

ANALYTICAL REPORT ON THE RESULTS OF AN INTERNAL ANALYSIS OF CORRUPTION RISKS IN THE ACTIVITIES OF THE PROCUREMENT DEPARTMENT OF KAZAKHEXPORT EIC JSC

Astana

January 8, 2024

1. THE INTRODUCTORY PART.

The basis for conducting an internal analysis of corruption risks (hereinafter referred to as the IACR) was the order of the Chairman of the Board of KazakhExport EIC JSC (hereinafter referred to as the Company) No. 142-O dated December 4, 2023.

The composition of the working group was determined from the following employees of the Company:

- 1) Head of the Working Group, Head of the Compliance Service, Assel S. Zhakayeva;
- 2) Member of the Working Group, Chief Compliance Controller Bakytzhan M. Tumenbayev.

The name of the object of internal analysis of corruption risks: the Company's Procurement Department (hereinafter referred to as the Division).

The analyzed period of the Company's activity: 2021, 2022 and 2023.

The IACR was conducted in the following areas:

- 1) Identification of corruption risks in the internal documents of the Division;
- 2) Identification of corruption risks in the organizational and managerial activities of the Division.

The IACR period is from December 4, 2023 to December 29, 2023.

During the IACR, the working group was guided by:

1) Methodological recommendations for conducting an internal analysis of corruption risks, approved by Order No. 488 of the Chairman of the Anti-corruption Agency of the Republic of Kazakhstan (Anti-Corruption Service) dated December 30, 2022 (hereinafter – Methodological Recommendations);

2) Standard Rules for conducting internal analysis of corruption risks, approved by Order No. 12 of the Chairman of the Agency of the Republic of Kazakhstan for Civil Service Affairs and Anti-Corruption dated October 19, 2016;

3) The Anti-Corruption Policy approved by the resolution of the Company's Management Board dated September 29, 2023 (Minutes No. 66) (hereinafter referred to as the Policy).

2. INFORMATION AND ANALYTICAL PART.

Paragraph 1. Identification of corruption risks in the Company's internal documents.

In accordance with the Regulations on the Procurement Department of the KazakhExport Export Insurance Company Joint Stock Company (hereinafter referred to as the Regulations), approved by the resolution of the Board of KazakhExport EIC JSC dated September 07, 2023 (Protocol No. 59), the Division in its activities is guided by the Constitution of the Republic of

Kazakhstan, the legislation of the Republic of Kazakhstan, the Charter of the Company, resolutions of the collegial management bodies, Regulations and other internal regulatory documents of the Company. The staffing table of the Division is approved by the Management Board of the Company. The activities of the Division are supervised by the Managing Director. The Division is headed by a director who organizes the overall management of the Division's activities and is personally responsible for the timely and high-quality execution of the tasks and functions of the Division. The division consists of a director and a purchasing manager.

The main tasks of the Division are:

- 1) Development, coordination, updating and monitoring of the execution of the procurement plan (preliminary, annual procurement plan and (or) long-term procurement plan);
- 2) Implementation of procedures for organizing and conducting purchases of goods, works and services by the Company in accordance with the legislation of the Republic of Kazakhstan and internal regulatory documents of the Company;
- 3) Interaction with state bodies of the Republic of Kazakhstan and organizations;
- 4) High-quality and timely reporting within the competence of the Department;
- 5) Development, coordination and approval of internal regulatory documents.

The main activity of the Division is implemented on the site of electronic resources for the purchase of goods, works and services "Eurasian Electronic Portal" <https://www.mitwork.kz/> and the public procurement portal <https://www.goszakup.gov.kz/>.

It should be noted that the Company's activities in the field of procurement of goods, works and services were, among others, the subject of an internal state audit to assess the effectiveness of the Company's activities for the period from 2021 to 2022, conducted in the Q1 of 2023, according to the results of which recommendations were provided to eliminate violations and deficiencies in the Company's activities.

As of the date of the IACR, all recommendations provided by the results of the internal state audit were accepted by the Company for execution, and a report on execution was submitted to the Ministry of National Economy of the Republic of Kazakhstan.

In order to identify corruption risks, the following internal regulatory documents of the Company regulating the activities of the Division were analyzed:

Instructions for the organization and conduct of purchases of goods, works and services in the KazakhExport Export Insurance Company Joint Stock Company (hereinafter referred to as the Procurement Instructions), approved by the resolution of the Board of KazakhExport EIC JSC dated 04/28/2022 (Minutes No. 26).

