

**Approved  
by the resolution of  
“Samruk-Kazyna” JSC  
Management Board  
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## **Corporate Governance Code of “Samruk-Energy” joint-stock company**

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### **Chapter 1. General provisions**

1. This corporate governance code has been developed in accordance with the legislation of the Republic of Kazakhstan, internal documents of the joint stock company “Sovereign Wealth Fund “Samruk-Kazyna” (hereinafter referred to as the fund), taking into account the corporate governance practice developing in Kazakhstan and the world. The provisions of this code are applied taking into account the specifics provided for by the legislation of the Republic of Kazakhstan.

2. The goals of this code are to improve corporate governance in the fund and organizations, ensure transparency of management, and confirm the commitment of the fund and organizations to follow the standards of good corporate governance.

3. This code uses the following basic concepts:

- 1) shareholder (participant) – a person who is the owner of a share;
- 2) general meeting of shareholders (participants) – the highest body of the organization;
- 3) companies - national development institutions, national companies and other legal entities, more than fifty percent of the voting shares (participatory interests) of which belong to the fund by right of ownership or trust management;

4) corporate conflict – disagreements or disputes between: shareholders and bodies of a fund or organization; members of the Board of Directors and the executive body, the head of the Internal Audit Service, the corporate secretary, the head of the compliance service, the ombudsman;

5) corporate events - events that have a significant impact on the activities of the issuer, affecting the interests of security holders and investors of the issuer, defined by Article 102 of the Law of the Republic of Kazakhstan “On the Securities Market” (hereinafter referred to as the Law on Securities Market);

6) fund – national management holding;

7) key performance indicators (hereinafter referred to as KPIs) - indicators characterizing the level of efficiency of a fund or organization’s activities that allow one to assess the effectiveness of their activities as a whole, as well as the management employees of the fund or organization (KPIs have a quantitative value approved as part of the fund’s action plan or organizations and corresponding to the results of their activities for planned and reporting periods);

8) an official of the fund, organization - a member of the Board of Directors, the executive body or a person solely performing the functions of the executive body;

9) stakeholders - individuals, legal entities, groups of individuals or legal entities who influence or are influenced by the activities of the fund and/or organization, their products or services and related actions due to legislation, concluded agreements (contracts) or indirectly (indirectly); this definition does not apply to all those who know or express an opinion about the fund and organization; the main representatives of stakeholders are shareholders, employees, clients, suppliers, government agencies, subsidiaries, bondholders, creditors, investors, public organizations, the population of the regions in which the fund or organizations operate;

10) ombudsman - a person appointed by the Board of Directors of the fund, whose role is to advise employees of the fund and organizations who contact him, provide assistance in resolving labor disputes, conflicts, problematic issues of a social and labor nature, as well as compliance with the principles of business ethics by employees of the fund and organizations ;

11) sustainable development is development in which the fund and organizations manage the impact of their operations on the environment, economy, society and make decisions taking into account the interests of stakeholders;

12) independent director - a member of the Board of Directors who is not an affiliate of this joint stock company and was not one during the three years preceding his election to the Board of Directors (except for the case of his tenure as an independent director of this joint stock company), is not affiliated a person in relation to affiliated persons of this joint stock company; is not related by subordination to officials of this joint-stock company or organizations - affiliated persons of this joint-stock company and was not related by subordination to these persons during the three years preceding his election to the Board of Directors; is not a government employee; is not a representative of the shareholder at meetings of the bodies of this joint-stock company and was not one during the three years preceding his election to the Board of

Directors; does not participate in the audit of this joint stock company as an auditor working as part of an audit organization, and did not participate in such an audit during the three years preceding his election to the Board of Directors, and also complies with other requirements established by the laws of the Republic of Kazakhstan;

13) organizations - legal entities, more than fifty percent of the voting shares (participatory interests) of which directly or indirectly belong to the fund by right of ownership or trust management;

14) holding company - a company that directly or indirectly owns shares (participatory interests) in other organizations, which has the ability to influence decisions made by these organizations;

15) action plan - a document defining the main activities and key performance indicators of a fund or organization for a five-year period, approved by the Board of Directors.

4. This code is applicable to both the fund and the entities encompassed within the fund group. In instances where organizations have additional shareholders (participants), it is recommended that the code gains approval through a general meeting of shareholders (participants). Holding companies are responsible for ensuring the adherence to this code within their respective groups.

5. Organizations adhere to the stipulations outlined in this code as long as such adherence does not conflict with the laws of the Republic of Kazakhstan, specifically the "On Limited and Additional Liability Partnerships" (referred to as the Law on Partnerships), "On Joint Stock Companies" (referred to as the Law on Joint Stock Companies), "On Sovereign Wealth Fund" (referred to as the Law on the Fund), and other pertinent laws of the Republic of Kazakhstan.

6. Both the Fund and affiliated organizations comply with the guidelines established in this code. In cases of non-compliance, the annual report must provide an explanation for the reasons behind each non-compliance. Should non-compliance persist for more than six months, the organization notifies the fund, offering an appropriate explanation. Oversight of this code's implementation is delegated to the boards of directors of the fund and respective organizations. Corporate secretaries play a role in monitoring and advising the boards of directors and the executive body of the fund and organizations on proper compliance with this code. They also prepare an annual report on compliance/non-compliance, subsequently submitted to the relevant committees of the Board of Directors, approved, and included in the annual report of the fund or organization.

7. Documentation and processes within the fund and organizations must undergo updates in alignment with the provisions of this code.

8. Instances of non-compliance with this code are thoroughly examined during meetings of the relevant committees and boards of directors, leading to the adoption of appropriate decisions aimed at enhancing corporate governance within the fund and affiliated organizations.

9. The provisions of this code are subject to revision to accommodate changes in the legislation of the Republic of Kazakhstan, as well as national and international practices, and corporate governance standards.

## **Chapter 2. Government as the shareholder of the Fund**

10. The Government of the Republic of Kazakhstan, recognized as the sole shareholder of the fund (hereinafter referred to as the Government), distinguishes its roles as the sole shareholder of the fund from its responsibilities related to government regulation.

11. The interactions between the Government and the fund, as well as affiliated organizations, are facilitated through the fund's Board of Directors, adhering to the principles of good corporate governance.

12. The board of the fund, its chairman, and the bodies of organizations operate independently when making decisions and executing actions within their competencies. In cases of unwarranted interference by government bodies in the operational activities of organizations, not prescribed by the laws of the Republic of Kazakhstan, organizations promptly inform the fund of such circumstances.

The Fund regularly updates the Board of Directors on such instances. If necessary, proposals are submitted to prevent such cases for the consideration of the Government as the sole shareholder.

13. When draft state program documents, action plans, and regulatory legal acts establish target indicators, activities, or other provisions influencing the operations of the fund and/or organizations, the government body responsible submits such projects to the fund within the specified time limits outlined in the Regulations of the Government of the Republic of Kazakhstan. The fund provides a written position attached to the project upon submission to the Government.

14. In cases where the Government (Prime Minister) or state bodies establish consultative and advisory bodies or working groups to address issues related to the activities of the fund and/or organizations, the inclusion of representatives from the fund and/or organizations in the working group is subject to agreement with the fund.

15. The fund ensures transparency in its activities by disclosing all necessary information about its operations to the Government as a shareholder and the Board of Directors. This complies with the legislative acts of the Republic of Kazakhstan, the Charter of the fund, and the Cooperation Agreement.

Depending on the nature of the matter, the Government consults organizations on issues related to their activities by inviting their representatives to the Board of Directors of the fund.

The fund's board presents consolidated results of its activities with organizations, where more than fifty percent of the voting shares (participatory interests) belong to the fund under the right of ownership or trust management, at least once a quarter for consideration by the Board of Directors. The list of information provided is governed by the Cooperation Agreement, the Regulations on the fund's

Board of Directors, internal documents of the fund, and decisions of the fund's Board of Directors.

The Fund provides reports to government bodies as stipulated by the laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan, the Government, and/or the Rules for posting reports required by government bodies on the fund's Internet resource. The list, forms, and frequency of posting reports are approved by the central authorized body for state planning.

16. Investment activities of the fund or its affiliated organizations adhere to market principles as outlined in the development plan of the fund or organization, with the aim of increasing the value and optimizing the structure of assets.

17. The distribution of net income in favor of the Government, as the sole shareholder, occurs in the form of dividends based on a formalized and transparent dividend policy.

18. Instances of the fund or organization undertaking low-profit and socially significant projects are disclosed in the annual report, specifying the sources of financing for such projects.

19. The fund, by decision of the sole shareholder and following the determined procedure, allocates funds annually to a non-profit organization represented by the public fund "Kazakhstan Khalkyna," amounting to at least seven percent of the net income of the fund.

### **Chapter 3. Interaction between the fund and organizations. The role of the fund as a national management holding company**

20. 20. The Fund, operating as a national management holding company, functions as a strategic holding entity overseeing its subsidiary companies. The core principles of corporate governance are founded on efficiency, effectiveness, and transparency.

21. Both the fund and its affiliated companies are mandated to maintain an optimal asset structure, striving for simplicity in their organizational and legal forms. Organizations are encouraged to conduct activities within their primary sectors, with the exploration of new activities allowed as long as it does not introduce competition to the market, and the involvement of the fund and its entities contributes to the growth of small and medium-sized businesses.

22. The corporate governance system of the fund and its entities comprises processes ensuring management and control over their operations. It encompasses relationships among the executive body, the Board of Directors, shareholders, stakeholders, and other bodies defined by the Charter. This system aims at enhancing long-term value and sustainable development. The Board of Directors regularly assesses the effectiveness of this relationship system, with clearly defined competencies and decision-making procedures enshrined in the charter.

