APPROVED

by the decision of the Sole Shareholder of Damu Entrepreneurship Development Fund JSC

Appendix 9 to Minutes of meeting of the Management Board of Baiterek National Managing Holding Joint Stock Company dated December 27, 2017 No. 53/17

(Amendments and additions to the Corporate Governance Code of Damu Entrepreneurship Development Fund JSC approved by the Decision of the Sole Shareholder of Damu Entrepreneurship Development Fund JSC No. 34/19 dated July 3, 2019, No. 61/19 dated December 25, 2019, No. 61/20 dated December 23, 2020)

Corporate Governance Code of Damu Entrepreneurship Development Fund Joint Stock Company

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# **Chapter 1. General Provisions**

1. The Corporate Governance Code (hereinafter referred to as the Code) of Damu Entrepreneurship Development Fund (hereinafter referred to as the Fund) is a set of rules and recommendations that the Fund follows in the course of its activities in order to ensure efficiency, transparency, accountability and a high level of business ethics in relations within the Fund and with other parties concerned.

The Code is designed to ensure compliance of corporate governance of the Fund with the relevant standards of the Organization for Economic Cooperation and Development.

The Fund will ensure implementation of this Code in the organizations in which the Fund directly or indirectly owns more than fifty percent of voting shares or shares of participation (subsidiaries).

The subsidiary organization of the Fund in the organizational and legal form of a limited liability partnership is recommended to follow the provisions of this Code to the extent that it is not contrary to the Law of the Republic of Kazakhstan "On Limited and Additional Liability Partnerships.”

1. The objectives of this Code are: to improve corporate governance in the Fund and its subsidiaries, to ensure transparency and efficiency of governance, and to reaffirm the commitment of the Fund and its subsidiaries to the standards of good corporate governance.

In particular:

1) The Fund and its subsidiaries are managed with respect for the principle of legality and due level of responsibility, clear lines of authority, accountability and efficiency in order to maximize the value of the Fund and other benefits for the Sole Shareholder;

2) the following is ensured: disclosure of information, transparency, including a thorough assessment, disclosure and periodic review of objectives that justify state participation in the Fund;

3) risk management and internal control systems function in a due manner;

4) minimizing the risk of conflict of interest that could lead to solutions other than those based on the best interests of the Fund and the general public.

1. This Code has been developed in accordance with the provisions of the legislation taking into account the practice of corporate governance developing in the Republic of Kazakhstan and the world[[1]](#footnote-1).
2. The Fund and its subsidiaries are obliged to comply strictly with the provisions of the Code in their activities. In case of non-compliance, it is necessary to explain the reasons for non-compliance with each of the provisions in the annual report. Carry out periodical evaluation of corporate governance (at least once every two years), as well as independent evaluation of corporate governance (at least once every three years) and post the corresponding results on the Fund's website.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. Officials and employees of the Fund shall assume the obligations stipulated in this Code, including on the basis of the relevant agreements with the Fund, and undertake to comply with its provisions in the Fund and in the relations with the parties concerned.
2. The Board of Directors of the Fund shall supervise the implementation of this Code by the Fund. The Corporate Secretary shall carry out monitoring and advise the Board of Directors and the Management Board of the Fund on proper implementation of this Code and shall prepare an annual report on compliance/non-compliance with its principles and regulations. In the subsequent, this report shall be submitted to the relevant committee of the Board of Directors for consideration, approved by the Board of Directors and included in the annual report of the Fund.
3. Cases of non-compliance with the provisions of this Code shall be considered at meetings of the relevant committee of the Board of Directors and meetings of the Board of Directors with adoption of the relevant decisions aimed at further improvement of corporate governance in the Fund and its subsidiaries.
4. The following basic concepts are used in this Code:
5. the Sole Shareholder - Baiterek National Managing Holding Joint Stock Company;
6. officials - members of the Board of Directors and the Management Board;
7. subsidiary - a legal entity whose decisions may be determined by the Fund on the basis of existence of a predominant share of participation in the authorized capital or a contract concluded between them, or otherwise;
8. parties concerned - natural persons, legal entities, groups of natural or legal entities who have an impact or can come under influence of activity of the Fund and/or its subsidiary, their products or services and the actions connected with it owing to the rules of law, the signed contracts (agreements) or indirectly; the main representatives of parties concerned are shareholders, employees, clients, suppliers, state bodies, subsidiaries, bondholders, creditors, investors, public organizations, population of regions in which the Fund and/or its subsidiaries operate;
9. institutional investor - a legal entity investing the money, attracted by it, in securities and other financial instruments in accordance with the legislation of the Republic of Kazakhstan;
10. corporate events - events having a significant impact on the Fund's activities affecting the interests of the Sole Shareholder and investors of the Fund, defined by the laws of the Republic of Kazakhstan "On Joint Stock Companies," "On Accounting and Financial Reporting" and "On the Securities Market," as well as the Charter of the Fund;
11. corporate conflict - differences or disputes between: the Sole Shareholder and bodies of the Fund or its subsidiary; members of the Board of Directors and the Management Board, the Head of the Internal Audit Service, the Corporate Secretary;
12. key performance indicators (ratios) (hereinafter referred to as the KPI) - indicators characterizing the efficiency level of activity of the Fund, officials of the Fund, employees of the Fund, allowing to estimate the efficiency of their activity. KPIs have a measurable value, approved for the Fund in the Fund's development strategy and/or development plan, or approved in a differentiated manner for each staff member of the Fund and corresponding to the results of their activities in the planned and reporting periods;
13. an independent director - a member of the Board of Directors, who is not an affiliate of the Fund and has not been an affiliate of the Fund for the three years preceding his/her election to the Board of Directors (except in the case of his/her tenure as an independent director of the Fund), is not an affiliate of the Fund's affiliates; is not subordinate to the Fund's officials or its subsidiary - affiliates of the Fund, nor has he/she been subordinate to those persons for the three years preceding his/her election to the Board of Directors; is not a public servant; is not a representative of the Sole Shareholder at meetings of the Fund's bodies and has not been a representative of the Sole Shareholder for the three years preceding his/her election to the Board of Directors; does not participate in the Fund's audit as an auditor serving in the audit organization during the three years preceding his/her election to the Board of Directors, and has not participated in such audit during the three years preceding his/her election to the Board of Directors;
14. ombudsman - the person appointed by the Fund's Board of Directors, whose role is to advise the Fund's employees who have applied to him/her, and also to assist in settlement of labour disputes, conflicts, social and labour issues, as well as in observance of the principles of business ethics by the employees of the Fund or its subsidiary;
15. partners - suppliers and contractors, partners in joint projects;
16. development plan - the document defining the main activities, indicators of financial and economic activity and key performance indicators of the Fund or its subsidiary for a five-year period, approved by the Board of Directors;
17. the Management Board - the executive body of the Fund, acting on a collegiate basis;
18. the Board of Directors - the management body in the Fund, that carries out general management of its activities, except for resolution of issues referred by the Law of the Republic of Kazakhstan "On Joint Stock Companies" and/or the Charter of the Fund to the exclusive competence of the Sole Shareholder;
19. development strategy - the document defining and justifying the mission, vision, strategic objectives, tasks and key indicators of activity of Fund for a ten-year period, approved by the decision of the Board of Directors;
20. sustainable development - development in which the Fund and its subsidiaries manage the impact of their activities on the environment, economy, society, and make decisions taking into account the interests of the parties concerned. Sustainable development shall meet the needs of the present generation without depriving future generations of the opportunity to satisfy their needs;
21. fiduciary duties - obligations assumed by a person, performing professional activities, in favour of another person. There are two main fiduciary duties: good faith and rationality. The duty of good faith is manifested in the fact that, in the event of a conflict of interest, the subject of the duty must act solely for the benefit of the Fund. In turn, the duty of rationality is manifested in the application of the skills, knowledge and abilities normally required in such a situation.

Entities with fiduciary duties to the Fund include members of the Fund's management bodies, its employees, the Sole Shareholder, and other parties concerned. For example, members of the Fund's management bodies, its employees, as well as the Sole Shareholder are not entitled to use the business opportunities of the Fund solely for their own benefit. The contrary would mean a breach of the duty of good faith to the Fund;

1. The Fund is a legal entity operating in accordance with the Constitution of the Republic of Kazakhstan, the Civil Code of the Republic of Kazakhstan, the Law of the Republic of Kazakhstan "On Joint Stock Companies" (hereinafter referred to as the Law) and other regulatory legal acts of the Republic of Kazakhstan, as well as the Charter of the Fund
2. The terms used but not defined in this Code shall be used in the sense in which they are used in the legislation of the Republic of Kazakhstan and the Charter of the Fund.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

# Chapter 2. **Information about the Fund**

1. The Fund was established on the basis of the Resolution of the Government of the Republic of Kazakhstan No. 665 dated April 26, 1997 "On establishment of a small entrepreneurship development fund”.

In accordance with the Decree of the President of the Republic of Kazakhstan "On certain measures of optimizing the system of management of development institutions, financial organizations and development of national economy" No. 571 dated. May 22, 2013, Baiterek National Managing Holding JSC is the Sole Shareholder of the Fund.

The mission of the Fund is an active role in the sustainable development of micro, small and medium-sized enterprises in Kazakhstan by realization of comprehensive and effective support tools..

The vision of the Fund by 2023 – National Institute of Development, initiator and implementer of programs to support and develop micro, small and medium entrepreneurship in Kazakhstan.

1. The Fund takes the following values as the top aims of its activities:
2. responsibility: for intentions and actions;
3. professionalism: high level of readiness for performance of tasks in its professional activity;
4. team: collaborating to achieve better results from joint activity;
5. honesty: honesty within the Fund and with its partners;
6. social responsibility: responsibility for the impact of the Fund's activity on the parties concerned in the public sphere.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

# **Chapter 3. Corporate governance principles of the Fund**

## **Definition and principles**

1. Corporate governance refers to a set of processes that ensure management and control of the Fund's activities and include relations between the Sole Shareholder, the Board of Directors, the Management Board, other bodies of the Fund and the parties concerned for the benefit of the Fund, as well as interaction of the Fund with its subsidiaries. Corporate governance also defines the Fund's structure through which performance objectives are established, the way these objectives are achieved, and the way performance is monitored and evaluated.
2. The Fund sees corporate governance as a means of enhancing the effectiveness of the Fund and its subsidiaries, ensuring transparency and accountability, strengthening its reputation and reducing capital costs. The Fund considers the proper system of corporate governance as its contribution to ensuring the rule of law in the Republic of Kazakhstan and a factor determining the place of the Fund in the modern economy and society as a whole. The corporate governance system provides for a clear differentiation of powers and responsibilities between the bodies, officials and employees of the Fund.
3. The Fund's corporate governance is based on the bases of fairness, honesty, responsibility, transparency, professionalism and competence. An effective corporate governance structure respects the rights and interests of all the parties concerned and contributes to the Fund's success. Corporate governance shall not be applied to create undue advantages and distort competition in the market where the Fund operates.
4. The following are the fundamental principles of this Code:
5. the principle of differentiation of powers;
6. the principle of protection of the rights and interests of the Sole Shareholder;
7. the principle of effective management of the Fund   
   by the Board of Directors and the Management Board;
8. the principle of sustainable development;
9. the principle of risk management, internal control and internal audit;
10. the principle of managing corporate conflicts and conflicts of interest;
11. the principles of transparency and objectivity in disclosure of information about the Fund's activities;
12. Within the framework of the Fund's corporate governance structure, it is recommended to define the division of responsibilities between the Fund's bodies clearly, and to ensure systematization and consistency of corporate governance processes.
13. Adherence to the principles of corporate governance set out in the Code is intended to facilitate establishment of an effective approach for conducting an objective analysis of the Fund's activities and for receiving appropriate advice from analysts, financial advisers and rating agencies, as appropriate.

**Chapter 4. The principle of differentiation of powers**

1. The rights, obligations and competencies of the Sole Shareholder, the Board of Directors and the Management Board shall be determined in accordance with the current legislation of the Republic of Kazakhstan, the constituent documents and shall be enshrined in them.
2. Baiterek National Managing Holding Joint Stock Company performs the functions of the Sole Shareholder of the Fund in order to ensure profitability of the Fund's activities and implementation of state and government programs in which the Fund participates.
3. The Fund and its subsidiaries operate within the framework of their core (primary) activity.

Implementation of new activities is regulated by the Business Code of the Republic of Kazakhstan dated October 29, 2015.

1. An optimal structure of assets shall be built in the Fund and its subsidiaries; they shall strive to simplify the structure of their assets and their organizational and legal forms as much as possible.

Limited liability partnership is the preferred legal and organizational form when new organizations are established.

Production and financial companies, where it is possible to increase the assets of the state through implementation of investment projects and financial operations for attracting extra-budgetary investments for implementation of social and economic tasks, are created in the form of joint stock companies.