It is also worth noting that prior to the approval of the Procurement Instructions, the Company's activities for the purchase of goods, works and services for the analyzed period were regulated by the following internal documents of the Company:

- 1) Instructions on the organization and conduct of purchases of goods, works and services in KazakhExport EIC JSC, approved by the resolution of the Board of the Company dated 07/28/2020 No. 46 (expired in accordance with the resolution of the Board of the Company dated 30.09.2021 No. 56);
- 2) Instructions on the organization and conduct of purchases of goods, works and services in KazakhExport EIC JSC, approved by the resolution of the Board of the Company dated 30.09.2021 No. 56 (expired in accordance with the resolution of the Board of the Company dated 04/28/2022 No. 26).

An analysis of the norms of the Company's Procurement Instructions, affecting the activities of the Division, revealed the following corruption risks.

According to paragraph 21 of the Methodological Recommendations, the indicator of establishing a right instead of an obligation is the use of the phrases "entitled", "may".

The study of the Procurement Instructions revealed the following norms, which carry corruption-related factors:

Subparagraph 2) paragraph 30 of the Procurement Instructions provides that when purchasing by the method of requesting price offers, the Initiator of the procurement, no later than 3 (three) working days before the planned date of announcement of upcoming purchases via Simbase, sends to the head of the PD an application (memo) for the implementation of procurement procedures by the method of requesting price offers with the attachment of proposed additions for inclusion in the standard project the agreement. In this case, additions **may** be included in those paragraphs of draft model contracts provided for by the Rules.

Similarly, the above is also provided for when purchasing by tender, namely in subparagraph 4) of paragraph 39 of the Procurement Instructions.

Paragraph 45 of the Procurement Instructions provides that the members of the tender commission **may** be formed from among the representatives of the Customer, namely the Department of Legal Support, the Department of Strategy and Economic Planning, the Procurement Department and the Initiator of the procurement. If necessary, employees of other structural divisions **may** be included in the commission by agreement.

Thus, as part of the analysis of the Procurement Instructions, certain norms have been identified that potentially create corruption risks in terms of dispositive determination of the possibility of committing actions.

Recommendation:

According to the specified norms of the Procurement Instructions, make amendments that exclude the use of the phrases "entitled", "may".

Paragraph 2. Identification of corruption risks in the organizational and managerial activities of the Division.

In accordance with paragraph 18 of the Policy, organizational and managerial activities include the following issues:

- 1) personnel management, including staff turnover;
- 2) conflict of interest settlement;
- 3) compliance of the activities of the IRD s of the Division of the Company and the legislation of the Republic of Kazakhstan.

1. The staffing of the Unit as of January 1, 2021 was an employee and as of December 31, 2021 was an employee.

The staffing of the Division as of January 1, 2022 was an employee and as of December 31, 2022 was an employee.

The staffing of the Unit as of January 1, 2023 was an employee and as of December 29, 2023 was an employee.

2. There was no turnover of personnel in the Division during 2021.

During 2022, the turnover of personnel in the Department is caused.

During 2023 in the Division .

3. In 2021, 2022 and 2023, employees of the Division were not brought to disciplinary responsibility, complaints and reports of illegal actions of employees of the Division through the hotline channels, as well as as a result of direct appeals to the management of the Company were not received.

4. During the analyzed period, there was no conflict of interest in the activities of the Division.

5. The facts of non-compliance of the Company's IRs with the legislation of the Republic of Kazakhstan in the activities of the Division during the reporting period have not been established.

6. During the analyzed period, training was conducted for employees of the Division:

- 1) 09/28/2022 on the topic "Fraud schemes in the company and measures to prevent them";
- 2) 10/28/2022 on the topic "Implementation of the company's anti-corruption policy";
- 3) 02/28/2023 on the topic "Anti-corruption restrictions and standards in the quasi-public sector";
- 4) 06/23/2023 on the topic "Business processes of a company exposed to fraud risks";
- 5) 11/22/2023 on the topic "Legislation of the Republic of Kazakhstan on combating corruption and fraud and the application of its norms in the current activities of the company."

