

Approved by
the General Meeting of Shareholders
of Kazakhstan Electricity Grid
Operating Company (KEGOC)
(Minutes No.2 dated 16 October 2015)

Corporate Governance Code

Please note that this is not an official translation

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INTRODUCTION

1. Scope of the Corporate Governance Code (hereinafter – Code) applies to the Joint Stock Company "Sovereign Wealth Fund "Samruk-Kazyna" (hereinafter – the Fund) and the organizations in which the Fund directly or indirectly owns more than fifty percent of voting shares (interests) (hereinafter - Organizations). For Organizations that have other shareholders (participants) it is recommended to approve the current Code at the Annual General Meeting of shareholders (participants). Holding companies must ensure the implementation of the current Code in their group.
2. The objectives of the current Code are improvement of corporate governance of the Fund and Organizations, provision of the transparency in the governance, confirmation of the commitment of the Fund and Organizations to follow the standards of good corporate governance. The Code consists of two parts: the Basic Principles and Annotations - the rules and clarifications for the implementation of the basic principles.
3. The current Code has been developed in accordance with laws of the Republic of Kazakhstan, internal documents of the Fund, and by taking into account the growing practices of corporate governance in Kazakhstan and in the World, Transformation Program of the Fund approved by the decision of the Board of Directors of the Fund (Minutes #113 dated September 17, 2014). The provisions of the current Code shall be applied with the specifications provided by the laws of the Republic of Kazakhstan.
4. Legal entities in the legal form of a limited liability company must comply with the provisions of the current Code to the extent not different to the Law of the Republic of Kazakhstan "On Limited Liability companies and additional liability companies."
5. The first two sections of this Code are specific and describe the features of the interaction between the Fund and the Government of the Republic of Kazakhstan and the corporate governance of the Fund and Organizations. Subsequent sections of the Code are applied in the Fund and Organizations with the specifications described in the first two chapters, as well as provided by laws of the Republic of Kazakhstan.
6. The Fund and the Organizations must comply with principles of the current Code. If there is a case of non-compliance with the basic principles the Organizations indicate in its annual report an explanation of the reasons for non-compliance with each of the principles. The Board of Directors by particular reasons might conclude that certain provisions of this Code are non-applicable or impossible to complete. If a non-conforming with provision of this Code has duration of more than six months, the Organization must notify the Fund and give a corresponding explanation. The Boards of Directors of the Fund and the Organizations, respectively, shall each be responsible for controlling the execution by the Fund and the Organizations of this Code. Corporate

Secretaries will provide monitoring and consultations for the Boards of Directors and the Executive Bodies of the Fund and Organizations on proper compliance with the provisions of Code and prepare annually the report on compliance/non-compliance of its principles and provisions. Then this report is submitted for consideration of the appropriate Committees of the Board of Directors and approval of Board of Directors and is included in the annual report of the Fund or Organization.

7. The requirement for mandatory disclosure in the annual report of the Fund and Organization of information about the facts and reasons for non-compliance with the provisions of this Code, as well as the publication of reports on Sustainable development will come into effect from 1 January 2017.

8. Documents and processes of the Fund and Organizations must be actualized in accordance with the provisions of this Code.

9. Failure to comply with the provisions of current Code should be carefully considered at the meetings of the appropriate Committee and Boards of Directors with appropriate decision-making that aimed at further improvement of the corporate governance in the Fund and Organizations.

10. In addition the Fund will introduce the Corporate Governance Diagnostic Methodology by which the compliance of the corporate governance practices of the Fund and Organizations with the provisions of Code will be assessed.

The provisions of this Code are subject to revision to reflect changes in the laws of the Republic of Kazakhstan, Kazakhstani and international practices, corporate governance standards.

11. The corporate secretaries of the Fund and Organizations will provide further guidance in regard to the provisions of this Code and its application.

12. GLOSSARY

- 1) **Shareholder (Participants)** – is an individual that who owns the shares (interest) of the Organization.
- 2) **Official** – Member of the board of directors, its executive body or person performing the functions of the sole executive body.
- 3) **Stakeholders** – natural persons, legal entities, group of natural persons or entities that affect or may be affected by the activities of the Fund and the Organization, its products or services, and related actions by virtue of the laws, signed agreements (contracts) or indirectly (indirectly). This definition does not apply to all those who may be familiar with the Fund and the Organization or have an opinion to express about them. The main representatives of the stakeholders are the shareholders, employees, customers, suppliers, government agencies, bond holder, creditors, investors, non-governmental organizations, the residents of the regions at which the Fund or Organizations carry its activities.
- 4) **Companies** - national companies and other legal entities, more than fifty percent of the voting shares (interests) of which directly owned by the Fund.
- 5) **Corporate events** – events that have a significant impact on the activities of a joint-stock company, affecting the interests of the shareholders and investors of a joint-stock company as defined in Article 79 of the Law of the Republic of Kazakhstan “On Joint Stock Companies”.
- 6) **Corporate conflicts** - disagreement or dispute between: Sole Shareholder and Fund’s or Organizations’ authorities; or authorities of the Fund or Organizations; members of the Boards of Directors and Executive Boards, Head of Internal Audit Service, Corporate secretary.
- 7) **KPI** – key performance indicators (indexes) characterizing the level of the performance of the Fund or the Organization which allow an assessment to be made of the effectiveness of their activities as a whole, as well as of the senior officials of the Fund or the Organization. The KPI normally has a quantitative value, approved as part of the Development Plan of the Fund or Organization and corresponding to the results of their operations for the planned and reporting periods.
- 8) **Independent Directors** – member of the Board of Directors which has sufficient expertise and autonomy to make independent and objective decisions that are free from the influence of individual shareholders, Executive body and other Stakeholders. The requirements for independent directors established in accordance with the Law of the Republic of Kazakhstan "On Joint Stock Companies" and are fixed in the Charter of the Fund or the Organization.

- 9) Annual General Meeting** of Shareholders (Participants) – the supreme body of the Organization. The arrangement and procedure for the conduct of the Annual General Meeting of shareholders determined by the laws of the Republic of Kazakhstan, the charter of the Organization and are in section 4 of this Code.
- 10) Ombudsman** – an individual which is appointed by the Fund's Board of Directors and the role of which is to advise workers of the Fund and Organizations whose referred to him, and to assist in the resolution of labor disputes, conflicts, problematic social and labor issues, as well as issues of compliance by workers of the Fund and Organizations the principles of business ethics.
- 11) Organizations** – entities, more than fifty percent of the voting shares (interests) which are directly or indirectly owned by the Fund on the basis of ownership or trust management.
- 12) Partners** – suppliers and sub-contractors, partners in joint projects.
- 13) Development Plan** – a document defining the main activities and key performance indicators of the Fund or Organization for a period of five years which is approved by the Board of Directors/Supervisory Board.
- 14) Government** – Government of the Republic of Kazakhstan, the sole shareholder of the Fund.
- 15) Sustainable development** - development in which the Fund and Organizations manage the influence of their activities on the environment, economy, society and make decisions based on the best interests of Stakeholders.
- 16) Fund** – Joint Stock Company “Sovereign Wealth Fund “Samruk-Kazyna”.
- 17) Holding company** - a Company which directly or indirectly owns shares (interests) in other organizations, and having the opportunity to directly and (or) indirectly determine on decisions taken by the Organizations.

Part 1

PRINCIPLES OF CORPORATE GOVERNANCE

1. Government as the Shareholder of the Fund.

1. The Government delineates its powers as the sole shareholder of the Fund and the powers related to government regulation. The Government manages the Fund in order to enhance the national welfare of the Republic of Kazakhstan through growth in the long-term cost (value) of the Fund and Organizations and efficient assets management of the Fund and Organizations.

2. The Government of the Republic of Kazakhstan is the Sole Shareholder of the Fund.

The main strategic objective of the Fund and Organizations is the growth of long-term value and Sustainable development of the Fund and Organizations that is reflected in the Development Strategy of the Fund and the Companies. All decisions and actions must conform to the Development Strategy.

The optimal assets structure must be designed in the Fund and Companies. The Fund and the Companies should seek to simplify as much as possible the structure of their assets and their organizational and legal forms.

Organizations perform their activities within its core (main) activities. Implementation of new activities is permitted if there is no competition in this market or participation of the Fund and Organizations will contribute to the development of small and medium-sized businesses.

It is recommended to have and keep the controlling share (interest) in the Organizations of the Fund.

3. The Government is involved in the management of the Fund and Organizations solely by the exercise of powers of the sole shareholder of the Fund, provided by the Law "On Sovereign Wealth Fund" and the Charter of the Fund and representation on the Board of Directors of the Fund. The basic principles and issues of the Government and the Fund cooperation are regulated by the Agreement on cooperation between the Government of the Republic of Kazakhstan and the Fund, approved by the Decree of the Government of the Republic of Kazakhstan # 1599 dated December 14, 2012. With regard to the Government as a shareholder the principles of section 4 "The rights of shareholders (participants) and the fair treatment of shareholders (participants)" of this Code are applied in part of not contradicting to the Law of Republic of Kazakhstan "On Sovereign Wealth Fund".

4. In order to help secure the sustainable socio-economic development of the country, implementation of the sustainability of the economy and protection against unfavorable external factors, management issues of the Fund are considered at the meeting of the Management Council of the Fund of the Republic of Kazakhstan (hereafter – Management Council), that is chaired by the President of Republic of Kazakhstan. The Management Council operates under

Regulation approved by the Decree of the President of the Republic of Kazakhstan #1116 dated December 6, 2012.

5. The Government provides to the Fund and Organizations the full operating self-sufficiency and does not allow interference by the Government and government agencies in the operational (current) activities of the Fund and Organizations, except for cases provided by laws, acts and orders of President of the Republic of Kazakhstan.

The Fund's Management Board and Chief Executive officer (CEO) of the Fund, authorities of the Organizations are fully autonomous and independent at decision-making and implementation of any action within their competence.

6. Relations between Government and the Fund, Organizations shall be made solely through the Board of Directors of the Fund in accordance with the principles of appropriate corporate governance. The role and functions of the Chairman of the Board of Directors and Chief Executive Officer (CEO) of the Fund are clearly delineated and enshrined in the documents of the Fund.

Composition and competence of the Board of Directors of the Fund is determined in accordance with the Law of the Republic of Kazakhstan "On Sovereign Wealth Fund". The Board of Directors is formed from the members of the Government, CEO of the Fund, independent directors and other persons. The quantitative composition of the Fund is determined by the Charter of the Fund, at that the number of independent directors should be at least two-fifths of total numbers of members of the Board of Directors. With respect to the members of the Board of Directors, including the independent directors, the requirements of section 5 "Effectiveness of the Board and the Executive Body" of this Code are accepted in the part not contradicting to the Law of the Republic of Kazakhstan "On Sovereign Wealth Fund" and the charter of the Fund.

The Chairman of the Board of Directors of the Fund is the Prime Minister of the Republic of Kazakhstan *ex officio*.

Members of the Fund's Board of Directors who are public servants do not receive a separate remuneration for membership on the Board of Directors and its committees. Members of the Government and other public servants (representatives of government agencies) are not included in the Boards of Directors of the Organizations.

The Board of Directors of the Fund shall be elected by the Government as the shareholder. The Boards of Directors of Organizations are elected by the Annual General Meeting of Shareholders (the Sole Shareholder) of Organizations.

Chairman of the Board of Directors cannot be simultaneously the CEO of the Fund. The Board of Directors considers the questions about the Fund and the Organizations within its competence according to the charter of the Fund, as well

as pre-deal with all matters of competence of the Government as the sole shareholder.

7. The Fund discloses all necessary information on the Fund's activities to the Government as the shareholder and Board of Directors of the Fund according to the Law of the Republic of Kazakhstan "On Joint Stock Companies", the charter of the Fund, Agreement and ensures transparency of performance of the Fund and Organizations.

8. Investment activity of the Fund or Organization is constructed on market principles, in accordance with the Development strategy of the Fund or Organization and oriented to growth of the value and optimal assets structure.

Distribution of net income to the Government as the Sole Shareholder has made in the form of dividends on the basis of a formalized and transparent dividend policy.

Cases of implementation by the Fund or Organization of low-profit and socially significant projects should be disclosed in the annual report of the Fund or Organization by identifying the sources of funding for such projects.

9. The Fund's Board of Directors, Management Board, committees of the Board of Directors, Corporate Secretary and Internal Audit Service (hereafter – IAS) carry out their activities in accordance with the principles of Section 5 "The effectiveness of the Board of Directors and the Executive Body" and Section 6 "Risk management, internal control and audit" in part that is not contradicting to the Law of the Republic of Kazakhstan "On Sovereign Wealth Fund".

10. For more in-depth and high-quality work on the issues the following committees under the Fund's Board of Directors are established: Audit Committee, Nomination and Remuneration Committee, Specialized Committee, other committees can be created at the discretion of the Fund's Board of Directors.

The Fund's Board of Directors shall decide on the establishment of committees, define their personal and quantitative size, the chairmen, the term of office, as well as the function and operation.

The committee consists of members of the Board of Directors of the Fund and experts who have the necessary professional knowledge to work in a particular committee.

The Fund's or Organization's Audit Committee is composed solely of independent directors. In the case of attracting of qualified expert by the

committee, this person should not have the right to vote. The decisions on attraction of expert are made by the Audit Committee itself and the appointment should be subject to annual review to confirm performance and independence.

The Fund's Specialized Committee provides a comprehensive and objective analysis of the impact of activities of the Organizations, which are in the group of the Fund's companies, on the development of the economy or particular sector of the economy in accordance with Law of the Republic Of Kazakhstan "On Sovereign Wealth Fund". The permanent member of the Specialized Committee - an expert with the voting right is the representative of the Accounts Committee for control over execution of the Republican budget.

Control over the usage by the Fund and Organization of allocated to them funds of the national budget, the National Fund of the Republic of Kazakhstan for compliance with the financial and economic feasibility, evaluation of the effectiveness of budget investments, are the responsibility of the Accounts Committee for control over execution of the republican budget.

The other committees of the Fund's Board of Directors are composed of a majority of independent directors.

11. The Corporate Secretary is appointed in the Fund. The Board of Directors decides on the appointment of the Corporate Secretary, determines the term of office, functions and work procedure. The main duties of the Corporate Secretary include facilitating timely and high quality corporate decision-making by the Board of Directors, the Sole Shareholder, acting as advisor to the members of Board of Directors on all matters related to their activities and application of provisions of this Code, as well as monitoring the implementation of this Code and contributing to the improvement of corporate governance in the Fund and Organizations.

12. The IAS is created at the Fund. The Board of Directors of the Fund determines the numerical composition of IAS, terms of office, appoints and dismisses the Head of IAS, determines the order of IAS operations, the size and terms of remuneration, bonuses of IAS's employees, as well as the budget of the IAS.

The IAS is directly accountable to the Board of Directors of the Fund and independent from the Executive Body of the Fund.

Key responsibilities of the IAS are include assessment of the quality of the internal control and risk management system of the Fund and bringing to the attention of the Board of Directors of the information on the adequacy and

effectiveness of this system. The main objective of the IAS is to promote the improvement of the performance of the Fund.

13. The collegial Executive Body is created in the Fund in the form of the Management Board. The Management Board is accountable to the Board and carries out its activities within the competencies defined by the Charter of the Fund. The Board of Directors of the Fund monitors the efficiency of the Fund's Management Board's activities, including implementation of the decisions of the Sole Shareholder and Board of Directors of the Fund.

The Government as the shareholder appoints and early terminates the powers of the CEO of the Fund. Members of the Management Board are elected by the Board of Directors of the Fund. Proposals on candidates for election to the Management Board of the Fund are submitted by the CEO to the Board of Directors of the Fund.

14. The Fund and Organizations are committed to the maintenance of highest ethical standards and to the implementation of appropriate procedures to ensure the continued application of these standards by all employees and partners of the Funds and Organizations.

Notifications on possible infringement should be sent directly to the IAS or the Board of Directors of the Fund or Organization. Executive body and all of its structural units of the Fund and the Organization, including security, should not prevent the transmission of notifications of alleged violations to the IAS and the Board of Directors.

15. The Ombudsman is appointed in order to comply with the principles of business ethics and optimal regulation of social and labor disputes arising in the Fund and Organizations.

A candidate for the position of Ombudsman should have an impeccable reputation, high authority and have the ability in making impartial decisions.

The Ombudsman is appointed by the Board of Directors of the Fund and shall be re-elected every two years. The role of the Ombudsman is to advise employees who referred to him, participants of labor disputes and conflict. The Ombudsman assists them in developing a mutually constructive and workable solution based on compliance with the laws of the Republic of Kazakhstan (including confidentiality if necessary), in solving the problem of social and labor questions of workers and the Fund and Organizations, as well as in complying with the principles of business ethics by employees of the Fund and Organizations.

The Ombudsman shall submit to the relevant authorities and an official of the Fund and/or the organizations identified problematic issues which are

systemic in nature and require appropriate solutions (integrated measures), puts forward constructive suggestions for their solution.

The Ombudsman at least once a year submits a report on the results of the work to the Nomination and Remuneration Committee and the Audit Committee of the Board of Directors of the Fund, which evaluate the results of its activities.

The Board of Directors of the Fund assesses the performance of the Ombudsman and makes a decision on the extension or termination of office of the incumbent Ombudsman.

Place of work, working conditions of the Ombudsman are determined by the decision of the Fund's Management Board.

2. Corporate governance system in the Fund and Organizations.

1. The role of the Fund as a National Holding Company.

The corporate governance system in the Fund and Organizations provides due governance and control over the operations of the Fund and Organizations and ensure growth of the long-term value and Sustainable development. The Fund as a national managing holding plays the role of a strategic holding in respect to its Companies. The efficiency, operability and transparence should be the basis for the corporate governance.

2. Corporate governance system is a set of processes which provides control and monitor the activities of the Fund and Organizations as well as the system of relationship between the Executive Body, Board of Directors, shareholders and stakeholders. Competence of authorities and decision-making procedures should be clearly defined and enshrined in the charter.

3. The Fund interacts in management of Companies by implementing the functions of the Shareholder/Participant, as well as thought the Board of Directors/Supervisory Board in accordance with order that is defined in charters of the Companies and this Code.

The Fund annually directs to the Chairman of the Board of Directors and representatives of the Fund in Board of Directors of the Company the expectations of the shareholder for the coming financial year.

The Fund in the format of the Annual General Meeting of Shareholders shall meet with the members of the Board of Directors/Supervisory Board of the Companies all voting shares of which are owned by the Fund.

The Boards of Directors of the Companies have full autonomy in decision-making within their competence, established by the charter of Companies.

The position of the Fund on certain issues is brought through the representatives of the Fund at the Board of Directors of the Company.

Accordingly to the Law of the Republic of Kazakhstan "On Sovereign Wealth Fund" in the Company's charter, all the voting shares of which are owned by the Fund, the matters within the exclusive competence of the Annual General Meeting of Shareholders and the Board of Directors in accordance with the Law "On Joint Stock Companies", can be attributed to the competence of the Board of Directors and the Executive Body of such a company, respectively. In such cases the authority that has transferred competences to the inferior authority shall monitor the implementation of the delegated competences.

4. Fund based on discussions with the Companies forms a uniform policies for the Companies, approves methodological guidelines and corporate standards for the Organizations.

The decision to use corporate standards in the field of internal audit and internal control system that are approved by the Fund in the Organization will be accepted the by the Board of Directors Organization taking into account insurance of compliance with these standards, the specifics of the Organizations.

5. The Executive Body of the Fund and the Executive Body of the company shall cooperate in a spirit of collaboration to ensure that the Development Plans of the Companies which are forwarded to the Company's Board of Directors for final approval are challenging and realistic and that they are in compliance with the Fund's Strategy and Development plan.

The Executive Body of the Fund will maintain a regular dialogue with the Executive Body of the Company on strategy and Sustainable development issues. However the Executive Body of the Fund will not have an involvement in operational issues, which are the responsibility of the Executive of the Company, unless there are cases which suggest that the KPI's set out in the Development Plan are not capable of being achieved.

6. Distribution of net income to the Government as the Sole Shareholder is in the form of dividends on the basis of a formalized and transparent dividend policy.

7. The governance of Organizations is implemented by the authorities of the Organizations in accordance with the competences and procedures specified by the charter of the Organizations. This principle also applies to Organizations with several shareholders (participants).

8. The Fund, Organizations and their officials shall be responsible for the growth of long-term value and the Sustainable development of the Fund and the Organizations, and respectively for the decisions and actions/inactions taken in the order established by the laws of the Republic of Kazakhstan and internal documents.

The key element of performance evaluation of the Fund, the Organizations and Executive Body is the KPI system. The Fund, through its representatives on the Board of Directors/Supervisory Board submits to the Companies its

expectations, in terms of KPI. The list and targets KPI's of the Company are approved by the Board of Directors/Supervisory Board of the Company.

In order to achieve the KPI, the Companies shall develop an appropriate Development Plans that should be approved by the decision of the Board of Directors/Supervisory Board.

The achievement of KPIs of the Fund and Organizations is assessed annually by comparison with approved Development plan. This assessment has the impact on the payment system of the year-end remuneration to the CEO and members of Executive Body, taken into account in their re-election and may be the basis for their early removal.

9. The Board of Directors of the Holding company must ensure the effectiveness of governance, the growth of long-term value and Sustainable development in all legal entities within its group. Results of effective management in the group of Holding Company must be an increase of operational efficiency, improvement of reporting, improved standards of corporate culture and ethics, greater openness and transparency, risk reduction, proper system of internal control.

3. Sustainable Development

1. The Fund and the Organizations recognize the importance of their impact on the economy, environment and society and seeking to growth of the long-term value should ensure their sustainable development in the long run observing a balance of the interests of stakeholders. This principle of responsible, thoughtful and rational interaction with stakeholders will contribute to the successful development of the Fund and Organizations.

“Sustainable development” is the development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs (Report of the World Commission on Environment and Development “Our common future”, August 4, 1987).

“We are not afraid of changes that are taking place in the World under the influence of a prolonged global crisis. We are ready for them. Now our task - keeping everything we have achieved over the years of independence, continue sustainable development in the XXI Century” from Address of the President of the Republic of Kazakhstan Mr. Nursultan Nazarbayev to the People of Kazakhstan “Strategy “Kazakhstan – 2050”, December 12, 2012.

2. The Fund and Organizations should aim at the growth of the long-term value while ensuring their Sustainable Development and observe a balance of the Stakeholders’ interests. The activities in the field of Sustainable Development should correspond to the best international practice.

3. The Fund and Organizations should ensure the consistency of their economic, environmental and social goals for Sustainable Development in the long term which includes, inter alia, the growth of long-term value for shareholders and investors. Sustainable development of the Fund and Organizations covers the following three fields: economic, environmental and social.

