

**Approved by the decision of
the Board of Directors of
Transtelecom Joint Stock Company
Minutes No. 8/2020 dated August 24, 2020**

**Annual Report 2019
Transtelecom JSC**

Nur-Sultan, 2020

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«Внедрение услуги оператор фискальных данных» в ТТС	Ошибка! Закладка не определена.
Клиентская база	Ошибка! Закладка не определена.
Участие в хартиях и ассоциациях	Ошибка! Закладка не определена.
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КОРПОРАТИВНОЕ УПРАВЛЕНИЕ	Ошибка! Закладка не определена.
Основные принципы корпоративного управления	Ошибка! Закладка не определена.
Отчет Совета директоров Общества	Ошибка! Закладка не определена.
Отчет о деятельности корпоративного секретаря за 2019 год.....	Ошибка! Закладка не определена.
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В 2004 году окончил Университет им. Д. Кунаева по специальности «Финансы и кредит»	Ошибка! Закладка не определена.
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В 2009 году окончил Карагандинский экономический университет Казпотребсоюза по специальности «Юриспруденция».....	Ошибка! Закладка не определена.
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Управление рисками	Ошибка! Закладка не определена.
Управление качеством.....	Ошибка! Закладка не определена.
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Дивидендная политика и распределение прибыли	Ошибка! Закладка не определена.
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About Report

Joint Stock Company Transtelecom (TTC) presents to the reader's attention the following integrated report of the Company for 2019 (the Report). This Report reflects the critical performance indicators, the necessary information for shareholders, consumers, investors and partners, and the prospects for the company's further development. The Company also focuses on high standards of corporate governance and sustainable development.

The Company strives to timely and fully provide information on the results of its activities that meets the expectations of all interested parties. Since 2015, the Company has been publishing annual reports reflecting information on its operating activities and sustainable development, particularly applying the GRI Standards when disclosing issues in the field of labour and environmental protection, industrial safety and social responsibility.

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

Reporting Period and Confines of the Report

The reporting period of the Report is the period from January 1 to December 31, 2019. The performance indicators of the Company are presented in dynamics for 2017, 2018, 2019.

Information on the financial and economic activities results is reflected in the financial statements as of December 31, 2019, and is also published on the corporate website www.ttc.kz. All financial indicators of the Company are expressed in tenge per audited financial statements under IFRS.

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

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

Process for Defining the Content of the Report

To fully and objectively reflect the results of its activities, the Company discloses in the Report both achievements and difficulties that arose in the reporting period.

Principles for defining the content of the Report:

- Interaction with stakeholders;
- Sustainable development context;
- Materiality;
- Completeness.

The Report covers a wide range of issues according to the Company's priorities, including the long-term economic growth of the Company, health and safety, and the development of human capital.

The report presents information in a form accessible to stakeholders and the general public, avoids complex technical terminology and generally does not contain information that requires special industry-specific technical, technological and economic knowledge and skills. The Report uses diagrams, tables and graphs for a more visual and accessible presentation of the material; a list of abbreviations used is provided, only reliable information is given.

Forward-Looking Statements

The information provided in the Report for the future is based on forward-looking information. Words such as “believes,” “anticipates,” “expects,” “evaluates,” “intends,” metrics marked “plan,” and similar expressions indicate that this is a forward-looking statement. Actual results may differ materially from the planned and target indicators, expected results, estimates, and intentions in the forward-looking statements. Forward-looking statements are valid only as of the

release date of the Report. The Company does not guarantee that the expected performance results contained in the forecast statements will be achieved in reality. Therefore they should not and cannot be considered as the most probable and typical scenario.

Commitment

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

INTRODUCTION

**Message from the Chairman of the Board of Directors
Dear shareholders, investors, partners and clients!**

At the moment, TTC is one of the leading telecommunications operators in the country, providing a wide range of services: from international, long-distance, local telephony, Internet access, data transmission channels over VPN, private IPLC lines and to high-speed trunk communication channels throughout the territory of Kazakhstan.

In 2019, we did a quality job to create the image of the leading transit backbone communication operator in Kazakhstan. The number of geographically independent cross-border crossings along the entire perimeter of the border of Kazakhstan was brought to 12.

The company continues to actively provide high-quality communication services in the domestic and international markets. Our partners are the largest telecom operators, for whom high-quality telecommunications services are a prerequisite for doing business.

So TTC continued to develop partnerships in the B2G, B2B, B2O segments throughout Kazakhstan: a Call Center was organised for the IKomek Situation Center in Kostanay. For all questions of the life of the city of Kostanay, residents can contact a single number 109; long-term contracts were signed with Ozenmunaigas JSC, Karazhanbasmunaigas JSC, the project "Expansion of the Secondary Network at the Kokshetau City Centre Station" was introduced. Laying a fibre-optic communication line (FOCL) along this route allows covering 80% of the B2G segment deployed in Kokshetau.

Besides, in 2019, new profitable contracts were signed that play a strategic role in the digitalisation of Kazakhstan, such as "Construction of engineering infrastructure for a new micro-district of Turkestan", "Safe City - Turkestan".

Also, within the framework of the Smart City project, TTC implemented the introduction of wireless Internet Wi-Fi in the metro of Almaty at two metro stations: Zhibek Zholy and Almaly.

Acting from the position of an opinion leader, the Company became a partner at significant government and sports events such as ARMY-2019, the international MMA tournament AlashPride & JFC, the international M-1 Challenge tournament, the international evening of professional boxing on Independence Day, the meeting of the intergovernmental council of the EAEU countries, the solemn the opening ceremony of the Year of Youth "The Youth of Independence" with the participation of the Head of State, the World Ice Hockey Championship among men's teams of group A of the first division, the International Triathlon Competition BI GROUP IRONMAN 70.3 ASTANA, the I Forum of Asian Writers "with the participation of the Head of State, an annual practical conference dedicated to topical issues of information security - Kaz'Hack'Stan 2019 and others.

We continue to develop customer-focused product offerings, increase brand awareness and loyalty in public opinion. As part of the implementation of the Digital Kazakhstan program, the Company makes every effort to popularise digital services.

Mainly due to this, TTC in 2019 was chosen as their partner by the leading enterprises of the country, such as the National Nuclear Center of Kazakhstan, the State Forest Natural Reserve Semey Ormany, Kazzinc LLP, Kazakhstan Su Zholdary RSE, Nazarbayev University Library and 2IT Services, Samruk-Kazyna JSC; Government for Citizens NJSC, KazAvtoZhol JSC, Khabar Agency JSC, KazTransOil JSC, ERG Commercial Center and others.

Our TOP management is focused on improving the efficiency of business processes, improving the corporate management system and increasing the Company's profitability by identifying growth drivers.

We continue to rely on global telecommunication trends and are ready to tackle complex challenges. And we will continue to follow our mission - to bring Kazakhstanis to digital prosperity.

On behalf of the Board of Directors, I express my gratitude to all employees of the Company for their hard work and solidarity. I am confident that we will achieve our goals for brand value growth and will continue to work effectively in the company's interests and clients.

**Chairman of the Board of Directors
Transtelecom JSC
Nurali Aliyev**

**Message from the CEO
Dear shareholders, partners and colleagues!**

On behalf of the Management Board, the Company is pleased to present to your attention the Report 2019. The Company spent 2019 under the auspices of the implementation of large projects, the intensification of the international vector of the Company and the acquisition of several strategic advantages for the further development of the brand in the IT&TELCO industry.

Speaking of large projects, in 2019, the TransCaspian Fiber Optic (TCFO) project was launched – to lay fibre-optic communication lines along the bottom of the Caspian Sea between Kazakhstan and Azerbaijan. On November 19, 2019, the Prime Ministers of Kazakhstan and Azerbaijan, with the first leaders of TTC and AzerTelecom JSC in Aktau (Kazakhstan), officially launched the laying of fibre-optic communication lines along the bottom of the Caspian Sea. An agreement was signed between Azerbaijan and Kazakhstan “On the organisation of assistance in the

joint construction, ownership and organisation of joint use of fibre-optic communication lines along the bottom of the Caspian Sea along the Azerbaijan-Kazakhstan route by communication operators of the Republic of Azerbaijan and the Republic of Kazakhstan”.

It is planned that the TCFO project will be put into operation at the end of 2021 and will allow to reach a higher level of development of high-speed and secure data transmission infrastructure, as well as become one of the leading backbone routes between Europe and Asia and will take its rightful place in world data transit.

Another successful TTC project was TRANSKZ. In May 2019, together with the partner RETN LTD, Europe-Asia's shortest route was launched (the delay on the Frankfurt-Hong Kong section was a record 150.56 ms) within the framework of the TRANSKZ project.

In October 2019, the TRANSKZ project received recognition from the international telecommunications community, becoming a laureate of the Global Carrier Awards 2019 in London in the Project of the Year - Terrestrial nomination, ahead of 95 world telecom operators.

In 2019, the Company organised additional junctions of telecommunication networks with major Chinese telecom operators China Telecom and China Mobile International (UK) Limited at Khorgos station.

This made it possible to expand the possibilities for increasing the profitability of international transit services from the strategic Chinese market, organising communication services at two geographically separated cross-border crossings from the PRC - Dostyk station and Khorgos station.

Also, at the international level, the Company works on cybersecurity issues.

In 2019, the company entered into a memorandum with a subsidiary of Sberbank of Russia, BLZONE on cooperation in information security and common countering cyber threats in Kazakhstan, as part of the international cybersecurity week Global Cyber Week, held in Moscow from 17 to 21 June.

TTC was active in the international arena and domestically, continuing to support the digitalisation vector in Kazakhstan.

The partners of MDDIAI of Kazakhstan are the largest telecom operators Kazakhtelecom JSC, a consortium of TTC and SilkNetCom LLP.

In 2019, fibre-optic communication lines with a length of more than 2000 km were laid: 212 rural settlements were connected, in which 565 points are located (227 schools, 174 hospitals, 110 local administrations, nine emergency services, eight national defence facilities, 1 - the Ministry of Agriculture of Kazakhstan and 36 police offices).

Thus, it is planned that by the end of 2020, the number of settlements provided with high-speed Internet will increase to 5,163, in which 99.3% of the country's population live.

By eliminating the digital divide, we contribute to development in the regions, overcome the territorial digital divide, and enable youth to develop while remaining in the countryside. TTC reported on the project results at a selector meeting in the government and a reporting press conference, demonstrating connections from different regions of Kazakhstan.

There are 3,000 people behind TTC projects, which is one of the factors that the Company develops not only an IT brand but also its HR brand. It is essential for us that the client receives excellent quality, the reliability of services, and the constantly increasing speed of work. In this task, the role of the operational level is an essential factor. Initiative and interest in continuous improvement are the values that TTC communicates and supports in all aspects of work.

And in 2019, work with personnel was highly appreciated by profile awards in HR - TTC became the winner in the WOW! In the Level Up nomination (projects for training and motivating employees), HR competition with the project Involvement in Improvement. Gamification by Transtelecom, in the annual award HR-brand Central Asia 2019 held among significant employers in Kazakhstan and Central Asia.

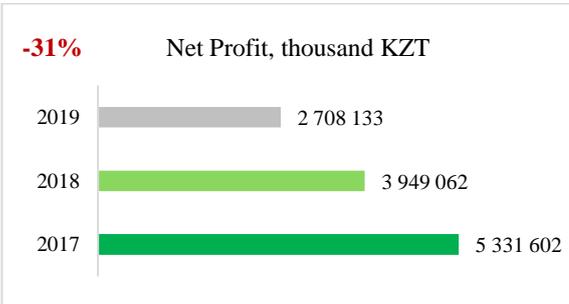
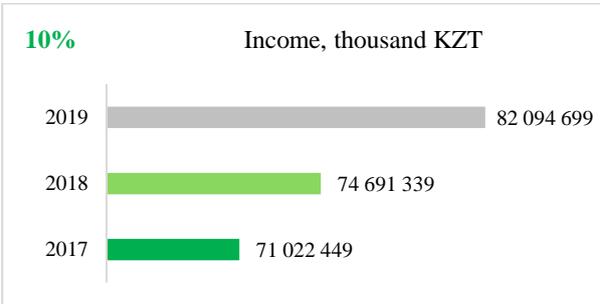
It is one of the country's most renowned and respected employer awards, recognising the best HR projects.

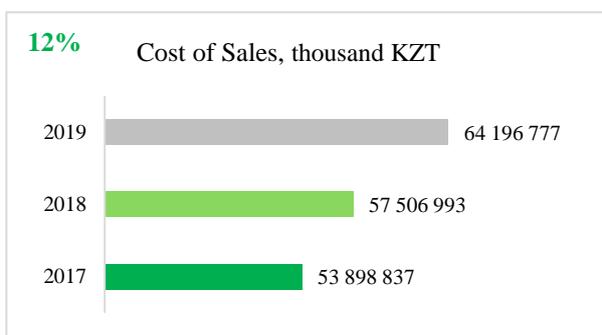
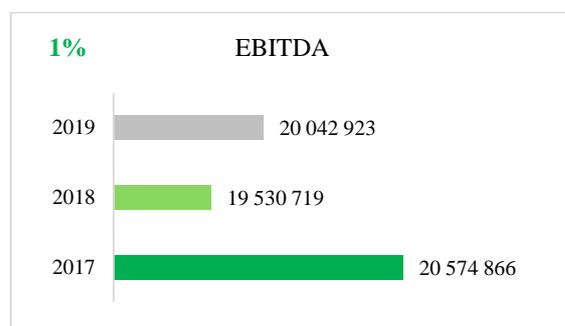
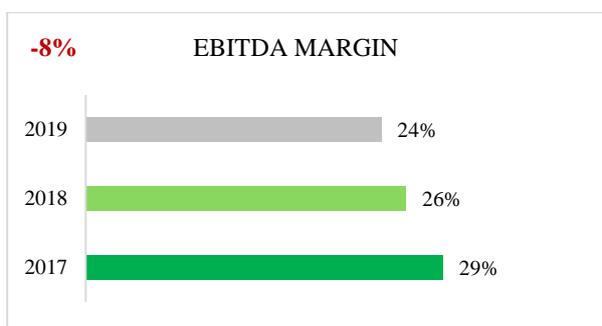
The TTC team of HR and IT developers also nominated the TTS Digital HR project for an award in the Kazakhstan nomination. The TTC project took third place, which means a high level of recognition for the work on the HR brand.

I want to express my gratitude to the Company's employees, partners, and shareholders for their professionalism and perseverance, a high degree of responsibility to the Company, initiative, and dedication to our Mission. I am confident that by developing the Company, we are developing the IT & TELCO industry as a whole, opening up new digital opportunities for the people of Kazakhstan.

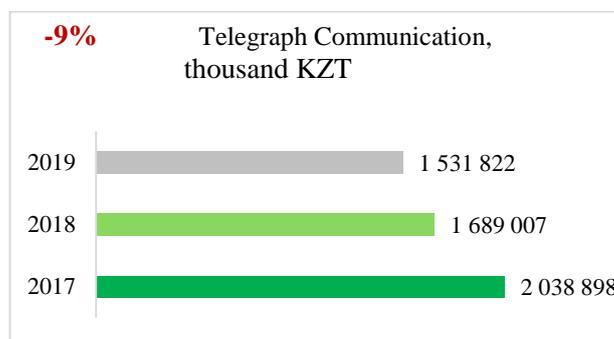
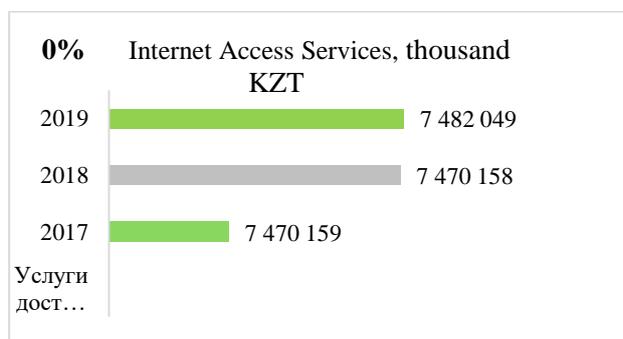
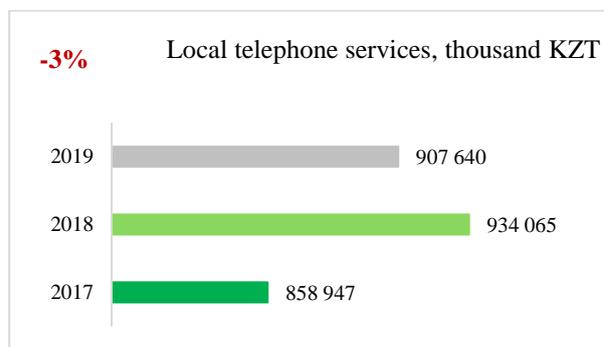
**CEO,
Transtelecom JSC
Yelnar Adaibekov**

**Key Indicators
Financial Indicators**





Incomes Structure

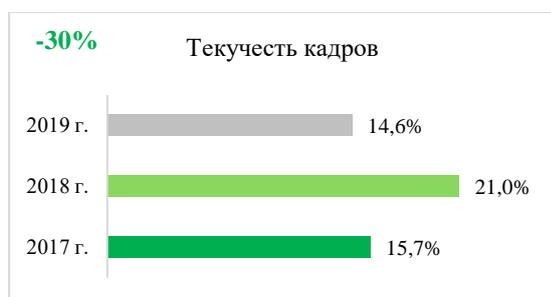




Структура выручки по группам клиентов



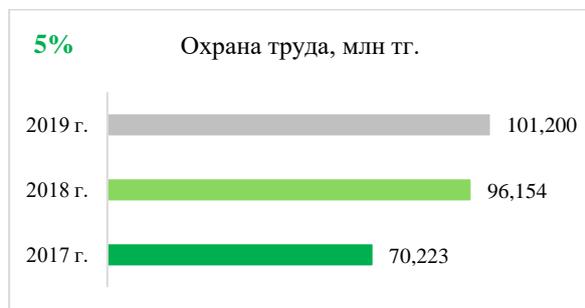
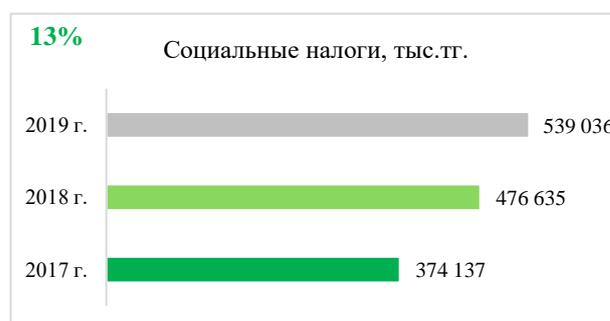
Нефинансовые показатели



Охрана окружающей среды



Социальная сфера



Main events of 2019

March

TransCaspian Fiber-Optic (TCFO) – on March 19, 2019, an agreement was signed between Azerbaijan and Kazakhstan on the organisation of assistance in the joint construction, ownership and organisation of joint use of fibre-optic communication lines (FOCL) along the bottom of the Caspian Sea along the Azerbaijan-Kazakhstan route by telecom operators of the Republic of Azerbaijan and the Republic of Kazakhstan".



In March 2019, **TTC won the tender** of China Mobile International (UK) Limited

May

TRANSKZ, together with partner RETN LTD, launched the shortest route Europe-Asia (**the delay on the Frankfurt-Hong Kong section was a record 150.56 ms**) within the **TRANSKZ** project.

July



On July 5, 2019, the international rating agency S&P Global Ratings assigned the Company a long-term international rating in foreign currency at the "B" level, with a "stable" outlook.

September



In September 2019, **TTC** arranged additional junctions of telecommunication networks with major Chinese telecom operators China Telecom and China Mobile International (UK) Limited in **Khorgos**. This made it possible to expand the possibilities for increasing the profitability of international transit services from the strategic Chinese market, organising communication services **at two geographically separated cross-border crossings from the PRC – Dostyk and Khorgos stations**.

October



"HR-Brand Central Asia 2019", where Employer in Central Asia - 2019". of the Company put forward the "TTC nomination "Kazakhstan". Companies coverage of all regions of Kazakhstan



TTC participated in the competition it received the status "Best The team of HR and IT developers Digital HR" project in the with a scale of implementation and participated.

November



On November 19, 2019, the Prime Ministers of Kazakhstan and Azerbaijan, together with the heads of TTC, KazTransCom JSC and AzerTelecom JSC in Aktau (Kazakhstan), officially launched the laying of fibre-optic communication lines along the bottom of the Caspian Sea. It is planned that the TCFO project will be put into operation at the end of 2021 and will allow to reach a higher level of development of high-speed and secure data transmission infrastructure, as well as become one of the leading backbone routes between Europe and Asia and will take its rightful place in world data transit.

December

On December 20, 2019, bonds of TTC (KZ2C00006344) in the amount of 22 billion KZT were included in the official list of Kazakhstan Stock Exchange JSC (KASE) under the Bonds category of the main floor.

COMPANY PROFILE

Brief History

TTC is one of the largest telecom operators in Kazakhstan, specializing in providing a wide range of telecommunications services, digitalization and system integration in the field of IT, communications, automation and energy.

Stages of development and memorable events from the history of the Company:

<i>Date</i>	<i>Event</i>
1998	Based on the order of the Republican State Enterprise "Kazakhstan Temir Zholy" "On the optimisation of the management system of the signalling and communication economy", a subsidiary state enterprise (SSE) was established - Transtelecom SSE.
1999	August. The Resolution of the Government of Kazakhstan "On measures for the reorganisation of Kazakhstan Temir Zholy Republican State Enterprise (RSE)" and the separation of Transtelecom Open Joint Stock Company (OJSC) with 100% state participation was issued.
	November. Date of initial state registration of Transtelecom OJSC.
2003	Implementation of an automated billing system and a technical accounting system.
	A satellite communication network has been created.
	The installation and implementation of data transmission network nodes began, and the provision of a wide range of new services to customers, including access to the Internet.
	September. Digital input Automatic telephone exchange (ATE) at the Almaty station.

	A centralized agreement was signed for connection to the network of Joint Stock Company (JSC) Kazakhtelecom as a telecom operator.
2004	Transtelecom OJSC was renamed into Transtelecom JSC. More than 30 new digital automatic telephone exchanges were installed.
2005	March. Completed the construction of fiber-optic communication lines on the Almaty-Astana section with a length of 1340 kilometers. April. Opening of the Communication Networks Control Center and putting into operation a unified system for monitoring and administering FOCL. November. Received a certificate of compliance with International Quality Management Standards ISO 9001-2000.
2006	Март. Участие Общества в международной телекоммуникационной выставке СЕВИТ в городе Ганновер, Германия. Март. Общество награждено золотой медалью Международного Фонда «За высокое качество в деловой практике». Ноябрь. В городе Алматы проведена замена 2-х действующих телеграфных станций АПСК 120/120 и АТ-ПС-ПД 72/64 на первую цифровую Телеграфный Коммутационный Сервер «Вектор-2000».
2007	Сентябрь. Внедрена Автоматизированная система расчетов «ПОТОК».
2008	Январь. Начало модернизации телеграфных станций по городам Астана (2 шт.), Кокшетау, Караганда, Костанай, Экибастуз с заменой 6-ти действующих телеграфных станций АТ-ПС-ПД на одну цифровую Телеграфный Коммутационный Сервер «Вектор-2000». Февраль. Создан Центр «Первичная магистральная сеть» для координации деятельности первичной магистральной сети и участков ВОЛС. Март. Впервые в истории Общества был организован и введен в эксплуатацию канал емкостью 45 Мбит Астана-Лондон для «Orange». Апрель. Построена сеть SDH Оперативно-технологическая связь КТЖ на участке Алматы-Астана (произведена конфигурация оборудования, программного обеспечения и тестирование). Июль. Созданы территориальные участки магистральной сети в городах Алматы, Шу, Кокшетау, Караганда, Астана. Август. Организован виртуальный POP узел в городе Москва на М9, емкостью STM1 для рационального использования ресурсов Общества, а также для оперативной работы по предоставлению сервиса клиентам за пределами Казахстана. Октябрь. Завершено тестирование канала уровня STM1 Астана-Петропавловск-Атырау, что позволит объединить (телефонии) Атырауский филиал с филиалами Алматы, Караганда, Астана, Кокшетау, также предоставлять услуги аренды каналов для клиентов в г. Атырау. Октябрь. Проведено тестирование двух VC3 Гонконг-Алматы-Москва, для компании «British Telecom». Реализуются проекты «British Telecom» в другие города Казахстана по транспортной сети Общества.
2009 год	Декабрь. Подписан договор с Alcatel-Lucent на поставку и монтаж крупной магистральной транспортной сети. Проект профинансирован Европейским банком реконструкции и развития. 128 систем спутниковой связи, сданных в эксплуатацию годом ранее, прошли электромагнитную совместимость в АО «РЦКС ЭМС РЭС» и были зарегистрированы в Агентстве по информатизации и связи РК с последующим получением разрешения на радиочастотный спектр.

2010 год	Июнь. Произведен ввод в коммерческую эксплуатацию услуг передачи данных для фирменных поездов «Тулпар-1» и «Тулпар-2» сообщением Астана – Алматы – Астана (приказ Общества № 174-П от 01.06.2010 г.).
	Июнь. Присоединение сети оператора ТОО «KazTransNet» и ТОО «Space.KZ» к сети Общества для организации транзитного телефонного трафика в н/п Алматы на Сеть Телекоммуникаций Общего Пользования (далее-СТОП) и пропуска трафика по международным направлениям и сети сотовых операторов.
	Июль. Постановлением Государственной комиссии принята в эксплуатацию HUB (центрально управляющая станция) ОП-39.
	Август. Проведено переключение наземной спутниковой сети передачи данных и голоса Высокоскоростное пассажирское движение на управляющую станцию Общества в г. Астана (ОП-39).
	Сентябрь. Установлен спутниковый терминал на медицинском поезде № 3, для организации ВКС, передачи данных и голоса на основании решения АО «НК «Қазақстан темір жолы» (далее-АО «НК «ҚТЖ»»).
2011 год	Управлением проектирования и развития произведены работы по подключению Общества в н/п Новоишимский к СТОП.
	Сентябрь. Произведено ответвление волокон от магистрального кабеля протяженностью 3,9 тыс.км. для организации каналов связи и подключения к магистральной линии подразделений АО «НК «ҚТЖ». На тот момент, общая протяженность ВОЛС составила 6,6 тыс.км.
2012 год	Реализован первый этап строительства ВОЛС на участке Актобе-Кандыагаш протяженностью 96 км.
	Запущена система управления мониторинга кабельная сеть, расположенных вдоль трассы ВОЛС.
2013 год	Проведена организация канала по проекту "Платная дорога Астана-Щучинск" и настройка оборудования коммутатора и маршрутизаторов для платных дорог для компании "ЭнергоРемСервис". (Vlan-"сервис для мониторинга"- совместно с компаниями "Казсатнет" и "Астел", "сервис для взимания платы"-совместно с компанией "Казтелепорт").
2014 год	Организованы работы по установке новых земных станций спутниковой связи SkyEdge-1 на 20 ж/д станциях.
	По итогам года в рамках стратегического проекта автоматизированной системы управления «Энергодиспетчерская тяги» (далее-АСУ ЭДТ) оснащены программно-аппаратным комплексом АСУ ЭДТ и введено в промышленную эксплуатацию 856 секций тепловозов и 983 секций электровозов.
	Протяженность ВОЛС составляет 8 139 км.
	На постоянной основе организованы работы по предоставлению услуг телефонии, интернет и видеоконференцсвязи для медицинских поездов «Саламатты Қазақстан», «Жардем» и «Денсаулық».
2015 год	Начало приватизации Общества.
	Сентябрь. Развертывание процесса по улучшению производства и управлению «Кайдзен/Бережливое производство».
	Декабрь. В соответствии с постановлением Правительства РК №1141 «О некоторых вопросах приватизации на 2016 - 2020 годы» Общество включен в перечень активов, подлежащих передаче в конкурентную среду в приоритетном порядке 26%-1 пакета акций.

	Декабрь. В Париже Общество развернуло 100G DWDM оптического транспортного оборудования компании «Ekinops» на оптической сети, охватывающей всю территорию страны и на границе с Китаем. Это является частью крупной сети между Китаем и Западной Европой.
	Декабрь. Вступление Общества в Казахстанскую ассоциацию автоматизации и робототехники.
	В рамках проекта АСУ ЭДТ завершено оснащение локомотивов программно-аппаратным комплексом АСУ ЭДТ; всего с начала проекта оснащено 1240 секций тепловозов и 1043 секций электровозов.
	Протяженность ВОЛС составляет 10 954,2 км.
	Завершение Научно-исследовательских и опытно-конструкторских работ по Автоматизированной системе управления "Магистраль". Начало тиражирования на ж/д магистраль по РК.
2016 год	Февраль. Общество - единый интегратор по внедрению IT решений, решений по автоматизации и телекоммуникациям для группы компаний АО "НК "КТЖ" в рамках Дорожной карты Трансформации.
	Февраль. Аккредитация и введение в работу Удостоверяющего центра Общества.
	Май. Участие в крупнейшем ежегодном мероприятии, посвященном развитию рынка телекоммуникационных транспортных сетей в России и СНГ – VII Международной конференции «Transport Networks Russia 2016».
	Май. Официальное спонсорство чемпионата мира по женскому боксу среди женщин в Астане, где разыгрывались 12 лицензий на летние Олимпийские игры в Рио-де-Жанейро.
	Июнь. Вступил силу договор купли-продажи 49% пакета акций Общества
	Июль. По сообщению союза «Национальный бизнес-рейтинг» Обществу присваивается статус «ЛИДЕР ОТРАСЛИ».
	Август. В ЮКО на уранодобывающем предприятии запущена в эксплуатацию информационная система "Цифровой рудник".
	Август. 1-ая летняя Спартакиада в истории Общества открыла свои двери 16-ти спортивным командам в стадионе им. Хаджимукана Мунайтпасова.
	Ноябрь. В рамках двухсторонней встречи, между China Telecom Global Limited и Общества подписан меморандум о сотрудничестве по реализации проекта «Обеспечение широкополосным доступом (далее-ШПД) в Интернет сельских населенных пунктов с населением свыше 250 человек».
	Ноябрь. Общество выступило генеральным партнером крупнейшей международной выставки-конференции «ASTEX-2016».
	Протяженность ВОЛС составляет более 15 000 км.
2017 год	Подведены итоги открытого двухэтапного конкурса продажи 26%-1 пакета акций, определен победитель.
	Утверждена Стратегия развития Общества до 2026 года.
	Запуск услуг по осуществлению Кибер-безопасности, "SOC" - Security Operation Center.
	Вступила в силу новая организационная структура Общества.
	Партнер международной выставки "АСТАНА ЭКСПО-2017".
2018 год	Открыт Контакт-центр Общества с единым номером дозвона 191.
	Общество провело ребрендинг. Часть ребрендинга – смена товарного знака с "Транстелеком" на "ТТС".
	ТТС выступил рекламным партнером поединка бокса Головкина – Мартиросяна.
	Общество в поисках талантливой молодежи проводит олимпиаду среди

	выпускников бакалавриата.
	Обществом достигнуто соглашение о партнерстве с Waves Platform по интеграции на базе Общества блокчейн-платформы Vostok.
	Ввод в промышленную эксплуатацию двух новых модульных Центра обработки данных (далее-ЦОД) в городе Астана возле здания бизнес центр «Изумрудный квартал».
	ТТС первый Облачный провайдер провёл подключение приватного Облака к Единой транспортной сети государственных органов.
	Завершена успешная долгосрочная миграция виртуальной инфраструктуры КТЖ SAP со старого Облака ТТС на новое, начатая в июле.
	Общество заключило договор на крупнейший в Казахстане совместный проект ГЧП по обеспечению казахстанских сёл широкополосным интернетом.
2019 год	Запуск бесплатного WI-FI в метро Алматы в рамках реализации концепции «Smart Almaty».
	ТТС определен оператором фискальных данных в Казахстане, запуск услуги ОФД.
	Запуск нового транзитного коридора от Китая в Россию и Европу – пуск способностью от 500 Гбит/с.
	Создание единой платформы для оказания услуг по кибербезопасности в Казахстане совместно с дочерней компанией Сбербанка BI.ZONE.
	Победа в номинации «LEVEL UP» международной бизнес премии «WOW!HR», с проектом «Вовлечение в улучшения. Геймификация по Транстелекомовски».
	Победа в номинации «Казахстан» с проектом «ТТС Digital HR» в ежегодной премии «HR-бренд Центральная Азия 2019».
	Реализован план по обеспечению сельских населенных пунктов интернетом, проект охватил 9 областей Казахстана.