The corporate governance system mandates:

- 1) Adherence to the hierarchical order of issue consideration and decision-making;
- 2) Clear allocation of powers and responsibilities among bodies, officials, and employees;
- 3) Timely and high-quality decision-making by the fund and its entities;
- 4) Efficiency of processes in their activities;
- 5) Compliance with legislation, this code, and internal documents of the fund and its entities.

23. The fund and its entities have endorsed regulations on bodies, structural divisions, and job descriptions for corresponding positions. Adherence to these documents ensures systematic and consistent corporate governance processes.

24. The Fund engages in the management of companies through its role as a shareholder (participant) and via the Board of Directors, following the procedures outlined in the companies' charters and this code. Boards of directors of companies maintain complete independence in decision-making within their established charter-defined competencies. The fund communicates its stance on specific matters through its representatives on the company's Board of Directors.

25. In accordance with the Law on the Fund, the Fund establishes a unified policy for companies, approves methodological recommendations, and corporate standards for organizations. These encompass various areas such as human resource management, information technology, investment, innovation, risk, corporate governance, planning, economics, finance, and others. Holding companies may endorse a unified policy for their group in areas not covered by the fund's corporate standards or approve complementary/detailed policies and corporate standards of the fund. The decision to apply the corporate standards approved by the fund in the domain of internal audit and internal control systems in the organization is made by the organization's Board of Directors, considering the alignment of these standards with the organization's activities' specificities.

26. The executive bodies of both the fund and its affiliated companies collaborate to ensure that the development plans of the companies, presented for approval to the respective boards of directors, are ambitious and realistic. This collaboration ensures alignment with the development plan and action plan of the fund. The executive body of the fund engages in ongoing dialogues with the executive body of the company concerning strategy and sustainable development. However, the fund refrains from interfering in the operational activities of the company, which falls under the responsibility of the executive body of the company, unless circumstances arise leading to the failure to meet established KPIs in the development plan.

27. It is advisable to establish an optimal asset structure for fund organizations. In the case of a holding company, the parent company may adopt the legal form of a joint-stock company. The recommendation leans towards creating the remaining organizations in the legal form of a limited liability partnership. For organizations initially established as joint-stock companies, consideration is advised regarding the possibility of reorganization into the form of a limited liability partnership. This should

be done, taking into account economic, legal, and other aspects while ensuring the interests of the fund group. The creation of new organizations as joint-stock companies is permitted in exceptional cases, such as the planned future sale of the organization's shares on the stock market. When forming an organization as a limited liability partnership, participants autonomously decide on the necessity of creating supervisory boards and the advisability of electing independent members to its composition, depending on the scale and specifics of the organization's activity. Management of the asset portfolio, including determining the share of participation in the acquisition of new assets and/or the sale of shares of organizations, adheres to the strategic objectives outlined in the fund's development plan and the fund's investment policy, endorsed by the fund's Board of Directors.

28. Companies, where more than fifty percent of the shares (participatory interests) are owned or trust-managed by the fund, distribute net profit and pay dividends in accordance with the fund's dividend policy. To efficiently distribute received profits, the organization establishes a clear and transparent mechanism for determining the size and payment of dividends.

29. The management of organizations is carried out by their respective bodies, following the competencies and procedures outlined in the organization's charter. This principle applies uniformly to organizations with multiple shareholders (participants).

30. The management of the asset portfolio and the block of shares (participation interests) in the fund's organizations is determined within the framework of the fund's development plan. Matters related to the development and implementation of the development plan are addressed at intervals established by the Board of Directors, but at least once a year, exclusively during in-person meetings. The Board of Directors implements a system for early detection and timely response to changes in domestic and foreign market conditions and force majeure situations. Bodies, officials, and employees of the fund and its organizations act and make decisions in accordance with the development plan and charter. The development plan, spanning a ten-year period, serves as a long-term document outlining the vision, mission, goals, objectives, strategic directions, and key performance indicators.

31. The development plan of the holding company must encompass the goals, objectives, and developmental directions for the organizations within its group. Holding group organizations, particularly those with shares listed on stock exchanges or established as joint ventures, formulate individual development plans. In crafting these plans, adherence to the provisions of the organization's charters is essential, and consultation with other shareholders (participants) is recommended.

As an integral part of the development plan, the Board of Directors outlines specific, measurable, achievable, relevant, and time-bound long-term goals. Assessment of strategic goal attainment relies on long-term Key Performance Indicators (KPIs). It is advisable to include specific areas of activity (e.g., investment, innovation, information technology, human resource management) in the development plan.

32. Throughout the development and monitoring of the implementation of the development plan, the Board of Directors and the executive body conduct strategic sessions, addressing key areas of activity, tasks, challenges, risks, and corrective measures. Consultations with key stakeholders, including major shareholders, prominent business partners, and relevant government agencies, are undertaken during the development of the plan. The development plan incorporates goals, objectives, and indicators pertaining to sustainable development.

33. The fund, organizations, and their officials bear responsibility for fostering the long-term value and sustainable development of the fund and organizations, respectively. Decisions and actions/inactions are executed in compliance with the legislation of the Republic of Kazakhstan and internal documents.

The efficiency system stands as a key element in assessing the effectiveness of the fund and organizations, with the executive body being a pivotal component. The Fund communicates its efficiency expectations to companies through its representatives on the Board of Directors. The company's Board of Directors approves the list and target values for the company's efficiency. Companies, to achieve efficiency, develop corresponding development plans.

34. On an annual basis, an assessment of the achievement of Key Performance Indicators (KPIs) by the fund and organizations is conducted in comparison with the approved development plan. This evaluation impacts the remuneration of executives and members of executive bodies, is taken into account during their re-election, and serves as a basis for their premature removal from office.

For the assessment of goal and task attainment established in the development plan, companies establish KPIs through the following processes:

1) The fund communicates its expectations regarding the target KPIs of companies for the planned period to its representatives on the boards of directors, who present them for consideration by the boards of directors of the companies;

2) Following the boards of directors' consideration and discussion, the list and target values of KPIs are approved, which are then conveyed to the executive body of the company to develop corresponding development plans;

3) To achieve the approved KPIs, a five-year development plan is devised following the procedures defined in the fund's relevant documents;

4) After obtaining approval from the executive body of the company, the project of the company's development plan is entered into the fund's information system for planning, monitoring, and evaluation, and is submitted for review and approval by the company's board of directors;

5) The company's development plan is approved by the board of directors, and the approved version is also input into the fund's information system for planning, monitoring, and evaluation.

Adjustments to the development plans of companies after their initial approval are permissible in accordance with the procedures outlined in the fund's relevant documents. The fund does not seek the approval of the company for the project of the

company's development plan and the project of adjusting the approved company's development plan.

35. The executive body of the company conducts monitoring of the implementation of the development plan and KPIs of the company. The monitoring results and reports on the implementation of the development plan are entered into the fund's information system for planning, monitoring, and evaluation in the manner established by the fund's relevant documents.

36. The Board of Directors of the holding company ensures the effectiveness of management, long-term value growth, and sustainable development across all legal entities within its group. Outcomes of effective management within the holding company's group include increased operational efficiency, improved quality of reporting, enhanced standards of corporate culture and ethics, greater openness and transparency, risk reduction, and a proper internal control system.

Holding companies implement, maintain, and continuously improve management systems within their group. The Board of Directors of the holding company is the body accountable to shareholders for the effective management and operation of the entire group, making decisions related to group management.

37. The corporate governance system in the holding company must ensure:

1) The presence of a clear management system within the group, delineated powers, and decision-making processes, with the absence of duplicated functions and processes;

2) Unified standards, policies, and processes, including the determination of common approaches to planning, monitoring, control, performance assessment, and the application of corrective actions;

3) Access to quality information regarding the group's activities;

4) Proper risk management for the group;

5) Compliance with requirements established by the legislation of the Republic of Kazakhstan and documents of the fund and holding company;

6) Coordination of interaction with stakeholders.

38. Other possible mechanisms for managing the holding company's group include centralizing certain functions (planning, treasury, accounting, information technology, legal support, internal audit, etc.). The holding company must strike a balance between management conducted by the holding company within the group and granting autonomy to organizations for making operational decisions in the course of their activities.

#### **Chapter 4. Shareholders (participants) rights and fair treatment of shareholders (participants)**

39. Ensuring the respect for the rights of shareholders (participants) is a fundamental prerequisite for attracting investments into the fund and organizations.

The organization is obligated to guarantee the exercise of shareholders' (participants') rights.

40. The rights, obligations, and competencies of shareholders (participants) are stipulated in accordance with prevailing legislation and constituent documents. These rights encompass, among others, the timely receipt of information sufficient for decision-making in accordance with the laws of the Republic of Kazakhstan, the Charter, and internal organization documents related to information disclosure. Shareholders (participants) also have the right to participate in general meetings and vote on issues within their jurisdiction. They play a role in determining the composition and tenure of the Board of Directors (supervisory board and executive body), the election of its members, the termination of their powers, and the determination of remuneration. Furthermore, shareholders have the right to receive dividends as per the decision of the general meeting based on a clear and transparent dividend policy.

41. Shareholders (participants) have the right to access information about the organization essential for making informed decisions, taking into account confidentiality requirements and the organization's information disclosure policy. The disclosure of information about the organization should enable investors to make informed decisions regarding participation in the organization's authorized capital or withdrawal from being shareholders (participants).

42. The organization is required to inform its shareholders (participants) about its activities that impact their interests, following the regulations outlined in the laws of the Republic of Kazakhstan, the Charter, and other internal organization documents. The procedure and channels for disclosing information to shareholders (participants) are outlined in the information policy or another document regulating information disclosure issues. Organizations with listed shares additionally disclose information in accordance with listing rules. Moreover, the organization must disclose to shareholders (participants) and investors information about any forms and conditions of cooperation, agreements, partnerships with the Government and government bodies.

