

**Joint Stock Company LOTTE Rakhat**

**APPROVED**  
**By Board Decision of JSC LOTTE Rakhat**  
**Minutes No. \_\_\_\_\_**  
**«\_\_\_\_\_» \_\_\_\_\_ 2024**

**COMPLIANCE PROGRAM**  
**JSC LOTTE RAKHAT**

**PI-22-04**

**Version 3**

### Revision Record Sheet

<b>Version number</b>	<b>Amended sections</b>	<b>Reasons of amendment</b>	<b>Date of amendments introduced</b>
<b>1</b>	<b>all</b>	<b>Newly introduced Memo No.2042 as of 17.08.2020</b>	<b>07.09.2020</b>
<b>2</b>	<b>p.III Appendix 1 p.3.7 Appendix 2 pp.2, 6, 7, 9, 10</b>	<b>Memo No.992 as of 20.02.2021</b>	<b>26.05.2021</b>
<b>3</b>	<b>p.1.1, p.3.4.1, p.3.7 Appendixes 1</b>	<b>Memo No.192 as of 18.01.2024</b>	

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## **I. General provisions**

1.1. The Compliance Program of Joint Stock Company LOTTE Rakhat (hereinafter referred to as the Program) determines the Compliance System Tools intended to prevent the risks of JSC LOTTE Rakhat, including subsidiaries (hereinafter referred to as the Company or JSC LOTTE Rakhat), namely, risks of corruption, fraud, legalization of proceeds from crime.

1.2. This Program is aimed at provision of functioning and development of the Company's Compliance system.

1.3. This Program was developed in accordance with the legislation of the Republic of Kazakhstan, Company's Charter, Company's Compliance Policy and Corporate Governance Code, and approved by the decision of the Company's Board.

1.4. The Company undertakes:

- keep records of assets and transactions in accordance with the legislation of the Republic of Kazakhstan;
- maintain the functioning of the Company's Internal Control System and Compliance system;
- ensure coordination of transactions with the Company's executive bodies, Board of Directors, General Meeting of Shareholders, in accordance with the legislation of the Republic of Kazakhstan, Company's Charter and internal documents.

## **II. Compliance system principles**

2.1. Intolerance towards corruption in any form.

The Company finds unacceptable any manifestations of corrupt actions during production, investment and any other activities. Intolerance towards corruption means a strict ban for any persons acting on behalf of the Company or in the sake of its interests, directly or indirectly, personally or through any mediatorship, to get engaged in corrupt actions, regardless of the business practice in a particular country.

2.2. Unconditional compliance.

The requirements of applicable legislation and internal regulatory and executive documents must be unconditionally and strictly observed by all Company's employees, regardless of their positions, length of experience, status and other relationships with the Company.

2.3. Unavoidability of punishment.

The Company shall apply all possible reasonable and legal efforts to quickly and inevitably bring to justice for corrupt actions and other violations of the requirements of international, local, and in the case of performing activities outside the Republic of Kazakhstan - applicable foreign legislation and internal regulatory and executive documents in the field of compliance, regardless of the size and form of such violations.

The Company reserves the right to make public information about persons brought to justice for corrupt actions as appropriate.

## **III. Compliance system tools**

The compliance system principles are being implemented and applied in the Company's current activities through the following tools:

3.1. Assessment of the Company's compliance risks

3.1.1. The Company implements and ensures a continuous and documented assessment of the Company's compliance risks. The compliance risks assessment includes the probability of the occurrence of the compliance risk and the materiality of the consequences of its occurrence.

3.1.2. Based on the assessed Company's compliance risks, a compliance risk map has been compiled, reflecting the extent of exposure of the Company's subdivisions and processes to compliance risks, as well as the procedures valid in the Company aimed at mitigating these risks.

3.1.3. The risks are assessed based on the probability of their occurrences:

- low – the event has occurred in the past, the probability of its occurrence in the future is low;

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- medium – the event has occurred in the past, the probability of its occurrence in the future is low;
- medium – the event has occurred in the past, the probability of its occurrence in the future is low;
- high – the event has occurred in the past, the probability of its occurrence in the future is relatively high.

### 3.2. Company's local regulations in the field of compliance.

Taking into account the assessment results and in order to mitigate compliance risks, the Company's local regulatory acts in the field of compliance should:

- reflect the Company's compliance values and envisage standards of conduct for all Company's employees;
- link the Company's objectives with the compliance rules and standards adopted in the international community;
- consistently address the compliance issues and any other relevant risks associated with professional integrity in all relevant compliance documents;
- be understandable to every Company's employee;
- apply to all Company's employees;
- prioritize the professional integrity value and explain this and other values of the Company in detail;
- contain sufficient hotline information in the field of compliance issues;
- contain regulations on the known compliance risks;
- be updated if necessary

### 3.3. Personnel training and rating

3.3.1. The Company introduces procedures for evaluating the standards of fitness and qualifications in the process of recruitment and career advancement in accordance with the requirements of applicable legislation and Company's in-house documents.

3.3.2. The Company develops and implements a compliance training program for all employees depending on their exposure to the compliance risks.

In accordance with the Company's in-house documents, categories of employees and processes most exposed to compliance risks are determined.

Compliance issues training is:

- conducted by qualified trainers to ensure understanding and acceptance of compliance policies and procedures;
- repeated periodically to communicate amendments to compliance policies and procedures;
- conducted with records of materials used and distributed, as well as lists of participants;
- conducted with the involvement of senior management to demonstrate to all employees their commitment to the above values.

### 3.4. Compliance system functioning personnel

3.4.1. For the purposes of ensuring the compliance system functioning, the Company has a Compliance Officer, reporting to the Company's Board of Directors.

