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# REPORT OF THE CORPORATE GOVERNANCE ASSESSMENT OF E-FINANCE CENTER JOINT-STOCK COMPANY

# General rating of the corporate rating and ratings by components

No.	Name of component	Maximum	Actual	Weight, %	Rating %
1	Ownership structure and impact of the Sole Shareholder	26	22	5	4,2
2	Structure and practice of work of the Board of Directors	99	82,25	20	16,7
3	Activities of the Executive Body	37	31	20	16,8
4	Rights of the financial stakeholders	57	46	5	4,1
5	Financial transparency and information disclosure	77	70,25	10	9,1
6	Risk management system (RMS) of the Company, work of the Internal Audit Service (IAS), interaction of RMS and IAS with the Company management bodies	113	102,5	15	13,6
7	Analysis of the internal regulations, job descriptions of employees, documents on strategy, planning and reporting	44	38,75	10	8,8
8	Company Commitment to the corporate governance principles	13	11	5	4,3
9	Performance of the corporate secretary, compliance with legal requirements for Joint-Stock Companies	9	8,5	5	4,7
10	Efficiency of the Compliance Manager, compliance with legal requirements for JSC	17	16,25	5	4,8
<b>Total:</b>		<b>492</b>	<b>428,5</b>	<b>100</b>	<b>87,1</b>

## General rating of the corporate rating and ratings by components

Determination of the rating for individual key components of the analysis has been carried out on the basis of the total number of points received after filling out the score cards for the corresponding subcomponents of the analysis.

The result obtained is calculated as a percentage of the weights of the components with the maximum possible number of points for this component of the analysis, and then with a rating scale.

The calculated common rating of the corporate governance level of the Company for certain key components of the analysis is **87.1%** or according to the rating scale of the corporate governance level it corresponds to **KZCG6**.

# Ownership structure and impact of the Sole Shareholder

**Rating by sub-components is 84,6%**

No.	Name of sub-component	Rating of sub-component		
		Maximum	Actual	%
1	Ownership structure transparency	3	3	100
2	Right to receive and evaluate information	7	6	85,7
3	Dividend policy	9	8	88,9
4	Implementation of the Sole Shareholder functions	4	2,25	56,3
5	Post-service of the Sole Shareholder	3	2,75	91,7
	<b>Total:</b>	<b>26</b>	<b>22</b>	<b>84,6</b>

As part of this block, an effective corporate governance means ensuring the protection of the rights of the Sole Shareholder. In addition, this subgroup considers the dividend policy, transparency of the ownership structure and the right to participate in the management of the Company. The block concerning the rights of the Sole Shareholder is considering the possibility of risks associated with violation of the rights of the Shareholder.

# Ownership structure and impact of the Sole Shareholder-84,6%

## OBSERVATIONS AND RECOMENDATIONS



The “Ownership structure and impact of the Sole Shareholder” component is aimed at studying the rights of the Shareholder and the structure of share capital, as well as the impact of the Sole Shareholder on corporate governance practices.

The Company's Charter (clause 3, clause 29) states that Sole Shareholder has (SS) the right to receive information about the activities of the Company, including getting acquainted with the financial statements of the Company, in the manner determined by the Sole Shareholder. However, the Company's Internal Regulatory Documents (IRD) do not contain the specified procedure and the relationship between the SS and the executive body is not clearly defined. It should be noted that the SS has insufficiently organized control over the implementation of this norm..

This situation is not conducive to organizing effective work in the Company, therefore the executive body should initiate the development of a draft of the above procedure (regulations) indicating the procedure, timing, form, and responsibility of the parties for the execution of the document adopted.

A report on the implementation of this procedure will allow a reasoned assessment of the implementation of the principle of corporate governance in terms of delimitation of powers.



