

**Communication on Progress of
«EIC «KazakhExport» JSC within UN Global Compact
(2019-2020 reporting period)**

«Export Insurance Company «KazakhExport» Joint-Stock Company (hereinafter ‘KazakhExport’ or the Company) – is a national development institute established to support Kazakhstan’s export through implementation of an insurance toolkit for protection of export operations. KazakhExport offers services to insure commercial and political risks that accompany performance of foreign economic contracts of companies that export non-primary goods.

Mission of KazakhExport is to support growth of export of non-primary goods, works and services in priority sectors of economy and form a practice of financial and insurance and non-financial support for Kazakhstan’s products.

Vision of KazakhExport is to become by 2023 a key development institute in implementation of state foreign economic policy of the Republic of Kazakhstan in Central Asia and countries of the Eurasian Economic Union.

Summary History of the Company

2003

- Establishment of KazakhExport (Decree of the Government of the Republic of Kazakhstan N 442).

2004

- Admission to the Prague Club of Berne Union – an association of major international export credit agencies (37 agencies, 34 countries and 3 transnational organizations).

2005 – 2018

- Operations on the insurance market as a reinsurance company both on proportional and nonproportional basis.

2010

- Increase in the charter capital with a view to support operations under export trade financing.

2012

- For the first time in the history of Kazakhstan domestic locos were exported to the Republic of Tajikistan with financial and insurance support from KazakhExport.

2013

- Admission to Baiterek NMH JSC (Sole Shareholder).

2014

- Admission to AmanUnion – association of major export and credit agencies of Islamic states and Arab world.

2015

- Assignment of a status of observer in Berne Union established in 1934 as an unofficial union of insurance companies dealing with insurance of export credits and investments.
- For the first time in the history of Kazakhstan the first international export transaction was closed with participation of KazakhExport for delivery of 10 local locos to the Republic of Azerbaijan.

2016

- The company received licenses from the National Bank of the Republic of Kazakhstan for extra insurance classes Loan Insurance, Civil Liability Insurance and also developed rules and implemented new tools of export support, including voluntary loan insurance, insurance of advance payment, pre-export financing, leasing financing.
- The company expanded a range of its insurance support instruments: voluntary loan insurance, insurance of advance payment, trade financing in national currency and Russian rubles and also insurance of financial leasing.
- 14 billion KZT were added to the charter capital of the company.
- The company implemented joint credit transactions with Development Bank of Kazakhstan JSC within which KazakhExport provided insurance protection via a loan insurance product.

2017

- Reorganization of Export Credit Insurance Corporation KazExportGarant JSC into Export Insurance Company KazakhExport JSC and its entry to the list of national companies.
- Update of the 2014-2023 Development Strategy of KazakhExport subject to the National Export Strategy of the Republic of Kazakhstan.
- Charter capital of the company was increased by 13.9 billion KZT.

2018

- Relocation of the Company in March 2018 to Astana: Astana City, Mangilik Yel avenue 55A, Baiterek BC.
- Establishment of a representative office in Almaty City.

- Reissuance of license N 2.1.55 dated 21 May 2018 to carry out (re)insurance activities in the general insurance sector.
- Admission of KazakhExport in September 2018 to the Council of Representatives of Insurance Ombudsman according to new requirements of insurance laws.
- Launch of an office in Kazan (Russian Federation) and appointment of a representative in China.

2019

- Launch of offices in countries of high export and priority export interest in Tashkent (Republic of Uzbekistan), Dushanbe (Republic of Tajikistan), Yekaterinburg (Russian Federation), Bishkek (Kyrgyz Republic).
- Charter capital was increased by 34 billion KZT.
- EIC KazakhExport JSC obtained a 102 billion KZT government guarantee for export support for 10 years.

