

www.ttc.kz

2021

ANNUAL REPORT
TRANSTELECOM JOINT STOCK COMPANY
2021 ///



TRANSTELECOM JOINT STOCK COMPANY

2021 ///

ANNUAL REPORT

ANNUAL REPORT
TRANSTELECOM JOINT STOCK COMPANY
2021 ///

```
CLASS TRANSTELECOM {  
    PUBLIC STATIC VOID MAIN(STRING[] ARGS) {  
        SYSTEM.OUT.PRINTLN(«ANNUAL REPORT»);  
        //2021  
    }  
}
```

TRANSTELECOM
LEADER

CLOUD LEADER
IN CENTRAL ASIA
IN 2021



CONTENT

01 . The Company today	006
Address of the Chairman of the Board of Directors	008
Address of the Chairman of the Management Board of the Company	010
History of development	012
The Company in Figures	016
Key performance indicators	020
Main events of 2021	024
Brief overview	026
Company profile	026
Share capital structure and securities	027
Organizational structure	028
02 . Strategic review	030
Description of the Company	032
Geography of presence	032
Development Strategy	032
Vision	032
Mission	033
Values	033
Investment attractiveness	034
Overview of the regulatory environment	034
Overview of the telecommunications market in 2021	036
Telecommunications services market of the Republic of Kazakhstan	036
Overview and development in the world	040
Business review and assessment	042
Business model	042
Assessment of the Company's position and prospects for its development	043
Functional Strategies of the Company	043
Main goals and objectives for 2022	045
03 . Operational activities	046
Outsourcing services	048
Key achievements by products and segments	051
B2C	051
B2B/ B2G/ B2R/B2O	052
International B2O business	053
B2G/B2R	056
The Company's Projects	057
Rural settlements	057
Fiscal data operator	057
Conceptual scheme of interaction of CR – OFD – SRC	058



Security system for educational institutions	058
«109» contact center	059
Smart Kasipodaq Information System	059
Project on labeling and traceability of dairy products	060
Smart Pedestrian Crossing Project	060
Cooperation with NIT JSC	060
Project «Electronic ticketing System «ITICKET.KZ»	061
TTC TV Service	061
SAP Management System	062
Unified Reference and Information Center	062
Service Management Automation X project	063
Data center infrastructure operation	063
TTCdocs e-Document Management System	064
«Dabyl» Automated Alerting System Automated notification system	064
Operational Activity Department	066
Automated Control System Energy Dispatching Traction	066
«Magistral» Automated Control System	067
Participation in charters and associations	068
04. Financial results	070
Key financial indicators	072
Financial analysis as of December 31, 2021	072
Investments	073
05. Sustainable development	074
Social contribution of Transtelecom JSC	078
Interaction with Stakeholders	079
Approach to stakeholder engagement	079
Personnel	082
Safety at work	084
Personnel composition	088
Social policy	095
Procurement	104
Environmental Protection	105
Environmental initiatives and approach to environmental protection	105
Use of energy resources and energy conservation	106
Energy efficiency monitoring for 2020-2021	110
Air emissions and climate change	111
Resource saving	114
06. Corporate governance	116
Background information about corporate governance in the Company	118
Core principles of corporate governance	118
Major transactions and transactions with an interest	118

Corporate governance structure of the Company	119
Corporate governance system of the Company	119
General Meeting of Shareholders	120
Report of the Company's Board of Directors	120
Organization of the activities of the Board of Directors	120
Composition of the Board of Directors	121
Information on remuneration of members of the Board of Directors	123
Assessment of 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	123
Track record of members of the Board of Directors of the Company	130
Activities of the Corporate Secretary	135
Management Board	136
Appointment of the Chairman and members of the Management Board, their duties, and responsibilities	136
Composition of the Company's Management Board as of 31 December 2021	136
Meetings of the Company's Management Board in 2021	145
Remuneration of members of the Management Board	146
Internal Audit Service	147
Settlement of Conflict of Interest	148
Anti-corruption activities	149
Ethics and integrity	149
Management of anti-corruption activities	149
Countering terrorist threats	150
Civil defense activities	151
Values and ethical principles	152
Corporate values of the Company	152
Complaints and appeals	152
Relations with competitors	153
Risk management	154
Risk Management in 2021	157
Quality Management	159
Integrated Management System	159
Internal audit of the Integrated Management System (IMS)	160
07. Annexes	162
Financial statements	164
Glossary	170
About the report	176
Reporting period and Report boundaries	178
Determination of the Report content	178
List of selected essential topics	179
Statement on the future	179
Statement	179
Contact Information	180
Table of standard GRI elements	182



FOR THE TELECOM INDUSTRY,
2021 WAS A YEAR OF QUALITATIVE
TRANSFORMATION.

Transtelecom JSC offers a variety of telecommunications and information-communications services, such as international, long-distance, local telephony, and Internet access, as well as trunk channels.

```
CLASS TRANSTELECOM {
  PUBLIC STATIC VOID MAIN(STRING[] ARGS) {
    SYSTEM.OUT.PRINTLN("<ANNUAL REPORT>");
    //2021
  }
}
```

THE COM- PANY TODAY



- 2000
- 2001
- 2002
- 2004
- 2005
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
- 2016
- 2017
- 2018
- 2019
- 2020
- 2021 ✓

ADDRESS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

**DEAR SHAREHOLDERS, INVESTORS,
PARTNERS AND CUSTOMERS!**

**I am pleased to present the annual report of
Transtelecom JSC.**

2021 was the year of adaptation to new reality. We understood that COVID-19 had not gone anywhere. But we have been moving forward. The analysis revealed that the Company has successfully achieved its strategic goals, developed its services, and strengthened its position in the telecommunications market of the country. We have succeeded in fundamentally restructuring the basic principles of management, accepting the realities and conditions of the market, and responding quickly to changes.

It is no secret that organizations that embrace the concept of long-term value creation in business achieve better financial results, attract and retain highly skilled employees, and gain a long-term competitive advantage. Therefore, Transtelecom has integrated the principles of sustainable development into its strategy. For the company, environmental and social responsibility and open corporate governance are no longer just buzzwords; they are now essential elements of what we do.

Today, the Company complies with all legal regulations and fulfills its obligations, builds respectful and mutually beneficial relationships with customers, partners, suppliers, and employees, improves transparency, follows ethical business approaches, and implements best corporate governance practices. In addition, the Company takes

care of the environment and promotes high environmental standards among customers and partners.

Another important part of our activities is upholding decent working conditions and offering opportunities for personnel development. It's no secret that the right team is 90% of a company's success. But IT trends and tendencies are changing very rapidly. In order to keep up with the times, our employees upgrade their skills to broaden their knowledge base and add value to the market.

I cannot stress enough the fact that in 2021, the Company has done a lot to create a favorable climate in the country. Despite all the difficulties, we have remained a stable and technically reliable company. I am sure that Transtelecom JSC will continue to maintain the dynamics of its development. I would like to point out that all the indicators achieved in the reporting year allow the Board of Directors to praise the performance of the Management Board, top management, and employees. At the conclusion of my remarks, I would like to express my sincere gratitude and appreciation to everyone, including our shareholders, partners, and management, for diligent performance of their duties, as well as our personnel for dedication and creative thinking in their work. I also thank our customers for contributing to our development and helping us improve.



**NURALI
ALIYEV**

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

ADDRESS OF THE CHAIRMAN OF THE MANAGEMENT BOARD OF THE COMPANY

DEAR SHAREHOLDERS, PARTNERS AND COLLEAGUES!

2021 was a year of qualitative transformation for many sectors of the economy. Telecom industry is not an exclusion. The country is no longer shocked by the pandemic, and tensions have decreased. Our company has continued to adapt to the demands of time, society, and the economy. We've demonstrated to everyone our ability to respond quickly to events.

In 2021, the number of Internet users continued to grow steadily. The majority of the workers continued to work from home, and the students continued their distance learning. As part of the project to provide broadband access to rural areas of the Republic of Kazakhstan using FOCL technology, the construction of the fiber-optic communication line from the Transtelecom node in 2021 gave about 19,000 residents of remote settlements in the country access to high-speed Internet. Most of the subscribers were in Zhambyl, Turkestan, Akmola, Kostanay, and East Kazakhstan regions.

The coronavirus pandemic has, incidentally, accelerated business digital transformation and compelled organizations to adopt cutting-edge solutions in order to remain competitive. Cloud technologies have become mainstream for the business community. As we all know, providing customers with the products and services they require is the primary rule of successful business processes. We continued to construct data centers, and in July we opened the public to the Aktau data center, which has more than 1,600 square meters of floor space. It should be noted that the company currently has 9 data centers geographically distributed throughout the country, which is a clear competitive advantage over other players. Customers have access to services like server colocation, cloud infrastructure (IaaS), backup, administration, etc.

2021 also became the year of integration processes for our business. Several memoranda were signed with large foreign companies at once. In particular, with Plug and Play, the world leader from Silicon Valley, which unites more than 40 thousand startups on its platform. In the future, our company intends to develop IT and TELCO services through corporate innovation. I think it will help solve current business problems and create new value for customers and partners.

As I reflect on the past year, I am able to see how the Company is actively changing to meet goals, increase reliability, and create new opportunities. To date, Transtelecom has made a significant contribution to the development of the regions where it operates, participating in the modernization of infrastructure and contributing to solving important issues. For example, as part of the development of the Smart City Program in Almaty, the company has for the first time launched a Smart Pedestrian Crossing system. The aim of the project is to improve road safety. In addition, the Company implemented a project to install a video surveillance system in the village of Kosshy. As a result, 62 cameras with number plate recognition function were installed there.

As you can see, we continued to develop the company's promising areas in 2021 while strengthening position of Transtelecom JSC in the traditional and digital segments. But if not for the professionalism and superior credentials of our personnel, none of this might have occurred. Our entire large and collegiate team continues to confidently pursue our mission of leading Kazakhstan's people towards digital prosperity. I want to express my gratitude to all of the Company's employees for their diligent work, skill, and innovative ideas. However, there is still much work to be done. I have no doubt that we are eagerly anticipating new, serious tasks, ambitious plans, and accomplishments!

YELNAR RUSLANOVICH ADAYBEKOV

Chairman of the Management
Board of Transtelecom JSC



HISTORY OF DEVELOPMENT

1998

- + On the basis of the order of the Kazakhstan Temir Zholy Republican State Enterprise «On optimizing the signaling and communications management system», a subsidiary state enterprise Transtelecom was established.

1999

- + **August.** A Resolution of the Government of the Republic of Kazakhstan «On measures for reorganization of Kazakhstan Temir Zholy RSE and demerger of Transtelecom f Open Joint Stock Company with 100% state participation» was issued.
- + **November.** Date of primary state registration of Transtelecom JSC.

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 link relay began, and a wide range of new services, including internet access, were made available to customers.
- + **September.** The introduction of a digital automatic telephone exchange at the Almaty station.
- + A centralized contract has been signed for connection to the network of Kazakhtelecom Joint Stock Company as a telecommunications operator.

2004

- + Transtelecom OJSC was renamed to Transtelecom JSC.
- + More than 30 new digital PBX have been installed.

2005

- + **March.** The construction of the FOCL on the Almaty-Astana section with a length of 1,340 kilometers has been completed.
- + **April.** Opening of the Communication Network Management Center and commissioning of a unified FOCL monitoring and administration system.

- + **November.** A certificate of compliance with International Quality Management Standards ISO 9001-2000 was obtained.

2006

- + **March.** The Company's participation in the international telecommunications exhibition CEBIT in Hanover, Germany.
- + **March.** The Company received the International Foundation's gold medal «For High Quality in Business Practice».
- + **November.** In the city of Almaty, 2 operating telegraph stations APSK 120/120 and AT-PS-PD 72/64 were replaced with the first digital station «Vector-2000 Telegraph Switching Server».

2007

- + **September.** The «POTOK» automated calculation system has been implemented.

2008

- + **January.** Start of modernization of telegraph stations in Astana (2 units), Kokshetau, Karaganda, Kostanay, Ekibastuz with replacement of 6 operating AT-PS-PD telegraph stations by one digital Vector-2000 telegraph switching server.
- + **February.** A «Primary Baseline Network» center was created to coordinate the activities of the primary backbone network and FOCL sections.
- + **March.** For the first time in the history of the Company, a 45 Mbit Astana-London channel was organized and put into operation for Orange.
- + **April.** SDH network of KTZ operational and technological communication was built on the Almaty-Astana section (configuration of equipment, software, and testing).
- + **July.** Territorial sections of the backbone network have been created in the cities of Almaty, Shu, Kokshetau, Karaganda, Astana.

- + **August.** A virtual POP was organized in Moscow on M9, with a capacity of STM1 for rational use of the Company's resources, as well as for operational work on providing services to clients outside Kazakhstan.
- + **October.** After completing testing of the STM1 level channel Astana-Petropavlovsk-Atyrau, it was possible to connect the telephone lines of the Atyrau branch with those in Almaty, Karaganda, Astana, and Kokshetau as well as to offer channel lease services to customers in Atyrau.
- + **October.** Two VC3S Hong Kong-Almaty-Moscow have been tested for British Telecom. British Telecom projects have been implemented in other cities of Kazakhstan on the Company's transport network.

2009

- + **December.** A contract was signed with Alcatel-Lucent for the supply and installation of a large backbone network. The project was funded by the European Bank for Reconstruction and Development.
- + The 128 satellite communication systems, which were commissioned a year earlier, passed the electromagnetic compatibility tests in the Republican Center for Space Communications and Electromagnetic Compatibility of Radioelectronic Means and were registered with the Agency for Informatization and Communication of the RoK following by permit for the radio-frequency spectrum.

2010

- + **June.** Data transmission services for Tulpar-1 and Tulpar-2 branded trains Astana-Almaty-Astana were put into commercial operation (order of the Company No. 174-P dated 01.06.2010).
- + **June.** In order to organize transit telephone traffic in Almaty to the Public Telecommunications Network and pass-through traffic to international directions and networks of cellular operators, the operator networks

of KazTransNet LLP and Space.KZ LLP have been connected to the company's network.

- + **July.** The HUB (central control station) OP-39 was put into operation by the decision of the State Commission.
- + **August.** The satellite ground data and voice transmission network «High-Speed Passenger Traffic» was switched to the Company's control station in Astana (OP-39).
- + **September.** A satellite data and voice transmission terminal has been installed on medical train No. 3 for the organization of the VCC based on the decision of the NC «Kazakhstan Temir Zholy» JSC.

2011

- + The Department of Design and Development has carried out work on connecting the Company to the Novoishimsky village to PDN.
- + **September.** To organize communication channels and connect subdivisions of NC KTZ to the backbone, branches of the 3.9 thousand km backbone cable were created. At that time, the total length of the FOCL was 6.6 thousand km.

2012

- + The first stage of the 96 km Aktobe-Kandyagash section of the FOCL has been completed.
- + A monitoring control system (cable network) located along the FOCL route has been launched.

2013

- + Channel organization for the Astana-Schuchinsk Toll Road project and switch and router configuration for toll roads for EnergoRemService, Monitoring Service (Vlan) – in collaboration with Kazsatnet and Astel, Toll Collection Service – in collaboration with Kazteleport.

2014

- + Work has been organized to install new SkyEdge-1 satellite earth stations at 20 railway stations.

- + At the end of the year, 856 sections of diesel locomotives and 983 sections of electric locomotives were equipped with an automated control system Energy Dispatching Traction (ACS EDT) hardware and software complex and put into commercial operation as part of the strategic project of the Energy Dispatching Traction System.
- + The length of the FOCL is 8,139 km.
- + Telephony, internet and videoconferencing services for the Salamatty Kazakhstan, Jardem and Densaulyk medical trains have been organized on an ongoing basis.

2015

- + Commencement of the privatization of the Company.
- + **September.** Deployment of the Kaizen Lean Manufacturing process for production improvement and management.
- + **December.** In accordance with Resolution No. 1141 of the Government of the Republic of Kazakhstan «On Certain Privatization Issues for 2016-2020», the Company is included in the list of assets to be transferred to the competitive environment in a priority order – 26% minus 1 share.
- + **December.** In Paris, the Company deployed 100G DWDM optical transport equipment by Ekinops on an optical network covering the entire country, including the border with China, which is part of a major network between China and Western Europe.
- + **December.** The Company joined the Kazakhstan Association of Automation and Robotics.
- + Within the framework of the ACS EDT project, the equipment of locomotives with the ACS EDT software and hardware complex has been completed. Since the beginning of the project, 1,240 sections of diesel locomotives and 1,043 sections of electric locomotives have been equipped.
- + The length of the FOCL is 10 954,2 km.
- + Completion of research and development work on the HW Automated Control System. Start of replication on the RoK railway mainline.

2016

- + **February.** The Company is a sole integrator for the implementation of IT, automation and telecommunication solutions for the NC KTZ group of companies under the Transformation Roadmap.

- + **February.** Accreditation and commissioning of the Certification Center of the Company.
- + **May.** Participation in the largest annual conference devoted to the growth of the telecommunications transport network market in Russia and the CIS, the VII International Conference «Transport Networks Russia 2016».
- + **May.** Official sponsorship of the World Women's Boxing Championship in Astana, where 12 licenses for the Summer Olympic Games in Rio de Janeiro were played out.
- + **June.** The contract of purchase and sale of 49% of the Company's shares has entered into force.
- + **July.** The National Business Rating Union reports that the company is awarded 'Industry Leader' status.
- + **August.** The Digital Mine information system was launched at a uranium mining company in South Kazakhstan.
- + **August.** At the Khadjimukhan Munaitpasov Stadium, the Company's first Summer Sports Contest welcomed 16 sports teams.
- + **November.** A memorandum of cooperation for the project «Provision of Broadband Internet Access (BBA) to Rural Settlements with Population Over 250» was signed during the bilateral meeting between China Telecom Global Limited and the Company.
- + **November.** The Company was the general partner of the largest international exhibition and conference ASTEX 2016.
- + The length of the FOCL is more than 15,000 km.

2017

- + The results of the open two-stage competition for the sale of 26% minus 1 share have been summed up, the winner has been determined.
- + The Company's Development Strategy until 2026 has been approved.
- + Launch of SOC-service for cyber security (Security Operation Center).
- + A new organizational structure of the Company has entered into force.
- + Participation as a partner of the international exhibition «ASTANA EXPO-2017».

2018

- + The contact center of the Company with a single dialer number 191 has been launched.
- + The company has rebranded itself. Part of the rebranding is the change of the trademark from Transtelecom to TTC.
- + Transtelecom JSC was an advertising partner for the Golovkin-Martirosyan boxing match.
- + A competition for recent undergraduate graduates is run by the company in its search for talented young people.
- + The Company and Waves Platform have agreed to work together to integrate the Vostok blockchain platform, which is based on the Company.
- + Commissioning of two new modular data processing centers in Astana near the building of the Emerald Quarter business center.
- + JSC Transtelecom, as the first cloud provider, connected a private cloud to the Unified Transport Network of government agencies.
- + The successful long-term migration of SAP's KTZ virtual infrastructure from the old Transtelecom cloud to the new one, which began in July, has been completed.
- + The Company has signed a contract for the largest joint PPP project in Kazakhstan to provide Kazakhstan villages with broadband Internet.

2019

- + Connection of free WI-FI in the Almaty metro as part of the implementation of the «Smart Almaty» concept.
- + Transtelecom JSC has been identified as the fiscal data operator in Kazakhstan, launching the FDO service.
- + Launch of a new transit corridor from China to Russia and Europe with capacity from 500 Gbps.
- + Establishing a unified BI.ZONE platform for cyber security services in Kazakhstan in cooperation with Sberbank's subsidiary.
- + Award in the «LEVEL UP» nomination of the international business award «WOW!HR», with the project «Involvement in improvements. Transtelecom gamification».
- + Award in the nomination «Kazakhstan» with the project «TTC Digital HR» in the annual award «HR brand Central Asia 2019».

- + A plan to provide rural settlements with Internet access has been implemented. The project covered 9 regions of Kazakhstan.

2020

- + The project «Provision of broadband access to rural settlements of the RoK using FOCL technology» to connect 429 settlements to broadband access to the Internet has been completed.
- + The project for the construction of data center buildings with IT resource infrastructure for the client in the cities of Karaganda, Kyzylorda, Aktau, Atyrau, Aktobe, Uralsk and Zhezkazgan was implemented.
- + Functional Strategies of Transtelecom JSC blocks have been approved.
- + A new organizational structure has been introduced.

2021

- + Unit Telecom LLP became the official owner of a 75% stake minus one share of Transtelecom JSC.
- + In Almaty, 9 underground stations now have WI-FI access from Transtelecom JSC. The project was implemented within the framework of the Digital Kazakhstan program.
- + Transtelecom has signed a memorandum of cooperation with operators from Uzbekistan and Kyrgyzstan within the framework of TransCaspian Fiber Optic (TCFO).
- + Transtelecom JSC and Türk Telekom International signed a Memorandum of Cooperation within the TransCaspian Fiber Optic (TCFO) project. The parties plan to jointly develop the telecommunications corridor.
- + Transtelecom JSC joined the Association of oil service companies of Kazakhstan.

THE COMPANY IN FIGURES

4,823

Net profit – 4,823 million tenge

41

EBITDA margin – 41%

34,129

EBITDA – 34,129 million tenge

85,449

Income – 85,449 million tenge

84,615

Revenue – 84,615 million tenge

35,866

Equity capital – 35,866 million tenge

58,429

Cost of sales – 58,429 million tenge

7,341

General administrative expenses – 7,341 million tenge

3,358

Number of employees – 3,358 people

25,633

Income per 1 employee – 25,633 thousand tenge

870,932

Local communication services – 870,932 thousand tenge

489,805

Long-distance domestic and international telephony services – 489,805 thousand tenge

9,805,743

Internet access services – 9,805,743 thousand tenge

1,235,760

Telegraphic communication – 1,235,760 thousand tenge

4,827,369

Satellite communication and data transmission services – 4,827,369 thousand tenge

13,362,935

FOCL backbone network leasing services – 13,362,935 thousand tenge

4,184,604

International transit – 4,184,604 thousand tenge

1,249,108

Rural settlement services – 1,249,108 thousand tenge

5,483,885

OTC service – 5,483,885 thousand tenge

130,847

OTT and equipment rental – 130,847 thousand tenge

30,426

The number of fixed lines of individuals – 30,426 subscribers

87,072

Number of fixed BBA ports – 87,072 ports

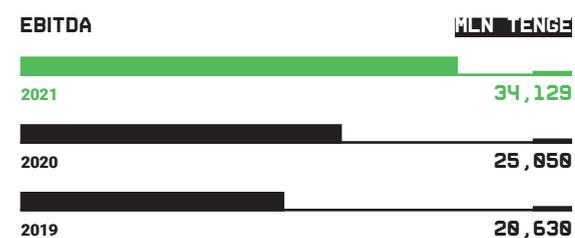
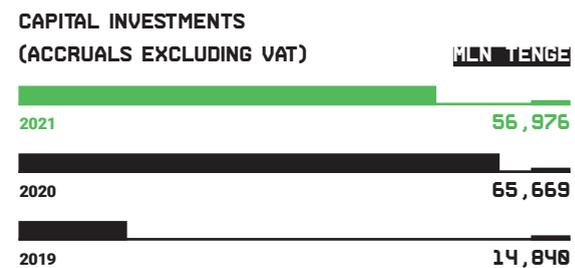
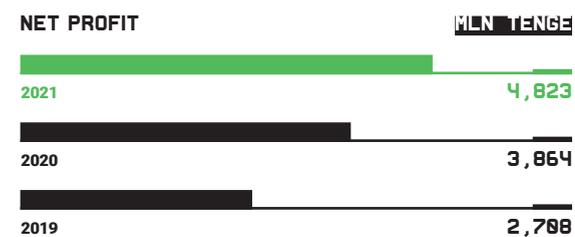
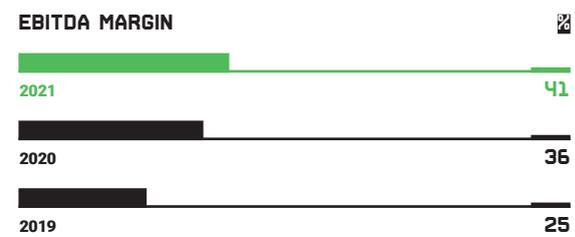
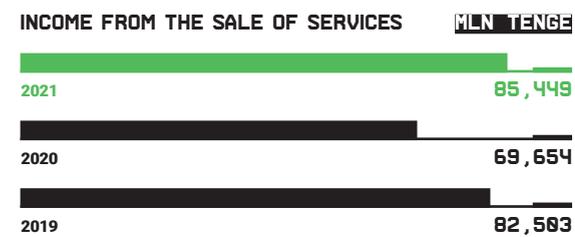
11,655

Number of paid TV connection points – 11,655 subscribers

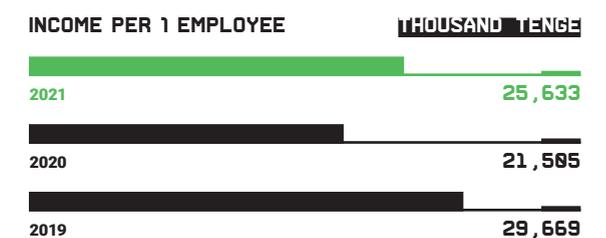
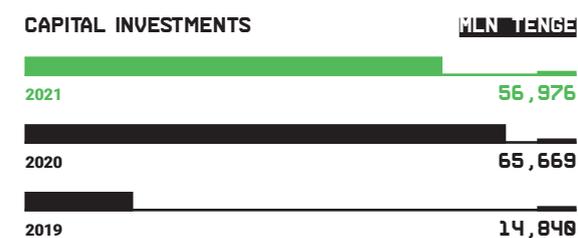
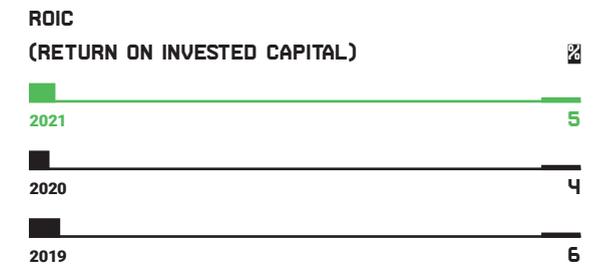


KEY PERFORMANCE INDICATORS

FINANCIAL INDICATORS

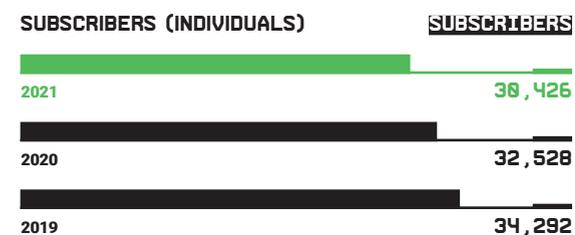


PERFORMANCE INDICATORS

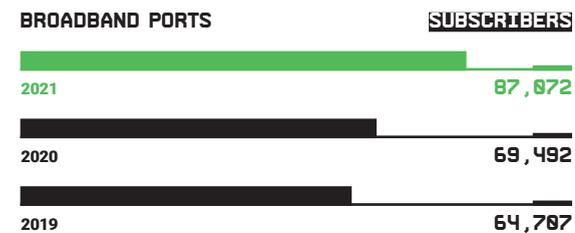


ESTIMATED INDICATORS

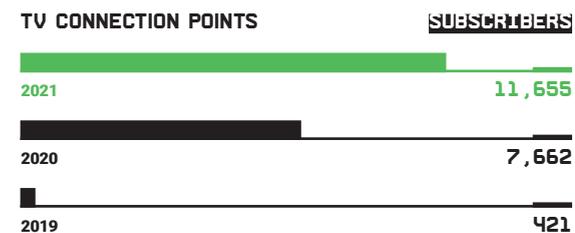
NUMBER OF TELEPHONY SUBSCRIBERS (INDIVIDUALS)



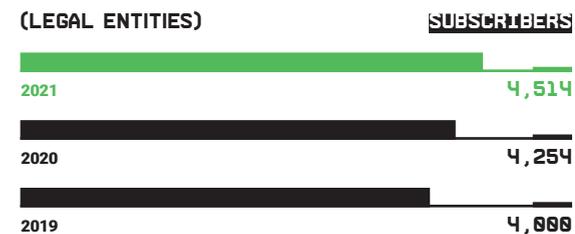
NUMBER OF FIXED BROADBAND PORTS



NUMBER OF PAID TV CONNECTION POINTS

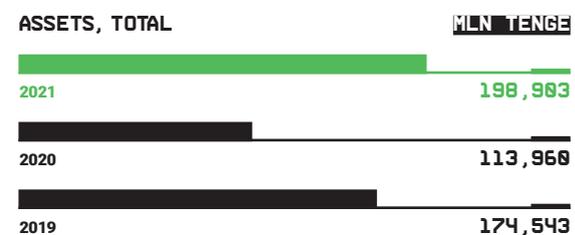


NUMBER OF SUBSCRIBERS (LEGAL ENTITIES)

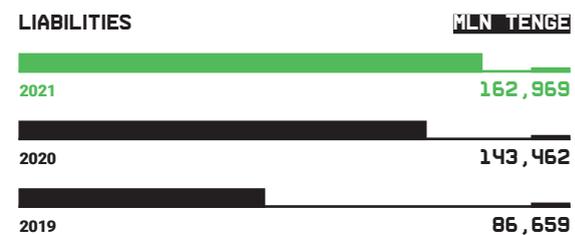


INFORMATION ABOUT ASSETS

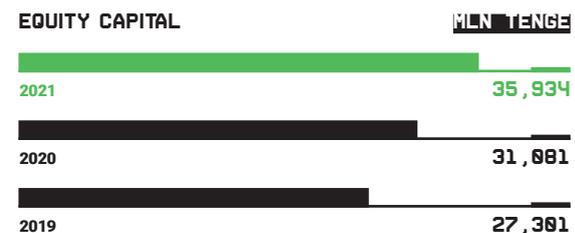
ASSETS, TOTAL



LIABILITIES



EQUITY CAPITAL



MAIN EVENTS OF 2021

JANUARY

- + In Kyzylorda, the first regional IT Park was provided with high-speed Internet using GPON technology.
- + An intelligent video surveillance system was connected in the Employment Center of Shymkent.

FEBRUARY

- + Transtelecom has laid a 25km-long broadband optical trunk line from Nur-Sultan to the village of Kosshi as part of the Digital Kazakhstan program. The volume of investments in this area amounted to 228 million tenge.
- + Transtelecom JSC participated in «Digital Forum 2021.» The session was opened by the President of Kazakhstan Kassym-Jomart Tokayev.
- + On 5 February 2021, the Eurasian Intergovernmental Council (EICC) met with the Heads of Government of the member states of the Eurasian Economic Union. Transtelecom served as the operator, offering 320 Mbps of total bandwidth for Internet access services.
- + Unit Telecom LLP became the official owner of a 75% stake minus one share of Transtelecom JSC.

MARCH

- + Chairman of the Management Board of Transtelecom JSC Ye.R. Adaibekov held a meeting with the executive chairman of Japan DX, Soji Suzuki, to discuss the implementation of investment projects of Japanese companies in the field of digital technologies.

APRIL

- + In Almaty, 9 underground stations now have WI-FI access from Transtelecom JSC. The project was implemented within the framework of the Digital Kazakhstan program.
- + The management of Transtelecom JSC met with representatives of One Web company. The parties talked about business partnerships and cooperation with the goal of providing high-quality Internet to every region of Kazakhstan by May 2022.
- + Minister of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan Bagdat Musin visited the Company's data center in Uralsk.

MAY

- + Employees of the Company together with volunteers congratulated veterans of the Great Patriotic War on Victory Day.
- + In Kosshy, a reporting meeting was held with the population on connecting to the Internet from Transtelecom JSC.

JUNE

- + On Children's Day, the cities of Nur-Sultan and Almaty held a «Staying Children» event. The organizer was Transtelecom JSC.
- + Transtelecom JSC became as an organizational partner of the forum of the Presidential Youth Personnel Reserve.

JULY

- + Prime Minister of the Republic of Kazakhstan Askar Mamin visited the data center of Transtelecom JSC in Aktau.

AUGUST

- + A rocket with 34 OneWeb satellites was launched from the Baikonur cosmodrome. The Internet channel intended for the implementation of the pilot project was presented by the Company.
- + a new office of Transtelecom JSC was opened for individuals in the capital of the republic.

SEPTEMBER

- + A working meeting was held between representatives of Transtelecom JSC and Murou System Company (Japan). The parties discussed the experience of digital transformation, told about their projects, and shared future plans.

OCTOBER

- + Transtelecom has signed a memorandum of cooperation with operators from Uzbekistan and Kyrgyzstan within the framework of TransCaspian Fiber Optic (TCFO).
- + Transtelecom JSC and Suleiman Demirel University held a SDU Open Student Programming Championship (ICPC).

- + At the international Digital Bridge forum, Transtelecom JSC, Astana Hub and the world's largest Plug and Play accelerator signed a Memorandum of Understanding.
- + As part of the competition for the best commentary, a guided tour to the data center was organized for journalists. The event coincided with the birthday of Transtelecom.

NOVEMBER

- + Transtelecom JSC and the Academy of Logistics and Transport have announced their intention to conduct joint research on digitalization in railway transport.

DECEMBER

- + Transtelecom JSC and Türk Telekom International signed a Memorandum of Cooperation within the TransCaspian Fiber Optic project. The parties plan to jointly develop the telecommunications corridor.

BRIEF OVERVIEW

COMPANY PROFILE

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

Transtelecom JSC before re-registration was called Transtelecom Open Joint Stock Company, earlier – Transtelecom Subsidiary State Enterprise. It was established in accordance with the order of Kazakhstan Temir Zholy Republican State Enterprise dated 16 June 1998 No. 426 – Қ « On optimizing the signaling and communications management system» later on it was reorganized into an open joint stock company based on the Resolution of the Government of the Republic of Kazakhstan dated 4 August 1999 No. 1101 «On measures for reorganization of the Kazakhstan Temir Zholy Republican State Enterprise by the order of the Committee of state property and privatization of the Ministry of Finance of the Republic of Kazakhstan dated 1 September 1999 No. 135 «On reorganization of some subsidiaries of Kazakhstan Temir Zholy Republican State Enterprise.

The Company is the legal successor of all rights and obligations of the Transtelecom Subsidiary State Enterprise of the Kazakhstan Temir Zholy Republican State Enterprise. According to Kazakhstani law, Transtelecom JSC is a legitimate organization that is capable of acquiring and exercising both property and non-property rights for itself, as well as being both a plaintiff and a defendant in legal proceedings. It also has an independent balance sheet and bank accounts. The Charter, which outlines the legal foundation for the company's organization and operation, was approved by the General Meeting of Shareholders of Transtelecom JSC No.13 on January 20, 2020. This charter governs how the company operates.

The main objectives of the activity of Transtelecom JSC are:

- + obtaining profit from commercial activities and using it in the interests of shareholders;
- + creation of modern information and telecommunication networks on the territory of the Republic of Kazakhstan and their integration into the global network of IT technologies;
- + provision of various types of advanced technologies to consumers in the territory of the Republic of Kazakhstan and abroad.

Through the expansion and modernization of networks, the company's main goal is still to raise the standard of communications and services offered in Kazakhstan.

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

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

Transtelecom JSC has a service network of 14 branches, its own network of 9 data centers, as well as contact centers throughout the country.

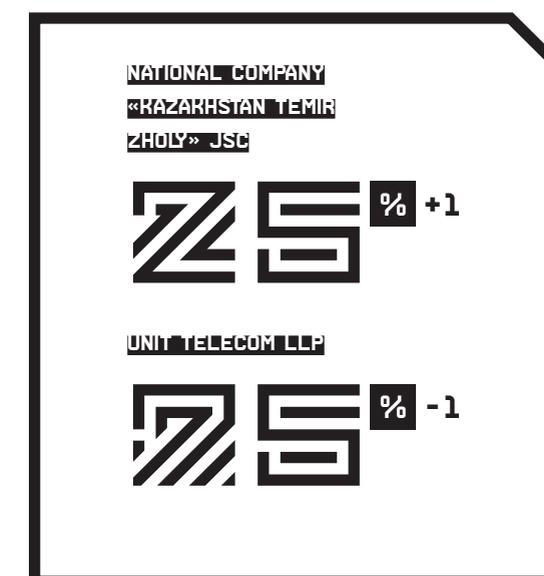
The address of the location of the executive body of the Company: 10 D. Kunayev Street, Yesil district, Nur-Sultan, Z05H9A7, Republic of Kazakhstan.

SHARE CAPITAL STRUCTURE AND SECURITIES

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

As of 31 December 2021, the Company's shareholders are: National Company «Kazakhstan Temir Zholy» JSC – 25% ownership plus 1 share, Unit Telecom LLP – 75% ownership minus 1 share.

A detailed historical background of the issue and placement of stocks is reflected in the annual report for 2017 in the section «Share capital structure».



Number of authorized ordinary shares, pcs.	6 471 089
Number of outstanding shares, pcs.	5 638 097
Number of unplaced, pcs	832,992
Nominal value of one share, KZT	1 000
The amount of funds raised from the placement of shares, KZT	12 241 487 000

Preferred shares are not provided

6,471,089
NUMBER OF AUTHORIZED
ORDINARY SHARES,
PCS.

During 2021, there were no changes in the authorized capital of the Company and no additional shares were placed.

ADDITIONAL PAID-IN CAPITAL

In 2020, the company transferred the difference of 244,190 thousand tenge between the nominal value and fair value of the interest-free loan received from NC KTZ JSC in 2011 from additional paid-in capital to retained earnings.

The decision of the Board of Directors of 22 July 2019 (Minutes No. 7/2019) was to issue bonds in the domestic market in an amount not exceeding 22 billion tenge.

On 10 January 2020, Baiterek National Management Holding JSC purchased the Company's bonds issued on the Kazakhstan Stock Exchange in the amount of 10,000,000 thousand tenge with a coupon rate of 11.5% per annum. According to the bond issue prospectus, the maturity of the issued bonds is 12 years.

On 19 November 2021, in accordance with the decision of the Board of Directors dated 27 October 2021 (Minutes No.8/2021), bonds in the amount of 15,000,000 thousand tenge were placed with a coupon rate of 13.0% per annum for 7 years.

Transtelecom JSC strives to respect the interests of shareholders by ensuring the growth of long-term value and sustainable development of its activities.

The decision of the General Meeting of Shareholders of August 04, 2016 approved the Dividend Policy (Minutes No. 1).

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

No dividends were declared or paid for the year 2021.

ORGANIZATIONAL STRUCTURE

To increase the Company's business efficiency and successfully address the new market challenges, a new organizational structure was introduced in 2020. The suggested structure is based on the Adizes Institute's change management methodology and is designed to quickly adapt to changes in the external environment, innovations, and to accumulate unique competencies.

We used the following guiding principles when creating a revised organizational structure for the Company's central office:

- + compliance with the approved Development Strategy;
- + business focus on profit centers;
- + customer orientation and increasing customer loyalty;
- + reducing the hierarchical load;
- + improving the focus on the product and stabilizing receipts;
- + separation of development and operation functions;
- + exclusion of conflicts of interest.

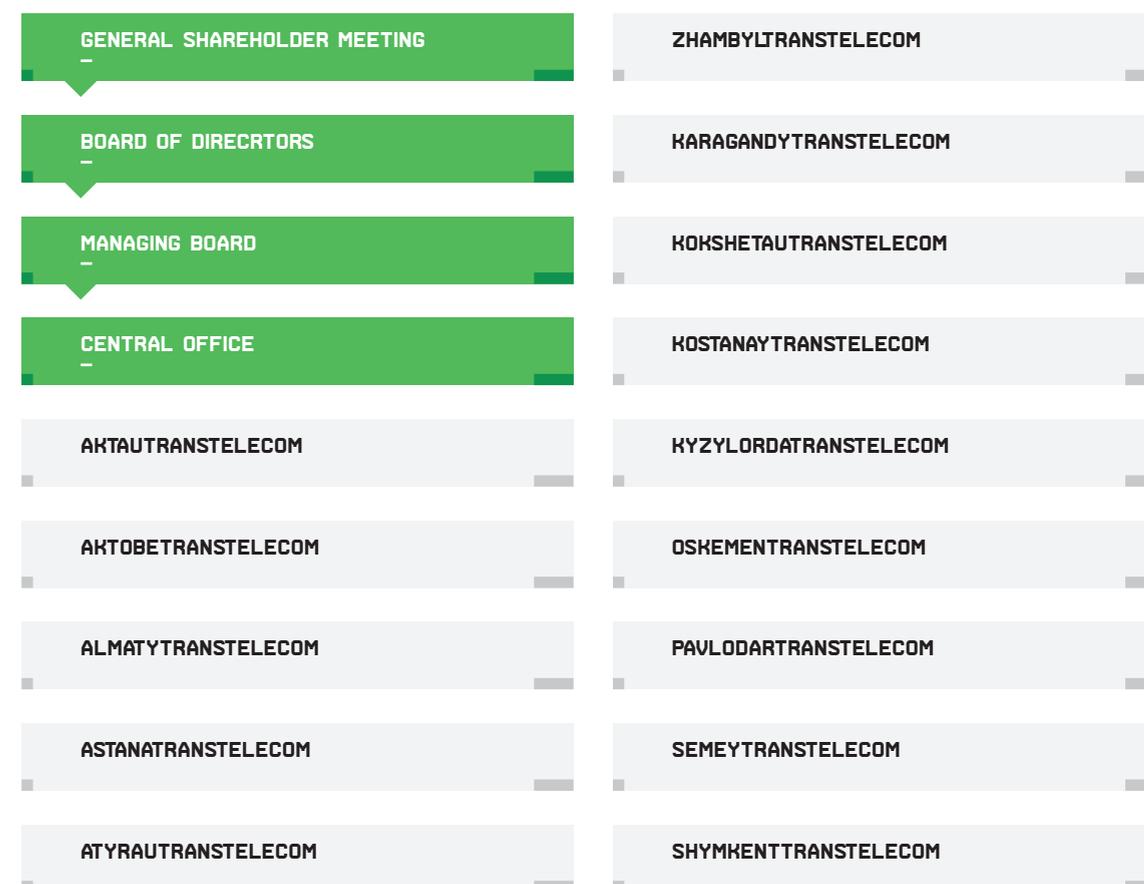
In order to reduce the distance from the source of profit, a flat structure by business area has been proposed, the main advantage of which is its ability to react quickly and adapt to changes in the external environment, innovation, and the accumulation of unique competencies. A flat organizational structure for managing a company means that fewer people are involved in the decision-making process. Decisions are made by managers who have relevant information and are empowered based on the supervised area/client.