# Structure and operating practice of the Board of Directors

**Rating by sub-components is 83,1%**

No.	Name of sub-component	Rating of sub-component		
		Maximum	Actual	%
1	Balanced representation of the interests of the Sole Shareholder by members of the Board of Directors.	8	5,25	65,6
2	Balanced number of members of the Board of Directors.	4	3,5	87,5
3	Work of Independent Directors - members of the Board of Directors.	1	1	100
4	Compliance of the competencies of members of the Board of Directors.	5	4	80
5	Optimal terms of work for members of the Board of Directors and ensuring the succession of the activities of members of the Board of Directors.	3	1,5	50
6	The presence of Committees under the Board of Directors.	3	2,75	91,7
7	Evaluating the performance of the Committees under the Board of Directors.	5	4,75	95
8	Composition of the committees of the Board of Directors, functioning of the committees of the Board of Directors, participation of Independent Directors in managing the activities of the committees of the Board of Directors.	15	10,5	70
9	Performance of the Board of Directors.	17	13,5	79,4
10	Frequency, planning and consistency of the work of the Board of Directors. Activity of members of the Board of Directors.	8	7,75	96,9
11	Degree of objectivity in judgments and assessments of members of the Board of Directors.	3	3	100
12	Procedures for organizing meetings of the Board of Directors, order for holding meetings, Regulation on the Board of Directors.	19	18,75	98,7
13	Remuneration system for members of the Board of Directors.	8	6	75
	<b>Total:</b>	<b>99</b>	<b>82,25</b>	<b>83,1</b>

Effective corporate governance assumes the presence and functioning of a strategic management body - the Board of Directors. In addition to strategic governance, the activities of the Board of Directors are aimed at ensuring effective control over the Executive Body. The Board of Directors is accountable to the Sole Shareholder of the Company.



# Structure and operating practice of the Board of Directors-83,1%

## OBSERVATIONS AND RECOMENDATIONS



The component “Structure and practice of the board of directors” is aimed at studying the composition of the board of directors, the procedure for electing members of the board of directors, the performance of strategic planning functions by the board of directors, assessing the effectiveness of its work, as well as the mechanisms for remuneration of members of the board of directors.

At the same time, there is early termination of powers and frequent replacement of members of the Board of Directors.

It should also be noted that the number of members of the Company’s Board of Directors is 6 people, which does not allow achieving the optimal degree of collegiality of decisions.

Society needs to develop and approve a policy on a balanced gender, ethnic, age composition of the Board of Directors and a plan for developing competencies for members of the Board of Directors;

We consider it necessary to consider the feasibility of the participation of two members of the SS representative in the Board of Directors.

Introduce an additional function into the practice of the Board of Directors: after 6 months of work, a newly elected member of the Board of Directors at the next meeting makes a short report on his vision of the current situation and plans for his work for the future.



# Assessment of the effectiveness of the committees of the board of directors - 70.0%

## OBSERVATIONS AND RECOMENDATIONS



The Board of Directors of the Company has created:

- Strategic Planning Committee;
- Audit Committee;
- Personnel and Remuneration Committee.

The chairmen of committees of the Board of Directors are only independent directors.

To streamline the composition of the Board of Directors committees, initiate the introduction of a new independent director to the Board of Directors (to achieve an odd number - 7);

It is recommended to approve a policy on remuneration of independent directors, including terms of remuneration for participation and chairmanship in Committees.

The Board of Directors of the Company shall implement in practice the Professional Development Program for each member of the Board of Directors, taking into account changes in corporate governance.

Consider the need to develop a Policy for the selection of candidates for members of the Board of Directors.





# Activities of the Executive Body

**Rating by sub-components is 83,8%**

No .	Name of sub-component	Rating of sub-component		
		Maximum	Actual	%
1	Composition, number and competence of members of the Company's Executive Body.	4	3,5	87,5
2	Functioning of the Executive Body, responsibility and accountability.	3	2,75	91,7
3	Remuneration system for members of the Executive Body.	11	8,75	79,5
4	Degree of impact of the Sole Shareholder and members of the Board of Directors for the Company's operations.	4	2,5	62,5
5	Performance of the Executive Body, distribution of functions and responsibilities between members of the Executive Body.	5	4	80
6	Operating procedure of the Executive Body, Regulation on the Executive Body.	10	9,5	95
	<b>Total:</b>	<b>37</b>	<b>31</b>	<b>83,8</b>

Fulfillment of the strategic tasks determined by the Board of Directors largely depends on the activities of the Executive Body of the Company. Many Company's risks are associated with management efficiency.