CONCLUSION:

Based on the results of the Analysis of IRDs affecting the activities of the Division, recommendations were made on making changes to the Instructions for Organizing and conducting purchases of Goods, Works and Services in the Company, and to the Regulations on the Procurement Department.

Based on the results of the Analysis of the organizational and managerial activities of the Division, no corruption risks were identified.

Chairman of the Management Board

A.Ye. Kaligazin.

Agreed by

Members of the working group:

Head of Compliance service

A.S. Zhakayeva

Chief Compliance Officer

B.M. Tumenbayev

Head of the Division:

Director of the Procurement Department S. M. Bitebayev

Approved by

Chairman of the Management Board of KazakhExport EIC JSC A. Ye. Kaligazin

Director of the Procurement Department S. M. Bitebayev

January 9, 2024

**Action plan
on elimination of the causes and conditions that contribute to the commission of corruption offenses,
identified by the results of an internal analysis of corruption risks in the Procurement Department of KazakhExport EIC JSC**

Ser. No.	Recommendation	Activity	Activity completion Form	Executors	Term of execution
1.	In the Instructions on the organization and conduct of purchases of goods, works and services in KazakhExport JSC, amend subparagraph 2) of paragraph 30, subparagraph 4) of paragraph 39 and paragraph 45, excluding the use of the phrases "entitled", "may".	Draft Amendments to the Instructions on the organization and conduct of procurement of goods, works and services in KazakhExport EIC JSC	Amendments and additions to the Instructions on the organization and conduct of purchases of goods, works and services in KazakhExport EIC JSC approved by the Board of KazakhExport EIC JSC	Procurement Department	April 2024

ANALYTICAL REPORT ON THE RESULTS OF THE INTERNAL ANALYSIS OF CORRUPTION RISKS IN THE ACTIVITIES OF THE DEPARTMENT OF STRATEGY AND ECONOMIC PLANNING OF KAZAKHEXPORT EIC JSC

Astana

January 8, 2024

1. THE INTRODUCTORY PART.

The basis for conducting an internal analysis of corruption risks (hereinafter referred to as the IACR) was the order of the Chairman of the Board of KazakhExport EIC JSC (hereinafter referred to as the Company) No. 142-O dated December 4, 2023.

The composition of the working group was determined from the following employees of the Company:

- 1) Head of the Working Group, Head of the Compliance Service, Assel S. Zhakayeva;
- 2) Member of the Working Group, Chief Compliance Controller Bakytzhan M. Tumenbayev.

The name of the object of internal analysis of corruption risks: The Department of Strategy and Economic Planning of the Company (hereinafter referred to as the Division).

The analyzed period of the Company's activity: 2021, 2022 and 2023.

The IACR was conducted in the following areas:

- 1) Identification of corruption risks in the internal documents of the Division;
- 2) Identification of corruption risks in the organizational and managerial activities of the Division.

The IACR period is from December 4, 2023 to December 29, 2023.

During the IACR, the working group was guided by:

- 1) Methodological recommendations for conducting an internal analysis of corruption risks, approved by Order No. 488 of the Chairman of the Anti-corruption Agency of the Republic of Kazakhstan (Anti-Corruption Service) dated December 30, 2022 (hereinafter – Methodological Recommendations);
- 2) Standard Rules for conducting internal analysis of corruption risks, approved by Order No. 12 of the Chairman of the Agency of the Republic of Kazakhstan for Civil Service Affairs and Anti-Corruption dated October 19, 2016;
- 3) The Anti-Corruption Policy approved by the resolution of the Company's Management Board dated September 29, 2023 (Minutes No. 66) (hereinafter referred to as the Policy).

2. INFORMATION AND ANALYTICAL PART.

Paragraph 1. Identification of corruption risks in the Company's internal documents.

In accordance with the Regulation on the Department of Strategy and Economic Planning of the KazakhExport Export Insurance Company Joint Stock Company (hereinafter referred to as the Regulation), approved by the decision of the Board of KazakhExport EIC JSC dated May 26, 2023 (Minutes No. 32), the Division in its activities is guided by the Constitution of the Republic

of Kazakhstan, legislation The Republic of Kazakhstan, the Company's Charter, decisions of the Company's management bodies, Regulations and other internal regulatory documents of the Company. The staffing table of the Division is approved by the Management Board of the Company. The activities of the Division are supervised by the Deputy Chairman of the Management Board, a member of the Management Board. The Division is headed by a director who organizes the overall management of the Division's activities and is personally responsible for the timely and high-quality execution of the tasks and functions of the Division. The Division consists of three employees - the director, the deputy director and the chief manager.

