



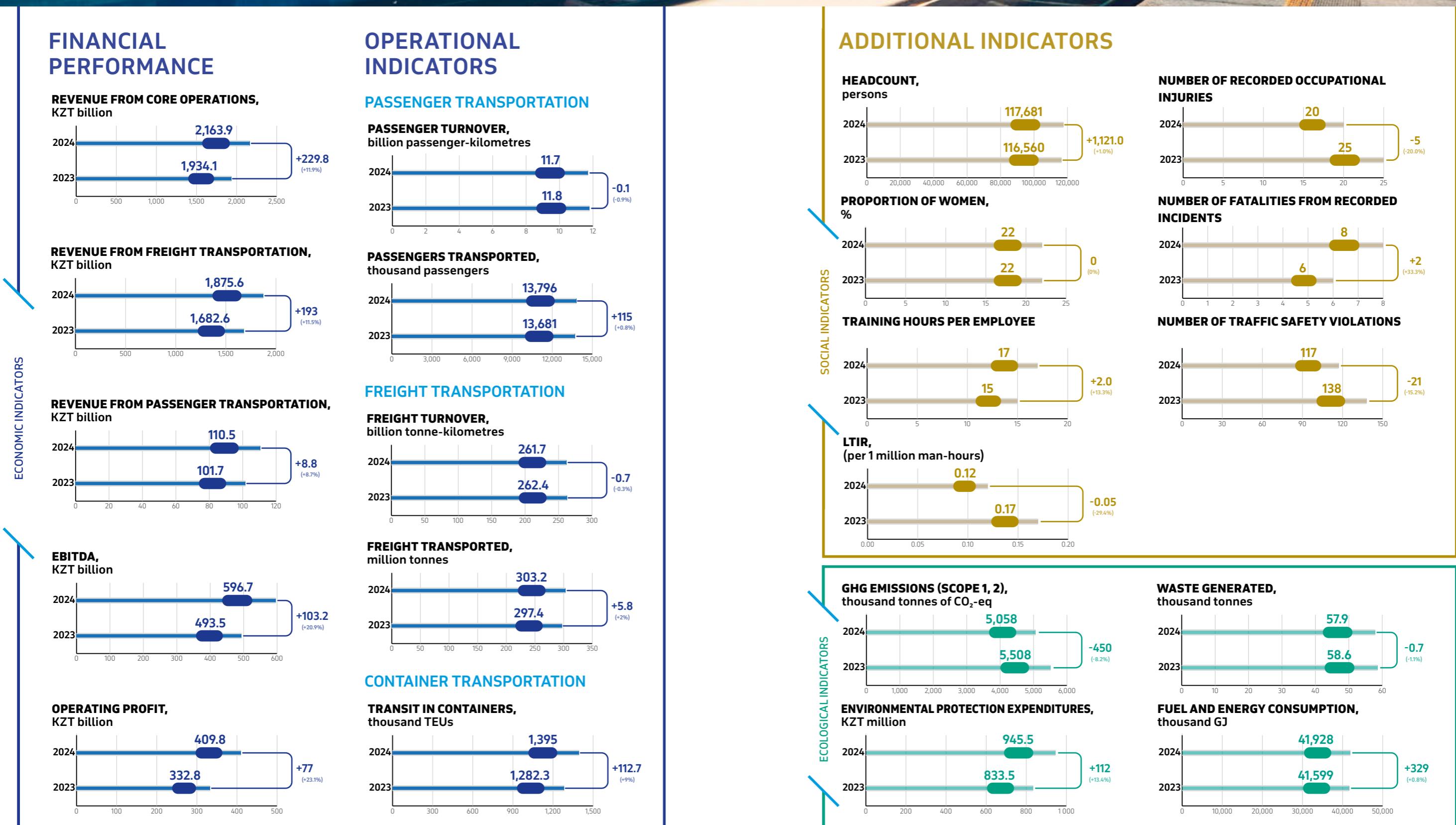
INTEGRATED
ANNUAL REPORT 2024



**ON SOLID RAILS –
POWERED BY SKILL AND
DEDICATION**

NATIONAL COMPANY KAZAKHSTAN TEMIR ZHOLY
JOINT STOCK COMPANY

COMPANY PERFORMANCE IN FIGURES



ABOUT THE REPORT

The purpose of this Integrated Annual Report is to provide our stakeholders with comprehensive and reliable information about the Company and its activities across the three pillars of sustainable development – **economic**, **social**, and **environmental**. The Report also presents information on the NC KTZ JSC Development Strategy 2032.

REPORT LEGEND

GRI **GRI Standards Disclosure Index**
The GRI Index references disclosures made in accordance with the Global Reporting Initiative (GRI) Standards.

TCFD **TCFD Disclosure Index**
The TCFD Index reflects information disclosed in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

SASB **SASB Disclosure Index**
The SASB Index presents information disclosed in line with the Sustainability Accounting Standards Board (SASB) recommendations.

ECONOMIC INDICATORS
Data highlighted in this colour represent the Company's economic performance indicators.

SOCIAL INDICATORS
Data highlighted in this colour represent the Company's social performance indicators.

ENVIRONMENTAL INDICATORS
Data highlighted in this colour represent the Company's environmental performance indicators.

Company Development Strategy
This section provides information on the implementation of NC KTZ JSC's Development Strategy, as well as the Company's targets and objectives.

Web Links
Further details are available at the website indicated.

Additional Information
More in-depth information is provided in the specified section of the Report.

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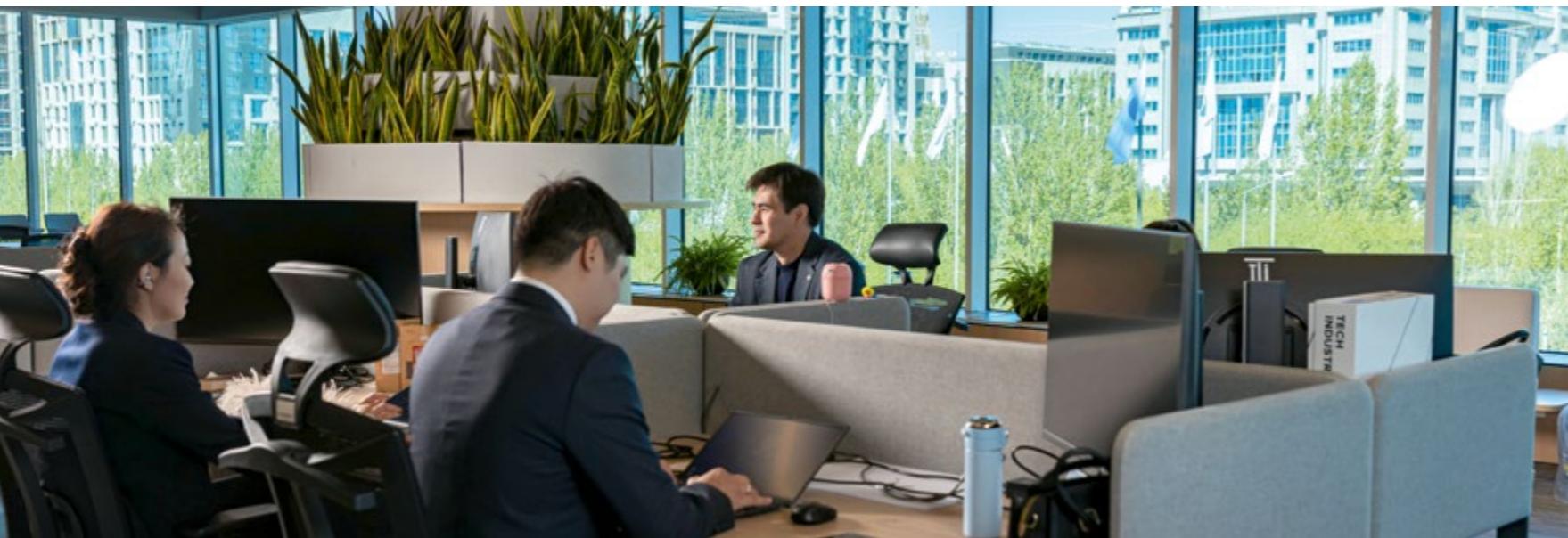
All reports are available
on the Company's official
website:

GRI 2-5



PwC has provided limited assurance of selected non-financial information disclosed in accordance with the GRI Standards. The auditor's opinion is presented on page 315-319.

This version of the integrated annual report is a translation from the original, which was prepared in the Russian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Russian version of the integrated annual report takes precedence over this translation.



ADDRESS BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

GRI 2-22



AIDAR RYSKULOV

Chairman of the Board of Directors of NC KTZ JSC

Dear shareholders, partners, investors and readers of the Annual Report!

On behalf of the Board of Directors of NC KTZ JSC, I would like to thank you for your interest in the Company and your support provided during 2024.

The past year has been a period of significant achievements and preparation for important strategic changes. The Company's consolidated revenue increased by 11.9% compared to 2023 and reached 2,163.9 billion tenge, while net profit increased by 18.2% to 157.8 billion tenge. These results strengthen the Company's investment attractiveness and form a solid foundation for the planned IPO, which has been under preparation throughout the reporting period. An additional confirmation of the Company's stability and growing confidence from international financial institutions was the upgrade of Moody's rating in 2024 from Baa3 to Baa2.

Special attention was given to issues of sustainable development and compliance with ESG principles. Following an independent assessment by S&P Global, the Company was given a high ESG rating of 60 points, placing NC KTZ JSC among the top 10% of companies in the transportation sector. In addition, the Company was included in the S&P Global Industry Yearbook 2024, becoming the first company from Kazakhstan to receive such global recognition.

The implementation of key projects to modernize the railway infrastructure, strengthen transport and logistics potential and improve the quality of passenger transportation continues. As early as 2025, the construction of the second Dostyk – Moiynty

tracks and the bypass line bypassing the Almaty hub is expected to be completed, as well as the release of the first wagons using the advanced technology of the Stadler company.

Train safety and occupational safety remain absolute priorities. The number of safety violations decreased by 15.2%, and the rate of occupational injuries decreased by 20%. The Company will continue to strengthen measures to ensure safe working conditions and implement advanced standards. A significant event in this direction was the VI Industrial Safety Forum held on December 6, 2024 with the participation of representatives of Samruk-Kazyna JSC, its portfolio companies, as well as international partners.

The Company continues to strengthen the results achieved and develop its key business areas. The Board of Directors will continue to focus on strategic priorities, corporate sustainability and enhancing long-term shareholder value.

I would like to express my gratitude to all employees of NC KTZ JSC, investors and partners for working together and supporting us.

With respect,
Chairman of the Board of Directors of NC KTZ JSC
AIDAR RYSKULOV

ADDRESS BY THE CHAIRMAN OF THE MANAGEMENT BOARD

GRI 2-22



NURLAN SAURANBAYEV

Chairman of the Management Board of NC KTZ JSC

Dear readers of the Annual report!

In 2024, the Company's production and economic indicators demonstrate stable positive dynamics: the operational cargo turnover amounted to 272 billion t-km, which is 1% higher than in 2023. Container transit amounted to 1.4 million TEU, an increase of 9%. As a result, the Company's operating income increased by 11.9% compared to the level of 2023 and amounted to 2,163.9 billion tenge, while net profit amounted to 157.8 billion tenge.

According to international rating agencies Moody's, Fitch Ratings and S&P Global Ratings, the Company's ratings remain stable. At the same time, Moody's upgraded the Company's long-term credit rating from Baa3 to Baa2 in 2024.

As part of the renovation of the locomotive fleet from 2021 to 2024, the Company acquired 426 units, which reduced the wear of locomotives and generally improved the reliability of transportation.

The Program for the Development of the Mainline Railway Network until 2029, which includes the construction of 5,000 km and repair of 11,000 km of track, is being implemented. In accordance with the Program, the volume of annual repairs has been increased to 1,400 km, whereas previously it was no more than 700 km. In 2024, infrastructure projects were implemented at an accelerated pace. As a result, in 2025, ahead of schedule, it is planned to commission the second tracks on the Dostyk – Mointy section and the bypass line of Almaty station. The Darbaza-Maktaaral railroad is expected to be completed in 2026.

As part of the development of the East-West transit corridor, active expansion of terminal infrastructure continues. Along with the existing facilities in Kazakhstan (Khorgos Gateway dry port, terminal at Dostyk station, ferry complex in Kuryk) and in China

(Lianyungang port, dry port in Xi'an), new projects were launched in 2024 in Aktau and Alyat ports (Azerbaijan), at Selyatino station (Russia), Svisloch station (Belarus), as well as in Hungary.

In order to reduce the shortage of passenger cars, 369 new units were purchased in 2021–2024. It is planned to purchase 557 wagons manufactured using Stadler technology. The first batch of 51 wagons will enter service by the end of 2025.

Social policy remains one of the Company's constant priorities. In 2024, the average monthly salary of production personnel amounted to 473,477 tenge, having increased by 11% compared to 2023 and almost doubled compared to 2021, when it amounted to 236 thousand tenge. As part of the initiatives of the Head of State aimed at raising the status of a man of labor and the prestige of working professions, the Company introduced more than 20 new departmental awards. Individual awards provide for monthly bonuses ranging from 5 to 10%, as well as lump-sum payments ranging from 30 to 60 MCI.

In general, the key tasks set for the Company for 2024 have been accomplished. In 2025, significant tasks are to be implemented, including the development of digital solutions, infrastructure modernization and further strengthening of transit potential.

Detailed information is provided in the relevant sections of the report.

With respect,
Chairman of the Management Board of NC KTZ JSC
NURLAN SAURANBAYEV



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ON SOLID RAILS –
POWERED BY SKILL AND
DEDICATION



ABOUT THE COMPANY

GRI 2-1, 201-4

National Company Kazakhstan Temir Zholy Joint Stock Company (NC KTZ JSC or the Company) or the Company is a transport and logistics holding, the operator of the mainline railway network of the Republic of Kazakhstan, and the national rail freight and passenger carrier.



**GOVERNMENT
OF THE REPUBLIC
OF KAZAKHSTAN**

**SAMRUK-KAZYNA
SOVEREIGN WEALTH
FUND JSC**

NC KTZ JSC

The sole shareholder of NC KTZ JSC is Samruk-Kazyna Sovereign Wealth Fund JSC (the Fund), which was established and is fully owned by the Government of the Republic of Kazakhstan.

NC KTZ JSC Group – is the largest owner of locomotives, freight cars and passenger car in the country and is among the largest employers in Kazakhstan.

COMPANY RESOURCES AND ASSETS

LOCOMOTIVES

 **1.8 THOUSAND**

PASSENGER CARS

 **2.3 THOUSAND**

FREIGHT CARS

 **40.4 THOUSAND**

EMPLOYEES

 **117.7 THOUSAND**

RAILWAY NETWORK LENGTH IN KAZAKHSTAN

TOTAL LENGTH OF MAIN TRACKS

 **21.1 THOUSAND. km**

OPERATIONAL TRACK LENGTH

 **16 THOUSAND. km**

GEOGRAPHICAL PRESENCE OF NC KTZ JSC

GRI 2-1

NC KTZ JSC ensures economic connectivity across all **17 regions** of the Republic of Kazakhstan and 3 cities of national significance. The Company maintains cross-border operations via **16 junction points** with five neighbouring countries: **China, Russia, Uzbekistan, Kyrgyzstan, and Turkmenistan**.



COUNTRY	ORGANISATION	COUNTRY	ORGANISATION	COUNTRY	ORGANISATION
People's Republic of China	China-Kazakhstan Lianyungang International Logistics Company LLC (KTZ Express JSC – 49%)	Russian Federation	United Transport and Logistics Company – Eurasian Rail Alliance JSC (NC KTZ JSC – 33.33%)	Republic of Turkey	KTZ Express Hong Kong branch (KTZ Express JSC – 100%)
	Xinjiang KTZ International Logistics Co. Ltd (KTZ Express JSC – 100%)				
	KTZ Express Hong Kong LLC (KTZ Express JSC – 100%)				
	"YuXinOu (Chongjing) Logistics Co. Ltd" JV (KTZ Express JSC – 16.3%)				
	China-Kazakhstan Trade and Logistics Company (Xi'an) LLC (Kedentransservice JSC – 49%)			Hungary	KTZ Express Hong Kong branch (KTZ Express JSC – 100%)
	Xinjiang KTZ International Logistics Co. Ltd branch in Xi'an (KTZ Express JSC – 100%)				
	KTZ Express Hong Kong Representative Office in Shenzhen				
	CRK TERMINAL LLC (Moscow) (KTZ Express JSC – 33.3%)				
	KTZ Express JSC branch in Moscow				

Representative Offices and International Operations of KTZ: People's Republic of China – KTZ Representative Office in Urumqi; Russian Federation – Regional Foreign Office in Moscow; Islamic Republic of Iran – Regional Foreign Office in Tehran; Central Asia and the Caucasus Region – Regional Foreign Offices in Tashkent and Baku; Republic of Turkey – Regional Foreign Office in Istanbul.

NC KTZ JSC TODAY:



A system-forming transport company of Kazakhstan



Responsible for transporting **strategic and socially significant cargoes** (coal, iron ore, petroleum products, grain, etc.) essential for meeting fundamental societal needs



A foundation for sustainable business growth and a key **driver of the national economy**



Accounts for **64%** of the country's freight turnover and **14%** of passenger turnover

COMPANY HISTORY

GRI 2-6

1997

By Resolution of the Government of the Republic of Kazakhstan (No. 129 dated 31 January 1997), Kazakhstan Temir Zholy Republican State Enterprise was established through the merger of the following republican state enterprises:
 ■ Almaty Railway Administration,
 ■ Tselinny Railway Administration,
 ■ West Kazakhstan Railway Administration

2004

NC KTZ CJSC was reorganised into NC KTZ JSC. The Republic of Kazakhstan Railway Transport Restructuring Programme 2004–2006 was adopted, aimed at fostering competition within the industry and attracting private investment. As part of this Programme, Locomotive JSC was established on the basis of locomotive facilities, and the entire inventory of freight cars was allocated to an independent enterprise – Kaztemirtrans JSC.

2002

By Resolution of the Government of the Republic of Kazakhstan (No. 310 dated 15 March 2002), National Company Kazakhstan Temir Zholy Closed Joint Stock Company was formed through the merger of Kazakhstan Temir Zholy Republican State Enterprise and its state-owned subsidiaries.

2005

Subsidies from the republican budget were introduced to cover losses incurred by passenger transport operators.

2016

To separate transport operations from infrastructure management, the freight operator KTZ-Freight Transportation JSC was established (reorganized into KTZ-Freight Transportation LLP in 2020).

BUSINESS ACTIVITIES OF THE COMPANY



Mainline railway network services



Rail freight transportation



Rail passenger transportation



Transport and logistics services

BUSINESS MODEL

PARTNERS	KEY STAKEHOLDERS	VALUE PROPOSITIONS	KEY RESOURCES	CUSTOMER SEGMENTS
<ul style="list-style-type: none"> Suppliers of goods and services Railway administrations Transport and logistics companies 	<ul style="list-style-type: none"> Customers Shareholder Board of Directors Employees Trade Unions Government Authorities Investors and Lenders Mass Media General public Partners 	Provision of safe, reliable freight and passenger transportation services in accordance with established standards	<ul style="list-style-type: none"> Main railway network Locomotives Freight cars Passenger cars Qualified personnel 	<ul style="list-style-type: none"> Private passenger rail operators Individual passengers Private companies owning their own freight car fleets Freight consignors
KEY ACTIVITIES <ul style="list-style-type: none"> Main railway network services networks Freight transportation Passenger transportation 				
COST STRUCTURE <ul style="list-style-type: none"> Maintenance and servicing of the main railway network Repair and maintenance of locomotives Repair and maintenance of freight and passenger cars Energy and fuel expenses Labour costs 				REVENUE STREAMS <ul style="list-style-type: none"> Revenue from passenger transportation Revenue from freight transportation Revenue from freight forwarding and freight car operation

KEY EVENTS OF THE YEAR

JANUARY

On 11 January, the international credit rating agency Moody's Investors Service (Moody's) upgraded the credit rating of NC KTZ JSC from Baa3 to Baa2, with a Stable outlook.

On 11 January, the freight car fleet of Kaztemirtrans JSC was expanded with the addition of 67 new domestically manufactured open cars with a load capacity of 70 tonnes.

On 23 January, the Tez Customs digital platform was launched in pilot mode to enable the automated submission and clearance of transit declarations for goods transported by rail along the China-Central Asia and China-Europe routes.

On 24 January, NC KTZ JSC hosted an international round table in the capital with the participation of ADY CJSC (Azerbaijan Railways) and major domestic exporters. The event focused on the advantages and potential of the Trans-Caspian International Transport Route (TITR), which offers expedited and cost-effective access to global markets for Kazakhstan's exporters.

On 27 January, meetings of the Working Group and General Assembly of the International Association "Trans-Caspian International Transport Route" were held in Ankara, Turkey. During the General Assembly, the Head of NC KTZ JSC was unanimously re-elected as Chairman of the TITR International Association for a three-year term by all 25 member organisations, comprising leading international and regional transport and logistics entities.

FEBRUARY

On 1 February, the President of the Republic of Kazakhstan received Nurlan Sauranbayev, Chairman of the Management Board of NC KTZ JSC. Kassym-Jomart Tokayev was briefed on the key performance results of the national company for 2023 and its plans for the upcoming period.

On 1 February, NC KTZ JSC and Maqsut Narikbayev University signed a memorandum of cooperation



in the field of workforce training and professional development. The purpose of the memorandum is to foster collaboration in education and the training of qualified specialists for Kazakhstan's railway industry.

On 2 February, during a meeting of the Eurasian Intergovernmental Council in Almaty, a Memorandum of Commitment was signed on the harmonised development of the transport and logistics potential of railway systems within the Eurasian Economic Union. The signatories included NC KTZ JSC, Russian Railways JSC, and the Belarusian Railway State Association.

On 5 February, KTZ Express JSC launched a new multimodal service that includes road transportation within China, up to Urumqi, and air freight on the Urumqi – Almaty route.

On 5 February, a working meeting between the railway administrations of Kazakhstan and China was held in Urumqi. The Kazakhstan delegation was led by Bauyrzhan Urynbasarov, Managing Director for Production Processes of NC KTZ JSC, and the Chinese delegation was headed by Gao Jianyang, Chairman of the Board of Urumqi Railway Corporation. The parties agreed to synchronise infrastructure development efforts at the Dostyk-Alashankou border crossing.

On 16 February, an automated train schedule tracking system was introduced for the first time at stations along the Sorokovaya-Ereymentau and Sorokovaya-Karaganda-Sorting sections of the Northern Regional Traffic Management Centre.

On 24 February, Nurlan Sauranbayev, Chairman of the Management Board of NC KTZ JSC, held

a meeting in Astana with Sun Yongcai, Chairman of the Board of CRRC Corporation Limited, to discuss bilateral cooperation. During the meeting, the parties signed a second Framework Agreement on Cooperation.

On 28 February, the President of the Republic of Kazakhstan visited the NC KTZ JSC Innovation Centre. As part of the event, Kassym-Jomart Tokayev participated via teleconference in the opening ceremony of the Transport and Logistics Centre in Xi'an. Emphasising the strategic importance of the Centre for the sector and for Kazakhstan-China relations in general, the Head of State officially launched its operations.

On 29 February, NC KTZ JSC, Xi'an Free Trade Port Construction and Operation Co., Ltd (China), and Slavtrans-Service JSC (Russia) signed a trilateral memorandum of cooperation. The parties are considering joint investments to develop a new transport and warehousing facility at the Selyatino TLC (Russia) to promote and expand China-Kazakhstan-Russia economic and trade cooperation.

On 29 February, in Chongqing (China), Erlan Koishbayev, Deputy Chairman of the Management Board for Logistics of NC KTZ JSC, met with the leadership of the municipal port logistics zone and Yuxinou (Chongqing) Logistics Co., Ltd. During the meeting, KTZ Express JSC and Yuxinou signed an agreement to organise and dispatch 200 container trains through Kazakhstan, including via the Trans-Caspian International Transport Route (TITR), with a total cargo volume exceeding 20,000 TEU.

KTZ JSC, met with representatives of the Transport Department of the People's Government of Jiangsu Province and Jiangsu SOHO Holdings Group, the province's largest state-owned trading group. During the meeting, KTZ Express JSC and Jiangsu International Rail Freight Express signed a Strategic Cooperation Agreement and agreed to jointly organise and dispatch container trains via Kazakhstan, including along the Trans-Caspian International Transport Route (TITR).



On 11 March, the Presidents of Kazakhstan and Azerbaijan, Kassym-Jomart Tokayev and Ilham Aliyev, took part via teleconference in a ceremony marking the arrival of a container block train from the new Kazakhstan-China transport and logistics centre in Xi'an to Absheron Station (Azerbaijan), along the Trans-Caspian International Transport Route (TITR).

APRIL

On 2 April, Astana hosted a meeting of experts from the Organization for Cooperation of Railways (OSJD) Commission on Transport Law to discuss the enhancement of the Agreement on International Freight Traffic by Rail (SMGS). The event was attended by representatives from Azerbaijan, Belarus, Hungary, Georgia, Kazakhstan, China, Kyrgyzstan, Mongolia, Poland, Russia, and the OSJD Commission.

On 10 April, NC KTZ JSC held its Annual Meeting with diplomatic missions, focused on the development of the Trans-Caspian International Transport Route (TITR). The event gathered over 30 ambassadors of foreign countries, as well as representatives of the European Bank for Reconstruction and Development (EBRD) and the World Bank.



On 16 April, an extended meeting with ambassadors of foreign states was held at the NC KTZ JSC Innovation Centre, dedicated to the topic "International North-South Transport Corridor".

On 19 April, the 18th session of the Conference of General Directors (authorised representatives) of OSJD was held in Ashgabat, Turkmenistan.

On 26 April, NC KTZ JSC, Slavtrans-Service JSC (Russia), and China's Xi'an Free Trade Port Construction and Operation Co., Ltd commenced construction of the new CRK Terminal transport and logistics hub at Selyatino station (Moscow Region, Russia). As part of the groundbreaking ceremony, a HUB to HUB container train consisting of 53 containers was dispatched from Selyatino station to Xi'an.



MAY

On 23 May, during the state visit of President Kassym-Jomart Tokayev to Singapore, a Memorandum on further cooperation was signed between NC KTZ JSC, PSA, KPMC Ltd, and G-trans Service. NC KTZ JSC and PSA will continue their strategic partnership to enhance Kazakhstan's transport and transit potential, under which the joint venture KPMC Ltd was established to develop the Trans-Caspian International Transport Route (TITR). In addition, a digital transport corridor was

jointly developed with Global DTC Pte Ltd, a member of the PSA Group, enabling seamless exchange of transport documents and increasing Kazakhstan's attractiveness for international freight consignors.



JUNE

On 5 June, the Zhetygen Transport and Logistics Centre (TLC) received its first import container trains as part of a new end-to-end multimodal service established through joint efforts of China Railway Container Transport, KTZ Express JSC, and Eastcomtrans LLP. The service facilitates the delivery of containerised cargo from central China to Kazakhstan via the Zhetygen TLC.

On 6 June, as part of efforts to enhance export capacity, KTZ Express JSC and QazTrade JSC, in partnership with Pakistan's National Logistics Corporation (NLC), completed a pilot multimodal shipment to the Port of Jebel Ali (UAE) via Afghanistan and Pakistan.

On 6-7 June, representatives of NC KTZ JSC participated in the St. Petersburg International Economic Forum (Russia). During the Forum, a Cooperation Agreement was signed between Samruk-Kazyna JSC, NC KTZ JSC, and the Government of the Moscow Region, along with a Declaration on the establishment and launch of a digital ecosystem along the China - Kazakhstan - Russia route between KTZ Express JSC, Xi'an Free Trade Port Construction and Operation Co., Ltd., and Slavtrans-Service JSC.

On 11 June, the management of NC KTZ JSC held a meeting with the municipal authorities of Jinhua City, Zhejiang Province (China), as part of a business visit. The parties discussed opportunities for cooperation in developing effective logistics infrastructure, agreed to strengthen bilateral relations, and signed a Memorandum on the joint development of terminal operations in Kazakhstan and China.

On 25 June, KTZ Express JSC, Xi'an Free Trade Port Construction and Operation Co., Ltd., and Unionway LLC signed a Memorandum of Intent on the development of joint logistics services. The memorandum was signed in Shanghai (China) during the Transport Logistic China 2024 exhibition.

On 26 June, the Kazakhstan-China logistics terminal in the port of Lianyungang hosted the official launch ceremony for a pilot train running along the Korea - China - Kazakhstan - Uzbekistan route.



JULY

On 2 July, an official ceremony was held at the Altynkol station to mark the arrival of the first shunting diesel locomotives, delivered ahead of schedule under a cooperation agreement with China's CRRC Corporation Limited. The agreement had been signed on 17 October 2023 during President Kassym-Jomart Tokayev's official visit to China.



On 2 July, during the Kazakhstan-China Business Council in Astana, a series of documents were signed between NC KTZ JSC and Chinese companies. In particular, NC KTZ JSC and Lianyungang Port Group Co., Ltd. signed an Investment Agreement for the construction of a container hub based at the Port of Aktau. In addition, KTZ Express JSC,

Slavtrans-Service JSC (Russia), and Xi'an Free Trade Port (China) signed an Agreement to establish a Unified Digital Platform (UDP) for container transportation. The UDP will be an integrated and seamless system combining customs clearance, e-commerce, and other logistics functions. A supply contract for 200 locomotives was also signed with CRRC Corporation Limited.

On 21 July, a ceremonial dispatch of an Iran-China container train took place at the Aprin railway station (Iran) with the participation of representatives from Iran, China, Kazakhstan, and Turkmenistan. The train, consisting of 50 forty-foot containers loaded with gypsum powder, set off along the Iran-Kazakhstan-China route with a total transit time of 12 days. This event marked a significant step towards restoring the transport corridor and strengthening international trade relations among the countries involved.



AUGUST

On 2 August, ahead of Transport Workers' Day, more than 2,500 distinguished representatives of the industry were honored. On the festive occasion, the management of NC KTZ JSC expressed gratitude to railway workers for their professionalism and dedication, presenting industry awards to the best among them.

On 23 August, during the official visit of the Head of State to Tajikistan, NC KTZ JSC and Rohi Ohani Tojikiston State Unitary Enterprise signed a Memorandum of Cooperation in the field of transport and logistics. The memorandum is aimed at strengthening the established collaboration between the railways of the two countries. It outlines the parties' readiness to implement joint projects related to freight transportation, terminal infrastructure development, support for foreign trade operations, and more.

SEPTEMBER

On 6 September, NC KTZ JSC held a meeting with David Kudakwashe Mnangagwa, Deputy Minister of Finance, Economic Development and Investment Promotion of Zimbabwe. The parties exchanged views on transport and logistics and discussed potential joint railway projects.



On 17 September, NC KTZ JSC hosted a meeting with Konstantin Limitovskiy, Vice President of the Asian Infrastructure Investment Bank (AIIB). During the meeting, a mandate agreement was signed to finance the "Construction of the Darbaza-Maktaaral Railway Line" project. The discussion also covered the development and financing of the railway sector.

On 19 September, NC KTZ JSC executives met with Mr Zhao Gang, Governor of Shaanxi Province, in Xi'an (China), within the framework of the Trans-Caspian International Transport Route Forum.

On 20 September, during the 8th Silk Road International Expo in Xi'an (China), KTZ Express (a KTZ subsidiary), Lianyungang Port Group LLC, and Aktau International Sea Commercial Port NC JSC signed founding documents to establish a joint venture to implement the "Construction of a Container Hub in the Port of Aktau" project.

On 20 September, a container train on the China-Europe route via the TITR was officially dispatched from Xi'an. The route runs through Xi'an – Altynkol –



Aktau – Baku – Poti – Burgas – Belgrade – Hamburg/Duisburg/Budapest.

On 24 September, NC KTZ JSC participated in the 8th Silk Road International Expo in Xi'an. The Company's stand became one of the most visited among transport sector exhibitors.

OCTOBER

On 15 October, KTZ Express signed a memorandum with Bahnoperator Austria GmbH, a leading intermodal transport operator in Europe. The parties agreed to upgrade terminal infrastructure at the Port of Constanța (Romania) and expand cooperation to improve transport services along the China – Europe – China route via the Trans-Caspian International Transport Route (TITR).

On 16 October, KTZ Express carried out the first pilot shipment using double-stacked container loading at the KTZE – Khorgos Gateway dry port on the Altynkol – Zhetygen – Altynkol route. The main advantage of this method lies in improved transport efficiency through enhanced throughput capacity and mobility. Double-stacking containers enables the transportation of more cargo per trip, contributing to reduced logistics costs and faster delivery.



On 17 October, an official meeting took place in the capital between representatives of KTZ Express and Midia International SA, a Romanian company.

The meeting focused on the development of transport and logistics ties between the two countries and explored potential joint freight projects. Following the discussions, a memorandum of cooperation was signed to strengthen collaboration in freight transport and support the development of joint initiatives to boost trade flows between Europe and Asia.



On 21 October in Moscow, with the participation of representatives from the Embassy of the Republic of Kazakhstan in the Russian Federation and the Government of Moscow Region, a memorandum was signed on further cooperation in the field of cross-border e-commerce between KTZ Express, Polyking New Horizons Technology Industry Co., Ltd., and Slavtrans-Service JSC. The parties agreed to implement a project involving the CRK Terminal at Selyatino station, aimed at enabling digital coordination of participants and enhancing transparency in logistics operations.

On 30 October, a Memorandum of Understanding was signed between the European Bank for Reconstruction and Development (EBRD) and NC KTZ JSC. The document sets a strategic foundation and outlines key areas for future cooperation between the EBRD and NC KTZ JSC, including the modernisation of Kazakhstan's railway infrastructure.

NOVEMBER

On 4 November, NC KTZ JSC, the Electric Locomotive Assembly Plant LLP and ALSTOM agreed on the delivery of 117 freight electric locomotives by 2028 and the establishment of service centres. The corresponding agreement was signed in Paris during the Kazakhstan-France Business Council. At the same event, NC KTZ JSC and the French bank Société Générale signed a term sheet agreement on the financing of Alstom locomotive purchases.



On 5 November, NC KTZ JSC and ALSTOM Transport SA signed an agreement on the production of a new type of freight electric locomotive in Kazakhstan. The signing took place in Paris as part of President Kassym-Jomart Tokayev's official visit to France.

On 7 November, NC KTZ JSC participated in the 81st meeting of the Council for Railway Transport of the Commonwealth of Independent States.

On 12 November in Baku, within the framework of the 29th UN Climate Change Conference, an agreement was signed to implement a project for the creation of an intermodal freight terminal at Alyat Sea Port. The document was signed by the leadership of SK-AIH Investment Fund Ltd (Samruk-Kazyna JSC, Azerbaijan Investment Holding), NC KTZ JSC, Baku International Sea Trade Port CJSC (Azerbaijan), and Xi'an Free Trade Port Construction and Operation Co., Ltd (China).

On 21 November, NC KTZ JSC, L.A.C. Holding (Hungary), and Xi'an Free Trade Port Construction and Operation Co., Ltd (China) signed a Memorandum of Cooperation in the field of transport and logistics. The document was signed in Budapest during President Kassym-Jomart Tokayev's state visit to Hungary. The parties agreed to establish a joint intermodal freight terminal in Budapest.

On 21 November, dredging works were completed ahead of schedule at the Port of Kuryk. These works created the necessary conditions for the further expansion of terminal capacity and form part of comprehensive measures to develop the Trans-Caspian International Transport Route (TITR), allowing for the growing cargo transport needs on the route to be met.

On 24 November, the official launch ceremony took place for the first return container train along the TITR from Baku (Azerbaijan) to Xi'an (China) via Kazakhstan. The train, consisting of 62 containers with petroleum coke, will travel the route in just 12 days as part of the backhaul load strategy.

On 27 November, NC KTZ JSC and Russian Railways JSC signed a Strategic Cooperation Agreement during the state visit of Russian President Vladimir Putin to Kazakhstan. The parties committed to synchronising efforts to increase capacity at nine interstate junction points. Plans include modernising railway infrastructure at border stations and advancing the digitalisation of transport and cross-border operations to develop a unified digital space.

On 27 November, NC KTZ JSC, Xi'an Free Trade Port Construction and Operation Co., Ltd. (China), and Slavtrans-Service JSC (Russia) signed an agreement during the state visit of Russian President Vladimir Putin to Kazakhstan. The parties formalised arrangements for the construction of the CRK Terminal logistics hub at Selyatino station (Russia) and agreed on the joint use of the Unified Digital Platform along the Xi'an (China) – Dostyk/Altynkol (Kazakhstan) – Selyatino (Russia) route.

On 27 November, NC KTZ JSC and the FinInvest Group (Russia) signed a Memorandum of Intent on cooperation in the development of container transport and supporting terminal infrastructure. The document was signed in Astana during the state visit of Russian President Vladimir Putin to Kazakhstan. The parties are considering the construction of a modern multimodal logistics hub in Astana to facilitate increased transit of Russian cargo through Kazakhstan.

On 28 November in Ufa (Russia), during the 20th Jubilee Forum for Interregional Cooperation at the level of the Heads of State of Kazakhstan and Russia, a cooperation agreement was signed in the field of e-commerce. The signatories were KTZ Express JSC, Polyking New Horizons Technology Industry Co., Ltd. (China), and Slavtrans-Service JSC (Russia). The agreement provides for joint development and implementation of innovative e-commerce solutions, including enhancements to logistics processes along the China-Kazakhstan-Russia route.

DECEMBER

On 5 December, the laying of rail-and-sleeper track structures began at Zhetygen station as part of the construction of the railway bypass line around Almaty. This is one of the country's major infrastructure projects, set to significantly impact regional development and Kazakhstan's transport and transit potential. The new line is expected to reduce the load on the Almaty railway hub by 40% and shorten cargo delivery times by 1-2 days.

On 6 December, NC KTZ JSC hosted the 6th Occupational Health and Safety Forum. The forum addressed current issues related to workplace safety and the implementation of advanced technologies to prevent occupational injuries. It was attended by representatives from Samruk-Kazyna JSC, Austrian Federal Railways, KEGOC JSC, WABTEC, as well as NC KTZ JSC's management, occupational safety specialists and members of the Board of Directors.

On 6 December, the process of customs transit declaration for cargo travelling along the Trans-Caspian International Transport Route (TITR) was automated at the Kazakhstan-China border. Global DTC, in collaboration with KTZ Express JSC, launched the Tez Customs digital platform. The introduction of Tez Customs enabled a switch to paperless document processing and reduced customs clearance times to as little as 30 minutes from the moment a train arrives at a border station.

On 11 December, NC KTZ JSC ranked second among the TOP 50 best companies in Kazakhstan for ESG disclosure, and first among companies in the transport and logistics sector. The ranking is compiled annually by PricewaterhouseCoopers (PwC). In 2024, the assessment included 98 Kazakhstan companies and evaluated annual and sustainability reports for 2023.

On 12 December, international rating agency Fitch Ratings affirmed NC KTZ JSC's credit rating at "BBB-" with a "Stable" outlook. The rating affirmation reflects the Company's steady performance and effective operational activities.

On 19 December, projects of NC KTZ JSC were recognised at the "Magistral Awards 2024" – the Eurasian Transport and Logistics Awards – in several categories, including "Best Project of the Year", "Best Start" and "Best HR Initiatives in the Transport Industry".

On 20 December, NC KTZ JSC hosted the first Women's Forum of the Railway Women's Association. The event brought together over 100 participants, including representatives of government bodies, members of the Mazhilis of Parliament, Samruk-Kazyna JSC, and railway industry professionals from across Kazakhstan. The Railway Women's Association will serve as a key

platform for dialogue, mentorship, and the support of women in the sector.

On 24 December, international rating agency S&P Global Ratings affirmed NC KTZ JSC's credit rating at "BB" with a "Stable" outlook. The affirmation reflects the Company's continued stable performance and operational efficiency.

On 25 December, independent international rating agency S&P Global assigned NC KTZ JSC an ESG rating of 60 out of 100 under the Global Corporate Sustainability Assessment (CSA).



MEMBERSHIP IN INTERNATIONAL ORGANISATIONS, ASSOCIATIONS AND ADHERENCE TO INTERNATIONAL PRINCIPLES

GRI 2-23, 2-28

	Since 1992 Council for Rail Transport of the Commonwealth Member States (CRT)	Moscow, Russian Federation www.sovetgt.org
	Since 1993 Organisation for Cooperation of Railways (OSJD) (Republic of Kazakhstan as a member)	Warsaw, Republic of Poland www.osjd.org
	Since 1993 Intergovernmental Commission of the Europe-Caucasus-Asia Transport Corridor (TRACECA) (Republic of Kazakhstan as a member)	Baku, Republic of Azerbaijan www.traceca-org.org
	Since 1994 United Nations Economic Commission for Europe (UNECE) (Republic of Kazakhstan as a member)	Geneva, Swiss Confederation www.unece.org
	Since 1998 International Coordinating Council on Trans-Eurasian Transportation (CCTT)	Bern, Swiss Confederation www.icctt.com
	Since 2001 Shanghai Cooperation Organisation (SCO) (Republic of Kazakhstan as a member)	Beijing, People's Republic of China www.sectsco.org
	Since 2001 Association of National Freight Forwarders of Kazakhstan (ANEK)	Almaty, Republic of Kazakhstan www.kffanek.kz
	Since 2004 International Union of Railways (UIC)	Paris, French Republic www.uic.org
	Since 2006 United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) (Republic of Kazakhstan as a member)	Bangkok, Kingdom of Thailand www.unescap.org
	Since 2008 Economic Cooperation Organisation (ECO) (Republic of Kazakhstan as a member)	Tehran, Islamic Republic of Iran www.eco.int
	Since 2009 Organisation of Turkic States (OTS) (Republic of Kazakhstan as a member)	Istanbul, Republic of Turkey turkicstates.org
	Since 2009 Association of Legal Entities "Association of Taxpayers of Kazakhstan"	Almaty, Republic of Kazakhstan www.ank.kz
	Since 2010 Association of Legal Entities "Union of Mechanical Engineers of Kazakhstan"	Astana, Republic of Kazakhstan www.smkz.kz

	Since 2010 International Railway Sports Union (USIC)	Prague, Czech Republic www.usic-sports.org
	Since 2012 United Nations Global Compact	New York, United States of America www.unglobalcompact.org
	Since 2013 Association of Legal Entities "KAZLOGISTICS Union of Transport and Logistics Organisations and Associations"	Astana, Republic of Kazakhstan www.kazlogistics.kz
	Since 2015 KAZLOGISTICS Corporate Foundation	Astana, Republic of Kazakhstan www.kazlogistics.kz
	Since 2014 Non-commercial Partnership "Association of Railway Equipment Manufacturers"	Moscow, Russian Federation www.opzt.ru
	Since 2014 Atameken National Chamber of Entrepreneurs of the Republic of Kazakhstan	Astana, Republic of Kazakhstan www.atameken.kz
	Since 2015 Eurasian Economic Union (EEAU) (Republic of Kazakhstan as a member)	Moscow, Russian Federation www.eaeunion.org
	Since 2017 Association of Legal Entities "Trans-Caspian International Transport Route (TITR) International Association"	Astana, Republic of Kazakhstan www.middlecorridor.com
	Since 2019 Vision Zero International Movement of the International Social Security Association (ISSA) for the promotion of zero accident concept	visionzero.global
	Since 2022 National ESG Club	Astana, Republic of Kazakhstan

GRI 2-23, 2-24

NC KTZ JSC is committed to complying with the laws of the Republic of Kazakhstan, as well as implementing strategic national programmes and projects aimed at developing and ensuring the safety of the country's transport infrastructure.

In addition, the Company actively participates in the work of international organisations and associations to promote integration into the global transport system, create and develop favourable conditions for the functioning of railway transport, improve the international legal framework for freight and passenger transportation in international traffic, and facilitate dialogue with customers of railway transport services, etc.

To ensure high-quality service and the safety of railway transport, NC KTZ JSC adheres to international standards and regulations governing freight and passenger transportation, including commitments arising from the following international agreements:

- Agreement on International Passenger Traffic (OSJD Committee, Warsaw), which regulates the procedures for the carriage of passengers, luggage, and accompanied cargo in international railway traffic.
- Agreement on International Freight Traffic (OSJD Committee, Warsaw), which establishes unified legal norms for the contract of carriage of goods in direct international railway and railway-ferry traffic.
- Treaty on the Eurasian Economic Union (EEAU), which ensures the free movement of goods, services, capital, and labour, and the implementation of a coordinated transport policy within the EEAU.

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ON SOLID RAILS –
POWERED BY SKILL AND
DEDICATION



DEVELOPMENT STRATEGY



The NC KTZ JSC Development Strategy 2032¹ defines the Company's mission, vision, and strategic goals, as well as the strategic development areas aimed at achieving these objectives over a ten-year period.



MISSION

As Kazakhstan's backbone transport company, we meet the needs of the national economy and society in the transportation of freight and passengers, and contribute to the development of the country's transit potential by providing competitive transport and logistics services.



VISION

We are a leading transport service provider guided by the principles of economic efficiency, safety, and social and environmental responsibility. We apply advanced management practices, innovative technologies, and digital solutions to deliver high-quality service to our customers.

THE COMPANY'S MISSION AND VISION ARE TO BE ACHIEVED BY 2032 THROUGH THE IMPLEMENTATION OF SIX STRATEGIC GOALS:



Enhancing the Efficiency of Railway Transportation



Digitalisation



Expanding Transit Transportation



Improving Customer Satisfaction



Integrating ESG Principles



Ensuring Railway Safety

GOAL 1: ENHANCING THE EFFICIENCY OF RAILWAY TRANSPORTATION

The Company aims to improve operational performance through a number of initiatives, including enhancing the efficiency of infrastructure and rolling stock operations, refining tariff regulation,

and developing a dedicated project and analytics centre.



For more information, see the Section ["Goal 1: Enhancing the Efficiency of Railway Transportation."](#)

GOAL 2: EXPANDING TRANSIT TRANSPORTATION

The stable trade volumes between Europe and Asia, coupled with growing demand for rail transport, underscore the importance of expanding transit traffic through Kazakhstan.

This goal will be achieved through infrastructure development, the creation of operators along key

transit routes in cooperation with neighbouring rail administrations, the involvement of international logistics companies, and the digitalisation of transport corridors.



For more information, see the Section ["Goal 2: Expanding Transit Transportation."](#)

GOAL 3: IMPROVING CUSTOMER SATISFACTION

NC KTZ JSC is committed to consistently improving customer satisfaction through active engagement, systematic feedback collection, and prompt response to enhance service quality.

In the passenger segment, the Company will renew its rolling stock fleet, improve station and onboard services, train personnel, optimise schedules and routes, and implement digital technologies.

The online ticketing system will also be enhanced to increase the share of digital sales.

In the freight segment, the Company will focus on reducing and streamlining service delivery procedures and increasing transparency in operations.



For more information, see the Section ["Goal 3: Improving Customer Satisfaction."](#)

GOAL 4: DIGITALISATION

To boost operational efficiency, the Company will develop and adopt digital technologies by upgrading its IT systems, establishing a Shared Services

Centre (SSC), and introducing platforms to optimise transport process management.



For more information, see the Section ["Goal 4: Digitalisation."](#)

GOAL 5: INTEGRATING ESG PRINCIPLES

NC KTZ JSC has identified the implementation of ESG principles as one of the key strategic directions. This includes three strategic initiatives:

- Promoting social stability and developing human capital
- Environmental sustainability
- Enhancing corporate governance

To meet these objectives, the Company plans to create a favourable working environment,

develop its workforce, implement a comprehensive motivation system, and promote gender equality.

Acknowledging its environmental impact, the Company has prioritised the fight against climate change. It plans to transition to low-carbon technologies and energy, improve energy and resource efficiency, and introduce emissions management measures.

¹Approved by the decision of the Board of Directors of NC KTZ JSC dated 29 March 2023 (Minutes No. 3).

In terms of corporate governance, the Company will continue improving its approaches and practices, aligning them with international standards and external expert recommendations.

Special attention will also be paid to increasing transparency across all areas of activity.



For more information, see the Section "[Goal 5: Integrating ESG Principles.](#)"

GOAL 6: ENSURING RAILWAY SAFETY

Railway safety and occupational health and safety are integral to the Company's operations.

NC KTZ JSC will take all necessary measures to ensure a high level of transportation safety and achieve zero workplace injuries.



For more information, see the Section "[Goal 6: Ensuring Railway Safety».](#)"

KEY ACHIEVEMENTS OF NC KTZ JSC IN ACHIEVING STRATEGIC GOALS IN 2024



ENHANCING THE EFFICIENCY OF RAILWAY TRANSPORTATION

Net income attributable to the Shareholder amounted to KZT157.8 billion, up 18.2% from the previous period



EXPANDING TRANSIT TRANSPORTATION

The volume of container transportation reached 1,395 thousand TEUs, up 9% from 2023



IMPROVING CUSTOMER SATISFACTION

The volume of exports transported for domestic producers amounted to 83,251 thousand tonnes, a 3% increase year-on-year



INTEGRATING ESG PRINCIPLES

ESG rating of 60 out of 100 assigned by S&P Global



ENSURING RAILWAY SAFETY

Railway safety performance indicator reached 0.60, a 16.7% improvement compared to the previous year

KEY PERFORMANCE INDICATOR (KPI) SYSTEM

The achievement of the goals set out in the Development Strategy is measured through the fulfilment of strategic Key Performance Indicators (KPIs).

The purpose of the Company's performance measurement system is to break down the Development Strategy and Business Plan into specific performance indicators and to cascade them across all levels of Company management.

Corporate and functional KPIs play a critical role in motivating the Company's senior management, supporting the consistent attainment of strategic goals. The degree to which KPIs are achieved, reflecting the effectiveness of the executive, directly influences the level of their remuneration.

Corporate KPIs are unified for the Chairman and members of the Management Board, while

functional KPIs are set individually for each executive.

The key corporate KPIs for 2024, with established target values, include:

- EBITDA margin;
- Implementation of investment projects;
- Occupational safety level;
- Average section speed in freight transportation;
- Number of temporarily delayed trains;
- Development and approval of a Comprehensive Action Plan for the practical prevention of and protection against corruption-related offences within NC KTZ JSC;
- Share of in-country value in the procurement of goods, works and services.



For more information, see the Section "[Remuneration of the Company's Officers.](#)"

STRATEGIC KPIs

KPI	UOM	ACTUAL 2023 ²	TARGET 2024 ³	TARGET 2032 ²	ACTUAL 2024 ⁴	CHANGE ACTUAL VS. TARGET 2024, %	CHANGE ACTUAL 2024 VS. ACTUAL 2023, %
Goal 1. Enhancing the Efficiency of Railway Transportation							
Goal 4. Digitalisation							
ROACE	%	6.97	7.12	>8.31	6.20	-12.9	-11
Ebitda margin	%	25.5	26.0	>32.1	27.5	5.8	7.8
Goal 2. Expanding Transit Transportation							
Volume of transit container transportation	thousand TEUs million tonnes	1,282 27.3	1,348 26.0	>2,000 >30	1,395 27.5	3.5 5.8	8.8 0.7
Goal 3. Improving Customer Satisfaction							
Customer satisfaction level	%	69	70	75	73.75	5.4	6.9
Goal 5. Integrating ESG Principles							
ESG rating	score	54	60	68	60	0	11.1
Social stability index	index	66	67	75	69	3.0	4.5
Carbon footprint	%	-5.1	-2.7	>3.5	-6	122.2	17.6
Goal 6. Ensuring Railway Safety							
Railway safety level	index	0.72	1.03	0.7	0.62	-39.8	-13.9
Lost Time Injury Rate (LTIR)	index	0.17	0.16	0.12	0.12	-25.0	-29.4

² Approved by the decision of the Board of Directors of NC KTZ JSC dated 25 April 2024, No. 4.

³ In accordance with the NC KTZ JSC Development Strategy 2032.

⁴ Approved by the decision of the Board of Directors of NC KTZ JSC dated 23 April 2025, No. 5.

The Company's management system proved to be suitable, adequate, and effective in 2024. This was also confirmed by an external audit of the Company's management system for compliance with the requirements of international management system standards: ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, and ISO 50001:2018.

As part of the functioning of the management system, activities were carried out to allocate the necessary resources to achieve the set goals, and information on opportunities for improvement and enhancement of the Company's activities was analysed.

For more detailed information on the implementation of the NC KTZ JSC Development Strategy 2032, please refer to the relevant sections of the Report, indicated by the symbol



GOALS AND OBJECTIVES OF THE COMPANY FOR 2025

In 2025, the Company plans to implement the following initiatives:

- Increase freight turnover to 273.8 billion tonne-kilometres (a 4.6% increase compared to 2024);
- Increase container transit volume to 1,553 thousand TEU (11.3% by 2024);
- Put into operation:
 - a second railway track on the Dostyk-Moyinty section;
 - a railway line bypassing Almaty station;

- Start implementing new projects to build railway lines and modernize about 3,000 kilometers of existing railway tracks;
- Launch terminals in the port of Aktau, in the city of Almaty, at the stations of Selatino (Russia) and Svisloch (Belarus);
- Release the first railcars using advanced technology from Stadler.

In addition, measures to improve performance and allocate appropriate resources to achieve the set goals will continue in 2025.

GOAL 1. ENHANCING THE EFFICIENCY OF RAILWAY TRANSPORTATION

TARIFF REGULATION

As part of its long-term initiatives to reform tariff policy and reduce debt burden, NC KTZ JSC has been working with the Government of the Republic of Kazakhstan since 2023 to increase regulated freight transportation tariffs to reach cost recovery levels.

In 2023–2024, the President of Kazakhstan, in his addresses to the nation, emphasised the need to establish an adequate regulatory policy for the railway sector. This policy should take into account ongoing efforts to reduce the debt burden of NC KTZ JSC and promote active private investment in the transport and logistics sector. He also stressed the importance of ensuring a phased increase in regulated railway transportation tariffs during 2024–2026 to levels that ensure the financial sustainability of NC KTZ JSC, particularly in the context of implementing major projects aimed

at maintaining the railway network and expanding its capacity.

Together with the Ministry of National Economy and the Ministry of Transport, NC KTZ JSC has developed and agreed with the Government of the Republic of Kazakhstan a set of tariff measures. These include: a 24% tariff increase for regulated main railway network services and traction services over three years; the introduction of price caps on tariffs for main railway network services; the development of a new tariff methodology for main railway network services. These tariff measures, including the 24% increase in tariffs for main railway network services and traction services, as well as the application of price caps, were approved by the State Commission for the Modernisation of the Economy of the Republic

of Kazakhstan (Minutes No. 21-05/07-1413 dated 18 November 2024).

- 1) Annual 24% tariff increase for main railway network services and traction services over 3 years.

In 2024, NC KTZ JSC ensured a 24% increase in regulated tariffs for main railway network services and traction services, including:

1. Main railway network services +20.6%:
 - +4% from 1 January 2024 (Order No. 50-OD of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan, dated 20 April 2023);
 - +8.8% from 4 June 2024 (Order No. 67-OD of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan, dated 28 June 2024);
 - +7.8% from 6 December 2024 (Order No. 109-OD of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan, dated 29 November 2024).

2. Traction services +29.3%:

- +13.3% from 20 September 2024 (Letter No. 32-08-03/1161-I from the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan, dated 10 September 2024);
- +16% from 12 December 2024 (Order No. 157-GP from KTZ-Freight Transportation LLP dated 29 November 2024, on the cancellation of reducing coefficients for traction service tariffs).

Further adjustments to regulated tariffs for 2025–2026 will continue in accordance with national laws.

- 2) Introduction of price caps for main railway network service tariffs.

Since 16 April 2024, price caps have been applied to tariffs for main railway network services for transit freight transportation within the EAEU.

According to the decision of the State Commission for the Modernisation of the Economy (Minutes No. 21-05/07-1413 dated 18 November 2024), NC KTZ JSC has been instructed to apply maximum indexation to tariffs for main railway network services related to export freight transportation within the approved price cap framework.

- 3) Development of a new tariff methodology for main railway network services.

In accordance with Clause 40 of the National Action Plan for implementing the President's Address to the Nation dated 1 September 2023, "The Economic Course of a Fair Kazakhstan", Roman Sklyar, First Deputy Prime Minister, approved the Roadmap for the development of a new tariff policy of NC KTZ JSC for main railway network services.

In accordance with the Roadmap, NC KTZ JSC engaged PwC Tax and Advisory LLP as a consultant to develop the new tariff methodology.

The consultant's findings will be reviewed by a Working Body consisting of representatives of the Ministry of Transport, the Ministry of National Economy, the Atameken National Chamber of Entrepreneurs, and other relevant government authorities and associations.

Amendments and Supplements to Certain Legislative Acts of the Republic of Kazakhstan on Railway Transport

In 2024, the following regulatory legal acts were adopted:

- 1) Act of the Republic of Kazakhstan No. 100-VIII dated 1 July 2024 "On the Ratification of the Agreement between the Government of the Republic of Kazakhstan and the Government of the People's Republic of China on the Development of the Trans-Caspian International Transport Route". The adoption of this Act aims to promote the development of the Trans-Caspian International Transport Route.
- 2) Act of the Republic of Kazakhstan No. 101-VIII dated 1 July 2024 "On the Ratification of the Agreement between the Government of the Republic of Kazakhstan and the Government of the People's Republic of China on the Development of the Trans-Caspian International Transport Route, including for Container Trains Operating on the China-Europe Corridor".
- 3) Resolution of the Government of the Republic of Kazakhstan No. 430 dated 31 May 2024 "On Amending the Resolution of the Government of the Republic of Kazakhstan No. 1095 dated 28 December 2015 'On Approval of the List of Types of Activities Carried Out by State-Owned Enterprises, Legal Entities with More Than Fifty Percent of Shares (Equity Interest) Owned by the State, and Their Affiliated Entities'. The Resolution approved a revised format of the List of Types of Activities, which now specifies the names of legal entities and the types of activities they conduct. This Resolution

incorporates proposals from KTZ Group regarding the activities carried out by its companies, including oil storage operations.

4) Order of the Ministry of National Economy of the Republic of Kazakhstan No. 2 dated 19 February 2024 "On Amending the Order of the Minister of National Economy of the Republic of Kazakhstan No. 90 dated 19 November 2019 'On Approval of the Rules for Tariff Formation'". This Order establishes minimum and maximum tariff levels, differentiated by specific routes, types of cargo, types of rolling stock, and transport distances, in the form of minimum and maximum indices applied to tariffs for services of the main railway network.

DEBT BURDEN

As of 31 December 2024, the Company's consolidated debt amounted to KZT 3.7 trillion at nominal value, or KZT 2.8 trillion at book value. The share of debt in hard currency by the end of 2024 amounted to 40.5% of the nominal value of debt.

The debt-to-EBITDA ratio increased from 4.52 in 2023 to 4.80 in 2024 due to a rise in financial liabilities.

In 2024, the Company fulfilled all scheduled debt repayments in full and on time, including domestic bonds in the amounts of KZT 75 billion and KZT 118.9 billion.

At the same time, in 2024, the Company Group took on financial obligations to upgrade freight and passenger locomotives and railcars, as well as to implement major infrastructure projects.

5) Order of the Ministry of Transport of the Republic of Kazakhstan No. 278 dated 13 August 2024 "On Amending and Supplementing Order of the Acting Minister for Investment and Development of the Republic of Kazakhstan No. 144 dated 23 February 2015 'On Approval of the List of Main Lines Included in the Main Railway Network'". This Order updates the list of main lines included in the main railway network in connection with the creation of new regions, the construction of new railway lines, the definition of boundaries in the context of the transfer of certain sections to trust management by the Russian Federation, and the demarcation of borders.

GRI 201-4

In 2024, the NC KTZ JSC Group received subsidies from the Republican budget totalling KZT 68.5 billion, including:

- KZT 22.3 billion to subsidise the coupon interest rate on NC KTZ JSC bonds;
- KZT 27.1 billion to subsidise passenger transport costs of Passenger Transportation JSC;
- KZT 11.4 billion to subsidise the cost of passenger locomotive traction of KTZ-Passenger Locomotives LLP;
- KZT 2.1 billion to subsidise the interest rate under financial leasing agreements for the purchase of freight cars by Kaztemirtrans JSC;
- KZT 5.6 billion to subsidise the interest rate under a financial leasing agreement for the purchase of container platforms by KTZ Express JSC.

PERFORMANCE OVERVIEW

KAZAKHSTAN'S ECONOMY IN 2024

At the end of 2024, Kazakhstan's GDP grew by 4.8% relative to the level of 2023, positive dynamics was observed in the following sectors of the economy:

- agriculture, forestry and fishing – 13.7%;
- construction – 13.1%;
- wholesale and retail trade – 9.1%;
- transportation and warehousing – 8.5%;
- manufacturing – 5.9%;
- information and communications – 5.0%;
- industry – 2.8%.

Decrease in growth rates occurred in the mining industry – by 0.2%.

Foreign trade turnover of Kazakhstan in 2024 compared to 2023 increased by 1.3%, including exports increased by 3.1%, imports decreased by 1%.

Inflation in the Republic of Kazakhstan slowed from 9.8% in 2023 to 8.6% in 2024.

FREIGHT TRANSPORTATION MARKET OVERVIEW

In 2024, according to statistical data from the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, a total of 1,078.8 million tonnes of freight was transported, representing a 10% increase compared to 2023.

The total freight turnover across all modes of transport amounted to 514.5 billion tonne-kilometres in 2024, exceeding the 2023 level by 2.6%.

Rail transport remains the primary mode of freight movement, accounting for 63.7% of the country's total freight turnover. Rail freight turnover increased by 0.3% in 2024, reaching 327,943.6 million tonne-kilometres.

The highest growth rates were observed in maritime transport (+84.1%) and inland water transport (+34.4%).

Pipeline transport accounted for 149,054.9 million tonne-kilometres, an increase of 3.7% compared to 2023. Its share in total freight turnover rose to 29.0%.

The share of road and urban electric transport grew from 6.0% to 6.9%, with freight turnover reaching 35,729.9 million tonne-kilometres, up 19.7% year-on-year.

Road and urban electric transport, while maintaining a modest share in overall freight turnover (6.0%), showed an increase of 1.7% in 2023, reaching 29,841.2 million tonne-kilometres.

Air freight turnover amounted to 65.7 million tonne-kilometres, marking a 22.5% increase compared to 2023.

FREIGHT TURNOVER IN KAZAKHSTAN BY MODE OF TRANSPORT, 2022-2024 (MILLION TONNE-KILOMETRES)⁵

MODE OF TRANSPORT	FREIGHT TURNOVER, MILLION TONNE-KILOMETRES			SHARE IN TOTAL FREIGHT TURNOVER, %		
	2022	2023	2024	CHANGE 2024/2023, %	2023	2024
All modes	486,072.7	501,340.9	514,455.5	2.6	100	100
Pipeline transport	143,969.6	143,715.9	149,054.9	3.7	28.7	29.0
Air transport	54.4	53.7	65.7	22.5	0.0	0.0
Inland water transport	102.6	59.5	80.0	34.4	0.0	0.0
Rail transport	311,927.0	326,811.7	327,943.6	0.3	65.2	63.7
Road and urban electric transport	29,337.4	29,841.2	35,729.9	19.7	6.0	6.9
Maritime transport	681.9	859.0	1,581.4	84.1	0.2	0.3

PASSENGER TRANSPORTATION MARKET OVERVIEW

In 2024, according to data from the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, passenger turnover amounted to 82.8 billion passenger-kilometres, representing a 13.8% increase compared to 2023.

The total number of passengers transported reached 1,727.2 million people, which is 9.3% more than in 2023.

The share of road and urban electric transport in total passenger turnover remains dominant and increased from 42.3% to 46.3% by the end of 2024.

Air transport passenger turnover reached 28,275.7 million passenger-kilometres, rising by 9.2% year-on-year. Despite the overall increase in volumes, the share of air transport in total passenger turnover decreased from 35.6% to 34.2%.

Passenger turnover in the railway sector showed a slight increase of 0.5% compared to 2023; however, its share in total passenger turnover declined from 22.1% to 19.6%.

PASSENGER TURNOVER IN KAZAKHSTAN BY MODE OF TRANSPORT, 2022-2024 (MILLION PASSENGER-KILOMETRES)⁶

	PASSENGER TURNOVER, MILLION PASSENGER-KILOMETRES			SHARE IN TOTAL PASSENGER TURNOVER, %		
	2022	2023	2024	CHANGE 2024/2023, %	2023	2024
All modes	65,970.0	72,753.7	82,785.7	13.8	100	100
Road and urban electric transport	29,494.7	30,739.8	38,306.8	24.6	42.3	46.3
Air transport	20,109.3	25,898.5	28,275.7	9.2	35.6	34.2
Rail transport	16,363.0	16,113.0	16,198.2	0.5	22.1	19.6
Inland water transport	2.4	2.2	4.4	100	0.0	0.0
Maritime transport	0.7	0.2	0.6	200	0.0	0.0

⁵ Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan.

⁶ Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan.

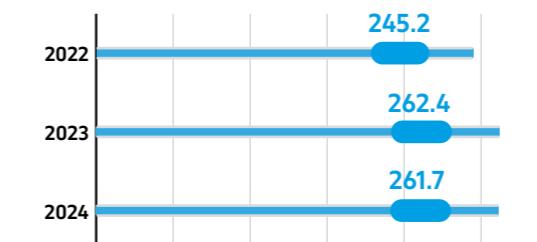
OPERATIONAL PERFORMANCE

GRI 2-6

FREIGHT TRANSPORTATION

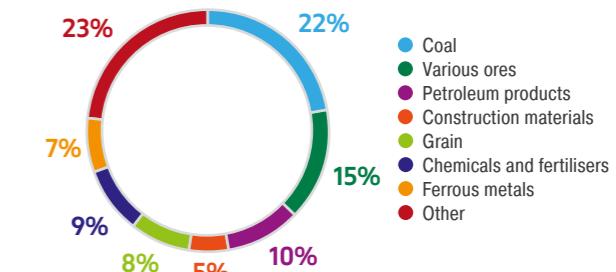
In 2024, the Company's tariff freight turnover amounted to 261.7 billion tonne-kilometres, representing a slight decrease of 0.3% compared to 2023 (262.4 billion tonne-kilometres). The decline was primarily due to reduced freight turnover in export and import traffic.

FREIGHT TURNOVER, 2022-2024, billion tonne-kilometres



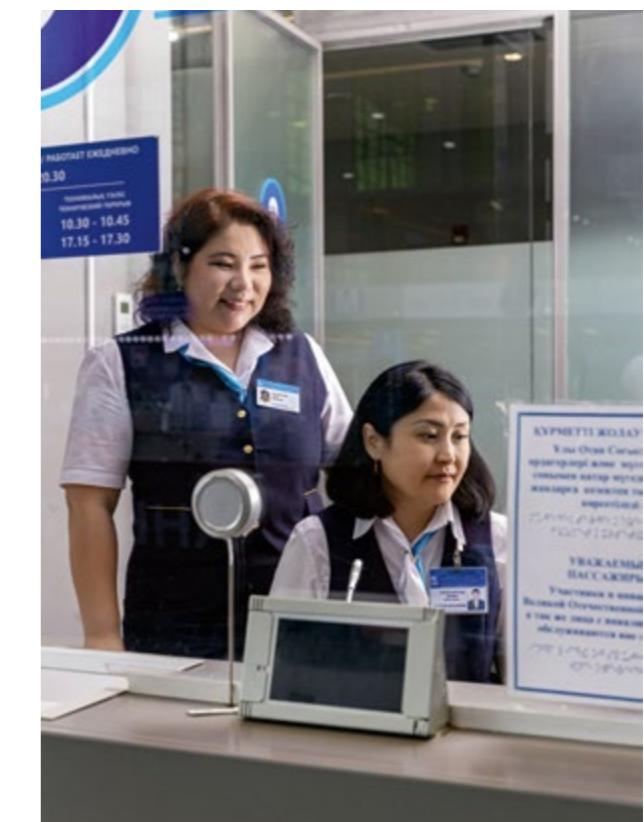
In 2024, the structure and share of key cargoes transported by rail were as follows:

SHARE OF KEY CARGOES IN THE COMPANY'S FREIGHT TURNOVER IN 2024, %



In 2024, compared to 2023, freight turnover for the following cargo types increased:

- Chemicals and fertilisers – up by 13.3%
- Ferrous metals – up by 10.4%
- Non-ferrous ores – up by 4.7%



GOAL 2. EXPANDING TRANSIT TRANSPORTATION

GRI 2-6

TRANSIT TRANSPORTATION

In 2024, transit transportation through the territory of Kazakhstan reached a record volume of 27.4 million tonnes, showing a 0.5% increase compared to 2023. This included 1,395.0 thousand TEUs in the promising container transportation segment, reflecting a 9% growth year-on-year.

The key areas contributing to the growth of transit transportation included:

- continued increase in shipments of petroleum products and crude oil from Russia to Central Asia and Afghanistan;
- growth in grain shipments from Russia to Kyrgyzstan;
- changes in logistics for chemical cargo from China to Russia and Central Asian countries;
- significant rise in containerised shipments of potash fertilisers from Belarus to China;
- growth of container transit on the routes China – Europe – China, China – Russia – China and China – Belarus – China.

In 2024, the container transportation market along the East-West corridor showed strong growth. Transportation volumes increased due to steady demand for overland routes and increased cooperation between rail administrations.

The project of movement of transit container trains through Dostyk and Altynkol stations on a through schedule was successfully implemented with confirmed output on weekly shipment from China and Europe.

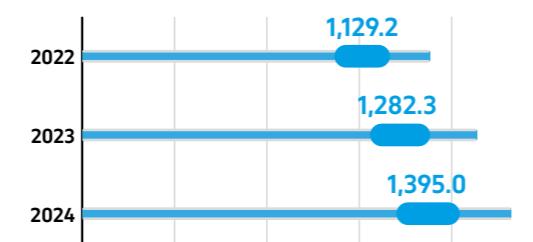
Under conditions of capacity constraints during the modernization of the infrastructure of JSC "NC "KTZ" on the Dostyk – Moyinty section, in order to maintain the volume of traffic successfully tested and implemented the technology of using gondola cars in container service with container transhipment at stations Sorokovaya, Astana and Aktobe-2.

To further expand cargo flows along the Trans-Caspian International Transport Route (TITR), active work is underway to improve logistics services both within Kazakhstan and abroad.

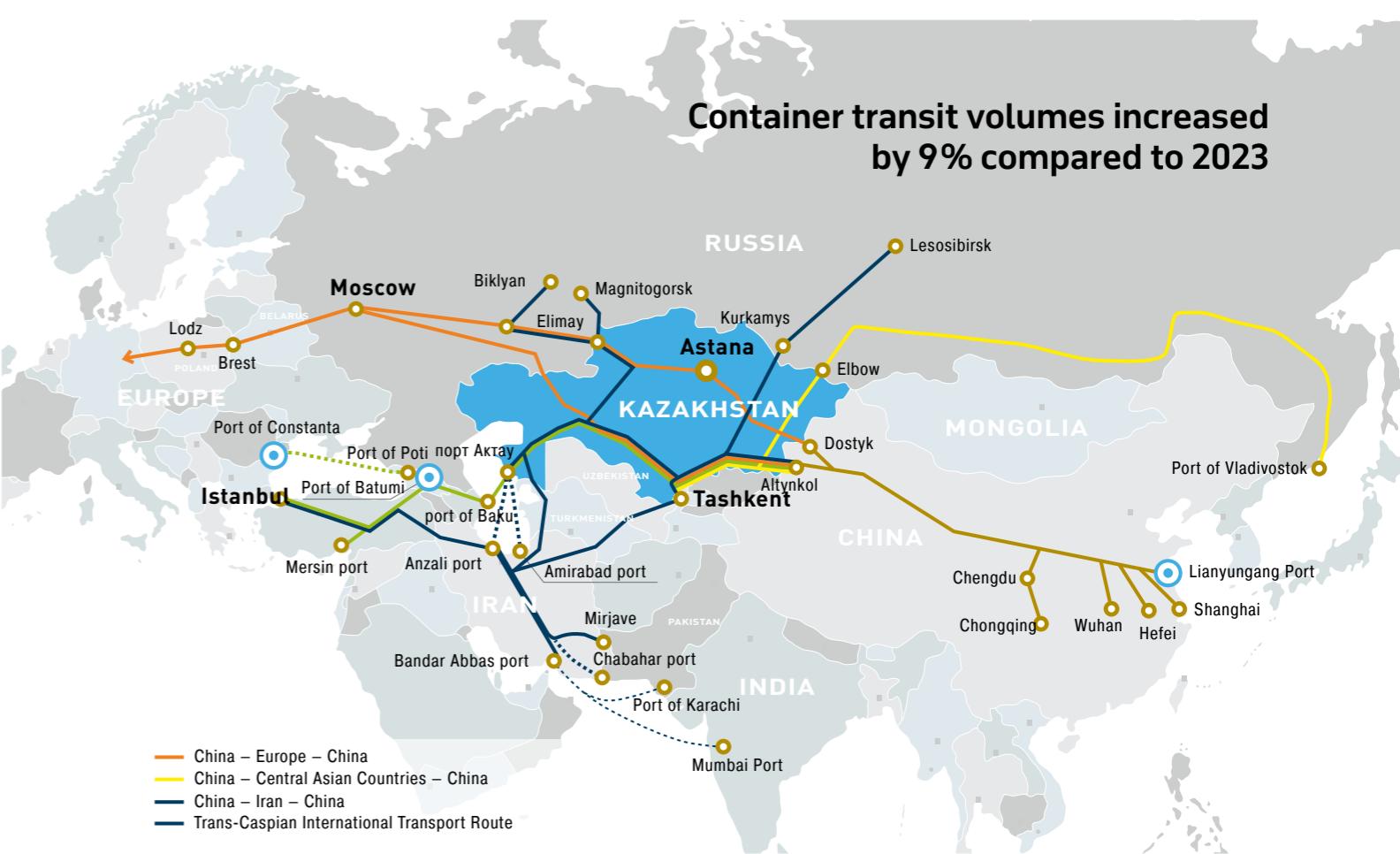
During the reporting year, the terminal network was expanded both domestically and internationally. A new terminal was opened at the dry port in Xi'an, China, providing a major boost to the development of container transit along the TITR route.

Thanks to the launch of the Kazakhstan-China terminal at the Xi'an dry port, container transit from China via the TITR route increased 33-fold in 2024 compared to 2023, reaching 35.6 thousand TEUs.

TRANSIT CONTAINER TRANSPORTATION, 2022-2024, thousand TEUs



MAIN TRANSIT ROUTES

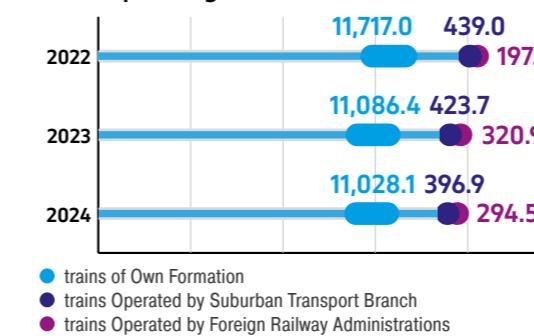


PASSENGER TRANSPORTATION

GRI 2-6

In 2024, the Company's passenger turnover within the boundaries of Kazakhstan amounted to 11,720 million passenger-kilometres, representing a 0.9% decrease compared to 2023 (11,831 million passenger-kilometres in 2023).

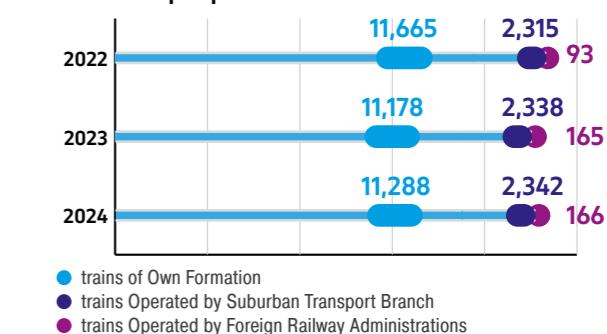
PASSENGER TURNOVER, million passenger-kilometres



In 2024, the total number of passengers transported by Passenger Transportation JSC within the boundaries of Kazakhstan reached 13,796 thousand people (13,681 thousand in 2023), including:

- trains operated by Passenger Transportation JSC: 11,288 thousand passengers
- trains operated by the Suburban Transportation branch: 2,342 thousand passengers
- trains operated by other railway administrations: 166 thousand passengers.

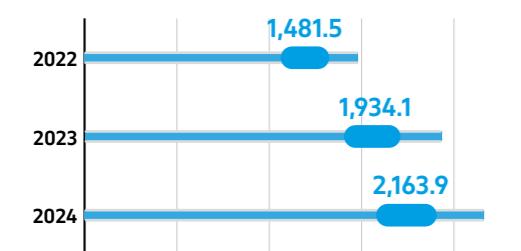
NUMBER OF PASSENGERS TRANSPORTED, thousand people



FINANCIAL PERFORMANCE

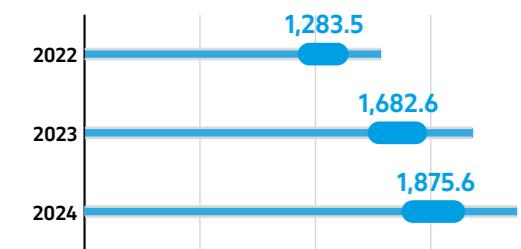
Revenue from core operations in 2024 amounted to KZT 2,163.9 billion, which is 11.9% higher than the 2023 actual. The increase was driven by growth in revenue from freight and passenger transportation, which rose by 11.5% and 8.7% respectively.

REVENUE FROM CORE OPERATIONS, KZT billion



Revenues from freight transportation increased by 11.5% compared to the 2023 level, primarily due to increased revenues from transit transportation, changes in the average level of tariff increases, freight car fleet operations, freight car rental services to third-party organizations, and others.

REVENUE FROM FREIGHT TRANSPORTATION, KZT billion



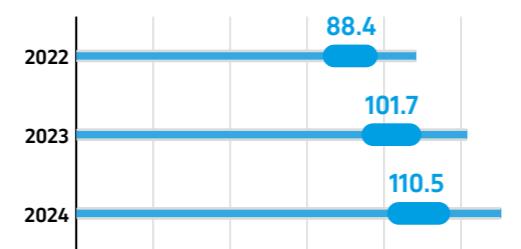
Revenue from passenger transportation for 2024 amounted to 110.5 billion tenge, which is higher than 2023 by 8.7% due to an increase in tariffs by 7.0% from January 1, 2024 and by 19.9% from October 1, 2024 on socially important routes.

MD&A

The **debt/EBITDA** ratio was 4.80, exceeding the approved target (4.29) by 12%, driven by a 6.7% increase in debt and a 4.6% decline in EBITDA.

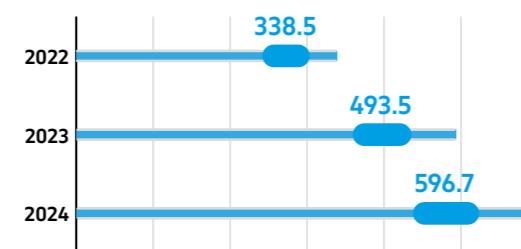
Net income for 2024 amounted to KZT 157,818 million, which is KZT 48,665 million below the approved target (KZT 206,482 million). The shortfall was mainly due to the following factors:

REVENUE FROM PASSENGER TRANSPORTATION, KZT billion



EBITDA for 2024 totalled KZT 596.7 billion, which is 20.9% higher than the 2023 actual.

EBITDA, KZT billion



Net income attributable to the Shareholder amounted to KZT 157,818 million in 2024, which is 23.6% (KZT 48,665 million) below the target. This was mainly due to the recognition of a net foreign exchange loss of KZT 69,620 million and a 4.8% (KZT 108,953 million) decline in revenue from core operations due to an 8.6% drop in freight turnover and a 2.5% decrease in passenger turnover.

Compared to the 2023 actual, net income attributable to the Shareholder increased by 18.2% (KZT 24,310 million), primarily driven by a 23.1% (KZT 76,971 million) increase in operating profit.

- The recognition of a net foreign exchange loss of KZT 69,620 million due to exchange rate fluctuations;
- A KZT 15,149 million increase in corporate income tax expenses due to changes in the taxable base;
- A KZT 9,193 million reduction in subsidies for passenger transportation losses due to lower-than-expected disbursements from the Ministry of Transport of the Republic of Kazakhstan;
- A KZT 8,555 million increase in general and administrative expenses, driven by higher social expenditure (including charitable support for regions affected by floods in spring 2024), inflation indexation, changes in MCI and minimum wage rates, and unclaimed VAT;
- A KZT 4,764 million rise in impairment expenses due to the creation of provisions for accounts receivable and non-financial assets;
- A KZT 432 million increase in non-controlling interest due to improved financial performance of subsidiaries with minority shareholders.

Positive impacts on net income included:

- Cost savings of KZT 83,130 million, mainly from reduced repair and maintenance expenses due to revised rolling stock maintenance programmes and optimisation measures, as well as lower fuel costs resulting from a 5.8% decrease in transportation volumes;
- Financing cost savings of KZT 42,577 million due to the capitalisation of interest expenses into property, plant and equipment for infrastructure projects;
- A KZT 27,673 million increase in net non-core income, primarily due to a KZT 23,496 million rise in financial income.

The **ROACE** for 2024 mounted to 6.20%, which is 2.08 percentage points below the target (8.28%). This deviation was primarily due to a decrease in NOPAT of KZT 90,539 million, driven by a KZT 48,232 million decline in net income before non-controlling interest and a KZT 42,307 million reduction in interest expenses (net of CIT). The latter was due to the capitalisation of interest on loans into property,

- A KZT 124,437 million decline in freight transportation revenue, caused by an 8.6% decrease in freight volumes, the postponement of scheduled tariff increases for main railway network services in export cargo movements from 1 April 2024, a change in the freight turnover structure, and reduced income from freight car fleet operations and transshipment services;

plant and equipment for infrastructure projects. The main reasons for the decline in net income before non-controlling interest included:

- A KZT 124,437 million reduction in freight transportation revenue, caused by an 8.6% decrease in freight volumes, the postponement of scheduled tariff increases for main railway network services in export cargo movements from 1 April 2024, a change in the freight turnover structure, and reduced income from freight car fleet operations and transshipment services;
- The recognition of a net foreign exchange loss of KZT 69,620 million due to exchange rate fluctuations;
- A KZT 15,149 million increase in corporate income tax expenses due to changes in the taxable base;
- A KZT 9,193 million reduction in subsidies for passenger transportation losses due to lower-than-expected disbursements from the Ministry of Transport of the Republic of Kazakhstan;
- A KZT 8,555 million increase in general and administrative expenses, driven by higher social expenditure (including charitable support for regions affected by floods in spring 2024), inflation indexation, changes in MCI and minimum wage rates, and unclaimed VAT;
- A KZT 4,764 million rise in impairment expenses due to the creation of provisions for accounts receivable and non-financial assets.

