Approved by the Board of Directors of UMP JSC

(Minutes No. 5 dated April 28, 2023)

**Report on compliance with the principles and provisions of the Corporate Governance Code**

**Ulba Metallurgical Plant Joint-Stock Company for 2022**

| No. | **Principle/Provision of the Corporate Governance Code** | **Information on compliance / non-compliance with the principle / provision** | **Explanations and information on activities carried out to comply with the principle/provision** |
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| 1 | Government as a Fund shareholder  | Comply  | Based on the Development Strategy of NAC Kazatomprom JSC, the Development Strategy of UMP JSC for 2018-2028 was developed (decision of the Board of Directors of UMP JSC dated December 29, 2018 No. 25).The Charter of UMP JSC defines its bodies and their competences:The supreme body is the Sole Shareholder of the JSC;Management body - Board of Directors;The executive body is the Board.Body exercising control over the financial and economic activities of JSC - internal audit service.The Regulations on the Sole Shareholder of UMP JSC (General Meeting of Shareholders) and interaction with it, the Regulations on the Board of Directors, and the Regulations on the Management Board were developed and approved.The Board of Directors was elected by the decision of the Sole Shareholder owning all voting shares of UMP JSC (minutes of the in-person meeting of the Board of Directors of NAC Kazatomprom JSC dated June 26, 2019 No. 7/19, minutes of the absentee meeting of the Board of Directors of NAC Kazatomprom JSC dated August 26, 2019 No. 8/19, Minutes of the absentee meeting of the Board of Directors of NAC Kazatomprom JSC dated April 24, 2020 No. 5/20, minutes of the in-person meeting of the Board of Directors of NAC Kazatomprom JSC dated 01.10.2020 No. 11/20, minutes of the absentee meeting of the Board of Directors of JSC NAC Kazatomprom dated December 4, 2020 No. 14/20, minutes of the in-person meeting of the Board of Directors of NAC Kazatomprom JSC dated February 18, 2021 No. 1/21, minutes of the in-person meeting of the Board of Directors of NAC Kazatomprom JSC dated May 24, 2021 No. 5/21, minutes of the in-person meeting of the Board of Directors of NAC Kazatomprom JSC dated October 7, 2021 No. 12/21, minutes of the in-person meeting of the Board of Directors of NAC Kazatomprom JSC dated November 18, 2021 No. 14/21 and minutes of the in-person meeting of the Board of Directors of NAC Kazatomprom JSC dated May 27, 2022 No. 4/22), for a period of 3 years and consists of 7 people.As of December 31, 2022 the Board of Directors consists of:D. Sarymsakov, Chairman of the Board of Directors – Chief Director for NFC, NAC Kazatomprom JSC;Members of the Board of Directors:A. Batyrbaev - Chief Commercial Director, NAC Kazatomprom JSC;A. Ryspanov - Director of the Department of Economics and Planning, NAC Kazatomprom JSC;A. Amanzholov - independent director.A. Zhakipova - independent director.A. Raimkhanov - independent director.S. Bezhetsky – Executive Board Chairman, UMP JSC.UMP JSC has a Code of Corporate Ethics and Compliance, approved by the decision of the Board of Directors of UMP JSC dated March 27, 2020 No. 5.V. Dontsov - Ombudsman of UMP JSCThe Ombudsman may be re-elected an unlimited number of times. |
| 2 | Interaction of the Fund and organizations. The role of the Fund as a national managing holding | Comply | The distribution of net income in favor of shareholders is carried out in the form of dividends based on the dividend policy of UMP JSC, by the decision of the Sole Shareholder owning all voting shares of UMP JSC (minutes of the in-person meeting of the Board of Directors of NAC Kazatomprom JSC dated November 18, 2021 No. 14 /20).Annually, the Board of Directors considers a report on the implementation of the Development Strategy, approves documents on the financial and economic activity plan and the development plan, Key performance indicators of members of the Management Board of UMP JSC.On a quarterly basis, the Board of Directors considers:Risk management report;CEO (Executive body) report on financial, economic and production activities, including:Report on the main financial results of activities (budget execution);Report