The economic component should direct the activities of the Fund and the Organization for the growth of long-term value, ensuring the interests of shareholders and investors, increase in efficiency, increase in investment in the development of more advanced technologies, increasing productivity.

The environmental component should ensure minimization of impact on biological and physical natural systems, the optimal use of scarce resources, the use of eco-friendly, energy and material-saving technologies, creation of environmentally friendly products, minimization, recycling and disposal of waste.

The social component of Sustainable development is focused on the principles of social responsibility, which among other things include: ensuring the safety and preservation of the health of employees, fare remuneration and respect of the employees’ rights, staff development, the implementation of social programs for staff, creating new jobs, sponsorship and charity, ecological and educational actions.

The Fund and Organizations should conduct a review of its activities and the risks for these three aspects and strive to avoid or reduce the negative impact of its performance on the Stakeholders.

4. Principles in area of Sustainable development are flowing: openness, accountability, transparency, ethics, respect of Stakeholders' interest, justice, observance of human rights, intolerance to corruption, the inadmissibility of conflict of interests, personal example.

5. The Fund and Organizations should design the management system in the field of Sustainable development, which includes but is not limited to, the following elements:

1) commitment to the principles of Sustainable development at the level of the Board of Directors, the Executive Body and employees;

2) analysis of the internal and external situation on three components (economic, environmental and social issues);

3) identification of risks in the field of sustainable development in social, economic and environmental spheres;

4) construction of maps of stakeholders;

5) defining the objectives and KPI in the field of Sustainable development, the development of an action plan and identification of responsible persons;

6) the integration of Sustainable development into key processes, including risk management, planning, human resources management, investment, accounting, operations, and others, as well as development strategy and decision-making processes;

7) training of officials and employees in the field of Sustainable development;

8) regular monitoring and evaluation of activities in the field of Sustainable development, assessment of the achievement of objectives and KPI, the adoption of corrective measures, the introduction of a culture of continuous improvement.

The Board of Directors and the Executive Body of the Fund and Organizations should ensure the formation of a proper system in the field of Sustainable development and its implementation.

All employees and officials at all levels contribute to Sustainable development.

Holding companies are responsible for implementing the principles of Sustainable development in the whole group.

6. The Fund and Companies annually publish report on Sustainable development in order to provide the clarity and transparency of their operations for stakeholders with a view to ensuring the protection of information that constitutes a business, commercial or any other legally protected secrets. The report on Sustainable development is approved by the Board of Directors.

7. The Fund and Organizations should strive to encourage and facilitate the application of the principles of Sustainable development by Business partners.

4. Shareholders' (participants') rights and fair treatment of all shareholders (participants)

1. Observance of the rights of Shareholders (Participants) is a fundamental condition for attracting investment to the Fund and Organizations. The Organization should ensure the rights of Shareholders (Participants). In the presence of several Shareholders (Participants) in the Organization all shareholders must be treated equally.

2. Rights, responsibilities and competence of the Shareholders (Participants) are determined by the law and the constituent documents and are written in them. Shareholder (Participants) rights include, but are not limited to:

- getting information sufficient for decision-making in the order established by the laws of the Republic of Kazakhstan, charter and internal documents of the Organization in the field of information disclosure;
- participation at the Annual General Meeting of Shareholders (participants) and voting on matters within competence;
- participation in determination of the composition and terms of office of the Board of Directors (Supervisory Board and Executive Body), the election of its members and early dissolution, as well as determining the amount and terms of remuneration;
- receiving dividends in the amounts and dates to be determined by the Annual General Meeting of Shareholders (Participants) on the basis of the clear and transparent dividend policy.

3. In case of presence of several Shareholders (Participants) in the Organization, including minority Shareholders (Participants), the corporate governance system must ensure fair treatment of all Shareholders (Participants) and full realization of their rights which also should be reflected in the charter of the Organization.

5. Effectiveness of the Board of Directors and Executive Body

1. The Board of Directors is the governing body accountable to the annual general meetings of shareholders which provides strategic managing of the Organization and supervision of the Executive Body. The Board of Directors ensures implementation of all provisions of this Code.

Executive body accountable to the Board of Directors, it manages the daily operations of the Organization and ensure its compliance with the strategy, development plans and decisions approved by the Annual General Meeting of Shareholders and the Board of Directors.

The Board of Directors and the Executive Body shall interact in a spirit of collaboration and act in the interests of the Organization and make decisions based on the principles of sustainable development and equitable treatment of all shareholders.

The Board of Directors and the Executive Body shall ensure the growth of long-term value and sustainable development of the Fund or Organization.

2. The Board of Directors shall have an authority which is sufficient for governance of the Organization and controlling the activities of the Executive Body. The Board of Directors carries out its functions under the charter and pays special attention to the following issues:

- 1) definition of the development strategies (directions and results);
- 2) setting and monitoring of KPIs (key performance indicators) of Development plan;
- 3) organization and supervision of the effective functioning of the system of risk management and internal control;
- 4) approval and monitoring the effective implementation of major investment projects and other key strategic projects within the competencies of the Board of Directors;
- 5) election, remuneration, succession planning and control over supervision of the activities of CEO and members of the Executive Body;
- 6) Corporate governance and ethics;
- 7) compliance with the provisions of this Code in the Organization and corporate standards of the Fund in the field of business ethics (Business Ethics Code).

3. Members of the Board of Directors shall properly achieve their duties and ensure growth of the long-term value and Sustainable Development of the Organization. The Board of Directors of Organization is accountable to

shareholders. This accountability implemented thought mechanism of annual general meetings of shareholders.

4. The Board of Directors and its committees should have a balance of skills, experience and knowledge to ensure independent, objective and effective decisions in the interests of the Organization and with regard to equitable treatment of all shareholders and principles of the Sustainable Development.

5. It is necessary to provide a variety of experience, personal characteristics and gender composition in the composition of the Board of Directors. The Board of Directors shall consist of independent directors, in an amount sufficient to ensure the independence of decision-making and equitable treatment of all shareholders. Recommended number of independent directors on the Board of Directors of the Company is in the amounts up to fifty percent of the total number of Board members.

6. The Annual General Meeting of Shareholders shall elect the members of the Board of Directors on the basis of clear and transparent procedures taking into account competencies, skills, achievements, reputation and professional experience of the candidates. The re-election of individual members of the Board of Directors or its whole composition for the new term their contribution to the effectiveness of the Board of Directors of the Organization is taken into account.

In the Companies, all the voting shares of which are owned by the Fund, the following features on the process of election of members of the Board of Directors are exist:

1) Chairman of the Board of Directors elected by the decision of the Sole shareholder. If the Fund's representative is elected as Chairman, the Board of Directors elects the Senior Independent Director among independent directors;

2) The process of search and selection of candidates for the Board of Directors is carried out by the Fund jointly with the Chairman of the Board of Directors and the Chairman of the Nomination and Remuneration Committee of the Board of Directors of the Company.

In Organizations with several numbers of shareholders, process of Board members and Chairman's election shall be determined according to the Law of the Republic of Kazakhstan "On Joint Stock Companies" and the charter of the Organization. These organizations are recommended to involve Nomination and Remuneration Committee of the Board of the Organization into determination of the composition, required skills and competencies needed for the Board and candidates for the Director's position.

Participation of members of the Government, public officials in the Board of Directors of the Organization is not allowed.

The term of office of the Board of Directors members coincides with the term of office of whole Board of Directors and shall expire at the time of the decision by the general meeting of shareholders to elect new Board of Directors.

Members of the Board of Directors are elected for the period of up to 3 years thereafter, subject to satisfactory performance may be re-elected for another period of up to 3 years.

Any period of election to the Board of Directors for a period of more than 6 years in a row (for example, two 3-year term) shall be subject to special consideration in view of the necessary update the qualitative composition of the Board of Directors.

Independent director cannot be elected to the Board of Directors for a period of more than 9 years. In exceptional cases, the election for more than 9 years is allowed, the election of independent director to the Board of Directors shall take place each year with a detailed explanation of the need to elect a member of the Board of Directors and the influence of this factor on the independence of the decision.

No one shall be involved into decision making related to his (her) own nomination, election and reelection.

7. The Board of Directors approves the induction program for newly elected members of the Board of Directors and a professional development program for each member of the Board of Directors. Corporate Secretary shall ensure the implementation of this program.

8. Chairman of the Board of Directors is responsible for overall management of the Board of Directors, ensuring the full and effective performance of its activities and in establishing a constructive dialogue with members of the Board of Directors, shareholders and the Executive Body.

9. The role and functions of the Chairman of the Board of Directors and CEO of the Executive Body shall be clearly separated and fixed in the charter of the Organization, Regulations of the Board of Directors and Executive body.

10. The level of remuneration of Board of Directors members should be sufficient to attract, retain and motivate each member of the Board of Directors at the level required for the successful management of the Fund and the Organization. The establishment of the remuneration for member of the Board of Directors should be made in accordance with the methodology developed by the Fund. Additionally the expected positive effect to the Organization of participation in the Board of Directors of particular member should be taken into account. In Organizations with several shareholders the relevant rules of the remuneration of members of the Board of Directors are developed based on the methodology of the Fund and approved by the Annual General Meeting of Shareholders.

The Nomination and Remuneration Committee submits its proposals related to size of the remuneration of candidates for independent directors.

No one shall be involved into decision making related to his (her) own remuneration.

11. Committees of the Board of Directors promote deep and careful consideration of matters within the competence of the Board of Directors and increase in the quality of made decisions, in particular in areas such as audit, risk management, proper and effective application of the Rules of procurement of goods, works and services of the Fund and the Organization, appointment and remuneration members of the Board of Directors and the Executive Body, Sustainable development, including security and safety of work and the environment. The existence of committees shall not relieve the Board of Directors from liability for the decisions taken within the jurisdiction of the Board of Directors.

12. The preparation and conduction of meetings of the Board of Directors should promote maximum effectiveness of its activities. In order to perform their duties, members of the Board of Directors shall have access to the complete, relevant and timely information. The Board of Directors meets regularly to perform its functions effectively. Board of Directors meeting held in accordance with the work plan approved before the start of the calendar year. Meetings of the Board of Directors and its committees is carried out by a full-time or part-time (absentia meeting) forms of voting, the number of meetings with voting in absentia should be minimized. Consideration and adoption of decisions on important and strategic character is only at meetings of the Board of Directors with voting. In special cases a combination of both forms the meeting of the Board of Directors and its committees might be possible.

Meetings of the Board of Directors and its committees properly minutes by Corporate Secretary by indicating sufficient outcome of the discussions and decisions.

13. The Board of Directors, committees and members of the Board of Directors shall be assessed on an annual basis as part of a structured and approved process that is approved by the Board of Directors of the Organization. This process should follow the methodology of the Fund. At the same time at least once in every three years assessment is carried out by involving an independent professional organization.

14. Assessment should identify the contribution of the Board of Directors and each of its members in the growth of long-term value and sustainable development of Organizations, as well as to identify trends and recommend measures for improvement. The assessment results are taken into account in the re-election or termination of office of the members of the Board of Directors.

15. For the efficient organization of the Board of Directors' operations and the interaction of the Board of Directors, Executive Body with the shareholders, the Board of Directors appoints the Corporate Secretary.

The Board of Directors decides on the appointment of the Corporate Secretary, determines the term of office, functions and procedures of operations, the size of the salary and terms of remuneration, shall decides on the establishment of the service (the secretariat) and Corporate Secretary, determines the budget of this service. The Corporate Secretary is accountable to the Board of Directors of the Fund and independent from the Executive Body of the Fund. The main duties of the Corporate Secretary include assistance in a timely and quality corporate decision-making by the Board of Directors, the Sole Shareholder, acting as advisor to the Board of Directors on all matters of their activities and the application of the provisions of this Code, as well as monitoring the implementation of this Code and participation in improving corporate governance in Funds and Organizations. The Corporate Secretary also prepares a report on compliance with the principles and provisions of this Code, which should be included in the annual report of the Fund. This report must contain a list of principles and provisions of this Code which are not observed with giving of corresponding explanations for it.

16. The collegial Executive Body establishes in the Companies, in the rest of the Organization, and in case of creation of the Company - a joint venture Executive Body may be collegial or individual body at the discretion of the sole shareholders (participants). The CEO and members of the Executive Body should have high professional and personal characteristics, and have an impeccable reputation and follow high ethical standards.

17. Executive body accountable to the Board of Directors and supervises the daily activities of the Organization. It is responsible for implementation of the strategy, development plan and the decisions taken by the Board of Directors and the Annual general meeting of shareholders.

18. The Board of Directors elects the CEO and members of the Executive Body, defines the terms of reference, the size of the salary, the terms of their remuneration. The Nomination and Remuneration Committee of the Board of Directors of the Organization plays a key role in the search and selection of candidates for the Executive Body, the determination of their remuneration.

The CEO of the Executive Body makes suggestions on candidates for election to the collegial Executive Body to the consideration of the nomination and remuneration of the Board of Directors. In case of rejection by the Board of

Directors of the candidate proposed by the CEO of the Executive Body, on the same vacant position in the Executive Body for the second time, the right to make proposals for candidates for the vacant post goes to the Board of Directors.

In the Companies' 100% of shares (interest) of which are owned by the Fund, the candidacy for the post of CEO of Executive Body previously agreed by the Board of Directors of the Fund.

The Board of Directors may at any time terminate the powers of the CEO and members of the Executive Body.

It is recommended to choose the CEO and members of the Executive body for the period of up to three years. The terms of office of the CEO and members of the Management Board coincide with the term of office of the Management Board as a whole.

19. The Candidature for the CEO of the Company agreed with the President or the Administration of the President of the Republic of Kazakhstan in the case of the inclusion of the Company in the relevant list, approved by the Decree of the President of the Republic of Kazakhstan.

In this case, the company has the following search and the election order of members of the Board of Directors:

- 1) Nomination and Remuneration Committee of the Board of Directors determines the requirements for the competence and skills of the candidates for the post of CEO of Executive Body, ways to find candidates (either by themselves or with the assistance of the recruiting organization);
- 2) Nomination and Remuneration Committee of the Board of Directors carries out the search and selection of candidates, conducts interviews and makes a ranked shortlist of candidates;
- 3) Fund's Management Board agrees on the candidacy of CEO of the Executive Body and shall send to the ranked list of candidates of the Nomination and Remuneration Committee of the Board of Directors of the Fund;
- 4) Nomination and Remuneration Committee of Fund's Board of Directors considers and directs candidacy from the ranked list of candidates signed by the Chairman of the Board of Directors of the Fund (the Prime Minister of the Republic of Kazakhstan) to the President of the Republic of Kazakhstan;
- 5) Agreed candidacy by the President of the Republic of Kazakhstan or the head of the Presidential Administration of the Republic of Kazakhstan appoints

by the Board of Directors of the Company as CEO of the Executive Body of the Company.

20. The CEO and members of the Executive Body are assessed by the Board of Directors. The main criterion of assessment is the achievement of KPIs.

Motivational KPIs of the CEO and members of the Executive Body are approved by the Board of Directors.

The CEO makes suggestions regarding motivational KPIs of the Executive Body to the Board of Directors.

The assessment results have an impact on the amount of remuneration, promotion, re-election (appointment) or early termination of powers.

21. In the cases of violations of the Business Ethics Code by the members of the Executive Body, the CEO of the Executive Body shall notify the Board of Directors.

Member of the Executive Body who committed violations of norms of the Business Ethics Code cannot be a member of the Executive body of any other Organization.

22. In the event of a corporate conflict participants are seeking for ways to resolve them through negotiations in order to ensure effective protection of the interests of Organizations and Stakeholders.

The effectiveness of the prevention and settlement of corporate conflicts involves, above all, the maximally complete and speedy identification of such conflicts and precise coordination of all authorities of the Organization.

Corporate conflicts with the assistance of the Corporate Secretary of the Board of Directors considered by Chairman of Board of Directors of the Organization. In the cases that involve the Chairman of the Board of Directors in the corporate conflicts, such cases are considered by the Nominating and Remuneration Committee.

6. Risk management, internal control and audit.

1. The efficiently functioning system of risk management and internal control should be established in the Fund and Organizations. The system is aimed at assurance of reasonable trust in achievement of strategic and operating objectives by the Fund and Organizations. The Board of Directors and Executive Body should ensure the introduction of proper culture of risk management in the Fund and Organizations. Risk management and internal control system of the Fund and Organizations is a set of organizational policies, procedures, norms of conduct and actions, methods and mechanisms of management that are established by the Board of Directors/Supervisory Board and Executive board of the Fund and Organizations, to ensure:

- 1) optimal balance between growth of the company's value, profitability and risk inherent to them;
- 2) efficiency of financial and economic activity and achievement of financial sustainability of the company;
- 3) soundness of assets and effective use of the resources of the company;
- 4) completeness, reliability and accuracy of financial and managerial reporting;
- 5) compliance with the requirements of legislation of the Republic of Kazakhstan and internal documents;
- 6) appropriate internal controls to ensure the prevention of fraud and to provide effective support for business processes and performance analysis.

The Board of Directors and the Executive Body should ensure the implementation of appropriate risk management culture in the Fund and Organizations. Implementation and operation of risk management and internal control system in the Fund and the Organization must have a clear regulatory framework based on best practices (COSO) and methodology (policy) of the Fund.

2. The Board of Directors/Supervisory Board of the Fund and Organizations must define the principles and approaches to the organization of the risk management and internal control system based on the tasks of this system and taking into account best practices, work and methodology of the Fund in the field of risk management and internal control.

3. The Executive Bodies of the Fund and Organizations should insure the development and support of effective function of the risk management and internal control system. The risk management process should be integrated with

the planning processes (strategy and development plans, the annual budget) and operation's evaluation of the Organization (management accounting).

Each officials of the Fund or Organization ensure appropriate consideration of risks in decision making.

Executive Body of the Fund or Organization should ensure implementation of risk management procedures by employees, who have appropriate qualifications and experience.

4. The system of risk management and internal control of the Fund and the Organizations must be based on a strong culture – led by the Executive body - of risk management that provides mandatory procedures for the identification, assessment and monitoring of all significant risks and takes timely and appropriate measures to reduce the risks that may affect the achievement of strategic objectives, implementation of operational targets, and the company's reputation.

The procedures on risk management must ensure that when the new risks are occurred, they are quickly identified and ownership is assigned to them. In case of any unforeseen changes in the competitive or economic environment of the Fund and Organizations an urgent reassessment of the risk map and its compliance with risk appetite should be done.

5. The Fund and Organizations should develop, approve, formalize and document control procedures in three key areas: operating activities, preparation of financial statements and compliance with laws of the Republic of Kazakhstan and internal documents.

6. Transparent principles and approaches in the field of risk management and internal control, the practice of training employees and officials about the risk management system, as well as the process of documentation and timely communication of necessary information to official should be established in the Fund and Organizations.

7. The Board of Directors/Supervisory Board of the Fund and Organizations are required to take relevant actions in order to ensure that existing risk management and internal control system complies with principles and approaches to its arrangement defined by the Board of Directors/Supervisory Board and works effectively. Risks reports should be receive and fully discussed by the Board of Directors at least once in the quarter.

8. The IAS must be established in the Fund and Organizations for a systematic independent evaluation of the reliability and effectiveness of risk management and internal control system as well as corporate governance practices.

9. The internal audit in the Fund and Organizations should be carried out by establishment of a separate structural unit IAS (In Organizations in the form of limited partnerships the internal audit function may be assigned to the

Audit Commission/auditor in the absence of other mechanisms (for example, the implementation of the internal audit of the IAS of higher authority within the annual audit plan, or under the authority established by the Board of Directors). At that, the purpose, functions and tasks of the Audit Commission/Auditor, the order of its interaction with the bodies of the Organization should be established taking into account the principles set out in this Code in relation to the internal audit service). The goals, authority and responsibility of the IAS, qualification requirements (requirements for the professionalism of internal auditors) must be defined in the internal document of company (the Regulation on the IAS). Regulation on the IAS must be developed and approved in accordance with International professional standards of internal audit and corporate standards of the Fund in area of internal audit. The responsibility of the Organization's Board of Directors is to insure full compliance of the Regulation on IAS with the specific business needs of Organizations.

10. In order to ensure the independence and objectivity of the internal audit IAS organizationally and functionally should be subordinated to the Board of Directors. The Board of Directors make decisions on approval of action plans and strategies of IAS, budget of the IAS, determines the composition of the IAS, size and terms of salary payments, remuneration of its staff.

11. The Head of IAS should develops internal documents regulating activities of the unit based on corporate standards of the Fund in the field of internal audit and ensures their review and approval by the audit committee and Board of Directors.

12. The Internal Audit Service operates on the basis of a risk-oriented annual audit plan approved by the Board of Directors. The results of the audit reports and key detection should be quarterly submitted to the Board of Directors.

13. In carrying out its activities the IAS should assess the effectiveness of the internal control and risk management systems, assess corporate governance with the use of common standards of activities in the area of internal audit and corporate standards and recommendations of the Fund in the field of evaluation of corporate governance, effectiveness of internal control and risk management.

14. The Head of the IAS must develop and maintain the warranty and quality assurance program that covers all activities of the internal audit and provides the obligation to carry out internal and external evaluation of the IAS performance.]

Evaluation of the effectiveness of the IAS, its Head and staff is carried out by the Board of Directors on basis of the consideration of IAS's reports, compliance with deadlines of annual audit plan and reporting, assessment reporting conformity to requirements of standards and internal regulations of the IAS.

7. Transparency

1. In order to observe interests of the stakeholders the Fund and the Organizations timely and fairly disclose information on all important aspects of its activities, including the financial condition, results of operations, ownership and management structure.
2. The Fund and Organizations disclose in timely manner information prescribed by law of the Republic of Kazakhstan and internal documents. Internal documents determining the principles and approaches to disclose and protection of the information as well as a list of information to be disclosed to the Stakeholders should be approved in the Fund and Organizations. The Fund and Organizations determine the order of assignment of the information to the categories of access, terms of storage and use of information, including set of people who has right of free access to information of commercial and official secret and take measures to protect its confidentiality.
3. The Fund, Company and Organizations shares or interest bearing obligations of which are listed at a recognized Stock Exchange should post on its Internet website on a timely basis audited annual financial statements that is prepared in compliance with IFRS and also financial statements prepared in accordance with IFRS for the first quarter, for six months and the first nine months of the reporting period. In addition to primary forms of the financial statements it is encouraged to disclose additional information about the financial condition of the Fund, Companies and Organizations, shares or interest bearing obligations of which are listed at the Stock Exchange.
4. The Fund and the Organizations should carry out the audit of the financial statement on annual basis through attraction of the independent and qualified auditor which as a third-party entity provides objective assurance to the Stakeholders about authenticity of the financial statement and its compliance with IFRS. Norms in part of audited statements are applied, if an audit of annual financial statement is prescribed by legislation of the Republic of Kazakhstan and/or internal documents of the Organization.
5. The Fund, Companies and Organizations shares or interest bearing obligations of which are listed at the Stock Exchange should prepare an annual report in compliance with the provisions of this Code and best practice of information disclosure. The annual report is approved by the Board of Directors.
6. Internet website should be well structured, easy for navigation and contain information that is necessary for Stakeholders to understand the activities of the Fund and Organizations.