2020 Key Events

- Charter capital of KazakhExport was increased by 29 billion KZT. (Funds to increase the charter capital are provided for by Decree of the President of the Republic of Kazakhstan dated 8 April 2020 N 299 in refined 2020 republican budget within program N 245 Increase in Charter Capital of Baiterek National Management Holding JSC with a Subsequent Increase in Charter Capital of Export Insurance Company KazakhExport JSC).
- International rating agency Moody's Investors Service released an updated credit opinion related to Export Insurance Company KazakhExport. Currently it has a Baa3 insurance financial strength rating with a stable outlook which corresponds to a sovereign rating of the Republic of Kazakhstan.
- Insurance coverage of EIC KazakhExport JSC is equivalent to highly liquid security under second-tier bank loans. (Decree of the Management Board of Republican State-Owned Enterprise Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market dated 30 October 2020 N 106 'Amendments to some regulatory legal acts of the Republic of Kazakhstan and suspension of separate provisions of regulatory legal acts of the Republic of Kazakhstan related to

regulation of financial markets' introduced amendments to decree of the Management Board of the National Bank of the Republic of Kazakhstan dated 13 September 2017 N 170 'Prescription of regulation values and methodologies for calculation of prudential standards and other compulsory standards and limits, size of capital of bank and Rules for calculation and limits of an open currency position' and also to decree of the Management Board of the National Bank of the Republic of Kazakhstan dated 30 May 2016 N 144 'Prescription of prudential standards and other compulsory standards and limits for Islamic banks, their regulation values and methodologies for calculation of prudential standards and other compulsory standards and limits for Islamic banks').

- In 2020, the Company made insurance payments for an amount of 1 197 955 804.68 KZT, including 1 143 094 413.51 KZT within loan insurance, 54 861 391.17 KZT within insurance against other financial losses. Also, within incoming reinsurance the Company made payments in the amount of 76 416 591.96 KZT.

Availability of Information about KazakhExport

In its activities, KazakhExport follows principles of maximum openness, reliability, provision of an equal access to information about the company for all the concerned parties. In this connection, in 2020 KazakhExport upgraded its corporate Internet resource, including its adaptation for people with special needs (partially sighted and blind, hearing-impaired and deaf people) in compliance with international standard Web Content Accessibility Guidelines (WCAG) 2.1.

For interaction with the population, Internet resource of the company has an interactive window of a business messenger via which all inquiries of citizens are promptly covered. It also provides for a launch of a personal blog of the Chairman of the Management Board in three languages with integration into Open Dialogue blog platform <https://dialog.egov.kz/>.

Employment Relations

The Company operates a system approach to enhance corporate culture, prevent and regulate employment conflicts, prescribe rules of conduct and loyalty of personnel.

Main resource of the Company is a team of professionals. The Company creates and maintains an atmosphere where each employee can to the utmost deliver on his potential, feel himself an integral part of joint activities.

As of 31 December 2020 headcount of the Company included 92 employees, in 2020 it hired 31 employees. The Company employs specialists of different age, almost half of our employees are aged between 25 and 39. All the employees of the Company have university diplomas.

The Company provides equal opportunities for men and women. When hiring and promoting its employees, the Company first of all takes into consideration their qualification, leadership skills, commitment to results and ability to work in a team.

In 2020, 18.07% of the employees quitted the Company.

Quitting personnel in terms of age groups:

N	Age category	%
1	between 25 and 30	6.02 %
2	between 30 and 40	8.4 %
3	between 40 and 50	3.6 %

Quitting personnel in terms of sex:

men	women
13.2 %	4.8 %

The Company respects rights of its employees in employment relations, follows principles of the Labor Code of the Republic of Kazakhstan which ban employment discrimination in terms of sex, ethnic origin, religious beliefs or other features, forced labor and the worst forms of child labor.

Ethics of mutual relations of employees and chief executives of the Company are regulated by the Business Ethics Code of EIC KazakhExport JSC.

Officers of the Company are responsible for creation of a system of prevention, identification and settlement of situations connected with violations of requirements of business ethics and rules of conduct.

In its activities the Company not only follows HSE requirements but also does its best to provide its employees with maximum comfortable working conditions, physical activities and medical support.