43. Shareholders (participants) exercise their management participation rights through attendance at general meetings, which are categorized as annual and extraordinary. In organizations with a single shareholder (participant), a general meeting is not convened. Instead, decisions on matters falling within the competence of a general meeting are made individually by the single shareholder and must be documented in writing.

44. Shareholders (participants) engage in meetings with the Board of Directors and the executive body (supervisory board and/or executive body) known as the "hearing of the Board of Directors." These meetings assess the outcomes of the year's activities and make decisions on matters within their jurisdiction. Additionally, shareholders (participants) regularly meet throughout the year with the chairman of the Board of Directors (supervisory board and/or executive body) to discuss organization-related issues within their competence. The scheduling of general meetings is designed

to facilitate the participation of the maximum number of eligible individuals, or all relevant persons for issues requiring unanimous decision-making.

45. Information and materials provided to shareholders (participants) prior to the general meeting of shareholders (participants)/hearing of the Board of Directors should ensure a comprehensive understanding of the discussed matters. This includes an exhaustive list of precisely formulated questions, risks associated with decision-making (or non-decision-making), the provision of answers to pertinent questions, and the opportunity to make informed decisions on the agenda items.

The agenda items must be clearly articulated, leaving no room for varied interpretations. Ambiguous formulations such as "miscellaneous," "other," or similar phrases are to be excluded from the agenda. The organization must propose separate resolutions for each individual agenda item during the general meeting of shareholders (participants). Shareholders have the right, in the prescribed manner, to propose agenda items for the general meeting of shareholders (participants) and demand the convening of an extraordinary general meeting, which is easily executed when adequately justified.

46. During the preparation for the general meeting of shareholders (participants)/hearing of the Board of Directors, the organization should establish necessary organizational and technical conditions to enable shareholders (participants) to pose questions related to the agenda and materials. The organization should designate responsibilities for corporate secretaries or individuals performing their functions, and employees of the organization to interact with shareholders (participants) and investors, along with procedures for responding to their queries.

47. The corporate secretary or the individual performing their functions monitors questions from shareholders (participants) and provides answers concerning the procedures for conducting the general meeting of shareholders (participants). They clarify the provisions of the legislation of the Republic of Kazakhstan and organizational documents regarding participation and voting at the general meeting of shareholders (participants), as well as other matters specified in the organization's internal documents.

48. For organizations whose shares are listed on the stock exchange, it is recommended to establish special investor relations departments to maintain communication with investors and ensure timely and high-quality responses to shareholders' questions.

49. To simultaneously provide information to all shareholders (participants) about the organization's activities, shareholders (participants) publish information on the financial reporting depository's internet resource. Information disclosure requirements should not impose unnecessary administrative burdens or unjustified expenses on the organization.

50. Relevant materials related to the agenda of the general meeting of shareholders (participants), considering the protection of confidential information, are recommended to be posted on the organization's website. Contact information for individuals responsible for interacting with shareholders (participants) and investors

(phone, email) should be provided. The voting process at the general meeting of shareholders (participants) should be straightforward and convenient for shareholders (participants), utilizing all possible voting methods as per the organization's Charter.

51. The procedure for conducting the general meeting of shareholders (participants) ensures equal opportunities for all shareholders (participants) to exercise their rights to participate. A shareholder (participant) may vote at the general meeting of shareholders (participants), conducted in person, either in person or without personal presence (via proxy issued personally by the shareholder (participant) to their representative). No power of attorney is required for participation and voting on agenda items for an individual who, according to the legislation of the Republic of Kazakhstan or an agreement, has the right to act without a power of attorney on behalf of the shareholder or represent their interests.

52. The organization is formulating regulations for the general meeting of shareholders (participants) outlining the procedural aspects, allowing for meaningful discussion of agenda items, decision-making, speeches by officials, and other relevant issues. Given the importance of the general meeting, the mandatory participation of all officials involved in the management of the organization is required if they are invited.

A reasonable registration time is essential to ensure that all shareholders (their representatives) have the opportunity to register. Shareholders who have not completed registration should not be considered when determining a quorum, and they cannot participate in voting. The procedure for collecting and counting votes should be simple and transparent to instill confidence in shareholders that there is no possibility of distorting voting results. The organization must take measures to ensure that votes are cast and recorded accurately.

53. The chairman of the general meeting of shareholders (participants) should strive to provide shareholders (participants) with answers to questions directly during the meeting. If the complexity of the questions does not allow for immediate responses, the person (persons) to whom they are directed should provide written answers as soon as possible after the completion of the general meeting of shareholders (participants).

54. In the case of shares (participatory interests) acquisition in organizations by institutional investors, these investors, acting as fiduciaries, must disclose their corporate governance policies and regulations for investment activities. This includes current decision-making procedures in the investor company. Institutional investors, as fiduciaries, should disclose how they manage material conflicts of interest that may affect the ownership of their investments. An institutional investor refers to a legal entity that attracts funds for investment purposes, such as large financial organizations accumulating available funds from the population, companies, or enterprises for subsequent investment in various financial instruments (e.g., insurance and pension funds, investment companies).

55. Organizations have implemented a transparent procedure for electing and establishing remuneration for the Board of Directors (supervisory board and/or

executive body), approved by the general meeting of shareholders (sole shareholder)/participant (sole participant).

56. Shareholders (participants) have access to information regarding the conditions and procedures for dividend payment and receive reliable information about the financial position of the organization when dividends are paid. To achieve this, the general meeting of shareholders (sole shareholder)/participants (sole participant) approves the dividend policy, ensuring access for all shareholders/participants. In a holding company with diverse organizations, a unified dividend policy for the group is created, considering the specifics of the group's structure. In organizations with multiple shareholders (participants), different dividend policies are adopted, approved by the general meeting of shareholders (participants).

57. If an organization has multiple shareholders (participants), including minority shareholders (participants), the corporate governance system must ensure fair treatment of all shareholders (participants) and the implementation of their rights, enshrined in the organization's Charter. Ensuring equal and fair treatment contributes to the organization's reputation, investment attractiveness, and the growth of its value. Procedures for general meetings of shareholders (participants) should ensure equal treatment, avoiding unreasonable complications or burdens in voting procedures.

If a shareholder (participant) in the organization owns fifty or more percent of voting shares (participation interests) or has the right to determine decisions through agreements with the organization and/or other shareholders (participants), redistribution of financial resources in favor of such shareholder (participant) must occur through dividend payments. Any other mechanisms for redistributing the organization's funds to the shareholder (participant) owning fifty or more percent of voting shares (participation interests) should be documented and disclosed to all shareholders.

## **Chapter 5. Efficiency of the Board of Directors and the executive body**

58. The Board of Directors serves as a managerial body accountable to the general meeting of shareholders, responsible for the strategic management of the organization and overseeing the executive body's activities. Additionally, the Board ensures the implementation of all provisions outlined in this code. The executive body, in turn, is accountable to the Board of Directors, managing the organization's day-to-day activities and ensuring adherence to the development plan, action plan, and decisions made by the general meeting of shareholders and the Board of Directors.

Both the board of directors and the executive body maintain a cooperative spirit, acting in the organization's best interests and making decisions guided by the principles of sustainable development and fair treatment of all shareholders. Together, these bodies work towards fostering the long-term value and sustainable development of the fund or organization.

59. The Board of Directors is endowed with sufficient powers to effectively manage the organization and oversee the executive body's activities. The Board

functions in accordance with the organization's Charter and places special emphasis on several key areas, including:

1) Defining a plan for the development and integration of ESG goals (environmental, social, and governance goals), outlining directions and expected results.

2) Setting and monitoring key performance indicators outlined in the action plan.

3) Organizing and supervising the effective functioning of the risk management and internal control system.

4) Approving and monitoring the effective implementation of significant investment projects and other key strategic projects within the Board of Directors' competence.

5) Managing the election, remuneration, succession planning, and overseeing the activities of the head and members of the executive body.

6) Ensuring corporate governance and ethical practices.

7) Verifying compliance within the organization with the provisions of this code and the corporate standards of the fund.

60. Members of the Board of Directors fulfill their responsibilities with the aim of ensuring the long-term value and sustainable development of the organization. The board is answerable to shareholders through the mechanism of the general meeting of shareholders. In performing their duties, board members adhere to the following principles:

1. Act Within Authorized Powers: Decisions and actions are made within the scope of authority defined in the organization's Charter.

2. Commitment to Meetings: Board members dedicate sufficient time to participate in board and committee meetings. Holding positions in multiple entities is limited to four, and chairing positions is restricted to two, subject to board approval.

3. Contribution to Long-Term Value: Members act in the organization's best interests, considering fair treatment of shareholders and sustainable development principles. Decision impact is assessed based on long-term consequences, societal and environmental effects, fair treatment of shareholders, organizational reputation, and adherence to high ethical standards.

4. Ethical Standards: Board members uphold high standards of business ethics, serving as role models for fund and organization employees.

5. Conflict Avoidance: Members prevent conflicts of interest that could compromise their duties. Any potential conflict is disclosed in advance to the Chairman, and affected members abstain from relevant discussions or decisions.

6. Reasonableness, Skill, and Prudence: Board members continuously enhance their knowledge in areas like legislation, corporate governance, risk management, finance, and sustainable development. Regular site visits and employee meetings are encouraged to grasp the organization's current issues.

Members of the Board of Directors hold personal responsibility for their fiduciary duties to shareholders, decisions made, and the effectiveness of their

activities. In situations of differing opinions, the Chairman ensures comprehensive consideration of viable options to make decisions in the organization's best interests.

The board is answerable to shareholders for the organization's performance. At the annual general meeting, the Chairman provides a report reflecting the board's activities, measures taken for long-term value, risk factors, meeting details, and other significant information. This report is included in the organization's annual report.