3.4.2. The Compliance Officer executes the following functions:

- monitors the Program implementation;
- monitors the development and implementation of measures to mitigate the compliance risks by the Company's subdivisions/organizations of JSC LOTTE Rakhat;
- ensures continuous improvements in compliance;
- monitors elimination of deficiencies/violations in compliance;
- ensures report preparation on Program implementation to the Company's Management Board.

3.4.3. The employees responsible for internal control functions provide the Compliance Officer with all requested information and documents for the purpose of accurate and precise record of transactions and are guided by the Compliance Officer's instructions in respect of improvements to the Company's Internal Control System.

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### 3.5. The Board's commitment to the compliance issues.

Reviewing compliance issues and approval of compliance documents is conducted with the active participation of the Company's Management Board.

Members of the Company's Management Board and senior management:

- adhere to the principles of fair and honest business in accordance with applicable law;
- demonstrate complete intolerance towards corruption (bribery, commercial bribery, etc.);
- do not cooperate with business partners who do not share the Company's compliance values.

### 3.6. Compliance in the JSC LOTTE Rakhat Group organizations

3.6.1. The compliance system implementation tools are part of the uniform standards of Company's corporate governance, which act as uniform standards of general corporate rules for business and contribute to the formation of a uniform corporate culture of JSC LOTTE Rakhat.

The Company ensures the implementation of the compliance system tools by all subdivisions of JSC LOTTE Rakhat monitoring their implementation and development.

The list of compliance system tools implemented in the subdivisions of JSC LOTTE Rakhat is determined based on the sufficiency of measures necessary to mitigate possible compliance risks, taking into account types and scale of activities of each subdivision.

3.6.2. In newly established subdivisions of JSC LOTTE Rakhat, the compliance system tools provided for by this Program are implemented within a year from the date of their establishment.

### 3.7. Informing, checking, monitoring the Company's business partners

3.7.1. The Company informs its business partners about the commitment to compliance and compliance with the laws of each country in which the Company operates, and expects a similar commitment from the business partner. Such obligations of the business partner are fixed in contracts and agreements in accordance with applicable law.

The Company holds regular meetings with business partners on compliance issues within the framework of the relevant plan of the Company, defining the target groups, content and forms of meetings. The plan for meetings with business partners is developed in accordance with the compliance risk map. The meetings are held by the employees qualified and experienced in compliance issues. The Company keeps records of the participants at the meetings.

3.7.2. The Company conducts an appropriate risk-based due diligence on each prospective business partner. The due diligence is carried out prior to entering into a contractual relationship and periodically during the contractual relationship with the business partner. Business partner due diligence includes, but not limited to, checking legal ability/capacity of the partner is a good faith legal entity/individual acting lawfully, solvent and authorized to carry out the relevant business activities or to enter into relevant transactions.

Business partner due diligence must be conducted taking into account the compliance risks associated with the nature of partner's business activities.

Business partner due diligence must, at a minimum, take into account and evaluate:

- goodwill of the business partner based on confirmed information;
- history of the business partner's activities;
- liaison with government agencies, organizations, officials.

If possible, personal meetings or interviews should be held with the business partner's managers, addressing them with these issues.

When checking the business partner, the Company shall:

- properly and transparently document the business partner selection process;
- keep records and update the business partner database using data from independent information sources;
- continuously maintain and store business partner due diligence documents for at least 5 years after the contractual relationship completed.

Based on the due diligence results, the Company may reject or terminate the contractual relationship with the business partner as prescribed by the applicable law.

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3.7.3. The Company, on a contractual basis, obliges the business partners to provide the internal control system functioning, measures aimed at preventing compliance risks and risks in the field of ethics.

3.7.4. The Company provides the functioning of an appropriate, risk-based written procedure for deviating from the requirements of paragraph 3.7.3 of this Program under certain circumstances that substantiate such a deviation.

3.8. The Hotline on compliance issues and investigations on allegations of possible compliance violations.

3.8.1. The Company provides the functioning of the hotline on compliance issues, consideration of proposals received through the hotline for improving anti-corruption procedures, internal control procedures, as well as investigations on allegations received through the hotline on possible violations in the field of compliance and ethics.

3.8.2. The Compliance Hotline shall:

- be available to the Company's employees and JSC LOTTE Rakhat subdivisions and third parties, at least upon written requests, e-mail and telephone;
- guarantee confidentiality and anonymity.

3.8.3. Information received through the Compliance Hotline shall be continuously recorded and timely submitted for investigations.

3.8.4. The Compliance Hotline information should be communicated to the Company's employees and JSC LOTTE Rakhat subdivisions as part of compliance training and/or in any other appropriate form. The Compliance Hotline information shall be published on the Company's official website.

3.8.5. The Company shall timely and effectively investigate any complaint about a possible violation in the area of compliance received through the hotline.

3.8.6. The Company shall provide conditions for the investigators of allegations of possible compliance violations enabling them to:

- fully investigate any issues related to the investigation subject;
- access to documents (digital or paper) and employees who have information related to the investigation;
- use the information provided for the investigation, taking into account the requirements of applicable legislation and the Company's in-house documents in respect of confidential information.

3.8.7. The compliance investigators on allegations of possible compliance violations are required to keep proper records of the investigation process and outcomes.

3.8.8. The Company, within the framework of applicable law, ensures the possibility of holding liable the employees who have committed compliance violations.

3.9. Board of Directors' control.

3.9.1. The Company annually provides the Company's Board of Directors with a Program implementation report, including:

- Program implementation current status;
- information on ethics and legality in the Company;
- information on corrective actions required;
- key compliance risk areas based on the compliance risk map;
- information on the need to implement new compliance measures, as well as necessary amendments/corrections to the relevant policies and procedures;
- other information required for the Company's Board of Directors.

#### **IV. Program action. The procedure for the introduction of amendments and supplements into the Program**

4.1. The Company's Management Board decides on amendments and supplements to this Program.

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4.2. The Company's Management Board may terminate this Program and adopt a new Company's Compliance Program.