In order to implement the Development Strategy, the Company is moving toward a mixed business model, where the project-based business model it currently employs is complemented by a product-based business model aimed at the mass consumer, including both private and business customers. In this regard, the suggested structure calls for a specific Product Office, which serves as a center of

expertise for the development and application of cutting-edge ICT technologies. This strengthens the business's

product focus and stabilizes its revenue stream (recurring revenues), which is not restricted to one-off projects.

ORGANIZATIONAL STRUCTURE AS OF 31 DECEMBER 2021





THE UPDATE OF THE COMPANY
DEVELOPMENT STRATEGY FOR 2019-2023
WAS AN IMPORTANT EVENT OF THE YEAR.

Global trends, competitors, and the Company's market position were analyzed by the strategic direction. The Company's Roadmap has been updated based on external factors and internal transformations. On December 29, 2021, the Board of Directors approved a new version of the Company Development Strategy.

```
CLASS TRANSTELECOM {
  PUBLIC STATIC VOID MAIN(STRING[] ARGS) {
    SYSTEM_OUT.PRINTLN(«ANNUAL REPORT»);
    //2021
  }
}
```

STRATEGIC REVIEW



- 2013
- 2014
- 2015
- 2016
- 2017
- 2018
- 2019
- 2020
- 2021



DESCRIPTION OF THE COMPANY

GEOGRAPHY OF PRESENCE

Transtelecom JSC is one of the largest telecom operators of the Republic of Kazakhstan. The Company has an

extensive branch network (14 branches) throughout the Republic.

DEVELOPMENT STRATEGY

An important event of the year was the actualization of the Company's Development Strategy for 2019-2023. The previous Development Strategy was developed by J'son & Partners Consulting in 2018, but it has largely become obsolete.

Additionally, Functional Strategy was revised to be in line with the Company's updated Development Strategy.

During the reporting period, 7 new data centers were built, which served to dramatically increase the number of physical servers of the Company.

Strategic Planning and Analysis area analyzed global trends, competitors and the company's market position. Taking into account external factors and internal transformations in the company, the roadmap was updated. The Board of Directors approved a new version of the Company's Development Strategy on 29 December 2021.

In August 2021, the Company joined the National Association of Communication and Digitalization.

In November 2021, a startup accelerator based on Astana Hub.esa was introduced in collaboration with the largest Plug and Play business accelerator (USA).

VISION

The company's vision is to become a diversified operator of a broad range of ICT services that manages large, complex projects in both the private and public sectors and offers a wide range of services to people and organizations.

The key facts of this statement are:

- + Provision of services in all market segments.
- + A combination of service provision and project implementation.
- + The availability of a sizable service portfolio that combines IT and cloud services with conventional communication services.



The Company has an extensive branch network (14 branches) throughout the Republic.

MISSION

To lead Kazakhstanis to digital prosperity, drawing on the company's unique capabilities:

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

VALUES

RESPECT - WE RESPECT EACH OTHER.

- + The ability to listen and hear others, find common ground and forge mutually beneficial relationships – so long as it does not conflict with the company's values – while viewing customers, partners, and rivals as equals.

effectiveness of its business processes and procedures, and the organizational structure of the company. It also works to improve the quality of its services and their usability for customers.

IMPROVEMENT - WE ARE CONTINUALLY IMPROVING.

- + The Company is constantly enhancing its operations, the expertise and engagement of its workforce, the

RELIABILITY AND REPUTATION - WE ARE A RELIABLE COMPANY, WE VALUE OUR REPUTATION.

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

INVESTMENT ATTRACTIVENESS

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

Despite the challenging macroeconomic environment and quick changes in technology and consumer preferences, the company has a significant competitive advantage that enables it to maintain stable cash flow and respectable operating performance.

In addition to effectively addressing market challenges, Transtelecom JSC is also maximizing recently opened doors. The Company is able to demonstrate steady growth in its core business segments as a result of its high-quality assets, established business processes, and accumulated competencies.

OVERVIEW OF THE REGULATORY ENVIRONMENT

Main regulatory legal acts of the Republic of Kazakhstan regulating the activities of Transtelecom JSC are:

- + Civil Code of the Republic of Kazakhstan;
- + Entrepreneurial Code of the Republic of Kazakhstan;
- + Code of the Republic of Kazakhstan «On taxes and other mandatory payments to the budget»
- + The Law of the Republic of Kazakhstan «On Communications»;
- + The Law of the Republic of Kazakhstan «On Natural Monopolies»;
- + The Law of the Republic of Kazakhstan «On Joint-Stock Companies»;
- + The Law of the Republic of Kazakhstan «On the Securities Market»;
- + The Law of the Republic of Kazakhstan «On Permits and Notifications»;
- + The Law of the Republic of Kazakhstan «On architectural, town-planning and construction activity in the Republic of Kazakhstan»;
- + The Law of the Republic of Kazakhstan «On Informatization»;
- + The Law of the Republic of Kazakhstan «On Copyright and Related Rights»
- + Resolution of the Government of the Republic of Kazakhstan dated 31 January 2001 No. 164 «On Approval of the Rules for Preparation and Use of Public Telecommunication Networks, Unified Telecommunication Network Resources for the Needs of Government Bodies, Defense, Security and Law Enforcement Agencies of the Republic of Kazakhstan»;
- + Order No. 120 of the Acting Minister for Investment and Development of the Republic of Kazakhstan dated 28 January 2016 «On Approval of the Rules for Granting Use of the Cable Channels»;
- + Order No. 21 of the Acting Minister for Investment and Development of the Republic of Kazakhstan dated 20 January 2015 «On approval of qualification requirements and a list of documents confirming the eligibility of the applicant for the provision of communications services»;
- + Order No. 281 of the Minister of Investment and Development of the Republic of Kazakhstan dated 24 December 2014 «On Approval of the Rules for Protection of Telecommunications Networks in the Republic of Kazakhstan»;
- + Order No. 34 of the Acting Minister for Investment and Development of the Republic of Kazakhstan dated 21 January 2015 «On Approval of the Rules for Assignment of Frequency Bands, Radio Frequencies (Radio Frequency Channels), Operation of Radio Electronic Facilities and High Frequency Devices, and Calculation of Electromagnetic Compatibility of Radio Electronic Facilities for Civil Purposes»;
- + Order No. 119 of the Acting Minister for Investment and Development of the Republic of Kazakhstan dated 28 January 2016 «On Approval of the Rules of Connection and Interaction of Telecommunications Networks»;

- + Order No. 171 of the Acting Minister for Investment and Development of the Republic of Kazakhstan of 24 February 2015 «On Approval of the Rules of Communication Services».

The Republic of Kazakhstan's Civil Code governs exchange relationships, other property relations based on participant equality, as well as interpersonal non-property relationships involving property.

The Entrepreneurial Code of the Republic of Kazakhstan outlines the legal, economic, and social requirements and protections that guarantee the freedom of entrepreneurship there. It also governs public relations issues that arise from interactions between businesses and the government, including state regulation and support of entrepreneurship.

The Code of the Republic of Kazakhstan «On Taxes and Other Mandatory Payments to the Budget» establishes the fundamental principles of taxation, regulates power relations for the establishment, introduction, amendment, cancellation, procedure for calculating and paying taxes and other mandatory payments to the budget, as well as relations related to the fulfillment of tax obligations.

The Law of the Republic of Kazakhstan «On Communications» establishes the legal framework for communications activities in the territory of the Republic of Kazakhstan, defines the powers of state bodies to regulate these activities, the rights and obligations of individuals and legal entities providing or using communications services.

The Law of the Republic of Kazakhstan «On Joint-Stock Companies» defines the legal status, establishment, operation, reorganization and liquidation of a joint stock company; the rights and obligations of shareholders, as well as measures to protect their rights and interests;

the competence, formation and functioning of joint stock company bodies; the powers, election procedures and responsibility of its officers.

The Law of the Republic of Kazakhstan «On the Securities Market» regulates social interactions that arise during the issuance, placement, circulation, and redemption of equity securities and other financial instruments, as well as the specifics of the creation and activities of securities market participants. It also specifies the process for regulating, controlling, and supervising the securities market in order to ensure its efficient, secure, and safe operation.

The Law of the Republic of Kazakhstan «On Permits and Notifications» regulates public relations related to the introduction and implementation of a permit or notification procedure by private business entities and other persons provided for by the Law of the Republic of Kazakhstan «On Permits and Notifications», certain types of activities or actions.

The Law of the Republic of Kazakhstan «On Architectural, Urban Planning and Construction Activities in the Republic of Kazakhstan» regulates relations arising between state bodies, individuals and legal entities, engaged in the construction activities in the Republic of Kazakhstan.

The Law of the Republic of Kazakhstan «On Informatization» regulates social relations in information technologies arising on the territory of the Republic of Kazakhstan between state bodies, individuals, and legal entities during the creation, development, and operation of objects of information technology.

The Law of the Republic of Kazakhstan «On Copyright and Related Rights» regulates relations in the field of intellectual property arising in connection with the creation and use, including computer programs.

The main objectives of the Law of the Republic of Kazakhstan «On Natural Monopolies» are to define the legal basis for state regulation of activities in the areas of natural monopolies, to ensure publicity and transparency of procedures for state regulation of activities in the areas

of natural monopolies, to stimulate improvement in the quality of and demand for regulated services, to ensure accessibility of regulated services to consumers, and to protect the interests of consumers and natural monopoly entities.

OVERVIEW OF THE TELECOMMUNICATIONS MARKET IN 2021

TELECOMMUNICATIONS SERVICES MARKET OF THE REPUBLIC OF KAZAKHSTAN

Kazakhstan is one of the most developed telecommunications sectors in the Central Asian region, particularly in the mobile communication segment, where wide network coverage ensures a very high level of penetration.

Telecommunications companies have been successful in improving their margins and revenues by expanding value-added services and leveraging the capabilities of their high-speed 4G LTE networks and fiber optics to significantly increase data usage.

Kazakhstan also used to have a relatively high fixed-line density due to concerted efforts to invest in fixed-line infrastructure as well as next-generation networks. However, as is the case in the majority of developed telecommunications markets worldwide, consumers are choosing the adaptability and accessibility of a mobile voice and data platform over traditional voice services.

The Kazakhstani telecommunications industry is undoubtedly dominated by mobile communications, but

in 2020, the crisis brought on by Covid-19 saw a sharp decline in the number of subscribers for both mobile voice and mobile broadband access. However, data usage and income grew more rapidly as more people started working from home or found that downtime at work could be spent online.

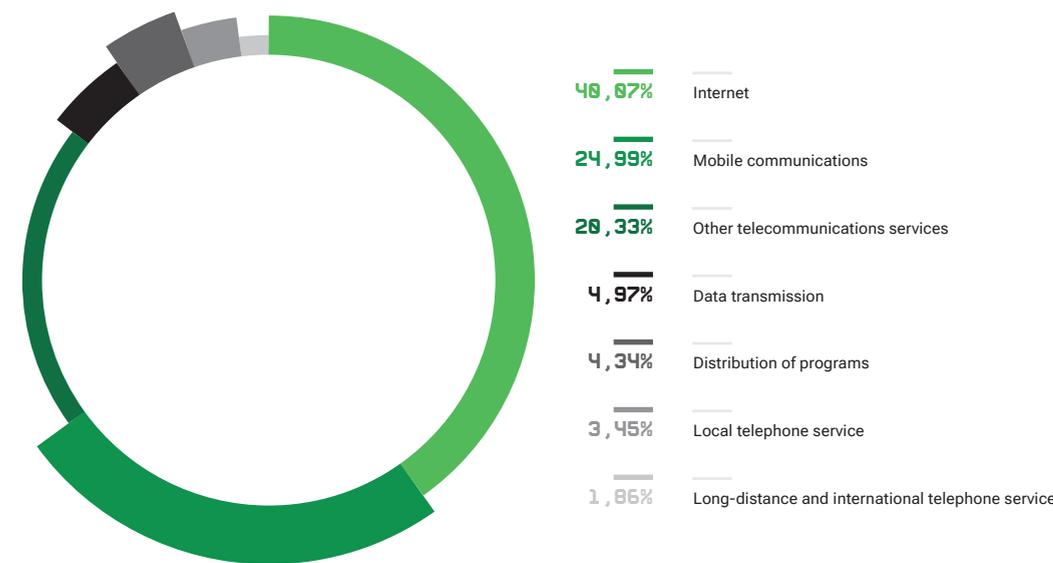
Kazakhstan's telecoms market, excluding fixed-line services, is expected to return to moderate growth from 2022. The extensive deployment of LTE networks across the nation (along with the potential addition of 5G services in 2023) points in particular to an even greater proliferation of profitable mobile broad-band services.

On the consumer side, spending on telecommunication services and devices is under pressure due to the financial effect of large-scale job cuts and the subsequent limitation of disposable income. Nevertheless, the key nature of telecommunications services, both for general communications and for work at home, compensates for such pressure. In many markets, the net effect should be sustained, albeit with less subscriber growth.

Key market events:

- + Kazakhstan's mobile market has reached saturation point. Slow growth is projected until 2024.
- + New OneWeb satellites have been launched in Kazakhstan.
- + The Government joins the ITU-sponsored GIGA initiative.
- + Fixed-line telephone penetration continues to decline as the mobile segment continues to expand.
- + 5G services are planned to be launched in the near future.
- + Mobile broadband access is actively developing due to the mature mobile market.
- + Knell has launched a pilot IoT service for agriculture using its 3G, 4G LTE and NB-IoT networks.
- + ALTEL mobile operator starts testing 5G in Almaty and Turkestan, using a test spectrum in the range of 3500 MHz, but the government reduces expectations regarding the appearance of commercial services until 2023.
- + The regulator introduces new minimum data transfer rates for 3G (1 Mbit/s) and 4G (5 Mbit/s) services.
- + Jysan Bank launches the second MVNO in Kazakhstan, Jysan Mobile, operating in the ALTEL network.
- + Beeline mobile operator launches GPON FttP service in Nur-Sultan with a speed of up to 500 Mbit/s.
- + Unit Telecom Company acquires 75% of the shares of Transtelecom JSC, completing the privatization program of the latter.

REVENUE STRUCTURE FROM COMMUNICATION SERVICES IN KAZAKHSTAN FOR 2021



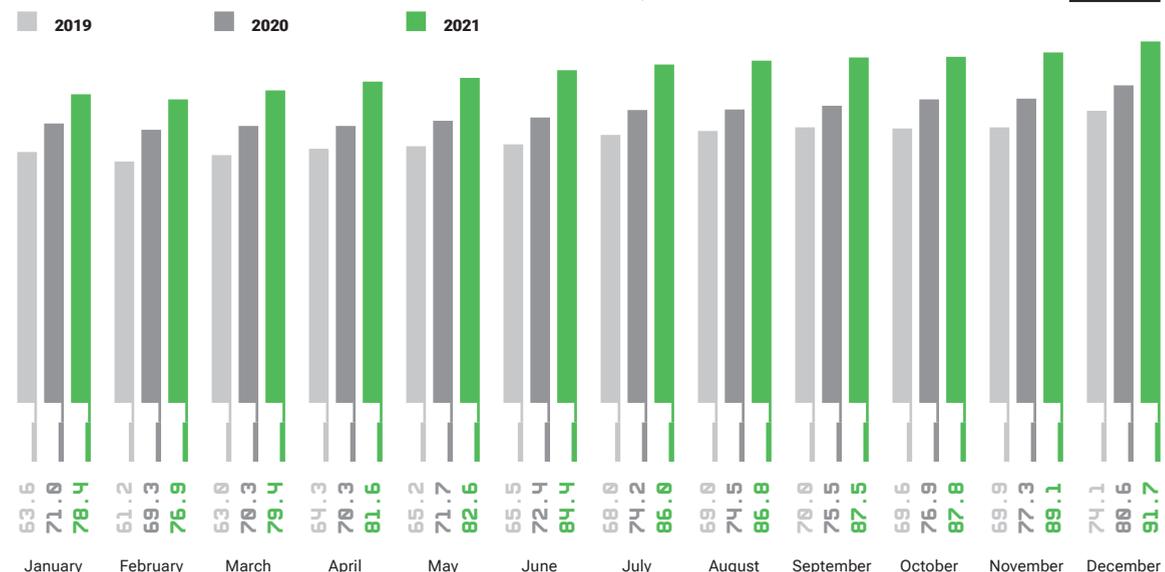
Source: Statistics Committee of the MNE of the RoK

The Republic of Kazakhstan's Bureau of National Statistics estimates that in 2021, the volume of the country's market for communication services was 1,012.1 billion tenge, a 14.4% increase over the previous year. The volume of Internet services amounted to 405.5 billion tenge (+22.2%), the volume of cellular services – 252.9 billion tenge (+9.3%). The volume of local telephone services, on the contrary,

decreased and amounted to 34.9 billion tenge, which is 2.6% less than in 2020.

The amount of long-distance and international telephone services offered is also declining annually. As a result, in terms of comparable prices, their volume in 2021 was 18.7 billion tenge, which is 12.2% less than their volume in 2020.

REVENUES FROM TELECOMMUNICATIONS SERVICES BY MONTH, 2019-2021



Source: Statistics Committee of the MNE of the RoK

The income of Transtelecom JSC from the above services in 2021 amounted to 30.07 billion tenge, which amounted to 2.95% of the total market volume according to the Bureau of National Statistics of the Republic of Kazakhstan.

Income of Transtelecom JSC from communication services (data provided by Separate Accounting and Management Reporting).

Services	30,071,964
Data transmission and satellite communication services	4,865,483
Long-distance/international communication services	489,795
Local telephone services	870,934
FOCL backbone network rental services	9,867,114
Internet access services	9,805,681
International transit services	4,172,940

Note: the table above includes only income from services corresponding to those provided by the Bureau of National Statistics. Income from other services and projects of Transtelecom JSC is not included.

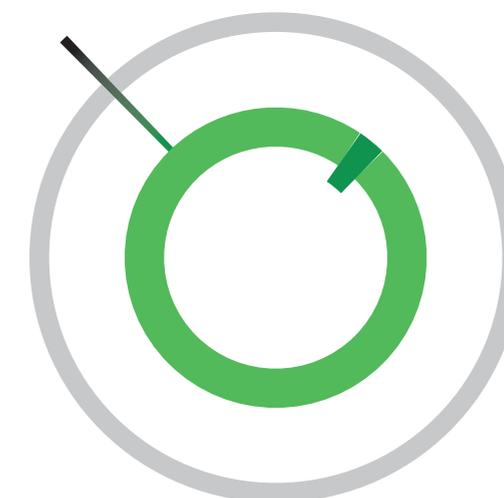
THE SHARE OF TTS IN THE MARKET OF COMMUNICATION SERVICES BY SERVICES

Internet	4,85%
Data transmission	17,969%
Local telephone service	2,49%
Long-distance and international telephone communications	2,61%

The global volume of the telecom services market in 2021 amounted to 1,444 billion US dollars. Kazakhstan's share of the global telecom services market was 0.16%.

Note 1: In the market volume data from the MNE RoK, revenues from backbone FOCL leasing services are included in revenues from Internet access services. For the sake of comparability, revenues from lease of Transtelecom's backbone FOCLs are also included in revenues from Internet access services.

Note 2: In the market volume data from the MNE RoK, international transit revenues are included in data access service revenues. For the correctness of the comparison, the income from the international transit of Transtelecom JSC is also included in the income from data transmission services.



ROK'S SHARE OF GLOBAL REVENUES FROM COMMUNICATIONS SERVICES

- 99.84% The share of the rest of the world
- 0.16% RoK's share

THE TTC'S SHARE OF REVENUE FROM COMMUNICATION SERVICES OF THE ROK

- 97.84% Other operators
- 2.96% TTC's share



The global volume of the telecom services market in 2021 amounted to 1,444 billion US dollars.

OVERVIEW AND DEVELOPMENT IN THE WORLD

Demand for high-speed broadband access in fixed and mobile networks is still high. Analysis Mason estimates that, globally, data traffic on the fixed network will increase by 25% in 2021, and by 37% on the mobile network. A resilient, high-performance broadband infrastructure is essential for the digital transformation, as the COVID-19 pandemic demonstrated. Many countries have announced ambitious development plans. The European Commission published new goals in March 2021, stating that by 2030 all households in the European Union (EU) should have gigabit lines, and all settlements should be covered by 5G technologies. A study by the Boston Consulting Group estimates that 300 billion euros will be invested overall to accomplish this goal.

Digitalization and broadband infrastructure are also important factors in set of measures to control coronavirus. In February 2021, the EU reached agreement on the creation of a Recovery and Sustainability Fund, with €672.5 billion were allocated as a central element of the NextGenerationEU recovery plan. At least 20% of the funds received by the Member States are intended for digital transition projects. At the national level, numerous funding initiatives have also been started to support broadband expansion and digital transformation. The US Congress has adopted a comprehensive infrastructure subsidy program, which provides for the allocation of \$65 billion for the deployment of broadband infrastructure and is aimed at increasing demand for broadband services.

The telecommunications industry is still characterized by intense competition. Consumers benefit from a wider choice of products. Famous telecommunications firms face fierce competition in the fixed network from cable network operators, urban network operators, and resellers who primarily use regulated whole-sale products. Financial investors are increasingly allocating money for the construction of regional and supraregional fiber-optic networks. Additionally, Internet

businesses that offer over-the-top (OTT) communication services add to the competitive pressure. MVNOs that use the network infrastructure of established mobile operators are also becoming more prevalent.

GLOBAL TRENDS

INFRASTRUCTURE SHARING

By 2023, the number of IoT-enabled devices will increase to 3.2 billion. The exponential growth of connected solutions and the huge amount of data generated will put enormous pressure on networks, requiring high-speed and broadband 5G connections.

5G AS THE BACKBONE OF THE PLATFORM ECONOMY

5G technology with its potential to generate huge economic and social benefits will be ahead of the main trends in the telecommunications sector. With the speed and scale promised by next-generation connectivity, 5G will be the foundation for the platform economy, a new digital economy that uses technological structures and platforms to create value.

UPGRADING BSS/OSS AND SWITCHING TO MICROSERVICES

Microservices-based architecture allows telecom operators to break down complex IT infrastructure into separate, easily manageable components. This makes the microservices-based architecture more flexible and easier to scale compared to a monolithic one.

NETWORK DISAGGREGATION AND VIRTUALIZATION

SDN and NFV are emerging as new network technologies and telecommunications trends of 2021 with great potential for transformation. In software-defined networks (SDN), the control plane is separated from the data plane, which provides dynamic network configuration, improves resource utilization, and increases network flexibility. Network Function Virtualization (NFV) allows telecom operators to expand their capabilities and create complex IT applications, abstracting any network function from proprietary hardware and managing it as a software module.

ARTIFICIAL INTELLIGENCE AND INTELLIGENT AUTOMATION

Solutions based on artificial intelligence (AI) are among the telecommunications trends of 2021 and will continue to evolve in order to increase network automation and gradually transition to fully automated processes from site deployment to service provision. In addition, the advanced analytical capabilities of AI will allow operators to create highly intelligent networks and improve the quality of customer service.

EDGE

The concepts of multiple access edge computing (MEC) have been given different names: edge cloud, fog computing, mobile edge computing. MEC is an ETSI-defined network architecture concept that provides cloud computing capabilities and an IT service environment at the edge of a cellular network. Simply put, MEC brings computing and storage resources closer to end users.



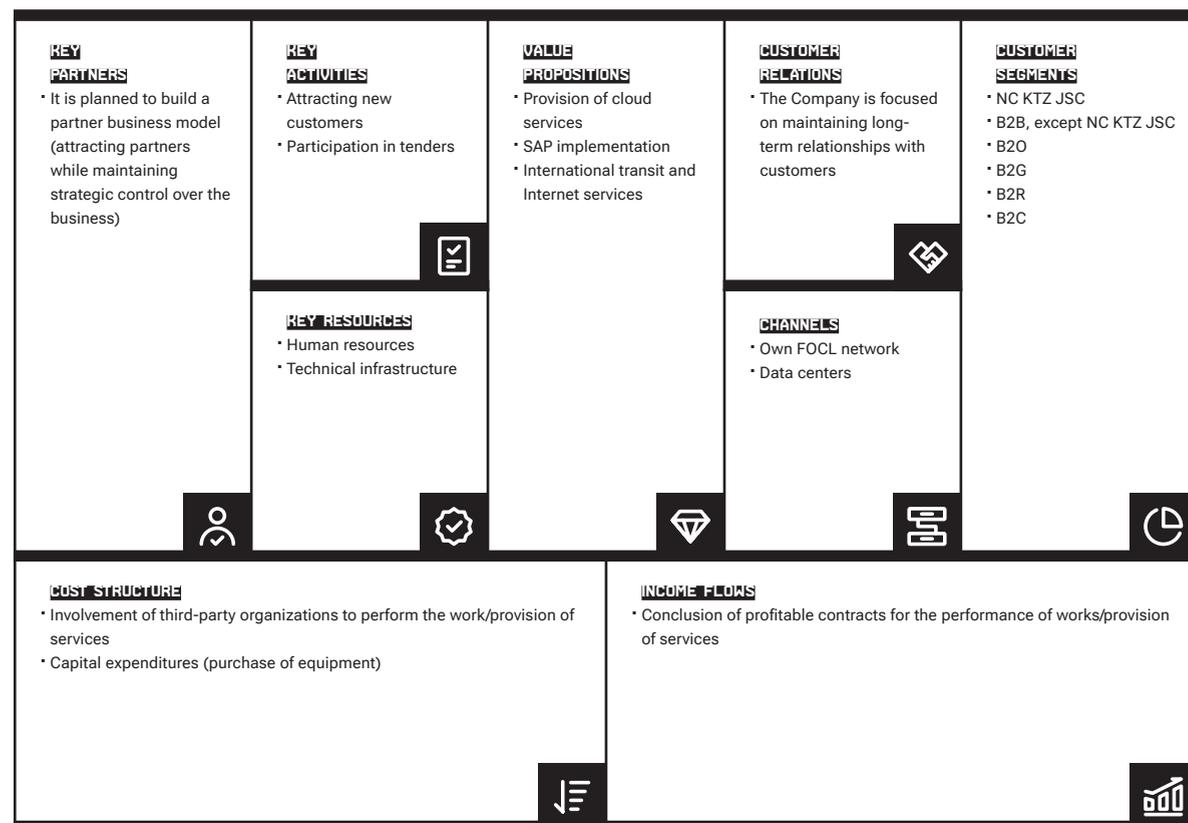
BUSINESS REVIEW AND ASSESSMENT

BUSINESS MODEL

TTC uses a predominantly project-based business model, involving the implementation of large projects for corporate clients and public sector. The Company's Development Strategy for 2019-2023 assumes a transition to a mixed project-product business model. The advantage of using such a business model is to reduce the company's dependence on one-time project-related revenues by increasing the

share of regular revenues generated by the sale of standard products. The transition to a project-product model also contributes to the implementation of the strategic goal of expanding the Company's customer base.

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



ASSESSMENT OF THE COMPANY'S POSITION AND PROSPECTS FOR ITS DEVELOPMENT

The Company is an active market player with a significant share of the IT technology market. The company's positive reputation and strategic positioning have been made possible by a proactive approach to working with business clients and a high degree of customer focus. The Company's competitive position in the cloud services market has been ensured by experience in executing large IT projects and building a cloud infrastructure for their implementation.

Due to the focus on large businesses, however, business development in the private sector and the provision of services to small businesses have only developed on a marginal basis, leading to a primarily project-based approach to the Company's service provision and weak development of access networks.

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

- + **B2C segment** where the Company will increase and continue its expansion in this market through pre-sales on a combined subscriber base of double and triple-play services, as well as offering subscribers a new package of services – cloud services and non-ICT partner services sold through the marketplace;
- + **B2B/B2G segment** where the Company will seek to transform its business model towards offering a wide range of services to a wide range of customers in the format of packages formed according to industry and customer size;
- + **B2O market**, where the company will concentrate on creating a value proposition of services, it will be able

to stand out from competitors and maintain prices for the services provided in the face of ongoing price competition in the market;

- + **new solution segment** where the company will increase the variety of cloud services provided for other strategic areas, such as increasing the variety of XaaS services provided toward the provision of integrated services and packages of them, as well as offering SaaS services and software on a large-scale on a subscription basis. It will also be building up its competences in new markets such as information security, the Internet of Things, big data and the digitalization of business.

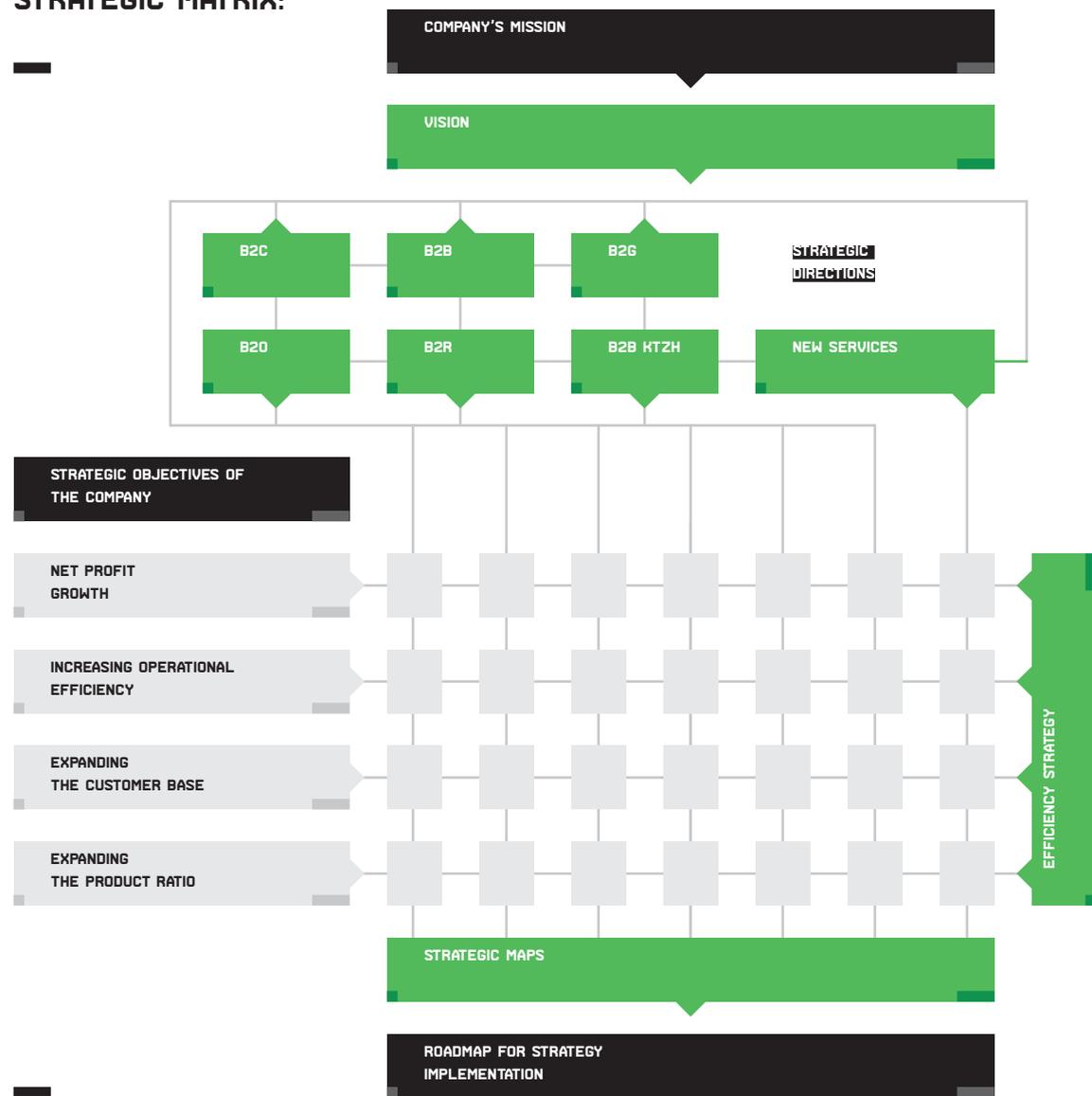
FUNCTIONAL STRATEGIES OF THE COMPANY

In 2021, the Company continued to implement the Functional Strategies of the B2B, B2G, B2O, B2C, B2R and railway business development blocks.

Within these strategic areas, Transtelecom JSC has the following strategic objectives:

- + Growth of the company's net profit.
- + Increase in operational efficiency.
- + Expansion of the customer base in all segments, decrease in the share of revenue provided by NC KTZ JSC, increase in the share of service revenue.
- + Expansion of the company's product portfolio.

BELOW IS THE COMPANY'S STRATEGIC MATRIX:



To achieve the set strategic objectives, Transtelecom JSC carried out the following transformations:

- + Business segments are divided into six separate strategic areas.

- + Functional strategies have been developed for each segment.
- + A partner business model has been introduced within the company.

While doing so, the following transformations continue to be prioritized:

- + transition to a system of multiple profit centers in the company.
- + transition to a mixed project-product business model.
- + creation of a system of material motivation of all levels of employees of the company.
- + expanding the horizon of planning the company's activities.

MAIN GOALS AND OBJECTIVES FOR 2022

In accordance with the Company's Roadmap for 2022, the company has set forth the following objectives:

- + Automation of the technical accounting process.
- + Brand awareness.
- + Creation of an automated client-oriented platform.
- + Implementation of application management.
- + Improvement of service.
- + Modernization and development of the local network.

For B2B KTZ segment:

- + Increase in sales of communication services.
- + Improving the quality of services.
- + Avoiding declines in cash flow for essential services.

For B2R segment:

- + Implementation of digitalization of service delivery processes.

For B2B and B2G segments:

- + Improving the efficiency and competence of employees.

For B2C segment:

- + Expansion of offices for B2C
- + Increase of the subscriber base.
- + Growth in the Partner network (dealers and investors).

For new services and solutions:

- + Identification of the most popular SaaS products for localization.
- + Choosing a platform for Kazakh language support services (TTS, OSR) and a contractor for their training.
- + Formation of a strategy for expanding the IaaS portfolio and self-service.
- + Preparation and launch of a virtual mobile operator.
- + Formation of a network of partner data centers and a package of multi-cloud products.
- + Conducting negotiations with vendors on localization and forming a launch plan for localized products.
- + Creation of partner SaaS and software datamart by subscription.
- + Automation of the operation of connecting, disconnecting and configuring new services, minimizing manual labor in these business processes and increasing the possibility of self-service systems.
- + Formation of software package offers.
- + Implementation of the mobile communication services business.
- + Development of a strategy for sales of cloud services (IaaS, PaaS) and colocation services.

By internal transformations:

- + Development of a Technical Strategy and an infrastructure improvement program.
- + Development of a standardized policy for working with partners providing projects.
- + Formation of the «roadmap» of the product policy and the regulations for its regular revision.
- + Improvement of the billing to the necessary functionality or migration to a new billing.
- + Provide budgeting for hardware and software procurement for projects based on historical data.
- + Cascading KPIs into subdivisions and individual employees.
- + Development and implementation of a KPI-linked motivation system.
- + The adoption of rolling planning with a horizon of three to five years.

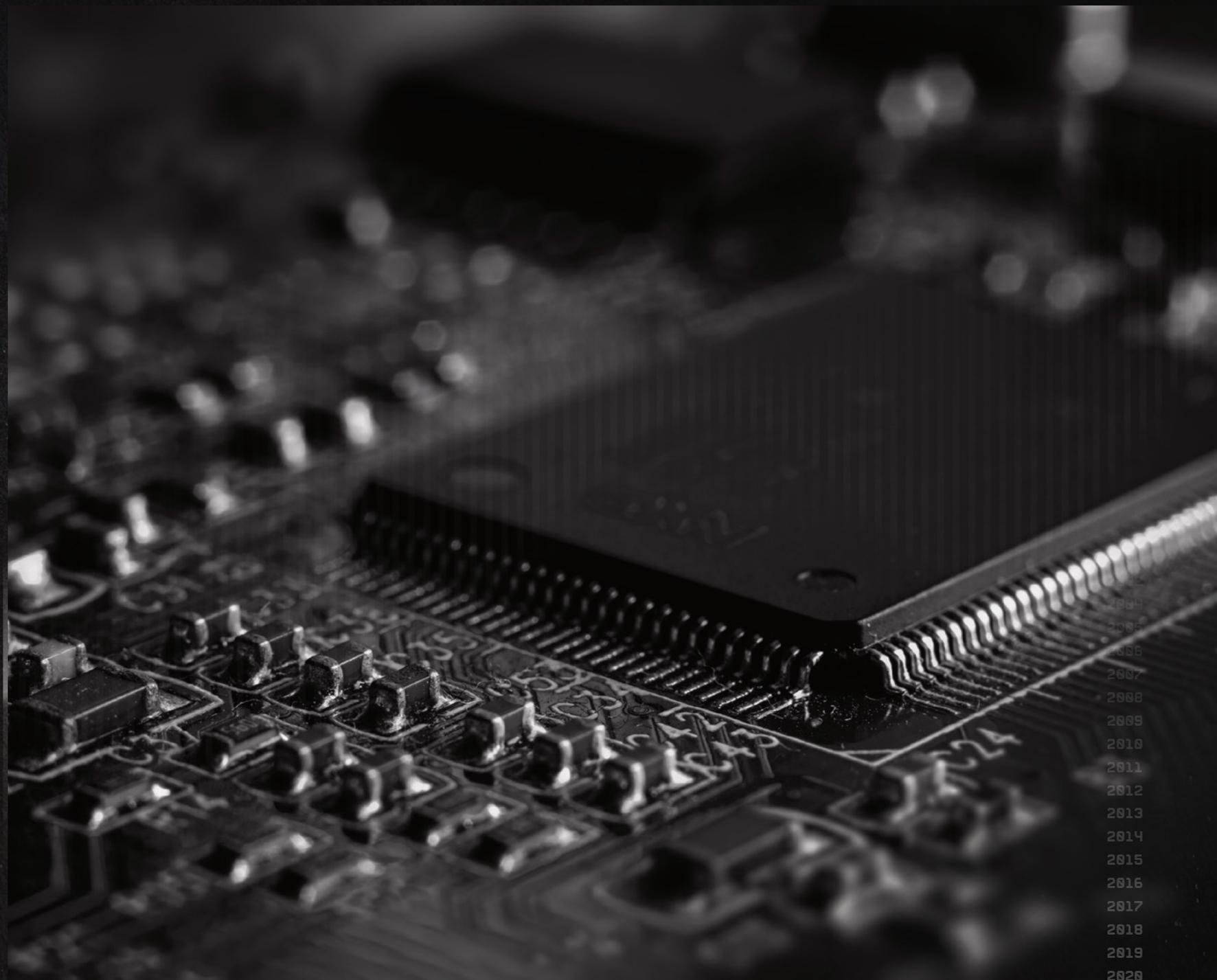


THE COMPANY MADE A DECISION TO SEPARATE THE B2C SEGMENT TO IMPROVE ITS PRODUCT PORTFOLIO.

On June 11, 2021, the Management Board of Transtelecom JSC approved the organizational structure of the B2C segment, including the new structure of the B2C segment's sales departments, in order to strengthen the retail business's positions in the market of telecommunications services for individuals.

```
CLASS TRANSTELECOM {
  PUBLIC STATIC VOID MAIN(String[] args) {
    SYSTEM.OUT.PRINTLN("ANNUAL REPORT");
    //2021
  }
}
```

OPERATIONAL
TRANSFORMATION
ACTIVITIES



Transtelecom JSC has an extensive telephone network located along the railways. This network, which was created using equipment from top manufacturers and the most recent technological advancements, guarantees the reliability and security of signal transmission. The network covers all major cities of the Republic of Kazakhstan and all regional centers, as well as many cities of regional significance and settlements located along railway lines.

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

01. INDIVIDUALS -

services provided to the public;

02. LEGAL ENTITIES -

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

03. INDIVIDUAL ENTREPRENEURS -

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

04. TELECOM OPERATORS -

services provided to individuals or legal entities that have received a license to provide communication services in accordance with the procedure established by the legislative act of the Republic of Kazakhstan on licensing.

ADDITIONAL SERVICES

Additional types of services provided by the Company help to save time, ensure cost control, and prevent unauthorized use of electronic devices.