Part 2

ANNOTATIONS TO THE PRINCIPLES OF CORPORATE GOVERNANCE OF SAMRUK-KAZYNA GROUP

1. Government as the Shareholder of the Fund.

1. The Government delineates the powers as the sole shareholder and the powers related to government regulation. The Government manages the Fund in order to enhance the national welfare of the Republic of Kazakhstan through growth in the long-term cost (value) of the Fund and Organizations and efficient assets management of the Fund and Organizations.

2. The Government of the Republic of Kazakhstan is the Sole Shareholder of the Fund.

The main strategic objective of the Fund and Organizations is the growth of long-term value and Sustainable development of the Fund and Organizations that is reflected in the Development Strategy of the Fund and the Companies. All decisions and actions must conform to the Development Strategy.

The optimal assets structure must be designed in the Fund and Companies. The Fund and the Companies should seek to simplify as much as possible the structure of their assets and their organizational and legal forms.

Organizations perform their activities within its core (main) activities. Implementation of new activities is permitted if there is no competition in this market or participation of the Fund and Organizations will contribute to the development of small and medium-sized businesses.

It is recommended to have and keep the controlling share (interest) in the Organizations of the Fund.

Authorities, officials and employees of the Fund and Organizations must act and make decisions in accordance with the Development Strategy and the charter. The Development Strategy is a long-term document that defines the vision, mission, goals, objectives and key performance indicators for a decade. Companies on the basis of the Fund's Development Strategy approve the development strategy for a decade.

The Development strategy of the Holding company should include the tasks, objectives and areas of development of Organizations of its group. In the Organizations of the holding group, shares of which are listed on the Stock Exchanges, as well as the Organizations of the groups that are created in the form of joint ventures individual Development Strategies can be approved. These Organizations in the process of developing of Development Strategies should be guided by the provisions of the charters of Organizations and through consultations with other shareholders (participants).

Under the Development Strategy the Board of Directors determines the long-term goals that meet the following criteria: to be specific, measurable, achievable, and relevant, with the established deadlines of achievement. The assessment of the achievement of the strategic objectives is determined by the long-term key performance indicators KPI. It is recommended that individual aspects of operations (such as: investment, innovation, information technologies, human resources management) are included in the Development Strategy.

In the process of developing and monitoring the implementation of the strategy, the Board of Directors and the Executive Body shall conduct strategy sessions at which issues of the main activities of the company, the challenges, the problematic issues, risks and corrective actions are discussed.

In the development of the strategy the consultations with key stakeholders are held, in particular, major shareholders, key business partners, government stakeholders.

The strategy should include goals, objectives and performance indicators in terms of sustainable development.

Issues related to the development and implementation of the strategy should be considered solely on the in-person meetings of the Board of Directors at the frequency determined by the Board of Directors but at least once a year. The Board of Directors should implement a system for early detection and timely response to changes in the situation of the internal and external markets, force majeure.

Based on the strategic goals and objectives identified in the strategy the medium-term development plans and annual budgets are elaborated.

It is recommended to provide the optimal structure for the Fund's Organizations.

The parent company can be established in the form of a joint stock company in the Holding company. Other organizations are recommended to establish in the form of limited liability partnership. In the Organizations that have been already established in the form of a joint stock company it is recommended to consider the possibility of reorganization in the form of a limited liability company with account of economic, legal and other aspects and interests of the Fund.

When creating new Organizations the preferred the legal form is limited liability partnership. Creation of new Organization in the form of a joint stock company is allowed in exceptional cases, such as planned in the future transfer of the Organization's shares to the Stock Exchange Market.

When creating the Organization in the form of a limited liability partnership, participants decide independently on the need of creation of the Supervisory Boards and the feasibility of the election to its composition of independent members depending on the scope and specifics of the newly established organization.

In the case of acquisition of new assets and/or sale of shares (interest) of Organizations, Organization is recommended to maintain the control stock (interest). At that, for the Organizations which core activity is the implementation of portfolio investment, with a given investment horizon is allowed acquisition of minority shares (interest) and selling the whole package of shares (interest).

3. The Government is involved in the management of the Fund and Organizations solely by the exercise of powers of the sole shareholder of the Fund, provided by the Law "On Sovereign Wealth Fund" and the Charter of the Fund and representation on the Board of Directors of the Fund. The basic principles and issues of the Government and the Fund cooperation are regulated by the Agreement on cooperation between the Government of the Republic of

Kazakhstan and the Fund, approved by the Decree of the Government of the Republic of Kazakhstan # 1599 dated December 14, 2012. With regard to the Government as a shareholder the principles of section 4 "The rights of shareholders (participants) and the fair treatment of all shareholders (participants)" of this Code are applied in part of not contradicting to the Law of Kazakhstan "On Sovereign Wealth Fund".

4. In order to help secure the sustainable socio-economic development of the country, implementation of the sustainability of the economy and protection against unfavorable external factors management issues of the Fund are considered at the meeting of the Management Council of the Fund of the Republic of Kazakhstan (hereafter – Management Council), that is chartered by the President of Republic of Kazakhstan. The Management Council operates under Regulation approved by the Decree of the President of the Republic of Kazakhstan #1116 dated December 6, 2012.

Chairman of the Management Council is the First President of the Republic of Kazakhstan – Leader of Nation. The Management Council composition and its Regulation shall be approved by Decree of the President of the Republic of Kazakhstan.

The Management Council hears the issues of the operations of the Fund and Organizations and performs the following functions in accordance with the Regulation on the Management Council:

- 1) development of proposals to improve the competitiveness and efficiency of the Fund;
- 2) approval of the Development Strategy of the Fund;
- 3) consideration and development of proposals for the Fund's participation in government programs for diversification and modernization of Kazakhstan economy;
- 4) development of proposals for the priority sectors of the economy in which the Fund works.

5. The Government provides to the Fund and Organizations the full operating self-sufficiency and does not allow interference by the Government and government agencies in the operational (current) activities of the Fund and Organizations, except for cases provided by the laws, acts and orders of President of the Republic of Kazakhstan.

The Fund's Management Board and Chief Executive officer (CEO) of the Fund, authorities of the Organizations are fully autonomous and independent at decision-making and implementation of any action within their competence.

In case of interference of government agencies with the operational (current) activity of the Fund and Organizations not provided by the laws of the Republic of Kazakhstan, Organizations should immediately inform the Fund on such circumstance.

The Fund periodically brings such information to the Board of Directors which if required submits proposals on prevention such cases for consideration of the Government as the sole shareholder.

In the case of the establishment in the drafts government policy documents, action plans and regulations of the targets, activities and/or other regulations that affect the operations of the Fund and/or Organizations, such drafts shall be sent by the government agency - the developer to obtain as foreseen in the Regulation of the Government Republic of Kazakhstan, written position of the Fund, which is attached to the draft at submission to the Government.

When creating the advisory bodies or working groups by the Government (Prime Minister) to address issues relating to the activities of the Fund and/or Organizations, the representatives of the Fund and/or Organizations shall be included in the working group upon consultation with the Fund.

6. Relations between Government and the Fund, Organizations shall be made solely through the Board of Directors in accordance with the principles of appropriate corporate governance. The role and functions of the Chairman of the Board of Directors and CEO of the Fund are clearly delineated and enshrined in the documents of the Fund.

Composition and competence of the Board of Directors of the Fund is determined in accordance with the Law of the Republic of Kazakhstan "On Sovereign Wealth Fund". The Board of Directors is formed from the members of the Government, CEO of the Fund, independent directors and other persons. The quantitative composition of the Fund is determined by the Charter of the Fund, at that the number of independent directors should be at least two-fifths of total numbers of members of the Board of Directors. With respect to the members of the Board of Directors, including the independent directors, the requirements of section 5 "Effectiveness of the Board and the Executive Body" of this Code are accepted in the part not contradicting to the Law of the Republic of Kazakhstan "On Sovereign Wealth Fund" and the charter of the Fund.

The Chairman of the Board of Directors of the Fund is the Prime Minister of the Republic of Kazakhstan ex officio.

Members of the Fund's Board of Directors who are public servants do not receive a separate remuneration for membership on the Board of Directors and its committees. Members of the Government and other public servants (representatives of government agencies) are not included in the Boards of Directors of the Organizations.

The Board of Directors of the Fund shall be elected by the Government as the shareholder. The Boards of Directors of Organizations are elected by the Annual General Meeting of Shareholders (the Sole Shareholder) of Organizations.

Chairman of the Board of Directors cannot be simultaneously the CEO of the Fund. The Board of Directors considers the questions about the Fund and the Organizations within its competence according to the charter of the Fund, as well as pre-deal with all matters of competence of the Government as the sole shareholder.

7. The Fund discloses all necessary information on the Fund's activities to the Government as the shareholder and Board of Directors of the Fund according to the Law of the Republic of Kazakhstan "On Joint Stock Companies", the charter of the Fund, Agreement and ensures transparency of performance of the Fund and Organizations.

The Government can organize Hearings of Organizations on the results of their activities, solely through invitation of their representatives to the meeting of the Fund's Board of Directors.

The Management Board of the Fund not least than once in quarter reports by submission for consideration of the Board of Directors of the consolidated results of operations of the Fund with the organizations, fifty and more percent of the voting shares (interest) of which are owned by the Fund on the right of ownership or trust management. List of information provided to the Fund's Board of Directors is governed by the Agreement between the Government of the Republic of Kazakhstan and the Fund, the Regulation "On the Board of Directors of the Fund", the internal documents of the Fund and in accordance with the decisions of the Board of Directors of the Fund.

Reporting shall be provided to the government agencies by the Fund if it is expressly stipulated by the laws of the Republic of Kazakhstan, Acts of the President of the Republic of Kazakhstan, the Government and/or Rules of placement of the reporting required by government agencies at the Fund's web-site, the list, forms and frequency of placement of the reporting, approved by the Government

8. Investment activity of the Fund or Organization is constructed on market principles, in accordance with the Development strategy of the Fund or Organization and oriented to growth of the value and optimal assets structure.

Distribution of net income to the Government as the Sole Shareholder is made in the form of dividends on the basis of a formalized and transparent dividend policy.

Cases of implementation of low-profit and socially significant projects should be disclosed in the annual report of the Fund and Organizations by identifying the sources of funding for such projects.

The investment activities of the Fund and Organizations must be implemented as part of the Development Strategy realization. Unified approaches of investment activities organization are determined in internal documents of the Fund that regulates issues of investment activities.

9. The Fund's Board of Directors, Management Board, committees of the Board of Directors, Corporate Secretary and Internal Audit Service (hereafter – IAS) carry out their activities in accordance with the principles of Section 5 "The effectiveness of the Board of Directors and the Executive Body" and Section 6 "Risk management, internal control and audit" in part that is not contradicting to the Law of the Republic of Kazakhstan "On Sovereign Wealth Fund".

10. For more in-depth and high-quality work on the issues the following committees under the Fund's Board of Directors are established: Audit Committee, Nomination and Remuneration Committee, Specialized Committee, other committees can be created at the discretion of the Fund's Board of Directors.

The Fund's Board of Directors shall decide on the establishment of committees, define their personal and quantitative size, the chairmen, the term of office, as well as the function and operation.

The committee consists of members of the Board of Directors of the Fund and experts who have the necessary professional knowledge to work in a particular committee.

The Fund's or Organization's Audit Committee is composed solely of independent directors. In the case of attracting qualified expert by the committee, this person should not have the right to vote. The decision on attraction the expert is made by the Audit Committee itself and the appointment should be subject to annual review to confirm performance and independence.

The Fund's Specialized Committee provides a comprehensive and objective analysis of the impact of activities of the Organizations, which are in the group of the Fund's companies, on the development of the economy or particular sector of the economy in accordance with Law of the Republic Of Kazakhstan "On Sovereign Wealth Fund". The permanent member of the Specialized Committee - an expert with the voting right is the representative of the Accounts Committee for control over execution of the Republican budget.

Control over the usage by the Fund and Organization of allocated to them funds of the national budget, the National Fund of the Republic of Kazakhstan for compliance with the financial and economic feasibility, evaluation of the effectiveness of budget investments, are the responsibility of the Accounts Committee for Control over Execution of the Republican Budget.

The other committees of the Fund's Board of Directors are composed of a majority of independent directors.

The Specialized committee carries out its work in accordance with the regulations approved by the Board of Directors of the Fund that is developed in accordance with the Law of the Republic of Kazakhstan "On Sovereign Wealth Fund" and the Charter of the Fund.

Determination of the composition, term of office of specialized committees, election of the Chairman and members, as well as early termination of their powers is the competence of the Board of Directors of the Fund. Chairman of the specialized committees shall be elected from among the members of the Board of Directors of the Fund. Chairman of the Board of the Fund cannot be the Chairman of the Committee. The specialized committees of the Fund shall have the following functions:

- 1) consider the proposals of Accounts Committee for analysis of organizations of the group of the Fund, with a further provision of the issues in the prescribed manner to the Board of Directors of the Fund;
- 2) conducts research and provides a comprehensive assessment of the financial and economic activities of organizations of the group of the Fund;
- 3) provides results of analysis to the Board of Directors of the Fund and the Accounts Committee.

11. The Corporate Secretary is appointed in the Fund. The Board of Directors decides on the appointment of the Corporate Secretary, determines the term of office, functions and work procedure. The main duties of the Corporate Secretary include facilitating timely and high quality corporate decision-making by the Board of Directors, the Sole Shareholder, acting as advisor to the members of Board of Directors on all matters related to their activities and application of provisions of this Code, as well as monitoring the implementation of this Code and contributing to the improvement of corporate governance in the Fund and Organizations.

12. The IAS is created at the Fund. The Board of Directors of the Fund determines the numerical composition of IAS, terms of office, appoints and dismisses the Head of IAS, determines the order of IAS operations, the size and terms of remuneration, bonuses of IAS's employees, as well as the budget of the IAS.

The IAS is directly accountable to the Board of Directors of the Fund and independent from the Executive Body of the Fund.

Key responsibilities of the IAS are include assessment of the quality of the internal control and risk management system of the Fund and bringing to the attention of the Board of Directors of the information on the adequacy and effectiveness of this system. The main objective of the IAS is to promote the improvement of the performance of the Fund.

13. The collegial Executive Body is created in the Fund in the form of the Management Board. The Management Board is accountable to the Board and carries out its activities within the competencies defined by the Charter of the

Fund. The Board of Directors of the Fund monitors the efficiency of the Fund's Management Board's activities, including implementation of the decisions of the Sole Shareholder and Board of Directors of the Fund.

The Government as the shareholder appoints and early terminates the powers of the CEO of the Fund. Members of the Management Board are elected by the Board of Directors of the Fund. Proposals on candidates for election to the Management Board of the Fund are submitted by the CEO to the Board of Directors of the Fund.

14. The Fund and Organizations are committed to the maintenance of highest ethical standards and to the implementation of appropriate procedures to ensure the continued application of these standards by all employees and partners of the Funds and Organizations.

Notifications on possible infringement should be sent directly to the IAS or the Board of Directors of the Fund or Organization. Executive body and all of its structural units of the Fund and the Organization, including security, should not prevent the transmission of notifications of alleged violations to the IAS and the Board of Directors.

The Fund develops standards of business ethics, the standards of Ombudsman's activities, effective system of notification of the alleged violation. The Board of Directors of the Fund and Organizations ensure the implementation of these standards and their observation. All officials and employees of the Fund and the Organizations must sign a statement that proof their familiarization with the Code of Business Ethics and regularly reaffirm their knowledge of the Code. The training of officials and employees that is aimed at understanding of the Code of Business ethics, the role of the Ombudsman and the availability of the "whistleblowing" system should be organized on a regular basis in the Fund and Organizations.

15. The Ombudsman is appointed in order to comply with the principles of business ethics and optimal regulation of social and labor disputes arising in the Fund and Organizations.

A candidate for the position of Ombudsman should have an impeccable reputation, high authority and have the ability in making impartial decisions.

The Ombudsman is appointed by the Board of Directors of the Fund and shall be re-elected every two years. The role of the Ombudsman is to advise employees who referred to him, participants of labor disputes and conflict. The Ombudsman assists them in developing a mutually constructive and workable solution based on compliance with the law of the Republic of Kazakhstan (including confidentiality if necessary), in solving the problem of social and labor questions of workers and the Fund and Organizations, as well as in complying with the principles of business ethics by employees of the Fund and Organizations.

The Ombudsman shall submit to the relevant authorities and to an official of the Fund and/or the organizations identified problematic issues which are systemic in nature and require appropriate solutions (integrated measures), puts forward constructive suggestions for their solution.

The Ombudsman at least once a year submits a report on the results of the work to the Nomination and Remuneration Committee and the Audit Committee of the Board of Directors of the Fund, which evaluate the results of its activities.

The Board of Directors of the Fund assesses the performance of the Ombudsman and makes a decision on the extension or termination of office of the incumbent Ombudsman.

Place of work, working conditions of the Ombudsman are determined by the decision of the Fund's Management Board.

2. Corporate governance system in the Fund and Organizations.

1. The role of the Fund as a National Holding Company

The corporate governance system in the Fund and Organizations provides due governance and control over the operations of the Fund and Organizations and ensure growth of the long-term value and Sustainable development. The Fund as a national managing holding plays the role of a strategic holding in respect to its Companies. The efficiency, operability and transparency should be the basis for the corporate governance.

2. Corporate governance system is a set of processes which provides control and monitor the activities of the Fund and Organizations as well as the system of relationship between the Executive Body, Board of Directors, shareholders and stakeholders. Competence of authorities and decision-making procedures should be clearly defined and enshrined in the Charter.

Corporate governance system stipulates relationships between:

- 1) Shareholders (participants);
- 2) Board of Directors (Supervisory Board);
- 3) Executive Body;
- 4) Stakeholders;
- 5) other bodies defined according to the charter.

The Corporate governance system also must provide:

- 1) compliance with the hierarchy of order for consideration of issues and decision-making,
- 2) clear delineation of powers and responsibility between the authorities, officials and employees;
- 3) timely and qualified decision-making by the bodies of the Fund and Organizations;
- 4) the efficiency of processes in the activities of the Fund and Organizations;
- 5) compliance with the Law, this Code and the internal documents of the Fund and Organizations.

The regulations on the bodies and structural units, as well as job descriptions for the respective positions must be approved in the Fund and Organizations. Compliance with the provisions of these documents provides consistency and sequence of corporate governance processes.

3. The Fund interacts in management of Companies by implementing the functions of the shareholder/participant, as well as thought the Board of Directors/Supervisory Board in accordance with order that is defined in charters of the Companies and this Code.

The Fund annually directs to the Chairman of the Board of Directors and representatives of the Fund in Board of Directors of the Company the expectations of the shareholder for the coming financial year.

The Fund in the format of the General Meeting of Shareholders shall meet with the members of the Board of Directors/Supervisory Board of the Companies all voting shares of which are owned by the Fund.

The Boards of Directors of the Companies have full autonomy in decision-making within their competence, established by the charter of Companies.

The position of the Fund on certain issues is brought through the representatives of the Fund at the Board of Directors of the Company.

Accordingly to the Law of the Republic of Kazakhstan "On Sovereign Wealth Fund" in the Company's charter, all the voting shares of which are owned by the Fund, the matters within the exclusive competence of the annual general meeting of shareholders and the board of directors in accordance with the Law "On Joint Stock Companies", can be attributed to the competence of the Board of Directors and the Executive Body of such a company, respectively. In such cases the authority that has transferred competences to the inferior authority shall monitor the implementation of the delegated competences.

Operations of the Fund on management of Organizations shall be performed in compliance with the Laws of the Republic of Kazakhstan "On Joint Stock Companies, "On Sovereign Wealth Fund" and internal documents regulating management of subsidiary and affiliated organizations.

4. Fund based on discussions with the Companies forms a uniform policies for the Companies, approves methodological guidelines and corporate standards for the Organizations.

The decision to use corporate standards in the field of internal audit and internal control system that are approved by the Fund in the Organization will be accepted the by the Board of Directors Organization taking into account insurance of compliance with these standards, the specifics of the Organizations.

The Fund shall create a unified policy for the Company, approves methodological recommendations and corporate standards for Organizations in accordance with the law "On Sovereign Wealth Fund". Such areas include issues of human resources, information technology, investment, innovation, risk management, corporate governance, planning, economics and finance and others. Holding companies

can approve uniform policies for their group in areas not covered or complementary/implemented policies and corporate standards for Organizations that are approved by the Fund.

5. The Executive of the Fund and the Executive of the company shall cooperate in a spirit of collaboration to ensure that the Development Plans of the Companies which are forwarded to the Company Board of Directors for final approval are challenging and realistic and that they are in compliance with the Fund's Strategy and Development Plan.

The Executive of the Fund will maintain a regular dialogue with the Executive of the Company on strategy and sustainable development issues. However the Executive of the Fund will not have an involvement in operational issues, which are the responsibility of the Executive of the Company, unless there are cases which suggest that the KPI's set out in the Development Plan are not capable of being achieved.

6. Distribution of net income to the Government as the Sole Shareholder is in the form of dividends on the basis of a formalized and transparent dividend policy.

7. The governance of Organizations is implemented by the authorities of the Organizations in accordance with the competences and procedures specified by the charter of the Organizations. This principle also applies to Organizations with several shareholders (participants).

8. The Fund, Organizations and their officials shall be responsible for the growth of long-term value and the Sustainable development of the Fund and the Organizations, and respectively for the decisions and actions/inactions taken in the order established by the law of the Republic of Kazakhstan and internal documents.

The key element of performance evaluation of the Fund, the Organizations and Executive Body is the KPI system. The Fund, through its representatives on the Board of Directors/Supervisory Board submits to the Companies its expectations, in terms of KPI. The list and targets KPI's of the Company are approved by the Board of Directors/Supervisory Board of the Company.

In order to achieve the KPI, the Companies shall develop an appropriate Development Plans that should be approved by the decision of the Board of Directors/Supervisory Board.

The achievement of KPIs of the Fund and Organizations is assessed annually by comparison with approved Development plan. This assessment has the impact on the payment system of the year-end remuneration of CEO and members of the Executive Body, taken into account in their re-election and may be the basis for their early removal.