When establishing an organization in the form of a limited liability partnership, the participant (s) independently decide on the need to establish supervisory boards and the rationality of electing independent members of it, as well as electing an audit commission (auditor), depending on the scope and specifics of activities of the organization being created.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. The Sole Shareholder participates in management of the Fund solely through the exercise of the powers of the Sole Shareholder provided for in the legislative acts of the Republic of Kazakhstan, the Charter of the Fund and representation in the Board of Directors of the Fund.
2. The Fund's Sole Shareholder grants the Fund full operational autonomy and does not interfere in the operating (current) and investment activities of the Fund, except in cases provided for by the legislation of the Republic of Kazakhstan, acts and instructions of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. Transactions and relations between the Fund, the Sole Shareholder and the parties concerned shall be effected on a regular commercial basis within the framework of the current legislation of the Republic of Kazakhstan, except in cases when one of the main tasks of the Fund is to implement or assist in implementation of the state policy for development of certain sectors of the Republic of Kazakhstan.

The Fund and its subsidiaries shall not be exempted from application of the general laws, tax rules and regulations, except in cases provided for by the legislation of the Republic of Kazakhstan.

1. The economic activities of the Fund and its subsidiaries shall meet the market conditions regarding debt and equity finance, namely:
2. relations of the Fund and its subsidiaries with all market participants (including financial and non-financial organizations) shall be based solely on a commercial basis, except in cases where one of the main tasks of the Fund and its subsidiaries is to implement or assist in implementation of the state policy for development of certain sectors of the Republic of Kazakhstan;
3. due to limited access to public sources of funding, the Fund will seek to consider alternative sources of funding to replace a part of public funds;
4. financial and economic activities of the Fund need to be profitable.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. When the Fund is engaged in procurement as a customer, the procedures applied should be competitive, transparent (taking into account the principle of confidentiality) and non-discriminatory.
2. The relationship (interaction) between the Sole Shareholder and the Fund and its subsidiaries shall be carried out through the Board of Directors and/or the Management Board of the Fund in accordance with the principles of good corporate governance. The role and functions of the Chairman of the Board of Directors and the Chairman of the Management Board of the Fund are clearly distinguished and set forth in the documents of the Fund.

At the same time, the Fund shall disclose to the Sole Shareholder and the Board of Directors of the Fund all necessary information on the Fund's activities in accordance with the legislative acts of the Republic of Kazakhstan and the Charter of the Fund, and shall ensure transparency of the Fund's activities and organizations to all the parties concerned.

1. The Fund's corporate governance system provides for a relationship between:
2. the Sole Shareholder;
3. the Board of Directors;
4. the Management Board;
5. the parties concerned;
6. other bodies defined in accordance with the Charter of the Fund.

The corporate governance system provides, among other things:

* 1. compliance with the hierarchy of consideration and decision-making procedures;
  2. clear differentiation of powers and responsibilities between the bodies, officials and employees;
  3. timely and qualitative decision-making by the bodies of the Fund and its subsidiaries;
  4. efficiency of processes in activities of the Fund and its subsidiaries;
  5. compliance with the legislation, this Code and internal documents of the Fund and its subsidiaries.

The Fund and its subsidiaries approve provisions on bodies (in case such provisions are not provided for in the Charter of the Fund) and structural subdivisions, as well as job descriptions for the respective positions. Compliance with these documents ensures integrity and consistency of corporate governance processes.

1. The Sole Shareholder shall participate in management of the Fund through implementation of the functions of the shareholder (participant), as well as through the Board of Directors, in the manner defined by the Charter of the Fund, this Code and the legislation of the Republic of Kazakhstan.

The Board of Directors shall have full autonomy in decision-making within the limits of its competence established by the Charter of the Fund.

1. In order to ensure sustainable development of the Fund, the Sole Shareholder shall draw up and approve uniform policies, methodological recommendations and corporate standards for the Fund.

The decision on application of corporate standards approved by the Sole Shareholder in the field of risk management, internal control and internal audit in the Fund and its subsidiaries shall be made by the Fund's Board of Directors, taking into account compliance of the specified standards with the specifics of its activities.

The executive bodies of the Fund and its subsidiaries shall ensure execution of the development strategies and plans of the Fund and its subsidiaries approved by the Board of Directors of the Fund and its subsidiaries.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. The bodies of the Fund and its subsidiaries are encouraged to work together in a spirit of cooperation, in order to ensure that the development strategies and plans of the Fund and its subsidiaries are sufficiently ambitious and realistic.

The Management Board of the Sole Shareholder shall maintain an ongoing dialogue with the Fund on the issues of strategy and sustainable development. At the same time, the Sole Shareholder shall not allow interference in the operating (current) activities of the Fund, for which the Fund’s Management Board is responsible.

1. The key tasks that the Fund solves as part of its mission on promoting sustainable development of Kazakhstan's economy are:
   1. subsidization of the rate of remuneration on loans issued and leasing transactions made by the regulated banks, the Development Bank of Kazakhstan and other legal entities that carry out leasing activities, private enterprise entities;
   2. development of microfinance organizations activity;
   3. establishment of a guarantee system of private enterprise entities in receiving loans by them in the regulated banks and other legal entities;
   4. development of financial leasing;
   5. training and consulting in areas of private entrepreneurship, including financial and property support for private entrepreneurship;
   6. promotion of private entrepreneurship ideas;
   7. information analysis support of private enterprise entities;
   8. financing of private enterprise entities by conditional investment of funds in the regulated banks and other legal entities, as well as by other methods, directly provided by the legislation of the Republic of Kazakhstan;
   9. monitoring implementation of support programs for private enterprise entities;
   10. other objectives in accordance with the legislation of the Republic of Kazakhstan and/or the decisions of the Sole Shareholder.

All the made decisions and actions taken shall be consistent with the development strategy and/or development plan.

For achievement of the tasks set for Fund, the Fund develops the development strategy and/or the development plan which include the key performance indicators (KPI).

The KPI system is a key element in assessing performance of the Fund and the Management Board.

Achievement of the KPI by members of the Fund's Management Board is assessed on an annual basis. This assessment affects the remuneration of the Chairman and members of the Management Board, is taken into account in their re-election, and may constitute the grounds for their removal from office ahead of schedule.

In order to assess achievement of the goals and targets set out in the development strategy and/or the development plan, KPI are established for the Fund through the following processes:

* 1. the Sole Shareholder agrees on a 10-year development strategy and a five-year development plan for the Fund, which shall include targeted KPI to be submitted by the Fund to the Board of Directors for consideration;
  2. the Fund's development strategy and development plan are approved by the Board of Directors;

the Fund is guided by uniform rules for drawing up, approval of development strategies and/or development plans and monitoring and evaluation of their implementation.

The Management Board monitors implementation of the Fund's development strategy, development plan and KPI.

1. The Board of Directors ensures efficient management, sustainable development and cost-effectiveness of the Fund’s activity. The results of effective management in the Fund are: improved operational efficiency, improved reporting, improved standards of corporate culture and ethics, greater openness and transparency, risk reduction, and an appropriate internal control system.

The corporate governance system in the Fund ensures:

* 1. availability of a clear management system, differentiated powers and decision-making process, no duplication of functions and processes;
  2. common standards, policies and processes, including in defining common approaches to planning, monitoring and control, performance assessment and application of corrective actions;
  3. access to quality information on the activities of the group;
  4. due risk management.

1. The corporate governance system and the decision-making process in the Fund and its subsidiaries are regulated by the Charter and other internal documents of the Fund and its subsidiaries.

## **Chapter 5. The principle of protection of the rights and interests of the Sole Shareholder**

1. Compliance with the rights of the Sole Shareholder is a key condition for attracting investments in the Fund. In this regard, corporate governance in the Fund is based on ensuring protection, respect for the rights and legitimate interests of the Sole Shareholder and is aimed at promoting efficiency and profitability of the Fund's activities.

**Paragraph 1. Ensuring the rights of the Sole Shareholder**

1. The Fund shall, in accordance with the established procedure, ensure the exercise of rights of the Sole Shareholder, including:

the right to own, use and dispose of shares;

the right to participate in management of the Fund and election of the Board of Directors in accordance with the procedure stipulated by the Law of the Republic of Kazakhstan "On Joint Stock Companies" and/or the Charter of the Fund;

the right to receive a share of the Fund's profit (dividends);

the right to receive a share in the Fund's assets in case of its liquidation;

the right to receive information on the Fund's activities, including the Fund's financial statements, in the manner determined by the Sole Shareholder or the Charter of the Fund;

the right to make written requests to the Fund regarding its activities and to receive reasoned and comprehensive replies within the time limits established by the Charter of the Fund;

the right to receive statements from the Registrar of the Fund or the Nominee Shareholder, confirming its ownership of securities;

the right to challenge the decisions taken by the bodies of the Fund in court;

the right to apply to the judicial authorities on its own behalf in cases provided for by the articles 63 & 74 of the Law of the Republic of Kazakhstan "On Joint Stock Companies", with a demand to compensate the Fund for losses caused to the Fund by the Fund's officials and return profit (income) to the Fund, received by the Fund's officials and/or their affiliates in the result of taking decisions on the conclusion (proposals for conclusion) of large transactions and/or transactions in which there is an interest;

the right to pre-emptive purchase of shares or other securities of the Fund, converted into its shares, in accordance with the procedure established by the Law of the Republic of Kazakhstan "On Joint Stock Companies," except in cases provided for by the legislative acts of the Republic of Kazakhstan;

the right to make a decision on changing the number of the Fund's shares or changing their type in accordance with the procedure stipulated by the Law of the Republic of Kazakhstan "On Joint Stock Companies”.

1. the decisions on issues related by the legislation of the Republic of Kazakhstan and the Charter of the Fund to the competence of the Sole Shareholder, shall be made by the Sole Shareholder unilaterally and are subject to written registration.

The Sole Shareholder may hold meetings with the Board of Directors and the Management Board to summarize the results of activities for the year and make decisions on matters within its competence. The Sole Shareholder may also hold regular meetings with the Chairman of the Board of Directors during the year to discuss the Fund's activities within its competence.

1. The Fund shall inform the Sole Shareholder promptly and in full of its activities affecting the interests of the Sole Shareholder in accordance with the procedure stipulated in the Charter and internal documents of the Fund.
2. The Fund provides the Sole Shareholder with reliable information on its financial and economic activity and its results in accordance with the requirements of the legislation of the Republic of Kazakhstan. If the objectives in implementation of the state policy during implementation of the Fund's activities are combined with the main commercial activities, these objectives shall be disclosed and communicated to the parties concerned..

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

In case the Fund's shares are acquired by institutional investors, in order to ensure stability and sustainability of the Fund, institutional investors acting as trustees are encouraged to disclose their corporate governance policy and investment regulations, including the existing decision-making procedures in the investor's company.

Institutional investors acting as trustees report how they resolve significant conflicts of interest that may affect ownership rights with respect to investments they have made.

The Fund seeks to limit the number of transactions in which there is an interest. In case of making such transactions, the Fund shall disclose the information provided by the legislation, the Charter and internal documents of the Fund.

**Paragraph 2. Dividend policy**

1. The Sole Shareholder shall have access to information regarding the terms and conditions of payment of dividends and shall be provided with reliable information on the financial position of the Fund when paying dividends. In pursuing these aims, the dividend policy is approved by the Sole Shareholder.

The dividend policy defines the principles that guide the Board of Directors in preparing proposals to the Sole Shareholder regarding distribution of net income of the Fund for the past financial year. The dividend policy is based on the following principles:

* 1. respect for the interests of the Sole Shareholder;
  2. ensuring profitability of the Fund's activity;
  3. ensuring financial stability of the Fund;
  4. ensuring financing of the Fund's activities, including financing of investment projects implemented at the expense of the Fund;
  5. transparency of the mechanism for dividend amount determination;
  6. balance of short-term (income generation) and long-term (the Fund's development) interests of the Sole Shareholder.

The dividend policy also regulates the procedure for distribution of net income and determination of its part allocated for payment of dividends, the procedure for calculating the amount of dividends, the procedure for payment of dividends, including the time limits, place and form of their payment.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

Also, the dividend policy establishes the procedure for determining the minimum share of net profit of the Fund allocated for dividend payment.

1. The amount of dividends is calculated based on the amount of the Fund's net income, reflected in the annual audited financial statements of the Fund, compiled in accordance with the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting and international financial reporting standards. At the same time, the amount of dividend payment is determined taking into account the legislation of the Republic of Kazakhstan.

In case dividends are paid on ordinary shares following the results of quarter or half-year, or distribution of retained earnings of previous years, as well as in certain cases, the amount of dividends may be determined by the Sole Shareholder under a special procedure when considering the issue of approval of the procedure for distribution of profits for the corresponding periods.

In order to make a decision on payment of dividends, the Board of Directors of the Fund shall submit proposals on distribution of net income for the past financial year and the amount of dividend for the year per one common share of the Fund for consideration of the Sole Shareholder .

When considering the issue of payment of dividends in accordance with the established procedure, the current condition of the Fund, its short-, medium- and long-term plans shall be taken into account.