4.3. If there is a conflict between the provisions of the legislation of the Republic of Kazakhstan and this Program, the provisions of the current legislation of the Republic of Kazakhstan shall apply.

Developed by:  
Compliance Officer  
V.V. Tsoy



## COMPLIANCE POLICY OF JSC LOTTE RAKHAT

### **1. Basic concepts and definitions**

Compliance is the conformity of the Company's activities, as well as the Company's employees, with the requirements of international, Kazakhstan, and, in the case of operations outside the Republic of Kazakhstan, - applicable foreign legislation, as well as in-house regulatory and executive documents, decisions of the Company's management bodies.

The Compliance system is an assembly of the elements of corporate culture, organizational structure, rules and procedures regulated by the Company's in-house regulatory documents, ensuring conformity with the compliance principles by the Company's employees irrespective of the position they hold.

The priority areas for the development of the Company's compliance system are the areas of combating corruption and legalization (laundering) of proceeds from crime.

Corruption offenses include actions for which the current legislation of the Republic of Kazakhstan provides for administrative or criminal liability, including:

- 1) giving or taking a bribe, as well as acting as an intermediary in the transfer of a bribe;
- 2) receiving other property benefits and advantages in accordance with the legislation on combating corruption;
- 3) deliberate distortion of financial statements;
- 4) unauthorized use and (or) appropriation and (or) stealing of the Company's assets: embezzlement, misuse of funds, theft of fixed assets, inventory items;
- 5) actions of a corrupt nature, abuse of office and exceeding official powers: use of one's official powers and related opportunities to obtain financial benefits, violations when procuring goods, works, services, expressed in the forgery and (or) manipulation of documents, deliberate overstatement or understatement of the price of goods, works, services in order to obtain monetary rewards, expensive gifts or other benefits, deliberate destruction of information that is important for the Company's activities, destruction of databases or modification of database information, software implementation to provide access to third parties or for personal purposes;
- 6) actions of counterparties in order to obtain additional profit, other actions that may cause damage to the Company and (or) the state;
- 7) provision by counterparties of knowingly fraudulent, modified or distorted information for the purpose of deception or misleading and obtaining profit at the expense of the Company;
- 8) actions intended for unauthorized penetration into the Company's information systems or acquisition of confidential information for the purpose of making a profit and (or) causing damage to the Company's activities and (or) negatively affecting the Company's reputation;
- 9) other types of corruption offenses provided for by the current legislation of the Republic of Kazakhstan.

## **2. Compliance system principles:**

### **2.1. Intolerance to corruption in any form**

The Company believes that any manifestations of corruption during its production, investment and any other activities are unacceptable. Intolerance to corruption means a strict ban on any persons acting on behalf of the Company or for its interests, directly or indirectly, personally or through any intermediary, to participate in corrupt actions, regardless of the business practice in a particular country.

### **2.2. Unconditional compliance**

The requirements of applicable legislation and in-house regulatory and executive documents must, indeed and without fail, be observed by all Company's employees, regardless of their position, length of experience, status and other relationships with the Company.

### **2.3. Unavoidability of punishment**

The Company makes all possible reasonable and legal efforts to quickly and inevitably bring to justice for corruption and other violations of the requirements of international, Kazakhstan, and in the case of performing activities outside the Republic of Kazakhstan - applicable foreign legislation and in-house regulatory and executive documents in the field of compliance, regardless of size and form of such violations.

The Company reserves the right to make public information about persons brought to justice for corruption in accordance with the specified procedure.

## **3. Quintessential elements of the Compliance system**

### **3.1. Relations with employees**

The Company expects that all its employees share the Company's principles, set out in this Policy and the Corporate Governance Code of JSC LOTTE Rakhat, and, indeed, comply with all requirements of the current legislation and Company's in-house regulatory and executive documents.

The Company guarantees that no penalties will be applied to the employees who refuse to perform an action that, in accordance with the law, may be regarded as a corrupt practice, even if as a result of such refusal the Company failed to receive additional material or non-material benefits and/or suffered losses that could have been avoided only by violating the requirements of the law or this Policy.

The Company finds unacceptable and strives to promptly identify and prevent illegal retaliatory measures within the Company against the employees who in good faith reported an alleged fact of corrupt practice committed by another employee or in relation to an employee of the Company.

### **3.2. Relations with counterparties**

The Company prefers to cooperate with business partners who adhere to the same values as JSC LOTTE Rakhat.

To implement this statement, the Company exercises due diligence when engaging counterparties, and also informs about the requirements of this Policy.

### **3.3. Relations with public officials and state-related persons**

The Company finds unacceptable to pay or reimburse any expenses of public officials and/or state-related persons or public authorities-related persons, to provide them or in their interests any property or other benefits, with direct or indirect purpose to obtain any illegal advantages during their activities.

### **3.4. Executing representation expenses and gifts**

The Company finds unacceptable to execute representation expenses, give and receive gifts if such expenses or gifts have a direct or indirect impact on the adoption by public officials and/or state-related persons or public authorities-related persons of decisions on providing illegal benefits to JSC LOTTE Rakhat.

Executing representation expenses and giving business gifts is allowed only if they do not contradict the norms of international, Kazakhstan, and in the case of activities outside the Republic of Kazakhstan - applicable foreign legislation and in-house regulatory documents of JSC LOTTE Rakhat, in particular, the Compliance Policy and the Corporate Governance Code of JSC LOTTE Rakhat.

### **3.5. Participation in charity and sponsorship activities**

The Company does not participate in charitable and sponsorship projects, political activity, aiming to directly or indirectly influence on making decisions by public officials and state-related persons and public authorities-related persons on the provision of illegal benefits to JSC LOTTE Rakhat.