OUTSOURCING SERVICES

IT outsourcing, which addresses issues related to the design, use, and maintenance of information and technical systems within organizations, is one of the Company's promising new areas for activity and expansion in the information services sector.

IT support is categorized as an auxiliary process for businesses that are not involved in the information technology sector. Due to the increasing complexity of the IT infrastructure and its management, as well as the shortage of personnel, many organizations consider IT outsourcing as a real solution to these problems.

The Company suggests centralizing the development, implementation, management, operation, and service support of information and communication systems under the management of an info-telecommunications operator in order to centralize all ICT-related tasks during project implementation and consolidate its ICT structure.

As a result, the Company consolidates a lot of related tasks under its purview, boosting both productivity and the standard of their execution. This is the social and economic meaning of the specialization of the Service Strategy in IT outsourcing. For large organizations, IT outsourcing will reduce the cost of using information technologies and improve their quality. Standardization of IT processes increases the transparency of the organization and increases cost savings.

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

Types of services	Description
E-document flow	A multi-user system that automates office work processes.
Contact Center	A service for processing requests and informing via voice communication channels, e-mail, fax and Internet chats in the interests of the customer organization or the parent organization.
Cloud services	IaaS Virtual Infrastructure is a versatile method for setting up your own, totally isolated virtual data center (VDC), which will enable you to independently create, clone, modify, and control network settings for virtual servers.
DNS hosting	Domain Name System – DNS converts the domain name into an IP address.
Certification Center	Services of the certification center in the form of issuing electronic digital signatures.
e-Archive	A multi-user system designed to store electronic versions of documents, according to the archive file. It optimizes the work of the archivist in terms of searching for archive files.
Placement in the data center	Placement of equipment (server) in the Company's data centers, including provision of power supply and communication channel.
SERVICE-DESK	Technical support and user support service.
ITSM platform for SERVICE-DESK	A platform for managing IT processes.
Outsourcing of the printing service	Providing productive all-in-one corridor-type devices for workgroups and departments with heavy workloads (scanning, printing, copying). A software solution for managing all printing and scanning workflows, as well as a fleet of devices.
Outsourcing of organization and support of workplaces	Outsourcing of maintenance and support organization for computer hardware and laptops, licensed software
Network organization and support service	Services for active and passive network equipment installation, configuration, and support.
Integrated Safety Management System	A set of technical and organizational measures aimed at ensuring information security and confidentiality of corporate data.
Information security consulting services	Consulting in the field of information security is a set of services provided to the customer in order to determine: <ul style="list-style-type: none"> • the organization's current (maturity) level of information security in accordance with industry standards, best international practices for providing information security, and the efficacy of addressing current threats to information security; • information security development, objectives and tasks to be solved, taking into account the strategic development goals of the organization; • specific actions necessary to advance in the chosen area and achieve the goals and objectives.
Introduction of a distance learning and testing system	Provision of comprehensive turnkey information technology work, including software supply, information system implementation, and equipment supply (if required), as part of the DLTS project.
Organization of videoconferencing systems	Provision, organization and technical support of videoconferencing.
Implementation of projects of any complexity	Project management for the implementation and commissioning of new or modified services in accordance with the needs of customers.
SAP	<ul style="list-style-type: none"> • SAP ERP – enterprise resource planning system; • SAP HCM – human capital management and salary calculation system; • SAP BW is a system that provides collection, storage, and management of data used to build corporate reporting; • SAP BO is a unified analytical platform for sophisticated data analysis and visualization; • SAP CRM – customer relationship management system; • SAP HANA – high-performance NewSQL platform for data storage and processing; • SAP S/4 HANA – new generation platform for business process automation.

Technical support of IT infrastructure	Services for the provision of technical support for IT infrastructure, including such equipment as: server, storage, switching, life support (air conditioners, UPS).
Long-distance and international communication services	Organization of telephone connection between users located on the territory of different countries.
SIP telephony	Voice signal transmission services over the Internet or over any other IP networks.
SIP trunk	A SIP trunk is a virtual communication channel between a company providing digital telephony services and a client station. It allows connecting the desired number of numbers.
Telegraphic communication	Services for the long-distance transmission of alphanumeric messages (telegrams), which must be recorded at the receiving point, are provided by electrical signals transmitted by wire and/or radio signals. The message is delivered to the addressee as a printed (less frequently handwritten) text, which is the distinguishing feature known as documentality.
Providing access to the Internet using ADSL technology	ADSL Internet access services allow you to use the telephone at the same time as transmitting information. Voice traffic is transmitted with simultaneous data transmission over an asymmetric data link.
Providing access to the Internet using FTTB/FTTx/GPON technology	Internet access via optical fiber, which reaches the border of the building, optical penetration to the subscriber, i.e. the ability of the optical node to provide access to an average of 100-250 subscribers.
Providing access to the Internet via Ethernet technology	Internet access services over Ethernet technology support data transfer rates of up to 100 GB per second.
Rent of IP VPN channels (VPN) communications	Creation of a geographically distributed secure corporate data network for customers. Organization of secure corporate IP networks based on IP/MPLS technology. The service enables you to connect organizational structural divisions (association of offices) or networks of businesses/partners in the city, in regional settlements, as well as throughout the territory of the Republic of Kazakhstan and abroad.
Rental of digital channels	Data transmission services with point-to-point topology between geographically distributed offices of the customer's company, Nx64kbps bandwidth and the necessary end equipment.
Rental of data transmission channels when connecting via satellite stations	Data transmission services of any type throughout the territory of the Republic of Kazakhstan based on satellite systems.
Joining the telecommunications network of the Society of Telecommunications Networks of Fixed-line telephone Operators	Services for the connection of a third-party telecommunications operator to the Company's network for the provision of telephone communication services.
Connection to the Law Enforcement Support System control panel	Services for connecting customers/third-party operators to the LESS control panel on the Company's telecommunications network.
International transit	The service is built on its own DWDM backbone implemented on one of the country's largest fiber-optic communication line (FOCL) with a length of more than 24 thousand km.
Peer-to-peer	An agreement between internet service providers to exchange traffic between their networks, and the technical interaction that implements this agreement SIP TRUNK – connecting networks and exchanging network routing information via BGP.
SMART KASIPODAQ	A digital platform aimed at coordinating and supporting the activities of trade union organizations in the Republic of Kazakhstan to protect and represent the rights and interests of workers.
TTC TV Interactive TV Platform	The platform comes with every element required to set up a cutting-edge, scalable interactive TV service, from transcoding to CDN and client software for all popular devices.

KEY ACHIEVEMENTS BY PRODUCTS AND SEGMENTS

TOTAL NUMBER OF CLIENTS

B2C	98 270
B2G/B2O/B2B/B2R	4 514

B2C

In order to separate profit centers by the customers and in view of the resulting need to improve the product portfolio, which includes own and partner services, the Company decided to separate the B2C segment.

The «Regulations on interaction of Transtelecom JSC with partners (dealers, investors, developers)» and standard templates of Agreements on cooperation with partners were developed and approved in 2021 as part of efforts to standardize partner interactions and establish a clear hierarchy of contractual relations. 90 Agreements were concluded on the basis of the approved templates of Cooperation Agreements with Partners, including: 48 renegotiated with existing partners and 42 partners engaged for cooperation. The expansion of the partner (dealer) network will significantly increase the number of subscribers, which in turn provides an increase in revenue.

The Management Board approved the organizational structure of B2C on 11 June 2021 in order to strengthen the positions of Transtelecom JSC's retail business in the market for telecommunications services for the provision of services to individuals. This decision included approval of the new structure of sales departments of B2C segment in branches of Atyrau TTC, Zhambyl TTC, Kostanay TTC, Aktau TTC, Almaty TTC, Oskemen TTC, Kokshetau TTC, Kyzylorda TTC, Pavlodar TTC.

In 2021, the Directorate for Work with Retail Customers (hereinafter referred to as the Directorate) was established

in the branches of Astana TTC, Shymkent TTC, Karaganda TTC, and Aktobe TTC.

Thus, 3 areas have been created in the staff schedule of the Directorate:

- + Coordination Service providing post-sales services (re-selling, changing services, disconnection, withdrawal, recalculation, counseling), including maintaining analytics and reporting and monitoring sales plan execution;
- + Sales Service – mobile managers aimed at selling telecommunications services, attracting customers, concluding contracts with them, accepting applications for connecting customers;
- + Connection Service, technical staff, includes work on connecting to the network, transferring the connection point, configuring/debugging the router and OTT set-top boxes and consulting and technical support.

On 9 August 2021, the official opening of the office of the Directorate for Work with Retail Customers in Astana TTK took place.

In order to expand the range of payment acceptance, contracts are concluded with STB and other payment systems.

Payment for Transtelecom's services can now be made through Jusan Bank, Kaspi Bank, Qiwi, CyberPlat and Kassa 24 payment systems.

The B2C department regularly conducts market research to find competing products so that it can suggest package products («New Package Solutions,» «Promotions to Attract Subscribers»).

SMS-notification service was introduced in February 2021 in order to promptly inform Transtelecom subscribers about promotions, the need for payment, etc.

The Company aims to improve customer service and develop its offering of digital services for every customer category, reinforcing its leadership in the telecommunications and digital solutions market.

GROWTH OF 2021 COMPARED TO 2020:

+74%
REVENUE GROWTH
FROM OTT SERVICES

+33%
REVENUE GROWTH FROM
INTERNET ACCESS SERVICES

+29%
REVENUE GROWTH
IN THE B2C SEGMENT

B2C SEGMENT REVENUE DYNAMICS

2021	2,654,574
2020	2,064,619
2019	1,753,942

THE REVENUES OF THE B2C SEGMENT FOR 2021
AMOUNTED TO **2,654,574 THOUSAND TENGE**

(3% share in total revenue, an increase of 29% compared to 2020).

B2B/ B2G/ B2R/ B2U

- + Transtelecom JSC creates digital ecosystems of services in the corporate and government segments, offering modern digital solutions for businesses as part of the implementation of government initiatives. Thanks to our partnership, the railway industry is systematically switching to «digital rails».

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

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

REVENUES IN THE B2B, B2G, B2R, AND B2U
SECTORS AMOUNT TO **71,443,695 THOUSAND TENGE**

(84% share in total revenue, an increase of 19% by 2020).

Strategic business initiatives of Transtelecom JSC in the B2B sector until 2023

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

INTERNATIONAL B2U BUSINESS

For many years, Transtelecom JSC has been active in providing quality communications services in both the domestic and international markets. Our partners are the biggest businesses for which having access to high-quality telecommunications services is a must.

The Company's main partners over the years have included well-known international telecom operators such as: British Telecom, ChinaTelecom, China Mobile, China Unicom, RETN, Veon, MegaFon, Lumen (CenturyLink), Rostelecom, Orange, etc., which demonstrates the ability to conduct reliable cooperation at the highest international level.

To date, the Company has organized 27 international connection points, including:

- + 13 – on the border with the Russian Federation;
- + 2 – on the border with Uzbekistan;
- + 5 – on the border with China;
- + 7 – on the border with Kyrgyzstan.

Moreover, a cross-border interconnection with Russia's main operator, Rostelecom, is planned to be launched in the near future, and talks are underway to arrange a network interconnection with Turkmenistan's telecommunications operator.

These joints with international telecommunications operators give the Company the status of a primary provider in the domestic market of Kazakhstan and enable it to purchase Internet access services from various TIER-1 and TIER-2 providers, thereby creating a full reserve of Internet services and improving the quality of services provided. Also, Google, Facebook, WoT and CDNvideo cache servers

are installed on the Company's network, which allows providing its customers with an Internet service with richer content and better quality. The Company's data centers host PoP nodes of such companies as British Telecom, Orange, China Telecom, China Mobile, RETN, CITIC Telecom, etc.

International operators have a strong interest in our company as a dependable and promising partner due to the active development of the Company's network and the expansion of connectivity with partner networks.

Due to its geographical location, Kazakhstan is practically an international hub between Europe and Asia, and therefore, transit in this direction is of strategic importance for the Company. Along with expanding network connectivity to bordering countries, there is a concerted effort being made to identify the best routes to the customer's endpoints in order to maximize our nation's potential as a transit hub. This is how the TransKZ joint project with Retn was implemented.

TRANSKZ

is an innovative high-speed route connecting Europe and Asia with a single terrestrial system built on the technology of dense wavelength multiplexing (DWDM) by one network provider.



To date, the Company has organized 27 international connection points.



BACKBONE FIBER-OPTIC COMMUNICATION LINES TRANSTELECOM



The system connects Europe and Asia via a 15,000-kilometer fiber-optic cable from Frankfurt to Hong Kong (the shortest route), and it has redundant routes throughout its entire route. The circular delay on the route is 146.50 m/s.

In addition to onshore projects, the company is engaged in an offshore cable system construction project; specifically, TransTeleCom JSC is collaborating with Azertelecom, the country of Azerbaijan's leading operator, to carry out the TransCaspian Fiber Optic (TCFO) project. TCFO is a large-scale project to lay a fiber-optic communication line along the bottom of the Caspian Sea between Kazakhstan and Azerbaijan. It is a strategically important project for all countries of the region, which will meet the needs of transit between Europe and Asia. The laying of such a backbone network by the company will form the Digital Silk Way, connecting Europe and Asia.

The Republics of Azerbaijan and Kazakhstan signed an agreement on 19 March 2019, titled «On the Organization of Assistance in the Joint Construction, Ownership and Organization of Joint Use of Fiber-Optic Communication Lines along the Azerbaijan-Kazakhstan Route by the Communication Operators of the Republic of Azerbaijan and the Republic of Kazakhstan.»

As part of this project, two trilateral Memoranda of Partnership were signed between the Company, AzerTelecom, ElCat and Telegraph 42 Management GmbH during the CIS GCCM 2021 conference in Nur-Sultan City in 2021. The implementation of this project will take the Company to a fundamentally new level of service and will also provide the long-awaited diversification of routes between Europe and Asia.

By the end of 2021, the operator business has achieved the following indicators:

01. The total purchased capacity of external Internet channels has been increased by 19%, while the cost per 1 Mbit/s has been reduced by 24%.

02. The sale of capacity at the joints increased by 36% compared to 2020.

03. The share of revenue from interaction with international operators was 11%, the increase by 2020 was 7%.

B2G/B2R

At year's end, the corporate and government segment saw a 73% increase in revenue, primarily as a result of increased sales of new digital products like in-formation security services, OTT, and cloud services, as well as cloud and data center services.

The key area of business in the public sector is the provision of telco and IT services for government agencies and organizations. In 2021, the business development unit in the public sector continued to work with government customers, increasing revenue by more than 3.5 times compared to 2020.

According to the results of the B2R segment, revenue for 2021 amounted to 10.6 billion tenge. The increase to income in 2020 was 152%. The contribution of B2R segment to the company's net profit amounted to 5.5 billion tenge.

By the end of 2021, there is a rise in the proportion of IT projects in the B2R portfolio: whereas in 2020, the income from IT projects accounted for 24% of total revenue, it will then account for 31% by then.

B2R Block implemented projects on the construction of interconnection lines with a total length of 270 km in 17 cities of Kazakhstan for connection to the centralized telecommunications network management system of data as part of the implementation of the Development Strategy of Transtelecom JSC. Local fiber-optic communication lines of local telecommunications networks were built with a total length of 100 km in 12 major cities of Kazakhstan, including the capital.

The development of cable channel networks is still actively under way. For instance, in 2021 the company acquired 52 km of cable networks from local government for management and use. In addition, the company's branches provided for the construction of new cable channel networks with a length of 48 km.

In 2022, more than 100 projects totaling 242 km in length in the B2R and B2C market segments are planned for FOCL expansion across the nation, and 100 km of cable channels will also be legalized.

THE COMPANY'S PROJECTS

RURAL SETTLEMENTS

As part of the Digital Kazakhstan state program and implementation of the PPP project, Transtelecom JSC completed construction of 5.3 thousand km of networks, thus providing IP VPN 1 and Internet services to 222 state and budgetary organizations in 431 rural settlements. The total number of rural settlements provided with Internet by company as of today is 486 villages (January 2021 – 167 villages).

In addition, the company's regional branches organized Internet connections in rural areas for about 21,600 subscribers, twice as many as in 2021 (10,000 subscribers). The potential coverage of the project is up to 40 thousand subscribers.

REVENUE UNDER THE RURAL SETTLEMENT

SERVICES FOR 2021 WAS 1,757 MILLION TENGE,

including 1,249 million tenge from the PPP project and 508.7 million tenge from rural subscribers (similar revenue for 2020 was 105.4 million tenge).

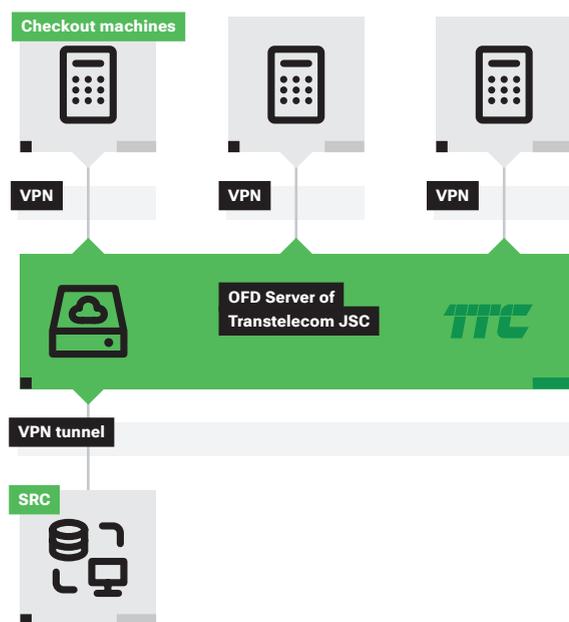
FISCAL DATA OPERATOR

By Order of the First Deputy Prime Minister of the Republic of Kazakhstan – Minister of Finance of the Republic of Kazakhstan No. 363 dated 19 April 2019, Transtelecom JSC was designated the fiscal data operator (hereinafter referred to as the OFD). The service is launched commercially on 31 August 2019.

The OFD was established as an institution to modernize the of Kazakhstan's current cash register use system, lower the level of the shadow economy in the retail sector, and enhance monitoring and analysis of monetary settlements. The introduction of the OFD institution is a state project and the customer of this project in accordance with the Tax Code of the Republic of Kazakhstan is the Ministry of Finance of the Republic of Kazakhstan.



CONCEPTUAL SCHEME OF INTERACTION OF CR - OFD - SRC



In 2021, the Company continued to provide the OFD service, providing customers with information about cash payments to the tax authorities via public telecommunication networks.

In order to promote the service, the company held a monthly draw for Apple iPhone 12 smartphones among existing and new users of the OFD service during the period from 1 March to 31 December 2021.

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

To date, the OFD service has been successfully put into commercial operation and by the end of 2020, the Plan for revenue from the OFD service has been exceeded by 11%:

- + the number of registered CRs increased almost 13 times (or by 1,200%) and amounted to 135,342 units;
- + the number of registered clients increased by more than 5.9 times (or by 392%) and amounted to 135,635 organizations;
- + revenues in terms of OFD service exceeded 387 million tenge, including VAT, which is 120 times higher than in 2019.

SECURITY SYSTEM FOR EDUCATIONAL INSTITUTIONS

The need to completely protect the lives and health of students and teachers has grown as a result of the coronavirus infection outbreak, the tragic events that occurred in Zhambyl Oblast and in schools in nearby states, and the spread of the infection.

Our team set up an Access Control System (ACS) with face and medical mask recognition and body temperature measurement features to carry out these tasks in educational institutions in the Akmola, Aktobe, East Kazakhstan, Kyzylorda, and Pavlodar regions. In Turkestan and Kostanay regions, a video stream has been provided from schools to the Command and Control Centers of Police Departments. The company has also installed alarm buttons and voice notification in the regions of Turkestan and Pavlodar. Equipping schools with a vid-eo surveillance system has also become traditional for the Company's branches.

Already in 2022, these IT products will be replicated in other regions of Kazakhstan.

«109» CONTACT CENTER

The smart «109» contact center has been successfully implemented in 16 cities of Kazakhstan.

The contact center's primary responsibilities include responding to requests from city residents and visitors, coordinating the efforts of municipal and operational services to resolve accidents and incidents, keeping track of when incidents are closed, and locating and handling offense-related incidents.

This Center has improved the effectiveness of city infrastructure, optimized numerous call centers for public services, and elevated public trust.

In 2022, Transtelecom JSC will also carry out work on the replication of this product.

SMART KASIPODAQ INFORMATION SYSTEM

In 2021, Transtelecom JSC successfully completed a pilot project for the implementation of the Smart Kasipodaq information system.

Smart Kasipodaq system is a digital platform developed by Transtelecom JSC, the purpose of which is to coordinate and support the activities of trade union organizations to protect and represent the rights and interests of employees. The information system has no analogues in the territory of the Republic of Kazakhstan.

The application was developed by Transtelecom JSC together with the Na-tional Trade Union Association «Federation of Trade Unions of the Republic of Kazakhstan of workers of medium and small businesses «YNTYMAQ»

YNTYMAQ unites 149 trade union organizations, representing over 40,000 workers, for the coordinated expression of interests and collective defense of labor rights. It also takes action to ensure social security and decent wages for workers, to ensure workplace safety and social control, and to help prevent social and labor disputes and strikes.

Smart Kasipodaq solves the following tasks:

- + localization of all trade union organizations of the Federation of Trade Unions of the Republic of Kazakhstan in one application;
- + monitoring and control of the activities of all trade union primary organizations;
- + remote creation of trade union organizations;
- + simplification of procedures for joining trade union organizations;
- + provision of online services to members of trade union organizations;
- + improving the efficiency of trade union organizations;
- + ensuring transparency of trade union organizations' activities;
- + effective communication of the trade unions with the employer and trade union members;
- + increasing the loyalty to the activities of trade union organizations.

Through the Smart Kasipodaq, any trade union member can exercise their rights electronically: receive information about labor legislation, make proposals to the draft collective agreement, get acquainted with labor protection measures, seek legal assistance, etc. As part of the pilot project, Transtelecom JSC involved the primary trade union organizations of the YNTYMAQ of Akmola, Aktobe, Kostanay regions. The system received a positive feedback from users.

The development of the information system was started in December 2019 and completed within the requirements of the Terms of Reference in March 2020. In 2021, the pilot use of the system continued. As of 31 December 2021, the number of active users of the Smart Kasipodaq IS amounted to 4757 members of YNTYMAQ.

PROJECT ON LABELING AND TRACEABILITY OF DAIRY PRODUCTS

According to the Trilateral Memorandum of Cooperation between the Ministry of Agriculture of the Republic of Kazakhstan, Transtelecom JSC, and Kazakhtelecom JSC entered into on 9 December 2020, the Company acquired the status of an Industry Partner for Equipment and Labeling within the implementation of the pilot project on marking with identification and traceability of dairy products (hereinafter – the pilot project).

Objectives of the pilot project:

- 01 . obtaining the status of a service integrator and service provider for labeling and traceability of goods;
- 02 . expansion of the presence of Transtelecom JSC in the sectors of the national economy;
- 03 . building competencies and the range of services offered to businesses and government agencies.

As part of the implementation of the pilot project, the Company proposed an advanced technological solution based on the experience of Europe, America, Asia and the CIS countries:

- + complete solutions for small, medium, and large businesses;
- + the cost is lower than its counterparts;
- + short delivery terms due to localization of production;
- + performing all key operations in the system;
- + ease of use and maintenance;
- + warranty and maintenance with a flexible schedule of rates;
- + 24/7 support.

According to a Protocol drawn up on 27 August 2021 at the site of Raimbek Agro LLP, the pilot project has been completed. Its results satisfied the Ministry of Agriculture of the Republic of Kazakhstan and the Unified Operator for Labeling and Traceability of Goods.

SMART PEDESTRIAN CROSSING PROJECT

In 2021, Transtelecom JSC launched the Smart Pedestrian Crossing system in the Shanyrak microdistrict of Almaty. The project was implemented in a pilot mode as part of the implementation of the Smart City concept. Its goal is to improve road safety. Thanks to the sensors of automatic illumination of the road section, the smart pedestrian crossing makes it possible to safely cross the road at night. When a pedestrian is detected by one of the sensors, the signal is transmitted to the software, thereby activating the automatic activation of the light boards «Caution, pedestrian!» in both directions of traffic.

The device operates via a wireless network using cloud infrastructure over GSM (3G), LoRa, NB-IoT and XNB channels. The control is implemented in automatic mode.

Transtelecom JSC plans to scale up this system by planning the construction of «smart» pedestrian crossings in different cities of the Republic of Kazakhstan.

COOPERATION WITH NIT JSC

By Decree of the Government of the Republic of Kazakhstan No. 40 of 29 January 2016, NIT JSC was granted the status of information and communication infrastructure operator of e-government, in other words, integrator of communication services for state bodies. Thus, NIT JSC is one of the key corporate and strategic clients of Transtelecom JSC.

In 2021, the Company and NIT JSC continued close cooperation as follows:

- 01 . a backbone data transmission network has been organized under the agreement on the provision of republican L2 VPN communication channels;

- 02 . L3 IP VPN connection services were provided for the needs of public authorities; in this, the connection volumes increased threefold compared to 2020;
- 03 . fiber-optic communication lines are provided for commercial lease;
- 04 . technical audit services were provided under the contract on the survey of telecommunications infrastructure.

In 2021, the Company increased the connection points of channels, which led to an improvement in income indicators. The contracts were concluded for a total amount of 1.2 billion tenge. The growth rate by 2020 was 81%.

PROJECT «ELECTRONIC TICKETING SYSTEM «ITICKET.KZ»

In 2021, in order to expand the range of services provided, Transtelecom JSC launched iTicket.kz service for the sale of electronic tickets for cultural, sports, entertainment, and other events. The new service is being developed under a special project «iTicket.kz» Electronic Ticketing System. The project has an ambitious goal to build an extensive partner base and become one of the key ticket providers in the Republic of Kazakhstan.

In 2021, the iTicket.kz project team implemented a number of measures aimed at the start and development of the project. including:

- + cultural and sports facilities in the cities of Nur-Sultan, Almaty, Semey, Taraz have been digitized;
- + iTicket.kz portal has been finalized and new sections have been implemented;
- + agreements have been reached with financial institutions operating on the acquiring payment technology;
- + iTicket widgets have been implemented on partner websites;
- + training was organized for the specialists of the Company's contact center in handling queries received on the iTicket.kz portal;

- + business processes have been prepared for the Company's sales department;
- + a marketing plan has been worked out to increase the share of presence in the Kazakhstan e-ticketing market;
- + promotions and raffles aimed at promoting iTicket.kz pages in social networks were held.

The Chairman of the Management Board of the Company noted that the iTicket.kz project is promising and significant in terms of developing new products and solutions. Considering the active development of iTicket.kz service, the activities of this project are included in the Functional Strategy of the B2G block for the period 2021-2023.

TTC TV SERVICE

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

The purpose of this service includes:

- + Increasing the customer base.
- + Expanding the range of services provided by the Company.
- + Competition with the most advanced local and global products.

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

- + User interface.
- + Remote monitoring.
- + Converting an analogue TV to a Smart TV (Youtube, browser, etc.).
- + Connecting a set-top box from any provider anywhere in the Republic of Kazakhstan.
- + TV archive for up to 7 days.

- + Convenient catalog – search for movies, programs by genre and ratings.
- + Profiles, favorites, and browsing history for each family member.
- + Pause, rewind and delayed viewing.

In 2021, the list of available entertainment, informational sports, children's channels and premium channels has been expanded.

The number of subscribers using the TTC TV service has increased since it was connected to the B2C market, and new tariff plans have been developed and expanded.

SAP MANAGEMENT SYSTEM

Today Transtelecom JSC is a major system integrator of SAP products in the territory of the Republic of Kazakhstan. Since the beginning of 2019, the Company has established its own SAP Competence Center, which has quickly completed a significant amount of work on the implementation of SAP projects as well as initiatives aimed at enhancing the company's reputation. Thus, the company has the status of SAP Gold Partner. Our competencies are confirmed by certificates and awards, including:

- + Partner with proven expertise in the oil and gas industry (SAP Recognized Expertise Industry: Oil and Gas);
- + Partner with proven expertise in the mining industry (SAP Recognized Expertise Industry: Mining);
- + Diploma of the finalist of the annual SAP Value Award 2018;
- + Letter of thanks for the successful implementation of the project «Migration of SAP systems to the new SAP HANA platform in NC KTZ JSC».

Currently, the SAP unit of the Company has more than 60 leading Kazakhstani SAP specialists with experience in the implementation and support of SAP systems in the Republic of Kazakhstan in various industries, of which more than 30 specialists have a total of more than 50 certificates in various areas of SAP, including SAP S/4HANA.

Thus, today the Company has a broad competence in the implementation, development and support of SAP systems in all functional areas of SAP in the territory of the Republic of Kazakhstan.

In terms of new projects, in June this year, the Company was awarded with a contract to implement the SAP HCM system for KTZ. The project involves automation of the HR unit and is scheduled to be completed by the end of this year.

However, in July this year a tender was won in a consortium with QBG Part-ners LLP to implement the SAP S4/HANA system for JSC Intergas Central Asia. The project is planned for 2021-2023. The project includes the transfer of the existing functionality of the SAP ERP system to the SAP S/4HANA platform, refinement and optimization of functionality using standard solutions of the SAP S/4 HANA system.

UNIFIED REFERENCE AND INFORMATION CENTER

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

In total, during the period from 01.01.2020 to 31.12.2020, the help desk received **739,150** calls from fixed-line subscribers, of which: serviced – **700,110** calls, the share of unserved calls from the total number of incoming calls was **38,421** calls or **5.20%**.

During the same period last year, **1,526,587** calls were received, of which: serviced – **1,483,673** calls, the share of unserved calls from the total number of calls received was **42,914** calls or **2.81%**.

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

SERVICE MANAGEMENT AUTOMATION X PROJECT

In 2020, Transtelecom JSC decided to implement new IT service management software and reengineer IT processes. Based on the results of the competitive procedures, it was decided to acquire the Service Management Automation X information system (SMAX IC) by Micro Focus.

SMAX is a comprehensive system for managing IT services and automating the delivery of IT services to users. The solution is fully aligned with the ITSM approach and supports the recommendations of the ITIL library of best practices.

The Micro Focus product portfolio includes a broad range of software that enables the development of hybrid IT infrastructures, automation of all business processes, including data generation for predictive analytics, incident

management, service catalogue management, and application development and testing. The main users of the company's solutions are large corporate customers: banks, aircraft manufacturers, car manufacturers, and government agencies and organizations. The corporation supplies solutions to more than 15,000 customers, including 98 Fortune 100 companies.

The successful implementation of the SMAX information system allowed automating the processes of managing service requests, incidents, problems, configurations, changes, knowledge, SLA, and service catalog. To date, more than 60 specialists of the first line support and about 600 specialists of the second line support work in the developed SMAX system. A self-service portal for internal clients and clients of Transtelecom JSC was developed during the course of the project, along with integration with the Zabbix monitoring system, Unify Open Scape convergent communication system, Active directory, and other external systems.

As part of the implementation of the new SMAX ITSM system training was conducted among employees of Transtelecom JSC. After completing the training, 20 employees of Transtelecom JSC received certificates, and now Transtelecom JSC can provide technical support to other companies receiving SMAX system services.

DATA CENTER INFRASTRUCTURE OPERATION

Data centers of Transtelecom JSC are technological facilities equipped with the latest equipment that provide the necessary operating conditions for IT equipment.



Each data center is equipped with a 24/7 biometric control system, as well as full control of all checkpoints and passages to buildings and technical premises.

Various services are available to the company's clients based on operating data centers in Aktau, Karaganda, Kyzylorda, Atyrau, Aktobe, Uralsk, Zhezkazgan and Nur-Sultan, namely: server equipment colocation, cloud infrastructure (IaaS), backup, administration, and other services.

Customer demands in Kazakhstan are increasing, and one of their top priorities is the reliability of services provided by data centers. All elements of infrastructure systems are reserved, power inputs and telecommunication routes are independent routes. This ensures the smooth operation of the data center when servicing its systems.

The global market for data center systems will reach \$237 billion in 2021, predicts Gartner IT Research. By allowing people to learn and work online during a pandemic, technology, experts believe, helped avoid the potential collapse of the global economy.

TTCDOCS E-DOCUMENT MANAGEMENT SYSTEM

In 2020, Transtelecom JSC entered into an agreement with Dynamics Business Technologies LLP to acquire exclusive proprietary rights to the TTCdocs Electronic Document Management System in order to increase income and expand the Company's product range.

The goal of TTCdocs is to manage organizational documents, records, teamwork, and business processes in the organization. This will increase the level of integration, allow for paperless workflow, ensure that structural subdivisions are working in unison, increase labor productivity by reducing the time for creation, processing, and searching for documents. In addition, it simplifies the access to corporate information and documents; ensures their security; provides the ability to configure access rights for employees to different types of documents; and builds information architecture of electronic document

management on a single platform with the possibility of centralized maintenance and technical support within the customer's companies.

The basis of the EDMS functionality is the Adizes methodology. Adizes's methodology is based on the basic principle of the organization as a living organism, which has its own life cycle and exhibits predictable and repetitive behaviors as it grows and ages.

There are also additional features in the EDMS:

- 01. New technologies and a new user-friendly interface, according to the latest version of Angular.
- 02. The new Alfresco platform.
- 03. The Alfresco free platform and free software are used.
- 04. Receiving notifications by email.
- 05. Version control of attachments.
- 06. Archive – destruction of documents (sending documents to the Archive according to the Company's File Register (the File Register is approved annually), and their destruction after the expiration of the File Registers).

TTCdocs is one of the most adaptable and versatile electronic document management systems on the market because feedback and suggestions for enhancements from significant national organizations were taken into consideration and incorporated into the current version.

«DABYL» AUTOMATED ALERTING SYSTEM AUTOMATED NOTIFICATION SYSTEM

To improve communication between personnel through SMS and voice messages, the Ministry of Defense (MoD) requested to implement the Dabyl Online Alerting System. The Dabyl Alerting System is designed to send voice and SMS messages (alerts) automatically over dial-up telephone lines, cellular communication channels, and other communication mediums. It also has a built-in dictionary of messages and can create messages when using a microphone. Subscribers can be alerted according to the general list, a group of private lists, or individually.

During the development of the Dabyl Alerting System, the basic requirements for the system were defined to automate the work of duty shift officials (operational duty officers, duty officers of military units (institutions)) when transmitting signals of combat control and alerting and agreed with representatives of the Information Technology Department of the MoD. Additionally, integration with the SMS aggregator, XTECH LLP (Kazakhstan), was made in order to send SMS messages and voice audio signals.

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



OPERATIONAL ACTIVITY DEPARTMENT

It includes two main vectors – IT&TELCO, and we can say that this is the circulatory system of the Company. TELCO provides a communication resource, IT provides «oxygen» in the form of the development of new projects.

For the first time in the Company's history during the reporting period, the team of the operational unit gained experience independently maintaining 7 new data centers. It was a professional challenge, as a result of which specialists gained high-quality experience in IT.

Transtelecom JSC provided the cloud support, underwent an ISMS expansion, tested its development on the monitoring system, worked on the CEC in-house, and trained personnel to implement satellite communications in order to provide access to communications where no fiber-optic cable can be laid. At the moment, about 20 systems are supported 24/7, remote villages are connected at the same time.

In 2022, it is planned to perform no less ambitious tasks:

01. First, in order to organize the existing networks, it is planned to separate operation from construction.
02. Secondly, in order to ensure transparency of the work completed, it is planned to automate the system. Point solutions will be replaced by integrated ones, and the scope of work for each specialist will be known and fixed. This will make it possible to assess bonus opportunities, level of engagement, and work-load distribution.

AUTOMATED CONTROL SYSTEM ENERGY DISPATCHING TRACTION

ACS EDT is one of the largest 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 implemented by complex automation of business processes in the locomotive industry through the introduction of an electronic route of the engine driver.

The Company implemented the ACS EDT project in 2013–2015 on the basis of the service model as the sole integrator for the implementation of automation and telecommunications solutions for the group of companies of the National Company Kazakhstan Temir Zholy Joint Stock Company. To date, almost all locomotive traction in the country is equipped with high-precision equipment for measuring diesel fuel and electricity consumption.

Additionally, a central level energy efficiency management system that has no equivalent in the former Soviet Union was deployed as part of the project. It is based on the implementation of a unique business case for continued system support and locomotive maintenance throughout the project lifecycle. The services are provided on the basis of an SLA agreement on the quality level.

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

The ACS EDT project team put a lot of effort into contract services support during the 2014–2021 periods, resulting in the implementation of 80 significant system modifications.

Within the confines of the Company's obligations, 901 sections, or 73% of the total volume of work, were dedicated to the calibration of locomotives in 2021. These works are aimed at further improving the accuracy of measurements of the presence of fuel in the tank.

In order to support and guarantee the efficient operation of all EDT system components (Locomotive Level, Locomotive Depot Level, and Central Server Level), the SLA level for the customer, KTZ – Freight Transportation, also continued to be kept at a high level.

The project customer (KTZ – Freight Transportation) saw a significant improvement in fuel and energy resource savings for train traction over the four-year period of 2014–2021 once the ACS EDT reached its design capacity.

«MAGISTRAL» AUTOMATED CONTROL SYSTEM

In 2021, the Company continues to successfully diagnose the mainline railways of NC KTZ JSC with 6 units of the latest mobile diagnostic complexes as part of the implementation of the Magistral ACS. The service is provided according to the service model.

The three lines of support provided by the company consistently address operational problems, allowing for uninterrupted path diagnostics.

The software provided to NC KTZ JSC, carries out successful, predictive analysis of the pre-failure condition of the continuous track on an ongoing basis.

In 2021, mobile diagnostic complexes diagnosed about 331 thousand km of railway track and issued an alert about thousands of malfunctions.

Timely elimination of identified/predicted malfunctions ensures the maintenance of train safety at a sufficiently high level.



At the moment, about 20 systems are supported 24/7, remote villages are connected at the same time.

PARTICIPATION IN CHARTERS AND ASSOCIATIONS

The Company does not make any kind of donations to political parties, politicians, and related organizations, as well as any investments in communities. The Company did not accept any commitments or provide support for any charters or initiatives in the areas of economics, ecology, or social sphere during the reporting period as part of the work on interaction with external parties.

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

- + National Chamber of Entrepreneurs;
- + National Telecommunication Association;
- + Internet Traffic Exchange Center;
- + Association of oil service companies of Kazakhstan;
- + RIPE;
- + FIRST.

The National Chamber of Entrepreneurs (NCE) is a nonprofit organization established to increase the business community's negotiating power with the government and other state institutions. The NCE represents the interests of small, medium, and large businesses, covering all areas of entrepreneurship, including domestic and foreign trade.

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

The National Telecommunications Association (NTA) is a non-profit organization that unites legal entities with the necessary licenses for their primary business to be the delivery of telecommunications services. This voluntary alliance of market titans in the telecommunications industry best represents the varied interests of alternative telecom operators. Being a member of this group enables businesses

to interact directly with other telecom operators, take part in the creation of proposals to enhance the regulatory environment in the telecommunications sector, receive support for staff professional development, and take part in the creation of unified technical standards for telecommunications equipment.

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

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

RIPE (Réseaux IP Européens) is an international organization of Internet registrars that distributes Internet resources, as well as related registration and coordination of activities aimed at global support for the functioning of the Internet. Transtelecom JSC has been a member of RIPE since 2006.

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

FIRST brings together various computer security incident response teams from government, commercial, and educational organizations. The purpose of FIRST is to promote cooperation and coordination in incident prevention, encourage rapid response to incidents, and facilitate the exchange of information between members and the community as a whole.

In addition to building a network of trust within the international incident response community, FIRST also offers other services. Here are some of them:

- + access to the latest best practices documents;
- + technical colloquiums for security experts;
- + practical exercises;
- + annual incident response conference;
- + publications and web services;
- + groups with special interests.

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

Association of oil service companies of Kazakhstan –

The Association of oil service companies of Kazakhstan was established in 2011. The main objective of the Association is to unite domestic oilfield service companies for a consolidated approach to solving existing issues in the industry.

The tasks that the Association is working on include:

- + involvement of domestic companies in major oil and gas projects in Kazakhstan;
- + defending the interests of the members of the Association;
- + creation of an information and dialogue platform based on the Association;
- + consolidation of proposals and problems received from the Association members.



ROA AND ROE SHOWED POSITIVE DYNAMICS DUE TO THE NET PROFIT GROWTH.