It provides for a medical insurance for employees and their family members and also a performance reward system.

The Company complies with minimum salary standards. In line with the Business Ethics Code of EIC KazakhExport JSC the Company provides its employees with favorable working conditions ensuring a decent level of salary, social support, motivation, opportunity for promotion.

Remuneration policy in the Company rests on recognition of professional qualities and abilities of employees, their performance and achievement of key performance indicators and offer of a social package for a purpose of motivation subject to internal documents of the Company.

The Company does not practice different basic salaries for men and women in its categories of employees. Official salaries are fixed based on a qualification, knowledge and a professional level of the employees subject to the applicable grading system.

Moreover, in pursuance of the sustainable development goal, the Company places high emphasis on professional development of employees, facilitates advanced training of specialists and improved knowledge of employees. In 2020, the Company held 35 training events, including language courses for employees of the Company that develop professional skills of communication, trainings in emotional and stress resistance, practical courses and seminars. Within the Rules for Adaptation, Training and Professional Development of Employees of the Company, internal training schedule and external training plan provide for events covering jobsite safety trainings. It also completed a training for implementation of sustainable development principles in activities of the Company.

The Company strives for development of its employees and creation of good working conditions, thus contributing to sustainable development of the society.

Human Rights

The Company supports and in its activities strictly observes human rights, follows the Labor Code and the Civil Code of the Republic of Kazakhstan, Constitution of the Republic of Kazakhstan and other legislative and regulatory acts designed to observe international standards of human freedoms and rights.

The Company has approved Business Ethics Code of EIC KazakhExport JSC (decision of the Board of Directors of EIC KazakhExport JSC dated 31 May 2019, minutes N 5) which sets out that relations between all the employees of the Company rest on equal rights. Provisions of the Code cover all the management and employees who assume obligations to observe them in their work with colleagues, clients, business partners and society on the whole.

The Company follows principles of the Labor Code of the Republic of Kazakhstan whereby nobody can be subject to any discrimination upon exercise of his labor rights due to his origin, social, official capacity and property status, sex, race, ethnic origin, language, attitude to religion, beliefs, place of residence, age or physical handicaps and also belonging to public associations.

All the questions of possible violations of labor rights of employees can be submitted to the Company's Ombudsman both in oral and written. For a long period of time, not a single case connected with discrimination and failure to observe human rights has been reported in the Company.

Environment Protection

The Company is not engaged in production activities, therefore it does not exert any significant negative impact on the environment. Key consumable resources are electricity, heat energy and water.

However, the Company is aware of significance and need of continuous improvement of processes and application of new technologies which allow to significantly abate loading on ecosystems, achieve comfortable production and social conditions for employees.

The Company carries out its activities subject to statutory requirements and other compulsory requirements in occupational safety, fire safety and environment protection.

The Company introduces cutting-edge environmentally friendly and energy efficient know how, inspires its employees to take care about the environment, it has completely switched to an electronic flow of documents thus having reduced consumption of office paper and having increased mobility in the course of its operations.

The Company has introduced an electronic system of procurements which significantly reflects transparency in relations with suppliers. Moreover,

whenever parties close a transaction related documents provide for a clause whereby the parties should comply with the Sustainable Development Policy of the Company and ecological responsibility.

Moreover, today the Company is introducing its Ecological and Social Policy which pursues project evaluation as early as at the stage of project study before projects receive financial support from the Company.

Green Office concept is still under development, it will envisage stricter environmental responsibility of employees of the Company, improvement of efficiency and their performance, promotion of image for community.

It should be noted that the Company does not exert any significant impact on the environment.

Anti-Corruption

Trust of partners and clients is a key advantage of the Company. With a view to ensure required and sufficient guarantees, the Company strictly complies with requirements and restrictions fixed by the prevailing laws.

The Company strictly observes professional ethical principles, ensures an unbiased approach to settlement of any questions.