Information on all Company's expenses for the provision of charitable and sponsorship assistance, as well as expenses on political activity is public.

### **3.6. Business accounting and management accounting**

All financial and business transactions and deals are reflected accurately, correctly and with sufficient detail, in accounting, documented and available for verification in accordance with the legally specified procedure.

The Company does not allow business transactions not recording them in accounting, distortion or falsification of accounting, management and other types of accounting data or supporting documents.

### **3.7. Compliance system risk assessment**

The Company carries out regular risk assessments of the Compliance system for timely monitoring business processes potentially exposed to the risk of corruption.

The Company recognizes the need to manage the risk of involvement in corrupt practice regardless of the size of potential violations.

The Company provides employees and other third parties with the opportunity to confidentially and, if desired, anonymously report possible violations through the hotline by phone +7 7717534575, by e-mail at [komp@rakhat.kz](mailto:komp@rakhat.kz) or directly to the Compliance Officer.

## **CORPORATE GOVERNANCE CODE OF JSC LOTTE RAKHAT**

### **1. General provisions**

**1.1.** Joint Stock Company LOTTE Rakhat (hereinafter referred to as the Company) operates in the environment of sharp competition with confectionery manufacturers in all sales markets of the Republic of Kazakhstan and abroad. This requires a high level of competence, corporate solidarity, cohesion and mutual understanding from all Company's managers and employees (hereinafter referred to as the Employees).

**1.2.** The Company proceeds from the premise that its Employees should build their business relations on the terms of partnership, mutual respect, common goals and objectives, working as a single team. Under any conditions and circumstances, the activities and behavior of the Company's Employees must comply with high professional standards and generally accepted moral values.

**1.3.** The Corporate Governance Code of JSC LOTTE Rakhat (hereinafter referred to as the Code) contains a set of Company's standards and requirements in the field of compliance with ethical and business principles and norms, and is not limiting. When applying the current legislation, legislative principles are a priority. The Code defines the rules of the Company's relations with shareholders, authorities, individuals and legal entities.

The Code provisions must be followed by the Employees not only when working, but also during off-work events if they affect the Company's interests or if the Employee is perceived by third parties as a Company's representative.

**1.4.** The Company does not deviate from its values for the sake of profit. The Company perceives them as a link between all areas of activity and expects the same in relationships with its business partners.

**1.5.** Adherence to ethical standards and principles helps the Company to avoid unjustified risks, maintain long-term economic growth, strengthen its positions in the Kazakhstan and foreign markets, and also increase the value of the Company.

**1.6.** The Company recognizes the importance of corporate ethics in the process of the Company's activities and undertakes to follow the principles fixed in this Code.

### **2. Definitions**

1) Conflict of interest - a contradiction between personal interests of officials and their official powers, when the personal interests of these persons may lead to their improper performance of their official powers;

2) Corruption offence - an illegal culpable act (action or inaction) with signs of corruption, for which administrative or criminal liability is imposed by law;

3) Corruption - the illegal use by an official or employee of the Company of their official (service) powers and their related opportunities for the purpose of obtaining or extracting personally or through intermediaries property (non-property) benefits and advantages for themselves or third parties, as well as bribery of these persons by providing benefits and advantages;

4) Corruption combating — activities of officials and employees of the Company within the limits of their powers to prevent corruption, including the formation of an anti-corruption culture in society, identification and elimination of causes and conditions that contribute to the commission of corruption offenses, as well as identification, combat, disclosure and investigation of corruption offenses, and eradicating their consequences;

5) Counterparty — an individual or legal entity with whom the Company has entered or plans to enter into relations regulated by civil law;

6) Official — a member of the Management Board, the Board of Directors of the Company, or a person performing organizational and managerial or administrative and economic functions in the Company;

7) Employee — an individual who is in an employment relationship with the Company and directly working under an employment contract, with the exception of members of the Management Board of the Company;

8) Authorized body for combating corruption - the central executive body in the sphere of civil service and combating corruption, and its department, their territorial subdivisions, which carry out, within the limits of their powers, functions on the implementation of the anti-corruption policy of the Republic of Kazakhstan and coordination in the sphere of combating corruption;

9) Compliance officer - an employee of the Company in charge for combating corruption in the Company.

### **3. Corporation values**

**3.1. Professionalism.** This is high competence, professional skill, confidence in the potential of the Company and own capabilities.

**3.2. Loyalty to the Company.** The Company's employees are constantly focused on achieving Company's goals. They do not participate in actions that may discredit the Company, create a conflict of interest or cause any damage to the Company, its image and reputation, and do not allow inaction when other persons and organizations make actions pursuing similar negative goals.

**3.3. Honesty and good faith.** These qualities are the key to creating a favorable microclimate in the work collective, as well as a guarantee of publicity and trust on the part of external partners and clients - one of the most important potential grounds for achieving success in business.

**3.4. Respect.** The main principle to be followed by each Employee is respect for another individual. Respectful attitudes towards each other, towards the Company's traditions, its veterans, business partners and clients will help create an open, fair and tolerant work environment.

**3.5. Continuous perfection.** This is the commitment to the improvements in everything, always and everywhere.

**3.6. Initiative and performance.** These qualities are ranked as important indicators of the Employees' interest in the Company's affairs, their ability to voluntarily and independently find the ways to manifest their professional and creative potential and enthusiasm.

**3.7. Discipline and responsibility - mandatory and integral qualities of the Employees,** characterizing their self-control, internal organization, readiness and habit of subordinating their own actions to the interests of the coherent and effective work of the work collective for the sake of the Company's success.

**3.8. Orderliness.** This is unconditional compliance with current legislation, as well as in-house regulatory and executive documents of the Company.

**3.9. Unity of action.** This is voluntary and friendly interaction and communication with colleagues, officials and representatives of other organizations, based on objectivity, good faith, honesty and mutual respect.