The Board of Directors ensures annual reporting to shareholders on compliance with the provisions outlined in this code. Furthermore, major shareholders, including the sole shareholder, engage in meetings with the Chairman and members of the Board of Directors. These meetings are designed to address matters such as the development plan, the election of the first head of the executive body, and other factors influencing the long-term value and sustainable development of the organization. Such sessions are prearranged and conducted following approved procedures.

63. The Board of Directors and its committees maintain a balance of skills, experience, and knowledge to ensure the adoption of independent, objective, and effective decisions in the interests of the organization and with fair treatment of all shareholders.

64. The composition of the Board of Directors should include sufficient diversity in personal characteristics, age, and gender to enhance long-term value in accordance with ESG principles. The recommended proportion of women in the Board of Directors of organizations is at least thirty percent of the total number of board members.

65. The Board of Directors includes independent directors in a quantity sufficient to ensure the independence of decisions and fair treatment of all shareholders. The recommended proportion of independent directors on the Board of Directors of a company is up to fifty percent of the total number of board members.

66. It is recommended to elect a Senior Independent Director from among the independent directors. The key functions of the Senior Independent Director include advising the Chairman of the Board of Directors and providing support in achieving the goals set by the Chairman. Additionally, the Senior Independent Director evaluates the performance of the Chairman, plans for the succession of the Chairman, and acts as a mediator in resolving disputes in certain situations.

67. Members of the Board of Directors are elected by the general meeting of shareholders based on clear and transparent procedures, taking into account the competencies, skills, achievements, business reputation, and professional experience of the candidates. When re-electing individual members of the Board of Directors or its entire composition for a new term, their contribution to the effectiveness of the organization's Board of Directors is considered.

68. In companies where all voting shares belong to a fund, the process of electing members of the Board of Directors has specific features:

1) The Chairman of the Board of Directors is elected by the decision of the sole shareholder.

2) The process of searching and selecting candidates for the Board of Directors is carried out by the fund in collaboration with the Chairman of the Board of Directors and the Chairman of the Nominations and Remuneration Committee of the company's Board of Directors.

69. The term of office of members of the Board of Directors coincides with the term of office of the entire Board of Directors and expires at the moment of the general meeting of shareholders' decision to elect a new composition of the Board of Directors. Members of the Board of Directors are elected for a term of up to three years; subsequently, reelection for another term of up to three years is possible based on satisfactory performance. Any term of election to the Board of Directors for more than six consecutive years (for example, two three-year terms) undergoes special consideration, taking into account the need for quality renewal of the Board of Directors.

Independent directors cannot be elected to the Board of Directors for more than nine years consecutively. In exceptional cases, election for a term of up to nine years is allowed. The election of an independent director to the Board of Directors should occur annually with a detailed explanation of the need for the election of this Board member and the impact of this factor on the independence of decision-making.

No individual should participate in decisions related to their own appointment, election, and reelection.

70. The composition of the Board of Directors must include individuals with the knowledge, skills, and experience necessary for the Board of Directors to perform its functions and ensure the growth of the long-term value and sustainable development of the organization, as well as individuals with impeccable business and personal reputations.

71. When selecting candidates for the Board of Directors, the following factors are taken into account:

- 1) Executive management experience.
- 2) Experience as a member of the Board of Directors.
- 3) Work experience.
- 4) Education, specialization, including the possession of international certificates.
- 5) Competencies in relevant fields and industries (industries may vary depending on the asset portfolio).
- 6) Business reputation.
- 7) The presence of direct or potential conflicts of interest in the case of election to the Board of Directors of the organization.

72. The numerical composition of the Board of Directors is determined individually, taking into account the scale of activities, business needs, current tasks, development plans, and financial capabilities. The number of members of the Board of Directors should allow for the creation of the necessary committees. In companies, the numerical composition of the Board of Directors ranges from 7 to 11 individuals.

73. The composition of the Board of Directors is balanced, meaning a combination of board members (representatives of shareholders, independent directors, the head of the executive body) that ensures decision-making in the interests of the organization and with fair treatment of shareholders. The process of selecting members of the Board of Directors involves the Board of Directors of the fund (in relation to the boards of directors of companies) and the organization, ensuring transparency. The search for candidates and their election is conducted based on objective criteria and with the need for diversity in the composition of the Board of Directors.

The process of searching and selecting is carried out before the expiration of the full term of the entire composition of the Board of Directors and the terms of individual members.

74. The matter regarding electing the entire composition of the Board of Directors or individual members can be initiated in the established procedure by a major shareholder (participant) or the Nominations and Remuneration Committee through the organization's Board of Directors..

Example of competencies of members of the Board of Directors by areas and industries

Criteria	Required knowledge	Director X	Director Y
Competence	Strategy		
	Risks and audit		
	Law		
	Corporate governance		
	Investments		
	Economics and finance		
	Human Resource Management		
	Innovation		
Industry	Telecommunications		
	Oil and gas		
	Energy		
	Transport		
	Mining metallurgy		
	Mechanical engineering		
	Real estate		

75. In companies in which 100% of the shares are owned by the fund, there is the following process for searching and electing a member of the Board of Directors:

1) the fund, together with the chairman of the Board of Directors of the company, the chairman of the Nomination and Remuneration Committee of the Board of Directors of the company, carries out preparation and planning: analysis and determination of the set of necessary competencies and skills in the Board of Directors, taking into account the company's objectives;

2) determines the candidate search channel - independently or with the involvement of a recruiting organization;

- 3) searches for candidates;
  - 4) conducts the selection of candidates: assessment, interviews and preparation of proposals for candidates (candidates for members of the Board of Directors of companies are discussed with at least one member of the Nomination and Remuneration Committee of the Board of Directors of the fund);
  - 5) decision-making by the sole shareholder;
  - 6) publication of information on the company's Internet resource, press release.
- Holding companies use a similar process within their group.

In organizations with several shareholders, the process of electing members of the Board of Directors and the Chairman of the Board of Directors is carried out in the manner prescribed by the Law on Joint Stock Companies and the Charter of the organization.

In organizations, it is recommended to create a Nomination and Remuneration Committee of the Board of Directors of the organization to determine the composition, necessary skills and competencies of the Board of Directors and candidates for the Board of Directors.

76. Independent directors are elected to the Board of Directors. An independent director is a person who has sufficient professionalism and independence to make independent and objective decisions, free from the influence of individual shareholders, the executive body and other interested parties.

77. It is recommended to take into account the following circumstances that may impair the independence of an independent director:

- 1) is or has been an employee of the company or group within the last three years;
- 2) has or has had within the last three years a material business relationship with the company directly either as a partner, shareholder, director or general manager of the body or maintains such a relationship with the company;
- 3) has received or is receiving additional remuneration from the company in addition to the director's remuneration, participates in a company share option or performance-based pay scheme, or is a participant in the company's pension scheme;
- 4) holds membership on boards of directors or has connections with other directors through participation in other companies or bodies;
- 5) represents a major shareholder;
- 6) have served on the board of directors for more than nine years since their first appointment.

If these or other relevant circumstances apply, and if the board of directors believes that the independent director is independent, then a clear explanation will be provided.

78. Independent directors must actively participate in the discussion of issues where a conflict of interest is possible (preparation of financial and non-financial statements, concluding related-party transactions, nominating candidates to the executive body, establishing remuneration for members of the executive body).

Independent directors are elected as chairmen of key committees of the Board of Directors - on audit, appointments and remuneration.

The independent director monitors the possible loss of independence status and notifies the Chairman of the Board of Directors in advance in the event of such situations. If there are circumstances affecting the independence of a member of the Board of Directors, the Chairman of the Board of Directors immediately brings this information to the attention of shareholders for making an appropriate decision.

The Fund and organizations need to ensure that succession plans for members of the Board of Directors are in place to maintain continuity of activity and progressive renewal of the composition of the Board of Directors.

79. The induction program for recently elected Board of Directors members and the professional development program for each member gain approval directly from the Board. Oversight of program implementation is entrusted to the Corporate Secretary.

During the induction process, new Board members acquaint themselves with their rights and responsibilities, as well as critical aspects of the fund and organization's operations, including elements associated with significant risks.

80. The overall management responsibility for the Board of Directors rests with the Chairman. The Chairman ensures the comprehensive and effective execution of the Board's primary functions and fosters constructive dialogue among Board members, major shareholders, and the executive body.

The Chairman aspires to assemble a cohesive team of professionals dedicated to enhancing the organization's long-term value and sustainable development. This team should be adept at promptly and professionally addressing internal and external challenges, requiring leadership skills, motivational abilities, an understanding of diverse perspectives, and conflict resolution skills, in addition to professional qualifications and experience.

81. Key responsibilities of the Chairman of the Board of Directors are clearly defined:

1. Planning Board meetings and setting the agenda.
2. Ensuring timely access to comprehensive and current information for decision-making.
3. Directing the Board's focus toward strategic matters and minimizing consideration of operational issues.
4. Striving for the utmost effectiveness in Board meetings by facilitating open discussions and reaching agreed-upon decisions.
5. Proper communication and interaction with shareholders, organizing consultations with major shareholders for crucial strategic decisions.
6. Monitoring and supervising the implementation of Board and general meeting decisions,
7. Taking measures to address corporate conflicts and promptly informing major shareholders if resolution proves challenging.

82. The Chairman of the Board of Directors cannot concurrently serve as the Chairman of the Fund's Board. The Board deliberates on issues concerning the fund and organizations within its jurisdiction, aligning with the Fund's Charter. It also reviews matters within the purview of the Government, acting as the sole shareholder, before their final consideration. Boards of directors of organizations are appointed by the general meeting of shareholders (sole shareholder) of those organizations.

83. The remuneration level for Board of Directors members is set at a point sufficient to attract, retain, and motivate each member at a level necessary for the successful governance of the organization. Consideration is given to the expected positive impact on the organization resulting from the individual's participation on the Board. The organization's Nomination and Remuneration Committee proposes the remuneration size for independent directors.