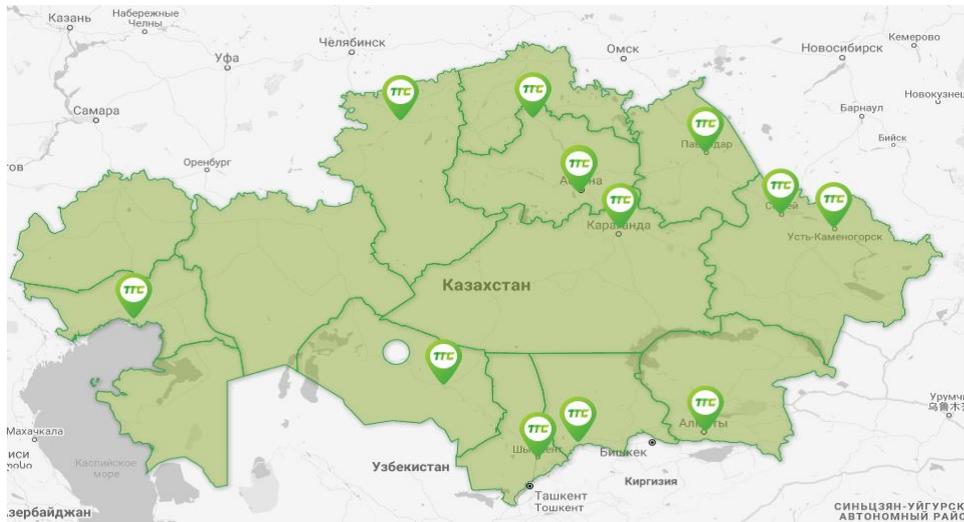
Description of the Company and Structures

Presence Geography

TTC is one of the largest telecom operators in the Republic of Kazakhstan. The company has an extensive branch network (14 branches) throughout the republic.

Our primary task is to improve the quality of communication and services provided on the territory of Kazakhstan through the development and modernization of networks.

In 2019, the Company has 54 418 subscribers, income is 30 788 697 thousand KZT.



Business Model

The Company's business model is aimed at providing high-quality and modern telecommunication services to its customers and is fully consistent with the corporate strategy aimed at transforming into an integrated digital service provider.

Interaction with suppliers is carried out within the framework of holding open tenders, as well as business meetings, participation in specialized Kazakhstan and international unions and organizations, publications in the media.

In cooperation with suppliers and business partners, we strive to build long-term and stable relationships.



In addition to its core operating activities, the Company pays great attention to sustainable development issues - creating conditions for the country's economic growth and balancing the interests of key stakeholders. TTK not only builds a successful business for the benefit of shareholders, but also creates value for society and improves the quality of life of its clients across the country.

Investment Attractiveness

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

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

TTC not only successfully meets market challenges, but also leverages emerging opportunities effectively. Thanks to high-quality assets, streamlined business processes and accumulated competencies, the Company is able to demonstrate sustainable growth in the main segments of its activities.

STRATEGIC OVERVIEW

Industry Description

In the 21st century, information and communication technologies (ICT) have become an integral part of modern society and are widely used in all spheres of human activity. Investing in the ICT sector is now becoming a priority area for many developed and developing countries.

According to Gartner, in 2019, the volume of the global ICT market reached USD3.74 trillion, an increase of 0.5% compared to 2018. According to experts, the annual expenses for IT services for the first time in history amounted to USD1.03 trillion. This segment showed an increase of 3.6%, which was the best indicator of growth in all ICT categories' dynamics.

Also, 46% of organisations say IT services and vendor consolidation are among the top three best cost optimisation practices in the survey.

	2019 Spending	2019 Growth (%)	2020 Spending	2020 Growth (%)	2021 Spending	2021 Growth (%)
Data Center Systems	205	-2.7	208	1.9	212	1.5
Enterprise Software	456	8.5	503	10.5	556	10.5
Devices	682	-4.3	688	0.8	685	-0.3
IT Services	1,030	3.6	1,081	5.0	1,140	5.5
Communications Services	1,364	-1,1	1,384	1,5	1,413	2,1
Overall IT	3,737	0,5	3,865	3,4	4,007	3,7

The statistics of the actual volumes of the world market are consonant with the forecast given by the said company in 2018. The bottom line is that as the digital transformation of business, the spread of IT services (especially the SaaS format) becomes relevant. Fluctuations in exchange rates, the danger of trade wars, and health threats still affect the market. Thus, the need to reduce costs is pushing companies to consolidate their purchases of services from a small number of providers.

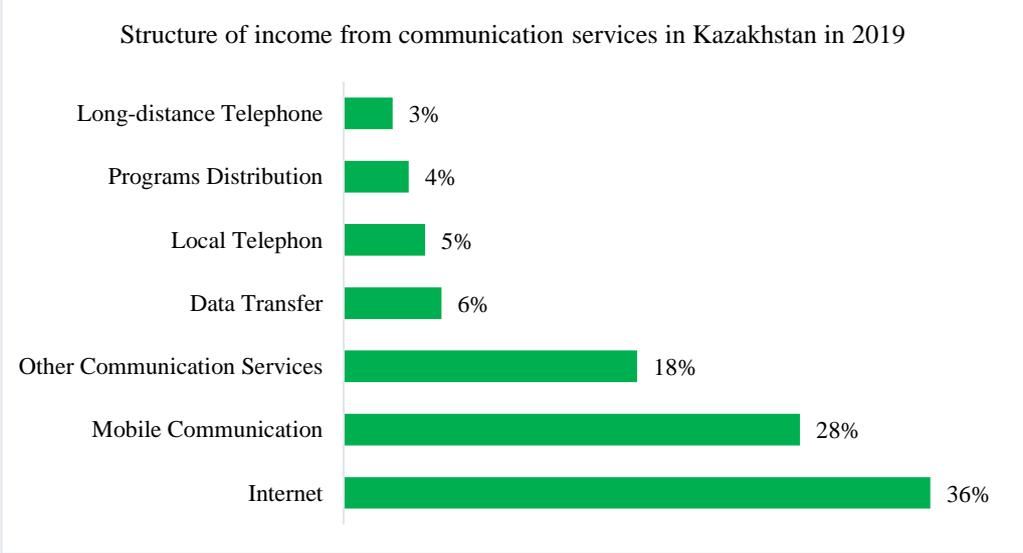
Regarding Kazakhstan in 2019, Kazakhstan surpassed China and Russia in the ranking of the technologically developed countries of the world, according to the research of the Global Finance magazine. Our country is in 36th place. The following indicators were used for the study: percentage of Internet users; percentage of smartphone users; LTE users - Long Term Evolution; an indicator of digital competitiveness (this rating is focused on technological knowledge, readiness to develop new technologies and the ability to use and introduce innovations).

Concerning the use of cellular communications, at the end of December 2019, there were 25.7 million cellular subscribers in Kazakhstan, which is 1.1% less than in the same period of the previous year (26 million). At the same time, the number of subscribers with access to the Internet increased

by 3.9% over the year and amounted to 15 million (a year earlier - 14.4 million). The density of subscribers per 100 people was 139 units (a year earlier - 142 units).

The number of fixed Internet subscribers increased by 1% over the year, to 2.5 million. The density of fixed Internet subscribers per 100 people was 13 units. In January-December 2019, companies' revenues from communication services increased by 9.8% and amounted to 800.1 billion KZT. In the same period of the previous year, the amount of income amounted to 728.7 billion KZT, with an increase of 3.7%. The largest share in the total volume of the communications market is made up of income from Internet services: 35.6%, or 285.1 billion KZT. The amount increased by 16.6% compared to the same period in 2018 (244.6 billion KZT).

The main reason for the growth is the increase in demand for Internet services, which clearly shows the increase in fixed Internet and cellular subscribers' access to the worldwide network. The growth of tariffs in the sector also played a role. So, in January-December 2019, Internet prices increased by 3.3% compared to January-December 2018. Revenues from cellular services occupy another 27.7% of the market. The amount for January-December 2019 amounted to 221.6 billion KZT, increasing by 2.8% compared to the corresponding period of 2018 (215.5 billion KZT). According to analysts, the main reason for the growth in revenues of cellular operators is the growth of tariffs for services. In January-December 2019, prices in the sector increased by 1.3% over the same period in 2018.



Source: profit.kz, stat.gov.kz

Consider the components of the market. Revenues from long-distance and international telephone services in January-December 2019 amounted to 25.9 billion KZT, which is 8.9% less than the volume of the same period in 2018; operators received 36.7 billion KZT from local telephone services (7% less); from services for data transmission over telecommunication wired and wireless networks - 47.8 billion KZT (22% more); from services for the distribution of programs on cable infrastructure, wireless networks and via satellite - about 36 billion KZT (5% more); from mobile services - 221.6 billion KZT (+ 3%); from the Internet - 285 billion KZT (14.2% more); from other telecommunication services - 147 billion KZT (12.7% more).

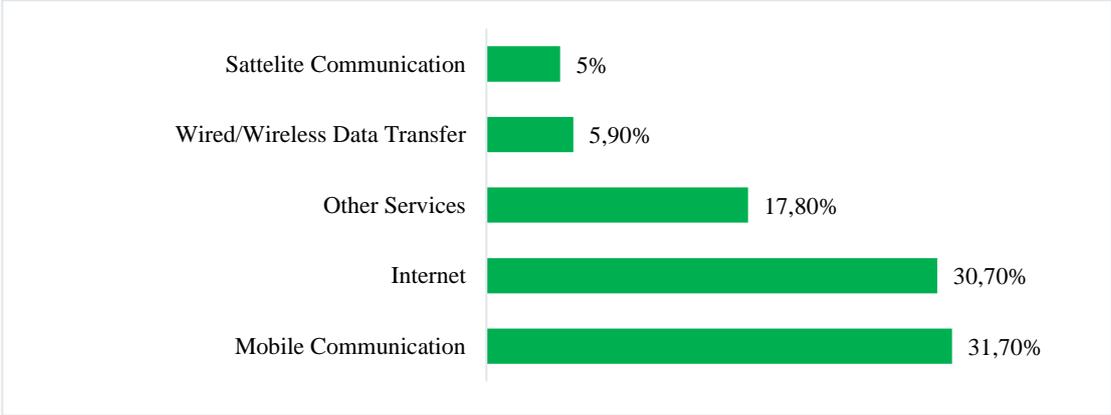
In terms of the profitability of the ICT industry in 2019, the entire telecom market as of December 2019 inclusive, according to the Statistics Committee of the Ministry of National Economy, amounted to 800.1 billion KZT against 728.7 billion KZT a year earlier - this is + 8.9%. This means that operators earned almost 71.7 billion KZT more this year (USD164.5 million at the rate of the National Bank of Kazakhstan). Recall that in the first half of the year the growth was 3.9%, but in July it accelerated, and in August it reached 6.2%.

Thus, there is an increase in the volume of the global ICT market. The main thing worth noting is the growth in IT services in the SaaS format.

Competitive analysis of the telecommunications market

Five main players of Kazakhtelecom JSC, TTC, Beeline group of companies (Kar-Tel LLP), KazTransCom JSC and Astel JSC compete in the telecommunications market of Kazakhstan. The largest of them is Kazakhtelecom JSC, which covers all target markets of consumers of infocommunication services - over 80% of households are connected to fixed telephony and fixed Internet access.

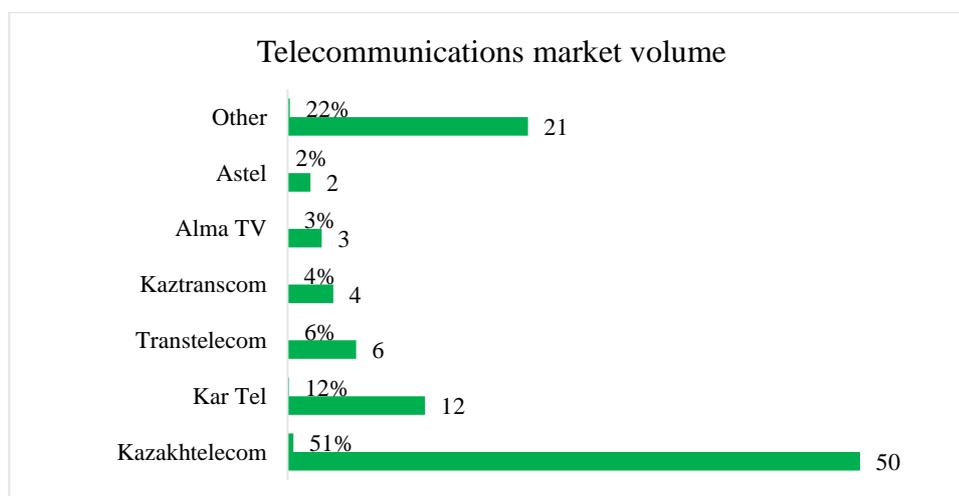
Telecommunication market of Kazakhstan



Source: Statistics Committee of the Ministry of National Economy of Kazakhstan at the end of 2018.

Over the past three years, one can observe how telecom operators have been actively differentiating their activities by investing funds in an area that is not traditional for them. For example, according to official statistics, the market for fixed telephony and fixed access to the Internet is gradually losing popularity among consumers. At the same time, the market of mobile communications and mobile Internet is developing dynamically. Kazakhtelecom JSC promptly reacted to the trends of the changing market, the company became the leader of the mobile market in Kazakhstan through the acquisition of shares in Kcell and Tele2.

In turn, the Company relies on its own television based on OTT (Over the Top) technology - a method of providing video services over the Internet. This service is promoted in the B2C and B2B markets.



Source: Annual reports of these companies, expert assessment.

Due to the fact that the line between operators of telecommunications and IT sectors will gradually be blurred. The development strategy of the Beeline company proves this statement, so, the priority direction of the company in 2020 is the development of IoT (Internet of Things) based on LORA Wan technology, as well as financial technologies, for example, the Beeline bank card has already been launched.

KazTransCom has adopted a strategy to concentrate its efforts in the B2B sector. The company has developed its own IT products, the most popular are cloud services, including a virtual server and cloud video surveillance. Of particular interest is the Office Light packaged solution for business, which includes:

- Internet access;
- Office Wi-Fi network;
- Access to the "P-ONE" service;
- Long distance and international calls;
- Access to the Virtual PBX service;
- Access to the service Fixed telephone line.

In order to determine the strengths of the players in the telecommunications and IT markets, we carried out a comparative analysis of the services provided by telecommunications and IT operators.

Let's consider some positions in more detail, so according to the service "Rent of fibre-optic communication lines", the leader is JSC "Kazakhstelecom", which has 25 thousand km of trunk and zone fibre-optic lines, as well as about 32 thousand km of distribution networks in urban and rural areas. For comparison, the length of the cable backbone network of KazTransCom JSC is 3.5 thousand km.

There are 749 registered data centres in the country, of which 32 are state-owned. According to iKS-Consulting, at the end of 2018, the cloud market grew by 32%, and its volume amounted to almost USD8 million. Based on the company's data, Kazakhstani suppliers satisfy only 27% of the existing solvent demand for cloud services. Therefore, it is expected that this market will maintain high growth rates in the coming years, filling these needs.

Comparison table for services provided

Service	TTC	Kazakhtelecom JSC	Kaztranskom JSC	KAR Technology LLP	Alma Telecom Kazakhstan LLP	Kar Tel LLP	Astel JSC	Data center AHOST	PS.kz
Local telephony	•	•	•	•	•	•	•		
Long-distance/international communication services	•	•	•		•	•	•		
Data transfer (Internet)	•	•	•	•	•	•	•		
Satellite communication	•	•	•	•		•	•		
International transit services	•	•	•						
Rent (FOCL)	•	•							
Data center	•	•	•					•	•
CCTV	•	•	•	•					
OTT	•	•	•		•	•			
Co-location	•	•	•			•	•	•	•

Within the framework of the "Satellite Communication" service, the leading position is taken by the "Astel" company, in total the organization has installed 5,900 satellite stations, which are located throughout the territory of Kazakhstan. The next provider of satellite communication services is KazTransCom JSC, which in total owns more than 300 satellite stations.

The following Kazakhstani telecom operators are operators of international data transmission gateways:

- Kazakhtelecom - 19 gateways;
- TTC - 16 gateways;
- KazTransCom - 12 gateways;
- TNS Plus -11 gateways.

Thus, there is a conceptual development of the market in favor of blurring the line between IT and telecommunications companies in order to satisfy consumer demand for mobile communications and Internet services, for example, Cloud services and the development of IoT are currently priorities for the leaders of the Kazakhstan market.

Forecast

According to the IDC agency, by 2022, up to 60% of world GDP will be digitised, and the growth of any industry will be a consequence of the development of one or another new technology. Companies that fail to change will simply fail. The IT industry is becoming a key area for business: IT distribution, goods and services, business models and promotion principles are changing.

Moreover, IT has become an essential part of the world trade in goods and services, playing the role of a second economy, since absolutely all industries in one way or another depend and develop thanks to IT. Information technology is creating entire markets and user communities globally, providing businesses with a massive base of potential customers and efficient ways to reach them. Current trends indicate that the introduction of ICT at an earlier date helps a business achieve results in a shorter time frame.

The ICT market is dynamically developing, and the market for machine-to-machine communication and the Internet of Things is expected to grow significantly. This direction is currently experiencing a period of rapid growth. By 2020, the share of machine-to-machine communication and the Internet of Things in total industry revenue should increase from 2-3% to 7%. According to experts' forecasts, by 2025, Kazakhstan will have about 100 million devices connected to the IoT, which will be 3.5 times more than in the mobile communications market. Kazakom Securities estimates the market size in the country will reach USD251 million by 2025.

One of the trends that are now being actively implemented in our state is migration to public clouds or the creation of hybrid clouds, which allows you to significantly minimize capital costs and transfer them to the category of operating costs (for example, our data centres) You can also note such a trend as the Internet of Things (example projects on smart telemetry), which is also actively implemented in our daily life.

Also, currently, there are a number of IT trends that receive high marks from world experts in favour of their viability: artificial intelligence (which can have a huge impact on business analytics in the coming years), augmented reality (which is predicted to integrate into business processes of large companies actively), smart applications (which are predicted to be ubiquitous), conversational systems (aimed at optimizing the work with customers), hyper-converged systems (easily scalable modular systems that outperform traditional IT infrastructures in terms of simplicity and efficiency), chatbots (simplifying management of small tasks from one messenger), various solutions for the office (optimizing routine processes).

As for Kazakhstan, the market has been growing over the past 3 years after the decline in 2016. Most likely, it will continue in 2020, as several reasons are contributing to this fact. Firstly, support in the face of the state program "Digital Kazakhstan", secondly, an increase in mobile Internet use, and thirdly, trends in recent years in the development of supply and demand for 5G technologies, IoT and cloud technologies. It is expected that by 2021 the global volume of the industry will surpass the landmark mark of USD4 trillion, which will be correlatively reflected within Kazakhstan.

Development Strategy

In February 2019, the Board of Directors approved the Company's Development Strategy until 2023 (Development Strategy), which is aimed at increasing the market value (capitalization) of TTC.

The Company's development strategy defines the mission, vision, strategic goal and strategic directions of the Company's development, corresponding to the current state and development prospects of the telecommunications industry. A special place in the Development Strategy is given to issues of sustainable development and increasing the efficiency of activities.

Mission, vision and values

Mission

We are TTC, engaged in telecommunications, digitalisation and systems integration in IT, communications, automation and energy.

Our clients are state and national companies, international and local operators, authorities, commercial organisations and households.

Our mission: to bring Kazakhstanis to digital prosperity.

Considering that in the next three years, there will be changes in the market environment, which will lead to a rapid increase in the use of the Internet and e-business along with an immediate shift in information and communication technologies, with an increase in customer demand for the speed of connection/implementation of a product/service and their fault tolerance, the speed of solving problems when provisioning of services and quality of service;

Relying on our unique abilities: our backbone fibre-optic communication network, which unites all significant cities of the country into a single web, international cross-border crossings, an accredited certification centre with a legitimate EDS on the territory of Kazakhstan and Russia, an information security centre SOC, experience in implementing unique projects in the field of ICT, as well as our speed and flexibility in decision making.

by 2021 we will be No. 1 in the Central Asian region in data transit, Internet supplies and No. 1 IT integrator in Kazakhstan. For this we:

- We build a balanced system of responsibilities-powers-remuneration, namely: we form a flexible organisational structure corresponding to the mission, with the consolidation of the responsibility of the branches for profit; we ensure the sufficiency of the powers of the branches to conduct business and develop a fair and harmonious remuneration system, taking into account, among other things, the reliability of equipment operation and the quality of customer service;
- We develop digital strategies that take into account the rapid change in information technologies; increasing content sales and increasing the share of foreign exchange earnings;
- We increase the borrowing capacity, look for alternative sources of financing, hedge currency risks;
- We are allying with a mobile operator;
- We independently introduce new management tools, separate operational (run) and strategic (change) functions in management, implement a corporate project management system, a unified management reporting information system and a management and knowledge preservation system;
- We increase the efficiency of the marketing function, develop a unique positioning and selling proposition, and increase the recognition of TTC in the market;
- Strengthening the GR function, including expanding participation in the Digital Kazakhstan - 2020 program;
- We develop a partner network for connecting services and implementing solutions; we implement automated systems for consideration of applications; we provide transparency of the work of line engineers; we introduce an integrated automated technical accounting system;
- We achieve the best quality in customer service, including a large number of entry points, effective CRM, a system of standards and service quality control, paperless document flow with the client;
- We ensure the resiliency of the infrastructure by strengthening the monitoring system, introducing an optimal system for ensuring operation and development (including the supply of materials and spare parts), high-quality resource planning and cooperation only with high-quality vendors and contractors;
- We implement incident and technological risk management systems, online monitoring by the client of the execution of an application, provide special equipment for a quick response to accidents;
- We open new points of contact and transit routes with operators with route optimisation to the client, open points of presence in traffic exchange centres in Southeast Asia and North America, provide loyalty and flexibility to partners/operators;
- We monitor and analyse trends in the field of ICT, including in other industries, we increase the Company's competence in system integration in TC and IT, we accelerate the creation and launch of new product lines on the market using advanced developments and technologies, we introduce specialised services for e-commerce and financial and technical sector, we increase the capacity of data centres and the number of services for them, we manufacture equipment under our brand;

- We introduce a system for attracting software developers, including a coworking space, provision of capacities and a CDN platform, provide high-quality infrastructure for selling their products and place them on our cloud platform, obtain exclusive rights to distribute products and services of developers;

- We create a unified system for managing business processes and provide a constant comprehensive broadcast of policies, procedures and news;

- We create a corporate university, introduce mentoring and continuous training of personnel, including product training, introduce a system for assessing the qualifications of service personnel, increase the level of emotional intelligence in management, practice the rotation of managers;

- We create partnerships with universities, conduct practical and laboratory classes on the principles of dual education.

In carrying out this activity, we rely on our core values:

We respect each other. We are constantly improving. We are a reliable company, we value our name.

Vision and values of the Company

The vision of the Company in 2023 is defined as follows:

The diversified operator of a wide range of ICT services, implementing large complex projects in the private and public sectors and providing a wide range of services to individuals and organisations.

The key facts of this statement are:

- Providing services in all market segments.
- Combination of service delivery and project implementation.
- The presence of a large portfolio of services that combines both traditional communication services and IT and cloud services.

The core values of the TTC, articulated in the Mission, are:

Respect. (*We respect each other*). Perception of clients, partners, competitors as equals, acceptance of their own values and goals, the ability to listen and hear them, find common ground and build mutually beneficial relationships, if this does not contradict the values of the Company.

Improvement. (*We are constantly improving*). The Company is constantly working both on the quality of the services provided and the convenience of their use for customers, and on improving its activities, the employees' qualifications and their involvement in the Company's activities, the efficiency of business processes and procedures, and the Company's organisational structure.

Reliability and reputation (*We are a reliable company, we value our name*) The Company makes efforts to preserve and enhance the reputation of a reliable service provider and partner, a socially responsible and law-abiding player in the market.

Assessment of the position of the Company and the prospects for its development

The company is an active market player with a significant market share in all segments except b2c. A proactive approach to working with business clients and a high degree of customer focus, especially concerning large clients, ensured the Company a good reputation and correct positioning. Experience in implementing large IT projects and creating a cloud infrastructure for their implementation provided the Company with a competitive position in the segment of cloud services. However, the development of business in the private segment and the provision of services for small businesses developed on a leftover basis due to the focus on large business, which led to a predominantly project-based approach to the provision of services by the Company and weak development of access networks, belated actions to create and promote a brand, passive the positions of the branches in terms of ensuring the budget revenue.

As part of the Development Strategy for the period up to 2023, the Company will focus on four key strategic areas:

b2c segment in which the Company will increase its share through the acquisition of a large Pay TV operator and will continue its expansion into this market through additional sales of double and triple-play services on the combined subscriber base, as well as offering subscribers a new set of services - cloud services and non-ICT partner services sold through the marketplace.

b2b/b2g segment in which the Company will strive to transform its business model towards offering a wide range of clients a wide range of services in the format of packages formed by industry and client size.

b2o segment in which the Company will focus on the formation of a value proposition of services, in which, by improving the quality of services and customer service, it will be able to differentiate itself from competitors and maintain prices for services provided in the context of continuing price competition in the segment.

new solutions segment in which the Company will expand the range of offered cloud services for other strategic areas in terms of increasing the range of services provided by XaaS towards the provision of integrated services and packages of them, as well as the massive offer of SaaS services and the provision of software by subscription. Also, within this area, the Company will build up its competencies in new markets, such as information security, the Internet of Things, big data and business digitalisation.

Within these strategic directions, the Company sets itself the following strategic goals:

- Growth of the Company's net profit;
- Increased operational efficiency;
- Expansion of the customer base in all segments, an increase in the share of revenues from third-party customers, an increase in the share of service revenues;
- Expansion of the Company's product portfolio.

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

- Building a partner business model within the Company, when the Company retains strategic control over its business, attracting partners to form a product portfolio and perform service functions;
- Transition to a mixed business model, when a product business model complements the project business model used by the Company focused on a mass client, both private and business clients;
- Creation of a system of material incentives for all levels of the Company's employees, linked to the efficiency of work, both of the Company as a whole, and each employee individually;
- Transition to the system of multiple profit centres in the Company, with the vesting of responsibility for the financial result of the branches of the Company and individual subdivisions of the central office (CO) working with individual clients or groups of clients;
- Expanding the planning focus beyond operational and financial indicators, introducing the practice of financial planning and long-term rolling planning for the Company's key non-financial resources – infrastructure, product portfolio, competence recruitment, improvement and automation of business processes.

OPERATIONAL RESULTS

Services

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

- **for individuals** – services rendered to the population;
- **for legal entities** – telecommunication services provided to commercial organisations (joint stock company, limited liability partnership, etc.), non-commercial organisations (government agencies, public associations, public funds and others defined by legislative acts).
- **for individual entrepreneurs** – services rendered to individuals using subscriber terminals in non-residential premises or in residential premises in order to carry out entrepreneurial activities to generate income.
- **for telecom operators** – services rendered to individuals or legal entities that have received a license to provide communication services in the manner prescribed by the legislative act of Kazakhstan on licensing.

Additional services

Additional services can help you save time, control costs, and prevent unauthorised use of your phone.

Outsourcing services

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

In a non-information technology organization, IT falls under the category of support processes. With the increasing complexity of IT infrastructure and its management and a shortage of staff, many organizations see IT outsourcing as a viable solution to these problems.

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

Thus, the Company controls many similar tasks, thereby increasing the productivity and quality of their implementation. This is the social and economic sense of the service specialization in IT outsourcing. For large organizations, IT outsourcing will reduce the cost of using information technology and improve its quality. Standardization of IT processes increases the organisation's transparency and increases cost savings.

Being one of the largest telecom operators in Kazakhstan, TTC specializes in providing a wide range of telecommunications and IT services.

TTC Service	Description
Electronic document management	Multi-user system that automates office work processes.
Contact centre	Service for processing requests and informing via voice communication channels, e-mail, fax and online chat in the interests of the customer organisation or the parent organisation.
Cloud services	IaaS virtual infrastructure is a flexible solution for creating your own fully isolated virtual data center (VDC), which will allow you to independently create, clone virtual servers, change their configuration and manage network settings.
DNS hosting	DNS - Domain Name System - converts a domain name to an IP address.
Certification Centre	Services of a certification centre for issuing electronic digital signatures.

Electronic archive	A multi-user system designed to store electronic versions of documents, according to archiving. Optimizes the work of the archivist in terms of searching for archive files.
Placement in the data center	Placement of equipment (servers) in the Company's data centers, including the provision of power supply and a communication channel.
SERVICE-DESK	Support service and user support.
ITSM platform for SERVICE-DESK	IT process management platform.
Print outsourcing	Providing productive universal corridor-type devices for workgroups and departments with a heavy load (scanning, printing, copying). A software solution for managing all print and scan workflows and a fleet of devices.
Outsourcing of organization and support of workplaces	Outsourcing of organisation and support of computer equipment/laptops, licensed software.
Network organization and support service	Installation, configuration and support of active, passive network equipment.
Information Security Management System (ISMS)	A set of technical and organizational measures aimed at ensuring information security (IS) and confidentiality of corporate data.
IS consulting services	Consulting in the field of IS is a complex of services provided to the customer in order to determine: - the current level of IS provision (maturity level) in the organization, in accordance with the world's best IS practices, industry requirements, as well as in terms of the effectiveness of countering existing IS threats; - directions of development of information security, goals and tasks to be solved, taking into account the strategic goals of the organization's development; - specific actions necessary to advance in the chosen direction and achieve the set goals and objectives.
Implementation of the distance learning and testing system (DLTS)	Provision of complex work in the field of information technologies on a turnkey basis ", including supply of software, implementation of an information system and supply of equipment (if necessary) within the framework of the DLTS project
Organization of video conferencing systems	Provision, organization and technical support of video conferencing.
Implementation of projects of any complexity	Project management for the implementation and commissioning of new or changed services in accordance with the needs of clients.
SAP	SAP ERP - Enterprise Resource Management; SAP HCM - Human Resources and Payroll; SAP BW - system that provides collection, storage and management of data used to build corporate reporting; SAP BO - unified analytical platform for advanced analysis and presentation of data in the most visual form; SAP CRM - customer relationship management; SAP HANA - high-performance NewSQL platform for data storage and processing; SAP S/4 HANA - next-generation platform for business process

	automation.
IT infrastructure technical support	Provision of services for technical support of IT infrastructure, including such equipment as server, storage, switching, life support (air conditioners, UPS).
Long-distance and international communication services	Organization of a telephone connection between users located in different countries.
SIP telephony	Providing the transmission of a voice signal over the Internet or any other IP-networks.
Telegraph communication	The transmission of alphanumeric messages (telegrams) over a distance, with their obligatory recording at the receiving point, is carried out by electrical signals transmitted by wires and (or) radio signals. A distinctive feature is a documentation: the message is delivered to the addressee in the form of printed (less often handwritten) text.
Providing access to the Internet using ADSL technology	Access to the Internet using ADSL technology allows you to use the phone simultaneously with the transfer of information. Transmission of voice traffic with simultaneous data transmission is provided. The data transmission channel is asymmetric.
Providing access to the Internet using FTTB/FTTx/GPON technology	Access to the Internet via optical fiber, which reaches the border of the building, the penetration of optics to the subscriber, i.e. the operation of the optical node on average for 100-250 subscribers.
Providing access to the Internet using Ethernet technology	Internet access via Ethernet technology supports data transfer at speeds up to 100 gigabits per second.
Rent of IP VPN channels	Creation of a geographically distributed secure corporate data transmission network for clients. Organization of secure corporate IP networks based on IP/MPLS technology. The service allows you to interconnect the structural divisions of an organization (consolidation of offices) or a network of companies/partners within the city, in settlements within the region, as well as throughout the territory of Kazakhstan and abroad.
Leasing digital channels	Data transmission with a point-to-point topology between geographically distributed offices of the customer's company, with a bandwidth of Nx64 Kbps and the necessary terminal equipment.
Lease of data transmission channels when connecting via satellite stations	Data transmission of any type throughout the territory of Kazakhstan based on satellite systems.
Connection of telecommunication networks of fixed telephone operators to the telecommunications network of the Company	Services for the provision of connection of a third-party telecom operator to the Company's network for the implementation of telephone services.
Connection to the control panel System of operational-search measures (SOSM)	Connecting clients/third-party operators to the SOSM control panel on the Company's telecommunications network.