In order to assess the achievement of the goals and objectives set out in the development strategy, the KPI are established for Companies through the following processes:

1) the Fund provides to its representatives in the Boards of Directors/Supervisory Boards its expirations on KPIs of the Company for a planned period which will be proposed to consideration of the Board of Directors/Supervisory Board of the Company;

2) following consideration and discussion the Board of Directors/Supervisory Board of the Company approves the list and target KPI values that are communicated to the Executive Body of the Company for the development of relevant Development Plans;

3) in order to achieve the KPI the Company elaborates the development plan for a five year period in the manner specified by relevant documents of the Fund;

5) the draft Development Plan of the Company after the approval of the Executive Body of the Company is entered into the information system of the Fund for the planning, monitoring and evaluation of activities and submitted for consideration and approval of the Board of Directors/Supervisory Board of the Company;

5) development plan of the Company is approved by the Board of Directors/Supervisory Board of the Company and approved version of the Development Plan is also entered in the information system of the Fund for the planning, monitoring and evaluation activities.

Adjustment of Development plans of the Company after their initial approval may be done in the order defined by the corresponding documents of the Fund.

The draft Development Plan of the Company and draft adjustments of the approved Development Plan do not agreed by the Fund.

The Executive Body of the Company monitors the implementation of the Development Plan and KPI of the Company. The results of monitoring and reporting on the performance of the Development plan shall be entered in the information system of the Fund for the planning, monitoring and evaluation activities in the order determined by the relevant documents of the Fund.

9. The Board of Directors of the Holding company must ensure the effectiveness of governance, the growth of long-term value and sustainable development in all legal entities within its group. Results of effective management in the group of Holding Company must be an increase of operational efficiency, improvement of reporting, improved standards of corporate culture and ethics, greater openness and transparency, risk reduction, proper system of internal control.

Holding companies should implement, maintain a functioning state and continually improve the management system in the group.

The Board of Directors of the Holding company is the body responsible to the shareholders for the effective management and operation of the entire group and makes decisions related to the management of the group.

The corporate governance system in the Holding company must provide:

1) the presence of a clear system of control in the group, delineation of powers and decision-making process, absence of overlapping of functions and processes;

- 2) uniform standards, policies and processes, including the definition of the common approaches to planning, monitoring and control, performance evaluation and implementation of corrective actions;
- 3) access to high quality information on the activities of the group;
- 4) adequate risk management of the group;
- 5) ensuring compliance with the requirements established by law of the Republic of Kazakhstan and the documents of the Fund and the Holding Company;
- 6) coordination of cooperation with stakeholders.

Other possible mechanisms for the group management by the Holding company include the centralization of certain supporting functions (planning, treasury, accounting, information technology, legal support, internal audit and other).

Holding company should ensure a balance between control established by the Holding company in the group, and granting of autonomy in operational decision-making to the Organizations in order to carry out their activities.

The corporate governance system and decision-making process in the Holding Company should be clearly established and regulated in the charter and documents in Holding Company and the Organizations within its group.

3. Sustainable Development

1. The Fund and the Organizations recognize the importance of their impact on the economy, environment and society and seeking to growth of the long-term value should ensure their sustainable development in the long run observing a balance of the interests of stakeholders. This principle of responsible, thoughtful and rational interaction with stakeholders will contribute to the successful development of the Fund and Organizations.

“Sustainable development” is the development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs (Report of the World Commission on Environment and Development “Our common future”, August 4, 1987).

“We are not afraid of changes that are taking place in the world under the influence of a prolonged global crisis. We are ready for them. Now our task - keeping everything we have achieved over the years of independence, continue sustainable development in the XXI Century”

Address of the President of the Republic of Kazakhstan Mr. Nursultan Nazarbayev to the People of Kazakhstan "Strategy "Kazakhstan – 2050", December 12, 2012.

2. The Fund and the Organizations should aim at the growth of the long-term value while ensuring their Sustainable Development and observe a balance of the Stakeholders’ interests. The activities in the field of Sustainable Development should correspond to the best international practice.

The Fund and Organizations in course of their activities have an impact on or are affected by stakeholders.

Stakeholders may have both positive and negative impact on the activities of the Fund and Organizations, namely impact on value growth, sustainable development, reputation and image, and creation or reduction of risks. The Fund and Organizations are required to pay a significant attention to the proper interaction with Stakeholders.

The Fund and Organizations in determining stakeholders and interaction with them are recommended to use international standards of definition and interaction with Stakeholders (AA 1000 Accountability Principles Standard 2008; AA 1000 Stakeholder Engagement Standard 2011; ISO 26000 Guidance on Social Responsibility; GRI (Global Reporting Initiative) and others).

4. The list of Stakeholders includes, but not limited to: Stakeholders	Contribution, impact	Expectations, interest
Investors, including shareholders and second-tier banks	Financial resources (equity capital, borrowed funds)	Profitability of investments, timely payment of dividends, principal and interest
Employees, officials	Human resources, loyalty	High wages, good working conditions,
Trade unions	Promoting social stability, regulation of labor relations and conflict resolution	Observance of the rights of workers, good working conditions

Clients	Financial resources by procurement of production (goods, works and services) of the organization	Obtainment of high quality, safe products and services at affordable price
Suppliers	Supply of resources (goods, works and services) to add value	Reliable market, constant customer's creditworthiness
Domestic communities, population	Support at place of business Loyalty and support of local authorities Favorable attitude Cooperation	Creation of new jobs, development of the region
Government, state authorities and Parliament	State regulation	Taxes, solving social problems

The Fund and Organizations should strive to engage in constructive dialogue, cooperation and build mutually beneficial relationships with all stakeholders. The Fund and Organizations compose a map of Stakeholders, taking into account the risks and ranging, depending on the degree of their impact (direct or indirect), liabilities, situation (paying special attention to the high risk areas), influence, different (diverse) perspectives.

The Holding Companies must have the consolidated map of stakeholders for their group and make the appropriate plan for interaction with such parties.

Methods of interaction with stakeholders include, but are not limited to the following forms (AA 1000 Stakeholder Engagement Standard 2011):

Interaction level	Interaction methods
Consultations: Bilateral interaction; Stakeholders to answer questions of the Fund and Organizations	Questionnaires Group focus Meetings with Stakeholders Public meetings Seminars Providing feedback by means of communication Advisory councils
Negotiations	Collective talks with employees through trade unions
Involvement Bilateral and multilateral cooperation; building knowledge and experience from all parties, Stakeholders and organizations operate independently	Multilateral forums Advisory panel Consensus process Joint decision making Group focus Feedback schemes
Cooperation Bilateral and multilateral cooperation;	Joint projects Joint ventures

joint building of knowledge and experience, taking decisions and measures	Partnership Joint initiatives of Stakeholder
Delegating powers Stakeholders (if applicable) participate in the management	Integration of interaction issues with Stakeholders in the management, strategy and operations

3. The Fund and Organizations should ensure the consistency of their economic, environmental and social goals for Sustainable Development in the long term which includes, inter alia, the establishment and growth of long-term value for shareholders and investors. Sustainable development of the Fund and Organizations covers the following fields: economic, environmental and social.

The economic component should direct the activities of the Fund and the Organization for the growth of long-term value, ensuring the interests of shareholders and investors, increase in efficiency, increase in investment in the creation and development of more advanced technologies, increasing productivity.

The environmental component should ensure minimization of impact on biological and physical natural systems, the optimal use of scarce resources, the use of eco-friendly, energy and material-saving technologies, creation of environmentally friendly products, minimization, recycling and disposal of waste.

The social component of Sustainable development is focused on the principles of social responsibility, which among other things include: ensuring the safety and preservation of the health of employees, fair remuneration and respect of the employees' rights, staff development, the implementation of social programs for staff, creating new jobs, sponsorship and charity, ecological and educational actions.

The Fund and Organizations should conduct a review of its activities and the risks for these three aspects and strive to avoid or reduce the negative impact of its performance on the Stakeholders.

The International Standards GRI 4 provide the following classification of categories and aspects of sustainable development:

Category	Aspects
Economic	Economic performance Market presence Indirect economic impact Procurement practices
Environmental (Ecological)	Materials Energy Water Biodiversity Emissions Effluents and waste Products and services Meeting the requirements Transport General information Environmental assessment of suppliers Complaint mechanisms for environmental problems

Social	Labor practice and decent work <i>includes, inter alia, employment, health and safety in the workplace, training and education, the relationship of employees and management, diversity and equal opportunities, equal remuneration for men and women, the assessment of labor practices of suppliers, complaints mechanisms on labor practices</i>
	Human rights, <i>includes, inter alia, investment, non-discrimination, freedom of association and collective talks, child labor, forced or compulsory labor, security practices, the rights of indigenous and small-numbered people, evaluation, assessment of compliance of human rights by the suppliers, complaints mechanisms for human rights violations</i>
	Society, <i>includes, inter alia, local communities, anti-corruption, public policy, not hindering competition, eligibility, assessment of the impact of suppliers on society, complaint mechanisms of the effect on society</i>
	Product liability <i>includes, inter alia, health and consumer safety, labeling of products and services, marketing communications, customer privacy, compliance with requirements</i>

4. Principles in the area of Sustainable development are openness, accountability, transparency, ethics, respect of Stakeholders' interest, , justice, observance of human rights, intolerance to corruption, the inadmissibility of conflict of interests, personal example.

Disclosure of principles:

1) Openness – We are open to contacts, discussion and dialogue. We are looking to build long-term cooperation with stakeholders, based on mutual interests, respect of the rights and the balance between the interests of the Fund, Organization and stakeholders.

2) Accountability – We are aware of our responsibility for the impact on the economy, environment and society.

We are aware of our responsibility in front of the shareholders and investors for the growth of long-term value and sustainable development of the Fund and Organizations in the long run.

We are striving to minimize negative impact on the environment through careful use of resources (including energy, raw materials, and water), the progressive reduction of emissions, waste, and the introduction of high-performance, energy and resource saving technologies.

We pay taxes and other fees stipulated by law to the Government budget.

We keep and create jobs as part of our strategy of development and opportunities.

We are seeking to promote development of the area, in which we operate within the framework of our strategy and within the limits of available financial resources.

We carefully and prudently make decisions and perform actions at every level, from the level of the Board of Directors and Executive Body to the level of ordinary employees.

We strive to introduce innovation technologies that are aimed at careful and responsible use of resources and increasing productivity.

Our products, goods and services must comply with the standards of health and safety of consumers, established by the law and standards of good quality. We appreciate our clients.

3) Transparency – Our decisions and actions should be clear and transparent to stakeholders. We timely disclose information provided by the law and our documents, taking into consideration the norms for the protection of confidential information.

4) Ethical behavior - The basis for our decisions and actions are our values such as meritocracy, respect, honesty, openness, teamwork and trust, trustworthiness and fairness.

5) Respect – We respect the rights and interests of the Stakeholders, which arise from the law, signed contracts, or implied within business relations.

6) Justice - our decisions and actions are consistent with the law of the Republic of Kazakhstan and the decisions of the authorities of the Organizations.

7) Respect of human rights - We respect and promote respect of human rights enshrined in the Constitution of the Republic of Kazakhstan and international documents such as the Universal Declaration of Human Rights.

We categorically reject and prohibit the use of child labor.

Our employees – are our main value and main resource. The level of their professionalism and security impacts directly on the results of our activity and the value created for investors. Therefore, we are striving to:

- attract on open and transparent basis the best and professional candidates from the labor market and educate our employees based on the principle of meritocracy;
- ensure the security and safety of our employees;
- conduct sanitary programs and provide social support to employees;
- establish an effective system of motivation and development of employees;
- develop corporate culture.

8) Intolerance to corruption – Corruption destroys the value created by our organizations for our shareholders, investors, other Stakeholders, and by society as a

whole. We declare intolerance to the corruption in all its manifestations in collaboration with all Stakeholders. Officials and employees involved in corruption affairs are to be dismissed and brought to justice in accordance with the laws.

Internal control system in the Fund and the Organization should include measures aimed at non-admission, prevention and detection of corruption offenses.

The Organizations should develop a dialogue with Stakeholders to increase their awareness in the fight against corruption.

9) Inadmissibility of conflict of interests - Serious violations related to the conflicts of interests, could damage the reputation of the Fund and Organizations and undermine their credibility with shareholders and other Stakeholders. Personal interests of the executive or employee shall not affect the impartial performance of their official duties, functional liabilities.

In relationship with Partners the Fund and Organizations by relying on the establishment and preservation of fiduciary relationship in which the parties are obliged to act with respect to each other as much as possible with honesty, integrity, fair and loyal, taking actions to prevent, detect and eliminate conflicts of interest.

10) Personal example – each of us every day in our actions, behavior and decision-making contributes to introduction of these principles. The employees and officials who are occupying managerial positions by their personal example should motivate the introduction of principles of Sustainable development.

5. The Fund and Organizations should design the management system in the field of Sustainable development, which includes but is not limited to, the following elements:

1) commitment to the principles of Sustainable development at the level of the Board of Directors, the Executive Body and employees;

2) analysis of the internal and external situation on three components (economic, environmental and social issues);

3) identification of risks in the field of sustainable development in social, economic and environmental spheres;

4) construction of maps of stakeholders;

5) defining the objectives and KPI in the field of Sustainable development, the development of an action plan and identification of responsible persons;

6) the integration of Sustainable development into key processes, including risk management, planning, human resources management, investment, accounting, operations, and others, as well as development strategy and decision-making processes;

7) training of officials and employees in the field of Sustainable development;

8) regular monitoring and evaluation of activities in the field of Sustainable development, assessment of the achievement of objectives and KPI, the adoption of corrective measures, the introduction of a culture of continuous improvement.

The Board of Directors and the Executive Body should ensure the formation of a proper system in the field of Sustainable development and its implementation.

All employees and officials at all levels contribute to Sustainable development.

Holding companies are responsible for implementing the principles of Sustainable development in the whole group.

The Fund and Organizations develop action plans in area of Sustainable Development through:

1) Careful, thorough and thoughtful analysis of the current situation on the three main areas - economic, environmental and social, in conducting this analysis the accuracy, timeliness and quality of information play a key role;

2) identification of the risks in the area of Sustainable Development; risks are distributed in compliance with the three areas of the Sustainable development, can also affect related areas and cover other risks. In order to determine risks the analysis of internal and external factors of impact on the Fund and Organizations is conducted;

3) determination of Stakeholders and their impact on activities;

4) determination of the objectives, as well as possible targets, measures on improvement of the activities of the Organization on the three components, the responsible persons, resources required and deadlines;

5) regular monitoring and evaluation of the implementation of the objectives, activities and achievement of targets;

6) systematic and meaningful engagement with stakeholders, receiving feedback;

7) implementation of the generated plan;

8) continuous monitoring and regular reporting;

9) review and assessment of the impact of the plan, summarizing, and taking corrective and enhancement measures.

When developing an action plan in the area of Sustainable Development, it is recommended to take into account international declarations and standards (OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, ISO 26 000 Guidance on Social Responsibility, IFC Sustainability Framework; the Declaration on environment and development, adopted by UN Conference in Rio de Janeiro, June 3-14, 1992; UN Global Compact Principles; and others).

Sustainable development should be integrated in:

1) management system;

2) development strategy;

3) key processes, including risk management, planning (long-term (strategy), medium-term (5-year development plan) and short-term (annual budget) periods), accountability, risk management, HR management, investments, operational activities and other as well as in the decision-making process at all levels - from bodies (Annual General meeting of shareholders, the Board of Directors, Executive Body), to ordinary employees.

Roles, competences, responsibility of each management body and all the employees for the implementation of the principles of sustainable development should be clearly defined and enshrined in the management system in the area of sustainable development.

The Board of Directors provides strategic guidance and monitors the implementation of sustainable development. The Executive Body develops an appropriate action plan and submits it for consideration to Board of Directors.

In order to thorough preparation of the issues of Sustainable development for consideration of the Board of Directors of the Fund and Organizations, establishment of special Committee is recommended, for example, it may be a Committee for health, environment and safety engineering.

Audit Committee shall monitor the risks in the area of Sustainable development, the quality of non-financial information and reporting.

The Executive Body performs proper realization and implementation of the principles, policies, standards and action plan in the Fund and the Organization. For this purpose it is required to nominate an employee at the management position, who would be responsible for the initiation, coordination and implementation of activities in the area of sustainable development.

All employees, each at its own level, introduce the principles and activities in the area of sustainable development through personal conduct and compliance with relevant policies and standards.

Special programs of education and training in the field of sustainable development should be implemented in the Fund and Organizations. Education should become a permanent feature in the implementation of sustainable development. Officials of the Fund and Organizations should strive to engage employees based on understanding and commitment to the principles of Sustainable development, cultural change and behavior in the performance and execution of responsibilities.

Benefits from introduction of the principles of Sustainable development include:

- 1) attraction of investments - in determining investment attractiveness by investors, the efficiency in the area of sustainable development is taken into account in the world practice;
- 2) increase of management efficiency and minimizing of non-financial risks - the integration of environmental and social considerations in the decision-making process allows extending planning horizons and considering more diverse range of risks and opportunities that creates the preconditions for the sustainable long-term business development;
- 3) increased efficiency - introduction of high-performance and resource efficient technologies enables to create innovative products and services while increasing its competitiveness and efficiency;
- 4) strengthening reputation - improvement of the corporate image is the most evident result of the activities of the organization in the area of sustainable development that adds value to the brand and creates a credit of trust, as well as have a positive effect on the quality of cooperation with business partners;

5) increase of loyalty on the part of internal and external Stakeholders - creating attractive working conditions, opportunities for professional growth and career development enables to attract and retain prospective qualified specialists; building up an effective dialogue with Stakeholders helps build a positive environment around the activities of the Fund and Organizations that contributes to the increased efficiency of its business through the understanding and support of customers, shareholders, investors, public authorities, local communities and non-governmental organizations.

6. The Fund and Companies annually publish reporting on Sustainable development in order to provide the clarity and transparency of their operations for stakeholders with a view to ensuring the protection of information that constitutes a business, commercial or any other legally protected secrets. Reports on Sustainable development are approved by Board of Directors.

The Fund and Organizations provide the clarity and transparency of their activities for Stakeholders.

Methods of information disclosure to the Stakeholders may be the meetings with Stakeholders, the use of media (publications, interviews), Internet, feedback that is provided by means of communication, advisory committees and councils, answers to issues and others.

The Fund, Companies and Organizations shares of which listed on the Stock Exchange, annually develop and publish reports on sustainable development with a view to ensuring the protection of information that constitutes business, commercial or any other legally protected secrets.

Reporting on sustainable development is the public presentation of the results of the activities in the area of economic, social and environmental activity aspects management, as well as effects on the interests of Stakeholders.

Information on sustainable development could be provided in the form of a separate report or be a part of an integrated report. It is permitted to the Holding Companies of preparation of a unified consolidated report for Organizations of its group.

In preparing reporting on the Sustainable development in the form of an integrated report, it should reflect:

- 1) significant financial economic and operational results on core types of activities, as well as its economic, environmental and social impact;
- 2) approaches to the managing the social, economic and environmental areas of activity;
- 3) strategy and plans for the short, medium and long term perspectives.

In preparing reporting on Sustainable development it is recommended to be guided by generally accepted standards:

International Integrated Reporting Standards (IIRC), Guide for reporting in the area of Sustainable development Global Reporting Initiative (GRI), Standards of series AA1000 Institute of Social and Ethical Accountability.

Reporting on Sustainable development is approved by the Board of Directors and brought to the attention of Stakeholders by posting on the corporate Internet website and/or delivering it in hard copy.

In order to bring the policy of Sustainable development to the attention of Stakeholders, the Website of the Fund and Organizations is recommended to contain a separate section devoted to this field of activity.

7. The Fund and Organizations should strive to encourage and facilitate the application of the principles of Sustainable development by Business partners.

The Fund and Organizations should take steps to adopt and comply with the principles of Sustainable Development in its relations with Partners.

The Fund and Organizations should discuss the inclusion and compliance with the principles and standards of Sustainable development in the relevant contracts (agreements, treaties) with Partners. It is recommended to take comprehensive actions with Partners to implement the principles and standards of Sustainable development.

If the Fund and the Organization identify the risks associated with the provision by the Partners of negative impact on the economy, environment and society, then the Fund and Organizations should take actions aimed at ceasing or preventing such effects.

In case of failure to take or improper performance by the Partner of the principles and standards of Sustainable development, the level of importance of this Partner for the Fund and the Organization and presents of actions of influence and the possibility of replacing of this Partner should be taken into account.

4. Shareholders' (participants') rights and fair treatment of all shareholders (participants)

1. Observance of the rights of Shareholders (Participants) is a fundamental condition for attracting investment to the Fund and Organizations. The Organization should ensure the rights of Shareholders (Participants). In the presence of several Shareholders (Participants) in the Organization all shareholders must be treated equally.

2. Rights, responsibilities and competence of the Shareholders (Participants) are determined by the law and the constituent documents and are written in them. Shareholder (Participants) rights include, but are not limited to:

- getting information sufficient for decision-making in the order established by the laws of the Republic of Kazakhstan, charter and internal documents of the company in the field of information disclosure;

A Shareholder (Participant) must have an access to the information about the Organization, necessary for the appropriate decision-making, taking into account the requirements of confidentiality and disclosure of the Organization's information.

Disclosure of the information on Organization's activities must contribute to taking an informed decision about participation in the share capital of the Organization on the part of investors or retirement from the composition of Shareholders (Participants) of the Organization.

The Organization informs its Shareholders (Participants) about its activities affecting the interests of Shareholders (Participants) in the manner prescribed by the laws of the Republic of Kazakhstan, Charter and other internal documents of the Organization. The procedure and channels of information disclosure to the Shareholders must be identified in the information policy or other document regulating the issues of the information disclosure about the Organization. The Organizations the shares of which are listed at the Stock Exchange disclose the information additionally in accordance with the Listing Rules.

The list of information disclosed to the Shareholders (Participants) is given in Article 79 of the Law "On Joint Stock Companies", the laws of the Republic of Kazakhstan "On Business Partnerships", "On Limited Liability Companies And Additional Liability Companies", in the founding documents and internal documents of the legal entity and in Section "Transparency" of this Code.

Shareholders (Participants) and investors receive information about the activity of the Organization through:

1) the annual report, including the Board of Directors' Report and the audited annual financial statements (provisions of this item in part of the audited financial

statements are applied if the audit of the annual financial statements is provided by the law of the Republic of Kazakhstan and/or internal documents of the Organization);

2) internet site of the Organization, comprising a section for Shareholders (Participants) and investors, reflecting the relevant information about the Organization's operations;

3) the possibility to obtain information and documents by sending inquiries to the Organization in the order established by the law of the Republic of Kazakhstan, founding and internal documents of the Organization;

4) press releases and other informational materials distributed by the Organization;

5) briefings conducted by the Organization;

6) different ways according to the internal documents of the Organization.