**3.10. Mutual support and mutual aid.** An atmosphere of mutual support and mutual aid between the Employees, aid to young workers and specialists of the Company and respect for its veterans are natural norms of corporate and off-duty behavior for the Company's Employees.

### **4. Company's relationships**

#### **4.1. Corporate principles**

The Company undertakes the following obligations with respect to its Employees:

**4.1.1.** Employment and promotion of the Employees occurs in accordance with their competences, abilities and work achievements without any discrimination, regardless of their gender, origin, attitude to religion and other circumstances not related to the business qualities of the Employees.

**4.1.2.** The Company values and encourages the Employees, whose activities are the key to success, and expects high standards of business conduct and professional achievements from them.

**4.1.3.** The Company promotes the advance training of the Employees in order to ensure good performance of labor and high-quality performance of duties.

**4.1.4.** The Company respects the rights of the Employees for adequate remuneration.

**4.1.5.** The Company undertakes to maintain the confidentiality of the personal data of the Employees. It is permitted to receive and store only the information that is necessary for the effective work of the Company and required in accordance with the legislation in the territory of the Company's activities.

**4.1.6.** The Company provides the priority of preserving life and health of the Employees during their working practice through continuous modernization of production, improvement of working conditions, reduction of professional risks, and prevention of work-related injuries and occupational diseases.

**4.1.7.** The Company fulfills its obligations to the Employees, and the Employees fulfill their obligations to the Company and to each other.

**4.1.8.** All subdivisions and organizations of the Company are open to each other in order to consolidate efforts for a common result.

**4.1.9.** The Company guarantees that no punitive measures will be applied to the Employees who refuse to perform an action that, in accordance with the law, may be regarded as a corrupt practice, even if as a result of such refusal the Company fails to receive additional material or non-material benefits and/or suffered losses that could only have been avoided by violating the requirements of the law or this Code.

**4.1.10.** The Company finds unacceptable and strives to timely identify and suppress illegal retaliatory measures within the Company against the Employees who have reported in good faith an alleged fact of corrupt practice.

## **4.2. General principles and rules of in-house conduct of the Employees**

For the effective work and stable development of the Company, the Employees adhere to the following principles and rules of in-house conduct:

**4.2.1.** Comply with the terms of the employment agreement (contract) signed.

**4.2.2.** Perform their duties professionally (high-quality and timely), observing the requirements of the law and the in-house labor regulations. They consider themselves responsible for the results of the common work.

**4.2.3.** Maintain impartiality when preparing and making decisions, guided only by the Company's interests.

**4.2.4.** Use and manage the property and financial resources of the Company competently, effectively and honestly, exclusively for official purposes.

**4.2.5.** Observe subordination when addressing issues. Propose well-designed and balanced decisions for consideration by the immediate supervisor. The decisions taken are strictly implemented. Moreover, failure to implement obviously illegal decisions excludes any liability of the Employee.

**4.2.6.** Maintain a healthy, efficient, creative and change-friendly working environment in the Company. When faced with a conflict situation, they act in accordance with their job responsibilities and this Code.

**4.2.7.** Respect the qualifications, views and achievements of their colleagues.

**4.2.8.** Monitor their health, take timely disease prevention measures, and use their annual leave in accordance with the leave schedule. The Company welcomes a healthy lifestyle.

**4.2.9.** Strive to contribute all their knowledge and experience to work in the Company.

**4.2.10.** Observe the continuity of generations. Upon reaching retirement age, the Employees, if they wish, continue to work in the Company, preparing a successor, passing on their experience and accumulated knowledge to young employees, while the recommended maximum age for work in the position for the heads of top management/middle management is 63 years.

**4.2.11.** Do not show prejudice or discrimination (verbally or by actions) towards anyone based on race, religion, nationality, gender, or political affiliation, social origin, property and official status, language of communication and other circumstances.

**4.2.12.** When dismissed, refrain from speaking and making critical comments about the Company's management, undertake not to use information, developments, know-how that became known to them in the course of performing their functional duties in the Company and related to commercial secrets.

**4.2.13.** The Employee's off-duty activities and behavior must not negatively affect the Company's reputation or work.

**4.2.14.** The following actions are unacceptable for the Company's Employees:

- abuse of official position, giving a bribe, taking a bribe, mediation in bribery, abuse of authorities, commercial bribery, illegal transfer, offer or promise of remuneration on behalf of or in the interests of the Company, or other illegal use by the Company's Employee of his official position contrary to the legitimate interests of the Company in order to obtain benefits in the form of money, valuables, services, payment for entertainment, recreation, transportation expenses, other property or services of a property nature, other property rights for himself or third parties, or illegal provision of such benefits to the given person by other individuals, as well as committing the given actions on behalf of or in the interests of the Company;

- actions that may discredit the Company, cause a conflict of interest and damage the Company or its image and reputation;

- use of the property and financial resources of the Company contrary to their intended purpose;

- deliberate damage to the Company;

- unauthorized reproduction and transfer of information constituting a commercial secret, in any form (hard copy, audio, video, photo, verbal, etc.) to third parties;

- physical violence;

- sexual harassment;

- smoking in places not specially equipped and not designated for smoking;

- being (while performing official duties) in a state of alcoholic, narcotic or toxic intoxication;

- use of obscene language.

### **4.3. Management functions implementation principles**

**4.3.1.** A manager of any rank gives an example of behavior, prevents unacceptable behavior of his Employees. The manager conducts the necessary introductory and explanatory work on what behavior is acceptable in the Company, acts as a mediator in the event of conflicts and disputable situations

**4.3.2.** In addition to the principles stated above, managers must also follow the principles of:

- objectivity, goodwill, attentiveness, impartiality and good faith in relations with subordinates and assessing the results of their activities;

- rational delegation of authorities, building and maintaining a stable favorable moral climate in the team aimed at ensuring an open exchange of opinions, contributing to the effective solution of tasks, as well as implementation of subordinates' potential;

- selection and promotion of competent, promising Employees who contribute to the Company in achieving its strategic goals, as well as creating conditions for training and upgrading the professional qualifications of the Employees.