The Fund shall disclose information on any forms and conditions of cooperation, agreements and partnership to the Sole Shareholder and investors.

 (Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

## **Chapter 6. The principle of effective management of the Fund by the Board of Directors and the Management Board**

## **Paragraph 1. Effective Board of Directors**

1. The Board of Directors is the management body providing strategic management of the Fund and supervision of the Management Board's activities.

The Board of Directors shall ensure full transparency of its activities to the Sole Shareholder, as well as implementation of all provisions of this Code.

The Board of Directors shall perform its functions in accordance with the legislation of the Republic of Kazakhstan, the Charter of the Fund, this Code, Regulations on the Board of Directors and other internal documents of the Fund. At the same time, the Fund's Board of Directors shall pay special attention to:

1. defining the development strategy (directions and outcome);
2. defining and monitoring KPI as provided in the development strategy and/or the Fund’s development plan;
3. organisation and supervision of effective functioning of the risk management system, internal control and internal audit;
4. election (re-election), remuneration, succession planning and supervision of the Chairman and members of the Management Board;
5. corporate governance;
6. compliance with the provisions of this Code and the Code of Conduct in the Fund.
7. Members of the Board of Directors shall perform their functional duties in good faith and adhere to the following principles in their activities:
   1. act within the limits of their powers - members of the Board of Directors shall make decisions and act within the limits of their powers stipulated in the Law of the Republic of Kazakhstan "On Joint Stock Companies," as well as the Charter of the Fund;
   2. devote sufficient time to attend and prepare for meetings of the Board of Directors, its committees;
   3. contribute to the cost-effectiveness and sustainable development of the Fund - members of the Board of Directors act for the benefit of the Fund; the impact of decisions and actions of members of the Board of Directors can be determined by the following questions: what are the effects of the decision/action in the long term; what is the impact of the organization's activities on the society and the environment; impact on the Fund's reputation and high standards of business ethics; impact on the interests of the parties concerned (this list of issues is minimal but not exhaustive);

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

* 1. support high standards of business ethics - members of the Board of Directors shall follow such high standards of business ethics in their actions, decisions and behaviour and set an example by doing so for the Company staff;
  2. avoid conflict of interest - members of the Board of Directors shall not allow situations in which their personal interest may affect the proper performance of their duties as a member of the Board of Directors; in the event of situations with a conflict of interest affecting or potentially affecting the impartial decision-making, the members of the Board of Directors shall notify the Chairman of the Board of Directors in advance and shall not participate in discussion and adoption of such decisions; this requirement also applies to other actions of members of the Board of Directors that may affect the proper performance of the duties of members of the Board of Directors directly or indirectly;

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

* 1. act with due reason, skills and care - members of the Board of Directors are recommended to continuously upgrade their knowledge as to competence of the Board of Directors and their obligations as part of the Board of Directors and committees, including such areas as law, corporate management, risk management, finances and audit, sustainable development, knowledge of the field and specific features of the Company's operations. With the purpose of understanding urgent issues of the Company’s activity or operations the members of the Board of Directors shall regularly visit key facilities of the Company and hold meetings with employees.

1. Responsibility of the Board of Directors for ensuring its activities, carrying out its functions and responsibilities, including defining the strategic directions of the Fund, setting clear objectives and specific, measurable (digitized) KPIs, and responsibility of the Management Board for the operational (ongoing) activities of the Fund, including clear fulfillment of the established objectives and achievement of the established KPIs, shall be clearly differentiated and enshrined in the relevant internal documents of the Fund.

The members of the Board of Directors shall be personally responsible for fulfilling their obligations, including fiduciary duties and decisions made, efficiency of their performance, actions and/or inactions. In the event of various opinions available, the Chairman of the Board of Directors ensures that all acceptable options and suggestions of certain members of the Board are considered so as to arrive at a decision meeting the interests of the Fund.

The Board of Directors shall report on compliance with this Code to the Sole Shareholder annually. The Board of Directors shall ensure implementation of the mechanisms that will help to avoid conflicts of interest preventing the Board of Directors from performing its duties objectively, and to limit political interference in the processes of the Board of Directors.

The Sole Shareholder of the Fund may hold additional meetings with the Chairman and members of the Board of Directors to discuss the development strategy, election of the CEO of the Fund's Board of Directors and other aspects that affect the Fund's profitability and sustainable development. Such meetings are planned and held in advance in accordance with the approved procedures.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. A balance of skills, experience and knowledge that ensures independent, objective and effective decisions for the benefit of the Fund shall be maintained in the Board of Directors and its committees.
2. The Sole Shareholder shall elect members to the Board of Directors on the basis of clear and transparent procedures, taking into account competence, skills, achievements, business reputation and professional experience of candidates. While re-electing certain members to the Board of Directors or all of its members for a new term, their contribution to the effectiveness of activity of the Board of Directors shall be taken into consideration.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

The term of office of the Board of Directors shall be determined by the Sole Shareholder. The term of office of the Board of Directors shall coincide with that of the whole Board of Directors, and shall end as of the date when the Sole Shareholder decides to elect new members to the Board of Directors. The Sole Shareholder shall have the right to terminate early powers of all or some members of the Board of Directors.

No person may participate in making decisions related to his or her own appointment, election or re-election.

While selecting candidates to the Board of Directors the following shall be taken into account:

1. work experience in management positions;
2. work experience as a member of the Board of Directors;
3. number of employment years;
4. education and major, including any international certificates;
5. competence in areas and fields (fields which may vary depending on assets portfolio);
6. business reputation;
7. any direct or potential conflict of interests present.

Number of members to the Board of Directors shall be defined by the Sole Shareholder. Membership of the Board shall be defined individually taking into account scope of operations, current tasks, development strategy and/or development plan and financial capacity.

The structure of the Board of Directors shall be balanced, which means a combination of members of the Board of Directors (representatives of the Sole Shareholder, independent directors, the Chairman of the Management Board), ensuring adoption of decisions in the interests of the Fund and economy development tasks assigned to it.

A person can not be elected to the position of a member of the Board of Directors:

1 having a conviction that is not expired or removed in the manner prescribed by law;

2) previously having been the Chairman of the Board of Directors, the Chairman of the Management Board, the Deputy Chairman of the Management Board, the Chief Accountant of another entity, in a period one year or less before the decision on compulsory liquidation, compulsory reacquisition of shares, or temporary closure of another entity declared as bankrupt, in accordance with the established procedure. The specified requirement is applied within five years after the date of adoption of such decision on compulsory liquidation, compulsory reacquisition of shares, or temporary closure of another entity declared as bankrupt in accordance with the established procedure.

1. Membership and participation of independent directors in the Board of Directors is mandatory. The number of members of the Board of Directors of the Company shall be at least 5 (five) people. The number of independent directors who are members of the Board of Directors may not be less than thirty percent of the composition of the Board of Directors. At the same time, the number of independent directors shall be sufficient to ensure independence of the decisions taken. The recommended number of independent directors in the Board of Directors is up to fifty percent of the total number of members of the Board of Directors.

Independent directors shall be elected for a term not exceeding three years, and thereafter, subject to satisfactory performance, may be re-elected for a further term of up to three years.

Any election of independent directors to the Board of Directors for a term exceeding 6 (six) consecutive years (for example, two three-year terms) shall be subject to special consideration, taking into account the need for qualitative renewal of the structure of the Board of Directors.

It is advised not to elect the same person as an independent director in the Board of Directors for more than nine consecutive years. In exceptional cases, election can be for a term of more than nine years, while the election of this independent director to the Board of Directors shall take with a detailed explanation of the need to elect this member of the Board of Directors and the effect of this fact on the independence of decision-making.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

Independent directors of the Board of Directors shall be free from any material interests or relationship with the Fund, its management or its property, which might jeopardize making an objective judgement.

A person who has sufficient professionalism and autonomy to make independent and objective decisions, free from the influence of the Sole Shareholder, the Management Board and other parties concerned is recognized as an independent director.

Requirements to independent directors are established in accordance with the legislation of the Republic of Kazakhstan.

Independent directors actively participate in discussion of issues where conflict of interest is possible (preparation of financial and non-financial statements, conclusion of transactions in respect of which there is an interest, nomination of candidates to the Management Board, establishment of remuneration for members of the Management Board). Independent directors are elected by the Chairmen of the key committees of the Board of Directors on audit, appointments and remuneration, strategic planning and corporate development.

(Decision of the Sole Shareholder dated December 23, 2020, № 61/20)

An Independent Director shall monitor the possible loss of independence status and shall notify the Chairman of the Board of Directors in advance in case of such situations. In case of appearance of circumstances affecting the independence of a member of the Board of Directors, the Chairman of the Board of Directors shall promptly bring this information to the attention of the Sole Shareholder for making an appropriate decision.

1. Relations between independent directors and the Fund shall be formalized by agreements, taking into account the requirements of the legislation of the Republic of Kazakhstan, the provisions of this Code and the internal documents of the Fund.

Contracts must specify the rights, obligations, responsibilities of the parties and other material conditions, and also the obligations of independent directors of the Board of Directors to comply with the provisions of this Code, including allocation of sufficient time to carrying out the functions entrusted to them, non-disclosure of internal information on the Fund upon termination of their activities for a period of time, established by the Board of Directors, and additional obligations arising from the requirements to the status and functions of independent directors (in terms of timely statement of loss of independence and others).

Contracts may specify the timeframes for performance of individual duties by members of the Board of Directors.

The Fund needs to ensure availability of plans for succession of members of the Board of Directors in order to maintain business continuity and update the structure of the Board of Directors.

The Board of Directors approves the program for induction of newly elected members of the Board of Directors and a professional development program, if necessary. The Corporate Secretary ensures implementation of this program.

Members of the Board of Directors elected for the first time, after their appointment, undergo an induction program. In the process of induction, members of the Board of Directors are aware of their rights and obligations, the key aspects of the Fund's activities and documents, including those related to the greatest risks.

1. The Chairman of the Board of Directors shall be responsible for general lead to the Board of Directors, ensure complete and effective Board’s realization of its main duties and building a constructive dialogue among members of the Board of Directors, the Sole Shareholder and the Management Board of the Fund.

The Chairman of the Board of Directors shall strive to create a single team of professionals determined to achieve profitability and sustainable development of the Fund, able to respond to internal and external challenges in a timely and professional manner.

The roles and functions of the Chairman of the Board of Directors and the Chairman of the Management Board of the Fund shall be clearly distinguished and set forth in the internal documents of the Fund. The Chairman of the Management Board can not be elected as the Chairman of the Board of Directors of the Fund.

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

1. planning meetings of the Board of Directors and preparing an agenda thereof;
2. ensure that members of the Board of Directors receive complete and actual information to make a decision;
3. ensure that attention of the Board of Directors is paid to considering strategic issues and minimizing issues of current (operational) character, subject to consideration by the Board of Directors;
4. ensure maximum efficiency of meetings of the Board of Directors by allocating sufficient time for discussions, complete and deep review of all agenda items, stimulation of open discussions and achievement of agreed decisions;
5. ensure monitoring and supervision of proper execution of resolutions of the Board of Directors and the Sore Shareholder;
6. take actions or measures in the event of any corporate conflicts for resolving them and minimizing negative impact on operations of the Fund, as well as notify the Sole Shareholder in due time in case such situations are impossible to resolve by own efforts;
7. building proper communication and interaction with the Sole Shareholder, including organization of consultations in making key strategic decisions.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

**Paragraph 2. Remuneration of Members of the Board of Directors**

1. It is recommended to set the level of remuneration of members of the Board of Directors in the amount sufficient to attract and motivate each member of the Board of Directors at the level required for successful management of the Fund. The Nominations, Remunerations and Social Issues Committee of the Board of Directors makes proposals on remuneration of potential independent directors.

No person may participate in making decisions related to his or her own remuneration.

Remuneration shall fairly reflect the expected contribution of a member of the Board of Directors to the efficiency of the whole Board of Directors and the Fund's activities.

When defining the size of remuneration to a member of the Board of Directors the following shall be considered: duties of members of the Board, scope or range of the Fund’s operations, long term goals and objectives defined by the Development strategy, complexity of issues under consideration of the Board of Directors, and, if necessary, the level of remuneration in similar private entities (benchmarking, review of remunerations).

Members of the Board of Directors shall be paid a fixed annual remuneration, as well as additional remuneration for participation and chairmanship in the committees of the Board of Directors. Remuneration of a member of the Board of Directors shall not include options or other elements related to the results of the Fund's activity.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

At the same time, remuneration for membership in the Board of Directors shall not be paid to members of the Board of Directors who are public servants and/or representatives of the shareholder, as well as the Chairman of the Management Board (in case of his/her membership in the Board of Directors).

The Sole Shareholder shall determine the amount and conditions of payment of remuneration and compensation of expenses to members of the Board of Directors. At the same time, the remuneration conditions for directors are reflected in contracts concluded with them and/or, if necessary, in the Fund's internal document.