on the state of industrial safety;Report on transactions in which the company has an interest;Report on the implementation of the investment plan and investment projects;Report of the Corporate Secretary on the implementation of decisions previously taken by the Board of Directors;Social Stability Report.The Board of Directors annually assesses the performance of the KPI of the Executive Body in comparison with the approved KPI. This assessment affects the remuneration of the Executive Body.UMP JSC approved regulations on the Sole Shareholder of UMP JSC (General Meeting of Shareholders) and interaction with it, the Board of Directors, and the Management Board. |
| 3 | Sustainable development | Comply  | By the decision of the Board of Directors of UMP JSC (Minutes of the Board of Directors dated December 29, 2017 No. 17), the Stakeholder Map of UMP JSC was approved. The stakeholder map of UMP JSC is designed to build constructive relationships with both external and internal stakeholders that have a significant impact on the sustainable development of society. An effective system of interaction with stakeholders provides the necessary conditions for creating long-term value, achieving strategic goals and building a positive reputation for the company.The Board of Directors of UMP JSC (minutes of the absentee meeting of the Board of Directors of UMP JSC dated August 13, 2020 No. 11) approved the Sustainable Development Program of UMP JSC for 2020-2022.The Board of Directors of UMP JSC annually considers Reports on the implementation of the "Program of Sustainable Development of UMP JSC for 2020-2022".The Board of Directors of UMP JSC holds meetings, including on the following issues:annually on the approval of the Report on the implementation of the Development Strategy of UMP JSC;quarterly on the review of:Risk management report;CEO (Executive body) report on financial, economic and production activities, including:Report on the main financial results of activities (budget execution);Report on the state of industrial safety;Report on transactions in which the company has an interest;Report on the implementation of the investment plan and investment projects;Report of the Corporate Secretary on the implementation of decisions previously taken by the Board of Directors;Social Stability Report. |
| 4 | Rights of shareholders (participants) and fair treatment of shareholders (participants) | Comply | Shareholders receive information about the activities of UMP JSC through the Internet resource of UMP JSC, NAC Kazatomprom JSC, participate in the management of UMP JSC through the implementation of the functions of the Sole Shareholder, as well as through the Board of Directors of UMP JSC in the manner determined by the legislation of the Republic of Kazakhstan and the Charter of UMP JSC, as well as the Regulations on the Sole Shareholder of UMP JSC (General Meeting of Shareholders) and interaction with him.UMP JSC has a transparent mechanism for determining the amount and payment of dividends (Dividend Policy of UMP JSC, approved by the decision of the Sole Shareholder owning all voting shares of UMP JSC (Minutes of the in-person meeting of the Board of Directors of NAC Kazatomprom JSC dated November 18, 2021, No. 14/20.).Shareholders of UMP JSC receive dividends in the amount and terms determined by the decision of the Sole Shareholder owning all voting shares of UMP JSC, based on the legislation of the Republic of Kazakhstan, the dividend policy of NAC Kazatomprom JSC in relation to subsidiaries and the Charter of UMP JSC ".Considering that in UMP JSC all ordinary voting shares belong to NAC Kazatomprom JSC - the Sole Shareholder, General Meetings of Shareholders are not held, except for the case provided for in clause 47 of the Charter of UMP JSC and clause 4.1. regulations on the Sole Shareholder of UMP JSC (General Meeting of Shareholders) and interaction with him. Decisions on issues referred by the Law of the Republic of Kazakhstan "On Joint Stock Companies" and the Charter of UMP JSC to the competence of the General Meeting of Shareholders are taken by the Sole Shareholder of UMP JSC solely and are subject to written form, provided that these decisions do not infringe or limit rights certified by preferred