### **4.4. Appearance and business style of the Company's Employee**

**4.4.1.** Introduction of rules and recommendations for the Employee's appearance is an important stage in creating a business environment in the team and maintaining the Company's image. A decent appearance, polite attitude and professional competence inspire respect and interest from partners in the Company.

**4.4.2.** A business style of clothing is recommended for the Company's managers and specialists. A business style of clothing is a strict, conservative and integral style. The business suit prefers classic models of clothing in subdued color combinations.

The main thing in a business style is moderation in details, harmonious combination of accessories, clothing and footwear, as well as decorative cosmetics.

A casual style of clothing is allowed only on non-working days, on pre-holiday days ("days without a tie") and on a certain day of the week (dress-down Friday).

**4.4.3.** For the Company's Employees, in the event of using special clothing, it is necessary to keep clean and neat appearance.

**4.4.4.** All Employees are not allowed to wear sports, beach, home clothes and shoes (shorts, T-shirts, crop tops, jerseys, leggings, flip-flops, etc.).

**4.4.5.** The Employees' appearance must comply with the requirements of this Code. The manager directs his subordinates to unconditional compliance with the requirements set by the Code.

#### **4.5. Corporate events**

An invitation to a corporate event (celebration of Independence Day, Victory Day, Children's Day, New Year's Eve, Defender of the Fatherland Day, etc.) is a moral incentive for the Employee. In case of absence on corporate events or anniversary parties, one should notify the organizers in advance.

### **5. Relationships of the Company with shareholders, external partners and other individuals and legal entities**

All Employees, especially managers, realize that they represent the Company, and their behavior towards external partners of the Company and third parties affects the reputation of the Company.

#### **5.1. Shareholders**

The Company guarantees its shareholders the provision of all rights set by the current legislation of the Republic of Kazakhstan. Being a commercial organization, one of the main goals of which is to make a profit, the Company strives to increase profitability of its business activities within the framework of the tasks and restrictions determined by the shareholders and the legislation of the Republic of Kazakhstan.

#### **5.2. Investors**

The Company strives to minimize the risks of investors acquiring the Company's securities or investing in the Company in another form by organizing and continuously improving the system of corporate governance, risk management and internal control.

In the interests of investors, the Company ensures, to the extent set by the legislation of the Republic of Kazakhstan, timely disclosure of reliable information about its status and activities. The Company ensures equal access for all representatives of the investment community to Company's information.

#### **5.3. Clients**

The Company builds its relationships with clients and business partners based on:

- Mutual trust and respect;
- Compliance with commonly accepted norms of behavior and business ethics;
- Refusal to participate in transactions that could damage the Company's reputation;
- Unacceptability of corrupt practice and commercial bribery;
- Faithful discharge of contractual obligations;
- Timely prevention of conflict situations and maximum use of constructive negotiations in order to resolve any disagreements arisen;
- Refusal from any actions that could damage the interests of the other party, mutual respect and trust.



The Company strives to ensure high quality, economic attractiveness and competitiveness of its products.

#### **5.4. Counterparties**

The Company builds relationships with counterparties on a mutually beneficial basis and selects them primarily through tender procedures.

The Company fulfills its obligations to counterparties in good faith and expects the same from them.

The Company does not allow Employees' actions aimed at extracting personal benefit when signing and executing agreements (contracts) with counterparties.

#### **5.5. State-related persons**

The Company interacts with state-related persons in accordance with the requirements of international, Kazakhstan, and, in the case of the Company's activities outside the Republic of Kazakhstan, applicable foreign legislation.

#### **5.6. Settlement of corporate conflicts**

The Company makes efforts to reduce the risks of corporate conflicts.

The Company recognizes the importance of pre-trial settlement of corporate conflicts and strives to resolve all disputes through negotiations.

### **6. Principles of relations with Mass Media**

All contacts with Mass Media are performed or coordinated exclusively by the head of the department responsible for public relations, who agrees on the content of information on issues related to the Company's activities with the Company's employees who are responsible for these issues.

To interact with the Mass Media, the subdivision in charge of public relations may involve other Company Employees.

In-house regulatory documents on working with the Mass Media define a number of Company managers - speakers who may carry out contacts with the Mass Media, including giving comments, making statements on behalf of the Company or on their own behalf as the Company's Employee.

The Employees of the Company, except for speakers, are prohibited from giving comments and making statements on behalf of the Company. In the event that representatives of the Mass Media contact any Employee of the Company, he must immediately notify the head of the department in charge of public relations. All Mass Media requests, including requests to organize a meeting with the Company's management, are sent to the department in charge of public relations.

When creating and posting presentation and advertisement materials in the Mass Media, it is necessary to adhere to the values and principles set by this Code.

### **7. Compliance with legal requirements, norms and rules of business ethics**

#### **7.1. Compliance with legal requirements**

Both in Kazakhstan and abroad, when interacting with partners, state and local executive bodies, other organizations and individuals, the Company's Employees do not allow actions that contradict the legislation of the Republic of Kazakhstan and the standards set by this Code, as well as the regulatory legal acts of those states in which the Company operates.

The Company strictly observes anti-corruption legislation, does not allow illegal actions that violate freedom of competition, and has no tolerance for bribery, as well as any other corrupt practices committed by the Company's Employees and business partners. In order to prevent such actions, the Company develops and implements measures to identify and eliminate deficiencies and improve the efficiency of in-house control systems.

The Company's Employees must not participate or facilitate the participation of other persons in any actions that violate the requirements of the legislation, in-house policies, procedures and other regulatory requirements applicable to the Company.