Main objectives for the Company is to establish a fraud and corruption prevention system, to create in the Company tough intolerance of such cases and their suppression.

This has underlain the most important corporate internal documents such as the Business Ethics Code of the Company, Rules for Settlement of Conflict of Interests and Corporate Conflicts, bylaws for suppression of corruption and fraud as approved by the Management Board of the Company.

Goals to prevent and suppress fraud and corruption in the Company will be achieved through settlement of the following tasks:

- 1) create and introduce mechanisms for implementation of key principles of fraud and corruption suppression;
- 2) determine key factors of occurrence of a fraud and corruption risk;
- 3) identify key directions in activities of the Company which are exposed to a fraud and corruption risk;

4) manage a fraud and corruption risk with a view to protect business reputation of the Company;

5) ensure compliance by the Company and its employees with requirements of the anti-corruption laws of the Republic of Kazakhstan and applicable standards of foreign and international law.

The Company takes comprehensive measures to suppress corruption and prevent corruption risks through improvement of its business processes and analysis of factors which facilitate corruption offences.

Procedures for identification and evaluation of corruption and fraud risks in the Company are regulated by the Anti-Corruption Policy of the Company (approved by decision of the Management Board of the Company N 414 dated 13.06.2018), Rules for prevention and suppression of fraud and corruption of the Company (approved by decision of the Management Board of the Company N 16 dated 31.03.2020) and other bylaws of the Company which describe principles, values and standards of behavior both inside and outside the Company, including in its relations with suppliers, contractors and other counterparties of the Company.

Prevention of corruption and fraud in the Company is carried out on a regular basis through application of the following main measures:

- 1) anti-corruption monitoring;
- 2) analysis of corruption risks;
- 3) formation of anti-corruption culture;
- 4) anti-corruption expert examination of bylaws;
- 5) generation and compliance with anti-corruption standards;
- 6) financial monitoring measures;
- 7) anti-corruption restrictions;

8) prevention and settlement of a conflict of interest, identification of unreliability signs of a counterparty;

9) identification, suppression, discovery and investigation of corruption offences and fraud;

- 10) communication about corruption offences and fraud;

- 11) elimination of consequences of corruption offences and fraud;
- 12) submission to an authorized body of an anti-corruption progress report;
- 13) other measures for prevention of corruption and fraud.

In 2020 reporting year all the employees of the Company, including newly hired ones, took an introductory training into bylaws of the Company related to suppression of corruption and fraud.

The following types of internal training were held for employees and members of the Management Board of the Company in the reporting period:

- 1) seminar into regulatory legal acts and anti-corruption bylaws of the Company. At the end of the seminar all the participants have successfully passed a computer-based quiz;
- 2) seminar ‘Criminal offences in financial sector’;
- 3) practical training ‘Corruption and fraud schemes in quasi-public sector.’

Compliance Service and HR Department monitor compliance with the Business Ethics Code of the Company, corruption and other unlawful actions.

It regularly reviews information about activities of the Company and its officers posted in printed and electronic mass media and also in social networks.

The Company operates Senim hotline – a telephone line and email where anyone can communicate information about violations connected with a conflict of interests, unlawful financial actions, corruption and fraud acts by officers and employees of the Company.

The Company inspects winning bidders in terms of their good standing, conflict of interests, compliance with requirements of the laws of the Republic of Kazakhstan ‘Joint Stock Companies,’ ‘Anti-Corruption’, ‘Prevention of Legalization (Laundering) of Criminal Income and Terrorism Financing’.

Official corporate Internet resource has section ‘Compliance Service and Suppression of Corruption and Fraud’ that will post useful information and outcomes of held anti-corruption arrangements.

In the reporting period the Company submitted to the Anti-Corruption Agency of the Republic of Kazakhstan information about its completed anti-corruption efforts.

It has reviewed corruption risks in arrangement of procurements of goods, works and services and also budget planning.

In 2020 no incidents were reported in the Company that have signs of corruption offences and fraud.