shares.Decisions on issues referred to by the Law of the Republic of Kazakhstan "On Joint Stock Companies" and the Charter of UMP JSC to the competence of the General Meeting of Shareholders are adopted by the body of NAC Kazatomprom JSC, which has the right to make such decisions in accordance with the legislation of the Republic of Kazakhstan and the Charter of NAC Kazatomprom JSC.The procedure for preparing and submitting issues for consideration by the Sole Shareholder of UMP JSC (General Meeting of Shareholders) is determined by the Law of the Republic of Kazakhstan "On Joint Stock Companies", the Charter of UMP JSC and the Charter of NAC Kazatomprom JSC. |
| 5 | Efficiency of the Board of Directors and the Executive Body | Comply | The Board of Directors was elected by the decision of the Sole Shareholder owning all voting shares of UMP JSC (minutes of the in-person meeting of the Board of Directors of NAC Kazatomprom JSC dated June 26, 2019 No. 7/19, minutes of the absentee meeting of the Board of Directors of NAC Kazatomprom JSC No. 8/19 dated August 26, 2019, minutes of the absentee meeting of the Board of Directors of NAC Kazatomprom JSC dated April 24, 2020 No. 5/20, minutes of the in-person meeting of the Board of Directors of NAC Kazatomprom JSC dated October 1, 2020 No. 11/20, minutes of the absentee meeting of the Board of Directors of NAC Kazatomprom JSC dated December 4, 2020 No. 14/20, minutes of the in-person meeting of the Board of Directors of NAC Kazatomprom JSC dated February 18, 2021 No. 1/21, minutes of the in-person meeting of the Board of Directors of NAC Kazatomprom JSC dated May 24, 2021 No. 5/21, minutes of the in-person meeting of the Board of Directors of NAC Kazatomprom JSC dated October 7, 2021 No. 12/21 and minutes of the in-person meeting of the Board of Directors of JSC " NAC Kazatomprom dated November 18, 2021 No. 14/21 and minutes of the in-person meeting of the Board of Directors of NAC Kazatomprom JSC dated May 27, 2022 No. 4/22), for a period of 3 years and consists of 7 people.As of December 31, 2022 the Board of Directors consists of:D. Sarymsakov - Chairman of the Board of Directors, Chief Director for NFC, NAC Kazatomprom JSC;Members of the Board of Directors:A. Batyrbaev - Chief Commercial Director, NAC Kazatomprom JSC;A. Ryspanov - Director of the Department of Economics and Planning, NAC Kazatomprom JSC;A. Amanzholov - independent director.A. Zhakipova - independent director.A. Raimkhanov - independent director.S. Bezhetsky - Chairman of the Board, UMP JSC.The Board of Directors maintains a balance of skills, experience and knowledge, ensuring the adoption of independent, objective and effective decisions in the interests of UMP JSC and taking into account a fair treatment of shareholders and the principles of sustainable development.The Board of Directors is diverse in experience and personality.The Board of Directors approved, among other things:Induction Policy for newly elected members of the UMP JSC Board of Directors (Minutes of the BOD No. 14 of December 08, 2017);Performance Evaluation Policy for the Board of Directors, Board Committees and each member of the Board of Directors of UMP JSC (Minutes of the BOD No. 14 dated December 08, 2017);Policy on professional development of the members of the UMP JSC Board of Directors and engagement of external experts by the UMP JSC Board of Directors (Minutes of the BOD No. 14 dated December 08, 2017);Policy on Settlement of Corporate Conflicts and Conflicts of Interest at UMP JSC (Minutes of the BOD No. 8 dated June 30, 2020).The functions of the Chairman of the Board of Directors and the Chairman of the Executive Board (Executive Body) are segregated and set forth in the Charter of UMP JSC, the Regulations on the Board of Directors and the Management Board. In accordance with the decision of the Sole shareholder that holds all the voting shares of UMP JSC (Minutes of absentee meeting of the Board of Directors of NAC Kazatomprom JSC dated 04.12.2020 No 14/20, Minutes of in-presentia meeting of the Board of Directors of NAC Kazatomprom JSC dated 18.02.2021 No 1/21, Minutes of in-presentia meeting of the Board of Directors of NAC Kazatomprom JSC dated 24.11.2022 No 13/22. 