Respecting the ethical principles of our partners, stipulated due to cultural and other differences, the Company gives preference to those business partners which adhere to the norms and rules of corporate ethics adopted in our Company.

If the Company has information about a business partner, including a potential one, failing to comply with the fundamental principles of protecting human rights and freedoms, combating corruption, set by the norms of international and other applicable laws, the Company has the right to refuse to cooperate with such a partner.

To obtain information about competitors and partners, the Company uses only legal means and avoids any illegal actions.

## **7.2. Receiving and giving gifts and other material benefits**

Giving gifts and other tangible and intangible benefits, representative expenses are executed in accordance with local regulations. Gifts to the Company's Employees, clients, business partners and state-related persons should not in any way affect their ability to make unbiased and fair business decisions.

The Company's Employees may give gifts of reasonable value to clients and business partners or receive them if the gift cannot be considered as an incentive to make a decision in the interests of the giver.

All expenses on gifts must be correctly and reliably accounted for in expense reports and reflected in the accounting records of the Company.

The Company allows the exchange of gifts and representative events only if they meet the following criteria:

- business breakfasts, lunches, dinners and representative events with a cost not exceeding the limits on such expenses set by the Company, given that the purpose of the meeting or attendance at the event is business one;
- corporate gifts bearing the logo of the giver (diaries, calendars, etc.) and gifts presented during annual, professional and other celebrated holidays (for example, New Year, Christmas, anniversary, etc.)
- advertisement materials may be accepted if they are given voluntarily without possibility of influencing the Employee's decision;
- gifts and awards for achievements or contributions to the development from public, charitable or religious organizations within the value set by the Company's regulatory documents.

One should note that:

- gifts must be related to the Company's legitimate interests, in particular, to promote the fair promotion of the Company's products or related to commonly accepted or professional holidays;
- gifts must not be easily convertible into cash;
- number and value of gifts must be moderate and reasonable.

Receipt by the Employee of gifts from business partners and state-related persons, the value of which obviously exceeds 2 (two) MCI (monthly calculation index), are either returned (in this case, it is necessary to indicate to the business partner the need for the Employee to comply with the requirements of this Code), or transferred to the corporate fund Rakhat-Demeu Charity Fund for subsequent transfer to those in need.

Gifts, the value of which does not exceed 2 (two) MCI (monthly calculation index), given more than 4 times a year from one business partner (including its affiliates), or a state-related person, are subject to approval by the immediate supervisor.

Payment of representative expenses of the Company's Employees at the expense of business partners and state-related persons is allowed within the limits specified by local regulations for this

category of the Employees. In case of exceeding the limit, as well as when paying expenses by one business partner (including its affiliates) more than 4 times a year, the Employee must obtain approval from the immediate supervisor.

The Employees may accept discounts and other benefits offered by business partners only if they are provided to all Employees of the Company.

Provision of gifts and payment of representative expenses in the interests of third parties by the Employees of the Company who have not successfully completed training in the relevant local regulations is not allowed.

The Company may provide the state-related persons who purchase the Company's products and services for private purposes only with such discounts, bonuses, benefits or other advantages that it usually provides to other buyers in this market.

Payment of travel expenses (meals, accommodation, entertainment) related to the reception of state-related persons or private third parties must be directly related to the Company's activities and comply with the in-house local regulations approved by the Company, as well as applicable legislation.

One should take into account that:

- expenses must be comparable to those that the Company spends on its Employees of a similar level, in accordance with the policies and procedures approved by the Company;
- payment of expenses must be made directly to the service provider or reimbursed only upon provision of proper documentary evidence of the relevant expenses.

The decision to provide gifts and other material benefits is made in accordance with the local regulations of the Company and the principles set out in this Code.

### **7.3. Conflict of interests**

**7.3.1** The Employee must abstain from a possible conflict of interest. If there is a conflict of interest, the Employee is guided by the current potential situation when personal, social, property, financial or political interests or actions of the Employee contradict the interests of the Company or may potentially conflict with them and, thus, have or may have an impact on the Employee's balanced decisions or actions.

**7.3.2.** A conflict of interest may arise in the following cases:

a. The Employee or his close relatives [1] are a party, beneficiary, intermediary or representative in a transaction dealing with the Company;

b. The Employee or his close relatives own or owned shares (interests, stakes) of an organization that is a party, beneficiary, intermediary or representative in a transaction dealing with the Company. An exception is equity financial participation of publicly listed companies, provided that the share of the Employee and/or his close relative in the Company's equity does not exceed 2 percent (%);

c. The Employee or his close relatives hold positions in the management bodies of the organization, are the officials of the organization that is a party, beneficiary, intermediary or representative in a transaction dealing with the Company;

The Employee or his close relatives work a second job in an organization that is a party, beneficiary, intermediary or representative in a transaction dealing with the Company;

d. The Employee's close relatives hold such positions in the Company, its subsidiaries and dependent companies that are capable to influence the performance of the Employee's job responsibilities or his performance appraisal;

e. The Employee or his close relatives work for or own shares (interests, stakes) in an organization that competes with the Company.

**7.3.3.** When there is a potential conflict of interest:

a) An employee holding a top management position is obliged to notify the immediate supervisor, HR department and Compliance Officer about the potential conflict of interest. In the event of a significant risk of a conflict of interest, the Compliance Officer sends information about a possible conflict of interest for consideration to the Corporate Compliance Service (Head Office);

b) other Employees are required to notify their immediate supervisor at the top management level and HR department about the possible conflict of interest. In the event of a significant risk of a conflict of interest, the immediate supervisor or HR department sends information about the possible conflict of interest to the Compliance Officer.

**7.3.4.** If there is a significant risk of a conflict of interest, the Compliance Officer must immediately notify the Board of Directors.

