

Appendix No.2  
to the minutes of the meeting of  
the Board of Directors of  
Kazakhstan Housing Company  
Joint Stock Company  
dated August 25, 2023  
(protocol No. 11)

APPROVED  
by the decision of  
the Board of Directors of  
Kazakhstan Housing Company  
Joint Stock Company  
dated August 25, 2023  
(protocol No. 11)

**REGULATION**  
**on the Compliance Control Service of Kazakhstan Housing Company**  
**Joint Stock Company**

**Content:**

1. General provisions
2. Status of the CCS
3. Goals, objectives, principles and functions of the CCS
4. Powers and responsibilities of the CCS
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**1. General provisions**

1. The Regulation on the Compliance Control Service of Kazakhstan Housing Company Joint Stock Company (hereinafter referred to as the Regulation) has been developed in accordance with paragraph 3 of Article 16 of the Law of the Republic of Kazakhstan "On Combating Corruption" (hereinafter referred to as the Law), a Model Regulation on Anti-Corruption Compliance Services in Quasi-public Sector Entities, approved by the Order of the Chairman of the Agency of the Republic of Kazakhstan on Combating Corruption (Anti-Corruption Service) dated March 31, 2023 No. 112, the Charter and internal documents of Kazakhstan Housing Company Joint Stock Company (hereinafter - the Company), which is a subsidiary of National Managing Holding "Baiterek" Joint Stock Company (hereinafter - the Holding).

2. This Regulation defines the goals, objectives, principles, functions and powers of the Compliance Control Service (hereinafter referred to as the CCS), establishes requirements for the qualifications of the manager and employees (hereinafter collectively referred to as the CCS employees), defines the procedure for interaction of the CCS with structural divisions, Company bodies and other organizations.

3. The following basic concepts are used in this Regulation:

- anti-corruption compliance - the function of ensuring compliance by the Company and its employees with the legislation of the Republic of Kazakhstan on combating corruption;
- internal analysis of corruption risks – identification and study of the causes and conditions that contribute to the commission of corruption offenses;
- conflict of interests – a contradiction between the personal interests of the Company's employees and their official powers, in which the personal interests of those persons may lead to non-performance and (or) improper performance of their official duties;
- corruption offense – an illegal guilty act (action or omission) that has signs of corruption, for which administrative or criminal liability is established by law;
- corruption risk – the possibility of causes and conditions that contribute to the commission of corruption offenses;
- prevention of corruption – the activities of anti-corruption entities to study, identify, limit and eliminate the causes and conditions that contribute to the commission of corruption offenses by developing and implementing a system of preventive measures;
- the authorized anti-corruption body is a state body responsible for the formation and implementation of the anti-corruption policy of the Republic of Kazakhstan and coordination in the field of anti-corruption, as well as prevention, detection, suppression, disclosure and investigation of corruption offenses, and its territorial divisions.

4. Qualification requirements, job responsibilities, rights, powers and responsibilities of the CCS employees are established by job descriptions in accordance with Appendices 1, 2 to this Regulation.

5. Social support, compensation payments, vacation pay and benefits for the CCS employees are carried out in accordance with the Company's internal regulatory documents.

6. An employment contract with the CCS employees is concluded and terminated on the basis of a decision of the Board of Directors by the Chairman of the Board of Directors or the Head of the executive body of the Company (hereinafter referred to as the Executive Body) in accordance with the labor legislation of the Republic of Kazakhstan.

## **2. Status of the CCS**

7. The CCS is directly organizationally subordinate and functionally accountable to the Board of Directors, exercises its powers independently of the Executive Body, Company officials, is independent in ensuring compliance with the requirements of the legislation of the Republic of Kazakhstan, has direct and unhindered access to the Executive Body of the Company.

8. The Audit and Risk Management Committee of the Board of Directors (hereinafter referred to as the ARMC) oversees the activities of the CCS in accordance with internal regulatory documents regulating the activities of the ARMC. In the absence of an ARMC in the Company, its functions are carried out directly by the Board of Directors.