**Paragraph 3. Committees of the Board of Directors**

1. The Board of Directors of the Fund has established committees whose

competence includes consideration of audit issues (including risk management and corporate governance), strategic planning and corporate development, appointments, remuneration and social issues. In order to improve the efficiency of investment decision-making, the Strategic Planning and Corporate Development Committee preliminarily reviews strategic investment projects. The concept of a strategic investment project is defined by the internal documents of the Sole Shareholder.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

(Decision of the Sole Shareholder dated December 23, 2020, № 61/20)

Availability of committees does not exempt members of the Board of Directors from responsibility for the decisions made within the competence of the Board of Directors.

The committees are established in order to conduct a detailed analysis and make recommendations on the most important issues before they are considered at a meeting of the Board of Directors. The final decision on the issues considered by the committees is made by the Board of Directors.

Activity of the committees is regulated by the internal documents approved by the Board of Directors, which contain provisions on the structure, competence, procedure of election of members of the committee, procedure of work of the committees, as well as on the rights and obligations of their members. The Sole Shareholder shall have the right to get acquainted with the regulations on the committees upon request.

To organize the work of a committee, the secretary of the committee is appointed by the committee or the Board of Directors from among employees of the corporate secretary's service. The secretary of the committee shall ensure preparation of meetings of the committee, collection and systematization of materials for meetings, timely notification of committee members and invited persons about meetings of the committee, meeting agenda, materials on the agenda issues, record-keeping of meetings, preparation of draft decisions of the committee, as well as subsequent storage of all the relevant materials.

1. The Board of Directors makes a decision on establishment of committees, determines the structure of the committees, their service periods and powers.

The committees consist of members of the Board of Directors with the professional knowledge, competence and skills necessary for work in the committee. When forming the structure of the committees, potential conflicts of interest shall be taken into account. Chairmen of the committees, along with professional competencies, shall have organizational and leadership qualities, good communicative skills for effective organization of the committee's activities.

Only committee members may attend committee meetings. Presence of other persons is permitted only at the invitation of the committee. Where necessary, the committees may involve experts and consultants.

The committees shall approve their work plan (recommended before the beginning of the calendar year), which shall be consistent with the work plan of the Board of Directors, with a list of issues under consideration and dates of meetings. The frequency of meetings of the committees shall be at least four per year. Meetings of the committees are held in presentia, with maintaining a minutes. In order to create an enabling environment and reduce the costs of committee meetings, participation of the committee members through technical means of communication is permitted.

Chairmen of the committees prepare a report on the committee's activities and, at a separate meeting, report to the Board of Directors on the annual performance results during the meeting of the Board of Directors. The Board of Directors shall have the right to request the committees to submit a report on their current activities at any time during the year. The timeframes for preparing and submitting such a report shall be determined by the Board of Directors.

**Paragraph 4. Strategic Planning and Corporate Development Committee**

1. The Chairman of the Strategic Planning and Corporate Development

Committee is elected from among the independent directors of the Board of Directors for the term of office of the Board of Directors at one of the first meetings of the Board of Directors. The decision on election is made by a simple majority of votes of the total number of members of the Board of Directors.

If necessary, experts with relevant experience and competence can be involved in the composition of the strategic planning and corporate development committee.

The main functions of the Committee for strategic planning and corporate development is the development and submission to the Board of Directors recommendations on the issues of development of priority activities (development), strategic goals (development strategies), corporate development, including the development of measures to enhance the effectiveness of the Fund in the medium to long term, its cost-effective operations and sustainable development. Detailed goals and objectives of the committee are provided for in the regulations on the committee.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

(Decision of the Sole Shareholder dated December 23, 2020, № 61/20)

**Paragraph 5. Audit and Risk Management Committee**

1. The Audit and Risk Management Committee consists of independent directors with the necessary knowledge and practical experience in accounting and auditing, risk management and internal control. The Audit and Risk Management Committee is chaired by an independent director. The main functions of the Audit and Risk Management Committee include internal and external audit issues, financial reporting, internal control and risk management, compliance with the legislation of the Republic of Kazakhstan, corporate governance issues and other issues by order of the Board of Directors.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

(Decision of the Sole Shareholder dated December 23, 2020, № 61/20)

In addition, the Audit and Risk Management Committee evaluates candidates - external auditors of the Fund, and also makes preliminary analysis of the report of the audit organization before submitting it to the Board of Directors and the Sole Shareholder.

A member of the Board of Directors, who is not an independent director, may be elected to the committee if the Board of Directors decides, on an exceptional basis, that this person's membership in the Audit and Risk Management Committee is necessary for the benefit of the Sole Shareholder and the Fund. In case of such appointment, the Board of Directors shall disclose the nature of the person's dependency and justify such a decision.

(Decision of the Sole Shareholder dated December 23, 2020, № 61/20)

**Paragraph 6. Nominations, Remunerations and Social Issues Committee**

1. The Nominations, Remunerations and Social Issues Committee consists of the majority of independent directors in order to formulate objective and independent decisions and to prevent the influence of the parties concerned (representatives of the Sole Shareholder, Chairman of the Management Board, employees and other persons) on the decisions of the committee members.

Committee members shall have the necessary knowledge and practical experience in personnel management and evaluation, as well as in corporate governance. The committee is chaired by an independent director.

The Nominations, Remunerations and Social Issues Committee determines the criteria for selection of candidates - members of the Board of Directors, members of the Management Board, except for the Chairman of the Management Board, determines the Fund's policy in the field of remuneration of these persons, and regularly assesses the activities of members of the Board of Directors and the Management Board.

The main functions of the committee include nomination (election), setting of motivational KPI, evaluation of activities, remuneration and planning succession of members of the Management Board, nomination and remuneration of the Corporate Secretary, as well as participation in consideration of these issues with regard to the structure of the Board of Directors itself, in case such powers are granted by the Sole Shareholder. In this case, members of the Nominations, Remunerations and Social Issues Committee are encouraged not to allow a conflict of interest to arise and not to participate in consideration of their own nomination and/or remuneration issues.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

**Paragraph 7. Organization of activity of the Board of Directors**

1. Preparation and holding meetings of the Board of Directors shall contribute to maximizing its performance. Members of the Board of Directors must have access to complete, up-to-date and timely information in order to perform their duties.

The Board of Directors shall comply with the procedures established by the Fund's documents for preparation and hodling meetings of the Board of Directors.

1. Meetings of the Board of Directors shall be held in accordance with the work plan approved by the Board of Directors before the beginning of the calendar year, including the list of issues under consideration and the schedule of meetings with dates. Meetings of the Board of Directors and its committees shall be held by means of voting in presentia or absentee voting, and the number of meetings with absentee voting shall be minimized. Consideration and decision-making on the issues of important and strategic nature shall be carried out only at meetings of the Board of Directors with voting in presentia.

If members of the Board of Directors (not more than 30% of the total number of members of the Board of Directors) are not able to attend a meeting of the Board of Directors in person, a combination of both forms of meeting of the Board of Directors and its committees may be possible. At the same time, the absent member of the Board of Directors may participate in discussion of the issues under consideration using technical means of communication and provide his/her opinion in writing.

The recommended frequency of meetings of the Board of Directors shall be at least six meetings per year. It is recommended that the number of issues scheduled for consideration during the year be evenly distributed, in order to ensure thorough and full discussion and timely and qualitative decisions.

1. Materials for meetings of the Board of Directors shall be sent in advance - not later than 10 calendar days, unless otherwise specified by the Charter of the Fund.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

Issues which materials were not provided in due time shall not be included in the agenda of meetings of the Board of Directors. In case issues are included in the agenda with violation of the deadlines, the Chairman of the Board of Directors is provided with an exhaustive justification of this necessity, this circumstance is taken into account in evaluation of the activities of the Fund's Corporate Secretary.

1. The Board of Directors shall make decisions on the basis of full, reliable and qualitative information. In order for the Board of Directors to make effective and timely decisions, the following conditions must be met:

1) high quality of materials, information, documents provided to the Board of Directors (including translation into English, if necessary);

2) obtaining opinions of experts (internal and external), if necessary (it should be borne in mind that involvement of experts does not release the Board of Directors from responsibility for the decision);

3) time devoted to discussions at the Board of Directors, especially for important and complex issues;

4) timely consideration of issues;

5) the decisions provide for a plan of further actions, timeframes and responsible persons.

The following factors may adversely affect the quality of decisions of the Board of Directors:

1) dominance of one or more members at a meeting, which may limit valuable participation of other members in discussions;

2) conventional attitude to risks;

3) pursuing personal interests and low ethical standards;

4) formal adoption of decisions at a meeting of the Board of Directors, without real and active discussions;

5) uncompromising position (lack of flexibility) or lack of desire for development (satisfaction with the current situation);

6) weak organizational culture;

7) lack of information and/or analysis.

Members of the Board of Directors may request additional information on the agenda issues, necessary for a decision to be made.

1. Each member of the Board of Directors shall attend the meetings of the Board of Directors and the committee of which he or she is a member. Derogation from this rule is permitted in exceptional cases stipulated in the Regulation on the Board of Directors.

Quorum for holding a meeting of the Board of Directors shall be defined in the Fund’s Charter but shall be not less than a half of its members.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. Решения на заседании Совета директоров принимаются большинством голосов членов Совета директоров, принимающих участие в заседании, если законодательством Республики Казахстан, Уставом или внутренними документами Фонда, определяющим порядок созыва и проведения заседаний Совета директоров, не предусмотрено иное.

When deciding on issues of the agenda at a meeting of the Board of Directors, each member thereof shall have one vote. Voting rights may not be transferred by a member of the Board of Directors to another person, including another member of the Board of Directors.

When the Board of Directors makes decisions, if the votes of the members of the Board of Directors are equal, the right to vote shall belong to the Chairman of the Board of Directors or to the person chairing the meeting of the Fund's Board of Directors.

1. A member of the Board of Directors who has an interest in an issues brought in for consideration by the Board of Directors, shall not participate in discussions and voting thereon, on which a respective record shall be made in a minutes of such meeting of the Board of Directors.
2. Excluded (Decision of the Sole Shareholder dated December 25, 2019, № 61/19)
3. The Board of Directors may revise its previous decisions.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

**Paragraph 8. Assessment of activity of the Board of Directors**

1. The Board of Directors, the committees and members of the Board of Directors shall be evaluated on an annual basis in accordance with the internal documents of the Fund. In which case at least once per three years such evaluation shall be performed engaging an independent professional organization.

Evaluation allows defining contribution of the Board of Directors and of each of its members to achievement of strategic objectives of development of the Fund as well as finding directions and recommending measures for improvement. The results of the evaluation shall be taken into account in case of re-election or early termination of powers of the members of the Board of Directors.

Evaluation is one of the main tools for enhancing the professionalism of the Board of Directors and its individual members. Evaluation performance is obligatory for independent directors as well as for representatives of the Sole Shareholder.

Evaluation is carried out according to such principles as regularity, complexity, continuity, feasibility, confidentiality.

The process, timeframes and procedure for evaluating the activities of the Board of Directors, its committees and members of the Board of Directors shall be clearly regulated in the internal documents of the Fund.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. Evaluation includes, but is not limited to::

1) optimality of the Board of Directors composition (balance of skills, experience, diversity and objectivity) in context of objectives set before the Fund;

2) clear understanding of vision, strategy, main objectives, problems and values of the Fund;

3) plans of succession and development;

4) functioning of the Board of Directors as one body, role of the Board of Directors and the Chairman of the Management Board in the Fund's operations;

5) efficiency of interaction between the Board of Directors and the Sole Shareholder, the Management Board and corporate officials of the Fund;

6) efficiency of each member of the Board of Directors;

7) efficiency of work of committees of the Board of Directors and their interaction with the Board of Directors and members of the Management Board;

8) quality of information and documents presented to the Board of Directors;

9) quality of discussions at the Board of Directors and committees;

10) efficiency of the Corporate Secretary’s performance;

11) clarity in understanding processes and competences;

12) process of revealing and evaluating risks;

13) interaction with the Sole Shareholder and other concerned parties.

1. Evaluation methods are self-evaluation or engagement of an independent consultant in order to improve the quality of evaluation. An independent external consultant is engaged at least once every three years.

The evaluation results may serve as a basis for re-election of complete Board of Directors or any particular member thereof, reconsideration of composition of the Board of Directors and the size of remuneration to the members of the Board of Directors. In case of any serious downsides in the results of performance of any particular members of the Board of Directors, the Chairman of the Board of Directors consults with the Sole Shareholder.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

The Board of Directors in its annual report shall state a method of evaluation of the Board of Directors and measures taken on the basis of its results.

1. The Sole Shareholder may perform its own evaluation of the Board of Directors independently or engaging an independent consultant. Results of evaluation performed independently by the Board of Directors, the Fund’s performance results, KPI achievement and other factors shall be taken into consideration.