The main tasks of the Division are:

- 1) development, coordination, updating, and monitoring of the implementation of the Company's Development Plan and the Operational Plan for its implementation;
- 2) development, adjustment, and monitoring of the implementation of the Company's Action Plan;
- 3) formation, revision (adjustments), monitoring of the execution of the Annual Budget of the Company, budgetary control over the expenditure of the Company's funds;
- 4) interaction with state bodies of the Republic of Kazakhstan and organizations;
- 5) high-quality and timely preparation of other reports within the competence of the Department;
- 6) development, coordination and approval of internal regulatory documents.

It should be noted that the Company's activities in the field of planning and budgeting were, among others, the subject of an internal state audit to assess the effectiveness of the Company's activities for the period from 2021 to 2022, conducted in the 1st quarter of 2023, according to the results of which recommendations were provided to eliminate violations and deficiencies in the Company's activities.

As of the date of the IACR, all recommendations provided by the results of the internal state audit were accepted by the Company for execution, and a report on execution was submitted to the Ministry of National Economy of the Republic of Kazakhstan.

In order to identify corruption risks, the following internal regulatory documents of the Company regulating the activities of the Division were analyzed:

- 1) The Company's Budgeting Regulations, approved by the resolution of the Company's Management Board dated December 24, 2020 (Minutes No. 83) (hereinafter referred to as the Regulations);
- 2) The Rules for the development, coordination, approval, monitoring and updating of the development plan of the KazakhExport Export Insurance Company Joint Stock Company, approved by the resolution of the Company's Management Board dated September 23, 2022 (Minutes No. 61) (hereinafter - the Rules);
- 3) The rules for the development, coordination, approval, adjustment, execution and monitoring of the Action Plan of KazakhExport EIC JSC, approved by the decision of the Board of Directors dated 08/27/2022 No. 10.

It should also be noted that during the analyzed period, the Company's planning and budgeting activities were regulated by the following internal documents of the Company:

- 1) The rules for the development, coordination, approval, adjustment, Execution and Monitoring of the Development Plan of the KazakhExport Export Insurance Company Joint Stock Company, approved by the decision of the Board of Directors of the Company dated 11/25/2020

No. 11 (expired in accordance with the decision of the Board of Directors of the Company dated 06/17/2021 No. 6);

2) The rules for the development, coordination, approval, adjustment, Execution and Monitoring of the Development Plan of the KazakhExport Export Insurance Company Joint Stock Company, approved by the resolution of the Board of Directors of the Company dated 06/17/2021 No. 6 (expired in accordance with the resolution of the Board of Directors of the Company dated 08/27/2022 No. 10).

The holding of a IACR in relation to the Division is also conditioned by the Compliance Service of the Company for 2023 provided for in the Work Plan (Compliance Program), approved by decision No. 13 of the Board of Directors of the Company dated December 22, 2022, where paragraph 13 provides for the event "Analysis of budget applications of administrators of budget items from among employees and structural divisions of the Company for prevention of risks of corporate fraud and abuse (creation of artificial business needs, overstatement of budget expenditures)", in connection with which, the working group also emphasized the implementation of the IACR in this area.

An analysis of the Company's Regulations and Rules affecting the activities of the Division revealed the following corruption risks.

1. According to paragraph 21 of the Methodological Recommendations, the indicator of the establishment of a right instead of an obligation is the use of the phrases "entitled", "may".

The study of the Regulations revealed the following norms, which carry corruption-causing factors:

1) According to the third part of paragraph 19 of the Regulations, exceeding the deadline for submitting and allowing the submission of budget applications that do not comply with the requirements of these Regulations is a violation of budget discipline and employees who have committed poor-quality planning may be disciplined in accordance with the established procedure.

2) In accordance with paragraph 41 of the Regulations, exceeding expenses and capital expenditures, allowing non-compliance with planned budget parameters and non-utilization of funds from the Annual Budget is a violation of budgetary discipline and persons who committed these violations may be disciplined in accordance with the established procedure based on the results of consideration by the Management Board of the Company of the Results for the reporting year.