The establishment of remuneration for a member of the organization's Board of Directors aligns with the methodology developed by the fund. In organizations with multiple shareholders, the rules for remunerating Board members are developed based on the fund's methodology and are approved by the general meeting of shareholders. The Nomination and Remuneration Committee of the organization's Board of Directors proposes the remuneration size for independent directors.

Remuneration levels for both the Chairman and all Board members encompass time commitments and responsibilities within their positions. No individual should participate in decisions related to their own remuneration. Remuneration should fairly reflect the expected contribution of a Board member to enhancing the overall efficiency of the Board and the organization. Determining the remuneration size takes into account the responsibilities of Board members, the scale of the organization's activities, long-term goals outlined in the development plan, the complexity of issues considered by the Board, and the level of remuneration in similar companies (benchmarking, remuneration surveys).

84. Generally, fixed annual remuneration is paid to members of the Board of Directors, along with additional compensation for chairing the Board and participating in Board committees. Board members' remuneration should not include options or other elements tied to the organization's performance. The organization's general meeting of shareholders (sole shareholder) determines the size and conditions of remuneration and compensation for expenses for Board member(s) of the organization. Board members of the fund who are government officials do not receive separate remuneration for their membership on the Board and its committees.

85. For in-depth consideration of issues, the Board of Directors of the fund establishes standing committees: Audit, Appointments and Remuneration, Strategy, and a Specialized Committee. Additional committees may be created at the discretion of the Board. The Strategy Committee reviews matters related to strategic planning, headed by the top executive of the central planning authority.

The committees' activities contribute to a thorough examination of issues within the Board's competence and enhance the quality of decisions, particularly in areas such as audit, risk management, proper and effective procurement by the fund and

organizations, appointment and remuneration of Board members and the executive body, sustainable development, including industrial safety and environmental protection. The existence of committees does not absolve Board members of responsibility for decisions made within the Board's competence.

Committees are formed for a detailed analysis and recommendation development on the most important issues before they are considered at a Board meeting. The final decision on matters considered by the committees is made by the Board of Directors. The Board of Directors decides on the creation of committees, determines their personnel and numerical compositions, chairs, terms of authority, functions, and operating procedures.

86. Committee compositions include members of the fund's Board of Directors and experts possessing the necessary professional knowledge for the specific committee's work.

87. The fund's Specialized Committee conducts a comprehensive and objective analysis of the impact of the activities of organizations within the fund on the development of the economy or a specific sector of the economy, in accordance with the Law on the fund. A permanent voting member of the Specialized Committee is a representative of the Supreme Audit Office of the Republic of Kazakhstan.

The control over the use of funds allocated by the republican budget, the National Fund of the Republic of Kazakhstan for compliance with financial and economic justification, and the assessment of the effectiveness of budget investments fall within the competence of the Supreme Audit Office of the Republic of Kazakhstan.

In the compositions of other committees of the fund, the majority consists of independent directors.

88. Committees consist of Board of Directors members with the necessary professional knowledge, competencies, and skills for committee work. The potential for conflicts of interest should be taken into account when forming committee compositions. Committee chairs, along with professional competencies, possess organizational and leadership qualities, as well as good communication skills for the effective organization of committee activities.

Committees are created within boards of directors to address issues related to audit, risk management, appointments, and remuneration.

89. In organizations whose operations are associated with the risk of accidents and technological disasters (e.g., industrial companies, aviation and railway transport), committees on industrial safety are established. To enhance the efficiency of investment decision-making, it is recommended to include in the competence of one of the committees under the Board of Directors the issues related to the organization's investment activities that fall within the competence of the Board of Directors. Depending on the composition, size, and current tasks of the Board of Directors, other directions of committee activities are provided for strategic issues, investments, and other matters. The committee's composition includes no fewer than 3 individuals.

90. The Audit Committee includes independent directors. If the Committee engages a qualified expert, this person shall not have the right to vote. The decision to engage an expert is made by the Audit Committee, and the issue of its engagement should be reviewed annually for effectiveness and independence.

Members of the Audit Committee are required to have in-depth knowledge and practical experience in the field of accounting and auditing, risk management, and internal control. The basic functions of the Audit Committee include issues of internal and external audit, financial reporting, internal control and risk management, compliance with the legislation of the Republic of Kazakhstan, internal documents and other issues on behalf of the Board of Directors.

91. The Nomination and Remuneration Committee includes a majority of independent directors in order to develop objective and independent decisions and prevent the influence of interested parties (representatives of shareholders, the head of the executive body, employees and other persons) on the judgments of committee members.

Members of this committee must have in-depth knowledge and practical experience in the field of personnel management and performance assessment, as well as in the field of corporate governance.

The chairman of the committee is the chairman of the Board of Directors.

The basic functions of the committee include issues of appointment, setting motivational KPIs, performance assessment, remuneration and succession planning of the head and members of the executive body, issues of appointment and remuneration of the corporate secretary, as well as participation in the consideration of these issues in relation to the composition of the Board of Directors itself, in cases where such powers are granted general meeting of shareholders (sole shareholder). In this case, members of the Nomination and Remuneration Committee do not allow a conflict of interest to arise and do not participate in the consideration of issues of their own appointment and/or remuneration.

The Nomination and Remuneration Committee reviews staff remuneration and related policies and agrees on incentives and remuneration measures, taking them into account when determining the executive director's remuneration policy.

92. Only committee members are present at committee meetings. The presence of other persons is permitted only by invitation of the committee. If necessary, committees engage experts and consultants.

93. The functions, powers, composition and process of organizing the activities of committees are regulated in the relevant regulations and approved by the Board of Directors. The committees approve their work plan (recommended before the start of the calendar year), which is consistent with the work plan of the Board of Directors, indicating the list of issues to be considered and the dates of meetings.

94. The frequency of committee meetings is at least 4 meetings per year. Committee meetings are held in person with minutes recorded. In order to create favorable conditions and reduce costs for holding committee meetings, participation of committee members through technical means of communication is allowed.

95. Committee chairpersons generate a report on the committee's activities and present the results of the year at a separate meeting to the Board of Directors. The Chairman of the Board of Directors has the authority to request information on committee activities throughout the year.

96. The preparation and conduct of Board of Directors meetings are aimed at maximizing the effectiveness of its activities. Board members have access to complete, current, and timely information to fulfill their duties.

97. The Board of Directors convenes regular meetings to effectively execute its functions. Meetings, whether in person or by absentee voting, should minimize the number of absentee votes. Decisions on important and strategic issues are deliberated and approved exclusively during in-person meetings of the Board of Directors.

98. The corporate secretary duly records meetings of the Board of Directors and its committees, providing a comprehensive account of discussions and decisions made. Meetings follow a work plan approved before the start of the calendar year, outlining the issues to be addressed and a schedule of meetings with corresponding dates.

99. The recommended frequency of Board of Directors meetings ranges from 8 to 12 per year. It is advised to evenly distribute the planned agenda items throughout the year to facilitate thorough discussions and prompt, high-quality decision-making. The Board of Directors must adhere to the organization's prescribed procedures for preparing and conducting meetings.

100. Meeting materials for the Board of Directors are dispatched in advance, no later than 7 calendar days, and for more critical issues defined by the organization's charter, no less than 15 business days, unless the charter specifies different deadlines. Important issues encompass, but are not limited to, a development plan, an action plan, motivational KPIs for the executive body and its members, an annual report, and participation in the establishment of other legal entities. Agenda items do not include matters for which materials were provided beyond the deadlines. If issues are added to the agenda after the deadlines, the Chairman of the Board of Directors receives a comprehensive justification for this necessity.

101. The Board of Directors bases its decisions on comprehensive, reliable, and high-quality information. To ensure effective and timely decision-making, adherence to the following factors is crucial:

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

2) Seeking the opinion of experts (both internal and external) when required (note that involving experts does not absolve the Board of Directors from decision-making responsibility);

3) Allocating sufficient time for discussions during meetings, particularly for important and complex issues;

4) Timely consideration of agenda items;

5) Ensuring decisions outline a plan for subsequent actions, deadlines, and responsible individuals.

Several factors negatively impact the quality of Board of Directors' decisions:

- 1) Dominance of one or more directors, limiting the full participation of others in discussions;
- 2) A formal approach to risks;
- 3) Pursuit of personal interests and low ethical standards;
- 4) Formal decision-making without real and active discussions;
- 5) Inflexible positions or a lack of desire for development;
- 6) Weak organizational culture;
- 7) Insufficient information and/or analysis.

Board of Directors' members reserve the right to request additional information on agenda items to facilitate decision-making.

102. Board of Directors' and committee meetings can be conducted through in-person or absentee voting, with a justification for the choice of absentee voting. The use of absentee voting should be minimized, and strategic business issues are exclusively addressed in meetings with in-person voting. In special cases, a combination of both meeting forms is permissible, such as when some members cannot personally attend.

103. A quorum for Board of Directors' meetings is achieved with at least half of its members, considering participation through technical means of communication. Members with a vested interest in a particular issue abstain from discussing and voting on that matter, with corresponding records in the meeting minutes.

104. The statute of limitations for non-disclosure of internal (official) information by former Board of Directors' members is a minimum of 5 years after the termination of their duties. Periodic reviews of prior decisions, both the decisions and the decision-making process, are recommended, particularly during the Board of Directors' self-evaluation.

105. The Board of Directors, its committees, and individual members undergo an annual evaluation through a structured process sanctioned by the organization's Board of Directors. This evaluation aligns with the methodology of the fund. Additionally, at least once every three years, an assessment is conducted with the participation of an independent professional organization. Assessment methods encompass self-assessment or engagement with an independent consultant to enhance assessment quality. Subject to agreement with the general meeting of shareholders (sole shareholder) or the Chairman of the Board of Directors/Supervisory Board, an independent professional organization may be involved in the assessment every three years.