## Activities of the Executive Body-83,8%

### OBSERVATIONS AND RECOMENDATIONS



Meetings of the Management Board are held in accordance with the work schedule. The Board held a meeting to consider issues of financial, economic and administrative activities of the company, as well as relevant work on the implementation of the Development Plan, decisions of the Board of Directors and SS of the company.

It should be noted that in the work plans there are practically no dates for holding board meetings. The main wording in the “fulfillment deadlines” column is “within a year (as necessary),” while the approved form of the schedule involves indicating the month. The vagueness of the timing of meetings does not contribute to the effectiveness of the work of not only the Board, but also the employees.

Based on the norms of the Regulations on the Management Board, the criteria for “necessity” should be determined, and the holding of all unscheduled meetings should be formalized through the procedures (petition) specified in the Regulations.

Consider the possibility of creating a structural unit of an analytical nature, preparing proposals, including for improving the legislation on public procurement.

In order to improve the moral and psychological climate in the team, we recommend that you initiate the development and adoption of a Collective Agreement.



# Rights of financial stakeholders

**Rating by sub-components is 80,7%**

No.	Name of sub-component	Rating of sub-component		
		Maximum	Actual	%
1	Mechanisms for protecting the rights of financial stakeholders.	1	0,75	75
2	Responsibilities of the financial stakeholders of the Company.	3	2,75	91,7
3	Degree of the Company's commitment to the principle of equal opportunities in relations with financial stakeholders.	6	4,25	70,8
4	The effectiveness of the Company's codes and policies governing relations with financial stakeholders, their rights, duties, responsibilities.	4	3	75
5	Protection of confidential information in the Company.	3	3	100
6	Conflict of interest prevention procedures.	18	17,5	97,2
7	Regulations on the Company employee.	8	5	62,5
8	Sustainable development principles.	2	1,25	62,5
9	Consistency of activities for sustainable development.	12	8,5	70,8
<b>Total:</b>		<b>57</b>	<b>46</b>	<b>80,7</b>

The activities of the Company are closely related to many stakeholders, who are defined as financial stakeholders who have their own financial and non-financial interests in relation to the Company and other issues.

## Rights of financial stakeholders-80,7%

### OBSERVATIONS AND RECOMENDATIONS



The organization maintains relationships with many stakeholders, who are economic and financially interested parties, taking into account their financial and non-financial interests in relation to the Company.

The Company's management is responsible for activities to ensure information security (IS) and declares its commitment to the above goals and principles. At the same time, the approval sheets for the Information Security Policy are not endorsed by responsible employees.

Taking into account the mission of the Company and the corresponding impact on a large number of users, the Company's documents regulating relations with financially interested parties must contain a detailed format and description of the interaction process, as well as provide for an analysis of the level of involvement of stakeholders in the process of interaction with the Company.

The Annual Report contains information on sustainable development. At the same time, the best practice is to prepare a separate report in the field of sustainable development in accordance with international standards in the field of non-financial reporting.



# Financial transparency and information disclosure

**Rating by sub-components is 91,2%**

No .	Name of sub-component	Rating of sub-component		
		Maximum	Actual	%
1	Information disclosure methods.	12	8,5	70,8
2	Information disclosure procedures.	13	12,5	96,2
3	Sources of Company information disclosure.	4	4	100
4	Annual reports of the Company.	4	4	100
5	The efficiency of the Company's website.	4	3,75	93,8
6	Information policy of the Company.	5	4,5	90
7	Availability and quality of the Company's financial statements.	13	13	100
8	Disclosure of information on the selection of independent audit organizations, independent audit reports.	15	13,75	91,7
9	Disclosure of information about the Sole Shareholder, members of the Board of Directors and the Executive Body, their competencies and remuneration.	7	6,25	89,3
<b>Total:</b>		<b>77</b>	<b>70,25</b>	<b>91,2</b>

Company transparency assumes transparency in providing of data on the financial and operational status of the Company. The Company must adhere to the principles of consistency, timeliness and fairness of information for all stakeholders.

# Financial transparency and information disclosure-91,2%

## OBSERVATIONS AND RECOMMENDATIONS



The Company discloses information about its activities in the public domain. Financial stakeholders provide insight into the company's activities. Information is disclosed about ongoing projects and restrictions with stakeholders, target and actual values of key performance indicators.