9. In order to organize the activities, the CCS is administratively subordinate to the Executive Body that ensures the appropriate working conditions of the CCS employees, remuneration, publication on the basis of decisions taken by the Board of Directors, relevant orders concerning the activities of the CCS, control over compliance with the labor regulations, execution of orders for business trips, vacations, as well as other actions that do not contradict the status of the CCS in accordance with this Regulation and other regulatory documents of the Company. The Executive body should not use administrative supervision to influence the independence and objectivity of the CCS.

10. The Board of Directors determines the quantitative composition of the CCS, appoints the CCS employees, as well as prematurely terminates their powers, determines the term of office, working procedure and other conditions of remuneration for the CCS employees.

11. It is not allowed to combine the functions of the CCS with the functions of other structural divisions of the Company.

12. The head of the CCS ensures the fulfillment of the tasks assigned to the CCS.

13. The executive body, structural divisions, officials and employees of the Company are obliged to assist the CCS in the implementation of their functions and the exercise of their rights, including in terms of logistical support of activities and the provision of information and materials requested accordingly.

14. The CCS employees need to constantly improve their professional qualifications by participating in training events held by authorized bodies and professional organizations in the field of compliance.

### **3. Goals, objectives, principles and functions of the CCS**

15. The main purpose of the CCS is to ensure compliance by the Company and its employees with the legislation of the Republic of Kazakhstan on combating corruption, as well as monitoring the implementation of anti-corruption measures.

16. Objectives of the CCS:

1) ensuring the implementation of tools for the prevention of corruption offenses by the Company and its employees;

2) effective implementation of a system of anti-corruption measures in the Company;

3) ensuring internal analysis of corruption risks in the Company;

4) ensuring compliance with external regulatory requirements and best international practices, including on anti-corruption issues;

5) ensuring compliance with the basic principles of anti-corruption in accordance with the Law;

6) organization and implementation of compliance control, as well as compliance risk management in the Company;

7) ensuring timely formation of reports and other information provided to authorized bodies and structural divisions of the Company;

8) organization of the internal control system in the Company;

9) improving the Company's compliance culture.

17. When introducing and implementing the functions of compliance control and anti-corruption compliance, the CCS is guided by the following principles:

1) sufficiency of powers and resources allocated to perform the functions of compliance control and anti-corruption compliance;

2) management's interest in the effectiveness of compliance control and anti-corruption compliance;

3) information openness of the CCS activities;

4) independence of the CCS;

5) continuity of compliance control and anti-corruption compliance;

6) improving compliance control and anti-corruption compliance;

7) continuous improvement of the competencies of the CCS employees.

18. In order to fulfill the assigned tasks, the CCS performs the following functions:

**Objective:** Ensuring compliance by the Company and its employees with the legislation of the Republic of Kazakhstan on combating corruption.