The evaluation aims to gauge the contribution of the Board of Directors and each member to the long-term value and sustainable development of the organization. It also identifies areas for improvement and provides recommendations. Assessment results influence the re-election or early termination of powers of Board of Directors members.

106. Evaluation serves as a primary tool for enhancing the professionalism of the Board of Directors and its individual members. The assessment is mandatory for

both independent directors and shareholder representatives, adhering to criteria such as regularity, comprehensiveness, continuity, realism, and confidentiality.

The process, timing, and procedure for evaluating the activities of the Board of Directors, its committees, and members are clearly defined in the organization's internal documents. Training is provided to the Chairman and members of the Board of Directors for conducting assessments.

107. The assessment covers, but is not limited to, the following issues:

- 1) Optimal composition of the Board of Directors in the context of organizational challenges, emphasizing a balance of skills, experience, and diversity.
- 2) Clarity of understanding the vision, strategy, main objectives, problems, and values of the organization.
- 3) Succession and development plans.
- 4) Functioning of the Board of Directors as a cohesive body, including the role of the Board of Directors and the head of the executive body.
- 5) Effectiveness of interaction within the Board of Directors and with the organization's bodies and officials.
- 6) Individual effectiveness of each Board of Directors member.
- 7) Effectiveness of the Board of Directors' committees and their interaction with the Board of Directors and the executive body.
- 8) Quality of information and documents provided to the Board of Directors.
- 9) Quality of discussions within the Board of Directors and its committees.
- 10) Efficiency of the corporate secretary.
- 11) Clarity in understanding processes and competencies.
- 12) The process of identifying and assessing risks.
- 13) Interaction with shareholders and other stakeholders.

108. The Board of Directors conducts a mandatory annual assessment. Methods include self-assessment or engaging an independent consultant to enhance assessment quality. An independent external consultant is brought in at least once every three years.

The evaluation, feedback provision to Board of Directors members, and the formulation of subsequent improvement measures are overseen by the Chairman of the Board of Directors. Assessment results are deliberated in a dedicated Board of Directors meeting, leading to the development of a comprehensive program for the Board of Directors as a whole and individual programs for its members.

109. The Chairman of the Board of Directors bears responsibility for the entire assessment process and takes actions based on its outcomes. Key roles in the assessment process are allocated as follows:

- 1) The Chairman of the Board of Directors oversees the assessment process, offers feedback to the entire Board of Directors and each member, communicates assessment results to the sole shareholder (major shareholders), discusses improvement measures, and monitors the implementation of the action plan derived from the assessment.

2) The Chairman of the Nomination and Remuneration Committee manages the evaluation of the Chairman of the Board of Directors.

3) Committee chairpersons are responsible for evaluating the effectiveness of the committees they lead.

4) An independent consultant (if engaged) acts as a moderator and methodologist, organizing and coordinating the assessment process.

5) Board of Directors members ensure active participation, openness, honesty, and involvement.

Assessment results form the basis for re-electing the entire Board of Directors or an individual member, reviewing the Board of Directors' composition, and determining the remuneration for its members. In case of significant shortcomings in the performance of individual members, the Chairman holds consultations with major shareholders (sole shareholder).

The Board of Directors, in its annual report, outlines the Board of Directors' assessment and the measures taken based on the results. If an independent consultant is involved, the report indicates whether they provided other consulting services to the fund and organizations over the past three years.

The sole shareholder can independently conduct an assessment of the Board of Directors or involve an independent consultant. The results of the assessment, along with the organization's performance and other factors, are considered.

110. To effectively organize the activities of the Board of Directors and facilitate interaction between the Board of Directors, the executive body, and shareholders, the Board of Directors appoints a corporate secretary.

The Board of Directors decides on the appointment and early termination of the corporate secretary's powers. It determines the term of office, requirements, functions, procedures, official salary, and terms of remuneration for the corporate secretary. The Board of Directors also decides on establishing a service (secretariat) for the corporate secretary. The Corporate Secretary is accountable to the fund's Board of Directors and operates independently of the fund's executive body.

The main responsibilities of the corporate secretary include assisting in the timely and high-quality adoption of corporate decisions, advising Board of Directors members on all issues, and ensuring compliance with the provisions of this code. The corporate secretary monitors the code's implementation and participates in enhancing corporate governance in the fund and organizations. A report on compliance with the code's principles and provisions, including a list of non-observed principles with explanations, is prepared by the Corporate Secretary and included in the fund's annual report.

In companies and organizations with publicly traded shares, a corporate secretary is appointed. The Board of Directors has exclusive authority to appoint a corporate secretary. In organizations structured as limited liability partnerships, the decision to appoint a corporate secretary rests with the supervisory board at its discretion.

111. The primary responsibility of the corporate secretary is to ensure the timely and high-quality adoption of corporate decisions by the Board of Directors and the general meeting of shareholders (sole shareholder), fostering effective interaction between the Board of Directors, the executive body, and shareholders (sole shareholder). Additionally, the corporate secretary oversees good corporate governance practices.

The main functions of a corporate secretary include, but are not limited to, the following:

In terms of ensuring the activities of the Board of Directors:

- 1) Assisting the Chairman of the Board of Directors in forming a work plan and agendas for meetings;
- 2) Organizing meetings of the Board of Directors and its committees;
- 3) Ensuring that members of the Board of Directors receive relevant and timely information necessary for making decisions on agenda items within the Board of Directors' competence;
- 4) Recording minutes of meetings of the Board of Directors and committees, ensuring the proper storage of minutes, transcripts, audio-video recordings, and materials of meetings;
- 5) Providing consultation to members of the Board of Directors on matters of legislation, the Charter, this code, and internal documents, monitoring changes and keeping members informed;
- 6) Organizing the inauguration of newly elected members of the Board of Directors;
- 7) Organizing training for members of the Board of Directors and engaging experts;
- 8) Facilitating interaction between members of the Board of Directors and shareholders and the executive body.

In terms of ensuring interaction with shareholders (sole shareholder):

- 1) Organizing general meetings of shareholders;
- 2) Timely submission of materials on issues to the general meeting of shareholders/sole shareholder for decision-making;
- 3) Recording minutes of general meetings of shareholders, ensuring proper storage of minutes, transcripts, and materials;
- 4) Ensuring proper interaction between the organization and shareholders, including monitoring the timely provision of information in response to shareholder requests.

Regarding the implementation of good corporate governance practices:

- 1) Monitoring the implementation and compliance with the principles and provisions of this code;
- 2) Preparing a report on compliance with the principles and provisions of this code;

3) Identifying violations within their functions regarding corporate governance standards established by law, the Charter, and other organizational documents;

4) Providing consultation to shareholders, officials, and employees of the organization on issues of corporate governance;

5) Monitoring global best practices in corporate governance and proposing improvements to corporate governance practices in the organization.

The assignment of additional duties to the corporate secretary should consider their current workload, and any new responsibilities should not hinder the performance of functions outlined in this code or duplicate the functions of other units and officials. If duplication occurs, the allocation of such functions should be reassessed.

112. To proficiently fulfill their duties, the corporate secretary must possess knowledge, experience, qualifications, an impeccable business reputation, and the trust of the Board of Directors and shareholders. Depending on the organization's size and scale, a corporate secretary service may be established.

113. A person with a higher legal or economic education, a minimum of 5 years of work experience, and practical knowledge in corporate governance and corporate law is appointed to the position of corporate secretary.

114. To enhance the efficiency of preparing and conducting Board of Directors meetings, it is advisable to periodically review the completeness and utility of materials provided to members of the Board of Directors. The results of these reviews serve as the basis for evaluating the effectiveness of the corporate secretary.

115. The organization develops an induction and succession planning program for the corporate secretary. The search and appointment of a corporate secretary follow open and transparent procedures outlined in the internal documents of the organization.

116. The Corporate Secretary conducts his/her activities based on regulations approved by the Board of Directors, specifying functions, rights, responsibilities, the interaction procedure with the organization's bodies, qualification requirements, and other relevant information. To ensure effective interaction and information flow between the organization's organs, the corporate secretary possesses relationship-building abilities and conflict resolution skills. In case of conflict of interest situations, the corporate secretary promptly notifies the Chairman of the Board of Directors.

117. The corporate secretary is empowered with the following authorities to perform his/her functions:

1) Request and receive documents and information from the organization's bodies, officials, and employees necessary for decision-making at Board of Directors meetings and general meetings of shareholders (sole shareholder);

2) Take measures to organize meetings of the Board of Directors and the general meeting of shareholders, communicate decisions to officials, and monitor their implementation;

3) Directly interact with the chairman and members of the Board of Directors, the chief executive and members of the executive body, employees of the organization, and shareholders. The executive body provides comprehensive assistance to the corporate secretary in exercising these powers.

118. The organization's budget includes provisions for supporting the activities of the Board of Directors and the corporate secretary. This encompasses costs associated with travel to meeting venues, accommodation, and other trips as part of the assigned duties. It is recommended to allocate funds for training and development of members of the Board of Directors, as well as involving external consultants and experts by the Board of Directors and its committees. The corporate secretary is responsible for forming the budget of expenses to support the activities of the Board of Directors and directing it to the appropriate structural unit of the organization. Corporate secretaries of the fund and organization provide explanations regarding the provisions of this code and its application.

119. In companies, a collegial executive body is established; in other organizations or in the case of creating a joint venture company, it can be collegial or sole at the discretion of the shareholders (participants). The head and members of the executive body are required to possess high professional and personal characteristics, maintain an impeccable business reputation, and adhere to high ethical standards. The executive body is accountable to the Board of Directors, managing the daily activities of the organization and ensuring the implementation of the development plan, action plan, and decisions adopted by the Board of Directors and the general meeting of shareholders.