Additionally, ROACE was negatively affected by a slight increase of KZT 7,220 million in average capital employed, resulting from a KZT 186,285 million increase in borrowed capital as of the end of the reporting period. This was due to the attraction of debt by NC KTZ JSC in 2024 to finance investment projects aimed at enhancing the country's transit potential, modernising infrastructure, and renewing rolling stock (locomotives and cars). Meanwhile, average capital as of the end of the reporting period increased by KZT 1,342 million.

ASSET STRUCTURE

GRI 2-6

The development of an optimal business model and target asset structure has been defined in the Company's Development Strategy as a strategic initiative aimed at enhancing operational efficiency.

In total, from 2019 to 2024, 30 entities were divested from the perimeter of NC KTZ JSC.

The NC KTZ JSC Group comprises 45 entities.

THE COMPANY'S CORPORATE PORTFOLIO IS STRUCTURED INTO FIVE BUSINESS SEGMENTS:

SEGMENT	SUBSIDIARIES (LEVEL 2)	OWNERSHIP SHARE ⁷
Main Railway Network	Branch of NC KTZ JSC – Main Railway Network Directorate	-
Freight Transportation	KTZ-Freight Transportation LLP	100%
	Kaztemirtrans JSC	100%
Passenger Transportation	Passenger Transportation JSC	100%
	KTZ-Passenger Locomotives LLP	100%
Transport and Logistics Segment	KTZ Express JSC	100%
	Kedentransservice JSC	100%
	United Transport and Logistics Company – Eurasian Rail Alliance JSC (UTLC ERA)	33,33%
	Port Kuryk LLP	100%
	Middle Corridor Multimodal Ltd Private Company	33,33%
	Aktau International Sea Commercial Port NC JSC	Under trust management
Profile and Support Segment	Transtelecom JSC	25%
	Military Railway Security Service LLP	100%
	Temirzholsu JSC	100%
	Dosjan Temir Zholy JSC	46,016%
	Mukhamedzhan Tynyshbayev ALT University JSC	4,03%



More detailed information about the Company's key business units is provided in the Section [Key Business Units of the Company](#).

⁷Structure of the NC KTZ JSC Group as of 01 January 2025 (Levels 1 and 2).

KEY BUSINESS UNITS OF THE COMPANY

GRI 2-6

KTZ-FREIGHT TRANSPORTATION LLP

KTZ-Freight Transportation LLP is the largest freight carrier and locomotive traction operator in the Republic of Kazakhstan.

By Resolution of the Government of the Republic of Kazakhstan dated 29 September 2017, KTZ-Freight Transportation LLP⁸ was granted the status of National Freight Carrier.

BUSINESS UNIT OVERVIEW

YEAR OF ESTABLISHMENT

 **2016**

OWNERSHIP BY NC KTZ JSC

 **100%**

RESOURCES

HEADCOUNT

 **46.8** THOUSAND EMPLOYEES

ROLLING STOCK

 **1.7** THOUSAND LOCOMOTIVES

INFRASTRUCTURE

 **17** CAR SHEDS

 **30** LOCOMOTIVE SHEDS

 **831** STATIONS

REGIONAL BRANCHES

 **15** REGIONAL BRANCHES

⁸It was reorganised into is KTZ-Freight Transportation LLP in 2020.

BUSINESS OPERATIONS

CONSUMER SEGMENTS:

- 
- Consignors;
 - Consignees;
 - Freight forwarders
 - Branch owners;
 - Participants of the freight transportation process

VALUE PROPOSITION:

- 
- Ensuring uninterrupted and high-quality freight rail transport services to meet the needs of the economy and population, while maintaining railway safety and the integrity of cargo and baggage;
 - Establishing a unified operator function, including the integration of multimodal transport, cooperation with rolling stock operators and owners, and provision of access to the main railway network;
 - Development of mainline and terminal infrastructure within transport corridors.

CORE ACTIVITIES:

- 
- Rail freight transportation
 - Rail transportation of socially significant goods
 - Provision of locomotive traction services
 - Provision of locomotive crew services
 - Preparation of traction and multiple-unit rolling stock for access to the main railway network
 - Provision of services by traction assemblers, freight cashiers, and consignment clerks
 - Preparation of freight cars for loading

KEY PERFORMANCE INDICATORS

INDICATOR	2022	2023	2024	CHANGE 2023/2022, %	CHANGE 2024/2023, %
Revenue, KZT billion	1,332.6	1,655.8	1,849.8	24.3	11.7
Operating profit, KZT billion	26.1	-1.8	44.8	-106.9	26-fold increase
EBITDA, KZT billion	44.8	22.5	75.3	-49.8	234.7
Freight turnover (tariff-based), billion passenger-kilometres	232.5	248.8	247.2	7.0	-0.6
Freight transported, million tonnes	259.8	270.6	275.1	4.2	1.7
Number of employees, persons, including:	44,944	43,315	46,825	-3.6	8.1
Proportion of women, %	26	26	25	0	-3.8
Administrative and managerial staff	1,494	1,356	1,515	-9.2	11.7
Operational staff, persons	43,450	41,959	45,310	-3.4	8.0
Social stability index, %	61	65	68	6.6	4.6
Waste generated, thousand tonnes	8.7	8.3	8.2	-4.6	-1.2

In 2024, freight turnover of KTZ-Freight Transportation LLP amounted to 247.2 billion tonne-kilometres, representing a 0.6% decrease compared to 2023. This reduction was mainly due to the decline in volumes transported in export and import traffic.

Revenue for the reporting period increased by 11.7% compared to 2023. This was driven by growth in transit freight volumes, exchange rate fluctuations affecting revenue from international freight and settlements between railway administrations,

as well as tariff increases for main railway network services and locomotive traction services.

EBITDA and operating profit significantly improved in 2024 compared to 2023, supported by an 11.7% growth in revenue, which outpaced the growth in operating expenses (8.9%).

PASSENGER TRANSPORTATION JSC

Passenger Transportation JSC provides railway transportation services for passengers, postal items, baggage, and cargo-baggage across interregional, interregional, and international routes.

By Resolution of the Government of the Republic of Kazakhstan dated 25 December 2004, the Company was granted the status of National Passenger Carrier for the transport of passengers, baggage, cargo-baggage, and postal items.

BUSINESS UNIT OVERVIEW

YEAR OF ESTABLISHMENT



OWNERSHIP BY NC KTZ JSC



RESOURCES

HEADCOUNT



ROLLING STOCK



REGIONAL BRANCHES



BUSINESS OPERATIONS

CONSUMER SEGMENTS:

- 
- Passengers;
 - Baggage and cargo-baggage consignors;
 - Entities receiving transport services.

CORE ACTIVITIES:

- 
- Passenger rail transport;
 - Transport of baggage, cargo-baggage, and postal items.

VALUE PROPOSITION:

- 
- Provision of high-quality and safe railway transportation services for passengers, baggage, cargo-baggage, and postal items on international, interregional, interdistrict, domestic, and suburban routes.

KEY PERFORMANCE INDICATORS

INDICATOR	2022	2023	2024	CHANGE 2023/2022, %	CHANGE 2024/2023, %
Revenue, KZT billion	122.5	137.5	150.4	12.2	9.4
Operating profit, KZT billion	2.3	-4.8	-11.5	-308.7	-139.6
EBITDA, KZT billion	14.4	6.5	3.7	-54.9	-43.1
Passenger turnover, billion passenger-kilometres	12.4	11.8	11.7	-4.8	-0.8
Passengers transported, million	14.1	13.7	13.8	-2.8	0.7
Number of employees, persons, including:	10,642	10,504	10,358	-1.3	-1.4
Proportion of women, %	32	33	32	3.1	-3.0
Administrative and managerial staff, persons	617	590	584	-4.4	-1.0
Operational staff, persons	10,025	9,914	9,774	-1.1	-1.4
Social stability index, %	58	61	64	5.2	4.9
Air emissions, tonnes	546.1	450.6	425.0	-17.5	-5.7
Waste generated, thousand tonnes	9.9	9.2	9.1	-7.1	-1.1

In 2024, Passenger Transportation JSC generated revenue of KZT 150.4 billion, representing a 9.4% increase compared to 2023.

The decline in operating profit by KZT 6.7 billion and EBITDA by KZT 2.8 billion compared to 2023 was due to:

- A 7% increase in wages and an increase in the minimum wage to KZT 85,000;
- Higher social tax rates and mandatory pension contributions paid by the employer;
- Inclusion of consultancy service costs from DB Engineering
- Rising prices for diesel fuel and coal.



KTZ EXPRESS JSC

KTZ Express JSC provides a full range of transport and logistics services across all modes of transport, integrating rail, maritime and road freight using port infrastructure, as well as a network of warehouses and terminals. The Company delivers Less than Container Load (LCL) services, shuttle train shipments, and temperature-sensitive cargo transport services

BUSINESS UNIT OVERVIEW

YEAR OF ESTABLISHMENT



2013

OWNERSHIP BY NC KTZ JSC



100%

RESOURCES

HEADCOUNT



1,000 EMPLOYEES

ROLLING STOCK



4,300 20- AND 45-FOOT CONTAINERS

6,800 FITTING PLATFORMS

REGIONAL BRANCHES



5 REGIONAL BRANCHES

5 INTERNATIONAL REPRESENTATIVE OFFICES:
MOSCOW (RUSSIA),
BERLIN (GERMANY),
XIAN (CHINA),
SHENZHEN (CHINA),
BUDAPEST (HUNGARY)

BUSINESS OPERATIONS

CONSUMER SEGMENTS:



- Freight forwarders;
- Consignors

VALUE PROPOSITION:



Comprehensive customer service with value-added solutions, including customs clearance, cargo transhipment, and integrated service delivery via a Single Window system.

CORE ACTIVITIES:



- Provision of freight forwarding services;
- Logistics operations;
- Transportation of oversized, heavy and hazardous cargo;
- Management of transport and logistics infrastructure facilities;
- Digital support for freight transport;
- Customs clearance, insurance, all-risk guarantees, cargo escorting, safeguarding, and certification.



KEY PERFORMANCE INDICATORS

INDICATOR	2022	2023	2024	CHANGE 2023/2022, %	CHANGE 2024/2023, %
Revenue, KZT billion	38.6	61.6	85.8	59.6	39.3
Operating profit, KZT billion	15.9	45.9	40.5	188.7	-11.8
EBITDA, KZT billion	22.9	43.8	45.7	91.3	4.4
Container forwarding, thousand TEUs	378.0	752.9	796.2	99.2	5.8
Rail freight forwarding, thousand tonnes	1,433.0	1,875	4,193	30.8	123.6
Number of employees, persons, including:	740	963	1,021	30.1	6.0
Proportion of women, %	41	35	36	-14.6	2.9
Administrative and managerial staff, persons	210	212	208	0.95	-1.9
Operational staff, persons	530	751	813	41.7	8.3
Social stability index %	85	74	86	-12.9	16.2
Waste generated, tonnes	366.66	377.2	447.96	2.9	18.8
Air emissions from stationary sources, tonnes	14.29	8.1	10.4	-43.3	28.4

In 2024, KTZ Express JSC generated revenue of KZT 85.829 billion, a 39.3% increase compared to 2023. The revenue growth was driven by the transfer of 4,401 cars from Kedentransservice JSC to KTZ Express JSC, leading to increased income from rolling stock operations. cars from Kedentransservice JSC to KTZ Express JSC, leading to increased income from rolling stock operations.

The 5.8% growth in container forwarding volume year-on-year was due to expanded freight flows along the China-EU-China, China-Central Asia, and Trans-Caspian International Transport Route (TITR) corridors

The increase in rail freight forwarding volumes was driven by higher transit shipments of timber, ferrous metals, and petroleum products from Russia to Central Asia.

KAZTEMIRTRANS JSC

Kaztemirtrans JSC is the largest operator of the country's freight car fleet. The Company provides freight cars for operational use, leases out specialised rolling stock, and engages in the storage and sale of scrap metal

The majority of cargo transported in Kaztemirtrans cars comprises bulk commodities such as coal, grain, flour and milled products, ore, mineral fertilisers, and cement.

BUSINESS UNIT OVERVIEW

YEAR OF ESTABLISHMENT

 **2003**

OWNERSHIP BY NC KTZ JSC

 **100%**

RESOURCES

HEADCOUNT

 **1,400** EMPLOYEES

ROLLING STOCK

 **38,900** FREIGHT CARS

REGIONAL BRANCHES

 **10** REGIONAL BRANCHES

INFRASTRUCTURE

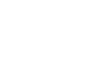
 SARYOZEK OPERATION BASE

BUSINESS OPERATIONS

CONSUMER SEGMENTS:

 The core customer segment consists of bulk cargo owners (coal, grain, flour and milled products, ore, mineral fertilisers, and cement).

CORE ACTIVITIES:

-  Provision of freight car operating services;
-  Leasing of rolling stock under property lease arrangements;
-  Storage and sale of scrap metal;
-  Leasing and management of proprietary real estate.

VALUE PROPOSITION:

 Delivery of high-quality freight transportation services.

KEY PERFORMANCE INDICATORS

INDICATOR	2022	2023	2024	CHANGE 2023/2022, %	CHANGE 2024/2023, %
Revenue, KZT billion	135.1	183.0	220.3	35.5	20.4
Operating profit, KZT billion	24.3	66.2	96.2	172.4	45.3
EBITDA, KZT billions	44.6	93.2	125.1	109.0	34.2
Car productivity, dispatches per million	1,035	0.701	0.691	-32.3	-1.4
Number of employees, persons, including:	1,023	1,338	1,490	30.8	11.4
Proportion of women, %	45	60	36.6	33.3	-38.9
Administrative and managerial staff, persons	328	315	324	-4.0	2.9
Operational staff, persons	695	1,023	1,166	47.2	14.0
Social stability index, %	79	77	79	-2.5	2.6

In 2024, Kaztemirtrans JSC generated revenue of KZT 220.3 billion, marking a 20.4% increase compared to 2023. The revenue growth was driven by increased income from wagon operations and lease activities.

Operating profit reached KZT 96.2 billion, exceeding the 2023 figure by 45.3%. This improvement in performance was primarily due to the strong performance of the Company's core activities – operation and leasing of freight cars.



KEDENTRANSERVICE JSC

Kedentransservice JSC is a leading logistics terminal operator in the Republic of Kazakhstan. The Company possesses assets and expertise in cargo terminal handling and provides transshipment services for imports from China at the Dostyk and Altynkol border stations.

BUSINESS UNIT OVERVIEW

YEAR OF ESTABLISHMENT



1997

OWNERSHIP BY NC KTZ JSC



100%

RESOURCES

HEADCOUNT



1,600 EMPLOYEES

REGIONAL BRANCHES



11 REGIONAL BRANCHES

BUSINESS OPERATIONS

CONSUMER SEGMENTS:



- Consignors;
- Consignees;
- Freight forwarders

CORE ACTIVITIES:



- Transshipment services (at Dostyk and Altynkol stations);
- Terminal services;
- Container transport services.

VALUE PROPOSITION:



Provision of high-quality terminal cargo handling services, transshipment at the Dostyk and Altynkol border stations, and container transportation services along various routes..



KEY PERFORMANCE INDICATORS

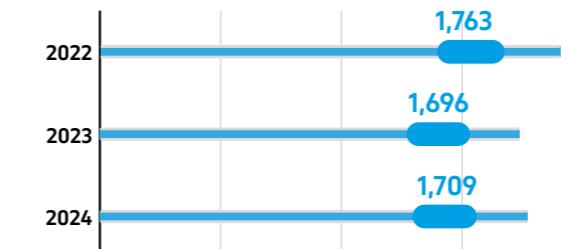
INDICATOR	2022	2023	2024	CHANGE 2023/2022, %	CHANGE 2024/2023, %
Revenue, KZT billion	43.2	45.3	31.5	4.9	-30.5
Operating profit, KZT billion	15.2	10.7	8.1	-29.6	-24.3
EBITDA, KZT billion	20.1	15.1	10.6	-24.9	-29.8
Freight transported, TEUs	544	546	521	0.4	-5
Number of employees, persons, including:	1,716	1,725	1,640	0.5	-4.9
Proportion of women, %	21	19	20	-9.5	5.3
Administrative and managerial staff, persons	503	505	443	0.4	-12.3
Operational staff, persons	1,212	1,220	1,197	0.7	-1.9
Social stability index, %	77	67	74	-13.0	10.4
Waste generated, thousand tonnes	3.8	3.8	3.7	-0.1	-2.6

In 2024, Kedentransservice JSC reported a 30.5% decline in revenue compared to 2023. This decrease was primarily due to the transfer of cars to the ownership of KTZ Express JSC as of 1 December 2023 as part of the transfer of liabilities and assets.

The EBITDA decreased by 29.8% year-on-year, also due to the transfer of the car fleet and the reconstruction of the container yard at Dostyk station. Following the reconstruction, the extended container track enabled the accommodation of full-length container trains for transhipment operations.

IMPROVING OPERATIONAL EFFICIENCY

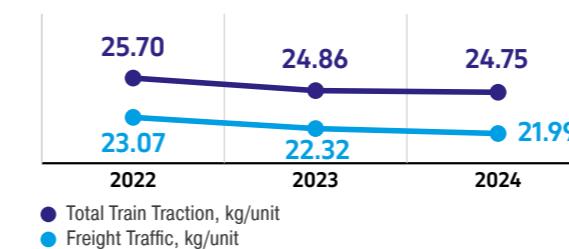
AVERAGE DAILY LOCOMOTIVE PRODUCTIVITY thousand gross tonne-kilometres



In 2024, the average daily locomotive productivity increased by 0.8% compared to the 2023 level. This growth was driven by:

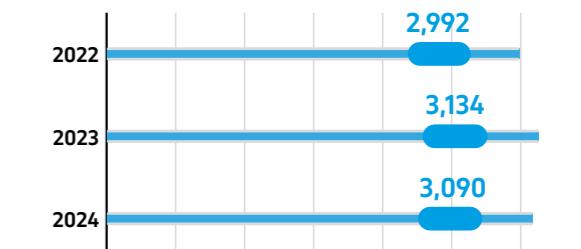
- an increase in the average daily locomotive mileage;
- measures aimed at reducing infrastructure congestion and regulating the car fleet, which contributed positively to higher section and technical train speeds.

TREND IN SPECIFIC DIESEL FUEL CONSUMPTION FOR TRAIN TRACTION kg/unit.

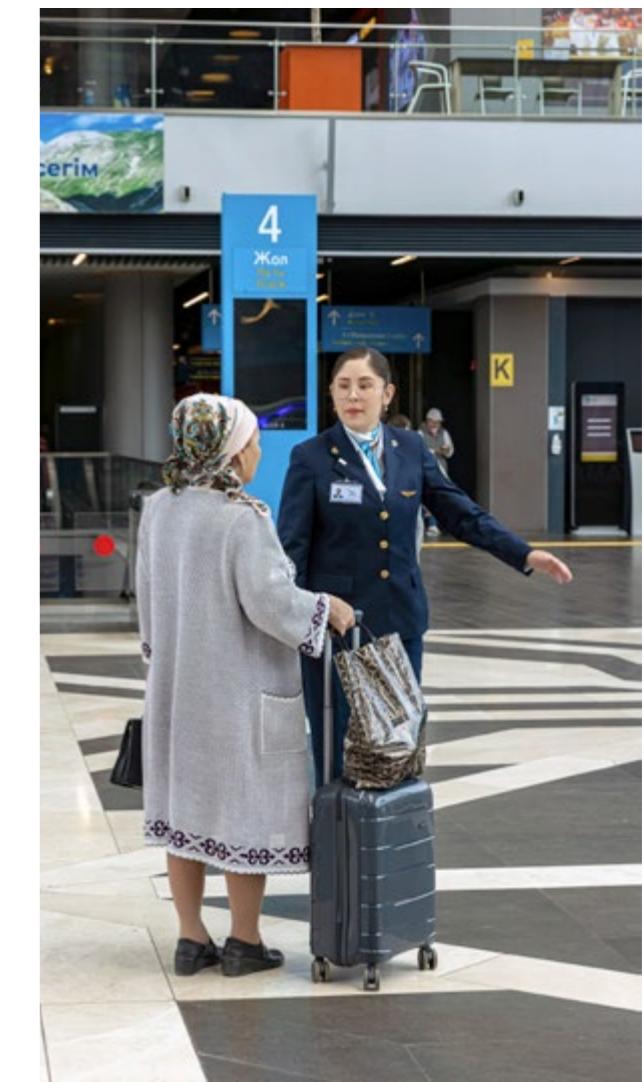


In 2024, the overall specific fuel consumption for train traction decreased by 0.42% compared to 2023. The reduction was due to: a decrease in the number of diesel locomotives in freight operations per unit of completed transport volume, saving 1,137 tonnes of diesel fuel; a 0.24% decrease in technical speed in freight operations, saving 330 tonnes of fuel; a 37.5% increase in the average weight of work trains, reducing fuel consumption by 1,090 tonnes; and a 3.31% reduction in empty car mileage in freight transport, which saved 3,162 tonnes of fuel.

LABOUR PRODUCTIVITY, ADJUSTED, THOUSAND TONNE-KILOMETRES PER EMPLOYEE



The decline in labor productivity is associated with the integration of the branch of LLP 'KTZ – Freight Transportation' – the Fuel Resources Center (formerly LLP 'TEK-Kazakhstan') into the NC KTZ JSC group of companies.



INVESTING ACTIVITIES

NC KTZ JSC's investment activities are focused on implementing a range of initiatives aimed at ensuring the sustainable operation of railway transport, as well as improving the quality and safety of transportation services.

In 2024, KZT 1,085 billion was invested in the development of railway infrastructure and the renewal of rolling stock.

Key investment initiatives implemented during the reporting period included:

- continued construction of second tracks along the Dostyk-Moiynty section;
- completion of the Port of Kuryk construction project;
- continued construction of the bypass railway line around the Almaty station hub and the Darbaza-State Border with Uzbekistan railway line;

INVESTMENT IN EXTERNAL SOCIAL PROGRAMMES IN 2024 (KZT MILLION)

GRI 203-1

	AMOUNT, KZT MLN
Construction of the ferry complex at the Port of Kuryk	1,246
Construction of second tracks along the Dostyk-Moiynty section	209,412
Construction of the bypass railway line around the Almaty station hub	34,548
Construction of the Darbaza-Maktaaral railway line	17,783
Development of the Astana railway hub, including a new passenger terminal	270
Purchase of fitting platforms	17,185
Total	280,444

In 2024, the implementation of the above investment projects contributed to a number of positive outcomes for communities and the economy, including: increased throughput capacity, enhanced transport potential, development of cross-border trade

and economic relations, improved socio-economic conditions in the regions, and the overall development of transport infrastructure and passenger service levels.

PLANS FOR 2025 AND THE MEDIUM-TERM OUTLOOK

For 2025, NC KTZ JSC has planned the implementation of the following key infrastructure projects:

- construction of second tracks along the Dostyk-Moiynty railway section;
- construction of the bypass railway line around the Almaty station hub;
- construction of the Darbaza-State Border with Uzbekistan railway line;
- construction of second tracks between the Dostyk and Alashankou border stations (with 1,520 mm and 1,435 mm gauge tracks);
- construction of the Moiynty-Kyzylzhar railway line;
- modernisation of the Altynkol-Zhetysen railway section;
- construction of arrival and departure tracks on the Beineu-Mangystau railway section;
- installation of automatic block signalling systems;
- purchase of 1,200 fitting platforms.

In addition, NC KTZ JSC plans to carry out a number of initiatives aimed at maintaining uninterrupted current operations and improving railway safety, including:

- capital repairs of 513 km of track superstructure;
- alternative track repair works covering 272 km;
- purchase of 199 locomotives;
- purchase of 1,069 freight cars;
- capital repair of 3,844 freight cars;
- purchase of 170 passenger cars;
- capital repair of 15 passenger cars;
- further projects focused on infrastructure renewal and rehabilitation, development of transport logistics, and enhancement of railway safety.

INFRASTRUCTURE PROJECTS

As part of the National Project "Strong Regions – the Driver of Countrywide Development" and the Transport and Logistics Development Concept of the Republic of Kazakhstan 2030, construction of second tracks along the Dostyk-Moiynty railway section began in November 2022. The main goal of this project is to increase the capacity of the railway section and strengthen the country's transit potential.

The construction of second tracks spanning 836 km will increase the section's throughput capacity fivefold – from 12 to 60 pairs of freight trains per day. This will address a key challenge in ensuring uninterrupted export of domestic products and enable the transportation of goods by Kazakhstan exporters along this route.

In 2023, the following infrastructure projects were launched:

1. Construction of the Almaty Bypass Railway Line

The implementation of this project will reduce traffic through the Almaty rail hub by 30%, cut the average travel time of transit container trains by 24 hours, redirect transit freight flows via a new, shorter route, and support the development of suburban passenger services within the Almaty agglomeration.

2. Construction of the Darbaza-Maktaaral Railway Line

The project aims to strengthen Kazakhstan's transport potential through the opening of a new border crossing point between Kazakhstan and Uzbekistan.

It also includes the expansion of infrastructure at the Saryagash interstate border station and the Tashkent hub, helping to redistribute freight flows and relieve congestion on routes through Central Asian countries.

3. Construction of the Bakty Third Railway Crossing on the Kazakhstan-China Border with Access to the Existing Semey-Aktogay Railway Section

The purpose of this project is to enhance the country's transit and transport potential by establishing a third railway border crossing with China.

GOAL 3. IMPROVING CUSTOMER SATISFACTION

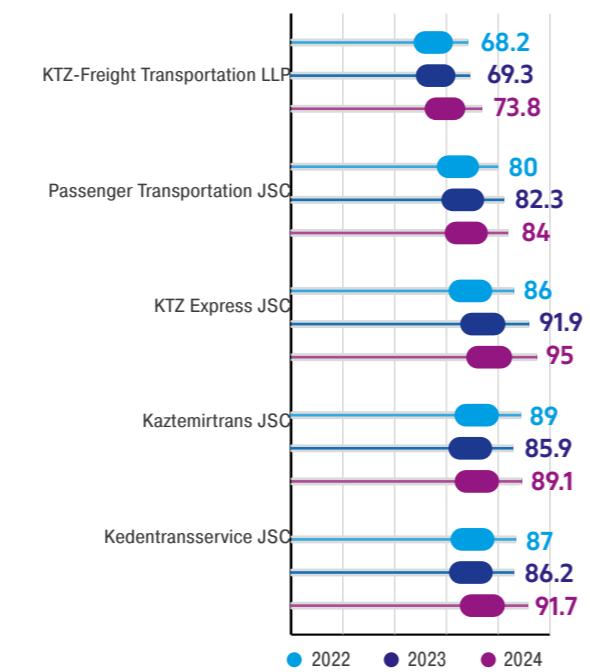
One of the Company's strategic goals is to ensure a high level of customer satisfaction with the quality of freight and passenger transport services, as well as transport and logistics services.

CUSTOMER SATISFACTION

Regular assessments of customer satisfaction enable the identification of strengths and weaknesses in customer relations and facilitate timely decisions on further development initiatives across the Company's subsidiaries. These initiatives aim to improve customer satisfaction and loyalty.

Customer surveys are conducted via questionnaires available on the corporate websites of the Company's subsidiaries.

**CUSTOMER SATISFACTION LEVEL,
2022-2024, %**



PASSENGER TRANSPORTATION SERVICES

In 2024, Passenger Transportation JSC implemented a number of initiatives aimed at improving fare accessibility and strengthening its brand image:

- New paid discount cards "Altyn" and "Kumis" were introduced, offering a 25% fare discount. A total of 436 cards were sold in the reporting year, representing an 89.6% increase compared to 2023 (344 cards);
- Projects were launched to promote domestic and international tourism, including the international train "Jibek Joly" on the Almaty-

Turkestan-Tashkent route and the themed electric train "Astana-Burabay Resort", which features musical accompaniment;

- Periodic fare discounts were introduced:
 - from 7% to 20% for non-air-conditioned compartment cars;
 - up to 30% for commercial class services;
 - 20% for low-occupancy compartment cars;
- Passenger cars were thematically decorated for holidays such as International Women's Day, Nauryz, Victory Day, and others.

Tariff Policy

Starting from 1 January 2024, in coordination with the Ministry of Transport of the Republic of Kazakhstan and under the terms of long-term subsidy agreements for socially significant routes, the tariff was increased by 7% from 1 January and by 19.99% from 1 October 2024.

- A new ticket form was developed and approved and included in the Album of Travel and Transport Documents;
- The website www.billet.railways.kz introduced the option to book tickets with connections within the same train, allowing combinations such as "car + car" or "seat + seat";
- Ticket offices were equipped with automated systems for calculating and processing fare differences in the event of a car or train change.

By the end of 2024, the share of online ticket sales reached 80%, close to the target of 81%, up from 77% at the end of 2023.

E-ticketing System

In 2024, Passenger Transportation JSC continued to improve its electronic ticketing system with the following enhancements:

SHARE OF ONLINE TICKET SALES, 2021-2024

YEAR	2021	2022	2023	2024	TARGET	ACTUAL
				Share of online sales, %		
	60	72	77	80	81	80

Rolling Stock Renewal

In 2024, Passenger Transportation JSC received 118 new passenger cars manufactured by ZIKSTO JSC, including 112 standard cars and 6 cars of motor-car rolling stock.

This renewal contributed to service quality improvements and offered enhanced comfort to passengers.

Service Improvements

To ensure a prompt response to passenger enquiries during travel, a QR code (WhatsApp) was introduced, enabling rapid issue resolution and providing feedback.

Additionally, during the summer period, the provision of hygiene products was increased by 20%, and ultraviolet flashlights were introduced for more thorough cleanliness inspections in cars.

FREIGHT TRANSPORTATION SERVICES

KTZ-FREIGHT TRANSPORTATION LLP

KTZ-Freight Transportation LLP holds regular meetings with consignors, consignees, forwarding companies, and representatives of public authorities. Additionally, up-to-date information is published on the Company's corporate website.

The Company also monitors the fulfilment of obligations for the timely delivery of coal to thermal power plants (TPPs) and the general population, and convenes operational headquarters meetings with the participation of coal companies.

KAZTEMIRTRANS JSC

Kaztemirtrans JSC has developed a Digital Ecosystem Concept and approved an Action Plan to increase the level of digitalisation of business processes in order to enhance digital maturity and integrate information systems.

As part of this work, the first module – Planning and Provision – of the Single Platform for Management of Business Processes of Kaztemirtrans JSC (SPMBP) was developed and implemented. This module automates the process of car allocation to consignors and enhances data transparency.

Kaztemirtrans JSC's information systems have been integrated with the Single Digital Window (SDW) to provide a more convenient customer experience. The collection of operator charges for transit transportation via interstate border stations (Dostyk and Altynkol) has also been automated in the automated system "Contract and Business Processes".

TRANSPORT AND LOGISTICS SERVICES

KTZ EXPRESS JSC

In order to enhance service quality, KTZ Express JSC implemented a number of key initiatives:

- Transport services were provided for e-commerce goods and motor vehicles;
- The agency network was expanded in Chengdu, Xi'an, Yiwu, Chongqing, and Budapest;
- A joint venture – CRK Terminal LLC – was established with Xi'an Free Trade Port Construction and Operation Co., Ltd., Slavtrans-Service JSC, and KTZ Express JSC to develop terminal infrastructure and ensure seamless logistics services along the entire route (China-Kazakhstan-Russia and back). Construction of a transport and logistics centre at Selyatino station (Russian Federation) is planned for 2025;
- The joint venture KPMC Ltd., established with PSA International Pte Ltd, commenced operational activities;
- A joint venture Gulflink Ltd. was established with AD Ports Group. In 2025, the company will begin offering logistics services along the following prospective corridors:
 - Kazakhstan/Central Asia – Pakistan/UAE;
 - Kazakhstan/Central Asia – Black Sea ports;
 - China – Black Sea ports;
- A joint venture – Aktau International Container Hub LLP – was established with Lianyungang Port and Aktau International Sea Commercial Port NC JSC. Construction and installation works have begun, with completion expected by the end of 2025;
- A feeder shipping service was launched between Poti/Batumi (Georgia) and Istanbul (Turkey) and Constanța (Romania) in partnership with MSC and Maersk to support exports from Kazakhstan

To improve the protection of confidential data and strengthen overall information security, Kaztemirtrans JSC has launched a number of initiatives, including the implementation of the "RAM-Solution: Monitoring of Privileged User Activities" project, among others.

and transit shipments from China to Turkey and Europe, etc.;

- A new Trans-Afghan route service was launched;
- Delivery time on the China – Kazakhstan – Uzbekistan route was reduced from 10 to 5 days;
- A new route South Korea – Lianyungang – Central Asia was launched.

KEDENTRANSERVICE JSC

To improve terminal handling operations and expand its geographical reach, Kedentransservice JSC undertook the following initiatives:

- A joint venture – China-Kazakhstan Trade and Logistics Company LLC – was established in Xi'an (China);
- An agreement was signed on the implementation of an intermodal freight terminal project at Alyat Sea Port in collaboration with Baku International Sea Trade Port CJSC, Xi'an Free Trade Port Construction and Operation Co., Ltd. (China), and SK-AIH Investment Fund Ltd.;
- A Memorandum of Intent was signed with FinilInvest LLC on cooperation in developing container transport and related terminal infrastructure. As part of this, a modern multimodal transport and logistics centre is planned for construction in Astana, which will support increased transit of Russian freight through Kazakhstan;
- The "Off-dock Terminal" project was implemented in Astana and Aktobe;
- A memorandum was signed with Xi'an Free Trade Port Construction and Operation Co., Ltd. (China) on the joint implementation of a project to build a transport and logistics complex in Almaty (GTS-2).

GOAL 4. DIGITALISATION

DIGITALISATION

Digitalisation is a strategic focus area for NC KTZ JSC, aimed at increasing operational efficiency and optimising processes through the implementation of modern IT solutions.

Key achievements in 2024 included the following:

- **Digital Trade Corridor:** In partnership with Global DTC Ltd. (*a subsidiary of PSA Group*), a pilot project was implemented to develop a digital corridor along the Trans-Caspian International Transport Route (TITR). On 2 October 2024, the Tez Customs platform was launched to enable the automated submission and clearance of transit declarations along TITR. All procedures are carried out through the integrated IT systems of NC KTZ JSC and the DTC platform, enabling automated data processing and cargo clearance in line with applicable regulations. As a result, the time required to process transit declarations was reduced from 8 hours to 30 minutes, and paper-based documentation was completely eliminated.
- **Single Digital Window (SDW) Project:** The SDW is designed to streamline the ordering of transport and logistics services, integrate the commercial functions of NC KTZ JSC's subsidiaries, and establish a unified digital environment for customers. The SDW provides centralised access to a wide range of services, including multimodal transportation, freight forwarding, container and car operations, and more. Integration was carried out with the systems of KTZ Express JSC, Kedentransservice JSC, Kaztemirtrans JSC, and the KTZE Commerce, Branch of KTZ Express JSC. In August 2024, a Single Contact Centre was launched to provide advisory support on services offered by NC KTZ JSC's subsidiaries. In 2024, the online SDW platform (ektz.kz) was officially launched. On 13 December 2024, a strategic session was held with members of the Board of Directors
- **Implementation of the KTZ Cargo Reporting Automated System:** As part of the transition from the Unified Integrated Waybill Processing System to a modern platform-independent hardware infrastructure, the KTZ Cargo Automated System was launched in trial operation. The system is designed to centralise reporting through transparent algorithms and methodologies within a single tool, as well as to enable the automated updating of regulatory and reference data.
- **Trip Optimiser Project:** In partnership with Wabtec, work is ongoing to implement the Trip Optimiser intelligent system, which provides adaptive cruise control for locomotives. The system adjusts train speeds based on optimal fuel consumption models, taking into account such parameters as route, route profile, train composition, etc. The project is scheduled for completion in 2025.
- **Digital Gateways Project:** As part of a cooperation agreement with Wabtec, on 1 November 2024, the Kinetix digital system was transferred to NC KTZ JSC on a fee-free basis. This AI-based solution enables monitoring, control, and diagnostics of rolling stock, contributing to enhanced operational efficiency and safety. The system is being deployed along the Nur-Sultan (Astana) – Sorokovaya railway section.
- **Pangu Model Artificial Intelligence Project:** In cooperation with Huawei, work is underway to develop a model for transport forecasting and optimisation using artificial intelligence based on consolidated operational data analytics.

and Management Board of NC KTZ JSC, during which the SDW project was presented. On 30 December 2024, regulatory documents were approved for the permanent operation of the SDW platform.

SUSTAINABILITY REPORT

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**ON SOLID RAILS –
POWERED BY SKILL AND
DEDICATION**



GOAL 5. INTEGRATING ESG PRINCIPLES

SUSTAINABILITY MANAGEMENT

NC KTZ JSC views the integration of ESG (Environmental, Social and Governance) principles as a key pillar of its Development Strategy 2032. The Company recognises its responsibility in ensuring

sustainable economic growth and is committed to maintaining a balance between economic development, social stability, and environmental stewardship.

INTEGRATING ESG PRINCIPLES: THE COMPANY'S STRATEGIC PRIORITY 2032

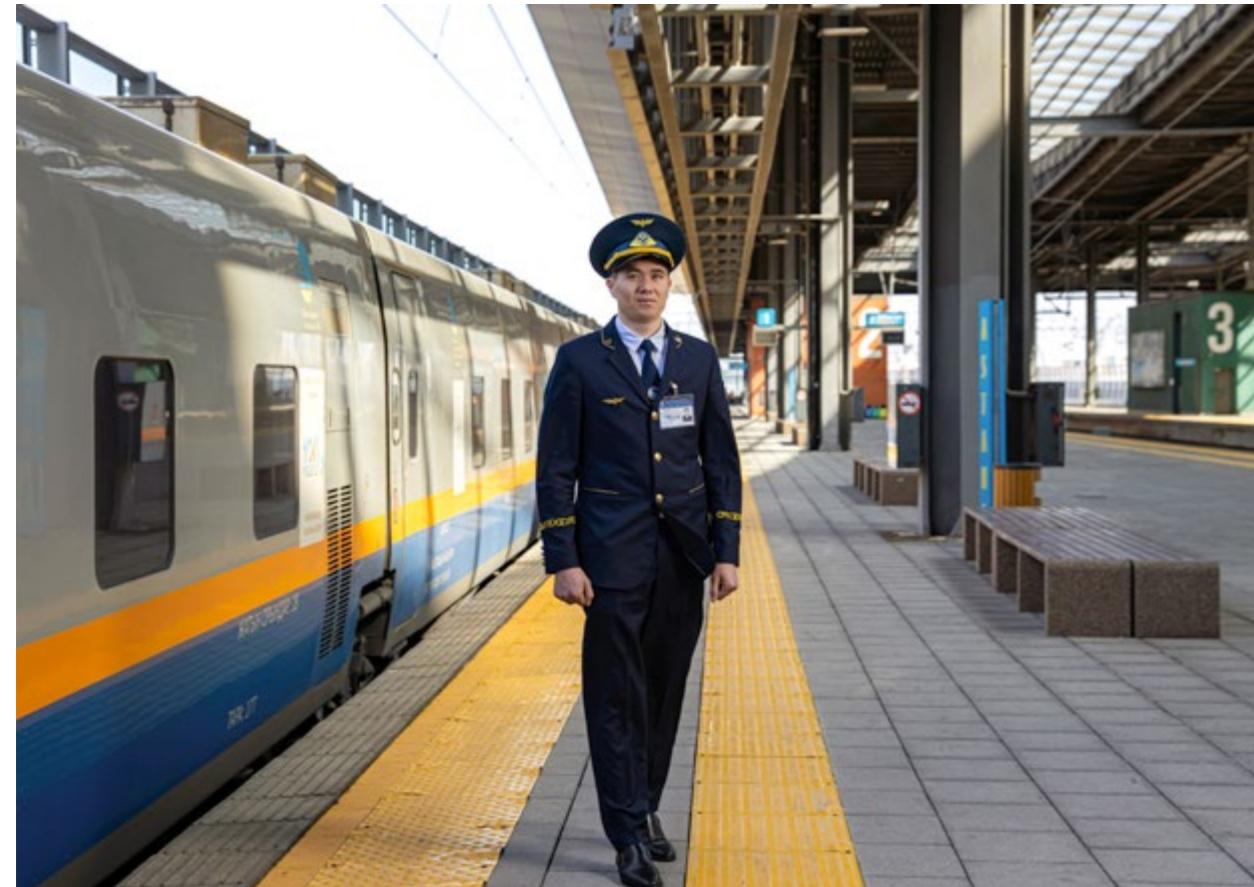
Strategic ESG Initiatives

To implement the ESG agenda, NC KTZ JSC has defined three strategic initiatives:

- Promoting social stability and developing human capital;
- Environmental sustainability;

- Enhancing corporate governance

For each initiative, specific actions have been developed and Strategic Key Performance Indicators (KPIs) established to monitor progress towards achieving the set goals.



STRATEGIC KPI PERFORMANCE:

KPI	UOM	ACTUAL	ACTUAL	TARGET	TARGET	TARGET	CHANGE	CHANGE
		2023	2024	2024	2025	2032	ACTUAL 2024 VS. ACTUAL 2023, %	ACTUAL 2024 VS. TARGET 2024, %
ESG rating	score	54	60	60	61	68	11	0
Social stability index	index	66	69	67	68	75	5	3.0
Carbon Footprint, %	%	-5.1	-6	-2.7	-2.5	>3.5	18	122.2

SUSTAINABILITY PRINCIPLES OF NC KTZ JSC:



OPENNESS



ACCOUNTABILITY



TRANSPARENCY



ETHICAL CONDUCT



RESPECT



LEGALITY



RESPECT FOR HUMAN RIGHTS



ZERO TOLERANCE FOR CORRUPTION



PREVENTION OF CONFLICTS OF INTEREST



LEADING BY EXAMPLE

IN ITS OPERATIONS, NC KTZ JSC STRIVES TO:

 Contribute to Kazakhstan's economic growth by enhancing transit and export potential.



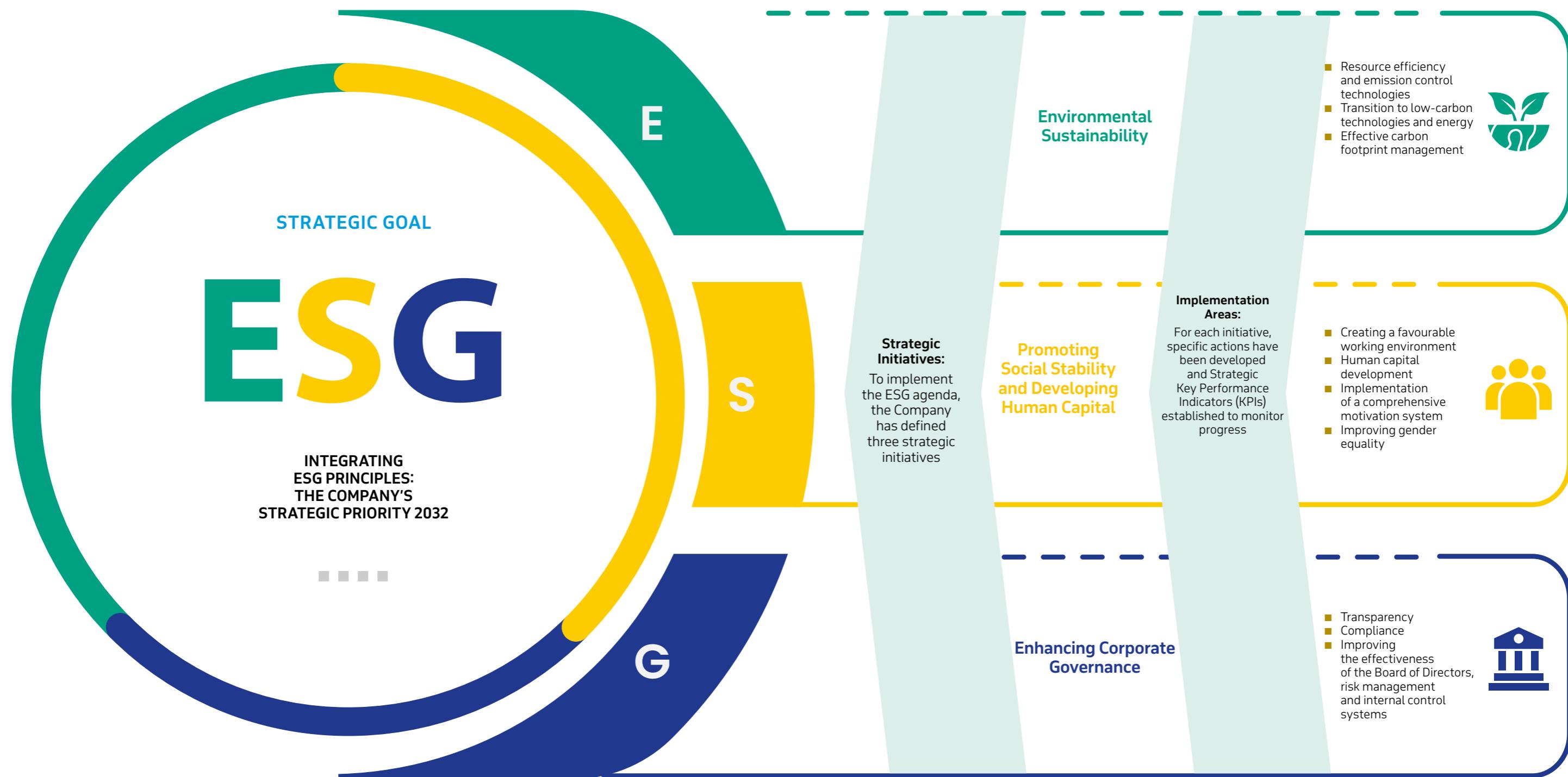
Ensure occupational and railway safety.

 Improve living standards through job creation and transport infrastructure development.



Minimise environmental impact through the adoption of innovative technologies and modern rolling stock.

 Create favourable working and living conditions for employees by offering social support packages, training opportunities and skills development.



AWARDS AND ACHIEVEMENTS IN 2024



**RANKED 2ND
IN THE TOP 50 BEST
ESG DISCLOSURE
RATING BY PWC
AMONG THE LARGEST
COMPANIES
IN KAZAKHSTAN**



**RANKED 1ST
IN THE BEST ESG
DISCLOSURE
IN THE TRANSPORT
AND LOGISTICS SECTOR
RATING BY PWC**

The 2023 Integrated Annual Report of NC KTZ JSC was recognised as: 2nd place overall among the Top 50 companies in Kazakhstan for the quality of ESG disclosure; 1st place among transport and logistics companies.

The full ranking is available at:



<https://www.pwc.com/kz/ru/publications/esg/esg-top-50-december-2024.html>



S&P Global Ratings assigned NC KTZ JSC a CSA (Corporate Sustainability Assessment) score **of 60 out of 100**



The Company has been included in the S&P Global Sustainability Yearbook 2025



For more details, see the Section "["ESG RATINGS"](#)".

COMMITMENT TO THE UN GLOBAL COMPACT PRINCIPLES AND SUSTAINABLE DEVELOPMENT GOALS

Since 2012, NC KTZ JSC has been a participant in the United Nations Global Compact (UN Global Compact) – the world's largest corporate sustainability initiative, uniting over 20,000 companies across more than 160 countries.

This Report serves as the Company's Communication on Progress (CoP) under the UN Global Compact.

NC KTZ JSC reaffirms its unwavering commitment to the ten principles of the UN Global Compact relating to human rights, labour, environment and anti-corruption, and outlines the Company's efforts to integrate these principles into all aspects of its operations.

The Company's Communication on Progress is available on the official UN Global Compact website:



PRINCIPLES

Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	Human Rights
	Principle 2	Businesses should not be complicit in human rights abuses.	Human Rights
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Collective Bargaining Agreement
	Principle 4	Businesses should eliminate all forms of forced and compulsory labour.	Human Rights
Environment	Principle 5	Businesses should uphold the effective abolition of child labour.	Human Rights
	Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Human Rights
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges.	Environmental Responsibility
	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	Environmental Responsibility
Anti-Corruption	Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	Environmental Responsibility
	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	Business Ethics and Anti-Corruption

CONTRIBUTION TO ACHIEVING THE UN SUSTAINABLE DEVELOPMENT GOALS

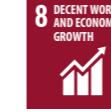
NC KTZ JSC is committed to all of the United Nations (UN) Sustainable Development Goals (SDGs), adopted as part of the UN's "Transforming our world: the 2030 Agenda for Sustainable Development".

By aligning the Company's activities with the UN SDGs, we have identified six goals on which we will focus our efforts and to which we can make the most significant contribution.

The Goals to which we can contribute most substantially:



PROJECT TITLE	PROJECT DESCRIPTION	ACHIEVEMENTS	IMPLEMENTATION PERIOD
	Ensure healthy lives and promote well-being for all at all ages		
Action Plan to Prevent Workplace Stress and Improve Employees' Mental Health at NC KTZ JSC	On 30 November 2023, the Action Plan to Prevent Workplace Stress and Improve Employees' Mental Health at NC KTZ JSC for 2023–2025 was approved.	As part of the Action Plan, training sessions on self-regulation of psycho-emotional state were held, and a survey of over 19,000 employees was conducted.	2023–2025
Action Plan for the Prevention of Cardiovascular Diseases Among Employees of NC KTZ JSC and Its Subsidiaries	On 6 May 2024, the Action Plan for the Prevention of Cardiovascular Diseases Among Employees of NC KTZ JSC for 2024–2025 was approved.	As part of the Action Plan, a survey of over 25,600 employees on the quality of medical services was conducted. In September 2024, to mark World Heart Day, a seminar was organised with campaigns such as "Know Your Blood Pressure", "Know Your Cholesterol", "Know Your Sugar", along with doctor consultations and training in first aid for cardiovascular diseases.	2024–2025
Annual Medical Insurance	In accordance with the Collective Agreement, NC KTZ JSC provides healthcare for employees through voluntary medical insurance.		
	Achieve gender equality and empower all women		
Gender Equality and Women's Empowerment	Establishment of the "Railway Ladies Club" to support the development of women's potential and promote gender balance within the Company.	On 20 December 2024, the first Women's Forum of the Railway Women's Association was held in Astana with the participation of Karakat Abden, Member of the Mazhilis of the Republic of Kazakhstan, and women leaders from the Company and Samruk-Kazyna JSC. The forum addressed issues of gender equality and included training sessions on work-life balance, mental well-being, and the prevention of professional burnout.	2024
Female Representation in Executive and Management Bodies.	The Company is actively working to increase the representation of women in executive and management bodies. In 2024, the indicator "Increased representation of women in executive and management bodies" was included in the key performance indicators of the Chief of Staff of NC KTZ JSC (a member of the Management Board), reflecting the Company's commitment to building more diverse leadership. In line with the principles of gender balance and the Corporate Governance Code, the Company reviewed the composition profiles of the Boards of Directors and Supervisory Boards of its subsidiaries. As a result: <ul style="list-style-type: none">the proportion of women in the Boards of Directors and Supervisory Boards of NC KTZ JSC subsidiaries reached 30%;representation of women in executive bodies increased by 13%;by the end of 2024, women accounted for 22% of all executive and management roles.	2024	

PROJECT TITLE	PROJECT DESCRIPTION	ACHIEVEMENTS	IMPLEMENTATION PERIOD
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all		
Zhas Temir Programme	Engagement and training of qualified professionals, graduates of specialised universities for the railway industry as part of cooperation with higher education institutions.	1 st cohort (implemented): 5 young specialists were trained and employed in the structural units of NC KTZ JSC. 2 nd cohort (in progress): In 2024, 8 trainees were selected, with 3 planned rotations in the subsidiaries of NC KTZ JSC, followed by employment.	2022–2024 2024–2026
Corporate Employee Development Programmes	Corporate training and development programmes for operational personnel aimed at enhancing professional, personal and business competencies.	In 2024, NC KTZ JSC implemented corporate development programmes including: <ul style="list-style-type: none">Uzdikter Alany – a development programme for the Main Railway Network Directorate employees, including track maintenance, power engineering, signalling and communication staff;Topzhangar 2024 leadership programme;a development programme for car fleet employees.	2024
Occupational Benefit for Employees Released from Hazardous Working Conditions	Social protection for employees engaged in hazardous work, eligible for a special social benefit under the Social Code of the Republic of Kazakhstan.	In 2024, 2,063 employees received this benefit.	Annually
Industry-specific Age-related Allowance (for train drivers, driver's assistants, track fitters, track foremen, train marshals and assistants)	Social protection for employees in hazardous roles not covered by the special social benefit under the Social Code of the Republic of Kazakhstan.	In 2024, 1,412 employees received the sector-specific age-related benefit.	Annually
Employment of Persons with Disabilities	Employment of persons with disabilities across the NC KTZ JSC Group.	In 2024, 258 persons with disabilities were employed by NC KTZ JSC.	2024
Early Retirement Programme	Compensation for redundant employees whose positions are or will be eliminated and who are within 6 years of retirement, enabling early retirement with monthly compensation of approximately 70% of their current salary until they reach pension age.	In 2024, 343 employees participated in the programme.	Annually
Single Database of Redundant and Released Employees of NC KTZ JSC and Its Subsidiaries in the Automated Recruitment System	Input and automated tracking of redundant and released employees of NC KTZ JSC and its subsidiaries in the labour resources restructuring module of the recruitment system.	In 2024, 456 employees were employed through the labour resources restructuring module.	Annually

PROJECT TITLE	PROJECT DESCRIPTION	ACHIEVEMENTS	IMPLEMENTATION PERIOD	PROJECT TITLE	PROJECT DESCRIPTION	ACHIEVEMENTS	IMPLEMENTATION PERIOD
"100 Young Faces of NC KTZ JSC" Development Programme	A programme aimed at promoting the values of ethics, meritocracy, professionalism and active loyalty by showcasing real examples of young Company employees.	Since 2019, NC KTZ JSC has implemented three cohorts of the programme (100 employees each): 1 st cohort (2019–2022), 492 candidates: <ul style="list-style-type: none">• 30 participants became internal trainers;• 45 received job rotations;• 11 lean production projects were developed;• 100% participated in the Zhenis public social project. 2 nd cohort (2022–2024), 543 candidates: <ul style="list-style-type: none">• 52 employees received job rotations;• 15 business process optimisation and improvement projects were developed.	Since 2019		Ensure sustainable consumption and production patterns		
Development of Industrial Relations	In accordance with the Corporate Standard of Samruk-Kazyna JSC, NC KTZ JSC developed Rules for Monitoring Industrial Relations. The aim is to streamline the assessment and improvement of industrial relations across units. Objectives include: <ul style="list-style-type: none">• improving living and working conditions;• enhancing the social package and non-financial motivation;• strengthening internal communications.	Since 2023: repairs to buildings and sanitary facilities, installation of modular units and heating points for production workers, provision of transport, equipment and furniture. In 2024, KZT 17.5 billion was allocated. Biannual surveys assess labour protection, hygiene, medical care, PPE, uniforms, internal communications, awareness of social benefits, training, and corporate culture. In 2024, new sections "Goals" (understanding the Company's mission and targets) and "Happiness" (sense of workplace happiness) were added. The survey covered 25,000 employees (at least 25% of the workforce), identifying and addressing problem areas.	Since 2018	Transition to Sustainable Consumption and Production Patterns	Since 2014, the Company has implemented an energy management system. The Company undergoes an annual external audit for compliance with ISO 50001:2018.	The energy management system is part of the Company's integrated management system and is aimed at improving energy efficiency in the operation of the main railway network, as well as in freight and passenger transportation. In 2024, an external audit conducted by TÜV Thüringen confirmed that the energy management system meets the requirements of the ISO 50001:2018 international standard. In 2019, an Energy Efficiency and Energy Saving Action Plan 2025 was approved. Under this plan, energy resource consumption is expected to be reduced by 3,160 tonnes of coal equivalent, which represents 2.6% of total FER consumption compared to 2018 levels. In 2023, the activities under this plan were included into the Low-Carbon Development Action Plan of NC KTZ JSC and Its Subsidiaries for 2023–2027. As a result, in 2024, the FER consumption was reduced by 164,000 GJ.	Ongoing
Corporate Volunteer School	The Corporate Volunteer School is a platform for active employees engaged in regional volunteerism.	The first School took place in 2023, bringing together 120 active volunteers from across the regions. An annual "Corporate Volunteer" competition was launched in five categories. In 2024, the second forum was held with 120 volunteers and collaboration with the National Volunteer Network of Kazakhstan.	Since 2023		Take urgent action to combat climate change and its impacts		
	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation			Waste Segregation	Organisation of separate waste collection and paid transfer of recyclable waste.	In 2024, the Company organised the transfer of 24,397 kg of waste paper, 7,460 kg of plastic, 989 kg of glass, 29,415 kg of used batteries, 2,283 kg of obsolete office equipment, and 11,814 kg of used vehicle tyres. A total of 76.4 tonnes of recyclable waste were transferred for processing.	Ongoing
Railway Safety	The project aims to prevent incidents and ensure the safe operation of railway transport, reducing the number of incidents and accidents related to train operations.	NC KTZ JSC implemented measures to prevent railway safety violations. 7 inspections and 10,000 audits of structural units were conducted. In 2024, 298 meetings of the Coordination Council were held with participation from the transport prosecutor's office and police; 12,144 outreach meetings with the public were conducted (reaching 166,885 people); 3,777 joint inspections with law enforcement agencies were carried out; and 551 media publications were issued. An Information Centre was created to support timely decision-making, featuring modules such as Warnings, Track Diagnostics, and Passenger Transportation. To minimise human factor-related risks, the automated Railway Safety Risk Analysis System was developed and implemented at the line level.	Ongoing	Installation of Reverse Vending Machines (RVMs)	In 2023, as part of efforts to reduce landfill waste, reverse vending machines (RVMs) for collecting plastic bottles and aluminium cans were installed. Two RVMs were placed in the NC KTZ JSC headquarters, one at the Nur-Sultan-1 railway station, and three at the Nurly Zhol railway station.	Since the installation of RVMs at the Company's facilities, 90,353 plastic bottles and aluminium cans have been collected and recycled by the RVM operators.	Ongoing
				Low-Carbon Development Concept of NC KTZ JSC	To contribute to the reduction of greenhouse gas emissions, the Board of NC KTZ JSC approved the "Low-Carbon Development Concept of NC KTZ JSC and Its Subsidiaries 2060" on 26 December 2022.	NC KTZ JSC is actively implementing low-carbon development measures and introducing alternative fuels. On 26 April 2024, studies were approved on the use of LNG in TE33A locomotives, double-stack container trains, and the Kinetix technology, along with the exploration of other alternative fuels. On 11 July 2024, a tripartite agreement was signed with Wabtec and Condor Energies Inc. for the retrofitting and production of LNG-powered locomotives.	Through to 2060

Key Performance Indicators (KPIs) have been defined for each Sustainable Development Goal (SDG), allowing for evaluation of the Company's progress in meeting the respective targets.

PERFORMANCE OF NC KTZ JSC IN ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS FOR 2021-2024

UN SDGS	PERFORMANCE OF NC KTZ JSC IN ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS				
	LOST TIME INJURY RATE (LTIR)				
3 GOOD HEALTH AND WELL-BEING	2021	2022	2023	2024	
	-	-	0,17	Target	Actual
			0,16		0,12
	PROPORTION OF WOMEN IN LEADERSHIP POSITIONS, %				
5 GENDER EQUALITY	2021	2022	2023	2024	
	21	24	24	Target	Actual
			26		22
	SOCIAL STABILITY LEVEL, %				
8 DECENT WORK AND ECONOMIC GROWTH	2021	2022	2023	2024	
	72	65	66	Target	Actual
			67		69
	TRANSPORT SAFETY LEVEL, INCIDENTS PER MILLION TRAIN-KILOMETRES				
9 INDUSTRIALIZATION, INNOVATION AND INFRASTRUCTURE	2021	2022	2023	2024	
	0,81	0,7	0,62	Target	Actual
			1,03		0,60
	SPECIFIC DIESEL FUEL CONSUMPTION FOR TRAIN TRACTION, KG/UNIT				
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	2021	2022	2023	2024	
	-	-	24,8	Target	Actual
			23,51		24,75
	CARBON FOOTPRINT, %				
13 CLIMATE ACTION	2021	2022	2023	2024	
	-	-	-5,1	Target	Actual
			-2,7		-6

The decrease in the proportion of women in leadership positions was due to an increase in the overall number of management positions. Although the absolute number of women in leadership roles grew in 2024 compared to 2023, the expansion of the staff within the Main Railway Network Directorate, Branch of NC KTZ JSC, led to a larger total number of leadership positions, thereby affecting the percentage.

The exceedance of the target specific diesel fuel consumption for train traction in 2024 was caused by the following factors:

- Failure to achieve the target average freight train weight by 1.5%;
- Underperformance in the section speed ratio for freight trains by 0.09%;
- 37.5% increase in the number of diesel locomotives used in maintenance operations;
- Growth in the time locomotives remained in hot standby under depot maintenance by 52% compared to 2023;
- 32.9% increase in the time locomotives remained at stations during maintenance operations compared to 2023.

STAKEHOLDER ENGAGEMENT

GRI 2-29

NC KTZ JSC views stakeholder engagement as one of the key areas of its operations. The principles of transparency, accuracy and respect underpin all interactions with stakeholders. A systematic dialogue with stakeholders is a cornerstone of the Company's corporate culture. We continuously develop our engagement mechanisms to ensure timely communication and consideration of the interests of all parties involved in our business.

Effective stakeholder engagement enables the Company to:

- enhance trust through openness and transparency in its operations;
- take into account the views and interests of partners, creating conditions for mutually beneficial cooperation;
- identify and mitigate risks associated with stakeholders' expectations and needs in a timely manner;
- contribute to sustainable development by balancing the economic, social and environmental aspects of our activities;
- strengthen the Company's reputation and improve its investment attractiveness;
- effectively implement strategic goals and development plans aligned with the interests of all parties involved.

This approach helps the Company not only to achieve its business objectives, but also to make a meaningful contribution to societal development.

NC KTZ JSC's Sustainable Development Policy, published on the Company's corporate website, sets out our stakeholder engagement strategy in detail. It is based on the principles of sustainable development enshrined in the UN Global Compact, and includes a stakeholder map outlining the methodology for identifying key stakeholders and describing the methods of interaction with each group.

The Company's stakeholder engagement is guided by the following principles:

- respect for and consideration of stakeholders' interests, opinions and preferences;
- timely and regular communication with stakeholders;
- responsible fulfilment of commitments made.

To identify key stakeholders, the Company defines the groups of individuals and organisations with which it interacts in the course of its activities, detailing both the stakeholders' interests and their contribution.

The Company considers all parties that can influence its operations or be influenced by them. As part of this process, stakeholders are assessed in terms of their relevance, level of interest and degree of influence on the Company.

NC KTZ JSC's key stakeholders include: the sole shareholder, government authorities, associations/unions, trade unions, employees, society/local communities, mass media, suppliers/contractors, partners, customers, investors/lenders, and international organisations.

STAKEHOLDER ENGAGEMENT OUTCOMES IN 2024

STAKEHOLDER EXPECTATIONS	ENGAGEMENT CHANNELS	FREQUENCY OF ENGAGEMENT	KEY OUTCOMES
Sole Shareholder			
<ul style="list-style-type: none"> Increase in profit; Timely dividend payments; Growth in value. 	<ul style="list-style-type: none"> Meetings of the Board of Directors involving representatives of the Sole Shareholder; Participation of the Board of Director members in meetings and working sessions with representatives of the Sole Shareholder; Strategic sessions with the participation of the Sole Shareholder. 	Regularly	<p>Issues reviewed by the Sole Shareholder in 2024 included:</p> <ul style="list-style-type: none"> Amendments to the Regulations on the Board of Directors of NC KTZ JSC (29 February 2024); Approval of the 2023 Annual Financial Statements of NC KTZ JSC and the decision not to distribute dividends, along with the review of feedback from the Sole Shareholder regarding the actions of NC KTZ JSC and its officials, and the results of their consideration (30 May 2024); Implementation of the project "Construction of the Dostyk-Moyniyt railway section" (14 June 2024); Appointment of the auditor for NC KTZ JSC's financial statements for 2025–2029 and approval of audit service fees (22 August 2024); Purchase of NC KTZ JSC bonds (12 December 2024); Provision of a guarantee by Samruk-Kazyna JSC in favour of China Development Bank and Exim China for the procurement of diesel locomotives (12 December 2024). <p>Strategic sessions held:</p> <ul style="list-style-type: none"> "Preparing NC KTZ JSC for IPO" (14 June 2024); "Digitalisation of NC KTZ JSC" (13 December 2024).
Government Authorities			
<ul style="list-style-type: none"> economic growth; solving social problems; compliance with legal requirements.. 	<ul style="list-style-type: none"> Official correspondence; Working groups, meetings, roundtables; Negotiations via electronic document management and email.. 	Regularly	<ul style="list-style-type: none"> Development, coordination, and support of draft regulatory legal acts (RLAs) initiated by NC KTZ JSC. Expression of the Company's position on government proposals regarding improvements to the Republic of Kazakhstan's railway transport legislation. Participation of NC KTZ JSC in international meetings with diplomats and official representatives of Indonesia, the UAE, Zimbabwe, Turkmenistan, China, Slovakia, and Tajikistan. Participation in intergovernmental commission meetings with Serbia, Italy, China, etc.
Associations/Unions			
<ul style="list-style-type: none"> Commercial interests. 	<ul style="list-style-type: none"> Official correspondence; Working groups, meetings, negotiations. 	Regularly	<p>As part of cooperation with Association of Legal Entities "TITR International Association" to improve logistics service quality:</p> <ul style="list-style-type: none"> A transport and logistics exhibition and the TITR Route Promotion Forum were held in Xi'an with the participation of freight forwarders and consignors from China. In Astana, a meeting took place between Nurlan Sauranbayev, Chairman of the Management Board of NC KTZ JSC, and Liang Linchun, representative of the National Development and Reform Commission of the PRC, to discuss cooperation between Kazakhstan and China and the development of freight transportation along the China-TITR route.

STAKEHOLDER EXPECTATIONS	ENGAGEMENT CHANNELS	FREQUENCY OF ENGAGEMENT	KEY OUTCOMES
Trade Unions			
<ul style="list-style-type: none"> Observance and protection of workers' rights; Ensuring social stability; Regulation of labour relations. 	<ul style="list-style-type: none"> Regular meetings with management, negotiations/meetings with teams and representatives of subsidiaries; Regulation of labour relations with employees of the Company; Payment of wages in accordance with the labour laws of the Republic of Kazakhstan. 	Regularly	<ul style="list-style-type: none"> 100% of employees are covered by the Collective Bargaining Agreement, and 94.6% are members of trade unions; A new Collective Bargaining Agreement for 2024–2026 has been developed; New benefits introduced to expand the employee social package.
Employees			
<ul style="list-style-type: none"> Safe working conditions; Fair and competitive salaries; Social benefits; Professional growth. 	<ul style="list-style-type: none"> Consideration of complaints submitted to the ombudsman's office through the corporate website of NC KTZ JSC, the Nysana call centre, and other communication channels; Use of online feedback mechanisms; On-site visits to structural units and subsidiaries of the Company, including for assessing social stability; Human resource development; Occupational health and safety training and improving working conditions; Social support for employees and their families; Training for regional and line employees; Educational programmes and professional development; Surveys, questionnaires, and employee engagement monitoring. 	As needed	<ul style="list-style-type: none"> In 2024, 248 complaints were submitted to the ombudsman's office, and 194 to the hotline. Employee training costs amounted to KZT 2.1 billion. Conditions of the Collective Bargaining Agreement for 2024–2026 improved. Expanded provisions for health resort vouchers and material assistance for employees and retirees. 1,729 employees included in the Company's talent pool. The first Women's Forum of the Railway Women's Association was held with representatives from Samruk-Kazyna JSC and the Mazhilis of the Parliament of the Republic of Kazakhstan. Participation in 14 job fairs, including for the employment of individuals with disabilities and graduates. The 6th Occupational Health and Safety Forum was held with the participation of NC KTZ JSC leadership, Samruk-Kazyna JSC, and industrial partners. A Corporate Occupational Health and Safety Olympiad was organised, with two employees awarded the "For Honest Labour" and "Best Specialist" medals. In cooperation with medical staff from Archimedes Medical Group LLP, a seminar "Heart for Life" was held on World Heart Day, among other initiatives.
Society (Local Communities)			
<ul style="list-style-type: none"> Support in areas of operation; Employment opportunities; Addressing social issues. 	<ul style="list-style-type: none"> Meetings with residents of local communities; Joint inspections with law enforcement agencies; Media appearances and publications. 	As needed	<ul style="list-style-type: none"> Participation in 100 guest lectures at educational institutions, certification committees, and student thesis supervision. Organisation of Open Days, excursions to production sites, museum visits, and meetings with railway veterans as part of career guidance for over 7,000 school graduates. As part of the Bilim Express project, "Soft Skills" training sessions were conducted at 14 stations for 6,991 participants. Quarterly meetings of the Business Partners Club with medical institutions were held. More than 12,000 meetings held with local communities, engaging over 166,000 people. A blog tour was organised along the route of the Jibek Joly tourist train (Almaty – Turkistan – Tashkent – Almaty) to promote domestic and international tourism. A total of 551 media appearances and publications carried out.

STAKEHOLDER EXPECTATIONS	ENGAGEMENT CHANNELS	FREQUENCY OF ENGAGEMENT	KEY OUTCOMES
Mass Media			
<ul style="list-style-type: none"> Publication and dissemination of information about the Company's activities; Commercial interests. 	<ul style="list-style-type: none"> Messengers, social media, telephone calls, corporate website, email. 	Regularly	<ul style="list-style-type: none"> 753 press releases published on the corporate website of NC KTZ JSC. Over 530 responses provided to media enquiries via E-otish, email, and WhatsApp. Three briefings held on the development of passenger transport, coal supply to the population, and grain transportation.
Suppliers and Contractors			
<ul style="list-style-type: none"> Commercial interests; Efficiency of the supply network and value chain; Timely and high-quality performance of works and services. 	<ul style="list-style-type: none"> Requesting quotations and ensuring equal access to tenders; Regular analytical meetings, negotiations, business correspondence; Signing of contracts, memoranda, and strategic cooperation agreements. 	As needed	<ul style="list-style-type: none"> 19,223 contracts concluded. In October 2024, a round table on support for domestic producers was held with the participation of Samruk-Kazyna Contract, QazCloud, and major Kazakhstani companies. Three offtake contracts were signed. The KTZ Supplier Code was developed and approved, covering human rights, environmental protection, anti-corruption, and conflict of interest prevention. Occupational and environmental safety requirements were integrated into contracts for works, services, and goods supply. 332 contractor employees were trained under the "Occupational Safety Culture". A system for tracking incidents in contractor organisations was implemented.
Partners			
<ul style="list-style-type: none"> Commercial interests; Joint implementation of projects; Transfer of technologies, expertise, and innovation. 	<ul style="list-style-type: none"> Official correspondence; Meetings, conferences, forums, round tables. 	As needed	<p>NC KTZ JSC signed strategic agreements and memoranda with CRRC, Alstom, Huawei, Wabtec, and transport operators from Russia, Belarus, China, and Europe. Key areas of cooperation include:</p> <ul style="list-style-type: none"> Development of transport and logistics potential and terminal operations between the EAEU, Kazakhstan, and China; Supply of rolling stock and container platforms; Establishment of joint ventures and transport hubs; Investment in digitalisation, including the use of AI, LTE-R, cloud solutions, and automation systems; Procurement of software and telecommunications equipment.
Customers			
<ul style="list-style-type: none"> Commercial interests; Meeting service demands; Ensuring transportation safety. 	<ul style="list-style-type: none"> Briefings, media publications, corporate website. 	As needed	<ul style="list-style-type: none"> Additional trains were scheduled on high-demand routes during public holidays (Astana-Almaty, Astana-Shymkent, Aktobe-Shymkent, Aktobe-Astana). During the summer period, extra trains were launched to Lake Alakol (Astana-Dostyk, Almaty-Dostyk, Oskemen-Dostyk, Semey-Dostyk), as well as direct carriages on the Kyzylorda-Dostyk route. In December 2024, a new high-speed tourist electric train on the Astana-Burabay Resort route was launched.

STAKEHOLDER EXPECTATIONS	ENGAGEMENT CHANNELS	FREQUENCY OF ENGAGEMENT	KEY OUTCOMES
Investors and Lenders			
<ul style="list-style-type: none"> Timely repayment of principal and interest; Return on investment; Placement of surplus funds in deposit accounts; Transparency in the Company's financial and non-financial reporting. 	<ul style="list-style-type: none"> Online analyst calls, official correspondence, meetings, corporate website. 	As needed	<p>Meetings were held with financial institutions and investors:</p> <ul style="list-style-type: none"> Citibank, Santander, Exim Bank US – financing of freight and passenger locomotives. China Development Bank and China Export & Credit Insurance Corporation (Sinosure) – financing of freight locomotives. Societe Generale and Natixis – financing of passenger locomotives. EBRD – refinancing of bonds. ADB, AIBB, World Bank – discussing of financing infrastructure projects. Engagement with Samruk-Kazyna, DBK and the Industrial Development Fund on refinancing foreign currency liabilities, financing infrastructure projects, and renewing passenger cars.
International Organisations			
<ul style="list-style-type: none"> Participation of the Company in international initiatives. 	<ul style="list-style-type: none"> Official correspondence, calls; Meetings and negotiations; Participation in surveys and ratings. 	As needed	<ul style="list-style-type: none"> Moody's upgraded the credit rating of NC KTZ JSC from Baa3 to Baa2. S&P Global Ratings affirmed the credit rating at "BB" with a "Stable" outlook. Fitch Ratings affirmed the credit rating at "BBB-" with a "Stable" outlook. S&P Global assigned an ESG rating of 60 out of 100.

Examples of Stakeholder Engagement

Engagement with Employees: The 6th Occupational Health and Safety Forum

On 6 December 2024, the Company held the 6th Occupational Health and Safety Forum, which brought together representatives of the management of NC KTZ JSC, Samruk-Kazyna JSC, portfolio companies of Samruk-Kazyna JSC, partner industrial enterprises, as well as heads of regional and network levels of NC KTZ JSC.

The Forum featured two parallel sessions – one for Chief Engineers at the regional level and the other for directors of departments at the central and network levels. Following the event, 20 participants were awarded commendation badges and honorary certificates.

Engagement with Customers: Launch of the New High-Speed Electric Train on the Astana – Burabay Resort Route

On 13 December 2024, the Company launched a new high-speed electric train on the Astana – Burabay Resort route, reducing travel time to just 2.5 hours.

This tourist train is part of the national strategy to promote domestic tourism in Kazakhstan. The project aims to enhance service quality, expand tourist routes and modernise transport infrastructure. Its comfortable conditions and reduced journey time are expected to increase interest in the region among international travellers.

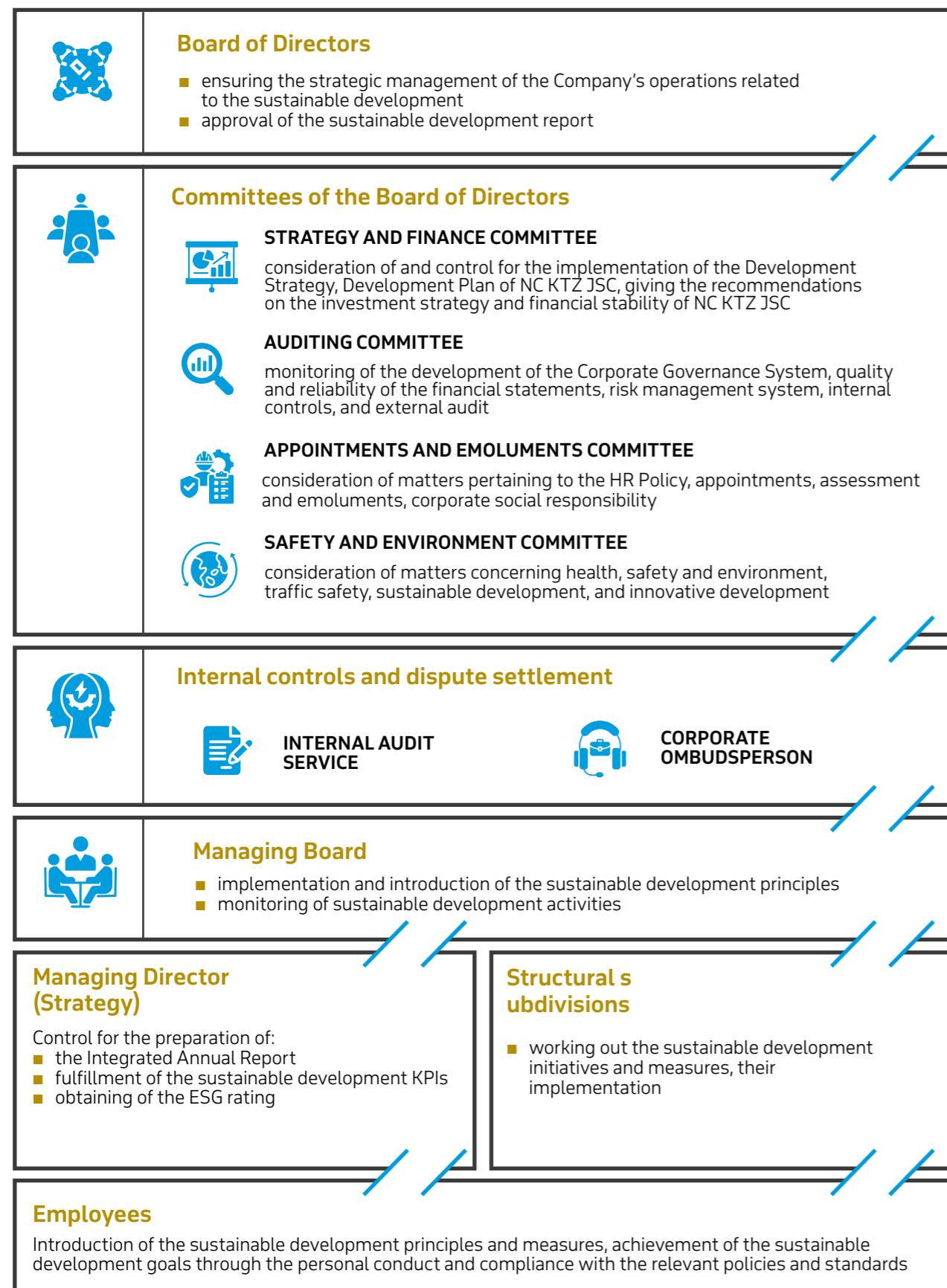
Engagement with Partners: NC KTZ JSC and Huawei Explore Artificial Intelligence in Traffic Management

In 2024, a joint working group comprising NC KTZ JSC and Huawei conducted a study on the potential application of artificial intelligence (AI) in traffic management. As a result, a catalogue of data sources was compiled and a data warehouse architecture was developed in line with international standards.

Language models – including local ones – were tested for the development of an AI assistant. Huawei deployed an analytics warehouse and data lake to consolidate information from multiple sources, enabling in-depth analysis and visual insights. The pilot project on AI model implementation will help identify the most effective areas for AI application within NC KTZ JSC. In addition, pre-project work has begun on the development of the Train Timetable module.

SUSTAINABLE DEVELOPMENT GOVERNANCE STRUCTURE

GRI 2-9, 2-12, 2-13



Thus, the ESG principles align the strategic aspirations of NC KTZ JSC with global sustainable development initiatives, underscoring our intrinsic connection to international goals and our contribution to a sustainable future.

The Sustainable Development Policy of NC KTZ JSC⁹ serves as the Company's fundamental document for improving the sustainable development governance system.

The Policy defines the Company's goals and principles in the field of sustainable development, establishes mechanisms for achieving these goals and integrating sustainable development principles, and sets out the creation of an effective stakeholder engagement management system.

NC KTZ JSC recognises the long-term impact of decisions made today and is guided by sustainable development principles that ensure economic growth, social well-being, and environmental safety.

GRI 2-12, 2-16, 403-4

Sustainability issues are addressed at all hierarchical levels of the Company – from the Board of Directors to each individual employee.

The Board of Directors plays a key role in setting the strategic direction of the Company in the area of sustainable development by defining its strategic goals and targets, and ensuring their integration into the Company's overall development strategy.

The Committees of the Board of Directors conduct detailed assessments of sustainability issues prior to Board meetings.

As a monitoring mechanism for the achievement of sustainable development goals, the Company

conducts an annual evaluation of its performance in this area. The evaluation focuses on three core aspects of sustainable development – economic, environmental and social. The results are submitted to the Health, Safety and Environment Committee, which develops proposals and recommendations for improving performance in these areas.

Within the executive body, the Company has implemented a clearly defined system of roles and responsibilities, including those related to sustainable development:

The Chairman of the Management Board provides overall leadership in enhancing the Company's risk management, internal control, and business continuity systems, and defines the concept and strategy of HR policy.

The Managing Director for Strategy coordinates the development, monitoring and implementation of the Company's Development Strategy and leads initiatives related to the integration of sustainable development principles.

The Deputy Chairman of the Management Board oversees improvements to traffic safety management systems, occupational health and safety, fire and industrial safety, as well as environmental and energy management. His responsibilities include the development and implementation of low-carbon development, energy saving and energy efficiency programmes.

The Chief of Staff is responsible for HR policy, the improvement of remuneration and incentive systems, the development of a unified corporate culture, workforce restructuring, and the implementation of social policy.

⁹Approved by the decision of the Board of Directors of NC KTZ JSC dated 24 May 2021 (Minutes No. 8).

ESG RATING

Kazakhstan Temir Zholy National Company JSC ESG Score

Ticker: N/A Industry: TRA Transportation and Transportation Infrastructure Location: Republic of Kazakhstan



On 25 December 2024, the independent international rating agency S&P Global assigned an ESG Score of 60 out of 100 to NC KTZ JSC as part of the Global Corporate Sustainability Assessment (CSA). This represents a 6-point increase compared to 2023 (54 score).

The industry average for the "Transportation and Transportation Infrastructure" industry stood at 34 score.

NC KTZ JSC was ranked among the top 10% of transportation companies (out of more than 300 companies assessed) by S&P Global.