**Functions:**

- 1) conducts anti-corruption monitoring, internal analysis of corruption risks in the Company;
- 2) ensures the development of: the Company's internal anti-corruption policy; anti-corruption instructions for the Company's employees; internal policy for identifying and resolving conflicts of interest in the Company; anti-corruption standard, in accordance with anti-corruption legislation; internal action plan on anti-corruption issues; document regulating the procedure for informing the Company's employees about facts or possible violations of anti-corruption legislation; document regulating issues of corporate ethics and conduct;
- 3) collects, processes, summarizes, analyzes and evaluates information related to the effectiveness of anti-corruption policy in the Company;
- 4) coordinates the internal analysis of corruption risks in the Company's activities in accordance with the Standard Rules for Conducting Internal Analysis of Corruption Risks approved by the Order of the Chairman of the Agency of the Republic of Kazakhstan for Civil Service Affairs and Anti-Corruption dated October 19, 2016 No. 12 "On approval of the Standard Rules for Conducting Internal Analysis of Corruption Risks";
- 5) participates in an external analysis of corruption risks in the Company's activities, conducted by a joint decision of the first heads of the authorized anti-corruption body and the Company;
- 6) monitors identified corruption risks in the Company and measures taken to mitigate and eliminate them;
- 7) conducts explanatory activities on anti-corruption issues and the formation of an anti-corruption culture in the Company;
- 8) organizes anti-corruption training seminars for Company employees;
- 9) ensures control over compliance by the Company's employees with the anti-corruption policy and issues of corporate ethics and behavior;
- 10) promotes the formation of a culture of relationships corresponding to generally accepted moral and ethical standards in the Company's team;
- 11) ensures compliance by persons equated to persons authorized to perform state functions with financial control measures and anti-corruption restrictions established by Law within the competence of the CCS;
- 12) develops and monitors the implementation by the Company's structural divisions of the internal action plan on anti-corruption issues;
- 13) takes measures to identify, monitor and resolve conflicts of interest, including in matters of employment, procurement and business processes of the Company;
- 14) takes measures to resolve issues of giving and receiving gifts in the Company;
- 15) performs a comprehensive verification of the reliability of counterparties;
- 16) conducts internal inspections on the basis of appeals (complaints) and other reports (information) about corruption, violations of legislation and internal rules of the Company;
- 17) monitors and analyzes changes in anti-corruption legislation, judicial practice in cases related to corruption in the Company;
- 18) assesses the effectiveness of the implementation of anti-corruption measures by structural units and employees of the Company;
- 19) hears information from the Company's structural divisions and employees on anti-corruption issues;
- 20) makes recommendations to the head of the Company on the elimination of identified corruption risks, improving the efficiency of internal processes of the organization of the Company's activities;

21) performs functions related to compliance, business ethics, and sustainable development issues, if such functions do not affect independence and do not create a conflict of interest;

22) interacts with the authorized anti-corruption body and state bodies, quasi-public sector entities, public associations, as well as other individuals and legal entities;

23) collects, summarizes and analyzes information on issues related to the competence of the CCS to make recommendations to the structural divisions of the Company in order to prevent corruption, compliance risks, abuse and embezzlement of the Company's material and monetary resources;

24) identifies facts and takes measures to combat corruption, abuse and embezzlement of material and monetary assets of the Company by employees using their official position, conducts internal audits and investigations on such facts.

**Objective:** Organization and implementation of compliance control, as well as compliance risk management in the Company.

**Functions:**

1) participates in the process of introducing new products and services in the Company by providing conclusions/expertise for compliance risks and measures to minimize them;

2) monitors and controls operations and transactions subject to financial monitoring, as well as controls compliance with internal control rules for countering the legalization (laundering) of proceeds from crime and the financing of terrorism (hereinafter referred to as AML/CFT) arising in the course of the Company's activities and participates in the process of their settlement;

3) provides the structural divisions of the Company with consultations and/or conclusions on requests regarding the compliance of specific actions, operations (transactions) with the requirements of AML/CFT legislation;

4) carries out inspections of suspicious operations and transactions, including jointly with the structural divisions of the Company, in case of submission of relevant information, information and documents, carries out preventive measures to reduce existing risks in this area;

5) analyzes the Company's internal processes (scheduled and unscheduled compliance checks) in order to identify compliance risks and minimize them;

6) monitors the implementation of measures aimed at minimizing/eliminating compliance risks identified by the results of the analysis of the Company's processes/sub-processes (compliance checks);

7) analyzes complaints/appeals (statements) of individuals and legal entities against the actions of the Company and/or its employees in order to exclude compliance risks and corruption risks;

8) monitors the timeliness of the Company's responses to requests from the authorized bodies of the Republic of Kazakhstan, for completeness and reliability of the responses and the materials attached to them;

9) carries out the timely formation and provision to the responsible structural divisions of the Company of an updated list of persons and organizations associated with the financing of terrorism and extremism, as well as an updated list of taxpayers engaged in pseudo-entrepreneurial activities and a list of taxpayers recognized as inactive;

10) performs timely formation and provision of information about related and affiliated persons to the responsible structural divisions of the Company;