Transtelecom JSC knows about its responsibilities and strives to make the investments it makes contribute to the production and economic development of the regions in which it operates.

```

CLASS TRANSTELECOM {
    PUBLIC STATIC VOID MAIN(STRING[] ARGS) {
        SYSTEM.OUT.PRINTLN("ANNUAL REPORT");
        //2021
    }
}

```

FINANCIAL RESULTS



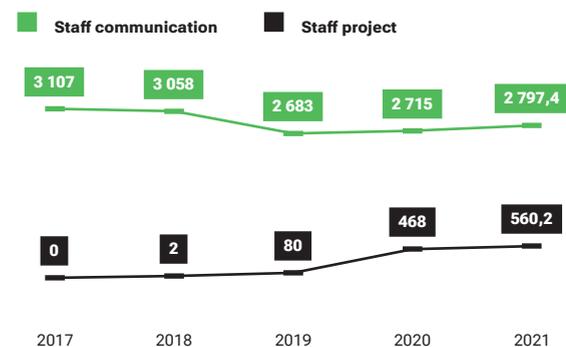
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
- 2016
- 2017
- 2018
- 2019
- 2020
- 2021**

KEY FINANCIAL INDICATORS

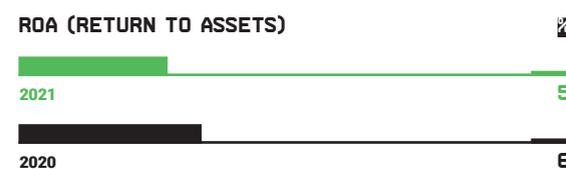
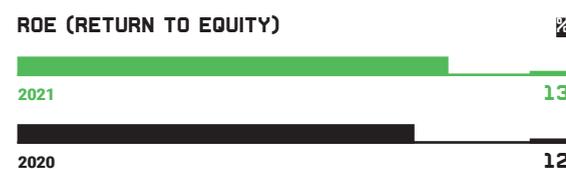
FINANCIAL ANALYSIS AS OF DECEMBER 31, 2021

REVENUE FOR 2021 WAS **84,615** MILLION TENGE, INCLUDING REVENUES FOR COMMUNICATION SERVICES, WHICH AMOUNTED TO 41.6 MILLION TENGE

Structure of income from core business, thousand tenge	2020	2021
communication services	29,496,511	41,634,475
IT services and projects	38,956,078	42,808,186
other services	132,541	172,646
Total income from core business	68,585,130	84,615,307



NET PROFIT IS **4,823,149** THOUSAND TENGE (AN INCREASE BY 25% BY 2020). NET PROFIT FOR 2020 IS **3,864,081** THOUSAND TENGE.



The return on equity and return on assets indicators showed favorable dynamics in relation to the growth of net profit.



Indicator	Amount (billion tenge)
Revenue	84.62
Other income	0.83
EBITDA	34.67
EBT	5.83
Corporate Income Tax	1.59
Net profit	4.82

IN 2021, OPERATING EXPENSES INCREASED BY 11% TO **7,944** MILLION TENGE

INVESTMENTS

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

INVESTMENT PROJECT PORTFOLIO	BILLION KZT
Data center NSC Infrastructure Development as a Service	13.7
Cloud Infrastructure Development	1.1
SDH equipment modernization	1.2
Data Center Connection Lines (CTNM)	1.0



TRANSTELECOM JSC IS COMMITTED TO 17 SDGS BY INCORPORATING SUSTAINABLE DEVELOPMENT PRINCIPLES INTO ITS OPERATIONS.

Transtelecom JSC's activities in sustainable development are founded on the responsible business principle and innovative capacity, creating new opportunities for economic growth, and environmental and social well-being.

```
CLASS TRANSTELECOM {
  PUBLIC STATIC VOID MAIN(STRING[] ARGS) {
    SYSTEM.OUT.PRINTLN(«ANNUAL REPORT»);
    //2021
  }
}
```

SUSTAINABLE DEVELOPMENT



- 2009
- 2006
- 2005
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
- 2016
- 2017
- 2018
- 2019
- 2020
- 2021

SUSTAINABLE DEVELOPMENT

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

The sustainable development initiatives of Transtelecom JSC are founded on the idea of ethical business practices and innovative potential, creating new chances for economic growth and environmental and social well-being.

The Company focuses on improving the quality of life of the population in the places of presence, improving the quality of its services by means of innovative technologies, social and educational programs, transparency of activities, reducing the negative impact on environmental issues.



THE COMPANY HAS UNDERTAKEN TO IMPLEMENT THE FOLLOWING PRINCIPLES:

- 01 . in the field of human rights:** to support and respect the observance of human rights proclaimed by the international community, to ensure their non-involvement in human rights violations;
- 02 . in the field of labor relations:** to support freedom of association and practical recognition of the right to collective agreement, advocate the abolition of all forms of forced labor and the total eradication of child labor, as well as the elimination of discrimination in employment and occupation;
- 03 . in the field of environmental protection:** to contribute to the prevention of adverse impacts on the environment; to take initiatives aimed at increasing responsibility for the state of the environment; to promote the development and dissemination of environmentally friendly technologies;
- 04 . in the field of anti-corruption:** to resist all forms of corruption, including ex-tortion and bribery.

In accordance with the Company's Charter, the Board of Directors determines the priority areas of the Company's activities and the Company's Development Strategy and approves the Company's annual report.

The monitoring, prompt implementation of the company's Development Strategy and Development Plan, as well as the introduction of sustainable development principles and accurate information disclosure, fall under the purview of the chairman of the Management Board and the managing directors of the Company's branches. The Chairman ensures effective activity of the Company in the field of corporate social responsibility, ecology, occupational health and safety, including effective engagement with stakeholders of the Company.

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

Sustainable development is an integral element of Transtelecom's Business Strategy. This principle determines our approach to innovation, development, and the introduction of new products.

SOCIAL CONTRIBUTION OF TRANSTELECOM JSC

Item	Unit	2020	2021
Employees			
Total number of employ-ees	persons	3 183	3 358
Labor costs	mIn KZT	10 602	11 955
Income per 1 employee	mIn KZT	21 505	25 633
Costs of improving occu-pational safety	mIn KZT	77	71
State			
Income tax	mIn tenge	1 240	1587
Company			
Membership fees, payments to trade unions, charitable programs	mIn tenge	52	48

Transtelecom provides jobs for more than 3,350 people. The Company's employees are the main component of sustainable growth, and the Company pays special attention to creating favorable and safe working conditions. The Company's Human Resources Policy aims to increase human resource capacity, develop an efficient incentive system, and establish environments that promote employees' healthy development. Transtelecom JSC has developed documents regulating the Company's activities in the field of sustainable development, including the Corporate Governance Code, HR Policy, Environmental Protection, and is also developing a Corporate Social Responsibility Policy that defines the principles of social

responsibility of the Company. The introduction of energy-efficient and environmentally friendly technologies is a compulsory component of short- and long-term plans of Transtelecom JSC.

The Company's activities in the field of sustainable development include improving working conditions, ensuring workplace safety, protecting the environment, assisting in the socioeconomic development of the presence regions, and raising the general standard of living. Transtelecom JSC strictly adheres to the economic, environmental, and social well-being of its stakeholders and considers this as an investment in the future.

INTERACTION WITH STAKEHOLDERS

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

The main principles and priorities of stakeholder engagement are reflected in the corporate documents: the Code of Corporate Ethics and the Corporate Governance Code of Transtelecom JSC. By establishing new and continuously improving existing corporate governance mechanisms and procedures, the Com-pany seeks to protect the rights and harmonize the interests of all stakeholders.

APPROACH TO STAKEHOLDER ENGAGEMENT

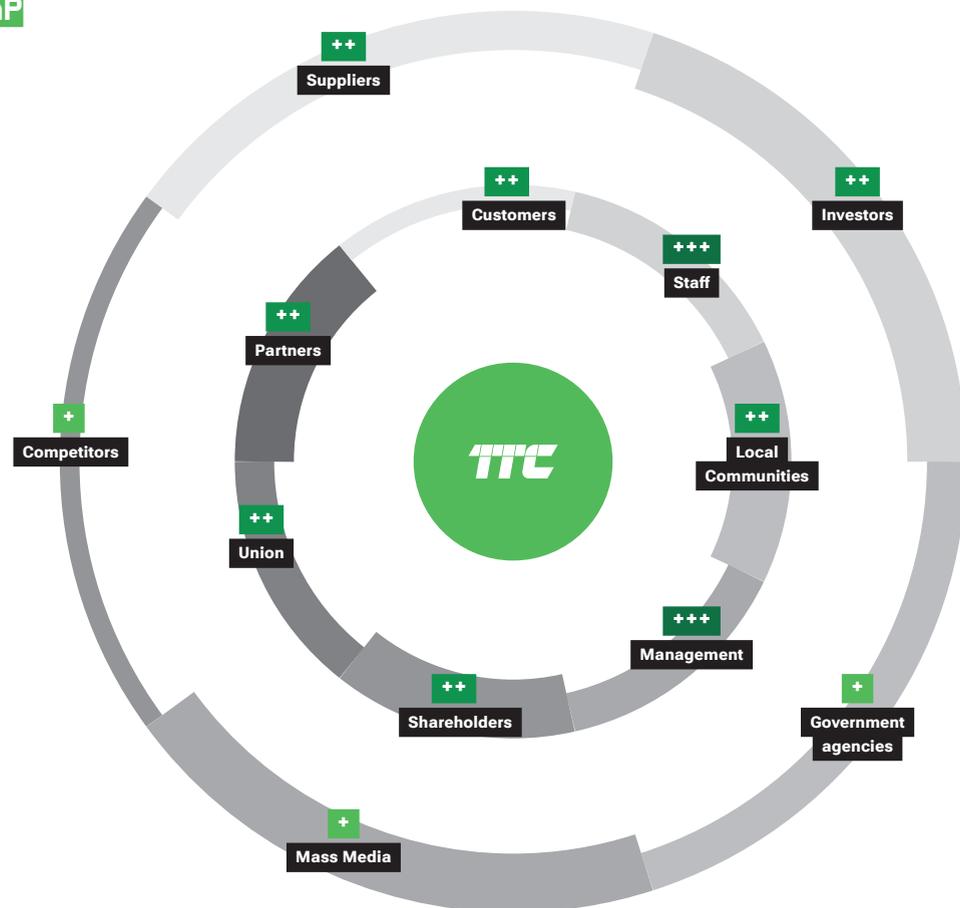
Stakeholder engagement is the key to creating long-term value, achieving strategic goals and enhancing a positive reputation for Transtelecom JSC. Building positive relationships with internal and external stakeholders enables more equitable and sustainable social development, better risk and reputation management, and a thorough comprehensive evaluation of the business environment and market. It is crucial for us to understand how stakeholders view Transtelecom JSC, as well as what they need and want from the company's social, environmental, and charitable initiatives.

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



Transtelecom provides jobs for more than 3,350 people.

STAKEHOLDERS MAP



On the stakeholder map, three concentric areas of the Company's influence on a particular stakeholder are distinguished:

+++ AREA OF AUTHORITY/RESPONSIBILITY

The stakeholders directly subordinate to the Company have been identified in this area.

+ AREA OF DIRECT INFLUENCE

There are stakeholders in this area who are directly influenced by the Company.

+ AREA OF INDIRECT INFLUENCE

This area includes stakeholders who are indirectly influenced by the Company.

The approach to interaction is based on the following principles:

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

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

SHAREHOLDERS

The Company is aimed at continuous development and increasing its value in the interests of shareholders. Transtelecom JSC follows the best corporate governance practices and takes care of its reputation. The Company provides all shareholders with equal access to information about Transtelecom JSC and its financial position, and also respects the absolute equality of shareholders' rights. The main sources of information are mandatory disclosure documents: the annual report, financial statements, and the corporate website of Transtelecom JSC.

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

PERSONNEL

The interaction between the company and its employees aims to foster the growth of human capital and the development of cooperative relationships.

Employees' salaries, social package, 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 the employment contract and the Code of Business Ethics. The Company values the contribution of each employee and builds relationships with personnel based on respect and cooperation, encouraging initiative, responsibility, and the achievement of ambitious goals. These principles help employees to increase their efficiency and achieve high professional results.

SUPPLIERS AND CONSUMERS

The long-term success of the Company is impossible without comprehensive consideration of the external factors of the Company's environment. The sustainable growth of suppliers and consumers is one of the most important external factors.

The Company is a reliable and good faith partner and fulfills its obligations to suppliers and consumers in a timely manner. Transtelecom JSC adheres to the principles of transparency, fair competition, and anti-corruption. The Company does not accept unfair methods of competition and does not participate in collusion. The Company is focused on establishing long-term business relationships with its partners and gives them all the information they require while remaining amenable to discussion and taking into account the viewpoint of the opposing party.

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

GOVERNMENT AGENCIES

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

The company does not support political parties or politicians; its voluntary contribution to the welfare of the country, beyond the legal minimum, consists of extensive charitable and sponsorship activities.

LOCAL COMMUNITIES

Local communities have a significant impact on Transtelecom JSC, forming the environment and being a source of key resources for the Company. Transtelecom JSC implements a number of education-related projects, provides jobs, holds cultural events, maintains healthcare, infrastructure development, and landscaping of regions for local communities. Interaction with local communities for Transtelecom JSC is a systematic activity that has a positive impact on the atmosphere and psychological climate in the regions of presence.

In 2021, the Company's vacancies were staffed 100% by local residents.

MEDIA

Following information disclosure guidelines, the Company maintains a high level of transparency and a positive dialogue with the media by holding frequent press conferences and reporting on the work completed in national publications.

The most important channel of information dissemination, accessible to the largest number of stakeholders, is the official website of the Company (www.ttc.kz), in particular, «About the Company» section (www.ttc.kz/en/About/history). These resources include the most recent news, financial and production information, reporting, and other useful

information about the Company's operations. Additionally, documents governing Transtelecom management and control procedures are posted online, including the Charter and the regulations governing the Board of Directors and the Management Board. Transtelecom JSC posts information on the official website in three languages: Russian, Kazakh, and English, adhering to the idea that information should be equally accessible to all stakeholders.

PRIVACY OF THE CONSUMER

The issues of privacy and the protection of customer information are of the utmost importance to Transtelecom JSC.

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

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

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

PERSONNEL

Transtelecom JSC has an approved HR strategy for the period 2021-2023 dated 30.12.2020. The company's mission and vision are to become a diversified operator of a wide range of infocommunication services by 2023, executing large, complex projects in the private and public sectors, and offering a wide range of services to people and organizations. The HR strategy outlines the primary directions of personnel development required for putting these goals into practice.

The implementation of a unified personnel development policy and corporate culture is based on the key values adopted by the Company:

01 . RESPECT.

The ability to listen and hear others, find common ground and forge mutually beneficial relationships – so long as it does not conflict with the company's values – while viewing customers, partners, and rivals as equals.

02 . CONTINUOUS IMPROVEMENT.

The Company is constantly enhancing its operations, the expertise and engagement of its workforce, the effectiveness of its business processes and procedures, and the organizational structure of the company. It also works to improve the quality of its services and their usability for customers.

03 . RELIABILITY.

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

The main objective of the HR Strategy is to build a human capital management system that will enable efficient personnel management and maximize return on investment in personnel.

The HR Strategy defines the following strategic areas:

- + Development of a corporate university.
- + Retention of key employees.
- + Development of competence centers.

DEVELOPMENT OF A CORPORATE UNIVERSITY

The Corporate University «TTC GREEN University» (hereinafter referred to as «CU») is an internal training system that covers all levels of employees, from managers to specialists, and is established to train and develop personnel in accordance with the mission and strategic goals of the Company.

The main priorities of the CU include: creation of a learning infrastructure for accumulation, preservation and transfer of knowledge and skills in the Company; development of coaching institute and maximum disclosure of talents; creation of a comprehensive training system for managerial, hard and soft skills. This area includes the development of a distance learning system, the Train the Trainer system and the development of comprehensive programs.

EMPLOYEE RETENTION STRATEGY

The Company's Employee Retention Strategy aims to keep employees engaged in the job despite sporadic organizational challenges and potential lucrative job offers. The success of the company greatly depends on the employee's continued motivation and positive attitude. Implementing a retention program is a good way to make sure that employees are employed and that there is a healthy work-life balance to boost productivity. The following tasks are being completed as part of the implementation of the key Employee Retention Strategy: the creation of a talent pool, a variable compensation system, and employee loyalty programs.



DEVELOPMENT OF COMPETENCE CENTERS

According to the Company's Development Strategy, one of the crucial elements in ensuring the Company's successful movement is the transition to a mixed business model, where the Company's current project business model is complemented by a product business model focused on the mass client, both private and business ones.

In this regard, it is essential to establish competence centers in the areas of product development, data centers, and architecture.

Expected results from the implementation of the HR Strategy:

- 01. Building a strategically oriented HR Strategy model that develops and enhances the quality of the Company's human capital.
- 02. Corporate University with a developed training infrastructure and a coaching community as a catalyst for knowledge, skills, and competencies for personnel.
- 03. Formed system of cumulative remuneration that affects the final results of the business.
- 04. Developed competence centers in the field of priority areas: product development, data centers, architecture.

SAFETY AT WORK

HEALTH PROTECTION

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

In 2021, no cases of occupational injuries were registered in the Company, as in 2020.

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

- + internal control of occupational health and safety;
- + identification of risks and hazards;
- + training of personnel in industrial safety and occupational health.

EXECUTION OF THE COMPREHENSIVE PLAN OF TRANSTELECOM JSC FOR 2021

- Complex plan**
- + 195 events
 - + 190 thousand tenge
- EXECUTION**
100%

HEALTH AND SAFETY OBJECTIVES AND THE DEGREE OF THEIR IMPLEMENTATION

- | | | | |
|---|---|---|--|
| <p>01. Maintaining the "Zero Injuries" policy in the Company: – Number of accidents and industrial injuries</p> <p>DONE
100%</p> | <p>02. Development and implementation of a Near Miss electronic recording and record-keeping tool</p> <p>DONE
100%</p> | <p>03. Implementation of a solution for the Company's employees to pass S&LP and FS knowledge tests in an electronic format</p> <p>DONE
100%</p> | <p>04. Conducting training for the Company's senior executives on the Corporate University platform S&LP: S&LP BFS</p> <p>DONE
100%</p> |
|---|---|---|--|

01. Maintaining the principle of «Zero Accident» in the Company.

- + As of 01.01.2022, 899 LTI-free days were recorded (including for contractors).

02. Development and implementation of a tool for recording Near Misses in electronic format.

- + The Company created and launched the service «BayQa» based on the business telegram bot «TTC Smart bot».
- + This service is an additional element of the Occupational Health and Safety Management System, which is aimed at the prompt detection and prevention of OHS incidents. In order to increase the involvement of employees in the use of this service, a video was produced with the participation of the Chairman of the Management Board of the Company.

03. One of the objectives in 2021 was also the introduction of OHS knowledge assessment in electronic format. This tool was successfully implemented in December 2021, through a pilot project in which three branches participated. With the beginning of the new year of 2022, another knowledge assessment is planned at Transtelecom JSC on the site of the GREEN corporate portal.

Changing to a new format has a number of benefits, including:

- + Exclusion of the influence of the human factor.
- + Increased efficiency.
- + Implementation of uniform conditions.
- + Economic efficiency.

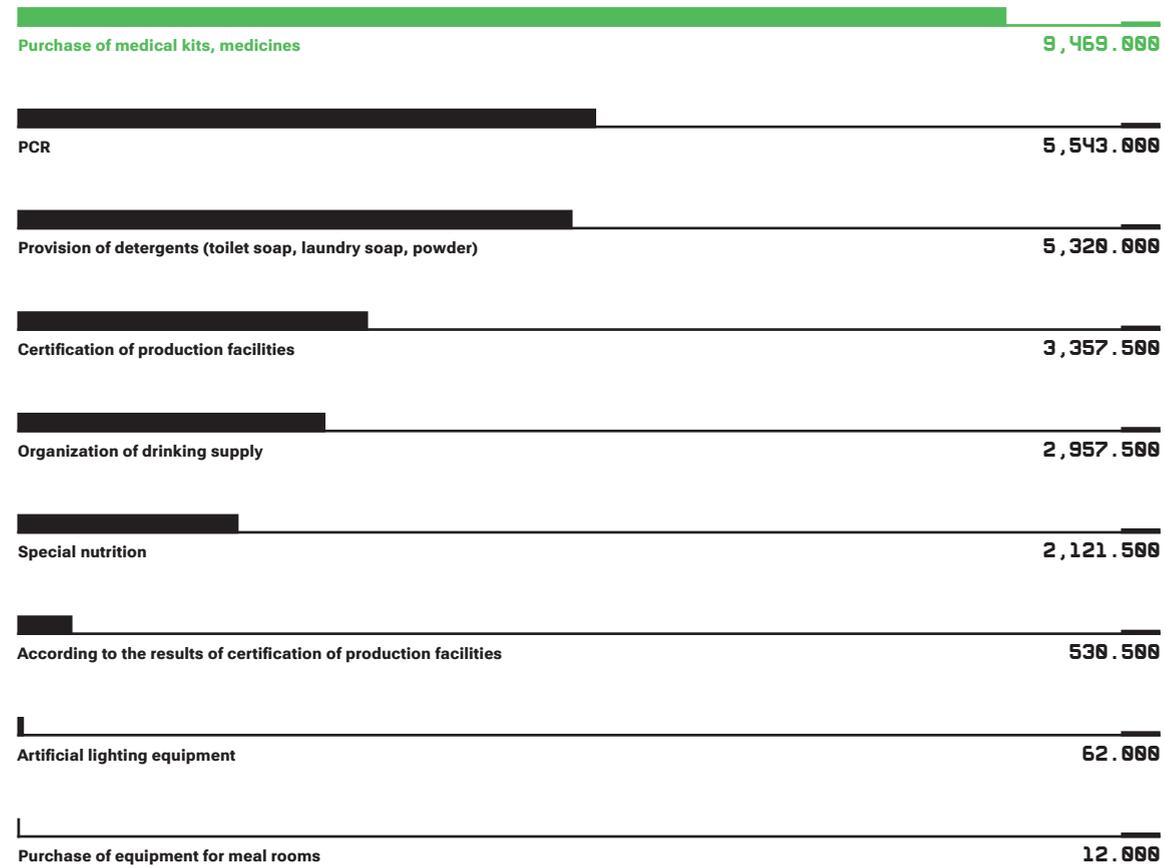
The OHS department and PSA department put in a lot of effort during the project's implementation, which allowed for the availability of this testing to all Company employees.

04. In 2021, 251 managers and officials responsible for ensuring occupational health and safety were trained at the corporate TTC University.

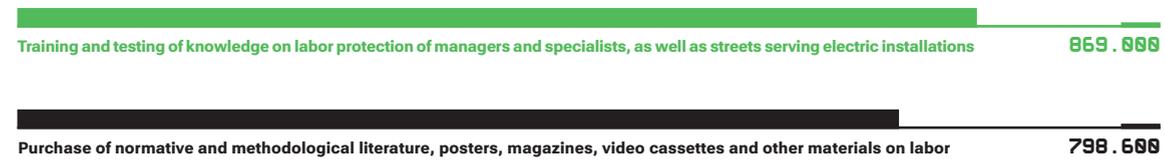
RISK MANAGEMENT

The Company is working on HSE risk management. According to the identification of hazards in the Company, the identified risks are average or acceptable; risks with an unacceptable level have not been identified. This indicates a low to medium probability of the hazard materializing, with minor or moderate severity of consequences.

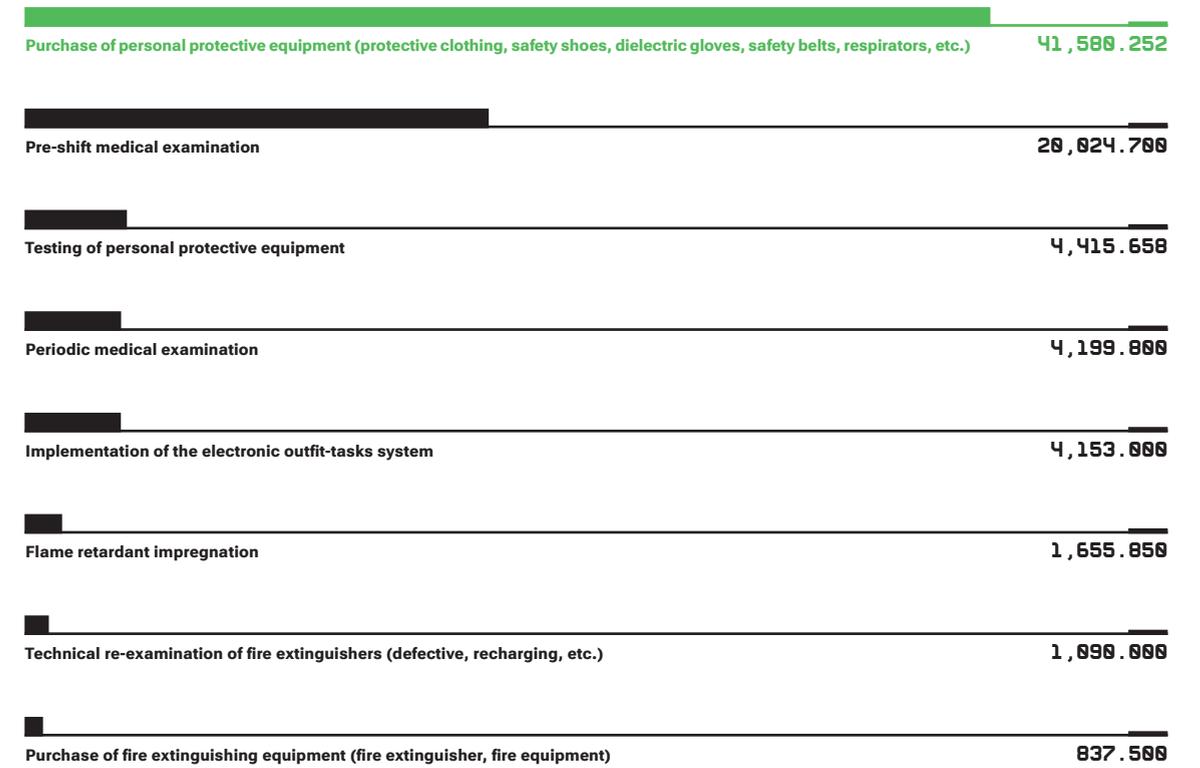
MEASURES TO IMPROVE WORKING CONDITIONS



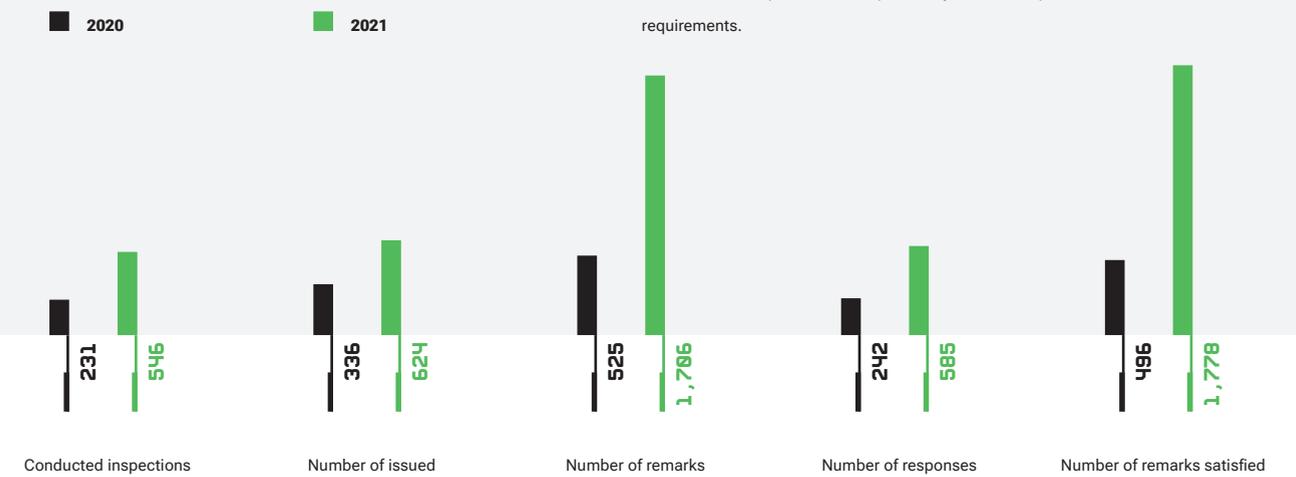
ORGANIZATIONAL AND TECHNICAL MEASURES



ACCIDENT PREVENTION MEASURES



INTERNAL CONTROL



ANTI-COVID-19 MEASURES

The Company has approved the Anti-COVID-19 Action Plan for personnel. Under the Action Plan, employees are aware of the necessary measures in cases of symptoms of a cold or in cases of contact with an infected employee.

The entrance control is carried out using thermometry and the ASHYQ app.

The company maintains daily statistics on the COVID-19 situation.

The following categories of workers who must receive mandatory vaccinations have been established: rotatable employees, permanent site workers, and technical service

personnel who provide direct services to the general public (including individuals and legal entities).

Employees with the statuses of «infected» and «contact» are prohibited from entering in order to prevent the spread of COVID-19.

Employees of the Company are given the option to take PCR testing at the employer's expense in accordance with the contract concluded with a medical laboratory providing the necessary services in cases of necessity (business trips, deployment at customer sites), in order to confirm the absence of infection.

PERSONNEL COMPOSITION

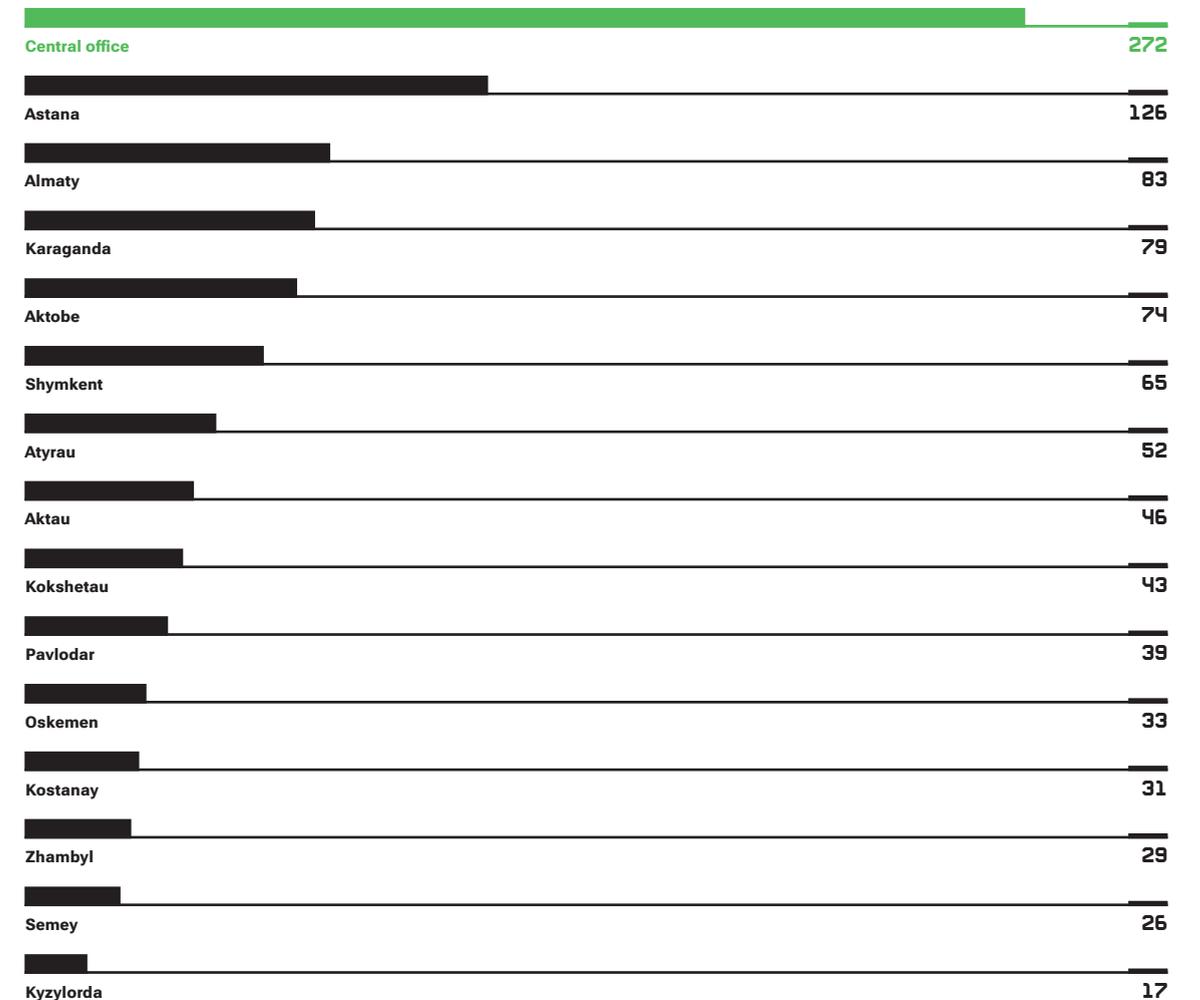
Personnel structure by gender and age groups

Personnel category	Total		of these:			
			men		women	
	persons	%	persons	%	persons	%
Staff Strength	3728	100	2262	60.7	1466	39.3
Managers	419	11.2	309	73.7	110	26.3
Specialists/Office workers	2634	70.7	1752	66.5	882	33.5
Production workers	675	18.1	201	29.8	474	70.2



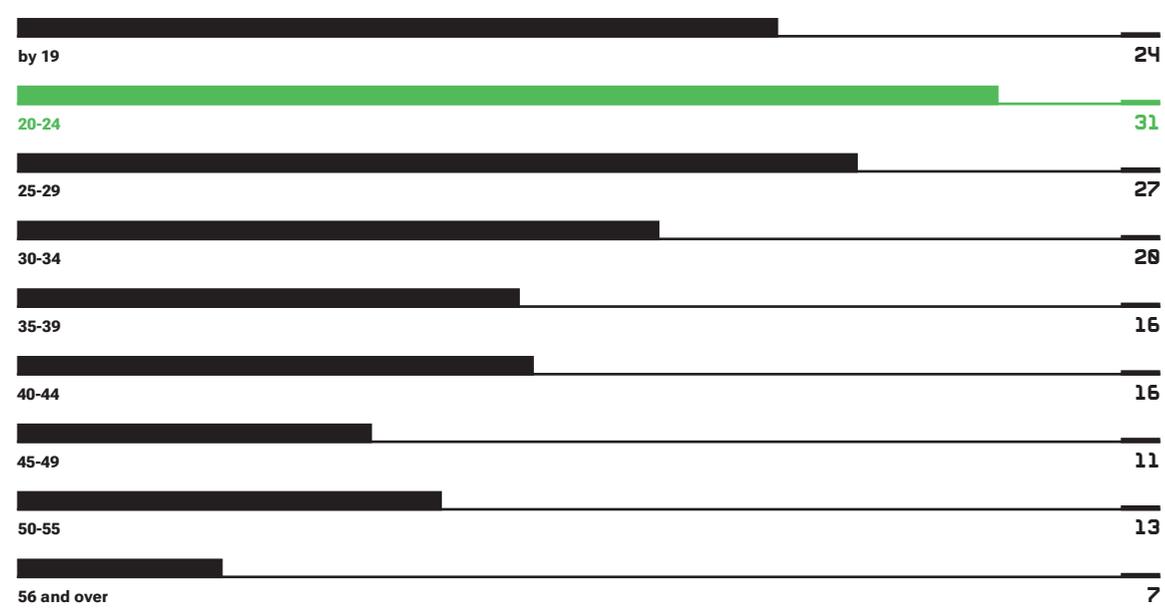
Personnel category	Total		of these:									
			under 25		25-34 years old		35-44 years old		45-54 years old		age 55 and older	
	persons	%	persons	%	persons	%	persons	%	persons	%	persons	%
Staff Strength	3728	100	389	10.4	1483	39.8	911	24.4	578	15.5	367	9.8
Managers	419	11.2	3	0.7	149	35.6	151	36.0	83	19.8	33	7.9
Specialists/Office workers	2634	70.7	358	13.6	1194	45.3	611	23.2	301	11.4	170	6.5
Production workers	675	18.1	28	4.1	140	20.7	149	22.1	194	28.7	164	24.3

HIRED BY TRANSTELECOM JSC IN 2021

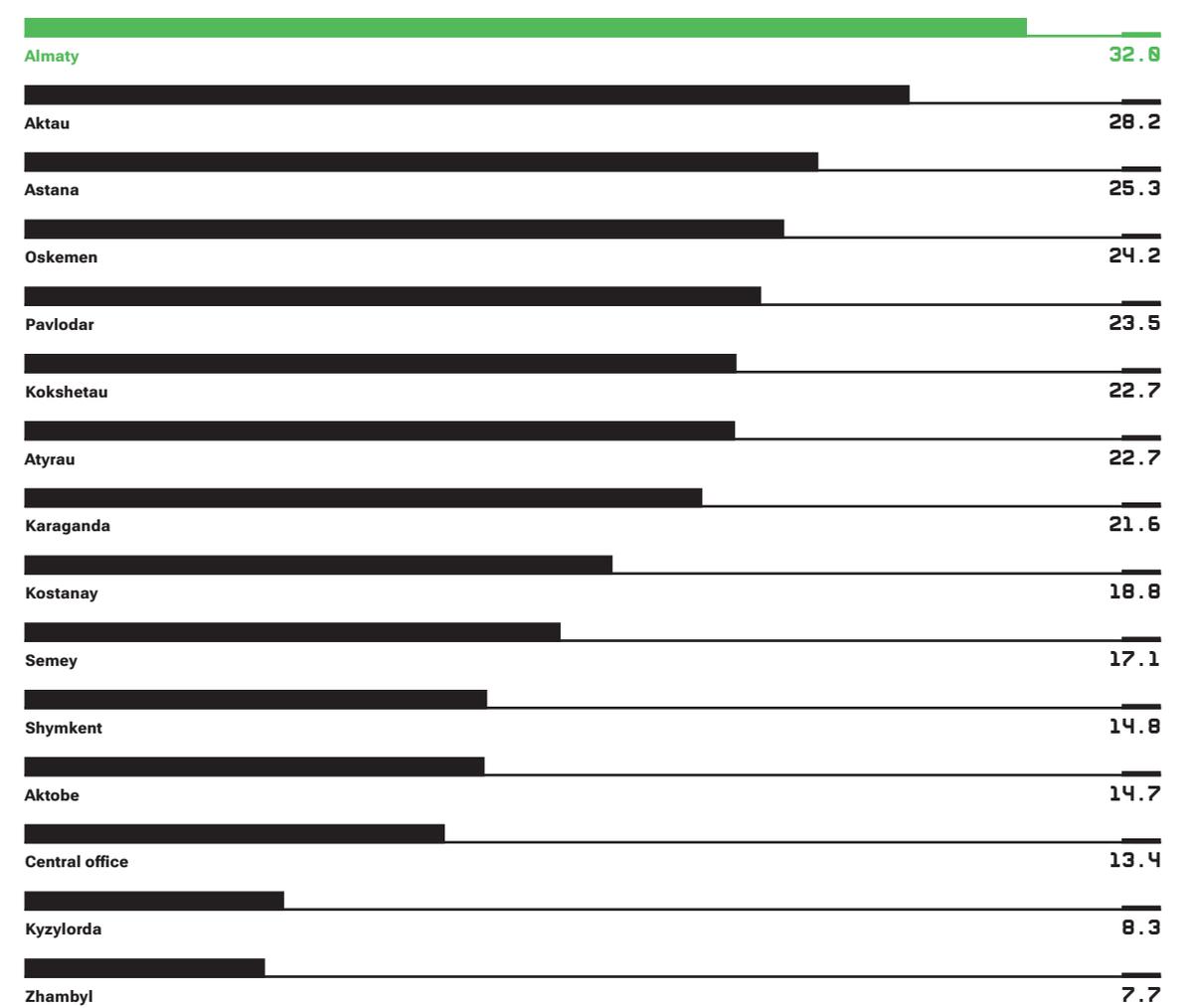


The entrance control is carried out using thermometry and the ASHYQ app.