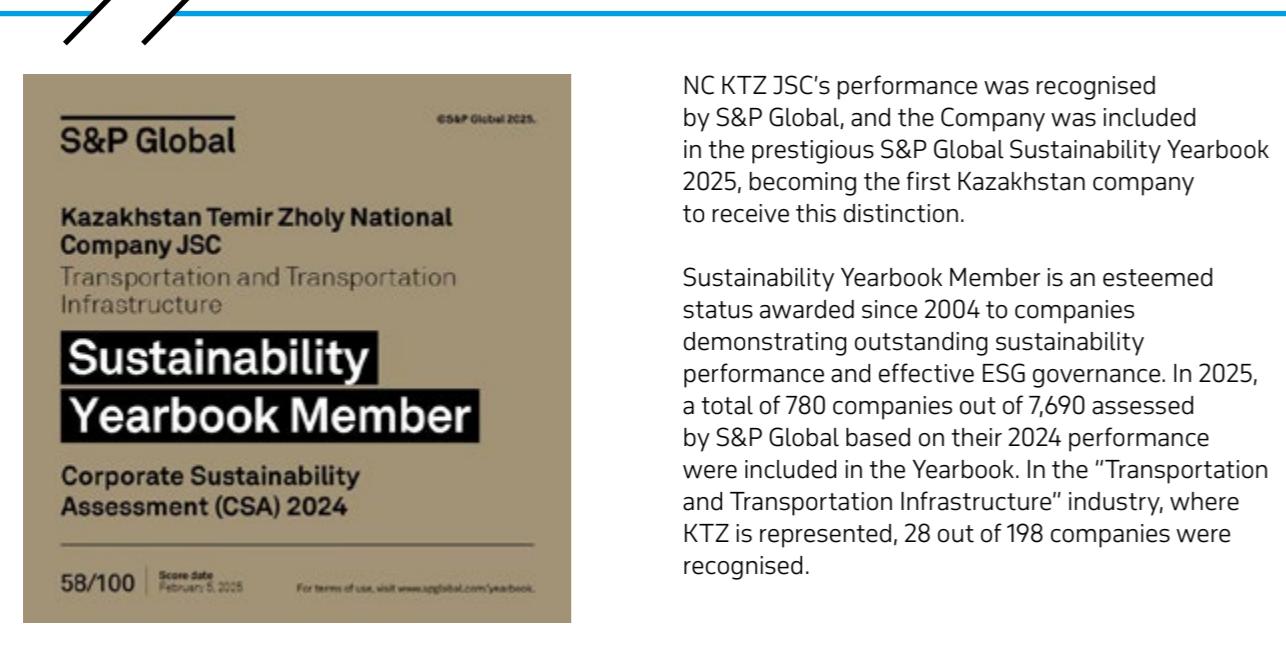
The Company received the following ESG component scores: environmental – 63, social – 65, governance – 49.

The improved ESG rating is the result of a comprehensive approach, including strategic planning, active engagement of the management team, and alignment with international standards.

This outcome reflects the Company's strong commitment to the principles of sustainable development and its ongoing efforts towards continuous improvement.

NC KTZ JSC recognises the importance of sustainability and strives to create long-term value for all stakeholders, strengthening the trust of investors, partners, and society.

Reference: The S&P Global ESG Score is a relative rating that measures a company's performance in managing ESG risks, opportunities, and impacts compared to its peers within the same industry classification.



ECONOMIC IMPACT

GRI 3-3, 201-1

NC KTZ JSC plays a pivotal role in supporting Kazakhstan's national economy, contributing to regional development and the enhancement of public welfare. The Company provides critical transport services to a wide range of economic sectors, connecting regions and settlements across the country, thereby fostering their integration and development.

Key contributions of the Company to economic and social development include:

- Freight transportation, covering the movement of raw materials and finished products for various industries, including oil and gas, coal, metallurgy, and agriculture. This supports economic growth and boosts export volumes.
- Passenger transportation, linking different regions of Kazakhstan and contributing to the development of tourism and leisure.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED, 2024, KZT MILLION

GRI 201-1

INDICATOR

	2024
1. Direct economic value generated	2,232,275
Revenue	2,163,942
Financial income	52,955
Gain on disposal of subsidiaries not classified as discontinued operations	0
Share in profit of associates and joint ventures	10,772
Other gains and losses	4,606
2. Economic value distributed	2,050,469
Operating expenses	734,212
Employee wages and benefits	795,635
Wages and salaries	780,973
Other benefits and allowances	14,662
Payments to capital providers	155,002
Interest expenses	152,777
Dividends	2,225

INDICATOR	2024
Community investments	280,875
Social spending	431
Development projects	280,444
Payments to the state	62,510
Taxes other than income tax	47,758
Corporate income tax	14,752
Other expenses	22,235
Lease payments (%)	19,502
Other financial expenses	2,733
3. Economic value undistributed	181,806,0
Profit	160,805
Payments to capital providers	155,002
Payments to the state	62,510
Capital expenditures	1,085,036

GOVERNMENT FINANCIAL ASSISTANCE

Lease Agreements with Industrial Development Fund JSC

Flat cars

In November 2020, the Company, through its subsidiary KTZ Express JSC, signed a lease agreement for 2,000 flat cars with a total value of KZT 47,391 million (including an addendum dated 29 September 2023) and an annual interest rate of 15%, of which 10% per annum is subsidised by the government. The grace period for repayment of the principal debt is two years. The Company acts as the lessee.

During 2024, under this agreement, the Company received 193 flat cars and recognised right-of-use assets totalling KZT 5,077 million for a term of 32 years and lease liabilities totalling KZT 2,734 million for a term of 15 years.

In July 2024, the Company, through KTZ Express JSC, signed a lease agreement for another 2,000 flat cars with a total value of KZT 63,356 million and an annual interest rate of 13.75%, of which 7% per annum is subsidised by the government. The grace period for repayment of the principal debt is five years. The Company acts as the lessee.

During 2024, under this agreement, the Company received 373 flat cars and recognised right-of-use assets totalling KZT 12,108 million for a term of 32 years and lease liabilities totalling KZT 7,583 million for a term of 15 years.

Passenger cars

In September 2023, the Company, through its subsidiary Passenger Transportation JSC, signed a lease agreement for 100 passenger cars with a total value of KZT 65,796 million and an annual interest rate of 13.15%, of which 10% per annum is subsidised by the government. The grace period for repayment of the principal debt is five years. The Company acts as the lessee.

During 2024, under this agreement, the Company received 62 passenger cars and recognised right-of-use assets totalling KZT 41,244 million for a term of 40 years and lease liabilities totalling KZT 19,581 million for a term of 15 years.

In May 2024, the Company, through KTZ Express JSC, signed a lease agreement for another 157 passenger cars with a total value of KZT 103,432 million and an annual interest rate of 13.75%, of which 10% per annum is subsidised by the government. The grace period for repayment of the principal debt is five years. The Company acts as the lessee.

During 2024, under this agreement, the Company received 62 passenger cars and recognised right-of-use assets totalling KZT 32,830 million for a term of 40 years and lease liabilities totalling KZT 15,235 million for a term of 15 years.

In August 2024, the Company, through its subsidiary Passenger Transportation JSC, signed a lease agreement for three electric trains with a total value of KZT 11,802 million (including an addendum dated 29 August 2024) and an annual interest rate of 14.5%, of which 10% per annum is subsidised by the government. The grace period for repayment of the principal debt is five years. The Company acts as the lessee.

During 2024, under this agreement, the Company received one electric train and recognised a right-of-use asset totalling KZT 3,911 million for a term of

40 years and lease liabilities totalling KZT 1,817 million for a term of 15 years.

Open-top cars

In July 2023, the Company, through its subsidiary Kaztemirtrans JSC, signed a lease agreement for 3,000 open-top cars with a total value of KZT 88,125 million and an annual interest rate of 13.15%, of which 6% per annum is subsidised by the government. The grace period for repayment of the principal debt is two years. The Company acts as the lessee.

During 2024, under this agreement, the Company received 1,689 open-top cars and recognised right-of-use assets totalling KZT 49,090 million for a term of 22 years and lease liabilities totalling KZT 33,524 million for a term of 14 years.

TOTAL MONETARY VALUE OF FINANCIAL ASSISTANCE RECEIVED FROM ANY GOVERNMENT DURING THE REPORTING PERIOD, KZT MILLION

GRI 201-4

CATEGORY	2024
Subsidies	68,594
Other financial benefits received or receivable from any government in connection with any operation	208,168
TOTAL	276,762



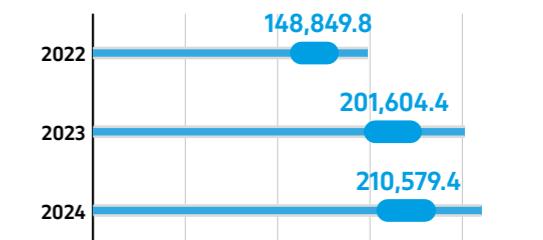
For more detailed information on financial assistance received

or receivable from any government in connection with any operation, please refer to the Section "[Debt Burden](#)".

TAX CONTRIBUTIONS

NC KTZ JSC is one of the largest taxpayers in the country. The total amount of taxes and other mandatory payments made by NC KTZ JSC and its subsidiaries to the state budget of the Republic of Kazakhstan in the reporting year amounted to KZT 210,579.4 million (KZT 201,604.4 million in 2023).

TAX CONTRIBUTIONS OF KTZ NC JSC, 2022-2024, KZT million



INDIRECT ECONOMIC IMPACTS

The Company has a significant indirect impact on the national economy and society:

- **Industry development:** Freight transportation supports the operational activities and growth of industries reliant on transport services,

including various industrial and commercial market segments.

- **Infrastructure development:** The expansion of the transport network creates new jobs and stimulates economic growth at the local level.

- **Export support:** The availability and reliability of rail transport provide new opportunities for exporting companies to expand into international markets and increase profitability.
- **Multiplier effect:** The Company's procurement activities and employee expenditures help generate income for contractors, create additional jobs, and increase tax revenues for the state.
- **Social well-being:** The Company ensures stable employment, fair remuneration, and social guarantees for its employees, positively influencing the well-being of their families.

Community Projects: Contribution in 2024

GRI 203-2

In 2024, the Company implemented a number of social initiatives aimed at supporting local communities. As part of its humanitarian programmes, assistance was organised for Company employees affected by floods.

NC KTZ JSC also actively participated in charitable activities, including a marathon and a KVN comedy competition organised by Samruk-Kazyna JSC.

A substantial contribution was made to the social projects of the Samruk-Kazyna Trust Foundation, such as the Medical Train and Journey to the Homeland (a children's train initiative).

Special attention is given to the development of corporate volunteering, which promotes social responsibility among employees. Further details are provided in the Charity and Sponsorship Activities section.



For more information, see the [Charity and Sponsorship Activities](#) section.

Service Development and Accessibility of Transportation

To improve passenger service quality, women-only carriages have been introduced on selected trains since 2021. According to an online survey available on the website www.bilet.railways.kz, 82% of respondents supported the initiative.

In 2024, the number of routes with women-only carriages increased from 8 to 11, and 242,000

passengers used this service (2023: 161,800 passengers).

In accordance with the Rules for the Carriage of Passengers, Baggage, Cargo-Baggage, and Postal Items by Railway Transport, approved by Order No. 545 of the Minister for Investment and Development of the Republic of Kazakhstan dated 30 April 2015, persons with disabilities are entitled to a 50% discount on: standard seats on socially important routes, and specialised compartments in Talgo trains, including for accompanying persons.

In 2024, a total of 533,000 tickets were issued to persons with disabilities.

Preferential fares for children are also provided under these Rules: free travel for children under the age of 7; and 50% discount for children aged 7 to 15.

In addition, based on the decisions of the Tariff Committee of Passenger Transportation JSC, the following discounts are available:

1. On socially important routes: 25% with Altyn and Kumis discount cards;
2. On Talgo commercial routes:
 - 25% with Altyn and Zhastar discount cards;
 - 20% with Sayakhatshy discount card.

Passenger Transportation Development in 2024

In 2024, Passenger Transportation JSC continued to enhance passenger rail services by expanding the route network, introducing new services, and improving service quality:

- Introduction of new ZIKSTO carriages on the Kyzylorda-Semey route;
- Reduction of travel time on the high-speed "Astana-Burabay Resort" train from 4 hours to 2.5 hours;
- Route extensions:
 - Talgo train No. 81/82 "Astana-Kostanay" extended to Aktobe and, from September, to Uralsk;
 - Train No. 7507/7508 "Astana-Kokshetau" extended to Saumalkol station;
 - Electric train "Pavlodar-Astana" extended to Kokshetau and Burabay Resort;
- Launch of the pilot tourist train "Jibek Joly" in November 2024, operating the Almaty-Turkistan-Tashkent-Almaty route;
- Resumption of the Karaganda-Moscow passenger services in December 2024.

Emergency Response Support

Passenger Transportation JSC provided support to government authorities, local executive bodies and other involved organisations by facilitating rail

transportation of personnel and specialists to assist in flood response operations in affected regions. As part of this humanitarian effort, 30,000 people were transported free of charge by Passenger Transportation JSC.

PROCUREMENT PRACTICES

GRI 3-3, 2-6, 204-1

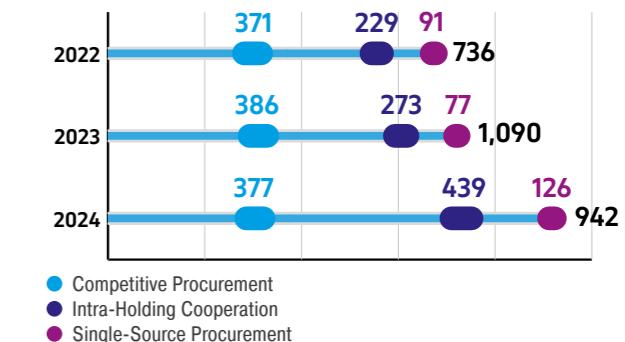
NC KTZ JSC places a high priority on the timely provision of essential resources and materials to ensure the smooth operation of railway routes and the safety of both passengers and freight. The Company is committed to a responsible procurement approach aimed at effectively meeting its operational needs, optimising supplier engagement, and managing procurement processes to uphold the quality and safety of its services. Procurement activities are carried out in accordance with the Act of the Republic of Kazakhstan "On Procurement by Certain Entities in the Quasi-Public Sector" and the Procurement Rules of the Fund and legal entities in which fifty percent or more of the voting shares (participatory interests) are directly or indirectly owned by the Fund, either through ownership or trust management, as approved by the Board of Directors of the Fund.

All necessary procurement-related information is published on the Company's corporate website <http://www.railways.kz> as well as on the Fund's electronic procurement portal <http://www.zakup.sk.kz> and is accessible to all potential suppliers. The implementation of the electronic procurement system has significantly increased procurement

efficiency and greatly enhanced process transparency. The system enables better monitoring of procurement procedures and strengthens engagement with potential suppliers.

In 2024, the total value of contracts signed by the NC KTZ JSC Group with suppliers amounted to KZT 942 billion. Of this total, 40% was procured through tender procedures, 47% through intra-holding cooperation, and 13% through single-source procurement.

KTZ NC JSC PROCUREMENT BY METHOD, 2022-2024, KZT BILLION



SHARE OF PROCUREMENT FROM LOCAL SUPPLIERS IN THE REPORTING YEAR

GRI 204-1

	UOM	2024
Total number of suppliers	unit	4,027
Total procurement value	KZT billion	942
Number of local suppliers	unit	3,995
Procurement value from local suppliers	KZT billion	938
Share by number of suppliers	unit	99.2%
Share by value	KZT billion	99.6%

DEVELOPMENT OF IN-COUNTRY VALUE

GRI 3-3

NC KTZ JSC actively supports the development of local businesses through cooperation with domestic suppliers and contractors¹⁰, thereby stimulating regional economic growth and fostering a favourable economic and social environment for the local population. To implement this policy, NC KTZ JSC undertakes a range of measures, including:

- the establishment of a corporate key performance indicator for "the share of in-country value in the procurement of goods, works and services", applied annually to the management of NC KTZ JSC and its subsidiaries;
- entering into long-term contracts with domestic manufacturers;
- encouraging the production of new goods by supporting the creation of new manufacturing facilities and the expansion of product lines at existing facilities, thereby ensuring a supply of competitive domestic products;
- providing procurement preferences – conducting procurement among local producers

and organisations of people with disabilities engaged in business activities. These suppliers are also granted a number of additional preferences, such as exemption from bid securities, contract performance guarantees, and advance payment refunds; payment within five working days; advance payments of at least 30% of the contract value; the application of conditional price reductions when evaluating bids; and preferential treatment in the event of equal bid prices. Preferences also apply to the procurement of software and electronic industry products;

- in the case of procurement of construction and installation works with approved design and construction documentation, contractors are required to purchase goods from domestic manufacturers.

In 2024, the share of in-country value in procurement amounted to 64% for goods and 95% for works and services.

SHARE OF IN-COUNTRY VALUE IN PROCUREMENT OF GOODS, WORKS AND SERVICES, 2022-2024, %

INDICATOR	2022	2023	2024	CHANGE 2023/2022, %	CHANGE 2024/2023, %
Goods	69	54	64	-15	10
Works and Services	96	93	95	-3	2

As part of its efforts to support local businesses, 25 offtake agreements were signed in 2024 with a total value of KZT 19.9 billion.

CATEGORY-BASED PROCUREMENT

Category management in procurement enhances the efficiency of procurement operations by enabling a more detailed analysis of expenditure and the external environment within specific categories, and by identifying optimal approaches to procurement.

In 2024, the volume of category-based procurement amounted to KZT 106 billion. The actual benefits gained from the implementation of 12 category-based procurement strategies exceeded KZT 1 billion.

These strategies were also aimed at developing local suppliers, improving the quality of goods, works

and services, optimising procurement procedures, and ensuring reliable and timely supply.

OFFTAKE AGREEMENTS, 2022-2024, KZT BILLION



¹⁰ Residents of the Republic of Kazakhstan engaged in entrepreneurial activities within the territory of the Republic of Kazakhstan.



Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

BUSINESS ETHICS AND ANTI-CORRUPTION

GRI 3-3

NC KTZ JSC places particular emphasis on corporate ethics and anti-corruption practices. The Code of Ethics and Conduct of NC KTZ JSC and Its Subsidiaries¹¹ is aimed at fostering corporate culture, strengthening business reputation, and affirming the Company's commitment to business ethics and compliance with regulatory standards.

The Code reflects the Company's core values, mission and culture, which are upheld by employees and communicated to customers, business partners, investors and society at large.

In addition to the Code, the Company operates under the Anti-Corruption Policy of NC KTZ JSC¹², the main objective of which is to minimise the risk of involvement of officials and employees in corrupt

practices. The implementation of this Policy is based on fostering a culture of zero tolerance for corruption, commitment to high standards of business conduct, transparent and fair business practices, and strengthening stakeholder trust in the Company.

All employees of the Company are familiarised with the Code of Ethics and Conduct and the Anti-Corruption Policy, participate in regular training sessions and confirm their understanding. To enhance anti-corruption awareness, the Company organises awareness-raising sessions, including meetings with representatives of the Anti-Corruption Agency.

The Code of Ethics and Conduct and the Anti-Corruption Policy are publicly available on the corporate website of NC KTZ JSC <https://railways.kz/ru/> and are accessible to all employees via the Company's internal information portal.

FOSTERING AN ANTI-CORRUPTION CULTURE

In 2024, NC KTZ JSC organised 39 events aimed at fostering an anti-corruption culture, including 20 events involving senior management. A total of 57,100

employees participated in these activities, including 52,915 staff members who completed training via the Distance Learning and Testing System (DLTS).

COMPLIANCE AND GRIEVANCE HANDLING

The Compliance Service of NC KTZ JSC ensures that the Company and its employees comply with the anti-corruption laws of the Republic of Kazakhstan and monitors the implementation of anti-corruption measures.

Key responsibilities of the Compliance Service include:

- Introducing tools to prevent corrupt practices within the Company and among its employees;
- Implementing a comprehensive anti-corruption system within the Company;
- Ensuring compliance with external regulatory requirements and international best practices on anti-corruption;

The Compliance Service operates in accordance with national anti-corruption laws, the Corporate Compliance Function Standard of Samruk-Kazyna JSC¹³, and the internal Regulations on the Compliance Service¹⁴.

In 2024, as part of the implementation of the Fund's Corporate Standard, NC KTZ JSC's Compliance Service adopted the Counterparty Due Diligence Rules,

¹¹Approved by the decision of the Board of Directors of NC KTZ JSC dated 20 September 2019 (Minutes No. 14).

¹²Approved by the decision of the Board of Directors of NC KTZ JSC dated 14 February 2019 (Minutes No. 2).

¹³Approved by the decision of the Management Board of Samruk-Kazyna JSC dated 21 December 2023 (Minutes No. 60/23).

¹⁴Approved by the decision of the Board of Directors of NC KTZ JSC dated 15 March 2023 (Minutes No. 7).

the Compliance Culture Assessment Methodology, and updated both the internal Regulations on the Compliance Service and job descriptions for compliance officers.

To enhance the effectiveness of the compliance control system across the NC KTZ JSC Group, the Regulation on Interaction between the Compliance Service and Compliance Controllers of Subsidiaries was developed and approved.

The Hotline is available to both the Company's employees and third parties interacting with the Company (customers, contractors, and other stakeholders).

NC KTZ JSC is committed to the principles of integrity and transparency, and continues to strengthen its value system based on zero tolerance for corruption. In line with its Whistleblowing Policy¹⁵, the Company provides information about confidential reporting channels available to employees, customers, business partners, and other stakeholders, through which they may report – openly or anonymously- any misconduct, including breaches of the Code of Ethics and Conduct, fraud, corruption, discrimination, or other violations associated with the Company's activities.

HOTLINE COMMUNICATION CHANNELS:

 **8 800 080 4747**
Toll-Free Call within Kazakhstan

 www.sk-hotline.kz

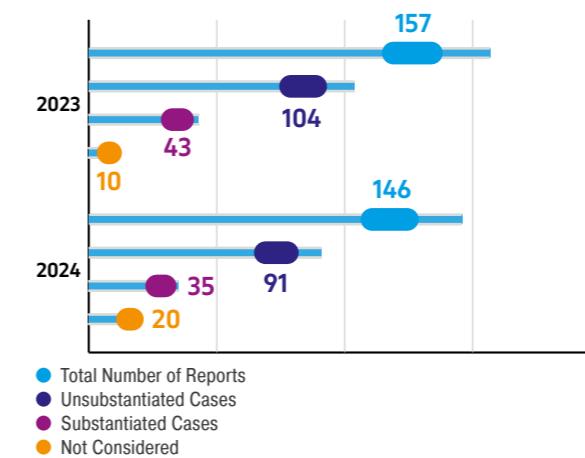
 **+7 771 191 8816**

 mail@sk-hotline.kz

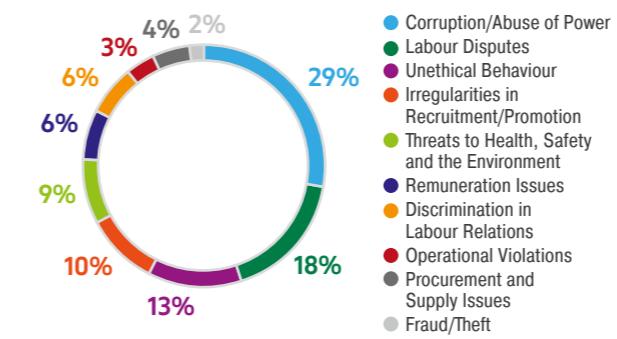
In 2024, the Hotline received 146 reports, of which 20 were not processed for various reasons: 17 were withdrawn by the complainants, 2 were redirected to a private carrier or local police unit, and 1 concerned an employee whose contract had already been terminated. In 35 cases, the reported violations were fully or partially substantiated.

All Hotline submissions are received, processed, and monitored through the E-compliance information system, administered by Samruk-Kazyna JSC.

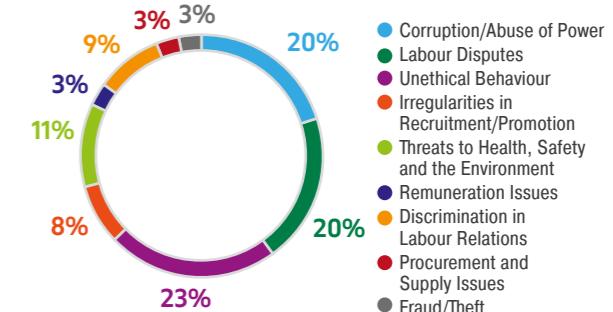
HOTLINE REPORTING STATISTICS, 2023-2024



STATISTICS OF HOTLINE REPORTS IN 2024



STRUCTURE OF SUBSTANTIATED HOTLINE REPORTS IN 2024



Actions taken in response to substantiated reports:

- In 3 cases, the materials were referred to law enforcement agencies for investigation;
- The following disciplinary measures were imposed:
 - Reprimands – 7;
 - Severe reprimands- 9;
 - Notices – 6;
 - Demotions – 2;
 - Terminations of employment – 5.

SUBSTANTIATED CASES OF CORRUPTION IN THE REPORTING YEAR

GRI 205-3

Total number of substantiated cases of corruption	4
Total number of employees dismissed or sanctioned for corrupt practices	12
Public legal proceedings related to corruption initiated against the Company or its employees	1

In the reporting year, four criminal cases against employees of the Company were brought to trial. Verdicts were issued under various articles of the Criminal Code of the Republic of Kazakhstan, including abuse of office, bribery, and offering of bribes.

Each case was reviewed with the participation of unit heads and representatives of the Anti-Corruption Agency of the Republic of Kazakhstan to examine causes and conditions. As a result, responsible employees were held disciplinarily accountable.

To prevent similar incidents in the future, awareness-raising activities were carried out with teams, and recommendations were provided regarding

compliance with the Code of Ethics and Conduct of NC KTZ JSC and Its Subsidiaries, as well as with anti-corruption laws of the Republic of Kazakhstan.

Assessment and Mitigation of Corruption Risks

To identify corruption risks within the business processes of the Company's subsidiaries and to take measures for their elimination or mitigation, the Compliance Service conducts annual internal assessments of corruption risks across the NC KTZ JSC Group.

¹⁵ Approved by the decision of the Board of Directors of NC KTZ JSC dated 14 February 2021 (Minutes No. 2).

In 2024, a risk assessment was conducted for NC KTZ JSC, including ten of its subsidiaries.

In the medium term, the Compliance Service plans to implement a number of initiatives aimed

at adopting the anti-bribery management standard (ST RoK ISO 37001 "Anti-Bribery Management Systems. Requirements with Guidance for Use").

TOTAL NUMBER OF STRUCTURAL UNITS/BUSINESS PROCESSES ASSESSED FOR CORRUPTION RISKS IN THE REPORTING YEAR

GRI 205-1

Total number of structural units/business processes assessed for corruption risks	11
Total number of structural units/business processes	11
Share of units/business processes assessed for corruption risks	100%

As of the beginning of 2024, a total of 47 inherent corruption risks had been identified, of which 31 were classified as high or medium risks (i.e. located in the red and yellow zones of the Risk Map).

The residual risk assessment took into account the following factors:

1) Implementation of the Corruption Risk

Mitigation Action Plan for 2022–2023, as well as the introduction of new control procedures by process and business operation owners during 2022–2024 as part of anti-corruption efforts;

2) Reports received through the Hotline;

3) Media and social media publications;

4) Findings of internal and external audits and internal investigations;

5) Interviews with business process owners.

The Corruption Risk Map for 2025 shows that of the 47 inherent risks, 31 remain as key residual risks within the red and yellow zones.

The control procedures implemented in 2024 to disrupt corruption schemes did not lead to the reclassification of certain risks from red and yellow into the green zone.

Risks in the areas of procurement, human resources management, service delivery, internal audits, and occupational health and safety remain within the red zone.

An Action Plan to mitigate these key residual risks has been developed for 2025, which includes control procedures and additional measures in cases where existing procedures were found to be ineffective or only partially effective.

INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

GRI 406-1

During the reporting period, 6 reports of possible discrimination cases were received through confidential reporting channels, including the Hotline. Following investigations, discrimination was substantiated in three cases.

In each case, internal investigations were conducted to thoroughly examine the causes and circumstances surrounding the incidents. As a result, the following

actions were taken: one employee had their employment contract terminated; one employee was transferred to another legal entity with a demotion; five employees were subject to disciplinary action.

To prevent similar incidents in the future, awareness-raising activities were carried out with the teams, and recommendations were provided regarding compliance with the norms of the Code of Ethics and Conduct of NC KTZ JSC and Its Subsidiaries.

COMPLIANCE WITH LAWS AND REGULATIONS

GRI 2-27

Compliance with laws and regulations is one of the most important aspects of the Company's operations. The Company adheres to all relevant laws and regulations concerning safety, environmental standards, consumer rights, labour relations, and other aspects of its activities.

As a result of scheduled and unscheduled inspections conducted by authorised state bodies in relation to the Company, in 2024, 1,443 instances of non-compliance with legislative and regulatory requirements were recorded. Of these, 1,436 instances resulted in monetary fines, and in 7 cases, warnings were issued. The total amount of fines amounted to KZT 343.5 million.

In 2024, the main violations were related to non-compliance with the laws of the Republic of Kazakhstan in the following areas:

- Customs laws (Articles 528 and 535 of the Code of the Republic of Kazakhstan on Administrative Offences);

- Rules for the transportation of goods, passengers, baggage, and cargo by railway (Article 571 of the Code of the Republic of Kazakhstan on Administrative Offences);
- Rules ensuring safety on the railway transport (Article 559 of the Code of the Republic of Kazakhstan on Administrative Offences);
- Rules on the circulation of civilian and service weapons (Article 484 of the Code of the Republic of Kazakhstan on Administrative Offences);
- Obstruction of state inspection officers and state control and supervisory bodies in the performance of their duties, non-fulfilment of decrees, instructions, and other requirements (Article 462 of the Code of the Republic of Kazakhstan on Administrative Offences);
- Sanitary and epidemiological well-being of the population, as well as hygiene standards (Article 425 of the Code of the Republic of Kazakhstan on Administrative Offences).

NUMBER OF CASES OF NON-COMPLIANCE WITH LAWS AND REGULATIONS IN THE REPORTING PERIOD

Number of cases resulting in fines	1,436
Number of cases resulting in non-monetary sanctions	7
Total number of cases	1,443
Total number of cases for non-compliance with laws and regulations, including:	1,443
Cases resulting in fines	1,436
Cases resulting in non-monetary sanctions	7
Total number of cases for non-compliance with laws and regulations for which fines were paid	1,540
Presented in the reporting year	1,434
Presented in previous reporting years	106
Total amount of fines paid for non-compliance with laws and regulations, KZT	343,466,020
Presented in the reporting year	324,249,160
Presented in previous reporting years	19,216,860

ENVIRONMENTAL RESPONSIBILITY

GRI 3-3

**Principle 7**

Businesses should support a precautionary approach to environmental challenges.

Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies.

Rail transport is recognised as one of the most environmentally friendly modes of transportation due to its high fuel efficiency and significantly lower impact on air quality compared to other transport systems.

Nevertheless, railway operations are also associated with environmental impacts. Negative environmental effects relate to fuel consumption leading to pollutant emissions, impact on ecosystems, and noise pollution.

ENVIRONMENTAL MANAGEMENT

The Company's key environmental objectives include reducing pollutant emissions, preserving biodiversity, efficiently using natural resources, developing sustainable technologies, and promoting an environmentally conscious lifestyle among employees to ensure sustainable development.

Key Environmental Management Approaches:

Compliance with regulatory requirements.

The Company strictly adheres to national and international environmental laws and standards, aiming to minimise its negative impact on nature and society.

Environmental management system.

The Company has implemented ISO 14001 standards, enabling it to effectively manage environmental aspects of its business, set targets, and consistently reduce its environmental footprint.

Efficient resource use.

To optimise the consumption of energy, water, and other resources, reduce the Company's carbon footprint, and enhance resilience, the Low-Carbon Development Concept of NC KTZ JSC and Its Subsidiaries 2060 has been developed and approved.

Employee training and awareness.

Regular environmental training and motivating employees to adhere to sustainability principles are key elements of the Company's environmental management.

Community engagement.

At the project planning stage, an Environmental Impact Assessment (EIA) is mandatory.

EIA results are subject to public consultation. Engagement with local communities and the participation of residents in environmental initiatives contribute to reaching consensus and generating positive environmental impact.

ENVIRONMENTAL MANAGEMENT SYSTEM

The Company's Environmental Management System (EMS) complies with the requirements of the international ISO 14001 standard.

To assess compliance of the NC KTZ JSC Group's management system with ISO 14001 requirements, external audits are conducted annually.

In 2024, a surveillance audit conducted by the international certification body TÜV Thüringen confirmed that the Environmental Management System complies with ISO 14001:2015 requirements.

In addition, internal audits are conducted annually. In 2024, three non-conformities were identified during the internal audit. In line with international standards, each non-conformity is regarded as an opportunity for improvement. Root cause analysis was performed, and corrective actions were implemented for each issue identified.



ENVIRONMENTAL POLICY

The Environmental Policy forms part of the Environmental Management System Manual of NC KTZ JSC and Its Subsidiaries.

It provides a framework for setting environmental objectives and outlines the Company's commitments to environmental protection, as well as requirements for the conservation of air, water, and land resources.

The Policy promotes the implementation of highly effective and efficient environmental actions, including the identification of environmental aspects, risk assessment, goal-setting, environmental planning, resource allocation, awareness-raising, and the organisation of communication and reporting processes.

The Board of Directors approves the Company's strategic environmental directions and policy and oversees the implementation of related initiatives and compliance with regulatory requirements.

The Environmental Protection and Safety Committee of the Board of Directors is responsible for monitoring the implementation of the Policy. Specialised Company units coordinate and monitor the achievement of environmental targets and standards aimed at reducing environmental impact, managing natural resources, and ensuring compliance with environmental regulations.



The Manual is available on the Company's corporate website via the following link: see [Environmental Management System Manual of NC KTZ JSC and Its Subsidiaries](#).

ENVIRONMENTAL EMISSIONS

The Company implements a comprehensive set of measures to reduce its environmental impact, including the sustainable use of natural resources, the reduction of pollutant emissions and discharges, a decrease in waste generation, and the adoption of energy-saving technologies.

As a result of annual activities, pollutant emissions are reduced by 1.5-5% each year, demonstrating progress toward environmental targets. In 2024, compared to 2023, emissions decreased by 1.6% - from 63.9 thousand tonnes to 62.9 thousand tonnes, including:

- Air emissions of pollutants decreased by 2.2% (from 4,852 tonnes to 4,749.4 tonnes);
- Wastewater discharges of pollutants decreased by 15% (from 273.5 tonnes to 233.2 tonnes);
- Waste generation decreased by 1.5% (from 58,793.4 tonnes to 57,931.9 tonnes).

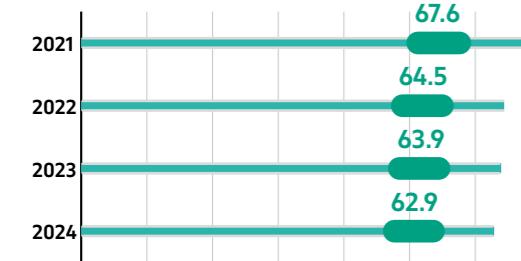
No emergency or unplanned discharges of pollutants were recorded in the reporting year.

Key Measures to Reduce Emissions

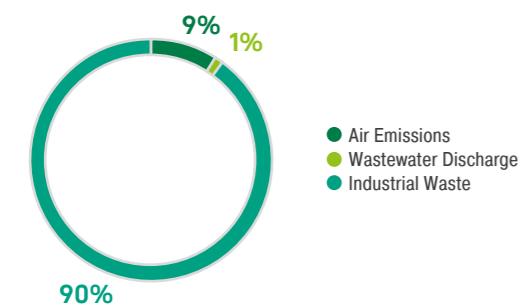
The reduction in pollutant emissions and discharges was achieved through the following measures:

- Transition to electric heating at a number of facilities of KTZ-Freight Transportation LLP and Main Railway Network Directorate, Branch of NC KTZ JSC;
- Renewal of rolling stock, including the purchase of passenger cars with combined heating systems and the decommissioning of outdated cars;
- Transfer of a biological wastewater treatment facility from the Almaty branch of the main railway network to the municipal ownership of the Zhetysu Region Akimat;
- Reduced delivery of cars for washing at the car washing facilities in Anar (Akmola branch of the main railway network);
- Transfer of facilities operated by Temirzholsu JSC at Shu and Taraz stations to local executive authorities, where filtration fields were in operation.

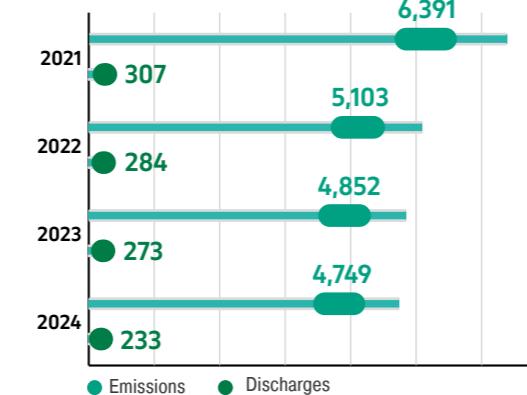
TRENDS IN ENVIRONMENTAL EMISSIONS, 2021-2024, thousand tonnes



PROPORTION OF POLLUTANT EMISSIONS, %



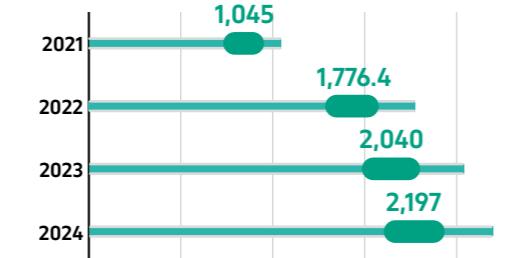
VOLUMES OF POLLUTANT EMISSIONS AND DISCHARGES, 2021-2024, tonnes



Environmental Payments and Penalties

In the reporting year, the total amount of environmental payments amounted to KZT 2,197 million, while environmental penalties totalled KZT 1.4 million.

TRENDS IN ENVIRONMENTAL PAYMENTS, 2021-2024, KZT million



TRENDS IN ENVIRONMENTAL PENALTIES, 2021-2024, KZT million

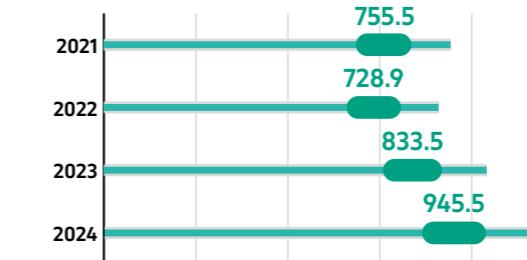


ENVIRONMENTAL PROTECTION EXPENDITURES

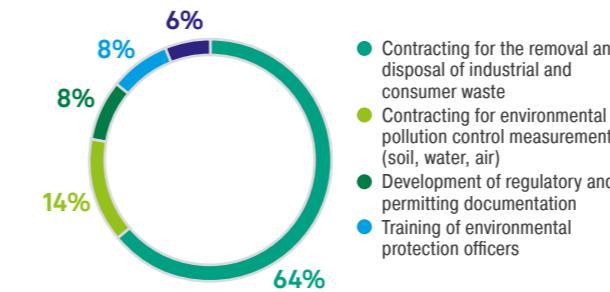
To achieve its environmental protection goals, the Company develops environmental action plans across all organisational levels. These plans are integrated into the Company's overall planning cycle and take into account: the regulatory requirements of the Republic of Kazakhstan; international environmental standards applicable to the activities of the Company and its subsidiaries; material environmental aspects, risks and opportunities.

The prioritisation of financing is based on an assessment of material environmental aspects.

TRENDS IN ENVIRONMENTAL PROTECTION EXPENDITURES, 2021-2024, KZT million



STRUCTURE OF ENVIRONMENTAL PROTECTION EXPENDITURES, %



In the reporting year, a total of 409 employees received training on environmental safety and environmental protection.

Internal Monitoring and Inspections

To ensure compliance with legislative and other regulatory requirements in the field of environmental protection, internal monitoring is carried out within the Company's structural units.

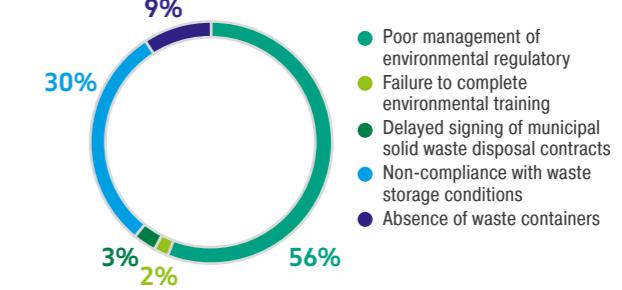
In 2024, the Occupational Health, Safety and Environmental Inspection of NC KTZ JSC conducted scheduled inspections in the Mangystau, Kyzylorda, Pavlodar, Semey, Kostanay, Uralsk, Zhambyl and Aktobe regions.

Following the inspections, inspection reports and orders were issued, and corrective action plans were developed.

NUMBER OF COMPANY'S ENVIRONMENTAL NON-COMPLIANCES IDENTIFIED AND ELIMINATED DURING INTERNAL MONITORING, 2021-2024



STRUCTURE OF COMPANY'S ENVIRONMENTAL NON-COMPLIANCES IDENTIFIED DURING INTERNAL MONITORING, %



WATER RESOURCE MANAGEMENT

GRI 303-1, 303-2, 303-3, 303-4, 303-5

The Company recognises the importance of the sustainable use of water resources and is committed to minimising its impact on the aquatic environment.

Its policies and commitments related to water resource management and efficient water use are set out in the Environmental Management System Manual of NC KTZ JSC and Its Subsidiaries.

The Company's key areas of activity include ensuring the uninterrupted water supply for railway facilities and the population, operating water treatment and sewerage systems, and providing for the collection and discharge of wastewater to filtration fields from railway infrastructure facilities and residential areas.

The Company's water supply system includes water production wells, water pipelines, treatment facilities, clean water storage tanks, pumping stations, water towers and distribution networks. Strict monitoring of water use is in place, and the Company continuously works to optimise and use resources more efficiently.

Water use is carried out in accordance with the laws of the Republic of Kazakhstan and primarily serves domestic and drinking water supply needs.

The main water supply for the Company's branches is provided by Temirzholsu JSC, whose primary responsibility is to ensure uninterrupted water supply for railway enterprises and the population, as well as the operation of treatment and sewerage facilities, including wastewater collection and discharge to filtration fields.

The key elements of the Company's water supply system include:

- water production wells;
- water pipelines;
- treatment facilities;
- clean water storage tanks;
- pumping stations;
- water towers;
- distribution networks.

According to its operational processes, Temirzholsu JSC withdraws water from wells and surface sources.

The Company's divisions also transport water to regions that lack centralised water supply systems.

Treatment facilities operated by Temirzholsu JSC conduct comprehensive mechanical, biological

and chemical treatment of wastewater. Following treatment, the wastewater is discharged to filtration fields for subsequent use for technical purposes.

The Company does not discharge wastewater into natural water bodies.

To reduce its impact on water resources and engage with stakeholders, the Company undertakes the following initiatives:

- annual contracts with external laboratories to monitor the quality of groundwater and wastewater as part of the water supply process for structural units and subsidiaries;
- landscaping, greening of premises, and reclamation of filtration fields used for wastewater discharge.

Each year, the Company sets specific targets and objectives related to water supply and consumption. For 2024, the target for water consumption was set at 5,335 thousand m³, with actual consumption amounting to 5,253 thousand m³.

In 2024, the Company's total water withdrawal amounted to 5,253.03 thousand m³, of which 1,158.02 thousand m³ (22%) was in water-stressed regions. The majority of water was withdrawn from groundwater sources – 3,672.26 thousand m³ (70%), of which 824.96 thousand m³ (22%) was in water-stressed areas. Surface water withdrawal totalled 824.51 thousand m³, with 302.12 thousand m³ sourced from alternative water in water-stressed regions. Water supplied by third-party organisations amounted to 756.26 thousand m³, with 141.67 thousand m³ (19%) used in water-stressed areas.

Wastewater Discharges

In 2024, the discharge of pollutants through wastewater amounted to 233.5 tonnes, which is 15% lower than in 2023.

Wastewater discharges by the Company's subsidiaries are carried out in accordance with the established maximum permissible discharge (MPD) standards.

The MPD standards for pollutants are set in accordance with the requirements of the Environmental Code of the Republic of Kazakhstan.

To determine the discharge conditions for pollutants – taking into account the adopted technical solutions for wastewater disposal systems – calculations were made for maximum permissible concentrations

of pollutants. Based on these calculations, MPD limits were defined for the following substances: suspended solids, chlorides, sulphates, ammonium nitrogen, phosphates, anionic surfactants (A-SAS), and petroleum products.

In 2024, all indicators remained within the established limits.

The total volume of wastewater discharge in 2024 amounted to 975.72 thousand m³, of which

179.42 thousand m³ (18%) was discharged in water-stressed regions. The majority of the discharged water was sourced from groundwater (738.80 thousand m³), while the share of water provided by third-party organisations was 236.92 thousand m³.

The Company's total water consumption in 2024 amounted to 4,277.31 thousand m³, of which 978.60 thousand m³ (23%) was used in water-stressed regions.

WASTE MANAGEMENT

GRI 306-1

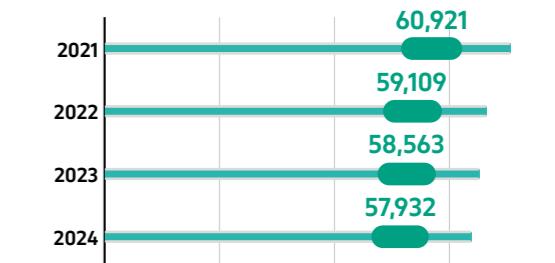
The railway industry generates various types of waste, including waste from the maintenance and repair of cars, stations, and tracks, as well as from the operation of railway lines. This waste may contain hazardous substances that require safe disposal to prevent adverse environmental impacts.

Therefore, waste management and disposal in the railway sector is a vital component of sustainable development.

GRI 306-3

In 2024, NC KTZ JSC generated 57,932 tonnes of waste, which is 1.1% lower than the level in 2023.

WASTE VOLUMES, 2021-2024, tonnes



WASTE GENERATED IN THE REPORTING YEAR, BY TYPE, TONNES

	2024
Hazardous waste	3,739.71
Non-hazardous waste, including:	54,192.19
Overburden	0
Ash and slag waste	8,036.25
Other non-hazardous waste	46,155.94
Total:	57,931.90

GRI 306-2

Responsibility for waste management is determined in accordance with the laws of the Republic of Kazakhstan, as well as the Waste Management Rules of NC KTZ JSC and Its Subsidiaries. Waste generators are responsible for the safe handling of waste from the moment it is produced until its

transfer to licensed entities engaged in recovery or disposal operations.

The Company maintains waste accounting records in its structural divisions and subsidiaries, with data logged in a designated register. Accounting is based on actual waste mass measurements.

Each year, the Company submits a waste inventory report to the authorised state body. The report is submitted both in hard copy and electronically through the State Waste Cadastre information system.

The Company enters into agreements with municipal services and licensed service providers for the disposal and landfilling of waste.

GRI 306-5

In an effort to reduce the amount of waste sent to landfills, the Company promotes separate waste collection, followed by recycling and transfer to interested organisations.

In 2024, a total of 102,246 kg of waste was transferred to third-party organisations on a commercial basis, including:

- Waste paper – 34,834 kg;
- Plastic – 12,373 kg;
- Glass – 1,537 kg;
- Used batteries – 36,255 kg;
- Used office equipment – 5,426 kg;
- Used car tyres – 11,821 kg.

Environmental Initiatives and Campaigns

The Company actively participates in environmental initiatives aimed at improving the natural environment. As part of these efforts, various activities are carried out, such as clean-up campaigns, landscaping, and the planting of trees and other vegetation. By continuing to expand its environmental programmes, the Company not only reduces its environmental footprint but also actively engages employees and the wider community in nature conservation projects.

In the reporting year, 8,367 trees were planted, and 309 shrubs (cotoneaster, hydrangea, and creeping juniper) were planted on the grounds of the administrative building of NC KTZ JSC.

To raise awareness of the importance of freshwater resources and to promote sustainable water management, the Company held an environmental month under the slogan "Su – tirshilik nari" ("Water is the source of life").

As part of the national "Taza Kazakhstan" ("Clean Kazakhstan") campaign, the Company organised a series of environmental challenges, including Paperless Day, Car-Free Day, Plastic-Free Day, Energy Saving Day, Waste Segregation Day, and others.

BIODIVERSITY CONSERVATION

GRI 304-1, 304-2, 304-3, 304-4

NC KTZ JSC is committed to the sustainable use of natural resources and the conservation of biodiversity across all areas of its operations.

The Company's commitments to biodiversity conservation are set out in the Environmental Management System Manual of NC KTZ JSC, which places particular emphasis on preventing adverse impacts on ecosystems.

Biodiversity protection is a key priority for the Company and is taken into account at every stage – from planning and construction to the operation of railway infrastructure. Environmental Impact Assessments (EIA) are mandatory for all activities that may affect ecosystems or human health.

To assess project-related risks, the Company employs effective tools, including environmental and social risk

assessments. The outcomes of EIAs are considered in the decision-making process, and the option with the least impact on the environment and human health is selected. Project risk identification and assessment are carried out continuously at all stages of project implementation. The assessments cover potential impacts on ambient air, surface and groundwater, landscapes, land and soil resources, biodiversity, and other environmental factors.

No areas of critical habitat or concentrations of rare or Red List species have been identified along the operational railway sections.

In line with its efforts to minimise environmental impacts and achieve no net loss of biodiversity, the Company prioritises avoiding operational activities in or near natural areas of global or national biodiversity significance.

During project planning and the implementation of economic activities, the Company carefully assesses

potential biodiversity impacts and applies a mitigation hierarchy approach – starting with avoidance and minimisation of impacts, and, where necessary, implementing appropriate compensation measures.

NC KTZ JSC actively collaborates with government authorities, environmental organisations, and local communities in the planning and construction of new infrastructures to ensure effective biodiversity conservation.

Biodiversity Risk Assessment

The Company has developed a biodiversity risk and hazard identification process that includes the following components:

1. Location Analysis – Risk assessments take into account the geographical location of assets, including their proximity to protected natural areas, zones of high biodiversity value, and nature reserves.
2. Integration into the Corporate Risk Management System – Biodiversity risk assessment is integrated into the Company's overall risk management system, ensuring proactive risk identification, mitigation, and ongoing monitoring as part of broader business processes.
3. Assessment of Natural Resource Dependencies – Risks related to dependency on natural resources, including water and land resources, are considered in the overall risk evaluation process. This approach promotes more responsible use of ecosystem services.
4. Consideration of Biodiversity Impact Risks – The Company assesses risks associated with direct impacts on ecosystems, such as water pollution, habitat disruption, and changes in ecosystem services.

No biodiversity-related risks were identified in 2024.

Measures to Mitigate Biodiversity Impact

In 2024, the first phase of dredging works was completed in the waters of the port of Kuryk

ECOLOGICAL ASSESSMENT OF SUPPLIERS

GRI 308-1, 308-2

When interacting with suppliers for the procurement of goods, works, and services, the Company requires

to increase the throughput capacity of the Trans-Caspian International Transport Route.

As part of efforts to prevent negative impacts on biodiversity, an Environmental Protection Action Plan was implemented for the "Dredging Works in the Waters of the Port of Kuryk" project.

This plan included the following measures: conducting eco-landscape expertise during the design stage; ensuring compliance with environmental standards; monitoring the environmental impact after project implementation; restricting construction activities during fish breeding periods; regular water resource analysis and ensuring sustainable waste management practices.

In 2024, work continued to address the consequences of the 2022 accident on the railway bridge, which resulted in six cars carrying copper-zinc ore and slag falling into the Irtysh River.

To conserve biodiversity, the damage to fisheries was assessed. To prevent further harm to the fisheries sector, 3,518,663 ripus larvae (weighing 3-3.5 mg) were released near the village of Ermakovka in 2024.

Furthermore, as part of the collaboration with biodiversity conservation organisations, the Company's branches regularly participate in joint field trips and inspections with the Territorial Forestry and Wildlife Inspection, involving employees of the Republican Public Association "Kazakhstan Biodiversity Conservation Association".

In 2023-2024, railway sections in the Kyzylorda, Karaganda, and Ulytau regions, which intersect migratory paths of saigas, roe deer, and other species, were surveyed.

The objective of these activities is to examine sections of the railway to identify wildlife migration routes (saigas, roe deer, and other species). The surveys also aim to identify areas for potential construction of safe passages through the railway to reduce migration risks for wildlife and prevent accidents.

suppliers to implement necessary measures and comply with the legal regulations of the Republic of Kazakhstan on occupational safety, fire safety, labour protection, and environmental protection.

The Company has adopted a corporate standard titled "Safety Management for Work Performed by Contractors at NC KTZ JSC and Its Subsidiaries." This standard outlines mandatory compliance with legislative and internal Company regulations, the holding of kick-off meetings and introductory briefings on occupational health and safety with contractor personnel, as well as continuous monitoring of their adherence to these requirements.

Additionally, standard procurement contracts for goods, works, and services include obligations

CLIMATE RESPONSIBILITY

GRI 201-2, TCFD

Climate change has a significant impact on rail transport and its infrastructure, creating both physical and financial risks. Climate-related risk management is integrated into the overall risk management system of the Company.

Climate change can lead to financial risks: extreme weather conditions can damage railway infrastructure, requiring substantial repair costs. Weather changes can also reduce the volume of transportation, thereby decreasing the Company's revenues. Additionally, measures for climate change adaptation may increase fuel costs, raising operational expenses.

These risks can severely affect the financial condition of the Company, its profitability, and overall performance.



More detailed information is provided in the Report prepared in accordance with the recommendations of the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#).

Climate risks are an important component of the corporate risk management system, considering their impact on the Company's activities and achievement of strategic goals. As part of managing these risks, the Company regularly monitors them and includes climate-related risks in the Risk Register, enabling the early identification

for suppliers to comply with the environmental laws of the Republic of Kazakhstan and to mitigate any negative consequences of their industrial activities on the environment at the sites where works or services are performed.

In 2024, in support of suppliers regarding environmental and social aspects, in line with the requirements of this standard, 361 environmental audits were conducted during the kick-off meetings.

of potential threats and the development of appropriate measures to minimise them.

The Risk Register defines two categories of climate-related risks:

- 1) Caspian Sea Shrinking (Reduced operational capacity of port piers, shipping routes, port waters, hydraulic structures, and maritime safety);
- 2) Risks associated with changes in physical climate parameters:
 - The risk of flooding, erosion of roadbeds, artificial structures, and other infrastructure facilities;
 - The risk of infrastructure damage due to extreme heat/cold and drought in certain regions;
 - The risk of changes in the structure and volume of cargo due to natural disasters related to climate change.

To manage these risks, the Company implements a set of measures aimed at reducing the impact of climate-related risks.

The risk report, including climate-related risks, is reviewed by the Audit Committee of the Board of Directors of NC KTZ JSC, which allows for timely evaluation of the current situation and making necessary adjustments to the risk management strategy.

MEASURES FOR CLIMATE CHANGE ADAPTATION

NC KTZ JSC implements a comprehensive set of measures aimed at protecting railway infrastructure and reducing the impact of climate-related risks.

Protection of Railway Network Facilities from Adverse Weather Conditions

To protect the main railway network from the negative effects of weather factors, the Company operates three branches: Astana, Almaty, and Aktobe Protective Forestry Branches.

The total area of protective forestry plantations is 63,207 hectares.

To maintain the protective qualities and longevity of the plantations, the branches carry out ongoing maintenance (thinning operations, debris clearance, and fire prevention tillage between forest belts) and also perform activities for clearing the right-of-way

THREAT OF CASPIAN SEA SHRINKAGE

The shrinking of the Caspian Sea represents a significant natural and climatic risk and may negatively affect transit and export freight transport carried out through the ports of the Caspian countries. A drop in water levels may lead to restricted channel depth, hindering the passage of large vessels and thereby reducing transport volumes. It may also result in increased transportation costs, including more expensive and slower detour routes, as well as longer delivery times for goods.

To mitigate the consequences of the risk of Caspian Sea shrinkage, in 2024, the first stage of dredging work was carried out in the waters of the port of Kuryk to increase the throughput capacity of the Trans-Caspian International Transport Route.

LOW-CARBON DEVELOPMENT CONCEPT

GRI 305-1, 305-2, 305-5

In December 2020, Kazakhstan announced its goal to achieve carbon neutrality by 2060, reaffirming its commitments under the Paris Agreement to limit global temperature rise to 1.5-2°C.

and forestry plantations to help preserve NC KTZ JSC's infrastructure during the fire hazard season.

To prevent potential flooding, an annual Plan is developed and implemented to prepare tracks and artificial structures for the passage of ice flows and flood waters. This plan includes various activities such as blasting operations, dam and reservoir inspections, self-preparation of stone for embankments, loading stones onto platforms, clearing artificial structures of snow, and forming anti-erosion trains, among other activities.

At the Main Railway Network Directorate, Branch of NC KTZ JSC, an operational snow removal plan is approved, under which 280 units of snow removal and snow clearing equipment have been tested and deployed. Over 10,000 workers are assigned to assist with clearing station tracks and switch points. Additionally, snow protection fences have been repaired along 57 km of tracks, and 11,000 snow shields have been purchased.

Additionally, in 2024, work was carried out to develop design and estimate documentation for dredging the waters of the Aktau port, including bathymetric surveys, technical inspections of the ASCP NC JSC and ASNT LLP berths, geological works (drilling of wells and sampling), research of marine hydrobiotics and bottom sediments for calculating the damage to fish resources and other aquatic animals, marine magnetometry, stability calculations for quay walls, etc. The materials of the design and estimate documentation were submitted to the State Expertise RSE and the comments were addressed. Community consultation on the project was also held.

To contribute to efforts aimed at reducing greenhouse gas emissions, in 2022, NC KTZ JSC developed its own Low-Carbon Development Concept 2060¹⁶, which focuses on reducing carbon impact through measures such as improving energy efficiency, using renewable energy sources, electrifying railways, and introducing locomotives that run on cleaner fuels.

Based on this Concept, in 2023, the Action Plan for Low-Carbon Development of NC KTZ JSC and Its Subsidiaries for 2023–2027 was approved.

In 2024, as a result of the implementation of the Low-Carbon Development Action Plan for the Company

and Its Subsidiaries for 2023–2027, which also includes energy-saving and energy-efficiency measures, such as replacing lighting lamps, installing low-emission film on windows, installing heat-reflective screens, and upgrading heating systems, the fuel and energy consumption was reduced by 164,000 GJ.

As a result of these measures, CO₂-eq emissions were reduced by 27,385.2 tonnes, including:

- Reduction in greenhouse gas emissions from direct emissions – 4,524.9 tonnes of CO₂-eq;
- Reduction in greenhouse gas emissions from indirect emissions – 22,860.3 tonnes of CO₂-eq.

VOLUME OF GREENHOUSE GAS EMISSION REDUCTIONS IN THE REPORTING YEAR

	2022	2023	2024	CHANGE 2023/2022, %	CHANGE 2024/2023, %
Volume of direct (Scope 1) GHG emission reductions as a result of reduction initiatives, tonnes of CO ₂ -eq	4,524.9				
Volume of indirect (Scope 2) GHG emission reductions as a result of reduction initiatives, tonnes of CO ₂ -eq	22,860.3				
Total volume of greenhouse gas emission reductions, tonnes of CO₂-eq	27,385.2				

The Company's carbon footprint includes both direct and indirect energy-related emissions:

Direct greenhouse gas emissions result from the operation of mobile sources (locomotives, trolleys, motor vehicles) and stationary sources (boilers, boiler houses, furnaces).

Indirect energy-related emissions are associated with the use of electricity purchased from external suppliers and consumed for production needs.

The main sources of greenhouse gas emissions are:

- locomotives;
- motor vehicles;
- specialised machinery;
- boilers operating on gas, diesel fuel or coal;
- buildings with furnace heating.

In 2024, the total volume of emissions amounted to 5,058.3 thousand tonnes of CO₂-eq, including direct emissions – 2,428.3 thousand tonnes of CO₂-eq, and indirect emissions – 2,630 thousand tonnes of CO₂-eq.

The scope of greenhouse gas emission disclosures includes the Company's subsidiaries under the operational control of NC KTZ JSC.



More detailed information is provided in the Section "[Reporting Scope](#)".

¹⁶ Approved by the decision of the Management Board of NC KTZ JSC dated 26 December 2022 (Minutes No. 02/49).

DIRECT GREENHOUSE GAS EMISSION TREND, BY TYPE

GRI 305-1

	2022	2023	2024	CHANGE 2023/2022, %	CHANGE 2024/2023, %
CO ₂ (thousand tonnes)	2,158	2,179	2,214	1.0	1.6
CH ₄ (thousand tonnes CO ₂ -eq.)	3.07	3.53	3.61	15.1	2.3
N ₂ O (thousand tonnes CO ₂ -eq.)	227.80	206.57	210.68	-9.3	2
Total (thousand tonnes CO₂-eq.)	2,388.87	2,389.43	2,428.3	0.02	1.6

INDIRECT GREENHOUSE GAS EMISSION TREND, BY TYPE

GRI 305-2

	2022	2023	2024	CHANGE 2023/2022, %	CHANGE 2024/2023, %
CO ₂ (thousand tonnes)	3,284	3,119	2,630	-5.0	-15.7
Total (thousand tonnes CO₂-eq.)	3,284	3,119	2,630	-5.0	-15.7

The Company does not generate emissions from biomass combustion or decomposition, nor does it produce emissions of HFCs, PFCs, SF₆ or NF₃.

GRI 305-4

The indicator of greenhouse gas emission intensity reflects the volume of direct and indirect GHG emissions relative to the volume of railway transport work performed.

In 2024, the intensity of direct GHG emissions amounted to 50.823 kg CO₂-eq./10,000 gross tonne-kilometres, and that of indirect energy-related emissions – 55.058 kg CO₂-eq./10,000 gross tonne-kilometres.

GREENHOUSE GAS EMISSION INTENSITY IN THE REPORTING PERIOD

Total GHG emissions, kg CO ₂ -eq.	5,058,971,000
Transport work performed, 10,000 gross tonne-km	47,779,900
Intensity of direct emissions, kg CO ₂ -eq./10,000 gross tonne-km	50.823
Intensity of indirect energy-related emissions, kg CO ₂ -eq./10,000 gross tonne-km	55.058
Total GHG emission intensity (Scopes 1+2), kg CO ₂ -eq./10,000 gross tonne-km	105.881

In 2024, the GHG emission intensity from direct emissions amounted to 0.0000011 million tonnes CO₂-eq./KZT million of revenue, and from indirect energy-related emissions – 0.0000012 million tonnes CO₂-eq./KZT million.

GREENHOUSE GAS EMISSION INTENSITY IN THE REPORTING PERIOD

Total GHG emissions, kg CO ₂ -eq.	5,165,684,689
Total revenue, KZT million	2,163,942
Intensity of direct emissions, million tonnes CO ₂ -eq./KZT million	0.0000011
Intensity of indirect emissions, million tonnes CO ₂ -eq./KZT million	0.0000012
Total GHG emission intensity (Scopes 1+2), million tonnes CO ₂ -eq./KZT million	0.0000023

GRI 305-7

In addition to GHG emissions from fuel combustion in emission sources (diesel, liquefied gas, fuel oil, natural gas, coal), nitrogen oxides (NO_x) and sulphur oxides (SO_x) are also released into the atmosphere, contributing to environmental pollution and climate change.

Permitted emission limits for each branch are established according to environmental regulatory documents (maximum permissible emission standards), which are formalised in the respective environmental permits issued by the competent authorities.

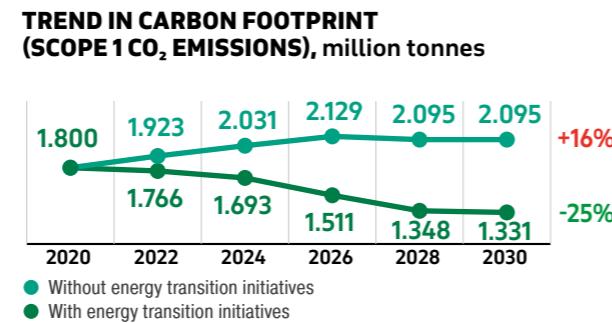
SO₂ AND NO_x EMISSIONS FROM STATIONARY SOURCES, 2022–2024, THOUSAND TONNES

POLLUTANT	2022	2023	2024
NO _x	0.34	0.21	0.22
SO _x	0.68	0.60	0.53
Particulate matters	2.37	1.97	2.1
CO	1.42	1.41	1.44
Volatile organic compounds (VOCs)	0.25	0.10	0.08
Other	0.05	0.54	0.35

The consolidation of atmospheric pollutant emissions is based on reporting formats under the Environmental Management System Manual of NC KTZ JSC and Its Subsidiaries, approved by the decision of the Management Board of NC KTZ JSC on 6 November 2020.

GREENHOUSE GAS EMISSION TARGETS UNDER THE LOW-CARBON DEVELOPMENT CONCEPT OF NC KTZ JSC 2060

As part of the implementation of the Concept, NC KTZ JSC plans to reduce direct emissions from diesel locomotives from 1.8 million tonnes of CO₂ to 1.3 million tonnes by 2030, representing a 25% reduction from the 2020 level. In the absence of energy transition measures, however, emissions would increase by 16% due to higher diesel fuel consumption for traction operations.



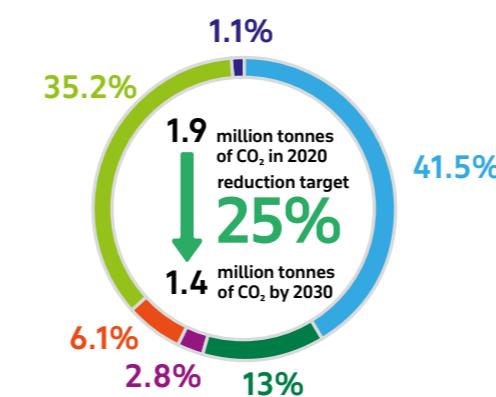
KEY MEASURES FOR IMPLEMENTING THE LOW-CARBON DEVELOPMENT CONCEPT OF NC KTZ JSC AND ITS SUBSIDIARIES 2060

SR. No.	MEASURE	QUANTITY (UNITS)	CARBON FOOTPRINT REDUCTION (CO ₂), THOUSAND TONNES
BY 2030			
1	Renewal of the freight diesel locomotive fleet	150	194.9
2	Electrification of railway lines*	820	165
3	Renewal of the passenger diesel locomotive fleet	99	61
4	Introduction of LNG-/battery-powered locomotives**	77	29
5	Renewal of the shunting diesel locomotive fleet	50	13.3
6	Modernisation of coal-fired boiler houses	124	5.1
7	Conversion of diesel boiler houses to gas	25	0.9
Total by 2030			469
AFTER 2030			
8	Introduction of battery-powered vehicles (e.g. Tesla)**	2377	28.9
9	Introduction of battery-powered shunting locomotives	420	126.7
Total after 2030			155.6

* The electrification measure is relevant subject to electricity generation from nuclear power.

** The LNG measure depends on the outcome and timeline of the pilot project implementation.

SHARE OF KEY MEASURES TO REDUCE CA FOOTPRINT BY 2030



PLANS FOR 2025 AND THE MEDIUM-TERM OUTLOOK

Amid growing climate-related challenges and the global transition towards a low-carbon economy, NC KTZ JSC will in 2025 and the medium term focus on integrating climate risks into business processes, reducing its carbon footprint, and enhancing the transparency of climate disclosures. Key planned

initiatives include: conducting an assessment of the Company's exposure to key climate risks; performing financial evaluation of climate-related risks and opportunities; developing a methodology for calculating (Scope 3) GHG emissions; disclosing climate-related information in line with ISSB standards, etc.

ENERGY EFFICIENCY AND ENERGY SAVING

GRI 3-3

Rising energy prices and increasing transportation volumes require a reduction in overall energy costs. In this context, energy efficiency has become a key priority, especially given the annual increase

in the cost of energy resources. As one of the largest energy consumers in Kazakhstan, NC KTZ JSC is actively working to reduce its environmental impact, including through the sustainable use of energy resources.

ENERGY MANAGEMENT SYSTEM

The energy management system forms part of the Company's integrated management system and is aimed at improving energy efficiency in processes such as the operation of the main railway network, as well as freight and passenger transportation.

To formalise the energy management system, the Company has developed and approved the Energy Management System Manual of NC KTZ JSC.

The Company undergoes an external audit every year to assess the compliance of its energy management system with the requirements of ISO 50001:2018.

In 2024, an external audit conducted by TÜV Thüringen confirmed that the energy management system meets the requirements of the ISO 50001:2018 international standard.

ENERGY EFFICIENCY AND ENERGY SAVING

GRI 302-5

In accordance with the requirements of the Act of the Republic of Kazakhstan "On Energy Saving and Energy Efficiency Improvement", NC KTZ JSC undergoes a mandatory energy audit at least once every five years. Based on the audit results, measures are developed to improve energy saving and efficiency, aimed at reducing annual expenditure on fuel and energy resources (FER).

Following the energy audit conducted in 2019, an Energy Efficiency and Energy Saving Action Plan 2025 was approved. Under this plan, energy resource consumption is expected to be reduced by 3,160 tonnes of coal equivalent, which represents 2.6% of total FER consumption compared to 2018 levels. The total projected cost saving amounts to approximately KZT 868 million.

GRI 302-4

In 2023, the activities under this plan were included into the Low-Carbon Development Action Plan of NC KTZ JSC and Its Subsidiaries for 2023–2027. As a result, in 2024, the FER consumption was reduced by 164,000 GJ¹⁷.

As part of efforts to promote clean and green energy, negotiations are underway to purchase electricity generated from renewable energy sources (RES) from Altyn Dala Energy Ltd.

Pursuant to the Roadmap approved by the First Deputy Prime Minister of the Republic of Kazakhstan on 19 January 2024, additional energy supply projects are being considered for the construction of the second phase of RES facilities, with potential involvement of NC KTZ JSC Group.

As part of the analysis of potential energy demand within the NC KTZ JSC Group, the possibility of constructing a 45 MW solar power plant for KTZ-Freight Transportation LLP is under consideration. The implementation of this project would contribute to the greening of the Company's energy consumption profile.

To further improve the Company's energy management system, the Methodology for Energy Analysis was approved by Order No. 291-CZ dated 17 March 2016. This methodology forms the basis for ongoing analysis of fuel and energy consumption.

GRI 302-1

Total energy consumption across the Company in 2024 amounted to 41,928 thousand GJ, a 1% increase compared to 2023. The increase in energy consumption is attributable to a 1% rise in freight and passenger traffic volumes.

FUEL AND ENERGY CONSUMPTION IN THE REPORTING YEAR, THOUSAND GJ

Total electricity and heat consumption, including:	41,928
Purchased electricity	12,485
Coal	1,162
Natural gas	234
Liquefied gas	10
Petrol	325
Diesel fuel	27,541
Fuel oil	171

The calculation of indicators is based on the Energy Management System Manual of NC KTZ JSC, the international standard ISO 50001:2018, and the Methodology for Energy Analysis adopted by the Company.

Conversion factors were applied in accordance with the methodological guidelines for compiling the Fuel and Energy Balance of the Republic of Kazakhstan and the rules for the formation and maintenance of the State Energy Register.

¹⁷The calculation of fuel and energy savings is based on the Methodology for Energy Analysis, approved by Order No. 291-CZ dated 17 March 2016.

REDUCTION IN FUEL AND ENERGY CONSUMPTION BY ENERGY TYPE IN THE REPORTING YEAR

GRI 302-4

	PHYSICAL UNITS	GJ EQUIVALENT
TOTAL FUEL AND ENERGY CONSUMPTION, INCLUDING:	-	163,931.9
Electricity, thousand kWh	30,138.1	108,497.1
Diesel fuel, tonnes	803.1	34,130.1
Coal, tonnes	818.6	18,417.8
Natural gas, thousand m ³	77.7	2,624.7
Petrol, tonnes	6.0	262.2

ENERGY INTENSITY

GRI 302-3

The energy efficiency indicator is based on the specific consumption of fuel and energy resources (FER) in conventional units, calculated per freight turnover (thousand GJ per billion gross tonne-kilometres). According to data obtained from the Automated System for Integrated Route Processing of Locomotive Drivers (AS IRPLD), freight turnover amounted to 478 billion gross tonne-kilometres. In 2024, the Company's energy intensity totalled 88 thousand GJ per billion gross tonne-kilometres.

The efficiency of FER use within the Company is assessed by measuring the actual consumption of FER per unit of output (or service), measured in thousand GJ. The energy efficiency indicator is defined as the ratio of actual energy consumption to the volume of freight transported.

The calculation of energy efficiency includes all types of FER used by the Company: electricity, diesel fuel, petrol, fuel oil, natural gas, liquefied gas, and coal.

EFFICIENCY OF SPECIFIC FER CONSUMPTION PER UNIT OF WORK, 2022–2024

INDICATOR	2022	2023	2024	CHANGE	CHANGE 2024/2023, %
				2023/2022, %	
Consumption of FER for extraction, transportation and processing of raw materials, thousand GJ	41,186	41,599	41,928	1.0	0.8
Freight transportation, billion gross tonne-kilometres	444	473	478	6.6	1.1
Specific energy intensity, thousand GJ per billion gross tonne-kilometres	93	88	88	-5.3	0

PLANS FOR 2025 AND THE MEDIUM-TERM OUTLOOK

In 2025, the Company plans to implement the Action Plan for the Low-Carbon Development of the Company and Its Subsidiaries for 2023–2027. This plan includes measures aimed at reducing the consumption of fuel and energy resources.

On 11 July 2024, a trilateral framework agreement was signed between Wabtec, Condor Energies Inc., and NC KTZ JSC. Under this agreement, the parties will coordinate efforts to retrofit older locomotives and manufacture new ones powered by liquefied natural gas (LNG).

The switch to LNG as a fuel is expected to reduce operating costs, increase the speed of rail freight transport across Kazakhstan by extending locomotive range, shorten transit times, and reduce fuel and maintenance expenses.

Additionally, depending on global technological trends, the possibility of adopting hydrogen technologies may also be considered in the future.

CLIMATE-RELATED DISCLOSURES (TCFD)

TCFD

RECOMMENDATION DISCLOSURE

Corporate governance

Role of the Board of Directors and senior management in overseeing climate-related risks and opportunities

(a) Role of the Board of Directors in overseeing climate-related risks and opportunities

The Board of Directors plays a critical role in overseeing climate-related risks and opportunities, especially in the context of the growing global challenge of climate change. This oversight is exercised at a strategic level. In 2023, the Board of Directors approved the Development Strategy of NC KTZ JSC 2032, which includes a key corporate initiative aimed at reducing the Company's carbon footprint. To assess progress and the Company's contribution to addressing the climate crisis, key performance indicators (KPIs) have been defined with targets set 2032. To achieve these targets, the Company is implementing an Action Plan for the Implementation of the Development Strategy of NC KTZ JSC 2032, which includes specific measures for achieving carbon neutrality. The Board of Directors oversees the implementation of this Plan on an annual basis.

Additionally, the Company adopts a business plan, which serves as one of the key instruments for delivering the Strategy. This plan outlines the Company's financial planning over a five-year period and includes budget allocations for environmental protection measures, including those aimed at achieving carbon neutrality. It also includes capital expenditure, such as the development of design and cost documentation for dredging projects at the Aktau and Kuryk ports, the procurement of new locomotives, etc. The business plan is subject to approval by the Board of Directors. Quarterly performance reports (CFO reports) on the execution of the business plan are submitted to the Board of Directors and the Strategy and Finance Committee of the Board for the purpose of monitoring implementation progress.

Furthermore, the Board of Directors and its **Audit Committee** oversee the effectiveness of the Company's risk management, including ESG-related risks. Each year, a Risk Register and Risk Map of NC KTZ JSC are developed and approved by the Board. These tools support the identification and assessment of risks, including climate-related risks. The Company also prepares a consolidated risk report on a quarterly basis. This report serves as an important tool for informing and supporting decision-making by various key stakeholders, including the Board of Directors, the Audit Committee, the Management Board, and designated risk owners.

In addition, the Board of Directors is supported by the **Health, Safety and Environment Committee**, which is responsible for reviewing environmental protection and sustainable development matters. The Committee is annually presented with results of sustainability performance assessments, which reflect the Company's performance in the area of sustainable development, including environmental indicators.

RECOMMENDATION	DISCLOSURE	RECOMMENDATION	DISCLOSURE
(b) Role of Senior Management in overseeing climate-related risks and opportunities	<p>The role of senior management in overseeing climate-related risks and opportunities is crucial for the Company's successful adaptation to climate change and the implementation of sustainable practices. The integration of climate management within the Company is achieved through the delegation of relevant responsibilities to senior management positions.</p> <p>According to the Risk Management and Internal Control Policy of NC KTZ JSC, the Management Board is responsible for establishing and maintaining the effectiveness of the risk management and internal control systems. The Management Board distributes authority, responsibilities, and accountability for specific risk management and internal control procedures among lower-level managers and/or heads of structural divisions/business process owners and/or owners/executors of control procedures.</p> <p>The risk management system within the Company is structured across multiple management levels, involving the following bodies and units: the Board of Directors, Committees of the Board of Directors, the Management Board, Committees of the Management Board, the Internal Audit Service, the division responsible for implementing the corporate policy on information security, and other structural units. The risk management structure ensures adequate information flow -vertically and horizontally. Information flowing upward ensures that the Board of Directors and the Management Board are provided with data on current activities, risks identified during operations, their assessment, control measures, response methods, and the level of risk management. Information flowing downward ensures the communication of goals, strategies, and the desired corporate culture through the approval of internal documents and directives. Horizontal information transfer involves the interaction of structural divisions within the Company and the coordination between the Risk Department and structural units responsible for risk management and internal control in subsidiaries. When a significant risk is identified that has not been previously included in the Risk Register, the risk owner must notify the Risk Department. The Risk Department analyses the information received and, if necessary, adds the new risk to the Company's Risk Register.</p> <p>Furthermore, the Chairman of the Management Board provides overall leadership in improving the risk management systems, internal control, and business continuity management at NC KTZ JSC. The Deputy Chairman of the Management Board leads activities related to the improvement of environmental and energy management systems across the NC KTZ JSC Group, the development and implementation of the low-carbon development programme, as well as the development, implementation, updating, and monitoring of energy-saving and energy-efficiency programmes within the Company. The Chief Engineer periodically reports to the Company's leadership, providing insights into climate-related assessments and management, including the development of carbon footprint reduction strategies, promotion of clean technologies, and monitoring of environmental impacts. An essential aspect of his role is ensuring compliance with relevant standards and regulations aimed at sustainable business practices. The Company has a dedicated division led by the Director of the Risk Department, responsible for managing risks, including climate-related risks, and internal control. This division organises the functioning of the risk management system, ensures the development and updating of local regulations on risk management and internal control, provides methodological support to other divisions in identifying and assessing risks, and offers recommendations.</p>		
Strategy	<p>Disclosure of the actual and potential impacts of climate-related risks and opportunities on the Company's business, strategy and financial planning, where such information is material.</p>		
(a) Description of the climate-related risks and opportunities the Company has identified over the short, medium, and long term.	<p>The physical climate risks identified over the short, medium, and long term are described in the Section "Climate Change Risks" section.</p> <p>One of the most significant climate-related opportunities for our Company is the potential increase in the volume of rail freight transportation. Climate change, by altering weather patterns, may lead to growing demand for rail transport, which is considered a more sustainable and environmentally friendly mode of freight delivery. This could result in increased revenues.</p> <p>It is also worth noting that the accelerated development of alternative energy sources, in response to climate change, may provide access to more affordable energy. This, in turn, could reduce our operating costs. Lower energy expenditures would positively contribute to the Company's financial stability and growth.</p> <p>A comprehensive assessment of the impact of climate change on the Company's financial performance requires further research and data collection. However, the aforementioned factors – such as the potential growth in rail freight volumes and access to cheaper energy – represent potentially significant opportunities for our Company in the context of climate change.</p>		
(b) The impact of climate-related risks and opportunities on the Company's business, strategy and financial planning	<p>Climate change risks may have a significant financial impact on the Company in the following areas:</p> <ul style="list-style-type: none"> • Increased operating expenses; • Reduced revenue due to declining transport volumes; • Costs associated with the transition to lower-emission technologies. <p>Climate-related risks may affect the implementation of the NC KTZ JSC Development Strategy 2032. In particular, the risk of Caspian Sea shrinkage may affect the strategic objective "Development of Transit Transport," as reduced water levels in the Caspian Sea could negatively impact transit and export freight traffic via ports in the Caspian region. A drop in water levels may lead to restricted channel depth, hindering the passage of large vessels and thereby reducing transport volumes.</p> <p>The Company's measures to mitigate the consequences of the risk of Caspian Sea shrinkage are outlined in the Section "Threat of Caspian Sea Shrinkage".</p> <p>To ensure the reliable protection of main railway infrastructure from adverse weather conditions, the Company uses forest plantations. To maintain the protective qualities and longevity of the plantations, ongoing maintenance is carried out, including thinning operations, debris clearance, and fire prevention tillage between forest belts. Additionally, the railway rights-of-way and plantations are tilled to help preserve NC KTZ JSC's infrastructure during the fire hazard season.</p> <p>Further information on the impact of physical climate-related risks on the Company's operations is provided in the Section "Climate Change Risks" section.</p> <p>The Risk Map and Risk Register, approved by the Board of Directors on 7 December 2023 (Minutes No. 16), include environmental and climate-related (ESG) risks:</p> <ul style="list-style-type: none"> • The risk of a drop in the Caspian Sea level; • Risks associated with changes in physical climate parameters; • Ecology; • Environmental pollution; • Changes in environmental laws; • Impact of climate change due to global warming; • Risk of adverse weather conditions. 		
(c) The resilience of the Company's strategy, taking into consideration different climate-related scenarios, including a scenario where global warming is limited to 2°C or lower	<p>The water level of the Caspian Sea has been declining due to low precipitation and a reduced inflow from the Volga River.</p> <p>Between 1978 and 1995, the Caspian Sea experienced a rising water level. The average annual increase during this period was approximately 14 cm, with peak years seeing rises of up to 36 cm. However, after 1995, this trend began to slow, and from 1999 onwards, the sea level started to decline.</p> <p>A drop of more than one metre (-2.5 metres) has had a significant impact on the Caspian Sea coastline, particularly in the Kazakhstan part. This is due to the shallow slope of the seabed and the surrounding land in this region, meaning that even small changes in sea level can result in extensive flooding or desiccation of coastal areas. Over this period, the sea's surface area has decreased by more than 22,000 km², half of which is located in the Kazakhstan part of the Northern Caspian.</p> <p>These fluctuations in Caspian Sea level are largely attributed to climate change. From 1999 to 2020, the Caspian basin received little precipitation, while evaporation intensified. In addition, the inflow of water from the Volga River declined due to periods of low water flow. The primary cause of this low-water period is climate warming, which has affected the entire Northern Hemisphere.</p> <p>The changes in Caspian Sea level have created a number of serious environmental challenges:</p> <ul style="list-style-type: none"> • A reduction in the water intake channel's area, which could result in acute water shortages for the population, especially in the Mangystau Region; • The drying of the Zhaiyk River floodplain and the loss of spawning grounds, which negatively impacts sturgeon populations; • The drying of Lake Karakol, threatening endangered bird species listed in the Red Book, including swans, pink flamingos, golden eagles and other migratory birds; • A decline in water levels at seaport areas, which necessitates dredging operations and could significantly affect the marine ecosystems surrounding the ports. <p>At present, the sea level has decreased by 1.65 metres compared to 2022 (-1.28 metres), showing a difference of -0.37 metres. According to current data from Kazhydromet RSE, an annual drop in the Caspian Sea level of 20 cm is projected.</p>		

RECOMMENDATION	DISCLOSURE	RECOMMENDATION	DISCLOSURE
Risk management	Risk management		
Climate-related risk identification, assessment, and mitigation processes	<p>(a) Description of the Company's processes for identifying and assessing climate-related risks</p> <p>Climate-related risk management is integrated into the Company's corporate risk management system and involves the development and implementation of measures aimed at reducing the negative impact and likelihood of losses or ensuring financial compensation in the event of climate-related losses affecting the Company's operations.</p> <p>The identification, mitigation, and control of climate-related risks within the Company are carried out by analysing established business processes (the Company's own operations) and developing corresponding action plans to improve them, along with the implementation of internal control systems. For climate risks in production activities, risk mitigation and control are ensured through compliance with occupational health and safety rules, environmental protection regulations, and production operation standards.</p> <p>If the methods for mitigating and controlling risks involve significant expenditures, the following analysis is conducted:</p> <ul style="list-style-type: none"> whether these measures are necessary and whether the associated costs can be reduced through risk retention and/or risk transfer mechanisms; what is the opportunity cost of implementing the measures versus the cost of retaining or transferring the risks. <p>The Company's Risk Management and Internal Control Policy has been amended to include ESG risks. According to the Policy, in the context of sustainable development, the Company pays special attention to environmental, social and governance (ESG) risks at all stages of policy implementation.</p>		
(b) Description of the Company's processes for managing climate-related risk	<p>The Company determines appropriate risk response methods and develops plans for the management of critical risks.</p> <p>The selection of risk response strategies and the development of action plans to maintain an acceptable level of residual risk include the following approaches:</p> <ul style="list-style-type: none"> Risk reduction and control – addressing the risk through preventive measures and contingency planning. This includes reducing the likelihood of risk occurrence and altering the causes or consequences of risk materialisation to minimise potential losses. Risk retention/acceptance – accepting the risk if it is deemed tolerable. This may also involve accepting the residual risk following the implementation of mitigation measures. Risk financing – transferring or sharing risk, in whole or in part, with another party. This may include various mechanisms such as contractual arrangements, insurance agreements, or structural adjustments to share responsibilities and liabilities. Risk avoidance – opting not to proceed with, or to withdraw from, an activity that gives rise to the risk. Post-event response – managing the consequences of risk materialisation, typically for risks that have low controllability and/or a low likelihood of occurrence. This may involve insurance, risk hedging, emergency response planning, or business continuity plans. Proposals regarding risk management strategies, methods, and plans are submitted by risk owners and included in the risk management action plan. 		
(c) Description of how processes for identifying, assessing, and managing climate-related risks are integrated into the Company's overall risk management	<p>The management of ESG risks, including climate-related risks includes the following components:</p> <ol style="list-style-type: none"> Adoption of corporate governance practices essential for effective risk management and internal control (RM & IC); Understanding of the Company's business context and strategy; Identification of ESG risks; Assessment and ranking of ESG risks; Responses to ESG risks; Review and reassessment of ESG risks; Communication and reporting on ESG risks. 		
Metrics and Targets	Metrics and Targets		
Climate-related risk identification, assessment, and mitigation processes	<p>Metrics and targets used to assess and manage relevant climate-related risks and opportunities</p> <p>(a) Metrics used by the Company to assess climate-related risks and opportunities in line with its strategy and risk management process</p> <p>The Company uses the following key metrics to assess climate-related risks:</p> <ul style="list-style-type: none"> Volume of emissions into the environment; Volume of pollutant emissions and discharges; Volume of greenhouse gas (GHG) emissions (Scope 1 and Scope 2); CO₂ emissions intensity; Volume of SO₂ and NO_x emissions from stationary sources; Volume of fuel and energy resource (FER) consumption; Efficiency of specific FER consumption per unit of work; Volume of waste, including the amount of recycled waste. <p>A number of these indicators are included in the corporate and functional performance indicators (KPIs) of the Company's management, and their fulfilment affects annual performance-based remuneration. For 2024, the functional KPIs of the Managing Director for Production Processes include a KPI on "Specific diesel fuel consumption by KTZ-Freight Transportation LLP," aimed at reducing diesel consumption for train traction. The Chief Engineer is assigned the KPI "Energy efficiency level," aimed at improving the Company's energy efficiency, as well as the KPI "Reduction in gross CO₂ emissions," which focuses on contributing to carbon neutrality, reducing GHG emissions, and transitioning to more environmentally sustainable development.</p>		
(b) Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks	<p>The Company's Scope 1 and Scope 2 greenhouse gas (GHG) emissions are disclosed in the "Environmental Responsibility" section of this Integrated Annual Report of NC KTZ JSC for 2024. At present, the Company does not account for Scope 3 emissions; however, activities to calculate this indicator are planned for 2025.</p>		
(c) Targets used by the Company to manage climate-related risks and opportunities and performance against targets	<p>The Development Strategy of NC KTZ JSC 2032 sets out short-term, medium-term, and long-term targets for managing climate-related risks and opportunities under the KPI "Carbon Footprint", with annual reduction targets 2032 as follows:</p> <p>Short-term (by 2025): -2.5% compared to the previous year;</p> <p>Medium-term (by 2027): -3.2% compared to the previous year;</p> <p>Long-term (by 2032): >-3.5% compared to the previous year.</p> <p>In addition, as part of the strategic objective to reduce its carbon footprint, the Company has adopted the Low-Carbon Development Concept of NC KTZ JSC and Its Subsidiaries 2060. This Concept defines key areas and objectives aimed at achieving potential carbon neutrality by 2060.</p> <p>Further information on the Company's GHG emissions targets under the Low-Carbon Development Concept of NC KTZ JSC 2060 is provided on page 102 of this Integrated Annual Report of NC KTZ JSC for 2024.</p>		

SOCIAL RESPONSIBILITY

GRI 3-3

**Principle 1**

Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2

Businesses should not be complicit in human rights abuses.