Unified reference and information centre (URIC).

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

In total, for the period from 01.01.2019 to 31.12.2019, the inquiry service received **1,526,587** calls from fixed-line subscribers, of which **1,483,673** were served, the share of unserved calls from the total number of received calls was **42,914** calls or **2.81%**.

For the same period last year, **1,819,498** calls were received, of which **1,774,694** calls were served, the share of unserved calls in the total number of received calls amounted to **44,804** calls or **2.46%**.

There is a decline in inquiries from fixed-line subscribers to the reference service in 2019 compared to 2018. This decline is due to the fact that fixed-line subscribers are less likely to use this type of communication.

The main source of income of the URIC is the agreements concluded between the Branch of KTZ JSC - Backbone Network Directorate and TTC On Procurement of Services for Reference Information of the URIC via “Service 105” for fixed-line subscribers.

Implementation of the fiscal data operator service in TTC

By order of the First Deputy Prime Minister of Kazakhstan - Minister of Finance (MoF) of Kazakhstan No. 363 dated April 19, 2019, TTC was determined as the fiscal data operator (FDO), the launch of the FDO service, which was carried out on a commercial environment on August 31, 2019.

The provision of the FDO service increases income and enables the Company to enter a new segment of the market and services.

The FDO as an institution was introduced in order to reduce the level of the shadow economy in the field of retail trade, to modernize the existing system of using cash registers in Kazakhstan, as well as to improve the monitoring and analysis of cash transactions. The introduction of the CRF institute is a state project and the customer in this project in accordance with the tax code of Kazakhstan is the Ministry of Finance of Kazakhstan.

Conceptual scheme of interaction



The FDO information system receives, systematizes, accumulates and stores unchanged information on cash payments with a fiscal sign from each cash register and transfers this data to the system of the State Revenue Committee (SRC) of the Ministry of Finance of the Republic of Kazakhstan.

The FDO service is fully automated and the connection to the FDO service is carried out through the web portal www.OFD1.kz. Since the launch of the FDO service to the present, the cost of the monthly subscription fee for the FDO service has been established by the Company - 1400 KZT with VAT.

To date, more than 27 thousand cash register machines and 26 thousand organizations are registered in the FDO system of the Company.

TTC TV service

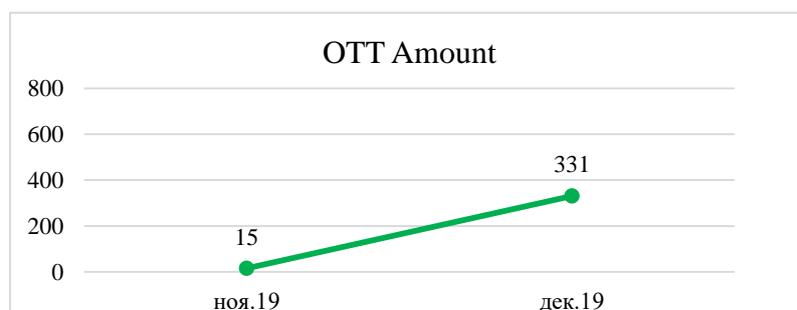
In 2019, the Company organized the B2C segment. The main goal of this segment is to support the retail business. In November 2019, the B2C segment organized the provision of TTC TV services through the cooperation of the Company with the TV and radio broadcasting operator in Kazakhstan - Perfect Stream Media LLP.

TTC TV is a digital television service available through a TV player provided by a service provider or its distributor, as well as through a mobile application for Smart TV, IOS, Android. The purpose of this service is:

1. Increasing the customer base;
2. Expansion of the range of services provided by the Company.

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

1. User interface;
2. Remote monitoring;
3. Converting regular TV to Smart TV;
4. Connecting a set-top box from any provider anywhere in Kazakhstan.



Since the connection of this service by the B2C segment, there has been an increase in the client base and an increase in the demand for new tariff plans with the TTC TV service. Below is a graph of the growth in the number of subscribers using this service:

Large and strategically important investment projects in 2019

Transport sector

ACS Magistral

The project ACS "Magistral" is an automated system for managing track infrastructure facilities in the railway industry. In the period from 2013 to 2015. The company has successfully implemented R&D for the development of the Magistral automated control system.

The uniqueness of the project lies in the development of a new approach to diagnostics, organization of repair work, control and analysis, implementation of the latest developments in the field of railway track diagnostics.

It should be noted that the Company has applied this kind of technology for the first time in the post-Soviet space. The project is aimed at creating a technical and regulatory framework to

ensure the transition from planned repairs to maintenance of track facilities according to their actual state.

In the course of its implementation, a modern measuring complex was introduced with a unique development for combining, on the basis of one car, flaw detection, track measuring equipment, as well as video monitoring equipment for diagnosing a railway track. Monitoring of the state of station, access roads and secondary control is carried out using modern manual diagnostic tools with registration of control records.

To ensure high-precision positioning, corrected coordinates are assigned to the data on defects and deviations due to the expanded reference network and the constructed digital track model. These two technologies allow you to go from absolute geographic data to path coordinates.

As part of the hardware and software complex implementation, the "Duomatic" track machine was modernised; as a result of "Duomatic", it allows to carry out automatic repair work on setting the track to the design position. The advantage of the method is the ability to use design data for track repair and use them until the end of the life cycle of a railway track without periodic adjustments. The interaction between the described solutions is carried out through the licensed software "Maintenance and repair of objects". It allows you to automate the maintenance and repair processes to increase efficiency and control over the execution of work, including monitoring the current situation and making the necessary management decisions at the management level of KTZ JSC. Based on the developed forecasting methodology, forecast data is collected for cost planning as the software statistics data is collected. The introduction, further improvement and development of the system can significantly increase the efficiency and objectivity of the diagnostic data of the railway track, ensure the level of safety of train traffic and increase their speed. New diagnostic tools are distinguished by their efficiency, a wide range of indicators of the state of the tracks and make it possible to switch to their comprehensive assessment. As data accumulates, the methodology allows you to analyse the change in the track, predict its technical condition and proceed to planning repair work, depending on its actual condition. The system's advantages are improving the quality and efficiency of management, optimising business processes, reducing the human factor, and generally reducing the cost of maintaining the path. The project contributes to the prevention of repairs earlier or later than the economically feasible period, increases the turnaround time, and reduces the cost of capital repairs. With its implementation, the level of detection of defects has increased, the speed of data processing has increased, and the integration of measurement results into a single database has become possible. Labour productivity increased to 30%.

On January 6, 2016, NTS/01 approved the feasibility of replicating the Magistral automated control system. As part of replication, at the first stage, KTZ JSC decided to implement the project Implementation of mobile diagnostic tools within the computerised control system "Magistral", where it is planned to carry out track diagnostics with modern mobile diagnostic tools at speeds up to 90 kmph.

At the moment, the Company has introduced six units of the latest mobile diagnostic systems and provides a service for diagnosing mainline railways for KTZ JSC through the service model (Service).

In 2019, the introduction of the service by mobile diagnostic systems diagnosed about 100,000 km of the railway track with the identification of thousands of malfunctions, the timely elimination of which ensures the maintenance of train traffic safety at a sufficiently high level.

Energy Dispatching Traction ACS

The automated control system Energy dispatching traction (ACS EDT) is one of the most significant energy-saving projects on the railways of Kazakhstan. Its main goal is to reduce the consumption of fuel and energy resources for traction. It is carried out through the comprehensive automation of business processes in the locomotive economy by introducing an electronic route for the driver.

As a single integrator for implementing solutions for automation and telecommunications for the group of companies of KTZ JSC, the Company, on the principles of the service model, has implemented the project of ACS EDT. Today, almost all locomotive traction in the country is equipped with high-precision equipment for measuring diesel fuel consumption and electricity consumption.

Also, within the project framework, the core of the central level of the energy-efficient management system was deployed, which has no analogues in the post-Soviet space. It is based on implementing a unique business scheme for the further maintenance of the system and maintenance of locomotives throughout the entire life cycle of the project. Services are provided based on SLA - quality level agreement.

The project provides a measurement of technological parameters of fuel equipment and diesel generator; reliable and accurate calculation of the balance and consumption of diesel fuel for specific periods; control and comparison of the actual consumption of diesel fuel/electricity with the typical values for various operating modes of the diesel/electric locomotive; indirect diagnostics of diesel locomotive fuel equipment.

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

The system provides the user with an automated tool for assessing locomotive crews' skill level and discipline, analysing each locomotive's modes and actual workload to take measures for their rational use at worksites and routes.

ACS contains three levels: central server, locomotive and locomotive depot. The first level is responsible for collecting data, processing, preparing reports, and other information necessary for analytical work. The system users are connected to it - depot employees and the target audience.

Several instruments are installed at the locomotive level, such as a GPS receiver; Tetra, GPRS-antenna, fuel sensors; coolant temperature sensor, oil in the oil line; diesel generator speed sensor; analogue and discrete signals input module. Here technical parameters are collected and transferred to the central server level.

In total, information is received from the locomotive level on 25 parameters from each locomotive section and 19 parameters from the electric locomotive. This data is used to generate various reports and to fill in the driver's route in automatic mode.

Measuring equipment (level, density and temperature sensors) made in Russia or similar - made in China. These devices have certificates of the measuring instrument and verification certificates of the authorised bodies in metrology.

The visualisation and identification unit manufactured in the Federal Republic of Germany is a monitor with a set of control buttons and an input for installing a driver's wearable memory module. This module is an individual identifier of the driver; it is used as a backup channel for transmitting data about the trip to the central server level.

The data collection device (onboard equipment for collecting, processing and sending data) is assembled in Kazakhstan from imported components. Data transmission is carried out via GSM communication (main channel) and a portable memory module (backup).

When the ACS EDT reached its design capacity, the customer of the project (KTZ-Freight Transportation JSC) for 2014-2019, a positive effect was achieved in saving diesel fuel and electricity for train traction.

IT projects

At the end of 2019, the Company put forward the initiative TTC Technological Development Program for Ensuring the Digital Transformation of the Railway Industry of Kazakhstan, which was presented on December 11, 2019, to the Department of Digital Transformation and the Transport Committee of the Ministry of Industry and Infrastructure Development of Kazakhstan. The initiative

provides for comprehensive development, taking into account the world experience and the use of Industry 4.0 technologies (including IoT), industrial and technical information systems for railway transport management in Kazakhstan, telecommunications and railway automation and telemechanics devices aimed at improving traffic safety, ensuring the efficiency of railway transport and improving the quality of transport services. The project was approved.

National Information Technologies JSC (NIT JSC).

According to the Law of the Republic of Kazakhstan, since 2016, NIT JSC has been assigned the status of an operator of the information and communication infrastructure of "egov", in other words, an integrator of communication services for government bodies. Thus, NIT JSC is one of the key corporate and strategic clients of TTC.

In 2019, cooperation between the Company and NIT JSC reached a new quality level:

- The number of operating points throughout Kazakhstan amounted to 184 units.
- Also, a partnership between the two companies was developed within the framework of the largest public-private partnership project in Kazakhstan to provide Kazakhstani villages with broadband access to the Internet.

Thus, the Company has successfully expanded its influence in the public sector market.

Integrated security

Dynamic pricing

Dynamic pricing is a system that maximises total and specific revenues and profits. It allows you to increase the total passenger traffic and increase the efficiency of using rolling stock by intelligently managing tariffs to organise passengers' transportation by all types of communications.

The transition of the railway industry to digital "rails" has brought a lot of new things. Today, each of us can buy tickets without leaving home, see the availability of seats, order cargo transportation, etc.

The Company's specialists are implementing projects in the railway industry that will make passenger transportation even more comfortable.

The pilot project of the Company is called the Automated Tariff Management System of Passenger Transportation JSC. The system will allow you to flexibly manage fares, taking into account the main factors affecting the ticket price. These are seasonality, a competitive market (the need to reduce costs than other carriers, such as air and auto services), weather conditions, and passenger demand. With the help of the system, it is possible to collect and analyse information even five years ago.

In 2018, Passenger Transportation JSC introduced a flexible price regulation system for all commercial routes within Kazakhstan. There are no analogues of such a project in the post-Soviet space yet.

Today, during peak periods (holidays, summer vacations), there is an additional deficit of 200 cars for specific routes. If there is an increased demand for tickets, it is possible to increase the seats offered by the carrier by attaching additional wagons to the train.

The fare management system also allows passengers to purchase tickets with better fares. A flexible price regulation system is being introduced under the dynamic tariff management program. When buying a ticket 45 days in advance, a passenger can purchase tickets to any destination within the country with a 25% discount.

The implementation of the project will increase the total and specific revenue and profit, total passenger traffic, increase the efficiency of using rolling stock by intelligently managing tariffs for organising passenger transportation by all types of communications.

The project provides empirical pricing; it helps to respond to customer needs, monitor competitors and adjust commercial strategies. As a result, it becomes possible to take a global approach to revenue management.

The advantages of the profitability management system in passenger transportation allow organising an operational analysis of passenger traffic, income, demand and supply, setting the levels of dynamic tariffs for commercial routes, generating medium-term and short-term forecasts of demand for transportation, revenue, promptly changing tariffs, monitoring and analysing sales efficiency.

The system will increase the competitiveness of railway transport compared to other types, expand the range of services, and renew the fleet of passenger cars. Analysis of the current situation, taking into account historical data, will make it possible to identify peak periods and periods of low demand to regulate passenger flows.

Since the implementation of the project, starting from July 1, 2018, the increase in income for six months compared to the same period in 2017 on the carrier's commercial routes amounted to +16.6%, the increase in passenger turnover - +4.2%.

In 2019, the increase in revenues on the commercial routes of the carrier amounted to +10.8% compared to the same period in 2018, the increase in passenger turnover - +9.7%.

ISMS

Since March 14, 2019, the Information Security Operations Center (IS) has been operating in the Company on the basis of a license to provide services for identifying technical channels of information leakage and special technical means intended for operational search activities.

The IS operations center carries out:

1. Monitoring of IS provision for critical objects of information and communication infrastructure.

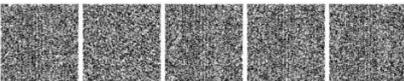
2. Activities for the detection, assessment, forecasting, localization, neutralization and prevention of IS threats to the information and communication infrastructure, objects of informatization connected to the operational center of IS.

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ГОСУДАРСТВЕННАЯ ЛИЦЕНЗИЯ

<p>14.03.2019 года</p> <p>Выдана</p> <p>на лицензию</p> <p>Общие условия</p> <p>Примечание</p> <p>Лицензиар</p> <p>Руководитель (уполномоченное лицо)</p> <p>Дата первой выдачи</p> <p>Срок действия лицензии</p> <p>Место выдачи</p>	<p>Акционерное общество "Тринтел-Казах" 2019НА7, Республика Казахстан, г. Астана, улица Димархамда Конакбаева, дом № 10, ИНН 991100001236</p> <p>лицензия на осуществление деятельности по предоставлению услуг по идентификации технических каналов утечки информации и специальных технических средств, предназначенных для проведения оперативно-розыскных мероприятий</p> <p>на оказание услуг по выявлению технических каналов утечки информации и специальным техническим средствам, предназначенных для проведения оперативно-розыскных мероприятий</p> <p>(аннулирование лицензирующего или действительного в соответствии с Законом Республики Казахстан «О лицензировании и уполномоченности») (в соответствии со статьей 16 Закона Республики Казахстан «О лицензировании и уполномоченности»)</p> <p>Неотчуждаемая, класс I (отчуждаемость, класс I)</p> <p>Комитет национальной безопасности Республики Казахстан (полное наименование лицензиара)</p> <p>Ергалиев Дулат Елжанович (фамилия, имя, отчество (в случае наличия))</p>	<p>873</p>
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On June 7, 2019, the Company confirmed the compliance of the IS management system following ST RK ISO/IEC 27001-2015 "Information technology. Methods and means of ensuring safety. IS management systems. Requirements".

The relevance of the development of this area of services is the implementation of the tasks noted in the regulatory legal acts: Resolution of the Government of the Republic of Kazakhstan dated December 12, 2017, No. 827 "On approval of the State Program “Digital Kazakhstan”, Resolution of the Government of the Republic of Kazakhstan dated June 30, 2017, No. 407 On approval of the Cybersecurity Concept ("Cyber Shield of Kazakhstan"), Resolution of the Government of the Republic of Kazakhstan dated October 28, 2017, No. 676" On approval of the Action Plan for the implementation of the Cybersecurity Concept ("Cyber Shield of Kazakhstan") until 2022 "and others.



On April 18, 2019, Nur-Sultan hosted one of the most significant events in Kazakhstan in information security - SOC-Forum 2019, "Practice of countering computer attacks and building information security monitoring centres", where the Company took part.

Three thematic areas were presented in the forum program: “Functioning of the SOC. Detection-Response-Investigation”; SOC Technologies; “Experience in building SOC. People and Processes”.

During the Forum program, most practical reports were devoted to the industry specifics of SOCs: personnel and processes, detection, response and investigation of information security incidents.

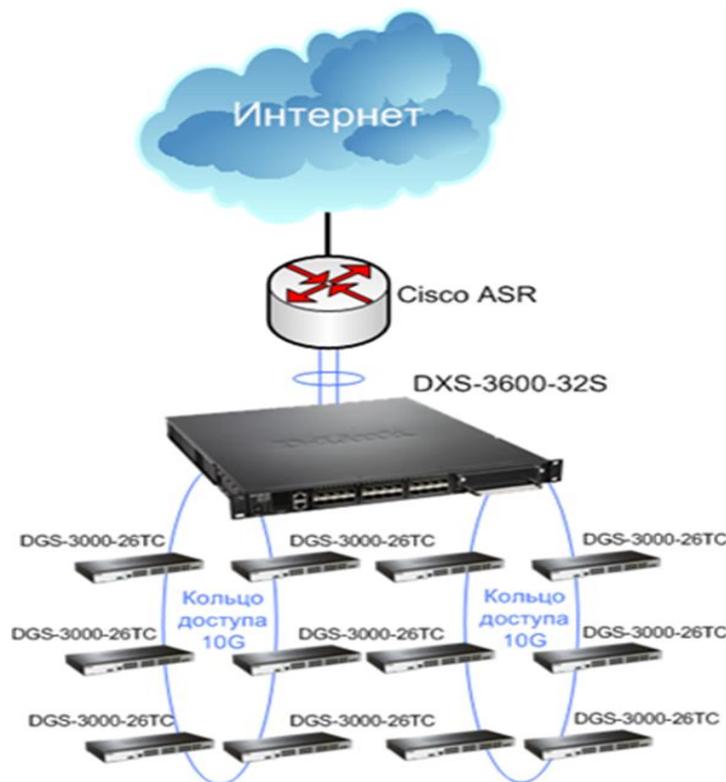


On May 16, 2019, the Cyber & Digital Security 2019 conference was held in Nur-Sultan. The guests and participants of the event discussed creating an ICIB in Kazakhstan, constructing a digital state, the cybersecurity landscape and the fight against targeted cyber attacks, the current state of the IS legislative base in Kazakhstan and the world. In addition, within the framework of a separate section, "Dialogue between society and business", a round table "Evolution of digital security" was held, where the participants were public associations, Kazakhstani IS/IT companies and universities.



Other projects
Last Mile Project

The project is intended to create a single ring optical infrastructure based on modern digital equipment, using fibre-optic communication lines and integrating the local network on the sections of the main fibre-optic communication line from active equipment to customers, which are mainly subdivisions of KTZ JSC within the framework of a feasibility study in agreement with KTZ JSC. Currently, the backbone digital network using FOCL is used on almost all railways of the Republic of Kazakhstan. The existing local network (the last mile) is built using copper lines and analogue modems, which significantly impairs quantitative and qualitative data processing and does not provide an opportunity to integrate the local network with the backbone digital network. Switching the "Last Mile" to FOCL will resolve the issue of combining disparate segments and information security systems into a single whole, which will increase the availability of network subscribers and, in turn, provide a timely response from any of the services of KTZ JSC. The use of advanced advances in electronics, computing and systems engineering in the construction of the "Last Mile" will reduce the volume and cost of equipment, operating costs, and reduce the time for installation and adjustment of equipment.



A single digital network serves for the transmission and processing of data from SAP subscribers (software for data analysis) and other subscribers, the purpose of which is to automate management systems for internal processes of an enterprise, such as: accounting, trade, production, finance, personnel management, warehouse management and etc.

IT outsourcing is one of the fastest-growing and promising branches of the IT market. With the development of business and increased competition, companies are increasingly refusing to invest in non-core areas, including the independent construction and maintenance of the IT infrastructure. Professional IT outsourcing allows you to optimise capital and operating costs; business processes create unique competitive advantages for companies associated with using the latest approaches to developing such an important and, in many ways, critical for the business part of information technology.

The automated system for commercial metering of electricity (ASCME) is a set of hardware and software tools that provide remote collection, storage, and information processing about energy flows in power grids. The task of ASCME is to accurately measure the amount of consumed or transmitted energy, taking into account the specified parameters and tariffs and automatically bringing technological data into a form that is convenient for analysis.

The task of the project is to maintain the system's operability and the functioning of the measuring and computing complex.

Service maintenance is provided at 23 power supply distances of KTZ JSC.

The maintenance work includes work on each distance of power supply for each metering point, starting with data collection/transmission devices (controllers, modems, antennas, etc.) and ending with the transfer of messages from the central server of the AMR database to the FTP server of the system operator KEGOC.

Customer base

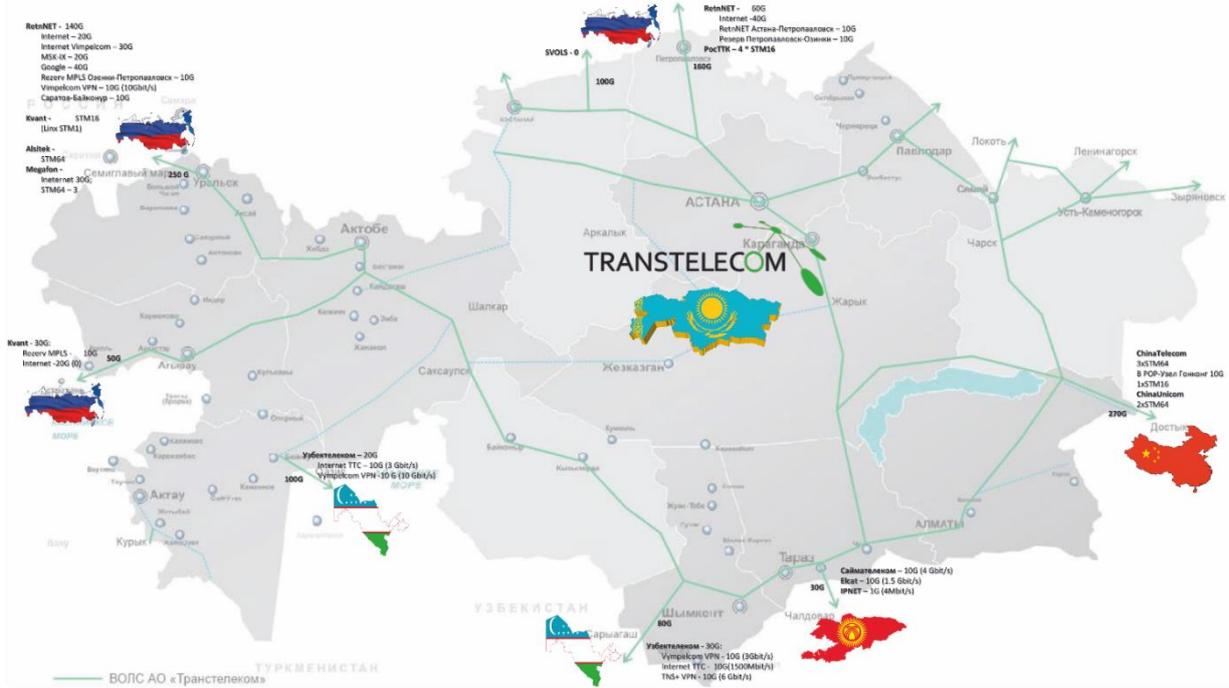
Currently, the Company is one of the leading telecommunication operators in Kazakhstan, providing international, intercity, local telephony and Internet access services and backbone communication channels. The clients of the Company are both individuals and corporate users and

telecom operators. Our partners are the most prominent companies for which high-quality telecommunications services are a prerequisite for doing business.

For many years, the number of corporate clients of the Company includes well-known international telecom operators, such as British Telecom (Great Britain), ChinaTelecom (China), and others, which indicates the ability to conduct reliable cooperation at the highest level.

As a backbone-level operator, the Company is interested in mutually beneficial cooperation with all communication operators - "recognised" and "alternative", dealing with fixed and mobile communications. The possibilities of mainline and regional operators always complement each other favourably, which creates an objective basis for implementing attractive schemes of inter-operator interaction.

There are international connections with the operators of the Russian Federation, the People's Republic of China, the Kyrgyz Republic, the Republic of Uzbekistan and the Turkmen Republic. These international connections give TTC the status of a primary provider in the domestic market of the Republic of Kazakhstan, allow it to purchase Internet access services from various providers and thereby create a full reserve of Internet services and improve the quality of services provided. International connections also make it possible to receive new orders from international partners for the lease of communication channels and transit channels to Central Asia and China countries, thereby significantly increasing the Company's income.



Partners and contractors

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

This indicates the ability to conduct reliable cooperation at the highest level. As a backbone-level operator, the Company is interested in a mutually beneficial association with all telecom operators. Over the past few years, a tremendous amount of work has been done to create the image of the leading transit backbone communication operator in Kazakhstan; the number of geographically independent cross-border crossings along the entire perimeter of the border of the Republic of Kazakhstan has been brought to 12:

- 6 - on the border with the Russian Federation,
- 3 - on the border with Uzbekistan,
- 2 - on the border with China,
- 1 - on the border with Kyrgyzstan.

Also, work is underway to dock with the communications operator of the Turkmen Republic.

These interfaces with international telecom operators give the Company the status of a primary provider in the Republic of Kazakhstan's domestic market, allowing purchasing Internet access services from various providers of TIER-1 and TIER-2 levels and thereby creating a full reserve of Internet services and improve the quality of services provided.

For many years, TTC has been actively involved in providing high-quality communication services in the domestic and international markets. Our partners are the largest telecom operators for whom high-quality telecommunications services are a prerequisite for doing business.

In 2019, as part of the development of relationships with telecom operators on voice traffic transmission services, the TTC partner network was expanded, agreements "On mutual provision of voice traffic transmission services" were concluded with major international operators such as Switchover AG, a Swiss company operating in the wholesale telecommunications market and China Mobile International (UK) Limited is the largest UK subsidiary of China Mobile Limited providing comprehensive international telecommunications services and solutions for global enterprises, telecom operators and mobile users.

The Company constantly takes part in international forums of telecom operators: Capacity Middle East 2019, Capacity Russia & CIS 2019, International Telecoms Week 2019, Capacity Europe 2019, Capacity Asia 2019, etc., organised by Carrier Community - a global club for telecommunication service providers, which is an exclusive global platform that brings together telecom and data centre service providers.

So, in 2019, the GCCM CIS 2019-Almaty forum was held in Almaty, which brought together more than 200 participants from the leaders of the global community of telecom operators. TTC was directly involved and supported this site as a gold partner.

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

Membership in charters and associations

The Company does not donate to political parties, politicians and related organisations, or any investment in communities. During the reporting period, within the working framework on interaction with external parties, the Company did not accept obligations. It did not support charters or initiatives in the field of economics, ecology and the social sphere.

The Company is a member of the following organisations, which often determine the effective functioning of a telecom operator:

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

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

We have been members of this organization since its foundation in 2013.

The National Telecommunications Association (NTA) is a non-profit organisation, an association of legal entities with appropriate licenses, whose main activity is telecommunications

services. This is a voluntary association of companies recognised as leaders in the telecommunications market, which most fully reflects the various interests of alternative telecom operators. Membership in this organisation allows companies to gain first-hand experience of other telecom operators, to take part in the development of proposals for improving the legislative framework in the field of telecommunications, to receive assistance in the area of measures to improve the qualifications of personnel, to participate in the development of uniform technical standards for telecommunications equipment.

We are one of the oldest members of the NTA and have been a member since 2003.

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

RIPE (Réseaux IP Européens) is an international organisation of Internet registrars responsible for distributing Internet resources and the associated registration and coordination of activities aimed at global support for the functioning of the Internet. We are members of RIPE since 2006.

FIRST (The Forum of Incident Response and Security Teams) is an international organisation responding to computer incidents. FIRST membership enables Incident Response Teams to respond to security incidents, both reactive and proactive, more effectively.

FIRST brings together a variety of computer security incident response teams from government, commercial and educational organisations. The purpose of FIRST is to foster collaboration and coordination in preventing incidents, stimulating a rapid incident response, and facilitating the exchange of information between members and the community at large.

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

- access to the latest best practice documents;
- technical colloquia for security experts;
- practical lessons;
- an annual incident response conference;
- publications and web services;
- special interest groups.

FIRST currently has over 400 members located in Africa, America, Asia, Europe and Oceania.

FINANCIAL RESULTS

Key financial indicators

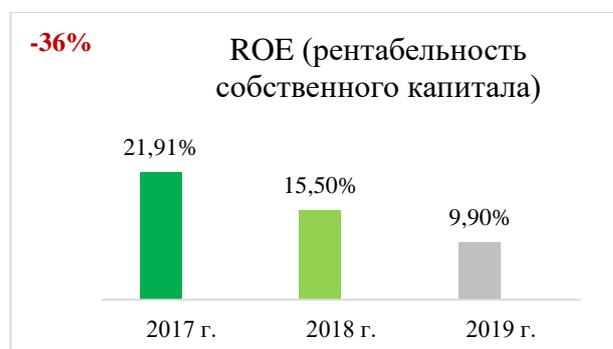
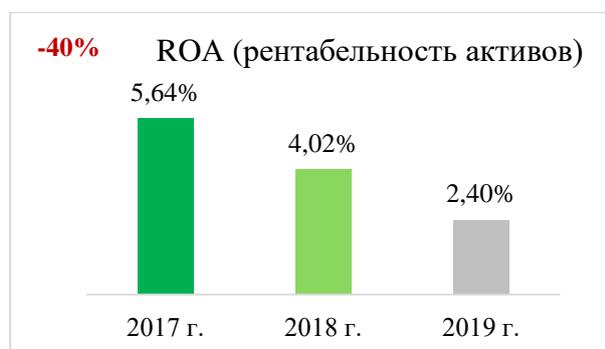
The financial analysis of the Company was carried out on the basis of the financial statements and the management report on income and expenses for 2017-2019. The reliability of the Company's financial statements for the period from 2017 to 2019 was confirmed by the independent auditor Deloitte LLP during an audit conducted in accordance with Kazakhstani Accounting Standards and International Financial Reporting Standards.