Upon the request of the Shareholder (Participant) the Organization provides copies of documents specified by the law of the Republic of Kazakhstan, subject to the restrictions on disclosure of official, commercial or other protected by the law secret/information which are defined in the Law of the Republic of Kazakhstan and internal documents of the Organization. The fee charged by the Organization for providing copies of documents is determined by the Organization and cannot exceed the cost of their production and if necessary delivery to the Shareholder (Participant).

The Shareholder (Participant) has the right to address to the Organization with written request about its activities and to receive reasonable responses within 30 (thirty) calendar days from the date of receipt of the request to the Organization or another term specified by the charter, internal document of the Organization.

Upon the request of the Shareholder (Participant), the Organization shall be liable to provide the copies of requested documents allowed by the Law of the Republic of Kazakhstan "On Joint-Stock Companies", in the order allowed by Article 80 of the Law of the Republic of Kazakhstan "On Joint-Stock Companies".

- participation at the AGM and voting on matters within competence;

Shareholders (Participants) implement their rights to participation in management of the Organization through participation at the annual general meetings of shareholders (participants). The annual general meetings are divided into annual and extraordinary.

In the Organizations with the Sole Shareholder (Participant), the annual general meeting is not held. Decisions on the issues referred in compliance with the legislation of the Republic of Kazakhstan and the Charter of the Organization to the competence of the annual general meetings are taken by such shareholder at his sole discretion and subject to registration in writing.

The Sole Shareholder (Participant) holds meetings with the Board of Directors and Executive Body (Supervisory Board and/or Executive Body) (hereinafter – Hearing of the Board of Directors) for summing up the activities and decision-making on matters within its competence. The Sole Shareholder (Participant) may also hold regular meetings with the Chairman of the Board of Directors (Supervisory Board and/or Executive Body) to discuss the Organization's activities within its competence.

The procedure of the annual general meetings is determined in accordance with the Law "On Joint Stock Companies" (Law of the RK "On Partnerships with Limited and Additional Liability"), the Charter and other internal documents of the Organization that are regulating the internal activities of the Organization, or by a decision of the annual general meetings of the Shareholder (Participant). The date and time of the Annual General Meetings of shareholders are set in the way that the meeting could be attended by the greatest number of persons entitled to participate in it or all persons in relation to the issues requiring the unanimous decision-making.

The process of considering and adopting amendments to the operations and management of the Organization by the Annual General Meeting of shareholders (participants) is made by providing of materials to substantiate such changes. There must be installed as simple and non-burdensome procedures for obtaining or acquaintance with these materials.

The information and materials provided to Shareholders (Participants) prior to the Annual General Meetings of Shareholders/Hearings of the Board of Directors and the procedure of their presentation must ensure the fullest possible understanding of the essence of the issues discussed with comprehensive list of clearly formed issues to be discussed, the risks associated with the taking (rejection) of the decision, the answers of interested issues and the opportunity to take informed decisions on the agenda items.

In the case of inclusion in the agenda of the Annual General Meeting of shareholders (participants) of the issue on election of members of the Board of Directors/Supervisory Board, the full information about the candidates for these positions in accordance with the requirements of the law, the Charter and internal documents of the Organization shall be provided. The issues on the agenda should be clear and exclude the possibility of a different interpretation. From the agenda the issues with the wording "miscellaneous", "other", "different", etc. should be excluded. At the Annual General Meeting of shareholders (members) the organization shall provide a separate decision for each individual issue. Rights of shareholders such as "to make proposals on the agenda of the Annual General Meeting of shareholders (participants)", as well as "to demand the convening of an extraordinary general meeting of shareholders

(participants)" in the prescribed manner should be easy to implement with their clear justification.

The necessary organizational and technical conditions ensuring the opportunity for shareholders/participants to ask questions on the agenda and materials should be created during the preparation for the annual general meetings/ Hearings of the Board of Directors. The powers of officials, the Corporate Secretary (or person performing his functions) and employees of the Organization on interaction with shareholders (participants) and investors as well as the procedure for providing responses on their inquiries should be clearly assigned in the Organization.

The Corporate Secretary (or a person performing his functions), monitors incoming issues from Shareholders (Participants) and provides answers in terms of procedures for the annual general meetings of the Shareholders (Participants), clarifies provisions of the legislation of the Republic of Kazakhstan and documents of the Organization in terms of participation and voting at the annual general meetings of the Shareholders (Participants), as well as on other issues if such is defined in the Organization's internal documents.

The Companies' the shares of which are listed at the Stock Exchange are recommended to set up special departments on work with investors, to communicate with investors, to ensure timely and quality provision of answers to issues of the shareholders.

The methods of informing the convening of the general annual meetings of the Shareholders (Participants) must ensure timely notification of all Shareholders (Participants) in compliance with law of the Republic of Kazakhstan. If necessary, the notification is duplicated as well as different notification methods are used, including the corporate website of the Organization. In order to provide information simultaneously to all Shareholders (Participants) on the Organization's activities to ensure equitable treatment to them, the Shareholders (Participants) determine the mass media.

Informational materials distributed in the preparation of the annual general meetings of the Shareholders (Participants) should be systematized in relation to the agenda.

The information disclosure requirements should not impose undue administrative burden or unnecessary expenses on the Organization.

The related materials on the agenda of the annual general meetings the Shareholders (Participants) and given the confidentiality protection should be posted on

the Organization's website indicating contact information of the persons responsible for communicating with Shareholders (Participants) and investors (phone, e-mail).

The process of voting at the annual general meeting of the Shareholders (Participants) should be maximum simple and convenient for the Shareholder (Participant) using all possible methods of voting taking into consideration the provisions of the Charter of the Organization.

The procedure of the annual general meeting of the Shareholder (Participant) provides equal opportunity to all Shareholders (Participants) in exercising rights to participate in the annual general meeting. The Shareholder (Participant) may vote at the annual general meeting that is held in the in-present manner, personally or impersonal presence (by power of attorney issued by the Shareholder (Participant) to its representative). The power of attorney is not required to participate at the general annual meeting of Shareholders (Participants), and vote on the issues for the person who has, in compliance with the laws of the Republic of Kazakhstan, or contract the right to act without power of attorney on behalf of the shareholder or represent its interests

The Organization must develop the Regulations on the annual general meetings, which should define the procedure of the annual general meetings of the Shareholders (Participants), providing for adequate discussion of the agenda items and decision-making, speech of officials and etc.

The significance of the Annual General Meeting of shareholders (participants) of the Organization suggests mandatory participation (in the case of invitations) of all officials involved in the management of the Organization.

Registration time should be sufficient to ensure that all shareholders (or their representatives) can join the shareholders who have not checked, are not counted in the quorum and may not participate in the vote.

The procedure for collecting and counting the votes should be as simple and transparent; the shareholders have to be sure to exclude the possibility of a distortion of the voting results. The organization shall ensure that the voices were recorded and filed properly.

The Chairman of the annual general meeting of the Shareholders (Participants) should aim to ensure that Shareholders (Participants) have received answers to all the important issues directly at the annual general meetings. If the complexity of the issues prevents from answering them immediately, the person(s) to which they are addressed

shall provide written answers to the issues as soon as possible after the conclusion of the annual general meeting of the Shareholders (Participants).

In case of acquisition of shares (interest) in the Organizations by institutional investors in order to provide stability and sustainability of Organizations, the institutional investors should disclose their policy of corporate governance and regulation to perform investment activities by them, including existing decision-making procedures in the company of the investor.

The institutional investors are acting as the authorized attorney should report on how they solve significant conflicts of interest that may affect the property rights in the implementation of their investment.

The institutional investor is a legal entity that attracts funds for investment in compliance with the law of the Republic of Kazakhstan, for example, large financial institutions, accumulating surplus funds of the population, companies or enterprises for further investment in various financial instruments (insurance and pension funds, investment companies) - participation in determination of the composition and terms of office of the Board of Directors (Supervisory Board and Executive Body), the election of its members and early dissolution, as well as determining the amount and terms of remuneration;

The Organization must have transparent procedure for the election and the establishment of remuneration of the Board of Directors (Supervisory Board and/or Executive Body) approved by the Annual General Meeting/Sole Shareholder/Participant (Sole Participant). The election of the composition of the Board of Directors (Supervisory Board and/or Executive Body) (Supervisory Board and/or Executive Body) is performed in the order determined by the law of the Republic of Kazakhstan, the Charter and internal documents of the Organization and this Code.

The issues of election, re-election, composition, term of office, termination of powers, size and terms of remuneration and assessment of Directors are regulated in Section 5 of this Code.

- receiving dividends in the amounts and dates to be determined by the Annual General Meeting of Shareholders (Participants) on the basis of the clear and transparent dividend policy.

The clear and transparent mechanism for determining the amount and payment of dividends must be defined for the purpose of effective distribution of profits in the Organization.

Shareholders (Participants) should have the access to the information about the conditions and order for the payment of dividends and have reliable information on the financial position of the Organization in the payment of dividends. In this case the dividend policy must be approved by the general annual meeting of Shareholders (Sole Shareholder)/Participants (Sole Participant) providing the access to all the Shareholders /Participants. The Holding company should have the unified dividend policy developed taking into account a specificity of presence of the organizations with several Shareholders/Participants in the group's structure. Organizations with several Shareholders/Participants may adopt another dividend policy approved by general annual meeting of Shareholders (Participants).

Distribution of net profit and dividend payment by the Companies, more than fifty percent of shares (interest) of which is owned by the Fund on the right of property or trust management is performed in compliance with the dividend policy of the Fund.

The dividend policy defines the principles by which the Board of Directors (Supervisory Board and/or Executive Body) is guided in the preparation of proposals to the Shareholders (participants) concerning the distribution of net income of the Organization for the last financial year. The dividend policy is based on the following principles:

- 1) safeguarding interests of Shareholders (Participants);
- 2) increasing long-term value of the Organization;
- 3) ensuring the financial stability of the Organization;
- 4) providing financing of the Organization, including the funding of investment projects implemented at the expense of the Organization;
- 5) transparency of the mechanism for determining the amount of dividends;
- 6) balance of short-term (revenue) and long term (development of the Organization) interests of Shareholders (Participants).

The calculation of the size of dividends shall be based on the sum of the Organization's net profit as reported in the audited annual financial statements of the Organization prepared in compliance with the laws of the Republic of Kazakhstan on accounting and financial reporting and international financial reporting standards. In the case of payment of dividends on ordinary shares following the quarter or semester or the distribution of retained earnings of last years and in some cases, the dividend may be determined by the general annual meeting of Shareholders (the Sole Shareholder) in special circumstances when considering the issue of approval of profit distribution for the relevant periods.

To take a decision on payment of dividends, the Board of Directors (Supervisory Board or Executive Body) submits proposals on the distribution of net profit of the Organization for the expired financial year and the size of dividend for the year per ordinary share of the Organization for consideration of the general annual meetings (the Sole Shareholder)/Participant (the Sole Participant).

Dividends shall be paid on the date established by the decision of the general annual meeting of Shareholders (the Sole Shareholder)/Participant (the Sole Participant).

3. In case of presence of several Shareholders (Participants) in the Organization, including minority Shareholders (Participants), the corporate governance system must ensure fair treatment for all Shareholders (Participants) and full realization of their rights which also should be reflected in the charter of the Organization.

Ensuring equal and fair treatment to all Shareholders (Participants) affects the reputation of the Organization, its investment attractiveness and promotes the Organization's value.

The order and procedures of general annual meetings of Shareholders / Participants should provide for equitable treatment to all Shareholders (Participants). The corporate procedures must not unreasonably complicate or burden with costs the voting process.

Should the Organization have a shareholder who owns fifty percent or more of the voting shares (interests) or who has the right to determine the decisions by virtue of agreements concluded with the Organization and/or other Shareholders (Participants), redistribution of finance in favor of such shareholder (Participant) must be performed by dividend payment. In the case of the presence of other mechanisms of redistribution of funds of the Organization to the shareholder (participant), who owns fifty percent or more of the voting shares (interests), they must be enshrined in the documents of the Organization and disclosed to all Shareholders.

The Organization must disclose information of any forms and conditions for cooperation, agreements, partnership with the Government and public authorities to the Shareholders (Participants) and investors.

5. Effectiveness of the Board of Directors and Executive Body

1. The Board of Directors is the governing body accountable to the annual general meetings of shareholders which provides strategic managing of the Fund and the Organization and supervision of the Executive Body. The Board of Directors ensures implementation of all provisions of this Code.

Executive body accountable to the Board of Directors, it manages the daily operations of the Fund and the Organization and ensure its compliance with the strategy, development plans and decisions approved by the Annual General Meeting of Shareholders and the Board of Directors.

The Board of Directors and the Executive Body shall interact in a spirit of collaboration and act in the interests of the Fund and the Organization and for the benefit of all shareholders.

The Board of Directors and the Executive Body shall ensure the growth of long-term value and sustainable development of the Fund and the Organization.

2. The Board of Directors shall have an authority, sufficient for governance of the Fund and the Organization and controlling the activities of the Executive Body. The Board of Directors carries out its functions under the Charter and pays special attention to the following issues:

- 1) definition of the development strategies (directions and results);
- 2) setting and monitoring of KPIs (key performance indicators) of Development plan;
- 3) organization and supervision of the effective functioning of the system of risk management and internal control;
- 4) approval and monitoring the effective implementation of major investment projects and other key strategic projects within the competencies of the Board of Directors;
- 5) election, remuneration, succession planning and control over supervision of the activities of CEO and members of the Executive Body;
- 6) corporate governance and ethics;
- 7) compliance with the provisions of this Code of Organization and corporate standards of the Fund's in the field of business ethics (Business Ethics Code).

3. Members of the Board of Directors shall properly achieve their duties and ensure growth of the long-term value and Sustainable Development of the Organization. The Board of Directors of Organization is accountable to shareholders. This accountability implemented through mechanism of annual general meetings of shareholders.

Members of the Board of Directors should fulfill their responsibilities and in its activities follow the following principles:

1) to act within its powers: members of the Board of Directors take decisions and act within the powers enshrined in the Charter;

2) to devote sufficient time in order to attend the meetings of the Board of Directors, its committees, and preparation for them:

the simultaneous occupation by member of the Board of Directors of the positions of the member of Board of Directors in more than four legal entities is forbidden, the simultaneous occupation of the position of the Chairman of the Board of Directors shall be allowed only in two legal entities. Employment of a member of the Board of Directors positions in other legal entities may be subject to the approval of the Board of Directors;

3) to promote the increase of long-term value and sustainable development of the Organization:

members of the Board of Directors must act in the interests of the Organization and with regard to equitable treatment of all Shareholders and principles of Sustainable development.

The impact of decisions and actions of the members of the Board of Directors may be determined by the following issues:

- what are the consequences of the decision/action in the long term;
- what is the impact of the Organization for the society and the environment;
- whether a fair treatment of all Shareholders will be possible;
- impact on the reputation of the Organization and high standards of business ethics;
- impact on the interests of stakeholders.

This list of issues is the minimum required, but not exhaustive.

4) maintain high standards of business ethics:

members of the Board of Directors shall in their actions, decisions and behavior meet the high standards of business ethics and be an example/model for the employees of the Fund and the Organization.

5) avoid conflicts of interests:

member of the Board of Directors should avoid situations in which his personal interest may affect the proper performance of his duties as a member of the Board of Directors.

In case of situations with conflicts of interests that affect or could potentially affect the impartial decision-making, the members of the Board of Directors must give advance notice to the Chairman of the Board of Directors and do not take part in such decisions.

This requirement also applies to other actions taken by the member of the Board of Directors, which may directly or indirectly affect the proper performance of duties of a member of the Board of Directors (for example, involvement of a member of the Board of Directors in the activities of other entities, the acquisition of shares/equity and other property at the Partners and competitors, access to information and opportunities);

6) act with due intelligence, skill and diligence:

Members of the Board of Directors are recommended on regular basis improve their knowledge of the competencies of the Board of Directors and performance their duties on the Board of Directors and committees, including areas such as law, corporate governance, risk management, finance and audit, sustainable development, knowledge of the industry and the specific activities of the Organization.

In order to understand the current issues of the Organization's activity, the members of the Board of Directors should regularly visit key objects of the Organization and hold meetings with employees.

The each member of the Board of Directors shall be personally responsible for the performance of duties of a member of the Board of Directors, including fiduciary responsibilities to the shareholder (shareholders) and decisions taken, their effectiveness, impact and/or omissions. If there are different opinions, the Chairman of the Board of Directors shall consider all appropriate options and proposals expressed by individual members of the Board of Directors to make a decision that meets the interests of the Organization.

The Board of Directors is accountable to the Shareholders (participants) for the results of performance of the Organization. At the annual general meeting of Shareholders (Hearing), the Chairman of the Board of Directors provides to the Shareholders (participants):

1) a report of the Board of Directors, which reflects the activities results of the Board of Directors and its committees during the reporting period, the measures taken by the Board of Directors for the growth of long-term value and sustainable development of the Organization, the main risk factors, significant events, considered issues, the number of board of directors meetings, form of meetings, attendance and other important information. The report of the Board of Directors is included in the annual report of the Organization;

2) a report on realization of the expectations of the shareholder (participant) (for the Companies).

The Board of Directors shall annually reports on the observance of provisions of this Code to the Shareholders (Participants).

Additionally, major Shareholders (the Sole shareholder) may meet with the Chairman and members of the Board of Directors to discuss the development strategy,

the election of the CEO of the Executive Body and other aspects that influence the growth of long-term value and sustainable development of the Organization. Such meetings are planned in advance and carried out in compliance with approved procedures.

4. The Board of Directors and its committees should have a balance of skills, experience and knowledge to ensure independent, objective and effective decisions in the interests of the Fund and the Organization and with regard to equitable treatment of all shareholders and principles of the Sustainable Development.

5. It is necessary to provide a variety of experience, personal characteristics and gender composition in the composition of the Board of Directors. The Board of Directors shall consist of independent directors, in an amount sufficient to ensure the independence of decision-making and equitable treatment of all shareholders. Recommended number of independent directors on the Board of Directors of the Company is in the amounts to fifty percent of the total number of Board members.

6. The Annual General Meeting of Shareholders shall elect the members of the Board of Directors on the basis of clear and transparent procedures taking into account competencies, skills, achievements, reputation and professional experience of the candidates. The re-election of individual members of the Board of Directors or its whole composition for the new term their contribution to the effectiveness of the Board of Directors of the Organization is taken into account.

In the Companies, all the voting shares of which are owned by the Fund, the following features on the process of election of members of the Board of Directors are exist:

1) Chairman of the Board of Directors elected by the decision of the Sole shareholder. If the Fund's representative is elected as Chairman, the Board of Directors elects the Senior Independent Director from among the independent directors;

2) The process of search and selection of candidates for the Board of Directors of the Fund is carried out jointly with the Chairman of the Board of Directors and the Chairman of the Nomination and Remuneration Committee of the Board of Directors of the Company.

In Organizations with several numbers of shareholders process of Board members and Chairman's election shall be determined according to the Law of the Republic of Kazakhstan "On Joint Stock Companies" and the Charter of the Organization. . These organizations are recommended to involve Nomination and Remuneration Committee of the Board of the Organization into determination of the composition, required skills and competencies needed for the Board and candidates for the Director's position.

Participation of members of the Government, public officials in the Board of Directors of the Organization is not allowed.

The term of office of the Board of Directors members coincides with the term of office of whole Board of Directors and shall expire at the time of the decision by the general meeting of shareholders to elect new Board of Directors.

Members of the Board of Directors are elected for up to 3 years thereafter, subject to satisfactory performance may be re-elected for another period of up to 3 years.

Any period of election to the Board of Directors for a period of more than 6 years in a row (for example, two 3-year term) shall be subject to special consideration in view of the necessary update the qualitative composition of the Board of Directors.

Independent director cannot be elected to the Board of Directors for a period of more than 9 years. In exceptional cases, the election for more than 9 years is allowed, the election of independent director to the Board of Directors shall take place each year with a detailed explanation of the need to elect a member of the Board of Directors and the influence of this factor on the independence of the decision.

No one shall be involved into decision making related to his (her) own nomination, election and reelection.

The Board of Directors shall be composed of persons with knowledge, skills and experience that are necessary to perform by the Board of Directors its functions and growth of long-term value and Sustainable development of the Organization, and also with an impeccable business and personal reputation.

In the selection of candidates to the Board of Directors following is taken into account:

- 1) Experience in leadership (managing) positions;
- 2) Experience as a member of the Board of Directors;
- 3) Work experience;
- 4) Education, profession, including the presence of international certificates;
- 5) Availability of competences in areas and sectors (industry may vary depending on the portfolio of assets), an example of which can be in the following table:
- 6) Business reputation ;
- 7) The presence of direct or potential conflict of interest in the case of election to the Board of Directors of the Organization.

Criterion	Necessary knowledge	Director X	Director Y
Competence	Strategy		
	Risks and Audit		
	Jurisprudence		
	Corporate Governance		
	Investments		
	Economy and Finance		
	HR and remuneration		
Industry	Innovation		
	Telecommunications		
	Oil and Gas		

	Energy		
	Transport		
	Mining		
	Mechanical Engineering		
	Real Estate		

The numerical composition of the Boards of Directors for each company is set individually depending on level of activity, business needs, current challenges, strategy and financial capabilities. The number of members of the Board of Directors should allow creating required number of Committees. A number of members of the Board of Directors is between 7 to 11 persons.

The composition of the Board of Directors should be balanced which means a combination of members of the Board of Directors (representatives of shareholders, independent directors and CEO of executive body) that ensures decision-making in the interests of the Organization, taking into account the equitable treatment of shareholders. It is forbidden participation of the Government members, public officials in the composition of the Board of Directors of the Organization.

The selection process of the members of the Board of Director should be transparent and be undertaken with involvement of the Boards of the Fund (the Fund's involvement in relation to the Boards of the Companies) and the Organization. Search for candidates and their appointment is held by objective criteria by taking into account the need of diversity the Board of Directors.

The process of search and selection should be done before the expiration of the full term of the entire Board of Directors and before the expiry of the powers of individual member of the Board of Directors.

The issue of election of the whole composition of the Board of Directors or individual members of the Board of Directors could be initiated in the prescribed manner by Major shareholder or Nomination and Remuneration Committee through the Board of Directors of the Organization.

In companies in which 100% of shares are owned by the Fund, the following the search process and the election of a member of the Board of Directors exists:

The Fund, together with the Chairman of the Board of Directors, the Chairman of the Nomination and Remuneration Committee:

- 1) prepares and planning: analysis and definition of the set of required competencies and skills the Board of Directors, taking into account the tasks of the Organization;
 - 2) specifies the channel search candidates on their own or with the assistance of the recruiting organization;
 - 3) searches for candidates;
 - 4) selects the candidate: assessment, interview and prepare proposals for candidates
- Candidates for the Board of Directors of the Company are discussed with at least one member of the Nomination and Remuneration Committee of the Board of Directors of the Fund.