**Paragraph 9. Corporate Secretary of the Fund**

1. With the purpose of efficient work of the Board of Directors and communication of the Board with the Sole Shareholder, the Board of Directors shall appoint a Corporate Secretary.

The Board of Directors shall decide on the appointment of the Corporate Secretary, determine the term of office, functions and procedures, the amount of official salary and conditions of remuneration, decide on the establishment of the Corporate Secretary's service (secretariat) (if necessary) and determine the budget of the said service. The Corporate Secretary shall report to the Board of Directors and shall be independent of the Management Board. The main responsibilities 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 the Board of Directors on all matters of their activities and application of the provisions of this Code, as well as monitoring the implementation of this Code and participating in improvement of corporate governance in the Fund. The Corporate Secretary shall also prepare a report on compliance with the principles and provisions of this Code, which shall be included in the annual report of the Fund. This report shall include a list of principles and provisions of the Code that are not complied with, with explanations.

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

With regard to ensuring activity of the Board of Directors:

* 1. assisting the Chairman of the Board of Directors in preparing plan of work and agendas for meetings;
  2. organizing meetings of the Board of Directors and its committees;
  3. ensuring that the members of the Board of Directors receive actual information in due time which is required for decision making as to agenda items within the competence of the Board of Directors;
  4. keeping minutes of meetings of the Board of Directors and the committees, ensuring storage of minutes, transcripts, audio-video records, materials of meetings of the Board of Directors and the committees;
  5. consulting members of the Board of Directors concerning issues of the Law of the Republic of Kazakhstan, the Fund’s Charter, this Code and in-house documents, monitoring any changes and notifying the Board’s members thereof in due time;
  6. organizing instalment of newly elected members to the Board of Directors;
  7. organizing training for members of the Board of Directors and involvement of experts;
  8. organizing interaction of the members of the Board of Directors with the Management Board;

1. With regard to ensuring interaction with the Sole Shareholder, the Corporate Secretary shall ensure quarterly monitoring of execution of the Sole Shareholder's decisions and provision of information in response to the Sole Shareholder's requests in a timely manner.

With regard to implementation of good corporate governance practices, the Corporate Secretary shall ensure:

* 1. monitoring of implementation and observance of principles and provisions of this Code;
  2. preparation of a report on compliance with the principles and provisions of this Code;
  3. while on duty revealing violation of the Corporate management norms defined by the law, the Charter and other documents of the Fund.
  4. consulting the Sole Shareholder, officials, employees of the Fund on corporate governance issues;
  5. monitoring the best global corporate governance practices and making proposals on improvement of corporate governance practices in the Fund.

1. In case of conflict of interest, the Corporate Secretary shall bring this information to the attention of the Chairman of the Board of Directors.
2. To perform his/her duties, the Corporate Secretary shall have knowledge, experience and qualifications, and a good business reputation. Depending on the size of the Fund and the scope of its activities, the Corporate Secretary Service may be established.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

A person with a higher legal or economic education, with at least 5 years of experience and practical knowledge of corporate governance and corporate law is appointed to the position of the Corporate Secretary.

In order to improve the efficiency of preparation and holding of meetings of the Board of Directors, it is recommended to discuss periodically the completeness and usefulness of the materials provided to the members of the Board of Directors. The results of these discussions serve as a basis for evaluating the Corporate Secretary's performance.

An induction and succession planning program is developed in the Fund for the Corporate Secretary. Search and appointment of the Corporate Secretary shall be carried out on the basis of open and transparent procedures enshrined in the internal documents of the Fund.

The Corporate Secretary shall carry out his/her activities on the basis of a regulation approved by the Board of Directors, which shall specify his/her functions, rights and duties, the procedure for interaction with the Fund's bodies, qualification requirements and other information.

1. To carry out his/her functions, the Corporate Secretary shall have the following powers:
   1. to request and receive documents and information, necessary for making decisions at meetings of the Board of Directors and decisions of the Sole Shareholder, from the Fund's bodies, officials and employees;
   2. to take measures to organize meetings of the Board of Directors and to inform the Fund's officers about the decisions made by the Board of Directors and the Sole Shareholder, as well as subsequent control of their execution;
   3. to interact directly with the Chairman and members of the Board of Directors, the Chairman and members of the Management Board, employees of the Fund, and the Sole Shareholder.

The Fund's Management Board shall cooperate fully with the Corporate Secretary in the exercise of his/her authorities.

**Paragraph 10. Ombudsman of the Fund**

1. The Ombudsman is appointed from among the employees of the Fund/the Sole Shareholder in order to comply with the principles of business ethics and for optimal regulation of social and labour disputes arising in the Fund.

(Decision of the Sole Shareholder dated July 3, 2019, № 34/19)

A candidate for the position of the Ombudsman shall have an impeccable business reputation, high authority and the ability to make impartial decisions.

The Ombudsman is appointed by the decision of the Board of Directors and is subject to re-election every two years. The role of the Ombudsman is to advise employees, participants of labor disputes, conflicts and assist them in elaboration of a mutually acceptable, constructive and implementable solution, taking into account compliance with the norms of the legislation of the Republic of Kazakhstan (including confidentiality, if necessary), and to assist both employees and the Fund in solving problematic social and labor issues.

The Ombudsman shall submit the problems he/she has identified, which are systemic and require appropriate decisions (comprehensive measures), to the relevant bodies and officials of the Fund for consideration; and makes constructive proposals for their solution.

At least once a year, the Ombudsman shall report on the results of his/her work to the Nominations, Remuneration and Social Issues Committee, which shall evaluate the results of his/her activities.

The Board of Directors assesses the Ombudsman’s performance and decides to extend or terminate the Ombudsman’s powers.

**Paragraph 11. Internal Audit Service under the Board of Directors.**

1. The Internal Audit Service has been established and operates in order to carry out internal audit activities as an activity of providing independent and objective guarantees and advice aimed at improving the work of the Fund. Internal audit helps achieve the set objectives through a systematic and consistent approach to assessing and improving the effectiveness of risk management, control and corporate governance processes.

The Board of Directors determines the quantitative structure and term of office of the Internal Audit Service, appoints its head and employees, as well as terminates their powers ahead of schedule, determines the procedure of its work, the amount and conditions of remuneration of employees of the Internal Audit Service, and also the budget of the Internal Audit Service.

Employees of the Internal Audit Service can not be elected to the Board of Directors and the Management Board of the Fund.

The Internal Audit Service reports directly to the Board of Directors and is independent of the Management Board. The tasks and functions of the Internal Audit Service, its rights and responsibilities, shall be determined by the regulations on the Internal Audit Service of the Fund approved by the Board of Directors.

The key responsibilities of the Internal Audit Service include assessing the quality of the Fund's internal control, risk management and corporate governance systems and informing the Board of Directors on the adequacy and effectiveness of these systems. The main objective of the Internal Audit Service is to contribute to improvement of the Fund's performance.

1. The regulation on the Internal Audit Service defines and establishes the following:
   1. commitment to the principles and regulations adopted by the Institute of Internal Auditors;
   2. the status, goals and objectives of internal audit of the Fund;
   3. conditions for ensuring independence, objectivity and professionalism of the Internal Audit Service in order to achieve the goals and objectives of internal audit and effective performance by the Internal Audit Service of its functions and responsibilities;
   4. qualification requirements to the manager and employees of the Internal Audit Service;
   5. scope and content of internal audit activities;
   6. right to access documentation, employees and tangible assets when performing the relevant tasks;
   7. procedure for interaction of the Internal Audit Service with the Board of Directors and the Management Board, and reporting to the Audit and Risk Management Committee and the Board of Directors.

The regulation on the Internal Audit Service also provides for the following tasks and functions:

* 1. assist the Fund's Management Board and employees in developing and monitoring procedures and measures to improve risk management, internal control and corporate governance systems;
  2. coordination with the Fund's external auditor, as well as entities providing consulting services in the field of risk management, internal control and corporate governance;
  3. conducting internal audit of subsidiaries without own services/functions of internal audit within the established procedure, as well as conditions and procedure of interaction with internal audit services of subsidiaries on the issues of collection and submission of necessary information to the Fund's Board of Directors and on the issues of development/improvement of internal audit services of subsidiaries as a whole;
  4. preparation and provision of periodic reports on the performance of the Internal Audit Service and implementation of the (annual) audit plan to the Board of Directors and the Audit and Risk Management Committee (including information on significant risks, shortcomings, results and effectiveness of measures to correct the identified shortcomings, results of assessment of the actual condition, reliability and effectiveness of the risk management, internal control and corporate governance system);
  5. verification of compliance of members of the Management Board and its employees with the provisions of the legislation of the Republic of Kazakhstan and internal documents related to insider information and fight against corruption, compliance with ethical requirements;
  6. monitoring implementation of the external auditor's recommendations;
  7. providing consultations within the framework of the work plan approved by the Board of Directors on the issues of organization and improvement of internal control, risk management, corporate governance and organization of internal audit, as well as on other issues within the competence of the Internal Audit Service.

(Decision of the Sole Shareholder dated December 23, 2020, № 61/20)

1. Performance of the Internal Audit Service, its manager and employees shall be evaluated by the Board of Directors on the basis of consideration of reports of the Internal Audit Service, compliance with the terms of execution of the (annual) audit plan and reporting, evaluation of compliance of the reports with the requirements of the standards and internal regulatory documents of the Internal Audit Service.

**Paragraph 12. Management Board**

1. The current activities of the Fund are managed by the Management Board. The Chairman and members of the Management Board have high professional and personal characteristics, a good business reputation and adhere to ethical standards. The Chairman of the Management Board has high organizational abilities, works in active interaction with the Sole Shareholder and builds a dialogue with the Board of Directors, employees and other parties concerned in a constructive manner.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. The Management Board shall be accountable to the Board of Directors and shall manage the Fund's daily activities, be responsible for implementation of the development strategy and/or development plan and decisions made by the Board of Directors and the Sole Shareholder.
2. The Board of Directors shall elect the members of the Management Board (except for the Chairman of the Management Board), determine their terms of office, the amount of official salary, conditions of their labor payment and bonuses. The Nominations, Remunerations and Social Issues Committee of the Board of Directors plays a key role in the process of finding and selecting candidates for the Management Board and determining their remuneration.

Proposals on candidates for election to the Management Board shall be submitted by the Chairman of the Management Board for consideration by the Nominations, Remunerations and Social Issues Committee of the Board of Directors. In case the Board of Directors rejects a candidate proposed by the Chairman of the Management Board for the same vacant position in the Management Board for the second time, the right to suggest a candidate for this vacant position shall be transferred to the Board of Directors.

The Board of Directors may terminate the powers of members of the Management Board at any time (except for the Chairman of the Management Board).

It is recommended to elect members of the Management Board for a term of up to three years. The terms of office of the Chairman and members of the Management Board coincide with the terms of office of the Management Board as a whole.

In order to increase transparency of the processes of nomination and remuneration of the members of the Management Board, it is recommended for the Board of Directors to approve and strictly comply with the rules on nomination, remuneration, evaluation and succession of the members of the Management Board.

1. The Management Board, under the guidance of the Board of Directors, shall develop a development strategy and/or development plan of the Fund.

The Management Board ensures:

* 1. carrying out activities in accordance with the norms of the legislation of the Republic of Kazakhstan, the Charter and the Fund's internal documents, decisions of the Sole Shareholder and the Board of Directors;
  2. risk management and internal control;
  3. allocation of resources for implementation of decisions of the Sole Shareholder and the Board of Directors;
  4. labor safety for the Fund's employees;
  5. creating an atmosphere of interest and loyalty for the Fund's employees, developing corporate culture.

The Board of Directors shall control the activities of the Fund's Management Board. Control can be exercised by providing regular reports by the Management Board to the Board of Directors and hearing of the Management Board regarding implementation of medium-term development plans and results achieved at least once a year.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. The Management Board holds face-to-face meetings and discusses implementation of the development strategy and/or development plan, decisions of the Sole Shareholder, the Board of Directors and operational activities. Meetings of the Management Board shall be held on a regular basis. The cases of meetings in absentia are limited and defined in the Fund's Charter and internal documents.

The Board shall draw up a work plan for the coming year with a list of issues before the beginning of the calendar year. Members of the Management Board shall be provided with materials of appropriate quality for consideration in advance. When considering such issues as development strategies and/or development plans, investment projects, risk management, it is allowed to hold several meetings.

When considering each issue, a separate discussion shall be devoted to the risks of decision-making/non-decision-making and their impact on the Fund's cost-effective activities.

All issues submitted to the Board of Directors and the Sole Shareholder for consideration at the initiative of the Management Board shall be previously considered and approved by the Management Board.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. The Chairman and members of the Management Board shall not allow conflict of interest situations to arise. In the event of a conflict of interest, they shall notify the Board of Directors or the Chairman of the Management Board of the need to record it in writing and not to participate in decision-making on the issue.
2. The Chairman and members of the Management Board may hold positions in other organizations only with the approval of the Board of Directors. The Chairman of the Fund's Management Board shall not hold the position of the head of the management board of another legal entity.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. The Management Board shall ensure creation of an optimal organizational structure of the Fund.