STAFF TURNOVER BY AGE FOR 2021



STAFF TURNOVER BY REGION FOR 2021



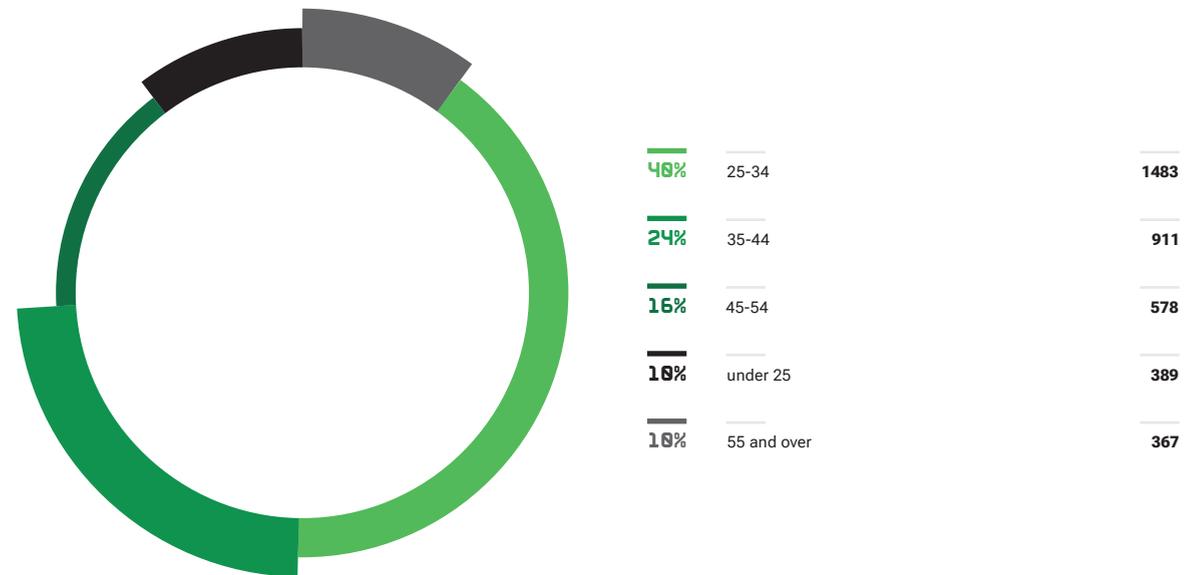
Number of hired employees by gender and age groups

Personnel category	Total		of these:			
			men		women	
	persons	%	persons	%	persons	%
Staff Strength	1 015	27.2	727	71.6	288	28.4
Managers	45	10.7	32	71.1	13	28.9
Specialists/Office work-ers	825	31.3	614	74.4	211	25.6
Production workers	145	21.5	81	55.9	64	44.1



Personnel category	Total		of these:									
			under 25		25-34 years old		35-44 years old		45-54 years old		age 55 and older	
	persons	%	persons	%	persons	%	persons	%	persons	%	persons	%
Staff Strength	1015	100	217	21.4	445	43.8	272	26.8	59	5.8	22	1015
Managers	45	4.4	0.0	12	26.7	26	57.8	6	13.3	1	45	
Specialists/Office workers	825	81.3	199	24.1	379	45.9	206	25.0	31	3.8	10	825
Production work-ers	145	14.3	18	12.4	54	37.2	40	27.6	22	15.2	11	145

HEADCOUNT BY AGE IN 2021



Performance evaluation

Personnel category	Staff Strength	of these:		of these, those who have passed the performance evaluation:			
		men	women	men		women	
		persons	persons	persons	%	persons	%
Staff Strength	3728	2262	1466	38	1.7	2	0.1
Managers	419	309	110	38	12.3	2	1.8
Specialists/Office workers	2634	1752	882	-	0.0	-	0.0
Production workers	675	201	474	-	0.0	-	0.0

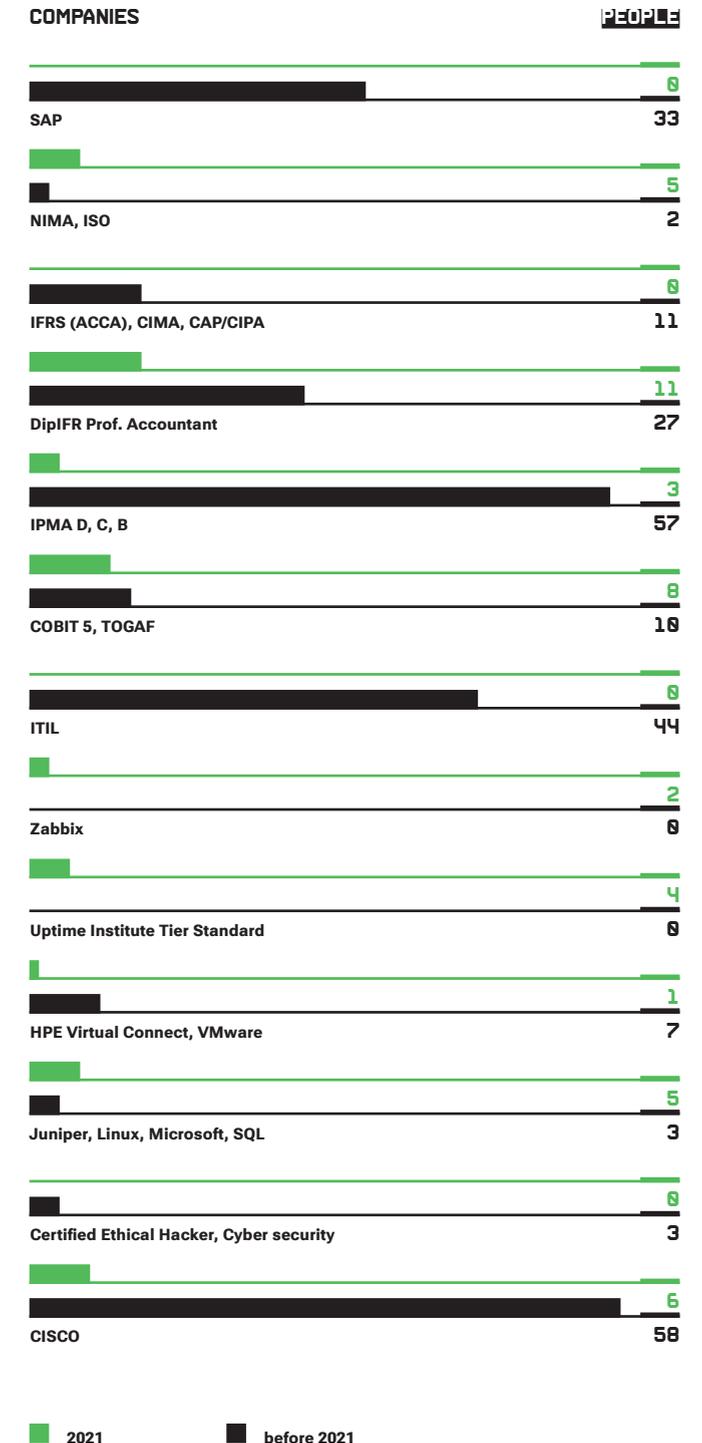
The ratio of women's remuneration to men's remuneration in 2021

Personnel category	Base rate, %	of these:		Award, %	of these:	
		men, %	women, %		men, %	women, %
Managers	25.7	72.6	27.4	100.0	100.0	0
Specialists/Office workers	66.0	81.9	18.1	-	-	-
Production workers	8.3	72.4	27.6	-	-	-

PERSONNEL TRAINING

The expertise and professionalism of employees directly affects sustainable development and achieving market leadership. In order to improve the professionalism of employees and the competitiveness of the Company, special attention is paid to the certification of the Company's specialists. 40 professionals received their certifications in 2021, including those in the fields of project management, economics, finance, and marketing as well as information technology infrastructure, network hardware, routing, and virtualization. The total number of certified specialists of the Company increased by 0.6%.

GROWTH OF CERTIFIED SPECIALISTS COMPANIES



Average hours of training completed in the reporting year, per employee of the company (men, women)

total number of hours	number of people	average number of hours per 1 person
Total		
64333	3500	18.38
men		
43651	2262	19.3
women		
20682	1238.00	16.7



CORPORATE TTC GREEN UNIVERSITY

In 2021, the 3rd batch of internal trainers was graduated from TTC GREEN University. Our internal trainers of the 3rd batch have successfully completed the 6-module program «Train a trainer».

11
INTERNAL TRAINING COURSES

25
INTERNAL COACHES

90%
SATISFACTION WITH INTERNAL LEARNING

69%
% COVER OF BRANCHES

2
WORKSHOPS

3
PRODUCTIVE TRAINING COURSES

1,015
COVERED TRAINED STAFF

SOCIAL POLICY

As a motivational tool, Transtelecom JSC's social policy has a direct impact on an individual's level of satisfaction, which in turn has an impact on the company's activities' production and economic indicators. It aims to raise staff

satisfaction indicators, enhance employee quality of life, and help those who require social assistance (such as workers, pensioners, WWII veterans, and people who are equivalent to them).



SOCIAL EXPENDITURES IN 2021 BY CATEGORIES

THOUSAND KZT

445,333

Payments, financial assistance for employees

132,109

Payments for employees' children

26,157

Payments for pensioners who are registered as pensioners

SHARE OF EMPLOYEES COVERED BY COLLECTIVE EMPLOYMENT AGREEMENT



The collective agreement for 2021-2023 between Transtelecom JSC and its workforce provided for the main areas of social support in the form of financial assistance:

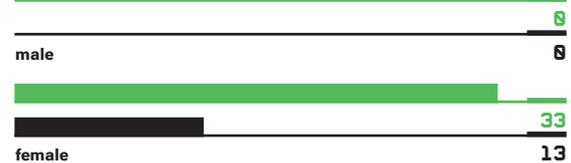
- + **for employees:** anniversary date, a bonus by March 8, the birth of a child, marriage registration, dental prosthetics, rehabilitation and treatment, burial, financial assistance in connection with the occurrence of unforeseen -circumstances, medical insurance;
- + **for children:** preparing children for school, for Children's Day, for Family Day, organizing and holding events for children's holidays;
- + **pensioners who are registered in the Company:** anniversary date, burial of a pensioner, for participants of the Great Patriotic War and those equated to them on May 9, payments for the holidays of the Day of Communication and Information, for the Day of the Elderly.

Additionally, tuition fees for children enrolled in higher education institutions in Kazakhstan on a fee-paying basis, the rehabilitation and recovery of a disabled child, participation in creative competitions, sports competitions, and compensation for redundancy three years prior to retirement age are all partly compensated.

Expenses on social benefits for 2021 amounted to 634,973 thousand tenge. In comparison with 2020, spending on social benefits increased by 86%.

On average, the costs per employee of the Company in 2021 amounted to 134 thousand tenge.

PARENTAL LEAVE



- Number of people who took leave in the reporting year related to the birth of a child
- Number of people who returned from parental leave in the previous reporting period (2020) and worked for the company at least 12 months after their return



VOLUNTARY HEALTH INSURANCE

The voluntary insurance services are used annually by employees of the company for medical emergencies. In 2021, the Company signed an agreement with IC «Halyk» JSC. During the year, 6,105 people used insurance services, of which 2,777 employees and 3,328 family members. The amount of the insurance premi-um amounted to 332,768 thousand tenge.

SPORTS AND HEALTH

The Company pays great attention to the promotion of a healthy lifestyle and funds are allocated on an ongoing basis for physical education and recreational activities. Before the outbreak of the pandemic, the Sports Contest of the Company was a good tradition and an integral part of our corporate culture.

In 2020-2021, the Sports Contest was not possible due to the situation in the world (COVID-19). This year, the next Sports Contest is planned to be held in Shymkent. Sports events are intended to engage people in physical activity, promote healthy lifestyle values, and draw employees to a healthy lifestyle through systematic physical education and participation in sports.

In the company, employees are actively engaged in various sports. The Company has volleyball and hockey teams.

The trade union of the Company is actively involved in the life of the company. Thus, during 2021, financial assistance was provided through the trade union for the treatment of workers, children, and close relatives. Events were organized, gift card were given for 8 March and Nauryz Meiramy.

This year, 14 volunteers visited 62 veterans and 9 home front workers

For Children's Day, the Company holds annual events for employees' children. In 2021, a contest was organized on the topics «IT technologies in my life» in the nominations «Best Drawing» and «Best video». The children were awarded gift certificates for the best works.

PERSONNEL RESERVE AND TALENT POOL

From among its key and promising employees, the company created a talent pool of 69 people for its personnel reserve.

In 2021, 23% of Transtelecom talent pool were rotated. Vertical growth – 13 employees received rotation to a managerial position.

As part of the implementation of Individual Development Plans (IDPs), the personnel reserve participated in the implementation of 60 Telco and IT projects, including: implementation of CMDB process in SMAx system; upgrade of SMAx system to the current version; implementation of EDS in 1C; commissioning of Cloud, new DPC and Collocation cluster; implementation of uninterrupted functioning of KTZ server infrastructure; implementation of fail-safe Exchange mail server; organization of process of provision of DPC infrastructure; installation of new Google and Facebook servers in Almaty, Nur-Sultan, Karagandy, Pavlodar, Shymkent, Aktobe and Kostanay; commissioning of DDOS attack protection system; conducting two pilot tests on customer business process automation; commissioning of «IKOMEK» 109» centers in 5 monotowns of Kostanay region; development of B2B segment Functional Strategy, IS Strategy, Technology Strategy; development of FOCL map and tariff analytics in Qlik Sense; creation of the Target Application Architecture within the development of the Technological Strategy of Transtelecom JSC; development of the architecture under the Qoldau Colocation project; development and implementation of the Dashboard by Blue Book and Black Book system; implementation of primary network system monitoring (Lusent, Ericsson, Marconi, DPS, Alcatel Lusent, Ekinops Celestis NMS, Huawei U2000, SAM 5620 (IPMPLS), Cisco Prime Network, Cisco Prime Optic, ELTEK, Zabbix); implementation of «Business in Hands» project, etc.

During the calendar year, personnel reserve completed over 40 external and internal training courses in offline and online formats.

69

total number of completed training courses

The creation of a talent pool and personnel reserve within the organization ensures the continuity of knowledge, the development of key and promising employees as a guarantee of their own reserve for

managerial positions, involvement in the execution of strategic projects, and the creation of internal coaching, which sets any company apart from others.

26

number training courses conducted

16

NUMBER OF INTERNAL TRAINERS

40

NUMBER OF COMPLETED TRAINING COURSES

22

succession candidates with prof certification

60

NUMBER OF PROJECTS: SMAx, DATA CENTER, COLLOCATION, COPM, IKOMEK 109, QOLDAUCOLOLOCATION, CISCO PRIME, OPTIC, ELTEK, ZABBIX, OLIKSENSE, KTZH, ETC.

23%

Succession candidate rotation

3

HORIZONTAL GROWTH: OPERATION OF DATA CENTER INFRASTRUCTURE

29

SUCCESSION CANDIDATES OF THE CATEGORY: KEY EMPLOYEE

13

Succession candidates of the category: Prospective employee

13

VERTICAL GROWTH: ED, DIRECTOR OF B2C DEVELOPMENT, HEADS OF DEPARTMENTS/SECTIONS/SERVICES

INTERACTION WITH UNIVERSITIES OF THE REPUBLIC OF KAZAKHSTAN. INTERNSHIP TRANSTELECOM JSC

THE INTERNSHIP TOOK PLACE IN TTC JV:

- + Architecture and Design
- + It development and implementation of IT TUMC, ACC, ABP, in the B2C sectors, B2O, MS, SIT, LKB, TUMC, DATS, etc.

FOR 2021:

- + Suleiman Demirel University, Astana IT University, Turan-Astana and regions

20
SIGNED MEMORANDA,
INCLUDING FOR 2021 - 7

176
STUDENTS HAVE
COMPLETED AN INTERNSHIP

28
ARE EMPLOYED
IN CO AND REGIONS

A concerted effort is being made to engage with educational institutions in the Republic of Kazakhstan in order to interact with young people who have promise and talent and draw them to the company. Currently, the Company cooperates with more than 20 educational institutions in all major cities of Kazakhstan, including regional centers.

In total, the Company has signed more than 20 Memorandums of Cooperation with universities of the Republic of Kazakhstan, 7 of them were concluded in 2021 (3 of republican significance, 4 regional universities). At the same time, Transtelecom expanded the list of its partner universities with the Suleiman Demirel University, Astana IT University LLP, Turan-Astana University Institution.

In 2021, 176 students had internships in the company's structural subdivisions, 28 of them were employed. 15 students are employed in the branch of Astanatranstelecom.

The purpose of the internship is the formation of students' skills and practical skills in professional activity.

NUMBER OF INTERNS EMPLOYED	PEOPLE
Central office	3
Shymkent branch	3
Pavlodar branch	2
Kokshetau branch	2
Zhambyl branch	1
Astana branch	15
Almaty branch	2

In the outgoing year, Transtelecom JSC participated in 5 job fairs of the following universities: Nazarbayev University, S. Toraigyrov Kazakh Agrotechnical University, S. Seifullin Kazakh Agrotechnical University, Astana IT University (career weeks); University of Central Asia (mock interviews/ Computer Science); KIMEP (Job Fair). These meetings offer a special chance for recent graduates and students to learn more about the company's operations, become familiar with Transtelecom JSC's mission and vision, sit for an interview with an HR manager, discover the requirements for open positions, and complete an internship or apprenticeship with the Company.

In order to train new technical personnel, the Company is working on the development of dual training – attracting young specialists (students) for further employment in Transtelecom JSC.

Transtelecom JSC branch in Atyrau, Atyrautranstelecom, signed an agreement with Safi Utebayev Atyrau Oil and Gas University, NJSC

Dual education provides an opportunity for promising and talented young people to experience their future profession by learning its specifics in practice. TTC actively works with educational institutions in all major cities of Kazakhstan, including regional centers

TTC cooperates with more than 20 educational institutions and is expanding the dual education program

Dual education gives promising young people the opportunity to immerse them-selves in their future profession by learning the ins and outs of it in practice. For example, the Atyrautranstelecom branch and the Safi Utebayev Atyrau Oil and Gas University signed an agreement on cooperation in higher (bachelor) education to introduce a dual system of personnel training. In

accordance with this agreement, the branch intends to hire up to 20 IT students annually after conducting a competitive hiring process. A similar agreement, designed already for undergraduates, is also valid with S. Seifullin Kazakh Agrotechnical University in the specialty «Information security».

INDUSTRY AND GOVERNMENT AWARDS

«DAY OF COMMUNICATION AND INFORMATIZATION»

Every year, the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan awards highly qualified professionals with the «Uzdyk bailanysshy» award pin for professionalism, high performance, and significant contribution to the communications industry. In 2021, 4 employees of the Company were awarded this high award:

- + Abzhan Aitzhanovich Shokparov – Electrician of the Aktobetranstelecom Branch's LAN;
- + Orynbai Zhetkerbaiuly Eshpanov – Technical Director of the Kyzylordatranstelecom Branch;
- + Yerlan Bulatovich Tumabayev – Head of the Semeytranstelecom Branch line-cable brigade;
- + Tolkn Rafikovna Suleimanova – Communication Engineer of the Zhambyltranstelecom Branch digital exchange and local network.

On Communications and Informatization Day, eight employees of the company were awarded a **certificate of merit** for their impeccable service and great contribution to the development and prosperity of the communications industry.

14 employees of the Company were awarded **letters of thanks by Ministry of Digital Development, Innovation and Aerospace Industry:**



14 employees of the Company were awarded letters of thanks by Ministry of Digital Development

- + Darybekov Tileugabyl Shakitayuly – Head of the Balkhash Communications Section of the Karagandatrastelecom branch;
- + Birzhanova Inesh Bermukhambetovna – Head of Sales Service of the Kostanay Transtelecom branch;
- + Zhadranov Marat Nurakhmetovich – Head of the Communication Section of the Almatytranstelecom branch;
- + Kapayev Sultan Bakitovich – Technical Accounting Engineer of the Astanatrastelecom branch;
- + Karzhauov Zholaman Musayevich – electric mechanic of Digital Exchange and local network of Atyrautrastelecom branch;
- + AndaeV Kanat Konarovich – Head of the Line And Cable Crew of the Beineu station of the Aktautrastelecom branch;
- + Dzhaparkulov Farukh Tahirovich – Head of the Information Technology Ser-vices of Zhambyltranstelecom branch;
- + Kainazarov Adilbek – electrician of the Digital Exchange and the local net-work of the Kyzylordatrastelecom branch;
- + Solbyrev Ruslan Gazizovich – electrician of the local network of the Oskemen-trastelecom branch;
- + Teikovtsev Andrey Albertovich – Commercial Director of Pavlo-dartranstelecom branch;
- + Yuri Yurov – electrician of the local network of the Semeytranstelecom branch;
- + Ilya Sergeevich Stepanov – Head of the Communications section of the Kok-shetautrastelecom branch;
- + Shishkin Vladimir Anatolyevich – Head of the Communications section of the Aktobetranstelecom branch;
- + Bolatbayev Nursultan Alibekovich – Head of the project group «Development of Turkestan» of the Shymkenttranstelecom branch.

FOR THE 30TH ANNIVERSARY OF THE INDEPENDENCE OF THE REPUBLIC OF KAZAKHSTAN:

On the eve of the Republic of Kazakhstan's 30th anniversary of gaining its independence, President Kassym-Jomart Tokayev established the anniversary medals for individuals and groups who have significantly contributed to

the es-tablishment of a strong state and its ongoing development through their work and accomplishments in the professional sphere. In our company, this high award was received by:

- + Ashirbekov Sayan Meiramovich – Managing Director of the Shymkenttranstelecom branch;
- + Ormanov Darkhan Sarsebayevich – Managing Director of Zhambyl-trastelecom Branch;
- + Serikuly Abzal – Managing Director of the Aktautrastelecom branch.

Additionally, 41 employees (including 11 in the regions and 30 in Central Office) received letters of thanks from the RoK National Association for Communication and Digitalization on the occasion **of the country's independence day.**

AWARDS OF JSC TRANSTELECOM

The organization has a non-financial rewards program that annually recognizes the best workers for their accomplishments in the workplace on behalf of the Chairman of the Management Board. In 2021, 102 employees were awarded with Certificates of Honour and letters of thanks from the Chairman of the Management Board of Transtelecom JSC for high results, professionalism, and participation in the implementation of the Company's strategic projects. 102 employees were awarded for the holidays «Day of Telecommunications and Informatization» and «Independence Day of the RoK» (including regional branches: 72 people; Central Office: 30 people).

COMPETITION

«TRANSTELECOM BEST TEAMS - 2021»

A competition for the best service, team, or department across the Company's regional branches is also now a yearly tradition for the «Day of Communication and Informatization». In 2021, we increased the number of participants and held a competition in 10 nomination:

01. The best Line And Cable Crew (for the absence of line damages, performance of the scope of work

according to the production plan, prompt performance of emergency recovery work, quality of work performed on request, ensuring uninterrupted operation and reliability of the backbone network);

02. The Best Local Network (for least damage to cable and overhead lines, avoidance of downtime, least time spent for lifting to the communication pole and installing the coupler, quality suspension and laying of cable and overhead lines, speed of response to requests and efficiency of teamwork);

03. The Best Telecommunications Workshop (for their long-term contribution to the development of telecommunication services, excellent performance in configuring the SI-3000 and MS-240 PBX equipment, implementation and improvement of new ideas in terms of PBX MS-240 SORM, efficient teamwork and achievement of high results);

04. The Best Information Technology and Internet service (for ensuring effective customer support throughout the service/service lifecycle, quality and responsiveness in connecting strategically important channels, availability of backup solutions to mitigate risks of downtime, introduction of new approaches and methods in work);

05. The Best Project Team for KTO Network Maintenance (for quick response and prompt execution of emergency recovery works, ensuring uninterrupted operation of the customer's network, effective restoration of the customer's communications equipment by own efforts, application of non-standard solutions in emergency situations to ensure fault-tolerance of equipment, high professionalism);

06. The Best Project Team for Intergas-central Asia Network Maintenance (for the least cases of damages, prompt performance of emergency recovery work, professionalism, ensuring uninterrupted operation of the customer's network, efficient recovery of the customer's communications equipment by own efforts, high availability);

07. The Best B2R Sales Service (for meeting the annual revenue plan, ability to see prospects in attracting potential clients, supporting and retaining current clients, maintaining SLAs both internally and externally, no turnover of specialists (including loss of valuable staff);

08. The Best B2C Sales Service (for meeting the annual revenue plan, excellent knowledge of the product range, best performance in attracting potential partners, active work on market development and promotion of the company's brand, increased sales growth, and excellent team-work);

09. The Best Settlement Department (for effective work in reducing accounts receivable, reducing churn of existing subscribers, raising the quality of customer service to a high level, timely closing of the reporting period and quality of completion of tasks);

10. The Best Idea on the GREEN portal (for the relevance of the idea, rational kernel, efficiency, initiative, improvement of activities and processes of the company, fresh and creative approach).

Each nomination had its own set of criteria by which the efficiency of the teams' efforts throughout the year was assessed. The contestants were assessed by a competition committee consisting of the supervisory authority of the Central Office. The results of the competition (winners) were announced at a solemn meeting live with the regions on the eve of a professional holiday, where the best teams of the Company's branches in 2021 were rewarded with a prize and diplomas for 1,2,3 place.

PROCUREMENT

Procurement in Transtelecom JSC was carried out in accordance with the Procurement Policy of Goods, Works and Services of Transtelecom JSC and the Rules of Procurement Management of Transtelecom JSC, approved by the decision of the Management Board of Transtelecom JSC dated 2 September 2021 (Protocol No. 25/2021).

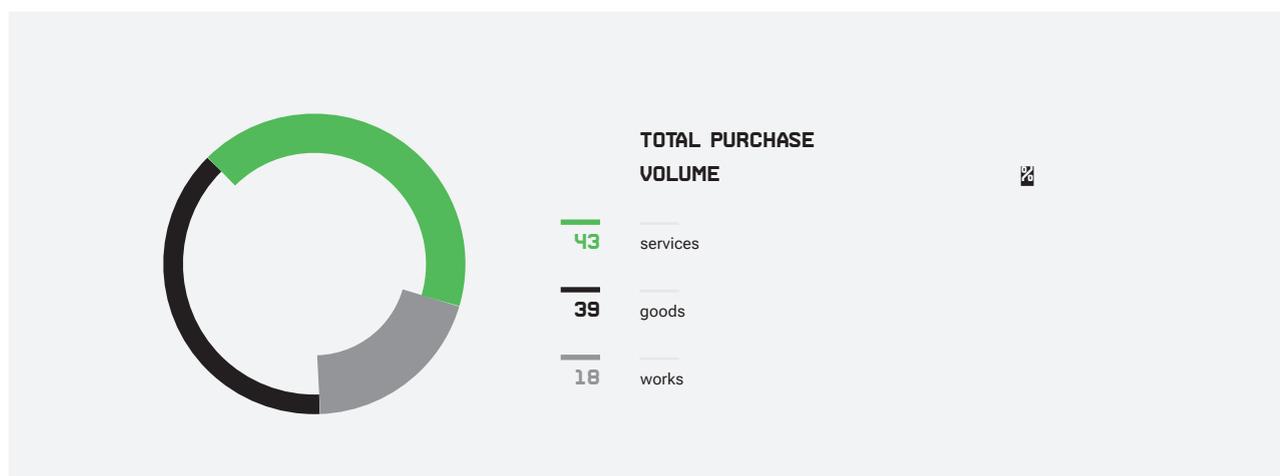
The company's approved budget, which was created based on requests from its structural units and is based on business and production needs, is used to determine the need to procure goods, works, and services.

The choice of supplier will be determined based on the results of the pro-curement procedures regulated by the Company's internal documents. Updating of internal documents made it possible to eliminate bureaucratic procedures and, accordingly, reduce the timing of procurement procedures. Liberalization has affected all stages of procurement, such

as market research on prices, approval of adjustments to the procurement plan, and approval of purchase orders for goods, works, and services. For example, market price surveys are carried out during the budgeting phase and the number of approvers in the electronic document management system has been reduced.

Until 22 December 2021, procurement procedures for the selection of a supplier by means of a tender were conducted in accordance with Procurement Policy and Rules of Procurement Management of Transtelecom JSC on the web-site www.ztender.kz.

Procedures for selecting a supplier for procurement from a single source are carried out by studying the market prices for goods, works and services, requests are sent to manufacturers / suppliers (dealers, distributors), in order to purchase high-quality goods, works and services, optimally acceptable prices and taking into account fair competition.



Total volume of the Company's procurement in 2021 amounted to 23 676 694 thousand tenge, including: purchased goods in amount of 9 200 926 thousand tenge, works in amount of 4 392 755 thousand tenge and services

in amount of 10 083 013 thousand tenge. In general, the Company takes all necessary measures to optimize procure-ment activities, develop local producers, and achieve strategic goals.

ENVIRONMENTAL PROTECTION

ENVIRONMENTAL INITIATIVES AND APPROACH TO ENVIRONMENTAL PROTECTION

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

The Company does not cause direct significant harm to the environment by its activities and does not conduct business in potentially environmentally hazardous industries. However, we recognize that improving energy efficiency of operations, conserving resources, and reducing adverse environmental effects are urgent tasks for the Company as a major player in the telecommunications and IT technologies market operating throughout Kazakhstan.

We are aware of the importance and priority of the environmental factor in the implementation of any activity and strive to contribute to ensuring a healthy life for future generations. As a high-tech telecommunications provider, we have all the advantages and conditions necessary to advance society's efforts to increase energy efficiency, lower pollution emissions into the atmosphere, and reduce resource consumption.

In 2021, environmental protection was provided in accordance with standards, guidelines, and other policies that had been developed and approved in order to comply with accepted national legal obligations and international commitments. The Company strives to minimize its impact on the environment and apply the most advanced technologies to manage such impact.

The Company has implemented the international environmental management standard ISO 14001 and the energy management standard ISO 50001 in order to enhance the environmental management system and environmental responsibility at all stages of the production process.

Regarding the subject matter of this sector, environmental management and protection is understood to include ensuring the implementation of environmental legislation, the Company's EMS requirements, the disposal of natural resources, ensuring their rational use and reproduction, environmental preservation, and the protection of environmental rights and legitimate interests of people and legal entities.

The Company's responsible employees for environmental safety and operation have been identified based on the orders of the heads of its branches.

Internal regulatory documents on the EMS have been created in order to maintain the EMS in good working order and continuously increase its effectiveness:

- + Environmental policy of Transtelecom JSC;
- + Production and consumption waste management;
- + Handling of mercury-containing equipment and materials;
- + Identification and assessment of environmental aspects (hereinafter – EA);
- + EA Registry;
- + Register of significant EA;
- + Register of regulatory requirements;
- + Goals, objectives and programs in environmental management;
- + EMS guideline.

In 2021, the Company passed a compliance audit for compliance with the requirements of the ISO 14001 standard in the field of environmental protection.

The management of the Company has accepted responsibility for carrying out the Environmental Policy, is

devoted to continuously enhancing the effectiveness of the Environmental Management System, and ensures that each employee of the Company is individually accountable for observing all applicable laws and regulations. The company is fully aware that its operations have an impact on the environment as it carries out its activities in the fields of telephone and telegraph communication services, IP telephony services, telecommunications services, creation and operation of communication networks.

In order to achieve the goals in the field of environment, 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 in the development of the Company's Development Strategy;
- + strives to ensure adherence to Republic of Kazakhstan environmental regulations, minimizing adverse environmental effects, and involving staff members and ensuring their active participation in all aspects of the company's environmental management system;
- + increase the level of environmental safety by reducing the adverse impact on the environment through the introduction of the best available technologies;
- + identify significant environmental impact of the Company's activities that has or may have adverse impact on the environment, as well as develop and implement measures to reduce it;
- + maintain and continuously improve the environmental management system of the Company in accordance with the requirements of ISO 14001, considering it one of the most important components of the advantage in its field of activity;
- + inform those concerned about environmental protection activities.

In 2021, EIA projects were drafted as part of Transtelecom's Infrastructure Development projects to provide data center infrastructure as a service:

01. Construction of outdoor off-site engineering networks for office buildings with a data processing center».
02. The draft of the MPE standards developed at the Company's branches.

03. Environmental emission permits, air pollution emission caps, and environmental emission fee declarations for 2021.

In connection with the new Environmental Code of the Republic of Kazakhstan, which went into effect on 2 January 2021, the Company's branches applied to the appropriate environmental protection authorities for a classification of the relevant facilities into categories I, II, III, and IV. Category IV of the facility was determined within the project «Development of infrastructure of Transtelecom JSC for providing data center infrastructure as a service,» according to the decisions made by the authorized environmental authority for classifying the facilities that have an adverse impact on the environment.

There were no comments from prescriptive regulatory authorities for the period 2020-2021.

In 2021, there are no penalties and other non-financial sanctions imposed for non-compliance with environmental legislation.

USE OF ENERGY RESOURCES AND ENERGY CONSERVATION

The Company prefers to introduce resource-saving and environmentally friendly technologies when replacing outdated ones with new ones. The Company conducted an energy analysis. Electricity, heat, and fuel are the three areas with the highest energy consumption, according to the analysis of the use and consumption of energy resources for the baseline period 2022–2021. These energies also offer the potential to improve energy performance.

The following items have been identified as having a significant impact on energy use based on an analysis of the operation of energy-related equipment in the branches: air conditioners, telecommunication equipment power supply devices, Digital Exchange staff, FOCL, production units, administrative and managerial personnel, and branch office support services. Weather conditions also indirectly affect the modes of significant energy use.

The main energy efficiency indicators (energy efficiency indicator) are as follows: electricity consumption for FOCL and HSN equipment, thermal energy consumption, gasoline

consumption by motor vehicles for FOCL and TTS and auxiliaries maintenance, diesel fuel consumption by motor vehicles for FOCL and TTC and auxiliaries maintenance.

The actual consumption of fuel and energy resources by Transtelecom JSC for 2021

	Electricity	Heat power	Gasoline	Diesel fuel
	Actual power consumption (kWh)	Actual consumption of thermal energy (Gcal)	Fuel costs for motor vehicles (passenger, cargo, and industrial) (l)	Fuel costs for motor vehicles (passenger, cargo, and industrial) (l)
FOCL	5972821.41	569.4779	414480.728	88998.59
TTS and auxiliaries	8952315.53	3881.6207	388257.587	25552.36
	14925136.94	4451.0986	802738.315	114550.95

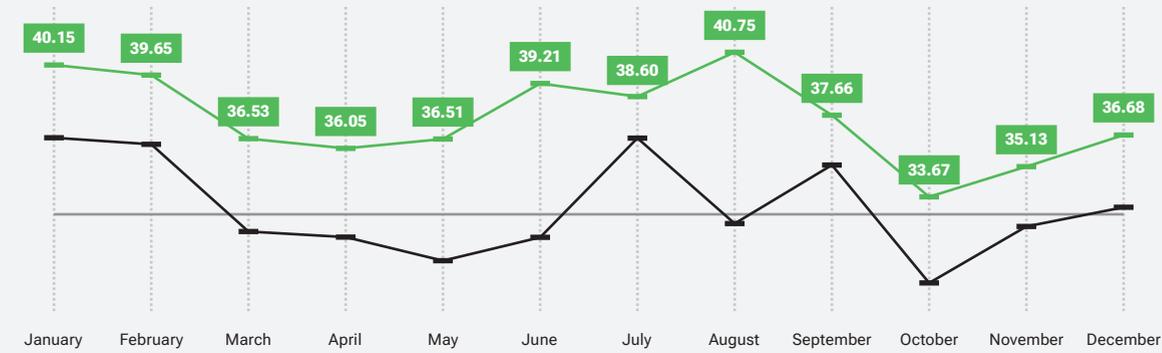
Energy efficiency indicators for Transtelecom JSC for 2020

Indicators	01. 2020	02. 2020	03. 2020	04. 2020	05. 2020	06. 2020	07. 2020	08. 2020	09. 2020	10. 2020	11. 2020	12. 2020	Average
W FOCL	36.55	36.23	31.95	31.65	30.49	31.64	36.51	32.32	35.17	29.39	32.14	33.1	33.10
W TTS and auxiliaries	22.49	22.52	18.65	17.37	17.85	19.09	19.24	20.41	19.61	19.58	20.73	21.05	19.88
Q h. e.	0.04	0.04	0.03	0.01	0	0	0	0	0	0.02	0.03	0.04	0.02
V gasoline	4.92	4.99	5.74	5.34	5.24	5.12	5.36	5.08	5.3	5.6	5.49	6.2	5.37
V diesel	0.71	0.48	0.46	0.59	0.5	0.26	0.5	0.92	0.74	0.92	1	0.91	0.67

Energy efficiency indicators of Transtelecom JSC for 2021

Indicators	01. 2021	02. 2021	03. 2021	04. 2021	05. 2021	06. 2021	07. 2021	08. 2021	09. 2021	10. 2021	11. 2021	12. 2021	Average
W FOCL	40.15	39.65	36.53	36.05	36.51	39.21	38.6	40.75	37.66	33.67	35.13	36.68	37.55
W TTS and auxiliaries	28.19	24.58	22.6	21.83	24.83	27.68	28.06	26.75	26.49	27.51	28.7	25.02	26.02
Q h. e.	0.04	0.04	0.03	0.02	0	0	0	0	0	0.02	0.03	0.03	0.02
V gaso-line	4.96	5.6	4.68	4.98	5.15	5.68	4.86	4.76	5.22	4.89	5.59	5.39	5.15
V diesel	0.67	0.38	0.84	0.91	0.78	0.76	0.76	0.76	0.76	0.86	0.61	0.56	0.72

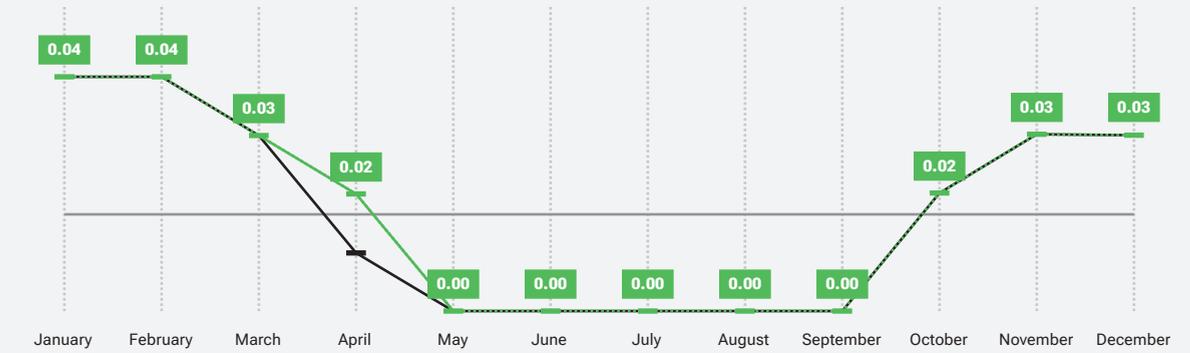
Indicator of electrical energy W FOLC



It can be seen from the table that in 2021 (37.55), a decrease in the indicator **W FOLC** by 1% relative to 2020 (33.1) was not

achieved, since the consumption of electrical energy by the FOLC increased by 713,292 kWh from 5,259,529 kWh to 5,972,821 kWh.

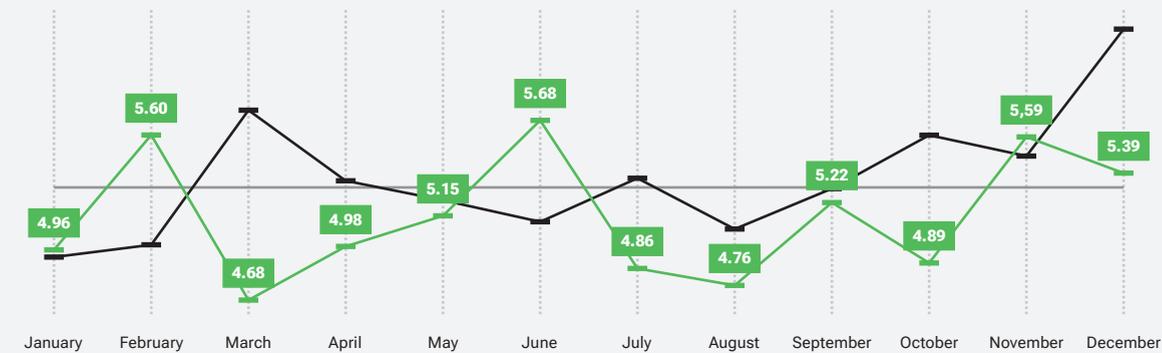
Thermal energy indicator Q thermal energy



According to the indicator of thermal energy Q thermal energy in 2021 (0.02) compared to 2020 (0.17), the goal of reducing the

indicator by 1% has not been achieved, since the consumption of thermal energy increased by 91 Gcal from 4,360 Gcal to 4,451 Gcal.

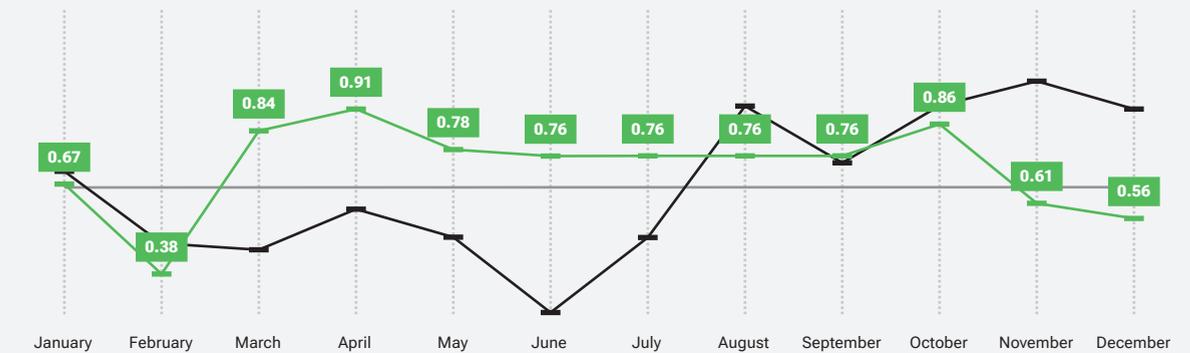
Fuel and lubricants indicator V gasoline in



In 2021 (5,15), a decrease in the indicator **V gasoline** by 1% relative to 2020 (5,37) was achieved, as gasoline consumption decreased by 57,879 liters from 860,616.9 liters to 80,2738.3 liters (Tables 1,2).

The decrease in gasoline consumption in total by 57,879 liters is explained by a decrease in the number of visits due to restrictive measures related to the pandemic.

Fuel and lubricants indicator V Auto diesel fuel



In 2021 (0.72), a decrease in the indicator **V of diesel fuel** by 1% relative to 2020 (0.67) was not achieved, as diesel fuel consumption increased by 8470.4 liters from 106,080.5 liters to 114,550.9 liters (Table 1.2).

The increase in diesel fuel consumption by 8 470, 4 liters is explained by the following:

- + fireworks were carried out to ensure uninterrupted and reliable communication on the Okarem-Beyneu trunk gas pipeline of the Aktau branch of Intergas Central Asia

JSC at the Okarem-Beyneu section, which is located 500 km from Aktau;

- + increase in the service area of the FOCL route, as well as implementation of projects in Kokshetau, Petropavlovsk, villages of Zerenda and Taiynshy have led to an increase in haulage;
- + The quarterly planned preventive maintenance of the equipment in conjunction with visits for the autumn-spring inspections in the months of April through June and September through November has an impact on the increase in consumption.