Thus, as part of the analysis of the Regulations, certain norms have been identified that potentially create corruption risks in terms of dispositive determination of the possibility of committing actions.

Recommendation:

According to the specified rules of the Regulations, make changes that exclude the use of the phrase "may".

2. According to the approximate list of corruption-related functions set out in the Methodological Recommendations, the area of increased corruption risk is the management of state property in terms of budget planning, where a typical corruption-related factor may be the possibility of including information in the budget application that affects the increase in allocated funds.

In accordance with subparagraph 3 of paragraph 17 of the Regulations, the budget application of the administrator of the budget line consists of at least 3 (three) price/commercial offers from potential suppliers.

At the same time, according to the second part of subparagraph 3) of paragraph 17 of the Regulations, if the supplier offers a value without VAT in the price offer, VAT is added to the cost of goods, works or services and the total amount of expenses is included in the draft Annual budget.

The Code of the Republic of Kazakhstan "On Taxes and Other mandatory Payments to the Budget (Tax Code)" provides that legal entities -residents, non-residents operating in the Republic of Kazakhstan through a branch, representative office, individual entrepreneurs, persons engaged in private practice are subject to mandatory registration for value added tax if the amount of The taxpayer's turnover during a calendar year exceeds the minimum turnover established for the purposes of registration for value added tax.

Considering that the tax legislation of the Republic of Kazakhstan provides for both payers and non-payers of VAT, the working group, after analyzing the specified norm of the Regulations, comes to the conclusion that adding VAT to the cost of goods, works and services offered by a supplier who is not a VAT payer, carries the risk of overstating budget expenditures when planning the annual budget of the Company.

Recommendation:

Make an addition to the specified paragraph of the Regulations, including the wording "if the supplier is a VAT payer".

Paragraph 2. Identification of corruption risks in the organizational and managerial activities of the Division.

In accordance with paragraph 18 of the Policy, organizational and managerial activities include the following issues:

1) personnel management, including staff turnover;

2) conflict of interest settlement;

3) compliance of the activities of the IRD s of the Division of the Company and the legislation of the Republic of Kazakhstan.

1. The staffing of the Unit as of January 1, 2021 was an employee and as of December 31, 2021 was an employee.

The staffing of the Division as of January 1, 2022 was an employee and as of December 31, 2022 was an employee.

The staffing of the Unit as of January 1, 2023 was an employee and as of December 29, 2023 was an employee.

2. In 2021, 2022 and 2023, employees of the Division were not brought to disciplinary responsibility, complaints and reports of illegal actions of employees of the Division through the hotline channels, as well as as a result of direct appeals to the management of the Company were not received.

3. In the reporting period, there was no conflict of interest in the activities of the Division.

4. The facts of non-compliance of the Company's IRs with the legislation of the Republic of Kazakhstan in the activities of the Division during the reporting period have not been established.

5. During the analyzed period, the following internal training was conducted for employees of the Departments:

- 1) 09/28/2022 on the topic "Fraud schemes in the company and measures to prevent them";
- 2) 10/28/2022 on the topic "Implementation of the company's anti-corruption policy";
- 3) 02/28/2023 on the topic "Anti-corruption restrictions and standards in the quasi-public sector";
- 4) 06/23/2023 on the topic "Business processes of a company exposed to fraud risks";
- 5) 11/22/2023 on the topic "Legislation of the Republic of Kazakhstan on combating corruption and fraud and the application of its norms in the current activities of the company."

CONCLUSION:

Based on the results of the Analysis of IRDs affecting the activities of the Division, a recommendation was made to make changes and additions to the Company's Budgeting Regulations.

Based on the results of the Analysis of the organizational and managerial activities of the Division, no corruption risks were identified.

Chairman of the Management Board

A.Ye. Kaligazin.