5) The decision of the Sole Shareholder.

6) Publishing information on the Internet recourse of the Organization, press release.

Holding companies can use this process in the Group.

In Organizations with several numbers of shareholders process of Board members and Chairman's election shall be determined according to the Law of the Republic of Kazakhstan "On Joint Stock Companies" and the Charter of the Organization. . These organizations are recommended to involve Nomination and Remuneration Committee of the Board of the Organization into determination of the composition, required skills and competencies needed for the Board and candidates for the Director's position.

The independent directors are elected to the Board of Directors. An independent director is a person who has sufficient expertise and autonomy to make independent and objective decisions, free from the influence of individual shareholders, the Executive Body and other Stakeholders.

The requirements for independent directors are established in accordance with the laws of the Republic of Kazakhstan and the Charter of the Organization.

Independent directors should actively participate in the discussion of issues where there may be a conflict of interest (preparation of financial and non-financial statements, transactions in respect of which there is an interest, the nomination of candidates for the Executive Body, the establishment of remuneration to the members of the Executive Body). Independent directors are elected chairmen of key committees of the Board of Directors - for audit appointments and remuneration, other committees also recommended their election as President.

An independent director should monitor the status of a possible loss of independence and notify in advance the Chairman of the Board of Directors of existence of the event of such situations. In the event of circumstances affecting the independence of the members of the Board of Directors, Chairman of the Board of Directors shall forthwith make this information available to the shareholders for a decision.

The Fund and Organization must have succession plans of appointments to the Board of Directors in order to maintain business continuity and progressive renewal of the Board of Directors.

7. The Board of Directors approves the induction program for newly elected members of the Board of Directors and a professional development program for each member of the Board of Directors. Corporate Secretary shall ensure the implementation of this program.

Newly elected members of the Board of Directors after their appointment take an induction program. In the process of induction members of the Board of Directors get familiarized with their rights and responsibilities, key aspects of the activities and documents of the Fund and the Organization, including those that are associated with the greatest risk.

8. Chairman of the Board of Directors is responsible for overall management of the Board of Directors, ensuring the full and effective performance of its activities and in establishing a constructive dialogue with members of the Board of Directors, major shareholders and the Executive Body.

9. The role and functions of the Chairman of the Board of Directors and CEO of the Executive Body shall be clearly separated and fixed in the charter of the Organization, Regulations of the Board of Directors and Executive body.

Chairman of the Board of Directors should seek to create a unified team of professionals that are configured on the growth of long-term value and sustainable development of the Organization, who are able to promptly and with due professional care respond to internal and external challenges.

In order to perform the role of Chairman of the Board of Directors, the Chairman in addition to his professional qualifications and experience, must have special skills, such as leadership, ability to motivate, understand different perspectives and approaches and have the skills to resolve conflicts.

Roles and functions of the Chairman of the Board of Directors and CEO of the Executive Body of the Organization should be clearly defined and enshrined in the Charter. CEO of the Executive Body will not be elected by Chairman of the Board of Directors.

Key functions of the Chairman of the Board of Directors include:

- 1) planning Board of Directors/Supervisory Board meetings and the formation of the agenda;
- 2) ensuring the timely receipt by the members of the Board of Directors of the full and relevant information for decision-making;
- 3) ensuring concentration of the Board of Directors attention on consideration of strategic issues and minimizing issues of current (operating) nature to be considered by the Board of Directors;
- 4) maximizing the effectiveness of the Board of Directors meetings through the allocation of sufficient time for discussion, a thorough and comprehensive review of issues on the agenda, encouraging open debate and the achievement of harmonized solutions;
- 5) construction of proper communication and interaction with shareholders, including organization of the consultations with major shareholders when making key strategic decisions;
- 6) ensuring monitoring and supervision of proper execution of decisions of the Board of Directors and the annual general meeting of shareholders (the sole shareholder);
- 7) in the case of corporate conflicts takes steps to address them and to minimize their negative impact on the operations of the Organization, and timely informs the major shareholders (the sole shareholder) in case of failing to address such situations on its own.

Key functions of the senior independent director include:

- 1) act as advisor to Chairman of the Board of Directors and supports him in informing of objectives determined by him;
 - 2) assessment of the activity of the Board of Directors Chairman;
 - 3) planning of succession of the Chairman of the Board of Directors;
 - 4) in case of disagreement between Shareholders, Executive body, Chairman of the Board of Directors and other directors acts as mediator in addressing disagreements.
10. The level of remuneration of members of the Board of Directors should be sufficient to attract, retain and motivate each member of the Board of Directors

of the level required for the successful management of the Fund and the Organization. The establishment of the remuneration for member of the Board of Directors should be made in accordance with the methodology developed by the Fund. Additionally the expected positive effect to the Organization of participation in the Board of Directors of particular member should be taken into account.

In Organizations with several shareholders the relevant rules of the remuneration of members of the Board of Directors are developed based on the methodology of the Fund and approved by the Annual General Meeting of Shareholders.

The Nomination and Remuneration Committee of the Organization submits its proposals related to size of the remuneration of candidates for independent directors.

No one shall be involved into decision making related to his (her) own remuneration.

The remuneration should fairly reflect expected contribution of the member of the Board of Directors in enhancing performance of whole Board of Directors and activities of the Organization.

In establishing level of remuneration the liabilities of the members of the Board of Directors, scale of the Organization's activity, long-term objectives and tasks that are determined by strategy, complexity of the issues under consideration by the Board of Directors, the remuneration level in similar companies (benchmarking, remuneration review) should be taken into consideration.

Members of the Board of Directors are typically paid a fixed annual remuneration, as well as additional compensation for the chairmanship of the Board of Directors, participation, and the chairmanship of the committees of the Board of Directors. The remuneration of members of the Board of Directors shall not include options or other items related to the performance of the Organization.

The establishment of the remuneration for member of the Board of Directors should be made in accordance with the methodology developed by the Fund. Additionally the expected positive effect to the Organization of participation in the Board of Directors of particular member should be taken into account. This methodology shall be discussed with at least one member of the Remuneration and Nomination Committee of the Board of the Fund.

In Organizations with several shareholders the relevant rules of the remuneration of members of the Board of Directors are developed based on the methodology of the Fund and approved by the Annual General Meeting of Shareholders.

The annual general meeting of shareholders (the sole shareholder) of the Organization determines the size and terms of remuneration and compensations of expenses to member(s) of the Board of Directors of the Organization.

11. Committees of the Board of Directors promote deep and careful consideration of matters within the competence of the Board of Directors and increase in the quality of made decisions, in particular in areas such as audit, risk management, proper and effective application of the Rules of procurement of goods, works and services of the Fund and the Organization, appointment and remuneration members of the Board of Directors and the Executive Body, Sustainable development, including security and safety of work and the environment. The existence of committees shall not relieve the Board of Directors from liability for the decisions taken within the jurisdiction of the Board of Directors.

The committees are created to carry out a detailed analysis and development of recommendations on the most important range of issues prior to their consideration by the Board of Directors. The final decision on matters considered by the Committee is adopted by the Board of Directors.

The Board of Directors decides the establishment of committees, determines the composition of the Committees, the terms and powers.

The committees are composed of members of the Board of Directors that have the necessary professional knowledge, competencies and skills to serve on the committee. The presence of potential conflicts of interest must be taken into account in the composition of committees. The Chairmen of the committees in addition to professional competences must have organizational and leadership skills, with good communication skills for the effective organization of the committee's activity.

The committees should be mandatorily established in the Board of Directors; their competence includes consideration of the issues on audit, risk management, nomination and remuneration issues. In organizations, which operations involve risks of technological disasters (e.g. industrial companies, air and rail transportation) should set up committees on safety and environmental protection. In order to improve the efficiency of investment decisions it is recommended to include in the jurisdiction of one of the committees of the Board of Directors the issues related to the investment activities of the Organization, the consideration of which is the responsibility of the Board of Directors. Depending on the composition, size, and current tasks of the Board of Directors other activities of the Committee may be provide on the issues of strategy, investment and other issues. The composition of the committee will be composed of at least 3 people.

Independent directors enter composition of the Audit Committee. The members of the Audit Committee should have in-depth knowledge and practical experience in the field of accounting and auditing, risk management and internal control. Chairman of the Audit Committee is an independent director. Basic functions of the audit committee include issues of internal and external audit, financial reporting, internal control and risk management, compliance with law of the Republic of Kazakhstan, internal documents and other issues on behalf of the Board of Directors.

In the composition of the Nomination and Remuneration Committee comprises the majority of the number of independent directors in order to develop objective and independent decisions and to avoid the influence of stakeholders (shareholders' representatives, the CEO of the Executive Body, employees, and other persons) in the judgment of committee members.

Members of the committee should have in-depth knowledge and practical experience in human resource management and performance assessment, as well as in the field of corporate governance. Chairman of the Committee is an independent director. Basic functions of the Committee include the appointment, motivational KPIs, performance assessment, compensation and succession planning director and member of the Executive Body, the issues of appointment and remuneration of the Corporate Secretary, as well as participation in the consideration of these issues in relation to the composition of the Board of Directors, in the case of the provision of such powers by the Annual general meeting of shareholders (the sole shareholder). In this case, members of the Nomination and Remuneration Committee should prevent situation with a conflict of interests and do not participate in consideration of the issues of own appointment and/or remuneration.

The meetings of committees are attended by only members of those committees. The presence of the other parties is allowed only through the invitation of the committee. If necessary, committees may invite experts and consultants.

The functions, powers, composition and organizational process of committees shall be governed by the relevant provisions and approved by the Board of Directors. Committees approve its work plan (recommended before the start of the calendar year), which is coordinated with the work plan of the Board of Directors, with the list of topics and dates of meetings. Frequency of committees meetings is at least 4 meetings per year. The Committee shall meet in person, with registration minutes. In order to create an enabling environment and reduce the cost of holding committee meetings the meeting may be attended by members of the committees through technical means.

The committees Chairmen prepare a report on activities of the committee and on a separate meeting make a report to of the Board of Directors on the results of

operations for the year. Chairman of the Board of Directors will have the right to request the information from committee on its activities within the year.

12. The preparation and conduct of meetings of the Board of Directors should promote maximum effectiveness of its activities. In order to perform their duties, members of the Board of Directors shall have access to the complete, relevant and timely information. The Board of Directors meets regularly to perform its functions effectively. Board of Directors meeting held in accordance with the work plan approved before the start of the calendar year. Meetings of the Board of Directors and its committees is carried out by a full-time or part-time (absentia meeting) forms of voting, the number of meetings with voting in absentia should be minimized. Consideration and adoption of decisions on important and strategic character is only at meetings of the Board of Directors with voting. In special cases a combination of both forms of the meeting could be allowed in the Board of Directors and its committees.

Meetings of the Board of Directors and its committees duly minutes by Corporate Secretary indicating sufficient outcome of the discussions and decisions.

Meetings of the Board of Directors shall be held in accordance with the work plan approved before the start of the calendar year, including a list of topics and dates of meetings. The recommended frequency of meetings of the Board of Directors is 8-12 meetings per year. It is recommended a uniform distribution of the number of issues to be considered throughout the year to ensure a thorough and full discussion and adoption of timely and high quality solutions.

The Board of Directors must observe procedures for the preparation and conduct of meetings of the Board of Directors established in documents of the Organization.

Materials for the meetings of the Board of Directors shall be sent in advance, at least 7 calendar days, and on more important issues, determined by the Charter of the Organization – at least 15 working days before the meeting, if other terms are not stipulated by the Charter. The list of important issues includes, but not limited to, the development strategy of the Organization, the medium-term development plan, motivational KPI for the CEO and members of the Executive Body, the annual report and the participation in the creation of other legal entities

The agenda of the meeting of the Board of Directors does not include issues, materials that had been submitted in desecration of the terms. In the case of inclusion in

the agenda of issues out of time, a detailed justification for this necessity should be provided to the Chairman of the Board of Directors.

The Board of Directors will decide on the basis of comprehensive, accurate and qualitative information. For adoption by the Board of Directors of effective and timely decisions it is necessary to ensure the following factors:

- 1) High quality of the materials, information, documents including their English translation, if necessary, provided to the Board of Directors;
- 2) Obtaining expert opinions (internal and external), if necessary, take into account that the involvement of experts does not relieve the Board of Directors responsible for the decision taken;
- 3) Time devoted to discussions at the meeting of the Board of Directors, especially for important and complex issues;
- 4) The timely consideration of issues;
- 5) Decisions must include an action plan, terms and responsible persons.

The following factors may have a negative impact on the quality of the decisions of the Board of Directors:

- 1) The dominance of one or more directors at a meeting, which may limit full-fledge participation of other directors in discussions;
- 2) Formal attitude to risk;
- 3) The pursuit of personal interests and the low ethical standards;
- 4) A formal decision-making by the Board of Directors, without real and active debate;
- 5) Uncompromising position (lack of flexibility), or lack of commitment to the development (being content with the current position);
- 6) A weak organizational culture;
- 7) Lack of information and/or analysis.

Members of the Board of Directors may request additional information on the issues in the agenda which is needed to make a decision.

Meetings of the Board of Directors and its committees may be held by in-present or in-absent forms of voting (with justification of the reasons for the choice of correspondence voting), the number of meetings with in-absent voting should be minimized. Consideration and adoption of decisions on strategic issues of activity is carried out only at the meetings of the Board of Directors with in-present form of voting.

In special cases, a combination of both forms of the meetings of the Board of Directors is permitted. This applies to a situation where one or more members of the Board of Directors are not able to attend the meeting of the Board of Directors. The quorum for a meeting of the Board of Directors shall be not less than half of its members and determined given the Board members who participate in the discussion and voting

on the issues under consideration, using technical means of communication (in the mode of videoconference, telephone conferencing, etc.) or in case of presence of their voices expressed in writing.

Member of the Board of Directors, having an interest in the issue submitted for consideration of the Board of Directors shall not participate in the discussion and voting on the issue, about what an appropriate entry is made in the Minutes of the Board of Directors meeting.

The statute of limitations for non-disclosure of internal (official) information of the Organization by the former members of the Board of Directors after the cessation of their activities in the Board of Directors shall be not less than 5 years.

The Board of Directors is recommended to audit decision taken. The decision and the process of its taking should be analyzed. It is recommended to audit previously taken decisions in assessing activities of the Board of Directors.

13. The Board of Directors, committees and members of the Board of Directors shall be assessed on an annual basis as part of a structured and approved process that is approved by the Board of Directors of the Organization. This process should follow the methodology of the Fund. At the same time at least once in every three years assessment is carried out by an independent professional organization.

14. Assessment should identify the contribution of the Board of Directors and each of its members in the growth of long-term value and sustainable development of Organizations, as well as to identify trends and recommend measures for improvement. The assessment results are taken into account in the re-election or termination of office of the members of the Board of Directors.

The assessment is one of the main tools to improve the professionalism of the Board of Directors and its individual members. The assessment is obligatory both for independent directors and representatives of the shareholders.

The assessment should comply with such criteria as regularity, comprehensiveness, continuity, improvement, realism, and confidentiality.

The process, term and order of the assessment of the activities of the board of directors, its committees and members of the Board of Directors should be clearly regulated by internal documents of the Organization. The Chairman and members of the Board of Directors should be trained on how to run assessment.

The assessment includes, but is not limited to the following issues:

1) the optimal composition of the Board of Directors (the balance of skills, experience, diversity, composition, objectivity) in the context of the tasks of the Organization;

- 2) clear understanding of the vision, strategy, key objectives, challenges and values of the Organization;
- 3) succession and development plans;
- 4) operation of the Board of Directors as a unified body, the role of the Board of Directors and the CEO of the Executive Body;
- 5) the efficiency of interaction in the Board of Directors, the Board of Directors with the authorities and officials of the Organization;
- 6) the efficiency of each of the members of the Board of Directors;
- 7) the efficiency of the committees of the Board of Directors and their interaction with the Board of Directors, members of the Executive Body;
- 8) quality of the information and documents provided by the Board of Directors;
- 9) the quality of the discussions at the meetings of the Board of Directors, the committees;
- 10) the effectiveness of activities of the Corporate Secretary;
- 11) clarity in understanding the processes and competencies;
- 12) the process of risk identification and evaluation;
- 13) interaction with shareholders and other Stakeholders.

The assessment is carried out by the Board of Directors on a mandatory basis annually. Assessment methods are self-esteem, or engage an independent consultant to improve the quality of assessment. Independent external consultant is involved at least once every three years.

Assessment the Board of Directors, its committees and members of the Board of Directors, provision of the feedback to the Board of Directors members and the development of follow-up improvements is carried out under the supervision of the Chairman of the Board of Directors. The assessment results are discussed at a separate meeting of the Board of Directors, following which a development program is elaborated for the Board of Directors as a whole and individually for each of its members.

Chairman of the Board of Directors is responsible for the entire process of assessment and taking measures following its results. Key roles in the assessment process are distributed as follows:

- 1) Chairman of the Board of Directors directs the assessment process, provides feedback to all members of the Board of Directors and each of its members, informs the Sole Shareholder (major shareholders) on the assessment results and discusses measures for improvements, as well as monitors the implementation of the Action Plan following the assessment results;
- 2) Chairman of the Nomination and Remuneration Committee provides a process of assessing the Chairman of the Board of Directors;

- 3) Chairmen of committees provide a process of assessing the effectiveness of the committees supervised by them;
- 4) An independent consultant (in the case of attraction) acts as a moderator and a methodologist, organizes and coordinates the assessment process;
- 5) The members of the Board of Directors ensure the active participation, openness, honesty and involvement.

The assessment results can serve as a basis for the re-election of the entire Board of Directors or an individual member of the Board of Directors, revision of the composition of the Board of Directors and the remuneration of the its members. In case of serious deficiencies in the performance of individual members of the Board of Directors Chairman of the Board of Directors must consult with major shareholders (sole shareholder).

The Board of Directors reflects the manner in which the assessment of the Board of Directors is conducted and taken actions at the annual report following the results. In the case of hiring an independent consultant it is indicated whether this independent consultant has provided another consulting services to the Fund and organizations over the past three years.

The sole shareholder can carry out own assessment of the Board of Directors on its own or with the assistance of an independent consultant. The assessment results carried out independently by the Board of Directors, the results of the Organization's operation, execution of the shareholders' expectations and other factors are taken into account.

15. For the effective organization of the Board of Directors' operations and the interaction of the Board of Directors, Executive Body with the shareholders, the Board of Directors appoints the Corporate Secretary. The Board of Directors decides on the appointment of the Corporate Secretary, determines the term of office, functions and procedures of operations, the size of the salary and terms of remuneration, shall decides on the establishment of the service (the secretariat) and Corporate Secretary, determines the budget of this service. The Corporate Secretary is accountable to the Board of Directors of the Fund and independent from the Executive Body of the Fund. The main duties of the Corporate Secretary include assistance in a timely and quality corporate decision-making by the Board of Directors, the Sole Shareholder, acting as advisor to the Board of Directors on all matters of their activities and the application of the provisions of this Code, as well as monitoring the implementation of this Code and participation in improving corporate governance in Funds and Organizations. The Corporate Secretary also prepares a report on compliance with the principles and provisions of this Code, which should be included in the annual report of the

Fund. This report must contain a list of principles and provisions of this Code which are not observed with giving of corresponding explanations for it.

A Corporate Secretary is appointed in the companies, as well as Organizations shares of which are traded on the securities market. Appointment of Corporate Secretary falls in the exclusive competence of the Board of Directors. The decision on appointment of the Corporate Secretary in the Organizations established in form of limited liability partnership is taken at the discretion of the Supervisory Board.

The main function of the Corporate Secretary is to ensure timely and qualitative taking of corporate decisions by the Board of Directors and general annual meeting of the shareholders (the Sole Shareholder), ensure effective interaction of the Board of Directors, Executive Body with shareholders (the Sole shareholder). Besides, the functions of the Corporate Secretary include a control over proper practice of the corporate governance.

The main functions of the Corporate Secretary include, but are not limited to the following:

As part of ensuring activity of the Board of Directors:

- 1) assist the Chairman of the Board of Directors in the formation of a work plan and agenda of meetings;
- 2) organization of meetings of the Board of Directors and its committees;
- 3) provision of the members of the Board of Directors with relevant and timely information necessary for decision-making on the items of agenda and within the jurisdiction of the Board of Directors;
- 4) protocoling of the meetings of the Board of Directors and committees, providing storage of the Minutes, transcripts, audio and video records, materials of the meetings of the Board of Directors and committees;
- 5) consulting of the members of the Board of Directors on issues of the legislation of the Republic of Kazakhstan, the Charter, the present Code, the internal documents, monitoring of the changes and timely informing of the members of the Board of Directors;
- 6) inducing of newly elected members of the Board of Directors;
- 7) training of the members of the Board of Directors and the involvement of experts;
- 8) interaction between members of the Board of Directors with the shareholders, the Executive Body;

As part of interaction with shareholders (the Sole Shareholder):

- 1) conducting of annual general meetings of shareholders;

- 2) timely presentation of the materials on the issues submitted for consideration of the Annual General meeting of Shareholders/Sole shareholder to take appropriate decisions;
- 3) recording of the annual general meeting of shareholders, providing storage of the minutes, transcripts, materials of the annual general meeting of shareholders (decisions of the Sole shareholder);
- 4) proper communication of the Organization with the shareholders, including control over provision of information on the shareholders' inquiries in a timely manner;

As a part of implementation of appropriate practice of corporate governance:

- 1) monitoring of implementation and observation of the principles and provisions of this Code;
- 2) preparation of the report on observation of the principles and provisions of the Code;
- 3) identification of the violations in part of the norm of corporate governance enshrined in the legislations, Charter and other documents of the Organization within framework of performance of the functions;
- 4) consulting of the shareholders, officials, employees of the Organization on the issues of the corporate governance of the Organization;
- 5) monitoring of the best world practice in sphere of corporate governance and submission of the proposals on improving of corporate governance in the Organization.

Assignment of the other duties to the Corporate Secretary shall be carried out taking into account the current load of the Corporate Secretary. Assignment of new responsibilities should not contribute to the poor-quality performance of the functions set out in this Code.

New functions should not duplicate the functions of other structural units and officials. In the case of duplication it is necessary to revise the executor of such functions.

For a professional performance of the duties, the Corporate Secretary shall have the knowledge, experience and expertise, impeccable business reputation and enjoy confidence of the Board of Directors and shareholders. The Corporate Secretary Service can be established depending on the size of the Organization and scope of its activities.

A person who has a degree in law or economics, with at least 5 years of experience and practical knowledge in the field of corporate governance and corporate law is appointed to the position of the Corporate Secretary.

To improve effectiveness of preparation and holding meetings of the Board of Directors it is recommended to discuss periodically a completeness and usefulness of the materials presented to the members of the Board of Directors. The results of these discussions serve a foundation for assessment of the Corporate Secretary performance.