Income analysis

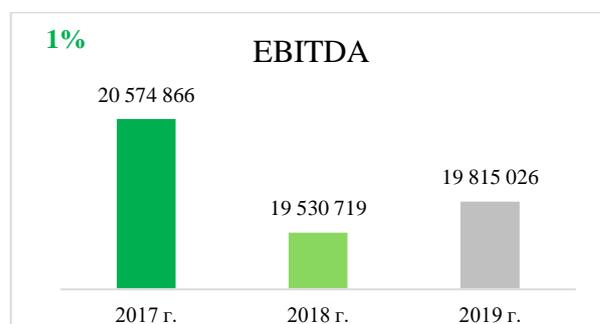
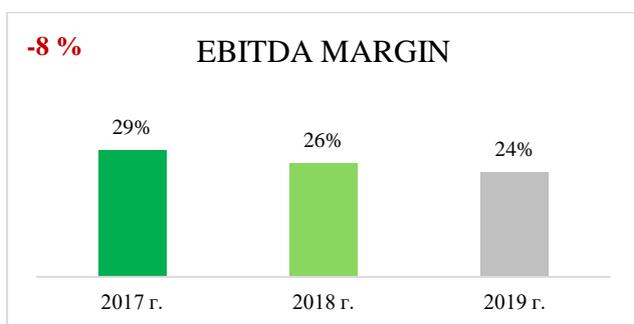
Revenue from the provision of TTC services in 2019 amounted to 82,095 million KZT. Income from communication services in 2019 amounted to 30,719 million KZT.

Structure of income from core activities, thousand	2017	2018	2019
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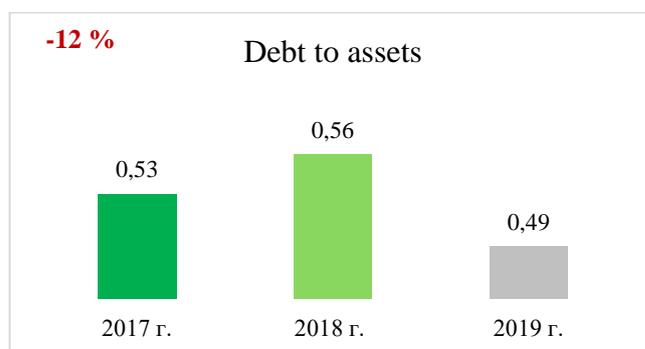
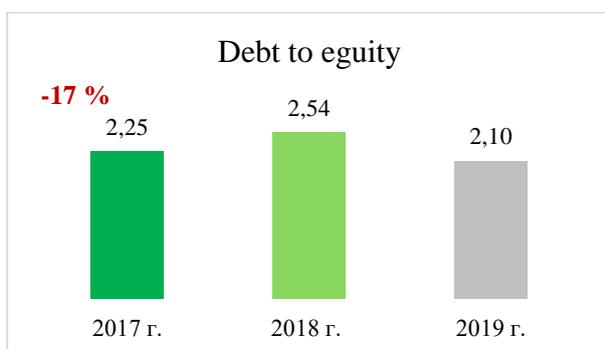
KZT			
<i>communication services</i>	29 445 022	28 583 142	30 718 504
<i>IT services and projects</i>	41 378 155	45 941 944	51 222 190
<i>other services</i>	199 272	166 253	154 005
Total operating income	71 022 449	74 691 339	82 094 699



Return on assets and return on equity showed negative dynamics associated with the decline in net profit.



The decrease in the EBITDA margin is associated with increased prices for purchased goods and services at fixed basic tariffs services.



Debt to EBITDA

ROE, ROA showed negative dynamics associated with a decrease in net profit.

SUSTAINABLE DEVELOPMENT

"Sustainable development is the development that meets the needs of the present, but does not jeopardise the ability of future generations to meet their own needs" - this is the definition given in 1987 by the United Nations International Commission on Environment and Development, and it is the same that guides the Company in its activities.

The specifics of the telecommunications sector largely determines the Company's activities in the field of sustainable development. Today, information technologies are embedded in almost all spheres of company life and have become the driving force behind the development of society. The ability to use the most modern technologies in the telecommunications market in combination with a high level of professional competencies allows the Company to improve the quality of work and life of Kazakhstanis systematically.

Sustainability is an integral part of TTC's business strategy. This principle guides our approach to innovation, development and implementation of new products. The Chairman of the Management Board of the Company, the Board of Directors and the Management Board of the Company jointly carry out strategic management in sustainable development, and specialists from among the employees implement specific programs and initiatives.

TTC's contribution to the community

Name	UoM	2017	2018	2019
Shareholders				
Dividends	mln KZT	4 337	2 399	1 580
Employees				
Total number of employees	People	3 267	3 028	3 171

Labor costs	mln KZT	6 178	6 954	7 676
Investment in training	mln KZT	256	204	181
Contribution to the pension fund	mln KZT	558	674	887
Labor safety costs	mln KZT	64	96	68
State				
Income tax	mln KZT	1 498	1 288	1 104
Company				
Membership dues, payments to trade unions, charitable programs	mln KZT	44	53	65

TTC employs over 3,000 people. The Company's employees are the main component of sustainable growth, and the Company pays special attention to creating favourable and safe working conditions. The personnel policy of the Company is aimed at strengthening the personnel potential, building an effective motivation system and creating conditions for the full development of personnel. TTC has developed documents regulating the Company's actions in sustainable development, including the Corporate Governance Code, Human Resources Policy, environmental protection, and is also developing a Corporate Social Responsibility Policy that defines the principles of the Company's social responsibility. The introduction of energy-efficient and environmentally friendly technologies is a mandatory component of TTC's short and long term plans.

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

Sustainable development governance structure

The implementation of the principles of sustainable development is carried out with the interaction of the Directions of human resources development, Directions of organisational development, Directions of safety and labour protection.

Directions for the development of human resources (HRD) covers socially significant issues from the point of view of sustainable development. Among them, the key issues are the development and training of personnel, creating a productive and pleasant working environment, support and motivation of employees. To track the successful implementation of the principles of sustainable development and identify potential areas for improvement, HRC conducts annual surveys and questionnaires of the Company's employees.

Management of activities in the field of labour protection, as well as environmental protection, is carried out by the Direction of organisational development, the Direction of safety and labour protection, which provide methodological support, control and general coordination of the work of the labour protection and environmental protection services operating in all structural divisions of the Company. In addition, the Department of Organizational Development collects and analyses data based on the results of environmental monitoring at the enterprises of the Company and prepares a report based on the results of this work, which is subsequently submitted to the Improvement Council.

In all structural divisions of TTC, there are labour and environmental protection services and comprehensive and targeted inspections are regularly carried out.

Stakeholder Engagement

Realizing the principle of active dialogue with stakeholders, the Company strives to ensure the highest level of openness and transparency of its activities. The Company maintains active

communications with all interested parties, timely providing essential information on all aspects of its activities, responding to requests and wishes of interested parties.

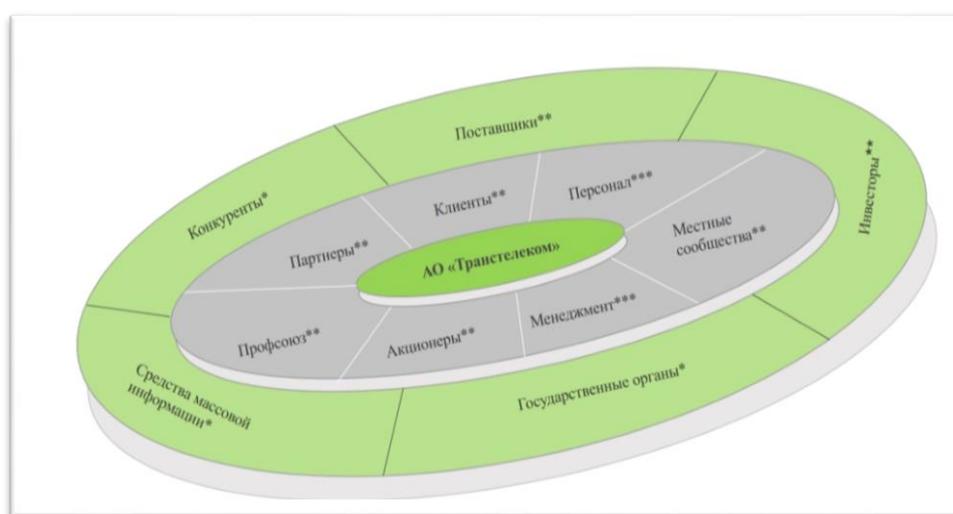
TTC's approach to stakeholder engagement

Stakeholder engagement is the key to creating long-term value, achieving strategic goals and building a positive TTC reputation. Building constructive relationships with external and internal stakeholders allow for more equitable and sustainable social development, better risk and reputation management, and a comprehensive assessment of the business environment and market. We need to know how the stakeholders see TTC, their needs and expectations from business and social, environmental and charitable initiatives.

Social partnership, mutually beneficial cooperation, respect, openness and trust are the basic rules by which the Company is guided in any interaction with stakeholders.

The main principles and priorities of interaction with stakeholders are reflected in the Company's corporate documents: the Code of Corporate Ethics and the Code of Corporate Governance. Forming new and constantly improving existing mechanisms and procedures of corporate governance, the Company strives to ensure the protection of rights and harmonise the interests of all stakeholders.

Following the Action Plan for improving corporate governance, all Company stakeholders will be reflected in the Map of Stakeholders, reflecting the degree of influence of a particular group. Thus, the Company plans to single out the “near” and “far” circle of stakeholders, depending on whether they directly or indirectly impact the activities of the Company and the impact of TTC on them.



The approach to engagement is based on the following principles:

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

The key stakeholders of the Company are employees, trade unions, shareholders, suppliers, consumers, government agencies, the media and local communities.

Shareholders and investors

The company is aimed at continuous development and increasing its value in the interests of shareholders. TTC follows the best corporate governance practices and cares about its reputation. The

Company provides all shareholders with equal access to information about TTC and its financial position and observes absolute equality of shareholders' rights. The primary sources of information are mandatory disclosure documents, Annual report, financial statements, corporate website.

According to the TTC Articles of Association, the Company is managed by the General Meeting of Shareholders. The Board of Directors and the Management Board of the Company respect and protect the rights of shareholders. The shareholders are interested in the financial results of the Company. Still, they also do not lose focus on non-financial indicators that testify to the quality of management of the Company, such as corporate governance, relations with customers and suppliers, industrial safety and contribution to the development of local communities.

Staff

The interaction between the Company and its employees aims to develop human capital and build relationships based on cooperation.

Salaries of employees, social benefits and social guarantees, career growth, safety, and working conditions fully comply with the norms of the legislation of the Republic of Kazakhstan, are regulated by an employment contract and the Code of Business Ethics. Society values each employee's contribution and builds relationships with personnel based on respect and cooperation, encouraging initiative, responsibility, and ambitious goals. These principles help employees to improve their efficiency and achieve high professional results.

In 2019, TTC focused on employee engagement, satisfaction and loyalty.

Employee engagement surveys help identify pressing issues and influence the situation ahead of time. In an increasingly competitive environment, qualified and motivated employees are the driving force behind the development and maintenance of sustainable business processes, so the Company plans to continue working in this area.

Suppliers and consumers

The company's long-term success is impossible without careful consideration of external factors of the company's environment. Critical external factors include the sustainable development of suppliers and consumers.

The company is a reliable and conscientious partner and timely fulfil its obligations to suppliers and consumers. TTC is committed to the principles of transparency, fair competition and anti-corruption. The Company does not accept unfair competition methods and does not participate in the collaboration. The company is focused on long-term business cooperation. It provides its partners with all the necessary information, remaining open to dialogue and taking into account the other side's position.

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

State authorities

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

The Society does not support political parties and politicians; the Society's voluntary contribution to the country's well-being, in addition to the legal minimum, consists of large-scale charitable and sponsorship activities.

Local communities

Local communities have a significant impact on TTC, shaping the environment and being a source of key resources for the Society. TTC implements a number of projects related to education,

job creation, cultural events, health care, infrastructure development, improvement and greening of regions for local communities. Interaction with local communities for TTC is a systematic activity that has a positive impact on the atmosphere and psychological climate in the regions of its presence.

In 2019, the Company provided jobs for 100% of local residents.

Media

By complying with the TTC information disclosure rules, the Company maintains a high degree of transparency and maintains a constructive dialogue with the media.

The most crucial channel for disseminating information available to the most significant number of interested parties is the official website of the Company (www.ttc.kz), in particular, the section of the website About the Company ([//ttc.kz/ru/About/history/](http://ttc.kz/ru/About/history/)). On these resources, you can get acquainted with the latest news of the Company, financial and production indicators, reporting and other helpful information about the activities of the Company, as well as with documents regulating the activities of the management and control bodies of TTC, such as Charter, Regulation on the Board of Directors, Regulation on the Management Board. Adhering to the principle of equal accessibility of information for all interested parties, TTC publishes information posted on the official website in three languages: Russian, Kazakh and English.

Consumer privacy

TTC prioritises privacy and customer information protection.

The Company has determined the circle of employees who have authorised access to the Company's data of consumers and customers. Moreover, for the Company, the client base is a strategic and commercial secret.

The disclosure of information about the client database to third parties concerning TTC is carried out only at the request of the authorised bodies of Kazakhstan.

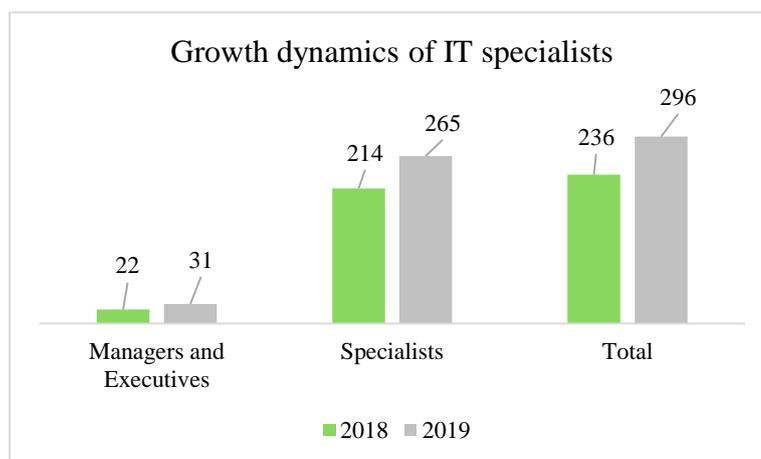
During the reporting period, there were no cases of loss of customer data in the Company and no complaints regarding violation of consumer privacy and loss of customer data.

Employees

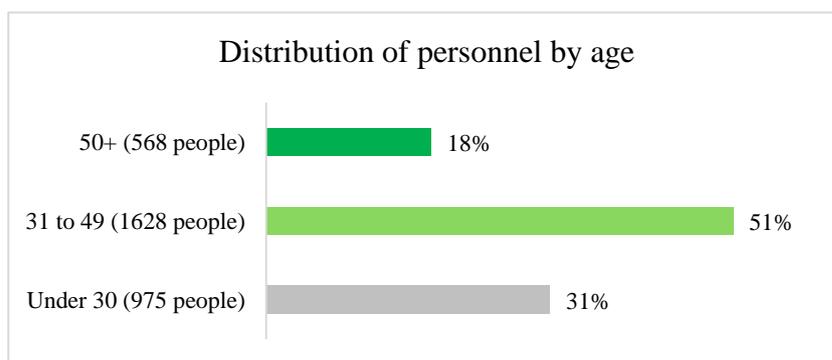
2019 for TTC was a year of summing up the results of 20 years of activity. During this time, TTC has come a long way from small management of signalling and communication facilities on the railway to a large communication operator and system integrator in Kazakhstan. This path was traversed thanks to the continuous improvement of the quality of the personnel potential of the Company and paying great attention to the development and improvement of personnel policies in the Company.

In total, 3171 people were provided with jobs in the Republic of Kazakhstan for 2019. Improving the quality of personnel is ensured through competitive selection at all levels of positions and active rotation of employees from branches to the head office and vice versa. So, in 2019, 180 people were accepted in the CO140 of them were selected by competition and 35 employees were rotated from branches. The branches, in turn, were also chosen by competition for more than 300 positions, and 81 employees were rotated between units.

A society based on information technology sets a high standard for the quality of human resources, especially in the intellectual component - its main driving force. Due to the change in the technologies of the services provided, in 2019, there was an increase in the number of IT specialists by 25% compared to the previous year and amounted to 296 employees, in turn, due to a decrease in low-skilled personnel.



The tendency of personnel rejuvenation continues in the Company - half of the newly hired employees were employees under the age of 30 years. The average age of the Company in 2019 remained at the level of 37 years.



According to the data for 2019, 31% of the total number of employees were employees under 30, 51% were employees under the age of 49 inclusive, 18% were employees aged 50 and over, respectively.

As part of the adaptation of new employees, the Company conducts an introductory welcome training course “Welcome to Transtelecom”, the purpose of which is an interactive setting is to give new employees maximum knowledge about the infrastructure of the Company, information about the benefits of working in the Company, about the structure, mission, vision and values. The training includes meetings with line managers, team role-playing games, discussion of the information received and introduction of new employees. In 2019, 95 newly arrived employees of the Company took part in the introductory courses in the CO.

Participation in HR forums "WOW HR" and "HR-brand Central Asia 2019"

Any business is interested in making the Company's services attractive to customers, the quality of service is high, and the cost of production does not go beyond acceptable limits. But improving quality and reducing costs largely depends on the operational level of personnel working directly with the product and the client. The biggest challenge for a business is to involve all employees in continuous improvement. The project "Gamification - Involving Employees in Continuous Improvement" won the WOW HR Kazakhstan business award in the Level Up nomination in 2019.

The project is based on the idea that employees' internal motivation has the most substantial and most effective influence on the success of a business. Such motivation appears only if a person is interested and wants to improve something. To involve employees in improvements, you need a

game environment: with clear goals and rules, precise requirements and parameters, a transparent system for assessing results, and most importantly - voluntary participation and fun. This is how the project "Gamification - Involving Employees in Continuous Improvement" was born. Its target group is the Company branches, which is about 2.5 thousand people in the regions.



The principles on which the engaging game is built:

1. Clarity of parameters and calculation methods reflecting four business indicators: engagement, operational efficiency, customer satisfaction, profit.
2. The inability to compare the company's regional divisions with each other directly since they all operate in different geographic and economic conditions. The region can only compare its performance, improving its performance. The main motto of the project: "Today I am better than yesterday, tomorrow I am better than today."
3. Comparison of the percentage of growth for improvements relative to itself: how much the region has made efforts to become better than in previous periods.
4. Full automation of results processing. This will prevent branches from creating unnecessary work on generating reports and exclude the possibility of data manipulation.
5. The interdependence of all parameters of the game.



The project has delivered excellent results in terms of improving engagement and operational efficiency:

- increasing the involvement of employees in the branches by five times (the number of proposed ideas and improvement projects from employees increased);
- labour productivity increased by 25%;
- increasing the speed of response to customer requests, increasing the reliability of backbone networks, etc.

- the level of awareness of employees about the activities and the changes carried out by the company has increased due to the promotion in a short time of a single communication portal (internal social network);
- the team spirit has grown since a team can only achieve results, and the prize is distributed consistently to the entire team in the form of common goods (renovation of an office kitchen, purchase of common exercise equipment, a trip to a joint vacation, etc.);
- decrease in accounts receivable (in some branches, doubtful accounts receivable became equal to 0).

In 2019, TTC participated in the HR-Brand Central Asia 2019 competition. In this project, the results of the automation of HR processes were presented, including the processes of hiring new employees from the moment of writing an application to issue an admission order, adapting new employees on the corporate portal, standardising and automating the job matching process (a process of assessing employees for compliance with job requirements), procedures for selecting a talent pool and a pool of talent and the fulfilment of individual development plans by reservists, automation and reduction of the processing time for all personnel documents, as well as providing personnel with the ability to apply for vacations through the Telegram TTC Bot. The company received the third prize among 11 major market players (Air Astana, ERG, APPLECity, Takeda, Kazpost and others).



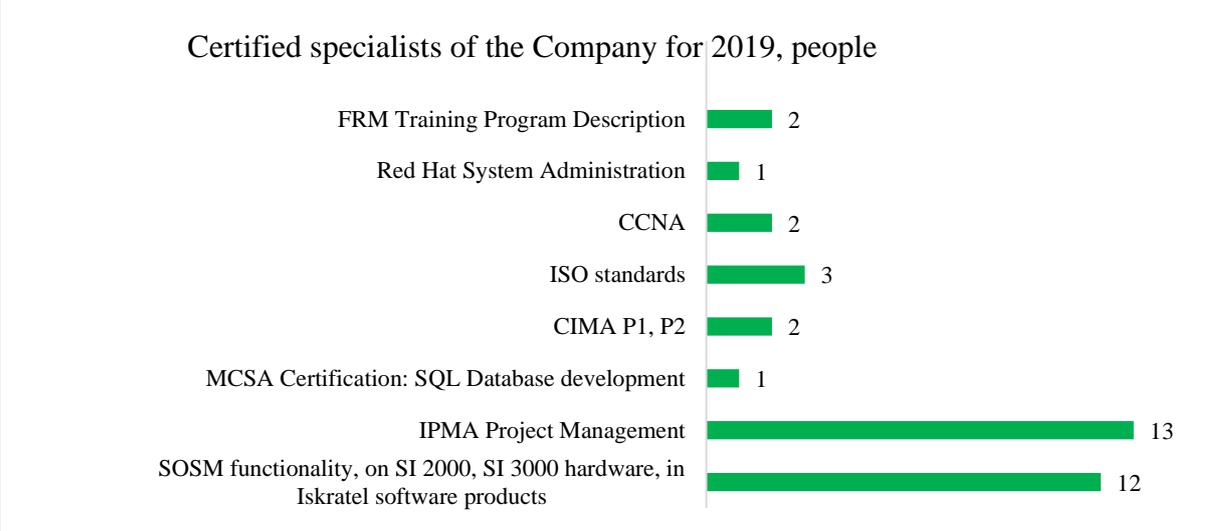
Remuneration Policy

TTC fully implemented the grading wage system in 2019. The transition was carried out in stages, in 2018 it was introduced at the branches of the Company, in July 2019 a job-matching procedure was carried out in the CO. In the course of the restructuring, a comprehensive assessment of the CO personnel was carried out, which included an assessment of competencies using the Talent Q method and an assessment of competencies by a direct supervisor, as well as an assessment of experience, length of service and education for compliance with the position held according to data from the IC system.

All business processes for assessing the CO personnel and the work of the qualification commission were automated on the GREEN portal, which made it possible to carry out it in the shortest possible time.

Staff Development Staff Training

Sustainable development and the acquisition of a leading position in the market directly depend on employees' qualifications and professionalism. To improve the professionalism of the employees and the competitiveness of TTC, special attention is paid to the certification of the Company's specialists. In 2019, 36 specialists were certified, including in project management, economics, finance, risk management, information technology infrastructure, network equipment, routing, and virtualisation.



Talent Pool

At the end of 2018, a talent pool was formed at TTC, a talent pool of 110 people from among the Company's promising employees to maximise their potential: for appointment to key positions, participation in projects, and training employees internal trainers.

In 2019, 31.8% of TTC reservists were rotated. Vertical growth - 30 employees received rotation to a managerial position, including four employees in the position of Managing Director; Technical Director - 2 employees; Commercial Director - 1 employee; the head of the department - 8 employees; Head of TUMS - 1 employee. 5 employees from the personnel reserve received horizontal growth from participating in various projects of the Company.

During the calendar year, reservists, following individual development plans (IPD), took an active part in external and internal training courses, master classes, participated/conducted webinars, independently studied training programs through the Knowledge Base, showed great activity in the implementation of significant projects of the Society, such as "TRANSKZ" (transit channel between Uzbekistan and Russia), "ACS Magistral", "ACS EDT", "SAP Competence Center", "Fiscal data operator", "Rural Settlements 250+", Smart City, SOSM, "Kazpost " other. Reservists from the Internal Trainer category conducted a series of internal training.

Eleven reservists were involved in training on the development of managerial competencies based on the KIMEP business school - "Program Mini MBA Specialization" "Management ". Together with KIMEP University, a comprehensive training program of 12 subject modules was developed, including not only compulsory courses (basics of management, risk management, macro/microeconomics, negotiation skills, etc.) but based on the Company's strategy and business needs, such programs, as strategic management, innovation management, emotional intelligence, leadership. Each training course (module) ended with exams, so all participants showed great responsibility, showed high performance and excellent teamwork. The defence of the diploma (business project) by the program participants will take place in the fall of 2020.



In 2019, 9 reservists received their IPMA project management certification with an international exam at levels D, C and B. This is an internationally recognised certificate of competence in project management. Level B IPMA certification was confirmed by Ali Saken, Head of System Integration; Level C was confirmed by Ten Zauresh - solution architect of the strategy and development of IT architecture direction; Alzhanov Anarbek the Infrastructure solutions direction; six employees confirmed to level D.



In addition, Sadykov Askar, head of the SPD Administration direction, received the Cisco CCNA professional certification; Mirgorodsky Alexander - director of information technology service of Pavlodartranstelecom branch; Alisher Akimzhanov received a certificate on the topic "Querying Data with Transact-SQL (Creating SQL queries in Microsoft SQL Server)".

Based on the ISKRACOM LLP training centre (Almaty), which provides technical support and methodological assistance to TSATS specialists - 6 reservists learned the program: "Changes and new functionality in Iskratel software products". The curriculum was designed based on the demand for courses such as: "Installing MNS on a Virtual System"; "Open MN - Northbound Interface", "Analysis of H.248 Protocol Connections", etc. The training participants noted the high level of knowledge gained in the maintenance of switching equipment, considered problematic issues, exchanged experiences, and consolidated the material with active, practical exercises.



In support of the “Year of Youth” organised by KTZ JSC, TTC reservists in 2019 took part in the 100 Young Persons of KTZ Program. The program's goal was to promote the ideas of ethics, meritocracy, professionalism and active loyalty through the examples of specific young workers—the program provided for a two-stage selection in three areas: innovation, social responsibility and professionalism. The following successfully passed to the final of the competition: Akimzhanov Alisher - senior expert of the direction of Administration of business applications in the direction of "Innovation"; Rafik Huseynov - Head of the Information Technology Service of the Kostanaytranstelecom branch in the direction of "Professionalism" (reservists) and Mukhtar Seilkhan - engineer of security and explanatory work of the Aktobetranstelecom branch in the direction of "Social Responsibility". The finalists were awarded badges and commemorative prizes at the closing ceremony of the X Republican Youth Forum of KTZ JSC.

In search of young talented people with a high level of professional competence, the implementation of innovative ideas and projects in the fall, at the initiative of KTZ JSC, an offsite regional creative and educational training "Project Management "was launched. The talented youth of our Society showed significant activity in this project. More than 30 employees were involved in the project; 25 of them are reservists.

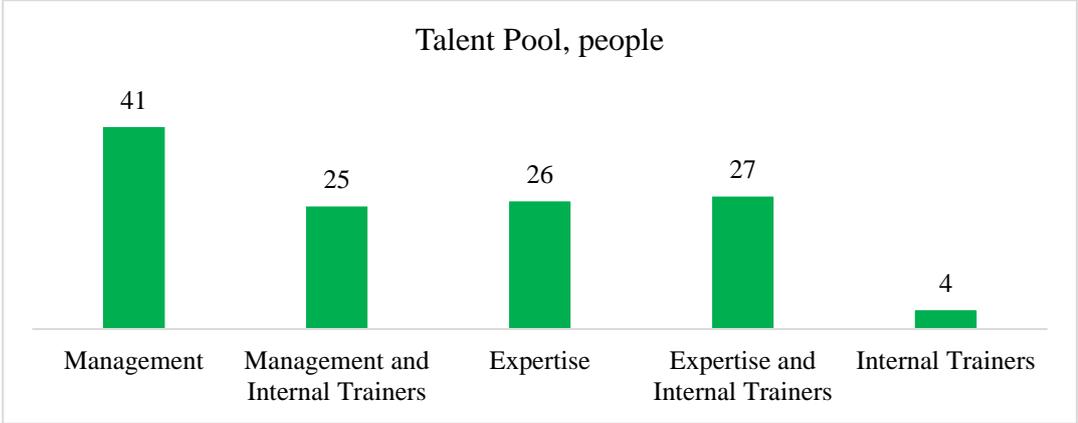
For two months, the guys competed to develop the best innovative project between subsidiaries of KTZ JSC, worked out and identified problem areas with coaches, found solutions and “packed” the project. According to the jury, the participants in the Project Management training demonstrated not only great activity but also raised relevant topics, presented arguments, showed innovation, and demonstrated excellent technical knowledge.

Teams from the branches of Pavlodartranstelecom, Kostanaytranstelecom and Oskementranstelecom passed to the final of the X Republican Youth Forum of KTZ JSC in the Project Management competition.





At the end of 2019, the results of the implementation of the development activities of the IPR among the reservists were carried out, assessment procedures for competencies (Long List/Short List according to the 360-degree method) were carried out in order to form the Company's personnel reserve for the next year. In accordance with the recommendation of the members of the Calibration Session, 123 employees of the Company were approved for the new composition of the talent pool of the TTC talent pool for 2020.



All business processes for the formation of the talent pool, the TTC talent pool were automated on the GREEN portal.

Corporate University TTC GREEN University

As part of the strategic development, the HR development direction started with a new development concept by opening the corporate TTC GREEN University.



To turn training into business results, an essential focus of the university development concept has been developing internal training programs at the expense of an internal intellectual resource. For this, in the 4th quarter of 2019, the four-module Training for Trainers program was launched. The training resulted in the release of 11 corporate trainers and 16 internal training courses. The training program for trainers was developed so that the graduate, based on the training results, prepared his training, and the trainer in a coaching format accompanied the formation and approval of the training course.



In addition, in a short time for the high-quality functioning of the Corporate University, necessary methodological documentation was developed: the Regulation on internal training, a system for assessing the effectiveness of training. Most of the training administration operations, such as registration, collection and processing of the feedback questionnaire, testing, etc., were transferred to an automatic online mode through the Bilimal system and using the capabilities of Microsoft.

One of the static tasks of TTC is the development of a portfolio of new products, and to achieve this goal, with the support of HR, was launched in October 2019. product webinars through the Bilimal platform. Product webinars scaled up to include all branches and at the same time became an example of a unified database by collecting video webinars, which is also deployed in the Green knowledge base and administered by HR. In total, webinars were held on the following topics: Radio bridges, EDF services, Satellite communication services, Video surveillance, OTT Television, Contact Center services.

Also, over the past period, online training webinars were held on the topics Information Security, Effective Recruitment, Security and Outreach as one of the ways to protect communication lines, Local switching, Separate accounting, Tools for staff motivation and engagement.

In addition, the elements of the self-learning organisation system have been introduced and continue to develop through active master classes. The transfer of expertise on a particular topic in total from 01.10.2019 to 31.12.2019 amounted to 9 masterclasses.