The main issue of financial reporting for the analyzed period is the issue of unprofitability of more than half of the administered projects. In fact, according to the current tariff policy, cross-subsidization occurs when the profitability of some projects covers the unprofitability of others.

Annual reports in some sections are rich in digital information, diagrams, tables on production indicators, while in other sections they are limited to text messages and are not very informative.

The company, in order to ensure transparency of financial reporting, needs to review the current tariff policy.

We believe that the press service should develop a “standard” for presenting the material and monitor the correct presentation of the context of the annual report. It is advisable to follow the structure of presentation of information in the Annual Report in accordance with the Code of Civil Procedure, try to avoid repetition of template texts, and create texts that are capacious in content and reflect significant events of the reporting year.





# The risk management system (RMS) of the Company, the work of the internal audit service (IAS), interaction of the RMS and IAS with the Company's management bodies

**Rating by sub-components is 90,7%**

No .	Name of sub-component	Rating of sub-component		
		Maximum	Actual	%
1	Company risk management policy.	3	3	100
2	Effectiveness of the risk management system.	16	15,75	98,4
3	Risk assessment as part of the business planning process.	8	7,5	93,8
4	Internal Audit Service activities. Objectives and functions of the internal audit.	23	20,75	90,2
5	IAS auditing process. Standards and forms of internal audit of the Company.	10	8,75	87,5
6	Internal control system of the Company.	7	6	85,7
7	Transparency of principles and approaches in the field of risk management for the Company's employees and its stakeholders.	6	5,25	87,5
8	Interaction of the risk management department and the internal audit service with the Board of Directors, the Executive Body and other subdivisions of the Company.	10	8,75	87,5
9	Competence and qualifications of employees of the risk management department and the internal audit service.	5	4,75	95
10	Advanced training of employees of the risk management department and the internal audit service.	8	7,5	93,8
11	Planning the work of the risk management department and the internal audit service.	7	5,75	82,1
12	Mechanisms for improving the quality of work of the risk management department and the internal audit service.	10	8,75	87,5
<b>Total:</b>		<b>113</b>	<b>102,5</b>	<b>90,7</b>

The main goal of the current corporate risk management system of the Company is to achieve an optimal balance between growth of the Company, its profitability and risks, as well as to ensure sustainable development as part of the implementation of strategic plans and achievement of the established objectives.

# The risk management system (RMS) of the Company, the work of the internal audit service (IAS), interaction of the RMS and IAS with the Company's management bodies-90,7%

## OBSERVATIONS AND RECOMENDATIONS



The risk management system, internal control and internal audit service play a decisive role in the system of effective economic management.

The Company monitors and controls its risks in cooperation with the IAS and in accordance with the basic principles of the Policy and Code of Corporate Governance of the Company.

At the same time, there is a lack of mechanisms for the real involvement of the team in the development of corporate governance.

The analysis showed that the Internal Audit Service was developing an annual internal audit plan. Despite the fact that audit planning is carried out taking into account a preliminary assessment of the likelihood of occurrence and significance of risks, significant issues such as staff turnover were not reflected in the reports.

In order to promptly respond to the Company's actions to implement IAS corporate governance, it is necessary to develop a methodology for assessing corporate governance and approve it by the Board of Directors. Also, on an annual basis, include an assessment of corporate governance in the IAS work plan and provide a key performance indicator for the head of the internal audit service.



# Analysis of the internal regulations, job descriptions of employees, strategy documents, planning and reporting

**Rating by sub-components is 88,1%**

No.	Name of sub-component	Rating of sub-component		
		Maximum	Actual	%
1	Internal documents of the Company governing the activities of the Company's management bodies, competencies, rights, duties, responsibility of officials.	9	9	100
2	Internal documents governing the activities of structural subdivisions of the Company.	3	2,75	91,7
3	Job descriptions of employees.	4	3,5	87,5
4	Duplication of competencies.	4	3,75	93,8
5	Planning process in the Company: development strategies, development plans, budgets.	14	12	85,7
6	Effectiveness of management reporting in the Company.	8	6,25	78,1
7	Automation of the planning and monitoring system in the Company.	2	1,5	75
	<b>Total:</b>	<b>44</b>	<b>38,75</b>	<b>88,1</b>

Internal regulations of the Company, as well as fundamental documents on strategy, planning and reporting represent a set of important data on the production and management of the Company that characterize internal organizational relationships and help to quickly and efficiently control over the processes.