With respect to the Corporate Secretary, the Organization develops a program of induction and succession planning. Search and appointment of the Corporate Secretary is carried out on the basis of open and transparent procedures enshrined in the internal documents of the Organization.

The Corporate Secretary shall carry out its activities on the basis of regulations approved by the Board of Directors, which shall include the functions, rights and obligations, the order of interaction with the authorities of the Organization, qualification requirements and other information.

In order to ensure effective cooperation and information flow between the authorities of the Organization, the Corporate Secretary shall have personal characteristics on the ability to build productive relationships and have the skills to resolve conflicts. In case of the conflict of interest, the Corporate Secretary shall communicate this information to the attention of the Chairman of the Board of Directors.

To perform the functions the Corporate Secretary shall be entrusted with the following powers:

- 1) request and obtain documents and information necessary for decision-making at the Board meetings and annual general meetings of shareholders (the Sole shareholder) from the bodies and officials of the Organization;
- 2) take steps to convene meetings of the Board of Directors and the annual general meeting of shareholders, to communicate the information about taken decisions and subsequent control over their implementation to the officials of the Organizations;
- 3) interact directly with the Chairman and members of the Board of Directors, chief executives and members of the Executive Body, the employees of the Organization and the shareholders.

The Executive Body of the Organization provides comprehensive assistance to the Corporate Secretary in the performance of the duties.

The budget of the Organization shall include the article of expenditure for the operation of the Board of Directors and Corporate Secretary, including costs associated with the departure to the place of meeting, accommodation and other travel in the performance of the assigned duties. It is recommended to provide funds for the training and development of members of the Board of Directors and attract external consultants and experts by the Board of Directors and its committees. Formation of the cost budget for the operation of the activity of the Board of Directors and Corporate Secretary and submission of it to appropriate structural unit of the Organizations is carried out by Corporate Secretary.

16. The collegial Executive Body establishes in the Companies, in the rest of the Organization and in case of creation of the Company - a joint venture it may be collegial or individual body at the discretion of the sole shareholders (participants). The CEO and members of the Executive Body should have high professional and personal characteristics, and have an impeccable reputation and adhere high ethical standards.

17. Executive body accountable to the Board of Directors and supervises the daily activities of the Organization. It is responsible for implementation of the strategy, development plan and the decisions taken by the Board of Directors and the Annual general meeting of shareholders.

18. The Board of Directors elects the CEO and members of the Executive Body, defines the terms of reference, the size of the salary, the terms of their remuneration. The Nomination and Remuneration Committee of the Board of Directors of the Organization plays a key role in the search and selection of candidates for the Executive Body, the determination of their remuneration.

The CEO of the Executive Body makes suggestions on candidates for election to the collegial Executive Body to the consideration of the nomination and remuneration of the Board of Directors. In case of rejection by the Board of Directors of the candidate proposed by the CEO of the Executive Body, on the same vacant position in the Executive Body for the second time, the right to make proposals for candidates for the vacant post goes to the Board of Directors.

In the Companies' 100% of shares (interests) of which are owned by the Fund, the candidacy for the post of CEO of Executive Body previously agreed by the Board of Directors of the Fund.

The Board of Directors may at any time terminate the authority of the CEO and members of the Executive Body.

The CEO and members of the Executive body are elected for the period of up to three years. The terms of office of the CEO and members of the Management Board coincide with the term of office of the Management Board as a whole.

19. The Candidature for the CEO of the Company agreed with the President or the Administration of the President of the Republic of Kazakhstan in the case of the inclusion of the Company in the relevant list, approved by the Decree of the President of the Republic of Kazakhstan.

In this case, the company has the following search and the election order of members of the Board of Directors:

1) Nomination and Remuneration Committee of the Board of Directors determines the requirements for the competence and skills of the candidates for

the post of CEO of Executive Body, ways to find candidates (either by themselves or with the assistance of the recruiting organization);

2) Nomination and Remuneration Committee of the Board of Directors carries out the search and selection of candidates, conducts interviews and makes a ranked shortlist of candidates;

3) Fund's Management Board agrees on the candidacy of CEO of the Executive Body and shall send to the ranked list of candidates of the Nomination and Remuneration Committee of the Board of Directors of the Fund;

4) Nomination and Remuneration Committee of Fund's Board of Directors considers and directs candidacy from the ranked list of candidates signed by the Chairman of the Board of Directors of the Fund (the Prime Minister of the Republic of Kazakhstan) to the President of the Republic of Kazakhstan;

5) Agreed candidacy by the President of the Republic of Kazakhstan or the head of the Presidential Administration of the Republic of Kazakhstan appoints by the Board of Directors of the Company as CEO of the Executive Body of the Company.

Executive body shall ensure management of the Organization on a daily basis (operational management) to growth a long-term value and Sustainable development of the Organization.

Executive body is accountable to the shareholders and the Board of Directors.

Executive body under the supervision of the Board of Directors develops the Development strategy of the Organization.

Executive body shall ensure:

1) activities in accordance with the laws of the Republic of Kazakhstan, the Charter and internal documents of the Organization, the decisions of the Annual General Meeting of Shareholders, the Board of Directors;

2) Adequate risk management and internal control;

3) the allocation of resources to implement the decisions of the Annual General Meeting Of Shareholders (the Sole shareholder), the Board of Directors;

4) occupational safety of the Organization's employees;

5) creating an atmosphere of interest and loyalty of the Organization's employees, the development of corporate culture.

The Board of Directors controls over the activities of the Executive Body of the Organization. The control can be implemented by providing by the Executive Body of a regular reporting to the Board and the hearing of the Executive Body on the issues of implementation of the medium-term development plans, and achieved results at least once a quarter. In case of unsatisfactory results of the Executive Body's work, the Board of Directors may early terminate the powers of the Executive body and/or its members.

CEO and members of the Executive Body shall have sufficient knowledge, skills and experience needed to perform their functions, but also have an impeccable business and personal reputation.

CEO of the Executive Body, in addition to the requirements established in the item, must have strong personal characteristics of a leader, create an atmosphere of interest and involvement, and have high organizational skills, to work in an active and constructive interaction and build constructively a dialogue with shareholders, the Board of Directors, employees and other stakeholders.

To increase the transparency of the processes of appointment and remuneration in the Organization, the Board of Directors should approve and strictly adhere to the rules on nomination, remuneration, assessment and succession.

The remuneration of labor of the CEO and members of the Executive body is formed of basic and variable part. When establishing the base salary the complexity of the tasks implemented, personal competence of the employee and its competitiveness in the market, the contribution made by the person to the development of the Organization, the level of salaries in peer companies, the economic situation in the Organization is taken into account. The difference in remuneration of labor between the members of the Executive Body, chiefs of middle managers and employees of the Organization should be taken into account.

The variable part of remuneration of labor is tied to the implementation of the medium-term goals and objectives, and should be determined prior to the beginning of the calendar year.

In case of early termination of the employment contract, the remuneration is paid in accordance with the internal documents approved by the Board of Directors.

20. The CEO and members of the Executive Body are assessed by the Board of Directors. The main criterion of assessment is the achievement of KPIs.

Motivational KPIs of the CEO and members of the Executive Body are approved by the Board of Directors.

The CEO makes suggestions regarding motivational KPIs of the Executive Body to the Board of Directors.

The assessment results have an impact on the amount of remuneration, promotion, re-election (appointment) or early termination of powers.

The Executive Body shall conduct in-present meetings and discuss the issues of development strategy implementation, decisions of the annual general meeting of shareholders (the Sole shareholder), the Board of Directors and operating activities. Particular attention should be paid to the Health and Safety Matters and safety rules. The meetings of the Executive Body are recommended to be hold on a regular basis. The

cases of in-absent meetings should be restricted and determined in the documents of the Organization.

The Executive Body should form a work plan for the coming year with a list of issues before the start of the calendar year. Members of the Executive Body shall receive good quality materials for consideration in advance. When considering the important and complex issues such as strategy and development plans, investment projects, risk management, it is permissible to conduct several meetings. In order to careful preparations of such issues taking into account the scope and specifics, the Organization is recommended to establish of ad hoc committees, project and/or working groups to solve specific problems. The rights, duties, powers and responsibilities of these bodies should be enshrined in the internal documents of the Organization.

In considering each issue, a separate discussion should be devoted to the risks associated with the adoption/ non-adoption of the decision and how they will impact on the cost and sustainable development of the Organization.

All issues submitted by the initiative of the Executive Body for consideration of the Board of Directors and the Annual general meeting of shareholders (the Sole shareholder) must be pre-reviewed and approved by the Executive Body.

The CEO and members of the Executive Body should meet with the workforce (staff), in presence of branches and group's organizations in other regions, visit such facilities, hold meetings, video conferences, at least once a year.

The CEO and members of the Executive Body should demonstrate high standards of ethical behavior and be an example for employees of the Organization.

The CEO and members of the Executive Body should not allow a conflict of interest. In case of a conflict of interests, they should notify about the fact the Board of Directors or the CEO of the Executive Body in advance, fix it in writing, and do not participate in the decision on this issue.

CEO and members of the Executive Body may hold positions in other entities only with the approval of the Board of Directors. The CEO of the Executive Body or the person performing solely the functions of the Executive Body is forbidden to hold the position of CEO of the Executive body or passion of person performing solely the functions of the Executive Body in other legal entity.

The succession planning of the Executive Body should be ensured in the Organization. The mechanism and timing of the re-election of members of the Executive Body should motivate them to achieve long-term results, providing the possibility of early dismissal, in the case of non-fulfillment of key performance indicators (KPIs).

In case of change of the CEO and/or composition of Executive Body it is recommended to ensure succession in the composition of the Executive Body. At that in case of the consideration of the issue on re-election of individual members of the

Executive Body, the results of their activities in supervised areas should be taken into account.

In case of change of the Chairman of the Board of Directors it is recommended to ensure succession in the composition of the Board of Directors.

Executive Body shall ensure the establishment of the optimal organizational structure. The organizational structure should be aimed at:

- 1) the effectiveness of decision-making;
- 2) increased productivity;
- 3) promptness of decision-making;
- 4) organizational flexibility.

The selection of candidates for the vacant positions of Organization shall be implemented on the basis of open, transparent and competitive procedures. There is a talent pool of Staff reserve in the Organization, appointments to senior positions and positions of senior management can be made of such talent pool. The employees are assessed on an annual basis.

21. In the cases of violations of the Business Ethics Code by the members of the Executive Body, the CEO of the Executive Body shall notify the Board of Directors. Member of the Executive Body who committed violations of norms of the Business Ethics Code cannot be a member of the Executive Authority of any other Organization.

22. In the event of a corporate conflict participants are seeking for ways to resolve them through negotiations in order to ensure effective protection of the interests of Organizations and Stakeholders.

The effectiveness of the prevention and settlement of corporate conflicts involves, above all, the maximally complete and speedy identification of such conflicts and precise coordination of all authorities of the Organization.

Corporate conflicts with the assistance of the Corporate Secretary of the Board of Directors considered the by Chairman of Board of Directors of the Organization. In the cases that involve the Chairman of the Board of Directors in corporate conflicts, such cases are considered by the Nominating and Remuneration Committee.

6. Risk management, internal control and audit

1. The efficiently functioning system of risk management and internal control should be established in the Fund and Organizations. The system is aimed at assurance of reasonable trust in achievement of strategic and operating objectives by the Fund and Organizations. The Board of Directors and Executive Body should ensure the introduction of proper culture of risk management in the Fund and Organizations. Risk management and internal control system of the Fund and Organizations is a set of organizational policies, procedures, norms of conduct and actions, methods and mechanisms of management that are established by the Board of Directors/Supervisory Board and Executive board of the Fund and Organizations, to ensure:

- 1) optimal balance between growth of the company's value, profitability and risk inherent to them;
- 2) efficiency of financial and economic activity and achievement of financial sustainability of the company;
- 3) soundness of assets and effective use of the resources of the company;
- 4) completeness, reliability and accuracy of financial and managerial reporting;
- 5) compliance with the requirements of legislation of the Republic of Kazakhstan and internal documents;
- 6) appropriate internal controls to ensure the prevention of fraud and to provide effective support for business processes and performance analysis.

The Board of Directors and the Executive Body should ensure the implementation of appropriate risk management culture in the Fund and Organizations. Implementation and operation of risk management and internal control system in the Fund and the Organization must have a clear regulatory framework based on best practices (COSO) and methodology (policy) of the Fund.

2. The Board of Directors/Supervisory Board of the Fund and Organizations must define the principles and approaches to the organization of the risk management and internal control system based on the tasks of this system and taking into account best practices, work and methodology of the Fund in the field of risk management and internal control.

The Board of Directors/Supervisory Board of the Fund and Organization must approve internal documents determining principles and approaches to the organization of effective risk management and internal control system demonstrating adherent of the Company to the best practices in the field of risk management and

internal control (Integrated concept of building of internal control system of COSO; Concept (COSO) "Organization risk management. Integrated model" of the Committee of Sponsoring Organizations of the Treadway Commission; International standard ISO 31000 "Risk management. Principles and guiding instructions"; International standard ISO 31010 "Risk management. Risk assessment technique" and etc.).

2. Organization of effective risk management and internal control system in the Fund and Organizations is aimed at building up of management system that is able to ensure keen understanding of rationality and acceptability of the risk level by employees, management, authorities of the company in taking by them decisions, quickly response on risks, perform a control over basic and support business processes and day-to-date operations as well as promptly notify management of relevant level about any and all significant weaknesses and areas to be improved.

Principles and approaches on organization of effective risk management and internal control system should provide:

1) determination of the objective and tasks of risk management and internal control system;

2) organizational structure of risk management and internal control system covering all levels of taking decisions and taking into account a role of relevant level in the process of development, approval, application and assessment of risk management and internal control system;

3) basic requirements to the organization of the risk management process (approaches to the determination of the risk appetite, risk identification and assessment order, determination of the response methods, monitoring, etc.;

4) requirements to organization of the internal control system and holding of control procedures (description of key areas and essential components of the internal control system, the efficiency and statement assessment procedure in the area of internal control, etc..

The role and tasks, responsibility of the company' authorities, audit commission, unit of the internal audit and other units of the companies as well as procedure of their interaction within framework of the organization and functioning of risk management and internal control system should be formalized in the internal documents of the Fund and Organization.

The Boards of Directors/Supervisory Board of the Organizations when approving internal documents in the area of risk management and internal control should be governed by normative documents regulating issues of risk management and internal control approved by the Fund.

Responsibility of the Boards of Directors/Supervisory Boards and Executive Bodies for organization and ensuring of effective functioning of risk management and

internal control system on the consolidated basis should be enshrined in the internal normative documents of the Fund and Holding companies.

3. The Executive Bodies of the Fund and Organizations should insure the development and support of effective function of the risk management and internal control system. The risk management process should be integrated with the planning processes (strategy and development plans, the annual budget) and operation's evaluation of the Organization (management accounting).

Each officials of the Fund or Organization ensure appropriate consideration of risks in decision making.

Executive Body of the Fund or Organization should ensure implementation of risk management procedures by employees, who have appropriate qualifications and experience.

Executive Body:

1) ensures development and implementation internal documents in area of risk management and internal control that are approved by the Board of Directors/Supervisory Board;

2) ensures establishment and effective functioning of the risk management and internal control system through practical implementation and uninterrupted implementation of the principles and procedures of risk management and internal control assigned to it;

3) bears responsibility for implementation of the decisions of the Board of Directors/Supervisory Board and recommendations of the Audit Committee in area of organization of the risk management and internal control system;

4) monitors risk management and internal control system in compliance with requirements of the internal documents;

5) ensures improvement of the processes and procedures of risk management and internal control taking into account changes in external and internal business environment.

Executive Body distributes authorities, liabilities and responsibility for certain procedures of risk management and internal control between chiefs of the next level and/or chiefs of structural units/business process owners in order to implement principles of internal control and effectiveness of risk management and internal control system.

The chiefs of the structural units/business process owners in compliance with their functional liabilities are responsible for development, documenting, introduction, monitoring and improvement of the risk management and internal control system in functional areas of the company's activities entrusted to them.

Organizational structure of the risk management and internal control system in the Fund and Organizations (depending on the scope and specificity of activity) should provide presence of the structural unit (units), responsible for issues of risk management and internal control, the tasks of which include:

1) overall coordination of the processes of risk management and internal control;

- 2) development of methodological documents in the field of risk management and internal control and rendering methodological support to business process owners and employees in the process of identification, documentation of risks, introduction, monitoring and improving control procedures, forming action plan on risk response and action plans on improving of risk management and internal control system, reports on their implementation;
- 3) organization of training of the employees in area of risk management and internal control;
- 4) analysis of the risk portfolio and elaboration of proposals on response strategy and resource re-distributing strategy in relation to the risk management;
- 5) forming consolidated risk statement;
- 6) operating control over risk management process by structural units and subsidiary organizations in prescribed order;
- 7) preparing and informing of the Board of Directors/Supervisory Board and Executive Body on issues stipulated by internal documents in the field of risk management and internal control;
- 8) rendering methodical and practical support to subsidiary organizations in the field of risk management and internal control.

The chief supervising the function of risk management and internal control is recommended not to be a risk owner that provides his independence and objectiveness. Combination of the functions on risk management and internal control with the functions associated with economic planning, corporate finance, treasury, taking investment decisions is prohibited. Combination with other functions is permissible in case if there is no a material conflict of interests.

4. The system of risk management and internal control of the Fund and the Organizations must be based on a strong culture – led by the Executive body - of risk management that provides mandatory procedures for the identification, assessment and monitoring of all significant risks and takes timely and appropriate measures to reduce the risks that may affect the achievement of strategic objectives, implementation of operational targets, and the company's reputation.

The procedures of risk management must ensure that when the new risks are occurred, they are quickly identified and ownership is assigned to them. In case of any unforeseen changes in the competitive or economic environment of the Fund and Organizations an urgent reassessment of the risk map and its compliance with risk appetite should be done.

The Board of Directors/Supervisory Board shall approve an overall level of risk appetite and tolerance levels in relation to the key risks, which should be enshrined in internal documents of the company.

In approving the risk appetite, it is necessary, *inter alia*, to analyze the extent of loss affection (equal to the size of risk appetite) on financial results of the company (for example, annual income).

Tolerance levels on key risks are revised in case of significant events. In addition, the limits restricting risks in routine activities should be established.

Identification and assessment of risks, which should be reflected in the risk register, risk map, action plan on risk response (process improvement, strategy of minimizing), approved by the Board of Directors shall be carried out on an annual basis for a consistent and clear understanding of the risks inherent in the Fund and Organizations.

Carried out assessment of the risks should lead to measurable indicators in order to allow assessment of the risks' compliance with approved risk appetite and impact of the risks on implementation of the development strategy of the Fund and Organization.

The Board of Directors/Supervisory Board in considering risk register and risk map should be sure that they included risks that actually may adversely affect implementation of strategic tasks, and in considering of action plan on risk response – be sure in usefulness of the events.

Employees of the Fund and Organizations work with risks on day-to-day basis, manage them and carry out the monitoring of their potential effect in area of their functional liabilities.

Information about risks should be an integral part of the managerial statement. The Board of Directors/Supervisory Board and management of the company should obtain information about key risks, their analysis from the point of view of impact on the strategy and business plans on regular basis.

Approval of the quarterly consolidated risk reports should be assigned to the Board of Directors/Supervisory Board.

5. The Fund and Organizations should develop, approve, formalize and document control procedures in three key areas: operating activities, preparation of financial statements and compliance with law of the Republic of Kazakhstan and internal documents.

Control procedures are in written form enshrined system of events and actions to ensure effective internal control over implementation of the objectives, tasks and plans of the company, determination and carrying out irregular operations, as well as avoiding, limiting and preventing risks and possible illegal actions on the part of the executives and employees of the company. Control procedures should be implemented at all levels of management and be observed by all employees and bodies of the Fund and Organization.

Control procedures should cover three key areas: operating activities, preparation of financial statement and observation of the requirements of law of the Republic of Kazakhstan and internal documents and be aimed at:

- 1) decrease of probability of possible risks occurrence;
- 2) preventing of mistakes occurrence and / or determining mistakes after their making;

- 3) determination and elimination of duplicating and odd operations;
- 4) determination of weaknesses and areas to be improved;
- 5) further improvement of the internal control system.

Introduction of control procedures provides the development/actualization of charts by business processes indicating risks of process level and control procedures, development/actualization of risk matrix and controls by business processes, testing of control procedures and assessment of their performance, forming of action plan on further improvement of the internal control system.

The responsibility for approval of control procedures is assigned depending on nature and significance of the risk in relation to which control procedures are established.

6. Transparent principles and approaches in the field of risk management and internal control, the practice of training employees and officials about the risk management system, as well as the process of documentation and timely communication of necessary information to official should be established in the Fund and Organizations. The knowledge of risk management system should be freely available to all its employees and executives who should understand principles and approaches in area of risk management and internal control, have a notion about adopted best practices in this area.

Employees of the Fund and Organizations as well as when hired for work, should be trained/induction training on annual basis to familiarize with risk management and internal control system adopted. Testing knowledge should be carried out following such training.

Safe, confidential and available method (hotline) of informing Board of Directors (Audit Committee)/Supervisory Board and Internal Audit unit about facts of violation of the law of the Republic of Kazakhstan, internal procedures, Code of business conduct by any of its employee and executive should be arranged within risk management and internal control system.

7. The Board of Directors/Supervisory Board of the Fund and Organizations are required to take relevant actions in order to ensure that existing risk management and internal control system complies with principles and approaches to its arrangement defined by the Board of Directors/Supervisory Board and works effectively. Risks reports should be receive and fully discussed by the Board of Directors at least once in the quarter.

The Board of Directors/Supervisory Board in cooperation with the Audit Committee are responsible for annual assessment of risk management and internal control system's efficiency. The Board of Directors/Supervisory Board shall form its own opinion on its effectiveness after proper and in-depth study based on the reports,

information and guarantees communicated to it by Internal Audit unit or external expert, Audit Committee and Executive Body.

The Board of Directors/Supervisory Board shall consider the issue of organization, functioning and effectiveness of risk management and internal control system at least once a year, and, if necessary, give recommendations on its improvement. Information on results of the consideration of the issues of internal control system efficiency by the Board of directors is presented to the shareholders/participants in the composition of the annual report.

8. The IAS must be established in the Fund and Organizations for a systematic independent evaluation of the reliability and effectiveness of risk management and internal control system as well as corporate governance practices.