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4

Businesses should eliminate all forms of forced and compulsory labour.

Principle 5

Businesses should uphold the effective abolition of child labour.

Principle 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

HUMAN CAPITAL MANAGEMENT

The Company is one of the largest employers in Kazakhstan and places a strong emphasis on human capital development, viewing it as a key driver of high operational performance and sustainable growth.

The Company's Human Resources Policy for 2023-2028¹⁸ is the fundamental document for human capital management. It outlines the principles, priorities, approaches and methods for managing human resources in support of the Company's Development Strategy.

The HR Policy is aimed at increasing the value of human capital, creating a favourable working environment, ensuring competitiveness, proactively planning workforce needs, and allocating and using human resources efficiently.



The Policy is available on the Company's corporate website via the following link: see [Human Resources Policy of NC KTZ JSC for 2023-2028](#).

¹⁸ Approved by the decision of the Board of Directors of NC KTZ JSC dated 7 September 2023 (Minutes No. 11).

NC KTZ JSC complies with the Labour Code of the Republic of Kazakhstan, international labour standards, and a comprehensive set of internal regulations on human resources management, including:

- Rules for the formation and development of the talent pool at NC KTZ JSC and its subsidiaries;
- Rules for performance assessment of employees at NC KTZ JSC and its subsidiaries;
- Rules for performance assessment of executives and employees accountable to the Board of Directors, the Corporate Ombudsman, and the Corporate Secretary of NC KTZ JSC;
- Rules for performance certification of employees of the head office of NC KTZ JSC;
- Rules for performance certification of employees of branches and representative offices of NC KTZ JSC;
- Rules for performance certification of employees reporting to the Board of Directors of NC KTZ JSC;
- Rules for professional development and training; and others.

Oversight of the implementation of the HR Policy is carried out by the Board of Directors and the Nomination and Remuneration Committee of the Board of Directors. Each year, a report on HR and social policy is submitted for review as part of the HR Policy implementation process.

This report covers aspects such as social stability, employee engagement, labour productivity, development of corporate culture, improvement of ESG ratings, enhancement of the recognition system, promotion of gender equality, staff assessment and development, and other key areas.

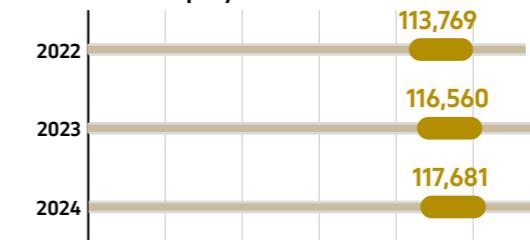
The HR departments of the corporate centre, branches, and subsidiaries of the Company are responsible for the implementation of the HR Policy.

The effectiveness of the HR Policy is measured using the following key performance indicators:

- Social stability and employee engagement;
- Labour productivity;
- Staff turnover rate (target: not exceeding 14%);
- Gender balance in executive and management bodies;
- Percentage of employees trained, and training effectiveness assessments;
- Employee feedback on the well-being management programme;
- Internal customer satisfaction with HR services;
- Number of trained mentors, average number of mentees per mentor per year, etc.

WORKFORCE STRUCTURE

NC KTZ JSC is one of the largest employers in the country. In 2024, the Company's headcount totalled 117,681 employees (compared to 116,560 in 2023), representing a 0.96% increase year-on-year. This growth was primarily due to the expansion of staff at KTZ-Freight Transportation LLP and Kaztemirtrans JSC. The average length of service among employees is 13 years, while the average employee age is 42.

HEADCOUNT OF NC KTZ JSC, 2022-2024**number of employees**

The workforce structure includes:

- Members of the Management Board: 53 employees
- Administrative and managerial staff: 7,017 employees (6%)
- Operational staff: 110,664 employees (94%)

The largest age group consists of employees aged 31 to 50, who make up 58% of the total workforce, followed by employees aged over 50 (26%). Young professionals under the age of 30 represent 16% of the workforce.

The vast majority of employees (99%) are employed under long-term contracts, with only 1% on fixed-term agreements.

In terms of employment type, 99.8% of personnel work on a full-time basis and 0.2% on a part-time basis.

The type and duration of employment agreements are defined in accordance with the labour laws of the Republic of Kazakhstan and the Company's internal regulations.

GRI 2-8

In 2024, the number of individuals engaged by the Company but not classified as employees totalled 262 – a 43% decrease compared to 2023, due to the expiration of agreements and the transfer of some workers to permanent staff. These individuals were engaged under civil law contracts and outsourcing arrangements.

They were primarily involved in sourcing and recruiting candidates for vacant administrative and managerial positions within the Company and its subsidiaries, as well as in document translation into Kazakh and English, and the performance of other assignments.

TALENT ATTRACTION AND RETENTION

One of the key aspects of effective human capital management and the Company's strategic development is the cultivation of internal potential, which contributes to building a loyal and motivated workforce, while enhancing the Company's image and competitiveness.

The core approaches to talent development and retention include:

- Annual review of the List of Key Positions and Succession Plans, with a focus on operational personnel;
- Identification of high-potential employees based on the results of comprehensive performance assessments;
- Assessment of employee competencies;
- Programmes for the development of professional and personal business skills;
- Promotion of a culture of feedback;
- Selection and training under the "100 Young Faces of KTZ" programme for the development of young employees;
- Engagement of young talent through the "Zhas Temir" young professionals development programme.

An integral part of the talent development and retention strategy is the mentorship system, in which more experienced leaders share their knowledge and expertise to support the growth of employees' skills and competencies.

The corporate mentoring programme, aimed at developing business competencies, enhancing employee engagement and strengthening corporate culture, established 20 mentoring pairs, which conducted independent development sessions.

As part of efforts to promote a culture of feedback – a key component of corporate culture – informational sessions were held for HR professionals and heads of structural units of the Company to equip them with methods and tools for providing effective feedback to employees.

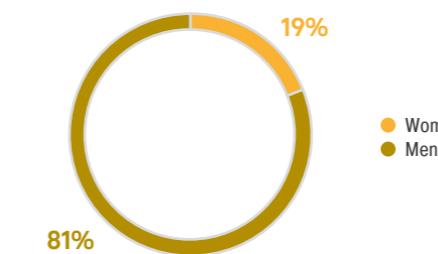
During the reporting year, 8 young graduates from industry-specific universities were selected through a competitive process under the "Zhas Temir" programme to undergo industrial internships in the structural units of NC KTZ JSC, with the prospect of subsequent employment based on internship results.

Additionally, under the framework of a signed memorandum, the Company took part in the graduate assignment programme of Mukhamedzhan Tynyshbayev ALT University. As a result of these initiatives, 453 graduates of specialised universities and colleges were employed.

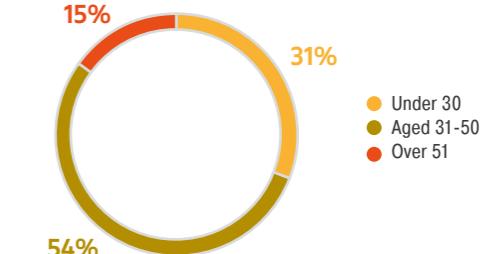
GRI 401-1

In 2024, a total of 27,543 employees were hired, including 17,179 recruited externally and 10,364 through internal transfers. The new hires included 23 top managers, 1,546 mid-level managers, 3,933 specialists, 2,222 administrative staff, and 19,819 workers.

NEW HIRES BY GENDER, 2024, %



NEW HIRES BY AGE GROUP, 2024, %



RECRUITMENT

The Company has implemented a competitive recruitment process for filling vacant positions. The purpose of this process is to ensure the effective selection of the most suitable candidates who meet the qualification requirements in terms of skills, professional experience and personal competencies for both the Company and its subsidiaries. The key principles of recruitment include transparent selection criteria, merit-based decision-making, non-discrimination, and the application of a variety of candidate assessment methods.

NC KTZ JSC places a strong emphasis on inclusiveness and the creation of equal opportunities for all employees, including the recruitment of persons with disabilities. In accordance with the Rules for Recruitment and Transfers to Certain Positions at NC KTZ JSC and Its Subsidiaries, priority in recruitment is given to candidates who demonstrate the best combination of professional and personal competencies required for the vacant position. If several candidates meet the established requirements, preference is given to individuals from the following categories:

- 1 Successors identified in succession plans;
- 2 Employees included in the Company's talent pool or the Presidential Youth Personnel Reserve;

- 3 Employees being or already released from the Company;
- 4 Young professionals who studied under the Company's education grants;
- 5 Graduates of colleges and universities nominated for positions through centralised assignment;
- 6 Graduates of programmes for young professionals and talent development organised under the auspices of the Company and Samruk-Kazyna JSC, and winners of the "100 Young Faces" programme;
- 7 Persons with disabilities.

To attract candidates for vacant positions, the Company took part in 14 job fairs, including at: Nazarbayev University, Satbayev University, ESIL University, the Open Day for School Graduates at the Higher College of Transport and Communications, Mukhamedzhan Tynyshbayev ALT University, a Career Fair for students of the Akmola College of Kazakh Academy of Transport and Communications named after Mukhamedzhan Tynyshpayev, Astana IT University, the Jastar Rukhy Youth Wing Fair under the AMANAT Party, the job fair for persons with disabilities held by Astana Social Technologies PA, and employment centre job fairs.

ENGAGEMENT WITH HIGHER EDUCATIONAL INSTITUTIONS

In 2024, as part of our engagement with higher educational institutions (universities) and secondary vocational educational institution (colleges), the following activities were implemented:

- Two Memoranda of Cooperation were signed with specialised Universities and Colleges;
- Activities under the 2023–2024 Roadmap for Engagement between NC KTZ JSC and Educational Institutions were successfully implemented.

The initiatives outlined in the Roadmap are aimed at improving the quality of workforce training by involving the Company in the development of educational curricula, promoting dual education, fostering cooperation with educational institutions, and supporting graduate employment.

Recognising the importance of applying theoretical knowledge in practice, the Company actively supports

the dual education system. In 2024, 1,112 students from eight educational institutions received training under this system across 22 railway enterprises.

Additionally, nearly 2,000 students from 13 educational institutions completed professional internships at the Company's structural units, covering 23 areas of specialisation.

As part of the Summer Student Teams project, around 100 students from the Almaty and Shymkent Transport Colleges of Kazakh Academy of Transport and Communications named after Mukhamedzhan Tynyshpayev were employed as train attendants in the "Express" branch of Passenger Transportation JSC, while 18 students from the Academy of Logistics and Transport worked as trackmen at Dostyk and Almaty stations within the track maintenance divisions of the Main Railway Network Directorate, Branch of NC KTZ JSC.

University and college students are actively involved in the Company's corporate volunteering initiatives and participate in youth forums, sports and intellectual competitions, gaining exposure to the professional railway environment.

In 2024, under the Magistral (Main Railway) programme, 70 students from universities and colleges were awarded educational grants and named scholarships from the Chairman of the Management Board of NC KTZ JSC.

Also in 2024, approximately 500 graduates from specialised universities and colleges were employed by NC KTZ JSC.

The Company is also working to update educational curricula to reflect new technologies and technical innovations in the railway sector.

Faculty members from universities and colleges regularly attend professional development courses at the Company's training centres in railway

disciplines, as well as undertake internships at NC KTZ JSC's production facilities.

In 2024, experts from NC KTZ JSC delivered 100 guest lectures at educational institutions, participated in graduation boards, and supervised final-year students' diploma projects.

As part of its career guidance efforts, the Company traditionally organises Open Days, field trips to production facilities, visits to railway museums, and meetings with industry veterans. These activities help school students gain a deeper understanding of careers in the railway industry. In 2024, around 7,000 students from various regions of Kazakhstan took part in these initiatives.

To ensure effective collaboration between the country's largest employer and specialised educational institutions, Company representatives regularly participate in the activities of the Educational and Methodological Association under the Republican Educational and Methodological Council (EMA REMC), based at the Academy of Logistics and Transport.

ONBOARDING PROGRAMMES FOR NEW EMPLOYEES

NC KTZ JSC has implemented a structured onboarding system for newly hired employees, in accordance with its internal regulations. The purpose of the programme is to facilitate the swift integration of new personnel into operational processes, and to familiarise them with the corporate culture and key requirements of the Company.

The Company has developed a "New Employee's Guide", which provides essential information about the Company, its workflows, corporate values, etc. Additionally, an online onboarding course has been created and is hosted on the Company's e-learning and employee development platform. This course covers the following topics:

- Overview of the Company's activities;
- Occupational health and safety requirements and risk management;
- Anti-corruption principles;
- Code of Ethics and Conduct of NC KTZ JSC employees.

To further streamline the onboarding process, a pilot chatbot project has been launched on the Telegram platform at Military Railway Security Service LLP. The chatbot provides quick access to internal documents, reference materials, and answers to frequently asked questions.

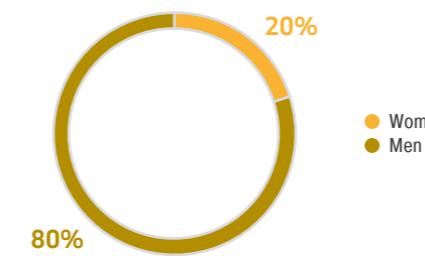
STAFF TURNOVER

GRI 401-1

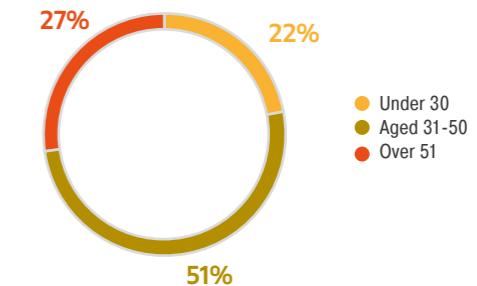
During the reporting period, employment contracts with 26,421 employees were terminated. Of these, 16,085 employees left the Company, while 10,336 were transferred internally. Compared to the previous year, this figure increased by 50%, primarily due to staff turnover among the operational staff

of KTZ-Freight Transportation LLP. In 2023, a total of 3,558 employees left the Company, whereas in 2024 this number rose to 12,899. Approximately 7,500 employees were transferred under Article 38 of the Labour Code of the Republic of Kazakhstan due to the reorganisation and separation of branches within KTZ-Freight Transportation LLP.

EMPLOYEES WHO LEFT THE COMPANY DURING THE REPORTING PERIOD, BY GENDER %



EMPLOYEES WHO LEFT THE COMPANY DURING THE REPORTING PERIOD, BY AGE GROUP %



STAFF TURNOVER RATES, 2021-2024 (%)

	2021	2022	2023	2024
Overall staff turnover rate, %	11.1	12.7	13.5	22.45
Voluntary staff turnover rate, % ¹⁹	10.6	7.2	7.5	8.1

SOCIALLY RESPONSIBLE WORKFORCE DOWNSIZING

In 2020, NC KTZ JSC introduced a Socially Responsible Workforce Downsizing Programme aimed at facilitating the smooth release of personnel without creating social tension.

The purpose of the Programme is to maintain social stability among teams by applying the most acceptable and economically feasible tools for both employees and the Company in the context of initiatives aimed at improving operational efficiency.

One of the key instruments of the Programme is the Early Retirement Rules. According to these Rules, in the event of headcount or staff optimisation, employees with five years or less remaining until retirement age, who cannot be redeployed within the NC KTZ JSC Group, may opt for early retirement with monthly benefit payments based on their salary level and years of service in the railway industry.

From 2019 to 2023, a total of 1,283 employees were released under these Rules. In 2024, no workforce reductions were carried out under these conditions. As of 31 December 2024, 343 employees continued to receive early retirement benefits.

Starting from 1 January 2024, in accordance with the laws of the Republic of Kazakhstan, a special social benefit was introduced for employees currently or formerly engaged in hazardous working conditions.

Eligibility for this benefit requires meeting two criteria:

- reaching the age of 55;
- having made mandatory professional pension contributions for a minimum of 84 months.

As of 31 December 2024, a total of 2,063 employees were receiving this benefit.

To support employees engaged in hazardous working conditions who do not qualify for the state programme, the Chief of Staff of NC KTZ JSC approved the Rules on Sectoral Age-Based Benefits. These apply to track fitters and track supervisors who are within three years of retirement age and meet the following criteria:

- a minimum of 12.5 years of work experience in the railway industry in positions listed under the Railway Transport section of the Register of Industries, Jobs, and Occupations with Hazardous Working Conditions, for which employers are required to make mandatory professional pension contributions using their own funds, in accordance with national legislation;
- no entitlement to professional benefits funded by the employer as provided for under Article 127-3 of the Labour Code of the Republic of Kazakhstan.

As of 31 December 2024, a total of 1,412 employees were receiving sectoral age-based benefits under these Rules.

¹⁹The indicator includes the following reasons for termination of employment contracts: mutual agreement of the parties (Article 50 of the Labour Code of the Republic of Kazakhstan) and resignation at the employee's initiative (Article 56 of the Labour Code of the Republic of Kazakhstan).

FINANCIAL INCENTIVES

Employee financial motivation remains a key priority for the Company, as it is one of the principal factors in maintaining social stability, improving living standards, and strengthening the socio-economic well-being of the workforce.

In 2024, a range of measures were implemented to enhance employee remuneration, including:

- a 7% increase in salaries effective from 1 January, with wages for core operational staff increasing by 11%;
- further roll-out of the performance-based bonus system for operational personnel using the Labour Participation Coefficient (LPC). 100% of operational staff were covered by this bonus system;
- a one-time bonus was paid to female employees in celebration of International Women's Day on 8 March;

- additional one-time bonuses were granted for Republic Day, Independence Day of the Republic of Kazakhstan, Nauryz Meiramy, and the professional Transport Workers' Day.

As a result of these initiatives, the average monthly salary across the NC KTZ JSC Group rose by 10% compared to 2023.

Moreover, in accordance with the staffing schedule and internal wage regulations, basic salaries are determined in such a way that they are never lower than the minimum wage set by national legislation, ensuring full compliance with statutory pay thresholds.

AVERAGE MONTHLY SALARY BY EMPLOYEE CATEGORY, KZT

	2021	2022	2023	2024
Administrative and managerial staff	417,192	525,578	690,903	745,336
Year-on-year growth, %	20.7	26	31	8
Operational staff	236,287	329,206	427,367	473,477
Year-on-year growth, %	22.7	39	30	11

RATIO OF STANDARD ENTRY-LEVEL WAGE BY GENDER TO LOCAL MINIMUM WAGE

GRI 202-1

MINIMUM WAGE

Women, KZT ²⁰	135,454
Men, KZT ²¹	135,454
Local minimum wage, KZT ²²	85,000
Ratio of standard entry-level wage by gender to local minimum wage	1.59

The ratio of women's minimum wage to men's minimum wage is 100%

HUMAN RIGHTS

The Company places high importance on the protection and promotion of human rights in all aspects of its operations. As a participant of the UN Global Compact, we uphold key principles,

including: support and respect for the protection of internationally proclaimed human rights; upholding the freedom of association and the effective recognition of the right to collective bargaining;

the elimination of all forms of forced and compulsory labour; and the effective abolition of child labour, among others.

In 2024, NC KTZ JSC adopted the Human Rights Policy²³, developed in accordance with the Constitution of the Republic of Kazakhstan, the Labour Code of the Republic of Kazakhstan, the Code of Ethics and Conduct of NC KTZ JSC, the ILO Convention on Discrimination in Employment and Occupation, and the ILO Declaration on Fundamental Principles and Rights at Work.

The Company adheres to the following key principles in the field of human rights:

- Ensuring a working environment free from physical, psychological and verbal abuse, aggression, harassment, and threats;
- Respecting employees' rights to freedom of assembly, association, collective bargaining, and freedom of expression;
- Preventing all forms of discrimination on the basis of age, gender, ethnicity, religion, disability, nationality, or social status;

- Ensuring equal opportunities and equal pay for women and men;
- Prohibiting child labour, forced or bonded labour, and human trafficking;
- Ensuring a safe and healthy working environment across all workplaces;
- Respecting the rights, cultural characteristics and traditions of local communities in the regions where the Company operates;
- Maintaining a zero-tolerance policy towards corruption and corrupt practices.

The Company conducts regular monitoring of human rights compliance by analysing feedback and complaints received from employees, suppliers, and other stakeholders. Various communication channels are in place to facilitate the submission and review of such feedback, including the Company's administrative office, a dedicated hotline, the E-Otish information system, and other tools. Every submission undergoes a thorough review process in accordance with the Company's internal procedures.

DIVERSITY AND EQUAL OPPORTUNITIES

NC KTZ JSC recognises diversity as a key element in building a strong corporate culture. The Company ensures equal access to employment and professional development opportunities for all employees, regardless of gender, age, religion, nationality, disability or other characteristics.

In 2024, the Company adopted the Policy on the Prevention of Harassment and Discrimination at NC KTZ JSC²⁴, aimed at establishing standards and behavioural rules that promote a working environment free from any form of discrimination or harassment, while fostering an atmosphere conducive to the development of employees' professional skills.

The Policy is based on the following principles:

- 1) Equal employment opportunities – no one shall be restricted in their labour rights except in cases and in the manner explicitly stipulated by the Labour Code of the Republic of Kazakhstan or other regulatory legal acts of the Republic of Kazakhstan;
- 2) Zero tolerance towards any form of discrimination or harassment in the workplace, including in premises owned or temporarily used

by the Company, and on sites where the Company operates, insofar as such locations can reasonably be considered part of or an extension of the workplace.

All forms of discrimination are strictly prohibited within the Company, in line with the principles set out in the Code of Ethics and Conduct of NC KTZ JSC. The Company's commitment to non-discrimination starts with the Board of Directors, which oversees compliance with the provisions of the Code of Ethics and Conduct.

The HR Policy also outlines key objectives for preventing discrimination and ensuring workforce diversity, including:

- creating an inclusive work environment where individual differences are understood, respected and valued;
- offering employment opportunities to persons with disabilities as part of the implementation of the national employment policy;
- promoting gender equality within executive and management bodies.

²⁰ Basic salary of a courier (Grade 1) at KTZ-Freight Transportation LLP.

²¹ Basic salary of a courier (Grade 1) at KTZ-Freight Transportation LLP.

²² The minimum wage set by Act No. 43-VIII dated 5 December 2023 of the Republic of Kazakhstan "On the Republican Budget for 2024–2026".

²³ Approved by Order No. 780-CZ dated 14 October 2024 of the Chief of Staff of NC KTZ JSC.

²⁴ Approved by Order No. 779-CZ dated 14 October 2024 of the Chief of Staff of NC KTZ JSC.

GENDER EQUALITY

NC KTZ JSC views gender diversity as one of the key factors contributing to the Company's overall effectiveness. We believe that equal participation of men and women in various areas of the Company's activities leads to more effective decision-making by incorporating diverse perspectives and approaches.

As part of its gender balance initiatives, the Company has implemented the following measures:

- Establishment of the women's club "Railway Ladies Club", which brings together female employees of the Company;
- Launch of a dedicated Telegram channel for female railway workers from all regions of Kazakhstan.

On 20 December 2024, the first Women's Forum of the Railway Women's Association was held in Astana with the participation of Karakat Abden, Member of the Mazhilis of the Republic of Kazakhstan,

and women leaders from NC KTZ JSC and Samruk-Kazyna JSC.

The forum featured a plenary session focused on gender equality, as well as the following training sessions:

- "Balance in the Age of Opportunity: The Modern Woman's Journey";
- "Mental Health in the Workplace: How to Prevent Burnout, Stay Positive, and Manage Workload".

The Company continues its efforts to increase the representation of women in executive and management bodies. The enhancement of female representation in executive and management positions was included in the 2024 Key Performance Indicators (KPIs) of the Chief of Staff of NC KTZ JSC (a member of the Management Board), reflecting the Company's commitment to building a more diverse leadership.

FUNCTIONAL KPI'S

Female representation in executive and management bodies

	2024	TARGET	ACTUAL
Female representation in executive and management bodies		22%	22%

In line with the principles of gender balance and the requirements of the Corporate Governance Code, the Company reviewed the composition profiles of the Boards of Directors (BoD) and Supervisory Boards (SB) of its subsidiaries.

As a result:

- The share of women on the BoD/SB across NC KTZ JSC Group reached 30%;

PROPORTION OF WOMEN AT VARIOUS EXECUTIVE LEVELS WITHIN NC KTZ JSC



²⁵ Positions requiring knowledge in science, technology, engineering, and mathematics.

BASIC SALARY LEVEL BY GENDER, 2024

GRI 405-2

	ADMINISTRATIVE STAFF ²⁶	OPERATIONAL STAFF ²⁷
Basic salary		
Women, KZT	180,542	108,363
Men, KZT	180,542	108,363

GRI 202-1

There are no gender-based differences in basic salary or remuneration systems within the Company. Salaries are determined based on position, and both men and women in the same roles receive equal

pay and other compensation in accordance with the Company's remuneration policies.

Accordingly, there is no gender-based pay differentiation at NC KTZ JSC.

EMPLOYMENT OF PERSONS WITH DISABILITIES

GRI 405-1

As a participant of the UN Global Compact, NC KTZ JSC continues to implement the principles of the ILO conventions, ensuring respect for human rights, equality in employment, inclusiveness, and workforce diversity. The Company is committed to creating a supportive environment for all employees, including by providing employment opportunities for persons with disabilities.

In 2024, NC KTZ JSC employed 264 persons with disabilities. By disability group: Group 1 – 4 employees; Group 2 – 47 employees; Group 3 – 213 employees.

The primary positions held by employees with disabilities include electromechanics, level crossing attendants, etc.

In accordance with the Labour Code of the Republic of Kazakhstan, employees with Group 1 and Group 2

disabilities are entitled to reduced working hours – not more than 36 hours per week. Summarised working time accounting is not permitted for employees with Group 1 disabilities.

Employment of persons with disabilities during night shifts is allowed only with their written consent, provided such work is not contraindicated for health reasons as confirmed by a medical certificate.

Employees with Group 1 and Group 2 disabilities are granted an additional paid annual leave of at least six calendar days.

GRI 401-2

Under the Collective Bargaining Agreement for 2024–2026, persons with Group 1 and Group 2 disabilities are entitled to reduced working hours with full pay: 36 hours per week for a six-day workweek and 35 hours per week for a five-day workweek.

²⁶ Basic salary of an HR specialist (Grade 8) at Temirzholsu LLP.

²⁷ Basic salary of a courier (Grade 1) at KTZ-Freight Transportation LLP.

NUMBER OF EMPLOYEES WITH DISABILITIES BY CATEGORY, 2022–2024, PERSONS

GRI 405-2

	2022		2023		2024				
	SENIOR MANAGEMENT	ADMINISTRATIVE AND MANAGERIAL STAFF	SENIOR MANAGEMENT	ADMINISTRATIVE AND MANAGERIAL STAFF	SENIOR MANAGEMENT	ADMINISTRATIVE AND MANAGERIAL STAFF			
	OPERATIONAL STAFF	OPERATIONAL STAFF	OPERATIONAL STAFF	OPERATIONAL STAFF	OPERATIONAL STAFF	OPERATIONAL STAFF			
Number of employees with disabilities, persons	0	78	968	0	87	1,005	0	102	1,120

NATIONAL DIVERSITY

The Company upholds a strict policy of non-discrimination based on nationality. Our team includes professionals from diverse national and ethnic

backgrounds, as well as individuals with various religious beliefs and personal convictions.

HEADCOUNT OF NC KTZ JSC EMPLOYEES BY NATIONALITY, 2024, PERSONS

TOTAL, INCLUDING:	NATIONALITY					
	KAZAKH	RUSSIAN	UKRAINIA	TATAR	GERMAN	OTHER
Women	21,601	3,091	480	254	181	449
Men	80,812	7,093	1,163	588	508	1,461
Share of total workforce, %	87%	8.7%	1.4%	0.7%	0.6%	1.6%
Total in managerial positions, including:	10,274	599	123	52	43	154
Women	2,174	202	33	18	13	50
Men	8,100	397	90	34	30	104
Share of total managerial positions, %	91%	5.3%	1.1%	0.5%	0.4%	1.4%

EMPLOYEE SUPPORT

COLLECTIVE BARGAINING AGREEMENT

GRI 401-2

In 2023, a new Collective Bargaining Agreement for 2024–2026 was adopted between NC KTZ JSC and its workforce. This Agreement provides for a range of social support measures for employees, including:

- Financial assistance, such as:

- on the occasion of childbirth, marriage registration, or bereavement;
- in the event of exceptional life circumstances requiring unforeseen expenses;
- for young railway specialists assigned to work by distribution;
- for celebrating Children's Day, 1 September, Family Day, Disability Day, and others;

- Reimbursement of railway travel expenses (once a year);
- Provision of subsidised vouchers for health resort treatment;
- Dental prosthetics reimbursement (once every two years);
- Anniversary bonuses (women – at age 55, men – at age 60);
- Bonuses for International Women's Day (8 March);
- Summer recreation programmes and New Year events for employees' children, and more.

A unified insurance programme operates across the Group to ensure social stability and a consistent social support policy for all personnel.

Employee insurance contributes to an enhanced benefits package, providing employees and their families with access to high-quality medical care in case of health issues.

In 2024, NC KTZ JSC spent KZT 18.9 billion on employee social support, including:

- KZT 767 million – pension supplements and lump-sum payments for retiring employees;
- KZT 1,305 million – assistance for pensioners to maintain and improve their health;
- KZT 5,078 million – financial assistance for childbirth, bereavement, marriage, and wellness.

Additionally, in 2024, the following activities were implemented for a total of KZT 10.2 billion:

- KZT 3.6 billion – cultural, educational, wellness and other activities;
- KZT 3.3 billion – employee meals or monetary compensation;
- KZT 3.3 billion – additional compensation to redundant employees exceeding statutory levels.

GRI 402-1

In accordance with the Collective Bargaining Agreement, the Company is obligated to notify employees and their representatives about significant changes in operations affecting working conditions (e.g. at least 15 calendar days in advance of downtime, and at least one month before the closure of a structural unit). In the event of staff expansion, employees dismissed due to redundancy within the past six months are informed of available vacancies.

To raise employee awareness about the Collective Bargaining Agreement, its guarantees and benefits, and to establish more transparent and effective communication in HR matters, the Company maintains ongoing communication with staff.

HR stands are being installed at regional and linear production units of the Company's branches and subsidiaries, HR info sessions are held, and mobile HR audits and meetings with teams are organised. In addition, guides and brochures on HR-related matters are being developed for employee convenience.

GRI 2-30

As of the end of 2024, 100% of employees were covered by collective bargaining agreements.

For employees not covered by such agreements, working conditions are governed by the Labour Code

NUMBER OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS, 2024

Total number of employees	117,681
Number of employees covered by collective bargaining agreements	117,681
Share of employees covered, %	100

Moral incentives are a key motivation tool, fostering employee engagement, improving productivity and contributing to the achievement of NC KTZ JSC's strategic goals.

In 2024, the Company introduced 23 new award categories and rebranded 10 existing ones.

TRADE UNIONS

The Company maintains close cooperation with "Kazakhstan Sectoral Trade Union of Railway, Automobile, Aviation and Water Transport Workers" Public Association.

In 2023, a Sectoral Agreement on social and labour issues was signed for the period 2024–2026 between the Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan, NC KTZ JSC, other railway transport organisations, and "Kazakhstan Sectoral Trade Union of Railway, Automobile, Aviation and Water Transport Workers" Public Association.

This Sectoral Agreement defines minimum social guarantees for employees, their families and pensioners, which are mandatory for inclusion in collective bargaining agreements. However, the parties to the Agreement do not limit the rights

of the Republic of Kazakhstan. Terms of employment and remuneration are regulated by the employer's internal policies. Differences mainly relate to access to certain social benefits not specified in the internal regulations.

Thanks to the updated moral incentive system, employees of NC KTZ JSC receive additional motivation and recognition for their contribution to the development of the railway sector.

of employers and employees to expand upon these guarantees.

"Kazakhstan Sectoral Trade Union of Railway, Automobile, Aviation and Water Transport Workers" Public Association and the Company recognise this Agreement as the fundamental document of social partnership. It sets out the general principles for implementing a coordinated social and labour policy aimed at improving the efficiency of railway sector organisations, raising living standards, and strengthening the protection of employees' socio-economic and labour rights.

The obligations and guarantees relating to the activities of "Kazakhstan Sectoral Trade Union of Railway, Automobile, Aviation and Water Transport Workers" Public Association are also stipulated in the Company's Collective Bargaining Agreement.

PARENTAL LEAVE

GRI 401-3

The Company provides equal opportunities to both men and women. In particular, parental leave is

granted to all employees regardless of gender, although in practice, women are more likely to take advantage of this opportunity. In 2024, parental leave was taken by 348 men and 3,437 women.

TOTAL NUMBER OF EMPLOYEES ELIGIBLE FOR PARENTAL LEAVE, 2024, PERSONS

	TOTAL	MEN	WOMEN
Total number of employees eligible for parental leave	117,681	91,625	26,056
Total number of employees who took parental leave	3,785	348	3,437
Total number of employees who returned to work after parental leave in 2024	1,922	178	1,744
Total number of employees who returned to work after parental leave in 2023 and remained employed for 12 months	1,068	104	964
Number of employees expected to return from parental leave in 2024	1,128	94	1,034
Number of employees who returned from parental leave in 2023	1,330	98	1,232
Return-to-work rate, %	170	189	169
Retention rate, %	80	106	78

SOCIAL STABILITY

Employee surveys serve as a tool to monitor trends in social well-being, job satisfaction, and the psycho-emotional climate within teams, enabling the Company to assess the level of social stability across its operations.

In 2024, two types of surveys were conducted:

- Research at the premises of Samruk Research Services, conducted by Samruk-Kazyna JSC;
- Internal monitoring of industrial relations conducted by the Company itself.

The Samruk Research Services surveys are held twice a year among operational staff and focus on employee engagement, social well-being, and social harmony. These surveys cover around 17,000 employees across the NC KTZ JSC Group, representing at least 15% of operational staff. Based on the findings, action plans are developed and used in assessing top management performance. The results are also presented annually by Samruk-Kazyna JSC to the Company's Board of Directors.

The Company's internal survey on industrial relations is also conducted biannually and includes both operational and administrative staff.

In 2024, each survey reached at least 25,000 employees (over 25% of the total workforce).

The questionnaire covered a broad range of areas, including occupational safety and health, sanitary and living conditions, quality of medical services, workwear and PPE, corporate uniform, internal communications, awareness of the social benefits package, training, and corporate culture.

In 2024, two new sections were added to the survey: Goals (understanding of the Company's mission and objectives) and Happiness (level of satisfaction and happiness at work).

Survey results help the Company's structural units and subsidiaries identify areas for improvement and prioritise actions to enhance working conditions.

Based on these findings, a workplace improvement programme was implemented, which included renovations of buildings and sanitary facilities at field units, procurement of modular sanitary facilities, furniture, and household appliances.

	UOM	2021	2022	2023	TARGET	ACTUAL	TARGET
Social stability index	%	72	65	66	66	69	68
Survey coverage	% of employees who responded	10	10	13	18	10	-

INDUSTRIAL RELATIONS

Measures to Improve Employee Working Conditions

Since 2022, NC KTZ JSC has been systematically implementing initiatives to improve sanitary and living conditions at field units, including the renovation of buildings and premises, and the renewal of furniture and household equipment.

In 2024, as part of the implementation of industrial relations standards, the Company allocated KZT 16.2 billion (compared to KZT 3.5 billion in 2022 and KZT 20 billion in 2023) for the following:

- Renovation of 314 buildings and 125 premises;
- Installation of 183 modular buildings;
- Procurement of 19 vehicles;
- Supply of 36 units of furniture, 110 household appliances, and 2.6 thousand units of office equipment;
- Supply of over 1.3 thousand units of small-scale mechanisation equipment.

Similar initiatives are planned for 2024, including renovation of buildings and premises, rest facilities for locomotive crews, procurement of modular buildings, and other activities.

Employee Engagement and Feedback Mechanisms

The Company operates a dedicated hotline, Nysana, which is integrated into the general database of complaints and appeals managed by the Fund.

EMPLOYEE DEVELOPMENT

GRI 404-2

Employee training and development are key elements in ensuring the effective performance of the Company. These activities encompass the development of professional skills, personal attributes, and leadership capabilities, all of which support career progression and increase employees' professional value.

NC KTZ JSC views investment in training as a strategic tool for enhancing employee productivity and loyalty, which in turn positively impacts the Company's overall performance.

Since 2023, the Company has observed a consistent decrease in the number of complaints and appeals. In the reporting year, the total number of submissions fell by 38% compared to 2023, including a 41% reduction in individual appeals and a 25% decrease in collective appeals.

There was also a noticeable drop in complaints related to interpersonal relations in the workplace: appeals concerning relations with managers decreased by 54.6%, and those concerning relations with colleagues fell by 45.4%.

This decline in complaints and appeals reflects a stable working environment and the strengthening of corporate communications.

Furthermore, the Company has in place the Rules for Building Internal Communications on Social and Labour Relations at the Regional and Field Levels of NC KTZ JSC and Its Subsidiaries (Order No. 894-CS dated 7 December 2021).

In accordance with these Rules, regular meetings are held between employees, management, and trade union representatives.

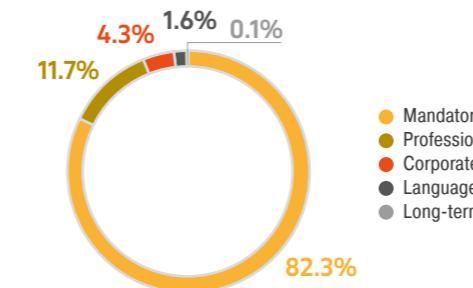
In 2024, over 650 such meetings were conducted, reaching more than 25,000 employees.

The Company regularly undertakes initiatives to develop professional, behavioural-business, and managerial competencies among its staff. NC KTZ JSC operates dedicated training centres for production personnel located in Astana, Pavlodar, Taraz, Karaganda, and Aktobe.

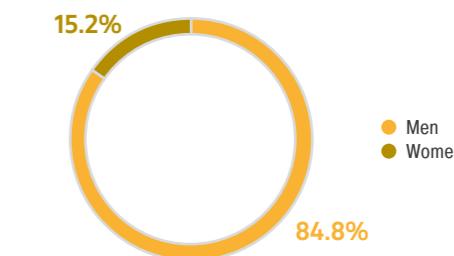
In 2024, a total of 23,105 employees were trained at these centres (compared to 22,034 in 2023). The total number of employees trained during the reporting period amounted to 50,961 (compared to 38,918 in 2023), with overall investment in training reaching KZT 2.1 billion (compared to KZT 1.9 billion in 2023).

The average training and development cost per employee was KZT 42,000.

EMPLOYEE TRAINING BY FOCUS AREA, 2024 %



EMPLOYEE TRAINING BY GENDER, 2024, %



internal training school Bilim Express, focusing on key behavioural-business competencies such as conflict management, stress resilience, leadership, effective communication, customer focus, digital skills, performance management, lean production, emotional intelligence, and others.

GRI 404-2

The Company employs over 70 highly qualified internal trainers, each of whom is an expert in their respective field.

In 2024, a total of 6,991 employees were trained by internal trainers, including through the mobile

AVERAGE ANNUAL TRAINING HOURS PER EMPLOYEE BY GENDER AND CATEGORY, 2024

GRI 404-1

EMPLOYEE TRAINING	TOTAL	SENIOR MANAGEMENT AND ADMINISTRATIVE STAFF	OPERATIONAL STAFF
Total training hours	1,998,946	109,791	1,889,155
Total employees	117,681	7,017	110,664
Average hours per employee	16.99	15.65	17.07
EMPLOYEE TRAINING	TOTAL	WOMEN	MEN
Total training hours	1,998,946	286,457	1,712,489
Total employees	117,681	26,056	91,625
Average hours per employee	17	11	19

CORPORATE PROGRAMMES

In 2024, modular corporate development programmes were implemented to create a professional community, enhance professional competencies, and improve employee qualifications, with the overall aim of increasing operational safety and reducing occupational injuries. These initiatives covered 67 employees of the rolling stock facilities of KTZ-Freight Transportation LLP, 59 employees of the power supply track maintenance unit, 61 employees of the signalling and communication track maintenance unit, and 90 employees of the track maintenance unit of the Main Railway Network Directorate, Branch of NC KTZ JSC.

The training programmes were developed based on a professional competency matrix tailored to the functional roles of employees.

Key methods included engaging external providers and in-house trainers and experts, delivering interactive sessions and practical exercises, as well as fostering networking and expert feedback.

Upon completion, participants were awarded certificates of professional development.

PROGRAMME TITLE	Corporate Development Programme for Employees of the Rolling Stock Facilities of KTZ-Freight Transportation LLP	Uzdikter Alany Corporate Development Programme for Track Maintenance, Power Supply, and Signalling and Communication Units of the Main Railway Network Directorate, Branch of NC KTZ JSC.
PROGRAMME OBJECTIVE	To improve the performance of heads of production and technical departments and sections of the rolling stock facility of KTZ-Freight Transportation LLP. Programme Goals: - Ensure traffic safety, occupational health and safety; - Reduce workplace injuries and work towards a "zero injury" target; - Improve the quality of work performed; - Develop professional and leadership competencies.	To enhance production safety and personal and team effectiveness through the development of professional and personal-business competencies, as well as to foster a professional community among line-level employees of the Main Railway Network Directorate, Branch of NC KTZ JSC.
BUSINESS BENEFITS OF THE PROGRAMME	<p>The implementation of these training initiatives delivers significant benefits to the Company, including improved service quality through enhanced employee qualifications, increased employee satisfaction and retention, more effective risk management that reduces the likelihood of incidents and related losses, and the promotion of innovation that strengthens the Company's competitiveness.</p> <p>The programmes target middle management and employ a hybrid learning model (online/offline, modular learning, development of both hard and soft skills) involving intensive collaboration, case study analysis, practical application of new knowledge, networking, and expert feedback.</p>	
SHARE OF STAFF COVERED	50 heads of production and technical departments and sections of the rolling stock facility of KTZ-Freight Transportation LLP (48%)	61 section heads from signalling and communication units, 59 senior power dispatchers and heads of production and technical departments from power supply units, and 90 deputy section heads and heads of production and technical departments from track maintenance units (56%)

GRI 404-2

In addition, the Company has implemented the Mumkindik development programme, designed to support employees affected by workforce reductions. The programme is available through the remote learning and testing system and comprises three modules aimed at developing key competencies and facilitating adaptation to new professional opportunities. The course covers

the following topics: Government support tools for starting a business and the e-services portal; Public procurement: from registration to signing the first contracts; Personal growth as a foundation for success in life; Practical negotiation skills; Basics of legal literacy for entrepreneurs; Career guidance and choosing a profession; Taxation for aspiring entrepreneurs; Financial literacy: managing and growing capital; Writing an effective CV and others.

EMPLOYEE PERFORMANCE EVALUATION

GRI 404-3

Employee performance evaluation at the Company is conducted throughout the calendar year and comprises several key stages: goal setting, regular monitoring, performance review, comprehensive assessment, and the provision of regular, constructive feedback based on performance outcomes.

Evaluation and feedback processes are continuous and integral components of human resource management. Line managers are required to consistently track employees' progress towards achieving their goals, provide timely and meaningful feedback on performance, and identify areas for further development.

There are three types of formal employee performance evaluations:

- 1) Regular comprehensive evaluation – an assessment of employee achievements against set goals/KPIs and competencies over the reporting period. The results of this evaluation form the basis for the talent mapping process, which defines the next steps in human capital management.
- 2) Regular goal achievement monitoring – a semi-annual process that systematically tracks progress towards established goals.
- 3) Ad hoc assessment of competencies/skills and knowledge – an evaluation of employees' professional competencies, carried out using internal resources and/or external providers. This method is applied on an as-needed basis and may include evaluation /development centres, 360/270/180-degree feedback, and professional testing.

Comprehensive performance evaluation involves employees covered by the Company's and its subsidiaries' grading-based remuneration system.

Based on the evaluation results, line managers provide feedback covering work effectiveness, strengths, learning and development needs, and potential adjustments to remuneration following the performance evaluation.

Flexible conversations form an important part of the evaluation process, offering deeper exchanges between managers and employees. These conversations foster a better understanding of individual needs, support personal development, and enhance motivation for learning and growth.

During the reporting year, the Rules for Performance Evaluation of Employees of the Company and Its Subsidiaries were updated. Key changes involved the categories of employees subject to evaluation, the evaluation process stages, the provision of feedback throughout the evaluation period as a development tool, and its integration into the Company's corporate culture.

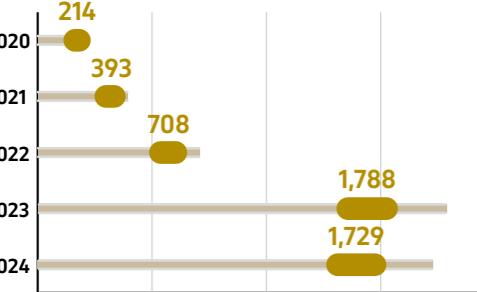
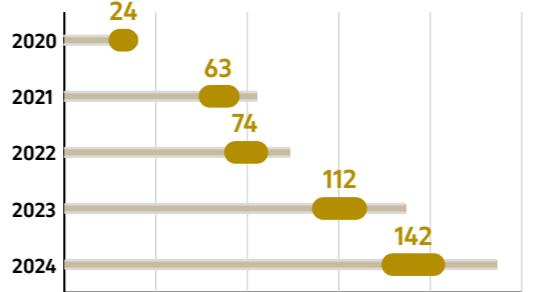
Additionally, behavioural indicators for risk management were incorporated into the Competency Model as part of the integration of risk management criteria into HR processes.

In 2024, a total of 3,439 employees were covered by the comprehensive performance evaluation (compared to 3,385 employees in 2023).

NUMBER OF EMPLOYEES COVERED BY COMPREHENSIVE PERFORMANCE EVALUATION BY GENDER, 2021–2024, PERSONS

	2021	2022	2023	2024		
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
Total number of employees receiving regular performance and career development evaluations	1,730	1,416	1,456	1,665	1,819	1,566
Total number of employees by gender	26,400	86,181	26,350	87,419	26,083	90,477
Percentage of employees receiving regular performance and career development evaluations	7%	2%	6%	2%	7%	2%
	7%	2%	6%	2%	7%	1.8%

NUMBER OF EMPLOYEES COVERED BY COMPREHENSIVE PERFORMANCE EVALUATION BY CATEGORY, 2021–2024, PERSONS

	2021			2022			2023			2024		
	SENIOR MANAGEMENT	ADMINISTRATIVE AND MANAGERIAL STAFF	OPERATIONAL STAFF	SENIOR MANAGEMENT	ADMINISTRATIVE AND MANAGERIAL STAFF	OPERATIONAL STAFF	SENIOR MANAGEMENT	ADMINISTRATIVE AND MANAGERIAL STAFF	OPERATIONAL STAFF	SENIOR MANAGEMENT	ADMINISTRATIVE AND MANAGERIAL STAFF	OPERATIONAL STAFF
Total number of employees receiving regular performance and career development evaluations	45	3,146	0	44	3,121	0	59	3,385	0	65	2,717	722
Total number of employees by category	116	7,771	104,694	110	6,998	106,661	108	6,876	109,576	108	7,017	110,664
Percentage of employees receiving regular performance and career development evaluations	39%	40%	0%	40%	45%	0%	55%	49%	0%	60%	39%	0,7%
In accordance with the Rules for the Formation of the Talent Pool of NC KTZ JSC, strategic and functional Succession Plans were approved for 1,007 employees across the Company, its branches and subsidiaries.	lean production, stakeholder engagement, and effective communication.											
As a result of the regular comprehensive performance evaluation conducted for the reporting period of 2023, 722 high-potential employees (positions 8-9 on the talent map) were added to the talent pool.	In addition, a programme entitled "Developing Leadership Thinking and Management Skills to Improve Corporate Effectiveness" was launched for functional successors at the network level (91 employees), based on the targeted competency model and the CliftonStrengths 34 by Gallup evaluation. The aim is to identify employees' unique strengths, increase motivation and engagement, and enhance corporate culture.											
As part of talent development, a two-module leadership programme entitled "Topzhargan-2024" was implemented, covering successors from regional and line-level units of the Main Railway Network Directorate, Branch of NC KTZ JSC, KTZ-Freight Transportation LLP, and Passenger Transportation JSC (66 employees). The programme is designed to enhance managerial competencies in occupational safety culture,	For 2025, the Company plans to update the List of Key Positions, including heads of structural units within the corporate centre and critical positions among operational staff that have a direct impact on strategic development and operational performance.											
NUMBER OF EMPLOYEES INCLUDED IN THE TALENT POOL												
NUMBER OF EMPLOYEES PROMOTED OR APPOINTED FROM THE TALENT POOL												

CHARITABLE AND SPONSORSHIP ACTIVITIES

The implementation of a unified policy on charitable assistance within Samruk-Kazyna JSC Group is carried out through Samruk-Kazyna Trust Corporate Foundation.

NC KTZ JSC, in turn, creates the necessary conditions for supporting low-income citizens and vulnerable groups through corporate volunteering initiatives, enabling employees not only to contribute to the development of society and the environment but also to strengthen collegial relationships.

In 2024, corporate volunteers supported the implementation of a number of initiatives and events, including:

- Participating in fundraising and the provision of humanitarian aid, including the donation of one day's salary to support employees affected by floods;
- Organising celebrations for national and public holidays, including Transport Workers' Day;
- Holding festive events dedicated to International Children's Day, Knowledge Day, and the International Day of Older Persons;
- Conducting the "Back to School" campaign for large families residing in remote stations and sidings;
- Implementing the "Children's Wish Tree" campaign for children with special needs ahead of the New Year as part of the XIII Republican Youth Forum of NC KTZ JSC in Astana, as well as replicating the initiative in the regions of Aktobe, Atyrau, Shymkent,

Karaganda and Ust-Kamenogorsk by young employees;

- Taking part in the "Wish Tree" campaign organised by Samruk-Kazyna JSC for children with special needs whose parents work in the Foundation Group;
- Carrying out the "Grocery Basket" and "Household Coal for Winter" campaigns for elderly veterans and retirees of the industry;
- Implementing regional initiatives to support local public utility workers.

In 2024, in response to requests from more than 45 employees of the NC KTZ JSC Group for financial support due to illness, accidents, and other life circumstances, the Company organised internal fundraising campaigns. These included email appeals and publications in the Qazaqstan Temirholshysy newspaper, calling on colleagues to make voluntary donations. These efforts helped raise substantial funds to assist employees in need.

To further promote corporate volunteering, the NC KTZ JSC Corporate Volunteer of the Year contest was held in 2024, with awards presented in five categories: Caring for the Elderly, Caring for Children, Caring for Nature, Community and Environmental Development, Sports and Well-being.

The total number of volunteer person-hours contributed exceeded 31,000 in 2024.

SUPPORTING PENSIONERS

NC KTZ JSC pays special attention to supporting its retired employees. More than 45,000 pensioners are currently enjoying their well-earned retirement, each receiving care and support from the Company. Supporting pensioners is not only a responsibility but also a key area of the Company's social policy, reflecting deep appreciation for their years of dedicated service and contribution to the development of the railway industry.

The Company regularly implements support programmes timed to significant dates, such as the International Day of Older Persons, professional holidays, and other important occasions. Retired employees receive financial assistance and various benefits, including free or subsidised medical check-ups, support with the purchase of medication, and vouchers for health resort treatment – all aimed at ensuring a decent and comfortable quality of life.

In addition, non-working pensioners are provided with a social benefits package, which includes annual free railway travel; health resort treatment; one-time financial assistance upon reaching the milestone ages of 70, 80, 90, and 100; additional support provided based on decisions of the Commission on Social and Living Issues and during holidays such as Transport Workers' Day and Victory Day.

In addition to financial assistance, NC KTZ JSC actively involves its veterans in corporate life. Retired employees take part in various events, meetings, and anniversary celebrations, allowing them to maintain ties with their former colleagues, stay engaged with the Company's life, and remain socially active.

The Company continues to enhance its pensioner support programmes, creating conditions for a life of dignity and comfort in retirement.

SUPPORTING YOUNG EMPLOYEES

NC KTZ JSC places a strong emphasis on developing the human capital of its young workforce through the implementation of a corporate youth policy.

In June 2023, the Company approved an updated Youth Policy Programme for 2023–2026, covering both NC KTZ JSC and its subsidiaries.

The objective of the Programme is to create socio-economic, organisational and legal conditions and guarantees that support the personal and professional development of young employees, enabling them to fully realise their potential in the interests of NC KTZ JSC.

The Youth Policy Programme is aimed at improving professional skills, fostering corporate spirit, strengthening mechanisms for the attraction and integration of young professionals, encouraging their participation in addressing business challenges, and promoting spiritual and moral values, healthy lifestyles, and sports. The following initiatives are being implemented as part of the Programme:

- The "100 Young Faces of KTZ" young professionals development programme;
- The "Zhas Uzdk Maman" professional skills competition;
- The KVN movement (Club of the Cheerful and Sharp-witted);
- The "Temirzhol Bilgirly" Intellectual Game League;
- The Corporate Volunteering School;
- The "GalstukOFF" video project launched on the Company's official YouTube channel.

"100 Young Faces of KTZ" Young Professionals Development Programme

The purpose of this programme is to promote the values of ethics, meritocracy, professionalism and active loyalty by showcasing real examples of young Company employees.

In 2023–2024, the second cohort of the "100 Young Faces of KTZ" programme completed modular training focused on the development of personal and professional competencies, as well as project management. Participants developed 15 business process optimisation projects, which were presented at the XIII Republican Youth Forum, and took part in ESG challenges.

From 1 July to 29 November 2024, applications were accepted for the third cohort of the programme. Out of more than 1,000 applications, candidates completed a seven-stage selection process, including testing, business case resolution, competency-based interviews, and expert assessments.

"Zhas Uzdk Maman" Professional Skills Competition

This competition aims to enhance the prestige of blue-collar professions, boost labour productivity, and motivate young workers.

It consists of two stages – regional and national – and is held among five core railway industry professions.

In 2024, more than 350 young employees took part in the regional stage of the competition, which covered the following five professions:

- Recovery train crane operator;
- Signalling and communications electrician;
- Passenger car attendant;
- Freight cashier;
- Electric locomotive driver.

As a result of the regional stage, 50 participants advanced to the national final in Astana. Winners and runners-up receive financial awards in accordance with the Company's collective bargaining agreement.

Corporate Volunteering School

In 2023, NC KTZ JSC launched the Corporate Volunteering School project, bringing together employees from across the country who are actively engaged in volunteer activities.

The project continued in 2024 with a Volunteering Forum held in Astana, attended by 120 regular corporate volunteers. The Forum featured speakers with extensive experience in volunteering and charity work, as well as representatives of the national volunteer network.

As part of the Forum, the "NC KTZ JSC Corporate Volunteer" competition was held, with awards presented in five categories: Caring for the Elderly, Caring for Children, Caring for Nature, Community and Environmental Development, Sports and Well-being.

PROMOTING A HEALTHY LIFESTYLE

NC KTZ JSC is a member of the International Railway Sports Association (USIC), which brings together 16 countries.

In 2024, to promote a healthy lifestyle and physical fitness across the Company, a total of 355 sports events were held in all regions, attracting participation from over 16.6 thousand employees.

In addition, more than 3,000 railway workers took part in 280 sports events organised by local authorities and external organisations.

Some 22.2 thousand employees are actively involved in Company-run sports clubs. 21.6 thousand staff members take part in workplace exercise sessions, while 4.3 thousand participate in breathing exercises.

SUPPORTING CHILDREN

Each year, NC KTZ JSC and its subsidiaries organise New Year celebrations for employees' children aged 1 to 10. In 2024, more than 50,000 children attended these festive events.

In addition, over 6,000 children aged 7 to 13 enjoyed summer holidays at wellness camps across Kazakhstan.

The Company covers rail travel costs for the children and ensures they are accompanied by medical personnel during their journeys.

PLANS FOR 2025 AND THE MEDIUM-TERM OUTLOOK

In 2025, the Company's key priorities in human capital management will focus on enhancing employee qualifications, developing workforce capacity, and improving working conditions in line with its strategic course. Particular emphasis will be placed on activities related to the Year of Skilled Trades, as announced in the President's Address to the People of Kazakhstan.

To promote skilled trades among youth, enhance the prestige of railway professions, and improve employee competencies, the Company has planned a range of activities in 2025, including:

- Practical sessions and training workshops involving experienced industry professionals to share best practices and knowledge;
- Engaging Company specialists to deliver guest lectures at railway colleges and universities across Kazakhstan, helping students gain insights into current trends and industry demands;
- Organising excursions and familiarisation meetings for students and young specialists to introduce them to real working environments and production processes;
- Hosting corporate championships across departments to encourage professional growth, knowledge-sharing and peer learning;

In the medium term, the Company will continue implementing programmes aimed at increasing the appeal of railway careers, introducing advanced educational technologies, and developing a robust talent pipeline.

Key focus areas will include:

- Developing long-term partnerships with educational institutions to train highly qualified specialists;
- Expanding dual education and internship opportunities at production facilities;
- Advancing continuous professional development and employee certification systems;
- Enhancing medical insurance schemes, improving access to health resorts, and supporting employee housing initiatives;
- Introducing modern digital solutions for HR process automation, including e-systems for onboarding, performance evaluation, and training.



GOAL 6. ENSURING RAILWAY SAFETY

Ensuring railway safety, safe working conditions, and the protection of the health and lives of employees is a key priority for the Company.

TRAFFIC SAFETY

The fundamental document governing traffic safety – the Railway Safety Management System Manual – outlines the requirements for planning, implementation, monitoring and continuous improvement of the Company's safety management system. The Manual has been developed in accordance with the legislative and regulatory acts of the Republic of Kazakhstan, the international standard ISO 9001:2015, and the Company's internal regulations related to traffic safety.

The Company's top priorities in the field of railway safety include:

- protecting the lives and health of people;
- safeguarding freight, rolling stock, and infrastructure facilities;
- ensuring the targeted level of traffic safety;
- minimising the consequences of transport incidents.

In 2024, railway safety violations on the main railway network by all participants in the transportation process were reduced by 26 cases compared to 2023. A total of 717 violations were recorded (compared to 743 cases in 2023²⁸).

The number of railway safety violations recorded by the NC KTZ JSC Group decreased by 15% compared to 2023, with 117 incidents reported (compared to 138 cases in 2023), accounting for 16% of the total number of violations.

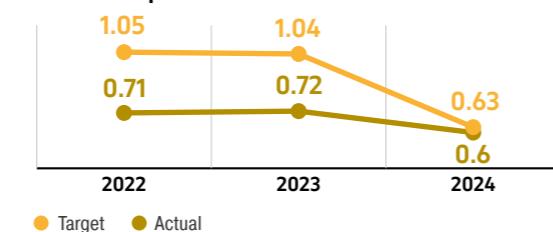
The strategic initiative set out in the Strategy of NC KTZ JSC is aimed at improving safety management within the transportation process and achieving the goal of zero injuries.

RAILWAY SAFETY VIOLATIONS BY ALL TRANSPORTATION PROCESS PARTICIPANTS, Number of Cases



The "Railway Safety Level" indicator improved in 2024, with the target set by the Board of Directors of NC KTZ JSC achieved.

TARGET RAILWAY SAFETY LEVEL, Number of Incidents per Million Train-Kilometres



In 2024, the Company continued to implement measures to improve railway safety, helping to maintain a positive trend in safety performance indicators.

Key measures implemented over the reporting year included:

- reducing cases of injury to people on railway tracks;
- holding over 12,000 awareness-raising meetings, reaching more than 166,000 persons;
- conducting more than 3,000 inspections that resulted in administrative penalties;
- organising 551 media appearances and publications;
- providing training for over 6,000 employees;
- recognising distinguished employees with awards and cash bonuses;
- repairing and servicing more than 9,000 units of rolling stock;
- carrying out capital repairs of 570.6 km of track.

Systematic measures were introduced in the Company's structural units and subsidiaries aimed at enhancing the railway safety management system, developing human resources, and improving the reliability of infrastructure and rolling stock systems.

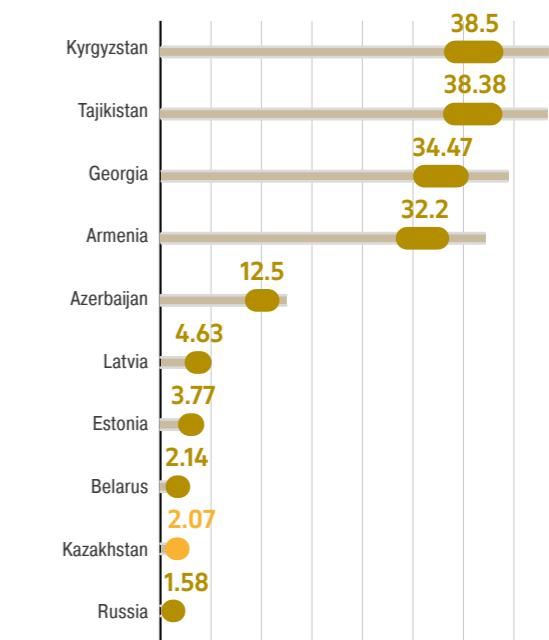
In addition, in accordance with the Rules for Railway Track Diagnostics²⁹, inspections are conducted to maintain a high level of traffic safety.

Track diagnostics include continuous monitoring of the technical condition, identifying and determining the causes of defects that pose a threat to traffic safety, disrupt the transportation process, or require urgent or planned preventive maintenance.

The frequency of inspections of rails laid in the track, welded joints, and metal components of turnouts is determined by the above-mentioned Rules.

In 2024, diagnostic tools were used to inspect 462,955 km of track.

**RATE OF RAILWAY SAFETY VIOLATIONS,
Total per Million Train-Kilometres³⁰**



A comparative analysis of railway safety indicators among international rail administrations of the Commonwealth of Independent States (CIS) for 2024 showed that the number of safety violations per million train-kilometres recorded by the Company was lower than that of other rail administrations under review, with the exception of Russia.

²⁸Data for 2023 have been adjusted compared to the figures published in the Integrated Annual Report of NC KTZ JSC for 2023, due to the identification of previously unreported safety violations and additional investigations, where NC KTZ JSC entities were found to be at fault.

²⁹Approved by Order No. 1125 dated 29 December 2017 of the Chief Engineer of NC KTZ JSC.
³⁰Source: Directorate of the Council for Rail Transport of the CIS Member States.



OCCUPATIONAL HEALTH AND SAFETY

GRI 3-3, 403-1, 403-8, 403-10

Employees are the Company's most valuable asset. Therefore, ensuring safe working conditions and protecting employees' health remains a top priority for the Company.

Occupational health and safety processes are managed in accordance with the Occupational Health and Safety Management System Manual³¹. The Manual has been developed in compliance with the requirements of ISO 45001:2018 and GOST 12.0.230 and serves as the principal document regulating occupational health and safety management across the NC KTZ JSC Group.

COMPLIANCE OF THE MANAGEMENT SYSTEM WITH INTERNATIONAL STANDARDS

The Company undergoes external audits on an annual basis to confirm compliance with international and national standards in the fields of industrial safety, occupational health and safety, and environmental protection.

HAZARD IDENTIFICATION AND RISK ASSESSMENT

GRI 403-2, 403-9

Hazard identification, risk assessment and incident investigation are key elements in ensuring occupational safety. In this context, the Company regularly assesses risks and identifies potential hazards, conducts audits and inspections, and develops action plans in the event of accidents and incidents.

Incident investigations play a vital role in identifying root causes and preventing recurrence. To ensure

The occupational health and safety management system is designed to ensure the protection of the health and safety of the Company's employees, contractors, and other stakeholders who may be exposed to risks associated with the activities of the Company and its subsidiaries.

The Manual is applicable to the Company and its subsidiaries and is mandatory for all employees.



The Manual is available on the Company's corporate website via the following link: see [Occupational Health and Safety Management System Manual](#).

In 2024, NC KTZ JSC successfully passed an external audit. Compliance with the principles of ISO 45001:2018 is confirmed by a certificate issued by international auditors from TÜV Thüringen Kazakhstan LLP.

effective hazard identification and risk assessment, employees receive regular training and information on safety procedures, the use of personal protective equipment (PPE), and safe work practices.

The Company has adopted the Standard on the Identification of Hazards and Environmental Aspects, Risk Assessment and Occupational Safety Risk Management at NC KTZ JSC and Its Subsidiaries³². The purpose of the Standard is to ensure a unified approach to hazard and environmental aspect identification, risk

assessment, and management in the field of occupational safety across NC KTZ JSC.

In 2024, scheduled hazard identification was carried out by working groups from the network, regional, and line-level management units as part of the ongoing risk assessment process.

In units where accidents occurred, unscheduled risk and hazard assessments were conducted.

Following the hazard identification process, 481 risks were recorded in the Company's risk register. Of these, five risks were classified as critical, falling into the red zone of the occupational safety risk map. These included: collisions with locomotives and rolling stock, road traffic accidents, employee falls, loading and unloading operations, and falls from height.

To mitigate these risks, the Company implemented and continues to implement action plans that include the following activities:

- implementation of the Fund's Occupational Safety Plan;
- implementation of activities to prevent fatal accidents for 2024–2026;
- implementation of activities to prevent electrical injuries for 2024–2026;
- employee training under the "Safe Work Culture" programme and other international courses;
- expansion of the coverage of the digital "Work Permit" system across operational processes.

Based on investigations into fatal incidents, a number of initiatives were developed, including:

- implementation of the 2024 Occupational Safety Action Plan and 2024–2026 plans to prevent fatal accidents and electrical injuries;
- completion of training programmes including "Workplace Hazard and Risk Management", "Fundamentals of Electrical Safety", "Incident

Investigation", as well as NEBOSH and IOSH international safety courses;

- unscheduled certification of senior executives, operational managers, and occupational safety officers from subsidiaries and regional and network-level branches to assess compliance with job requirements and performance in the field of occupational safety;
- revision of 809 process flow charts and technological procedures to ensure completeness, accuracy, and compliance with safety requirements, followed by updates as necessary;
- organisation of awareness-raising and educational initiatives such as the "Caution: Rolling Stock!", "Injury-Free Railway", and "Strengthening Labour Discipline – The Foundation of Injury Prevention" campaigns, as well as seminars and best practice workshops.

The Behaviour-Based Safety Dialogue (BBSD) is an important proactive measure implemented by the Company to prevent workplace injuries. During these dialogues, employees identify hazardous conditions and unsafe behaviours while performing operational tasks.

In 2024, a total of 83,659 BBSDs were conducted, including 1,058 work stoppages, 27,718 hazardous conditions, and 5,106 near-misses, with 100% of identified non-conformities fully rectified.

The Company also actively informs employees about occupational hazards and hazardous situations through various channels, including job instruction briefings, targeted and unscheduled safety briefings, technical training sessions, and the dissemination of information materials ("Lightning Alerts", "Bulletins", posters) via the "Safety Minute" module in the Integrated Occupational Safety and Health System (IOSH), as well as through electronic document workflow and corporate email.

VISION ZERO

Safety. Health. Wellbeing.

In January 2019, NC KTZ JSC joined the International Social Security Association (ISSA), which promotes the Vision Zero approach to safety.

The core principle of Vision Zero is that workplace accidents have identifiable causes that can be eliminated through a strong culture of prevention. By fostering such a culture, it is possible to prevent workplace accidents, injuries, and occupational diseases.

Today, the IOSH mobile application enables responses to all types of incidents, including accidents, environmental events, near-misses, occupational diseases, and health deterioration.

As part of the implementation of the international Vision Zero programme, Nurlan Sauranbayev, Chairman of the Management Board of NC KTZ JSC, signed the Right to Stop Unsafe Work commitment. This grants every employee the right to stop work if it poses a direct threat to life or health.

³¹Approved by the decision of the Management Board of NC KTZ JSC dated 24 October 2022 (Minutes No. 02/29).

³²Approved by Decision No. 614-CS dated 01 September 2023 of the Management Board of NC KTZ JSC.

RIGHT TO STOP UNSAFE WORK

Since 2019, in accordance with the Behaviour-Based Safety Dialogue Guidelines, NC KTZ JSC has introduced a mechanism empowering employees to stop unsafe work if its continuation poses a threat to life and health.

In 2024, 1,058 employees exercised this right (compared to 1,675 in 2023).

OCCUPATIONAL HEALTH AND SAFETY MEASURES

In 2024, the Company implemented 2,106 measures aimed at improving working conditions and preventing occupational injuries and diseases.

Total expenditure on improving working conditions and occupational health and safety amounted to KZT 14,475 million.

OCCUPATIONAL HEALTH AND SAFETY EXPENDITURE, 2024, KZT MILLION

	2021	2022	2023	2024
Total	4,417.4	4,685.2	7,854.6	14,475
Occupational health and safety	2,927.0	3,317.9	5,026.6	6,885
Fire safety	576.6	613.6	512	670
Industrial safety	414.4	523.1	2,067.3	6,616
Training	438.3	227.7	245.5	301
Other	61.1	2.9	3.2	3

In 2024, average spending per NC KTZ JSC employee on improving working conditions and occupational health and safety amounted to KZT 132.1 thousand (compared to KZT 67.4 thousand in 2023).

OCCUPATIONAL HEALTH AND SAFETY COMMITTEES

GRI 403-4

The Company operates 227 Occupational Health and Safety Committees, which are an integral part of its occupational health and safety management system. These Committees represent a key form of employee participation in managing occupational health and safety. Their primary purpose is to continuously improve working conditions and occupational health and safety through the enhancement of technological processes, upgrading of equipment, staff training, and timely provision of personal protective equipment. They also aim to foster employee engagement in safety initiatives, reduce the number of workplace injuries, and prevent fatalities.

In 2024, a total of 62 seminars on occupational health and safety were held.

To identify hazardous working conditions, technical inspectors are included in the Committees. The total number of trained occupational health and safety technical inspectors within the Company stands at 1,395. Their responsibilities include inspecting working conditions, proposing improvements to occupational safety and health, and having the authority to suspend specific production processes, workshops, worksites, or the operation of machinery and equipment if deemed unsafe.

In 2024, the technical inspectors carried out 1,757 inspections, identifying a total of 17,616 violations.

OCCUPATIONAL INJURIES

GRI 403-9

In 2024, a total of 88 incidents were recorded, of which 20 were classified as recordable³³ and 68 as non-recordable. A total of 51 employees were injured (including 24 in recordable incidents and 27 in non-recordable incidents), with 14 fatalities (8 recordable, 6 non-recordable), 19 severe injuries (11 recordable, 8 non-recordable), and 18 cases involving temporary loss of work capacity (5 recordable, 13 non-recordable).

The average Lost Time Injury Rate (LTIR³⁴) for recordable incidents was 0.12, meeting the target value of 0.12 and staying within the threshold value of 0.13. The financial damage amounted to KZT 461,983 thousand (compared to KZT 555,140 thousand in 2023).

In 2024, the total number of hours worked amounted to 206,835,446 man-hours. The Total Recordable Injury Rate (TRIR³⁵) was 0.03, the Fatal Accident Rate (FAR³⁶) was 0.03, and the Near Miss Rate³⁷ was 4.9.

Main types of occupational injuries included:

- Contact with moving, flying, or rotating objects and parts;
- Railway transport incidents (collisions);
- Falls from height;
- Falls on the same level;
- Drowning;
- Falling objects or materials;
- Electric shock.

TRANSPORT SAFETY

The Company operates a fleet of 2,246 vehicles used for transporting employees to production sites and for the official use of executives.

In 2024, four road traffic accidents were recorded, resulting in injuries to eight employees, including two fatalities.

To minimise the risk of road incidents, the Company provides driver training in safe driving techniques. In 2024, fifty drivers completed a certified Defensive Driving course.

Additionally, in 2024, the Company purchased 88 modern vehicles and 24 units of specialised machinery (track equipment and rolling stock).

FIRE SAFETY

In 2024, 51 fire incidents were recorded, representing a 36% decrease compared to 2023 (80 incidents). Within the NC KTZ JSC Group, 19 fire incidents were registered versus 37 in 2023 – a reduction of 49%. In 19 cases, support was provided to the Department for Emergency Situations (DES) units, while 13 fire incidents occurred at facilities belonging to third-party organisations.

The main causes of fire incidents were as follows: 68% due to non-compliance with fire safety regulations, 14% due to electrical short circuits, 10% due to the spread of steppe fires, 6% due to technical malfunctions, and 2% directly from steppe fires.

Fire trains and vehicles of the Non-Governmental Fire Service of NC KTZ JSC were deployed to extinguish fires in accordance with the approved mobilisation plan. This plan covers the deployment of resources for fire suppression in populated areas, forest and steppe zones, as well as facilities of third-party organisations, in support of DES units.

In 2024, the Company implemented a set of measures aimed at preventing fire incidents and enhancing fire safety. These included fire safety inspections, identification of violations, issuance of warnings, and the organisation of training sessions and briefings.

³³The classification of incidents as recordable or non-recordable is based on official investigation reports and special investigations into work-related accidents.

³⁴Calculated per 1,000,000 hours worked.

³⁵Accident Rate.

³⁶Fatal Accident Rate.

³⁷Near-Miss Rate.

As part of cooperation with government authorities, the Company participated in meetings held by the Ministry for Emergency Situations (MES) on fire safety matters, as well as meetings with local authorities, DES units, and farming enterprises. Ahead of the fire-prone season, the Company conducted

internal drills and took part in national command and staff exercises.

Special attention was given to awareness-raising efforts: fire prevention activities were widely covered in the media, and various informational materials were developed and distributed.

OCCUPATIONAL INJURY PREVENTION

In 2024, the Company implemented a comprehensive set of measures aimed at improving occupational health and safety. The Occupational Health and Safety Action Plan for 2024 was fully executed. Training programmes were conducted on topics such as "Workplace Hazard and Risk Management", "Fundamentals of Electrical Safety", and "Incident Investigation", including internationally recognised courses such as NEBOSH and IOSH. Unscheduled certification of operational managers, as well as of occupational safety officers from subsidiaries and regional and network-level branches was carried out to assess compliance with job requirements and performance in the field of occupational safety.

To reduce occupational injuries, the Company implemented programmes to prevent accidents and electrical injuries, and conducted incident analysis

with the involvement of international experts. A review of technological procedures and process maps was undertaken in line with safety requirements, and new performance indicators were developed in this area.

Significant attention was given to improving working conditions: signal torches and safety harnesses were procured, safe passageway schemes were updated, service walkways and platforms were repaired, automated alert systems were installed, and safety signs were replaced.

In addition, 159 employees who demonstrated initiative in preventing potentially hazardous situations were awarded cash bonuses. The Company continues its systematic efforts to foster a safety culture and mitigate injury-related risks.

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT IN CONTRACTING ORGANISATIONS

GRI 403-7

The Company pays particular attention to occupational health and safety when working with contracting organisations. As part of the procurement of goods, works and services, suppliers are required to implement established measures and comply with the occupational health and safety, fire safety, and environmental legislation of the Republic of Kazakhstan.

To ensure a high level of safety, the Company has adopted a corporate standard titled "Safety Management for Work Performed by Contractors at NC KTZ JSC and Its Subsidiaries". This standard outlines mandatory compliance with legislation and internal Company regulations, the holding of kick-off meetings and introductory briefings on safety, as well as continuous monitoring of occupational health and safety compliance.

In 2024, a total of 4,107 audits were conducted to verify compliance with occupational safety requirements, resulting in the identification of 1,268 non-conformities, all of which were rectified.

Also in 2024, 335 managers, engineering and technical staff of contracting organisations, and outsourced personnel were trained under the "Occupational Safety Culture" programme, delivered by the Company's internal trainers.

GRI 403-9

During the reporting year, three occupational accidents were recorded within contracting organisations, involving six injured workers: two with fatal outcomes, one with a serious injury, and three resulting in temporary incapacity for work.

In 2024, the total number of hours worked by contracting organisations amounted to 14,768,000 man-hours. The Fatal Accident Rate (FAR³⁸) was 0.14; the Total Recordable Injury Rate (TRIR³⁹), excluding fatal incidents, was 0.07; and the Lost Time Injury Rate (LTIR⁴⁰) was 0.41.

The main types of occupational injuries among contracting organisations included rail transport incidents (collisions) and falling objects and materials.

EMPLOYEE TRAINING

GRI 403-5

One of the key preventive measures within the occupational health and safety management system aimed at reducing the number of workplace incidents is the training of specialists, employees and managers in safety rules in accordance with

PROMOTING SAFE BEHAVIOUR

In 2024, 115 employees were rewarded with cash bonuses ranging from 11 to 22 monthly calculation indices (MCIs) for actively applying proactive safety tools.

In honour of World Day for Safety and Health at Work, the following awards were presented to employees

the requirements of the Labour Code, authorised bodies, and internal regulations of Samruk-Kazyna JSC and NC KTZ JSC.