120. The board of directors elects the head and members of the executive body, determining their terms of office, official salary, and the terms of payment for their labor. The Nomination and Remuneration Committee of the Board of Directors play a crucial role in the process of searching and selecting candidates for the executive body and determining their remuneration. The recommended representation of women in the collegial executive bodies of the Fund and organizations is at least thirty percent of the total number of members of the collegial executive bodies.

121. Nominations for candidates for election to the collegial executive body are presented to the Nomination and Remuneration Committee of the Board of Directors by the head of the executive body. If the Board of Directors rejects a candidate proposed by the head of the executive body for the same vacant position in the executive body for the second time, the right to propose a candidate for this vacant position shifts to the Board of Directors.

122. In companies where 100% of the shares (participatory interests) belong to the fund, the candidacy for the position of the head of the executive body is subject to preliminary approval by the board of the fund. The Board of Directors retains the authority to terminate the powers of the head and members of the executive body at any time. It is advisable to elect the head and members of the executive body for a term of up to three years, coinciding with the overall term of the executive body.

123. A candidacy for the position of the first head of the company is presented (recommended) for appointment (election) by the Prime Minister of the Republic of Kazakhstan, subject to agreement by the Head of the Administration according to the procedure established by the act of the President of the Republic of Kazakhstan. The

process for searching and electing the head of the executive body aligns with the internal documents of the fund.

124. The Board of Directors evaluates the head and members of the executive body, with the main criterion being the achievement of established efficiency factors. Motivational Key Performance Indicators (KPIs) for the head and members of the executive body are endorsed by the Board of Directors. Proposals regarding these motivational KPIs are submitted to the Board of Directors for consideration by the head of the executive body. The assessment results influence remuneration amounts, promotions, re-election (appointment), or early termination of powers.

125. The executive body conducts in-person meetings to discuss issues related to the development plan, decisions of the general meeting of shareholders (sole shareholder), the Board of Directors, and day-to-day operations. Emphasis is placed on addressing industrial safety concerns. Regular face-to-face meetings of the executive body are recommended, with instances of absentee meetings limited and clearly defined in the organization's documents.

126. The executive body establishes a work plan for the upcoming year, outlining issues before the start of the calendar year. Members of the executive body receive materials for review in advance and of sufficient quality. Special committees, project, and/or working groups may be created to address specific problems, especially for crucial matters like strategy, development plans, investment projects, and risk management. The rights, duties, competence, and responsibility of these bodies are detailed in the organization's internal documents.

127. Each issue considered undergoes a separate discussion focusing on the risks associated with decision-making or non-decision-making and their impact on the organization's cost and sustainable development. All issues submitted by the executive body for consideration by the Board of Directors and the general meeting of shareholders (sole shareholder) are subject to prior review and approval by the executive body.

128. The head and members of the executive body engage with the workforce, visiting branches and group organizations in different regions, conducting meetings, and participating in video conferences at least once a year. Demonstrating high ethical standards, they set an example for all employees within the organization. Should a conflict of interest arise, the head and members promptly notify the Board of Directors or the head of the executive body in advance, document the matter in writing, and refrain from participating in decision-making on the relevant issue.

129. Members of the executive body can work in other organizations only with the approval of the Board of Directors. The head of the executive body or the individual solely performing executive functions is restricted from holding a similar position in another legal entity.

130. The organization must have a succession plan for the executive body. The mechanism and timing of re-electing executive body members should motivate them to achieve long-term results, with provisions for early dismissal if key performance

indicators are not met. In case of changes in the head and/or composition of the executive body, maintaining continuity in the executive body's composition is recommended. When considering re-election of individual members of the executive body, their performance results in the areas under their supervision should be taken into account. Ensuring continuity in the Board of Directors' composition is also recommended in the event of a change in the Chairman of the Board of Directors.

131. The executive body is responsible for establishing an optimal organizational structure. The organizational structure should promote efficient decision-making, increased productivity, and organizational flexibility. Selections for vacant positions are based on open and transparent competitive procedures. Organizations maintain a pool of personnel reserve employees, allowing for subsequent appointments to senior management positions. Employee assessments are conducted annually.

132. Instances of code of business ethics violations by members of the executive body are reported to the Board of Directors by the head of the executive body. A member of the executive body who violates the code of business ethics is ineligible to serve on the executive body of any other organization.

133. In the event of corporate conflicts, participants seek resolution through negotiations to ensure effective protection of the organization's and stakeholders' interests. The efficient prevention and resolution of corporate conflicts require the prompt and thorough identification of such conflicts and clear coordination of actions among all organizational bodies. The chairman of the organization's Board of Directors, assisted by the corporate secretary, addresses corporate conflicts. If the Chairman of the Board of Directors is involved in a corporate conflict, the Nomination and Remuneration Committee handles such cases.

## **Chapter 6. Risk management, internal control, audit, compliance and ombudsman.**

134. A robust risk management and internal control system must be established within the fund and organizations. This system aims to instill reasonable confidence in achieving the strategic and operational goals of the fund and organizations. It comprises a set of organizational policies, procedures, behavioral norms, actions, and mechanisms developed by the Board of Directors and the executive body. The goal is to ensure:

- 1) An optimal balance between the organization's value growth, profitability, and associated risks.
- 2) The efficiency of financial and economic activities and the attainment of financial stability.
- 3) The safety of assets and the efficient use of company resources.
- 4) Completeness, reliability, and accuracy of financial and management reporting.

5) Compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents.

6) Adequate internal control to prevent fraud and ensure effective support for the functioning of main and auxiliary business processes, as well as the analysis of performance results.

The Board of Directors and the executive body are responsible for implementing a culture of good risk management within the fund and organizations. The operation of the risk management and internal control system should be guided by a clear regulatory framework based on best practices.

135. The Board of Directors of the fund and organizations determines the principles and approaches for organizing the risk management and internal control system. These decisions are based on the objectives of the system and incorporate best practices and methodologies, such as the integrated concept for building an internal control system (COSO), the "Risk Management of Organizations Integrated Model" concept by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), International Standard ISO 31000 "Risk Management. Principles and Guidelines," International Standard ISO 31010 "Risk Management. Risk Assessment Techniques," and others. Internal documents defining the principles and approaches to an effective risk management and internal control system are approved by the Board of Directors, showcasing the company's commitment to best practices in this field.

136. Establishing an effective risk management and internal control system in the fund and organizations aims to create a management system capable of ensuring a precise understanding of the reasonableness and acceptability of the level of risks by employees, management, and company bodies during decision-making. It also seeks to enable quick responses to risks, exercise control over the main and supporting business processes and day-to-day operations, and promptly report significant deficiencies and areas for improvement to the appropriate level of management.

The principles and approaches to organizing an effective risk management and internal control system encompass:

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 considering the role of the corresponding level in the process of development, approval, application, and evaluation of the risk management and internal control system.

3) Basic requirements for organizing the risk management process, including approaches to determining risk appetite, the procedure for identifying and assessing risks, determining response methods, and monitoring.

4) Requirements for organizing the internal control system and conducting control procedures, encompassing characteristics of key areas and main components of the internal control system, the procedure for assessing effectiveness, and reporting in the field of internal control.

The internal documents of the fund and organizations must formalize the roles, tasks, responsibilities of the company's bodies, the audit commission, internal audit units, and other divisions of the company. This includes specifying the procedure for their interaction within the framework of the organization and functioning of the risk management and internal control system. When approving internal documents related to risk management and internal control, organizations' boards of directors are guided by the regulatory documents adopted by the fund that regulate issues of risk management and internal control. The internal regulatory documents of the fund and holding companies should stipulate the responsibility of the boards of directors and executive bodies for organizing and ensuring the effective functioning of the risk management and internal control system on a consolidated basis.

137. The executive bodies of the fund and organizations are responsible for creating and maintaining an effective risk management and internal control system. The risk management process is integrated with planning processes, such as the development plan, action plans, and the annual budget, as well as the evaluation of the organization's performance through management reporting.

Every officer in the fund or organization ensures that risks are appropriately considered when making decisions. The executive body of the fund or organization oversees the implementation of risk management procedures by employees with the appropriate qualifications and experience. The executive body:

- 1) Ensures the development and implementation of internal documents approved by the Board of Directors in the field of risk management and internal control.
- 2) Ensures the creation and effective functioning of the risk management and internal control system by practically implementing and continuously applying the principles and procedures assigned to it.
- 3) Takes responsibility for the implementation of decisions of the Board of Directors and recommendations of the Audit Committee regarding the organization of a risk management and internal control system.
- 4) Monitors the risk management and internal control system in accordance with the requirements of internal documents.
- 5) Ensures the improvement of processes and procedures for risk management and internal control, considering changes in the external and internal business environment.

138. To implement the principles of internal control and ensure the effectiveness of the risk management and internal control system, the executive body delegates powers, duties, and responsibilities for specific risk management and internal control procedures to managers at lower levels and/or heads of structural divisions/owners of business processes. The heads of structural divisions/owners of business processes, in alignment with their functional responsibilities, bear the responsibility for developing, documenting, implementing, monitoring, and evolving a risk management and internal control system within the functional areas of the company entrusted to them.

The organizational structure of the risk management and internal control system in the fund and organizations, contingent on the scale and specifics of the activity,

should incorporate a structural unit (or units) responsible for the functioning of the risk management and internal control system. The tasks of this unit include:

- 1) Overall coordination of risk management and internal control processes.
- 2) Development of methodological documents in the field of risk management and internal control and provision of methodological support to business process owners and employees during the processes of identifying, documenting risks, implementing, monitoring, and improving control procedures, as well as forming action plans to respond to risks.
- 3) Organizing training for employees in the field of risk management and internal control.
- 4) Generation of consolidated reporting on risks, informing the Board of Directors and the executive body on issues specified in internal documents related to risk management and internal control.
- 5) Implementing measures to enhance the risk management and internal control system.