Agreed by

Members of the working group:

Head of Compliance service

A.S. Zhakayeva

Chief Compliance Officer

B.M. Tumenbayev

Head of the Division:

Director of the Department of Strategy and Economic
Planning

M.Ye.Kazhymukhanov

Annex 2 to the Analytical Report

Approved by

Chairman of the Management Board of KazakhExport EIC JSC A. Ye. Kaligazin

Director of the Department of Strategy and Economic Planning
M.Ye.Kazhymukhanov

January 9, 2024

**Action plan
on elimination of the causes and conditions that contribute to the commission of corruption offenses,
identified by the results of an internal analysis of corruption risks in the Department of Strategy and Economic Planning of KazakhExport
EIC JSC**

Ser. No.	Recommendation	Activity	Activity completion Form	Executors	Term of execution
1.	Amend paragraphs 19 and 41 of the Company's Budgeting Regulations approved by the resolution of the Company's Management Board dated December 24, 2020 (Minutes No. 83), excluding the use of the wording "may".	Draft Amendments and additions to the Company's Budgeting Regulations, approved by the resolution of the Company's Management Board	Amendments and additions to the Company's Budgeting Regulations approved by the Board of KazakhExport EIC JSC, approved by the decision of the Board of the Company dated	Department of Strategy and Economic Planning	Q1 of 2024
2.	Make an addition to paragraph 3) paragraph 17 of the Company's	dated December 24, 2020 (Minutes No. 83)			Q1 of 2024

	Budgeting Regulations, approved by the resolution of the Company's Management Board dated December 24, 2020 (Minutes No. 83), providing for the wording "if the supplier is a VAT payer" when submitting a budget application with price proposals excluding VAT and adding VAT to the cost of goods, works and services.		December 24, 2020 (Minutes No. 83)		
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**ANALYTICAL REPORT ON THE RESULTS OF THE INTERNAL ANALYSIS OF
CORRUPTION RISKS OF THE INSURANCE IMPLEMENTATION
PROCESS/REINSURANCE PAYMENTS IN THE ACTIVITIES OF THE LEGAL
SUPPORT DEPARTMENT OF KAZAKHEXPORT EIC JSC**

Astana

January 8, 2024

1. THE INTRODUCTORY PART.

The basis for conducting an internal analysis of corruption risks (hereinafter referred to as the IACR) was the order of the Chairman of the Board of KazakhExport EIC JSC (hereinafter referred to as the Company) No. 142-Θ dated December 4, 2023.

The composition of the working group was determined from the following employees of the Company:

- 1) Head of the Working Group, Head of the Compliance Service, Assel S. Zhakayeva;
- 2) Member of the Working Group, Chief Compliance Controller Bakytzhan M. Tumenbayev.

The name of the object of internal analysis of corruption risks: the Legal Support Department of the Company for the process of making insurance/reinsurance payments (hereinafter referred to as the Division).

The analyzed period of the Company's activity: 2021, 2022 and 2023.

The IACR was conducted in the following areas:

- 1) Identification of corruption risks in the internal documents of the Division;
- 2) Identification of corruption risks in the organizational and managerial activities of the Division.

The IACR period is from December 4, 2023 to December 29, 2023.

During the IACR, the working group was guided by:

- 1) Methodological recommendations for conducting an internal analysis of corruption risks, approved by Order No. 488 of the Chairman of the Anti-corruption Agency of the Republic of Kazakhstan (Anti-Corruption Service) dated December 30, 2022 (hereinafter – Methodological Recommendations);
- 2) Standard Rules for conducting internal analysis of corruption risks, approved by Order No. 12 of the Chairman of the Agency of the Republic of Kazakhstan for Civil Service Affairs and Anti-Corruption dated October 19, 2016;
- 3) The Anti-Corruption Policy approved by the resolution of the Company's Management Board dated September 29, 2023 (Minutes No. 66) (hereinafter referred to as the Policy).

2. INFORMATION AND ANALYTICAL PART.

Paragraph 1. Identification of corruption risks in the Company's internal documents.

In accordance with the Regulations on the Department of Legal Support of the KazakhExport Export Insurance Company Joint Stock Company (hereinafter referred to as the Regulations), approved by the resolution of the Board of KazakhExport EIC JSC dated December 26, 2022 (Minutes No. 87), the Division is guided in its activities by the Constitution of the Republic of Kazakhstan, the legislation of the Republic of Kazakhstan, the Charter of the Company, resolutions of the Company's management bodies, Regulations and other internal regulatory documents of the Company. The staffing table of the Division is approved by the Management Board of the Company. The activities of the Division are supervised by the Managing Director. The Division is headed by a director who organizes the overall management of the Division's activities and is personally responsible for the timely and high-quality execution of the tasks and functions of the Division. The division consists of six employees – the director, the deputy director, 2 chief managers, the chief manager, the secretary of the Public Council and the Secretary of the Management Board.