The organizational structure shall be aimed at:

1) efficiency of decision-making;

2) increasing the Fund's efficiency;

3) promptness of decision-making;

4) organizational flexibility.

Selection of candidates for vacant positions of the Fund is carried out on the basis of open and transparent competitive procedures. Career progression, material stimulation of the Fund's employees is carried out in accordance with the principles of meritocracy, taking into account the level of knowledge, competences, work experience and achievement of the set tasks. A personnel reserve pool, from which appointments to senior positions of middle and senior management can be made in the future, is formed in the Fund. The employees undergo a comprehensive performance evaluation on an annual basis.

Procedures of personnel selection areimplemented according to the following requirements:

preference to the development of the Fund's internal resources, and, where this is not possible, openness and absence of restrictions on holding of positions for a wide range of persons, ensuring the principle of equal opportunities, which facilitates competition and selection of good candidates who meet the requirements of professionalism and competence;

impartial selection of personnel and complete absence of protectionism and patronage system of hiring (on the principle of loyalty, ethnicity, kinship and personal friendship);

legal regulation, including in terms of establishment of principles and criteria for evaluation of candidates, excluding the conditions for subjectivity in decision-making.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

**Paragraph 13. Assessment and remuneration of members of the Fund's Management Board**

1. The Chairman and members of the Management Board shall be evaluated by the Board of Directors. The main criterion for evaluation is achievement of the set KPI.

Motivational KPI of the Chairman and members of the Management Board shall be approved by the Fund's Board of Directors. The Chairman of the Management Board shall submit proposals regarding the motivational efficiency of the members of the Management Board to the Board of Directors for consideration.

The evaluation results influence on the amount of remuneration, incentives, re-election (appointment) or early termination of powers.

Labor remuneration of the Chairman and members of the Management Board consists of a constant part and a variable part. In determining the official salary, account shall be taken of the complexity of the tasks performed, the employee's personal competence and competitiveness in the market, the contribution made by this person to the development of the Fund, the level of official salaries in similar companies and the economic situation in the Fund.

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

**Chapter 7. The principle of sustainable development**

1. The Fund and its subsidiaries are aware of the importance of their impact on the economy, the environment and the society for ensuring sustainable development in the long term, along with maintaining a balance of interests among the parties concerned. The approach of responsible, informed and rational interaction with the parties concerned will contribute to sustainable development of the Fund and its subsidiaries.
2. The Fund strives for cost-effectiveness of its activity, ensures sustainable development and balance the interests of the parties concerned.

The Fund and its subsidiaries influence or are influenced by the parties concerned in the course of their activities. Sustainable development activities meet the best international standards.

The parties concerned can have both positive and negative impact on the activities of the Fund and its subsidiaries, namely on achievement of cost-effectiveness, sustainable development, reputation and image, create or reduce risks. The Fund and its subsidiaries attach importance to appropriate ineraction with the parties concerned.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. When defining the parties concerned and interacting with them, the Fund and its subsidiaries use international standards of identification and interaction with the parties concerned.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

The list of the parties concerned includes, but is not limited to:

|  |  |  |
| --- | --- | --- |
| **Parties concerned** | **The contribution made, influence** | **Expectations, interest** |
| Investors including Sole Shareholder, international financial institutions | Financial resources (equity, borrowed assets) | Return on investment, timely payment of dividends, principal and remuneration |
| Employees, officials | Human resources, loyalty | High salaries, good working conditions, professional development |
| Labor unions | Promotion of social stability, regulation of labor relations and conflict resolution | Respect for the employees' rights, good working conditions |
| Clients | Financial resources by purchasing services of the organization | Receiving high quality services at an affordable price |
| Contractors | Supply of resources (goods, works and services) for value creation | Reliable target market, a regular solvent purchaser |
| Local communities, population in places of economic activity, social organizations | Support in places of economic activity; loyalty and support of local authorities; favourable attitude; cooperation | Creation of additional jobs, development of the region |
| The Government, the state bodies, the Parliament | Government regulation, return of the allocated funds from the NF and the RB | Taxes, solving social tasks |

The Fund and its subsidiaries shall take measures for building a dialogue and long-term cooperation and manage relations with the parties concerned.

1. The Fund draws up a map of the parties concerned, taking into account the risks and ranking them taking into account dependency (direct or indirect), obligations, situation (focusing on high-risk areas), influence and different perspectives.

Methods of interaction with the parties concerned include, but are not limited to the following forms:

|  |  |
| --- | --- |
| **Level of interaction** | **Methods of interaction** |
| Consultations: bilateral interaction; the parties concerned respond to questions of the Fund and the organizations | Questionnaires; focus groups; meetings with the parties concerned; public meetings; seminars; providing feedback through communication means; advisory boards |
| Negotiations | Collective negotiations based on social partnership principles |
| Engagement: Bilateral or multilateral interaction; increasing experience and knowledge for all the parties, the parties concerned and organizations act independently | Multilateral forums; consulting panels; the process of reaching consensus; the process of joint decision-making; focus groups; feedback schemes |
| Cooperation: Bilateral or multilateral interaction; joint increase in experience and knowledge, decision-making and taking actions | Joint projects; joint ventures; partnership; joint initiatives of the parties concerned |
| Granting powers; the parties concerned (if applicable) participate in management | Integration of the issues of interaction with the parties concerned into management, strategy and operational activity |

1. The Fund and its subsidiaries ensure concurrence of their economic, environmental and social objectives for long-term sustainable development. Sustainable development in the Fund and its subsidiaries consists of three components: economic, environmental and social components.

The economic component directs the activities of the Fund and its subsidiaries towards profitability of their activities, ensuring the interests of the Sole Shareholder and investors, increasing the efficiency of processes, increasing investments in creation and development of better technologies, increasing productivity.

The environmental component contributes to minimizing the impact on biological and physical natural systems, optimal use of limited resources, application of environmentally friendly, energy and material-saving technologies.

The social component is focused on the principles of social responsibility, which include, inter alia, occupational safety and health, fair remuneration and respect for the employees' rights, individual development of staff, implementation of social programmes for staff, creation of new jobs, sponsorship and charity, conducting environmental and educational campaigns.

The Fund selects employees on the basis of transparent competitive procedures in accordance with the internal documents of the Fund.

The Fund and its subsidiaries conduct an analysis of their activities and risks in these three areas, and seek to avoid or reduce the negative impact of the results of their activity on the parties concerned.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

International standards provide the following classification of categories and aspects of sustainable development:

|  |  |
| --- | --- |
| **Category** | **Aspects** |
| **Economical** | Economic effectiveness; presence in the markets; indirect economic influences; practice of procurement |
| **Ecological** | Materials; energy; water; biodiversity; emissions; effluents and wastes; products and services; compliance with requirements; transport; general information; ecological assessment of suppliers; mechanisms for submission of complaints regarding environmental problems |
| **Social** | Labour practices and decent work include, but are not limited to, employment, health and safety at work, training and education, employee-management relationships, diversity and equal opportunities, equal remuneration for women and men, evaluation of suppliers' labour practices, mechanisms for submission of complaints regarding labour practices |
| Human rights include, inter alia, investment, non-discrimination, freedom of association and collective negotiations, child labour, forced or compulsory labour, security practices, rights of indigenous and small-numbered peoples, evaluation of human rights compliance by suppliers, mechanisms for submission of complaints regarding human rights violations |
| The society includes, inter alia, local communities, anti-corruption, public policy, non-obstructing competition, compliance with requirements, assessment of suppliers' impact on the society, mechanisms for submission of complaints regarding the impact on society |
| Product liability includes consumer health and safety, labelling of products and services, marketing communications, consumer privacy, compliance with requirements |

1. The principles in the area of sustainable development are openness, accountability, transparency, ethical conduct, safeguarding the interests of the parties concerned, the rule of law, respect for human rights, intolerance to corruption and inadmissibility of conflicts of interest.

The principles mean the following::

* 1. openness - we are open to meetings, discussions and dialogue; we seek long-term cooperation with the parties concerned based on mutual interests, rights and balance between the interests of the Fund, its subsidiaries and the parties concerned;
  2. accountability - we are aware of our accountability for the impact on the economy, the environment and the society; we are aware of our responsibility to the Sole Shareholder and investors for the long-term profitability of the Fund; we strive to minimize the negative impact of our activities on the environment and the society by taking care of resources (including energy, raw materials, water), consistently reducing emissions, wastes, and introducing high-performance, energy and resource-saving technologies; we pay taxes and other statutory fees to the state budget; we maintain and create jobs as part of our development and opportunity strategy; we seek to promote development of the territory where we operate within our strategy and within available financial capabilities; we make decisions and perform actions at every level, from the level of officials to the level of employees; we strive to introduce innovative technologies aimed at careful and responsible use of resources, increase of labor productivity; our products, goods and services must comply with consumer health and safety standards established by law and be of appropriate quality; we cherish our customers;
  3. transparency - our decisions and actions shall be clear and transparent for the parties concerned. We disclose the information provided for by law and our documents promptly, taking into account the rules for protection of confidential information;
  4. ethical conduct is at the heart of our decisions, actions and our values, such as respect, honesty, openness, team spirit and trust, integrity and fairness;
  5. respect - we respect the rights and interests of the parties concerned, which follow from the legislation, the contracts concluded, or indirectly within a business relationship;
  6. legality - our decisions, actions and behavior comply with the legislation of the Republic of Kazakhstan and decisions of the Fund's bodies;
  7. respect for human rights - we respect and promote respect for human rights provided for in the Constitution of the Republic of Kazakhstan, laws of the Republic of Kazakhstan and international instruments; we categorically reject and prohibit child labour; our employees are our main value and main resource, and the results of our activities directly depend on the level of their professionalism and safety. Therefore, we engage professional candidates from the labour market on an open and transparent basis and develop our employees on the basis of the meritocracy principle; we ensure safety and security of our employees; we implement wellness programs and provide social support to employees; we create an effective system of motivation and development of employees; we develop corporate culture;
  8. intolerance to corruption - corruption destroys the value that our organization creates for the Sole Shareholder, investors, other parties concerned and the society as a whole; we declare intolerance to corruption in all its manifestations in interaction with all the parties concerned. Officials and employees involved in corruption cases are subject to dismissal and prosecution in accordance with the procedure provided for by law; the internal control system in the Fund and its subsidiaries includes, inter alia, the measures aimed at non-admittance, prevention and identification of corruption offenses; the Fund and its subsidiaries shall develop a dialogue with the parties concerned in order to raise their awareness in the fight against corruption;
  9. inadmissibility of conflicts of interest - serious violations related to conflicts of interest may damage the reputation of the Fund and its subsidiaries and undermine trust of the Sole Shareholder and other parties concerned in them; personal interests of an official or employee shall not influence the impartial performance of their official and functional duties; in relations with partners, the Fund and its subsidiaries, hoping to establish and maintain fiduciary relations in which the parties are obliged to act towards each other as honestly, faithfully, fairly and loyally as possible, take measures to prevent, identify and eliminate conflicts of interest;
  10. a personal example - each of us promotes the principles of sustainable development on a daily basis in our actions, behaviour and decision-making; officials and employees holding managerial positions shall motivate others to implement sustainable development principles by their personal example.

1. The Fund is building a governance system in the field of sustainable development that includes, but is not limited to, the following elements:

1) commitment to sustainable development at the level of the Board of Directors, the Management Board and the employees;

2) analysis of the internal and external situation by three components (economy, ecology, social issues);

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

4) drawing up a map of the parties concerned

5) integrating sustainable development into the key processes, including risk management, planning, human resources management, investment, reporting, operational activities and others, as well as into development strategies and decision-making processes;

6) defining sustainable development goals and KPI, developing an action plan and identifying responsible persons;

7) improving the skills of officials and employees in the field of sustainable development;

8) regular monitoring and evaluation of sustainable development activities, assessing achievement of goals and KPI, adopting corrective measures, introducing a culture of continuous improvements.

The Board of Directors and the Management Board ensure that an appropriate sustainable development system is established and implemented.

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

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. The Fund is developing a sustainable development plan through:
   1. a thorough, in-depth and circumspect analysis of the current situation in the three main areas: economic, environmental and social areas; reliability, timeliness and quality of information are important in carrying out this analysis;
   2. identification of sustainable development risks; risks are distributed according to the three areas of sustainable development and can also affect related areas and capture other risks. both internal and external impacts on the Fund and its subsidiaries are analysed to determine the risks;
   3. identification of the parties concerned and their impact on the activities;
   4. identification of objectives, as well as target indicatos, where possible, measures for upgrading and improvement of activities by the three components, responsible persons, necessary resources and performance timeframes;
   5. regular monitoring and evaluation of the implementation of goals, activities and target indicators;
   6. systematic and constructive interaction with the parties concerned, obtaining feedback;
   7. implementation of the created plan;
   8. continuous monitoring and regular reporting;
   9. analysing and evaluating the impact of the plan, summing up and taking corrective and improvement measures.