# Analysis of the internal regulations, job descriptions of employees, strategy documents, planning and reporting - 88,1%

## OBSERVATIONS AND RECOMENDATIONS



The company's internal regulatory documents, as well as fundamental documents on strategy, planning and reporting, represent a set of important data on the production and management of the company, which characterize internal organizational relations and allow for quick and effective control of processes.

The Company has approved a significant number of IRD (more than 150), however, it is difficult to form a clear idea of the completeness of regulation of business processes.

The strategic development plan of the company for 2021-2025 includes an analysis of the external and internal environment, definition of mission and vision, goals and objectives, and defines strategic development indicators. At the same time, the Company's Development Plan was approved for 2022-2026, that is, it is ahead of the Strategic Plan

The possibility of streamlining (synchronizing) the timing of implementation of strategic plans and development plans should be considered;

When determining the Coefficient of Performance (COP), provide for their values for each year of the strategic plan, and also provide for cascading performance indicators to the level of the structural unit.

Provide in the strategy for disclosing issues of developing corporate culture, building relationships with stakeholders, and implementing sustainable development policies.



# The Company's commitment to the principles of corporate governance

**Rating by sub-components is 84,6%**

No.	Name of sub-component	Rating of sub-component		
		Maximum	Actual	%
1	Corporate Governance Code.	4	3,5	87,5
2	Business Ethics Code.	5	4,5	90
3	Corporate governance practice in the Company. Involvement of employees in the development of the Company's corporate culture and the principles of ethical business communication.	4	3	75
<b>Total:</b>		<b>13</b>	<b>11</b>	<b>84,6</b>

The adherence of the Company and its employees to the principles of corporate governance determines the corporate culture of the Joint-Stock Company as a whole. A high level of corporate culture attracts effective managers and talented employees.

# The Company's commitment to the principles of corporate governance- 84,6%

## OBSERVATIONS AND RECOMENDATIONS



The Company approved by the decision of the sole shareholder the Code of Corporate Governance, the Code of Business Ethics and other necessary documents developed in accordance with the law. At the s

The Company does not have a Collective Agreement between the employer and employees, in which the rights and obligations of the parties, measures of social support and incentives for employees, and the protection of social, economic, and labor interests can be discussed in more detail. ame time, the implementation of one of the most important principles of corporate development – “sustainable development” – was practically ignored.

We consider it necessary to determine criteria for assessing how employees actually apply the principles and provisions of the Code of Business Ethics and include them in the system for assessing the team's performance in implementing the principle of sustainable development.

Provide the necessary measures in the risk map, based on the norms of the Corporate Governance Code (CGC) on sustainable development in three areas of activity (economic, environmental, social).

It is necessary to include the implementation of the principle of sustainable development in the COPs of board members.

Determine the responsible structural unit for the implementation and monitoring of the implementation of the principles and provisions of the CCG, including the sustainable development policy.

It is advisable to develop a document to conduct a study of the involvement of the Company's personnel in the corporate governance system, determining measurable quantitative and qualitative indicators of risk areas, social stability, employee loyalty, and sustainable development in the team.





# Performance of the corporate secretary, compliance with legal requirements for Joint-Stock Companies

**Rating by sub-components is 94,4%**

No.	Name of sub-component	Rating of sub-component		
		Maximum	Actual	%
1	Activities and functions of the corporate secretary	4	3,75	93,75
2	Conflict of interest, combination of duties of the corporate secretary.	1	1	100
3	Timely disclosure of information in accordance with legal requirements on the Internet resource of the Financial Reporting Depository	4	3,75	93,8
<b>Total:</b>		<b>9</b>	<b>8,5</b>	<b>94,4</b>

The corporate secretary is one of the key figures in the corporate governance of the Company, which ensures that the Company complies with the requirements of legislation and internal documents on corporate governance issues.

# Performance of the corporate secretary, compliance with legal requirements for Joint-Stock Companies - 94,4%

## OBSERVATIONS AND RECOMENDATIONS



The company has a corporate secretary service (hereinafter referred to as the Corporate Secretary) consisting of two specialists.