The main tasks of the Division are:

- 1) legal expertise of draft contracts, internal regulatory documents of the Company, internal acts of the Company, other documents in the production of the Division, legal advice, preparation of relevant conclusions;
- 2) legal support for the preparation, approval and updating of the Company's constituent documents, documents on the issue and placement of shares of the Company;
- 3) organization of the process of insurance/reinsurance payments;
- 4) representation of the Company's interests in courts and other state bodies and organizations on issues related to the legal support of the Company's activities.

It should be noted that the Company's activities in the field of insurance payments were, among others, the subject of an internal state audit to assess the effectiveness of the Company's activities for the period from 01.01.2021 – 12/31/2022, conducted in the Q1 of 2023, according to the results of which recommendations were provided to eliminate violations and deficiencies in the Company's activities.

As well as the issue of insurance and reinsurance payments was one of the subjects of the audit of the Company's processes on insurance, reinsurance and underwriting of the Sole Shareholder of the Company represented by Baiterek NMH JSC for the period from 01.01.2020 - 30.12.2022 conducted from 22.05.2023 - 08.08.2023, according to the results of which the Action Plan for implementation of the Audit Act of the Company dated 8 August 2023 (hereinafter - the Action Plan) was received for execution.

As of the date of the IACR, all recommendations provided by the results of the internal state audit were accepted by the Company, and a report on implementation was submitted to the Ministry of National Economy of the Republic of Kazakhstan, as well as on 12/28/2023. An interim report on the implementation of the action plan was sent to Baiterek NMH JSC.

In order to identify corruption risks, the following internal regulatory documents of the Company regulating the activities of the Division were analyzed:

- 1) Instructions for the implementation of insurance and reinsurance payments of the Company, approved by the resolution of the Board of the Company dated June 30, 2022 (Minutes No. 39) (hereinafter - the Instruction);
- 2) The Regulations of the Committee for the Settlement of Insurance Claims and Disputes of the Company, approved by the resolution of the Board of the Company dated December 3, 2021 (Minutes No. 72) (hereinafter - the Regulations);

3) The Regulation on the Asset and Liability Management Board of the Company, to the Regulation on the Organizational and Functional Structure of the Company, approved by the resolution of the Board of Directors of the Company dated June 13, 2022 (Minutes No. 8);

4) Limits of insurance/reinsurance payments, decision-making on which falls within the competence of the Board of Directors of Baiterek National Managing Holding JSC, the Board of Directors, the Management Board, the Asset and Liability Management Board, the Company's payment division for individual Insurance Contracts (including a set of insurance and reinsurance contracts, the object of insurance for which are the property interests of the Policyholders/Beneficiaries related to losses arising from non-fulfillment of obligations by the same legal entity), approved by the resolution of the Board of Directors of the Company dated April 22, 2022 (Minutes No. 4);

It should also be noted that during the analyzed period, the Company's activities for the implementation of insurance and reinsurance payments were regulated by the following internal documents of the Company:

1) Instructions on the implementation of insurance and reinsurance payments of the Company, approved by the resolution of the Company's Management Board dated June 5, 2019 (Minutes No. 18) (expired in accordance with the resolution of the Company's Management Board dated June 30, 2022 (Minutes No. 39)).

The holding of the IACR is due to the event "Conducting an internal analysis of corruption risks in the Company's work and business processes" provided for in paragraph 14 of the Work Plan (Compliance Program) of the Company's Compliance Service for 2023, approved by the resolution of the Board of Directors of the Company dated December 22, 2022 (Minutes No. 13).

The resolution on insurance payment/reinsurance compensation is made in accordance with the limits of insurance/reinsurance payments approved by the Board of Directors of the Company.

The DLS is responsible for compliance with the limits of insurance deductions/reinsurance payments when making these payments.

Resolutions on the implementation of insurance payments within the approved limits adopted by the Asset and Liability Management Board and the Management Board of the Company are made after coordination with the Risk Management Department and Compliance Service, by coordinating with these departments the materials submitted for consideration by the Asset and Liability Management Board and/or the Management Board of the Company.

An analysis of the payments made during the period under review to comply with the limits on making resolutions on the implementation of insurance payments/ reinsurance compensation in accordance with the limits of insurance/reinsurance payments approved by the Board of Directors of the Company did not reveal discrepancies, the acts were agreed with the interested structural divisions.