Sustainable development is recommended to be integrated into:

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), reporting, risk management, management of human resources, investments, operating activities and others, and also in decision-making processes at all levels from bodies (the Sole Shareholder, the Board of Directors, the Management Board), to ordinary employees.

1. The sustainable development governance system defines and establishes the roles, competences, responsibilities of each body and all employees for implementation of sustainable development principles, standards and relevant policies and plans.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

The Board of Directors shall provide strategic direction and control of sustainable development implementation. The Management Board shall draw up an appropriate action plan.

In order to prepare sustainable development issues, a committee is established or these functions are delegated to the competence of one of the current committees under the Fund's Board of Directors.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

Ongoing training and development programmes are implemented in the Fund. Training is a permanent element in implementation of sustainable development. Officials of the Fund promote staff engagement in sustainable development through understanding and commitment to sustainable development and changing the culture, conduct while carrying out activities and performing responsibilities. Annual employee engagement and satisfaction studies are conducted in the Fund.

1. Benefits of implementing sustainable development principles include::
   1. attracting investments - in world practice, investors take into account sustainable development efficiency when defining investment attractiveness;
   2. improving management efficiency and minimizing risks - integrating environmental and social aspects into management decision-making allows to expand planning horizons and take into account a more diverse range of risks and opportunities, which creates prerequisites for sustainable business development;
   3. efficiency improvement - introduction of high-performance and resource-efficient technologies enables creation of innovative products and services, while increasing its competitiveness and efficiency;
   4. enhancing the reputation - improving the corporate image is the most obvious outcome of sustainable development activities, which increases brand value and creates a credit of trust, and also has a positive impact on the quality of interaction with business partners;
   5. increasing loyalty on the part of internal and external parties concerned - creation of attractive working conditions, opportunities for professional and career development allows to engage and retain promising qualified specialists; building an effective dialogue with the parties concerned contributes to formation of a positive environment around the activities of the Fund and its subsidiaries, which contributes to improving efficiency of the activity through understanding and support on the part of clients, the Sole Shareholder, investors, state bodies, local population, public organizations.
2. The Fund and its subsidiaries discuss inclusion and compliance with sustainable development principles and standards in the relevant contracts (agreements, treaties) with partners.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

If the Fund and/or its subsidiary identifies a risk associated with the negative impact of partners on the economy, the environment and the society, the Fund and/or its subsidiary shall take measures aimed at stopping or preventing such impact.

In the event that a partner fails to implement or implements the sustainable development principles and standards improperly, the importance of that partner to the Fund and/or its subsidiary shall be taken into account, and whether there are measures to influence such partner and whether such partner can be replaced.

**Chapter 8. The principle of risk management, internal control and internal audit;**

**Paragraph 1. Risk management and internal control**

1. The Fund has a well-functioning risk management and internal control system aimed at ensuring reasonable confidence in achievement of the Fund's strategic and operational objectives. This system is a set of organizational policies, procedures, standards of conduct and actions, methods and management mechanisms established by the Fund's Board of Directors and Management Board to ensure:
   1. an optimal balance between cost-effectiveness of the Fund's activity, strategic objectives and associated risks;

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

* 1. efficiency of financial and economic activity and achievement of the Fund's financial stability;
  2. security of assets and efficient use of the Fund's resources;
  3. completeness, reliability and reliability of financial and management reporting;
  4. compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents of the Fund;
  5. adequate internal controls to prevent fraud and ensure effective support for functioning of the core and supporting business processes and performance analysis.

1. The Board of Directors approves internal documents defining the principles and approaches to organization of the risk management and internal control system based on the objectives of this system.

Organization of an effective risk management and internal control system in the Fund is aimed at building a management system, capable of ensuring understanding of reasonable and acceptable level of risks by employees, the Chairman and members of the Management Board, the Fund's bodies during decision-making, responding quickly to risks, exercising control of core and supporting business processes and daily operations, and informing the management at the appropriate level promptly of any significant deficiencies.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

The principles and approaches to effective risk management and internal control include:

1. defining the goals and objectives of the risk management and internal control system;
2. organizational structure of the risk management and internal control system, covering all levels of decision-making and taking into account the role of the appropriate level in the process of development, approval, implementation and evaluation of the risk management and internal control system;
3. basic requirements to risk management process organization (risk identification approaches, risk identification and assessment procedures, identification of response methods, monitoring, etc.);

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. requirements to internal control system organization and control procedures (description of the key areas and the main components of the internal control system, procedure for evaluation of efficiency and reporting in the field of internal control, etc.).

The Fund's internal regulatory documents establish the responsibility of the Board of Directors and the Management Board to organize and ensure effective functioning of the risk management and internal control system on a consolidated basis.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. Each officer of the Fund shall ensure that risks are properly considered during decision-making.

The Management Board shall ensure implementation of the risk management procedures for employees with the relevant skills and experience.

The Management Board:

1. ensures development and implementation of internal risk management and internal control documents approved by the Board of Directors, as well as development and approval of internal risk management and internal control documents within the scope of its competence;
2. ensures establishment and effective functioning of the risk management and internal control system through practical implementation and continuous implementation of the risk management and internal control principles and procedures assigned to it;
3. bears responsibility for implementing the decisions of the Board of Directors and the audit and risk management committee's recommendations in the field of risk management and internal control;
4. monitors the risk management and internal control system in accordance with the requirements of the internal documents;
5. ensures improvement of risk management and internal control processes and procedures, taking into account changes in the external and internal business environment.

In order to implement the internal control principles and to ensure effectiveness of the risk management and internal control system, the Management Board shall assign the authorities, duties and responsibility for specific risk management and internal control procedures to the following managers and/or heads of structural divisions.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

(Decision of the Sole Shareholder dated December 23, 2020, № 61/20)

Heads of structural divisions/business process holders, in accordance with their functional responsibilities, are responsible for creation, documentation, implementation, monitoring and development of the risk management and internal control system in the functional areas of the Fund's activity entrusted to them.

1. The organizational structure of the Fund's risk management and internal control system provides for availability of a structural division responsible for risk management and control, whose tasks include:

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

* 1. overall coordination of risk management and control processes;
  2. development of methodological documents in the field of risk management and control and provision of methodological support to business process holders and employees in the process of risk identification and documentation, implementation, monitoring and improvement of control procedures, drawing up risk response action plans and action plans for improvement of the risk management and internal control system, reports on their implementation;
  3. organization of training for employees in the field of risk management and control;
  4. risk portfolio analysis and proposals for a response strategy and redeployment of resources in terms of managing the corresponding risks;
  5. drawing up consolidated risk reporting;
  6. exercising operational control of the risk management process by structural subdivisions;
  7. preparing and informing the Board of Directors and/or the Management Board about the status of the risk management system, current threats and proposals on their prevention/levelling.

The manager who oversees the risk management and control function is not the risk owner; it ensures his/her independence and objectivity. It is impossible to combine risk management and control functions with functions related to economic planning, corporate financing, treasury, investment decision-making. Combination with other functions is allowed if there is no significant conflict of interest.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. The risk management and internal control system provides for identification, assessment and monitoring of all significant risks, as well as taking timely and adequate risk mitigation measures.

Risk management procedures enable rapid response to new risks, their clear identification, and identification of risk owners. In case of any unexpected changes in the competitive or economic environment of the Fund, the risk map shall be reassessed, as well as its compliance with the risk appetite.

The Board of Directors approves the general level of risk appetite and the level of tolerance to key risks, that are enshrined in the Fund's internal documents.

Levels of tolerance for the key risks are reviewed in case significant events occur. Limits are established to limit risks in daily activities.

In order to provide a holistic and clear understanding of the inherent risks, the Fund shall, at least annually, identify and assess the risks that are reflected in the risk register, risk map and risk response plan (process improvement, minimization strategy), approved by the Board of Directors.

When considering the risk register and the risk map, the Board of Directors ensures that they include risks that may actually affect implementation of strategic objectives, and, when considering the risk response plan, - ensure that the activities are useful. The Board of Directors and the Management Board are regularly informed about the key risks, their analysis in terms of their impact on the Fund's strategy and development plan.

Risk reports shall be submitted during meetings of the Board of Directors at least once a quarter and shall be duly discussed in full.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. The Fund has introduced transparent principles and approaches in the field of risk management and control, the practice of training employees and officials on the risk management system, as well as the process of documenting and communicating the necessary information to officials in a timely manner.

Employees of the Fund pass training/induction briefing annually, as well as during recruitment, to familiarize themselves with the adopted risk management and internal control system. Knowledge is tested following the results of such training.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

Within the framework of the risk management and control system, a safe, confidential and accessible method (hotline) is organized in the Fund for informing the Board of Directors (the audit and risk management committee) and the internal audit department about violations of the legislation of the Republic of Kazakhstan, internal procedures, the Code of Business Ethics by any employee and official of the Fund.

(Decision of the Sole Shareholder dated December 23, 2020, № 61/20)

**Paragraph 2. Internal audit**

1. The Fund has established the Internal Audit Service to systematically assess the reliability and effectiveness of the risk management and internal control system, as well as corporate governance practices, independently.

Separate bodies - internal audit services - are also created in subsidiaries. In subsidiaries in the form of a limited liability partnership, internal audit functions are assigned to the Audit Commission/Auditor, which are functionally accountable to the Supervisory Board; the purposes, functions and tasks of the Audit Commission/Auditor and the procedure for their interaction with the bodies of the organization shall be established taking into account the principles applicable to the Internal Audit Service set forth in this Code.

1. The Internal Audit Service carries out its activity on the basis of a risk-focused (annual) audit plan approved by the Board of Directors. The results of audit reports, key findings and related recommendations are submitted to the Board of Directors quarterly.

The Head of the Internal Audit Service shall take into account the risk management concept adopted in the Fund and shall apply his/her own risk judgement formed after consultation with the Management Board and the audit and risk management committee.

(Decision of the Sole Shareholder dated December 23, 2020, № 61/20)

1. In carrying out its activities, the Internal Audit Service shall evaluate the effectiveness of internal control, risk management and corporate governance systems using generally accepted internal audit and corporate standards, in accordance with the procedures approved by the Board of Directors.

Evaluation of effectiveness of the internal control system includes:

* 1. analysing compliance of business processes, projects and structural divisions with the Fund's objectives, verification of assurance of reliability and integrity of business processes (activities) and information systems, including reliability of procedures of counteracting illegal actions, abusive practices and corruption;
  2. verifying reliability of accounting (financial), statistical, managerial and other reporting, identifying the results of business processes and of structural subdivisions' activity regarding compliance with the set goals;
  3. defining adequacy of the criteria established by the Management Board for analysis of the extent of execution (achievement) of goals;
  4. identifying weaknesses of the internal control system that have prevented (are preventing) achievement of the set goals;
  5. assessing the results of introduction (implementation) of actions for elimination of violations, shortcomings and improvement of internal control system implemented at all levels of management;
  6. verifying efficiency and feasibility of the use of resources;
  7. verifying security of the Fund's assets;
  8. compliance with the requirements of the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Fund.

Evaluation of effectiveness of the risk management system includes:

* 1. verifying adequacy and maturity of elements of the risk management system for effective risk management (goals and objectives, infrastructure, process organization, regulatory and methodological support, interaction of structural divisions within the framework of the risk management system, reporting);
  2. verifying completeness of identification and correctness of risk assessment by the executive body at all levels of its management;
  3. verifying effectiveness of monitoring procedures and other risk management activities, including effectiveness of the resources allocated for this purpose;
  4. analysing information on realized risks (violations identified as a result of internal audits, facts of failure to achieve the set goals, facts of court proceedings).

Corporate governance assessment includes verification of:

1) compliance with the ethical principles and corporate values of the Fund;

2) procedure for setting goals, monitoring and contol of their achievement;

3) level of regulatory support and communication procedures (including on the issues of internal control and risk management) at all levels of management, including interaction with the parties concerned;

4) ensuring the rights of the Sole Shareholder and effectiveness of relations with the parties concerned;

5) procedures for disclosing information on the activities of the Fund and its subsidiaries.

1. The Fund carries out an annual audit of financial statements through engagement of an independent and qualified auditor who, as a third party, provides an objective opinion to the parties concerned regarding validity of the financial statements and their compliance with IFRS requirements. Norms regarding annual audit apply if the audit of the annual financial statements is provided by the legislation of the Republic of Kazakhstan and/or internal documents of the Fund.

Selection of the external auditor is based on a tender. An important role in the selection process is played by the audit and risk management committee of the Board of Directors, that agrees on the qualification requirements and/or technical specifications developed for the purpose of running a tender.