Cooperation with universities

TTC is interested in attracting talented young professionals. To provide the Company with young specialists, constant interaction with higher and secondary vocational educational institutions is carried out. The Company has agreements on cooperation with the International University of Information Technologies, L.N. Gumilyov Eurasian National University, S. Seifullin Kazakh Agro Technical University, D. Serikbayev East Kazakhstan State Technical University, S. Toraigyrov Pavlodar State University, Pavlodar College of Transport and Communications, Bolashaq Karaganda Higher College, Karaganda State Technical University, LLP Akmola College of M. Tynyshpayev Kazakh Academy of Transport and Communications JSC, Almaty State Business College, Al-Farabi Kazakh National University. In 2019, 214 students completed internships in the structural divisions of the Company.

Social Policy

The social policy of TTC, as a motivation tool, directly affects the satisfaction of personnel, which, in turn, affects the production and economic performance of the Company. TTC's social policy aims to improve the standard of living of the Company, providing assistance and support to people in need of social assistance (employees, pensioners, WWII veterans and persons equated to them, etc.), and increasing personnel satisfaction indicators.

The TTC has a Collective Agreement for 2018-2020, which provides for the main areas of social support in the form of material assistance:

- to employees: with the onset of the anniversary date, for the birth of a child, for registration, for dental prosthetics, for health improvement and treatment, for burial, material assistance in connection with the onset of an unforeseen circumstance, medical insurance;

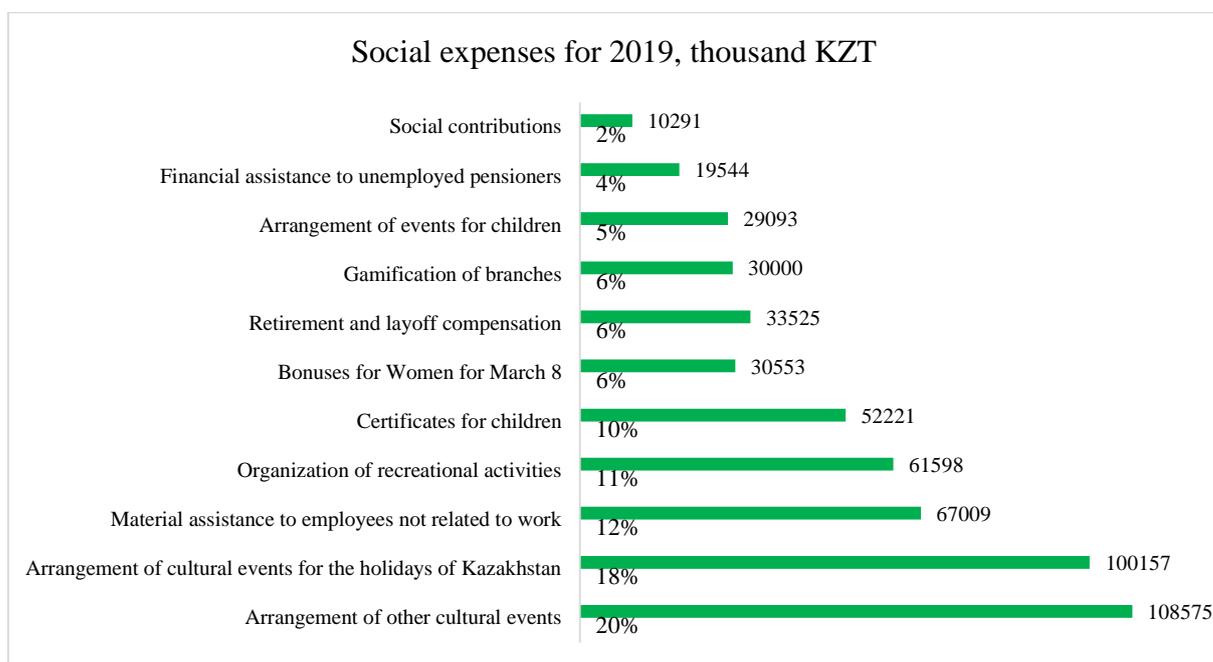
- employees with children: to prepare children for school, for Children's Day, September 1, for Family Day, for the Day of Disabled Persons, for organising and holding events for children's holidays;

- to pensioners registered with the Company: with the onset of the anniversary date, participants of the Great Patriotic War and those equated to May 9, payments for the holidays - Communication and Information Day, Elderly Person's Day, New Year.

In addition, new types of benefits have been introduced for employees: to pay for the education of gifted children, to rehabilitate and recuperate a disabled child, to participate in creative contests, sports competitions, compensation for staff reductions three years before the onset of retirement age.

Expenditures on social benefits for 2019 amounted to 542 566 thousand KZT. Compared to 2018, the cost of social benefits increased by 27% (actual for 2018 - 426 589 KZT).

On average, costs per 1 employee of the Company in 2019 amounted to 170 thousand KZT.



Sport and Health

TTC pays excellent attention to promoting a healthy lifestyle, and funds are allocated on an ongoing basis for physical education and health activities. The Spartakiad is becoming a good tradition and an integral part of our corporate culture from year to year. The fourth Summer Spartakiad in the history of the Company opened its doors to sports teams in the city of Aktobe. Our colleagues have once again proved that they are not only excellent workers but also excellent athletes. This sporting event aims to translate into action the Address of the Head of State, attracting the people of Kazakhstan to a healthy lifestyle, systematic physical education and sports, involving people in sports events, promoting the values of a healthy lifestyle.

The team of the Karagandatranstelecom branch took the team first place in the fourth summer TTC Spartakiad, the team of the Kokshetautranstelecom branch took second place, and the team of the Kostanaytranstelecom branch took third place. The following 5th Spartakiad will be held in Shymkent.

TTC Football Team

The football team of the Company, FC TTC, was established in January 2018. According to the KLLF, the team started its performance from the lowest division (Liga - D, futsal).

Over two years, the team, under the guidance of a coach, has gained professional skills, experience and established itself as a worthy opponent.

Achievements of the football team of the Company in 2019:

- Winner of Winter 2019 in futsal under the auspices of LLF in Nur-Sultan (3rd place);
- Medalist of Spring 2019 on the grass under the auspices of the AFL (Astana Football League) in Nur-Sultan (2nd place);
- Winner of the AFL Cup (Astana Football League) in Nur-Sultan (3rd place);
- Runner-up of the super-final part of the Samruk-Kazyna Spartakiad in Nur-Sultan (1st place).

The team included employees of the CO, branches of Astanatranstelecom, Kokshetautranstelecom, Zhambyltranstelecom, Karagandytranstelecom.



TTC Hockey Team

The TTC Amateur Hockey Team was founded in January 2019. The team includes employees of Central Asia and the Astanatranstelecom branch. The team was formed of employees who expressed a desire and showed courage to try themselves in this sport, even though most of them first got on the ice. Since October 2019, the TTC team has entered the Astana Amateur Hockey League (AAHL). It competes in the Theorist division with much more experienced rivals such as BI HOCKEY TEAM, NOVA CITY, etc.

In 2019, the team had 14 defeats, one victory, 18 goals scored, and 69 goals conceded. The team occupies the 7th line of the tournament table of 8 teams.



The team's task for 2020 is to improve qualifications, strengthen team spirit, and reach the top 3 of the ALHL standings.

In the fall of 2019, a sports contest was held among the branches and subsidiaries of Samruk Kazyna JSC. The superfinal was attended by 85 teams such as KEGOC JSC, Kazaktelecom JSC, Air Astana JSC, Kazpost JSC, KTZ JSC, KazTransOil JSC, Samruk-Kazyna Invest LLP and many other large companies. TTC took 1st place in a fair fight in two sports: mini-football and table tennis among women.



Also, in 2019, the annual Spartakiad was held among the branches and subsidiaries of KTZ JSC, dedicated to the Independence Day of Kazakhstan. The TTC team took 2nd place in basketball and 1st place in volleyball in the competitions of the Nur-Sultan railway junction.



Health Army

TTC is not only a high-tech company; it also cares about the health of its employees. It is fashionable now to be healthy and full of energy to be a source of change and improvement of ourselves and society. Therefore, this year in autumn, the Company launched an unprecedented marathon Health Army. Twenty-three teams or 115 people decided to go an interesting way in forming healthy and useful habits: in nutrition, physical activity, positive thinking, inspiring each other to become the best version of ourselves.



Charity, social projects

In 2019, with the support of the trade union, actions and cultural events were held:

- By June 1, on Children's Day, gifts and a competition for the best drawings were organized. As a result of the voting, the children were awarded commemorative prizes



- On the public holiday Kurban Ait, a fair with pastries and sweets, was held;
- The trade union assisted employees for the treatment of close relatives for 800,000 KZT;
- For the celebration of Nauryz Meiramy, the trade union organised mass skating on the Alau skating rink, a trip to the opera and ballet theatre;
- The anniversary folders of the Company were arranged with congratulatory folders with memorable gifts;
- For the celebration of March 8 and May 7, events were organized to visit health centres for 1 805 thousand KZT;
- New Year's gifts were organized from the trade union to employees for the New Year, and New Year's costumes were purchased for holding New Year's events;
- Chess and billiard tournaments were organised among the Company's employees;



- A matinee with gifts was organized for the employees 'children; on New



Year's Eve, union members - Father Christmas and Snow Maiden - congratulated the employees' children on going home.



Industry and government awards

For professionalism, high labour productivity, active participation in solving production issues and a significant contribution to the development of the Society for the Day of Communication and Information from the Ministry of Digital Development, Innovation and Aerospace Industry, five employees of the Company were awarded the badge Best Communicator:

- Dyusen Ospanov - Solution Architect, General Technical Network Support;
- Baglan Kudiyarov - Managing Director, Kostanaytranstelecom;
- Gulnaz Zhunussova - Head of Production and Technical Department, Oskementranstelecom;
- Vitaly Pasenkov - Technical Director, Pavlodartranstelecom;
- Dmitry Kharkov - Leading Communication Engineer, Telecommunications Shop, Astanatranstelecom.



Honorary Diploma of the Minister of Industry and Infrastructure of the Republic of Kazakhstan for impeccable service, an outstanding contribution to the development and prosperity of the Society by the Independence Day were awarded to Zhanbolat Nadyrov, CEO of the Company; Altynbek Kabildin - Advisor to the CEO of the Company.

A letter of gratitude from the Deputy Prime Minister of Kazakhstan for active participation in organising and holding the solemn ceremony of launching the construction of fibre-optic communication lines along the bottom of the Caspian Sea (Kazakhstan-Azerbaijan route) was awarded to Sabit Chegibayev - Deputy CEO for Regional Business Development; Ruslan Manatayev – Deputy CEO for Major Business Development; Saken Baytuganov – Executive Director for Operator Business Development (B2O); Yelnar Adaibekov – Deputy CEO for Organisational Development.



TTC Awards

By the holidays of the Day of Communication and Information of Kazakhstan and the Independence Day of Kazakhstan, for their fruitful work, high-performance indicators and active participation in solving production issues, distinguished employees were rewarded with TTC awards with appropriate material incentives:

- Certificate of honour of the CEO of TTC - 40 employees of the Company with payment of material remuneration in the amount of 1.5 times the minimum wage;
- a letter of gratitude from the CEO of TTC - 200 employees of the Company with payment of material remuneration in the amount of 1/0.5 of the minimum wage;
- for ensuring uninterrupted operation of the backbone network in the nomination Best Line-Cable Team, 6 LCBs were awarded a letter of thanks from the Company's CEO. The best LCBs teams were presented with souvenirs - a wall clock with the TTC logo and 49 employees were paid material remuneration in the amount of 1 minimum wage;
- a memorable souvenir, For the Best Idea on the GREEN portal, was awarded to 4 employees of the Company with the payment of material remuneration in the amount of 1.5 minimum wages;
- 4 Information Technology Services were awarded a letter of gratitude from the Chairman of the Management Board of the Company for providing effective support for information systems in the "Best SIT" nomination. The best services were presented with souvenirs - backpacks with the TTC logo and 27 employees were paid material remuneration in the amount of 1 minimum wage;



Within the framework of the anniversary celebration of TTC in connection with the 20th anniversary of the founding of the Company for long-term cooperation, professionalism, loyalty and

adherence to the values and traditions of the Company, the Chairman of the Board of the Company expressed gratitude to the founders of TTC - a total of 416 employees of the Company with the payment of material remuneration for 20,000 KZT.



Also, to achieve high performance in work, efficiency, striving for development and continuous improvement, the Company's CEO expressed gratitude to the new generation of TTC - 71 employees with the payment of material remuneration for 20,000 KZT.

The Company's CEO expressed gratitude to 117 employees for the participation and implementation of large projects on a national scale and the project "Rural Settlements 250+", with the payment of a bonus for the Independence Day of Kazakhstan in the amount of 0.5 minimum wages.

All awards (letters of thanks, memorable souvenirs, badges) were presented in a solemn atmosphere in the presence of a team of employees of the CO and branches of the Company.

Corporate Culture

In 2019, the HR Development direction held a competition for broadcasting the Company's values in two nominations, "The best video about TTC values" and "The best poster about TTC values" on the GREEN portal.

The project lasted more than a month in which all structural divisions of the Company participated. Initiative teams sent 11 videos to participate in the competition (7 branches). Each material was distinguished by its individuality, style, vision, responsibility, and collaborative teamwork were felt.

When determining the prize places for the videos, the rating (voting on GREEN) was taken into account, the total coverage of the participants - the involvement of employees in broadcasting TTC values, the creativity of the idea, and resourcefulness in describing the meaning of values.

The team took 1st place in the project "The best video about TTC values" for activity, mass involvement, and live video filming: West Side of TTC - a branch of Atyraustranstelecom;

2nd place was awarded to the team "Generation Y" - the branch of "Karagandatranstelecom" for good teamwork and active participation of the employees of the branch;

The 3rd place was awarded to the "Ambassador of Values" team - a branch of "Kostanaytranstelecom" for imagery, creative idea, disclosure of the value of "reliability" in the storytelling technique.



In the nomination Best Poster about TTC Values, 29 works from 8 regional branches and CO were exhibited. It was not easy to determine the best among the many works, but taking into account the voting rating on the GREEN portal and taking into account the freshness of the idea, the novelty of fantasy, the main message reflecting the mission of our values, the prizes were distributed as follows:

- 1st place in the project was taken by the team - "Green team" - Kokshetautranstelecom;
- 2nd place in the project was awarded to the team - "West side of TTC" - Atyrautranstelecom;
- The 3rd place in the project was taken by the team - "Miss Green" - Kostanaytranstelecom.



Workplace Safety Health Protection

The unconditional priorities of TTC in occupational safety and health are ensuring trouble-free operation of production facilities and increasing the level of labour safety of the Company's employees, reducing industrial injuries and occupational diseases.

The Company carries out a set of measures to ensure occupational safety and health, in strict accordance with the requirements of the legislation of Kazakhstan, international and national standards, and internal documents of the Company in this area. The company operates according to the documented procedure of the integrated quality management system "Occupational health and safety management system" developed following the requirements of the legislation of Kazakhstan, international and national standards. The Company also has the TTC Occupational Health and Safety Policy.

Per Kazakhstan legislation, the Company has established and successfully operates the Occupational Safety and Health Services (both in CO and in each regional branch). The main functions performed by the labour protection and safety services are:

- internal control over occupational safety and health;
- identification of risks and dangers;
- training of personnel on safety and labour protection.

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

Administrative checks in the branches of the Company are carried out in two stages - the first and the second:

The first stage of the check is carried out daily by the immediate supervisor of the work (site manager, senior electromechanical, foreman, etc.) at his permanent residence or stay during the inspection period.

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

Occupational safety and health engineer checks and provides methodological assistance to each subdivision of the branch at least four times a year (depending on their number and the calculation that 60-70% of his working time he should be at the worksites), and workshops performing hazardous work (local network, TUMS, CTO, etc.) - at least six times a year.

Comprehensive and targeted inspections are performed by the Occupational Safety and Health Service of the Company (OSHS) - in the structural divisions and branches of the Company.

Based on the results of inspections according to the methodology developed in the OSHS, the work of the verified branch and the activities of the OSH engineer are assessed.

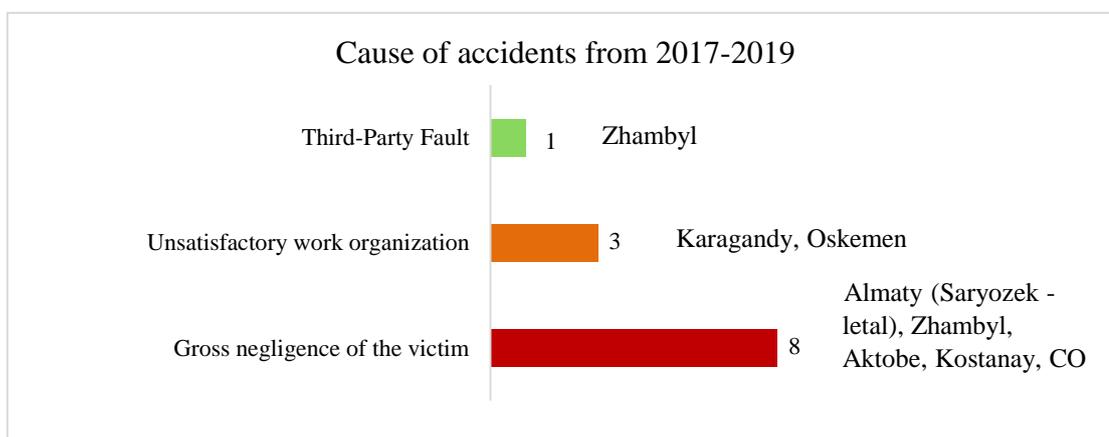
The OSHS work of the branch is assessed with the preparation of the Branch Checklist (checklist of 34 points). Each discrepancy, depending on the criticality, is assigned a certain number of points, and the comparative ratio of branches is calculated. In the absence of discrepancies, the coefficient tends to 1, with a wide discrepancy to 0.

The performance of OSHS engineers is also assessed using a 42-point checklist. For each point are given, the more points an engineer gains, the higher his performance is evaluated.

In 2019, the CO OSHS conducted seven comprehensive inspections of branches. The results of inspections in safety and labour protection are documented by the relevant acts and instructions, based on the results of which plans for corrective and preventive actions are drawn up with the determination of the reasons, the indication of the timeframe for elimination and the responsible persons.

Analysis of injuries for 2017-2019

Item	2017	2018	2019
Total number of accidents	4	3	3
including minor;	-	1	1
including severe;	3	2	2
including fatal;	1		
including disabilities;	1	-	-
including group	-	1	-
Number of victims	4	6	3
Total number of days of incapacity for work	177	212	337
Material damage (in thousands of KZT):	29 146	932	1 737
Disability sick leave payments (in thousands of KZT);	831	932	1 737
Lump sum payments (in thousands of KZT)	28 315	-	-
Total material damage for 3 years (in thousand KZT)	31 815		



Within the framework of the internal control system, all accidents related to production are recorded, investigations are carried out on the facts of accidents, and measures are taken to reduce the factors contributing to the occurrence of such incidents. During 2019, the Company registered 3 production-related accidents with employees. Thanks to the actions taken by the Company to ensure safe working conditions, no cases with serious consequences have occurred, all injured employees are healthy and continue to work in the Company.

The identification of risks and hazards is an ongoing process. In each branch of the Company, groups of employees work under the guidance of technical specialists, who regularly, once every 6 months, draw up and recheck the list of hazards and risks, if necessary, supplement with newly discovered ones or exclude irrelevant ones. In addition, once every 5 years, in accordance with the legislation of Kazakhstan, all production facilities undergo workplace certification for working conditions. Based on the identified hazards, risks and inconsistencies, measures are developed to improve working conditions. Funding for safety and labor protection measures is carried out at the expense of the Company. The necessary funds for labor protection are allocated annually under the collective agreement. The employees do not bear the costs for these purposes.

Employees who, in the exercise of their duties, experience harmful or dangerous factors, in accordance with the legislation of Kazakhstan, undergo an annual periodic medical examination, are provided with personal and collective protection equipment, receive additional pay for harmful working conditions, additional leave, special food (milk).

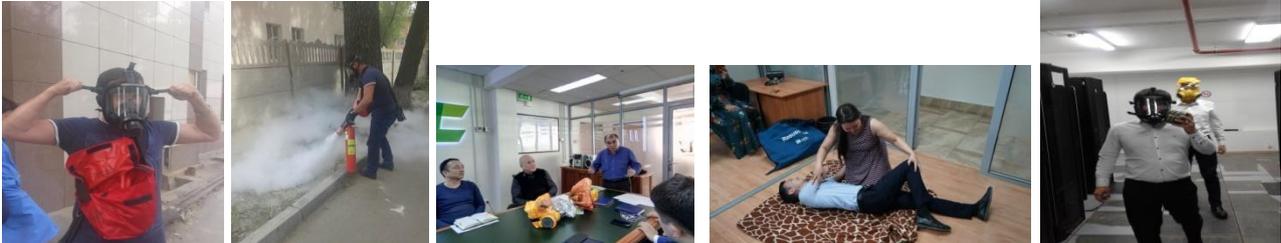
Occupational safety and health training is carried out strictly in accordance with the legislation of Kazakhstan. In 2019, at the expense of the Company, 595 employees successfully completed training with the receipt of relevant certificates, certificates and protocols. Personnel training was carried out on Occupational Safety and Health, Industrial Safety, Fire Minimum, Environmental Safety.



The CA OSH forces held a seminar-meeting with the OSH engineers of the branches, training of technical workers of the branches to work in the ENZP system, and environmental training.



In addition, at all branches, constant training of employees is carried out by conducting briefings,



training sessions,



practical exercises on the study of safe working practices,



first aid training and more.

Further on the photo are practical exercises on teaching safe methods of work and action in emergency situations at the Astanatranstelecom branch:



In 2019, based on the results of a successfully passed IMS certification audit by the certification body Russian Register LLP, TTC received a certificate of the Company's compliance with the requirements of the international standard 45001: 2019.

Стратегические планы и задачи СБиОТ на 2020 год.

1. УСИЛЕНИЕ КОНТРОЛЯ за состоянием безопасности и охраны труда со стороны инженеров СБиОТ в структурных подразделениях Общества.

2. ОРГАНИЗАЦИЯ И ПРИВЕДЕНИЕ В СООТВЕТСТВИЕ требованиям правовых и внутренних нормативных актов в области ОЗБТ работы со структурными подразделениями Центрального аппарата Общества по обеспечению безопасности и охраны труда.



4. В рамках цифровизации процессов: - дальнейшее **РАЗВИТИЕ** функционала **СИСТЕМЫ ЭНПЗ**; - **ВНЕДРЕНИЕ** цифрового формата **ПРОВЕРКИ ЗНАНИЙ** работников общества правилам БиОТ, ПБ, **ПУТЕМ ПРОВЕДЕНИЯ КОМПЬЮТЕРНОГО ТЕСТИРОВАНИЯ.**





3. ВНЕДРЕНИЕ в целях усиления профилактической работы, направленной на предупреждение возникновения случаев производственного травматизма на производственных объектах и зонах выполнения работ единого стандарта проведения во все филиалы Общества **УЧЕБНО-ПРАКТИЧЕСКИХ ЗАНЯТИЙ/ТРЕНИРОВОК (УПЗ)**, по опасным видам работ и работам с повышенной опасностью.



5. РАЗРАБОТКА И ВНЕДРЕНИЕ в Обществе внутренних стандартов по БиОТ и ПБ, регламентированных положениями и требованиями международного **СТАНДАРТА ИСО 45001:19**

Procurement organization

Procurement in TTC was carried out by the Rules for the Procurement of Goods, Works and Services of Samruk-Kazyna JSC and organizations, fifty or more per cent of voting shares (participation interests) of which directly or indirectly belong to Samruk-Kazyna JSC on the right of ownership or trust management approved by the decision of the Board of Directors of Samruk-Kazyna JSC No. 126 dated January 28, 2016 (hereinafter - the Rules).

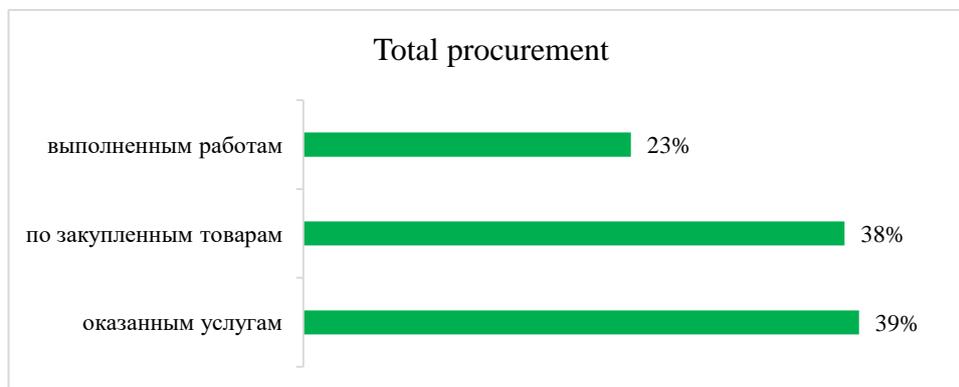
Procurement Management (hereinafter - Procurement Procedures). The need for material resources is determined on the basis of the production program and (or) investment program and (or) budget and (or) development plan and (or) business plan and procurement plan (s) of the Company, formed at the request of the structural divisions of the Company, based on service and production necessity.

As part of the study of the price market for goods, works and services (GWS), requests are sent to the Procurement Prices Department of Samruk-Kazyna JSC;

The choice of a supplier will be determined by the results of the procurement procedures carried out, regulated by the Rules.

According to the Rules, procurement procedures for selecting a supplier by means of a tender or a request for quotations, as well as a method from a single source, are carried out in the Electronic Procurement Information System posted on the website www.zakup.sk.kz.

The procedures for selecting a supplier for purchases from a single source are carried out by conducting marketing research in order to acquire high-quality GWS, optimal prices and taking into account fair competition.



The total volume of the company's procurement for 2019 amounted to 41,980,800 thousand KZT, including purchased goods in the amount of 15,423,836 thousand KZT, works in the amount of 10,754,154 thousand KZT and services in the amount of 15,802,809 thousand KZT.

In general, TCC carries out all the necessary measures to optimize procurement activities, develop local manufacturers and achieve strategic goals.

Environmental protection

Environmental initiatives and approach to environmental protection

TTC's environmental activities are carried out in accordance with the Environmental Code of Kazakhstan and other regulatory legal acts in the field of environmental protection.

The company does not cause direct significant harm to the environment by its activities and does not conduct business in potentially hazardous industries from the point of view of ecology. Nevertheless, we understand that for the Company, as a leading player in the telecommunications and IT-technologies market, operating throughout Kazakhstan, the tasks of increasing the energy efficiency of activities, resource conservation, and minimizing the negative impact on the environment are urgent.

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

In 2019, environmental protection was ensured within the framework of developed and approved standards, regulations, instructions aimed at complying with the requirements of national legislation and accepted international obligations. TTC strives to minimize its impact on the environment and apply the most advanced technologies to manage such impact.

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

Environmental management and environmental protection mean ensuring the implementation of environmental legislation, the requirements of the EMS of the Company, in relation to the subject of this industry we are talking about: the management of natural resources, ensuring the rational use

and reproduction of natural resources, preserving the environment, protecting environmental rights and legitimate interests individuals and legal entities.

On the basis of the order of the head of the branches of the Company, a responsible employee for environmental safety and operation was determined.

To maintain the EMS in working order, as well as to constantly improve its effectiveness, internal regulatory documents on the EMS have been developed:

- Identification and assessment of environmental aspects (hereinafter - EA);
- Register of EA;
- Register of significant EA;
- Register of regulatory requirements;
- Goals, objectives and programs in the field of environmental management;
- EMS manual.

In November 2019, the Company passed an inspection audit for compliance with the ISO 14001 standard in the field of environmental protection.

The management of the Company has assumed responsibility for the implementation of the Environmental Policy, undertakes an obligation to constantly improve the effectiveness of the environmental management system and assures that each employee of the Company is aware of personal responsibility for compliance with legislatively established environmental requirements and norms. Carrying out its activities in the field of providing telephone and telegraph services, IP telephony services; telecommunication services, creation and operation of communication networks, is fully aware that the activities of the Company have an impact on the environment.

Employees of the Company have been trained in a refresher course on the topic of training: "Environmental safety at enterprises."

To achieve environmental goals, the Company intends to:

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

The draft MPE standards have been developed in all branches of the Company, there are permits for emissions into the environment, limits for emissions of pollutants into the air, declarations on payment for emissions into the environment for 2019. A program of industrial environmental control and an action plan for environmental protection for 2019 have been developed.

Comments for the period 2018-2019 have been reported from prescriptive regulatory authorities.

For 2019, there are no penalties and other non-financial sanctions imposed for non-compliance with environmental legislation.

Energy use and energy saving

The company has carried out an energy analysis. Based on the analysis of the use and consumption of energy resources for the base year 2018, areas of significant energy consumption were identified - electricity, thermal energy, fuel. These energies also provide the potential to improve energy performance.

Based on the analysis of the operation of the power equipment of the branches, the equipment was identified that significantly affect the use of energy: air conditioners, power supply devices for telecommunications equipment and employees of DATS, TTC, MS, fiber-optic communication lines, production department, AUP, service of economic support of branches. Weather conditions also indirectly affect the modes of significant energy use.

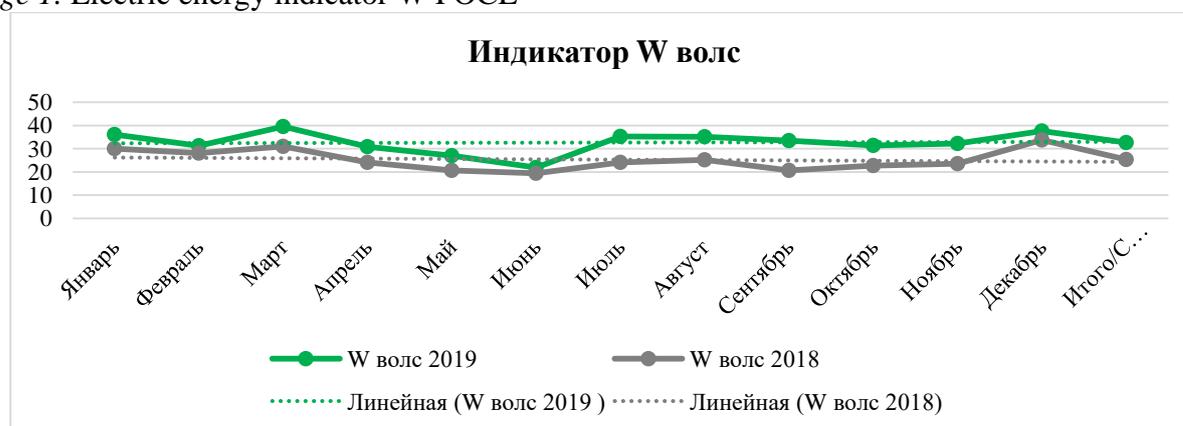
The main indicators of energy efficiency (energy efficiency indicator) are the following indicators: consumption of electrical energy for FOCL and TTC and SN equipment, heat energy consumption, gasoline consumption by vehicles when servicing FOCLs, diesel fuel costs by vehicles when servicing FOCLs.