In 2024, a total of 89,461 employees received training in occupational health and safety.

for their commitment to safety practices: "For Honest Labour" badge – 2 employees; "For Bravery" badge – 1 employee; "Best in Profession" title – 1 employee; Certificates of Appreciation and Letters of Gratitude – 5 employees.

OCCUPATIONAL HEALTH AND SAFETY FORUM

On 6 December 2024, the VI Occupational Health and Safety Forum was held with the participation of representatives from Samruk-Kazyna JSC, ÖBB (Austrian Federal Railways), KEGOC JSC, WABTEC, and the management of NC KTZ JSC.

The Forum focused on the importance of preventive measures and their role in reducing occupational injuries.

The event concluded with an awards ceremony recognising outstanding safety and occupational health professionals: "For Honest Labour" badge – 3 employees; "Best in Profession" title – 2 employees; "Certificate of Honour" – 2 employees; "Letter of Appreciation" – 13 employees.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL OLYMPIAD

On 23 October 2024, the Corporate Occupational Health, Safety and Environmental Olympiad was held with the participation of 25 specialists. Awards were presented to the top performers: "For Honest

Labour" badge – 4 employees; "Best Specialist" title – 2 employees. The winners received vouchers for health resort treatment and commemorative gifts.

³⁸Fatal Accident Rate.

³⁹Total Recordable Injury Rate (excluding fatalities).

⁴⁰Lost Time Injury Rate.

INTEGRATED OCCUPATIONAL SAFETY AND HEALTH SYSTEM

NC KTZ JSC successfully operates an automated Integrated Occupational Safety and Health System (iOSH), which combines several modules, including internal control, behaviour-based safety dialogues, incident and emergency management, lightning alerts and bulletins, environmental protection, certification of production facilities for working conditions, surveys, and safety minutes.

More than 100,000 employees are users of the iOSH. Through the mobile application, each employee has the ability to stop unsafe work upon identifying any potential threat to their own safety or that of their colleagues.

NUMBER OF EMPLOYEES COVERED BY THE OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT SYSTEM, 2024, PERSONS

GRI 403-8

	2024
All employees	
Total number	2024
Number of employees covered by the OSHMS	117,681
Percentage of employees covered by the OSHMS	100%
Number of employees covered by the OSHMS that underwent internal audit	117,681 ⁴¹
Percentage of employees covered by the OSHMS that underwent internal audit	100%
Number of employees covered by the OSHMS that underwent external audit or third-party certification	5,100
Percentage of employees covered by the OSHMS that underwent external audit or third-party certification	4%
All workers who are not employees but whose work and/or workplace is controlled by the Company	
Total number	2024
Number of workers covered by the OSHMS	262
Percentage of workers covered by the OSHMS	0%
Number of workers covered by the OSHMS that underwent internal audit	0
Percentage of workers covered by the OSHMS that underwent internal audit	0%
Number of workers covered by the OSHMS that underwent external audit or third-party certification	0
Percentage of workers covered by the OSHMS that underwent external audit or third-party certification	0%

PLANS FOR 2025 AND THE MEDIUM-TERM OUTLOOK

In the next reporting period, the Company plans to implement approximately 30 initiatives under the 2025 Occupational Health and Safety Action Plan, conduct root cause and contributing factor analyses of incidents at line-level enterprises with the participation of international experts, and continue implementing initiatives to prevent fatal accidents (2024–2026) and electrical injuries (2024–2026). Further plans include the development and introduction

of occupational health and safety IT projects (2024–2027), implementation of cardiovascular disease prevention programmes (2024–2025), and execution of initiatives aimed at reducing stress and improving employee mental health (2023–2025). The Company will also continue to promote occupational health and safety awareness through forums, seminars, training sessions, competitions, olympiads, and educational programmes.

⁴¹The number of employees is provided according to the Recertification Audit Report for ISO 9001, ISO 14001, ISO 45001, and ISO 50001 standards

HEALTH PROTECTION AND MEDICAL SUPPORT

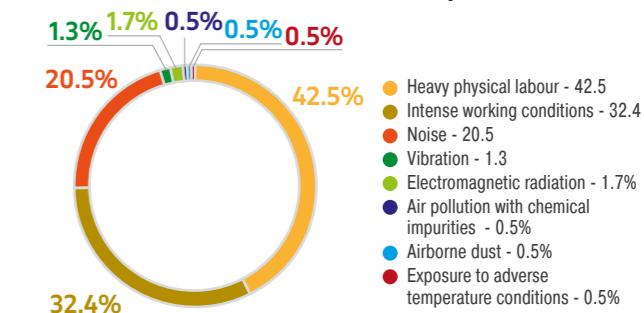
GRI 403-3, 403-10

Railway activities are associated with an increased risk of occupational injuries, unsafe train movements, and the potential development of chronic diseases among employees. Health protection and medical support are key components of the social policy of NC KTZ JSC.

In 2024, based on the assessment of working conditions at production facilities, the Company identified 25,667 workplaces where 52,253 employees work under hazardous, heavy, and strenuous working conditions.

The main hazardous factors include noise, intense and heavy physical labour, vibration, electromagnetic radiation, etc.

EMPLOYEES WORKING IN HAZARDOUS WORKING CONDITIONS BY FACTOR, %



SICK LEAVE AND MEDICAL INSURANCE

In 2024, 85,257 employees received voluntary medical insurance worth KZT 5.07 billion.

The total number of sick leave days amounted to 1,287,136, which is higher than the figure for 2023 (1,277,560). The main illnesses leading to employee incapacity were acute respiratory viral infections, influenza, pneumonia, and musculoskeletal diseases.

Mental Health Survey

From April 1 to 30, 2024, an anonymous online survey was conducted for 19,097 employees (19.4% of the workforce). The highest interest was shown by employees aged 41–50, and the lowest by those aged 18–30 (13.5%).

The survey revealed anxiety symptoms in 24.9% of respondents, including anxiety, sleep and appetite disturbances, apathy, and poor concentration. 30.4% of respondents felt that stress did not affect their work performance, 8.7% experienced apathy and fatigue, and 2.1% struggled to perform their duties at the usual level.

Almost 45.4% suggested corporate events as a preventive measure, 13.6% preferred psychological relaxation rooms, and 10.4% advocated for stress management training.

To improve the situation, it was suggested to continue monitoring mental health, propose automation and mechanization of labour, improve working conditions, and organise events aimed at creating a favorable psychological climate.

SUDDEN HEALTH DETERIORATION

GRI 403-6

Sudden deterioration of health at the workplace is considered an unrecorded case of industrial injury caused by an underlying disease.

In 2024, 42 employees of NC KTZ JSC suffered from sudden health deterioration (SHD), 16 of whom died.

The causes of SHD were as follows: 74% were due to cardiovascular diseases, including ischemic heart disease complicated by myocardial infarction, and arterial hypertension with complications such as transient ischemic attack and acute cerebrovascular accident. 2.3% of SHD were due to kidney diseases, 7.4% to endocrine diseases, 2.3% to allergic diseases, and 14% to neurological disorders.

The highest proportion of SHD with fatal outcomes was due to heart failure (31.4%) and infarctions (25%). Strokes accounted for 18.7%, acute pancreatitis and gastritis for 12.5%, while kidney diseases and coma of unknown etiology each accounted for 6.2%.

Based on investigations of SHD cases, the Company has developed and implemented the following measures:

- Action plans to prevent workplace stress and improve mental health for NC KTZ JSC employees (2023–2025), to prevent cardiovascular diseases (2024–2025);

- Safety minute guidelines for providing first aid in cases of heart attacks and strokes;
- A survey of employees on the quality of medical examinations;
- Monitoring of registered SHD cases and control over mandatory medical examinations to identify hidden diseases;
- Technical specifications for automated medical examination systems as part of category-based procurement strategies;
- A seminar for World Heart Day with diagnostic actions and consultations.

MEDICAL EXAMINATIONS

The Company conducts mandatory medical examinations to determine employees' fitness for work and to timely identify health risks.

In 2024, 6.39 million pre-shift medical examinations were conducted, of which 1,088 employees (0.01%) were removed from work for medical concerns, mostly cardiovascular diseases (45.1%).

Periodic medical examinations were conducted for 98% of employees. As a result, 3,566 employees (3.7%) were referred for follow-up medical care, and 662 employees (0.7%) were temporarily removed from work for medical concerns.

The most common causes for removal were cardiovascular diseases (54.1%), ARVI (28.2%), and gastrointestinal diseases (4.7%). The average age of those removed from work was 50 years.



CORPORATE GOVERNANCE REPORT

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ON SOLID RAILS –
POWERED BY SKILL AND
DEDICATION



NC KTZ JSC places special emphasis on corporate governance, recognising that its effectiveness directly influences the sustainability and successful development of the Company. The interaction between shareholders, management, and employees is considered a key element of the Strategy aimed at fostering a favourable and transparent corporate culture.

The Company strives to uphold the principles of transparency, accountability, and fairness

CORPORATE GOVERNANCE SYSTEM

NC KTZ JSC views corporate governance as an integral part of its operations, ensuring sustainable development and stable growth for the Company. An effective governance system enhances transparency, strengthens trust, and facilitates the achievement of strategic priorities.

in its operations. Moreover, the implementation of advanced governance practices helps mitigate risks associated with operations and ensures the effective use of resources.

Overall, for NC KTZ JSC, corporate governance is a strategic component that not only contributes to sustainable growth but also strengthens trust from investors, partners, and other stakeholders.

The Corporate Governance Code of NC KTZ JSC defines the principles of corporate governance and the set of processes ensuring the management and oversight of the Company's activities, as well as the system of relationships between the executive body, the Board of Directors, the sole shareholder, and other stakeholders.

CORPORATE GOVERNANCE STRUCTURE

The two-tier corporate governance system of NC KTZ JSC consists of two main levels of management: the Board of Directors and the executive body – the Management Board.

GRI 2-9

As of 31 December 2024, the Board of Directors of NC KTZ JSC comprises 9 members, including 8 non-executive members, of which

4 are independent directors, 4 represent the sole shareholder, and 1 is an executive member – the Chairman of the Management Board of NC KTZ JSC.

The Management Board of NC KTZ JSC consists of 10 members.

SOLE SHAREHOLDER	
	The highest governing body is the Sole Shareholder – the Fund. The Sole Shareholder has the rights defined by the laws and the Articles of Association. The Sole Shareholder may revoke any decision made by other bodies of the Company concerning internal Company matters.

BOARD OF DIRECTORS	
	The governing body of NC KTZ JSC that oversees the overall management of the Company, except for issues that are reserved by the Joint Stock Companies Act and the Articles of Association to the exclusive competence of the Sole Shareholder.

COMMITTEES OF THE BOARD OF DIRECTORS	
	The aim of the Committees under the Board of Directors is to enhance the effectiveness of the Board's work and improve the corporate governance system. The following Committees operate under the Board of Directors:

NOMINATION AND REMUNERATION COMMITTEE	STRATEGY AND FINANCE COMMITTEE	HEALTH, SAFETY AND ENVIRONMENT COMMITTEE	AUDIT COMMITTEE
	The Internal Audit Service aims to assist the Board of Directors and the executive body of NC KTZ JSC in improving the effectiveness of governance, financial, and operational activities of the Company. This is achieved through a systematic and consistent approach to analysing and assessing risk management systems, internal control, and corporate governance as tools to ensure reasonable assurance in achieving the Company's objectives.	The Compliance Service ensures compliance with regulatory requirements related to anti-corruption measures and the implementation of mechanisms to prevent corruption risks, in line with the anti-corruption laws of the Republic of Kazakhstan and best international practices.	The Corporate Secretary ensures that the bodies and officials of the Company comply with the rules and procedures of corporate governance, ensuring the realisation of the rights and interests of the Sole Shareholder. The Corporate Secretary's office is supported by the Corporate Secretary's Office.

MANAGEMENT BOARD	
	The collegial executive body of NC KTZ JSC, which is responsible for making decisions on Company activities not reserved by the Joint Stock Companies Act, other legislative acts of the Republic of Kazakhstan, or the Articles of Association to the competence of other bodies and officials of the Company.

COMMITTEES OF THE MANAGEMENT BOARD	
	To improve the effectiveness of decision-making, four committees operate under the Management Board:

CORPORATE GOVERNANCE CODE

The Corporate Governance Code of NC KTZ JSC⁴² has been developed in accordance with the laws of the Republic of Kazakhstan and the internal documents of Samruk-Kazyna JSC. The Code reflects both national and international best practices in corporate governance and sets out the principles on which the Company's corporate governance system is based.

 The Code is available on the Company's corporate website via the following link: see the [Corporate Governance Code of NC KTZ JSC](#).

The objectives of the Code are to improve corporate governance, ensure transparency of governance, and confirm the Company'

commitment to the standards of good corporate governance. The Code enshrines the key principles underlying the Company's governance system. The Board of Directors is responsible for overseeing the implementation of the Code's provisions within the Company.

The Code aims to promote the development of corporate governance, enhance the transparency of governance processes, and demonstrate the Company's commitment to sound corporate governance principles. It defines the fundamental principles of the corporate governance system, and the Board of Directors monitors the implementation of the Code's provisions across the Company.

COMPLIANCE WITH THE PRINCIPLES AND PROVISIONS OF THE CORPORATE GOVERNANCE CODE

The Corporate Secretary conducts an annual assessment of the Company's compliance with the principles and requirements of the Corporate Governance Code using the "comply or explain" approach.

The Board of Directors of NC KTZ JSC oversees the Code's compliance.

According to the 2024 Corporate Governance Code Compliance Report of NC KTZ JSC, approved by the Board of Directors⁴³, the Company complies with 89.8% of the Code's provisions, partially complies with 4.6%, and 5.6% are not applicable to the Company.

In 2025, NC KTZ JSC will continue efforts to further implement and comply with the provisions of the Corporate Governance Code.

STRENGTHENING THE CORPORATE GOVERNANCE SYSTEM

The Company is actively engaged in strengthening its corporate governance system. Taking into account recommendations from independent consultants, members of the Board of Directors, and other stakeholders, a Corporate Governance Improvement Plan for 2024 was developed and approved.

The Board of Directors of NC KTZ JSC is responsible for monitoring the implementation of the Corporate Governance Improvement Plan.

In 2024, the following initiatives were implemented as part of the Plan:

- A new Board of Directors Succession Plan was developed for NC KTZ JSC;

- Strategic sessions were held with participation from members of the Board of Directors and the Management Board of NC KTZ JSC;
- A self-evaluation of the Board of Directors' performance for 2023 was conducted. The report on the self-evaluation was approved by the Board of Directors of NC KTZ JSC on 25 April 2024 (Minutes No. 4);
- The Board Development Plan of NC KTZ JSC for 2024–2025 was approved;
- Activities and training sessions were held to raise employee awareness on occupational health and safety issues;
- in-depth scenario risk analysis was introduced, taking into account various factors;

⁴² Approved by the decision of the Sole Shareholder dated 27 May 2015 (Minutes No. 22/15)

⁴³ Decision of the Board of Directors dated April 23, 2025 (Minutes No. 5).

- The Social Stability Index for the first half of 2024 reached 67%, representing a 1% increase compared to 2023.

SOLE SHAREHOLDER

The highest governing body of the Company is its Sole Shareholder – Samruk-Kazyna JSC (hereinafter referred to as the "Fund"). As 100% of the shares in NC KTZ JSC are owned by the Sole Shareholder, all decisions within the competence of the general meeting of shareholders, as defined by the laws and the Company's Articles of Association, are made unilaterally by the Sole Shareholder.

The Sole Shareholder manages the Company in accordance with the laws of the Republic of Kazakhstan, including the Joint Stock Companies Act and the National Welfare Fund Act, as well as the Company's Articles of Association. Within the established framework, the shareholder takes key decisions relating to strategic development, approval of financial and operational plans, profit distribution, formation and oversight of governance bodies, and the appointment of members of the Board

In 2025, the Company plans to continue working on improving the corporate governance system at NC KTZ JSC and its subsidiaries, in particular, it is planned to approve an updated Corporate Governance Improvement Plan.

of Directors and the Chairman of the Management Board.

The Sole Shareholder plays a key role in the governance of the Company, ensuring compliance with established corporate standards. Additionally, the Sole Shareholder is instrumental in maintaining effective interaction with public authorities and in monitoring the Company's performance indicators in accordance with the approved strategy and policies, which is vital for the Company's success.

The Company has introduced accountability and reporting mechanisms that enable the Sole Shareholder to receive timely and relevant information to support informed decision-making.

In 2024, the Sole Shareholder reviewed the composition of the Board of Directors of NC KTZ JSC and approved the Company's annual financial statements for 2023.

BOARD OF DIRECTORS

The Board of Directors is responsible for the overall governance and strategic direction of the Company. Its decisions are made in accordance with the laws of the Republic of Kazakhstan and the Company's Articles of Association. The Board plays a vital role in ensuring the Company's stable, successful and long-term development, as well as in enhancing shareholder value. Its remit includes approving the Company's Development Strategy, defining strategic priorities, endorsing long-term plans and key programmes, and establishing overarching principles and approaches to risk management.

The activities of the Board of Directors are governed by the Company's Articles of Association, the Corporate Governance Code, and the internal Regulations on the Board of Directors. The Board operates in accordance with annual work plans and a pre-approved schedule of meetings, ensuring the efficiency

and soundness of its decision-making processes. If necessary, unscheduled issues are also submitted for consideration.

The Report on the Activities of the Board of Directors, which reflects the results of the activities of the Board of Directors and its Committees for 2024, measures taken by the Board of Directors to increase the long-term value and sustainable development of the Company, significant events, issues considered, number of meetings, form of meetings, attendance, and other important information, was approved by the decision of the Board of Directors dated February 6, 2025 (Minutes No. 1). The key information reflected in the Report on the Board of Directors' activities is included in this Report.

COMPOSITION OF THE BOARD OF DIRECTORS

GRI 2-10, 2-11

The election of the members of the Board of Directors and the Chairman of the Board is carried out in accordance with the Joint Stock Companies Act of the Republic of Kazakhstan, the Corporate Governance Code, and the Company's Articles of Association.

As stipulated by the Corporate Governance Code, it is recommended that the composition of the Board of Directors reflects diversity in terms of personal attributes, age, and gender, in order to enhance long-term value creation in line with ESG principles. It is essential to maintain a balance of skills, experience, and expertise to ensure independent, objective, and effective decision-making in the interests of the Company and with consideration for the principles of sustainable development.

Board members are elected by the Sole Shareholder through clear and transparent procedures based on the individual competencies, skills, achievements, business reputation, and professional background of each candidate. When re-electing individual directors or the entire Board, their contribution to the Board's overall effectiveness is taken into account.

Only individuals may serve as members of the Board of Directors. Members of the Management Board, except for the Chairman of the Management Board, are not eligible for election to the Board. The Chairman of the Management Board may not be elected as Chairman of the Board of Directors.

The composition of the Board of Directors is balanced, comprising shareholder representatives, independent directors, and the head of the executive body. This structure supports decision-making in the interests of the Company while ensuring fair treatment of the shareholder.

As of 31 December 2024, the Board of Directors comprised 9 members:

- Four independent directors (44.5% of the total): Alexander Andreas Schierhuber; John (Ian) McKay; Ulf Wokurka; Natalia Godunova;
- Four representatives of the Sole Shareholder (44.5% of the total): Aidar Ryskulov; Kuat Irubayev; Yernat Berdigulov; Yelzhas Otynshiyev;
- The Chairman of the Management Board - Sauranbayev.

One member of the Board is a woman (11% of the total).

The Chairman of the Board of Directors is a representative of the Sole Shareholder.

None of the Board members hold shares in the Company or ownership interests in its affiliated entities, nor do they hold shares or interests in the authorised capitals of the Company's suppliers or competitors.

In accordance with the Joint Stock Companies Act, members of the Board of Directors are required to monitor and, where possible, eliminate potential conflicts of interest at the level of officers and shareholders, including the misuse of the Company's assets and abuse in related-party transactions.

In 2024, the Board of Directors developed a Succession Plan to support the continuity of operations and ensure progressive renewal of its composition, including measures to enhance gender diversity. The results were submitted for consideration by the Sole Shareholder in July 2024 (in line with Chapter 5 of the Corporate Governance Code of NC KTZ JSC).

Board members dedicate sufficient time to participating in meetings of the Board and its committees, as well as in preparing for them. In line with the Corporate Governance Code, a director may not simultaneously serve on the boards of more than four legal entities, may chair the board in no more than two, and may hold other positions in legal entities only with the approval of the Board of Directors.

As at 31 December 2024, the following members of the Board also hold positions and/or board memberships in other legal entities in Kazakhstan or abroad: 1) Aidar Ryskulov; 2) Alexander Andreas Schierhuber; 3) John (Ian) McKay; 4) Kuat Irubayev; 5) Ulf Wokurka; 6) Yernat Berdigulov; 7) Yelzhas Otynshiyev. Such external positions do not conflict with the provisions of the Corporate Governance Code.

Chairman of the Board of Directors and His Role

GRI 2-11

The Chairman of the Board of Directors plays a key role in ensuring effective governance of the Company.

The Chairman leads the Board of Directors, ensuring the fulfilment of its key functions

and fostering constructive interaction between the members of the Board, the Sole Shareholder, and the Management Board.

The main tasks of the Chairman of the Board of Directors include:

- Ensuring the efficient functioning of the Board, including setting priorities, overseeing the implementation of decisions, and organising meetings;
- Fostering a collegial and professional approach to company management, promoting open dialogue and exchange of opinions among Board members;
- Representing the interests of the shareholder and ensuring transparency in the activities of the Board of Directors;
- Facilitating strengthened cooperation between the Board, the Management Board, and the Sole Shareholder to achieve common goals;
- Ensuring adherence to corporate governance principles and ethical standards in the Company's activities.

The Chairman of the Board of Directors contributes to the sustainable development of the Company, enhancing its investment attractiveness and strengthening trust among shareholders and other stakeholders.

The Chairman of the Management Board cannot be elected as the Chairman of the Board of Directors.

As of 31 December 2024, the Chairman of the Board of Directors is Aidar Ryskulov, the Representative of the Sole Shareholder.

Independent Directors and Their Role

The Company complies with the requirements of the Republic of Kazakhstan's Joint Stock Companies Act regarding the number of independent directors on the Board of Directors, which stipulates that the number of independent directors should constitute up to 30% of the total number of Board members.

When selecting independent directors, the Sole Shareholder and the Company adhere to the requirements of the laws of the Republic of Kazakhstan, the Corporate Governance Code, the Company's Articles of Association, and the local regulations of the Sole Shareholder, which define the procedure for searching and selecting candidates for independent director positions through a competitive process.

According to the Joint Stock Companies Act, at least thirty percent of the members of the Board of Directors must be independent directors.

The requirements for the independence of a member of the Board of Directors are defined by the Republic of Kazakhstan's Joint Stock Companies Act and the Corporate Governance Code.

The independence of an independent director is determined by the following criteria:

- The director has not been and is not an employee of the Company or the Group for the past three years;
- The director has not been an executive or affiliated person of the Company for the three years prior to their election to the Board of Directors (except for their position as an independent director);
- The director does not have and has not had any material business relationship with the Company, either directly or as a partner, shareholder, director, or senior manager, or maintain such a relationship with the Company;
- The director is not an affiliated person with the Company's affiliated persons;
- The director does not receive and has not received any remuneration from the Company other than the director's remuneration;
- The director is not subordinate to any officers of the joint stock company or the affiliated organisations of the joint stock company and has not been subordinate to such persons in the three years preceding their election to the Board of Directors;
- The director does not participate in the Company's audit as an auditor working within an audit firm and has not participated in such an audit in the three years prior to their election to the Board of Directors, etc.

An independent director monitors the potential loss of their independence and informs the Chairman of the Board of Directors in advance if such situations arise. If circumstances arise that affect the independence of a Board member, the Chairman of the Board of Directors promptly informs the shareholders to make a corresponding decision.

Independent directors John (Ian) McKay, Ulf Wokurka, Alexander Andreas Schierhuber, and Natalia Godunova meet the independence criteria defined by the laws of the Republic of Kazakhstan. Therefore, there are no relationships or circumstances that could influence or may influence the decisions made by these independent directors.

Competencies of the BoD Members

The members of the Board of Directors possess all the necessary competencies to make strategically important decisions, including expertise and knowledge in railway transport, finance, investment, risk management, corporate governance, human resource policy, sustainable development, transformation, and digitalisation.

Thanks to a well-balanced combination of experience and competencies, the Board ensures an objective and effective decision-making process aimed at enhancing the Company's operational efficiency and strengthening its financial resilience.

Training and Development of the BoD Members

GRI 2-17

In accordance with best corporate governance practices, members of the Board of Directors undergo annual professional development training. The need for professional development of the members of the Board of Directors is determined based on the results of self-assessment. Also, training programs for members of the Board of Directors are formed on the basis of recommendations received as a result of corporate governance diagnostics and ESG assessment.

Based on the results of a self-assessment of the performance of KTZ's Board of Directors based on the results of 2023, a Development Plan for members of the Board of Directors for 2024–2025 was approved. As part of the implementation of this Plan, a training event on information and cyber security was held for members of the Board of Directors in December 2024, with the participation of the Cyberattack Analysis and Investigation Center (TSARKA). The session covered modern cyber threats, typical vulnerabilities of corporate IT infrastructure, and recommendations for ensuring cyber resilience at the strategic management level. Also, in 2024, as part of improving the competencies of the members of the Board of Directors, a training session on strategic marketing was organized by Dr. Declan Bannon – a member of the Royal Institute of Marketing of Great Britain and a chartered marketer with international expertise. The session covered modern approaches to brand positioning, key principles of building a marketing strategy in the context of global competition, and the role of the Board of Directors in ensuring the Company's marketing sustainability.

Evaluation of the Board of Directors' Performance

GRI 2-18

The performance of the Board of Directors, its committees and individual members at NC KTZ JSC is evaluated on an annual basis. In accordance with the requirements of the Corporate Governance Code, an external evaluation of the BoD's performance must also be conducted at least once every three years with the involvement of an independent organisation.

The evaluation helps to determine the contribution of the Board of Directors and its members to the creation of long-term value and the sustainable development of the Company, identify areas for improvement, and propose measures to enhance the BoD's effectiveness. The results of the evaluation are taken into consideration when deciding on the re-election or early termination of the powers of BoD members.

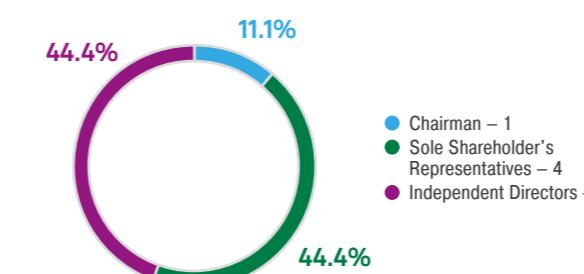
During the first quarter of 2024, self-evaluation activities were carried out based on the performance of the BoD in 2023. The results were reviewed by the BoD and reflected in the relevant report. These activities included a survey of BoD members covering key aspects of the BoD's operations, an analysis of the Company's corporate governance documents, a statistical analysis of the BoD's activities in 2023, and interviews conducted by the Chairman of the BoD and the Chairman of the Nominations and Remuneration Committee with each BoD member. A peer review of the performance of BoD members was also conducted.

The report on the self-evaluation of the BoD's performance for 2023 was approved by the BoD of NC KTZ JSC in April 2024. The final score from the self-evaluation of the performance of the BoD, its committees, the Chairman and the Corporate Secretary confirmed full alignment with best corporate governance practices across all evaluation components, placing the BoD at the first level of maturity. The self-evaluation outcomes confirmed that the BoD's activities align with best corporate governance practices and validate the first level of maturity.

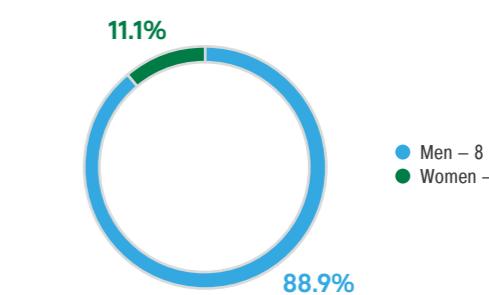
In December 2024, the Board of Directors resolved to conduct an external evaluation of its performance for 2024 with the involvement of an external consultant, in line with the Methodological Recommendations for Evaluating the Performance of Boards of Directors of Companies within Samruk-Kazyna JSC (Minutes dated 27 December 2024, No. 18). This evaluation is scheduled to take place in the third quarter of 2025.

GRI 2-9

STRUCTURE OF THE BOARD OF DIRECTORS, %



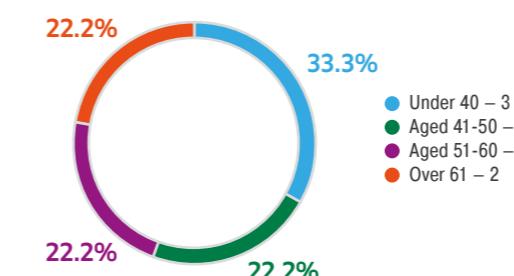
GENDER DIVERSITY OF THE BoD MEMBERS, %



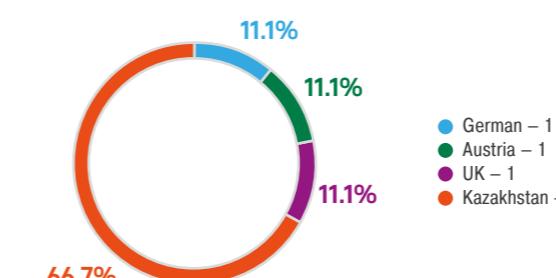
AVERAGE AGE OF THE BoD MEMBERS, years



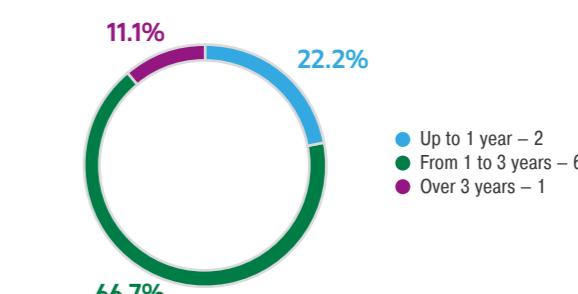
AGE DISTRIBUTION OF THE BoD MEMBERS, %



NATIONALITY OF THE BoD MEMBERS, %



TERM OF OFFICE OF THE BoD MEMBERS, %



CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

During the reporting period, the following changes took place in the composition of the Board of Directors:

- By Decision No. 52/24 dated 26 September 2024 of the Management Board of Samruk-Kazyna Sovereign Wealth Fund JSC, the powers of the members of the Board of Directors were extended.
- By Decision No. 11/24 dated 22 February 2024 of the Management Board of Samruk-Kazyna Sovereign Wealth Fund JSC, the powers of Gibrat Auganov were terminated and Yelzhas Otynshiyev was appointed;
- By Decision No. 19/24 dated 4 April 2024 of the Management Board of Samruk-Kazyna Sovereign Wealth Fund JSC, Natalia Godunova was appointed;

GRI 2-9

As of the end of 2024, the composition of the Board of Directors of NC KTZ JSC was as follows:

NAME	DATE OF APPOINTMENT	TERM OF OFFICE
Independent Directors		
John (Ian) McKay	26 September 2024	3 years
Ulf Wokurka	26 September 2024	3 years
Alexander Andreas Schierhuber	26 September 2024	3 years
Natalia Godunova	26 September 2024	3 years
Representatives of the Sole Shareholder		
Aidar Ryskulov	26 September 2024	3 years
Kuat Irubayev	26 September 2024	3 years
Yernat Berdigulov	26 September 2024	3 years
Yelzhas Otynshihev	26 September 2024	3 years
Chairman of the Management Board		
Nurlan Sauranbayev	26 September 2024	3 years

The average term of office for the independent directors (John (Ian) McKay, Ulf Wokurka, Alexander Andreas Schierhuber, and Natalia Godunova) is 2.2 years.

The current term of the Board of Directors will expire on 26 September 2027.



AIDAR RYSKULOV

**Chairman of the Board of Directors,
Representative of the Sole Shareholder**

Member of the Board of Directors since 2023.

Year of Birth: 1981

Nationality: Republic of Kazakhstan

Education:

- Buketov Karaganda State University, degree in Finance and Credit degree in Finance and Credit;
- Nazarbayev University, Executive MBA (joint programme with Duke University).

Professional Experience:

- Over the years, Aidar Ryskulov held various positions in the banking sector. He served as Deputy Director of the Investment Projects Department at KazAgro National Management Holding JSC, and as Director for Management of Financial Assets at Samruk-Kazyna JSC. He has extensive experience as a member of Boards of Directors of various organisations.
- From 2019 to 2023 – Managing Director for Economy and Finance at Samruk-Energo JSC;
- Since August 2023 – Managing Director for Economy and Finance at Samruk-Kazyna JSC

He does not hold shares in the Company, its suppliers, or competitors.



NURLAN SAURANBAYEV

**Member of the Board of Directors,
Chairman of the Management Board**

Member of the Board of Directors since 2021.

Year of Birth: 1967

Nationality: Republic of Kazakhstan

Education:

- Kirov Kazakh State University, degree in Economics

Professional Experience:

- Over the years, Nurlan Sauranbayev held senior positions at Kazakhstan Temir Zholy RSE, KazMunayGas NC JSC, and served as Managing Director at Samruk-Kazyna JSC. He also held government positions, including Vice Minister of Industry and New Technologies of the Republic of Kazakhstan, Deputy Minister of Defence of the Republic of Kazakhstan, and Head of the Organising Committee for the EXPO-2017 International Specialised Exhibition.
- From 2017 to 2018 – Akim of Shymkent, South Kazakhstan Region;
- From 2019 to 2021 – Head of the Department of State Control and Organisational-Territorial Work, Administration of the President of the Republic of Kazakhstan;
- Since April 2021 – Chairman of the Management Board of NC KTZ JSC.

He does not hold shares in the Company, its suppliers, or competitors.



KUAT IRUBAYEV

**Member of the Board of Directors,
Representative of the Sole Shareholder**

Member of the Board of Directors since 2023.

Year of Birth: 1979

Nationality: Republic of Kazakhstan

Education:

- Lomonosov Moscow State University, Russian Federation, degree in Mechanics and Applied Mathematics
- Nazarbayev University Graduate School of Business, Executive MBA.

Professional Experience:

- Over the years, Kuat Irubayev held various positions at the National Bank of the Republic of Kazakhstan, BRK-Leasing JSC, and SAPF Accumulative Pension Fund JSC, with a focus on risk management across various industries.
- From 2006 to 2008 – Head of Risk Management Department at SAPF Accumulative Pension Fund JSC;
- From 2008 to 2015 – Director of Risk Management Department and Member of the Risk Committee at NC KTZ JSC;
- Since 2018 – Representative of Marsh in Astana.

He does not hold shares in the Company, its suppliers, or competitors.



YERNAT BERDIGULOV

**Member of the Board of Directors,
Representative of the Sole Shareholder**

Member of the Board of Directors since 2022.

Year of Birth: 1987

Nationality: Republic of Kazakhstan

Education:

- University of Toronto, Canada – degree in Public Policy and International Relations;
- CIMA Certificate – Operational and Business Performance Management;
- University of Warwick, United Kingdom – Master of Business Administration (MBA).

Professional Experience:

- From 2010 to 2018 – Yernat Berdigulov held positions as Chief Specialist in the Business Administration Department at Semizbay-U LLP; Project Manager at the Management Reporting System Project Office at Samruk-Kazyna JSC; Advisor to the Chairman of the Management Board on Financial and Economic Affairs; Director of Analytical Support, Strategic Development, and Project Management Departments at Samruk-Energo JSC;
- From 2018 to 2019 – Analyst at the Asset Management Directorate of Samruk-Kazyna JSC;
- From 2019 to 2021 – Project Manager at Whiteshield Partners international consulting company;
- From 2021 to February 2022 – Co-Managing Director for Strategy, Sustainable Development and Digital Transformation at Samruk-Kazyna JSC;
- Since February 2022 – Managing Director for Strategy and Asset Management at Samruk-Kazyna JSC.

He does not hold shares in the Company, its suppliers, or competitors.



YELZHAS OTYNSHIYEV

**Member of the Board of Directors,
Representative of the Sole Shareholder**

Member of the Board of Directors since 2024

Year of Birth: 1987

Nationality: Republic of Kazakhstan

Education:

- Moscow Institute of Physics and Technology (Moscow, Russia), degree in Applied Mathematics and Physics. In 2010, he obtained a Master's degree in Applied Mathematics and Physics from the same institution.

Professional Experience:

- Yelzhas Otynshiyev began his career in October 2007 as an Analyst at Ernst & Young (Moscow, Russia).
- From 2009 to 2012, he worked as a Manager and then as Director of the Investment Projects Department at Tau-Ken Samruk Mining Company.
- From 2012 to 2019, he held various positions in the Investment Block of Samruk-Kazyna Sovereign Wealth Fund JSC. From 2019 to 2023, he held senior positions in private holding companies and as well as in the management company of the KIDF private equity fund.
- Since April 2023, he has been serving as Co-Managing Director for Strategy and Asset Management at Samruk-Kazyna JSC.
- Part-time employment and membership in other Boards of Directors. Elzhas Otynshiev is the Chairman of the Board of Directors at QazaqGaz NC JSC, as well as a member of the Boards of Directors of KazMunayGas NC JSC and Kazatomprom NNC JSC.

He does not hold shares in the Company, its suppliers, or competitors.



ULF WOKURKA

**Member of the Board of Directors
Independent Director**

Member of the Board of Directors since 2021

Year of Birth: 1962

Nationality: Federal Republic of Germany

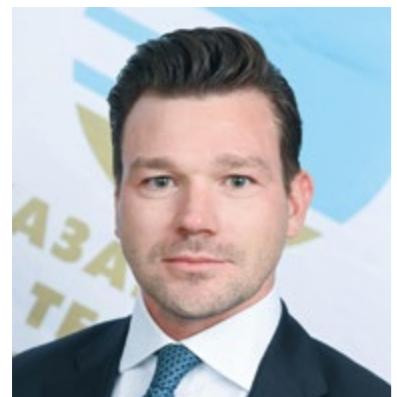
Education:

- Martin Luther University, Germany;
- Moscow State Institute of International Relations (MGIMO), USSR Ministry of Foreign Affairs, Faculty of International Relations.

Professional Experience:

- Ulf Wokurka has worked for Deutsche Bank AG, Samruk Kazakhstan Holding for the Management of State Assets JSC, and Metzler Asset Management GmbH.
- Over the years, he held various positions, including Chairman of the Board of Directors at Kazpost JSC; Chairman and Board Member of the Foreign Investors' Council Association under the President of the Republic of Kazakhstan; Chairman of the Management Board and Member of the Board of Directors at Kazkommertsbank JSC; and Chairman of the Management Board at Tsesnabank JSC.
- Since 2019, he has been a Member of the Board of Directors at Nurbank JSC, and an Independent Director at both AIFC Authority JSC and KAZAKH INVEST NC JSC.

He does not hold shares in the Company, its suppliers, or competitors.



ALEXANDER ANDREAS SCHIERHUBER

**Member of the Board of Directors
Independent Director**

Member of the Board of Directors since 2023

Year of Birth: 1988

Nationality: Republic of Austria

Education:

- Lauder Business School, Austria – Master's degree in International Management and Business Administration;
- London School of Economics and Political Science, United Kingdom – Master of Science in Global Management;
- Research projects on infrastructure development and logistics at Vienna University of Economics and Business, Institute of Transport and Logistics.

Professional Experience:

- From 2017 to 2018 – Sales Manager for West Africa at GAZ Group (Nizhny Novgorod, Russia);
- From 2018 to 2022 – Managing Director of Breitspur Planungsgesellschaft mbH (BPG) at ÖBB Infrastruktur AG (Austria);
- From February to December 2022 – Managing Director of Rail Cargo Logistics Russia; Senior Expert – Eurasia at ÖBB Rail Cargo Austria;
- Since 2023 – Director of Business Development – Global Markets at Superfund Asset Management Company GmbH and Member of the Executive Board at Superfund Japan Co., Ltd.

He does not hold shares in the Company, its suppliers, or competitors.



JOHN (IAN) MCKAY

**Member of the Board of Directors
Independent Director**

Member of the Board of Directors since 2021

Year of Birth: 1955

Nationality: United Kingdom

Education:

- University of Stirling – Education and English Language;
- Certificate in Mediation and Conflict Resolution, Core Solutions, Edinburgh;
- Honorary Professor at the University of Stirling Management School.

Professional Experience:

- John (Ian) McKay has extensive experience serving on boards since 2006, including Lothian Buses Ltd., Critiqom Ltd., NHS UK Pay Review Body, Colleges Scotland, Edinburgh College, Ofcom Advisory Committee for Scotland, Security Industry Authority, etc.
- Since 2012 – Founding Director of Otherhand Ltd.;
- Since 2015 – Member of the International Advisory Board of the University of Stirling Management School; Independent Chair of the Police Negotiating Board & SPCF.

He does not hold shares in the Company, its suppliers, or competitors.



NATALIA GODUNOVA

Member of the Board of Directors of NC KTZ JSC, Independent Director

Member of the Board of Directors since 2024

Year of Birth: 1972

Nationality: Republic of Kazakhstan

Education:

- 1993 – West Kazakhstan Agricultural Institute;
- 2011 – Financial University under the Government of the Russian Federation.

Professional Experience:

- From December 2015 to December 2017 – Secretary of the Nur Otan party;
- From December 2017 to February 2018 – Member of the Central Election Commission of the Republic of Kazakhstan;
- From February 2018 to November 2022 – Chair of the Accounts Committee for Control over Execution of the Republican Budget;
- From November 2022 to April 2024 – Chair of the Supreme Audit Chamber of the Republic of Kazakhstan.

She does not hold shares in the Company, its suppliers, or competitors.

ACTIVITIES OF THE BOARD OF DIRECTORS

Meetings of the Board of Directors are held in accordance with an approved schedule. The schedule outlines a list of key issues for consideration and the timing of meetings. Matters of strategic importance and significance are discussed exclusively at in-person meetings of the Board of Directors.

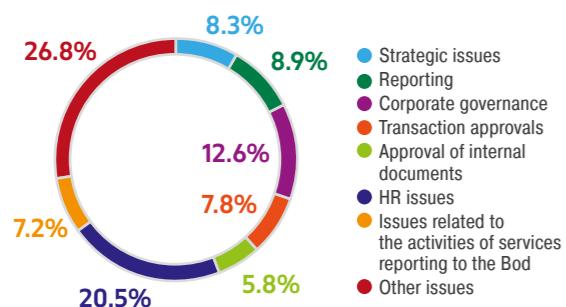
In 2024, the Board of Directors held 18 meetings (planned – 7 meetings), of which 15 were in-person and 3 were held through absentee voting.

In 2024, the average attendance rate at BoD meetings was 91.3%.

ATTENDANCE OF MEMBERS OF THE BOARD OF DIRECTORS IN 2024

	REPORTING PERIOD	ATTENDANCE	ATTENDANCE RATE
Aidar Ryskulov	01.01.2024-31.12.2024	18 out of 18	100%
Nurlan Sauranbayev	01.01.2024-31.12.2024	12 out of 18 ⁴⁴	66.6%
Yernat Berdigulov	01.01.2024-31.12.2024	15 out of 18	83.3%
Kuat Irabayev	01.01.2024-31.12.2024	16 out of 18	88.8%
Yelzhas Otynshiyev	01.01.2024-31.12.2024	15 out of 16	93.7%
Alexander Andreas Schierhuber	01.01.2024-31.12.2024	18 out of 18	100%
Ulf Wokurka	01.01.2024-31.12.2024	18 out of 18	100%
John (Ian) McKay	01.01.2024-31.12.2024	18 out of 18	100%
Natalia Godunova	01.01.2024-31.12.2024	13 out of 14	92.8%

A total of 202 items were reviewed during the 18 BoD meetings held in 2024:



- Report of the Chairman of the Management Board of NC KTZ JSC;
- Report on the Implementation of Major Investment Projects of NC KTZ JSC;
- Report on the Status of the Corporate Governance Improvement Plan of NC KTZ JSC;
- Report on the Progress of the NC KTZ JSC Development Strategy 2032;
- Report of the Managing Director for Finance of NC KTZ JSC.

As part of its quarterly reporting in 2024, the Board of Directors considered the following reports:

- Report on the Activities of the Internal Audit Service of NC KTZ JSC;
- Report on Integrated Occupational Safety and Health System (iOSH) at NC KTZ JSC;
- Consolidated Risk Report of NC KTZ JSC.

The Board of Directors also considered the following reports:

In accordance with the Regulations on the Board of Directors, the Chairman of the Board of Directors is responsible for overall leadership of the Board, ensuring the full and effective performance of its key functions, and facilitating constructive dialogue between the members of the Board of Directors, the Sole Shareholder, and the Management Board.

The roles and responsibilities of the Chairman of the Board of Directors and the Chief Executive Officer are clearly delineated by the Articles of Association, the Regulations on the Board of Directors, and the Regulations on the Management Board.

COMMITTEES OF THE BOARD OF DIRECTORS

To enhance the effectiveness of the Board of Directors and improve the corporate governance structure, four committees have been established under the Board:

- Audit Committee;
- Strategy and Finance Committee;
- Nomination and Remuneration Committee;
- Health, Safety and Environment Committee.

The main objective of the committees is to conduct a thorough preliminary review of matters within their remit and to develop recommendations for the Board of Directors to support well-informed and balanced decision-making.

The committees are composed of members of the Board of Directors who possess the requisite professional knowledge, competencies and skills to participate effectively in committee work.

⁴⁴ It should be noted that written opinions were submitted for all meetings in the event of absence.

The activities of the committees are governed by relevant internal regulations. According to these regulations, the Chairmen of the BoD committees are independent directors.

Regular attendance of representatives from Samruk-Kazyna JSC at committee meetings, by invitation, further enhanced the committees' effectiveness by enabling a deeper understanding of the interests of all stakeholders and contributing to more informed and balanced decisions.

FUNCTIONS AND RESPONSIBILITIES OF THE BOD COMMITTEES

COMMITTEE	KEY RESPONSIBILITIES
Nomination and Remuneration Committee	Considers issues related to HR policy, appointments, performance evaluation, remuneration, and corporate social responsibility
Strategy and Finance Committee	Reviews issues of strategic development, financial sustainability, investment strategy, and asset management
Health, Safety and Environment Committee	Considers issues related to occupational health and safety, operational and production activities, environmental protection, traffic safety, and sustainable development
Audit Committee	Oversees financial reporting, external audit, risk management and internal control systems, corporate governance, internal audit, and compliance

NOMINATION AND REMUNERATION COMMITTEE

The Committee's responsibilities and powers are defined in the Regulations on the Nomination and Remuneration Committee.

 The Regulations are available on the Company's corporate website via the following link: see [the Regulations on the Nomination and Remuneration Committee of the Board of Directors of NC KTZ JSC](#).

COMMITTEE	MEMBERSHIP PERIOD
John (Ian) McKay Chairman of the Committee	01.01.2024-31.12.2024
Ulf Wokurka	01.01.2024-31.12.2024
Elzhas Otynshiev	15.03.2024-31.12.2024
Natalia Godunova	25.04.2024-31.12.2024
Gibrat Auganov	01.01.2024-15.03.2024

Committee Activities in 2024

In 2024, the Nomination and Remuneration Committee (NRC) held 11 meetings (planned – 7 meetings), during which 100 issues were considered.

KEY ISSUES CONSIDERED BY THE COMMITTEE IN 2024, %



Key issues considered by the Committee in 2024 included:

- Review of the HR Report as part of the implementation of the Company's HR Policy;
- Repeated review and critical assessment of proposed changes to the organisational structure of the Company's head office;
- Amendments to the composition of the Boards of Directors and Supervisory Boards of NC KTZ JSC's subsidiaries;
- Consideration of appointments of chief executives at NC KTZ JSC's subsidiaries;
- Review of the 2023 Social Stability Index Report by Samruk-Research Services.

In 2024, the Committee also reviewed and approved the following documents:

- Succession Plan for the Board of Directors of NC KTZ JSC;
- Rules on the application of disciplinary actions to members of the Management Board and employees whose working conditions

are determined by the Board of Directors of NC KTZ JSC;

- Rules for the search and selection of personnel for managerial and other positions reporting directly to the Board of Directors of NC KTZ JSC, as well as certain key positions in NC KTZ JSC and its subsidiaries;
- Amendments to the Rules on Remuneration and Bonuses for Executive Employees, Officers of the Corporate Ombudsman's Office, the Corporate Secretary's Office, the Internal Audit Service, and the Compliance Service of NC KTZ JSC;
- Key Performance Indicator (KPI) Motivation Maps for senior executives of NC KTZ JSC for 2025;
- Development Plan for the Board of Directors of NC KTZ JSC for 2024–2025;
- Organisational structure of the head office of NC KTZ JSC;
- Report on the activities of the Corporate Ombudsman of NC KTZ JSC for 2023;
- Report on the activities of the Nominations and Remuneration Committee and the Board of Directors for 2023.

STRATEGY AND FINANCE COMMITTEE

The Committee's responsibilities and powers are defined in the Regulations on the Strategy and Finance Committee.



The Regulations are available on the Company's corporate website via the following link: see [the Regulations on the Strategy and Finance Committee of NC KTZ JSC](#).

COMMITTEE:

Alexander Andreas Schierhuber

Chairman of the Committee

Aidar Ryskulov

01.01.2024–31.12.2024

Kuat Irubayev

01.01.2024–31.12.2024

Yernat Berdigulov

01.01.2024–31.12.2024

Ulf Wokurka

01.01.2024–31.12.2024

John (Ian) McKay

01.01.2024–31.12.2024

MEMBERSHIP

01.01.2024–31.12.2024

Committee Activities in 2024

In 2024, the Strategy and Finance Committee (SFC) held 14 meetings (planned – 7 meetings), during which 92 issues were considered.

KEY ISSUES CONSIDERED BY THE COMMITTEE IN 2024, %

STRATEGIC AND FINANCIAL SUSTAINABILITY



ASSET MANAGEMENT



OTHER ISSUES



IMPLEMENTATION OF INVESTMENT PROJECTS



Key issues considered by the Committee in 2024 included:

- Strategic development and financial sustainability;
- In-depth review and discussion of reports by the Deputy Managing Director for Finance, including the Company's financial and economic performance for 2023 and the results for the first 10 months of 2024;
- Regular consideration and discussion of major transactions of Passenger Transportation JSC through the signing of addenda to contracts between Passenger Transportation JSC and Stadler Kazakhstan JSC;

BUSINESS TRANSFORMATION



- Detailed discussion and recommendations regarding the consummation of major transactions related to the investment project "Purchase of 2,000 flatcars", as well as the purchase of freight and passenger locomotives;
- Review of the outcomes of cooperation with the European Bank for Reconstruction and Development (EBRD);
- Hearings and recommendations regarding cooperation between NC KTZ JSC and Deutsche Bahn AG;
- Consideration of the concept for establishing a network of transport and logistics centres in Kazakhstan and abroad;
- Review of the current operational status and further corporate development of KTZ Express Shipping LLP;
- In-depth analysis, discussion, and recommendations on the work carried out and future plans for cooperation with PSA.

HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

The Committee's responsibilities and powers are defined in the Regulations on the Health, Safety and Environment Committee.



The Regulations are available on the Company's corporate website via the following link: see [the Regulations on the Health, Safety and Environment Committee of NC KTZ JSC](#).

COMMITTEE MEMBERSHIP

Alexander Andreas Schierhuber
Chairman of the Committee

COMMITTEE MEMBERSHIP PERIOD

01.01.2024–31.12.2024

Kuat Irubayev

01.01.2024–31.12.2024

Ulf Wokurka

24.04.2024–31.12.2024

Gibrat Auganov

01.01.2024–22.02.2024

Committee Activities in 2024

In 2024, the Health, Safety and Environment Committee (HSEC) held 7 meetings (planned – 7 meetings), during which 60 issues were considered.

KEY ISSUES CONSIDERED BY THE COMMITTEE IN 2024, %

In 2024, the Committee considered and approved the following documents:

INTEGRATED OCCUPATIONAL SAFETY AND HEALTH SYSTEM



OTHER ISSUES



SUSTAINABLE DEVELOPMENT



OPERATIONAL ACTIVITIES



- The 2024 Occupational Health and Safety Action Plan of NC KTZ JSC;
- ESG rating results of NC KTZ JSC and the 2024–2025 ESG Improvement Roadmap;
- Results of the sustainability performance evaluation in the 2023 Sustainability Report of NC KTZ JSC;
- Reports on railway safety, occupational health and safety, and environmental protection for 2023, as well as for Q1, H1, and 9 months of 2024; and regular updates on the current status of production safety at each scheduled meeting of the Committee and the Board of Directors;

- Reports on operational performance for the 9- and 12-month periods of 2023, and for Q1 and H1 of 2024;
- Reports on fatal accidents and railway safety incidents;
- The Committee's 2023 activities report, as part of the Report on the Activities of the Board of Directors of NC KTZ JSC;
- Information on interim findings from the study of occupational health and safety practices at Österreichische Bundesbahnen AG (ÖBB).

AUDIT COMMITTEE

The Committee's responsibilities and powers are defined in the Regulations on the Audit Committee.



The Regulations are available on the Company's corporate website via the following link: see [the Regulations on the Audit Committee of NC KTZ JSC](#).

COMMITTEE MEMBERSHIP:

	PERIOD OF MEMBERSHIP IN COMMITTEE
Ulf Wokurka Chairman of the Committee	01.01.2024–31.12.2024
John (Ian) McKay	01.01.2024–31.12.2024
Alexander Andreas Schierhuber	01.01.2024–31.12.2024

Committee Activities in 2024

In 2024, the Audit Committee held 11 meetings (planned – 8 meetings), during which 121 issues were considered.

KEY ISSUES CONSIDERED BY THE COMMITTEE IN 2024, %

In 2024, the Committee considered and approved the following documents:

- Rules for Due Diligence of Counterparties of NC KTZ JSC;
- Amendments to the Regulations on the Audit Committee of the Board of Directors of NC KTZ JSC;
- Amendments to the Policy on Engagement of Audit Firms by NC KTZ JSC and Its Subsidiaries;
- Revised version of the Corporate Governance Code of NC KTZ JSC;

- Amendments to the Regulations on the Compliance Service of NC KTZ JSC;
- Procedure for Interaction between the Compliance Service of Kazakhstan Temir Zholy National Company JSC and Compliance Officers of Subsidiaries;
- Methodology for Assessing the Compliance Culture of NC KTZ JSC;
- Audit Committee's 2023 Activities Report.

INTERNAL AUDIT AND COMPLIANCE FUNCTIONS



51%

RISK MANAGEMENT AND INTERNAL CONTROL



18%

FINANCIAL REPORTING



16%

CORPORATE GOVERNANCE



15%

ENGAGEMENT OF BOD MEMBERS WITH STAKEHOLDERS

In order to protect stakeholder interests, NC KTZ JSC ensures timely and accurate disclosure of all significant aspects of its operations via the Company's corporate website and other public resources. The Company's Board of Directors includes several members representing the interests of the Sole

Shareholder, who participate in discussions within the framework of Board meetings.

Throughout 2024, meetings and consultations were regularly held at the initiative of members of the Board of Directors and the Management Board, including with the heads of subsidiaries.

27-28 March 2024: A strategic session titled "Creating a Culture of Occupational Safety and Zero Tolerance for Occupational Fatalities" was held with the participation of the Board of Directors, top management of the Company, heads of structural divisions, and subsidiaries, with representatives from the Fund invited.

April 2024: Specialists from the Company, with the support of Alexander Andreas Schierhuber, Chairman of the HSE Committee, visited Österreichische Bundesbahnen AG (ÖBB) to study their labour practices. The delegation visited the central office (Holding), the passenger locomotive and car service centre in Vienna, the Semmering Base Tunnel construction site, and Risk Experts Risiko Engineering. The NC KTZ JSC delegation became acquainted with some of the best management practices in the field of occupational health and safety.

14 June 2024: A strategic session was held with the participation of the members of the Board of Directors and the Management Board regarding NC KTZ JSC's IPO launch.

7 November 2024: Members of the Board of Directors of NC KTZ JSC participated in the National Corporate Governance Forum, including as speakers. The purpose of this event was to review the role of the board of directors in the company, discuss current trends, and new challenges in corporate governance.

6 December 2024: Representatives from Samruk-Kazyna JSC, Austrian Railways, KEGOC JSC, WABTE, and members of the Board of Directors and the Management Board of NC KTZ JSC took part in the 6th Occupational Health and Safety Forum to discuss current issues of occupational health and safety and the introduction of the latest technologies to prevent occupational accidents. An exhibition of the latest achievements in the field of occupational health and safety was also held.

13 December 2024: A strategic session was held with the participation of the members of the Board of Directors and the Management Board to discuss the priority areas of digitalisation for NC KTZ JSC.

STRATEGIC SESSIONS

On 14 June 2024, NC KTZ JSC held its annual strategic session attended by members of the Board of Directors and the Management Board.

The session focused on the current situation and development plans for logistics and transit transportation, explored options for reforming the railway industry model of the Republic of Kazakhstan based on international experience, and reviewed the target operating model of NC KTZ JSC.

The following topics were addressed during the session:

- international experience;
- key considerations for NC KTZ JSC's IPO;
- necessary measures to ensure successful IPO implementation.

CORPORATE GOVERNANCE PLANS FOR 2025 AND THE MEDIUM-TERM OUTLOOK:

- Conducting an evaluation of the performance of the Board of Directors of NC KTZ JSC for 2024;
- Implementation of activities to adopt the new Corporate Governance Code of NC KTZ JSC;
- Development of a new Corporate Governance Improvement Plan for 2025;
- Renewal of boards of directors and supervisory board compositions at major subsidiaries

Following the strategic session, the Board of Directors raised a number of important issues and issued instructions for further development of logistics and transit transportation, as well as the continued development of KTZ-Freight Transportation LLP.

On 13 December 2024, NC KTZ JSC held another annual strategic session attended by members of the Board of Directors and the Management Board.

The session was dedicated to digital transformation initiatives within NC KTZ JSC.

As a result, the Board of Directors raised several relevant issues regarding the implementation of all planned digitalisation projects.

MANAGEMENT BOARD

GRI 202-2

As the collective executive body, the Management Board is responsible for overseeing the day-to-day operations of the organisation and ensuring that the Company's activities align with its established strategic goals, Development Plan, and the decisions of the Sole Shareholder and the Board of Directors.

The main responsibilities of the Management Board include developing proposals for the Company's

COMPOSITION OF THE MANAGEMENT BOARD

According to the Articles of Association of NC KTZ JSC, matters relating to the determination of the number of Management Board members, their term of office, election and early termination fall within the competence of the Board of Directors

Strategy, implementing financial and business policies, making decisions on key matters related to current operations, coordinating the work of departments, enhancing the effectiveness of the control and risk monitoring systems, and safeguarding the rights and legitimate interests of the Sole Shareholder.

The Management Board is committed to increasing the long-term value and ensuring the sustainable development of the Company.

of NC KTZ JSC. The appointment and early termination of the Chairman of the Management Board are within the competence of the Sole Shareholder.

CHANGES IN THE MANAGEMENT BOARD COMPOSITION

As at the end of 2024, the Management Board of NC KTZ JSC was composed as follows:

- Nurlan Sauranbayev – Chairman of the Management Board (appointed by decision of the Management Board of Samruk-Kazyna JSC dated 10.05.2024, Minutes No. 25/24);
- Talgat Aldybergenov – Member of the Management Board (appointed by decision of the Board of Directors of NC KTZ JSC dated 24.06.2024, Minutes No. 8);
- Anuar Akhmetzhanov – Member of the Management Board (appointed by decision of the Board of Directors of NC KTZ JSC dated 15.03.2024, Minutes No. 3);
- Serik Keulimzhayev – Member of the Management Board (appointed by decision of the Board of Directors of NC KTZ JSC dated 15.03.2024, Minutes No. 3);
- Yerlan Koishybayev – Member of the Management Board (appointed by decision of the Board of Directors of NC KTZ JSC dated 15.03.2024, Minutes No. 3);
- Dair Kusherov – Member of the Management Board (appointed by decision of the Board of Directors of NC KTZ JSC dated 15.03.2024, Minutes No. 3);
- Ersayin Nagaspayev – Member of the Management Board (appointed by decision of the Board of Directors of NC KTZ JSC dated 15.03.2024, Minutes No. 3);

- Baurzhan Urynbassarov – Member of the Management Board (appointed by decision of the Board of Directors of NC KTZ JSC dated 15.03.2024, Minutes No. 3);
- Alexandra Smolina – Member of the Management Board (appointed by decision of the Board of Directors of NC KTZ JSC dated 15.03.2024, Minutes No. 3);
- Ramazan Sadyrkulov – Member of the Management Board (appointed by decision of the Board of Directors of NC KTZ JSC dated 17.10.2024, Minutes No. 14).

In 2024, the composition of the Management Board was changed as follows:

- Alexandra Smolina was appointed to the Management Board by decision of the Board of Directors of NC KTZ JSC dated 13.02.2024, Minutes No. 2;
- Kanat Almagambetov had his powers terminated by decision of the Board of Directors of NC KTZ JSC dated 24.06.2024, Minutes No. 8;
- Talgat Aldybergenov was appointed to the Management Board by decision of the Board of Directors of NC KTZ JSC dated 24.06.2024, Minutes No. 8;
- Ramazan Bolatbekovich Sadyrkulov was appointed to the Management Board by decision of the Board of Directors of NC KTZ JSC dated 17.10.2024, Minutes No. 14.



NURLAN SAURANBAYEV

**Member of the Board of Directors,
Chairman of the Management Board**

Member of the Management Board since 2021

Year of Birth: 1967
Nationality: Republic of Kazakhstan

Education:
• Kirov Kazakh State University, degree in Economics

Professional Experience:

- Over the years, Nurlan Sauranbayev held senior positions at Kazakhstan Temir Zholy RSE, KazMunayGas NC JSC, and served as Managing Director at Samruk-Kazyna JSC. He also held government positions, including Vice Minister of Industry and New Technologies of the Republic of Kazakhstan, Deputy Minister of Defence of the Republic of Kazakhstan, and Head of the Organising Committee for the EXPO-2017 International Specialised Exhibition.
- From 2017 to 2018 – Akim of Shymkent, South Kazakhstan Region;
- From 2019 to 2021 – Head of the Department of State Control and Organisational-Territorial Work, Administration of the President of the Republic of Kazakhstan;
- Since April 2021 – Chairman of the Management Board of NC KTZ JSC.



TALGAT ALDYBERGENOV

Member of the Management Board

Member of the Management Board since 2024

Year of Birth: 1970
Nationality: Republic of Kazakhstan

Education:

- Almaty Institute of Railway Transport Engineers, degree in Organisation of Transportation and Management in Railway Transport;
- Russian Presidential Academy of National Economy and Public Administration, degree in Economics;
- Kazakh Academy of Transport and Communications, awarded the academic degree of Candidate of Economic Sciences.

Professional Experience:

- Talgat Aldybergenov began his career as a freight and baggage forwarder at the West Kazakhstan Railway. Over the years, he held various senior positions, including Director of the Aktobe Transport Branch of Kazakhstan Temir Zholy RSE, positions at Kaztransservice Subsidiary State Enterprise, Director of the Transport Department of KazMunayGas Trading House JSC, President of Kedentransservice JSC, Chairman of the Management Board at AvtoGazAlmaty LLP and Kazakhmys Maker LLP, etc.
- Since June 2024 – Deputy Chairman of the Management Board of NC KTZ JSC.



ANUAR AKHMETZHANOV

Member of the Management Board

Member of the Management Board since 2021

Year of Birth: 1975
Nationality: Republic of Kazakhstan

Education:

- Buketov Karaganda State University, degree in International Economic Relations;
- Johns Hopkins University, degree in International Finance.

Professional Experience:

- Over the years, Anuar Akhmetzhanov held senior positions at KazMunayTeniz JSC, KazMunayGas NC JSC, Samruk-Kazyna Holding JSC, and Kazgermunai JV LLP. He also served as Deputy Akim of Karaganda Region for Industry, SME Development, Industrialisation, and Investment; Inspector of the Presidential Administration of the Republic of Kazakhstan; Executive Secretary of the Ministry of Defence and Aerospace Industry, and the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan.
- From 2020 to 2021 – First Vice Minister of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan.
- From July 2021 to February 2022 – First Deputy Chairman of the Management Board for Transformation and Digitalisation of NC KTZ JSC.
- From February 2022 to November 2023 – Deputy Chairman of the Management Board for Strategy of NC KTZ JSC.
- Since November 2023 – Deputy Chairman of the Management Board of NC KTZ JSC.



SERIK KEULIMZHAYEV

Member of the Management Board

Member of the Management Board since 2021

Year of Birth: 1966
Nationality: Republic of Kazakhstan

Education:

- Rostov State Medical Institute, degrees in Preventive Medicine and General Medical Administration;
- Auezov South Kazakhstan State University, degree in Chemical Technology of Oil, Gas and Coal;
- Russian Presidential Academy of National Economy and Public Administration, Higher School of Corporate Governance (DBA).

Professional Experience:

- Over the years, Serik Keulimzhayev held the position of senior manager at the consulting company PricewaterhouseCoopers and various executive positions in private companies and KazMunayGas NC JSC.
- From April 2021 to February 2022 – Deputy Chairman of the Management Board for Corporate Affairs and HR of NC KTZ JSC.
- Since February 2022 – Chief of Staff of NC KTZ JSC.



DAIR KUSHEROV

Member of the Management Board

Member of the Management Board since 2021

Year of Birth: 1977
Nationality: Republic of Kazakhstan

Education:

- Indiana University, Bachelor's degree in Finance;
- Kazakh State Academy of Management, degree in International Economics.

Professional Experience:

- Over the years, Dair Kushevov held various positions, including Deputy Director and Director of the Corporate Finance Department of Intergas Central Asia JSC, Chief Financial Officer of KazTransOil JSC, and Director of the Corporate Finance Department, Managing Director for Economics and Finance, and Deputy General Director for Economics and Finance of KazTransGas JSC.
- From December 2018 to February 2022 – Deputy Chairman of the Management Board for Finance of NC KTZ JSC.
- Since February 2022 – Managing Director for Finance of NC KTZ JSC.



BAUYRZHAN URYNBASSAROV

Member of the Management Board

Member of the Management Board since 2021

Year of Birth: 1970
Nationality: Republic of Kazakhstan

Education:

- Almaty Institute of Railway Transport Engineers, degree in Organisation of Transportation and Management in Railway Transport

Professional Experience:

- Bauyrzhan Urynbassarov began his career as a track duty officer at the Kyzylorda railway station of the West Kazakhstan Railway. Over the years, he held various positions within the railway sector, including Managing Director – Chief Engineer of NC KTZ JSC, Managing Director for Operations of NC KTZ JSC, Acting President of Kaztemirtrans JSC, Vice President and Chief Engineer of NC KTZ JSC.
- From 2017 to 2018 – Vice President for Infrastructure Projects of NC KTZ JSC;
- From 2018 to 2020 – Managing Director for Infrastructure – Director of the Main Railway Network Directorate, Branch of NC KTZ JSC;
- From 2020 to 2021 – Deputy Chairman of the Management Board for Infrastructure – Director of the Main Railway Network Directorate, Branch of NC KTZ JSC.
- Since 2022 – Managing Director for Operations of NC KTZ JSC.



YERLAN KOISHBAYEV

Member of the Management Board

Member of the Management Board since 2021

Year of Birth: 1985
Nationality: Republic of Kazakhstan

Education:

- American University in Dubai, Bachelor's degree in Finance and Banking;
- Kazakh Academy of Transport and Communications, Master's degree in Logistics;
- Russian Presidential Academy of National Economy and Public Administration, MBA.

Professional Experience:

- Over the years, Erlan Koishbayev held various positions, including Assistant to the Minister of Finance of the Republic of Kazakhstan, Director of the Investment Projects Department at Samruk-Kazyna Invest LLP, Vice President of the National Centre for Transport Logistics Development JSC, and President of the Transport Services Centre JSC.
- From 2015 to 2018 – Vice President for Logistics at KTZ Express JSC;
- From 2018 to 2019 – Deputy Chairman of the Management Board at Kazakhstan Institute of Industrial Development JSC;
- From 2019 to 2021 – Deputy Akim of Kostanay Region;
- From 2021 to February 2022 – Deputy Chairman of the Management Board for Logistics of NC KTZ JSC;
- From February 2022 to May 2022 – Managing Director for Logistics of NC KTZ JSC;
- Since May 2023 – Chairman of the Management Board for Logistics of NC KTZ JSC.



ERSAYIN NAGASPAYEV

Member of the Management Board

Member of the Management Board since 2021

Year of Birth: 1980
Nationality: Republic of Kazakhstan

Education:

- Buketov Karaganda State University, degree in International Economic Relations.

Professional Experience:

- Over the years, Ersayin Nagaspayev held various positions, including Attaché of the Department of Regional International Projects of the Investment Committee of the Ministry of Foreign Affairs of the Republic of Kazakhstan, Attaché of the Embassy of the Republic of Kazakhstan in the Russian Federation (Moscow), Deputy Director of the Department of Transport Policy and International Cooperation of the Ministry of Transport and Communications of the Republic of Kazakhstan, Chief of Staff of the Aktau International Sea Commercial Port RSE, Adviser to the Deputy Prime Minister of the Republic of Kazakhstan, Deputy Akim of the Kazbek Bi District of Karaganda, Akim of Shakhtinsk in the Karaganda Region, and Deputy Akim of Astana for Economy and Finance.
- In 2015 – Chairman of the Management Board of Astana SEC JSC.
- From 2016 to 2020 – Deputy Director for Strategic Development of Novostroy Astana LLP.
- From April 2021 to February 2022 – Managing Director for Support of NC KTZ JSC.
- Since February 2022 – Managing Director for New Projects of NC KTZ JSC.



ALEXANDRA SMOLINA

Member of the Management Board

Member of the Management Board since 2024

Year of Birth: 1986
Nationality: Republic of Kazakhstan

Education:

- Kazakh Humanities and Law University, degree in International Law;
- Kazakhstan-British Technical University JSC, degree in Business Administration with a focus on Oil and Gas;
- Gubkin Russian State University of Oil and Gas, degree in Oil and Gas Business Management.

Professional Experience:

- Over the years, Alexandra Smolina held senior positions at KazMunayGas NC JSC, as well as served as Director and Executive Director – Director of the Legal Department at Passenger Transportation JSC, and various managerial positions at NC KTZ JSC.
- Since April 2022 – Head of Legal Service – Director of the Legal Department of NC KTZ JSC.



RAMAZAN SADYRKULOV

Member of the Management Board

Member of the Management Board since 2024

Year of Birth: 1980
Nationality: Republic of Kazakhstan

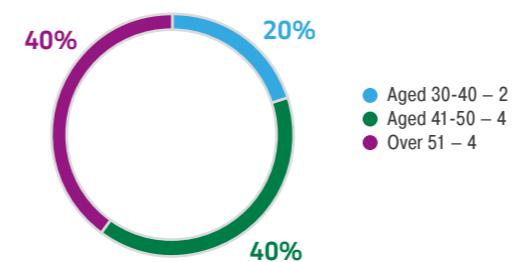
Education:

- Tynyshpayev Kazakh Academy of Transport and Communications, degree in Organisation of Railway Transport Operations;
- Almaty University of Energy and Communications, degree in Electric Power Engineering.

Professional Experience:

- Over the years, Ramazan Sadyrkulov held various positions in the railway sector, including Chief Engineer and Director of Atbasar Power Supply Division CJSC, Branch of NC KTZ JSC, Division Superintendent of Atbasar Power Supply Division CJSC, Branch of NC KTZ JSC, Head of Power Supply Division, Almaty Branch of NC KTZ JSC, Deputy Director of the Branch for Corporate Development and Director of the Main Railway Network Directorate, Branch of NC KTZ JSC.
- Since April 2024 – Chief Engineer of NC KTZ JSC.

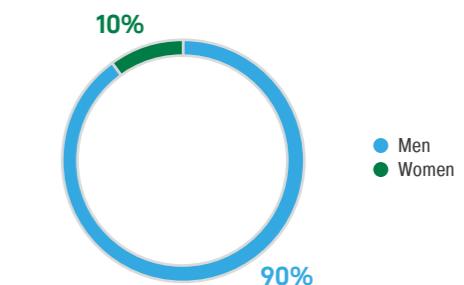
AGE OF MANAGEMENT BOARD MEMBERS, %



AVERAGE AGE OF MANAGEMENT BOARD MEMBERS



GENDER DIVERSITY, %



ACTIVITIES OF THE MANAGEMENT BOARD IN 2024

In 2024, the Management Board of NC KTZ JSC held 33 meetings, during which decisions were made on 249 issues.

During the reporting period, the Management Board considered issues related to the Company's operational activities, implementation of the Development Strategy, and execution of decisions of the Sole Shareholder and the Board of Directors of NC KTZ JSC.

During 2024, the Management Board of NC KTZ JSC approved the following documents:

- Implementation Plan for the NC KTZ JSC Development Strategy 2032;
- Limits on specific types of expenditures and entitlement norms for the subsidiaries of NC KTZ JSC;

- Roadmap of NC KTZ JSC for improving its ESG rating for 2024–2025;
- Tax Accounting Policy of Kazakhstan Temir Zholy National Company JSC;
- Amendments to the Rules on remuneration and bonuses for employees of NC KTZ JSC, except for employees whose remuneration and bonus conditions are determined by the Board of Directors of NC KTZ JSC;
- Amendments to the Business Travel Policy of NC KTZ JSC;
- Amendments to the Unified Rules for the Disposal of Scrap Metal and Surplus Stock by Kazakhstan Temir Zholy National Company JSC and Its Subsidiaries.

REMUNERATION OF THE COMPANY'S OFFICERS

GRI 2-19, 2-20

The remuneration of the members of the Management Board of NC KTZ JSC based on annual performance results is carried out in accordance with the Rules on Remuneration and Bonuses for Executive Employees, Officers of the Corporate Ombudsman's Office, the Corporate Secretary's Office, the Internal Audit Service, and the Compliance Service, as approved by the decision of the Board of Directors of NC KTZ JSC dated 12 July 2017 (Minutes No. 5).

These Rules are based on the following principles:

- The link between remuneration and the performance of tasks aligned with the interests of NC KTZ JSC and its Sole Shareholder;
- The dependence of remuneration amounts on the performance of NC KTZ JSC and the performance of employees.

The amount of an employee's basic salary is determined by the Board of Directors upon the recommendation of the Nomination

and Remuneration Committee within the established salary ranges or otherwise in accordance with the procedures and conditions outlined in the Rules.

Employees are entitled to a corresponding allowance when taking annual paid leave. For part-time employees, the allowance is paid on a pro rata basis. One-off bonuses may be paid to executive employees on national holidays (e.g. Independence Day, Transport Workers' Day) in a fixed total amount not exceeding 10 monthly calculation indices (MCIs), subject to a decision by the Company's executive body.

Performance-based bonuses for the reporting period are awarded to financially incentivise achievements and to improve work efficiency. They are based on key performance indicators (KPIs) and are calculated using actual performance results in relation to both corporate and functional KPIs.

The KPI scorecards with actual results and the relevant remuneration calculations are submitted by the responsible division for consideration by the Nomination and Remuneration Committee and the Board of Directors of the Company in accordance with established procedures.

In 2024, the corporate KPIs for the Chairman of the Management Board and the functional KPIs for the members of the Management Board of NC KTZ JSC included ESG indicators such as occupational safety level, social stability index, and reduction of gross CO₂ emissions.

Performance-based remuneration is not of a permanent nature and is not included in average wage calculations.

The decision to award performance-based remuneration to executive employees is made by the Board of Directors of NC KTZ JSC.

According to the Company's Articles of Association, the amount of remuneration for members of the Board of Directors is determined by the decision of the Sole Shareholder in accordance with its internal documents. Members of the Board of Directors are paid only a fixed remuneration. Additional remuneration for participation in the committees of the Board of Directors of NC KTZ JSC is not provided for.

In 2024, the total remuneration paid to members of the Management Board and the Board of Directors, including salaries, amounted to KZT 816 million.

funds, as well as financing the development costs of the Companies, including investment programmes.

On 30 May 2024, the Management Board of the Fund decided not to pay dividends to the Shareholder for the year 2023 in respect of NC KTZ JSC.

Earnings per share are calculated based on the weighted average number of ordinary shares in issue during the year. The values for basic and diluted earnings per share are identical, as the Company has no instruments with a dilutive effect. During 2023–2024, the Company also had no instruments with an anti-dilutive effect.

	2022	2023	2024
Earnings per ordinary share (KZT)	70	269	318
Book value per share (KZT) ⁴⁵	2,853	3,447	3,874

FINANCIAL STATEMENTS

The financial statements of NC KTZ JSC and its subsidiaries (hereinafter collectively referred to as the "Group") are prepared in accordance with the requirements of International Financial Reporting Standards (IFRS), including the requirements of IFRS (IAS) 1 Presentation of Financial Statements.

The Company regularly reviews, analyses and identifies changes in IFRS in order to assess their impact on the Group's financial statements.

To ensure the timely completion of the reporting period, the closing of accounting books and the preparation of the Group's reports, the following have been approved and are observed: the Regulation on Period Closing, the Regulation on the Preparation and Generation of Operational Financial and Management Reporting, and the Regulation on the Consolidation and Preparation of the Group's Consolidated Financial Statements.

The Company has developed a checklist of disclosures in financial statements prepared under IFRS. During the preparation of the consolidated financial statements, a process has been introduced for the verification and reconciliation of disclosures with the relevant structural divisions. An analysis is carried out of events and non-routine transactions that may affect the Group's consolidated financial statements.

To ensure effective cooperation between the Company's structural divisions and subsidiaries in providing information required for the preparation of financial statements and for the external audit, a Regulation has been approved governing the preparation of separate and consolidated financial statements and interactions with external auditors

during the audit of the separate and consolidated financial statements of NC KTZ JSC.

The Group's consolidated financial statements are authorised for issue by the management, preliminarily reviewed by the Audit Committee of the Board of Directors of NC KTZ JSC, and are subject to subsequent approval by the Company's Board of Directors and the Sole Shareholder.

GRI 2-5

The consolidated financial statements for 2024 were audited by Deloitte LLP.



More detailed information on remuneration for audit services is provided in the "Audit" section on the Company's corporate website.

Remuneration paid in 2024 by NC KTZ JSC and its subsidiaries Deloitte LLP for the provision of audit services amounted to 488,431 thousand tenge, including VAT

In 2024, Deloitte LLP did not provide non-auditing services to NC KTZ JSC and its subsidiaries.

The Audit Committee of the Board of Directors of NC KTZ JSC annually reviews matters relating to the objectivity and independence of the external auditor, as well as the remuneration payable to the external auditor. Deloitte LLP informed the Audit Committee of its compliance with independence requirements in relation to the Group in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), and with the ethical requirements applicable to the audit of the Group's consolidated financial statements.

⁴⁵ The book value per share is calculated in accordance with the requirements of KASE.

ENGAGEMENT WITH THE SOLE SHAREHOLDER

Information on Participation of the Parent Company in any Placement

On 11 December 2024, in accordance with the decision of the Board of Directors of NC KTZ JSC (Minutes No. 16 dated 3 December 2024), 1,000 (one thousand) ordinary shares of NC KTZ JSC were placed within the limits of the authorised number of shares at a placement price of KZT 13,272,667 (thirteen million two hundred seventy-two thousand six hundred sixty-seven) per ordinary share,

by exercising the pre-emptive right to acquire shares by the Sole Shareholder.

As of 1 January 2025:

- Number of authorised ordinary shares – 502,040,458;
- Number of outstanding ordinary shares – 496,694,666;
- The authorised capital of NC KTZ JSC amounts to KZT 1,123,906,534,541.

and the maintenance of the financial stability of both the Fund and the companies within its Group.

The policy also aims to ensure funding for the Fund's operations, including support for new business lines and investment projects financed from its own

DIVIDENDS

The aim of the Dividend Policy is to achieve a balance of interests between the Fund and the Company, and to ensure predictability and transparency in determining the amount of dividends. The key principles of this policy are the guaranteed payment of dividends to the Fund for its shareholding,

RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT SYSTEM

Risk management is an integral part of the Company's strategic planning and corporate governance processes, as well as a key element in maintaining its financial sustainability.

The core document governing risk management within the Company is the Risk Management and Internal Control Policy of NC KTZ JSC⁴⁶.

The key principles underpinning the Company's risk management process include:

- | | | |
|--|--|------------------------------------|
| • commitment and motivation of management | • systematic, structured and timely approach | • integration into decision-making |
| • alignment with the achievement of goals | • continuous improvement and development | • transparency and engagement |
| • embedded in all organisational processes | | |

The CRMS is designed to strike an optimal balance between the Company's value growth, profitability and risk exposure. It is a fundamental component of the corporate governance system, aimed at the timely identification, assessment and monitoring of all significant risks, as well as the prompt and adequate implementation of risk mitigation measures.

A vertical risk management process has been established across all levels of governance within the Company. Every responsible officer is required to properly consider risks when making decisions. Risk assessments are carried out using both qualitative and quantitative tools that take into account the likelihood and potential impact of each risk.

The operation of the CRMS is ensured through seven interrelated processes:

- goal setting;
- risk management;
- risk/risk factor identification;
- monitoring and reporting;
- risk/risk factor assessment and analysis;
- information and communication;
- establishing the internal environment.



The Policy is available on the Company's corporate website via the following link: see [Risk Management and Internal Control Policy of NC KTZ JSC](#).

The implementation of the Corporate Risk Management System (CRMS) within the Company is based on the COSO framework.

The implementation of these components supports the development of a strong risk culture across the NC KTZ JSC Group, based on setting the right "tone at the top", high levels of risk awareness and knowledge, clear accountability of risk/risk factor owners, active risk management, and timely reporting.

Roles and Responsibilities of CRMS Participants

The Board of Directors of NC KTZ JSC oversees the effectiveness of risk management and internal control by performing the following functions in the area of risk governance:

- defines the Company's short-term and long-term goals;
- approves the principles and approaches to the organisation of the CRMS, the requirements for internal control and control procedures, and the allocation of roles and responsibilities of CRMS participants in risk management and internal control;
- approves the risk appetite, tolerance levels, key risk indicators (KRIs), risk register, risk map, risk response action plans, and consolidated risk reports of the Company;

- approves an organisational structure that meets the Company's needs and ensures effective risk management;
- ensures that matters within the competence of the Board of Directors are considered with due regard to associated risks during the decision-making process;
- takes appropriate measures to ensure that the existing risk management and internal control system aligns with the principles and approaches approved by the Board of Directors and functions effectively, including but not limited to reviewing Internal Audit Service reports assessing the effectiveness of CRMS and internal controls, and analysing external audit findings on improvements to internal control and risk management.

The Audit Committee of the Board of Directors of NC KTZ JSC supports the Board of Directors in monitoring the reliability and effectiveness of the CRMS and internal control system by carrying out functions established by the Company's internal regulations.