11) forms and provides the responsible structural divisions of the Company with a list of insiders from among the employees and authorized persons of the Company;

12) reconciliation of the Company's customer base with the list of persons involved in terrorist activities on a weekly basis;

13) carries out examination/approval of drafts of internal documents of the Company's structural divisions in order to identify and prevent compliance risks and corruption risks, including control over non-compliance with the norms of internal documents, and risks in terms of compliance with the legislation of the Republic of Kazakhstan on countering the legalization (laundering) of proceeds from crime and terrorist financing;

14) develops internal documents on the organization of the compliance control system, compliance risk management systems, as well as internal control systems in the Company;

15) provides structural divisions with recommendations on the development and modification of internal documents of the Company in order to minimize compliance risks and corruption risks.

**Objective:** Ensuring timely formation of reports and other information provided to authorized bodies and structural divisions of the Company.

**Functions:**

1) forms a register of reports submitted to state bodies, monitors and controls in order to timely provide the necessary reporting by the Company's structural divisions;

2) forms and submits to the Management Board and the Board of Directors of the Company on a quarterly basis a report on compliance risk management, on the work done to combat corruption;

3) provides compliance opinions on issues submitted to the Company's Board of Directors;

4) provides other types of reporting in accordance with the internal and administrative documents of the Company.

**Objective:** Ensuring the availability of an internal control system in the Company.

**Functions:**

1) ensures the effectiveness of the Company's activities, including the effectiveness of risk management, assets and liabilities, ensuring the safety of assets;

2) provides control over the completeness, reliability and timeliness of financial, regulatory and other reporting for internal and external users;

3) ensures compliance by the Company with the requirements of civil, tax, banking legislation of the Republic of Kazakhstan, legislation of the Republic of Kazakhstan on state regulation, control and supervision of the financial market and financial organizations, legislation of the Republic of Kazakhstan on currency regulation and currency control, on the securities market, on accounting and financial reporting, on credit bureaus and the formation of credit histories, on countering the legalization (laundering) of proceeds of crime and the financing of terrorism, on joint-stock companies, and internal documents of the Company.

**Objective:** Increasing the compliance culture in the Company.

**Functions:**

1) conducts training and other activities among the Company's employees aimed at improving the level of compliance culture and skills in the field of compliance risk management;

2) conducts testing of employees' knowledge, based on the results of training activities;

3) conducts explanatory activities on compliance risk management.

#### 4. Powers and responsibilities of the CCS

19. The CCS in the framework of its activities:

1) requests and receives information and materials from the Company's structural divisions, including those constituting commercial and official secrets;

2) initiates the submission of issues related to the competence of the CCS for consideration by the Management Board and the Board of Directors;

3) conducts internal checks on incoming reports of possible corruption offenses or violations of the legislation of the Republic of Kazakhstan on combating corruption, as well as other legislation and internal rules of the Company;

4) requires managers and other employees of the Company to submit written explanations as part of inspections and internal investigations;

5) develops proposals to improve the anti-corruption legislation of the Republic of Kazakhstan and sends them to the authorized anti-corruption body;

6) participates in the development of drafts of internal documents within its competence;

7) creates information channels for informing the Company's employees about the facts of the existence or potential possibility of violations of anti-corruption and other legislation, or making proposals to improve the effectiveness of anti-corruption measures.

8) has unhindered and full access to any assets, to all documents, accounting records and any other information, Company materials, including confidential information, and also has unhindered and full access to information databases, software in passive viewing mode, without the right to enter and correct data;

9) has direct and unhindered access to members of the Company's bodies or their committees, an employee of any structural subdivision of the Company in order to conduct consultations, discuss and/or resolve issues within the competence of the CCS;

10) freely expresses and discloses the results of inspections/reports to the Board of Directors;

11) has the right to participate in any kind of meetings, working groups, assemblies and other events of the Company's Management Board, as well as at meetings of the Board of Directors and structural divisions of the Company;

12) submits proposals for improving the Company's work for consideration by the Company's Management Board;