Energy Efficiency Indicators 2019

Table 5

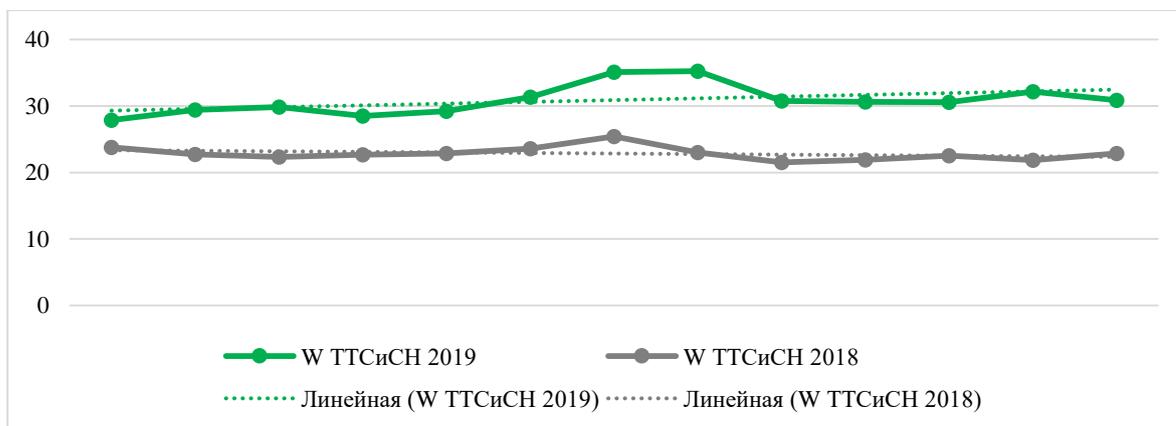
Months	01	02	03	04	05	06	07	08	09	10	11	12	Total / Average
W FOCL	36,11	31,25	39,6	30,86	27,06	21,92	35,27	35,19	33,55	31,46	32,19	37,64	32,68
W TTCиCH	27,89	29,42	29,83	28,5	29,2	31,34	35,1	35,22	30,75	30,63	30,58	32,14	30,88
Q т.э.	0,02	0,01	0,01	0	0	0	0	0	0	0	0	0	0,01
V vehicle petrol	5,73	4,29	6,21	4,06	4,21	4,62	5,12	4,97	4,79	5,66	5,33	5,02	5
V vehicle diesel	1,04	1,36	1,68	1,42	1,39	1,94	2,04	1,91	1,95	2,1	2,41	1,87	1,68

Image 1. Electric energy indicator W FOCL



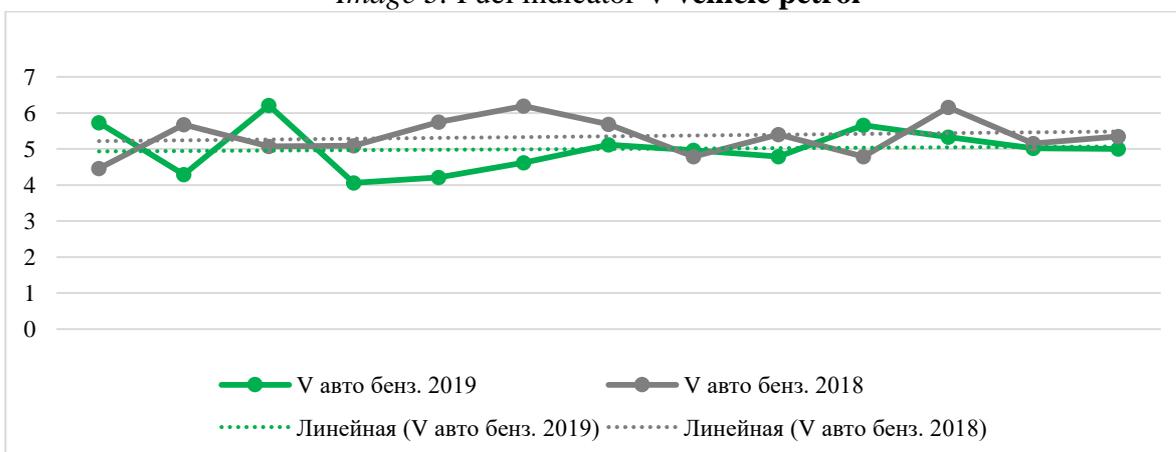
In 2019 (25.29), a decrease in the **W FOCL** indicator by 1% relative to 2018 (32.68) was not achieved, since the consumption of electric energy of the fiber-optic link increased by 1,088,727.81 kWh from 4116021.9 kWh to 5204749, 71 kWh (tables 1,2).

Image 2. Electric energy indicator W TTCиCH



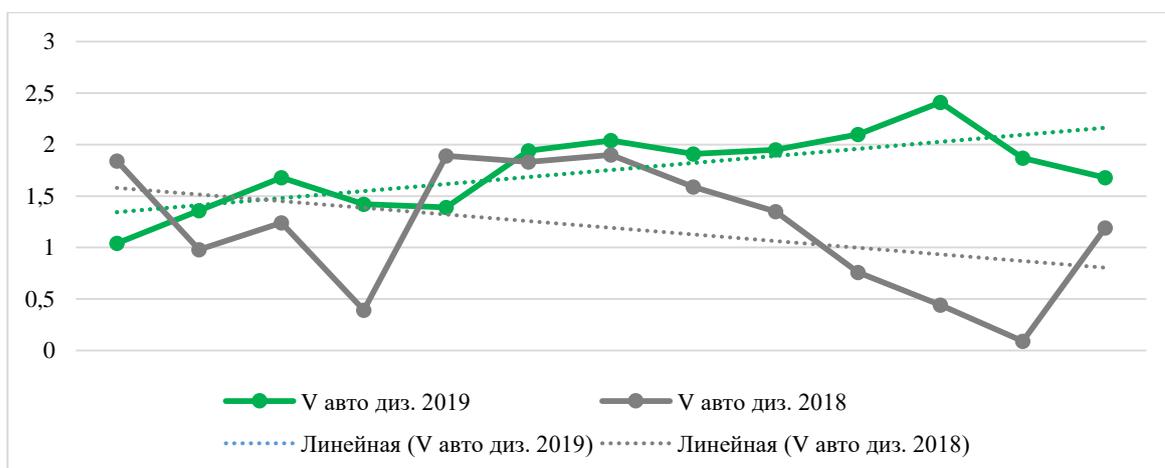
It can be seen from the table that in 2019 (22.85) a decrease in the indicator **W TTC&SN** by 1% relative to 2018 (30.88) was not achieved, since the consumption of electrical energy TTC and SN increased by 507,769 kWh from 6857701.29 kWh to 7365470.29 kWh (tables 1, 2).

Image 3. Fuel indicator V vehicle petrol



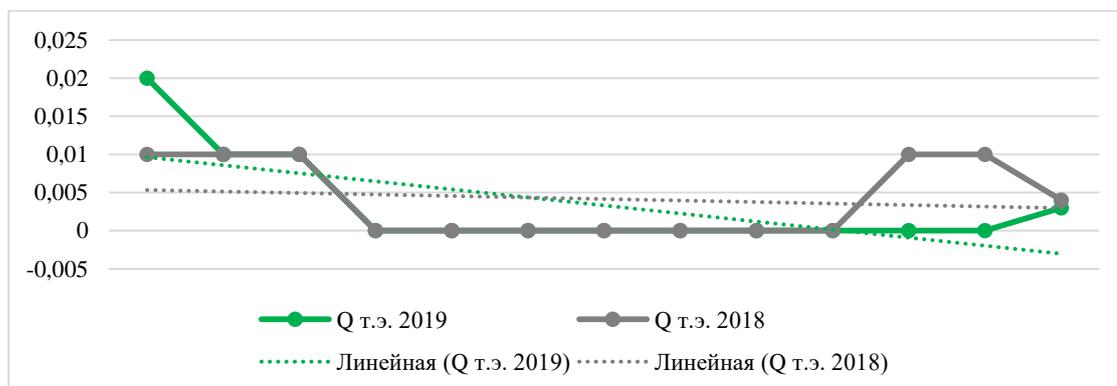
The table shows that in 2019 (5.0) a decrease in the indicator **V vehicle petrol** by 1% relative to 2018 (5.35) was achieved (actual 7%), since gasoline consumption decreased by 35299.11 liters from 895916 liters to 860616.89 liters (tables 1,2).

Image 4. Fuel indicator V vehicle diesel



The table shows that in 2019 (1.68) a decrease in the indicator **V vehicle diesel** by 1% compared to 2018 (1.19) was not achieved, as the consumption of diesel fuel increased by 10,052.1 litres from 120,470.41 liters to 130,522.51 litres (tables 1, 2).

Image 5. Heat energy indicator Q т.э.



The table shows that the indicator of heat energy **Q h.e.** in 2019 (0.1) compared to 2018 (0.1), there are no significant changes.

Energy Efficiency Monitoring 2018/2019

Tale 4.

Types of FER	UoM	2018	2019	difference (+/-) 2018/2019	deviations (%) 2018/2019
Electricity	kWh	10 973 723	12 570 220	1 596 497	14,55
Heat	Gcal	3 973	4 428	455	11,45
Diesel	tonnes	131 402	142 984	11 582	8,81
Petrol	tonnes	898 500	862 808	-35 692	-3,97

The potential for energy efficiency improvements over the next three years is no more than 3% of the baseline energy consumption in 2018.

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

In 2020, TTC plans to continue the implementation of the Last Mile project, which provides for the installation of additional active equipment and the commissioning of SNP250 + facilities.

According to these projects, the power consumption of telecommunications equipment, according to preliminary calculations, will be approximately 1,800,000 kW per year.

Air emissions and climate change

Guided by the principles of sustainable development, TTC pays special attention to the control and reduction of the amount of pollutant emissions into the atmosphere. As part of production activities, all enterprises of the Company receive appropriate permits, and statistical information is provided to the supervisory authorities on an annual basis.

The total amount of emissions of pollutants into the atmosphere in 2019 was 864.98 tons.

Emissions of gaseous pollutants by branches, tons

Branches	2017		2018		2019	
	actual volume	amount	actual volume	amount	actual volume	amount
CO	3,9	56 740,00	86,53	68676	81,736	89 587,00
Astana	40,32	41 076,00	49,99	49686,81	49,21	72 739,60
Almaty	165,56	178 612,00	109,71	179 494,28	130,348	251 038,89
Aktobe	63,09	93 753,00	66,851	99 377,00	63,25	102 314,00
Aktau	-	54 140,00	1,04	1659	10.907	105 446,46
Atyrau	35,95	113 405,00	35,24	992175	89,439	2 055 157,31
Zhambyl	68,42	72 643,11	59,95	104857	49,03	103 364,00
Karagandy	60,57	48 796,00	67,19	2223057,248	74,810	2 386 410,00
Kostanay	38,07	67 730,00	34,16	44437	34,40	46 068,00
Kokshetau	68,92	65 537,00	74,106	74801	62,732	133 914,32
Kyzylorda	41,2	50 005,00	40	61112,75	39,79	66 301,00
Oskemen	33,27	68 951,00	37,047	59114	36,23	60 820,00
Pavlodar	46,01	50 549,00	44,243	70 636	57,223	431 215,00
Semei	33,75	51 936,00	36,5	73 436,41	34,03	57 119,00
Shymkent	34,16	0,00	0,38	75807,6	51,845	316 013,27
Total	733,19	1 013 873,11	656,41	4 104 890,69	864,98	6 304 507,85

The activities of the Company do not have a negative impact on the flora and fauna. The Company does not have facilities located in the territories of state national natural parks or reserves, in specially protected natural areas.

Resource saving

Year after year, the Company continues to reduce the impact of its activities on nature due to the reasonable use of resources, in particular, water and paper in the offices and branches of the Company.

Reducing paper consumption is due to the system of electronic document management and electronic service notes. In addition, we encourage the use of electronic tools in everyday work instead of paper, and all settings for printing and copying equipment work in economy mode by default.

The Company promotes ecological culture in society as the basis for a more responsible attitude of people towards the environment. The society actively supports environmental initiatives of representatives of local communities that form a responsible attitude to nature and aimed at nature

conservation, its study and restoration. TTC employees volunteer to take part in landscaping, landscaping and cleaning projects: every April there is a volunteer cleanup, in which thousands of our employees take part.

CORPORATE GOVERNANCE

General information on corporate governance in the Company

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

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

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

Basic principles of corporate governance

In accordance with the Code of Corporate Governance of the Company (the Code), approved by the decision of the General Meeting of Shareholders of TTC dated August 4, 2016 (Minutes No. 1). Corporate governance in the Company is based on the principle of protecting and respecting the rights and legitimate interests of shareholders and contributes to the efficient operation of the Company, including the growth of the Company's assets and maintaining the financial stability and profitability of the Company.

The fundamental principles of the Code are:

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

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

Major transactions and interested transactions

Interested party transactions are regulated by Article 71 of the Law of Kazakhstan "On Joint Stock Companies" dated May 13, 2003, No. 415-II. In accordance with the requirements of the legislation, the decision to conclude a transaction in which there is an interest of shareholders, members of the Board of Directors or members of executive bodies is made by the Board of Directors or the General Meeting of Shareholders.

In accordance with the Charter of the Company, the exclusive competence of the Board of Directors includes making decisions on concluding major transactions, as well as transactions in

which the Company has an interest, as well as consideration of quarterly reports on concluded major transactions and transactions in which the Company has an interest.

According to clause 10 of the Rules for concluding transactions between organizations belonging to the group of Samruk-Kazyna JSC, in respect of which the Law of Kazakhstan "On Joint Stock Companies" establishes special conditions approved by the decision of the Board of Directors of Samruk-Kazyna JSC dated April 27, 2009 (Protocol No. 18), as part of the procurement of goods, works and services, Transactions are concluded in the manner determined by the Board of Directors of Samruk-Kazyna JSC in accordance with Article 19 of the Law of Kazakhstan "On the National Welfare Fund".

So, in accordance with Article 19 of the Law of Kazakhstan "On the National Welfare Fund", purchases of goods, works and services by the Fund and organizations, fifty or more per cent of the shares (participation interests) of which the Fund directly or indirectly owns, were made on the basis of the rules approved by the Board of Directors of the Fund ... In accordance with the Rules for the procurement of goods, works and services by Samruk-Kazyna JSC and organizations, fifty or more per cent of shares (participation interests) of which are directly or indirectly owned by Samruk-Kazyna JSC on the basis of ownership or trust management, approved by the decision of the Board of Directors on January 28, 2016, No. 126 (hereinafter referred to as the Procurement Rules) on transactions in which there is an interest, a corporate decision is not required.

The Company pays close attention to identifying interested party transactions and monitoring their execution. In accordance with paragraph 2-2 of Article 79 of the Law of Kazakhstan "On Joint Stock Companies" dated May 13, 2003, No. 415-II and the Resolution of the Board of the National Bank of Kazakhstan dated August 27, 2018, 189 On Approval of the Rules for Disclosure of Information by the Issuer, Requirements for the Content of Information Subject disclosure by the issuer, as well as the timing of disclosure by the issuer of information on the Internet resource of the financial reporting depository, the order of the Company approved the procedure for posting information on the Internet resource of the financial reporting depository. Through the Unified Reporting System, the Company publishes information on corporate events.

The list of major transactions and interested-party transactions concluded by the Company in 2019 is posted on the Company's website at www.ttc.kz in the section "Information on Transactions".

Shareholder information

In accordance with the Resolution of the Government of Kazakhstan dated March 31, 2014, No. 280 "On approval of the Comprehensive Privatization Plan for 2014-2016", TTC was included in the list of companies subject to privatization and alienation into a competitive environment. According to the register of securities holders as of December 31, 2017: KTZ JSC owns 51%, Mukhanov M.S. - 49% of the block of shares.

General Meeting of Shareholders

The supreme governing body of the Company is the General Meeting of Shareholders. According to the Charter of the Company and the current legislation of Kazakhstan, the participation of shareholders is required to make a number of the most important corporate decisions.

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

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

In 2019, the Annual General Meeting of Shareholders was held on August 7, 2019, Minutes No. 10.

In total, 3 meetings of the General Meeting of Shareholders were held in 2019.

Report of the Board of Directors of the Company

ORGANIZATION OF THE BOARD OF DIRECTORS

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

The procedure for the formation, competence of the Board of Directors, the procedure for convening and holding meetings of the Board of Directors are determined by the Charter and the Regulation on the Board of Directors of the Company (approved by the decision of the General Meeting of Shareholders of TTC dated August 4, 2016, with subsequent amendments and additions).

The work of the Board of Directors of the Company is carried out on the basis of approved annual work plans. In total, 10 meetings of the Board of Directors of the Company were held in the reporting year, of which 8 - in person, 2 - in the form of absentee voting.

During these meetings of the Board of Directors, 94 decisions were made, including 87 decisions - during in-person meetings, 7 - by absentee voting.

The competence of the Board of Directors, in particular, includes:

- determination of priority areas of activity and development strategy of the Company;
- ensuring compliance with and evaluating the effectiveness of the internal control system, risk management system of the Company;
- determination of the number of members, the term of office of the executive body, as well as making decisions on the appointment of the head of the Internal Audit Service and the Corporate Secretary;
- convocation of the annual and extraordinary General Meeting of Shareholders, as well as preliminary consideration of issues submitted to the General Meeting of Shareholders;
- approval of the Development Plan of the Company and monitoring of its implementation;
- approval of the total number of employees and the structure of the CO of the Company;
- approval of motivation cards of the Chairman, members of the Management Board, the head of the Internal Audit Service and the Corporate Secretary of the Company and passports of key performance indicators;
- approval of internal documents of the Company, with the exception of internal documents, the approval of which is within the competence of the General Meeting of Shareholders and executive bodies of the Company;

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

Composition of the Board of Directors

By the decision of the General Meeting of Shareholders of the Company dated August 4, 2016, No. 1, the composition of the Board of Directors was determined in the amount of 7 (seven) people.

During 2019, the following changes took place in the composition of the Board of Directors of the Company:

On February 1, 2019, the Chairman of the Board of Directors Urynbasarov Bauyrzhan resigned, in connection with the submission of a written notice of the early termination of his powers as a member of the Board of Directors.

By the decision of the General Meeting of Shareholders dated March 7, 2019 (Minutes No. 9), it was decided to elect Arystan Selikanov as a member of the Board of Directors of the Company - Chairman of Abdenov Serik and a member of the Board of Directors of the Company.

On July 23, 2019, Mukhanov Marlen left the membership, in connection with the submission of a written notice on the early termination of his powers as a member of the Board of Directors.

On August 1, 2019, Dosmukametov Kanat left the membership, in connection with the submission of a written notification of the early termination of his powers as an Independent Director - a member of the Board of Directors.

Thus, the composition of the Board of Directors, whose term of office expired on August 3, 2019, was as follows:

- 1) Serik Abdenov - Chairman of the Board of Directors;
- 2) Aliyev Nurali - Member of the Board of Directors of the Company;
- 3) Selikanov Arystan - Member of the Board of Directors of the Company;
- 4) Yerlan Issekeshv - Independent Director, member of the Board of Directors of the Company;
- 5) Hexter David Richard - Independent Director, member of the Board of Directors of the Company.

The term of office of the Board of Directors as a whole expired on August 3, 2019.

By the decision of the General Meeting of Shareholders of the Company dated November 15, 2019, Minutes No. 11, the composition of the Board of Directors was determined in the amount of 7 (seven) people:

- 1) Aliyev Nurali - Chairman of the Board of Directors;
- 2) Barmambekov Baurzhan - Member of the Board of Directors;
- 3) Amrin Salmen - Member of the Board of Directors;
- 4) Selikanov Arystan - Member of the Board of Directors;
- 5) Yerlan Issekeshv - Independent Director;
- 6) Dosmukametov Kanat - Independent Director;
- 7) Hexter David Richard - Independent Director.

Aliyev Nurali is the Chairman of the Board of Directors of the Company.

The Company considers the composition of the Board of Directors to be optimal in terms of the number of members and balanced in terms of the share of Independent Directors. A high proportion of Independent Directors (43%) ensures objectivity in the consideration of issues, and the independence of judgments of these directors increases the efficiency of the Board of Directors, and also contributes to the improvement of the corporate governance system of the Company as a whole.

The Board of Directors of the Company as of December 31, 2019:

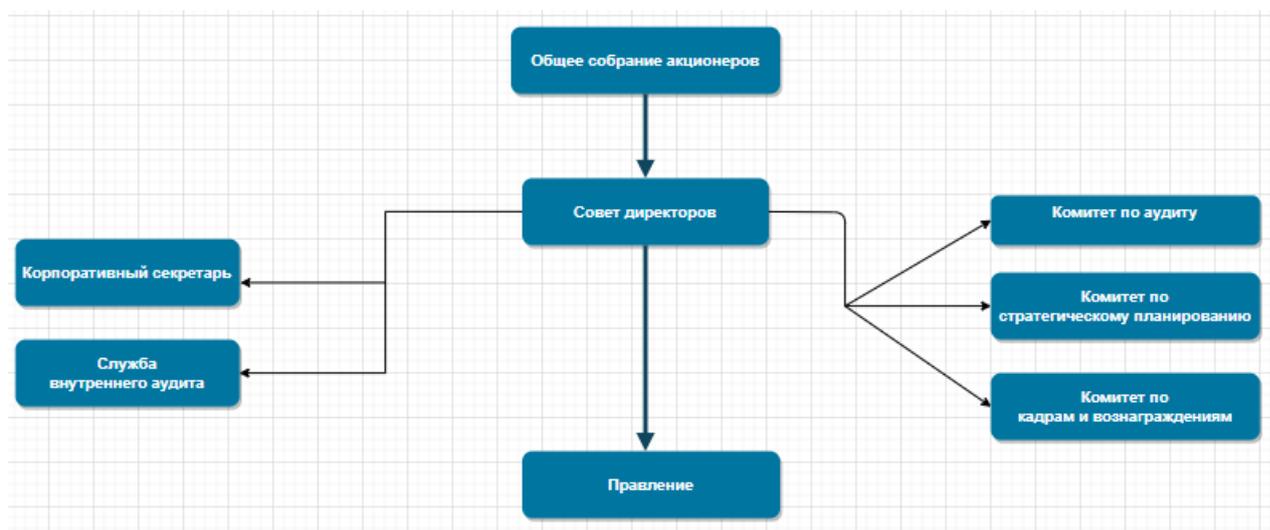
Aliyev Nurali	Chairman of the Board of Directors;
Barmambekov Baurzhan	Member of the Board of Directors;
Amrin Salmen	Member of the Board of Directors;
Selikanov Arystan	Member of the Board of Directors;
Dosmukametov Kanat	Independent Director, Member of the Board of Directors;
Yerlan Issekeshv	Independent Director, Member of the Board of Directors;
Hexter David Richard	Independent Director, Member of the Board of Directors (by conference call).

Corporate governance structure of the Company

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

The Company pays significant attention to the improvement of the corporate governance system and the observance of the interests of shareholders.

Corporate governance system of the Company



Criteria for selecting the independence of directors, the CEO and members of the Committees of the Board of Directors

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

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

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

The Board of Directors believes that the majority of the members of the Committees should be Independent Directors, thus, in 2019, the Board of Directors of the Company approved the composition of the Audit Committee and the Human Resources and Remuneration Committee, which are 100% Independent Directors.

Independent directors of the Company for the reporting period fully complied with the criteria of independence provided for in Article 1 of the Law of Kazakhstan "On Joint Stock Companies":

- is not an affiliate of the Company and has not been one for three years preceding his election to the Board of Directors (except for the case of his tenure as an Independent Director of this JSC),

- is not affiliated with the affiliated persons of the Company;

- is not associated with subordination with officials of the Company or organizations - affiliated persons of the Company and was not associated with subordination with these persons during the three years preceding his election to the board of directors;
- is not a civil servant;
- is not a representative of a shareholder at meetings of the bodies of this JSC and has not been a shareholder for three years preceding his election to the board of directors;
- does not participate in the audit of the Company as an auditor working in an audit organization, and did not participate in such an audit for three years preceding his election to the Board of Directors.

The Regulation on the Board of Directors establishes additional requirements for candidates for the position of Independent Director, which also correspond to the Independent Directors of the Company:

- have special skills in certain areas related to the functional duties of the Independent Director, membership in the Committees of the Board of Directors;
- must have general information about key issues specific to an organization similar in the volume and nature of transactions with the Company, including showing understanding of: regulatory obligations; competitive environment in the national and international markets; specifics in the field of corporate finance, audit and internal control, strategy and / or on appointments and / or remuneration to provide expert opinion when members of the relevant Committee of the Board of Directors of the Company;
- have an impeccable reputation / positive achievements in the business and / or industry environment, adhere to high ethical standards. In the biography of the candidate, there are no facts of committing a crime in the field of economic activity, as well as an administrative offense in business.
- have enough time to participate in the work of the Board of Directors not only during meetings of the Board of Directors, but also to properly study materials for meetings of the Board of Directors.

The criteria for selection of independence for the Chairman of the Management Board are not provided for by legislation and internal documents of the Company.

Directors remuneration

Shareholders' representatives on the Board of Directors do not receive remuneration.

For the performance of the duties of a member of the Board of Directors of the Company, Independent Directors receive a fixed remuneration determined by the decision of the General Meeting of Shareholders dated November 15, 2019, Minutes No. 11.

In case of participation of the Independent Director in less than half of all meetings held in presentia and in absentia of the Board of Directors in the reporting period, except for absence from in-person meetings due to illness, vacation, business trip, fixed remuneration is not paid.

The Independent Director is reimbursed for expenses (travel, accommodation, per diem) associated with travel to meetings of the Board of Directors and Committees of the Board of Directors of the Company held outside the place of permanent residence of the Independent Director.

Total remuneration to independent directors for 2019 amounted to KZT 16,524,542.48.

Assessment of the activities of the Board of Directors, its Committees, individual members of the Board of Directors, the Management Board, the Internal Audit Service and its head

In 2019, a self-assessment of the work of the Board of Directors for 2018 was carried out. The decision to assess the activities of the Board of Directors was made at a meeting in presentia of the Board of Directors on March 5, 2019, Minutes No. 2/2019.

The assessment was carried out by questioning the members of the Board of Directors, in accordance with the procedure established by the Regulations on the Board of Directors of the Company, from July 1 to October 1, 2019 (due to the late submission of completed questionnaires).

Assessment of the activities of the Board of Directors is carried out in order to obtain a comprehensive analysis of the main areas of responsibility of the Board of Directors and allows the Board of Directors to:

- clarification of the role and powers of the Board of Directors;
- clarification of the goals and priorities of the Board of Directors, taking into account the Strategy;
- ensuring an optimal balance of independence and qualifications in the Council, in line with the Company's Strategy and the target competency model;
- improving the procedures for the work of the Board of Directors and interaction with management;
- increasing the contribution of each member of the Board of Directors to his work;
- adjusting the style and procedures of the Chairman of the Board of Directors and the Corporate Secretary;
- improving the quality of work and the contribution of the Committees of the Board of Directors to its work;
- determination of areas of training for members of the Board of Directors, etc.

The subject of assessing the activities of the Board of Directors is the assessment of its activities in general and the activities of each of its Committees.

Based on the results of the self-assessment of the activities of the Board of Directors, a positive assessment was given to the work of the Board of Directors in 2018. The results of the assessment were taken into account when preparing the work plans of the Board of Directors and Committees of the Board of Directors.

In order to assess the performance of the Management Board of the Company, the Board of Directors on September 25, 2017 (Minutes No. 5/2017) approved the Rules for the Assessment of Performance and Payment of Remuneration to the Company's executives. Based on the above Rules, on February 4, 2019 (Minutes No. 1/2019), motivation cards of the CEO and members of the Management Board of the Company for 2019 were approved, on December 6, 2019 (Minutes 9/2019), motivation cards with the actual values of the CEO and members of the Management Board were approved Companies based on the results of work for 2018.

The assessment of the performance of the head of the Internal Audit Service is carried out on the basis of the Rules for assessing the performance and payment of remuneration to the head of the Internal Audit Service of the Company, approved by the decision of the Board of Directors of the Company dated December 12, 2017 (Minutes No. 10/2017). On July 1, 2019 (Minutes 6/2019), a motivation card for the KPI of the Head of the Internal Audit Service of the Company for 2019 was approved, on December 6, 2019 (Minutes 9/2019), a motivation card for key performance indicators was approved with the actual values of the Head of the Internal Audit Service of the Company for the results of work for 2018.

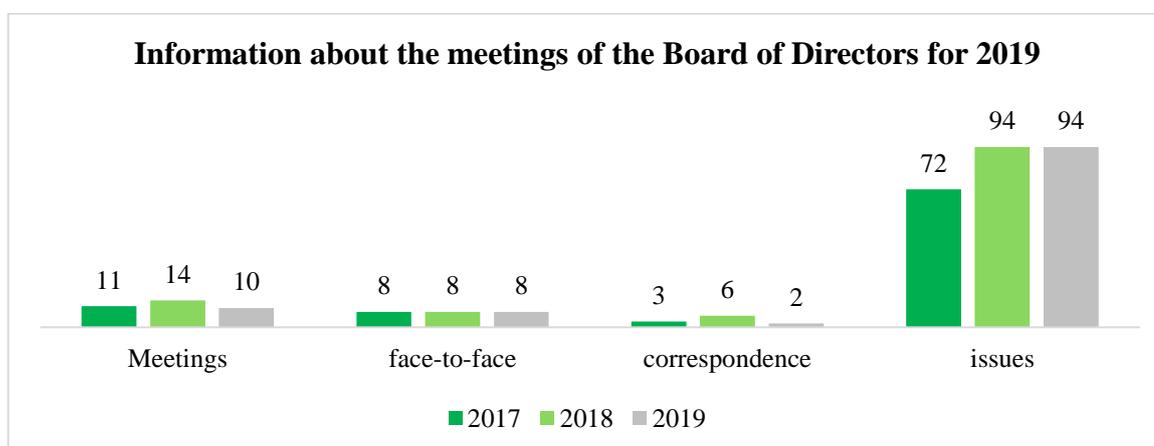
BOARD OF DIRECTORS IN 2019

Number of meetings and attendance at meetings by members of the Board of Directors

The work of the Board of Directors of the Company is carried out on the basis of the approved annual work plans. In total, 10 meetings of the Board of Directors of the Company were held in the reporting year, of which 8 - in person, 2 - in the form of absentee voting.

During these meetings of the Board of Directors, 94 decisions were made, including 87 decisions - during in-person meetings, 7 - by absentee voting.

Below is a table that allows you to look at the statistics of meetings of the Board of Directors and the issues that were considered at them over the past 3 years:



Information on attendance by members of the Board of Directors in the meetings of the Board of Directors of the Company in 2019

No.	Name	Attendance	Period of being a member of the Board of Directors in the reporting period
1	Aliev Nurali	10 out of 10	01.01.19-31.12.19
2	Barmambekov Baurzhan	3 out of 3	15.11.19-31.12.19
3	Amrin Salmen	3 out of 3	15.11.19-31.12.19
4	Selikanov Arystan	8 out of 8	07.03.19-31.12.19
5	Dosmukametov Kanat	6 out of 10	01.01.19-31.12.19
6	Issekeshv Erlan	10 out of 10	01.01.19-31.12.19
7	Hexter David Richard	10 out of 10	01.01.19-31.12.19
8	Abdenov Serik	5 out of 5	07.03.19-31.12.19
9	Mukhanov Marlen	7 out of 7	01.01.19-23.07.19

Key issues considered by the Board of Directors in 2019

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

During the reporting period, the Board of Directors considered a number of main issues regulating the following areas:

Financial and economic activities

- preliminary approval of the annual financial statements of the Company;
- On submission of proposals to the General Meeting of Shareholders of the Company on the procedure for distributing the Company's net income for 2018 and the amount of dividend per one ordinary share of the Company;
- issue of bonds on the domestic market and determination of the terms of their issue;
- approval of the Company's budget for 2020 and the Company's Development Plan for 2020-2024;
- conclusion of major transactions and transactions in which the Company has an interest.

Strategic development

- approval of the Development Strategy of the Company for the period 2019-2023;
- approval of the total number of employees and the structure of the CO of the Company;
- consideration of reports on the execution of the Company's budget for 2018-2019.