The Company's Management Board performs the following functions:

- ensures implementation of the Risk Management Policy, the development and introduction of internal regulations on risk management and internal control, and their timely updating in line with changes in the internal and external business environment;
- delegates authority, duties and responsibilities for risk management and internal control procedures across management levels and process owners;
- ensures integration of risk management and internal control into all business processes of the Company;
- approves the risk appetite, tolerance levels, risk register, risk map, KRIs, risk response action plans, and consolidated risk reports for subsequent review by the Board of Directors;
- continuously monitors the Company's risk appetite at all levels of management, makes adjustments as needed, and promotes a culture that emphasises the importance of risk appetite.

The Company's Internal Audit Service (IAS) assesses the effectiveness of the CRMS and internal control, informs the Management Board and the Board of Directors of existing deficiencies, and provides recommendations for improvement as part of its audit assignments.

The Chief Risk Officer (CRO) organises and coordinates the Company's risk management and internal control system through the following responsibilities:

- ensures implementation of the Risk Management Policy, development, introduction and updating of internal regulations in line with changes in the internal and external business environment;
- fosters a unified corporate risk culture, informs and trains risk coordinators, organises workshops/seminars for members of the Board of Directors and Management Board, and evaluates the effectiveness of the training and knowledge of risk coordinators;
- ensures integration of risk management and internal control into all business processes of the Company;
- organises the formulation and approval of risk appetite, tolerance levels, risk register, risk map, KRIs, and develops risk response action plans and internal control improvement initiatives, consolidated risk reports, and implementation progress reports for review by the Management Board and Audit Committee, with subsequent approval by the Board of Directors;
- ensures timely formulation and approval of risk appetite, tolerance levels, risk register, risk map, KRIs, and develops risk response action plans and internal control improvement initiatives, consolidated risk reports, and implementation progress reports for review by the Management Board and Audit Committee, with subsequent approval by the Board of Directors;
- monitors the implementation of measures to address significant deficiencies identified during the development of the Company's process flowcharts, risk and control matrices;
- ensures the development of the Company's business continuity plans;
- informs stakeholders about the current risk landscape, changes in the control environment, and improvement measures for risk management.

The CRO role is assigned to one of the current members of the Company's Management Board.

The Risk Management Department is a key structural unit responsible for risk management and internal control. It organises the operation of the risk management system, ensures the development and regular updating of internal regulations related to risk management and internal control, provides methodological support to other structural units in identifying and assessing risks, and offers relevant recommendations.

⁴⁶Approved by the decision of the Board of Directors of NC KTZ JSC dated 28 October 2022 (Minutes No. 14).

The Risk Management Department reports directly to the CRO.

The Company's risk management and internal control system is based on the **Three Lines of Defence model**.

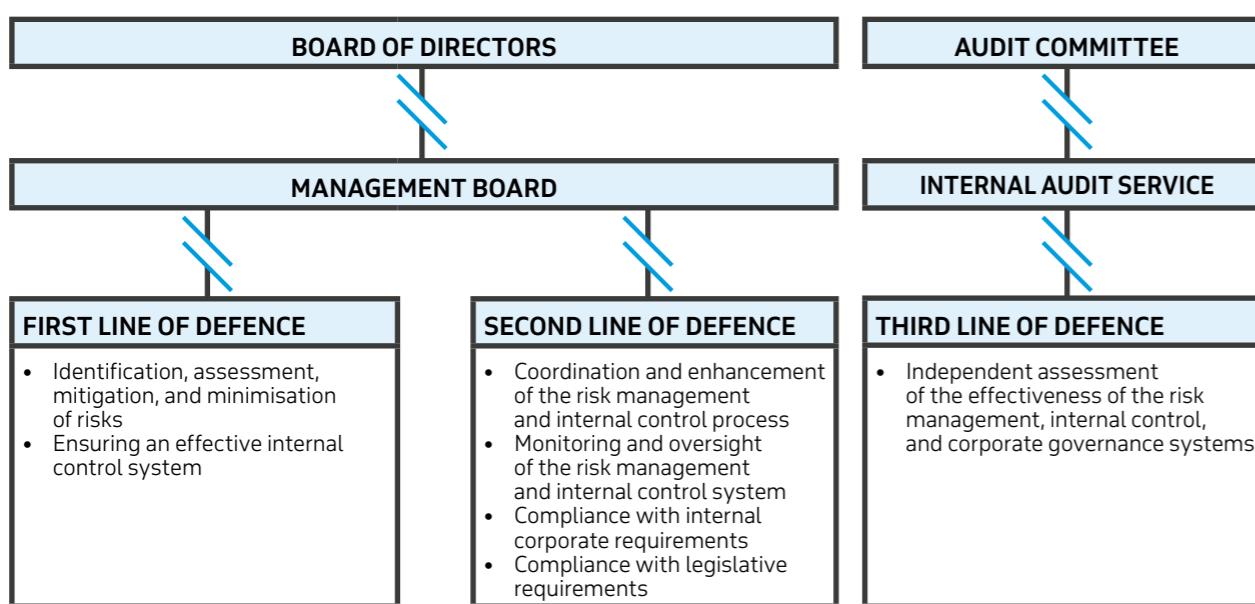
The first line of defence (business functions) comprises structural units represented by each employee within the scope of their responsibilities. Company employees (risk owners), in the course of performing their duties, directly manage risks and implement control procedures within their areas of competence.

The second line of defence consists of structural units of the Company, including the Risk Department, which perform monitoring, review, evaluation, and expert analysis of the activities of the first line of defence and key risks. These units ensure and monitor the implementation of effective practices in risk management, internal control, business continuity, legal and regulatory compliance, and fraud

investigation, in accordance with the functions defined by the Company's internal regulations.

The third line of defence (independent assurance) is represented by the Company's Internal Audit Service, which provides an independent assessment of the effectiveness of the risk management and internal control system. It contributes to continuous improvement and supports the Audit Committee and the Board of Directors by providing an objective evaluation of the performance of the risk management and internal control system.

In 2024, the Internal Audit Service assessed the effectiveness of the Company's risk management system. Based on the results of this assessment, the corporate risk management system of NC KTZ JSC was assigned a BBB rating, indicating that the Company's risk management system meets most of the established criteria in all material respects, and there is sufficient evidence that the system is operating effectively.



Risk Appetite

Risk management is carried out in the context of the Company's defined goals and objectives, which stem from approved strategies, development plans and stakeholder expectations, including the Company's risk appetite and key risk indicators.

The Company's risk appetite characterises its level of risk tolerance within which it can pursue its strategic and operational objectives, and defines

the upper threshold for critical risks or risk factors the Company is willing to accept.

Risk appetite takes into account the Company's mission, vision, and strategic goals, and is determined in relation to investment, financial and operational activities in the context of value creation, preservation and realisation of the Company's assets.

When assessing risk appetite, a level is set that does not compromise the principles of financial sustainability. Accordingly, the higher the consolidated

debt burden, the lower the risk appetite. This approach ensures a liquidity buffer to cover potential losses arising from risk events.

Decisions on risk mitigation are made at different management levels depending on the significance of the risks. The decision-making thresholds are defined based on the Company's risk appetite.

The Company's risk appetite serves as a basis for further decision-making in the area of risk management.

Key Risk Indicators (KRIs) play a significant role in the risk management system and serve as a source of information for management decisions in response to the emergence of risk events. KRIs are indicators that signal trends in risk factor changes and the potential materialisation of risks that could adversely affect the Company's operations.

KRIs are developed to provide management with timely information on the Company's significant risks.

Development of the Risk Management System

The continuous improvement of the risk management and internal control system is achieved through the implementation of measures aimed at preventing

INITIATIVES TO IMPROVE THE INTEGRATED RISK MANAGEMENT SYSTEM (IRMS)

The Company continuously enhances the IRMS and regularly improves its regulatory and methodological framework for risk management.

In 2024, the Company implemented the following initiatives:

- The Company's Rules on the identification of hedging relationships and the assessment

RISKS

Risk identification is an important method for optimising the Company's expenditures, as the early detection of risks, the determination of appropriate mitigation measures,

the materialisation of risks and reducing their potential impact. Regular reporting is carried out on the implementation status of preventive measures. The Company's senior management is actively and directly involved in the risk management process.

Quarterly risk exposure assessments are conducted, and the findings are compiled into consolidated quarterly risk management reports. These reports include information on key risks, materialised risks, preventive and reactive risk mitigation measures taken, as well as projected risks.

The highest level of risk oversight in the Company is exercised by the Board of Directors.

As part of the ongoing monitoring of the development of the Company's risk management system, quarterly risk reports are submitted to the Board of Directors.

In 2024, risk management reports were reviewed by the Board of Directors following the results of the first, second and third quarters of 2024 (Minutes No. 7 dated 13 June 2024, No. 12 dated 17 September 2024, and No. 17 dated 12 December 2024).

These reports included detailed analysis and forecasting of the Company's critical risks. The number of such risks in each report may reach up to 14.

- of their effectiveness were approved in a new edition;
- Risk reports were reviewed and approved by the Board of Directors on a quarterly basis;
- Training seminars were conducted by the Risk Management and Internal Control Department for risk managers of subsidiaries, as well as risk coordinators from branches and structural divisions.

and the elimination of consequences make it possible to plan sources and volumes of financing for such activities, ultimately enhancing the Company's operational efficiency.

Risks are proactively identified both during the annual risk inventory process – when compiling the Risk Register – and on a quarterly basis during the course of the Company's operational activities, as part of the preparation of risk reports.

When a significant risk is identified that has not been previously included in the Risk Register, the risk owner must notify the Risk Department. The Risk Department analyses the information received and, if necessary, adds the new risk to the Company's Risk Register. As part of the inventory process, risk owners also identify potential or actual instances of risk occurrence, negative trends indicating an escalation of risk, analyse the underlying causes, and assess the scale of the potential loss.

Risk assessment is carried out in accordance with each risk's position on the Risk Map:

- Highest-priority risks – with potential damage of 90% or more, and exceeding KZT 3 billion;
- Second-priority risks – with potential damage in the range of 70-90% and KZT 1-3 billion;
- Third-priority risks – with potential damage in the range of 40-70% and KZT 0.5-1 billion;
- Lower-priority risks – with potential damage of up to 40% and KZT 0.2-0.5 billion.

On an annual basis, the Risk Register and Risk Map of NC KTZ JSC are developed and approved. The Risk Map is segmented according to impact and probability zones. In accordance with the approved Risk Register for 2025, a total of 69 risks across 29 risk categories have been identified and assessed:

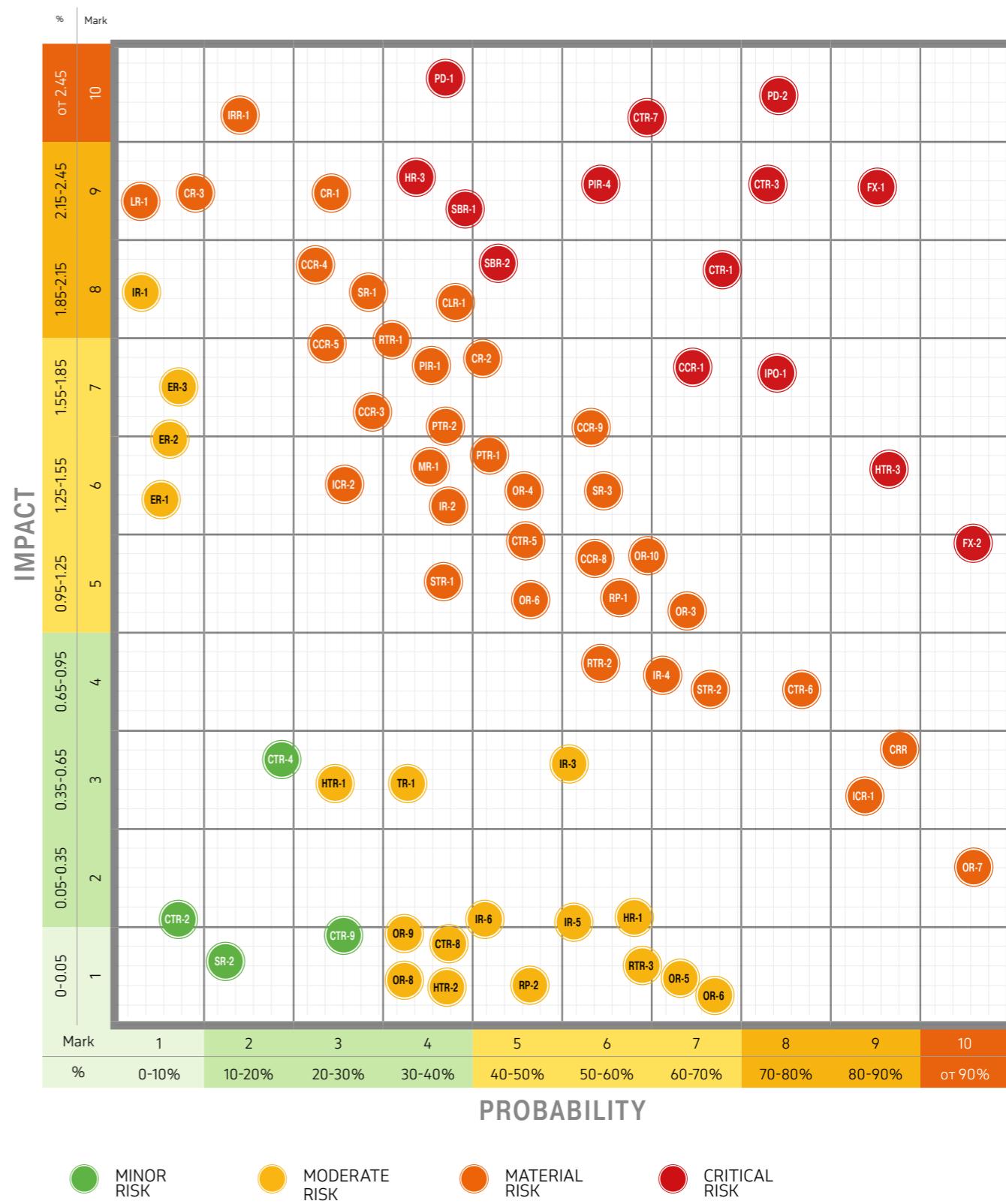
Red zone – 14 risks;

Orange zone – 32 risks;

Yellow zone – 19 risks;

Green zone – 4 risks.

RISK MAP OF NC KTZ JSC FOR 2025



● MINOR RISK ● MODERATE RISK ● MATERIAL RISK ● CRITICAL RISK

CRITICAL RISKS

CARGO TURNOVER RISKS	
CTR-1	Volume of Domestic Freight Turnover
CTR-3	Volume of Freight Turnover from Exports
CTR-7	Risks Related to Freight Car Operations
CURRENCY RISK	
FX-1	Balance of Assets and Liabilities
FX-1	Foreign Currency Contracts
IPO RISKS	
IPO-1	Risk of the Company Failing to Launch an IPO
PROJECT AND INVESTMENT RISKS	
PIR-4	Risks Associated with Implementation of Major Investment Projects and Establishment of Joint Ventures
CONTRACTUAL RISK	
CCR-1	Risk of Forced Execution of Contracts
SUBSIDY ALLOCATION RISK	
SBR-1	Subsidies for NC KTZ JSC Interest Rates
SBR-2	Subsidies for PL Interest Rates
DEFAULT RISK	
PD-1	Risk of Decreased Financial Stability (Default Risk)
PD-2	Risk of Decreased Financial Stability of NC KTZ JSC Subsidiaries
SAFETY AND OCCUPATIONAL HEALTH RISKS	
HTR-3	Threat to the Life and Health of Company Employees
HR-3	Employee Dissatisfaction

MEASURES TO MITIGATE CRITICAL RISKS

CODE	RISK NAME	MITIGATION MEASURES
CTR	Risk of reduced freight turnover	Development and implementation of a cargo containerisation programme Development of alternative routes (TMTM) Offering favourable tariff conditions to consignors Increasing freight train section speed Reducing the time for car placement/removal to/from loading/unloading areas Planning seasonal freight transportation for efficient use of the car fleet Development and implementation of a cargo containerisation programme
FX	Foreign exchange risk	Reducing the share of debt denominated in foreign currency, restructuring the loan portfolio
OR	Operational risk	Implementation of measures to reduce the risk of investment project non-fulfilment; Timely adjustment of service tariffs to a level that ensures cost recovery and the required capital investment volume; Overhaul of the locomotive fleet in accordance with the Capital Investment Plan; Efficient use of the car fleet
MR	Macroeconomic risk Inflation risk	Allocation of government subsidies in the required amount Timely submission of applications for increasing the regulated tariff for locomotive traction
IR	Infrastructure risk	Track overhaul in line with the overhaul schedule Ongoing track maintenance
CCR-1	Contractual risk	Securing freight volumes to ensure loan servicing under the Loan Agreement Ongoing efforts to attract customers for loading refrigerated container
HTR	Traffic safety and occupational health risk	Monitoring of safety compliance Training on behaviour-based safety dialogue training Training on safe working practices Prohibition of operating faulty machinery and equipment Timely repair, maintenance and inspection of machinery and equipment
HR	HR risks	Implementation of a Corporate Motivation System for key production personnel Establishment of a Labour Restructuring Centre at the premises of Personnel Assessment and Development Centre for Railway Transport; Branch of NC KTZ JSC branch Implementation of an early retirement programme Centralised recruitment and internal redeployment of released personnel through natural attrition and a hiring freeze
SBR	Risk of subsidy non-allocation	Conclusion of addenda to subsidy contracts to reduce penalties for non-performance or improper performance of contract terms
SR	Risks of sanctions and restrictions	Inclusion of sanctions clauses in contracts Screening of non-resident counterparties against sanctions lists during contract negotiations

EMERGING RISKS

The Company analyses potential events that may affect its operations and assesses whether they constitute emerging risks.

NAME OF THE RISK	
ESG risk	Caspian Sea Level Decline Risk (Shallowing Risk)
Risk Description in the Context of the Company's Operations	<p>The primary cause of the sea level decline is climate change in the Central Asian region, as well as a reduction in the water level of the Volga River basin – the main source feeding the Caspian Sea. The lowering of the sea level will reduce the operational capacity of port berths, shipping routes, port waters, hydraulic structures, and maritime safety.</p>
Potential Impact of the Emerging Risk on the Company's Business	<p>Inability to ensure the safe entry/exit of vessels in the Port of Aktau (risk of grounding); Suspension of port operations by the competent authorities due to non-compliance with the design-operational depth characteristics of the port water area, posing a maritime safety risk; Decrease in transhipment volumes and, consequently, loss of revenue due to reduced draught capacity at the Port of Aktau as a result of the Caspian Sea level decline.</p>
Mitigation Measures	<p>Implementation of the "Dredging Works in the Waters of the Port of Kuryk" project.</p>
	<p>Risk of Non-Receipt or In-complete Receipt of Government Subsidies</p> <p>Given the social significance of interregional passenger transport and investment projects, the main source of funding is the national (republican) budget.</p> <p>Decline in service quality provided by Passenger Transportation JSC, customer shift towards road transport; Delays in the implementation of investment projects; Increased costs and liquidity gaps when projects are financed from the Company's own funds.</p> <p>Engagement with the Customer – Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan; Development and implementation of a new network of routes.</p>

RISK CULTURE

A strong risk culture is the foundation for effective risk management. It encompasses the beliefs, understanding, and knowledge of risk management that are shared and applied by all officers and employees in the performance of their duties.

The Company's risk culture is an integral part of its corporate culture and plays a key role in the processes of identifying, assessing, and managing risks – from strategy development implementation and performance monitoring.

The Company's risk culture is based on four core principles:

Tone at the Top: The Board of Directors, Management Board, and Executive Management set the tone at the top and, when making decisions, strive to strike an optimal balance between long-term value creation, profitability, and the risks associated with both action and inaction. Management encourages risk-aware behaviour among employees. Each item on the agenda of the Company's governing bodies

must be accompanied by a risk analysis and alignment with the established risk appetite.

Risk assessment is a key stage in submitting matters for review by the Management Board and the Board of Directors. For every item, the initiators provide a detailed outline of the associated risks in the supporting materials (explanatory notes), covering the potential implications of both approving and rejecting the proposed decisions.

Before implementing major investment projects, the Company conducts thorough risk analysis, including assessment of impacts and potential consequences. If significant risks are identified, appropriate mitigation measures are developed – including, where necessary, the decision to abandon a project in accordance with the precautionary principle.

The Chief Risk Officer (CRO) organises and coordinates the Company's risk management and internal control system and, where necessary, arranges training

sessions and workshops for members of the Board of Directors and the Management Board.

Corporate Governance: The Company's activities aim to foster a control environment in which employees understand that the Risk Management Policy and all internal documents are mandatory for compliance. All officers and employees have a clear understanding of their responsibilities and authorities in risk management and internal control. Risk owners, within their area of responsibility, are expected to understand the risks, manage them appropriately, and provide timely and accurate reporting in accordance with internal regulations.

Decision-Making: The internal environment is characterised by open communication and transparency of risk information, enabling open and constructive dialogue about related risks and potential opportunities between employees and management. This fosters joint decision-making in response to external challenges.

The Company's remuneration system at all levels uses both financial and non-financial incentives to promote sound risk management behaviours in decision-making. The incentive system is based on the identification and effective management of significant risks, the implementation of new technologies, and the introduction of efficient risk management practices.

Competence: The Risk Department supports the continuous development of risk culture, including through onboarding programmes for new employees, which include testing and feedback. The Risk Department ensures the ongoing training

SUSTAINABILITY RISKS

The Company's Risk Management and Internal Control Policy was amended to include ESG risks.

In accordance with the Policy, throughout its implementation the Company pays particular attention to environmental, social and governance (ESG) risks.

The Company's ESG risk management framework comprises the following components:

and information sharing for the Company's risk coordinators. Risk management and internal control documents are also provided as part of the onboarding process for members of the Board of Directors, the Management Board, and other key personnel.

The Risk Department regularly conducts surveys and analyses the results to assess the influence of the risk culture on business processes. Where necessary, anonymous surveys on risk culture are carried out among employees, with results submitted to the Board of Directors and the Management Board for action.

In 2024, a survey was conducted among employees and management to assess the Company's level of risk culture. The results were analysed and presented to the Board of Directors. The survey enabled the identification of weaknesses in risk management and informed the development of targeted risk culture improvement initiatives, such as training for managers and staff, collaborative risk identification during training sessions, and methodology updates.

Plans for the Development of the Risk Management System in 2025:

- Further development of the risk culture;
- Updating of internal regulations on risk management;
- Development of an automated risk management system;
- Training for risk coordinators and risk managers.

- Adoption of corporate governance practices essential for effective risk management and internal control (RM & IC);
- Understanding the Company's business context and strategy;
- Identification of ESG risks;
- Assessment and ranking of ESG risks;
- Response to ESG risks;
- Review and reassessment of ESG risks;
- Communication and reporting on ESG risks.

ESG RISKS AND MITIGATION MEASURES

RISK NAME	MITIGATION MEASURES
HR RISKS	
Violations of the Labour Code of the Republic of Kazakhstan	Delivery of training programmes for HR staff. Centralisation of HR record-keeping through the Multifunctional Service Centre (MSC), Branch of NC KTZ JSC.
Corruption during recruitment	Full centralisation of recruitment and selection through the MSC. Establishment of accountability of senior executives for corruption offences committed by their subordinates. Active public communication in the media and social networks on recruitment procedures. Candidate questionnaires with a focus on transparency and the potential for corrupt practices during recruitment processes. Quarterly verification of newly hired employees' educational qualifications through direct requests to educational institutions. Regular anti-corruption workshops and other activities for personnel responsible for recruitment and hiring.
Employee dissatisfaction	Employee dissatisfaction – high likelihood of occurrence: <ul style="list-style-type: none"> • Due to low wages <p>Mitigation measures:</p> <p>Participation in the Commission for developing decisions on salary conditions and increases across the NC KTZ JSC Group for 2021–2025. Performance-based bonuses for track workers, team leaders, and conductors; industry competition awards. Implementation of a Corporate Motivation System for key production personnel to increase labour productivity. Creation of wage fund reserves to ensure payment of variable remuneration.<ul style="list-style-type: none"> • Due to headcount optimisation <p>Mitigation measures:</p><p>Implementation of an early retirement programme. Centralised recruitment and internal redeployment of released personnel through natural attrition and a hiring freeze. Additional social support measures for personnel relocation (during rotation or regional transfers). Retraining and reskilling programmes for staff, including for professions in demand outside NC KTZ JSC, in collaboration with employment centres. Compensation mechanisms for employees made redundant before qualifying for early retirement. Expansion of the service areas covered by the Shared Services Centre. Implementation of outstaffing within the perimeter of NC KTZ JSC. Maximum retention and redeployment of released personnel.<ul style="list-style-type: none"> • Due to poor working conditions and abuse of authority by local management: <p>Mitigation measures:</p><p>Implementation of the "Favourable Working Conditions" programme, including:<ul style="list-style-type: none"> • Improvement of sanitary and welfare conditions and provision of household appliances, particularly for outdoor workers; • Timely provision of office supplies; • Enhancement of sanatorium and health resort treatment services; • Introduction of mechanisms for additional compensation in case of occupational accidents. Certification and subsequent rotation of line managers. Communication campaigns to eliminate extortion from employees.</p></p></p>
Environmental and Climate Risk	
Caspian Sea level decline risk	Dredging operations. Depth sounding (bathymetry).
Risks associated with changes in physical climate parameters	Emission reduction through: <ul style="list-style-type: none"> • Annual activities aimed at protecting air, water and land resources; • Environmental management system in place; • Environmental impact monitoring.

INTERNAL CONTROL SYSTEM

The Internal Control System (ICS) is an integral part of the Corporate Risk Management System (CRMS). The ICS is based on the COSO model and comprises the following five interrelated components:

- control environment;
- risk assessment;
- control procedures;
- information and communication;
- monitoring

The ICS is designed to provide reasonable assurance regarding the achievement of the Company's goals in three key areas:

- improving operational efficiency;
- preparation of complete and reliable financial statements;
- compliance with the laws of the Republic of Kazakhstan and the Company's internal regulations.

The ICS focuses on the analysis of business processes, timely identification and assessment of process-level risks inherent to the Company's operations, as well as the identification and evaluation of control procedures aimed at managing these risks.

In 2024, a business process prioritisation matrix and a calendar schedule for developing flowcharts and risk and control matrices for the head office and branches of NC KTZ JSC were approved.

As part of this work, business process owners were trained in the fundamentals of implementing an internal control system.

Additionally, similar documentation related to the following processes was developed in the subsidiaries of NC KTZ JSC: ASCP NC JSC, Kedentransservice JSC, Passenger Transportation JSC, Kaztemirtrans JSC, KTZ-Freight Transportation LLP, Port-Kuryk LLP, KTZ Express JSC, KTZ-Passenger Locomotives LLP, and Temirzholsu JSC: Revenue; Procurement; Information Technologies; Budget Management; Terminal Cargo Handling at Freight Yards; Transhipment Organisation; Preparation of Facilities and Personnel for Winter Operations; Legal Work; Monitoring and Analysis of Electricity and Diesel Fuel Consumption; Maintenance; Human Resource Management; and others.

Internal Control and Risk Management System for the Preparation of Consolidated Financial Statements

The internal control and risk management system for the preparation of separate and consolidated financial statements of NC KTZ JSC covers all levels

of governance, internal processes, and operations carried out by the Company's branches, structural units, and subsidiaries.

Reliable and effective functioning of the internal control and risk management system in financial reporting requires engagement and ongoing interaction among employees and officials at all levels of NC KTZ JSC and its subsidiaries.

The internal control and risk management system for the preparation of separate and consolidated financial statements is characterised by the following key principles:

- Comprehensiveness: the system is operational at all levels of financial reporting processes, including branches and subsidiaries, and control procedures are executed across the reporting process;
- Continuity: consistent and proper operation of the internal control system during information preparation, ensuring the timely prevention and detection of deviations from objectivity;
- Responsibility: all ICS and risk management actors are accountable for the proper performance of control activities in accordance with their responsibilities defined in the Company's internal regulations;
- Accountability: the quality and timeliness of task and responsibility execution by each actor involved in the internal control and risk management system are monitored by the next higher level;
- Unified methodological framework: a single approach to the application of standards across all structural units, subsidiaries, and affiliates;
- Self-monitoring/preventive control: internal control systems should be capable of self-monitoring. Some systems operate automatically, while others require periodic checks. Controls should be designed to ensure preventive action rather than rely solely on inspection or audit;
- Ongoing development and improvement: internal control and risk management procedures should aim at continuous identification of deficiencies and improvement areas, along with the implementation of appropriate corrective actions.

Internal Control and Risk Management System in Relation to Consolidated Financial Reporting

To mitigate the risks of inaccuracy and untimeliness in financial reporting, control procedures are developed for business processes.

These procedures are documented and provide adequate risk coverage. Significant risks within business processes, along with the corresponding control procedures, are included in the Risk and Control Matrix.

INTERNAL AUDIT SERVICE

The Internal Audit Service is a division of NC KTZ JSC responsible for monitoring the financial and operational activities of the NC KTZ JSC Group. Its functions include assessing internal control, risk management, and compliance with corporate governance documents, as well as providing advisory services to improve the operations of the NC KTZ JSC Group.

The 2024 Annual Audit Plan of the Internal Audit Service included the execution of 15 audit assignments covering 24 auditees, all of which were completed in full.

Based on the results of the 2024 audit assignments, a total of 311 recommendations were issued. Of these: 161 recommendations (51.8%) were implemented by the auditees, 13 recommendations (4.2%) are currently in progress, and 137 recommendations (44%) have not yet reached their implementation deadlines.

As part of the second line of defence in the Risk Management and Internal Control System, internal audits were conducted to assess the Company's management system for compliance with international management system standards, including: ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, and ISO 50001:2018.

In 2024, internal audits identified 16 non-conformities with the requirements of international standards and resulted in 26 recommendations. In line with international standards, each non-conformity is treated as an opportunity for improvement. Root cause analyses were carried out for all identified non-conformities, and corresponding corrective action plans were developed and implemented.

Plans for 2025

The 2025 Annual Audit Plan of the Internal Audit Service⁴⁷ includes 16 audit assignments covering 27 auditees.

The priority areas of internal audit for 2025 include:

- implementation of the NC KTZ JSC Development Strategy 2032;
- revenue generation and service value formation;
- assessment of the effectiveness of the internal control system;
- freight transportation process;
- implementation of IT projects;
- HR processes;
- management of accounts receivable.

GRIEVANCE MECHANISMS

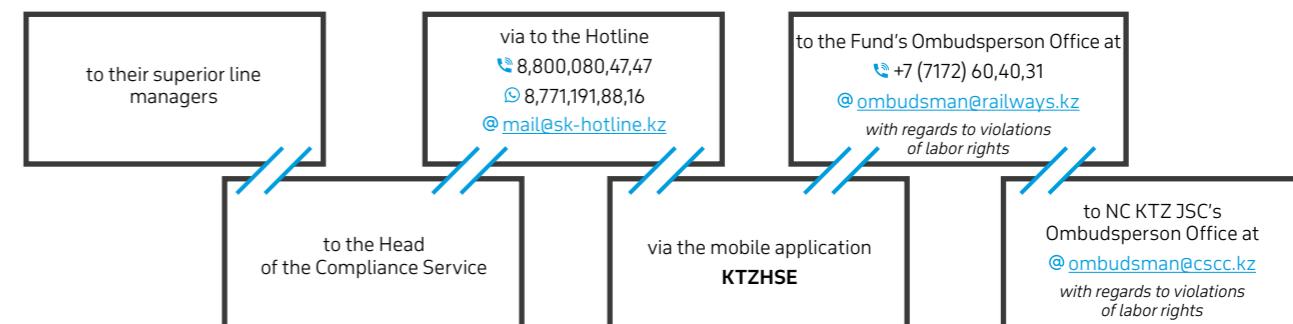
GRI 2-25, 2-26

The Company places great importance on open dialogue and engagement with all stakeholders. Effective grievance mechanisms have been developed to receive and review submissions, allowing us to promptly identify and mitigate any adverse impacts of our operations.

Through these mechanisms, employees and other parties may seek advice on corporate ethics and/or report actual or suspected violations of corporate ethics, human rights abuses, unequal employment and labour conditions, theft, corruption-related offences committed by employees or officials of the Company, as well as threats to health, safety or the environment.

⁴⁷ Approved by the Board of Directors of NC KTZ JSC on 12 December 2024 (Minutes No. 17).

COMMUNICATION CHANNELS FOR GRIEVANCES AND COMPLAINTS BY EMPLOYEES:



COMMUNICATION CHANNELS FOR GRIEVANCES AND COMPLAINTS BY OTHER STAKEHOLDERS:



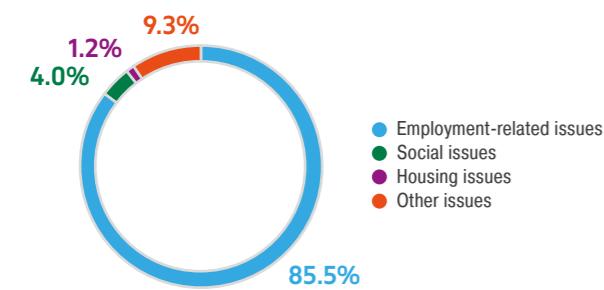
CORPORATE OMBUDSMAN

The Company's Corporate Ombudsman is appointed by the Board of Directors. According to the Regulations on the Corporate Ombudsman of NC KTZ JSC, the Ombudsman's key functions include:

- facilitating the early prevention and resolution of conflicts between employees, groups of employees, suppliers, customers of the Company and its subsidiaries;
- upholding the principles and rules of the Code of Business Ethics across the Company and its subsidiaries;
- analysing internal regulations of the Company and its subsidiaries that address social and labour issues, and participating in their development and revision;
- advising parties involved in employment or social conflicts on matters related to dispute resolution;
- submitting reports to the Board of Directors and its Committees on activities, and on systemic and organisational issues requiring appropriate decisions;
- analysing submissions from employees, groups of employees, suppliers and customers with the aim of preventing labour and social conflicts;
- mediating between parties to labour disputes or conflicts to ensure effective communication and resolution;
- developing recommendations and measures to address systemic and organisational issues and enhance social stability within the Company and its subsidiaries;
- studying and implementing international best practices of corporate ombudsman institutions and related areas.

During the reporting period, the Office of the Corporate Ombudsman of NC KTZ JSC received verbal and written submissions from 248 individuals (compared to 326 in 2023), including 194 through the hotline (compared to 279) and 16 submitted directly to the Ombudsman's office (compared to 47).

ISSUES SUBMITTED TO THE OFFICE OF THE CORPORATE OMBUDSMAN IN 2024, %



Out of the 248 submissions (compared to 326), 215 were processed (compared to 297), 2 were under review (8), and 31 were withdrawn by the applicants (21).

The resolution rate for the 215 processed submissions (compared to 297) was 86.69% (compared to 93.39%). Of these: 62 were resolved in favour of the applicant (compared to 79), 106 received clarifications (151), 41 were rejected (55), 6 were redirected.

To help prevent conflict and ensure respect for human and workers' rights, the Company conducts regular meetings with teams, and works to identify factors that may lead to tensions between employees and the Company or customers and the Company. This includes providing legal consultations and practical assistance.

In 2024, this work involved targeted assessments of disciplinary practices; provision of personal protective equipment and footwear; the timeliness and completeness of compensation payments to employees injured on duty; issuing advisory letters on labour, social and other legal matters. This also included responding to employee complaints and participating in meetings with teams to address social and labour issues, with the involvement of the Company's pool of mediators.

CONFLICT OF INTEREST MANAGEMENT

GRI 2-15

NC KTZ JSC has adopted a Policy on the Prevention and Management of Conflicts of Interest for Officers and Employees, approved by the Board of Directors on 6 May 2020 (Minutes No. 7).

This Policy is based on legislative requirements and the Company's internal regulations concerning ethics and compliance and covers the following aspects:

- key principles for managing conflicts of interest;
- mechanisms for timely and comprehensive identification of conflicts of interest;
- procedures and potential measures for resolving conflicts of interest;
- liability of officers and employees for failure to fulfil obligations related to the prevention of conflicts of interest.

In accordance with the Rules of Recruitment and Transfer to certain positions in NC KTZ JSC

and its subsidiaries, approved by Order No. 969-CZ dated December 18, 2024, candidates for vacant positions related to the performance of organizational, administrative and economic functions are necessarily checked for the presence of or lack of affiliation and conflict of interest.

In 2024, conflict of interest assessments were conducted for 588 candidates applying for senior positions at NC KTZ JSC and its subsidiaries.

As a result of these assessments, the Compliance Service identified a potential conflict of interest in 423 cases, which required declaration (these primarily concerned the participation of candidates or their close relatives in business entities or employment within the NC KTZ JSC Group) 28 candidates were found to have a negative information background and 23 candidates did not meet the required qualifications.

BUSINESS CONDUCT

The Company has adopted the NC KTZ JSC Policy on Ensuring Transparency and Integrity in Lobbying Practices, aimed at preventing corruption, conflicts of interest, and unethical practices related to decision-making influence, as well as promoting

openness and ethical conduct in advancing the interests of NC KTZ JSC.

The key principles defined by NC KTZ JSC in this area are: legality, integrity, ethics, transparency, honesty, and openness.

INFORMATION SECURITY AND DATA PROTECTION

NC KTZ JSC places a strong emphasis on information security (IS), as well as on the reliability and efficiency of its information systems and production processes. The Company's Information Security Management System (ISMS) is certified in accordance with ISO 27001:2013.

The process of improving the ISMS is ongoing, involving the adoption of the latest tools and methods to counter information security threats.

The Chairman of the Management Board of NC KTZ JSC exercises oversight over information security, reliability, and the effective functioning of information systems and production processes. The Chairman is supported by the Information Security Service, whose main objective is to strengthen protection of the Company and its subsidiaries from potential damage.

Continuous training of NC KTZ JSC employees is aimed at integrating cybersecurity awareness into the railway industry culture. In the reporting year, the following key measures were implemented to ensure an adequate level of cybersecurity within the Company:

- new information security protection tools and best practices in cybersecurity were introduced;
- pilot projects were successfully completed for the protection of mobile devices and the security of networks used in the Automated Process Control System;
- a Privileged Access Management (PAM) system was implemented;
- the Company's IT infrastructure was successfully migrated to cloud solutions (in collaboration with the IT division);
- employees received training on "Confidential Information Security" via the IS awareness portal;

- priority measures were implemented in accordance with the approved Information Security Strategy Roadmap of NC KTZ JSC for 2023–2026;
- a number of internal documents regulating information security procedures were developed and updated for all employees;
- external experts conducted penetration testing of the Company's information systems as part of the ISMS;
- under the Rules for Ensuring the Continuity of Information Asset Operations within the NC KTZ JSC Group (approved by Order No. 988-TS dated 12 December 2022), two tests (in July and December) were conducted to verify operational continuity and asset recovery;
- a rapid response system was established for IT service failures and cybersecurity incidents.

To support users of information systems during emergency situations, the Company has introduced a user response instruction for IS incidents (approved by the order No. 5-TS dated 10 January 2022), which outlines the escalation process should a staff member identify any suspicious activity.

The Company has also developed the Information Security Policy (approved by the Management Board on 17 April 2023, Decision No. 02/10) and the Data Protection Policy (approved by the order No. 758-CS dated 4 October 2024).

GRI 418-1

In 2024, the Company identified no confirmed complaints from customers, third parties or regulatory bodies regarding data privacy breaches, and no incidents involving information leaks were recorded.

Information Security Development Plans for 2025

In 2025, NC KTZ JSC will continue to monitor compliance with information security requirements across all existing and developing IT systems and will carry out further activities aimed at strengthening cybersecurity, raising awareness, and protecting confidential information.

As part of the continuous improvement of its information security management processes, the Company's priorities will include:

- enhancing and scaling the comprehensive ISMS in line with the Information Security Strategy of NC KTZ JSC for 2023–2026;

- testing critical information and communication infrastructure of NC KTZ JSC for compliance with IS requirements;
- establishing an internal Security Operations Centre (SOC);
- delivering training and conducting assessments of employee IS awareness;
- organising cybersecurity drills, including phishing simulations;
- transitioning to the new ISO 27001:2022 international standard;
- continuing cooperation with the State Technical Service JSC and the Information Security Committee of the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan on IS matters.



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ON SOLID RAILS –
POWERED BY SKILL AND
DEDICATION



CONSOLIDATED FINANCIAL STATEMENTS

GRI 2-3

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES
FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

Management of Kazakhstan Temir Zholy National Company JSC ("the Company") is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of the Company and its subsidiaries (collectively – "the Group") as at 31 December 2024, and the consolidated results of its operations, consolidated cash flows and consolidated changes in equity for the year then ended, in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

In preparing the consolidated financial statements, management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRS Accounting Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and consolidated financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS Accounting Standards;
- maintaining statutory accounting records in compliance with local legislation and IFRS Accounting Standards;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- preventing and detecting fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2024 were approved for issue by management on 13 March 2025, pre-approved by the Audit Committee of the Board of Directors of the Company and subject to further approval by the Board of Directors and the Shareholder.



On behalf of management of the Group:

Dair Kushnerov
Finance Director

Yelen:
Chief Accountant

13 March 2025

13 March 2025

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and the Shareholder of Kazakhstan Temir Zholy National Company JSC

Opinion

We have audited the consolidated financial statements of Kazakhstan Temir Zholy National Company JSC (hereinafter – "the Company") and its subsidiaries (together – "the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("the IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Why the matter was determined to be a key audit matter?	How the matter was addressed in the audit?	Why the matter was determined to be a key audit matter?	How the matter was addressed in the audit?
Assessment of impairment indicators of property, plant and equipment	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • evaluated the appropriateness of the management's identification of a single cash-generating unit; • evaluated whether the Group's analysis of impairment indicators of property, plant and equipment is accurate and complete and in accordance with the requirements of IAS 36 <i>Impairment of Assets</i>; • held meetings with management of the Group, examined internal communication to management and Board of Directors minutes in order to evaluate information consistency with the analysis provided by the management and to identify information that potentially might have an effect on the impairment indicators analysis; • challenged relevance of management judgement in relation to freight turnover; • challenged relevance and completeness of factors used by management when analysing the impairment indicators with the assistance of our valuation specialists; and • assessed the completeness and adequacy of disclosures in the consolidated financial statements. 	As disclosed in Note 14, the terms of certain long-term loan agreements include covenants, whereby non-compliance may result in the loans becoming payable on demand.	<ul style="list-style-type: none"> • examined the correctness of classification of assets and liabilities as current and non-current; • analysed management's evaluation of the going concern principle and their plans to settle current liabilities, assessing the Group's committed and available funding and ensuring that the management's plans appropriately reflect the current and anticipated future economic environment; • assessed any mitigating actions available to management to improve the Group's liquidity and going concern position to the extent necessary, including an assessment of whether such actions are within the control of management; • analysed current and expected events and conditions, including financial and operating indicators, which could cast doubts on the Group's ability to continue as a going concern; • analysed the most recent cash flow forecast and the management downside scenarios affecting the Group's liquidity and its ability to settle obligations, including the ability to generate a sufficient level of cash flows from operating activities to serve and timely settle its borrowings, as well as the impact of possible exchange rate fluctuations on liabilities and revenues; • examined the documents supporting the availability of financing sources, including credit agreements, negotiations with financial institutions, Board of Directors' minutes and Letter of Support from the Shareholder; • analysed the terms of the loan agreements and related financial and non-financial covenants; • recalculated financial covenants as at the reporting date for mathematical accuracy; • evaluated external matters that could be an indicator of adverse events and conditions, which may impact the Group's operations; and • assessed the completeness and adequacy of information disclosed in the consolidated financial statements.
Liquidity and the going concern principle			
</			

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Olga Belonogova
Auditor
Qualified Auditor
of the Republic of Kazakhstan
Qualification Certificate
No. MF – 0000865
dated 13 August 2019



Zhangir Zhilysbayev
General Director
Deloitte LLP

State Audit License of the
Republic of Kazakhstan No. 0000015,
type MFU-2, issued by the Ministry of Finance
of the Republic of Kazakhstan
dated 13 September 2006

Almaty, Republic of Kazakhstan
13 March 2025

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024 (in millions of tenge, unless stated otherwise)

	Notes	2024	2023
Revenue and other income			
Revenue from freight transportation	21	1,875,558	1,682,550
Revenue from passenger transportation	21	110,523	101,682
Government grants	5	41,124	38,912
Other revenue	22	136,737	110,951
Total revenue and other income		2,163,942	1,934,095
Cost of sales	23	(1,620,017)	(1,498,583)
Gross profit		543,925	435,512
General and administrative expenses	24	(128,390)	(106,494)
Finance income	25	52,955	32,221
Finance costs	25	(184,984)	(208,365)
Foreign exchange loss	30	(69,620)	(14,124)
Gain on disposal of subsidiary not qualifying as discontinued operations		-	6,283
Share of the profit of associates and joint ventures	7	10,772	8,144
Impairment reversal of financial assets and contract assets		1,601	2,662
(Impairment)/impairment reversal of non-financial assets		(7,336)	1,149
Other profit and losses		4,606	4,395
Profit before tax		223,529	161,383
Corporate income tax expenses	17	(62,724)	(24,599)
Profit for the year		160,805	136,784
Other comprehensive (loss)/income, net of income tax:			
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Remeasurement of employee benefit obligations	16	3,688	(540)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value loss arising on cash flow hedging instruments	13	(48,625)	-
Reclassification of the loss on cash flow hedging instruments	13, 21	412	-
Corporate income tax relating to items that may be reclassified subsequently to profit or loss	13, 17	9,643	-
Foreign exchange difference on translation of foreign operations		1,774	(4,918)
Other comprehensive loss for the year		(33,108)	(5,458)
Total comprehensive income for the year		127,697	131,326
Profit for the year attributable to:			
The Shareholder		157,818	133,508
Non-controlling interests		2,987	3,276
Total comprehensive income attributable to:		160,805	136,784
The Shareholder		124,699	128,058
Non-controlling interests		2,998	3,268
Earnings per share, in tenge	26	318	269



On behalf of management of the Group:



13 March 2025


Yelena Stankova
Chief Accountant

13 March 2025

The notes below are an integral part of these consolidated financial statements.

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024
(in millions of tenge)**

	Notes	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	6	4,782,227	3,794,479
Goodwill		15,520	15,520
Intangible assets		11,250	13,824
Investments in joint ventures	7	1,396	1,579
Investments in associates	7	48,678	38,989
Deferred tax assets	17	21	60
Other non-current assets	8	647,483	690,159
Total non-current assets		5,506,575	4,554,610
Current assets			
Cash and cash equivalents	9	198,578	204,614
Inventories	10	57,820	64,362
VAT recoverable	4	120,475	49,618
Trade accounts receivable	11	21,666	16,326
Prepaid income tax		7,899	3,535
Contract asset		336	1,153
Other current assets	12	45,407	45,988
Total current assets		452,181	385,596
Total assets		5,958,756	4,940,206
EQUITY AND LIABILITIES			
Equity			
Share capital	13	1,123,907	1,110,634
Hedging reserve	13	(38,570)	-
Foreign currency translation reserve		8,994	7,220
Retained earnings		856,709	623,698
Equity attributable to the Shareholder		1,951,040	1,741,552
Non-controlling interests		18,277	17,504
Total equity		1,969,317	1,759,056

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2024
(in millions of tenge)**

	Notes	31 December 2024	31 December 2023
Non-current liabilities			
Borrowings	14	1,840,423	1,763,432
Deferred tax liabilities	17	468,057	411,888
Lease liabilities	15	139,465	54,555
Employee benefit obligations	16	41,105	37,396
Derivative financial instruments	30	-	35,719
Other non-current liabilities	20	118,770	69,778
Total non-current liabilities		2,607,820	2,372,768
Current liabilities			
Borrowings	14	812,965	354,115
Trade accounts payable	18	231,351	200,969
Contract liabilities	19	133,170	115,868
Lease liabilities	15	35,517	16,951
Derivative financial instruments	30	32,697	-
Other taxes payable		15,694	13,961
Employee benefit obligations	16	7,598	7,608
Other current liabilities	20	112,627	98,910
Total current liabilities		1,381,619	808,382
Total liabilities		3,989,439	3,181,150
Total equity and liabilities		5,958,756	4,940,206



On behalf of management of the Group:


Dair Kushev
 Finance Director

13 March 2025


Yelena Starkova
 Chief Accountant

13 March 2025

The notes below are an integral part of these consolidated financial statements.

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(in millions of tenge)

	Notes	2024	2023
Cash flows from operating activities:			
Profit for the year		160,805	136,784
Adjustments for:			
Corporate income tax expenses recognised in profit or loss	17	62,724	24,599
Finance costs	25	184,984	208,365
Depreciation and amortisation	8,23,24	170,516	156,441
Foreign exchange loss	30	69,620	14,124
Finance income	25	(52,955)	(32,221)
Post-employment benefits and other long-term employee benefit expenses	23,24	14,662	6,939
Share of the profit of associates and joint ventures	7	(10,772)	(8,144)
Impairment/(impairment reversal) of non-financial assets		7,336	(1,149)
Impairment reversal of financial assets and contract assets		(1,601)	(2,662)
Reclassification of the loss on cash flow hedging instruments	13,21	412	-
Gain on disposal of subsidiary not qualifying as discontinued operations		-	(6,283)
Other		10,051	10,223
Operating income before changes in working capital and other balances		615,782	507,016
Change in trade accounts receivable		(31,033)	(12,823)
Change in inventories		9,617	(16,618)
Change in other current and non-current assets (including long-term VAT recoverable)		(89,717)	(99,338)
Change in trade accounts payable		7,213	73,511
Change in other taxes payable		1,890	(7,500)
Change in other liabilities and contract liabilities		15,543	4,296
Change in employee benefit obligations		(7,275)	(6,094)
Cash generated from operations before interest and income tax payments		522,020	442,450
Interest paid		(188,409)	(150,226)
Interest received		21,001	20,968
Income tax paid		(18,015)	(6,874)
Net cash flows from operating activities		336,597	306,318
Cash flows from investing activities:			
Purchase of property, plant and equipment, including advances paid for property, plant and equipment		(741,695)	(811,830)
Dividends received from associates		4,419	2,719
Proceeds from loans issued		3,731	-
Investments acquired in associates and joint ventures	7	(1,578)	(5,201)
Proceeds from the sale of other non-current assets		1,293	1,354
Capital contributions in joint ventures	7	(243)	(1,111)
Net proceeds from disposal of subsidiaries		-	11,948
Other		12	(581)
Net cash flows used in investing activities		(734,061)	(802,702)

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(in millions of tenge)

	Notes	2024	2023
Cash flows from financing activities:			
Share capital contribution	13	13,273	24,310
Proceeds from borrowings	14	879,762	808,731
Repayment of borrowings	14	(480,532)	(367,320)
Repayment of lease liabilities	14	(11,358)	(21,690)
Dividends paid to non-controlling interests in subsidiaries		(2,225)	(1,294)
Other		(5,553)	(8,466)
Net cash flows generated from financing activities		393,367	434,271
Net decrease in cash and cash equivalents		(4,097)	(62,113)
Cash and cash equivalents at the beginning of the year	9	204,614	267,032
Effect of changes in foreign exchange rates on cash and cash equivalent balances held in foreign currency		(1,945)	(322)
Effect of changes in the allowance for expected credit losses	6	-	17
Cash and cash equivalents at the end of the year	9	198,578	204,614

**On behalf of management of the Group:**

Dair Kusherov
Finance Director

13 March 2025

Yelena Stanikova
Chief Accountant

13 March 2025

The notes below are an integral part of these consolidated financial statements.

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(in millions of tenge)

	Share capital	Hedging reserve	Foreign currency translation reserve	Retained earnings	Shareholder equity	Non-controlling interests	Total equity
As at 1 January 2023	1,086,324	-	12,138	348,377	1,446,839	15,853	1,462,692
Profit for the year	-	-	-	133,508	133,508	3,276	136,784
Other comprehensive loss for the year	-	-	(4,918)	(532)	(5,450)	(8)	(5,458)
Total comprehensive (loss)/income for the year	-	-	(4,918)	132,976	128,058	3,268	131,326
Issue of share capital (Note 13)	24,310	-	-	-	24,310	-	24,310
Other contributions (Note 13)	-	-	-	142,345	142,345	-	142,345
Dividends	-	-	-	-	-	(1,617)	(1,617)
As at 31 December 2023	1,110,634	-	7,220	623,698	1,741,552	17,504	1,759,056
As at 1 January 2024	1,110,634	-	7,220	623,698	1,741,552	17,504	1,759,056
Profit for the year	-	-	-	157,818	157,818	2,987	160,805
Other comprehensive (loss)/income for the year	-	(38,570)	1,774	3,677	(33,119)	11	(33,108)
Total comprehensive (loss)/income for the year	-	(38,570)	1,774	161,495	124,699	2,998	127,697
Issue of share capital (Note 13)	13,273	-	-	-	13,273	-	13,273
Other contributions (Note 13)	-	-	-	71,516	71,516	-	71,516
Dividends	-	-	-	-	-	(2,225)	(2,225)
As at 31 December 2024	1,123,907	(38,570)	8,994	856,709	1,951,040	18,277	1,969,317

On behalf of management of the Group:

Dair Kuznetsov,
Finance Director

13 March 2025


 Yelena Stankova
Chief Accountant

13 March 2025

The notes below are an integral part of these consolidated financial statements.

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(in millions of tenge, unless stated otherwise)**
1. GENERAL INFORMATION

Kazakhstan Temir Zholy National Company JSC (“the Company”) was created in the Republic of Kazakhstan (hereinafter – “Kazakhstan”) in accordance with Resolutions of the Kazakhstan Government (“the Ultimate Shareholder”) to establish a holding company for state railway industry assets management. The Company was registered on 15 May 2002. The consolidated financial statements include the results of the operations of the Company and its wholly controlled subsidiaries (collectively – “the Group”). The address of the Company’s registered office is 6 D. Kunayev Street, Astana, 010000, Kazakhstan.

Samruk-Kazyna Sovereign Wealth Fund JSC (“the Shareholder”) is the Company’s sole shareholder.

The Group operates the nationwide mainline railway network services to freight and passenger transportation; and operates, maintains and upgrades main railway infrastructure in Kazakhstan. To regulate the Kazakhstan rail industry, the government sets the tariffs for main railway network services, as well as for railway freight transportation services (according to the Kazakhstan Entrepreneurial Code) and passenger transportation on socially important routes, partially subsidising the cost through government grants. The level of regulated tariffs differs based on the type of freight transported. The government does not regulate international transit and container freight transportation tariffs.

The Kazakhstan Ministry of the National Economy’s Committee for the Regulation of Natural Monopolies (“CRNM”) approved main railway network service tariffs for 2021-2025. From 1 January, 4 June and 6 December 2024, increase in tariffs for mainline railway network services was 4%, 8.8% and 7.8%, respectively. From 20 September and 12 December 2024, increase in tariffs for locomotive traction services was 13.3% and 16%, respectively. As a result, the average increase in regulated freight transportation tariffs for the year ended 31 December 2024 was 24% (2023: 27.3%).

The authorised body, represented by the Ministry of Transport of Kazakhstan, agreed to increase tariffs for the transportation of passengers on socially important interdistrict routes from 1 January 2024 by 7% and from 1 October 2024 by 19.99% (2023: 7%).

Operating environment

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Kazakhstan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(in millions of tenge, unless stated otherwise)**

Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. The global geopolitical situation continues to exert pressure on oil and gas prices across the world. Also, the government expenses on major infrastructure projects and various socio-economic development programs have a significant impact on the country’s economy.

The military and political conflict between Russian Federation (hereinafter – “Russia”) and Ukraine escalated in early 2022. As a result, several countries introduced economic sanctions against Russia and Belarus, including measures to ban new investment and restrict interaction with major financial institutions and many state enterprises.

In 2024, the average price for Brent crude oil was 81 USD per barrel (2023: 83 USD per barrel). According to preliminary estimates, Kazakhstan’s gross domestic product (“GDP”) grew 4.4% per annum in 2024 (2023: grew 5.1%). Inflation in the country slowed down in 2024 to 8.6% per annum (2023: 9.8%).

In 2024, the National Bank of the Republic of Kazakhstan (NBRK) decreased the base rate from 15.75% to 15.25% per annum with a corridor of +/- 1.0 percentage points. In March 2025, the base rate increased to 16.5% per annum with a corridor of +/- 1.0 percentage points. Thus, uncertainty still exists with respect to the future development of geopolitical risks and their impact on the Kazakhstan economy.

Management of the Group is monitoring developments in the economic and political situation in Kazakhstan and the world and taking measures it considers necessary to support the sustainability and development of the Group’s business for the foreseeable future. The Group has liabilities denominated in foreign currencies, therefore, if the exchange rate increases, there is an increase in the foreign exchange loss. In general, the Group does not expect a significant negative impact from the current changes on the Group’s business and operations, as freight rail traffic, including international (transit) freight transportation has not been suspended in either Kazakhstan or other countries. During 2024, the volume of freight transportation in transit route increased compared to the previous year.

However, the consequences of these events and related future changes may have a significant impact on the Group’s operations.

The State controls Group structure and determines the long-term railway operating strategy in Kazakhstan.

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS**Statement of compliance**

The Group’s consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(in millions of tenge, unless stated otherwise)
Going concern

The Group's consolidated financial statements have been prepared on a going concern basis. This assumes the sale of assets and settlement of liabilities in the normal course of business for the foreseeable future. As at 31 December 2024, current Group liabilities exceeded its current assets by 929,438 million tenge (31 December 2023: 422,786 million tenge). As at 31 December 2024, current liabilities include borrowings of 812,965 million tenge that are payable within twelve months after the reporting date, including borrowings from the Shareholder for the amount of 460,805 million tenge. At the same time, profit for the year ended 31 December 2024 amounted to 160,805 million tenge (2023: 136,784 million tenge), and cash inflows from operating activities amounted to 336,597 million tenge (2023: 306,318 million tenge).

Group management has assessed the Group's needs for cash, as well as its scheduled debt repayments and development plans. Historically, the Group has financed major investment projects using funds from the government of Kazakhstan and through borrowings, in addition to cash from operating activities. To realise Kazakhstan's transit potential, the Group continues to take measures to attract additional transit traffic and expand its influence on the multimodal transportation market. Management of the Group has been having discussions with investors to refinance borrowings due to be repaid within twelve months after the reporting date - the possibility of, and a positive decision from the discussions is considered to be high.

In assessing its going concern status, management also considered the Group's financial position, expected future performance and cash flows from operations, tariff growth, its borrowings, available credit facilities, its capital expenditure commitments, exchange rates and other risks that the Group is facing. Besides that, the Group received a Letter of Support from the Shareholder regarding its intent and ability to render the Group continuous ongoing financial and operating support in the foreseeable future. After completing the relevant analysis and the available mitigating actions to management whereby management can carry out certain actions to improve the going concern and liquidity position of the Group, the management concluded that the Group has adequate resources to continue in operational existence and settle its liabilities (Note 30) and that the going concern basis is appropriate in preparing these consolidated financial statements.

Basis for measurement

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value as at the reporting date.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and entities controlled by it and by the subsidiaries listed in Note 28. The Group's investments in which it has significant influence are accounted for using the equity method. All intragroup transactions, balances, and unrealised gains and losses of the Group are eliminated on consolidation.

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Functional and presentation currency

The Group's consolidated financial statements are presented in Kazakhstan tenge ("tenge"). The assets and liabilities of foreign operations, where the functional currency is different to tenge, are translated into tenge at the exchange rate prevailing on the reporting date, while profit and loss items are translated into tenge at the weighted-average exchange rate for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used. Exchange rate differences arising on translation are recorded to other comprehensive income. Upon disposal of an overseas enterprise, all accumulated exchange differences related to that specific overseas enterprise are recognised in profit or loss.

Tenge is not a fully convertible currency outside of Kazakhstan. Transactions in currencies other than the Group's functional currency (foreign currencies) are recorded at the market rate effective at the transaction date using market rates set by the Kazakhstan Stock Exchange ("KASE"). For foreign currencies not quoted by KASE, exchange rates are set by the National Bank of Kazakhstan using cross-rates to the US Dollar ("US\$") in accordance with quotations received from Reuters.

Monetary assets and liabilities denominated in foreign currencies are translated to the entity's functional currency at the exchange rate effective at the reporting date. All differences arising from a change in exchange rates subsequent to the transaction date recognised in profit or loss, except for exchange differences from translation recognised in other comprehensive income and exchange differences on loans that are directly attributable to the acquisition, construction or production of an asset, meeting certain requirements included in the cost of this asset. Non-monetary items carried at fair value and denominated in foreign currencies are translated at the rates prevailing at the date when fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not translated. Foreign exchange gains or losses in profit or loss are presented separately in the consolidated statement of profit or loss and other comprehensive income.

The following table presents foreign currency exchange rates to tenge:

	31 December 2024	31 December 2023	Average rate for 2024	Average rate for 2023
US\$	525.11	454.56	469.44	456.31
Euros	546.74	502.24	507.86	493.33
Swiss Francs	580.68	541.08	533.96	508.16
Russian Roubles	4.88	5.06	5.08	5.40
UAE Dirham	142.99	123.78	127.82	124.25

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3. MATERIAL ACCOUNTING POLICIES**Adoption of new and revised standards**

In the current year, the Group has applied the below amendments to IFRS Accounting Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2024. Their adoption has not had any significant impact on the disclosures or on the amounts reported in these consolidated financial statements.

- Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback*;
- Amendments to IAS 7 and IFRS 7 *Supplier Finance Arrangements*;
- Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*;
- Amendments to IAS 1 *Non-current Liabilities with Covenants*.

Amendments to IAS 12 International Tax Reform — Pillar Two Model Rules

The Group's subsidiary Kazakhstan Temir Zholy B.V. is registered in the Netherlands where Pillar II Model Rules have been enacted and entered into force from 1 January 2024.

The Group has applied the temporary exception, introduced in May 2023, from the accounting requirements for deferred taxes in IAS 12, so that the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

As at 31 December 2024, the Group is in the process of assessing the potential exposure to Pillar II income taxes, which is currently not known or reasonably estimable.

Management doesn't anticipate significant impact of this assessment on the consolidated financial statements of the Group.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

Description of the standard and interpretation	Applicable to annual periods beginning on or after
Amendments to IFRS 10 and IAS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined by the IASB
Amendments to IAS 21 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to IFRS 7 and IFRS 9 <i>Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11: <i>IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7</i>	1 January 2026
<i>IFRS 18 Presentation and Disclosures in Financial Statements</i>	1 January 2027
<i>IFRS 19 Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027

Management does not expect that the adoption of standards above will have a significant impact on the consolidated financial statements of the Group in the future periods.

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The management is in the process of analysing the impact of IFRS 18 on the consolidated financial statements of the Group.

Material accounting policy information**Property, plant and equipment**

Property, plant and equipment is stated at historical cost less subsequent accumulated depreciation and impairment losses. Depreciation is charged once the asset becomes available for its intended use.

Subsequent costs

The costs of the day-to-day servicing incurred during an asset's useful life (regular maintenance to ensure the asset remains in a working condition, technical inspections, etc.) are recorded in profit or loss when incurred.

Costs are capitalised only if those costs qualify for recognition as assets in accordance with IAS 16 *Property, Plant and Equipment*.

Construction-in-progress

Construction-in-progress comprises costs directly related to the acquisition and construction of property, plant and equipment, including the appropriate allocation of directly attributable variable overheads incurred during construction. The carrying value of construction-in-progress is regularly reviewed for impairment.

Borrowing costs

The Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets as part of the cost of that asset.

The Group capitalises borrowing costs on general purpose borrowings to the extent they are used to obtain a qualifying asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the period and used to construct and produce a qualifying asset, other than borrowings received specifically for the purpose of obtaining a qualifying asset.

Borrowing costs also include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. As a result, capitalised borrowing costs denominated in foreign currencies, adjusted for exchange differences, cannot exceed the borrowing costs that would have been capitalised if the borrowing had been denominated in the functional currency. Any excess exchange difference is recognised in profit or loss.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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Leases*The Group as lessee*

For the lease contracts (or separate components of the contracts), under which the Group is granted the right to control the use of an identified asset (as defined by IFRS 16 *Leases*) for a certain period of time in exchange for consideration, the Group recognises a right-of-use asset and a corresponding lease liability at the inception of the contract. Non-lease components of the contracts are accounted for in accordance with other relevant standards.

In accordance with IFRS 16 *Leases*, the Group applies practical expedient for not recognising the lease for the lease contracts with lease term of less than 12 months at lease inception and without purchase option, for the leases with variable lease rates that do not depend on an index or rate and for the leases of low value assets (less than 2 million tenge). The Group recognises short-term leases and leases of low value assets as expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease payments are discounted by using the Group incremental borrowing rate, except when the rate is implicit in the lease and can be readily determined.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- lease payments change due to index or rate changes or a change in expected payments under a guaranteed residual value, in which cases lease liabilities are remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a floating interest rate change, in which case a revised discount rate is used);
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

At the commencement date, the Group measures the right-of-use asset at cost that includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee. The right-of-use asset is subsequently measured according to the accounting policy that is applied for own assets, including for depreciation and amortisation and impairment measurement.

The recognised right-of-use asset is depreciated over the shorter period of expected useful life of the underlying asset or lease term. If the lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects the Group's intent to purchase, the related right-of-use asset is depreciated over the useful life of the underlying asset.

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The Group presents lease liabilities in the consolidated statement of financial position as a separate line (Note 15), while right-of-use assets are presented within the same line item as that within which the corresponding underlying assets would be presented if they were owned, i.e. within property, plant and equipment (Note 6) and intangible assets.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its property, plant and equipment items (Notes 6 and 22).

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Inventories

Inventories are valued at the lower of cost or net realisable value. Costs comprise of charges incurred to bring the inventory to its present location and condition for its intended use. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale. When inventories are released into production, sold or otherwise disposed of, they are valued at the weighted-average cost basis.

Financial instruments

Financial assets and liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value.

All recognised financial assets are measured subsequently either at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Wherein:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI); and
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

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For the years ended 31 December 2024 and 2023, the Group did not designate any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are further evaluated for impairment.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Gains or losses on insubstantial modification of financial liabilities at amortised cost are recognised in profit or loss. A gain or loss is determined as the difference between the carrying value at the date of modification and the present value of the estimated future cash flows discounted using an initial effective interest rate of the financial instrument.

A substantial modification should be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Derivative financial instruments

The Group uses the currency swap derivative financial instrument to manage its currency risk on borrowings. These derivative financial instruments are designated into hedging relationships from 1 October 2024 in the consolidated financial statements.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately. The net gain or loss incorporates interest income on derivative financial instruments and is included in the finance income. The change in fair value of derivative financial instruments is reflected in finance income or finance costs (Note 25).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of a hedge relationship, an entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

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A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Cash flow hedges

The effective portion of changes in the fair value of financial instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. A gain or loss relating to the ineffective portion is recognised immediately in profit or loss for the reporting period, and is included in the finance costs line item. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when:

- a) the Group revokes the hedging relationship;
- b) the hedging instrument expires or is sold, terminated, or exercised; or
- c) it no longer qualifies for hedge accounting.

If the cash flow hedge is discontinued, the amount accumulated in other comprehensive income remains in other comprehensive income if future cash flows that are the hedged item are still expected to occur. Otherwise, amount is immediately reclassified to profit or loss.

The Group uses currency swaps and foreign currency financial liabilities (e.g. bonds and loans) as hedge of its exposure to foreign currency risk in forecast sales transactions (Note 13).

Equity*Share capital*

Common shares are classified as equity. Costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from equity proceeds. All non-cash contributions to share capital are assessed at fair value as at the date of the contribution by an independent appraiser.

Consideration received for common shares yet to be legally registered is recognised as additional paid-in capital until they are registered, when any proceeds are transferred to share capital.

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Other contributions

The Group enters into equity transactions with the Shareholder, such as asset transfers, adjustments for below market interest loans and others that would not relate to the acquisition of additional equity interest in the Group. The Group recognises such transactions through equity in retained earnings.

Government grants

Government grants are recognised when there is reasonable assurance that the subsidy will be received, and all corresponding conditions will be met.

Government grants to subsidise part of interest rate on loans and finance leases are accounted as deferred income and recognised as finance income during the periods in which the Group recognises the relevant finance costs.

Government grants are recognised in profit or loss on a systematic basis as expenses due to be compensated by the subsidies are recognised simultaneously in profit or loss. In particular, the government allows the Group to receive subsidies in the form of government grants to partially cover the cost of transporting passengers on socially important routes in Kazakhstan. Government grants are recognised on a systematic basis over the periods as the subsidies are used to cover carrier costs to transport passengers on socially important routes.

Revenue

The Group recognises revenue to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognised less Value Added Tax (hereinafter – "VAT") and rebates.

Revenue from freight transportation services

Freight transportation service revenue is recognised over time. The extent of completion of the freight transportation process is calculated as the ratio of transportation provided as at the reporting date to total transportation.

The Group provides services on monthly 100% prepayment terms, as agreed in contracts with customers. Prepayments received from customers for transportation services not yet rendered are typically short-term and recognised as advances received within contract liabilities at the date of receipt.

Advances received from customers for domestic, international import, international export and international transit freight transportation services are recognised as deferred income within contract liabilities once transportation has started. Deferred income is credited to revenue of the reporting period as the services are provided.

There is no significant financing component in contracts with the Group's customers due to the short time elapsed between the transfer of the promised services to the customer and the moment the customer pays for these services.

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Pursuant to the CRNM Order on the Approval of a Temporary Decreasing Coefficient for Railway Freight Transportation Tariffs, certain contracts envisage discounts dependent on the volumes of services consumed. Revenue from these services is recognised based on contractual prices less estimated discounts. The Group uses the expected value method to estimate the discount amount.

As at 31 December 2024 and 2023, the Group has no obligations to counterparties associated with provision of discounts.

The Group discloses handling service revenue in freight transportation service revenue and recognises it by the extent of completion of the services at the reporting date, as the performance obligation is satisfied over time and customers receive and use the benefits of the Group's performance simultaneously. The extent of service completion is calculated as the ratio of transportation volume, provided as at the reporting date to total transportation volumes.

Rolling stock handling services are provided, as a rule, based on prepayments, which are recognised as advances received within contract liabilities.

Additional charges related to the transportation process and other revenue from freight transportation are recognised over time.

Revenue from passenger transportation services

Revenue from passenger transportation services is recognised over time by the extent of completion of transportation at the reporting date. Proceeds from ticket sales are recognised as deferred income, accounted for as contract liabilities, which is transferred to revenue from the time of departure of a passenger. Prepayments received from customers for transportation services not yet rendered are recorded within advances at the time of their receipt. Upon receipt of applications for passenger transportation and issuing tickets, advances approximating the expected estimated revenue from the services are transferred to deferred income. Deferred income is similarly transferred to revenue as passengers depart.

Passenger transportation services are generally completed within several hours/days. An analysis of past experience has shown that passenger transportation in progress at the reporting date is insignificant.

Other revenue

Other revenue includes penalties received, revenues from the sale of goods, materials, scrap metal, loading and unloading services and vehicle servicing.

Other revenue from the provision of services is recognised over time as the services are provided. When a performance obligation is not satisfied over time (sale of goods, materials and scrap metals and others), the performance obligation is satisfied at a point in time.

The Group when accounting for significant contracts under which the period between the transfer of the promised goods or services to the customer and the respective payment exceeds one year, adjusts the transaction price for the time value of money.

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Sale and lease back transactions

The Group accounts for a transfer of an asset in a sale and leaseback transaction as a sale only if the transfer meets the requirements of IFRS 15 *Revenue from Contracts with Customers*.

Under IFRS 15, if a sale is to be recognised by the seller-lessee, then the right-of-use asset leased back is measured at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. The seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

If the transfer of an asset by the seller-lessee does not meet the requirements of IFRS 15 to be accounted for as a sale of the asset, the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to proceeds for the transfer by applying IFRS 9 *Financial Instruments*.

Comparatives

Where necessary, comparative figures are adjusted to conform in presentation in the current year.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies, which are described in Note 3, management of the Group is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised in the consolidated financial statements and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the management of the Group have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

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Control assessment

Subsidiaries are those entities controlled by the Group. The Group controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. Losses are attributed to non-controlling interests in full, even if this results in a debit balance ("deficit") (Note 28).

Under the trust management agreement with the Shareholder, the Company recognised Aktau Sea Commercial Port National Company JSC as a subsidiary because of the extensive authority given to the Company by the Shareholder. The trust management agreement of 100% shares gives it the practical ability to manage the relevant activities of the entity unilaterally. The Company is also entitled to receive residual returns in the entity.

Loans at a rate below the market interest rate

The Group receives loans from the Shareholder/Ultimate Shareholder at a rate below the market rate for similar loans in arm's length transactions. These loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The Group calculates the fair value (amortised cost) of these loans using market rates on governmental long-term treasury bonds with comparable maturities, given the Group's status as a monopolist in the Kazakhstan railway industry and 100% state ownership, and recognises an adjustment to the loan value (less the related deferred tax) within equity. When no comparable maturities exist, the Group extrapolates the most comparable market rates to the life of the loan received by the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

The benefit from government loans with an interest rate below the market, where the Group, upon receipt of loans, qualifying under certain criteria established by the State for all market participants, is recognised by the Group as a government grant. In other cases, the Group considers these loans as transactions with the ultimate Shareholder and accounts for the fair value adjustments of the loans received at a rate below market through equity.

Cash-generating unit identification

The Group considers all segments as a single cash-generating unit (CGU) because under the Group's current operating model, cash flows for each segment are not considered sufficiently independent. Railway infrastructure is holistic and is not differentiated into freight and passenger transportation lines. Accordingly, there is no objective allocation of infrastructure assets for cash flows from freight and passenger transportation. Due to the specifics of freight transportation tariff regulation and the need to cross-subsidise passenger transportation, railway infrastructure cannot generate independent cash flows. Accordingly, the Group is treated as one CGU.

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The Government of Kazakhstan, as the Company's Ultimate Shareholder, has approved a privatisation plan for certain Group entities and the Concept for the Development of the Transport and Logistics Potential of Kazakhstan, which, if implemented, would result in a new interaction mechanism among its various business units. As the Group's restructuring processes have not been completed, these possible developments were not taken into account in the identification of CGUs for the current year. Subsequent changes in the identification of CGUs may affect the carrying amount of the Group's assets.

Assessment of impairment indicators of property, plant and equipment

When assessing impairment indicators of property, plant and equipment the Group considers external and internal impairment indicators. The management of the Group considered external and internal impairment indicators to determine if any events or changes in circumstances demonstrate that the carrying amount of property, plant and equipment is not recoverable.

The assessment of whether there is an indication of assets impairment is based on a number of factors, such as a change in market rates, in growth expectations in the railway industry, future cash flow estimates, changes in the future availability of financing, technological obsolescence, discontinuance of service provision, current replacement costs and other changes in circumstances.

As at 31 December 2024, the Group performed the analysis of the above external and internal impairment indicators of property, plant and equipment, in particular changes in interest rates, an analysis of the achievement of actual indicators versus budgeted indicators, as well as an analysis of the transit freight turnover and changes in the exchange rate of tenge to the Swiss Franc, as the transit tariff is set in Swiss Franc.

The measurement of whether each external and internal factor is an indication of impairment requires significant management judgement. Management's key judgement is based on the fact that amid the current geopolitical situation and disruption of traditional transportation and logistics chains, the country's transit potential is a key factor in the promotion of transcontinental trade.

The management of the Group did not identify any events that occurred in 2024 that could be considered as an indicator of the impairment of the single CGU as at 31 December 2024.

Accounting treatment of financing arrangements with Industrial Development Fund JSC

The Group, represented by Passenger Transportation JSC and Railway Passenger Coach Construction Plant LLP (disposed in 2023), entered into a number of trilateral purchase-sale and finance lease agreements with Industrial Development Fund JSC, which is under the common control of the ultimate Shareholder, to renew its passenger carriage fleet. Under the agreements, Industrial Development Fund JSC finances Railway Passenger Coach Construction Plant LLP's construction of passenger carriages on a 100% prepayment basis for ownership with a further finance lease to Passenger Transportation JSC.

Management of the Group concluded that the transaction between Railway Passenger Coach Construction Plant LLP and Industrial Development Fund JSC does not meet the requirements of IFRS 15 *Revenue from Contracts with Customers* to account for the asset sale at the Group level, as control over passenger carriages is not transferred to Industrial Development Fund JSC, but remains with the Group.

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Industrial Development Fund JSC finances the construction of the carriages, but is limited in its ability to direct the subsequent use of and obtain all of the remaining benefits from the asset. Accordingly, the Group recognises the obligation that arose to Industrial Development Fund JSC before the loss of control over the Railway Passenger Coach Construction Plant LLP as a financial liability (borrowing) according to IFRS 9 *Financial Instruments* and recognises passenger carriages and work-in-progress as property, plant and equipment items and construction in progress in accordance with IFRS 16.103 *Leases* (Note 3).

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period for which there is a significant risk they may cause a material adjustment to the carrying amounts of assets and liabilities during the next financial year.

Impairment of property, plant and equipment

The Group performs an impairment indicators analysis of property, plant and equipment at each reporting date.

If any such an indication exists, the recoverable amount of the asset is estimated and compared to its carrying amount. If the carrying amount exceeds the recoverable amount, an impairment is recorded. The recoverable amount is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (WACC rate) that management believes reflects the current market assessment of the time value of money and the risks specific to the assets. The change in the estimated recoverable amount may result in an additional impairment or a reversal of the impairment being recognised in future periods.

Recoverability of VAT

At each reporting date, the Group estimates its provision for non-recoverable VAT incurred from the provision of international transportation services. The Group cannot charge VAT to customers and, accordingly, can only realise it from the tax authorities.

In accordance with the Tax legislation of Kazakhstan, up to 70% of the accrued VAT receivable is subject to refund from the budget on a quarterly basis, after the submission of the tax declaration. The remaining part of the accrued VAT is subject to refund based on the results of the tax audit, within 5 years. In 2024, the Group conducted an analysis of major suppliers and did not identify any signs of unreliability in accordance with the criteria of the Rules for the refund of excess VAT. Based on this analysis, the Group indicated a requirement to conduct a thematic tax audit for the period from first quarter of 2020 to fourth quarter 2023 in the amount of 142,427 million tenge in order to confirm the amounts of excess VAT and receive a refund. In January 2025, an order was received from the tax authorities to conduct a tax audit to confirm the amounts of excess VAT from 1 January 2020 to 30 September 2024 in accordance with the Kazakhstan tax legislation.

To assess VAT recoverability, the Group considers information from its internal tax department on projected VAT collection, correspondence with the tax authorities and historical recovery experience. Actual VAT amounts recovered could differ materially from Group estimates, which could affect future operating results significantly.

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As at 31 December 2024, total VAT recoverable amounted to 315,184 million tenge (31 December 2023: 204,656 million tenge), of which 120,475 million tenge were classified as current assets (31 December 2023: 49,618 million tenge). The Group expects that the current portion of VAT will be refunded by tax authorities or offset against future VAT payable during 2025 and believes that the total VAT receivable is fully recoverable.

Depreciation of property, plant and equipment and amortisation of intangible assets

Property, plant and equipment and intangible assets are depreciated and amortised using the straight-line method over estimated useful lives, which along with residual values and depreciation methods are reviewed at each reporting date, and adjusted if appropriate. Changes are accounted for prospectively as a change in accounting estimates. Estimates of the useful lives and residual value of these assets are based on expected economic use, repair and maintenance programmes, activity levels, technological advancements and other business conditions. A change in these assumptions could result in significantly different depreciation amounts than those previously recognised.

The estimated useful lives applied by the Group are as follows (in years):

Buildings and structures	10-140
Rail track infrastructure	5-100
Machinery and equipment	3-35
Vehicles	4-40
Others	2-50
Intangible assets	1-10

Taxation

Kazakhstan legislative acts and regulations are not always clearly written. Instances of inconsistent opinions between local, regional and national tax authorities are possible. Where additional taxes are imposed by the tax authorities, fines and interest applied are significant; fines are generally assessed at 80% of additional taxes accrued, and interest is in average assessed at 18.27% of additional accruals or overdue taxes. As a result, fines and interest can exceed the amount of additional accrued taxes.

Because of the uncertainties disclosed above, the ultimate amount of taxes, fine and interest, if any, imposed may be in excess of the amount expensed to date and accrued as at 31 December 2024. Any differences between the estimated amount and the actual amount paid, if any, could have a significant impact on future operating results.

5. SEGMENT INFORMATION

The Group's operating segments are based on services provided. It has two reportable segments, namely freight transportation and passenger transportation. All other operating segments, including mainly utilities, loading and unloading services, and vessel servicing, which in aggregate do not exceed quantitative thresholds for disaggregation, are thus not separately disclosed and combined into "Others".

Management of the Group tracks a number of segment profitability elements, such as profit before income tax, profit for the year and gross profit. However, profit for the year is the primary measure used by management of the Group to allocate resources and assess segment performance.

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The Group does not have a specific pricing policy for inter-segmental sales.