9. The internal audit in the Fund and Organizations should be carried out by establishment of a separate structural unit - IAS (IAS - In Organizations in the form of limited partnerships the Internal Audit Service function should be assigned to the audit commission/auditor which functionally accountable to the Supervisory Board. At that, the purpose, functions and tasks of the Audit Commission/Auditor, the order of its interaction with the bodies of the Organization should be established taking into account the principles set out in this Code in relation to the internal audit service). The goals, authority and responsibility of the IAS, qualification requirements (requirements for the professionalism of internal auditors) must be defined in the internal document of company (the Regulation on the IAS). The regulation on the IAS must be developed and approved in accordance with International professional standards of internal audit (hereafter - Standards) and corporate standards of the Fund in area of internal audit. The responsibility of the Organization's Board of Directors is to insure full compliance of the Regulation on IAS with the specific business needs of Organizations.

The following is determined and enshrined in the Regulations on IAS:

- 1) commitment to the principles and regulations adopted by the Institute of Internal Auditors;
- 2) status, objectives and tasks of the internal audit of the company;
- 3) conditions of ensuring of independence, objectiveness and professionalism of the IAS in order to achieve objectives and tasks of the internal audit and effective performance of the functions and liabilities by the IAS;
- 4) qualification requirements for the Head and employees of the IAS;
- 5) the volume and content of the internal audit activities;
- 6) right of access to the documentation, employees and material assets when implementing of relevant tasks;

7) procedure of interaction of the IAS with the Board of Directors/Supervisory Board and Executive Body and reporting to the Audit Committee and the Board of Directors.

To ensure effective internal audit in the Organizations, the Fund performs a methodological provision of the internal audit through approval of corporate standards and methodic recommendations, regulating the issues of establishing and procedure of activities of the IAS of the Organizations.

The Internal Audit Service should strictly follow the requirements of the Standards for the professionalism of internal auditors requiring that internal auditors should possess the knowledge, skills, and other competencies needed to perform their duties. To this end, the qualification requirements for Head and employees of the Internal Audit Service, including the requirements in part of the professional knowledge and skills, work experience, leadership experience (for chiefs), and the requirements in part of additional specialized training, confirmed by international certificates) are established within the corporate standards of the Fund in addition to the general principles of activity (Internal auditors are encouraged to demonstrate their professionalism by obtaining appropriate professional certifications and qualifications, such as "Certified Internal Auditor» (CIA) and other certificates offered by the International Institute of Internal Auditors and other professional organizations).

10. In order to ensure the independence and objectivity of the internal audit IAS organizationally and functionally should be subordinated to the Board of Directors. The Board of Directors make decisions on approval of action plans and strategies of IAS, budget of the IAS, determines the composition of the IAS, size and terms of salary payments, remuneration of its employees.

Organizational subordination and functional subordination of the IAS to the Board of Directors means:

- 1) approval of the regulations and other policies in area of internal audit, regulating objectives, tasks, functions and order of activities of the IAS by Board of Directors (preliminary consideration by Audit Committee);
- 2) approval of risk-oriented annual audit plan by Board of Directors (preliminary consideration by Audit Committee);
- 3) submission of quarterly and annual reports on implementation of the annual audit plan and other information about activities of internal audit to the Board of Directors (Audit Committee);
- 4) approval of the decisions on nomination, termination, remuneration of the Head and employees of the IAS by Board of Directors (preliminary consideration by Audit Committee);
- 5) approval of the IAS's budget by Board of Directors (Audit Committee);
- 6) consideration of significant limitations of the authorities of IAS or other limitations that may adversely affect implementation of internal audit by Board of Directors (Audit Committee).

11. The Head of IAS in the Organization should develop internal documents regulating activities of the unit based on corporate standards of the Fund in the field of internal audit and ensures their review and approval by the audit committee and Board of Directors.

Internal documents regulating activities of the IAS should ensure implementation of the objectives and tasks of internal audit in full and in compliance with requirements of the Standards.

Policies and procedures regulating activities of the IAS should not contradict to the requirements of the corporate standards of the Fund in area of internal audit.

If corporate standards of the Fund in area of internal audit do not regulate certain issues of the activities of the IAS, relevant policies and procedures should be developed in compliance with requirements of Standards, as well as based on the recommendations of the Fund on organization of the internal audit.

12. The IAS operates on the basis of a risk-oriented annual audit plan approved by the Board of Directors. The results of the audit reports and key detection should be quarterly submitted to the Board of Directors. Based on these reports is determined by the effectiveness of Internal Audit Service employees.

The Head of the IAS takes into account a concept of risk management adopted in the company, as well as applies his own judgment about risks formed after consultancies with Executive Body and Audit Committee.

Action plan of the Internal Audit Service should be based on formalized assessment of the risks carried out at least once a year. Head of the Internal Audit Service should ascertain and take into account expectations of the Executive Body, Audit Committee and Board of Directors and other stakeholders in relation to the opinion and conclusions of internal audit.

Terms and procedure for reporting to the Committee and Board of Directors should establish in Regulations on the IAS. The IAS at least once a quarter reports to the Board of Directors on the implementation of the annual audit plan, results of audit, key discoveries and recommendations. The Board of Directors shall ensure timely consideration of reports of the IAS, the control over the compliance of audit recommendations with goals and objectives of internal audit.

13. In carrying out its activities the IAS should assess the effectiveness of the internal control and risk management systems, assess corporate governance with the use of common standards of activities in the area of internal audit and corporate standards and recommendations of the Fund in the field of evaluation of corporate governance, effectiveness of internal control and risk management.

Assessment of the effectiveness of the internal control system includes:

- 1) analysis of compliance of the objectives of business processes, projects and structural units with the objectives of the Organization, audit of reliability and integrity of business processes (activities) and information systems, including reliability of procedures to counter illegal actions, abuse and corruption;
- 2) audit of authenticity of accounting (financial), statistic, management and other reporting, determining degree of compliance of the results of activities of business processes and structural units of the organization with set objectives;

- 3) determining of adequacy of criteria set by Executive Body to analyze degree of implementation (achievement) of set objectives;
- 4) determining of weaknesses of the internal control system, which did not (do not) allow achievement of objectives set;
- 5) assessment of the results of introduction (implementation) of events on elimination of violations, weaknesses and improving internal control system, implemented at all levels of management;
- 6) audit of effectiveness and feasibility of resource use;
- 7) audit of the Organization's assets soundness;
- 8) audit of observation of the requirements of the legislation, Charter and internal documents.

Assessment of the effectiveness of the risk management system includes:

- 1) audit of the adequacy and maturity of the elements of the risk management system for effective risk management (objectives and tasks, infrastructure, organization of the processes, normative and methodological support, interaction of structural units within risk management system, reporting);
- 2) audit of completeness of determination and correctness of the risk assessment by Executive Body at all levels of its management;
- 3) audit of the effectiveness of control procedures and other events on risk management including effectiveness of use of the resources allocated for these purposes;
- 4) analysis of information about implemented risks (determined following internal audit of the violations, facts of non-achievement of objectives set, facts of proceedings).

Corporate governance assessment includes audit of:

- 1) observation of ethical principles and corporate values of the Organization;
- 2) procedure of objective setting, monitoring and control over their achievement;
- 3) level of normative support and procedures of information interaction (including on issues of internal control and risk management) at all levels of management of the company, including interaction with stakeholders;
- 4) ensuring rights of the shareholders, including controlled organizations and effectiveness of interaction with stakeholders;
- 5) procedure of disclosure of the information about activities of the Organization and structures controlled by it.

The following tasks and functions should be also stipulated by the Regulation on IAS:

- 1) assistance to the Executive body and employees in the development and monitoring of implementation of the procedures and activities for the enhancement of the risk management and internal control system and corporate governance;
- 2) coordination of the activities with the external auditor of the Organization, as well as persons providing consulting services in the field of risk management, internal control and corporate governance;
- 3) carrying out the internal audit of the subsidiary organizations within established order;
- 4) preparation and submission to the board of directors and audit committee of quarterly and annual reports on the results of the activities of the internal audit unit and implementation of the annual audit plan (including those containing information about material risks, weaknesses, results and effectiveness of the implementation of corrective actions, the results of an assessment of the actual state, the reliability and efficiency of the risk management system, internal control and corporate governance);
- 5) audit of compliance of the members of the Executive Body and its employees with provisions of the law of the republic of Kazakhstan and internal documents relating to insider information and the fight against corruption, observation of the ethical requirements;
- 6) monitoring of the implementation of the recommendations of the external auditor;
- 7) consulting the board of directors, executive body, structural units and subsidiaries organizations on issues of the organization and improvement of internal control, risk management, corporate governance and organization of internal audit (including the issues of development of internal normative documents and projects in these areas), as well as on other issues within the competence of the IAS;
- 8) interaction and coordination of the activities with the supervisory bodies of subsidiaries on issues of planning and auditing and revisions, and methodological provision of the IAS, audit commissions of the subsidiary organizations.

14. The Head of the IAS must develop and maintain the warranty and quality assurance program that covers all activities of the internal audit and provides the obligation to carry out internal and external evaluation of the IAS performance.

Evaluation of the effectiveness of the IAS, its Head and staff is carried out by the Board of Directors on basis of the consideration of IAS's reports, compliance with deadlines of annual audit plan and reporting, assessment reporting conformity to requirements of standards and internal regulations of the IAS.

Quality assurance and improvement program is being developed in order to assess the compliance of IAS activities with the international standards of internal audit. Within the program it is provided a regular internal and external assessment (concerning compliance with the Standards, Code of Ethics of the Internal Auditors) as well as

assessment of the efficiency and effectiveness of the internal audit and the identification of opportunities for improvement of the activities.

7. Transparency

1. In order to observe interests of the stakeholders the Fund and the Organizations timely and fairly disclose information on all important aspects of its activities, including the financial condition, results of operations, ownership and management structure.

2. The Fund and Organizations disclose in timely manner information prescribed by law of the Republic of Kazakhstan and internal documents. Internal documents determining the principles and approaches to disclose and protection of the information as well as a list of information to be disclosed to the Stakeholders should be approved in the Fund and Organizations. The Fund and Organizations determine the order of assignment of the information to the categories of access, terms of storage and use of information, including set of people who has right of free access to information of commercial and official secret and take measures to protect its confidentiality.

The Fund and the Organizations should disclose information about its activities to Stakeholders in timely manner in compliance with law of the Republic of Kazakhstan and internal documents.

In order to ensure consistency of information disclosure, the internal documents determining a list of information to be disclosed to Stakeholders, terms, order, method, forms of disclosure, responsible persons and employees indicating their functions and liabilities as well as other provisions regulating disclosure process should be approved in the Fund and Organizations.

In order to protect information which is a commercial and official secret, the Fund and Organizations in compliance with law of the Republic of Kazakhstan and charter should determine the order of classification of the information to the access categories, terms of storage and its use. The Fund and Organizations determine a set of persons with right of free access to the information which is a commercial and official secret, and take actions to protect its confidentiality.

Persons, who illegally obtained, disclosed or used information, which is a commercial and official secret, should reimburse a loss caused and bear responsibility in compliance with laws of the Republic of Kazakhstan.

Establishing of structural unit (or assignment of the function to the structural unit) on relations with shareholders and investors, the competence of which includes a collection, analysis, preparation of information that will be placed on Internet website of the Organization is recommended in the Organizations, shares of which are listed at the Stock Exchange. The Head of that unit should be a person possessing a practical work experience in financial sphere, well understanding specificity of the sector in which Organization is operating.

Control over disclosure of the information to the Stakeholders should be carried out in the Fund and Organization.

3. The Fund, Company and Organizations shares or interest bearing obligations of which are listed at a recognized Stock Exchange should post on its Internet website on a timely basis audited annual financial statements that is prepared in compliance with IFRS and also financial statements prepared in accordance with IFRS for the first quarter, for six months and the first nine months of the reporting period. In addition to primary forms of the financial statements it is encouraged to disclose additional information about the financial condition of the Fund, Companies and Organizations, shares or interest bearing obligations of which are listed at the Stock Exchange.

Financial statement should comply with IFRS and include income and loss statement, balance sheet, cash flow statement, report on changes in the equity capital. Annual financial statement, inter alia, should include explanations to the financial statement and to be approved by independent auditor.

Financial statement of the Fund, Companies and Organizations shares of which are listed at the Stock Exchange, should be posted on Internet-website on the quarter basis. The annual financial statement should be available on Internet website of the Fund, Companies, Organizations shares of which are listed at the Stock Exchange, during 120 days from the end of the reporting period, and financial statement for six months, following the first quarter and for the first nine months of the reporting period should be posted on Internet website during 60 days from the end of the reporting period.

To enhance transparency of the activities and explanation of the results, presented in the financial statement, the Report of the management on results of the economic activities, which, inter alia, contains the factors and conditions that affects the results of the economic activities is recommended to be disclosed.

Segment analysis, detailed income structure, structure of operating and capital costs, description of the methods of assets assessment, information about indicators of capital adequacy as well as information about subsidies and Government guarantees are recommended to be specified in addition to the financial statement.

4. The Fund and the Organizations should carry out the audit of the financial statement on annual basis through attraction of the independent and qualified auditor which as a third-party entity provides objective assurance to the Stakeholders about authenticity of the financial statement and its compliance with IFRS. Norms in part of audited statements are applied, if an audit of annual financial statement is prescribed by legislation of the Republic of Kazakhstan and/or internal documents of the Organization.

Selection of the external auditor should be based on competition. An important role in the selection process should be played by the Audit Committee of the Board of Directors. Attracted external auditor should not provide a substantial amount of consulting services to the Fund and Organization that can be a threat to the independence of the external auditor, should not practice cases

of hiring former members of the audit team earlier than two year after their discharge from the audit organization. The Fund and Organizations should disclose detailed information about attracted external auditor. The issues on selection and interaction with external auditor should be regulated in the Fund and Organizations.

The stakeholders should be assured in reliability of the financial statement of the Fund and Organizations, that may be provided through attraction of the external auditor who meets the following criteria: high level of the qualification of the specialists of the audit organization; work experience both on Kazakhstani and international market; knowledge of sectorial business; positive reputation both on Kazakhstani and international market; compliance of the audit organization with International Auditing Standards, the law of the Republic of Kazakhstan in area of audit activities, Code of Business Ethics of the professional accountants of the International Federation of Accountants; efficiency of work on determining weaknesses and presentation of the recommendations on improving internal controls on the process of preparation of financial statement.

In determining independence of the external auditor the following main parameters should be taken into account: presence of the measures that retaken by the audit organization in order to determine circumstances that may be a threat for the independence; nature of the services previously rendered by audit organization; nature of financial or business relations with audit organization; terms of rendering services by the external auditor and need of periodical substitution of the external auditor; rendering services by the audit organization to other organizations, with which Organization may have a conflict of interests.

Selection of the external auditor should be carried out on the basis of open competition. All members of the Audit Committee under the Board of Directors should be included in the composition of the Tender Commission. Transparency of the procedure of selection of the external auditor is ensured through: clear regulation and availability of the procedure of selection of the external auditor; participation of the Audit Committee of the Board of Directors in the procedure of selection of the external auditor; availability and understability of the requirements to the audit organizations, assessment criteria, requirements to the official tender bid.

The following main parameters should be taken into account in determining independence of the members of the commission on selection of the external auditor: nature of financial or business relations of each member of the commission with external auditor; nature of family ties of each member of the commission with representatives of the external auditor.

Documents regulating implementation of audit and the relationship with the external auditor, including the process for the selection of an external auditor, the powers

and functions of the Tender Commission, the issues of advisory services by audit organization not related to the audit of financial statements and other information, the issue of rotation of audit organizations and senior staffs of the audit organization, the issues of hire of the former employees of the audit organization should be approved by the Fund and the Organizations.

A unified document regulating the procedure of selection of the audit organization for the Fund and Organizations can be approved by the Fund.

It is necessary that a rotation of partners and senior staff responsible for financial statement audit was carried out at least once during five years, if the audit organization renders audit services to the Fund and Organizations for more than five years in a row.

Cases of inclusion of former members of the audit organization to the composition of the Board of Directors, Executive Body, IAS, hiring for the position of Chief Accountant, Financial Director earlier than two year after their discharge from the audit organization should not be practiced.

In order to assess the risks of independence of the audit organization and evaluate the potential quality of the audit of financial statements and other information, the information about the remuneration payable to the audit organization, including separately for auditing services and services not related to the audit of the financial statements and other information should be disclosed. To facilitate the search for information, it should be disclosed systematically on Internet website and in the Organization's annual reporting.

The Audit Committee of the Board of Directors of the Organization should meet regularly with the external auditor as part of the audit process (at least three times prior to the moment of issue of the audit conclusion).

The external auditor should have an access to the Audit Committee to discuss issues of audit. In the absence of the Audit Committee, the external auditor should communicate directly with the Board of Directors and its Chairman.

The external auditor should submit information on course and results of the audit to the Audit Committee; confirm keeping independence, absence of financial interests in the Organization and absence of significant effect of total sum of remuneration on financial dependence of the external auditor.

If the external auditor intends to provide advisory services to the Fund and Organizations not related to the audit of the financial statements, the external auditor should obtain approval of such services by the Audit Committee.

5. The Fund, Companies and Organizations shares or interest bearing obligations of which are listed at the Stock Exchange should prepare an annual report in compliance with the provisions of this Code and best practice of information disclosure. The Annual report is approved by the Board of Directors.

The annual report is one of the key sources of information to the Stakeholders. The annual report should be well structured and visually convenient for perception, as well as be published in the government, Russian and English languages.

The annual report should be prepared and posted on Internet website prior to the annual general meeting of the Shareholders (participants). The approval of the Annual report is performed by the Board of Directors (Supervisory Board).

Requirements for the content of the Annual Report suggest, as minimum, the following information:

- 1) Welcome Address of the Chairman of the Board of Directors (Supervisory Board);
- 2) Welcome Address of the Head of the Executive Body;
- 3) Information about the Fund or Organizations:
 - general information;
 - information on structure of the equity capital including the following information: the number and par value of the issued shares (equity interest), description of rights granted by shares, the number and par value of the declared, but unplaced shares, the shareholders (participants) composition and the number and percentage of ordinary shares owned (equity interest), the order of property rights disposal;
 - mission;
 - development strategy, results of its implementation;
 - market review and the position in the market;
- 4) Results of the financial and operational performance for the reporting year:
 - review and analysis of performance against the tasks set;
 - operational and financial performance indicators;
 - key events and achievements;
 - information on major transactions;
 - any financial support including guarantees to be obtained/obtained from the government and any liabilities to the government and Company undertaken by the Fund or Organizations itself (if it is not disclosed in accordance with the IFRS);
- 5) assets structure, including subsidiary/dependent organizations of all levels, survey, main results of their financial and operational performance;
- 6) objectives and plans for the future periods;
- 7) main factors of risk and risk management system;
- 8) Corporate Governance:
 - corporate governance structure;
 - shareholders (participants) composition and the ownership structure;
 - composition of the Board of Directors (Supervisory Board), including the qualification, selection process, as well as about Independent Directors specifying the criteria for determining their independence;
 - report on operation of the Board of Directors (Supervisory Board) and its Committees;
 - information on compliance with the corporate governance practice and principles of this Code, and provide explanations of the reasons for not complying of each of the principles in case of incompliance;
 - composition of the Executive Body;

- report of the Executive Body on its operations;
 - remuneration policy of officials;
- 9) Sustainable development (in the case of preparation of a separate report on sustainable development, it might be reference to this report);
- 10) The audit report and financial statements with notes.

11) Analytical indicators and data, included in the annual report should reflect a benchmarking and achieved progress (regress) as compared to the previous period (comparison with the values of analogous indicators in the past annual report). In order to benchmark indicators with the companies of international level, acting in the same sector, publication of the performance indicators that shall allow sectorial benchmarking is recommended.

Preparation of the annual report on a consolidated basis for the whole group is acceptable in the Holding company. The Organization of the Holding company may take decision to prepare an individual annual report.

6. Internet website should be well structured, easy for navigation and contain information that is necessary for Stakeholders to understand the activities of the Fund and Organizations.

The Internet website should be well structured, easy to navigate and accessible to all Stakeholders. The information is recommended to be placed in separate thematic sections of Internet website. Updating of Internet website is carried out as necessary, but at least once a week.

The control over the completeness and actuality of the information posted on Internet website, as well as compliance of this information provided in Russian, Kazakh, English versions of the website should be performed on a regular basis in the Fund and Organizations. To this end, the persons (structural units) responsible for the completeness and relevance of the information on Internet website should be appointed.

Internet website should minimally include the following information:

- 1) general information about the Fund and Organizations, including information about the mission, key goals, objectives and activities, the amount of equity, the amount of assets, net income and number of employees;
- 2) information about development strategy (at least, the strategic objectives);
priority work streams;
- 3) Charter and internal documents regulating the activities of the authorities, committees and Corporate Secretary;
- 4) information about the ethical principles;
- 5) information about risk management;
- 6) dividend policy;
- 7) information about members of the Board of Directors (Supervisory Board), including the following information: photo, full name, date of birth, nationality, status of the member of the Board of Directors (Supervisory Board) (independent director, shareholder's representative), designation of functions as a Member of the Board of Directors(Supervisory Board), including membership in the Committees of the Board of

Directors (Supervisory Board) or implementation of the functions of the Chairman of the Board of Directors (Supervisory Board), education, including primary and secondary education (name of the educational institution, year of graduation, qualification, obtained degree), experience over the past five years, the main place of work and other currently occupied positions, professional qualification, date of the first election to the Board of Directors (Supervisory Board) and the date of the election to the incumbent Board of Directors (Supervisory Board), the number and percentage of shares owned of affiliated companies, the criteria for independent directors;

8) information about members of the Management Board (Executive Body), including the following information: photo, full name, date of birth, nationality, position and functions, education, including primary and secondary education (name of the educational institution, year of graduation, qualifications, degree obtained), experience over the past five years, professional qualifications, positions held concurrently, the number and proportion of shares owned of affiliated companies;

9) financial statements;

10) annual reports;

11) information about the external auditor;

12) information on the procurement activities, including rules, announcements and result of the for procurement;

13) information about structure of the share capital, including the following information: the number and par value of shares issued (equity interest), the description of the rights granted by shares, the number and par value of authorized but unplaced shares, the shareholders (participants) composition and the number and proportion of their ordinary shares (equity interest), the procedure for disposal of property rights;

14) information about the structure of the assets, including information about affiliated companies of all levels with a brief indication of the scope of their activities;

15) annual calendar of corporate events;

16) information about transactions in which there is a concernment, including information about the parties of the transaction, the essential terms of the transaction (subject of the transaction, the transaction price), the body, which took the decision to approve the transaction;

17) information on major transactions, including information about the parties of the transaction, the essential terms of the transaction (subject of the transaction, the transaction price), the body, which took the decision to approve the transaction;

18) information on the activities in the field of sustainable development;

19) information on the amount of approved dividends;

20) news and press releases.

Holding Company is entitled to have one Internet website for all Organizations of its group. Organization of the Holding Company is entitled to take decision on presence of its own Internet website