■ Actual ■ Planned ■ Base

ENERGY EFFICIENCY MONITORING FOR 2020-2021

Types of fuel and energy resources	UOM	2019	2020	2021	difference (+/-) 2020/2021	deviations (%) 2020/2021
Electricity	kWh	12 570 220	12 729 196	14 925 137	2 195 941	17.25
Heat power	Gcal	4 428	4 360	4 451	91	2.08
Diesel fuel	ton	130,523	106,081	114,551	8470	7.98
Gasoline	ton	852,520	860,617	802,738	- 57 879	-7.21

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

In the future, electricity consumption will increase due to the implementation of new projects, ownership, and commissioning of new properties.

In 2022, Transtelecom JSC plans to:

- + construct the FOCL to leave the final mile of the «Globus» (Asia Gas Pipeline LLP), as well as to construct the FOCL for the development of the local network of the Akimat of Almaty;
- + construct FOCL from the communication hub in Zhetybai station to the communication hub of Munaitelcom LLP, install equipment for the final mile of R2G in Beineu district of Aktau Transtelecom, implement the business plan «Modernization and development of the local network», connect residential complexes to the Internet and television in the B2C segment for 2022-2026, for 2022 according to the investment project «FOCL construction from the communication node of Zhetybai» to the communications of Munaytelekom LLP in Aktau;
- + implement complex works on the construction of a turnkey cable channel system for connecting R2B customers along Abylkhayr Khan avenue in Atyrau;
- + install equipment for the final mile of R2G in the Karakiyansky district of the branch of Aktobetranstelecom, develop the network in Aktobe;
- + provide Internet access for 19 schools in Taraz;

- + construct the final mile to Kazakhmys Corporation LLP in Balkhash, connecting subscribers in the village of Zhanaarka to the Internet provided by Karagandytranstelecom.
- + construct FOCL in the village of Zerenda, upgrade and develop the network of the Kokshetaustranstelecom branch in Petropavlovsk, construction of a fiber-optic line to provide Internet access services in Gabdullin street of Kokshetau;
- + construct a network in Arkalyk by Kostanaytranstelecom, install equipment for the construction of the final mile for Zhetykaratelecom LLP, GPON Kostanay, Bereke microdistrict;
- + construction of FOCL along the Nazarbayev avenue in Kyzylorda;
- + installation of equipment for the final mile (30 schools), connect SDH equipment (according to the SDH project) on the Aktogay-Degelen section (50 stations) by Semeytranstelecom;
- + increase in connected subscribers using FTTB, G-PON technologies, including the installation of new equipment;
- + commissioning of new TTS and auxiliaries facilities (premises with telecommunication equipment);
- + modernization of the power supply equipment of the FOCL backbone network, installation of new air conditioning systems.

For these projects, the power consumption of telecommunications equipment, according to preliminary calculations, will be approximately 3,350,000 kW per year.

AIR EMISSIONS AND CLIMATE CHANGE

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

To manage the environmental aspect, the company has established an environmental management system (EMS), which is an integral part of the corporate governance system

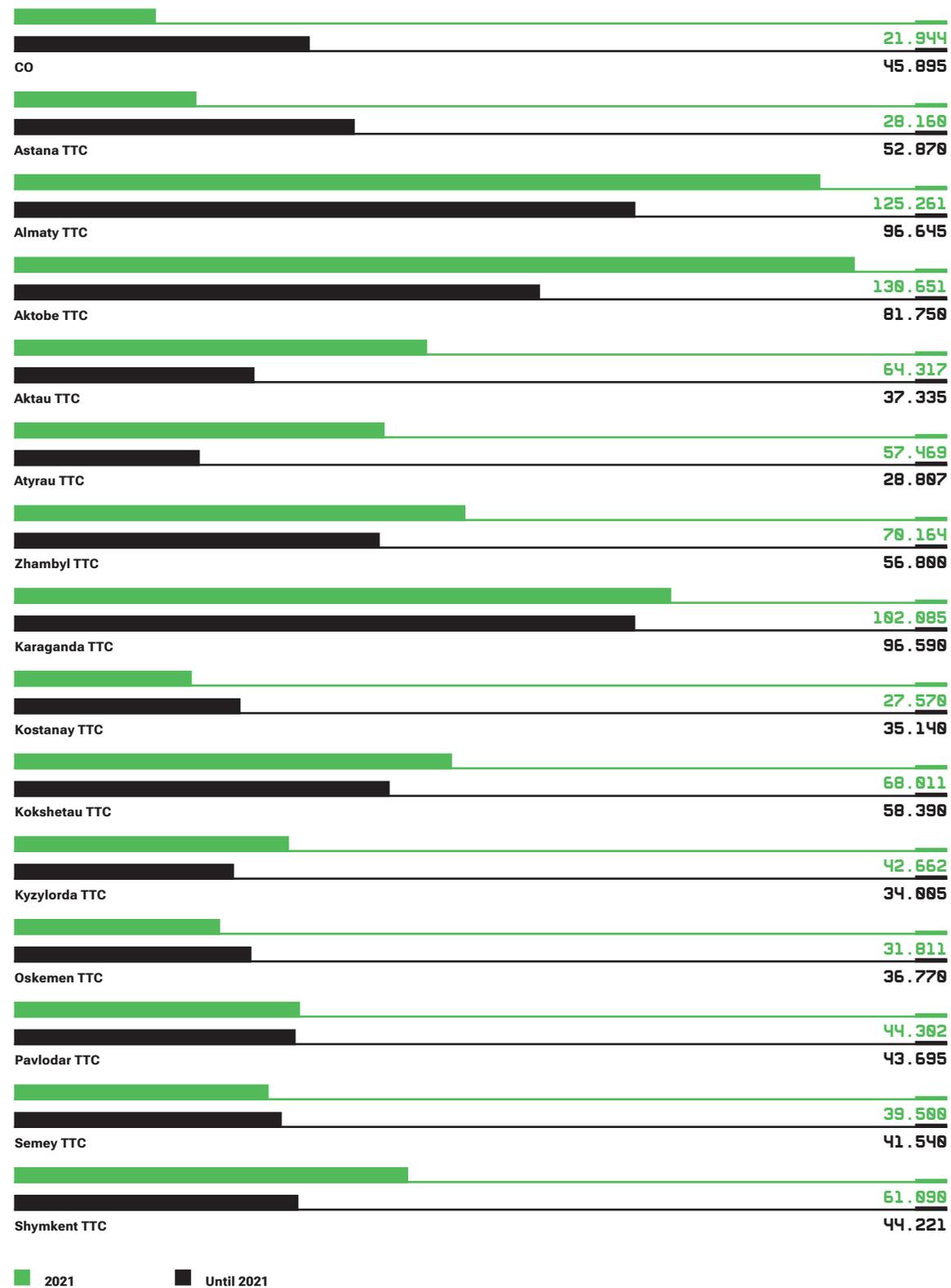
and an essential part of the non-financial risk management system. The Company is certified for compliance with the international standard ISO 14001 and is working on continuous improvement of EMS.

All of the Company's enterprises obtain permits as part of their production activities, and they all yearly submit statistical data to the regulatory authorities.

The total amount of emissions into the atmosphere in 2021 amounted to **914,997 tons**.

Emissions of gaseous pollutants by branches for 2021

No.	Branches	Actual volume, ton	Amount for emission to the environment, tenge	
1	CO	21.944	255,472.19	-52%
2	Astana TTC	28.16	60 114	-47%
3	Almaty TTC	125.261	301,171.5	30%
4	Aktobe TTC	130.651	346,411.69	60%
5	Aktau TTC	64.317	179,870	72%
6	Atyrau TTC	57.469	405,489.59	99%
7	Zhambyl TTC	70.164	166,832	24%
8	Karaganda TTC	102.085	296,217	6%
9	Kostanay TTC	27.57	56 068,83	-22%
10	Kokshetau TTC	68.011	140,003	16%
11	Kyzylorda TTC	42.662	151,251.59	25%
12	Oskemen TTC	31.811	61 790	-13%
13	Pavlodar TTC	44.302	86 752	1%
14	Semey TTC	39.5	76 537	-5%
15	Shymkent TTC	61.09	121,488.95	38%
Total		914.997	2 705 469,34	



Emissions for 2021

No.	Name of the Substance	Tons/year
1	Sulfur dioxide	0.87
2	White spirit	0.36
3	Carbon	0.33
4	Inorganic dust containing silicon dioxide in %: less than 20 (dolomite, G680 cement production dust – limestone, chalk, cinders, raw mix, rotary kiln dust, bauxite)	0.01
5	Inorganic dust containing silicon dioxide in %: 70-20 (fire clay, cement, cement production dust – clay, clay-slate, blast furnace slag, sand, clinker, ash, silica, coal ash of Kazakhstan deposits)	8.13
6	Lead and its inorganic compounds (expressed as Pb)	0.00
7	Fluoride gaseous compounds (expressed as fluorine)	0.00
8	Ethanoic acid	0.00
9	Ethanol	0.05
10	Carbon oxide	5.53
11	Formaldehyde	0.07
12	Inorganic fluorides poorly soluble – (aluminum fluoride, calcium fluoride, sodium hexafluoroaluminate)	0.00
13	Wood dust	0.31
14	Benzopyrene	0.29
15	Butanol	0.03
16	Butyl acetate	0.06
17	Nitrogen (II) oxide	2.01
18	Nitrogen (IV) dioxide	3.14
19	Alkanes C12-19 (expressed as C)	1.88
20	Manganese and its compounds (expressed as manganese (IV) oxide/ (327)	0.00
21	Methylbenzene	0.03
22	Tin oxide (expressed as tin)	0.00
23	Suspended substances	0.00
24	Iron (II, III) oxides	0.28
25	Xylene (mixture of o-, m-, p-isomers)	0.08
26	Gasoline (petroleum, low-sulfur) (expressed as carbon)	0.00
27	Propanone	0.12
28	2-Ethoxyethanol	0.01
29	Disurma trioxide (expressed as antimony)	0.00
30	Dimethylbenzene (mixture of o-, m-, p-isomers)	0.18
31	Chloroethylene	0.00
32	Suspended particles PM10 (1)	0.00
33	Hydrogen sulfide (dihydrosulfide)	0.44
34	Oxyran	0.00
35	Abrasive dust	0.00
36	Chloroethylene	0.00
37	Prop-2-en-1-al (acrolein)	0.07
Total		24.30

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

RESOURCE SAVING

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

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

The Company promotes ecological culture as the basis for a more responsible attitude of people to the environment. The

Company actively supports local community representatives' environmental initiatives that foster a respect for nature and work to preserve, study, and restore it. Employees of Transtelecom act as volunteers, taking part in landscaping projects, planting trees and cleaning up the area, with an annual «subbotnik» in May.

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

Water from the networks of water supply organizations is primarily used for the water supply of the company's subdivisions. Water intake is made from two source – groundwater (wells) and surface water (rivers, lakes, sea), which are protected by the Ministry of Environmental Protection of the Republic of Kazakhstan.

The subdivisions of the Company do not recycle water in the process of providing telecommunication services. Transtelecom JSC uses water only for sanitary and household needs. Installed metering devices for water consumption are kept in a technically corrected condition.

months	2020			2021		
	amount with VAT	water supply (m ³)	water discharge (m ³)	amount with VAT	water supply (m ³)	water discharge (m ³)
January	53 101,42	119	119	10 312,31	23	23
February	64 333,36	143	143	32 667,31	73	73
March	740 74,25	166	166	–	–	–
April	–	–	–	155 459,68	348	348
May	35 698,44	80	80	55 303,05	116	116
June	30 789,9	69	69	55 371,23	116	116
July, August	206 482,67	460	460	55 303,05	116	116
				54 954,86	116	116
September	81 678,28	205	205	45 006,14	95	95
October	89 926,48	201	201	51 638,56	109	109
November	47 598,18	106	106	50 549,56	106	106
December	25 720,04	57	57	22 739,95	48	48
total	642 914,68	1606	1606	589 305,70	1 266	1 266



THE COMPANY ENSURES THAT ALL SHAREHOLDERS HAVE EQUAL RIGHTS AND IS CONSTANTLY IMPROVING ITS CORPORATE GOVERNANCE SYSTEM.

Faithfulness, reliability, and professionalism of its employees, the efficiency of their work, and mutual respect for each other, stakeholders, and society are the fundamental corporate values that form the Company's activity.

```
CLASS TRANSTELECOM {
    PUBLIC STATIC VOID MAIN(STRING[] ARGS) {
        SYSTEM.OUT.PRINTLN(«ANNUAL REPORT»);
        //2021
    }
}
```

CORPORATE GOVERNANCE



BACKGROUND INFORMATION ABOUT CORPORATE GOVERNANCE IN THE COMPANY

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

The Board of Directors and the Executive Body of the Company are building effective corporate governance to ensure the successful development of the Company while balancing the interests of shareholders, investors, and management.

The Company has a system in place for gathering and privately reviewing data regarding violations. The hotline makes it possible to confidentially report facts of corruption, fraud, discrimination, as well as other violations of the legislation of the Republic of Kazakhstan by employees of Transtelecom JSC.

- + the principle of independent activity of the Company;
- + the principle of transparency and objectivity of disclosure of information about the Company's activities;
- + the principles of legality and ethics;
- + the principles of the effectiveness of the dividend policy;
- + the principles of effective HR policy;
- + the principle of environmental protection;
- + corporate conflict and conflict of interest regulation policy;
- + the principle of responsibility.

Thus, the Company operates in full compliance with international corporate governance standards, providing shareholders with effective control and monitoring of management activities and contributing to its investment attractiveness.

CORE PRINCIPLES OF CORPORATE GOVERNANCE

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

The core 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;

MAJOR TRANSACTIONS AND TRANSACTIONS WITH AN INTEREST

Pursuant to subparagraphs 1, 4, 5 of paragraph 1 of Article 64 of the Law of the Republic of Kazakhstan «On Joint Stock Companies», «Kazakhstan Temir Zholy» and its subsidiaries are affiliates of the Company.

According to paragraph 26 of Article 24 of the Company's Charter and subparagraph 19 of Article 53 of the Law of the Republic of Kazakhstan «On Joint Stock Companies», the Board of Directors has the sole authority to decide whether to enter into transactions in which the Company has an interest in accordance with the laws of the Republic of Kazakhstan, with the exception of major transactions, which are decided by the General Meeting.

According to Article 71 of the Law of the Republic of Kazakhstan «On Joint Stock Companies», affiliates of the

company are recognized as stakeholders of a transaction by the Company if they:

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

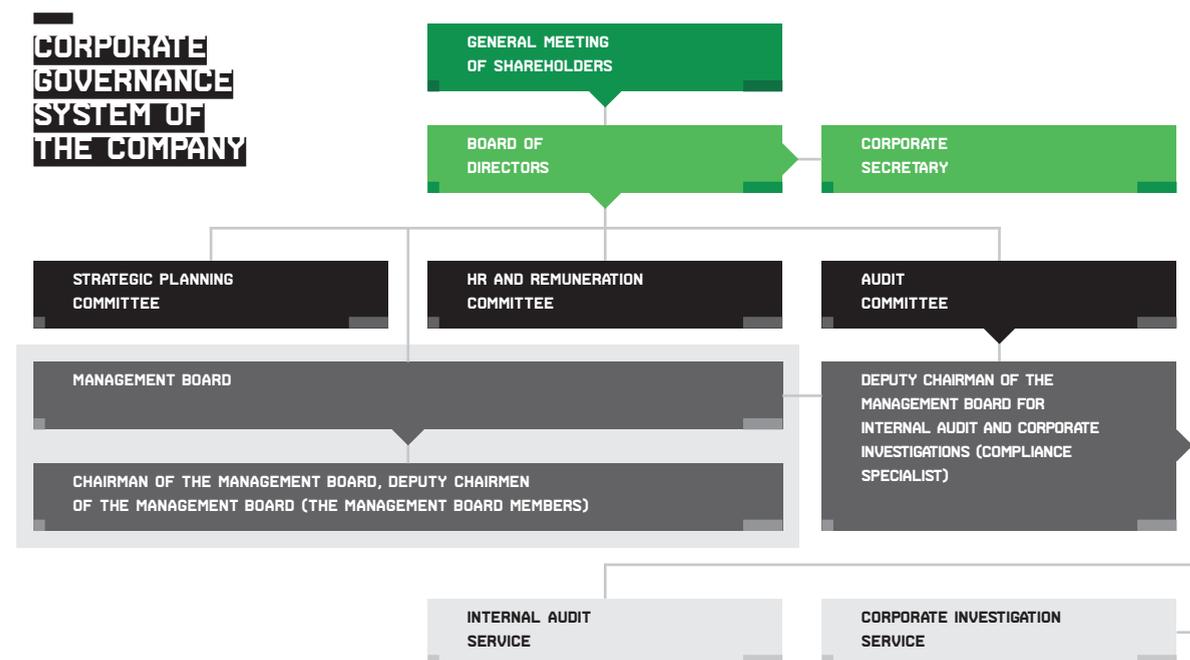
62 transactions involving affiliates in which the Company is a stakeholder were completed by the Company during the reporting year.

In the reporting period, the Company did not conclude major transactions.

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. The effectiveness of an organization's financial and economic activities is influenced by the quality and effectiveness of its corporate governance, which also guarantees efficient risk management and a reliable internal control framework.

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



GENERAL MEETING OF SHAREHOLDERS

The Executive Management Bodies of the Company is the General Meeting of Shareholders. According to the Charter of the Company and the current provisions of the legislation of the Republic of Kazakhstan, the participation of shareholders is required to make a number of the most important corporate decisions.

The «Regulations on the General Meeting of Shareholders,» which are available on the Company's website at www.ttc.kz, outline the process for holding the general meeting of shareholders.

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 to be extended to three months if it is impossible to complete the audit of the Company's activities for the reporting period.

In 2021, the Annual General Meeting of Shareholders was held on 28 June 2021. In total, 4 meetings of the General Meeting of Shareholders were held in 2021.

REPORT OF THE COMPANY'S BOARD OF DIRECTORS

ORGANIZATION OF THE ACTIVITIES OF THE BOARD OF DIRECTORS

The Board of Directors exercises general management of the Company's activities, with the exception of resolving issues within the competence of the General Meeting of Shareholders of the Company. The Board of Directors oversees the executive body's operations, ensures the protection and implementation of shareholders' rights, and plays a critical role in the formation and development of the corporate governance system.

The Charter and the Regulations on the Board of Directors of the Company (approved by the decision of the General Meeting of Shareholders of Transtelecom JSC dated 4 August 2016, with subsequent amendments and additions) set forth the procedure for formation, the competence of the Board of Directors, and the procedure for calling and holding meetings of the Board of Directors.

The Board of Directors of the Company operates in accordance with approved annual work plans. In total, eleven (11) meetings of the company's Board of Directors were held in the reporting year, 11 of them in person, 0 in the form of absentee voting.

- Members of the Board of Directors are required to advance their knowledge in areas that fall under the purview of the Board of Directors of the Company and those that are related by taking part in external and internal training programs, seminars, roundtable discussions, conferences, and other opportunities for professional growth at their own expense and with money allotted from the Company's budget.
- The Board of Directors of the Company decides on professional development of members of the Board of Directors as a whole, or for individual members at the expense of the Company, based on the identified need for such development as revealed by the results of the annual evaluation of the Board of Directors, and an annual plan for such professional development of members of the Board of Directors of the Company is approved.

In 2021, 89 issues were considered at the Board of Directors during face-to-face meetings, including 52 issues previously recommended for consideration by the committees of the Board of Directors.

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

- identification of priority areas of activity and Development Strategy of the Company;
- ensuring compliance with the Company's internal control and risk management system and evaluating its effectiveness;
- determining the number of members, the term of office of the executive body and 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 Company's Development Plan and monitoring of its implementation;
- approval of the total number of employees and the structure of the central office of the Company;
- approval of motivation cards of the Chairman, members of the Management Board, Head of the Internal Audit Service, 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 attributed to the competence of the General Meeting of Shareholders and executive bodies of the Company.

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

As of December 31, 2021, the Board of Directors consists of six members: three members appointed by shareholders, and three non-executive directors:

COMPOSITION OF THE BOARD OF DIRECTORS

No.	Member of the Board of Directors	Date of election	Status
1	Aliyev Nurali Rakhmatovich	4 August 2016	Shareholder representative
2	Amrin Salmen Gabdolinovich	15 November 2019	Shareholder representative
3	Dmitry Alexandrovich Pokupatelev	6 February 2020	Shareholder representative
4	Dosmukametov Kanat Mukhametkarimovich	15 November 2019	Non-executive director
5	Issekeshov Yerlan Orentayevich	4 August 2016	Non-executive director
6	Otemurat Berik Mustayuly	6 February 2020	Non-executive director



The Board of Directors consists of six members: three members appointed by shareholders, and three non-executive directors.



THE COMPOSITION OF THE BOARD OF DIRECTORS IN 2021

- 4 Shareholder representatives
- 3 Independent Directors

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS IN 2021

On 12 December 2021 Nadyrov Zhanbolat Urakovich resigned from the Board of Directors on his own initiative.

The Company considers the composition of the Board of Directors to be optimal in terms of the number of members, level of competence, representation of shareholder interests, and a balanced proportion of non-executive directors. The high percentage of non-executive directors (43%), which ensures objectivity in reviewing issues, boosts the effectiveness of the Board of Directors and also helps to improve the Company's overall corporate governance system.

CRITERIA FOR SELECTING NON-EXECUTIVE DIRECTORS, CHAIRMAN OF THE MANAGEMENT BOARD, AND MEMBERS OF THE COMMITTEES OF THE BOARD OF DIRECTORS

Independent directors are crucial to the Board's ability to carry out its duties, particularly when it comes to decisions that affect the company's growth strategy and those that are intended to safeguard shareholders' interests.

The General Meeting of Shareholders elects the members of the Board of Directors of non-executive directors based

on clear and transparent procedures, which are approved in the Regulations on the Board of Directors of the Company, taking into account the competencies, skills, achievements, business reputation, and professional experience of the candidates.

Three of the seven members of the Board of Directors of the Company at the end of the reporting year were independent, which was enough to have a sizable impact on the decision-making process.

The Board of Directors' committees are entirely made up of non-executive directors.

The non-executive directors of the Company during the reporting period fully met the independence criteria set out in Article 1 of the Law of the Republic of Kazakhstan «On Joint Stock Companies»:

- + is not an affiliate of Transtelecom JSC and was not an affiliate during the three years preceding their election to the Board of Directors (except for the case of his tenure as a non-executive director of this joint-stock company);
- + is not an affiliate of the affiliate of Transtelecom JSC;
- + is not subordinated to officials of Transtelecom JSC or organizations affiliated with Transtelecom JSC and was not subordinated to these persons during the three years preceding his election to the Board of Directors;

- + is not a government employee;
- + is not a shareholder's representative at meetings of the bodies of this joint-stock company and was not a shareholder during the three years preceding his election to the Board of Directors;
- + does not participate in the audit of Transtelecom JSC as an auditor working as part of an audit organization, and did not participate in such an audit during the three years preceding his election to the Board of Directors.

The Regulations on the Board of Directors set out additional requirements for candidates for the position of non-executive director, which are also met by the Company's non-executive directors:

- + possess special skills in certain areas related to the functional responsibilities of a non-executive director, membership in the committees of the Board of Directors;
- + must have a general understanding of the key issues affecting organizations whose scope and nature of operations are similar to those of the Company, including demonstrating an understanding of regulatory requirements, the competitive environment on national and international markets, and specifics in the fields of corporate finance, audit and internal control, strategy and/or appointment and/or remuneration to provide an expert opinion when serving on the committee of the Board of Directors responsible for those matters.
- + have an impeccable reputation/positive achievements in the business and/or industry environment, adhere to high ethical standards. there are no facts of committing a crime in the field of economic activity, as well as an administrative offense in entrepreneurial activity in the candidate's biography.
- + have enough time to participate in Board of Directors business outside of meeting times and to properly prepare for Board of Directors meetings by studying meeting materials.

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

INFORMATION ON REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

In accordance with the decisions of the General Meeting of Shareholders, members of the Board of Directors are paid remuneration and reimbursed expenses related to the performance of their functions as members of the Board of Directors during their term of office.

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

In total, remuneration to non-executive directors for 2021 amounted to 61,954,300.48 tenge.

ASSESSMENT OF 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

The activities of the Board of Directors of Transtelecom JSC and its Committees were not assessed in 2021.

The Board of Directors approved a new Regulations for the assessment and remuneration of the executive employees of Transtelecom JSC on 28 September 2021 (Minutes No. 7/2021), in order to evaluate the performance of the company's Management Board. On the basis of this approval, the Chairman and members of the Management Board of Transtelecom JSC were given approval for their 2021 motivational cards. The motivation cards with actual values of the Chairman and members of the Management Board of Transtelecom JSC for 2020 were considered and approved on September 28, 2021 (Minutes No. 7/2021).

Assessment of the Head of the Internal Audit Service is carried out on the basis of the Regulations for the assessment and remuneration of the Head of the Internal Audit Service of Transtelecom JSC, approved by the decision of the Board of Directors of the Company dated 12 December 2017 (Minutes No. 10/2017). On 12 March 2021 (Minutes No. 2/2021) the motivational KPI map of the Head of the Internal Audit Service for 2021 was approved. On 27 May 2021 (Minutes No. 4/2021) the motivational KPI map with the actual values of the Head of the Internal Audit Service based on the performance in 2020 was approved.

The assessment of the Board of Directors' activities is conducted to obtain a thorough analysis of the Board of Directors' primary areas of responsibility and enables the Board of Directors to:

- 01 . analyze and identify the strengths and weaknesses of the activities of the Board of Directors and its committees;
- 02 . make adjustments to the work of the Board of Directors;
- 03 . determine the effectiveness of the remuneration system for members of the Board of Directors;
- 04 . determine the need for training and professional development of members of the Board of Directors.

The key principles of evaluating the activities of the Company's Board of Directors are:

- 01 . regularity (regular assessment);
- 02 . complexity (assessment of the Board of Directors and its committees, the Chairman of the Board of Directors and each director individually);
- 03 . continuous improvement (improvement, increase in value, and contribution from the work of the Board of Directors);
- 04 . realism (reflection of the real situation as it is perceived by the director);
- 05 . confidentiality (results are provided only in a generalized form).

The Board of Directors may conduct an assessment:

- 01 . on their own by means of questionnaires, interviews, etc.;
- 02 . with the involvement of consultants, professional associations and organizations that assign corporate governance ratings;
- 03 . using a mixed approach – on their own with the coordination of the process by consultants.

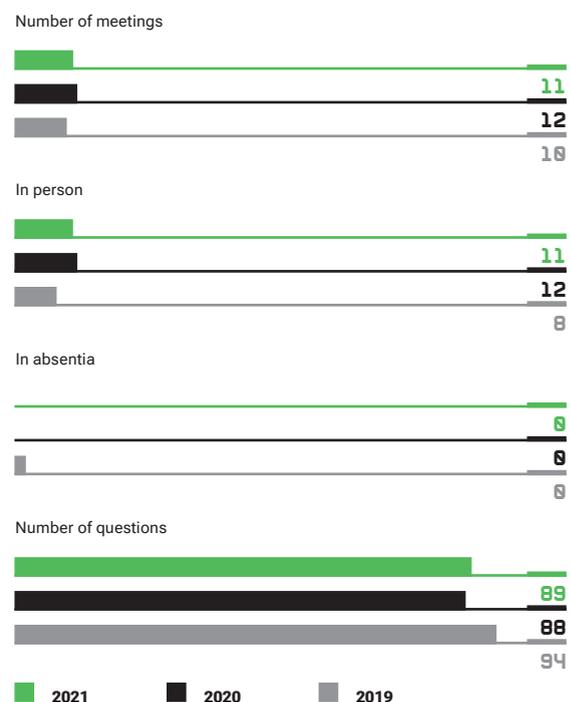
NUMBER OF MEETINGS AND ATTENDANCE OF MEETINGS BY MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors of the Company operates in accordance with approved annual work plans. In total, eleven (11) meetings of the company's Board of Directors were held in the reporting year, 11 of them in person, 0 in the form of absentee voting.

During these meetings of the Board of Directors, eighty-nine (89) decisions were made, all of them during in-person meetings.

The table below shows the statistics of the Board meetings and the issues that have been considered at these meetings over the last 3 years:

INFORMATION ON BOD MEETINGS



INFORMATION ON PARTICIPATION OF MEMBERS OF THE BOARD OF DIRECTORS IN MEETINGS OF THE COMPANY'S BOARD OF DIRECTORS IN 2021

No	Full name	Attendance of meetings, from the date of appointment	%	Period of membership of the Board of Directors in the reporting period
1	Aliyev Nurali Rakhatovich	11 out of 11	100	1 January – 31 December 2021
2	Nadyrov Zhanbolat Urakovich	10 out of 10	100	1 January – 12 December 2021
3	Amrin Salmen Gabdollinovich	8 out of 11	73	1 January – 31 December 2021
4	Dmitry Alexandrovich Pokupatelev	8 out of 11	82	1 January – 31 December 2021
5	Dosmukametov Kanat Mukhametkarimovich	10 out of 11	91	1 January – 31 December 2021
6	Issekeshov Yerlan Orentayevich	11 out of 11	100	1 January – 31 December 2021
7	Otemurat Berik Mustayuly	11 out of 11	100	1 January – 31 December 2021

THE MAIN ISSUES CONSIDERED BY THE BOARD OF DIRECTORS IN 2021

In its meetings over the reporting period, the Board of Directors discussed both strategic and current matters of activity that fell under its purview. The list of issues and decisions on them are reflected in the relevant minutes and decisions of meetings of the Board of Directors.

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

FINANCIAL AND ECONOMIC ACTIVITY:

- + on preliminary approval of the annual financial statements of Transtelecom JSC;
- + on submitting proposals to the General Meeting of Shareholders of Transtelecom JSC; on the procedure for distributing the net income of Transtelecom JSC for 2020 and the amount of dividends per common share of Transtelecom JSC;
- + on approval of the Transtelecom JSC budget for 2022;
- + conclusion of major transactions, and transactions in which the Company has an interest.

STRATEGIC DEVELOPMENT:

- + on approval in the new edition of the Development Strategy of Transtelecom JSC for 2019-2023;
- + consideration of the analysis of the execution of the budget of Transtelecom JSC for 2020-2021.

CORPORATE GOVERNANCE:

- + Decisions were made in preparation for the annual and extraordinary meetings of the General Meeting of Shareholders of the Company;
- + on the establishment of the Corporate Investigation Service of Transtelecom JSC; determination of the quantitative composition and term of office of the Corporate Investigation Service and the Internal Audit Service;
- + on approval of the long-term strategic plan for the development of the Corporate Risk Management System of Transtelecom JSC for 2022-2024;
- + approval of reports on the work of the Board of Directors and Committees of the Board of Directors of Transtelecom JSC for 2020;
- + approval of the Work Plan of the Board of Directors of Transtelecom JSC for 2022;
- + hearing Reports on the execution of orders of the Board of Directors of JSC «Transtelecom».

INTERNAL AUDIT:

- + Approval of the Audit Plan of the Internal Audit Service of Transtelecom JSC for 2022;
- + On a quarterly basis, the Board of Directors hears reports from the Internal Audit Service.

IN SUSTAINABLE DEVELOPMENT

- + on preliminary consideration and approval of the issue «On making amendments and additions to the Charter of Transtelecom JSC» to be submitted for consideration by the General Meeting of Shareholders of Transtelecom JSC;
- + on amendments to the Regulations on the Management Board of Transtelecom JSC;
- + information on the ongoing work to improve procurement procedures for goods, works and services of Transtelecom JSC;
- + on approval of the Regulations of Internal Control over the Disposal and Use of Insider Information of Transtelecom JSC;
- + on approval of the new edition of the Rules for Evaluating the Activities and Remuneration of Senior Employees of Transtelecom JSC;
- + the Company's risk reports were reviewed on a quarterly basis.

THE BOARD OF DIRECTORS' ACTIONS TO ACCOUNT FOR SHAREHOLDER OPINIONS REGARDING THE COMPANY

The Board of Directors includes equal numbers of representatives from each of the Company's two shareholders in order to account for shareholders' views on the Company.

Shareholder representatives formulate an opinion on items on the agenda of a meeting of the Board of Directors and voice this position at the meeting of the Board of Directors. This fact is reflected in the minutes of the Board of Directors meeting and is taken into account by other members of the Board of Directors when voting on agenda items. Shareholders have the right to submit matters that affect their interests to the Transtelecom JSC Board of Directors for consideration through their representatives on the Board of Directors.

The Board of Directors is a representative of the interests of shareholders and must promptly respond to appeals and complaints from shareholders by considering them at its meetings.

During the reporting period, the Board of Directors did not receive shareholders' opinions regarding the Company.

ACTIVITIES OF THE COMMITTEES OF THE BOARD OF DIRECTORS IN 2021

Three Board of Directors committees have been established by Transtelecom JSC to increase the effectiveness of decisions made by the Board of Directors. These committees are tasked with thoroughly analyzing the most crucial problems and formulating pertinent recommendations. Those are:

- + Audit Committee;
- + HR and Remuneration Committee;
- + Strategic Planning Committee.

In accordance with the Regulations on the Committees of the Board of Directors, each of the Committees reports to the Board of Directors on its activities on an annual basis.

ACTIVITIES OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS IN 2021

The Audit Committee of the Board of Directors of Transtelecom JSC carries out its activities in accordance with the Regulations on the Audit Committee of the Board of Directors of Transtelecom JSC, approved by the decision of the Board of Directors of the Company dated 17 March 2017 (Minutes No. 2/2017). The Committee promotes in-depth and thorough consideration of issues within the competence of the Board of Directors and improves the quality of decisions taken.

In accordance with the Charter of the Company, the establishment of committees of the Board of Directors, the approval of their regulations, as well as the election of chairmen and members of Committees fall within the competence of the Board of Directors of the Company. The non-executive director of the Company,

Otemurat Berik, has been elected as Chairman of the Audit Committee since 27, 2020, which meets the requirements of

the legislation of the Republic of Kazakhstan as well as the best international practice of corporate governance.

The Audit Committee for the Company in 2021 included the following members:

No.	Full Name	Title	Member of the Committee since:
1	Otemurat Berik Mustayuly	Non-executive director of Transtelecom JSC, Committee Chairman	27 April 2020
2	Dosmukametov Kanat Mukhametkarimovich	Non-executive director of Transtelecom JSC, Committee Chairman	27 April 2020
3	Issekeshov Yerlan Orentayevich	Non-executive director of Transtelecom JSC, Committee Chairman	27 April 2020

In the reporting period, the Audit Committee held ten (10) face-to-face meetings. During the reporting period, the meetings of the Audit Committee considered all issues of activity within the competence of the Committee. In

accordance with the meeting agendas, the Audit Committee considered 24 issues, and relevant recommendations were issued to the Company's Board of Directors on the issues considered.

Participation of members of the Audit Committee in meetings in 2021

No.	Full Name	Total meetings, number	Participation in meetings, number	Participation in meetings %
1	Otemurat Berik Mustayuly	10	10	100
2	Dosmukametov Kanat Mukhametkarimovich	10	10	100
3	Issekeshov Yerlan Orentayevich	10	10	100

ACTIVITIES OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE OF THE BOARD OF DIRECTORS IN 2021

The HR and Remuneration Committee of the Board of Directors of Transtelecom JSC was established in accordance with the decision of the Board of Directors of Transtelecom JSC dated 31 August 2016.

The Human Resources and Remuneration Committee carries out its activities in accordance with the Regulations on the Human Resources and Remuneration Committee of the Board of Directors of Transtelecom JSC, approved by the decision of the Company's Board of Directors dated 31 August 2016 Minutes No. 6/2016.

The Committee promotes in-depth and thorough consideration of issues within the competence of the Board of Directors and improves the quality of decisions taken.

In accordance with the Charter of the Company, the establishment of committees of the Board of Directors, the approval of their regulations, as well as the election of chairmen and members of Committees fall within the competence of the Board of Directors of the Company.

Yerlan Orentayevich Issekeshov, a non-executive director of the Company, was elected Chairman of the Human Resources and Remuneration Committee, which meets the requirements of the legislation of the Republic of Kazakhstan as well as international best practices in corporate governance.

In accordance with the decision of the Board of Directors of Transtelecom JSC dated 27 April 2020 (Protocol No. 3/2020), the composition of the HR and Remuneration Committee has been determined as follows:

No.	Full Name	Title	Member of the Committee since:
1	Issekeshov Yerlan Orentayevich	Non-executive director of Transtelecom JSC, Committee Chairman	27 April 2020
2	Dosmukametov Kanat Mukhametkarimovich	Non-executive director of Transtelecom JSC, Committee member	27 April 2020
3	Otemurat Berik Mustayuly	Non-executive director of Transtelecom JSC, Committee member	27 April 2020

In the reporting period, the Committee held six (6) meetings. All meetings were held in person. In accordance with the meeting agendas, the Committee considered 24 issues; the Board of Directors of the Company received the relevant recommendations on the issues considered.

Every aspect of the Company's operations during the reporting period that fell under the Committee's purview was taken into consideration.

Participation of members of the HR and Remuneration Committee in meetings in 2021

No.	Full Name	Total meetings, number	Participation in meetings, number	Participation in meetings %
1	Issekeshov Yerlan Orentayevich	6	6	100
2	Dosmukametov Kanat Mukhametkarimovich	6	6	100
3	Otemurat Berik Mustayuly	6	6	100

ACTIVITIES OF THE STRATEGIC PLANNING COMMITTEE IN 2021

The Committee carries out its activities in accordance with the Regulations on the Strategic Planning Committee of the Board of Directors of Transtelecom JSC, approved by the decision of the Company's Board of Directors dated 31 August 2016 Minutes No. 6/2016.

Dosmukametov Kanat Mukhametkarimovich, a non-executive director of the company, has been elected Chairman of the Strategic Planning Committee, which meets the requirements of the legislation of the Republic of Kazakhstan as well as the best international practice of corporate governance.

As of 31 December 2021, the following composition of the Strategic Planning Committee of the Board of Directors of Transtelecom JSC has been determined (decision of the Board of Directors of Transtelecom JSC dated 27 April 2020 Minutes No. 3/2020):

No.	Full Name	Title	Date of election
1	Dosmukametov Kanat Mukhametkarimovich	Non-executive director Transtelecom JSC, Chairman of the Committee	27 April 2020
2	Issekeshov Yerlan Orentayevich	Non-executive director Transtelecom JSC, Committee member	27 April 2020
3	Otemurat Berik Mustayuly	Non-executive director Transtelecom JSC, Committee member	27 April 2020

ACTIVITIES OF THE STRATEGIC PLANNING COMMITTEE OF THE BOARD OF DIRECTORS FOR 2021

In 2021, five (5) face-to-face meetings of the Committee meetings were held to consider and provide recommendations on eleven (11) issues.

Participation of members of the Strategic Planning Committee in meetings in 2021

No.	Full Name	Total meetings, number	Participation in meetings, number	Participation in meetings, %
1	Dosmukametov Kanat Mukhametkarimovich	3	3	100
2	Issekeshov Yerlan Orentayevich	3	3	100
3	Otemurat Berik Mustayuly	3	3	100

For 2021, the Committees fully met the goals, objectives and functional responsibilities in accordance with the Regulations, as well as the Work Plans for 2021.

It should be noted that the work of the Committees meets the expectations of shareholders regarding improving the efficiency of the Board of Directors and corporate governance of the Company.

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

TRACK RECORD OF MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY



**NURALI
RARHATOVICH
ALIYEV**

**Chairman of the Board of Directors of
Transtelecom**

THE DATE OF THE FIRST ELECTION TO THE BOARD OF DIRECTORS OF TRANSTELECOM JSC IS 4 AUGUST 2016.

DATE OF BIRTH - 1 JANUARY 1985.

EDUCATION

- + **2001-2002** – Pepperdine University, Malibu, California, USA.
- + **2002-2003** – International University, Vienna, Austria.
- + **2003-2005** – Abai Kazakh National Pedagogical University, Almaty, Kazakhstan.
- + **2006** – University of Texas, McCombs School of Business, USA.
- + **2005-2006** – IMADEK University, Vienna, Austria.

WORK EXPERIENCE

- + **2003-2004** – SUCDEN ET DENREES SA Corporation, France, Department of International Trade
- + **2004-2005** – Sakharnyi Center JSC, Head of the International Department, Deputy Head of the International Department.
- + **2005-2006** – Sakharnyi Center JSC, President.
- + **2007-2010** – Nurbank JSC, Chairman of the Board of Directors, First Deputy Chairman of the Management Board, Deputy Chairman.
- + **2008-2013** – Development Bank of Kazakhstan JSC, Managing Director, Member of the Management Board.
- + **2013-2014** – Transtelecom JSC, President.
- + **2014-2016** – Akimat of Astana, Deputy Akim of Astana.



**DMITRY
ALEXANDROVICH
POKUPATELEV**

**Member of the Board of Directors of
Transtelecom JSC**

THE DATE OF THE FIRST ELECTION TO THE BOARD OF DIRECTORS OF TRANSTELECOM JSC IS 6 FEBRUARY 2020.

DATE OF BIRTH - 16 JUNE 1984.

EDUCATION

- + **2015** – Jan Amos Komensky University, Czech Republic, MBA, General and Strategic Management (in cooperation with the ARFC Academy, under the NBK).
- + **2006** – St. Petersburg Humanitarian University of Trade Unions, St. Petersburg.