	For the year ended 31 December 2024				
	Freight transportation	Passenger transportation	Reportable segments	Others	Consolidation
Key operating indices					
Revenue and other income					
Transportation revenue from third parties	1,875,558	110,523	1,986,081	-	-
Transportation revenue from intersegment transactions	1,702	90,490	92,192	-	(92,192)
Government grants	-	41,124	41,124	-	41,124
Other income from third parties	114,078	5,454	119,532	17,205	-
Other income from intersegment transactions	38,943	1,000	39,943	13,640	(53,583)
Total revenue and other income	2,030,281	248,591	2,278,872	30,845	(145,775)
Cost of sales	(1,512,468)	(226,168)	(1,738,636)	(26,176)	144,795
Gross profit	517,813	22,423	540,236	4,669	(980)
General and administrative expenses	(110,625)	(12,574)	(123,199)	(6,442)	1,251
Finance income	55,738	3,870	59,608	737	(7,390)
Finance costs	(158,367)	(29,278)	(187,645)	(247)	2,908
Foreign exchange (loss)/gain	(58,551)	(12,226)	(70,777)	435	722
Share of the profit of associates and joint ventures	10,772	-	10,772	-	10,772
Impairment reversal/(impairment) of financial assets and contract asset (Impairment)/ impairment reversal of non-financial assets	1,730	(226)	1,504	207	(110)
Other profit and losses	(5,162)	(1,906)	(7,068)	(268)	-
	3,588	1,712	5,300	258	(952)
Profit/(loss) before tax	256,936	(28,205)	228,731	(651)	(4,551)
Corporate income tax expense	(47,986)	(976)	(48,962)	(3,343)	(10,419)
Profit/(loss) for the year	208,950	(29,181)	179,769	(3,994)	(14,970)
Other key segment information					
Capital expenditure	1,006,018	110,003	1,116,021	54,217	-
Depreciation of property, plant and equipment (Note 6)	150,379	20,489	170,868	2,055	(2)
					172,921

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	For the year ended 31 December 2023					
	Freight transportation	Passenger transportation	Reportable segments	Others	Consolidation	Total
Key operating indices						
Revenue and other income						
Transportation revenue from third parties	1,682,550	101,682	1,784,232	-	-	1,784,232
Transportation revenue from intersegment transactions	1,443	67,151	68,594	-	(68,594)	-
Government grants	-	38,912	38,912	-	-	38,912
Other income from third parties	86,988	5,353	92,341	18,610	-	110,951
Other income from intersegment transactions	35,982	798	36,780	9,679	(46,459)	-
Total revenue and other income	1,806,963	213,896	2,020,859	28,289	(115,053)	1,934,095
Cost of sales	(1,389,101)	(201,563)	(1,590,664)	(21,441)	113,522	(1,498,583)
Gross profit	417,862	12,333	430,195	6,848	(1,531)	435,512
General and administrative expenses	(94,722)	(9,592)	(104,314)	(3,585)	1,405	(106,494)
Finance income	36,847	1,440	38,287	1,122	(7,188)	32,221
Finance costs	(188,846)	(22,382)	(211,228)	(396)	3,259	(208,365)
Foreign exchange (loss)/gain	(12,324)	(1,732)	(14,056)	(69)	1	(14,124)
Gain on disposal of subsidiary not qualifying as discontinued operations	6,283	-	6,283	-	-	6,283
Share of the profit of associates and joint ventures	8,144	-	8,144	-	-	8,144
Impairment reversal of financial assets and contract asset	2,487	11	2,498	28	136	2,662
Impairment reversal/(impairment) of non-financial assets	1,734	(373)	1,361	(212)	-	1,149
Other profit and losses	3,930	1,078	5,008	17	(630)	4,395
Profit/(loss) before tax	181,395	(19,217)	162,178	3,753	(4,548)	161,383
Corporate income tax (expense)/benefit	(34,229)	5,362	(28,867)	(509)	4,777	(24,599)
Profit/(loss) for the year	147,166	(13,855)	133,311	3,244	229	136,784
Other key segment information						
Capital expenditure	628,238	76,151	704,389	540	-	704,929
Depreciation of property, plant and equipment (Note 6)	139,365	16,172	155,537	1,647	(6)	157,178

Geographical information of the Group

The Group generates its revenue from customers in multiple geographical regions. The table below shows revenue based on customer country of domicile for each of the years ended 31 December:

Customer location	2024	2023
Kazakhstan	2,077,544	1,875,851
Russia	37,356	28,412
China	28,419	9,329
Germany	8,531	16,708
Others	12,092	3,795
	2,163,942	1,934,095

Practically all of the Group's non-current assets are in Kazakhstan.

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6. PROPERTY, PLANT AND EQUIPMENT

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	Construction-in-progress	Total
Carrying value as at 1 January 2024	1,415,744	313,465	247,974	1,607,550	3,871	10,500	195,375	3,794,479
Additions	365	4,909	20,711	4,162	28	1,526	965,112	996,813
Lease additions	-	6	27,261	144,260	-	-	-	171,527
Lease modifications	-	117	(383)	(41)	-	-	-	(307)
Disposals	(457)	(1,912)	(38,630)	(2,202)	(7)	(640)	(1,768)	(45,616)
Depreciation charge (Note 5)	(42,240)	(7,129)	(35,863)	(85,408)	-	(2,281)	-	(172,921)
Depreciation on disposal	296	724	36,242	2,168	-	601	-	40,031
(Impairment)/impairment reversal	(59)	(298)	(36)	(23)	-	104	(229)	(541)
Other movements and transfers ¹	162,460	40,402	20,106	453,662	-	1,278	(679,146)	(1,238)
Carrying value as at 31 December 2024	1,536,109	350,284	277,382	2,124,128	3,892	11,088	479,344	4,782,227
Cost	1,933,491	433,876	605,303	2,857,264	3,892	33,660	490,175	6,357,661
Accumulated depreciation and impairment	(397,382)	(83,592)	(327,921)	(733,136)	-	(22,572)	(10,831)	(1,575,434)
Carrying value as at 31 December 2024	1,536,109	350,284	277,382	2,124,128	3,892	11,088	479,344	4,782,227
Including:								
Right-of-use assets:								
Cost	-	1,889	44,754	255,797	-	7,955	-	310,395
Accumulated depreciation and impairment	-	(1,165)	(20,386)	(11,738)	-	(4,815)	-	(38,104)
Carrying value	-	724	24,368	244,059	-	3,140	-	272,291
Property, plant and equipment that are subject to operating lease (Group as the lessor)	-	397	-	87,188	-	-	-	87,585

¹ Other movements and transfers also include transfers to/from inventories.

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	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Others	Construction-in-progress	Total
Carrying value as at								
1 January 2023	1,291,479	295,342	245,620	1,267,851	3,959	10,937	126,317	3,241,505
Additions	591	653	11,408	39,776	2	1,399	603,471	657,300
Lease additions	-	48	1,073	45,237	-	1	-	46,359
Lease modifications	-	(76)	5,251	8,092	-	-	-	13,267
Disposals	(73)	(1,019)	(2,975)	(10,582)	(59)	(1,091)	(1,467)	(17,266)
Depreciation charge (Note 5)	(41,980)	(7,701)	(35,032)	(70,565)	-	(1,900)	-	(157,178)
Depreciation on disposal	57	492	2,742	10,528	-	1,089	-	14,908
Impairment reversal/(impairment)	29	(23)	(80)	254	-	(108)	(1,062)	(990)
Other movements and transfers ²	165,641	25,749	19,967	316,959	(31)	173	(531,884)	(3,426)
Carrying value as at								
31 December 2023	1,415,744	313,465	247,974	1,607,550	3,871	10,500	195,375	3,794,479
Cost	1,779,867	389,889	575,524	2,254,692	3,871	31,315	207,150	5,242,308
Accumulated depreciation and impairment	(364,123)	(76,424)	(327,550)	(647,142)	-	(20,815)	(11,775)	(1,447,829)
Carrying value as at								
31 December 2023	1,415,744	313,465	247,974	1,607,550	3,871	10,500	195,375	3,794,479
Including:								
Right-of-use assets:								
Cost	-	1,843	42,735	111,578	-	7,320	-	163,476
Accumulated depreciation and impairment	-	(845)	(36,823)	(6,803)	-	(3,900)	-	(48,371)
Carrying value	-	998	5,912	104,775	-	3,420	-	115,105
Property, plant and equipment that are subject to operating lease (Group as the lessor)	-	239	-	88,774	-	-	-	89,013

² Other movements and transfers also include transfers to/from inventories.

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2024***(in millions of tenge, unless stated otherwise)*

As at 31 December 2024, construction-in-progress mainly consists of project costs for the modernisation of the Dostyk-Moiynty railway transport corridor, the construction of the Darbaza-Maktaaral, Zhezkazgan-Beineu railway lines, a bypass railway line bypassing the Almaty station and other railway reconstruction infrastructure.

As at 31 December 2024 and 2023, the Group's property, plant and equipment with a carrying amount of 95,258 million tenge and 10,881 million tenge, respectively, was used as collateral for specific borrowings. As at 31 December 2024, collateral is mainly represented by freight locomotives transferred during 2024 as collateral under a loan agreement with the Eurasian Development Bank ("EDB").

For the year ended 31 December 2024, the Group recognised depreciation expenses on right-of-use assets of 14,156 million tenge (2023: 14,181 million tenge).

For the years ended 31 December 2024 and 2023, capitalised borrowing costs amounted to 52,177 million tenge and 26,591 million tenge, respectively. The Group's average capitalisation rate varies between 5.29% and 14.5% (2023: between 3.25% and 19.35%).

As at 31 December 2024 and 2023, the cost of the Group's fully depreciated property, plant and equipment in use was 375,511 million tenge and 372,174 million tenge, respectively.

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7. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Description	Primary activity	Main country of operation / country of registration	31 December 2024		31 December 2023	
			Carrying amount	Ownership interest	Carrying amount	Ownership interest
Associates						
United Transport and Logistics Company - Eurasian Rail Alliance JSC (UTLC ERA JSC)	Domestic and international rail transportation and freight forwarding	Russia	16,963	33.33%	15,890	33.33%
Transtelecom JSC	Telecommunication services	Kazakhstan	15,607	25%	10,768	25%
Chinese-Kazakhstan International Logistics Company in Lianyungang	International multimodal transportation	China	8,712	49%	7,195	49%
China-Kazakhstan International Trade and Logistics Company LLC (Xi'an)	International multimodal transportation, terminal services, etc.	China	5,818	49%	5,136	49%
Others			1,578	40-49%	-	40-47%
Total investment in associates			48,678		38,989	
Joint ventures						
Private Company KPMC Ltd.	Organisation of container block trains and freight forwarding activities for land-sea freight routes	China/Kazakhstan	876	49%	1,078	49%
KIF Warehouses LLP	Warehouse operations and supporting transport operations	Kazakhstan	277	50%	497	50%
CRK-Terminal LLC	Organisation of domestic and international freight transportation, provision of multimodal and transport and logistics services, freight forwarding services, construction of terminal and warehouse infrastructure, reconstruction and renewal of fixed assets	Russia	165	33.3%	-	-
Private Company Middle Corridor Multimodal Ltd.	Organisation of domestic and international freight transportation, multimodal, transport and logistics services on the Trans-Caspian International Transport route	Kazakhstan	78	33.33%	4	33.33%
Total investment in joint ventures			1,396		1,579	

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Movements in investments in associates and joint ventures are as follows:

	2024	2023
Associates		
As at 1 January	38,989	28,634
Acquisition	1,578	5,196
Foreign exchange difference on translation of foreign operations	1,927	(4,588)
Share of profit	10,962	8,190
(Impairment)/impairment reversal	(298)	4,697
Dividends receivable	(4,480)	(3,140)
As at 31 December	48,678	38,989
Joint ventures		
As at 1 January	1,579	165
Acquisition	-	5
Foreign exchange difference on translation of foreign operations	(5)	-
Fair value of the remaining interest upon loss of control over the subsidiary Private company KPMC Ltd.	-	1
Share of loss	(190)	(46)
Contributions to charter capital	243	1,111
(Impairment)/impairment reversal	(231)	343
As at 31 December	1,396	1,579

During 2024, the Group, represented by the Company, made an additional cash contribution of 75 million tenge to the charter capital of the Private Company Middle Corridor Multimodal Ltd.

During 2024, the Group, represented by its subsidiary KTZ Express JSC, made a cash contribution of 33,303,330 Russian Roubles (168 million tenge) to the charter capital of the joint venture CRK-Terminal LLC. The Group's ownership interest in the joint venture is 33.3%.

During 2024, the Group, represented by its subsidiary KTZ Express JSC, made a cash contribution of 1,578 million tenge to the charter capital of Aktau International Container Hub LLP, which is distributed between the Group, represented by subsidiaries KTZ Express JSC and NC Aktau International Sea Trade Port JSC, and Shanghai (Hong Kong) Investment & Development Co. Ltd. The Group's ownership interest in the associate is 49%.

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Summary financial information on significant associates as at and for the years ended 31

	China-Kazakhstan Trade and Logistics Company LLC (Xi'an)	Chinese-Kazakhstan International Logistics Company in Lianyungang
Current assets	8,781	8,704
Non-current assets	4,698	23,852
Total assets	13,479	32,556
Current liabilities	347	1,235
Non-current liabilities	1,259	337
Total liabilities	1,606	1,572
Total net assets/(liabilities)	11,873	30,984
Ownership interest	49%	49%
Net assets/(liabilities) attributable to the Group	5,818	15,182
Accumulated impairment	-	(6,470)
Net assets/(liabilities) attributable to the Group, inclusive of impairment	5,818	8,712
Accumulated unrecognised loss	-	-
Adjustment to the carrying amount of investments in a change to investee net assets (fair value adjustment of the concessional loan from another shareholder)	-	-
Carrying amount of investment	5,818	8,712
Revenue	216	2,531
Profit/(loss) and total comprehensive income/(loss) for the year	72	266
Recognised share of the Group in profit	36	130

December:

	2024		
	Aktau Marine North Terminal LLP	Transtelecom JSC	United Transportation and Logistics Company – Eurasian Railway Alliance JSC
	1,026	51,979	53,561
	33,776	72,970	51,462
	34,802	124,949	105,023
	13,217	29,296	19,162
	31,073	42,120	34,973
	44,290	71,416	54,135
	(9,488)	53,533	50,888
	40%	25%	33.33%
	(3,795)	13,384	16,963
	-	-	-
	(3,795)	13,384	16,963
	(3,795)	-	-
	-	2,223	-
	-	15,607	16,963
	3,121	86,174	378,196
	(7,988)	19,358	17,871
	-	4,839	5,957

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	2023				
	China-Kazakhstan Trade and Logistics Company LLC (Xi'an)	Chinese-Kazakhstan International Logistics Company in Lianyungang	Aktau Marine North Terminal LLP	Transtelecom JSC	United Transportation and Logistics Company – Eurasian Railway Alliance JSC
Current assets	11,635	6,975	734	43,441	51,595
Non-current assets	-	21,998	35,215	146,464	54,398
Total assets	11,635	28,973	35,949	189,905	105,993
Current liabilities	34	1,447	5,347	114,014	20,564
Non-current liabilities	1,119	248	32,102	41,713	37,758
Total liabilities	1,153	1,695	37,449	155,727	58,322
Total net assets/(liabilities)	10,482	27,278	(1,500)	34,178	47,671
Ownership interest	49%	49%	40%	25%	33.33%
Net assets/(liabilities) attributable to the Group	5,136	13,367	(600)	8,545	15,890
Accumulated impairment	-	(6,172)	-	-	-
Net assets/(liabilities) attributable to the Group, inclusive of impairment	5,136	7,195	(600)	8,545	15,890
Accumulated unrecognised loss	-	-	(600)	-	-
Adjustment to the carrying amount of investments in a change to investee net assets (fair value adjustment of the concessional loan from another shareholder)	-	-	-	2,223	-
Carrying amount of investment	5,136	7,195	-	10,768	15,890
Revenue	153	10,588	3,912	84,186	298,970
(Loss)/profit and total comprehensive (loss)/income for the year	(54)	334	6,887	9,063	17,362
Recognised share of the Group in (loss)/profit	(26)	163	-	2,266	5,787

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8. OTHER NON-CURRENT ASSETS

	31 December 2024	31 December 2023
Advances paid for property, plant and equipment	384,165	463,044
VAT recoverable	207,246	167,275
Corporate income tax withheld	36,441	40,121
Investment property	8,765	8,379
Others	6,006	4,290
Less: allowance for non-recoverable VAT	(12,537)	(12,237)
Less: allowance for corporate income tax withheld	(1,028)	-
Less: allowance for advances for property, plant and equipment	(522)	(1,616)
Less: allowance for other non-current non-financial assets	(72)	-
Total other non-financial assets	628,464	669,256
Restricted cash	13,932	14,175
Loans to employees	3,163	3,819
Bonds of commercial banks and other credit institutions, and other debt securities	654	1,432
Loans issued	-	3,938
Long-term trade accounts receivable (Note 11)	-	26
Others	1,757	1,144
Less: allowance for expected credit losses on loans issued	-	(3,092)
Less: allowance for expected credit losses on other non-current financial assets	(487)	(539)
Total other financial assets	19,019	20,903
	647,483	690,159

For the year ended 31 December 2024, the Group accrued depreciation expense on investment property in the amount of 145 million tenge (2023: 150 million tenge).

As at 31 December 2024, the Group performed an analysis of assets related to corporate income tax withheld at the source of payment due to the accumulated carried forward corporate income tax losses. These assets expire for tax purposes within 10 years from the date of their occurrence. As at 31 December 2024, the Group and classified corporate income tax withheld assets for the amount of 35,413 million tenge as non-current, as the Group does not expect that it will be able to utilise them within the next twelve months in accordance with the effective Kazakhstan tax legislation. The Group revised the classification of assets related to corporate income tax withheld as at 31 December 2023 and reclassified the assets in the amount of 40,121 million tenge from other current assets to other non-current assets (Note 12). This reclassification had no impact on the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows.

Restricted cash is mostly amounts in Euros used as security on non-current part of loans from HSBC Continental Europe. The restriction on cash will be released once the loans have been repaid.

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As at 31 December advances paid for property, plant and equipment included:

	31 December 2024	31 December 2023
Passenger carriages supply	163,047	163,034
Construction of the railway	128,984	133,923
Electric locomotive supplies	82,510	90,447
Railroad switch supplies	4,991	9,981
Diesel locomotive supplies	2,017	61,262
Others	2,616	4,397
	384,165	463,044

9. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Short-term bank deposits in tenge	61,779	60,761
Short-term bank deposits in US\$	2,339	6,365
Short-term bank deposits in other currencies	-	165
Cash on digital accounts in tenge	116,635	-
Cash in tenge current accounts	7,326	120,497
Cash in US\$ current bank accounts	4,763	13,075
Cash in Russian Rouble current bank accounts	2,484	1,245
Cash in Euro current bank accounts	1,182	782
Cash in bank accounts in other currencies	2,070	1,731
Petty cash	10	9
Less: allowance for expected credit losses on cash and cash equivalents	(10)	(16)
	198,578	204,614

As at 31 December 2024, cash on digital accounts represents programmable digital tenge only for the modernisation of the Dostyk-Moynaty railway transport corridor and received as part of the bonds issuance on the Kazakhstan Stock Exchange in favour of the Shareholder (Note 14).

As at 31 December 2024, the weighted average interest rate on cash in current accounts was 8.19% in tenge and 0.16% in other currencies (31 December 2023: 0.68% in tenge and 1.5% in other currencies).

Short-term tenge and foreign currency bank deposits are placed for three months and less, depending on the Group's cash needs. As at 31 December 2024, the weighted average interest rate on short-term bank deposits was 14.9% in tenge and 3% in US\$ (31 December 2023: 15.26% in tenge, 3% in US\$ and 12% in other currencies).

As at 31 December 2024, the carrying value of cash placed by the Group on current accounts in Kazpost JSC and on digital accounts in the National Bank of Kazakhstan, which are related parties of the Group, amounted to 1 million tenge (31 December 2023: 112,141 million tenge) and 116,635 million tenge (31 December 2023: nil tenge), respectively (Note 30). In addition, the Group places cash and cash equivalents in banks and other financial institutions rated from A+ to B+. Based on this, the Group believes that its cash and cash equivalents credit risk as at 31 December 2024 is low.

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The allowance for expected credit losses on cash and cash equivalents is based on 12-month expected credit losses, which matches their maturity date.

10. INVENTORIES

	31 December 2024	31 December 2023
Track structure materials	15,648	18,786
Materials and supplies	15,454	13,452
Fuel and lubricants	13,553	20,028
Spare parts	8,743	8,421
Construction materials	1,453	1,559
Others	4,409	4,135
	59,260	66,381
Less: allowance for inventories	(1,440)	(2,019)
	57,820	64,362

11. TRADE ACCOUNTS RECEIVABLE

	31 December 2024	31 December 2023
Trade accounts receivable	25,173	20,316
Less: allowance for expected credit losses	(3,507)	(3,964)
	21,666	16,352
Current portion of trade accounts receivable	21,666	16,326
Long-term portion of trade accounts receivable (Note 8)	-	26
	21,666	16,352

As at 31 December 2024, trade accounts receivable arising from contracts with customers amounted to 24,288 million tenge (31 December 2023: 19,369 million tenge), expected credit losses on these trade accounts receivable amounted to 2,842 million tenge (31 December 2023: 3,574 million tenge).

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12. OTHER CURRENT ASSETS

	31 December 2024	31 December 2023
Advances paid	20,183	25,736
Other taxes prepaid	6,190	4,207
Prepaid expenses	2,690	2,448
Others	5,670	5,494
Less: allowance for corporate income tax withheld	(4,229)	-
Less: allowance for the impairment of advances paid	(2,665)	(1,761)
Less: allowance for other current non-financial assets	(5,086)	(4,635)
Total other non-financial assets	22,753	31,489
Restricted cash	16,235	6,789
Claims, interest and fines	2,409	3,974
Due from employees	1,416	1,665
Others	5,766	5,191
Less: allowance for expected credit losses on other current financial assets	(3,172)	(3,120)
Total other financial assets	22,654	14,499
	45,407	45,988

As at 31 December 2023, the Group reclassified a portion of other taxes prepaid of 40,121 million tenge to other non-current assets (Note 8).

Restricted cash is mainly denominated in US Dollars used as collateral for current part of loans received from Citibank. The restriction will be removed upon repayment of these loans.

13. EQUITY

As at 31 December 2024 and 2023, share capital was presented as follows:

	No. of shares authorised for issue	No. of shares issued and paid for	Share capital, millions of tenge
As at 1 January 2023	502,040,458	496,692,666	1,086,324
Shares issued	-	1,000	24,310
As at 31 December 2023	502,040,458	496,693,666	1,110,634
Shares issued	-	1,000	13,273
As at 31 December 2024	502,040,458	496,694,666	1,123,907

The Company's share capital was established through a series of share issuances in exchange for either cash or property, plant and equipment, intangible assets or shares. The Shareholder is entitled to dividends, a part of the Company's assets in the event of liquidation, and preference in purchasing the Company's shares or other securities convertible into Company shares.

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Contributions*Share issuance*

During 2024, the Group issued 1,000 shares that was paid in cash of 13,273 million tenge by the Shareholder (2023: 24,310 million tenge).

Other contributions

In 2024, the Group recognised an adjustment to loans received from Shareholder at rates lower than market to fair value of 89,395 million tenge (2023: 177,932 million tenge) less the deferred tax effect of 17,879 million tenge (2023: 35,587 million tenge) (Notes 14 and 17).

Hedging reserve

During 2024, the Group implemented a cash flow hedge to reduce the risk of changes in tenge equivalent revenue from freight transit transportation denominated in Swiss Francs, as part of two strategies. To confirm highly probable transactions, the Group relied on the existence of a history of cash flows from freight transit transportation in Swiss Francs, sufficient infrastructure, as well as a favourable geographical location for freight transit transportation. The Group has a monopoly in terms of access to the main railway network and dominates in freight transportation services.

Strategy 1 (effective from 1 October 2024)

Eurobonds with the nominal amount of 882,978,000 US Dollars issued in October 2022 on the Kazakhstan Stock Exchange in favour of the Shareholder, and due on 28 October 2025, as well as cross-currency swaps in the amount of 881,881,000 Swiss Francs with maturity date on 25 October 2025 are hedging instruments that are separately identifiable and reliably measurable. As at 31 December 2024, the carrying value of Eurobonds amounted to 448,785 million tenge. The hedged item in this respect is the probable revenue from freight transit transportation of 875,066,510 Swiss Francs for the period from 1 January 2025 to 22 October 2025.

At the commencement date of the hedging relationship, the hedge effectiveness was recognised at 100%, except for the market interest rate component, which was approximately 3% of the fair value of the cross-currency swap. As at 31 December 2024, hedge effectiveness decreased to 88.57%, due to a reduction in the expected volumes of the probable revenue from freight transit transportation following the introduction of the second hedging strategy, which resulted in a partial reallocation of originally projected revenue to the second strategy.

As at 31 December 2024, the effective portion of 28,226 million tenge was allocated to the hedge reserve in other comprehensive loss as fair value loss arising on cash flow hedging instruments. The deferred tax effect amounted to 5,645 million tenge (Note 17). The ineffective portion in the amount of 3,609 million tenge was reclassified to finance costs (Note 25).

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Strategy 2 (effective from 21 November 2024)

The principal debt of the Group's loans of 1,070,208,399 Swiss Francs, with fixed repayment schedules fully consistent with projected freight transit revenue flows in Swiss Francs, is a hedging instrument that is separately identifiable and reliably measurable. As at 31 December 2024, the carrying value of these loans amounted to 598,982 million tenge. The hedged item in this respect is the highly probable revenue from transit transportation of 1,070,208,399 Swiss Francs for the period from 21 November 2024 to 15 November 2034, of which 139,167,166 Swiss Francs are repayable in 2025.

At the commencement date of the hedging relationship, the hedge effectiveness has been confirmed at 100%, reflecting full compliance with the terms of the instruments and the hedged items.

As at 31 December 2024, the effective portion of 20,399 million tenge was allocated to the hedge reserve in other comprehensive loss as fair value loss arising on cash flow hedging instruments. The deferred tax effect amounted to 4,080 million tenge (Note 17).

In December 2024, the revenue from freight transportation in international (transit) route, which is the cash flow hedged item, was received, and respectively, the accumulated loss of 412 million tenge attributable to the hedging instrument was reclassified from other comprehensive loss to revenue from freight transportation (Note 21). The deferred tax effect amounted to 82 million tenge (Note 17).

14. BORROWINGS

Borrowings, including accrued interest, which is accounted for at amortised cost consisted of the following:

	31 December 2024	31 December 2023
	Weighted average effective interest rate (%)	Weighted average effective interest rate (%)
	Amount	Amount
Fixed interest rate borrowings		
Loans received	475,243	333,852
- in tenge	285,231	223,035
- in Euros	51,253	59,611
- in Swiss Francs	59,483	3.40
- in Russian Rubles	79,276	9.02
Debt securities issued	1,207,802	1,079,764
- in tenge	759,017	707,590
- in US\$	448,785	372,174
Floating interest rate borrowings		
Loans received	886,253	518,138
- in tenge	40,232	122,925
- in Euros	217,682	139,143
- in Swiss Francs	628,339	3.04
Debt securities issued	84,090	256,070
- in tenge	84,090	185,793
	2,653,388	2,117,547
Current portion of borrowings	812,965	354,115
Non-current portion of borrowings	1,840,423	1,763,432
	2,653,388	2,117,547

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Borrowings presented on discounted basis, excluding debt securities, should be repaid as follows:

	31 December 2024	31 December 2023
During the year	341,413	122,037
1-2 years	134,519	78,270
2-3 years	129,197	79,637
3-4 years	127,409	75,027
4-5 years	115,433	73,445
Over 5 years	513,525	423,574
	1,361,496	851,990

Loans received*The Shareholder*

In January 2024, the Group, represented by the Company, under a loan agreement with the Shareholder concluded on 21 October 2010, to finance the construction of railways "Khorgos-Zhetysen" and "Uzen-Turkmenistan Border" for a total amount of 30,000 million tenge, signed an additional agreement to extend the repayment period from 2024 until 2044 and change the interest rate from 2% to 9.25%. Interest on the loan is repaid in semi-annual payments. Due to a significant change in the terms of the loan, the Group recorded the transaction as a derecognition of the original financial liability and recognition of a new financial liability. The fair value was calculated based on the market rate of 12.25%. The Group recognised an adjustment to fair value of borrowings in the amount of 6,003 million tenge, net of deferred tax in the amount of 1,200 million tenge through equity in retained earnings as other contributions (Note 13).

Citibank Kazakhstan JSC

In July 2024, the Group, represented by a subsidiary KTZ-Freight Transportation LLP, within the framework of a Master agreement with Citibank Kazakhstan on short-term loans, concluded on 30 November 2009, received borrowings in the total amount of 14,000 million tenge with an interest rate of 15%. In December 2024, the Group signed an additional agreement to extend the maturity until July 2025 and to change the interest rate from 15% to 16.5%.

ForteBank JSC

In 2024, the Group, represented by the Company and its subsidiary KTZ-Freight Transportation LLP, under the credit line agreement with ForteBank JSC concluded on 13 June 2022, received 97,000 million tenge with an interest rate of 15.75% to 16.75% and maturity up to six months. The Group made full/partial early repayment of loans received in the amount of 55,000 million tenge.

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Societe Generale and Natixis

In 2024, the Group, represented by its subsidiaries KTZ-Freight transportation LLP and KTZ-Passenger locomotives LLP, under the Master Framework Agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance dated 23 February 2023 to finance the acquisition of freight and passenger locomotives for a total amount of 627,110,893 Euros, borrowed 134,375,973 Euros (67,738 million tenge) (including the BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 1.15%. Principal is repaid semi-annually until full repayment in 2035.

Halyk Bank of Kazakhstan JSC

In 2024, the Group, represented by the Company and its subsidiary KTZ-Freight transportation LLP, under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 26 February 2015, borrowed 97,000 million tenge with an interest rate of 15.75% to 17.25% and a maturity of up to one year. The Group has made full/partial early repayment of loans received in the total amount of 78,000 million tenge.

Eurasian Development Bank ("EDB")

In 2024, the Group, represented by its subsidiary KTZ-Freight transportation, under the loan agreement with EDB dated 11 May 2023 to finance the acquisition of freight diesel locomotives for a total amount of 17,685,350,000 Russian Roubles borrowed 7,640,071,200 Russian Roubles (37,956 million tenge). Loan interest is paid semi-annually at 7.8%. Principal is repaid semi-annually until full repayment in 2034.

Citibank

In 2024, the Group, represented by the Company, under the credit line Agreement with Citibank, dated 4 April 2024, borrowed funds in the total amount of 150,000,000 Swiss Francs (77,828 million tenge) with an interest rate from 3.21% to 3.4% and a repayment period of up to one year.

In 2024, the Group, represented by its subsidiaries KTZ-Freight Transportation LLP and KTZ-Passenger Locomotives LLP, under a loan agreement with Citibank under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 7 May 2024, to finance the acquisition of freight and passenger locomotives for a total amount of 593,952,912 US Dollars in Swiss Francs equivalent, borrowed 443,076,513 Swiss Francs (234,670 million tenge) (including the US EXIM Bank premium). Loan interest is repaid quarterly at SARON 3m + 0.75% margin. The principal is repayable quarterly until full repayment in 2034.

European Bank for Reconstruction and Development ("EBRD")

In 2024, the Group, represented by the Company, under the credit line agreement with EBRD, dated 4 July 2024, borrowed funds in the total amount of 200,000,000 Swiss Francs (107,986 million tenge). Interest is repaid semi-annually at SARON 6m + 1.80% margin. The principal is repayable semi-annually until full repayment in 2029.

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Early repayment of non-current borrowings

In 2024, the Group, represented by its subsidiary KTZ-Freight transportation LLP, under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 22 October 2022, made an early full repayment of borrowings received of 60,540 million tenge.

In 2024, the Group, represented by its subsidiary KTZ-Passenger locomotives LLP, under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 20 October 2022, made an early partial repayment of borrowings received of 9,198 million tenge.

Debt securities issued

As at 31 December, debt securities issued include:

	Repayment date	Exchanges	2024	2023
Debt securities, by price³				
2% Eurobonds (100%) in US\$	28 October 2025	KASE	448,785	372,174
11.5% Bonds (100%) in tenge	3 October 2034	KASE	308,433	308,433
8.74% Bonds (100%) in tenge	12 June 2043	KASE	136,717	136,146
9.25% Bonds (100%) in tenge	24 June 2044	KASE	114,750	-
	30 December 2042	KASE	101,717	100,855
7.37% Bonds (100%) in tenge	25 April 2026	KASE	54,090	56,302
Inflation rate + 2.52% (12.03%)	12 September 2034	KASE	41,380	41,380
Bonds (100%) in tenge	30 January 2026	AIX	30,000	-
11.5% Bonds (100%) in tenge	23 July 2027	KASE	26,184	26,184
NBRK Base rate+0.75% (16%) Bonds (100%) in tenge	20 August 2034	KASE	18,947	17,761
1.8% Bonds (100%) in tenge	10 July 2044	AIX	10,889	-
TONIA Compounded 6M + 3% margin (17.43%) Bonds (100%) in tenge	22 July 2024	KASE	-	129,491
	15 November 2024	KASE	-	76,831
9.25% Bonds (100%) in tenge	1,291,892		1,265,557	
Total debt securities issued				
Current portion of debt securities issued			471,552	232,078
Long-term portion of debt securities issued			820,340	1,033,479
	1,291,892		1,265,557	

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In June and December 2024, the Group, represented by the Company, to implement the project "Modernisation of the railway transport corridor Dostyk-Aktogay-Moiynty-Zharyk-Zhezkazgan-Saksaulskaya-Kandyagash-Aktobe-Iletsk (construction of second tracks of the Dostyk-Moiynty railway section)", issued bonds on the Kazakhstan Stock Exchange in favour of the Shareholder in the amount of 20,316 million tenge and 143,653 million tenge, respectively, with a coupon rate of 9.25% per annum and a maturity date in 2044. Coupon payment - twice a year. Digital tenge were used in this issue (Note 8). The bonds were issued with a coupon rate below the market rate and the fair value was calculated based on the market rate of 12.34% and 14.50%, respectively. The Group recognised an adjustment to fair value of the bonds in the amount of 49,499 million tenge, net of deferred tax in the amount of 9,900 million tenge through equity in retained earnings as other contributions (Note 13).

In July 2024, the Group, represented by the Company, to implement the project "Construction of Darbaza-Maktaaral railway line", issued bonds on the Astana International Exchange (AIX) in favour of the Shareholder in the amount of 44,200 million tenge, with a coupon rate of 1.8% per annum and a maturity date in 2044. Coupon payment - twice a year. The bonds were issued with a coupon rate below the market rate and the fair value was calculated based on the market rate of 12.34%. The Group recognised an adjustment to fair value of the bonds in the amount of 33,893 million tenge, net of deferred tax in the amount of 6,779 million tenge through equity in retained earnings as other contributions (Note 13).

In December 2024, the Group, represented by the Company, to refinance obligations, issued bonds on the Astana International Exchange (AIX) in favour of the Shareholder in the amount of 30,000 million tenge, with a coupon rate of Base rate of National Bank of Kazakhstan + 0.75% margin per annum and a maturity date in 2026. Coupon payment - twice a year.

State subsidy of the interest rate

In May 2020, the Group, represented by the Company, entered into a contract with the Ministry of Industry and Construction of the Republic of Kazakhstan to subsidise part of the coupon rate in the amount of 307,194 million tenge, on bonds issued in 2019 at the coupon rate of 11.5% per annum and used for early repayment of Eurobonds issued in 2017 in the amount of 780,000,000 US Dollars, which in turn were attracted and utilised for infrastructure modernisation, updating locomotives and freight carriages. The Agreement stipulates that the amount of subsidy should be provided for under the republican budget program "Subsidising the coupon rate on the carrier's bonds issued for the development of the main railway network and rolling stock of railway transport" (hereinafter – "the Program"). Since the budget Program is available to all transportation companies that have the status of a "carrier" in accordance with the Law on Railway Transport, the Group's management accounts for the financing under this Program as a government grant recognised within finance income.

In 2024, the Group recognised income from government subsidies under the Program in the amount of 22,300 million tenge as part of finance income (Note 25).

The fair value of borrowings and debt securities issued is presented in Note 30.

³ Percentages in brackets represent the cost of issuing bonds/Eurobonds from par value (at premium/with discount or at par)

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Credit agreements and breaches of credit agreements

In accordance with arrangements with HSBC Continental Europe regarding financial and non-financial covenants, the Group should comply with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 31 December 2024, this covenant was met. As at 31 December 2024, the carrying value of this loan is 51,253 million tenge (31 December 2023: 59,611 million tenge).

Loan agreements with Societe Generale and Natixis include financial covenant Net Debt to Equity (at the same time, concessional loans from the Shareholder should not exceed 50% of the total debt) calculated based on the annual consolidated financial statements of the Group. As at 31 December 2024, this covenant was met. As at 31 December 2024, the carrying value of this loan is 217,682 million tenge (31 December 2023: 139,143 million tenge).

Loan agreement with EDB includes certain financial covenants such as Debt to EBITDA and Interest coverage ratio calculated semi-annually based on the consolidated results of the Group. In addition, the Group should comply with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 31 December 2024, these covenants were met. As at 31 December 2024, the carrying value of this loan is 79,276 million tenge (31 December 2023: 51,207 million tenge).

Loan agreement with Citibank and Santander under the MIGA guarantee includes compliance with certain financial covenants such as EBITDA to interest expense and Total debt to EBITDA (with the share of subsidiaries' debt to third parties not exceeding 35% of total debt) calculated based on the consolidated results of the Group. As at 31 December 2024, these covenants were met. As at 31 December 2024, the carrying value of this loan is 274,190 million tenge (31 December 2023: 256,069 million tenge).

Loan agreement with EBRD includes compliance with financial covenant of Debt to EBITDA calculated based on the consolidated results of the Group. As at 31 December 2024, this covenant was met. As at 31 December 2024, the carrying value of this loan is 103,881 million tenge (31 December 2023: nil tenge).

Under the loan agreement with Citibank under the guarantee of the Export-Import Bank of the United States (US EXIM Bank), as at the end of each financial year, the total aggregate assets and total revenue of the Company, Kaztemirtrans JSC, KTZ-Passenger Locomotives LLP and KTZ-Freight Transportation LLP must be equal to or greater than 75% of the Group's total aggregate assets and total revenue, respectively, calculated on the basis of the Group's annual consolidated results. As at 31 December 2024, these conditions were met. The carrying amount of the loan as at 31 December 2024 is 220,910 million tenge (31 December 2023: nil tenge).

Debt securities contain covenants that place certain limitations on the Company including, but not limited to, business changes and assets disposal, limitations on mergers and consolidations with other legal entities. In the event of default, as defined by the debt securities' indenture, investors are entitled to require repayment of the debt securities.

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	2024			2023		
	Borrowings and debt securities issued	Lease liabilities (Note 15)	Total	Borrowings and debt securities issued	Lease liabilities (Note 15)	Total
As at 1 January	2,117,547	71,506	2,189,053	1,687,331	53,082	1,740,413
Changes due to cash flows from financing activities						
Loan principal payments	(480,532)	-	(480,532)	(367,320)	-	(367,320)
Proceeds from borrowings	879,762	-	879,762	808,731	-	808,731
Lease liability payments	-	(11,358)	(11,358)	-	(21,690)	(21,690)
Total changes due to cash flows from financing activities	399,230	(11,358)	387,872	441,411	(21,690)	419,721
Other changes						
Effect of changes in foreign currency exchange rates	68,605	34	68,639	13,862	43	13,905
Cash flow hedging	62,215	-	62,215	-	-	-
Acquisition of property, plant and equipment through borrowings directly transferred to the supplier	67,738	-	67,738	114,106	-	114,106
New lease agreements	-	107,742	107,742	-	24,334	24,334
Adjustment to the fair value of loans received from the Shareholder at rates lower than market (Note 13)	(89,395)	-	(89,395)	(177,932)	-	(177,932)
Interest costs and discount amortisation, including capitalised	204,960	19,502	224,462	188,583	8,995	197,578
Interest paid	(171,648)	(12,050)	(183,698)	(144,301)	(6,252)	(150,553)
Other changes	(5,864)	(394)	(6,258)	(5,513)	12,994	7,481
Total other changes attributable to liabilities	136,611	114,834	251,445	(11,195)	40,114	28,919
As at 31 December	2,653,388	174,982	2,828,370	2,117,547	71,506	2,189,053

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15. LEASE LIABILITIES

As at 31 December, the Group's lease liabilities included:

	2024		2023	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Up to one year	38,423	35,517	18,461	16,951
2-5 years inclusive	141,989	83,387	47,066	26,930
Over 5 years	232,330	56,078	100,304	27,625
Total	412,742	174,982	165,831	71,506
Less unearned interest	(237,760)	-	(94,325)	-
Present cost of lease liabilities	174,982	174,982	71,506	71,506
Less amounts due within 12 months		(35,517)		(16,951)
Amount due after 12 months	139,465			54,555

As at 31 December 2024 and 2023, interest calculations are based on effective interest rates of between 2.5% and 21.69%.

Lease liabilities are mainly denominated in tenge, except for lease liabilities for other equipment, which are denominated in US\$.

Finance lease agreements (hereinafter – "lease agreements") with Industrial Development Fund JSC*Flat carriages*

In November 2020, the Group, represented by its subsidiary KTZ Express JSC, entered into an agreement to lease 2,000 flat carriages with a total value of 47,391 million tenge (taking into account the additional agreement dated 29 September 2023) and at interest of 15% per annum, of which 10% per annum is subsidised by the State. The grace period for the principal is 2 years. The Group acts as a lessee.

In 2024, within the framework of the agreement, the Group received 193 flat carriages and recognised right-of-use assets of 5,077 million tenge for 32 years and a lease liability of 2,734 million tenge for 15 years.

In July 2024, the Group, represented by its subsidiary KTZ Express JSC, entered into a lease agreement for 2,000 flat cars with a total amount of 63,356 million tenge and an interest rate of 13.75% per annum, of which 7% per annum is subsidised by the State. The grace period for the payment of the principal debt is 5 years. The group acts as a lessee.

In 2024, within the framework of this agreement, the Group received 373 flat carriages and recognised right-of-use assets of 12,108 million tenge for 32 years and a lease liability of 7,583 million tenge for 15 years.

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Passenger carriages

In September 2023, the Group, represented by its subsidiary Passenger Transportation JSC, entered into an agreement for the lease of 100 passenger carriages with a total value of 65,796 million tenge and an interest rate of 13.15% per annum, of which 10% per annum is subsidised by the State. The grace period for the principal is 5 years. The Group acts as a lessee.

During 2024, under this agreement, the Group received 62 passenger carriages and recognised right-of-use assets in the amount of 41,244 million tenge for 40 years and a lease liability in the amount of 19,581 million tenge for 15 years.

In May 2024, the Group, represented by its subsidiary Passenger Transportation JSC, entered into a lease agreement for 157 passenger carriages with a total amount of 103,432 million tenge and an interest rate of 13.75% per annum, of which 10% per annum is subsidised by the State. The grace period for the payment of the principal debt is 5 years. The group acts as a lessee.

During 2024, under this agreement, the Group received 50 passenger carriages and recognised right-of-use assets in the amount of 32,830 million tenge for 40 years and a lease liability of 15,235 million tenge for 15 years.

In August 2024, the Group, represented by its subsidiary Passenger Transportation JSC, entered into a lease agreement for 3 electric trains with a total amount of 11,802 million tenge (taking into account the additional agreement dated 29 August 2024) and an interest rate of 14.5% per annum, of which 10% per annum is subsidised by the State. The grace period for the payment of the principal debt is 5 years. The group acts as a lessee.

During 2024, under this agreement, the Group received 1 electric train and recognised a right-of-use asset in the amount of 3,911 million tenge for 40 years and a lease liability in the amount of 1,817 million tenge for 15 years.

Freight open wagons

In July 2023, the Group, represented by its subsidiary Kaztemirtrans JSC, entered into an agreement for the lease of 3,000 open wagons with a total value of 88,125 million tenge and an interest rate of 13.15% per annum, of which 6% per annum is subsidised by the State. The grace period for the principal is 2 years. The Group acts as a lessee.

In 2024, under this agreement, the Group received 1,689 open wagons and recognised right-of-use assets of 49,090 million tenge for 22 years and a lease liability of 33,524 million tenge for 14 years.

The terms and conditions of lease agreements of the Group, represented by subsidiaries KTZ Express JSC, Passenger Transportation JSC and Kaztemirtrans JSC, with Industrial Development Fund JSC, includes compliance with the financial covenant "Debt Security Coverage Ratio" calculated on the basis of the annual consolidated results of the Group. As at 31 December 2024, this condition was met.

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The requirements of the Group's lease agreements, represented by the subsidiaries KTZ Express JSC, Passenger transportation JSC and Kaztemirtrans JSC, with Industrial Development Fund JSC, incorporate restrictive terms with respect to changing legal status through voluntary liquidation; concluding a transaction or several transactions where the value exceeds 10-25% of the carrying amount of assets; subleasing lease subjects or a part of them. In the event of a default as defined by the lease agreements, the lessor is entitled to demand the indisputable requisition of lease items.

Lease agreements with Transtelecom JSC

In 2024, the Group, represented by the Company, entered into a lease agreement of communication channels with its associate Transtelecom JSC and recognised right-of-use assets and a lease liability in the amount of 27,261 million tenge for 5 years.

16. EMPLOYEE BENEFIT OBLIGATIONS
Post-employment defined employee benefits and other long-term employee benefits

Under Kazakhstan law, pension contributions are the responsibility of employees, and the Group has no current or future obligations to make payments to employees following their retirement, apart from those described below.

In 2019, the Group introduced Early Retirement Rules ("Rules No. 1"), which determine the procedure for paying compensation to persons of pre-retirement age with whom employment contracts have been terminated early by agreement of the parties.

In 2021, the Group approved Rules for the payment of compensation to employees of the Company and its subsidiaries ("Rules No. 2"), which determine the procedure for paying compensation to employees whose positions are affected by reductions and with whom employment agreements have been terminated by agreement of the parties.

In 2024, the Company approved the Rules for the payment of sectoral old-age benefits ("Rules No. 3"), which determine the procedure for payment of industry age benefits to the Company's employees holding certain positions and who have three or less years left until reaching retirement age. Rules No. 3 were adopted in order to ensure traffic safety in railway transport, reduce the risk of occupational injuries at work with harmful and difficult working conditions, and comply with the socio-economic and legal guarantees provided to the Company's employees.

Employee retirement compensation and other long-term employment benefits are paid in accordance with Rules No. 1, Rules No. 2, Rules No. 3 and a collective agreement for 2024-2026 between the Group and its staff.

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Pursuant to these documents, the Group provides the following benefits under an unfunded scheme:

Post-employment defined employee benefits:

- a one-time retirement payment;
- a one-time payment for the early employment agreement termination that depends on work experience in the industry, in accordance with Rules No. 1;
- a payment of between 70 thousand tenge and 200 thousand tenge per month payable either as a one-time payment for the whole period until the retirement age or on a monthly basis in accordance with Rules No. 1;
- a benefit payment depending on work experience in the industry over six months – twenty-four months from the date of the termination of an employment agreement of between 70 thousand tenge and 200 thousand tenge per month, in accordance with Rules No. 2;
- sectoral old-age allowance on a monthly basis in the amount of 32 times the amount of the monthly calculation index established by the law on the republican budget for the relevant financial year, in accordance with Rules No. 3;
- financial support to pensioners for the holidays;
- vouchers for sanatorium-resort treatment to pensioners;
- funeral aid of pensioners;
- a one-time payment to pensioners on special anniversaries;
- the reimbursement for denture treatment costs to pensioners;
- the reimbursement of railway ticket costs to pensioners.

Other long-term employee benefits:

- financial support for sanatorium-resort treatment to employees;
- financial assistance on denture treatment to employees;
- a one-time payment to employees on anniversaries;
- the reimbursement of railway ticket expense to employees.

The programs are unfunded. Group policy towards these programs does not assume the accumulation of assets to cover obligations. The programs do not require employee contributions.

	31 December 2024	31 December 2023
Non-current portion of employee benefit obligations	41,105	37,396
Current portion of employee benefit obligations	7,598	7,608
Total liabilities as at the end of the year	48,703	45,004

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Movement in the present value of obligations for the years ended 31 December is as follows:

	2024	2023
Total liabilities at the beginning of the year	45,004	43,619
Current service cost	2,254	1,888
Past service cost	9,694	-
Interest costs	5,108	4,624
Actuarial (gain)/loss on other long-term employee benefits	<u>(2,394)</u>	<u>427</u>
Total expenses recognised in profit or loss	14,662	6,939
Actuarial revaluation recognised in other comprehensive income:	(3,688)	540
- <i>change in financial assumptions</i>	856	(330)
- <i>experience-based adjustments</i>	(1,850)	(922)
- <i>change in demographic assumptions</i>	(2,694)	1,792
Payments made for the year	<u>(7,275)</u>	<u>(6,094)</u>
Total liabilities as at the end of the year	48,703	45,004

Post-employment defined benefits and other long-term employee benefits recognised in profit or loss during the years ended 31 December are as follows:

	2024	2023
Cost of sales (Note 23)	14,150	6,611
General and administrative expenses (Note 24)	512	328
Total recognised in profit or loss for the year	14,662	6,939

The calculation of the Group's obligation has been prepared on the basis of published mortality statistics, as well as the Group's actual data on the number, age, gender and years of service of employees and retirees, and statistics on changes in the number of employees, the expectation that all employees who will be given the opportunity to benefit from the Rules No. 1, Rules No. 2 and Rules No. 3 will take advantage of them. The average longevity after retirement age for current and former employees who have retired is 15.6 years for men and 19.6 years for women.

Other significant actuarial assumptions as at the reporting date for the consolidated statement of financial position are as follows:

	2024	2023
Discount rate	12.4%	11.9%
Expected annual growth in material aid in the future	5.3% (average)	5.2% (average)
Expected annual minimum salary growth in the future	6.6% (average)	6.6% (average)
Expected annual future growth in rail ticket cost	7.6 (average)	5.9% (average)

According to an actuarial sensitivity analysis, the maximum increase in employee benefit obligations is 8.5% caused by an inflation rate increase of 1%, and 7.9% caused by a discount rate decrease of 1%.

The above analysis may not reflect actual changes in post-employment defined employee benefit obligations, as changes in assumptions separate from each other are unlikely (some assumptions are interrelated).

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In addition, for the sensitivity analysis, the present value of post-employment defined employee benefit obligations was calculated using the projected unit credit method as at the reporting date. The same method was applied when calculating post-employment defined employee benefit obligations reflected in the consolidated statement of financial position.

The methods and assumptions used in the sensitivity analysis do not differ from those used in prior years.

17. CORPORATE INCOME TAX

Corporate income tax expenses for the years ended 31 December included:

	2024	2023
Current income tax expense	14,969	6,013
Adjustment of income tax for prior years	(217)	(227)
Deferred income tax expense	37,811	17,450
Change in unrecognised deferred tax assets, including for tax losses carried forward	10,161	1,363
Income tax expense recognised in profit or loss	62,724	24,599

The table below provides a reconciliation of income tax expenses based on accounting profit before tax at the statutory rate against income tax expenses reported for the years ended 31 December:

	2024	2023
Profit before tax	223,529	161,383
Official tax rate	20%	20%
Calculated tax expense at the official rate	44,706	32,277
Tax effect of non-deductible expenses/(non-taxable income) for tax calculation purposes, and other effect:		
Adjustment of income tax for prior years	(217)	(227)
Non-deductible expenses/(non-taxable income)	8,074	(8,814)
Change in unrecognised deferred tax assets, including for tax losses carried forward	10,161	1,363
Income tax expense recognised in profit or loss	62,724	24,599

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Deferred tax balances calculated by applying the statutory tax rate in effect at the respective reporting dates to temporary differences between the tax basis for assets and liabilities and amounts reported in the consolidated financial statements are as follows:

	31 December 2024	31 December 2023
Deferred tax assets:		
Tax losses carried forward	128,414	125,893
Accrued employee liabilities	7,912	7,135
Lease liabilities	7,010	2,640
Derivative financial instruments	6,432	7,036
Financial guarantee contract liabilities	5,490	5,707
Accounts receivable	3,889	3,959
Other	2,692	2,634
	161,839	155,004
Less: deferred tax assets offset against deferred tax liabilities	(161,818)	(154,944)
Deferred tax assets	21	60
Deferred tax liabilities:		
Property, plant and equipment and other non-current assets	(507,804)	(457,336)
Fair value adjustment to borrowings received from the Shareholder at rates below market	(122,066)	(109,488)
Other	(5)	(8)
	(629,875)	(566,832)
Less: deferred tax liabilities offset against deferred tax assets	161,818	154,944
Deferred tax liabilities	(468,057)	(411,888)
Total net deferred tax liabilities	(468,036)	(411,828)
	2024	2023
Net deferred tax liabilities as at the beginning of the year	(411,828)	(357,428)
Recognised in profit or loss	(47,972)	(18,813)
Recognised in equity (Note 13)	(17,879)	(35,587)
Recognised in other comprehensive income (Note 13)	9,643	-
Net deferred tax liabilities as at the end of the year	(468,036)	(411,828)

The Group has not recognised deferred tax assets relating to the portion of tax losses carried forward of subsidiaries. Management believes it is improbable that there will be sufficient taxable income available in the future against which any such deferred tax assets can be utilised. As at 31 December 2024, the total tax effect of unrecognised tax losses carried forward amounted to 9,470 million tenge (31 December 2023: 420 million tenge). These tax losses carried forward expire in 10 years from the date they were incurred.

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18. TRADE ACCOUNTS PAYABLE

	31 December 2024	31 December 2023
Accounts payable for the supply of property, plant and equipment	86,906	46,789
Accounts payable for services provided	84,619	92,628
Accounts payable for inventories received	52,106	56,961
Other accounts payable	7,720	4,591
	231,351	200,969

As at 31 December, trade accounts payable were denominated in the following currencies:

	2024	2023
Tenge	203,015	174,516
Euros	13,414	9,542
US\$	13,000	10,018
UAE Dirham	-	5,899
In other currencies	1,922	994
	231,351	200,969

The average turnover period for accounts payable is 48 days (2023: 38 days).

19. CONTRACT LIABILITIES

	31 December 2024	31 December 2023
Advances received on contracts with customers	117,973	105,103
Deferred income	15,197	10,765
	133,170	115,868

Revenue recognised in the reporting period, which was included in the balance of advances received and deferred income at the beginning of the year amounted to 95,811 million tenge (2023: 100,494 million tenge).

Contract liabilities as at 31 December 2024 will be recognised as revenue within 12 months after the reporting date.

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20. OTHER LIABILITIES

	31 December 2024	31 December 2023
Deferred income (government grants)	99,999	44,804
Obligatory pension contributions, social insurance contributions and obligatory medical insurance contributions	14,302	12,530
Advances received	9,700	10,015
Provisions	748	2,611
Others	2,331	3,397
Total other non-financial liabilities	127,080	73,357
Provisions for unused vacation and other employee benefits	40,069	36,225
Financial guarantee contract liabilities	27,449	28,536
Salary payable	18,966	15,511
Others	17,833	15,059
Total other financial liabilities	104,317	95,331
	231,397	168,688
Current portion of other liabilities	112,627	98,910
Non-current portion of other liabilities	118,770	69,778
	231,397	168,688

As disclosed in Note 27, the Group has provided financial guarantees to banks on loans received by Nursultan Nazarbayev International Airport JSC and Aktobe Rail and Section Mill Plant LLP, and has recognised obligations under financial guarantee agreements. As at 31 December 2024, liabilities under financial guarantee agreements amounted to 14,896 million tenge for Nursultan Nazarbayev International Airport JSC and 12,553 million tenge for Aktobe Rail and Section Mill Plant LLP (31 December 2023: 15,315 million tenge for Nursultan Nazarbayev International Airport JSC, 13,202 million tenge for Aktobe Rail and Section Mill Plant LLP and 19 million tenge for Transtelecom JSC).

As at 31 December 2024 and 2023, other financial liabilities were primarily denominated in tenge.

21. REVENUE

In 2024 and 2023, revenue from freight transportation included:

	2024	2023
Revenue from contracts with customers:		
International (transit) routes	698,797	655,888
Domestic routes	507,501	439,857
International (export) routes	322,631	274,069
International (import) routes	194,279	185,758
Additional charges related to the transportation process	67,769	60,675
Other revenue from freight transportation	84,581	66,303
	1,875,558	1,682,550

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In December 2024, the Group received international (transit) freight transportation revenue, which is the cash flow hedged item, therefore, the accumulated loss in the amount of 412 million tenge attributable to the hedging instrument was reclassified from other comprehensive income to freight transportation revenue (Note 13).

Revenue from freight transportation is recognised over time.

In 2024 and 2023, revenue from passenger transportation included:

	2024	2023
Revenue from contracts with customers:		
Passenger transportation	94,003	89,866
Other revenue from passenger transportation	16,520	11,816
	110,523	101,682

Revenue from passenger transportation of 1,763 million tenge, attributable to portion of other revenue from passenger transportation, was recognised at a point in time (2023: 1,449 million tenge), and 108,760 million tenge was recognised over time (2023: 100,233 million tenge).

22. OTHER REVENUE

	2024	2023
Revenue from the lease of carriages	63,368	45,953
Revenue from the sale of goods and provision of other services	61,172	49,615
Revenue from fines	6,382	10,475
Revenue from the lease of other property, plant and equipment	5,815	4,908
	136,737	110,951

Revenue from the sale of goods and the provision of other services mainly consists of revenue from loading and unloading services, vehicle servicing and the sale of materials and scrap metal.

The Group leases out carriages and other property, plant and equipment under operating lease agreements. Accounts receivable under operating leases are payable within one year. Operating leases do not include an extension or early termination option. The Group is not exposed to currency risk as a result of operating leases, as all leases are denominated in tenge. The lessee does not have an option to purchase carriages and other property, plant and equipment at the end of the lease term.

Revenue from fines is mainly represented by interest from the late dispatch of freight from destination stations and for a breach of contracts.

Revenue of 18,544 million tenge is recognised at a point in time (2023: 21,479 million tenge), and of 49,010 million tenge – over time (2023: 38,611 million tenge).

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23. COST OF SALES

	2024	2023
Staff costs, including taxes, contributions and provisions for unused vacations	702,500	616,248
Repairs and maintenance	234,961	229,398
Fuel and lubricants	195,945	219,739
Depreciation and amortisation	165,925	151,593
Electricity	90,967	64,980
Work and services of a production nature	71,246	77,113
Materials and supplies	62,300	58,190
Property tax and other taxes, excluding social tax and social contributions	29,816	27,655
Employee benefit expenses and other long-term employee benefits (Note 16)	14,150	6,611
Utilities and building maintenance	7,730	5,891
Telecommunication services	3,125	2,631
Other costs	41,352	38,534
	1,620,017	1,498,583

24. GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Staff costs, including taxes, contributions and provisions for unused vacation	78,473	67,433
Property tax and other taxes, excluding social tax and social contributions	17,942	7,853
Depreciation and amortisation	4,446	4,698
Various third party services	3,809	4,299
Expenses to hold celebrations and cultural and mass events	3,273	2,717
Consulting, audit and legal services	2,873	1,561
Business trip expenses	2,590	1,945
Charity	2,000	-
Membership fee	1,299	855
Repairs and maintenance	1,216	1,310
Utilities and building maintenance	1,170	752
Lease expenses	1,133	936
Telecommunication services	653	659
Insurance	636	583
Employee benefit expenses and other long-term employee benefits (Note 16)	512	328
Banking services	442	431
Expenses to maintain social sphere facilities	431	405
Other expenses	5,492	9,729
	128,390	106,494

25. FINANCE INCOME AND COSTS

	2024	2023
Finance income		
Interest rate state subsidies on financial liabilities	28,019	2,220
Interest on cash and cash equivalents	11,517	12,209
Interest income on derivative financial instruments recognised at fair value through profit or loss	10,010	10,491
Guarantees issued	1,322	1,427
Other finance income	2,087	5,874
	52,955	32,221

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	2024	2023
Finance costs		
Interest costs and loan discount amortisation	152,777	161,945
Lease interest expenses	19,502	8,995
Change in fair value of derivative financial instruments recognised at fair value through profit or loss	6,363	35,182
Loss from the ineffective part of hedging instruments (Note 13)	3,609	-
Other finance costs	2,733	2,243
	184,984	208,365

26. EARNINGS PER SHARE

Basic earnings per share are calculated using the weighted average number of common shares issued during the year. Basic and diluted per share data are the same, as there are no dilutive instruments outstanding. During 2024 and 2023, the Company had no outstanding antidilutive instruments.

	2024	2023
Weighted average of common shares	496,693,715	496,692,677
Profit for the year attributable to the Shareholder (million tenge)	157,818	133,508
Earnings per common share (tenge)	318	269
Net assets excluding intangible assets, goodwill and non-controlling interests	1,924,270	1,712,208
Quantity of common shares in circulation (registered)	496,694,666	496,693,666
Carrying amount of one share (tenge)⁴	3,874	3,447

27. FINANCIAL AND CONTINGENT LIABILITIES**Investment liabilities**

As at 31 December 2024, the Group had investment liabilities, including the modernisation of the Dostyk-Mointy railway transport corridor, the construction of the Darbaza-Maktaaral railway line, the construction of a bypass railway line bypassing the Almaty station, liabilities under lease agreements with Industrial Development Fund JSC, overhaul of railway tracks, acquisition of equipment, long rails, freight and passenger electric locomotives, freight and passenger diesel locomotives, passenger carriages for a total amount of 2,427,217 million tenge (31 December 2023: 1,867,649 million tenge).

Other contractual liabilities

As at 31 December 2024, the Group, represented by its subsidiary KTZ Express JSC, has an agreement in place to provide freight handling and freight storage services in the future. The agreement stipulates that the Group has to acquire a minimum volume of freight storage services for 10 years and make substantial payments for those services.

⁴ Carrying amount of shares is calculated in accordance with KASE requirements.

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Management of the Group believes that the service period under the Agreement with Aktau Marine North Terminal LLP has not yet commenced, because the Group has not been notified about the commencement date of commercial operations and service period, and the parties have not begun executing the obligations under the Agreement. Management of the Group believes that as at 31 December 2024, the outflow of resources embodying economic benefits under this agreement is not highly probable.

Contingent liabilities*Litigation*

The Group is subject to various legal proceedings related to its business operations, such as property damage claims. The Group does not believe that pending or threatened claims of these types, individually or in aggregate, are likely to have any material adverse effect on the Group's consolidated financial position, results of operations or cash flows.

Contingent liabilities related to the Kazakhstan tax system

Due to the uncertainties inherent in the Kazakhstan tax system, the ultimate amount of taxes, fines and late payment interest may exceed the amount expensed as at 31 December 2024 and 2023. It is not possible to determine the value of any unasserted claims that may be charged, if any, or the likelihood of any unfavourable outcome.

The Group's management believes that its interpretation of the Kazakhstan relevant legislation is appropriate and the Group's tax positions will be sustained. However, tax authorities may take a different position on the interpretation of the effective Kazakhstan tax legislation, which may have a significant impact on the Group's consolidated financial statements.

Insurance

The insurance market is still in the early stages of development in Kazakhstan and, in common with other state-owned enterprises, the Group does not, with the exception of obligatory passenger insurance with regard to personal injury, death and loss or damage to passenger property, maintain any insurance against the risk of damage to any of its properties, assets or equipment (including infrastructure, rolling stock and stations) nor against business interruption or third party liability in respect of property or environmental damage arising from accidents to the Group's property or relating to the Group's operations. The Group maintains the required insurance coverage under policies purchased from commercial insurance operators in Kazakhstan.

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Environmental protection

Legislation on environmental protection in Kazakhstan is in the process of development and therefore is subject to constant changes. From 1 July 2021, amendments to the Environmental Code of Kazakhstan ("the Code") has become effective. This Code includes set of principles aimed at minimising the consequences of environmental damage to the activities of entities and/or the full restoration of the environment to its original state. Depending on the level and risk of negative impact on the environment, assets are classified into four categories, where the asset that have a significant negative impact on the environment are classified to the first category. In accordance with the Code, management has analysed and classified the Group's assets that belongs to rail track infrastructure into the second category. The sea port assets in Aktau city were also classified to the second category. The remaining assets of the Group were classified into the third and fourth categories. The Group's management believes that its interpretation of the relevant legislation of the Republic of Kazakhstan is appropriate.

No provision has been made in these consolidated financial statements as the Group's management assesses that there are no potential asset retirement and land reclamation obligations that could have a material effect on the consolidated financial position, results of operations or cash flows of the Group.

Guarantees

As at 31 December 2024, guarantees were presented as follows:

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Guarantee amount, million tenge
Development Bank of Kazakhstan JSC	Execute the obligations of the associate Aktobe Rail and Section Mill Plant LLP to finance the construction of a rail and section mill plant in Aktobe	4 July 2013	until 2033	15,907
Development Bank of Kazakhstan JSC	Execute the obligations of Nursultan Nazarbayev International Airport JSC to finance its modernization in Astana	28 March 2018	until 2033	21,940

Note 20 discloses the carrying value of these guarantees.

As at 31 December 2024 and 2023, there were no cases of using the financial guarantees listed above.

Financial guarantee agreements with Industrial Development Bank of Kazakhstan JSC provide for the Company's compliance with certain financial covenants, such as debt to EBITDA and interest coverage ratio on an annual basis, as well as compliance with the condition that the Company has any two of the three corporate ratings (S&P, Fitch, Moody's) at a level not lower than BB-. As at 31 December 2024 these terms have been met.

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28. SUBSIDIARIES

Information on the composition of the Group is provided below:

Subsidiary ⁵	Activities	Country	Ownership interest, %	
			31 December 2024	31 December 2023
1. Kaztemirtrans JSC	Freight carriage operation	Kazakhstan	100	100
2. Passenger Transportation JSC	Passenger transportation	Kazakhstan	100	100
3. KTZ-Freight Transportation LLP	Freight transportation and locomotive haulage	Kazakhstan	100	100
4. KTZ Express JSC	Multimodal transportation	Kazakhstan	100	100
	Freight forwarding services, handling rolling stock, terminal services	Kazakhstan	100	100
5. Kedentransservice JSC	Utilities	Kazakhstan	100	100
6. Temirzholsu JSC		Kazakhstan	100	100
7. Militarised Railway Security LLP	Security	Kazakhstan	100	100
8. Aktau International Sea Commercial Port National Company JSC ⁶	Vessel loading and unloading work, vessel servicing	Kazakhstan	100	100
	Freight transhipment and vessel servicing	Kazakhstan	100	100
9. Port Kuryk LLP		Kazakhstan	100	100
10. KTZ-Passenger Locomotives LLP	Locomotive rolling stock services	Kazakhstan	100	100

On 13 December 2022, the Group, represented by its subsidiary Kaztemirtrans JSC, entered into a sale agreement with a third party for a 100% interest in the charter capital of Railway Passenger Coach Construction Plant LLP. On 27 January 2023, the Group completed the sale of its interest and lost control over the subsidiary.

29. RELATED PARTY TRANSACTIONS

For the purpose of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other or exercise significant influence over the other party when making financial or operational decisions. In addition, parties under common control within the Group are considered to be related. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related parties may enter into transactions that might not be necessarily available to unrelated parties, and transactions between related parties may not be affected on the same terms, conditions and amounts as transactions between unrelated parties.

⁵ First level subsidiaries, some of which include subsidiaries that have non-controlling interests.

⁶ In November 2013, the Shareholder transferred a 100% ownership interest in National Company Aktau International Sea Commercial Port JSC to the Group's trust management. National Company Aktau International Sea Commercial Port JSC is recognised as a Group subsidiary although the Group does not legally hold shares in it.

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The nature of related party relationships for those related parties with which the Group entered into significant transactions or had significant balances outstanding as at 31 December are detailed below.

		Shareholder	Associates	Companies making up the Shareholder group	Other related parties ⁷
Amounts due from related parties for goods, services and non-current assets, including advances paid	2024	-	2,162	211	5,202
<i>including allowances for expected credit losses and impairment of advances paid</i>	2023	-	3,374	146	3,214
Amounts due to related parties for goods, services and non-current assets, including advances received	2024	-	(30)	(4)	(150)
Cash on current accounts	2023	-	(425)	(100)	(60)
	2024	-	14,857	29,487	14,622
Cash on digital accounts (Note 30)	2024	-	14,217	38,903	13,399
	2023	-	-	1	-
Restricted cash	2024	-	-	112,141	-
	2023	-	-	-	116,631
Loans received	2024	1,002,575	-	-	154,299
	2023	768,615	-	-	125,449
Lease liabilities	2024	-	31,296	-	140,393
	2023	-	9,831	-	58,445
Financial guarantee contract liabilities	2024	-	-	-	14,897
	2023	-	19	-	15,315

⁷ Other related parties include National Bank of Kazakhstan and other commercial entities under common control and significant influence of the State.

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Related party transactions for the years ended 31 December are presented as follows:

				Companies making up the Shareholder group	Other related parties ⁷
		Shareholder	Associates	Joint ventures	
Sale of goods, services and non-current assets	2024	-	110,476	-	29,434 103,418
	2023	-	72,316	-	22,635 83,862
Recovered/(accrued) allowances for expected credit losses and impairment of advances paid	2024	-	394	-	96 (70)
	2023	-	1,233	-	(4) (12)
Purchase of goods, services and non-current assets	2024	-	26,623	-	93,221 75,278
	2023	-	33,215	-	124,842 33,999
Receipt of loans	2024	238,169	-	-	37,956
	2023	336,309	-	-	50,345
Réparation of loans received	2024	1,175	-	-	11,160
	2023	1,175	-	-	4,629
New lease agreements (Group as lessee)	2024	-	27,261	-	80,475
	2023	-	1,121	-	23,213
Lease payments	2024	-	11,188	-	16,904
	2023	-	20,944	-	3,675
Finance income	2024	-	19	-	418
	2023	-	362	-	234
Finance costs	2024	36,853	5,755	-	26,047
	2023	34,564	2,523	-	14,482
Dividends due	2024	-	4,480	-	-
	2023	-	2,891	-	-
Share capital contribution	2024	13,273	1,578	243	-
	2023	24,310	5,196	1,116	-

In 2024, the Group issued bonds in favour of the Shareholder in the amount of 238,169 million tenge (Note 14) (2023: 173,709 million tenge).

As at 31 December 2024, the Group has borrowings from Industrial Development Fund JSC, Development Bank of Kazakhstan JSC and EDB for a total of 154,299 million tenge (31 December 2023: 125,449 million tenge).

As at 31 December 2024, Group borrowings from the Shareholder were mainly received at rates below market varying from 0.075% to 9.25% (31 December 2023: from 0.075% to 8.74%) and maturity varying from 13 to 50 years and at initial recognition were reflected at fair value at rates from 6.53% to 14.5% (31 December 2023: from 5.4% to 13.99%).

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Transactions with Shareholder group companies, associates and joint ventures and other related parties mainly comprise transactions with KazMunaiGas National Company JSC (diesel fuel and gasoline), Transtelecom JSC (telecommunication services, lease), Kazakhtelecom JSC (communication services), Kazatomprom National Nuclear Company JSC (electricity), KEGOC JSC (electricity), Kazpost JSC (postal services, cash deposits), Kazakhstan Engineering National Company JSC (engineering production), Samruk-Energo JSC (electricity), Settlement and financial centre for renewable energy support LLP (electricity), National Bank of the Republic of Kazakhstan (cash deposits). The Group also provides freight transportation services and lease of rolling stock to Shareholder group companies, associates and joint ventures, as well as other related parties.

Compensation to key management personnel of the Group

As at 31 December 2024, key management personnel comprise members of the Group's Management Board and Board of Directors, totalling 18 persons (31 December 2023: 16 persons). Total compensation to key management personnel included in personnel costs in the consolidated statement of profit or loss and other comprehensive income comprised 816 million tenge for the year ended 31 December 2024 (2023: 790 million tenge). Compensation to key management personnel mainly consists of contractual salary costs, including related taxes and contributions, unused vacation reserve and other performance-based payments.

30. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's principal financial instruments consist of loans, debt securities issued (bonds), lease liabilities, derivative financial instruments, cash and cash equivalents as well as trade accounts receivable and trade accounts payable and other financial assets and liabilities. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk and credit risk. The Group further monitors the market risk and liquidity risk arising from all financial instruments.

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the Shareholder by optimising debt and equity balance. The Group's overall strategy remains unchanged from 2023.

There are no mandatory minimum capital requirements for the Group.

The Group's equity structure includes net debt (loans, debt securities and lease liabilities less cash and cash equivalents) and Group's equity (which comprises share capital, hedge reserve, foreign currency translation reserve, retained earnings and non-controlling interests).

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Financial risk management objectives

Risk management is an essential element of the Group's operations. The Company monitors and manages financial risks relating to the Group's operations through internal risk reports which analyse risk exposure by the degree and size of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), liquidity risk and cash flow interest rate risk. A description of the Group's risk management policies in relation to those risks presented below.

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Group manages market risk through periodic estimates of potential losses that could arise from adverse changes in market conditions.

Interest rate risk

The interest rate risk to the Group is the risk of changes in market interest rates reducing the overall return on the Group's investments and/or increasing cash outflow on its loans and debt securities. The Group limits its interest rate risk by monitoring changes in interest rates in the currencies in which its financial instruments are held, and by maintaining a balance between its loans with fixed and floating interest rates.

The Group's exposure to the interest rate risk mainly relates to its loans and debt securities issued with floating interest rates.

The following table shows the sensitivity of the Group's profit and equity to possible changes in interest rates on borrowings (through the effect on interest for floating interest rate borrowing) with all other variables remaining constant.

	31 December 2024		31 December 2023	
	Interest rate increase / (decrease) in basis points ⁸	Effect on profit/equity	Interest rate increase / (decrease) in basis points ⁸	Effect on profit/equity
Tenge borrowings	397/(397)	(3,791)/3,791	397/(397)	(9,186)/9,186
Euros borrowings	397/(397)	(6,797)/6,797	397/(397)	(4,369)/4,369
Swiss Francs borrowings	397/(397)	(19,862)/19,862	397/(397)	(8,099)/8,099

Currency risk

The Group undertakes transactions denominated in foreign currencies, consequently, exposing itself to exchange rate fluctuations.

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A significant portion of the Group's short-term and long-term foreign currency debt is denominated in US\$, Swiss Francs and Euros and Russian Roubles. A change in the tenge value against the US\$, or any other foreign currency in which debt is denominated will result in a foreign exchange gain or loss. During 2024, the Group incurred a foreign exchange loss of 69,620 million tenge, of which a major portion is attributable to borrowing as disclosed in Note 14 (2023: 14,124 million tenge).

The following table reflects the sensitivity of the Group's profit and equity to potential changes in the US\$, Euro, Russian Rouble, Swiss Francs and other exchange rates, provided all other parameters remain constant.

	31 December 2024		31 December 2023			
	Exchange rate increase/ (decrease)	Effect on profit	Direct effect on equity	Exchange rate increase/ (decrease)	Effect on profit	Direct effect on equity
US\$	9%/ (7%)	1,372/ (1,108)	(32,621)/ 26,355	14%/ (14%)	(40,334)/ 40,334	-
Euros	9%/ (6%)	(19,263)/ 12,736	-	13%/ (13%)	20,080	-
Russian Roubles	2%/ (23%)	(1,236)/ 14,186	-	29%/ (29%)	(11,449)/ 11,449	-
Swiss Francs	12%/ (4%)	(8,581)/ 2,804	(58,553)/ 19,136	17%/ (17%)	(34,438)/ 34,438	-
In other currencies	9%/ (13%)	139/ (214)	-	17%/ (17%)	(455)/ 455	-

In October-November 2022, the Group entered into agreements with Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) cross-currency swap transactions to manage the exposure to foreign exchange risk of borrowings denominated in US Dollars. Borrowings represent interest and principal payments on USD denominated Eurobonds in the amount of 882,978,000 US Dollars with a coupon rate of 2% per annum and maturity in October 2025 and the holder is the Shareholder.

The Group pays a fixed amount of Swiss Francs in exchange for a fixed amount of US Dollars. The payment of these fixed amounts in Swiss Francs is a manage of the foreign exchange risk of borrowings, as the Group has a share of revenue denominated in Swiss Francs. These derivative financial instruments are designated into hedging relationships from 1 October 2024 in the consolidated financial statements.

During 2024, as part of the cross-currency swap transactions, the Group received cash from J.P. Morgan Securities plc. (UK), Societe Generale SA (France) and Citibank London in the amount of 17,674,778 US Dollars (8,221 million tenge) and 4,540,916 Swiss Francs (2,385 million tenge) (2023: 17,478,556 US dollars (8,146 million tenge) and 4,485,525 Swiss Francs (2,345 million tenge)).

As at 31 December 2024, the fair value of derivative financial instruments, accounted at fair value through profit or loss, under agreements with Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) in the amount of 62,267,864 US Dollars (32,697 million tenge) was recognised within current liabilities (31 December 2023: within non-current liabilities of 78,578,766 US Dollars (35,719 million tenge)).

⁸ 1 basis point 0.01%

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During 2024, the Group implemented a cash flow hedge to reduce the risk of changes in tenge equivalent revenue from freight transit transportation denominated in Swiss francs, as part of two strategies (Note 13). Potential sources of ineffectiveness under both Strategy 1 and Strategy 2 are differences in the timing of cash flows from hedged items and hedging instruments, as well as changes in forecasted revenue from freight transit transportation. An additional source of ineffectiveness under Strategy 1 is the change in the fair value of the cross-currency swap due to changes in market interest rates in Swiss Francs and US Dollars. The Group considers that the ineffectiveness of the hedge has a remote probability due to the high probability of cash flows from freight transit revenue in Swiss Francs during the relevant period.

Credit risk

Credit risk arising from a party's inability to meet the terms of the Group's financial instrument contracts is generally limited to the amounts, if any, by which the counterparty's obligations exceed the Group's obligations to that party. It is the Group's policy to enter into financial instruments with a range of creditworthy parties. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

Credit risk concentrations may arise from exposure to a single debtor or to groups of debtors having similar characteristics such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions.

As at 31 December 2024, carrying value of cash held by the Group of 116,631 million tenge on digital accounts in National Bank of Kazakhstan, which is other related party of the Group (58.73% of cash and cash equivalents) (Note 29). In addition, cash and cash equivalents are mainly held in Halyk Bank of Kazakhstan JSC with a credit rating of BBB- (29.45% of cash and cash equivalents).

The Group has procedures in place to ensure that sales are only made to customers with the appropriate credit history and that an acceptable credit exposure limit is not exceeded. Credit risk is minimised by the fact that the Group operates on a prepayment basis with the majority of its customers.

In addition, the Group is exposed to credit risk on financial guarantees provided to banks. The maximum risk of the Group in this regard is equal to the maximum amount that the Group will be obliged to pay in the event of claims for guarantees disclosed in Note 27.

Liquidity risk

The Group manages short-term, mid-term and long-term financing liquidity risk in accordance with Shareholder requirements. The Group manages liquidity risk by maintaining adequate reserves, bank loans and accessible credit lines by constantly monitoring projected and actual cash flows and comparing the maturity of financial assets and liabilities.

As at 31 December 2024, the Group has credit lines available in Halyk Bank of Kazakhstan JSC, ForteBank JSC and Citibank with undrawn balances totalling 128,068 million tenge (31 December 2023: in Halyk Bank of Kazakhstan JSC and ForteBank JSC for the total amount of 131,000 million tenge).

The Group controls and monitors compliance with the covenants set by the Shareholder and credit/guarantee agreements on a regular basis.

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The following tables reflect the contractual terms of the Group's financial liabilities. The table was prepared using undiscounted cash flows on financial liabilities based on the earliest date at which the Company can be required to pay. The table includes both interest and principal cash flows.

	Up to 1 month	1-3 months	3 months-			Total
			1 year	1-5 years	Over 5 years	
2024						
<i>Interest-free:</i>						
Accounts payable	223,237	7,725	389	-	-	231,351
Other liabilities	18,966	40,069	17,833	-	-	76,868
<i>Interest-bearing:</i>						
Borrowings	5,267	53,609	891,823	1,132,753	2,608,153	4,691,605
Lease	7,371	3,898	27,154	141,989	232,330	412,742
Derivative financial instruments	-		34,312	-	-	34,312
Financial guarantees	-	3,340	4,893	36,232	27,950	72,415
	254,841	108,641	976,404	1,310,974	2,868,433	5,519,293

	Up to 1 month	1-3 months	3 months-			Total
			1 year	1-5 years	Over 5 years	
2023						
<i>Interest-free:</i>						
Accounts payable	190,389	195	10,385	-	-	200,969
Other liabilities	15,511	36,225	15,059	-	-	66,795
<i>Interest-bearing:</i>						
Borrowings	44,504	14,034	412,197	1,258,817	2,257,050	3,986,602
Lease	3,250	1,310	13,901	47,066	100,304	165,831
Derivative financial instruments	-		(10,364)	49,442	-	39,078
Financial guarantees	-	3,064	3,783	35,314	36,728	78,889
	253,654	54,828	444,961	1,390,639	2,394,082	4,538,164

The amounts presented in the table of financial guarantee agreements reflect the maximum amounts that the Group will be obliged to pay in the event of claims under guarantee agreements. As at reporting date the Group believes that with probability of more than 50% no payments under these agreements will be required. At the same time the given estimate may change if there is a change in the probability of claims under guarantee agreements. This probability is determined by the probability of default of counterparty's account receivable.

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The following table reflects the expected maturity of the Group's financial assets. It was prepared based on undiscounted contractual cash flows for financial assets, including interest received on these assets, except when the Company expects the cash flow in a different period.

	Up to 1 month	1-3 months	3 months – 1 year	Over 1 year	Unspecified maturity ⁹	Total
2024						
<i>Interest-bearing:</i>						
Short-term deposits	63,652	435	-	-	5	64,092
Interest on short-term deposits	27	-	-	-	-	27
Cash and cash equivalents	3,703	-	-	-	5	3,708
Loans issued	1,124	-	1,796	-	1,363	4,283
Restricted cash ¹⁰	-	6,019	8,443	15,156	-	29,618
<i>Interest-free:</i>						
Cash and cash equivalents	130,762	-	-	-	-	130,762
Restricted cash	-	430	1,972	2	-	2,404
Trade accounts receivable	20,421	1,185	60	-	3,507	25,173
	219,689	8,069	12,271	15,158	4,880	260,067
 2023						
<i>Interest-bearing:</i>						
Short-term deposits	67,233	-	-	-	7	67,240
Interest on short-term deposits	106	-	-	-	-	106
Cash and cash equivalents	1,110	-	-	-	9	1,119
Loans issued	777	-	3,615	1,191	3,092	8,675
<i>Interest-free:</i>						
Cash and cash equivalents	136,220	-	-	-	-	136,220
Restricted cash	-	-	6,788	14,175	1	20,964
Trade accounts receivable	15,107	1,184	35	26	3,964	20,316
	220,553	1,184	10,438	15,392	7,073	254,640

Fair value of financial instruments

Fair value is defined as the amount at which an instrument could be exchanged in a current transaction between knowledgeable willing parties according to arm's length conditions, other than in a forced or liquidation sale. As no readily available market exists for a large part of the Group's financial instruments, judgement is needed to arrive at a fair value, based on current economic conditions and the specific risks attributable to the instrument.

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The following methods and assumptions are used by the Group to estimate the fair value of these financial instruments:

Cash and cash equivalents

The carrying value of cash and cash equivalents approximates their fair value due to the short-term maturity of these financial instruments.

Financial assets and liabilities

For assets and liabilities maturing within 12 months, the carrying value approximates fair value due to the relatively short-term maturity of these financial instruments.

For financial assets and liabilities maturing in over 12 months, the fair value represents the present value of estimated future cash flows discounted at year-end market rates.

Derivative financial instruments

Fair value of the derivative financial instrument was measured on expected discounted future cash flows based on forward exchange rates (observed at the reporting date) and contract forward rates, discounted at rates that reflect the credit risk of the Group and counterparties.

Borrowings

The fair value for bank loans was estimated by discounting the scheduled future cash flows of individual loans through estimated maturity using prevailing market rates as at the respective year-end for debt with a similar maturity and credit-rating profile. The Group's bank loans are mostly provided by international financial institutions and foreign banks. Although interest rates on these borrowings are lower than interest rates of private commercial credit institutions in Kazakhstan, they are treated as the market interest rate for this lender category. The fair value of debt securities issued (bonds) has been determined based on market prices at the reporting date.