Corporate governance

- decisions were made in preparation for the annual and extraordinary General Meeting of Shareholders of the Company;
- approval of the report on the work of the Board of Directors of the Company for 2018;
- approval of the Work Plan of the Board of Directors of the Company for 2020;
- consideration of the results of the assessment of the activities of the Board of Directors of the Company for 2018.
- hearing reports on the execution of instructions of the Board of Directors of the Company

Internal audit

- approval of the Audit Plan of the Internal Audit Service of the Company for 2020;
- on a quarterly basis, the Board of Directors listens to the reports of the Internal Audit Service.

Sustainable development

- preliminary consideration and approval of the issue: "On approval of the new edition of the Articles of Association of the Company";
- preliminary consideration and approval of the issue: "On approval of the Regulations on the General Meeting of Shareholders of the Company in a new edition";
- approval of the new edition of the Rules for the Sale of the Company's Property;
- approval of the working instructions of the integrated system. Organization and procurement of goods, works and services by the branches and representative offices of the Company located outside Kazakhstan.

Service record of members of the Board of Directors of the Company

Aliev Nurali

Chairman of the Board of
Directors of Transtelecom
JSC



First elected to the Board of Directors of the Company by the decision of the General Meeting of Shareholders dated August 4, 2016 (Minutes No. 1).

Citizenship: Kazakhstan.

Date of birth: January 1, 1985.

Education:

2001-2002 - Pepperdine University, Malibu, California, USA

2002-2003 - International University, Vienna, Austria

2003-2005 - Kazakh National Pedagogical University named after Abai, Almaty, Kazakhstan. Bachelor of Economics and Finance.

2006 - University of Texas, McCOMBS School of Business, USA. Marketing Strategies (EMBA Curriculum)

2005-2006 - University "IMADEK", Vienna, Austria. Master of Business Administration.

Work experience:

2003-2004 - Corporation "SUCDEN ET DENREES SA", France, Employee of the Department of International Trade;

2004-2005 - JSC "Sugar Center", Kazakhstan, Head of the International Department / Deputy Head of the International

Department;
2005-2006 - JSC "Sugar Center", Kazakhstan, President;
2007-2010 - JSC "Nurbank", Almaty, Chairman of the Board of Directors / First Deputy Chairman of the Management Board / Deputy Chairman;
2008-2013 - Development Bank of Kazakhstan JSC, Astana, Managing Director - member of the Management Board;
2013-2014 - JSC Transtelecom, President;
2014-2016 - Akimat of Astana, Deputy Akim.

Social activity:

Since 2013 - Member of the Board of Trustees of the Ana Uyi public foundation;
Since 2015 - member of the Coordinating Council of the "Union of Mechanical Engineers of Kazakhstan";
Since 2016 - Chairman of the Board of Trustees of the Astana Invest Association;
Since 2016 - founder of the ZHANARTU charitable foundation;
Since 2017 - President of the Federation of Mountaineering and Sport Climbing of Kazakhstan.

Barmambekov Baurzhan

Member of the Board of Directors of Transtelecom JSC

First elected to the Board of Directors of the Company by the decision of the General Meeting of Shareholders from November 15, 2019.

Amrin Salmen

Member of the Board of Directors of Transtelecom JSC

First elected to the Board of Directors of the Company by the decision of the General Meeting of Shareholders from November 15, 2019.

Date of birth: November 30, 1981.

Work experience:

05.2014 - 12.2016 - Project Manager DBA B.S.D.O., Houston, USA

02.2017 - 02.2019 - Project Management Coordinator of NC KMG JSC, Head of the Transformation Office of Oil Construction Company LLP

02.2019 - to the present - Managing Director - Director of the branch "Directorate of Automation and Digitalization" of KTZ JSC



Selikanov Arystan

Member of the Board of

First elected to the Board of Directors of the Company by the decision of the extraordinary General Meeting of Shareholders

Directors of Transtelecom JSC



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

dated March 7, 2019 (Minutes No. 9).

Date of birth: 28 July 1981



First elected to the Board of Directors of the Company by the decision of the General Meeting of Shareholders dated August 4, 2016 (Minutes No. 1).

Date of birth: December 22, 1973.

Citizenship: Kazakhstan.

Education, including basic and additional:

1994 - Kazakh State Academy of Management, specialty - Business and Management.

PhD in Economics.

Work experience:

1994 - 2000 - Leading, Chief Economist, Head of the Licensing Department, Head of the Methodology Department, Deputy Head of the Banking Supervision Department, Deputy Director of the Banking Supervision Department of the National Bank of Kazakhstan;

2000 - 2003 - Head of the Coordination Department of the National Bank of Kazakhstan (Astana);

2003 - Deputy Director of the Financial Supervision Department of the National Bank of Kazakhstan;

2004 - 2006 - Deputy Chairman of the Agency for Regulation of Financial Market and Financial Organizations;

2006 - 2007 - Managing Director of the SAFC Investment Company;

2007 - Deputy Chairman of the Management Board of JSC National Holding KazAgro;

2007 - 2009 - Chairman of the Management Board of Delta Bank JSC;

2009 - Managing Director of Deloitte TCF LLP;

2009 - 2012 - Chairman of the Treasury Committee of the Ministry of Finance of Kazakhstan;

2012 - Managing Director of Samruk-Kazyna Joint Stock Company;

2012 - 2015 - Deputy Chairman of the Management Board of the Eurasian Development Bank;

2015 - Deputy Chairman of the Board of Development Bank of

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



Kazakhstan JSC;

2016 - General Director of Polymetal Eurasia LLP.

Other positions:

Chairman of the Board of Directors of IC Pana Insurance JSC;
Member of the Board of Directors: Development Bank of Kazakhstan JSC, KazExportGarant Export Credit Insurance Corporation, Kazakhstan Investment Fund JSC, Alliance Bank JSC, VTB Bank JSC (Kazakhstan).

First elected to the Board of Directors of the Company by the decision of the General Meeting of Shareholders dated August 4, 2016 (Minutes No. 1).

Date of birth: July 1, 1968.

Citizenship: Kazakhstan.

Education, including basic and additional:

1992 - Alma-Ata Power Engineering Institute, Electrical Engineer with a degree in Electric Drive and Automation of Industrial Installations and Technological Complexes;

2003 - Turan University, Economist with a degree in Taxes and Taxation;

2003 - seminar "Energy industry for the countries of Central Asia and the Caucasus" (Tokyo, Japan);

2003 - Seminar "Development of Energy in Malaysia" (Kuala Lumpur, Malaysia);

2004 - seminar "Management of energy companies and stations in the process of transition to an energy pool in a liberalized market" (London, England);

2010 - French Business School "NES", Paris. International Executive MBA, specialization - Oil, Gas, Energy Management.

Work experience:

1992 - 1993 - Engineer for the equipment of the state holding company "Kazakhgaz", Uralsk;

1992 - 2000 - Director of Tabys LLP, Alex LLP, Financial Director of Rauan LLP;

1993 - 2000 - Financial Director of Karagandy Power LLP, Deputy Director of the Petrochemical Plant, Atyrau, work in senior positions in commercial structures;

2000 - 2002 - Deputy Director of Astana Energoservice LLP, Astanaenergосervice OJSC, Astana;

2002 - 2005 - Commercial Director of LLP "Karagandy Zhylu", Karaganda;

2005 - General Director of Karagandy Zharyk LLP, Karaganda;

2005 - 2007 - General Director of LLP "Karagandy Zhylu", Karaganda;

2007 - 2008 - Deputy Akim of the Karaganda region for communal issues;

2008 - Advisor to the Chairman of the Management Board of KazynaCapital Management JSC on the establishment and development of the Ithmaar Kazyna CIS Regional Energy Fund Investment Fund;

2009 - 2011 - Managing partner of the investment fund "Falah

Hexter David Richard
Independent Director,
Member of the Board of
Directors of Transtelecom
JSC



Abdenov Serik
Member of the Board of
Directors of Transtelecom
JSC



Partners";

2009 - 2012 - Independent director, member of the Board of Directors of Samruk-Energo JSC;

2011 - up to the present - Chairman of the Board of Directors of the multi-profile holding company ISS Corporation LLP.

First elected to the Board of Directors of Transtelecom JSC by the decision of the Management Board of NC KTZ JSC in 2011. By the decision of the General Meeting of Shareholders dated August 4, 2016 (Minutes No. 1), he was re-elected to the Board of Directors.

Date of birth: March 11, 1949.

Citizenship: United Kingdom of Great Britain and Northern Ireland.

Education, including basic and additional:

1970 - Oxford University, studied philosophy, politics and economics. Master's Degree in Humanities;

1973 - MBA degree from Cranfield School of Management;

2008 - University College London, University of London - Jurisprudence and Political Theory;

2011 - Birkbeck (University of London) - studied ethics and political philosophy. Master's Degree in Philosophy;

2016 - Queen Mary University of London, Ph.D. in Political Philosophy.

Work experience:

1970 - 1992 - held various positions at Citibank;

1992 - 2004 - worked at the European Bank for Reconstruction and Development;

2002 - 2004 - Member of the Board of Directors of Small Business Bank.

Currently he is an Independent Director on the Board of Directors of Piraeus Bank S.A., Independent Director on the Board of Directors of Bank Zachodni WBK, Chairman of the Supervisory Board of Private Equity New Markets.

Date of birth: January 15, 1977.

Education, including basic and additional:

1994-1998 Kazakh Institute of Law and International Relations, qualification "Lawyer", specialty "Jurisprudence"

2000-2004 Karaganda Economic University of Kazpotreboyz, economist

Work experience:

07.1998-03.2000 - Chief Specialist of the Department for Registration of Regulatory Legal Acts of the Ministry of Justice of Kazakhstan;

03.2000-09.2003 - Head of the Legal Expertise Department, Head of the Control and Document Management Department, Deputy Head of the Staff of the Ministry of Foreign Affairs of Kazakhstan;

10.2003-03.2004 - Deputy Director of Global Billing Systems LLP;
03.2004-10.2004 - Consultant-Advisor to the Director of UPTK-TsS LLP;

10.2004-11.2007 - Deputy Director of the Department, Director of the Department of Employment of the Population and State. control over compliance with the legislation of the MLSP of Kazakhstan;

17.11.2007-11.03.2009 - Vice Minister of Labor and Social

Mukhanov Marlen

Member of the Board of Directors of Transtelecom JSC



Protection of the Population of Kazakhstan;
03.2009-11.2009 - Deputy Akim of East Kazakhstan region;
11.2009-09.2012 - First Deputy Akim of East Kazakhstan region;
09.2012-06.2013 - Minister of Labor and Social Protection of the Population of Kazakhstan;
07.2013 - Advisor to the Chairman of the Management Board of JSC NC KazMunayGas;
2013-2016 - Managing Director for Human Resource Management and Remuneration of JSC NC KazMunayGas;
08.2016-11.2018 - Vice President for Human Resources Management of JSC NC KazMunayGas;
From 11.2018 - to the present - Deputy Chairman of the Board of JSC "NC" KTZh "for corporate issues
Other positions:
12.2009 - Member of the Board of Directors of JSC "NC" SEC "Ertis";
12.2016-05.2017 - Representative of NC KMG on the Board of Directors of KazMunayGas Exploration Production JSC;
First elected to the Board of Directors of Transtelecom JSC by the decision of the General Meeting of Shareholders dated August 4, 2016 (Minutes No. 1).
Date of birth: January 17, 1982
Citizenship: Kazakhstan.
Education, including basic and additional:
2003 - Zhezkazgan University. O.A. Baikonurov, Zhezkazgan, specialty "Fundamentals of Law and Economics";
2014 - Almaty Management University, Almaty, Master of Corporate Governance.
Work experience:
2003 - Specialist of the Small and Medium Business Lending Department of Halyk Bank of Kazakhstan JSC, Zhezkazgan;
2004 - Leading Specialist of the Small and Medium Business Lending Department of AF JSC "Nurbank";
2005 - Head of the Small and Medium Business Lending Department, AGF Bank Center Credit JSC;
2006 - head of the corporate business management department of Nurbank JSC;
2007 - Head of the Corporate Business Department of Nurbank JSC;
since May 2008 General Director of Capital Holding LLP.

Committees of the Board of Directors

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

Audit Committee;

Human Resources and Remuneration Committee;

Strategic Planning Committee.

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

Operational Report of the Corporate Secretary 2019

The Institute of the Corporate Secretary is designed to maintain effective interaction between the shareholders of the Company, the Board of Directors and the executive body. Within the framework of this interaction, the activities of the Corporate Secretary are aimed at increasing the efficiency of management of the development of the Company in the interests of its owners, increasing the investment attractiveness of the Company, increasing its capitalization, and increasing the profitability of the business. The Corporate Secretary ensures the proper functioning of the Board of Directors and its Committees.

Regulations on the Corporate Secretary

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

The main tasks of the Corporate Secretary are:

1. Ensuring compliance by the bodies and officials of the Company with the legislation of Kazakhstan in the field of corporate governance, listing rules (when circulating securities on the stock exchange), the Charter, the Corporate Governance Code and internal regulations of the Company, as well as improving the policy and practice in the field of corporate governance;
2. Ensuring the efficient operation of the Board of Directors and its committees;
3. Ensuring the adoption of decisions by the General Meeting of Shareholders in accordance with the requirements of the legislation of Kazakhstan, the Charter and other internal regulatory documents of the Company;
4. Ensuring storage, disclosure and provision of material information about the Company, as well as maintaining a high level of information transparency;
5. Ensuring clear and efficient interaction between the bodies of the Company, including between the Company and the General Meeting of Shareholders.

Executive governing bodies

Appointment of the CEO and members of the Management Board, their duties and responsibilities

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

The Company and the members of the Management Board have entered into labour contracts (additional agreements to the labour agreement if the member of the Management Board is an employee of the Company), which provide for the direct dependence of material incentives for the CEO and members of the Management Board on achieving goals in terms of key performance indicators of the Company.

The functions, rights and obligations of the members of the Management Board are determined by the legislation of Kazakhstan, the Charter of the Company, the Regulation on the Management Board, as well as the employment contract. Members of the Management Board, as well as heads of structural divisions of the Company, are responsible to the Company and shareholders for timely and high-quality execution of decisions made by the Management Board, as

well as for losses incurred by the Company as a result of the violation of the procedure for providing information established by law.

By the decision of the Board of Directors dated July 6, 2019 (Minutes No. 6/2019), the quantitative composition of the Management Board of the Company was determined - 7 (seven) people and by the decision of the Board of Directors dated December 6, 2019 (Minutes No. 9/2019), the term of office of the Management Board of the Company was determined - 3 (three years).

The Management Board of the Company (as of December 31, 2019)

Name	Title
Nadyrov Zhanbolat	CEO
Zheksembekov Daniyar	Deputy CEO for Economics and Administrative Issues
Adaybekov Yelnar	Deputy CEO for Organizational Issues
Akhmetov Murat	Deputy CEO for Network Operation
Amanbaev Kaisar	Deputy CEO for Development and Innovation
Ruslan Manatayev	Deputy CEO for Major Business Development
Baymyrzauly Askar	Executive Director for Legal Affairs

Service record of members of the Management Board

CEO

Nadyrov Zhanbolat



Was born on April 18, 1974 in the Karaganda region.

Education, including basic and additional:

In 1998 he graduated from the Kazakh National Technical University. Satpayeva

In 2002 he graduated from the Zhezkazgan University. Baikonurov with a degree in Finance and Credit with the qualification "Financier-Economist"

Work experience:

He began his career from the position of a metal worker of the 3rd category at the production association "Balkhash-Med"

From April to August 2002 - Head of Department, General Director of KMT LLP

From March 2002 to September 2004 - Deputy Director of the branch of TPK Asia LLP

From February 2005 to March 2006 - Deputy Chairman of the Management Board of AMO JSC

From April 2007 to August 2008 - Head of the Corporate Business Department of Nurbank JSC

From August 2007 to September 2008 - Managing Director of Nurbank JSC

From September 2008 to May 2010 - Deputy Chairman of the Management Board of Nurbank JSC

From May 2010 to October 2013 - Director of the Representative Office of Development Bank of Kazakhstan JSC

Since November 26, 2013, according to the decision of the Board of Directors of the Company, he was elected Acting Vice President for Economics and Support - a member of the Management Board of the Company

Since December 31, 2014, according to the decision of the Board of Directors of the Company, he was elected Acting First Vice President - a member of the Management Board of the Company.

From November 17, 2016, according to the decision of the Board

Zheksembekov Daniyar
Deputy CEO for Economics
and Administrative Issues



of Directors of the Company, he was elected President of the Company.

From January 20, 2017, according to the decision of the Board of Directors of the Company, he was re-elected as the President of the Company.

From July 1, 2019, according to the decision of the Board of Directors of the Company, he was re-elected as the CEO.

Born on August 18, 1988.

Education:

Graduated from London Metropolitan University with a degree in Finance.

Work experience:

He began his career in LLP "Bukhuchet-NAP" as an assistant accountant.

In 2012, he was a leading specialist of the Department for Planning and Regulation of Cash Flows of the UEiF and ORiVNU in Transtelecom JSC.

Then he continued his career as a manager at NTK TauKen Samruk JSC.

In 2014, Chief Specialist of the Department for Planning and Regulation of Cash Flows of the UEiF of Transtelecom JSC.

In 2015, the head of the procurement department of Transtelecom JSC with a subsequent promotion to the position of acting Executive Director for Economics and Finance.

Since November 8, 2016, Acting Vice President for Economics, Procurement and Commerce.

Refresher courses: Accounting, Leadership development, Mediation competencies for managers, Organization and conduct of purchases in the NWF Samruk Kazyna group, Labor safety and health at the enterprise, "Operations efficiency management" (CIMA P1), TM Forum Invoice No. 17184407 dated 31.03 .2016, "Change Management: A Strategic View."

Since November 17, 2016, according to the decision of the Board of Directors of the Company, he was elected Vice President for Economics, Procurement and Commerce - a member of the Management Board of the Company

From January 20, 2017, according to the decision of the Board of Directors of the Company, he was elected Vice President for Economics and Finance

From December 12, 2017, according to the decision of the Board of Directors of the Company, he was elected Vice President for Economics, Finance and Support.

From July 1, 2019, according to the decision of the Board of Directors of the Company, he was re-elected as Deputy Chairman of the Management Board of the Company for Economics and Administrative Issues

Adaybekov Yelnar
Deputy CEO for
Organizational Issues



Was born on February 18, 1986 in the city of Almaty.

Education:

Graduated from Kings College London, University of London with a degree in BSc Computer Science.

Work experience:

From 2008 to 2009 he worked as a project manager at Nurbank JSC in Almaty.

From 2009 to 2010, he worked as the head of the risk department at Nur-Trans JSC in Almaty.

From 2010 to 2011 he worked as Senior Risk Manager at Rompetrol Gas SRL Bucharest, Romania.

From 2012 to 2015 he worked as Deputy General Director at Rompetrol Gas SRL Bucharest, Romania.

From April 14, 2015, according to the decision of the Board of Directors of the Company, he was elected Vice President for Corporate Governance and Legal Issues - a member of the Management Board of the Company.

From January 20, 2017, according to the decision of the Board of Directors of the Company, he was elected Vice President for Development and Legal Affairs - a member of the Management Board of the Company.

From July 1, 2019, according to the decision of the Board of Directors of the Company, he was re-elected as Deputy CEO for Organizational Issues

Born on August 22, 1983.

Education, including basic and additional:

Graduated from the Kazakh Academy of Transport and Communication named after M. Tynyshpaev with a degree in Automation, Telemechanics and Communication.

In 2011 he graduated from the Kazakh Academy of Transport and Communication named after M. Tynyshpayev with a degree in Interoperability, certification and safety in international railway transport

And 2011 CNAM University (France) - Interoperability, certification and safety in international rail transport.

Work experience:

He began his labor activity on August 17, 2005 in KTZ JSC Branch Northern Regional Computing Center "-

Electronic engineer of the 2nd category of the sector for information security.

From 10.04.2006 he was transferred to the position of an electronic engineer of the 1st category.

Since 28.12.2009 "- appointed Head of the Implementation and Maintenance Department.

From 01.04.2011 he was transferred to KTZ JSC Branch Center for linear development - Aktobe "- Head of the department of linear development and implementation Astana.

From 04.12.2013, KTZ JSC Branch Directorate of Information Technologies - Head of the Development Department

From 03.03.2014 to 30.06.2016, KTZ JSC Branch Directorate of

Akhmetov Murat
Deputy CEO for Infrastructure
Operation



Amanbaev Kaisar
Deputy CEO for
Development and Innovation



Information Technologies - Director of the Department of Development and Project Management

From 01.07.2016 to 31.01.2017 Transtelecom JSC branch "Directorate of Information and Telecommunication Services - Deputy Director for Information Technologies

From 02/01/2017 to 11/30/2017 Transtelecom JSC - Executive Director for IT support and development

From 01.12.2017 to 24.07.2018 Transtelecom JSC - Executive Director for IT Operations

From 25.07.2018 to 30.06.2019 Transtelecom JSC, Vice President IT and Innovation

From July 1, 2019, according to the decision of the Board of Directors of the Company, he was elected Deputy CEO for Infrastructure Operation

Was born on January 06, 1983 in the Karaganda region.

Education, including basic and additional:

In 2004 he graduated from the University. D. Kunaeva with a degree in Finance and Credit

In 2009 he graduated from the Karaganda Economic University of Kazpotrebsoyuz in the field of "Jurisprudence"

2012 - Refresher courses under the program of the International Bank for Reconstruction and Development (IBRD), the World Bank (specialization topic - Procurement of goods, works and services of the IBRD, World Bank), Kyrgyzstan);

2013 - Academy of Public Administration under the President of Kazakhstan (topic of specialization - State procurement of goods, works and services of Kazakhstan)

Work experience:

He began his career from 13.08.2004 to 22.11.2004. Department of Communal Property Management and Public Procurement, working as a methodologist of the department of property lease of communal property objects.

From 22.11.2004 to 03.05.2005 JSC "SK Asko" manager for work with corporate clients

From 04.05.2005 to 12.04.2006 MaxTel Manager LLP

From 13.04.2006 to 29.03.2007 Department of Finance of Karaganda - methodologist of the department for management of communal property, coordination and analysis of public procurement

From 30.03.2007 to 17.08.2007 Department of Finance of Karaganda - Chief Specialist of the Department for Execution of Expenditures of the Social Sphere and Administration Staff

From 20.08.2007. to 18.09.2007, State Institution Department of Energy and Commercial Economy of the Karaganda Region - Leading Specialist of the Planning and Budget Execution Department

From 19.09.2007 to 01.09.2008 State Institution Department of Energy and Utilities of Karaganda Region - Head of the Department for Coordination and Analysis of Public Procurements

From April 17, 2008 to September 1, 2008, the State Institution

Department of Energy and Commercial Economy of the Karaganda Region was entrusted with the duties of the acting Deputy Director of the Department

From 09/02/2008 to 09/14/2008 Department of Energy and Utilities of Karaganda Region. Acting Deputy Head of Department
From 15.09.2008 to 06.07.2010, State Institution Department of Energy and Commercial Economy of the Karaganda Region. - Head of the Department for Coordination and Analysis of Public Procurements

From 07.07.2010 to 19.10.2011 Department of Energy and Commercial Economy of Karaganda Region - Deputy Head of Department

From 20.10.2011 to 12.03.2012 Ministry of Transport and Communications of Kazakhstan, Chief Expert of the Department of Public Procurement

From 13.03.2012 to 12.03.2013, Ministry of Health, Head of Public Procurement Department

From 03/13/2013 to 06/01/2013 Ministry of Health Chief Expert of Public Procurement Department

From 23.09.2013 to 12.01.2014 JSC "National Agency for the Development of Local Content NADLoC" Head of Finance

From 13.01.2014 to 31.10.2014 JSC "National Agency for the Development of Local Content NADLoC" Director of the Administrative and Financial Department

From 01.11.2014 to 19.01.2015 JSC "National Agency for the Development of Local Content NADLoC" Managing Director

From 20.01.2015 to 01.08.2015 JSC "National Agency for the Development of Local Content NADLoC" Deputy Chairman of the Management Board

From 03.08.2015 to 31.01.2017 Transtelecom JSC Project Manager of PG for the development and implementation of new projects

From 01.02.2017 to 24.01.2019 Transtelecom JSC Advisor to the President

From 25.01.2019 - 30.06.2019 Transtelecom JSC Executive Director for IT solutions sales

From 01.07.2019, according to the decision of the Board of Directors of the Company - Deputy CEO for Development and Innovation

Ruslan Manataev

Deputy CEO for Major
Business Development

Born April 4, 1984 in the city of Balkhash

Education, including basic and additional:

Graduated in 2005 from the Kazakh Economic University. Ryskulov with a degree in World Economy

From 2015 - 2017 graduated from the Kazakh Academy of Transport and Communications named after I. M. Tynyshpaeva with a degree in Automation and Control

Medal: 20 years of Independence of Kazakhstan Order of the President of Kazakhstan dated 10.10.2011

Work experience:

He began his labor activity on 10/12/2005 in the Almaty city



branch of Bank Center Credit JSC - Credit Officer
From 03.12.2007 to 06.07.2008 LLP "Emba YugNeft" - Head of the Financial Department of FED
From 03.12.2007 to 06.07.2008 LLP "Company" PROFIT "-Head of the financial department of FED
From 08/01/2008 to 09/29/2008 Company Sekatel LLP - acting Chief Financial Officer
From 09.12.2008 JSC "Nurbank" - Manager of the 1st category of the sales department
From 13.05.2009 he was promoted to the Head of the Sales Department, the Deputy Head of the Department
From 09/06/2010 to 06/03/2013 Bank Astana-Finance JSC Head of Sales Department, Branch Director, Director of the MIS Department
From 13.01.2014 to 16.03.2015 Transtelecom JSC Acting Executive Director for Supply
From 16.03.2015 to 31.01.2017 Transtelecom JSC, Executive Director for Supply
From 01.02.2017 to 23.02.2017 Transtelecom JSC, Executive Director for Supply
From 24.02.2017 to 07.04.2017 Transtelecom JSC Advisor to the President
From 16.01.2018 to 30.09.2018 Transtelecom JSC Executive Director for IT solutions sales
From 01.10.2018 - 30.06.2019 Transtelecom JSC Vice President for Telecommunications
From July 1, 2019, according to the decision of the Board of Directors of the Company - Deputy CEO for Major Business Development

Baymyrzauly Askar
Executive Director for Legal Affairs



Was born on January 9, 1985, in South Kazakhstan Region.
Education, including basic and additional:
2006 - al-Farabi Kazakh National University, Almaty, Law
2008 - al-Farabi Kazakh National University, Almaty, Master of Laws
2010 - Kazakh Economic University named after T. Ryskulov, Almaty, Faculty of Economics
Work experience:
2008-2009 - Chief manager of the Department of legal support of KTZ JSC
12.2010-08.2011 Manager at KTZ JSC Department of litigation and claims work
08.2011-09.2011 General Manager at Kedentransservice JSC
10.2011-07.2016 Chief Manager in KTZ JSC Department of Legal Support and Department of Litigation and Claims Work
07.2016-12.2018 Head of the group in KTZ JSC - Department of Legal Support and Department of Litigation and Claims Work
08.2016 -2018 Member of the Board of Directors of Transtelecom JSC
12.2018 - to date, Executive Director for Legal Affairs, Transtelecom JSC.

Meetings of the Management Board of the Company in 2019

The activities of the Management Board of the Company are determined by the Charter, the Corporate Governance Code and the Regulation on the Management Board. In 2019, 34 meetings of the Management Board were held, at which decisions were considered and decisions were made on 220 issues referred by the Charter of the Company to the competence of the executive body. The Management Board carried out its activities in accordance with the decisions of the General Meeting of Shareholders and the Board of Directors of the Company.

Name	Meetings, number	Attendance at meetings, number	Note
Nadyrov Zhanbolat	34	21	Re-elected by the decision of the Board of Directors dated 01.07.2019 No. 6/2019
Zheksembekov Daniyar	34	30	Re-elected by the decision of the Board of Directors dated 01.07.2019 No. 6/2019
Adaybekov Yelnar	34	29	Re-elected by the decision of the Board of Directors dated 01.07.2019 No. 6/2019
Akhmetov Murat	15	10	Re-elected by the decision of the Board of Directors dated 01.07.2019 No. 6/2019
Amanbaev Kaisar	31	27	Re-elected by the decision of the Board of Directors dated 01.07.2019 No. 6/2019
Ruslan Manatayev	19	15	Elected by the decision of the Board of Directors dated 01.07.2019 No. 6/2019
Baymyrzauly Askar	31	24	Re-elected by the decision of the Board of Directors dated 01.07.2019 No. 6/2019
Nadyrov Zhanbolat	32	31	Re-elected by the decision of the Board of Directors dated 01.07.2019 No. 6/2019

Key issues considered by the Management Board in 2019

The competence of the Management Board of the Company includes the solution of all issues of the Company's activities that are not attributed by the Law, other legislative acts of the Republic of Kazakhstan and the Charter to the competence of other bodies and officials of the Company.

During the reporting period, 34 meetings were held and 220 issues within the competence of the Management Board of the Company were considered.

The Management Board of the Company considered issues of an operational and strategic nature, including those for the procurement of relevant services and works.

Remuneration to members of the Management Board

The remuneration of the members of the Management Board is made in accordance with the Rules for the assessment of activities and payment of remuneration to the executive employees of the Company (hereinafter referred to as the Rules), which are developed in accordance with the legislation of Kazakhstan, the Charter of the Company, and the Standard Rules for the assessment of activities and payment of remuneration to executive and managerial employees of KTZ JSC.

The rules are based on the following principles:

- interrelation of remuneration with the performance of tasks that meets the interests of the Company and KTZ JSC;
- simplicity and transparency of the principles for determining the amount of remuneration;

- the dependence of the amount of remuneration on the results of the Company's activities and the performance of executives.

The procedure for assessing the performance of executives consists of the following stages:

- selection of motivational KPIs, setting target values;
- approval of motivational KPIs;
- performance monitoring;
- calculation and approval of actual performance.

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

Performance-based remuneration (short-term and long-term remuneration), as well as performance-based remuneration for the year, are paid depending on the performance for the purpose of material incentives for the success achieved and to improve work efficiency, are not permanent and are not taken into account when calculating the average salary.

The performance assessment is carried out on the basis of KPIs, which characterize the efficiency of the Company's financial and economic activities (corporate KPIs) and the degree of achievement of results by members of the Management Board in functional areas of activity (functional KPIs).

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

Corporate and functional KPIs have a threshold and target value, as well as a "Challenge" value. The threshold value characterizes the minimum expectations from the performance result, which are highly likely to be attainable provided that the job duties are performed in good faith. Target values characterize the expected level of high performance. The "Challenge" KPI value characterizes the outstanding KPI results contributing to the implementation of the Company's ambitious goals.

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

In the reporting year, the amount of remuneration paid to the key executive employees of the Company (the total amount of salaries and all types of incentives in cash) amounted to 268,294,230.81.

Internal Audit Service

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

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

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

The IAS regulation defines the goals, powers and responsibilities of the IAS, as well as qualification requirements. The IAS Regulation was developed on the basis of International Professional Standards. The IAS Regulation fully meets the specific business needs of Transtelecom JSC.

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

1) approval by the Board of Directors (preliminary consideration by the Audit Committee) of the regulations and other policies in the field of internal audit governing the goals, objectives, functions and procedures for the activities of the IAS;

2) approval by the Board of Directors (preliminary consideration by the Audit Committee) of the risk-based annual audit plan;

3) providing the Board of Directors (Audit Committee) with quarterly and annual reports on the implementation of the annual audit plan and other information on the activities of internal audit;

4) approval by the Board of Directors (preliminary consideration by the Audit Committee) of decisions on the appointment, dismissal, remuneration of the head and employees of the internal audit unit;

5) consideration by the Board of Directors (Audit Committee) of significant restrictions on the powers of the IAS or other restrictions that may negatively affect the implementation of internal audit.

