Batyr str., Almaty, 050000, Republic of Kazakhstan	8 (727) 2964- 806	priemnaya_npf7@kaztt.kz
Shymkent	41 a Tole bi str., Shymkent, 160017, Republic of Kazakhstan	8 (7252) 953- 999	ibragimova_a@kaztt.kz
Kyzylorda	Republic of Kazakhstan, 120019, Kyzylorda region, Kyzylorda, Zhanadilova str., 8 u	8 (7242) 293- 820	priemnaya_npf10@kaztt.kz

Aktobe	Republic of Kazakhstan, 030000, Aktobe region, Aktobe, A. Moldagulova ave., 49	8 (7132) 974-517	npf_11@kaztt.kz
Atyrau	42 S. Datova str., Atyrau, Atyrau region, 110000, Republic of Kazakhstan	8 (7122) 953-871	sihova_r@kaztt.kz

Glossary

Society/KTT	«Kaztemiptrans» Joint Stock Company;
JSC «NC «KTZ»	Joint Stock Company «National Company «Kazakhstan Temir Zholy»;
«Samruk-Kazyna» JSC	Joint Stock Company «National Welfare Fund «Samruk - Kazyna».
TTC	Limited Liability Partnership «Temirtransservice»;
STJ-Complex	Automated control system for the «STJ-Complex» wagon fleet;
ACU KTT	Automated control system for the technical condition of the Company's car fleet;
ASU DKR	Automated management system for contractual and commercial work of JSC «NC «KTZ»;
LLP «KVK»	Limited Liability Partnership «Kazakhstan Carriage Building Company»;
SSI	Social Stability Index;
SUPB	Industrial safety management system;
Code/ Code of Corporate Governance	The Corporate Governance Code approved by the decision of the Board of the Joint-Stock Company «National Company «Kazakhstan Temir Zholy» dated October 13, 2015, Protocol No.02/28
ABD PV	Автоматизированная база данных технических паспортов вагонов
RK	The Republic of Kazakhstan
RF	Russian Federation
PRC	People's Republic of China
CCC	Compliance service of JSC «NC «KTZ»
VACR	External analysis of corruption risks

Application

Consolidated financial statements for 2023