**7.3.5.** When considering possible conflicts of interest and evaluating the risk level of their occurrence, such circumstances as the presence of independent control over the price, quality of goods, works and services that are purchased or sold by the Company, independent control over the results of the Employee's activities, as well as other factors that neutralize the negative impact of a possible conflict of interest on the Company's activities and reputation are taken into account. The Company approves the labor dynasty practice.

**7.3.6.** The second job should not lead to a conflict of interests of the Employee with his job in the Company and reduce the work performance of the Employee in the Company. The Company's managers and specialists which work under an employment agreement (contract) have the right for a second job in other organizations exclusively in accordance with the terms of the given agreement with the Company.

#### **7.4. Protection and use of property**

The Company's property may be used solely in the Company's interests. The Employees should take all necessary measures to secure the Company's property against possible loss, theft or illegal use. The Company's internal control system is intended to ensure control over compliance with and effectiveness of internal procedures aimed at protecting property and preventing abuse when disposing of the Company's property.

#### **7.5. Disclosure**

Information provided by the Company's Employee when performing their professional duties both Company specific and to third parties must meet the requirements of sufficiency (not excessively brief, but yet not redundant), reliability (no crosscheck needed), and well-timed.

The Company Employees have no right to disclose information related to a commercial secret that became known to them due to the performance of their official duties, as well as information related to the private life and health of the Company Employees or affecting their honor and dignity. The Employees shall strive to keep confidentiality during any swap of information.

All the Company Employees shall not disclose information related to a commercial secret upon the completion of their employment relationship with the Company and shall not use this information for personal purposes. Unauthorized disclosure of information related to a commercial secret may serve as grounds for liability.

The Employees shall not allow the unauthorized use of insider information. When accessing such information, they follow the rules specified by the Company's in-house regulatory documents.

The Employees shall comply with the rules for use, access and security of software, information databases of the Company.

The Company shall disclose information related to a commercial secret and insider information as prescribed by the legislation of the Republic of Kazakhstan, Company's Charter and in-house documents. Disclosed information related to a commercial secret and insider information must meet the requirements specified by the legislation of the Republic of Kazakhstan, Company's Charter, in-house documents and must not contain false information.

The Internal Control System is intended to ensure control over compliance with legislative and corporate regulations in the field of information security.

In order to ensure transparency and respect for the interests of shareholders, the Company timely and reliably discloses information as required by the securities market legislation, including regularly

publishing financial statements, quarterly issuer's reports, annual reports and other information materials.

## **8. Environment protection**

One of the Company's priorities - environmental protection and compliance with current legislation and Company's in-house rules in this area.

The Company welcomes and supports the Employees' actions aimed at a conscious attitude towards the environment.

The Company consistently introduces new waste-free and low-waste product and production manufacturing technologies, which mitigate the level of negative impact on the environment to the maximum possible extent and ensure minimal consumption of materials and primary resources.

## **9. Responsibility**

**9.1.** Compliance by the Company's Employees with the provisions of this Code is an important element for the successful implementation of the Company's strategic goals and an objective assessment of the Employee's personal and business-professional qualities.

**9.2.** The Employees that violated this Code may be subject to disciplinary measures in accordance with the labor legislation of the Republic of Kazakhstan and Company's local regulations. In the event of detection of minor misbehaviours, recommendations may be given to change behavior in accordance with the principles specified by this Code.

**9.3.** Reports about violations of the anti-corruption provisions of the Code and anti-corruption legislation should be directed to the Hotline by phone **+77717534575** or by email **[komp@rakhat.kz](mailto:komp@rakhat.kz)**. When processing the received reports, strict confidentiality rules and anonymity, at the request of the Employee who has reported, are followed. One can also call the Hotline or email the Company for clarification of the anti-corruption provisions of this Code or anti-corruption legislation. Reports on violations of other provisions of the Code should be sent to the HR departments.

The Company expects its Employees to treat their colleagues and the Company with all due responsibility and to give information in accordance with the principles of honesty, good faith and reasonableness.

## **10. Conclusion**

The specifics of Company's individual subdivisions may require the development of more detailed rules of conduct compared to the given in this Code. In such cases, additional rules may be developed for the individual subdivisions, scopes and regions of activity that do not contradict this Code.

For all issues related to the application of this Code, the employees should contact their immediate supervisor or compliance officer.

The Company is open to suggestions for improving production performances and corporate culture and reserves the right to amendments and supplements to the provisions of this Code.

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[1] persons related by direct blood (parents, children, grandchildren, full and half blood brothers and sisters, grandfathers, grandmothers) and cross blood (cousins, aunts, uncles, nephews) or family-legal ties (spouses, children's spouses, close relatives of spouses, adoptive parents, adopted children).

## **HOTLINE**

Compliance with laws and in-house rules is a priority mission for JSC LOTTE Rakhat. In order to gather the whistleblowing reports, as well as to conduct investigations, the hotline functions in the Company. Employees of JSC LOTTE Rakhat and counterparties can use it for whistleblowing in the field of laws or in-house rules. This includes, for example, bribery, accounting irregularities.

When processing the whistleblowing reports, complete confidentiality is guaranteed. Moreover, the Compliance system attaches great importance to justice, both in matters of interaction with the whistleblowers and with the persons reported. If any whistleblower of JSC LOTTE Rakhat is exerted pressure upon due to the report, then such an employee can contact the compliance officer directly to take appropriate measures against the person exerting pressure.

The hotline operates 24 hours a day, anonymity is at your discretion. If you have evidence of violation of the law or rules in interaction with JSC LOTTE Rakhat, you can contact us using the following contact details:

**Hotline phone number: +77717534575 (It is possible to send messages using instant messengers).**

You can also email to: [komp@rakhat.kz](mailto:komp@rakhat.kz)

Please note that the more detailed the report to the hotline, the more effective the investigation and the outcomes!