WORK EXPERIENCE

- + **2006-2009** – Kazkommertsbank JSC, manager of the 1st category of small and medium-sized businesses.
- + **2009-2010** – Kazkommertsbank JSC, auditor.
- + **2010-2011** – Temirbank JSC, Deputy Head of the Credit Risk Department, Chief Risk Manager.
- + **2011-2012** – Temirbank JSC, Chief Risk Manager of the Department of Methodology and Analysis of Credit Risks.
- + **2012-2014** – Temirbank JSC, Head of the Office of Methodology and Analysis of the Problem Loans Department.
- + **2014-2015** – Sberbank of Russia SB JSC, Head of the Analysis, Methodology and Reporting Department of the Department for Distressed Assets.
- + **2015-2017** – Food Invest Group, Deputy General Director.
- + **2017 – present** – Sigma Advisors LLP, Managing Director, Due Diligence Group.



**KANAI
MURHAME'KRARIMOVICH
DOSMURAMETOV**

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

THE DATE OF THE FIRST ELECTION TO THE BOARD
OF DIRECTORS OF TRANSTELECOM JSC IS 4 AUGUST
2016.

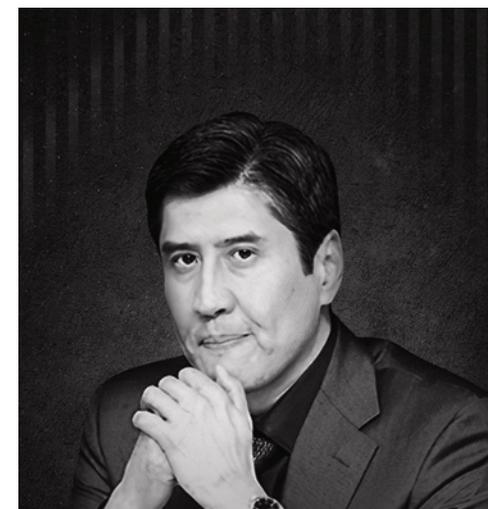
DATE OF BIRTH - 22 DECEMBER 1973.

EDUCATION

- + **1994** – Kazakh State Academy of Management, Candidate of Economic Sciences.

WORK EXPERIENCE

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



**YERLAN
ORENTAYEVICH
ISSERESHEV**

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

THE DATE OF THE FIRST ELECTION TO THE BOARD
OF DIRECTORS OF TRANSTELECOM JSC IS 4 AUGUST
2016.

DATE OF BIRTH - 1 JULY 1968.

EDUCATION

- + **1992** – Alma-Ata Power Engineering Institute.
- + **2003** – Turan University.
- + **2010** – NES French Business School, Paris.

WORK EXPERIENCE

- + **2000-2002** – Astanaenergосervice LLP, Deputy Director.
- + **2002-2005** – Karaganda Zhylu LLP, Commercial Director.
- + **2005** – Karaganda Zharyk LLP, General Director.
- + **2005-2007** – Karaganda Zhylu LLP, General Director.
- + **2007-2008** – Akimat of Karaganda region, Deputy Akim for Municipal Issues.
- + **2008** – KazynaCapitalManagement JSC, Advisor to the Chairman of the Management Board on the creation and development of Ithmaar Kazyna CIS Regional Energy Fund.
- + **2009-2011** – Falah Partners Investment Fund, Managing Partner.
- + **2009-2012** – Samruk-Energo JSC, non-executive director, member of the Board of Directors.
- + **2011 – present** – ISS Corporation LLP, Chairman of the Board of Directors of a Diversified Holding Company.



**BERIK
OTEMURAT
MUSTAYULY**

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

THE DATE OF THE FIRST ELECTION TO THE BOARD OF DIRECTORS OF TRANSTELECOM JSC IS 6 FEBRUARY 2020.

DATE OF BIRTH - 26 MARCH 1980.

EDUCATION

- + **2003** – KIMEP University.
- + **2013** – London Business School, London, UK.

WORK EXPERIENCE

- + **2003-2004** – ERNST & YOUNG, Senior Audit Officer.
- + **2004-2007** – PARAGON DEVELOPMENT, Financial Director.
- + **2007-2008** – Kazyna Sustainable Development Fund, Director of Corporate Finance Department, Chief Manager.
- + **2008-2009** – NWF «Samruk-Kazyna» JSC, Director of the Corporate Finance Department.
- + **2009-2010** – Development Bank of Kazakhstan JSC, Deputy Chairman of the Management Board, Member of the Management Board
- + **2010-2011** – BTA Bank JSC, Deputy Chairman of the Management Board, Member of the Management Board.
- + **2012-2013** – Government of the Republic of Kazakhstan, Advisor to the Deputy Prime Minister (outsourced).
- + **2013-2014** – National Bank of the Republic of Kazakhstan, Advisor to the Chairman.
- + **2014-2016** – National Investment Corporation, Chairman of the Management Board, Member of the Board of Directors.
- + **2017 – present** – ND CAPITAL, Managing Partner.



AVERAGE AGE OF BOD MEMBERS

- 4** from 35 to 45 y.o.
- 3** from 45 to 55 y.o.

ACTIVITIES OF THE CORPORATE SECRETARY

The institution of the Corporate Secretary is designed to maintain effective interaction between the Company's shareholders, the Board of Directors and the Executive Body. The Corporate Secretary's activities are part of this interaction and are intended to increase the effectiveness of the company's development management in the interests of its owners, as well as the company's investment appeal, capitalization, and profitability. The Corporate Secretary ensures the proper functioning of the Board of Directors and its Committees.

The Regulation on the Corporate Secretary was approved by the decision of the Board of Directors dated 17 November 2016 (Minutes No. 9/2016). According to the Regulations, the Corporate Secretary is a member of the Company's personnel who is neither a member of the Board of Directors nor the Management Board. She or he is chosen by the Board of Directors and reports to the Board of Directors.

The main tasks of the Corporate Secretary are:

- 01.** Ensuring that the Company's bodies and officials adhere to the Republic of Kazakhstan's corporate governance laws, the Charter, the Corporate Governance Code, and internal regulatory documents of the Company, as well as improving corporate governance policies and practices, when securities are traded on the stock exchange.
- 02.** Ensuring the effective functioning of the Board of Directors and its committees.
- 03.** Ensuring decision-making by the General Meeting of Shareholders in accordance with the requirements of the legislation of the Republic of Kazakhstan, the Charter, and other internal regulatory documents of the Company.
- 04.** Ensuring the storage, disclosure, and provision of material information about the Company, as well as maintaining a high level of information transparency.
- 05.** Ensuring clear and effective interaction between the Company's bodies, including between the Company and the General Meeting of Shareholders.

MANAGEMENT BOARD

APPOINTMENT OF THE CHAIRMAN AND MEMBERS OF THE MANAGEMENT BOARD, THEIR DUTIES, AND RESPONSIBILITIES

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

The members of the Management Board are obliged to protect the interests and implement the 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 Regulations on the Management Board, the Charter of the Company, and the legislation of the Republic of Kazakhstan, the Board of Directors of the Company appoints members of the Management Board and determines the early termination of their powers, as well as the quantitative composition and term of office. The number of Management Board members must be at least five (5) people.

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

The functions, rights, and obligations of the members of the Management Board are defined by the legislation of the Republic of Kazakhstan; the Charter of the Company; the regulations on the Management Board; and the employment contract. Members of the Management Board and the heads of the Company's structural subdivisions are accountable to the Company and its shareholders for the prompt and effective implementation of decisions made by the Management Board as well as for any losses the Company may suffer as a result of violations of the legal disclosure process.

COMPOSITION OF THE COMPANY'S MANAGEMENT BOARD AS OF 31 DECEMBER 2021

In a decision made on 10 December 2020 (Minutes No. 10/2020), the Board of Directors decided that the Management Board of the Company would consist of eight (8) people and that its term of office would be three (3) years.

Adaybekov Yelnar Ruslanovich	Chairman of the Management Board of the Company
Minavar Yerlan Yerikuli	Deputy Chairman of the Management Board for Strategic Development and Innovation of the Company
Barmenkulov Kenes Tanatarovich	Deputy Chairman of the Management Board for Organizational Development of the Company
Donenbai Ghaziz Bolatuly	Deputy Chairman of the Management Board for Corporate Business Development of the Company
Kasymov Karim Dosmukhambetovich	Deputy Chairman of the Management Board for Business Development in the Public Sector of the Company
Akhmetov Murat Sailaubekovich	Deputy Chairman of the Management Board for Operations of the Company
Kozhasbayev Daniyar Zhenisovich	Deputy Chairman of the Management Board for Economics and Finance of the Company
Baymyrzauly Askar	Deputy Chairman of the Management Board for Administrative and Legal Issues of the Company

TRACK RECORD OF THE MANAGEMENT BOARD MEMBERS



**YELNAR
RUSLANOVICH
ADAYBEROV**

**Chairman of the Management Board
Transtelecom JSC**

DATE OF BIRTH - 18 FEBRUARY 1986.

EDUCATION

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

WORK EXPERIENCE

- + **He began his career in 2008 as a project manager of the Investment Banking Department at Nurbank JSC.**
- + **Since May 2009**, he has been appointed Head of the Risk Department at Nur-Trust JSC.
- + **Since 2010**, he has been working as a Risk Manager at The Rompetrol Group in Bucharest.
- + **From 2012 to 2015** he held the position of Deputy General Director of Rompetrol Gas SRL.
- + **Since 2015**, under the decision of the Board of Directors of Transtelecom JSC, he has been elected to the position of Vice President for Corporate Governance and Legal Affairs of Transtelecom JSC.
- + **Since 20 January 2017**, according to the decision of the Company's Board of Directors, he has been elected Vice President for Development and Legal Affairs, which is a member of the Company's Management Board.
- + **Since 1 July 2019**, according to the decision of the Board of Directors of the Company, he was elected Deputy Chairman for Organizational Development, which is a member of the Management Board of the Company.
- + **Since 15 June 2020**, according to the decision of the Board of Directors of the Company, he has been elected Chairman of the Management Board of the Company.



**YERLAN
MINAVAR
YERIKULI**

**Deputy Chairman of the Management Board
for Strategic Development and Innovation,
Member of the Management Board
Transtelecom JSC**

DATE OF BIRTH - 6 OCTOBER 1985.

EDUCATION

- + **2003-2006** – Carnegie Mellon University, Pittsburgh, USA, specializing in decision science and rational choice, Bachelor's degree in Information Systems.
- + **2016-2017** – INSEAD Singapore, France, Master of Business Administration.

WORK EXPERIENCE

- + **He started his career in 2007 as an analyst of mergers and acquisitions (M&A, Investment Bank) at CIBC World Markets / Oppenheimer & Co (USA).**
- + **From 2009 to 2013**, Financial Director at Caspian Engineering & Research (Kazakhstan).
- + **From 2010 to 2011**, Financial Director at Belkamit LLP (Kazakhstan).
- + **From 2013 to 2015**, Executive Director at Frontier Mining (Kazakhstan/England).
- + **From 2017 to 2019** Managing Director / Product Manager / Scrum Master at Billboard Video Singapore (Kazakhstan/ Singapore).
- + **From 2019 to June 2020**, CEO of Capital Holding.
- + **Since 15 June 2020**, Deputy Chairman of the Management Board for Development and Innovation of Transtelecom JSC – Member of the Management Board of Transtelecom JSC (decision of the Board of Directors of Transtelecom JSC dated 15 June 2020 (Protocol No. 4/2020)).
- + **Since 1 December 2020**, Deputy Chairman of the Management Board for Strategic Development and Innovation.
- + **Since 10 December 2020**, he has been re-elected Deputy Chairman of the Management Board for Strategic Development and Innovation – a member of the Management Board of Transtelecom JSC (decision of the Board of Directors of Transtelecom JSC dated 10 December 2020 (Protocol No. 11/2020)).



**MURAT
SAILAUBEKOVICH
ARHMETOV**

**Deputy Chairman of the Management Board for
Operations, Member of the Management Board
of Transtelecom JSC**

DATE OF BIRTH - 22 AUGUST 1983.

EDUCATION

- + **2005** – Kazakh M. Tynyshpayev Academy of Transport and Communication, majoring in automation, telemechanics and communications.
- + **2011** – M. Tynyshpayev Kazakh Academy of Transport and Communication, specialization in interoperability, certification on safety and international railway transport.
- + **2011** – CNAM University (France), specializing in interoperability, certification and safety in international railway transport.

WORK EXPERIENCE

- + **Since July 2016**, Deputy Director for Information Technologies in the «Directorate of Information Technologies» branch of the National Company «Kazakhstan Temir Zholy» JSC.
- + **Since February 2017**, Executive Director for IT Support and Development at Transtelecom JSC.
- + **Since December 2017**, Executive Director for IT Operations at Transtelecom JSC.
- + **Since July 2018**, Acting Vice President for IT and Innovation at Transtelecom JSC.
- + **Since September 2018**, Vice President for IT and Innovation at Transtelecom JSC.
- + **4 February 2019**, he was elected to the position of Vice President for IT and Innovation at Transtelecom JSC – Member of the Management Board, pursuant to the decision of the Board of Directors of Transtelecom JSC of 4 February 2019 (Minutes No. 1/2019).
- + **Since 1 July 2019**, according to the decision of the Board of Directors of the Company, he was elected Deputy Chairman of the Management Board for Infrastructure Operation, which is a member of the Management Board of the Company.
- + **Since December 1, 2020**, Deputy Chairman of the Management Board for Operations.
- + **Since 10 December 2020**, he has been re-elected Deputy Chairman of the Management Board for Operations – a member of the Management Board of Transtelecom JSC (decision of the Board of Directors of Transtelecom JSC dated 10 December 2020 (Protocol No. 11/2020)).



**ASKAR
BAYMYRZAULY**

Deputy Chairman of the Management Board for Administrative and Legal Affairs, Member of the Management Board Transtelecom JSC

DATE OF BIRTH - 9 JANUARY 1985.

EDUCATION

- + **2006** – Al-Farabi Kazakh National University, Almaty, majoring in jurisprudence
- + **2008** – Al-Farabi Kazakh National University, Almaty, Master's degree in Jurisprudence.
- + **2010** – T. Ryskulov Kazakh Economic University, Almaty.
- + **2019** – Executive MBA, Graduate School of Business, Nazarbayev University.

WORK EXPERIENCE

- + **Since July 2016**, head of the Legal Support Department and Litigation and Dispute Resolution Department at the National Company Kazakhstan Temir Zholy JSC.
- + **Since December 2018**, Executive Director for Legal Affairs at Transtelecom JSC.
- + **4 February 2019**, he was elected to the position of Executive Director for Legal Affairs at Transtelecom JSC – Member of the Management Board, pursuant to the decision of the Board of Directors of Transtelecom JSC of 4 February 2019 (Minutes No. 1/2019).
- + **Since 1 July 2019**, according to the decision of the Board of Directors of the Company, he was elected Executive Director for Legal Affairs, which is a member of the Management Board of the Company.
- + **Since 1 December 2020**, Deputy Chairman of the Management Board for Administrative and Legal Affairs.
- + **Since 10 December 2020**, he has been re-elected Deputy Chairman of the Management Board for Administrative and Legal Affairs – a member of the Management Board of Transtelecom JSC (decision of the Board of Directors of Transtelecom JSC dated 10 December 2020 (Protocol No. 11/2020)).



**KARIM
DOSMUKHAMBETOVICH
RASMOV**

Deputy Chairman of the Management Board for Business Development in the Public Sector, Member of the Management Board Transtelecom JSC

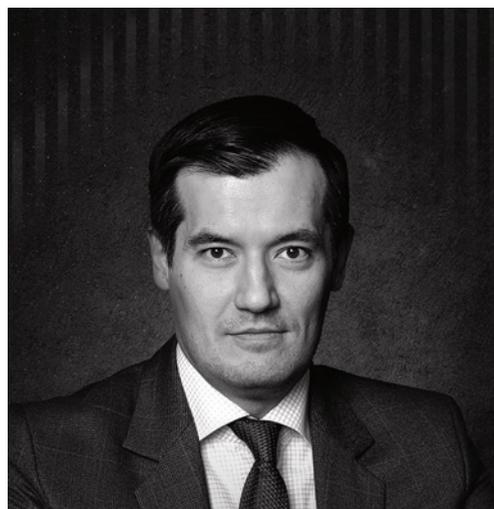
DATE OF BIRTH - 28 JANUARY 1985.

EDUCATION

- + **2007** – Abai Almaty State University, majoring in economics.
- + **2019** – Kazakh M. Tynyshpayev Academy of Transport and Communication, majoring in radio engineering electronics and telecommunications.
- + **2020** – Executive MBA, Graduate School of Business, Nazarbayev University.

WORK EXPERIENCE

- + **He started his career in September 2006 as Deputy Director of Arman-Munai LLP.**
- + **Since November 2006**, Deputy Director of Company Alas LTD.
- + **Since June 2009**, Director of Almaty Megatau LLP.
- + **Since July 2013**, Head Manager of the Sales Department at KTZ Express JSC.
- + **Since December 2013**, Chairman of the Trade Union Committee of KTZ Express JSC.
- + **Since March 2017**, the head of the Procurement and Security Department of Transtelecom JSC.
- + **Since December 2017**, Executive Director for Projects of Transtelecom JSC.
- + **Since July 2019**, Executive Director for Business Development (B2G) of Transtelecom JSC.
- + **Since 1 December, 2020**, Deputy Chairman of the Management Board for Business Development in the Public Sector of Transtelecom JSC.
- + **Since December 10, 2020**, he has been elected Deputy Chairman of the Management Board for Business Development in the Public Sector of Transtelecom JSC – a member of the Management Board of Transtelecom JSC (decision of the Board of Directors of Transtelecom JSC dated 10 December 2020 (Protocol No. 11/2020)).



**DANIYAR
ZHENISOVICH
ROZHASBAYEV**

Deputy Chairman of the Management Board for Economics and Finance, Member of the Management Board Transtelecom JSC

- + **Since 1 December 2020** – Deputy Chairman of the Management Board for Economics and Finance of Transtelecom JSC.
- + **Since 10 December 2020**, he has been re-elected Deputy Chairman of the Management Board for Economics and Finance of Transtelecom JSC – a member of the Management Board of Transtelecom JSC (decision of the Board of Directors of Transtelecom JSC dated 10 December 2020 (Protocol No. 11/2020)).

DATE OF BIRTH – 26 JANUARY 1983.

EDUCATION

- + **2003** – Almaty University of Economics, majoring in financial management.

WORK EXPERIENCE

- + **He started his career in 2007 as a Sales Representative for services to the largest clients in the Central Asia and Caucasus region (B2B) in Hewlett Packard Kazakhstan.**
- + **Since 2008**, he has held the position of Sales Director (Industrial equipment and Construction machinery) at TOYOTA TSUSHO (Toyota Group international trading structure).
- + **Since 2010**, Country manager in Boart Longyear (an international company in the field of Mining & Metals).
- + **Since 2013**, Head of the Department for Subsoil Users, Corporate Lending Department at Kazkommertsbank JSC.
- + **Since 2015**, Director of the Corporate Lending Department No. 2 at Kazkommertsbank JSC.
- + **Since 2016**, Managing Director of the Corporate Development Center at the Association of Financiers of Kazakhstan.
- + **Since 2017**, Executive Director, Head of the Department of corporate business at Fortebank JSC.
- + **Since 2018**, Executive Director, Head of the SME and CB department at Fortebank JSC.
- + **Since 2019**, Deputy Chairman of the Management Board at First Heartland Jysan Bank JSC (formerly Tsesnabank JSC).
- + **From February 2020 to July 2020**, Financial Director at Tigin Industry LLP.
- + **Since July 2020**, Deputy Chairman of the Management Board for Economics and Administrative Issues of Transtelecom JSC.
- + **10 August 2020**, according to the decision of the Board of Directors of Transtelecom JSC, he has been elected Deputy Chairman of the Management Board for Economics and Administrative Issues, which is a member of the Management Board of Transtelecom JSC.



**RENES
TANATAROVICH
BARMENKULOV**

Deputy Chairman for Organizational Development, Member of the Management Board of Transtelecom JSC

DATE OF BIRTH – 1 NOVEMBER 1981.

EDUCATION

- + **1999-2003** – T. Ryskulov Kazakh Economic University, International Economic Relations.
- + **2010** – Telecoms MINI MBA, London, UK.
- + **2015-2016** – Nazarbayev University Business School, EMBA.

WORK EXPERIENCE

- + **He started his career in December 2003 as an economist in the Corporate Sales Directorate of Kazakhtelecom JSC.**
- + **Since October 2005**, Financial Manager of Uni Commerce Ltd. branch, TeaLand branch and ASF branch of RG Brands Kazakhstan LLP.
- + **Since May 2008**, Senior Expert of the Directorate of Communication Assets of Samruk-Kazyna JSC.
- + **Since March 2015**, Executive Director for Corporate Development of Transtelecom JSC.
- + **Since 10 December 2020**, he has been re-elected Deputy Chairman of the Management Board for Organizational Development of Transtelecom JSC – a member of the Management Board of Transtelecom JSC (decision of the Board of Directors of Transtelecom JSC dated 10 December 2020 (Protocol No. 11/2020)).



**GHAZIZ
DONENBAI
BOLATULY**

Deputy Chairman of the Management Board for the Development of Strategic Projects, Member of the Management Board Transtelecom JSC

- + **Since December 10, 2020**, he has been elected Deputy Chairman of the Management Board for Corporate Business Development of Transtelecom JSC – a member of the Management Board of Transtelecom JSC (decision of the Board of Directors of Transtelecom JSC dated 10 December 2020 (Protocol No. 11/2020)).
- + **Since March 12, 2021**, he has been elected Deputy Chairman of the Management Board for the Development of Strategic Projects of Transtelecom JSC – a member of the Management Board of Transtelecom JSC (decision of the Board of Directors of Transtelecom JSC dated 12 March 2021 (Protocol No. 2/2021)).

DATE OF BIRTH – 24 APRIL 1988.

EDUCATION

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

WORK EXPERIENCE

- + **He started his career in March 2011 as a business analyst at Aldiyar B. LLP.**
- + **Since May 2013**, Chief Specialist of the Business Analytics Department of the Project Management Department of the branch of NC KTZ – Directorate of Information Technologies JSC.
- + **Since March 2014**, the expert of the Project portfolio analysis department of the branch of NC KTZ-Directorate of Information Technologies JSC.
- + **Since September 2014**, Head of the Project Management Department of the branch of NC KTZ-Directorate of Information Technologies JSC.
- + **Since July 2015**, technical expert on the infrastructure of «Implementation and maintenance of IT infrastructure of the Transtelecom JSC branch «Directorate of Infotelecommunication Technologies».
- + **Since July 2016**, Project Manager for hardware and software systems of the Transtelecom JSC branch «Directorate of Infotelecommunication Technologies»
- + **Since February 2017**, Executive Director for Project Management of Transtelecom JSC.
- + **Since December 2017**, Executive Director for Projects of Transtelecom JSC.
- + **Since July 2019**, Executive Director for Corporate Business Development (B2B) of Transtelecom JSC.
- + **Since December 2020**, Deputy Chairman of the Management Board for Corporate Business Development of Transtelecom JSC.

MEETINGS OF THE COMPANY'S MANAGEMENT BOARD IN 2021

The activities of the Company's Management Board are determined by the Charter, the Corporate Governance Code and the Regulations on the Management Board. In 2021, the Management Board held forty-two (42) meetings where one hundred and ninety-three (193) matters deemed within the purview of the executive body by the Company's Charter were discussed and decided. 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.

The key issues discussed at the Board meeting are:

01. APPROVAL OF THE STAFFING TABLE

(amendments and additions) of the Central Office and branches;

02. APPROVAL OF INTERNAL DOCUMENTS:

- + amendments to the Policy of Transtelecom JSC in the field of occupational health and safety, approved by the decision of the Management Board of Transtelecom JSC dated 6 August 2020 (Protocol No. 23/2020).
- + revised environmental policy.
- + revised Regulations on the Disciplinary Commission of Transtelecom JSC and the composition of the disciplinary commission of the Central Office and branch of Transtelecom JSC
- + revised Regulations on the Working Commission on Inventory and Write-off/Restoration of Fixed Assets and Intangible Assets of Transtelecom JSC;
- + revised composition of the Working Commission on Inventory and Write-off/Restoration of Fixed Assets and Intangible Assets of Transtelecom JSC;
- + Regulations on the Commission for the Write-off/Restoration of Fixed Assets and Intangible Assets of Transtelecom JSC;
- + Composition of the Commission for Write-off/Restoration of Fixed Assets and Intangible Assets of Transtelecom JSC;

- + revised Regulations on the Tariff and Product Committee of Transtelecom JSC;
- + revised composition of the Tariff and Product Committee;
- + revised Functional Strategies of Transtelecom JSC by B2B, B2C, B2R, B2O, B2G segments for business development in the railway industry n;
- + revised Regulations on the Project Committee of Transtelecom JSC;
- + composition of the Project Committee of Transtelecom JSC;
- + Composition of the Commission on Social and Housing Issues of the Central Office of Transtelecom JSC;
- + Regulations on the Budget and Investment Committee of Transtelecom JSC;
- + Composition of the Budget and Investment Committee of Transtelecom JSC;
- + revised Regulations on Civil Defense headquarters of Transtelecom JSC;
- + Rules of the intra-facility regime at the facilities of Transtelecom JSC;
- + Adjusted budget of Transtelecom JSC for 2021;
- + IT Services Management Policy;
- + IT Service Availability Management Policy;
- + Information Technology Change Management Policy;
- + IT Service Continuity Management Policy;
- + Release and Commissioning Management Policy;
- + revised Regulations on Commissions on Social and Housing Issues of Transtelecom JSC;
- + Regulations on the Certification Commission of Transtelecom JSC;
- + The concept of technological development of Transtelecom JSC for 2022-2026;
- + Information Security Strategy of Transtelecom JSC for 2022-2024;
- + Motivation cards with the actual values of the central office managers who are not members of the Management Board of Transtelecom JSC based on the results of work for 2020;

- + Motivation cards for 2021 for senior employees of the central office who are not members of the Management Board of Transtelecom JSC.

03. ON PROCUREMENT ISSUES:

- + Procurement Policy for Goods, Works, and Services by Transtelecom JSC;
- + Rules of Procurement Management by Transtelecom JSC;
- + Rules for the procurement of goods, works and services from suppliers included in the Pool of Qualified Suppliers of Transtelecom JSC;
- + Regulations on the Procurement Committee of Transtelecom JSC;
- + The composition of the Procurement Committee of Transtelecom JSC.

REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD

Remuneration of the members of the Management Board is made in accordance with the Rules for Evaluating the Activities and Remuneration of the Senior Employees of the Company, which are developed in accordance with the legislation of the Republic of Kazakhstan, the Company's Charter, Standard Rules for Evaluating the Activities and Remuneration of Senior and Managerial Employees of NC «KTZ» JSC.

The rules are based on the following concepts:

- + Focus on the actual result
- + Focus on quality of the result
- + Dynamic monitoring and performance evaluation
- + Formation and support of expected behavior
- + Focus on the delta
- + Adaptability of the system
- + Action is better than inaction

The following procedure is used to calculate the amount of remuneration of Senior employees:

- 01. determination of health indicators;

- 02. development/approval of health indicator passports;
- 03. development/approval/adjustment of motivation cards;
- 04. determination of financial results by business areas;
- 05. calculation of the size of the Personal Fund;
- 06. calculation of the amount of remuneration to be paid.

The Company's health indicators are defined in the Black Book. When developing passports/motivation cards, the Health Critical Indicators for the Company are used.

Monitoring and evaluating the values of Health Indicators taken into account in motivation cards is done regularly in order to help form and support the expected behavior of Management.

The remuneration system, however, does not use the Health Indicators to determine remuneration, but as a tool to adjust the calculated remuneration, which helps in understanding the «toxicity» or «health» of the outcome achieved, emphasizing stability and long-term sustainability.

The remuneration system is based on the difference between the Net Profit of the reporting period and the previous period and aims at increasing Net Profit and/or avoiding a decrease in Net Profit relative to the previous period. An increase in Net Profit increases the amount of remuneration, and its decrease reduces the amount of remuneration.

The amount of funds for performance-related remuneration is allocated in the accounting system by establishing a reserve, which may not exceed 15% of the expected net profit of the Company for the accounting period, projected as of 1 December of the reporting period.

The resulting balance, as the difference between the accrued reserve and the actual remuneration paid to executives at the end of the financial year, can be allocated to bonuses for the rest of the company's employees.

In the reporting year, the total remuneration paid to members of the Management Board (total salaries and all types of incentives in cash) amounted to 536,696 thousand tenge.

INTERNAL AUDIT SERVICE

The organization and implementation of internal audit in Transtelecom JSC is provided by the Internal Audit Service, which is directly subordinate and accountable to the Board of Directors. The IAS activities are supervised by the Audit Committee of the Company's Board of Directors. The Head and employees of the IAS are appointed by the Board of Directors of the Company.

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

The main purpose of the IAS is to provide the Board of Directors and the Audit Committee with independent and objective information, by providing assurance and advice aimed at improving the Company's internal control, risk management, and corporate governance systems.

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

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

- 01. approval by the Board of Directors (prior review by the Audit Committee) of the regulations and other internal audit policies governing the objectives, tasks, functions, and procedures of the IAS;

- 02. approval by the Board of Directors (preliminary review by the Audit Committee) of the risk-oriented annual audit plan;

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

- 04. approval by the Board of Directors (prior review by the Audit Committee) of decisions on the appointment, dismissal, and remuneration of the head and personnel of the Internal Audit Service;

- 05. consideration by the Board of Directors (Audit Committee) of material limitations on the authority of the IAS or other limitations that may adversely affect the implementation of internal audit.

Internal documents (regulations, internal audit guidelines, etc.) governing the activities of the IAS have been created by the Head of the IAS and approved by the Board of Directors of the Company after being reviewed and pre-approved by the Audit Committee.

The IAS operates under a risk-based annual audit plan that is yearly approved and amended as necessary by the Board of Directors of the company.

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

In 2021, the IAS conducted nine (9) scheduled audits in accordance with the approved Annual Audit Plan.

SETTLEMENT OF CONFLICT OF INTEREST

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

The Company makes sure that corporate conflicts, if they occur within the Company, are as fully and promptly identified as possible, and that there is clear coordination between the Company's bodies, namely:

- + makes sure that corporate conflicts are detected early on and are handled carefully by the Company, its officers, and employees;
- + entrusts the Company's Corporate Secretary with recording corporate conflicts and registering appeals, letters, and demands received from shareholders. The Company's Corporate Secretary shall make a prelimi-

nary assessment of corporate conflicts and refer them to the Company's body which is competent to deal with the corporate conflicts.

The Corporate Secretary ensures that the Company properly considers shareholder appeals and resolves conflicts related to the violation of shareholder rights. In the Company's branches, the organization of such work should be entrusted to the heads of branches. However, even in this case, the Corporate Secretary of the Company is still required to be fully informed of any corporate conflicts that have occurred in the Company's branches, to quickly assess the merits of the dispute, to take a suitable decision, and to inform the shareholders of that decision.

In 2021, there were no recorded cases of conflict of interest in the Company.

ANTI-CORRUPTION ACTIVITIES

ETHICS AND INTEGRITY

Transtelecom JSC views corruption's outward manifestations as one of the systemic threats to national security, and in order to promote legal literacy and a zero-tolerance policy toward it, it focuses on the guiding principles and priorities established by the state's anti-corruption strategy while taking into account all relevant provisions of the Republic of Kazakhstan's current legal framework.

- + promoting a legal culture among the Company's employees that rejects fraud and corruption and ensures integrity in the performance of official duties;
- + implementation of anti-corruption propaganda;
- + integrated use of political, organizational, advocacy, 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.

MANAGEMENT OF ANTI-CORRUPTION ACTIVITIES

The RoK Law of November 18, 2015, «On Combating Corruption,» and other anti-corruption laws have the important feature that, in addition to providing guarantees to safeguard businesses from corruption threats, they include entrepreneurs as subjects implementing anti-corruption measures and require them to take actions to remove the causes and environments that encourage the commission of corruption offenses.

The Company's Anti-Fraud and Anti-Corruption Policy, which was approved in November 2015, must be strictly followed by all employees. Here are its guiding principles:

- + legality;
- + the acknowledgment, assurance, and protection of fundamental civil and human rights and freedoms, as well as openness and transparency in the actions of the Company's employees;
- + inevitability of responsibility for the commission of corruption offenses;

The objectives of the Policy are:

- + prevention of illegal actions;
- + encouraging the Company's employees to strictly comply with the legislative acts of the Republic of Kazakhstan, as well as internal regulations governing the Company's activities;
- + elimination of the causes and environments that give rise to fraud and corruption.

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

- + all employees are made aware of the applicable laws of the Republic of Kazakhstan on the prevention of corrupt acts;
- + ongoing monitoring of procurement and service delivery (no breaches of regulations in procurement and service delivery were recorded in 2021);
- + modern information systems are used to automate the organization and conduct of procurement procedures, ensuring timely development of procurement plans, transparency, and involvement.



Since 2016, the Company has operated a helpline that its employees and business partners can call to report potential instances of corruption, fraud, and irregularities in the financial, accounting, and human resources fields, either in person or anonymously. All violations that have been received by the helpline are immediately reported to the Company's management and measures are taken.

Controls are in place during the hiring and transfer of employees to ensure openness and transparency of the competitive selection processes for open positions in accordance with the regulations. Information about the results of the competitive selection is posted on the official website.

The Company's central office and branches constantly keep an eye on the state of the anti-corruption effort. In 2021, there were no complaints about corrupt actions on the part of employees.

In total, fourteen (14) internal investigations were carried out by the Internal Security Department of the Company in 2021, with a total identified damage of 1,500,000 tenge, which was 100% reimbursed.

COUNTERING TERRORIST THREATS

In accordance with the Law of the Republic of Kazakhstan No. 416-I of 13 July 1999 «On counter-terrorism», the Company continued to conduct deliberate and planned anti-terrorism activities.

Organizational arrangements:

- + action plan for 2021 has been developed to ensure the anti-terrorist protection of facilities;
- + changes have been made to the organization of staff training based on updated methodological materials;
- + analysis of the security management system of the Company's branch facilities was carried out, and training was conducted to counter terrorist threats;
- + in accordance with the created and approved plan, the technical equipment of the Company's most significant objects was completed in stages.

The «Rules of organization and functioning of the state system of monitoring information and notifying the population about the threat of an act of terrorism» were developed by the Headquarters of the Anti-Terrorist Center of the Republic of Kazakhstan in April 2015, and regular training sessions were held on their application by state bodies.

Security procedures and preventive measures:

- + a system for controlling and managing access to the Company's branch buildings is in place, and newly hired employees are given electronic access cards;
- + round-the-clock and daytime physical security posts have been established at the Company's facilities;
- + monthly checks of fencing of administrative buildings, grounds, and line-cable facilities for foreign objects are carried out;
- + facilities are equipped with modern engineering and technical security equipment, control system, access control, and video surveillance;
- + passports of anti-terrorist protection of administrative buildings have been developed and approved;
- + scheduled monthly training sessions are held to train working staff in the event of a terrorist threat;
- + schemes and lists of alerts are adjusted and updated in case of a threat or a terrorist act at the Company's facilities.

Technical measures:

- + routine maintenance of the lighting systems to illuminate the area around facilities at night;
- + update visual agitation on the topic of anti-terrorist protection;
- + monthly inspections of security alarm system;
- + quarterly inspections of the personal protective equipment that is available in the company's branches to determine its state and effectiveness;
- + monthly inspections of basements, attics, and the adjacent territory of the Company's branches;
- + periodic inspection of linear communication facilities for the presence of foreign objects.

Enforcement of Law No. 483-IV of 11 October 2011 «On Religious Activities and Religious Associations»

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

Within the framework 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 branch stations with employees and young specialists on anti-terrorist protection and prevention of religious extremism;
- + the Company's facilities were monitored on an ongoing basis to prevent the entry of literature of a terrorist or extremist nature;
- + examination of the religious situation in the branch offices, explaining the requirements of the Labor Code of the RoK, articles of the Administrative Offences Code, and Criminal Code of the RoK, laws of 13 July 1999 No 416-I «On Combating Terrorism» and of 11 October 2011 No 483-IV «On Religious Activities and Religious Associations».

CIVIL DEFENSE ACTIVITIES

The Company is constantly working to prevent and handle emergency situations, as well as implement civil defense measures.

In 2021, the Company planned and carried out the following drills and exercises:

- + On March 4 and 5, 2021, the Company organized and took part in the Republican command and staff exercises known as «Koktem-2021»;
- + A comprehensive exercise at the Central Office and the Astanatranstelecom branch was organized and conducted (26 July 2021);
- + A staff training for responding to emergencies of the winter period was organized and conducted (24 December 2021).

The Company's internal regulatory documents are constantly being updated.

14 employees of the Company have been trained in civil defense courses.

VALUES AND ETHICAL PRINCIPLES

CORPORATE VALUES OF THE COMPANY

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

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

- + honesty;
- + equity;
- + good faith;
- + transparency;
- + responsibility.

The Company's Code of Business Ethics is an internal policy manual that establishes the corporate culture and upholds the Company's core values. The Code defines the most important rules of business conduct of the Company and its employees, ethical norms of internal corporate relations, social responsibility, as well as issues of business ethics of corporate governance.

The Code of Business Ethics has been 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 and for contractors and consultants who are agents, executing assignments or representing the Company before third parties, if they act on behalf of the Company, the Code, to the extent not inconsistent with the substance of existing obligations, is advisory in nature.

The provisions of the Code are subordinate to the current legislation and may be taken into account when resolving controversial issues.

COMPLAINTS AND APPEALS

Providing high-quality services is one of Transtelecom JSC's primary goals in the market for telecommunications services in order to maintain the user's trust in Transtelecom as a provider of telecommunications services. This requires the introduction of organizational measures aimed at improving the quality of services and maintaining it at the normative level (development and implementation of service quality management systems; improvement of mandatory procedures for service quality control; proper organization of recording complaints (applications) of citizens using the company's telecommunications services, etc.).

The Company created the Instructions «Complaint Management Process» (RI CRM-05-00-01/03-21) and



«Procedure for Registration and Consideration of Appeals (Applications, Proposals, and Complaints)» (RI 8.2-01/04-17) with the aim of further improving the work with individuals and legal entities when they apply to the Company, prompt and objective consideration, and timely response to their appeals. The Company keeps track of, systematically analyzes, and evaluates the quality of the telecommunications services offered as well as all appeals from individuals and legal entities. All oral and written appeals of a complain nature submitted to the Company's Central Office/branches directly by the complainants or by various addressees (state authorities and other legal entities) shall be recorded.

RELATIONS WITH COMPETITORS

Transtelecom JSC cultivates relationships with rivals based on the tenets of respect for one another and cooperatively beneficial behavior, avoiding unfair competition and the abuse of a dominant position, strictly adhering to antitrust laws, and refraining from disparaging remarks about rivals.

Employees of the Company have no right to unreasonably criticize the products and services of competitors, and in cases of complications in relations with them should be guided by the instructions of their direct supervisors.

RISK MANAGEMENT

Transtelecom JSC is aware of the significance of risk management as a crucial element of the Company's corporate governance system intended to timely identify and take actions to reduce the level of risks that may adversely affect the value and reputation of the Company. The Company's risk management policy is implemented through the introduction of a Corporate Risk Management System (CRMS).

The Company is guided by the following interrelated elements that correspond to the business life cycle in order to ensure the efficient operation of CRMS at all levels of its activities:

- 01 . management and culture;
- 02 . strategy and goal setting;
- 03 . operational efficiency;
- 04 . monitoring and implementation of changes;
- 05 . information, communication and reporting.

The internal control system of Transtelecom is based on a model that closely intersects with the components and principles of the CRMS:

Component	Principles
Control environment	Organizational structure Honesty and ethical standards Philosophy and leadership style Personnel policy Employee competence (intersects with the «Management and Culture» component)
Risk assessment	Identification and risk analysis (closely intersect with the "Performance" component)
Control procedures	Procedures and policies (are part of risk management)
Information and communications	Internal and external communications in the field of internal control
Monitoring	Monitoring, reporting and implementation of changes Closely intersect with the «Information, communication and reporting» component

The implementation and improvement of the CRMS is a prerequisite for achieving the strategic and operational objectives of the Company and involves the establishment and development of the necessary infrastructure and culture. It covers the application of logical and systematic methods

of identification, analysis, and evaluation, monitoring, control, and management of risks inherent in all activities, functions, or processes of the Company in order to prevent losses and maximize benefits.

CRMS GOALS

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

- 01 . creation and implementation of uniform, consistent methods for identifying, evaluating, and managing risks within the Company; simplification of processes for sharing information on risks both vertically (management) and horizontally (exchange of experience);
- 02 . presenting the business with the opportunity to establish and track the effectiveness of its risk management practices using simple, comprehensible criteria;
- 03 . establishment of an information base for creating an asset accounting system, as well as determining the market value and equity valuation of the assets;
- 04 . prompt response to emerging risk events, tracking changes in the external and internal environment;
- 05 . organization of targeted risk management activities in order to reduce them to an acceptable level, or transfer them to third parties (insurance, hedging);
- 06 . systematization and continued accumulation of data regarding the Company's risks, enhancing business manageability;
- 07 . as a result – increasing the capitalization of the Company by increasing the efficiency and optimizing risk management.