In the process of analyzing the norms of the above-mentioned internal regulatory documents regulating the activities of the Unit and its organizational and managerial activities, the following corruption risks or norms that create conditions for corruption were identified.

According to paragraph 7) of paragraph 3 of paragraph 24 of the Methodological Recommendations, the absence of requirements for the settlement of conflicts of interest in documents regulating the activities of collegial bodies is an indicator of corruption risks.

In this regard, an addition should be made to the Regulations providing for the obligation of members of collegial bodies to notify of a conflict of interest and take measures to resolve it in

accordance with the internal regulatory documents of the Company and the legislation of the Republic of Kazakhstan.

Thus, as part of the analysis of the Regulations, certain norms have been identified that potentially create corruption risks in terms of resolving conflicts of interest.

Recommendation:

According to the specified norm of the Regulations, to make an addition providing for the obligation of members of collegial bodies to notify of a conflict of interest and take measures to resolve it in accordance with the internal regulatory documents of the Company and the legislation of the Republic of Kazakhstan.

Paragraph 2. Identification of corruption risks in the organizational and managerial activities of the Division.

In accordance with paragraph 18 of the Policy, organizational and managerial activities include the following issues:

- 1) personnel management, including staff turnover;
- 2) conflict of interest settlement;
- 3) compliance of the activities of the IRD s of the Division of the Company and the legislation of the Republic of Kazakhstan.

1. During the analyzed period, there were no complaints or reports of illegal actions by employees of the Division through the hotline channels, as well as as a result of direct appeals to the management of the Company.

3. In the reporting period, there was no conflict of interest in the activities of the Division.

4. The facts of non-compliance of the Company's IRs with the legislation of the Republic of Kazakhstan in the activities of the Division during the reporting period have not been established.

5. During the analyzed period, training was conducted for employees of the Division:

- 1) 09/28/2022 on the topic "Fraud schemes in the company and measures to prevent them";
- 2) 10/28/2022 on the topic "Implementation of the company's anti-corruption policy";
- 3) 02/28/2023 on the topic "Anti-corruption restrictions and standards in the quasi-public sector";
- 4) 06/23/2023 on the topic "Business processes of a company exposed to fraud risks";
- 5) 11/22/2023 on the topic "Legislation of the Republic of Kazakhstan on combating corruption and fraud and the application of its norms in the current activities of the company."

CONCLUSION:

Based on the results of the Analysis of IRDs affecting the activities of the Division, a recommendation was made to amend the Regulations of the Committee for the Settlement of Insurance Claims and Disputes of the Company.

Based on the results of the Analysis of the organizational and managerial activities of the Division, no corruption risks were identified.

Chairman of the Management Board

A.Ye. Kaligazin.

Agreed by

Members of the working group:

Head of Compliance service A.S. Zhakayeva

Chief Compliance Officer B.M. Tumenbayev

Head of the Division:

Director of the Department of Legal Support S. K. Nurmukhambetov

Approved by

Chairman of the Management Board of KazakhExport EIC JSC A. Ye. Kaligazin

Director of the Legal Support Department
S. K. Nurmukhambetov

January 09, 2024

**Action plan
on elimination of the causes and conditions that contribute to the commission of corruption offenses,
identified by the results of an internal analysis of corruption risks in the Department of Legal Support
of KazakhExport ESC JSC**

Ser. No.	Recommendation	Activity	Activity completion Form	Executors	Term of execution
1.	An addition should be made to the Regulations of the Insurance Claims and Disputes Settlement Committee of the Company, approved by the resolution of the Company's Management Board dated December 3, 2021 (Minutes No. 72), providing for the obligation of members of collegial bodies to notify of a conflict of interest and take measures to	Draft amendments to the Regulations of the Insurance Claims and Disputes Settlement Committee of the Company, approved by the resolution of the Board of the Company dated December 3, 2021 (Minutes No. 72)	Approved by the Management Board of KazakhExport ESC JSC additions to the Regulations of the Committee for Settlement of Insurance Claims and Disputes of the Company approved by the resolution of the	Department of Legal Support	March 2024

	resolve it in accordance with the internal regulatory documents of the Company and the legislation of the Republic of Kazakhstan.		Management Board of the Company dated 3 December 2021 (Minutes No. 72)		
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