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

IAS operates on the basis of a risk-based annual audit plan, which is annually approved by the Board of Directors of the Company and, as necessary, is revised.

The IAS periodically evaluates the effectiveness of the internal control system and risk management system using generally accepted performance standards and best practices.

Conflicts of Interest Settlement

The Company has the TTC Corporate Conflict Settlement Policy approved by the decision of the Board of Directors, which regulates the procedure and procedures for the settlement of corporate conflicts between KTZ JSC and other bodies of the Company.

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

- ensures the identification of corporate conflicts at the earliest stages of their development and an attentive attitude towards them on the part of the Company, its officials and employees;

- assigns to the Corporate Secretary of the Company the accounting of corporate conflicts, registration of appeals, letters and requests received from shareholders. The Corporate Secretary of the Company gives them a preliminary assessment and transfers them to the body of the Company, which is responsible for the consideration of this conflict.

The Corporate Secretary ensures proper consideration by the Company of shareholders' requests and resolution of conflicts related to violation of shareholders' rights. In the branches of the Company, the organization of such work should be entrusted to the persons who head them. But even in this case, the Corporate Secretary of the Company must have complete information on corporate conflicts that have arisen in the branches of the Company;

- as soon as possible, determines its position on the merits of the conflict, makes an appropriate decision and brings it to the attention of shareholders.

In 2019, the Company did not register any cases of conflict of interest.

Anti-corruption activities.

Ethics and Integrity

The Company considers manifestations of corruption as one of the systemic threats to national security and in order to increase legal literacy and zero tolerance for its manifestations, it focuses on

the principles and priorities that are fixed in the state policy on combating corruption, takes into account all the current requirements of the legislation of Kazakhstan in this area.

Anti-corruption management

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

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

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

The objectives of the Policy are:

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

In order to implement practical measures to combat corruption in the areas of corporate governance, interaction with partners, counterparties and customers during procurement, as well as in relations with government agencies:

- all employees are brought up to the norms of the current legislation of Kazakhstan on the prevention of corruption;
- on an ongoing basis, control is carried out during procurement and provision of services (for 2019, there were no violations of regulations during procurement and provision of services);
- timely formation of procurement plans, publicity and involvement of procurement procedures is ensured using modern information systems to automate the processes of their organization and implementation.

In order to eliminate the vulnerable areas of possible corruption, TTC introduced anti-corruption standards in procurement, developed by KTZ JSC for subsidiaries. Also, control over compliance with the Rules for the procurement of goods, works and services by Samruk-Kazyna JSC has been strengthened.

Since 2016, the Company continues to operate a "Helpline", which employees and business partners of the Company contact, informing personally or on an anonymous basis about possible facts of corruption, fraudulent manifestations, violations in financial, accounting and personnel work. All facts of violations reasonably received by the telephone hotline are immediately reported to the leaders of the Company and measures are taken.

When hiring and relocating employees, control is carried out to ensure the publicity, openness and transparency of competitive selection procedures for vacant positions, in accordance with

regulatory enactments. Information about the results of the competitive selection is posted on the official website.

At present, constant monitoring of the state of prevention and prevention of corruption in Central Asia and in the branches of the Company is carried out. In 2019, there were no complaints from employees about corruption.

In total, in 2019, the "Internal Security" of the Company conducted 10 official investigations, a number of them were transferred to the direction of "Legal Support" for the organization of judicial claims work to collect 20 million KZT, of which 17 million KZT is currently recovered. In addition, this year, on the facts of theft and fraud in the Company, the inspection materials were sent to the internal affairs bodies, and criminal cases are being investigated.

Countering terrorist threats.

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

Organizational activities:

- an action plan has been developed to ensure the anti-terrorist protection of facilities for 2019;
- changes were made to the organization of personnel training on the basis of updated teaching materials;
- the analysis of the security organization system for the facilities of the Company's branches was carried out, training was carried out to counter terrorist threats;
- according to the developed and approved plan, the technical equipping of the most important objects of the Company was carried out in stages.

On a regular basis, the Company conducts classes to study the procedure for applying the Decree of the President of Kazakhstan dated August 9, 2013 No. 611 "On approval of the Rules for the organization and functioning of the state system for monitoring information and alerting the population about the threat of an act of terrorism."

Security and preventive measures:

- the system of control and management of access to the buildings of the Company's branches is functioning, newly hired employees are issued electronic access cards;
- established round-the-clock and day-time physical security posts at the facilities of the Company;
- on a monthly basis, the condition of the fencing of administrative buildings, territory and objects of the line-cable economy is checked for the detection of foreign objects;
- objects are equipped with modern engineering and technical security equipment, access control and monitoring systems and video surveillance;
- developed and approved passports of anti-terrorist security of administrative buildings;
- scheduled sessions are held monthly to train operating personnel in actions in case of a terrorist threat;
- the schemes and lists of notification are corrected and updated in case of a threat or a terrorist act at the facilities of the Company.

Technical activities:

- on an ongoing basis, the serviceability of means of lighting the territory of objects at night is ensured;
- visual agitation on the topic of anti-terrorist protection is being updated;
- a monthly check of the security alarm system is carried out;

- on a quarterly basis, the condition and preventive maintenance of the personal protective equipment available in the branches of the Company is carried out;
- monthly inspections of basements, attics and the adjacent territory of the Company's branches are carried out;
- Periodic inspection of linear communication structures for the presence of foreign objects is carried out.

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

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

- Classes and lectures on the study of the legal framework for combating religious extremism and terrorism;
- classes at small stations of branches with employees and young specialists on anti-terrorist security and prevention of religious extremism;
- on an ongoing basis, control was carried out to prevent the penetration of literature of a terrorist and extremist nature into the Company's facilities;
- practical exercises on practising actions with working personnel in case of emergencies of a natural and man-made nature;
- study of the religious situation in the divisions of the branches with an explanation of the requirements of the Labor Code of Kazakhstan, articles of the Code of Administrative Violations and articles of the Criminal Code of Kazakhstan, the laws of Kazakhstan "On Countering Terrorism" dated July 13, 1999, No. 416-I and "On Religious Activities and Religious Associations" dated October 11, 2011, No. 483-IV.

Values and ethical principles

Corporate values of the Company

The fundamental corporate values, on the basis of which the activities of the Company are formed, are the decency, reliability and professionalism of its employees, the efficiency of their work, mutual assistance, respect for each other, for stakeholders and society as a whole.

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

- honesty;
- justice;
- conscientiousness;
- transparency;
- responsibility.

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

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

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

For individuals working under civil law contracts concluded with the Company, as well as for contractors and consultants who are agents executing orders, or representing the Company to third parties, if their actions are carried out on behalf of the Company, the Code, insofar as it does not contradict the merits existing obligations is advisory in nature.

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

Relations with Competitors

TTC builds relationships with competitors on the principles of mutual respect and mutually beneficial cooperation, avoiding unfair competition and abuse of dominant position, strictly abiding by antitrust laws and avoiding harsh statements about competitors.

The Company's employees have no right to unreasonably criticize the products and services of competitors, and in cases of complications in relations with them, they must be guided by the instructions of their immediate supervisors.

Risk Management

TTC realises the importance of risk management as a key component of the Company's corporate governance system aimed at timely identification and taking measures to reduce the level of risks that may negatively affect the value and reputation of the Company. The risk management policy in the Company is implemented through the implementation of the Corporate Risk Management System (hereinafter - CRMS). CRMS is a set of interrelated elements, combined into a single process, within which the Board of Directors, executives and employees, each at their own level, participate in identifying potential events that may affect the Company's activities, as well as in managing these events within an acceptable for shareholders of the level of risk.

Implementation and improvement of CRMS is a prerequisite for achieving the strategic and operational goals of the Company and is one of the most important tasks in the near future. The introduction of CRMS in the Company implies the establishment and development of the necessary infrastructure and culture and also covers the use of logical and systematic methods of identification, analysis and assessment, monitoring, control and management of risks inherent in all areas of activity, functions or processes of the Company, in order to prevent losses and maximize benefits.

The main goal of the CRMS is to improve the efficiency of threat and opportunity management, which should facilitate the process of increasing capitalization. CRMS also sets the following goals:

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

The Company annually or as necessary establishes alternative ways to achieve its goals and determines the risks associated with such alternatives or events that may affect the achievement of goals. This analysis provides the basis for identifying risks. Each of the risks of the Register undergoes an assessment procedure according to the level of probability of its realization and the magnitude of the consequences. In addition, during the year the risk managers of the Company additionally prepared reports on financial risks, on critical risks, on existing risks, and also carried out work to track the business processes of the Company.

To ensure horizontal communication and effective implementation of the register, the Company has a Risk Committee, which is an advisory and advisory body under the Company's Management Board, which develops proposals in terms of risk management.

The main results and conclusions of the risk management process in the Company are displayed in the form of regular reporting on risks and measures to respond to them, organization and support of an effective risk management system of the Company. In order to improve the efficiency of the corporate risk management system in 2019, a number of the following key activities were carried out:

1. Quarterly reports on risk management were prepared with a description and analysis of the critical risks of the Company, as well as information on the implementation of plans and programs to minimize risks for the Board of Directors of the Company.

2. In order to improve skills on risks and develop a risk culture in the Company, in 2019, training was held for risk coordinators and testing of CRMS knowledge.

In the Company, depending on the sources of occurrence and the sphere of influence, the following classification of risks for the past year was made:

- **strategic risk** - the risk of losses due to changes or errors (shortcomings) in the definition and implementation of the strategy of activity and development, changes in the political environment, regional conditions, industry recession and other external factors of a systemic nature;

- **financial risk** - the risk associated with the capital structure and reduced financial profitability. Financial risks include market risks (fluctuations in interest and foreign exchange rates, fluctuations in prices for natural resources), liquidity risks, credit risks (for corporate counterparties, second-tier banks and claims in other countries);

- **operational risk** - the risk of losses, industrial accidents as a result of shortcomings or errors in the course of internal processes committed by employees (including personnel risks), the functioning of information systems and technologies (technological risks), industrial safety, as well as due to external events;

- **legal risk** - the risk of losses due to non-compliance with the requirements of the legislation of Kazakhstan, in relations with non-residents of Kazakhstan - the legislation of other states, as well as internal rules and procedures.

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

Based on the results of the identification and assessment of risks, the following critical risks of the Company were identified, which can negatively affect its activities and the achievement of strategic goals:

Liquidity shortage risk. The risk associated with the inability of the Company to timely fulfil its obligations in full, or arising as a result of an imbalance in the financial assets and liabilities of the Company. At the end of the year, the current liquidity ratio decreased by 0.08 and amounted to 0.62 (with the established standard of 1.2), due to the payment of dividends to the shareholders of the Company, the requirement for a discount by the group of companies of KTZ JSC, the implementation of projects in accordance with required by the legislation of Kazakhstan.

The risk of an increase in overdue accounts receivable (more than 3 months of delay). The risk associated with the receipt of income for previously rendered services to buyers and customers of the Company. In 2019, the overdue receivables of the Company increased by 1.25 billion KZT.

The risk of not receiving the planned income (development of corporate business). The risk associated with receiving incomplete planned income from large projects of the Company. At the end of the year, income from projects amounted to 50.5 billion KZT, which is 95% of the plan.

Risk of untimely implementation of the "ACS Magistral" project. The risk associated with non-fulfilment of a number of project activities, such as the incompleteness of technical

specifications, design, planning, insufficient funding, as well as failure by suppliers to fulfil obligations on time.

Quality control Integrated management system

Offering existing services to customers and developing new information and telecommunication services, the Company traditionally pays significant attention to the level of quality of its services in order to provide them with a competitive advantage in the market.

Our company strives to meet international corporate governance requirements and advanced management technologies by maintaining and developing a management system in the field of management systems **ISO 9001: 2015, ISO 14001: 2015, ISO 50001: 2018, ISO/IEC 20000-1: 2011, ST RK ISO/IEC 20000-1-2016, ST RK ISO/IEC 27001-2015, ISO 45001: 2018, CT PK OHSAS 18001-2008.**

Since 2005, the Company has successfully implemented a quality management system (hereinafter referred to as QMS) within the framework of the ISO 9001: 2008 standard. In 2017, the Company was recertified according to the new version of the international standard QMS ISO 9001: 2015.

Since 2013, the Company has been operating an environmental management system (hereinafter referred to as EMS) in accordance with the requirements of MS ISO 14001: 2004. In 2017, the EMS was recertified for compliance with the requirements of the new version of the international standard MS ISO 14001: 2015.

In 2018, a new version of the ISO 50001: 2018 standard was released. On August 21, 2018, a new version of the standard was officially published. The new version of the ISO 50001 standard has changed significantly compared to the 2011 version.

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

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

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

International certificate of compliance with the requirements of ISO 45001: 2018, issued by the Certification Association "Russian Register of Eurasia", which is a member of the International Association of Certification Bodies IQNet.

Kazakhstani certificates for compliance with the requirements of the national standard ST RK ISO / IEC 27001-2015, ST RK OHSAS 18001-2008 registered in the state system of technical regulation of Kazakhstan.

Based on the results of the inspection audit, the following certificates were obtained:

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

International certificate of conformity to the requirements of ISO 14001: 2015, issued by the Certification Association "Russian Register of Eurasia", which is a member of the International Association of Certification Bodies IQNet.

International certificate of conformity to the requirements of ISO 50001: 2011, issued by the Certification Association "Russian Register of Eurasia", which is a member of the International Association of Certification Bodies IQNet.

There are also Kazakhstani certificates for compliance with the requirements of the national standard ST RK ISO 14001: 2016, ST RK ISO 9001: 2016 and ST RK ISO 50001-2012 registered in the state system of technical regulation of Kazakhstan.

The development of IMS in the Company is carried out in accordance with the goals defined in the TTC Quality Policy, Environmental Policy and Energy Policy. The validity of the certificates applies to the management system of the entire Company. The ISO 9000 series of standards impose requirements not on the quality of services, but on the management system, which must establish and ensure the achievement of goals related to customer satisfaction with the quality of services. ISO standards in this series are currently the most widespread - they are recognized almost all over the world and adopted as national standards in more than 140 countries.

The availability of certifications attests to TTC's ability to provide services that meet the ever-growing demands of consumers, and contributes to the efficient and successful development of business, which is important for gaining and maintaining leading positions in various market segments.

The availability of certified services by the Company is an additional confirmation that TTC provides telecommunication services of guaranteed high quality, meeting the requirements of consumers and complying with technical norms and standards.

The Company annually conducts inspection audits on management systems.

Internal audit of the integrated management system (IMS)

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

According to the requirements of standards MS ISO 9001: 2015, MS ISO 14001: 2015, MS ISO 50001: 2011, ISO / IEC 20000-1: 2011, ST RK ISO / IEC 20000-1-2016, ST RK ISO / IEC 27001-2015, ISO 45001: 2018, CT PK OHSAS 18001-2008, the organization shall conduct internal audits in order to determine that the IMS meets the planned activities and requirements of this standard and the requirements of the IMS established by the organization, as well as the effectiveness of its implementation and maintenance.

In compliance with the requirements of the standards, a schedule for conducting internal IMS audits for 2019 was developed and approved.

In accordance with the order of the Deputy CEO for Organizational Development "On Approval of the Schedule for the Internal Audit of IMS by the Company, an internal audit was conducted at the branches of Aktau transtelecom, Atyrau transtelecom, Aktobetranstelecom, Oskementranstelecom, Kyzylordatranstelekom, Zhyzylordatranstelekom, Zhymkomkom, Karagandatranstelecom. On the basis of the schedule, a plan for conducting an internal audit in the Company's structural divisions was approved.

Based on the results of internal audits, reports were drawn up and provided to the audited party for each audited branch. Based on the identified deviations, Action Plans were prepared to eliminate the deviations, as well as reports on the elimination of the identified deviations.

In November 2019, the Company underwent an inspection audit, during which it was found that the IMS is maintained in operation, develops in accordance with the principle of continuous improvement and, in general, is effective and meets the audit criteria. IMS certification scope is supported.

Kaizen / Lean Manufacturing

In the conditions of the modern economy, there is an acute issue of the development of production, the task of increasing competitiveness. Modern life, accelerated by the development of

progress, sets the task of studying experience, adopting and developing all the best. One of the world's most successful practices for improving the organization's performance is the Kaizen / Lean Manufacturing system.

TTC launched the Kaizen / Lean Movement in November 2015.

In order to increase the involvement of the Company's employees, through a change in the corporate culture, a system of gamification for assessing the effectiveness of the Company's branches (hereinafter referred to as gamification) was launched in 2017.



Gamification is a modern way to motivate people to achieve results, through the involvement and activation of internal interest, making processes more efficient and accelerating the achievement of the Company's business goals. This efficiency assessment system comprehensively evaluates the activities of branches, and for a fair assessment, principles have been adopted that allow comparing results, evaluating objectively and systematically.



As a result of summing up the results of the fourth season of gamification, held from 01/01/2019 to 06/31/2019, the following branches became the winners:

- 1st place - Oskementranstelecom;
- 2nd place - Almatytranstelecom;

3rd place - Pavlodartranstelecom.

According to the results of summing up the results of the fifth season of gamification, held from 01.07.2019 to 31.12.2019, the following branches became the winners:

1st place - Oskementranstelecom;

2nd place - Almatytranstelecom;

3rd place - Karagandatranstelecom.

The analysis showed a high degree of employee involvement in this event, as a result of which it was decided to hold this event on an ongoing basis.

OUR COMPANY FOR SHAREHOLDERS AND INVESTORS

Equity structure and securities

A detailed historical background of the issue and placement of shares is reflected in the annual report for 2017 in the section “Share capital structure”.

As of December 31, 2019, the authorized capital was formed in the amount of **12,241,487** (twelve billion two hundred forty-one million four hundred eighty-seven thousand) KZT.

At present, the total number of authorized common shares of the Company is **6,471,089**, of which **5,638,097** have been placed, **832,992** have not been placed. The par value of one share is **1,000** KZT. No preference shares are provided.

During 2019, there were no changes in the authorized capital of the Company and no additional shares were placed.

Number of authorized common shares	6 471 089
Number of offered shares	5 638 097
Number of not offered	832 992
Par value of one share	1000
Amount of funds raised from the placement of shares	12 241 487

As of December 31, 2019, the shareholders of TTC were KTZ JSC (51%) and Marlen Mukhanov (49%).

Dividend Policy and Profit Distribution

By the decision of the General Meeting of Shareholders dated August 04, 2016, the Dividend Policy was approved (Minutes No. 1).

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

The main principles of the Company's dividend policy are:

1) the principle of ensuring guaranteed payment of dividends for the entire block of shares of the Company in circulation, as well as making payments and expenses on behalf of the General Meeting of Shareholders;

2) the principle of ensuring financing of the Company's activities, including financing of new types of activities and investment projects implemented at the expense of the Company's funds.

The conditions for the payment of dividends by the Company:

1) whether the Company has net income (final profit) for the year according to financial statements confirmed by independent auditors or retained earnings;

2) no restrictions on the payment of dividends provided for by applicable law;

3) recommendation of the Board of Directors of the Company on the amount of dividends;

4) decision of the General Meeting of Shareholders of the Company.

In accordance with the legislation of Kazakhstan, the Charter of the Company and the Regulation on the Dividend Policy of the Board of Directors of the Company, it prepares a proposal on the procedure for distributing the Company's net profit for the reporting financial year and the amount of dividend per one ordinary share of the Company based on the data of audited financial statements.

The final decision on the amount of dividends is made by the General Meeting of Shareholders.

On November 15, 2019, the General Meeting of Shareholders decided to pay dividends in the amount of 1,579,625 thousand KZT based on the results of activities for 2018 (May 29, 2018, at the end of 2017: 2,339,221 thousand KZT) in proportion to the existing block of shares.

Registrar information

Full name: Joint Stock Company Central Securities Depository.

On August 16, 2018, a joint extraordinary General Meeting of Shareholders of Central Securities Depository JSC (Central Securities Depository) and Unified Securities Registrar JSC (Unified Registrar) was held, at which a decision was made to reorganize the Central Securities Depository and the Unified Registrar in the form of joining the Unified Securities Depository registrar to the Central Securities Depository.

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

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External audit of annual financial statements

External Auditor Selection

The procedure for the selection of an audit organization was carried out in accordance with the Procedure for the selection of an audit organization for Samruk-Kazyna JSC and organizations, more than fifty per cent of the voting shares of participation interests of which directly or indirectly belong to Samruk-Kazyna JSC on the right of ownership or trust management approved by the decision of the Management Board of Samruk-Kazyna JSC dated September 10, 2013 (minutes No. 49/13).

List of evaluation criteria:

1. Service delivery approach;
2. Competence of the project team;
3. Service quality;
4. Seriousness of intentions and reputation;
5. Working hours and cost of services;
6. Independence;
7. Additional benefits and services;
8. Oral presentation and suggestions.

Audit Organisation Information

By the decision of the General Meeting of Shareholders of the Company dated February 4, 2020 (Minutes No. 14), the auditing organization Deloitte LLP was appointed for a period equal to 3 years, from 2019 to 2021.

Deloitte Kazakhstan is part of Deloitte CIS Holdings Limited, a subsidiary of Deloitte Touche Tohmatsu Limited.

Deloitte has offices in 9 CIS countries, as well as Georgia and Ukraine, employing over 3,300 employees. Branches in Kazakhstan are open in 4 cities: Almaty, Astana, Atyrau and Aktau. In the Kazakhstan market, Deloitte provides a full range of professional services, including audit, tax, legal and consulting services, risk management services, and corporate finance consulting.

Deloitte is a leading international company providing professional services to public and private sector companies in a variety of industries. Deloitte draws on its extensive industry knowledge and years of hands-on experience to serve clients from all industries in over 150 countries. The cross-functional teams, made up of leading market experts, closely monitor the latest industry developments and trends and provide an expert perspective on their potential impact.

Independent auditor's report

In the opinion of the external auditor of Deloitte LLP, the financial statements faithfully reflect, in all material aspects, the financial position of the Company as of December 31, 2019, as well as its financial results and cash flows for 2019 in accordance with International Financial Reporting Standards.

ANNEXES

Audited financial statements

GRI Standard Elements Table

GRI	Indicator	Indicator disclosure	Page
1.1	Statement from the most senior decision-maker in the organization	+	Message from the CEO
1.2	Description of key impacts, risks and opportunities	+	Operating results, risk management system
2.1	Organization name	+	About Report
2.2	Major brands, products and/or services	+	Company Profile Operational Results
2.3	Functional structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures	+	Company Description and Structure
2.4	Location of the organization's headquarters	+	Contact Information
2.5	The number of countries in which the organization operates and the names of the countries where it operates or which are of particular relevance to the sustainability issues covered by the report	+	Services, Partners and Contractors
2.6	The nature of ownership and organizational and legal form	+	Company Profile
2.7	Markets in which the organization operates (including geographic breakdown, sectors served and categories of customers and beneficiaries)	+	Company Profile, Operations
2.8	Organization scale	+	Company Profile
2.9	Significant changes in size, structure or ownership during the reporting period	+	Company Profile
2.10	Awards received during the reporting period	+	Industry and Government Awards
3.1	Reporting period to which the information provided	+	About Report

	relates		
3.2	Date of publication of the last of the previous reports (if any)	+	About Report
3.3	Reporting cycle	+	About Report
3.4	Contact point for questions regarding the report or its contents	+	Contact Information
3.5	Process for defining report content	+	About Report
3.6	Report Boundaries (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	+	About Report
3.7	Limitations on the scope or the report boundaries	+	About Report
3.8	Reasons for including in the report data on joint ventures, subsidiaries, production leases, transfer of some functions to external contractors and other organizational units that may significantly affect comparability with previous reports and / or other organizations	+	About Report
3.9	Data measurement and calculation methods, including assumptions and methodologies used to prepare the Indicators and other information included in the report	+	About Report
3.10	A description of the meaning of any re-wording of information provided in previous reports, and the reasons for such re-wording (e.g. mergers / acquisitions, change in reporting periods, nature of business, valuation methods)	-	N/A
3.11	Significant changes from previous reporting periods in the scope, boundaries or measurement methods used in the report	+	About Report
3.12	Table indicating the location of Standard Items in the report	+	GRI Standard Elements Table
3.13	Policy and current practice for external assurance for the report	+	About Report
4.1	The governance structure of the organization, including major committees within the highest governance body responsible for specific tasks, such as strategy development or overall oversight of the organization	+	Corporate governance
4.2	Please indicate if the chairman of the highest governance body is also the executive manager of the company	+	Corporate governance
4.3	For organizations that have a unitary board of directors, please indicate the number of members of the highest governance body that are independent and/or non-executive members	+	Corporate governance
4.4	Mechanisms by which shareholders or employees of an organization can guide or advise the highest governance body	+	Corporate governance
4.5	The relationship between payments to members of the highest governance body, senior management and senior management (including severance pay) and the organisation's performance (including social and environmental results)	+	Corporate governance
4.6	Processes in place in the highest governance body to avoid conflicts of interest	+	Corporate governance
4.7	Processes for determining the qualifications and competencies of members of the highest governance	+	Corporate governance

	body to define the organization's strategy on economic, environmental and social sustainability topics		
4.8	Internally developed mission or value statements, codes of conduct and principles that are relevant to economic, environmental and social performance, and the extent to which they are implemented	+	Strategic overview Sustainable development
4.9	The procedures used by the highest governance body to oversee how an organization assesses and manages its economic, environmental and social performance, including risks and opportunities, and adherence to or compliance with international standards, codes of conduct and principles	+	Corporate governance
4.10	Processes for assessing the highest governance body's own performance, in particular in relation to the economic, environmental and social performance of the organization	+	Corporate governance
4.11	Explanation of whether the organization is applying the precautionary principle and how	-	N/A
4.12	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or endorses	+	Operational Results
4.13	Membership in associations (e.g. industry) and/or national and international advocacy organizations	+	Operational Results
4.14	List of stakeholders with whom the organization interacted	+	Stakeholder Engagement
4.15	Grounds for identifying and selecting stakeholders for further interaction with them	+	Stakeholder Engagement
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	+	Stakeholder Engagement
4.17	Key topics and interests raised or identified through stakeholder engagement and how the organization has responded to those topics and interests, including through its reporting	+	Stakeholder Engagement
EC	Management Approach	+	
EC1	Direct economic value created and allocated, including revenues, operating costs, employee benefits, donations and other investments in communities, retained earnings, payments to capital providers and governments	+	KPI, Operating Results, Key Financial Indicators, Personnel
EC2	Financial aspects and other risks and opportunities for the organization's activities due to climate change	-	N/A
EC3	Coverage of the organization's defined benefit plan obligations	+	Personnel
EC5	Range of ratios of the standard entry-level wage and the established minimum wage in the significant regions of the organization	+	Personnel
EC6	Policy, practical approaches to procurement from local suppliers and the share of such procurement in significant regions of the organization	+	Procurement Organization
EC7	Local recruitment procedures and proportion of senior executives recruited from local communities in significant regions of the organization	+	Personnel
EC8	Development and impact of infrastructure investments	+	Charity and

	and services provided primarily for the public good through commercial, in-kind or charitable participation		sponsorship
EC9	Understanding and describing significant indirect economic impacts, including the area of impact	+	Personnel, Environmental Protection
EN	Management approach	+	Environmental Protection
EN1	Materials used by weight or volume	+	Environmental Protection
EN2	Proportion of materials that are recycled or recyclable waste	-	N/A
EN3	Direct use of energy with indication of primary sources	+	Environmental Protection
EN4	Indirect use of energy with indication of primary sources	-	N/A
EN5	Energy saved as a result of measures to reduce energy consumption and improve energy efficiency	+	Environmental Protection
EN8	Total water withdrawn by source		N/A
EN10	Share and total volume of water recycled and reused		N/A
EN11	Location and area of land owned, leased, managed by the organization, and located in protected natural areas and areas with high biodiversity value outside their borders, or adjacent to such areas	+	Environmental Protection
EN20	Air emissions of NO _x , SO _x and other significant pollutants by type and weight	+	Environmental Protection
EN21	Total discharges with indication of wastewater quality and receiving facility	-	N/A
LA	Management approach	+	Personnel
LA1	Total labor force by type of employment, employment contract and region	+	Personnel
LA2	Total number of employees and employee turnover by age group, gender and region	+	Personnel
LA3	Payments and benefits provided to employees in full-time employment that are not provided to employees in temporary or part-time employment, by main activity	+	Personnel
LA4	Share of employees covered by collective bargaining agreements	+	Personnel
LA5	Minimum notice period(s) regarding significant changes in the organization's activities, and whether it is specified in a collective agreement	+	Personnel
LA7	Occupational injury rate, occupational disease rate, lost days and absenteeism rates, and total number of work-related fatalities, by region	+	Occupational Health and Safety
LA8	Existing education, training, counseling, risk prevention and control programs to help employees, their families and members of the public with serious illnesses	+	Occupational Health and Safety
LA10	Average number of training hours per employee per year, by employee category	-	Training and Professional Development
LA12	Percentage of employees for whom periodic performance and career development assessments are carried out	+	Training and Professional Development
LA13	Composition of the organisation's governing bodies and staff, disaggregated by sex and age group, minority	+	Personnel

	representation, and other indicators of diversity		
HR	Management approach	+	Personnel
HR4	Total number of incidents of discrimination and actions taken	+	Personnel
HR6	Activities in which the right to exercise freedom of association and collective bargaining may be subject to significant risks, and actions taken to support those rights	+	Personnel
HR7	Activities in which there is a significant risk of incidents of forced or compulsory labor and actions taken to contribute to the elimination of forced or compulsory labor	+	Personnel
HR9	Total number of violations affecting the rights of indigenous and minority peoples and actions taken	+	Personnel
SO	Management approach	+	Stakeholder Engagement
SO2	Proportion and total number of business units analyzed for corruption risks	+	Anti-Corruption Activities
SO3	Percentage of employees trained in the organization's anti-corruption policies and procedures	+	Anti-Corruption Activities
SO4	Actions taken in response to incidents of corruption	+	Anti-Corruption Activities
SO5	Position on public policy and participation in public policy-making and lobbying	+	Stakeholder Engagement
PR	Management approach	+	Quality Control
PR8	Total number of substantiated complaints regarding violation of consumer privacy and loss of consumer data	+	Stakeholder Engagement
EU16	Contractor and subcontractor health and safety policy and requirements	+	Occupational Health and Safety
EU18	Percentage of contractor and subcontractor employees who received appropriate health and safety training	+	Occupational Health and Safety
EU21	Contingency planning, contingency plan and training programs for natural disasters/emergencies and recovery plans	+	Occupational Health and Safety
EU25	Number of public injuries and deaths involving the assets of the Company, including judgments, settlements and pending cases related to diseases	+	Occupational Health and Safety

Glossary

KTZ JSC	Kazakhstan Temir Zholy JSC
Company	Joint Stock Company "Transtelecom"
IFRS	International Financial Reporting Standards
BBA	Broadband access
FOCL	Fiber optic communication lines
ARPU	Average revenue per user
SLA	Service Level Agreement
M2M	Machine-To-Machine Interaction
LCS	Lines of cable structures
ACS	Automated control system
QMS	Quality Management System
EMS	Environmental management system

EnMS	Energy Management System
HW	Hardware
LTE	Wireless high-speed data transmission standard for mobile phones and other data terminals
MPLS	Mechanism in a high-performance telecommunications network that transfers data from one network node to another using tags
VPN	Virtual Private Network
ATE	Automatic telephone exchange
ANIE	Automatic number identification equipment
CR	cash register
FDO	Fiscal data operator
KPI	Key performance indicators
SRC	State Revenue Committee
RoK	The Republic of Kazakhstan
ICT	Information and communication technologies
RSE	Republican state enterprise
WF	Wage Fund
CO	Central office

Contact Information

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When using the information contained in the annual report, reference to it is required.