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

To ensure horizontal communication and effective implementation of the Risk Register, the Company has a Risk Committee, which is an advisory and advisory body to the Management Board of the Company and develops proposals in terms of risk management. In performing their duties, the Company's Management Board and Board of Directors rely on the Three Lines of Defense model:

The First Line of Defense (business functions) is the structural subdivisions represented by each employee within their competence. The Company's employees (risk owners), when performing their official duties, directly manage risks and perform control procedures within their competence.

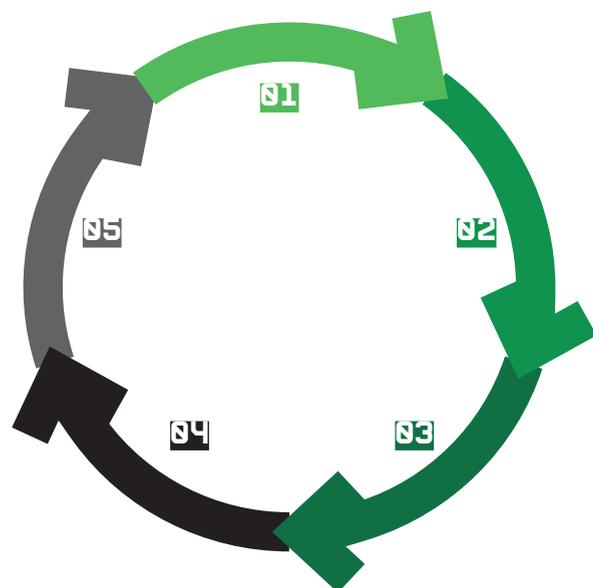
The Second Line of Defense is structural subdivisions, including the risk management subdivision, which perform the supervision of the activities of the First Line of Defense and key risks; ensure and monitor the implementation of effective risk management practices; internal control; compliance with legislation; and administrative rules and internal regulations. The Second Line of Defense monitors, reviews, assesses, and evaluates the activities of the First Line of Defense.

The Third Line of Defense (independent guarantee) is the Internal Audit Service of the Company, which conducts an independent assessment of the effectiveness and contributes to the improvement of risk management and internal control, provides support to the Audit Committee and the Board of Directors of the Company and provides them with an independent assessment of the effectiveness of the risk management and internal control system.

CRMS PRINCIPLES

The Company's Board of Directors oversees the effectiveness of risk management and internal control. The Company's Audit Committee supports the Board of Directors of the Company in matters pertaining to control over the accuracy and efficiency of the CRMS and internal control.

CRMS APPROACHES



EFFECTIVE RISK MANAGEMENT REQUIRES A CONTINUOUS AND CYCLICAL PROCESS, WHICH CONSISTS OF THE FOLLOWING FIVE STEPS:

- 01 Business Objectives Formulation and Risk Identification
- 02 Assessment of risk materiality
- 03 Prioritization of risks
- 04 Responding to risk
- 05 Risk and performance analysis

01 . FORMULATION OF BUSINESS GOALS AND IDENTIFICATION OF RISKS:

The Company develops business goals while taking into account the strategic and inherent risks that it encounters during its operations. Along with potential strategies to lessen the level of risks to which the Company is exposed, the potential effects of the business context on the risk profile are taken into account.

02 . ASSESSMENT OF THE MATERIALITY OF RISKS:

The process of risk assessment is used to determine the biggest threats to the Company's operations and the accomplishment of its strategic goals and objectives. The results of the risk assessment determine the choice of risk response measures.

03 . PRIORITIZATION OF RISKS:

The priority of risks is set in accordance with the position of each risk on the risk map (critical, large, medium and low risks). Prioritizing risks may also take into account the following factors in addition to the assessment's findings: the company's capacity for risk adaptation and

response; the interdependence of risks, which increases the complexity of risk management; the speed with which a risk affects the company; the duration of the risk's adverse effects on the company; etc.

04 . RESPONDING TO RISKS:

The business environment, the benefits-to-costs ratio, obligations and expectations, prioritization of risks, and risk appetite (including risk acceptance, risk avoidance, conscious risk increase, risk reduction, and risk transfer) are all factors that the company considers when determining its risk response strategies.

05 . RISK AND PERFORMANCE ANALYSIS:

Анализ рисков и эффективности деятельности интегрируется в деятельность Общества. Общество Risk analysis and performance analysis are integrated into the Company's activities. The Company evaluates the outcomes of its activities, including in the context of specific areas, while taking risks into account: the risks that affected effectiveness; the efficacy of the risks' prior assessment and selection of countermeasures; and the efficacy of the measures' actual implementation.

RISK MANAGEMENT IN 2021

Regular reporting on risks and responses to them, as well as the organization and upkeep of the Company's efficient risk management system, reflect the main findings and recommendations of the Company's risk management process.

As part of improving the efficiency of the corporate risk management system, developing the risk culture in the Company, and introducing best practices, the following activities were carried out in 2021:

- 01 . The CRMS was diagnosed by external risk management experts followed by the implementation of their recommendations.
- 02 . The Long-Term Strategic Development Plan for the Corporate Risk Management System for 2022-2024 were approved by the Board of Directors of the Company.
- 03 . Quarterly risk management reports describing and analyzing the Company's critical risks and information on the implementation of risk minimization plans and programs have been prepared for the Executive Body and the Board of Directors of the Company.
- 04 . The Company's risk managers have updated some internal regulatory documents on risk management.

According to the outcomes of risk identification and assessment in 2021, the Company has identified the following critical risks that could have an adverse impact on its operations and the accomplishment of its strategic objectives:

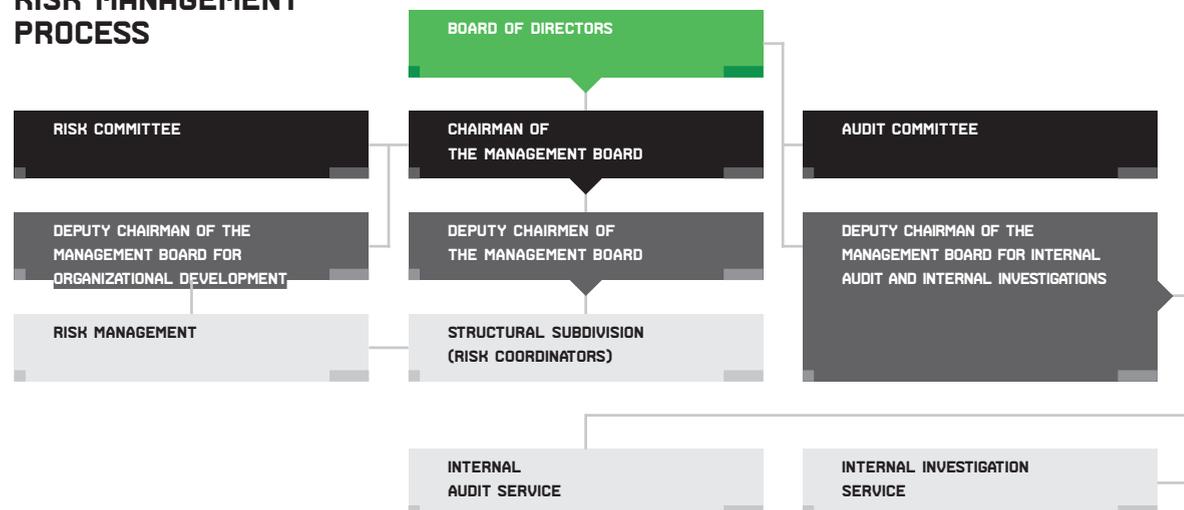
Liquidity shortage risk Risk associated with the inability of the Company to meet its obligations in full and on time, or arising from the imbalance between the Company's financial assets and liabilities. At the end of the year, the current liquidity ratio increased by 0.18 and amounted to 0.80 (against the prescribed standard of 1.20). The normative value has not been reached due to an increase in the Company's current liabilities.

Risk of increasing overdue receivables (more than 3 months overdue). Risk associated with the receipt of income for services previously provided to the Company's customers. In 2021, the level of overdue accounts receivable of the Company increased by 0.25 billion tenge and amounted to 1.39 billion tenge.

Risk of lost planned income (B2B development). Risk of the Company's major projects not producing all of the anticipated revenues. By the end of 2021, the actual income from projects amounted to 5.25 billion tenge with a plan of 6.62 billion tenge, which is 79.3% of the plan.

Risk of untimely implementation of the project «Development of Transtelecom JSC infrastructure to provide NSC with data center infrastructure as a service». Risk related to the failure to carry out a number of project activities, such as poor project planning and design, and late delivery by suppliers. As of 31.12.21, the execution of the work schedule for the project is 100%. The Company's project services are provided to the customer in full.

PARTICIPANTS IN THE RISK MANAGEMENT PROCESS



FURTHER IMPLEMENTATION OF BEST PRACTICES AND STANDARDS OF RISK MANAGEMENT SYSTEMS

In light of the new realities in risk management and internal control, the Company has identified key objectives to align CRMS with international standards and corporate governance criteria and to mitigate risks that could prevent the company in achieving its objectives, as well as extract opportunities for further company growth:

- 01. Development of risk management and internal control systems in the Company and their integration with strategic planning, financial and investment activities, operations, and business decision-making processes.
- 02. Increase business process owners' accountability for better risk management and strengthen their function in updating the company's Board of Directors on significant risks, lessons learned, and corrective actions.
- 03. Further improvement of the maturity and effectiveness of CRMS and internal control in the Company.

QUALITY MANAGEMENT

INTEGRATED MANAGEMENT SYSTEM

The Company has historically given careful consideration to the quality of its services when providing current services to customers and creating new infotelecommunications services in order to maintain its competitive advantage in the market.

Our company strives to comply with international corporate governance requirements and advanced management technologies by maintaining and developing management systems in accordance with **ISO 9001:2015, ISO 14001:2015, ISO 50001:2018, ISO/IEC 20000-1:2018, ST RK ISO/IEC 27001-2015, ISO 45001:2018.**

In 2021, the Company:

- + passed a compliance audit under the international standard ISO 9001:2015 and ST RK ISO 9001-2016 «Quality Management System».
- + passed a compliance audit under the international standard ISO 14001:2015 and ST RK ISO 14001-2016 «Environmental management system».
- + passed a compliance audit under the international standard ISO 45001:2018 «OHS Management System».
- + passed a compliance audit under the international standard ST RK ISO/IEC 27001-2015 «Information Security Management System».
- + It has been updated to a new version of the ISO 50001:2018 and ST RK ISO 50001-2019 «Energy Management System» standards.
- + It has been updated to a new version of ISO/IEC 20000-1:2018 «IT Services Management System» standard.

The following certificates were obtained in accordance with the findings of the certification audit:

- + International certificate of compliance with the requirements of ISO/IEC 20000-1:2018, issued by the

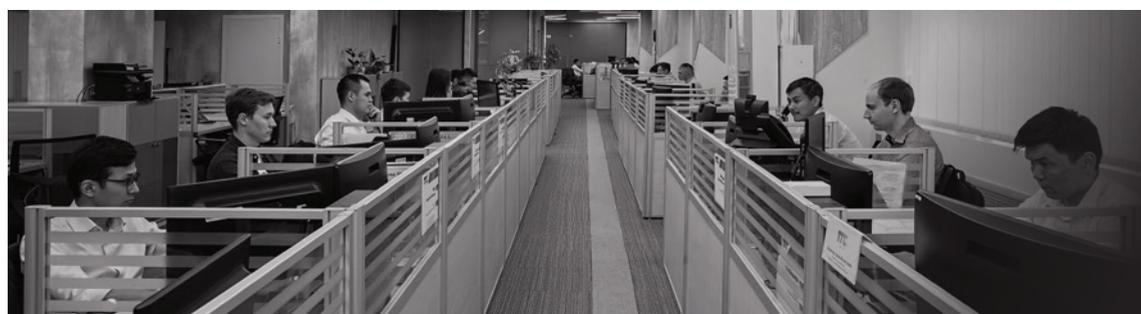
Certification Association «Russian Register Eurasia», which is a member of IQNet International Association of Certification Bodies.

- + International certificate of compliance with the requirements of ISO/IEC ISO 50001:2018, issued by the Certification Association «Russian Register Eurasia», which is a member of IQNet International Association of Certification Bodies.

According to the results of the compliance audit, the Company successfully passed and confirmed its compliance with the requirements of the standards and the certificates received:

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

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



Development of the integrated management system in the Company is carried out in accordance with the objectives defined in the Quality Policy of Transtelecom JSC, the Environmental Policy, the Energy Policy, the Information Security Policy and the Occupational Health and Safety Policy. The certificates apply to the management system of the entire Company. The ISO 9000 series of standards do not demand a certain level of service quality, but rather a management system that must set and guarantee the accomplishment of customer satisfaction with service quality objectives. These ISO standards are currently the most widely used; they are accepted almost everywhere and have been made national standards in more than 164 nations.

The existence of certificates demonstrates the Company's capacity to deliver services that satisfy customers' growing demands and supports effective and successful business development, both of which are crucial for achieving and maintaining a dominant position in a variety of market segments.

The availability of certified services is additional evidence that Transtelecom JSC offers services in the areas of information technology, information security, and telecommunications that are guaranteed to be of the highest quality, meet customer requirements, and adhere to technical regulations and standards.

The Company conducts annual compliance audits of its management systems.

INTERNAL AUDIT OF THE INTEGRATED MANAGEMENT SYSTEM (IMS)

The effectiveness of the IMS is ensured by continuous measurements, analysis, and process modification of the system's operation. In the reporting year, the Company continued work on further improvement of the certified ISM of the Company.

As required by ISO 9001:2015, ISO 14001:2015, ISO 50001:2018, ISO/IEC 20000-1:2018, ST RK ISO/IEC 27001-2015, ISO 45001:2018, the organization shall carry out internal audits to determine that the IMS meets the planned activities and requirements of this standard, IMS requirements set by the organization, as well as the effectiveness of its implementation and maintenance.

To comply with the standards, an internal IMS audit schedule for 2021 has been created and approved.

In accordance with the Order of the Deputy Chairman of the Management Board for Organizational Development «On Approval of the IMS Internal Audit Schedule» internal audits were conducted at the following branches:

- + Astanatranstelecom;
- + Almatytranstelecom;
- + Aktautranstelecom;
- + Aktobetranstelecom;
- + Atyrautranstelecom;
- + Zhambyltranstelecom;
- + Karagandatranstelecom;
- + Kokshetautranstelecom;
- + Kostanaytranstelecom;
- + Kyzylordatranstelecom;
- + Oskementranstelecom;
- + Pavlodartranstelecom;
- + Semeytranstelecom;
- + Shymkenttranstelecom.

A plan for internal audits of the Company's structural units has been approved based on the schedule.

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

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.

INFORMATION ABOUT THE REGISTRAR

Full name – Central Securities Depository Joint Stock Company.

On August 16, 2018, there was a joint Extraordinary General Meeting of Shareholders of Central Securities Depository JSC and Integrated Securities Registrar JSC, at which it was decided to reorganize the Central Securities Depository and the Integrated Registrar through the merger of the Integrated Registrar and the Central Securities Depository.

On 1 January 2019, the Unified Registrar's rights and obligations were legally transferred to the Central Depository.

- + **Postal address:** 28 Samal-1 microdistrict, Almaty, 050051, Republic of Kazakhstan.
- + **Tel.** +7 (727) 262 08 46
- + **Fax** +7 (727) 355 47 60
- + **Hotline** 8 800 080 86 68 (call from landline and mobile phones in the Republic of Kazakhstan is free)
- + **Email** kacd@kacd.kz

INFORMATION ABOUT THE AUDIT ORGANIZATION

By the decision of the General Meeting of Shareholders of the Company dated 9 November 2020, Ernst & Young LLP (E&Y) was selected as the auditor of the financial statements of Transtelecom JSC for the years ended 31 December 2020, 2021, 2022.

E&Y is an international leader in auditing, taxation, transaction support, and consulting. The experience and quality of the audit organization's services help build public confidence in capital markets and economies around the world.

Ernst & Young LLP was the first international company to offer audit and consulting services in Kazakhstan in 1992 to a wide range of organizations, including multinational corporations and national and private companies operating

in various industries. Today, the practice of ERNST & YOUNG LLP in Kazakhstan has more than 700 employees and is represented by three offices – in the cities of Almaty, Nur-Sultan and Atyrau. ERNST & YOUNG LLP provides over 85 types of professional services in Kazakhstan.

INDEPENDENT AUDITOR'S REPORT

According to Ernst & Young LLP, the external auditor, the financial statements of Transtelecom JSC as of December 31, 2021, are fairly presented in all essential respects and in accordance with the International Financial Reporting Standards.



THE COMPANY STRIVES TO PROVIDE INFORMATION ON THE RESULTS OF ITS ACTIVITIES IN A TIMELY AND COMPREHENSIVE MANNER THAT MEETS THE EXPECTATIONS OF ALL STAKEHOLDERS.

Since 2015, the Company has published annual reports that include not only its operating results, but also information on sustainable development, specifically the application of GRI Standards in disclosing issues related to HSE, industrial safety, and social responsibility.

```
CLASS TRANSTELECOM {
  PUBLIC STATIC VOID MAIN(STRING[] ARGS) {
    SYSTEM.OUT.PRINTLN(«ANNUAL REPORT»);
    //2021
  }
}
```



AN- NEXES

- 2016
- 2017
- 2018
- 2019
- 2020
- 2021

FINANCIAL STATEMENTS

for the year ended 31 December 2021
with independent auditor's report

Independent auditor's report	165
Statement of management's responsibilities for the preparation and approval of the financial statements	172
Financial statements	173
Statement of financial position	173
Statement of comprehensive income	174
Statement of changes in equity	175
Statement of cash flows	176



«Эрнст энд Янг» ЖШС
Әл-Фараби д-лы, 77/7
«Есентай Тауэр» ғимараты
Алматы қ., 050060
Қазақстан Республикасы
Тел.: +7 727 258 59 60
Факс: +7 727 258 59 61
www.ey.com/kz

ТОО «Эрнст энд Янг»
пр. Аль-Фараби, д. 77/7
здание «Есентай Тауэр»
г. Алматы, 050060
Республика Казахстан
Тел.: +7 727 258 59 60
Факс: +7 727 258 59 61
www.ey.com/kz

Ernst & Young LLP
Al-Farabi ave., 77/7
Esentai Tower
Almaty, 050060
Republic of Kazakhstan
Tel.: +7 727 258 59 60
Fax: +7 727 258 59 61
www.ey.com/kz

Independent auditor's report

To the Shareholders and Board of Directors of Joint Stock Company "Transtelecom"

Opinion

We have audited the financial statements of Joint Stock Company "Transtelecom" (the Company), which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements section* of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



Key audit matter

Revenue recognition

As disclosed in **Note 3**, the Company has multiple sources of revenue, including revenue from IT services, revenue from telecommunication services, rent income and revenue from construction services. The Company enters into multiple element arrangements with customers when a single sales transaction combines the delivery of goods and rendering of services.

Revenue is recognized when control over products and services have been passed to the customer. Due to the multitude and variety of contractual terms, the different pricing elements and the risk of management override, revenue recognition is considered to be complex and involves significant management judgement.

Moreover, there is a significant risk of misstatement relating to the recognition and measurement of revenue from telecommunication services as the billing systems employed by the Company are complex.

Finally, the Company recognizes revenue from long-term construction and installation projects over time based on the measurement of progress toward satisfaction of performance obligation, which the Company management determines using the output method. The output method involves management's application of significant professional judgments to determine the progress toward satisfaction of performance obligation.

Therefore, we considered this matter to be one of the matters of most significance in our audit.

Accounting policies for revenue recognition and the judgements used by the management are disclosed in **Notes 3 and 4** to the financial statements.

How our audit addressed the key audit matter

We gained an understanding of the process of recognition of various revenue flows.

We compared the date of transfer of control in acts of acceptance to the date when revenue was recognized. We compared the consideration in the contracts to amounts of revenue recognized. We tested the basis of allocation of revenue to various elements of the contracts.

We analyzed monthly fluctuations and changes in key drivers of revenue, and compared financial and non-financial data. We also analyzed the timelines of revenue recognition.

We have considered the relevant IT systems and the design of controls, and tested the operating effectiveness of controls over capture and recording of revenue transactions in the billing systems; authorization of changes in tariff rates input to the billing system; and calculation of revenue amount from telecommunication services provided to the customers.

We evaluated management's assumptions in the determination of estimated costs to complete a project, the percentage of completion of a project, budget versus actual for both revenue and costs, and provisions for future losses for loss making projects. We compared the amounts in acts of acceptance with the amounts recognised as revenue during the period. We examined underlying contracts and costs incurred to assess the status of the long-term projects.

We assessed revenue recognised immediately before and after year-end to evaluate whether revenues are recognized in the appropriate period.

We analysed revenue recognition accounting policies selected and applied by the Company and disclosures in respect of revenue considering the requirements of IFRS 15.

We assessed the disclosures made in **Note 22** to the financial statements.



Compliance with debt covenants

In accordance with the terms of certain financing arrangements, the Company should comply with certain financial and non-financial covenants. There is a higher likelihood that covenants impacted by revenue and profit, which depends on service rates and amounts of operating expenses, may be breached, therefore, we focused on this area during our audit. Breaching covenants could result in significant fines and penalties along with repayment on demand. Compliance with defined covenants was one of the matters of most significance in the audit since it can have a major impact on the going concern assumption used in the preparation of the financial statements, and on classification of interest-bearing liabilities in the statement of financial position.

Information on compliance with covenants is disclosed in **Note 15** to the financial statements.

Emphasis of matter

We draw attention to **Note 27** to the financial statements, which describes a significant concentration of the Company's transactions with related parties. Our opinion is not modified in respect of this matter.

Other information included in the Company's 2021 annual report

Other information consists of the information included in the Company's 2021 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2021 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and the Audit Committee for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Adil Syzdykov.

Ernst & Young LLP

Adil Syzdykov
Auditor



Auditor qualification certificate
№МФ-0000172 dated 23 December 2013

050060, Republic of Kazakhstan, Almaty
Al-Farabi Ave., 77/7, Esentai Tower

31 March 2022



Rustamzhan Saltarov
General Director
Ernst and Young LLP

State audit license for audit activities on
the territory of the Republic of Kazakhstan:
series МФЮ-2 No. 0000003 issued by the
Ministry of finance of the Republic of
Kazakhstan on 15 July 2005

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS

Management is responsible for the preparation of the financial statements that present fairly the financial position of Transtelecom JSC (the "Company") as at 31 December 2021, and the results of its operations, cash flows and changes in equity for the year then ended in compliance with International Financial Reporting Standards ("IFRSs").

In preparing the financial statements, management is responsible for:

- + Properly selecting and applying accounting policies;
- + Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information;
- + Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- + Making an assessment of the Company's ability to continue as a going concern.

The management is also responsible for:

- + Designing, implementing, and maintaining an effective and sound system of internal controls throughout the Company;
- + Maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRSs;
- + Maintaining statutory accounting records in compliance with IFRSs and legislation of the Republic of Kazakhstan;
- + Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- + Detecting and preventing fraud and other irregularities.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

In thousands of tenge	Notes	31 December 2021	31 December 2020
Assets			
Non-current assets			
Property, plant and equipment	5	145,756,135	129,564,560
Non-current portion of advances paid	7	5,988,288	6,289,340
Intangible assets	6	4,892,657	4,863,662
Finance lease receivables	9	-	127,795
Other non-current assets	8	291,312	3,749,738
		156,928,392	144,595,095
Current assets			
Inventory	12	2,428,605	1,295,411
Trade receivables from related parties	27	10,629,297	11,056,215
Trade receivables from third parties	10	10,445,482	3,506,182
Finance lease receivables	9	238,995	353,473
Income tax prepaid		445,891	137,193
Other current assets	11	7,927,911	5,175,307
Current portion of advances paid	7	2,757,221	3,599,938
Cash and cash equivalents	13	6,888,249	4,824,053
		41,761,651	29,947,772
Total assets		198,690,043	174,542,867
Equity and liabilities			
Equity			
Share capital	14	12,241,487	12,241,487
Retained earnings		23,624,580	18,839,334
		35,866,067	31,080,821
Non-current liabilities			
Long-term loans	15	24,185,249	32,849,046
Non-current portion of issued bonds	16	24,000,550	9,182,124
Non-current portion of lease liabilities	17	1,307,592	425,454
Employee benefit obligations		650,278	548,866
Long-term accounts payable to suppliers and contractors	19	53,869,328	46,136,804
Long-term liabilities under contracts with customers	18	1,315,176	1,015,191
Deferred income tax liabilities	21	6,405,770	4,791,192
		111,733,943	94,948,677
Current liabilities			
Short-term loans issued and short-term portion of long-term loans	15	9,797,903	13,628,929
Current portion of issued bonds	16	773,165	546,875
Current portion of lease liabilities	17	526,915	2,568,992
Current portion of employee benefit obligation		48,620	48,395
Trade accounts payable	19	33,651,809	24,179,964
Dividends payable	14	2,469,517	2,469,517
Current liabilities under contracts with customers	18	1,155,252	1,768,142
Taxes payable and other mandatory payments		338,549	636,111
Other current liabilities	20	2,328,303	2,666,444
		51,090,033	48,513,369
Total liabilities		162,823,976	143,462,046
Total equity and liabilities		198,690,043	174,542,867

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

In thousands of tenge	Notes	2021	2020
Revenue	22	84,479,365	68,452,589
Gain from operating lease	22	135,943	132,541
Cost	23	(58,428,982)	(52,476,157)
Gross profit		26,186,326	16,108,973
General and administrative expenses	24	(7,340,940)	(8,095,346)
Profit from core operations		18,845,386	8,013,627
Finance income	25	863,991	807,056
Finance costs	26	(11,798,508)	(8,588,425)
Foreign exchange (loss)/gain		(1,334,755)	4,610,207
Impairment of property, plant and equipment		(135,733)	-
Other (expenses)/income, net		(29,895)	261,804
Profit before tax		6,410,486	5,104,269
Income tax expenses	21	(1,587,337)	(1,240,188)
Profit for the year		4,823,149	3,864,081
Earnings per share			
Basic and diluted profit for the year attributable to ordinary shareholders of the Parent, tenge	14	855.45	685.35
Profit for the year		4,823,149	3,864,081
Other comprehensive income net of income tax			
Items not subject to subsequent reclassification to profit or loss			
Revaluation of defined benefit liabilities		(37,903)	(84,236)
Total comprehensive income for the year		4,785,246	3,779,845

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

In thousands of tenge	Share capital	Additional paid-in capital	Retained earnings	Total equity
At 1 January 2020	12,241,487	244,190	14,815,299	27,300,976
Profit for the year	-	-	3,864,081	3,864,081
Other comprehensive income for the year, net of income tax	-	-	(84,236)	(84,236)
Total comprehensive income for the year	-	-	3,779,845	3,779,845
Transfer of the difference between the nominal and fair value of the loan received by the Company from National Company Kazakhstan Temir Zholy JSC (Note 14)	-	(244,190)	244,190	-
As at 31 December 2020	12,241,487	-	18,839,334	31,080,821
Profit for the year	-	-	4,823,149	4,823,149
Other comprehensive loss for the year, net of income tax	-	-	(37,903)	(37,903)
Total comprehensive income for the year	-	-	4,785,246	4,785,246
As at 31 December 2021	12,241,487	-	23,624,580	35,866,067

STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

In thousands of tenge	Notes	2021	2020
Cash flows from operating activities			
Profit before tax		6,410,486	5,104,269
Adjustments for:			
Amortisation	23, 24	16,449,617	11,357,271
Finance costs	26	11,798,508	8,588,425
Finance income	25	(863,991)	(807,056)
(Recovery)/accrual of allowance on obsolete inventory	24	(45,653)	513,040
(Recovery)/accrual of allowance for impairment of advances issued, other current assets, finance lease receivables	24	(804,172)	2,389,541
Loss/(gain) from disposal of property, plant and equipment and intangible assets, net		201,294	(423)
Expenses on employee benefit liabilities		68,343	55,927
Accrual of tax audit expenses		20,571	20,571
Foreign exchange loss/(gain)		1,333,699	(4,610,207)
Accrual of the provision for management personnel compensation	24	603,935	191,026
Accrual/(recovery) of allowance for expected credit losses on trade receivables	24	1,032,822	(96,148)
(Recovery)/accrual of allowance for expected credit losses on other non-current assets	24	(2,830)	(23,851)
Impairment of property, plant and equipment		135,733	-
Accrual of allowance for expected credit losses on cash and cash equivalents		33,553	19,397
Cash flows from operating activities before changes in working capital and other items		36,371,915	22,701,782
Changes in working capital and other items			
Change in trade receivables		(7,388,939)	8,362,721
Change in inventories		(1,380,075)	217,854
Change in advances paid		864,009	(5,962,850)
Change in other current and non-current assets		994,453	(8,964,905)
Change in trade payables		2,136,816	3,051,327
Changes in taxes payable and other mandatory payments		424,925	355,798
Change in advances received		(775,545)	(1,125,130)
Change in other current liabilities		44,666	(1,736,764)
Change in employee benefit obligations		(53,229)	(46,983)
Cash generated from operating activity		31,238,996	16,852,850
Interest paid on loans and lease liabilities	28	(5,087,417)	(4,781,478)
Coupon interest paid on bonds	28	(1,150,000)	(575,000)
Fees paid on loans and bonds	28	(276,997)	(947,810)
Interest received		392,921	113,259
Income tax paid		(619,344)	(825,895)
Net cash from operating activities		24,498,159	9,835,926

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2021

In thousands of tenge	Notes	2021	2020
Cash flows from investing activities			
Acquisition of property, plant and equipment, as well as payment of advances for acquisition of non-current assets		(22,172,436)	(15,055,422)
Proceeds from disposal of property, plant and equipment		8,571	90,349
Receipt of funds on lease		237,094	295,263
Net cash used in investing activities		(21,926,771)	(14,669,810)
Cash flows from financing activities			
Repayment of borrowings	28	(40,635,821)	(14,461,416)
Receipt of loans	28	27,689,748	15,452,626
Issue of bonds	28	15,000,840	10,000,000
Dividends paid	14	-	(805,609)
Repayment of lease liability	28	(2,427,715)	(1,031,342)
Net cash (used in) / from financing activities		(372,948)	9,154,259
Net change in cash and cash equivalents		2,198,440	4,320,375
Effect of change in the foreign exchange rate on cash and cash equivalents balances in foreign currency		(100,691)	237,222
Changes in the allowance for expected credit losses on cash and cash equivalents		(33,553)	(19,480)
Cash and cash equivalents, at the beginning of the year		4,824,053	285,936
Cash and cash equivalents, ending	13	6,888,249	4,824,053

GLOSSARY

NC KTZ JSC	National Company "Kazakhstan Temir Zholy" JSC
Company	Transtelecom Joint Stock Company
RSE	Republican State Enterprise
MDDDAI	Ministry of Digital Development, Defense and Aerospace Industry
OJSC	Open Joint Stock Company
PBX	Private Branch Exchange
PDN	Public Data Network
IFRS	International Financial Reporting Standards
BBA	Broadband access
FOCL	Fiber-Optic Communication Lines
DPC	Data Processing Centre
DLTS	Distance Learning and Testing System
ARPU	Average revenue per user
SLA	Service Level Agreement
M2M	Machine-machine interface
LCS	Lines of cable structures
ACS	Automated Control Systems
ISMS	Integrated Safety Management System
LESS	Law Enforcement Support System
ACS EDT	Automated Control System Energy Dispatching Traction
UDP	Unified Digital Platform
QMS	Quality Management System
EMS	Environmental Management System.

HW EMS	Hardware Energy Management System
LTE	Wireless high-speed data transmission standard for mobile phones and other data terminals
MPLS	Multi- Protocol Label Switching
VPN	Virtual Private Network
PBX	Private Branch Exchange
ANI	Automatic Number Identification
CR	Cash register machine
FDO	Fiscal data operator
KPI	Key performance indicators
SRC	State Revenue Committee
RoK	Republic of Kazakhstan
IS	Information security
ICT	Information and communications technologies
RSE	Republican State Enterprise
LCF	Labor Compensation Fund
CO	Central Office
YNTYMAQ	National Trade Union Association "Federation of Trade Unions of the Republic of Kazakhstan of workers of medium and small businesses "YNTYMAQ"
SAP	Management system
URIC	Unified Reference and Information Center
IAS	Internal Audit Service
CRMS	Corporate Risk Management System

ABOUT THE REPORT

Transtelecom Joint Stock Company (hereinafter – Transtelecom JSC, the Company) presents for your attention the integrated report of the Company for the year 2021 (hereinafter referred to as the «Report»). The Report reflects key performance indicators, and necessary information for shareholders, consumers, investors, and partners, as well as prospects for further development of the Company. The Company also focuses on high standards of corporate governance and sustainable development.

The company strives to provide timely and complete information on the results of its activities that meets the expectations of all stakeholders. Since 2015, the Company has been releasing annual reports that include information on sustainable development, including the application of GRI Standards in the disclosure of issues relating to social responsibility, occupational health and environmental protection, and industrial safety.

We have provided links to additional sources of information, such as the Company's website, in order to make this Report useful and condensed.

REPORTING PERIOD AND REPORT BOUNDARIES

The reporting period of the Report is from 1 January 1 to 31 December 2021. The Company's performance indicators are presented in dynamics for 2019 and 2021.

Information on the results of financial and economic activities is reflected in the financial statements as of 31 December 2021, and is also published on the corporate website www.ttc.kz. All financial indicators of the Company's activities are in tenge in accordance with the audited financial statements under IFRS.

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

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

DETERMINATION OF THE REPORT CONTENT

The Company discloses both accomplishments and challenges faced during the reporting period in the Report in an effort to present a thorough and impartial reflection of its performance.

PRINCIPLES OF DETERMINING THE CONTENT OF THE REPORT:

- 01. Interaction with Stakeholders
- 02. Context of sustainable development
- 03. Materiality
- 04. Completeness

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

The Report avoids using complicated technical jargon, presents information in a way that is understandable to stakeholders and the general public, and generally does not include information that calls for specialized sectoral technical, technological, and economic knowledge and skills. The report gives only reliable information and organizes the data into charts, tables, and graphs for easy reading. It also includes a list of the abbreviations used.

A four-step process recommended by the GRI Standards was applied to the selection of essential topics for the disclosure of information on sustainable development. First, we looked at best practices and analyzed the opinions of expert organizations to determine the context of materiality for the telecommunications sector. After determining the impact's sources of origin, an

analysis of the company's business model and operational procedures was conducted, followed by a determination of its relevance. The internal analysis was supplemented by the results of interaction with stakeholders. The fourth and final stage involved determining the topic's priority and materiality threshold, which were both reflected in the Report.

LIST OF SELECTED ESSENTIAL TOPICS

Economy	Economic performance
	Procurement practice
	Anti-corruption
Ecology	Energy
	Emissions
Company	Employment
	Occupational safety
	Trainings and courses
	Diversity and equal opportunities

STATEMENT ON THE FUTURE

The data presented in the Report relating to the future is based on forward-looking information. Words such as: «believes», «considers», «expects», «estimates» «intends»; indicators marked «planned» and similar expressions indicate that this is a forward-looking statement. Actual results may differ significantly from the planned and target indicators, expected results, estimates, and intentions contained in the forward-looking statements. Forward-looking statements are valid only as of the date of the Report release. The Company does not guarantee that the expected performance results contained in the forward-

looking statements will be achieved in reality, therefore they should not and cannot be considered as the most likely and typical scenario.

STATEMENT

The creation of annual reports is crucial for increasing the Company's information transparency and for enhancing the effectiveness of internal business procedures.

CONTACT INFORMATION

**IF YOU HAVE ANY QUESTIONS REGARDING
THE INFORMATION PROVIDED IN THE REPORT,
PLEASE CONTACT:**

**10 Dinmukhamed Kunayev str., floor 23, Nur-Sultan,
010000, Republic of Kazakhstan.**

**ORGANIZATIONAL CHART
AND CORPORATE GOVERNANCE**

- + **Tel.** +7 (7172) 61 05 87
- + **Email** corporate@ttc.kz

**When using the information contained in the annual
report, a link to it is mandatory.**

TABLE OF STANDARD GRI ELEMENTS

Statement of Use			Transtelecom JSC has prepared a report in accordance with GRI Standards for 2021			
Using GRI 1			GRI 1: Fundamentals 2021			
Applicable industry standard			N/A			
GRI Standard	Disclosure	Section	Exception			Number in the industry standard
			Indicator	Cause	Explanation	
General disclosures						
GRI 2 General Disclosures 2021	2-1 Organization profile	Company profile				
	2-2 Organizations included in the report	Company profile				
	2-3 Reporting period	About the report				
	2-4 Changes in reporting	About the report				
	2-5 External assurance	About the report				
	2-6 Operations, value chain, and other relationships	Business model				
	2-7 Employees	Personnel composition				
	2-8 Outsource workers	Personnel composition				
	2-9 Corporate governance structure and composition	Corporate governance structure of the Company				
	2-10 Appointment of the Executive Management Bodies	Organization of the activities of the Board of Directors				
	2-11 Head of the Supreme Governing Body	Track record of members of the Board of Directors of the Company				
	2-12 The role of the Executive Management Bodies in overseeing the impacts of the organization	Sustainable development				

	2-13 Delegation of authority in sustainable development	Sustainable development	
	2-14 The role of Executive Management Bodies in reporting on sustainable development	Sustainable development	
	2-15 Conflict of interest	Settlement of Conflict of Interest	
	2-16 Communications and complaints	Organization of the activities of the Board of Directors	
	2-17 RM-based development of the competencies of the Executive Management Bodies	Organization of the activities of the Board of Directors	
	2-18 Evaluation of the Executive Management Bodies	Assessment of 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	
	2-19 Remuneration Policy	Information on remuneration of members of the Board of Directors; Remuneration of members of the Management Board	
	2-20 Remuneration determination process	Remuneration of members of the Management Board	
	2-21 Relative remuneration indicators	Remuneration of members of the Management Board	
	2-22 Sustainable Development Strategy Statement	Sustainable development	

	2-23 Responsible Business Practice Policy	Values and ethical principles	
	2-24 Policy implementation	Values and ethical principles	
	2-25 Processes of elimination of negative impacts	Risk management	
	2-26 Mechanisms of consulting and appeals on business practice issues	-	N/A At the moment, there are no mechanisms for filing appeals in the company
	2-27 Compliance with laws and regulations	Address of the Chairman of the Board of Directors	
	2-28 Membership in associations	Participation in charters and associations	
	2-29 Approach to stakeholder engagement	Interaction with Stakeholders	
	2-30 Collective agreements	Social policy	
Essential topics			
GRI 3 Essential Topics 2021	3-1 The process of identifying essential topics	About the report	
	3-2 List of essential topics	About the report	
Economic performance			
GRI 3 Essential Topics 2021	3-3 Topics Management	Sustainable development	
GRI 201 Economic Performance 2016	201-1 Created and distributed economic value	Sustainable development	
Procurement practice			
GRI 3 Essential Topics 2021	3-3 Topics Management	Procurement	
GRI 204 Procurement Practice 2016	204-1 Share of costs for local suppliers	Procurement	
Anti-corruption			
GRI 3 Essential Topics 2021	3-3 Topics Management	Anti-corruption activities	

GRI 205 Anti-corruption	205-1 Operations assessed for corruption risks	Anti-corruption activities	
	205-2 Communication and training on anti-corruption procedures	Anti-corruption activities	
	205-3 Confirmed cases of corruption	Anti-corruption activities	
Energy			
GRI 3 Essential Topics 2021	3-3 Topics Management	Use of energy resources and energy conservation	
GRI 302 Energy 2016	302-1 Consumption of fuel and energy resources within the organization	Use of energy resources and energy conservation	
	302-4 Reduction of energy resources consumption	Use of energy resources and energy conservation	
Emissions			
GRI 3 Essential Topics 2021	3-3 Topics Management	Air emissions and climate change	
GRI 305 Emissions 2016	305-1 Direct greenhouse gas emissions (coverage 1)	Air emissions and climate change	
	305-7 Other significant emissions into the atmosphere	Air emissions and climate change	
Employment			
GRI 3 Essential Topics 2021	3-3 Topics Management	Personnel composition	
GRI 401 Employment 2016	401-1 Hired employees and personnel turnover	Personnel composition	
	401-3 Parental leave	Social policy	
Occupational safety			
GRI 3 Essential Topics 2021	3-3 Topics Management	Safety at work	
GRI 403 Occupational Safety 2018	403-1 Occupational safety systems	Safety at work	
	403-2: Hazard identification, reporting, and incident investigations	Safety at work	
	403-3: Occupational safety services	Safety at work	

	403-4: Employee participation, consultation and exchange of information on occupational health and safety	Safety at work	
	403-5: Training of workers in occupational health and safety	Safety at work	
	403-6: Employee Health support	Safety at work	
	403-7: Prevention and mitigation of health and safety consequences	Safety at work	
	403-9: Work-related injuries	Safety at work	
Training			
GRI 3 Essential Topics 2021	3-3 Topics Management	Personnel training	
GRI 404 Trainings and courses 2016	404-1 Average training hours per employee	Personnel training	
	404-2 Advanced training programs	Personnel training	
	404-3 Percentage of employees receiving regular performance evaluation	Personnel training	
Equal career opportunities			
GRI 3 Essential Topics 2021	3-3 Topics Management	Personnel composition	
GRI 405 Diversity and Equal Career Opportunities 2016	405-1 Diversity in management bodies and personnel structure	Personnel composition	
	405-2 Ratio of women's remuneration to men's remuneration	Personnel composition	
Essential topics for the industry, recognized as insignificant for the Company			N/A