11.11.2022 No.13/22) for each Independent Director of the Board of Directors of UMP JSC has fixed remuneration in the amount of 2 500 000 (two million five hundred thousand) tenge per year, additional remuneration in the amount of 20 000 (twenty thousand) tenge for each participation of Independent Director in the present meetings of the Committees of the Board of Directors of UMP JSC.UMP JSC has Rules for payment of remuneration and reimbursement of expenses of independent directors - members of the Board of Directors of UMP JSC (Minutes of intramural meeting of the Board of Directors of NAC Kazatomprom JSC dated 18.02.2021 No.1/21). Meetings of the Board of Directors shall be held in accordance with the Work Plan of the Board of Directors of UMP JSC, as well as when necessary.Meetings of the Board of Directors are held by voting in presentia and by absentee voting.Consideration and adoption of decisions on issues of important and strategic nature is carried out at meetings of the Board of Directors with voting in presentia.The Board of Directors is assessed on an annual basis as part of the Corporate Governance Diagnostics of Subsidiaries/Dependent Companies conducted by the Corporate Governance Department of NAC Kazatomprom JSC.Based on the results of these diagnostics, UMP JSC receives recommendations, which are reflected in the Action Plan to improve the corporate governance system approved by the Board of Directors.The following committees of the Board of Directors of UMP JSC have been established and are in operation (Minutes of the BOD No. 11 of 13.08.2020):1) Committee on strategic planning and investments;2) Committee on appointments and compensations;3) Audit committee;4) Committee on occupational safety.The UMP JSC Board of Directors also approved the provisions of the following committees:1) Regulations on Strategic Planning and Investment Committee of UMP JSC;2) Regulations on Appointments and Remuneration Committee of UMP JSC;3) Regulations on Audit Committee of UMP JSC;4) Regulations on Occupational Safety Committee of UMP JSC.Composition of Committees of the Board of Directors as of December 31, 2022 (Minutes of the face-to-face meeting of the Board of Directors of UMP JSC dated August 31, 2022, No. 14)1) Strategic Planning and Investment Committee:- Abzal Raimkhanov, Independent Director of UMP JSC - Chairman of the Committee;- Almaz Amanzholov, Independent Director of UMP JSC - committee member;- Askar Batyrbaev, member of the Board of Directors of UMP JSC - Committee member;2) Nominations and Remuneration Committee:- Asem Zhakpiyova, Independent Director of UMP JSC - Chairperson of the Committee;- Abzal Raimkhanov, Independent Director of UMP JSC - Committee member;- Almas Ryspanov, member of the Board of Directors of UMP JSC - Committee member;3) Audit Committee:- Almaz Amanzholov, Independent Director of UMP JSC - Committee Chairman;Asem Zhakipova, Independent Director of UMP JSC - Сommittee member;Abzal Raimkhanov, Independent Director of UMP JSC - Сommittee member.4) Industrial Safety Committee:Almaz Amanzholov, Independent Director of UMP JSC - Committee Chairman;Asem Zhakipova, Independent Director of UMP JSC - Committee member;Sergey Bezhetskyi, member of the Board of Directors of UMP JSC - Committee member.UMP JSC has appointed a Corporate Secretary (Minutes No. 6 of BOD dated May 24, 2021), who acts on the basis of the Regulation on the Corporate Secretary of UMP JSC.According to the Regulation on the Executive Board of UMP JSC (Minutes of the BOD No. 2 dated February 17, 2020), the Executive Board is a collegial executive body of the Company, which is created to manage the current activities of the Company.The Executive Board is headed by the Chairman. Chairman of the Board is accountable to the Sole Shareholder and the Board of Directors, ensures compliance of UMP JSC activities with the approved strategy and development plans of UMP JSC as well as the decisions made by the Sole Shareholder and the Board of Directors, and is responsible for their implementation and execution.The Board of Directors elects the Chairman of the Executive Board and the members of the Management Board, determines the term of office, the amount of salary and the terms of their remuneration. The Chairman of the Executive Board and members of the Executive Board are evaluated by the Board of Directors. The main evaluation criterion is the achievement of the set KPIs. Motivational KPIs for the Chairman of the Executive Board and members of the Executive Board are approved by the Board of Directors. |