13) sends requests to the structural divisions of the Company in order to receive answers to the requests of regulatory authorities, as well as answers, information and explanations required by the CCS within the competence;

14) requires the provision of the necessary technical and material conditions sufficient for the effective and continuous implementation of its functions;

15) requires the structural divisions of the Company to eliminate violations of the legislation of the Republic of Kazakhstan and internal documents of the Company within the competence of the CCS;

16) engages specialists from other structural divisions of the Company to assist them in performing the functions assigned to the CCS, including on behalf of the Board of Directors;

17) conducts correspondence, requests and receives from other structural divisions, Company officials, information, documents and explanations necessary to fulfill the tasks and functions of the CCS.

20. Documents and requests sent on behalf of the CCS to other structural divisions of the Company on issues within the competence of the CCS are signed by the head of the CCS.

21. When carrying out its activities, the CCS:

1) observes the confidentiality of information about the Company and its affiliates, insider information that became known during the implementation of anti-corruption compliance functions, if it does not contain data on the impending and (or) committed corruption offense;

2) ensures the confidentiality of persons who have applied for alleged or actual facts of corruption, violations of the corporate Code of Ethics and other internal documents on anti-corruption issues in the Company;

3) promptly informs the Board of Directors of any situations related to the presence or potential possibility of violation of anti-corruption legislation;

4) informs the authorized anti-corruption body about the cases of corruption offenses that have become known, are being prepared, committed or have been committed;

5) does not interfere with the established operating mode of the Company;

6) observes official and professional ethics.

22. The CCS employees should not:

1) participate in the inspections of the processes in which they participated during the previous three years;

2) to participate in activities that could damage the impartiality of the audit or be perceived as causing such damage;

3) use confidential information for personal interests;

4) violate the norms of business ethics;

5) accept gifts and use services, as a result of which the independence, objectivity and impartiality of the CCS may be damaged or which may be perceived as causing such damage;

6) take part in inspections, official investigations and other activities that may lead to a conflict of interest.

23. The CCS is responsible:

1) for non-performance and/or improper performance of their duties and functions provided for by this Regulation;

2) for non-compliance with confidentiality conditions on all issues related to the Company's activities, including failure to ensure the safety of information related to banking and/or trade secrets, as well as information provided for by the legislation of the Republic of Kazakhstan on personal data protection;

3) for non-compliance with other requirements established by the Company's internal documents.

24. The Company's management needs to:

1) contribute to the creation of an effective environment for the implementation of the activities of the CCS, to assist in the fulfillment of its goals, tasks, functions and duties, in the realization of rights;

2) provide administrative (organizational and technical) support for the activities of the CCS, including providing the necessary capabilities, assets and resources for its activities, including information systems and applications (access to the necessary databases) and other goods, works, services;

3) provide the CCS employees with training and certification opportunities on the CCS activities, social and communication skills and competencies.

25. The interaction of the CCS with the structural divisions of the Company is based on mutual politeness and correctness in work.

26. Employees of the Company's structural divisions provide assistance to the CCS through:

1) providing documents and information necessary for the implementation of the tasks and functions of the CCS;

2) objective discussion of the identified risks and violations;

3) joint solution of emerging issues and problems.

## **5. CCS reporting**

27. The CCS sends quarterly information on the anti-corruption measures taken in the Company to the authorized anti-corruption body.

At the request of the authorized anti-corruption body, additional information is sent on the anti-corruption measures taken in the Company.

28. The CCS reports quarterly to the Board of Directors on the work of the CCS on compliance risks, on the work done to combat corruption.

In case of possible corruption offenses on the part of the Company's management, the CCS applies to the authorized state bodies in accordance with paragraph 1 of Article 24 of the Law.

## **6. Final provisions**

29. This Regulation comes into force from the date of its approval by the Board of Directors.

30. Amendments and additions to this Regulation may be performed by a decision of the Board of Directors on the initiative of ARMC and/or the Holding.

31. Issues not regulated by this Regulation are regulated by the legislation of the Republic of Kazakhstan, the Company's charter and other internal documents of the Company.