(Decision of the Sole Shareholder dated December 23, 2020, № 61/20)

1. The external auditor involved shall not provide advisory services to the Fund, that could threaten the external auditor’s independence. If it is intended to appoint (elect) a member of the Management Board, the managing director or chief accountant of the Fund, a person who is taking part in mandatory audit of the Fund as an employee of the external auditor or who has taken part in mandatory audit of the Fund as an employee of the external auditor within two years prior to the date of his/her appointment (election) to the Fund, in order to avoid conflicts of interest, it is necessary to obtain preliminary approval of the audit and risk management committee of the Board of Directors on the proposed candidate for further consideration of his/her appointment (election).

(Decision of the Sole Shareholder dated December 23, 2020, № 61/20)

1. The parties concerned shall verify the validity of Fund's financial statements through involvement of an external auditor who meets the following criteria: high qualification level of the audit organization's specialists; considerable experience and positive reputation (both on the Kazakhstan market and on the international market (if necessary); expertise in the industry; compliance of the auditing organization with international auditing standards, the legislation of the Republic of Kazakhstan in the field of auditing activities, the Code of Ethics of Professional Accountants of the International Federation of Accountants; effective work on identification of gaps and provision of recommendations on improving internal controls for the process of drawing up financial reporting.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. The Fund shall approve documents regulating the conduct of audit and relations with the external auditor, including the process of selection of the external auditor, the powers and functions of the tender commission, the issues of providing advisory services, not related to audit of financial statements and other information by the audit organization, the issues of rotation of audit organizations and senior staff of the audit organization, the issues of hiring former employees of the audit organization .

Rotation of partners and senior staff of the audit organization responsible for audit of financial statements is carried out at least once every five years, in case the audit organization provides audit services to the Fund for more than 5 consequtive years.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

**Chapter 9.** **The principle of managing corporate conflicts and conflict of interest**

**Paragraph 1. Managing corporate conflicts**

1. Members of the Board of Directors and the Management Board, employees of the Fund, perform their professional functions in good faith and reasonably, in the interests of the Fund, and avoid conflicts.

In the event of existence (occurrence) of corporate conflicts, the participants seek ways to resolve them through negotiation for effective protection of the interests of the Fund and the parties concerned. At the same time, the Fund's officials inform the Corporate Secretary and/or the Ombudsman of existence (occurrence) of a conflict in a timely manner.

Effectiveness of the work on prevention and resolution of corporate conflicts implies full and speedy identification of such conflicts and coordination of the activities of all the Fund's bodies.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. Corporate conflicts shall be considered by the Chairman of the Board of Directors with the assistance of the Corporate Secretary and/or Ombudsman. In case the Chairman of the Board of Directors is involved in a corporate conflict, such cases shall be considered by the Nominations, Remunerations and Social Issues Committee.

In order to prevent interference of the public authorities in the Fund's operations, and also to increase the responsibility of the Board of Directors for the decisions made, the Sole Shareholder shall avoid electing an excessive number of members of the Board of Directors being representatives of the public authorities.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. In order to ensure an objective assessment of the corporate conflict and to create conditions for its effective resolution, persons whose interests affect or can affect the conflict shall not participate in its settlement.

If it is impossible to resolve corporate conflicts by negotiation, they shall be resolved strictly in accordance with the legislation of the Republic of Kazakhstan.

1. The Board of Directors shall approve and periodically review the policies and rules on resolution of corporate conflicts in which their resolution will be in the interests of the Fund and the Sole Shareholder.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. The Board of Directors manages corporate conflicts on the issues within its competence. In this case, the Corporate Secretary and/or the Ombudsman shall be responsible for ensuring that the Board of Directors is as informed as possible about the essence of the corporate conflict and the role of the mediator in resolving the corporate conflict.

On behalf of the Fund, the Chairman of the Management Board shall settle corporate conflicts on all issues, decisions on which are not within the competence of the Fund's Board of Directors, and shall determine the procedure for carrying out work on settlement of corporate conflicts independently.

The Board of Directors shall consider individual corporate conflicts falling within the competence of the Management Board (for example, if the subject of the conflict is the acts (omissions) of that body).

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

**Paragraph 2. Managing conflicts of interest**

1. A conflict of interest is defined as a situation when personal interest of an employee of the Fund affects or can affect the impartial performance of official duties.

Serious violations related with a conflict of interest could damage the Fund's reputation and undermine the trust on the part of the Sole Shareholder and other stakeholders. Personal interests of an official or employee shall not influence impartial performance of their official and functional duties.

1. Employees of the Fund shall not allow a situation when a conflict of interest can arise, neither regarding themselves (or related persons), nor regarding others.

In order to avoid conflicts of interest that prevent the Board of Directors from performing its duties objectively and to limit political interference in the processes of the Board of Directors, the Fund introduced mechanisms to prevent and regulate them.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. The basic principles for prevention of conflicts of interest, methods of their identification, assessment and resolution are enshrined in the Fund's Code of Business Ethics approved by the Board of Directors.

**Chapter 10. The principles of transparency and objectivity in disclosure of information about the Fund's activities**

1. In order to meet the interests of the parties concerned, the Fund shall disclose promptly and reliably the information provided for by the legislation of the Republic of Kazakhstan and the internal documents of the Fund, as well as information on all important aspects of its activities, including the financial condition, results of operations, ownership and management structure.
2. In order to ensure systematic disclosure of information, the Fund approves internal documents defining the principles and approaches to disclosure and protection of information, a list of information disclosed to the parties concerned, the timeframes, procedure, method, form of information disclosure, responsible officials and employees, including their roles and duties, as well as other provisions governing information disclosure processes.

In order to protect information constituting a commercial and official secret, in accordance with the legislation of the Republic of Kazakhstan, the Fund determines the procedure for distributing information into access categories, conditions for storing and using information. The Fund defines the scope of persons entitled to free access to information constituting commercial and official secrets, who take measures to protect its confidentiality.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. The Internet resource is structured, has user-friendly navigation and contains information sufficient for the parties concerned to understand the Fund's activities. It is recommended to post information in separate thematic sections of the Internet resource.

The Internet resource is updated as necessary, but at least once a week. The Fund regularly monitors completeness and relevance of information posted on the Internet resource, and determines compliance of this information posted in Kazakh, Russian and English versions of the Internet resource. Responsible persons (structural division), responsible for completeness and relevance of information on the website, are defined for this purpose.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. The Fund's Internet resource contains the following information:
   1. general information about the Fund, including information on the mission, main objectives, purposes and types of activity, amount of equity, amount of assets, net income and number of staff;

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* 1. on development strategy and/or development plan (at least strategic objectives); priority areas of activities;
  2. the Fund's Charter and the internal documents, regulating the activities of the bodies, the committees, the corporate secretary;
  3. on ethical principles;
  4. on risk management;
  5. on dividend policy;
  6. on the members of the Board of Directors, including the following information: a photograph (upon agreement with a member of the Board of Directors), second name, first name, middle name, date of birth, citizenship, status of a member of the Board of Directors (independent director, representative of the Sole Shareholder), indication of the functions of the Board of Directors, including membership in the committees of the Board of Directors or performance of the functions of the Chairman of the Board of Directors, education, including primary and additional education (name of educational institution, graduation year, qualification, received degree), work experience for the last five years, the main place of work and other positions currently occupied, professional qualification, date of the first election to the Board of Directors and date of election to the current Board of Directors, number and share of the belonging stocks of subsidiaries;
  7. on members of the Management Board, including: a photograph, second name, first name, middle name, date of birth, citizenship, position and functions, education, including basic and additional education (name of educational institution, graduation year, qualification, degree), work experience for the last five years, professional qualification, positions held on a part-time basis, number and share of stocks of subsidiaries;
  8. on financial reporting;
  9. annual reports;
  10. on the external auditor;
  11. on procurement activities, including procurement rules, announcements and results;
  12. on the structure of the authorized capital, including the following data: quantity and par value of the issued shares (shares of participation), description of the rights granted by the shares, number and par value of the announced but not placed shares, information about the Sole Shareholder, quantity and a share of the common shares (shares of participation) owned by them, procedure for disposal of the property rights;
  13. on the structure of assets, including information on affiliated organizations at all levels, with a brief indication of the scope of their activities;
  14. on the annual calendar of corporate events;
  15. on the transactions in which there is interest, including information on the parties to the transaction, the material terms of the transaction (subject matter of the transaction, the price of the transaction), the body that decided to approve the transaction;
  16. on large transactions, including information on the parties to the transaction, the material terms of the transaction (subject matter of the transaction, the price of the transaction), the body that decided to approve the transaction;
  17. on sustainable development activities;
  18. on the amount of approved dividends;
  19. on news and press releases.

1. The Fund shall prepare an annual report in accordance with the provisions of this Code and best information disclosure practices.

The annual report is a structured document and is published in Kazakh, Russian and English (if necessary).

The annual report shall be prepared and shall be posted on the Fund's website after approval by the Fund's Sole Shareholder.

(Decision of the Sole Shareholder dated December 25, 2019, № 61/19)

1. Requirements to the content of the annual report minimally assume availability of the following information:
   1. speech of the Chairman of the Board of Directors;
   2. speech of the Chairman of the Management Board;
   3. about of the Fund: general data, about the authorized capital structure, including the following data: quantity and par value of the issued shares (shares of participation), description of the rights granted by shares, number and par value of the announced, but not placed shares, information about the Sole Shareholder, number of common shares owned by it, procedure for disposal of the property rights; mission; development strategy, its results; market overview and market position;
   4. results of financial and operational activities during the reporting year: review and analysis of activities in relation to objectives; operational and financial performance indicators; major significant developments and achievements; information on significant transactions; any financial support, including guarantees that are obtained/received from the state, and any obligations to the state and the society assumed by Fund (if not revealed under the IFRS);
   5. structure of assets, overview, main results of financial and production activities;
   6. goals and plans for future periods;
   7. the main risk factors and risk management system;
   8. corporate governance: corporate governance structure; structure of shareholders and ownership structure; structure of the Board of Directors, including qualifications, selection process, including independent directors, with the criteria for determining their independence; report on the activities of the Board of Directors and its committees showing the results of the activities of the Board of Directors and its committees during the reporting period, significant events, issues considered, number of meetings, form of meetings, attendance; information on compliance of corporate governance practice with the principles of this Code, and if it does not correspond to the explanation of the reasons for non-compliance with each of the principles; the Management Board; a report on activities of the Management Board; policy on remuneration of officials;
   9. sustainable development;
   10. auditor's opinion and financial statements with notes;
   11. the analytical indicators and data included in the annual report shall reflect the comparative analysis and the progress (regression) achieved with regard to the previous period (comparison with the same figures reported in the previous annual report). In order to compare indicators with international level companies operating in a similar industry, it is recommended to publish performance indicators that will allow conducting branch-wise industry benchmarking analysis.

# Chapter 11. Interaction with subsidiaries

1. Not only does the Sole Shareholder's trust in the Fund's Management Board play a major role in the Fund's operations, but also the trust of partners and other parties concerned. In this regard, the important point in shaping the Fund's Principles of Corporate Conduct is to maintain a stable, balanced relationship with its subsidiaries, based on effective corporate governance mechanisms.
2. In order to exercise its rights as a shareholder/participant, the Fund maintains relationships with subsidiaries in accordance with the requirements of the law, the Charter, this Code and the Internal Documents of the Fund, the charters of subsidiaries.
3. The main objectives of the Fund's interaction with the subsidiaries are:
   1. ensuring stable development, financial sustainability, effective management of subsidiaries;
   2. ensuring protection of the rights and interests of the Fund’s Sole Shareholder;
   3. harmonization of relations between the Sole Shareholder, officials and employees of the Fund, as well as subsidiaries, and adoption of systemic measures to prevent conflicts between them and within these groups;
   4. developing and implementing a coordinated and effective strategy and investment policy of the Fund and its subsidiaries.

# **Chapter 12. Interaction with business partners**

1. The Fund interacts with business partners (clients, investors, rating agencies, consulting companies, etc.) on the basis of mutual benefit, respect, trust, honesty and fairness. The Fund interacts with business partners (clients, investors, rating agencies, consulting companies, etc.) on the basis of mutual benefit, respect, trust, honesty and justice.
2. The Fund selects service providers/providers of goods primarily on a competitive basis, in accordance with the Fund's legislation and internal documents.
3. The Fund fulfils its contractual obligations to business partners faithfully and demands the same from them.
4. Disputes arising in the course of the Fund's activity always resolve the legal path by negotiating and seeking mutually acceptable compromises.

# Chapter 13. Final Provisions

1. This Code comes into force from the moment of its approval.
2. The Fund is committed to implementing the provisions of this Code in its activities.
3. The Fund will improve this Code in the light of changes in the law and emergence of new standards of corporate governance in international and national practice, guided by the interests of the Sole Shareholder, the Fund and other parties concerned.
4. Issues not specified in this Code shall be governed by Kazakhstan law, the Charter and the Fund's internal documents.
5. The Fund can develop and adopt additional internal documents of the Fund aimed at adapting and applying the provisions of this Code.

1. OECD Guidelines on Corporate Governance of State-Owned Enterprises dated July 8, 2015. Corporate Governance Principles of G20/OECD. [↑](#footnote-ref-1)