Fair value of the Group's financial assets and financial liabilities not regularly measured at fair value (but fair value is mandatorily disclosed)

As at 31 December 2024 and 2023, the fair value of financial assets and financial liabilities, except for loans issued, borrowings and debt securities was not significantly different from carrying value. The carrying value and fair value of financial instruments as at 31 December is presented as follows:

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans issued	2,692	2,516	4,577	4,257
Other financial assets	31,218	30,069	22,037	20,320
Borrowings	1,361,496	1,337,391	851,990	821,326
Debt securities	1,291,892	1,208,326	1,265,557	1,182,596

⁹ Amounts with unspecified maturities represent the amounts which were provided for expected credit losses

¹⁰ In 2024, the Company entered into an additional agreement dated 29 August 2024 under the loan agreement with HSBC Continental Europe dated 31 May 2012, thus, interest at the rate of "ECB minus 20bps" is accrued quarterly on the funds restricted in use pledged as collateral for these loans. Restricted cash pledged as collateral for loans received from Citibank, N.A. under the loan agreement dated 7 May 2024 is subject to a monthly interest rate of "Overnight SOFR minus 75bps".

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Fair value hierarchy

The Group estimates fair value using the following fair value estimate hierarchy, taking into account the materiality of data used to generate the given estimates:

- level 1: quotes on an active market (uncorrected) in relation to identified financial instruments;
- level 2: data differing from quotes attributable to level 1, and available directly (i.e. quotes) or indirectly (i.e. data generated from quotes). This category includes instruments estimated using market quotes on active markets for similar instruments, market quotes for similar instruments on market not treated as active, or other estimation methods, all of whose data used is directly or indirectly based on observable primary data;
- level 3: data that is not available. This category includes instruments estimated using information not based on observable primary data. Moreover, any such unobservable data has a significant impact on an instrument's estimation. This category includes instruments estimated based on quotes for similar instruments that require the use of material unobservable quotes or judgements to reflect the different between instruments.

The table below provides an analysis of financial instruments as at 31 December 2024 broken down into the fair value hierarchy levels.

	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- loans issued	-	2,516	-	2,516
- other financial assets	-	29,437	-	29,437
Financial assets recognised at fair value through profit or loss:				
- other financial assets	-	-	632	632
Total	-	31,953	632	32,585
Financial liabilities recognised at amortised cost:				
- debt securities	-	347,515	-	347,515
- debt securities from the Shareholder	-	860,811	-	860,811
- bank loans	-	1,268,631	-	1,268,631
- loans from the Shareholder	-	68,760	-	68,760
Financial liabilities recognised at fair value through profit or loss:				
- derivative financial instruments	-	32,697	-	32,697
Total	-	2,578,414	-	2,578,414

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The table below provides an analysis of financial instruments as at 31 December 2023, broken down into the fair value hierarchy levels.

	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- loans issued	-	4,257	-	4,257
- other financial assets	-	20,247	-	20,247
Financial assets recognised at fair value through profit or loss:				
- other financial assets	-	-	73	73
Total	-	24,504	73	24,577
Financial liabilities recognised at amortised cost:				
- debt securities	-	564,075	-	564,075
- debt securities from the Shareholder	-	618,521	-	618,521
- bank loans	-	752,077	-	752,077
- loans from the Shareholder	-	69,249	-	69,249
Financial liabilities recognised at fair value through profit or loss:				
- derivative financial instruments	-	35,719	-	35,719
Total	-	2,039,641	-	2,039,641

The fair values of the financial assets and financial liabilities in levels 2 and 3 have been determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the counterparty credit risk and market forward exchange rates for derivative financial instruments.

For the year ended 31 December 2024, there were no transfers between levels in the fair value hierarchy.

31. EVENTS AFTER THE REPORTING DATE*Citibank*

In January–February 2025, the Group, represented by its subsidiary KTZ-Freight Transportation LLP, under a loan agreement with Citibank under the guarantee of Export-Import Bank of the United States (US EXIM Bank), dated 7 May 2024, to finance the acquisition of freight and passenger locomotives for a total amount of 593,952,912 US Dollars in Swiss Francs equivalent, borrowed 86,498,042 Swiss Francs (49,328 million tenge) (including the US EXIM Bank premium). Loan interest is repaid quarterly at SARON 3m + 0.75% margin. The principal is repayable quarterly until full repayment in 2034.

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2024***(in millions of tenge, unless stated otherwise)**Societe Generale and Natixis*

In January-February 2025, the Group, represented by its subsidiaries KTZ-Freight transportation LLP and KTZ-Passenger locomotives LLP, under the Master Framework Agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance dated 23 February 2023 to finance the acquisition of freight and passenger locomotives for a total amount of 627,110,893 Euros, borrowed 108,256,091 Euros (57,077 million tenge) (including the BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 1.15%. Principal is repaid semi-annually until full repayment in 2035.

Halyk Bank of Kazakhstan JSC

In February 2025, the Group, represented by its subsidiary KTZ-Freight transportation LLP, under the credit line agreement with Halyk Bank of Kazakhstan JSC, concluded on 26 February 2015, borrowed 30,000 million tenge with an interest rate of 16.75% and a maturity of up to one year.

ADDITIONAL INFORMATION

ABOUT THE REPORT

The Integrated Annual Report of NC KTZ JSC for 2024 presents both financial and non-financial performance indicators and includes the Sustainability Report.

The Report covers all subsidiaries and has been prepared in accordance with the international standards of the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) under the Financial Stability Board.

GRI 2-3

It reflects the Company's performance from 1 January to 31 December 2024, with comparisons to previous periods and forecast figures to illustrate performance trends.

This integrated approach provides stakeholders with a comprehensive understanding of the Company's

performance and its environmental and social impacts.

GRI 2-3, 2-4

Reports for previous periods are available on the Company's website: <https://railways.kz/en/investors/annual-reports/>

The previous report for 2023 was approved on 29 May 2024 and published on the website.

This Report was approved by the Board of Directors of NC KTZ JSC on 30 May 2025.

Compared to the Integrated Annual Report for 2023, this Report includes changes to certain indicators. Detailed explanations of these changes are provided in the text.

In the context of sustainability disclosures, the analysis covers entities in which the Company holds more than 51% and which have a significant environmental and social impact, including: Passenger Transportation JSC, Wagonservice JSC, Kedentransservice JSC, Transport Holding of Kazakhstan LLP, KTZ Express JSC, KTZ Express Shipping LLP, Xinjiang KTZ International Logistics Co. Ltd (China), KTZ Express Hong Kong LLC (China), KTZE – Khorgos Gateway LLP, Kaztemirtrans JSC, Kazakhstan Railcar Manufacturing Company LLP, Tulpar Railcar Manufacturing Plant LLP, Temirzholsu JSC, Temirzholsu-Aktobe LLP, Temirzholsu-Mangystau LLP, Temirzholsu-Kyzylorda LLP, Temirzholsu-Kokshetau LLP, Temirzholsu-Karaganda LLP, Temirzholsu-Pavlodar LLP, Temirzholsu-Almaty LLP, Temirzholsu-Arys LLP, Temirzholsu-Kostanay LLP, Temirzholsu-Ayagoz LLP, KTZ Freight Transportation LLP, KTZ Passenger Locomotives LLP, Military Railway Security Service LLP, Port Kuryk LLP, Aktau Sea Commercial Port National Company JSC.

In addition, sustainability indicators cover the head office of NC KTZ JSC and its branches.

Environmental and social indicators do not include the following: Chinese-Kazakh (Xi'an) Trade and Logistics Company LLC, Xinjiang KTZ International Logistics Co. Ltd (China), Lianyungang Chinese-Kazakh International Logistics Company LLC (China), Aktau Sea Northern Terminal LLP, KIF Warehouses LLP, KPMC Ltd (Private Company), Kazakhstan Temir Zholy Finance B.V. (Netherlands), Dosjan Temir Joly JSC, United Transport and Logistics Company – Eurasian Rail Alliance JSC, Middle Corridor Multimodal Ltd (Private Company), Transtelecom JSC, SiarKey-Terminal LLC, Aktau International Container Hub LLP.

REPORTING SCOPE

GRI 2-3, 2-2

The reporting scope corresponds to the Company's annual reporting cycle. The list of entities included in the consolidated financial statements of NC KTZ JSC comprises:

Passenger Transportation JSC, Wagonservice JSC, Kedentransservice JSC, Transport Holding of Kazakhstan LLP, KTZ Express JSC, KTZ Express Shipping LLP, Xinjiang KTZ International Logistics Co. Ltd (China), KTZ Express Hong Kong LLC (China), KTZE – Khorgos Gateway LLP, Kaztemirtrans JSC, Kazakhstan Temir Zholy Finance B.V. (Netherlands), Kazakhstan Railcar Manufacturing Company LLP, Tulpar Railcar Manufacturing Plant LLP, Temirzholsu JSC, Temirzholsu-Aktobe LLP, Temirzholsu-Mangystau LLP, Temirzholsu-Kyzylorda LLP, Temirzholsu-Kokshetau LLP, Temirzholsu-Karaganda LLP, Temirzholsu-Pavlodar LLP, Temirzholsu-Almaty LLP, Temirzholsu-Arys LLP, Temirzholsu-Kostanay LLP, Temirzholsu-Ayagoz LLP, KTZ Freight Transportation LLP, KTZ Passenger Locomotives LLP, Military Railway Security Service LLP, Port Kuryk LLP, National Company Aktau Sea Commercial Port JSC. The following associated and joint ventures are included using the equity method: Chinese-Kazakh (Xi'an) Trade and Logistics Company LLC, Lianyungang Chinese-Kazakh International Logistics Company LLC (China), Aktau Sea Northern Terminal LLP, KIF Warehouses LLP, KPMC Ltd (Private Company), Dosjan Temir Joly JSC, United Transport and Logistics Company – Eurasian Rail Alliance JSC, Middle Corridor Multimodal Ltd (Private Company), Transtelecom JSC, CRK-Terminal LLC, Aktau International Container Hub LLP.

NAME OF ENTITY	302-1	302-3	302-4	303-1	303-2	303-3	303-4	303-5	304-1	304-2	304-4	305-1	305-2	305-4	305-5	305-7	306-1	306-2	306-3
Passenger Transportation JSC	+	+	+									+	+	+	+	+	+	+	+
Wagonservice JSC												+	+	+	+	+	+	+	+
Kedentransservice JSC	+	+										+	+	+	+	+	+	+	+
Transport Holding of Kazakhstan LLP																			
KTZ Express JSC	+	+										+	+	+	+	+	+	+	+
KTZ Express Shipping LLP																			+
Xinjiang KTZ International Logistics Co. Ltd (China)																			
KTZ Express Hong Kong LLC (China)																			
KTZE – Khorgos Gateway LLP	+	+										+	+	+	+	+	+	+	+
Kaztemirtrans JSC												+	+	+	+	+	+	+	+
Kazakhstan Railcar Manufacturing Company LLP																			
Tulpar Railcar Manufacturing Plant LLP																			
Temirzholsu JSC	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu-Aktobe LLP	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu-Mangystau LLP	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu-Kyzylorda LLP	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu-Kokshetau LLP	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu-Karaganda LLP	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu-Pavlodar LLP	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu-Almaty LLP	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu-Arys LLP	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu-Kostanay LLP	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu-Ayagoz LLP	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
KTZ-Freight Transportation LLP	+	+	+						+	+	+	+	+	+	+	+	+	+	+
KTZ-Passenger Locomotives LLP	+	+	+						+	+	+	+	+	+	+	+	+	+	+
Military Railway Security Service LLP	+	+							+	+	+	+	+	+	+	+	+	+	+
Port Kuryk LLP	+	+							+	+	+	+	+	+	+	+	+	+	+
Aktau Sea Commercial Port National Company JSC	+	+							+	+	+	+	+	+	+	+	+	+	+

NAME OF ENTITY	2-7	2-8	2-30	202-1	202-2	401-1	401-2	401-3	404-1	404-3	405-1	402-1	403-5	404-2	406-1
Passenger Transportation JSC	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Wagonservice JSC	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Kedentransservice JSC	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Transport Holding of Kazakhstan LLP	+								+	+	+				
KTZ Express JSC	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
KTZ Express Shipping LLP	+	+							+	+	+				
Xinjiang KTZ International Logistics Co. Ltd (China)	+	+													
KTZ Express Hong Kong LLC (China)	+	+													
KTZE – Khorgos Gateway LLP	+	+													
Kaztemirtrans JSC	+	+													
Kazakhstan Railcar Manufacturing Company LLP	+	+													
Tulpar Railcar Manufacturing Plant LLP	+	+													
Temirzholsu JSC	+	+													
Temirzholsu-Aktobe LLP	+	+													
Temirzholsu-Mangystau LLP	+	+													
Temirzholsu-Kyzylorda LLP	+	+													
Temirzholsu-Kokshetau LLP	+	+													
Temirzholsu-Karaganda LLP	+	+													
Temirzholsu-Pavlodar LLP	+	+													
Temirzholsu-Almaty LLP	+	+													
Temirzholsu-Arys LLP	+	+													
Temirzholsu-Kostanay LLP	+	+													
Temirzholsu-Ayagoz LLP	+	+													
KTZ-Freight Transportation LLP	+	+	+						+	+	+				
KTZ-Passenger Locomotives LLP	+	+	+						+	+	+				
Military Railway Security Service LLP	+	+	+						+	+	+				
Port Kuryk LLP	+	+	+						+	+	+				
Aktau Sea Commercial Port National Company JSC	+	+	+						+	+	+				

NAME OF ENTITY	2-1	2-2	2-3	2-5	2-9	2-11	2-18	2-26	2-27	3-1	3-2	201-1	201-4	203-1	203-2	204-1	205-1	205-2	205-3	403-8	403-9	418-1	
Passenger Transportation JSC	+		+			+	+					+	+	+	+	+	+	+	+	+	+	+	+
Wagonservice JSC	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+
Kedentransservice JSC	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+
Transport Holding of Kazakhstan LLP	+		+				+					+	+			+					+	+	+
KTZ Express JSC	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+
KTZ Express Shipping LLP	+		+				+	+				+	+	+	+	+	+	+	+	+	+	+	+
Xinjiang KTZ International Logistics Co. Ltd (China)	+		+				+	+					+	+	+	+	+	+	+	+	+	+	+
KTZ Express Hong Kong LLC (China)	+		+				+	+					+	+	+	+	+	+	+	+	+	+	+
KTZE – Khorgos Gateway LLP	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+
Kaztemirtrans JSC	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+
Kazakhstan Railcar Manufacturing Company LLP	+		+				+	+					+	+	+	+	+	+	+	+	+	+	+
Tulpar Railcar Manufacturing Plant LLP	+		+				+	+				+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu JSC	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu-Aktobe LLP	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu-Mangystau LLP	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu-Kyzylorda LLP	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu-Kokshetau LLP	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu-Karaganda LLP	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu-Pavlodar LLP	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu-Almaty LLP	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu-Arys LLP	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu-Kostanay LLP	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+
Temirzholsu-Ayagoz LLP	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+
KTZ-Freight Transportation LLP	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+
KTZ-Passenger Locomotives LLP	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+
Military Railway Security Service LLP	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+
Port Kuryk LLP	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+
Aktau Sea Commercial Port National Company JSC	+		+				+	+	+			+	+	+	+	+	+	+	+	+	+	+	+

MATERIAL TOPICS AND THEIR DEFINITION

GRI 3-1, 3-2, 2-14

as 8 additional topics that are important according to the Company's specific activities.

Every year, when preparing the Integrated Annual Report, the Company reviews the environmental, economic, and social aspects of its activities. The definition of material topics is carried out through continuous monitoring and impact assessment with the involvement of relevant stakeholders.

In preparation for the 2024 Report, the Company conducted a thorough analysis of all the topics outlined in the GRI 2021 standards, identified key stakeholders, and conducted a survey among them to identify the most significant topics.

In the process of determining the material topics for the 2024 Report, the opinions of NC KTZ JSC employees, Samruk-Kazyna JSC employees, Trade Union representatives, as well as the Company's customers and suppliers, were taken into account.

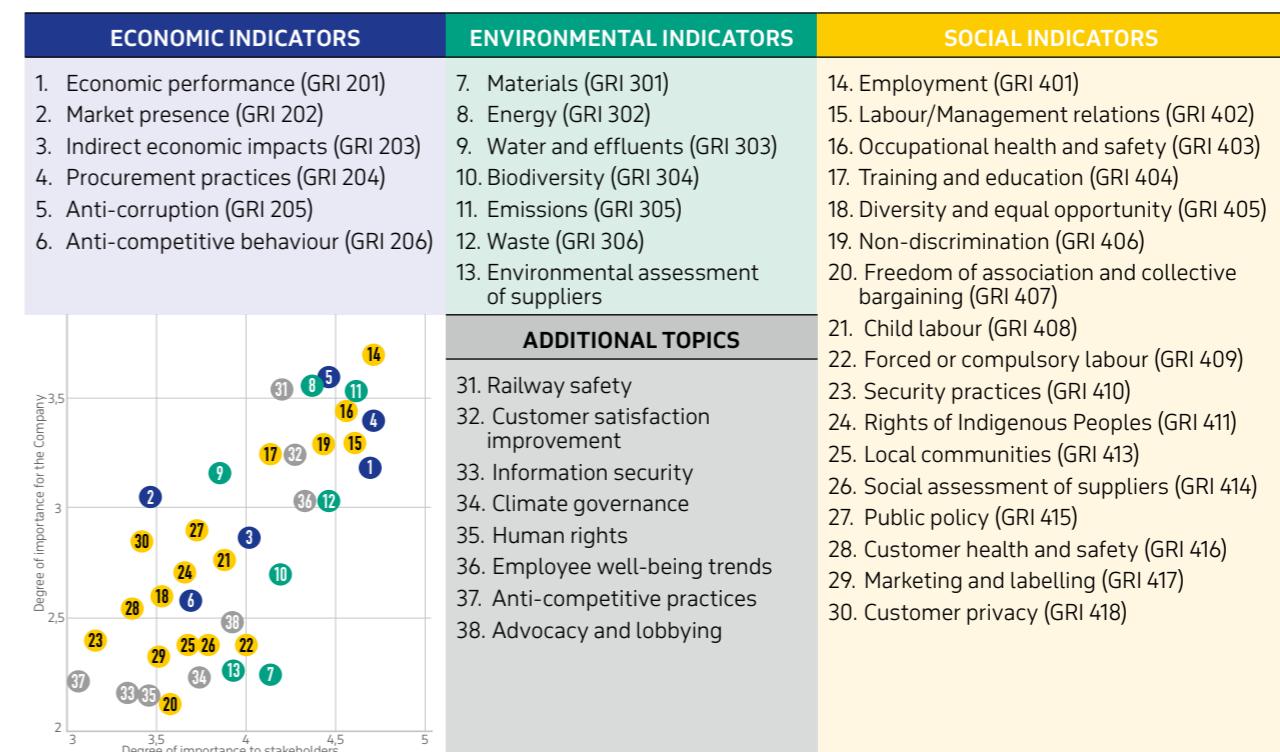
To define material topics, the Company was presented with 30 topics outlined in the GRI standards, as well

To identify priority topics for stakeholders, a survey was conducted via the Google Forms platform. The collected data formed the basis for the analysis, which resulted in the creation of a double materiality matrix reflecting the most significant issues.

In constructing the matrix, internal and external indicators were considered, distributed along the horizontal and vertical axes. The topics recognised as the most important both for the Company and for stakeholders were placed at the top of the matrix and included in the Report.

Each topic was analysed in detail, considering the impact of the Company's activities, including both positive and negative aspects in the economic, environmental, and social spheres, as well as in the field of human rights.

DOUBLE MATERIALITY MATRIX FOR 2024



In March 2025, the proposed list of material topics was reviewed and approved by the Company's management (Order No. 226-CZ dated 11 March 2025).

CHANGES IN MATERIALITY OF TOPICS

The results of the survey confirmed the relevance of the same 14 material topics as in the previous year, reflecting the continued interest of stakeholders in the previously established priority issues.

TOPICS 2023		TOPICS 2024	
ECONOMIC TOPICS			
201	Economic Performance	201	Economic Performance
204	Procurement Practices	204	Procurement Practices
205	Anti-Corruption	205	Anti-Corruption
ENVIRONMENTAL TOPICS			
302	Energy	302	Energy
305	Emissions	305	Emissions
306	Waste	306	Waste
SOCIAL TOPICS			
401	Employment	401	Employment
402	Labour/Management Relations	402	Labour/Management Relations
403	Occupational Health and Safety	403	Occupational Health and Safety
404	Training and Education	404	Training and Education
406	Non-discrimination	406	Non-discrimination
ADDITIONAL TOPICS OF NC KTZ JSC			
-	Railway Safety	-	Railway Safety
-	Improving Customer Satisfaction	-	Improving Customer Satisfaction
-	Employee Well-being Trends	-	Employee Well-being Trends

MATERIALITY ANALYSIS

The analysis of key issues, important for the successful operation of the Company, relies on several methods. First, data and indicators related to the economic, environmental, and social aspects of the Company's operations are assessed, including financial indicators, data on harmful emissions, and social indicators such as employee and customer satisfaction levels. Next, the impact on the formation of long-term business value is evaluated, followed by an analysis of the impact on external stakeholders. Subsequently, corporate risks are analysed and the most significant impacts are prioritised. Finally, the selection is made based on double materiality, considering the importance from the perspective of financial results and long-term business value, as well as stakeholder interests.

Materiality analysis is conducted on an annual basis.

In its operations, the Company impacts various areas: freight and passenger transportation contributes to economic development and trade, while the construction of railway tracks creates jobs and supports economic growth. In addition to its positive impact on society, it also has negative environmental effects, such as harmful substance discharges and noise.

The Company analyses the impact of its activities, taking into account various factors, including economic, environmental, and social aspects. This allows the identification of both positive and negative consequences for society and the environment. The results of the evaluation are reviewed by the Board of Directors' Committee, after which measures are taken to improve indicators, thereby enhancing operational efficiency and increasing the long-term value of the business.

As with any business, there are a number of key performance indicators that significantly affect the effectiveness and sustainability of a railway company's business in the long term. The development strategy of NC KTZ JSC defines the Company's long-term prospects. The main areas of development closely linked to its long-term profitability include:

- Ensuring financial stability: Stability in financial performance, the availability of liquid assets, and maintaining robust financial indicators play a crucial role in attracting investors and achieving long-term success for the company.
- Improving operational efficiency: The Company's competitiveness depends on its ability to offer attractive services, tariffs, and innovative solutions, which directly affects its long-term position and value.
- Improving customer satisfaction: Customer satisfaction is a key strategic factor for the company, as it strengthens its market

FACTORS THAT CAN SIGNIFICANTLY IMPACT LONG-TERM DEVELOPMENT AND VALUE:

FACTOR	CONSEQUENCES	ACTIONS
Ensuring Financial Stability		
Tariff Risk	<ul style="list-style-type: none"> • Revenue decline; • Deterioration of the Company's financial stability. 	<ul style="list-style-type: none"> • Improving the tariff policy
Foreign exchange risk	<ul style="list-style-type: none"> • Increased expenses due to exchange rate losses; • Decline in the Company's liquidity. 	<ul style="list-style-type: none"> • Continued reducing the share of debt in foreign currency, restructuring the loan portfolio
Improving the Company's Efficiency		
Decline in Freight Turnover	<ul style="list-style-type: none"> • Revenue decline; • Deterioration of the Company's financial stability. 	<ul style="list-style-type: none"> • Development and implementation of a cargo containerisation programme; • Development of alternative routes (TITR); • Offering favourable tariff conditions to consignors; • Increasing freight train section speed; • Reducing the time for car placement/removal to/from loading/unloading areas; • Planning seasonal freight transportation for efficient use of the car fleet.
Decline in Passenger Traffic	<ul style="list-style-type: none"> • Revenue decline from passenger transportation; • Failure to meet planned targets. 	<ul style="list-style-type: none"> • Development and implementation of a new network of routes, including the organisation of efficient routes; • Maximising reduction in train delays; • Improving passenger service quality.
Improving Customer Satisfaction		
Decline in Service Quality	<ul style="list-style-type: none"> • Revenue decline from railway transportation; • Deterioration of the Company's reputation. 	<ul style="list-style-type: none"> • Assessing customer satisfaction levels; • Implementing a comprehensive programme to improve customer satisfaction.

position, enhances customer loyalty, and ensures stable growth.

- Ensuring transportation safety: A high level of safety and the use of modern risk control systems help prevent accidents and ensure the safety of passengers and cargo, which contributes to maintaining the Company's positive reputation and preserving its long-term value.
- Supporting sustainable development: Enhancing social stability and developing human resources are essential for the Company's successful operation, while complying with environmental standards and implementing low-carbon development concepts contribute to maintaining the Company's long-term reputation and value. Furthermore, corporate governance plays a fundamental role in ensuring sustainable development and the successful operation of the Company by ensuring transparency, accountability, and efficiency in management, thereby increasing its value and attractiveness to all stakeholders.

FACTOR	CONSEQUENCES	ACTIONS
Ensuring Railway Safety		
Traffic Safety Violations	<ul style="list-style-type: none"> Threats to the health and lives of Company employees; Financial damage related to payouts; Deterioration of the Company's reputation. 	<ul style="list-style-type: none"> Ensuring safety control; Training on behaviour-based safety dialogue; Training on safe working practices; Prohibition of operating faulty machinery and equipment; Timely repair, maintenance and inspection of machinery and equipment.
Health Threats to People	<ul style="list-style-type: none"> Threats to the health and lives of Company employees; Financial damage related to payouts; Deterioration of the Company's reputation. 	<ul style="list-style-type: none"> Implementation of an automated production safety process system (modules: Training, Behaviour-Based Safety Dialogue, Safety Minute). Training on behaviour-based safety dialogue and safe working practices
Implementing ESG Principles		
HR Risks (violations of the Labour Code of the Republic of Kazakhstan; corruption during recruitment; employee dissatisfaction)	<ul style="list-style-type: none"> Employee complaints and dissatisfaction; Employee turnover; Deterioration of the Company's reputation. 	<ul style="list-style-type: none"> Enhancing social stability; Implementation of a Corporate Motivation System for key production personnel; Implementation of an early retirement programme; Centralised recruitment and internal redeployment of released personnel through natural attrition and a hiring freeze.
Environmental and Climate Risks (Caspian Sea Level Decline, Changes in Physical Climate Parameters)	<ul style="list-style-type: none"> Revenue decline; Deterioration of the Company's reputation. 	<ul style="list-style-type: none"> Dredging operations. Depth sounding (bathymetry). Reducing emissions into the environment; Implementing measures to reduce the carbon footprint.

INDICATORS OF THE COMPANY'S IMPACT ON EXTERNAL STAKEHOLDERS IN 2024:

ACTIVITY	SHAREHOLDER	CUSTOMERS	POPULATION	GOVERNMENT AUTHORITIES	SUPPLIERS AND CONTRACTORS
Freight Transportation	Net profit attributable to the Sole Shareholder – KZT 157,818 million	Freight turnover – 261.7 billion t-km Freight transported – 303.2 million tonnes Transit in containers – 1,395,000 TEUs		Purchases – KZT 942 million	
Passenger Transportation		Passenger turnover – 11.7 billion p-km Passengers transported – 13,796 thousand passengers Customer satisfaction level – 73.75% Tax payments – KZT 210,579.4 million Traffic safety level – 0.60 incidents per million train-km			
Railway Track Construction		Section speed – 38.81 km/h Greenhouse gas emissions, CO ₂ -eq. (Scope 1, 2) – 5,165 thousand tonnes	Jobs – 1,473 people	Domestic value share: in goods – 64%, in works and services – 95%	

 Positive impact

 Negative impact

KEY ESG PERFORMANCE INDICATORS

ECONOMIC INDICATORS

PROCUREMENT BY NC KTZ JSC FROM 2022 TO 2024 BY REGION, KZT MILLION

	2022	2023	2024
Total, KZT million	736,153	1,090,503	942,407
Republic of Kazakhstan	730,401	940,916	937,916
Astana	541,118	718,789	695,312
Almaty	40,177	51,193	69,591
Shymkent	17,309	15,807	11,255
Akmola Region	58,560	11,869	15,843
Aktobe Region	5,183	7,571	10,107
Almaty Region	7,282	4,572	8,567
Atyrau Region	2,351	1,983	25,503
East Kazakhstan Region	3,956	2,492	1,981
Zhambyl Region	9,223	8,830	6,880
West Kazakhstan Region	852	20,071	17,583
Karaganda Region	15,533	20,507	21,956
Kostanay Region	3,750	4,409	4,705
Kyzylorda Region	2,455	3,561	3,119
Mangystau Region	3,719	5,459	9,249
Pavlodar Region	12,709	12,372	21,980
North Kazakhstan Region	1,475	40,673	3,987
Turkestan Region	4,577	5,672	2,181
Abai Region	130	4,304	5,178
Zhetysu Region	34	718	2,871
Ulytau Region	8	62	69
Non-residents	5,752	149,587	4,491

NUMBER OF FAMILY MEMBERS OF NC KTZ JSC EMPLOYEES IN 2024, PERSONS

REGION	TOTAL FAMILY MEMBERS	INCLUDING	
		MINOR CHILDREN	
TOTAL	283,600	176,619	
Astana	21,741	12,525	
Almaty	11,172	6,641	
Shymkent	6,140	3,889	
Akmola Region	17,041	9,395	
Aktobe Region	31,397	19,063	
Almaty Region	6,009	3,595	
Karaganda Region	23,434	14,448	
Zhambyl Region	23,966	16,203	
West Kazakhstan Region	4,043	2,075	
East Kazakhstan Region	5,297	3,272	
North Kazakhstan Region	3,368	1,800	
Atyrau Region	14,968	8,721	
Pavlodar Region	10,753	7,820	
Kyzylorda Region	20,057	12,168	
Turkestan Region	19,959	15,308	
Mangystau Region	17,079	11,369	
Kostanay Region	12,969	7,500	
Abai Region	13,117	8,434	
Zhetysu Region	17,059	9,453	
Ulytau Region	4,031	2,940	

INFORMING MEMBERS OF GOVERNING BODIES ON ANTI-CORRUPTION POLICY ISSUES IN THE REPORTING YEAR

GRI 205-2

Total number of members of governing bodies	53
Total number of members of governing bodies informed on Company's anti-corruption policies and procedures	53
Percentage of members of governing bodies informed on Company's anti-corruption policies and procedures	100

INFORMING EMPLOYEES ON ANTI-CORRUPTION POLICY ISSUES IN THE REPORTING YEAR

Total number of employees	117,681
Total number of employees informed on Company's anti-corruption policies and procedures	117,681
Percentage of employees informed on Company's anti-corruption policies and procedures	100

ADMINISTRATIVE AND MANAGERIAL STAFF TRAINED ON ANTI-CORRUPTION POLICIES AND PROCEDURES IN THE REPORTING YEAR BY REGION, PERSONS

REGION	TOTAL NUMBER OF ADMINISTRATIVE AND MANAGERIAL STAFF TRAINED ON ANTI-CORRUPTION POLICIES AND PROCEDURES
Astana	1,261
Almaty	30
Shymkent	21
Pavlodar Region	102
Almaty Region	270
Kyzylorda Region	84
Aktobe Region	169
Atyrau Region	86
Mangystau Region	61
Akmola Region	155
East Kazakhstan Region	0
Zhambyl Region	97
West Kazakhstan Region	0
Karaganda Region	128
Kostanay Region	101
North Kazakhstan Region	0
Turkestan Region	0
Ulytau Region	0
Zhetysu Region	0
Abai Region	120
South Kazakhstan Region	61
Outside the Republic of Kazakhstan	34
TOTAL	2,780

OPERATIONAL STAFF TRAINED ON ANTI-CORRUPTION POLICIES AND PROCEDURES IN THE REPORTING YEAR BY REGION, PERSONS

REGION	TOTAL NUMBER OF OPERATIONAL STAFF TRAINED ON ANTI-CORRUPTION POLICIES AND PROCEDURES
Astana	640
Almaty	69
Shymkent	132
Pavlodar Region	4,987
Almaty Region	5,122
Kyzylorda Region	3,684
Aktobe Region	7,856
Atyrau Region	2,023
Mangystau Region	2,326
Akmola Region	9,205
East Kazakhstan Region	0
Zhambyl Region	4,598
West Kazakhstan Region	0
Karaganda Region	4,479
Kostanay Region	2,566
North Kazakhstan Region	0
Turkestan Region	0
Ulytau Region	0
Zhetysu Region	0
Abai Region	3,693
South Kazakhstan Region	2,305
Outside the Republic of Kazakhstan	635
TOTAL	54,320

CATEGORY	TOTAL NUMBER OF EMPLOYEES	TOTAL NUMBER OF EMPLOYEES TRAINED ON ANTI-CORRUPTION POLICIES AND PROCEDURES	PERCENTAGE OF EMPLOYEES TRAINED ON ANTI-CORRUPTION POLICIES AND PROCEDURES
Administrative and management staff	7,017	2,780	39,6%
Production staff	110,664	54,320	49,1%

ENVIRONMENTAL INDICATORS

GRI 303-3

WATER WITHDRAWAL IN THE REPORTING YEAR, MEGALITRES⁴⁸

TOTAL WATER WITHDRAWAL BY SOURCE	FROM ALL REGIONS	FROM WATER-STRESSED REGIONS		
Surface water	824,51	302,12		
Fresh water	516,28	0		
Other water	308,23	302,12		
Groundwater	3,672,26	824,96		
Fresh water	1,951,66	683,29		
Other water	1,720,6	141,67		
Water supplied by third parties	756,26	141,67		
Fresh water	347,88	0		
Other water	408,38	30,94		
Total water withdrawal	5,253,03	1,158,02		
Water supplied by third parties by source				
Groundwater	756,26	0		
	2021	2022	2023	2024
Water withdrawal (excluding saline water), thousand m³	7,673,60	7,588,30	6,556,65	5,253,03
Water discharge (excluding saline water), thousand m³	7,673,60	1,705,14	1,422,11	975,72
Net freshwater consumption	5,919,41	5,883,16	5,134,54	4,277,31

GRI 303-4

WATER DISCHARGE IN THE REPORTING YEAR, MEGALITRES

TOTAL WATER DISCHARGE BY DESTINATION	FROM ALL REGIONS	FROM WATER-STRESSED REGIONS
Surface water	0	0
Groundwater	738,80	179,42
Third-party water (total)	236,92	0
Total water discharge by type	975,72	179,42
Fresh water	263,41	0
Other water	712,31	179,42

⁴⁸ Water consumption and discharge are recorded in accordance with internal regulations of NC KTZ JSC. Water consumption data are generated based on meter readings using a reporting method.

WATER CONSUMPTION IN THE REPORTING YEAR, MEGALITRES

GRI 303-5

INDICATOR	FROM ALL REGIONS	FROM WATER-STRESSED REGIONS
Total water withdrawal	5,253,03	1,158,02
Total water discharge	975,72	179,42
Total water consumption	4,277,31	978,60

WASTE VOLUMES, 2021–2024, TONNES

	2021	2022	2023	2024
Total recycled/reused waste	107,5	89,1	155,4	102,3
Total disposed waste	60,921	58,954,7	58,793,4	50,676,8

FUEL AND ENERGY CONSUMPTION, 2022–2024

GRI 302-1

INDICATOR	2022			2023			2024		
	FOR OPERATIONAL AND PRODUCTION (NON-TRACTION) NEEDS	FOR TRACTION NEEDS (THERMAL AND ELECTRIC TRACTION)	TOTAL	FOR OPERATIONAL AND PRODUCTION (NON-TRACTION) NEEDS	FOR TRACTION NEEDS (THERMAL AND ELECTRIC TRACTION)	TOTAL	FOR OPERATIONAL AND PRODUCTION (NON-TRACTION) NEEDS	FOR TRACTION NEEDS (THERMAL AND ELECTRIC TRACTION)	TOTAL
Electricity, thousand kWh	3,336,365,29	395,064,99	2,941,300,30	3,507,292,69	456,764,11	3,050,528,58	3,468,154,07	445,664,43	3,022,489,64
Diesel fuel, tonnes	621,162,22	35,055,88	586,106,34	635,990,17	37,058,86	598,931,32	648,029,44	34,612,87	613,416,57
Coal, tonnes	69,654,00	69,654,00	–	54,738,01	54,738,01	–	51,654,58	51,654,58	–
Fuel oil, tonnes	4,390,72	4,390,72	–	4,273,84	4,273,84	–	4,253,47	4,253,47	–
Natural gas, thousand m³	6,664,18	6,664,18	–	6,464,49	6,464,49	–	6,916,17	6,916,17	–
Petrol, tonnes	6,593,74	6,593,74	–	7,354,42	7,354,42	–	7,434,35	7,434,35	–
Liquefied petroleum gas, tonnes	38,31	38,31	–	7,29	7,29	–	213,56	213,56	–
Total FER, thousand tonnes of oil equivalent (ktoe)	1,378,40	166,76	1,211,63	1,412,23	168,6	1,243,7	1,423,6	162,3	1,261,2
Total FER, thousand GJ	41,185,74	5,687,54	35,498,20	41,599	5,149,00	36,436,50	41,928,3	5,013,2	36,951,2

SOCIAL INDICATORS

GRI 202-2, 405-1

HEADCOUNT BY CATEGORY, 2022–2024, PERSONS

	2022	2023	2024
TOTAL, INCLUDING:	113,769	116,560	117,681
Members of the Management Board	50	52	53
Women	6	5	8
under 30	0	0	0
aged 31-50	3	1	5
over 51	3	4	3
Men	44	47	45
under 30	0	0	1
aged 31-50	26	29	28
over 51	18	18	16
Administrative and managerial staff	7,058	6,932	7,017
Women	4,101	4,034	4,079
under 30	364	360	334
aged 31-50	2,746	2,730	2,797
over 51	991	944	948
Men	2,957	2,898	2,938
under 30	278	292	252
aged 31-50	1,929	1,883	2,008
over 51	750	723	678
Operational staff	106,661	109,576	110,664
Women	22,243	22,044	21,977
under 30	2,560	2,706	2,564
aged 31-50	12,636	12,475	12,472
over 51	7,047	6,863	6,941
Men	84,418	87,532	88,687
under 30	14,031	16,133	15,997
aged 31-50	46,524	48,657	50,755
over 51	23,863	22,742	21,935

In 2024, 100% of the Management Board members (53 persons) were recruited from the local community⁴⁹ (i.e. residents of the Republic of Kazakhstan).

⁴⁹The term "local community" refers to residents of the Republic of Kazakhstan.

	2023				2024			
	ADMINISTRATIVE AND MANAGERIAL STAFF	OPERATIONAL STAFF	MANAGEMENT BOARD	ADMINISTRATIVE AND MANAGERIAL STAFF	OPERATIONAL STAFF	MANAGEMENT BOARD	ADMINISTRATIVE AND MANAGERIAL STAFF	OPERATIONAL STAFF
Proportion of men	88%	42%	79%	90%	42%	80%	85%	42%
Proportion of women	12%	58%	21%	10%	58%	20%	15%	58%
Proportion of employees aged under 30	0%	9%	16%	0%	9%	32%	2%	8%
Proportion of employees aged 31-50	58%	66%	55%	58%	67%	54%	62%	69%
Proportion of employees aged over 51	42%	25%	29%	42%	24%	14%	36%	23%
								26%

HEADCOUNT BY AGE GROUP, 2022–2024, PERSONS

	2022	2023	2024
TOTAL, INCLUDING:	113,769	116,560	117,681
Under 30	17,233	19,491	19,147
Women	2,924	3,066	2,898
Men	14,309	16,425	16,249
Aged 31-50	63,864	65,775	68,032
Women	15,385	15,206	15,269
Men	48,479	50,569	52,763
Over 51	32,672	31,294	30,502
Women	8,041	7,811	7,889
Men	24,631	23,483	22,613

HEADCOUNT BY REGION AND GENDER, 2022–2024, PERSONS⁵⁰

REGION	HEADCOUNT					
	2022		2023		2024	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Astana	6,749	4,031	6,015	4,028	6,901	4,207
Almaty	4,724	1,682	5,010	1,554	3,877	1,681
Shymkent	1,940	479	1,804	428	1,834	429
Pavlodar Region	5,467	2,160	5,893	2,161	5,487	2,096

⁵⁰ Headcount at the end of the reporting period refers to the number of employees as of the last day of the reporting period, including those hired and excluding those who left during the period. An employee is counted from the first day of employment, based on a signed employment contract and formal appointment order. Daily employee headcount is tracked and verified by relevant administrative orders.

REGION	HEADCOUNT					
	2022		2023		2024	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Almaty Region	6,948	1,777	2,486	762	1,662	427
Kyzylorda Region	5,434	923	5,709	879	5,995	856
Aktobe Region	8,268	2,429	8,772	2,480	8,635	2,477
Atyrau Region	3,607	1,247	3,805	1,336	3,951	1,324
Mangystau Region	4,229	1,064	4,314	1,024	4,641	1,021
Akmola Region	5,795	1,644	6,028	1,362	6,786	1,505
East Kazakhstan Region	5,770	1,579	2,470	747	2,279	642
Zhambyl Region	6,678	1,204	6,546	1,165	6,709	1,089
West Kazakhstan Region	1,177	427	1,239	419	1,323	425
Karaganda Region	9,543	2,927	9,222	2,608	8,916	2,564
Kostanay Region	5,440	1,731	5,607	1,713	5,051	1,586
North Kazakhstan Region	860	88	1,332	274	1,345	268
Turkestan Region	3,690	514	4,135	577	4,033	463
Abai Region	0	0	3,838	883	4,167	986
Zhetysu Region	0	0	4,123	971	5,451	1,217
Ulytau Region	0	0	992	228	1,410	269
Outside the Republic of Kazakhstan	1,100	444	1,137	484	1,172	524
TOTAL	87,419	26,350	90,477	26,083	91,625	26,056

HEADCOUNT BY EMPLOYMENT TYPE, 2022–2024, PERSONS

GRI 2-7

	2022	2023	2024
TOTAL, INCLUDING:	113,769	116,560	117,681
Permanent employees	99,408	105,705	116,048
Women	23,837	23,988	25,095
Men	75,571	81,717	90,953
Temporary employees	14,361	10,855	1,633
Women	2,513	2,095	961
Men	11,848	8,760	672
Full-time employees	113,451	116,465	117,548
Women	26,154	26,026	26,000
Men	87,297	90,439	91,548
Part-time employees	318	95	133
Women	196	57	56
Men	122	38	77

HEADCOUNT BY EMPLOYMENT TYPE, 2024, PERSONS

REGION	PERMANENT EMPLOYEES		TEMPORARY EMPLOYEES		FULL-TIME EMPLOYEES		PART-TIME EMPLOYEES	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Astana	6,808	3,985	93	222	6,900	4,206	1	1
Almaty	3,853	1,607	24	74	3,877	1,681	0	0
Shymkent	1,830	408	4	21	1,834	429	0	0
Pavlodar Region	5,471	2,035	16	61	5,487	2,089	0	7
Almaty Region	1,631	405	31	22	1,662	427	0	0
Kyzylorda Region	5,933	821	62	35	5,981	854	14	2
Aktobe Region	8,553	2,337	82	140	8,631	2,469	4	8
Atyrau Region	3,908	1,252	43	72	3,950	1,324	1	0
Mangystau Region	4,626	974	15	47	4,640	1,019	1	2
Akmola Region	6,757	1,447	29	58	6,783	1,503	3	2
East Kazakhstan Region	2,274	634	5	8	2,279	642	0	0
Zhambyl Region	6,664	1,041	45	48	6,709	1,089	0	0
West Kazakhstan Region	1,308	416	15	9	1,321	424	2	1
Karaganda Region	8,873	2,525	43	39	8,916	2,564	0	0
Kostanay Region	5,012	1,553	39	33	5,050	1,584	1	2
North Kazakhstan Region	1,342	266	3	2	1,345	265	0	3
Turkestan Region	4,005	442	28	21	4,033	463	0	0
Ulytau Region	1,400	267	10	2	1,410	268	0	1
Zhetysu Region	5,417	1,192	34	25	5,451	1,217	0	0
Abai Region	4,137	971	30	15	4,167	986	0	0
Outside the Republic of Kazakhstan	1,151	517	21	7	1,122	497	50	27
TOTAL	90,953	25,095	672	961	91,548	26,000	77	56

HEADCOUNT OF EMPLOYEES WITH DISABILITIES BY REGION, CATEGORY AND GENDER, 2022–2024, PERSONS

GRI 405-1

REGION	2023				2024			
	ADMINISTRATIVE AND MANAGERIAL STAFF		OPERATIONAL STAFF		ADMINISTRATIVE AND MANAGERIAL STAFF		OPERATIONAL STAFF	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Astana	14	16	48	24	17	18	61	27
Almaty	4	6	52	14	4	5	41	9
Shymkent	4	2	18	12	3	2	21	13
Pavlodar Region	0	1	52	17	0	1	50	14
Almaty Region	2	0	11	2	1	1	20	5
Kyzylorda Region	0	0	54	11	1	0	55	14
Aktobe Region	5	5	60	18	5	4	77	18
Atyrau Region	3	0	43	15	4	1	57	8
Mangystau Region	1	0	50	15	1	0	73	19
Akmola Region	4	4	60	17	2	4	66	19
East Kazakhstan Region	1	0	11	6	1	0	14	6
Zhambyl Region	0	1	35	8	0	2	46	8
West Kazakhstan Region	0	0	13	1	0	0	13	3
Karaganda Region	2	4	123	46	2	5	115	47
Kostanay Region	1	0	27	5	2	2	29	4
North Kazakhstan Region	0	0	4	3	0	0	5	2
Turkestan Region	0	0	37	8	1	1	44	12
Ulytau Region	0	0	21	2	0	0	26	1
Zhetysu Region	1	2	30	1	2	4	36	4
Abai Region	1	2	17	8	1	3	22	8
Outside the Republic of Kazakhstan	1	0	2	4	2	0	2	6
TOTAL	44	43	768	237	49	53	873	247

HEADCOUNT OF EMPLOYEES WITH DISABILITIES BY AGE GROUP AND GENDER, 2023–2024, PERSONS

GRI 405-1			
	2023	2024	
TOTAL, INCLUDING:	1,092	1,222	
Under 30	58	67	
Women	10	13	
Men	48	54	
Aged 31-50	461	511	
Women	123	131	
Men	338	380	
Over 51	573	644	
Women	147	156	
Men	426	488	

HEADCOUNT OF EMPLOYEES WHO ARE NOT EMPLOYEES, 2022–2024, PERSONS

GRI 2-8			
	HEADCOUNT		
CONTRACT TYPE	2022	2023	2024
Service Contracts	3,667	227	86
Outsourcing (Outstaffing) Contracts	23	385	176

Note: According to the current headcount calculation methodology, personnel engaged under service and outsourcing (outstaffing) contracts are not included in the headcount and are not considered in labour productivity calculations. These categories of personnel are not involved in the core operations and are engaged to perform auxiliary functions/services.

COMPOSITION OF THE BOARD OF DIRECTORS BY GENDER AND AGE GROUP, 2022–2024, PERSONS

GRI 405-1			
	2022	2023	2024
BOARD OF DIRECTORS	MEN	WOMEN	MEN
NC KTZ JSC	8	1	8
under 30	0	0	0
aged 31-50	2	1	5
over 51	6	0	3
Subsidiaries	40	12	34
under 30	0	0	1
			1
			0

BOARD OF DIRECTORS	2022		2023		2024	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
aged 31-50	24	9	19	11	17	13
over 51	16	3	15	2	13	3
TOTAL	48	13	42	14	39	17

	2023	2024
Proportion of men	79%	75%
Proportion of women	21%	30%
Proportion of members aged under 30	0%	1%
Proportion of members aged 31-50	59%	63%
Proportion of members aged over 51	41%	36%

COMPOSITION OF THE MANAGEMENT BOARD BY GENDER AND AGE GROUP, 2022–2024, PERSONS

MANAGEMENT BOARD	2022		2023		2024	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
NC KTZ JSC	9	0	8	0	9	1
under 30	0	0	0	0	0	0
aged 31-50	4	0	4	0	4	1
over 51	5	0	4	0	5	0
Subsidiaries	35	6	39	5	36	7
under 30	0	0	0	0	1	0
aged 31-50	22	3	25	1	24	4
over 51	13	3	14	4	11	3
TOTAL	44	6	47	5	45	8

	2023	2024
Proportion of men	88%	90%
Proportion of women	12%	15%
Proportion of members aged under 30	0%	2%
Proportion of members aged 31-50	58%	62%
Proportion of members aged over 51	42%	36%

NUMBER OF EMPLOYEES HIRED BY THE COMPANY IN 2024, BY GENDER, AGE GROUP AND REGION, PERSONS

GRI 401-1

REGION	UNDER 30		AGED 31-50		OVER 51	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Total	7,159	1,317	11,906	2,958	3,242	961
Astana	517	143	882	445	205	144
Almaty	244	62	312	149	159	34
Shymkent	134	9	253	31	71	6
Pavlodar Region	428	55	731	205	233	36
Almaty Region	165	30	288	44	66	9
Kyzylorda Region	1,005	132	1,387	176	385	98
Aktobe Region	480	48	644	131	137	50
Atyrau Region	673	251	1,252	407	285	132
Mangystau Region	377	28	1,335	325	320	123
Akmola Region	446	48	708	134	185	32
East Kazakhstan Region	119	26	296	41	100	8
Zhambyl Region	361	17	601	54	141	16
West Kazakhstan Region	55	8	112	22	42	4
Karaganda Region	566	81	737	160	232	39
Kostanay Region	385	70	498	113	126	35
North Kazakhstan Region	101	10	135	12	26	4
Turkestan Region	156	6	234	12	61	2
Ulytau Region	121	20	153	32	34	5
Zhetysu Region	499	225	782	350	235	157
Abai Region	281	40	436	82,5	130	15
Outside the Republic of Kazakhstan	46	8	130	32	69	12

NUMBER OF EMPLOYEES WHO LEFT THE COMPANY IN 2024, BY CATEGORY, PERSONS

REGION	UNDER 30		AGED 31-50		OVER 51	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Total	4,920	1,027	10,414	2,963	5,824	1,273
Astana	586	212	705	429	272	131
Almaty	206	80	453	160	151	56
Shymkent	77	14	230	28	160	18
Pavlodar Region	355	25	675	154	388	94
Almaty Region	134	37	357	134	124	38
Kyzylorda Region	360	20	1,317	234	797	168
Aktobe Region	303	47	472	107	378	84

REGION	UNDER 30		AGED 31-50		OVER 51	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Atyrau Region	543	140	1,099	515	502	135
Mangystau Region	258	29	1,204	329	341	137
Akmola Region	315	47	527	102	429	63
East Kazakhstan Region	106	16	264	42	187	25
Zhambyl Region	165	6	386	42	420	44
West Kazakhstan Region	45	7	102	21	87	11
Karaganda Region	398	51	730	128	448	95
Kostanay Region	287	39	480	101	332	65
North Kazakhstan Region	48	12	124	15	78	10
Turkestan Region	63	2	116	10	158	10
Ulytau Region	39	6	72	16	34	3
Zhetysu Region	412	206	637	322	245	50
Abai Region	190	25	343	44	209	22
Outside the Republic of Kazakhstan	30	6	121	30	84	14

OCCUPATIONAL INJURIES AT NC KTZ JSC BY GENDER, REGION AND SEVERITY LEVEL

GRI 403-9

REGION	TOTAL NUMBER OF INJURED	INCLUDING					
		BY GENDER		BY AGE GROUP			
		MEN	WOMEN	UNDER 35	AGED 36-45	AGED 46-50	OVER 51
TOTAL (recordable and non-recordable)	51	48	3	14	13	9	15
Injury severity level: Temporary disability							
Total (recordable)	5	4	1	3	2	0	0
Abai Region	1	0	1	0	1	0	0
Kostanay Region	3	3	0	3	0	0	0
Outside the Republic of Kazakhstan	1	1	0	0	1	0	0
Total (non-recordable)	13	12	1	1	2	1	9
Almaty	1	1	0	0	0	0	1
Abai Region	1	1	0	0	0	0	1
Akmola Region	1	0	1	0	0	0	1
Almaty Region	2	2	0	0	1	0	1
Zhambyl Region	4	4	0	1	0	1	2
Karaganda Region	1	1	0	0	0	0	1
Kyzylorda Region	1	1	0	0	1	0	0

REGION	TOTAL NUMBER OF INJURED	INCLUDING					
		BY GENDER		BY AGE GROUP			
		MEN	WOMEN	UNDER 35	AGED 36-45	AGED 46-50	OVER 51
Mangystau Region	1	1	0	0	0	0	1
Pavlodar Region	1	1	0	0	0	0	1
Injury severity level: Severe injury							
Total (recordable)	11	11	0	3	3	2	3
Astana	1	1	0	1	0	0	0
Abai Region	1	1	0	0	1	0	0
Akmola Region	2	2	0	0	1	0	1
Atyrau Region	1	1	0	1	0	0	0
Zhetysu Region	1	1	0	0	0	0	1
Kostanay Region	2	2	0	1	0	1	0
Mangystau Region	1	1	0	0	0	0	1
Pavlodar Region	1	1	0	0	0	1	0
Outside the Republic of Kazakhstan	1	1	0	0	1	0	0
Total (non-recordable)	8	7	1	3	1	3	1
Aktobe Region	1	1	0	0	0	1	0
East Kazakhstan Region	2	2	0	2	0	0	0
Zhambyl Region	1	1	0	0	0	0	1
Karaganda Region	2	2	0	0	0	2	0
Kostanay Region	1	1	0	1	0	0	0
Kyzylorda Region	1	0	1	0	1	0	0
Injury severity level: Fatal outcome							
Total (recordable)	8	8	0	2	2	3	1
Aktobe Region	1	1	0	0	0	1	0
Almaty Region	1	1	0	0	0	0	1
Zhambyl Region	2	2	0	0	0	2	0
Kyzylorda Region	1	1	0	0	1	0	0
Mangystau Region	2	2	0	1	1	0	0
Turkestan Region	1	1	0	1	0	0	0
Total (non-recordable)	6	6	0	2	3	0	1
Akmola Region	2	2	0	0	1	0	1
East Kazakhstan Region	1	1	0	1	0	0	0
Karaganda Region	1	1	0	1	0	0	0
Pavlodar Region	1	1	0	0	1	0	0
North Kazakhstan Region	1	1	0	0	1	0	0

OCCUPATIONAL INJURIES AT CONTRACTING ORGANISATIONS BY GENDER, REGION AND SEVERITY LEVEL

REGION	TOTAL NUMBER OF INJURED	INCLUDING					
		BY GENDER		BY AGE GROUP			
	MEN	WOMEN	UNDER 35	AGED 36-45	AGED 46-50	OVER 51	
TOTAL	6	6	0	3	1	0	2
Injury severity level: Temporary disability							
Total	3	3	0	2	0	0	1
Akmola Region	1	1	0	0	0	0	1
Mangystau Region	2	2	0	2	0	0	0
Injury severity level: Severe injury							
Total	1	1	0	0	1	0	0
Mangystau Region	1	1	0	0	1	0	0
Injury severity level: Fatal outcome							
Total	2	2	0	1	0	0	1
Mangystau Region	1	1	0	1	0	0	0
Abai Region	1	1	0	0	0	0	1

NUMBER OF EMPLOYEES TRAINED IN OCCUPATIONAL HEALTH AND SAFETY AND INDUSTRIAL SAFETY, 2024, PERSONS

GRI 403-5

TRAINING TOPICS	NUMBER OF EMPLOYEES TRAINED
In Compliance with the Laws of the Republic of Kazakhstan	18,090
Occupational Health and Safety	4,630
Industrial Safety:	8,889
Industrial Safety (40 hours)	1,224
Industrial Safety (10 hours)	7,665
Fire Safety	2,492
Electrical Safety	1,675
Environmental Safety	404
Beyond the Requirements of the Laws of the Republic of Kazakhstan	71,328
Safety Culture	69,984
Course "Fundamentals of Working at Heights Safety"	550
Course "Hazard and Risk Management in the Workplace"	87
Course "Fundamentals of Electrical Safety"	87
Course "Confined Space Safety"	219
Course "Hand Safety"	180
Course "Incident Investigation"	76
NEBOSH (International Certificate)	22
IOSH Managing Safely (International Certificate for Safe Work Organisation)	73
Defensive Driving	50
Total	89,418

ADDITIONAL INFORMATION

GRI 305-1, 305-2, 305-5

Emissions Calculation Methodology

The calculation of direct greenhouse gas (GHG) emissions and emission reductions for Scope 1 was carried out in accordance with the approach outlined in the GHG Protocol Guidance and the National Greenhouse Gas Inventories Guidelines by the Intergovernmental Panel on Climate Change (IPCC), 2006. When converting methane and nitrous oxide values to tonnes of CO₂-eq, the current Global Warming Potential (GWP) values were used (methane - 28, nitrous oxide - 265), as established in the Fifth Assessment Report by the IPCC, Decision 4 of Conference of the Parties (COP) Decision 6/CP.27 dated 17 November 2022. The Scope 1 emissions and reduction from direct emissions include emissions from carbon dioxide, methane, and nitrous oxide. For the calculation of indirect GHG emissions and emission reductions for Scope 2, the methodology specified in the GHG Protocol Scope 2 Guidance was applied.

The specific emission factors for GHG emissions were taken from the "List of Benchmarks of Emission Factors in Regulated Sectors of the Economy," approved by the Acting Minister of Ecology, Geology, and Natural Resources of the Republic of Kazakhstan (Order No. 260 dated 19 July 2021).

Starting from 1 July 2023, Kazakhstan introduced a new electricity procurement system through a single purchaser (Order No. 212 dated 1 July 2023 of the Minister of Energy of the Republic of Kazakhstan, Settlement and Financial Centre for Renewable Energy Sources Support LLP). This introduction results in changes to the methodologies for calculating GHG emissions.

The base year for GHG emissions (Scope 1 and Scope 2) in line with the NC KTZ JSC

Low Carbon Development Concept 2060 is 2021, and the base year for GHG emission reductions (Scope 1 and Scope 2) is 2023.

Pollutant Emissions Calculation Methodology

The pollutant emissions were calculated based on the following methodologies:

1. Collection of Methodologies for Calculating Air Pollutant Emissions from Various Industries. *Almaty, KazECOEX, 1996, p. 2. Calculation of pollutant emissions from fuel combustion in boilers with a steam production capacity up to 30 tonnes per hour.*
2. Methodological Guidelines for Calculating Pollutant Emissions from Enterprises Engaged in the Storage and Sale of Petroleum Products (Oil Depots, Gas Stations) and Other Liquids and Gases (*Order of the Minister of Environmental Protection of the Republic of Kazakhstan, No. 196-o, dated 29 July 2011*).
3. Methodology for Calculating Air Pollutant Emissions from Welding Operations (based on specific emission values). *GND 211.2.02.03-2004. Astana, 2005.*
4. Methodology for Calculating Air Pollutant Emissions from Metal Processing Works (based on specific emission values). *GND 211.2.02.06-2004. Astana, 2005.*
5. Methodology for Calculating Air Pollutant Emissions from Railway Transport Enterprises (*Clause 5.2. Annex No. 21 to the Order of the Minister of Environmental Protection of the Republic of Kazakhstan, No. 100-p dated 18 April 2008*).
6. Methodology for Calculating Air Pollutant Emissions from Road Transport Enterprises (Section 3) (*Annex No. 3 to the Order of the Minister of Environmental Protection of the Republic of Kazakhstan, No. 100-p dated 18 April 2008*).
7. Methodology for Calculating Air Pollutant Emissions from the Application of Paint Materials (based on specific emission values). *GND 211.2.02.05-2004. Astana, 2005.*
8. Methodology for Calculating Pollutant Emission Norms from Fugitive Sources (*Annex No. 8 to the Order of the Minister of Environmental Protection and Water Resources of the Republic of Kazakhstan, No. 221-G dated 12 June 2014*).

INDEPENDENT AUDITOR'S OPINION

GRI 2-5



Independent practitioner's limited assurance report

To the Board of Directors of JSC "NC "Kazakhstan Temir Zholy"

Limited assurance conclusion

We have conducted a limited assurance engagement on the selected sustainability information (hereinafter – the "Selected sustainability information") of JSC "NC "Kazakhstan Temir Zholy" and its selected subsidiaries (hereinafter – the "Company") that is disclosed in the section 113-359 of the Integrated Annual Report (hereinafter – the "Annual Report") and summarized in the Appendix 1 to this report, as at 31 December 2024 and for the year then ended.

The Selected information represents information related to the Company and its selected subsidiaries according to GRI 2-2 "Information perimeter" of the Annual Report.

The scope of our assurance procedures was limited to the Selected Information for the year ended 31 December 2024 only. We have not performed any procedures with respect to earlier periods or any other items included in the Annual Report and, therefore, do not express any conclusion thereon.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected sustainability information is not prepared, in all material respects, in accordance with the GRI Sustainability Reporting Standards published by the Global Reporting Initiative (GRI) (hereinafter – the "GRI Standards").

Basis for the conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance engagements other than audits or reviews of historical financial information* ("ISAE 3000 (Revised)"), issued by the International Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Practitioner's responsibilities section of our report.

Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is found on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Responsibilities of the management of the Company

The management of the Company is responsible for:

- The preparation of the Selected sustainability information in accordance with GRI Standards;
- Designing, implementing and maintaining such internal control as management of the Company determines is necessary to enable the preparation of the Selected sustainability information, in accordance with GRI Standards, that is free from material misstatement, whether due to fraud or error; and
- The selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

The Board of Directors are responsible for overseeing the Company's sustainability reporting process.

Inherent limitations in preparing the Selected sustainability information

Under the GRI Standards there is a range of different, but acceptable, measurement and reporting techniques. The techniques can result in materially different reporting outcomes that may affect comparability with other organisations. The Selected Information should therefore be read in conjunction with the methodology used by management of the Company as described in the Annual Report, and for which the Company is solely responsible.

Practitioner's responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Selected sustainability information is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Selected sustainability information.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional skepticism throughout the engagement. We also:

- Determine the suitability in the circumstances of the Company's use of GRI Standards as the basis for the preparation of the Selected sustainability information;
- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify where material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of providing a conclusion on the effectiveness of the Company's internal control;
- Design and perform procedures responsive to where material misstatements are likely to arise in the Selected sustainability information. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Selected sustainability information. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of where material misstatements are likely to arise in the Selected sustainability information, whether due to fraud or error.

In conducting our limited assurance engagement, we:

- Obtained an understanding of the Company's reporting processes relevant to the preparation of its Selected sustainability information;
- Performed inquiries of relevant personnel on the Selected sustainability information;
- Compared the Selected sustainability information with the corresponding disclosures in the financial statements;
- Conducted limited substantive testing on a sample basis on a Selected sustainability information to verify that the data have been properly calculated, recorded, compared and disclosed.

Restriction on distribution and use

Our report has been prepared solely for the Board of Directors of the Company, to assist the management of the Company in reporting on the Company's and its selected subsidiaries' sustainability performance and activities and in responding to their governance responsibilities by obtaining an independent limited assurance report in connection with the Selected sustainability information. The Selected sustainability information therefore may not be suitable, and is not to be used, for any other purpose.

We permit this report to be disclosed in the Annual Report, which will be published on the Company's website.

The maintenance and integrity of the Company's website is the responsibility of management of the Company; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected sustainability information when presented on the Company's website.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work or this report except where the respective terms are expressly agreed in writing and our prior consent in writing is obtained.

8 April 2025

Almaty, Kazakhstan

Translation note

This version of our report is a translation from the original, which was prepared in Russian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of the information, views or opinions, the Russian version of our report takes precedence over this translation.



Appendix 1 to the Independent practitioner's limited assurance report dated 8 April 2025

The Selected sustainability information for the year ended 31 December 2024 disclosed on pages 4-13 and on pages 113 – 359 of the Annual Report and prepared in accordance with the GRI Standards and subject to limited assurance procedures are set out below:

GRI standards	Reported outcome (Selected sustainability information)
2-1	Organizational details
2-2	Entities included in the organization's sustainability reporting
2-3	Reporting period, frequency and contact point
2-5	External assurance
2-7	Employees
2-8	Workers who are not employees
2-9	Governance structure and composition
2-11	Chair of the highest governance body
2-18	Evaluation of the performance of the highest governance body
2-26	Mechanisms for seeking advice and raising concerns
2-27	Compliance with laws and regulations
2-30	Collective agreements
201-1	Direct economic value generated and distributed
201-4	Financial assistance received from the government
202-1	Ratios of standard entry level wage by gender compared to local minimum wage
202-2	Proportion of senior management hired from the local community
203-1	Infrastructure investments and services supported
203-2	Significant indirect economic impacts
204-1	Proportion of spending on local suppliers
205-1	Operations assessed for risks related to corruption
205-2	Communication and training about anti-corruption policies and procedures
205-3	Confirmed incidents of corruption and actions taken
302-1	Energy consumption within the organisation
302-3	Energy intensity
302-4	Reduction of energy consumption
303-1	Interactions with water as a shared resource
303-2	Management of water discharge related impacts
303-3	Water withdrawal
303-4	Water discharge



303-5	Water consumption
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
304-2	Significant impacts of activities, products and services on biodiversity
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations
305-1	Direct (Scope 1) GHG emissions
305-2	Indirect energy (Scope 2) GHG emissions
305-4	GHG emissions intensity
305-5	Reduction of GHG emissions
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions
306-1	Waste generation and significant waste-related impacts
306-2	Management of significant waste-related impacts
306-3	Waste generated
401-1	New employee hires and employee turnover
401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees
401-3	Parental leave
402-1	Minimum notice periods regarding operational changes
403-5	Worker training on occupational health and safety
403-8	Workers covered by an occupational health and safety management system
403-9	Work-related injuries
404-1	Average hours of training per year per employee
404-2	Programs for upgrading employee skills and transition assistance programs
404-3	Percentage of employees receiving regular performance and career development reviews
405-1	Diversity of governance bodies and employees
406-1	Incidents of discrimination and corrective actions taken
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data
3-1	Process to determine material topics
3-2	List of material topics

DISCLOSURE INDEX FOR GRI AND SASB STANDARDS

GENERAL INFORMATION

GRI STANDARD	DISCLOSURE	PAGE IN THE REPORT	REPORT SECTIONS	REASONS FOR NON-DISCLOSURE	EXTERNAL ASSUR-ANCE
GRI 1: Foundation 2021					
GRI 2: General Disclosures 2021					
The organisation and its reporting practices					
2-1	Organisational details	10,11, 332	About the Company, Geographical presence of NC KTZ JSC, Contact Information	V	
2-2	Entities included in the organisation's sustainability reporting	288	Reporting Scope	V	
2-3	Reporting period, frequency and contact point	198, 288, 322	Consolidated financial statements, About the Report, Contact Information	V	
2-4	Restatement of information	288	About the Report		
2-5	External Assurance	177, 315	Financial statements, Independent Auditor's Opinion	V	
Activities and workers					
2-6	Activities, value chain, and other business relationships	12, 35, 36, 37, 40, 41, 83	Company history, Production results, Transit transportation, Passenger transportation, Asset structure, Key business units, Procurement practice		
2-7	Employees	305	Headcount by employment type, 2022–2024, persons, Workforce Structure Comment: Headcount as of 31 December 2024.	b.iii: There are no non-guaranteed hours employees in the Company	V
2-8	Workers who are not employees	113, 308	Workforce Structure, Headcount of employees who are not employees, 2022–2024, Persons	V	
Governance					
2-9	Governance structure and composition	76, 148, 152	Sustainable Development Governance Structure, Corporate Governance System, Composition of the Board of Directors	c.vi: There are no under-represented social groups within the governance bodies.	V
2-10	Nomination and selection of the highest governance body	152	Composition of the Board of Directors		
2-11	Chair of the highest governance body	152	Composition of the Board of Directors	b: The Chairman of the Board of Directors is not a senior executive	V

GRI STANDARD	DISCLOSURE	PAGE IN THE REPORT	REPORT SECTIONS	REASONS FOR NON-DISCLOSURE	EXTERNAL ASSUR-ANCE
2-12	Role of the highest governance body in overseeing the management of impacts	76	Sustainable Development Governance Structure		
2-13	Delegation of responsibility for managing impacts	76	Sustainable Development Governance Structure		
2-14	Role of the highest governance body in sustainability reporting	293	Material Topics and Their Definition		
2-15	Conflicts of interest	192	Conflict of Interest Management		
2-16	Communication of critical concerns	77	Sustainable Development Governance Structure		
2-17	Collective knowledge of the highest governance body	154	Training and Development of the BoD Members		
2-18	Evaluation of the performance of the highest governance body	154	Evaluation of the Board of Directors' Performance	V	
2-19	Remuneration policy	175	Remuneration of the Company's Officers		
2-20	Process to determine remuneration	175	Remuneration of the Company's Officers		
2-21	Annual total remuneration ratio	-	-	Confidential Information	
2-22	Statement on sustainable development strategy	4, 6	Address by the Chairman of the Board of Directors, Address by the Chairman of the Management Board		
2-23	Policy commitments	22, 23	Membership in International Organisations, Associations and Adherence to International Principles		
2-24	Embedding policy commitments	23	Membership in International Organisations, Associations and Adherence to International Principles		
2-25	Processes to remediate negative impacts	190	Grievance Mechanisms		
2-26	Mechanisms for seeking advice and expressing concerns	190	Grievance Mechanisms	V	
2-27	Compliance with laws and regulations	89	Compliance with Laws and Regulations	V	
2-28	Membership associations	22	Membership in International Organisations, Associations and Adherence to International Principles		
Stakeholder engagement					
2-29	Approach to stakeholder engagement	71	Stakeholder Engagement		

GRI STAND-ARD	DISCLOSURE	PAGE IN THE RE-PORT	REPORT SECTIONS	REASONS FOR NON-DIS-CLOSURE	EXTERNAL ASSUR-ANCE
2-30	Collective bargaining agreements	124	Collective Bargaining Agreement	b: The Collective Bargaining Agreement does not apply to non-staff (freelance) workers	V
GRI 3: Material Topics 2021					
3-1	Process to determine material topics	293	Material Topics and Their Definition		V
3-2	List of material topics	293	Material Topics and Their Definition		V

DISCLOSURES ON MATERIAL TOPICS

GRI STAND-ARD	DISCLOSURE	PAGE IN THE RE-PORT	REPORT SECTIONS	REASONS FOR OMISSIONS	SASB	EXTERNAL ASSUR-ANCE
ECONOMIC TOPICS						
GRI 201 (2016): ECONOMIC PERFORMANCE						
3-3	Topic management disclosures	79	Economic impact			
201-1	Direct Economic Value Generated and Distributed	79	Economic impact, Direct economic value generated and distributed	b: EVG&D is not applicable	V	
201-2	Financial implications and other risks and opportunities due to climate change	98	Climate responsibility			
201-4	Financial assistance received from government	10, 32, 81	About the Company, Debt burden, Financial assistance received from the state		V	
GRI 202 (2016): MARKET PRESENCE						
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	118, 121	Financial motivation, Gender equality		V	
202-2	Proportion of senior management hired from the local community	169, 303	Management board, Key ESG performance social impact	B: Remuneration for non-staff (freelance) workers is based on the volume of work performed	V	
GRI 203 (2016): INDIRECT ECONOMIC IMPACTS						
203-1	Infrastructure investments and services supported	52	Investing activities		V	
203-2	Significant indirect economic impacts	82	Indirect economic impacts		V	
GRI 204 (2016): PROCUREMENT PRACTICES						
3-3	Topic management disclosures	83	Procurement practice			
204-1	Proportion of spending on local suppliers	83	Procurement practice		V	
GRI 205 (2016): ANTI-CORRUPTION						
3-3	Topic management disclosures	85	Business ethics and anticorruption			

GRI STAND-ARD	DISCLOSURE	PAGE IN THE RE-PORT	REPORT SECTIONS	REASONS FOR OMISSIONS	SASB	EXTERNAL ASSUR-ANCE
205-1	Operations assessed for risks related to corruption	88	Business ethics and anticorruption			V
205-2	Communication and training about anti-corruption policies and procedures	298	Key ESG performance	c: The Company does not track the number of business partners that the Company's anticorruption policies have been communicated to		V
205-3	Confirmed incidents of corruption and actions taken	87	Compliance and handling of requests	c: In the reporting year, there were no incidents when contracts with business partners were terminated or not renewed due to violations related to corruption. The Company does not track the number of incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.		V
ENVIRONMENTAL TOPICS						
GRI 302 (2016): ENERGY						
3-3	Topic management disclosures	104	Energy efficiency and energy saving			
302-1	Energy consumption within the organisation	105, 302	Energy efficiency and energy conservation, Key ESG performance	b: The Company does not consume fuel from renewable sources. d.i: The Company does not resell energy to third parties. b.iii, b.iv, d.iii, d.iv: The Company neither consumes nor resells cooling energy or steam energy to third parties. b.ii: The Company does not include the heating consumption in its total energy consumption due to its immaterial volumes.		V
302-2	Energy consumption outside the organisation	-		Energy consumption outside the Company is not accounted for.		
302-3	Energy Intensity	106	Energy intensity			V
302-4	Reduction of energy consumption	105, 106	Energy efficiency and energy saving			V
302-5	Reductions in energy requirements of products and services	104	Energy efficiency and energy saving			
GRI 303 (2018): WATER AND EFFLUENTS						
303-1	Total water withdrawal, broken down by sources	94	Water resource management			V

GRI STAND-ARD	DISCLOSURE	PAGE IN THE RE-PORT	REPORT SECTIONS	REASONS FOR OMISSIONS	SASB	EXTER-NAL ASSUR-ANCE
303-2	Management of water discharge-related impacts	94	Water resource management	a.i: Standards for facilities operating in locations with no local discharge requirements are governed by the regulations of local executive authorities.	V	
303-3	Water withdrawal	94, 301	Water resource management, Key ESG indicators	a.iii, a.iv, b.iii, b.iv: The withdrawal of seawater and produced water is not conducted.	V	
303-4	Water discharge	94, 301	Water resource management, Key ESG indicators	a.i, a.iii, c.i, c.ii: Water discharge into surface water and seawater is not conducted.	V	
303-5	Water consumption	94, 302	Water resource management, Key ESG indicators		V	
GRI 304 (2016): BIODIVERSITY						
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas or areas with high biodiversity value outside protected areas	96	The preservation of biological diversity	The Company does not operate on specially protected natural areas.	V	
304-2	Significant impacts of activities, products, and services on biodiversity	96	The preservation of biological diversity	In the reporting year, no significant direct or indirect impact of the Company on biodiversity has been recorded.	V	
304-3	Habitats protected or restored	96	The preservation of biological diversity			
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operation and at risk of extinction	96	The preservation of biological diversity	The Company's operations do not affect species listed in the IUCN Red List or national nature conservation lists, and these species are not found in areas with an extinction risk associated with the Company's operations.	V	
GRI 305 (2016): EMISSIONS						
3-3	Topic management disclosures	90	Environmental responsibility			
305-1	Direct (Scope 1) GHG emissions	99, 101, 314	The concept of low carbon development, additionally	b: The Company does not generate biogenic emissions.	V	

GRI STAND-ARD	DISCLOSURE	PAGE IN THE RE-PORT	REPORT SECTIONS	REASONS FOR OMISSIONS	SASB	EXTER-NAL ASSUR-ANCE
305-2	Energy indirect (Scope 2) GHG emissions	99, 101, 314		The concept of low carbon development, additionally	b: Indirect (Scope 2) GHG emissions are determined using the territorial calculation method.	V
305-3	Other indirect (Scope 3) GHG emissions	-	-		Greenhouse gas emissions are not recorded (scope 3)	
305-4	GHG emissions intensity	101		The concept of low carbon development		V
305-5	Reduction of GHG emissions	99, 314		The concept of low carbon development, additionall		V
305-6	Emissions of ozone-depleting substances (ODS)	-	-		The Company does not emit ozone-depleting substances (ODS).	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	102	The concept of low carbon development	a.iii, a.v: Company Persistent organic pollutants (Soz) and dangerous air pollutants (OZV) does not generate		V
GRI 306 (2016): EFFLUENTS AND WASTE						
3-3	Topic management disclosures	90		Environmental responsibility		
306-1	Waste generation and significant waste-related impacts	95		Waste management		V
306-2	Management of significant waste-related impacts	95		Waste management		V
306-3	Waste generated	95		Waste management		V
306-4	Waste diverted from disposal	-	-		Waste devoted from disposal is absent	
306-5	Waste directed to disposal	96		Waste management		
GRI 308 (2016): SUPPLIER ENVIRONMENTAL ASSESSMENT						
308-1	New suppliers that were screened using environmental criteria	97		Environmental assessment supplier		
308-2	Negative environmental impacts in the supply chain and actions taken	97		Environmental assessment supplier		
SOCIAL TOPICS						
GRI 401 (2016): EMPLOYMENT						
3-3	Topic management disclosures	112		Social responsibility		
401-1	New employee hires and employee turnover	115, 116, 310		Attracting and holding talents, key ESG indicators		V
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	121, 122	Employment of people with disabilities, collective agreement	vi: Share ownership benefits are not offered by the Company.		V
401-3	Parental leave	124	Childcare			V

GRI STAND-ARD	DISCLOSURE	PAGE IN THE RE-PORT	REPORT SECTIONS	REASONS FOR OMISSIONS	SASB	EXTER-NAL ASSUR-ANCE
GRI 402 (2016): LABOUR/MANAGEMENT RELATIONS						
3-3	Topic management disclosures	112	Social responsibility			
402-1	Minimum notice periods regarding operational changes	123	Collective agreement		V	
GRI 403 (2018): OCCUPATIONAL HEALTH AND SAFETY						
3-3	Topic management disclosures	136	Occupational health and safety			
403-1	Occupational health and safety management system	136	Occupational health and safety			
403-2	Hazard identification, risk assessment, and incident investigation	136	Occupational health and safety			
403-3	Occupational health services	143	Health protection and medical support			
403-4	Worker participation, consultation, and communication on occupational health and safety	77, 138	Management structure Sustainable development, production advice			
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404-2	Programmes for upgrading employee skills and transition assistance programmes	126, 127, 128	Staff development			V
404-3	Percentage of employees receiving regular performance and career development reviews	129	Personnel assessment			V
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406-1	Incidents of discrimination and corrective actions taken	88	Cases of discrimination and accepted adjustments measures			V
GRI 418 (2016): CUSTOMER PRIVACY						
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	193	Information Safety and protection data			V
SASB	Number of accidents and incidents	91	Environmental emissions			TERRA-540A.2.
SASB	Number of violations and recommended corrective actions resulting from inspections	134, 143	Traffic Safety, Health protection and medical support			TERRA-540A.3.
SASB	Frequency of internal rail integrity inspections	134	Traffic Safety			TERRA-540A.4.

GLOSSARY

NC KTZ JSC	Kazakhstan Temir Zholy National Company JSC
EAEU	Eurasian Economic Union
Fund	Samruk-Kazyna Sovereign Wealth Fund JSC
GDP	Gross Domestic Product (GDP) – A macroeconomic indicator reflecting the market value of all final goods and services (i.e., those intended for direct consumption, use, or application) produced within a year across all sectors of the economy within a country's territory for consumption, export, and accumulation, regardless of the nationality of the production factors used.
Freight Turnover	An economic indicator of transport performance (a measure of freight transportation volume), equal to the product of the mass of goods transported over a specified period of time and the distance of transportation. Freight turnover is measured in tonne-kilometres.
Lost Time Injury Frequency Rate (LTIFR)	Measures the number of lost-time injuries per million hours worked in a department or company during a single financial year.
MRW	Main Railway Network
LT	Locomotive Traction
Operating Profit	The profit of an enterprise from its core activities, calculated as the difference between net revenue (revenue minus cost of goods sold) and operating expenses (including direct and operational costs), or equivalently, as the difference between gross profit and operating expenses.
Passenger Turnover	An indicator reflecting the volume of passenger transport in passenger-kilometres, calculated as the product of the number of passengers and the distance travelled.
Total Length of Main Tracks	The sum of the lengths of all main tracks (first, second, third, etc.).
Mass Media	Mass Media
FER	Fuel and Energy Resources
Energy Intensity	A measure of the reduction in specific fuel and energy resource consumption per unit of product (or work).
Operational Length	The length of railway lines between stations, excluding such tracks as second main tracks, station tracks, etc.
EBITDA	An analytical measure of earnings before interest, taxes, depreciation, and amortisation.
EBITDA Margin	a profitability ratio that measures how much in earnings a company is generating before interest, taxes, depreciation, and amortisation, as a percentage of revenue.
TEU	Twenty-foot Equivalent Unit
GRI	Global Reporting Initiative
OSJD	Organisation for Cooperation of Railways
UIC	International Union of Railways
EAEU	Eurasian Economic Union
ESG	Environmental, Social and Governance

UNECE	United Nations Economic Commission for Europe
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
TRACECA	Intergovernmental Commission of the Europe-Caucasus-Asia Transport Corridor
OTS	Organisation of Turkic States
ECO	Economic Cooperation Organisation
MIID RoK	Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan
SCO	Shanghai Cooperation Organisation
LCL	Less Than Container Load
CCTT	International Coordinating Council on Trans-Eurasian Transportation
KPI	Key Performance Indicators
Consumer Goods	Consumer Goods
UTLC ERA	United Transport and Logistics Company – Eurasian Rail Alliance Joint Stock Company
TITR	Trans-Caspian International Transport Route
MCI	Monthly Calculation Index
MW	Minimum Wage
CIT	Corporate Income Tax
Inventory	Inventory
RE	Retained Earnings
IFRS	International Financial Reporting Standards
VAT	Value Added Tax
G&A	General and Administrative Expenses
ROACE	Return on Average Capital Employed
NOPAT	Net Operating Profit After Tax
ACE	Average Capital Employed
CE	Return on Average Capital Employed
FCF	Free Cash Flow
NAV	Net Asset Value
IS	Information Security
IPS	Integrated Planning System
IT	Information Technology
SSC	Shared Services Centre
PPE	Personal Protective Equipment
iOSH	Integrated Occupational Safety and Health System
BBSD	Behaviour-Based Safety Dialogue

EDMS	Electronic Document Management System
TRIR	Total Recordable Incident Rate
FAR	Fatal Accident Rate
Near Miss	Frequency of incidents without consequences
Minimum wage	Minimum Wage
USIC	International Railway Sports Union
SHD	Sudden Health Deterioration
TCFD	Task Force on Climate-related Financial Disclosures
SASB	Sustainability Accounting Standards Board
EIA	Environmental Impact Assessment
MSW	Municipal Solid Waste
GHG	Greenhouse Gases
AIFC	Astana International Financial Centre
NRC	Nomination and Remuneration Committee
SFC	Strategy and Finance Committee
HSE Committee	Health, Safety and Environment Committee
AC	Audit Committee
CRMS	Corporate Risk Management System

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We invite all stakeholders to participate in our online survey to identify material topics and provide feedback on this Integrated Annual Report by following the link:

 https://www.railways.kz/articles/sustainable-development/otchet_v_oblasti_ustoichivogo_razvitiya

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You are also welcome to share your opinion on the Report and submit any questions you may have by contacting:

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