| 6 | Risk management, Internal control and audit | Comply | UMP JSC has an Internal Audit Service for systematic independent assessment of the reliability and efficiency of the risk management and internal control system and corporate governance practices.The Head of the Internal Audit Service of UMP JSC is Murat Satanov appointed by resolution of the Board of Directors of UMP JSC (Minutes of the Board of Directors No. 11 dated August 13, 2020).M. Mikhailova was appointed Risk and Compliance Officer of UMP JSC by the resolution of the Board of Directors of UMP JSC (Minutes No.6 dated May 24, 2021).Risk and Compliance Officer responsible for organizing functioning of the compliance risk system and conducting an independent, professional assessment of the effectiveness of measures of the risk management system and internal control system, including compliance with mandatory regulatory requirements on anti-corruption issues of the Republic of Kazakhstan.The Executive Body ensures maintenance of an effective risk management and internal control system, including by implementing and enforcing the provisions of UMP JSC Risk Management System Policy submitting risk management reports to the Board of Directors for review and approval on a quarterly basis.Risk management process is based on interaction with key business processes of UMP JSC such as: strategic planning, operating activities, investment activities, credit activities, budgeting and personnel motivation.At UMP JSC the Board of Directors approves qualitative and quantitative risk appetites, a risk register and risk map. The risk register includes tolerance levels for key risks. Risk report is submitted to the Board of Directors once a quarter. All key risk issues submitted for consideration and approval by the Board of Directors are recorded accordingly.If there is a conflict of interest, every UMP JSC employee has the right to report this information in accordance with UMP JSC Anti-Corruption and Anti-Fraud Policy as well as UMP JSC Code of Corporate Ethics and Compliance. |
| 7 | Transparency | Comply | UMP JSC has an Information Policy of UMP JSC, including the regulation of information disclosure.UMP JSC approved the List of documents and information constituting confidential information of UMP JSC.In addition, each employee signs the Obligation on non-disclosure of information constituting confidential information of UMP JSC.The risk and compliance officer of UMP JSC keeps records and monitors persons who have access to insider information of UMP JSC.Disclosure of information in the media and placement of information on the Internet resource of UMP JSC is regulated by the Information Policy of UMP JSC, approved by the minutes of the absentee meeting of the Board of Directors of UMP JSC on May 03, 2019 No. 8.Structural divisions of UMP JSC prepare information in the relevant areas for the integrated annual report of NAC Kazatomprom JSC.UMP JSC ensures the audit of annual financial statements in accordance with the legislation of the Republic of Kazakhstan and internal documents of NAC Kazatomprom JSC. The annual audit of the financial statements is carried out by engaging an independent auditor.The procedure for selecting an audit organization is carried out in accordance with the Rules for the selection of an audit organization for Samruk-Kazyna JSC and organizations, more than fifty percent of the voting shares (participatory interests) of which are directly or indirectly owned by Samruk-Kazyna JSC on the right of ownership or trust management, approved by the Decision of the Management Board of Samruk - Kazyna JSC dated December 27, 2016.In accordance with the Decision of the Sole Shareholder, which owns all the voting shares of UMP JSC, PricewaterhouseCoopers LLP was appointed as an audit organization to audit the annual financial statements of UMP JSC for 2020-2022.The Internet resource of UMP JSC discloses the information necessary for interested parties to understand the activities of UMP JSC. |