At the same time, in his activities, the Corporate Secretary is guided by the Regulations on the Corporate Secretary, approved by the Board of Directors (2019 with subsequent amendments).

The Corporate Secretary regularly evaluates the activities of members of the Board of Directors, members of the Management Board, IAS, CS, without allowing a nominal attitude to the process on the part of all participants.

Monitor the receipt and execution of SS requests once every six months and provide information to the Chairman of the Board of Directors within the framework of the principle of delimitation of powers for making management decisions.

Monitor the best global practices in the field of corporate governance and make proposals for improving corporate governance practices in the Company.

In the report on compliance (non-compliance) with the principles and provisions of the Code, reflect significant, specific events and facts, excluding generalizations, analyze the impact of non-compliance with the principles and propose solutions.

It is advisable to develop a procedure for making additions to the work plan of the Board of Directors, excluding a significant excess of consideration of unscheduled issues;



# Efficiency of the Compliance Manager, compliance with legal requirements for JSC

**Rating by sub-components is 95,6%**

No.	Name of sub-component	Rating of sub-component		
		Maximum	Actual	%
1	Activities and functions of the Compliance Manager	11	10,5	95,5
2	Conflict of interest, combining responsibilities of a Compliance Manager	2	2	100
3	Timely disclosure of information in accordance with the requirements of the legislation of the Republic of Kazakhstan and IRD on Internet resources and to the authorized government body	4	3,75	93,8
Total:		17	16,25	95,6

A compliance manager is a specialist whose responsibilities include ensuring the organization's activities comply with the appropriate regulatory environment, identifying risks of non-compliance with current regulations and standards of the organization's activities, and preventing the organization and its employees from being involved in illegal activities.

# The efficiency of the Compliance Manager, compliance with legal requirements for JSC – 95.6%

## OBSERVATIONS AND RECOMENDATIONS



The company has a Compliance Manager, who is an employee of the Company, appointed by the Board of Directors and is accountable to the Board of Directors, both in accordance with IRD and in practice.

In his activities, the Compliance Manager is guided by the Regulations on the Compliance Manager of JSC Center for Electronic Finance, approved by the Board of Directors (Minutes No. 6 dated April 17, 2023)

In the Company, in 2023, an anti-corruption management system was introduced, IRD were developed and approved, in accordance with the Law of the Republic of Kazakhstan “On Anti-Corruption” and the requirements of the international standard ISO 37001:2016. Factors, corruption risks, and stakeholder requirements have been identified. On their basis, a draft of the anti-corruption management system goals and measures to achieve them have been developed.

In April 2023, an internal audit of the anti-corruption management system was carried out, following which a report was provided in which inconsistencies and observations were identified, for which corrective and preventive actions and improvement measures were developed. JSC "CEF" confirmed the compliance of the Anti-Corruption Management System with the requirements of ISO 37001:2016 (Certificate of Conformity, No. 211843/A/0001/UK/RUS, issued on November 27, 2023, United registrar of systems).

## General corporate governance and ratings by components

Thus, the calculated general rating of the corporate governance level of the Company for certain key components of the analysis is **87,1%**, or according to the scale of rating assessment of the corporate governance level it corresponds to **KZCG6**. The rating scale range are provided below.

Rating scale	
<i>Range %</i>	<i>Rating</i>
<b>100-91</b>	<b>KZCG7</b>
<b>90-76</b>	<b>KZCG6</b>
<b>75-61</b>	<b>KZCG5</b>
<b>60-46</b>	<b>KZCG4</b>
<b>45-31</b>	<b>KZCG3</b>
<b>30-16</b>	<b>KZCG2</b>
<b>15-0</b>	<b>KZCG1</b>

The KZCG6 rating is assigned to the Companies with a high level of corporate governance. Companies of this level comply to a high degree with the legislation of the Republic of Kazakhstan, follow the basic principles of the adopted Corporate Governance Code. This rating confirms the minimum risks associated with infringement of the rights of the Shareholder and other affiliated persons, the transparency of the work of the Board of Directors, the Management Board, and the transparency of data on the Company's activities at the time the corporate governance rating was assigned. CG6 corporate governance rating is investment attractive one.