139. It is recommended that the manager overseeing the risk management and internal control function should not be the owner of the risk, ensuring independence and objectivity. Combining the functions of risk management and internal control with functions related to economic planning, corporate finance, treasury, investment activities, and internal audit is prohibited. Combination with other functions is allowed if there is no significant conflict of interest. The risk management and internal control system of the fund and organizations are grounded in a high culture of risk management executed by the executive body, which mandates procedures for identifying, assessing, and monitoring all significant risks. Additionally, timely and adequate measures should be taken to reduce the level of risks that may adversely affect the achievement of strategic goals, the implementation of operational objectives, and the company's reputation.

140. Risk management procedures should ensure a swift response to new risks, their clear identification, and the identification of risk owners. In the case of unforeseen changes in the competitive or economic environment of the fund and organizations, an urgent reassessment of the risk map and its alignment with risk appetite is conducted.

141. For a comprehensive and clear understanding of the inherent risks of the fund and organizations, risks are regularly identified and assessed, documented in the risk register/map, and accompanied by a risk response action plan (process improvement, mitigation strategies). This plan should be approved by the Board of Directors. The conducted risk assessment, allowing the evaluation of risks against the approved risk appetite and their impact on the implementation of the development plan of the fund and the organization, leads to measurable indicators.

142. Employees of the fund and organizations engage with risks on a daily basis, managing them and monitoring their potential impact within the scope of their functional responsibilities.

143. Information about risks should be an integral part of management reporting. The board of directors and executive body must regularly receive information about

key risks and their analysis from the point of view of their impact on the company's strategy and business plans.

The approval of quarterly consolidated risk reports is assigned to the Board of Directors.

144. In the fund and organizations, sustainable development should be integrated into:

1) management system (in the management system in the field of sustainable development, the roles, competencies, responsibilities of each body and all employees for the implementation of principles, standards and relevant policies and plans in the field of sustainable development are clearly defined and secured);

2) a development plan by integrating the goals of Environmental, Social, and Corporate Governance (hereinafter referred to as ESG);

3) risk management system (the fund and organizations are improving practices for managing environmental and climate risks associated with climate change);

4) the investment decision-making process (it is necessary to integrate the practice of analyzing significant ESG factors and assessing ESG risks to identify investment risks and opportunities that are likely to affect the fund's performance and investment efficiency);

5) a remuneration system for senior management bodies (the fund and organizations develop and publicly disclose ESG goals. ESG targets are used to assess the performance of managers);

6) key processes, including planning (long-term, medium-term (5-year plan) and short-term (annual budget) periods), reporting, human resource management, operational activities and others, as well as in decision-making processes at all levels of management;

7) a system of regular interaction with stakeholders, which implies the provision of meaningful and reliable information, ensuring the possibility of two-way dialogue, awareness of environmental hazards and risks associated with the activities of portfolio companies, and the development of a flexible complaint mechanism.

Holding companies have a consolidated map of stakeholders for their group and draw up an appropriate plan for interaction with such parties.

The board of directors and the executive body of the fund and organizations ensure the formation of an appropriate system in the field of sustainable development and its implementation.

The Fund and organizations are developing action plans in the field of sustainable development, taking into account international standards and best practices.

The Board of Directors provides strategic leadership and control over the implementation of the system in the field of sustainable development. The executive body forms a corresponding plan and submits it for consideration by the Board of Directors.

145. In order to thoroughly prepare issues in the field of sustainable development, it is recommended to create a committee or delegate the competence of

one of the existing committees under the Board of Directors of the fund and organize issues in the field of ESG.

143. The Audit Committee of the Board of Directors is responsible for overseeing risks related to sustainable development, as well as the quality of non-financial information and reporting. All employees and officials at every level are expected to contribute to sustainable development by embodying sustainable principles and engaging in activities aligned with those principles. The Fund and organizations are encouraged to adopt and adhere to sustainable development principles in their interactions with partners.

146. The fund and organizations are required to develop, approve, formalize, and document control procedures in three crucial areas: operational activities, preparation of financial statements, and compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents. Control procedures constitute a documented system of measures and actions designed to ensure effective internal control over the achievement of the company's goals, objectives, and plans, to identify and execute non-standard transactions, as well as to prevent, limit, and counteract risks and potential unlawful actions by the company's officials and employees. These control procedures must be implemented at all levels of management and observed by all employees and bodies of the fund and organizations. Control procedures aim to:

- 1) Reduce the likelihood of possible risks occurring.
- 2) Prevent errors from occurring and/or identify errors after they occur.
- 3) Identify and eliminate duplicative and redundant operations.
- 4) Identify deficiencies and areas for improvement.
- 5) Continuously improve the internal control system.

147. The board of directors of the fund and organizations is tasked with taking necessary measures to ensure that the current risk management and internal control system aligns with the principles and approaches determined by the Board of Directors and functions effectively. Risk reports should be presented to the Board of Directors at least once a quarter and thoroughly discussed.

148. The Board of Directors, in collaboration with the Audit Committee, holds the responsibility of assessing the effectiveness of the risk management and internal control system. The Board forms its own opinion on its effectiveness after a thorough analysis of information and guarantees provided by the internal audit unit or an external expert, the Audit Committee, and the executive body.

149. The Board of Directors should periodically review the organization, operation, and effectiveness of the risk management and internal control system, making recommendations for improvement as necessary. The implementation of control procedures involves the development or updating of flowcharts for business processes indicating process-level risks and control procedures, the development or updating of a matrix of risks and controls for business processes, testing control procedures, assessing their effectiveness, and forming an action plan for further improvement of the internal control system. The responsibility for approving control

procedures is assigned based on the nature and significance of the risk addressed by the corresponding control procedures.

150. An Internal Audit Service (IAS) is a crucial component to be established in the fund and organizations to provide the Board of Directors with independent and objective assurances and advice, focused on enhancing risk management, internal control, and corporate governance systems. The fund's board of directors determines the quantitative composition, term of office, appoints the head of the IAS, and has the authority to terminate their powers ahead of schedule. The board of directors also defines the working procedures, the amount and conditions of remuneration and bonuses for IAS employees. The IAS reports directly to the fund's Board of Directors and operates independently of the fund's executive body. Key responsibilities of the IAS include assessing the quality of the fund's internal control and risk management system, and communicating to the Board of Directors information about the sufficiency and effectiveness of this system. The primary objective of the IAS is to contribute to improving the overall performance of the fund.

151. A collegial executive body, in the form of a board, is established in the fund. This Management Board is accountable to the Board of Directors and operates within the competencies defined by the fund's charter. The fund's Board of Directors monitors the effectiveness of the fund's board of directors, ensuring the implementation of decisions made by the sole shareholder and the fund's Board of Directors. The government, as a shareholder, appoints and can dismiss the chairman of the fund's board, and members of the fund's board are elected by the fund's Board of Directors. Proposals for candidates for election to the fund's board are submitted to the fund's Board of Directors for consideration by the chairman of the fund's board.

152. Internal audit functions in the fund and organizations are carried out through the creation of a separate structural unit, the IAS. In organizations structured as limited liability partnerships, the internal audit functions are assigned to the audit commission/auditor, functionally accountable to the supervisory board. However, the principles set out in this code regarding the IAS should be taken into account in establishing the goals, functions, and tasks of the audit commission/auditor, and the procedure for her interaction with the organization's bodies. The company's internal document defines the Regulations on the IAS, outlining its goals, powers, responsibilities, and addressing:

1) Commitment to the principles, code of ethics, and standards of internal auditors established by international institutions in the field of internal audit.

2) Status, goals, objectives, and responsibilities of the company's internal audit.

3) Conditions for ensuring the independence, objectivity, and professionalism of the internal audit team to achieve the goals and objectives of internal audit and the effective performance of the internal audit functions and responsibilities.

4) Qualification requirements for the head and employees of internal audit, including requirements in terms of professional knowledge and skills, work

experience, management experience (for managers), as well as requirements in terms of additional special training, confirmed by international certificates.

5) Scope and content of internal audit activities.

6) The right of access to documentation, employees, and material assets when performing relevant tasks.

7) The procedure for interaction of the IAS with the Board of Directors and the executive body and submission of reports to the Audit Committee and the Board of Directors.

153. To ensure the independence and objectivity of the internal audit, the IAS must be organizationally subordinate and functionally accountable to the Board of Directors. This organizational subordination and functional accountability mean that:

1. The Board of Directors, after preliminary consideration by the Audit Committee, approves the regulations and other policies regulating the goals, objectives, functions, and procedures of the IAS.

2. The Board of Directors, after preliminary consideration by the Audit Committee, approves a risk-based annual audit plan.

3. The IAS provides quarterly and annual reports on the implementation of the annual audit plan and other information on its activities to the Board of Directors after preliminary consideration by the Audit Committee.

4. Decisions on the appointment, dismissal, and remuneration of the head and employees of the internal audit unit are approved by the Board of Directors after preliminary consideration by the Audit Committee.

5. The Board of Directors, with input from the Audit Committee, considers significant restrictions on the powers of the IAS or other limitations that could negatively affect internal audit implementation.

154. The IAS conducts its activities based on a risk-based annual audit plan approved by the Board of Directors. The results of audit reports, key findings, and monitoring of the implementation of audit recommendations are submitted quarterly to the Board of Directors. The Board of Directors ensures timely consideration of IAS reports and monitors the timely implementation of audit recommendations.

155. The head of the internal audit team is responsible for developing and maintaining a quality assurance and improvement program that covers all types of internal audit activities. This program includes mandatory internal and external assessments of internal audit activities. The head of the IAS, in organizations, develops internal documents regulating the activities of the unit based on the fund's corporate standards in the field of internal audit. These documents are submitted for consideration and approval by the Audit Committee and the Board of Directors.

The assessment of the effectiveness of the IAS, its head, and employees is conducted by the Board of Directors based on the review of IAS reports, compliance with the deadlines for the implementation of the annual audit plan and reporting, and the evaluation of reports against the requirements of IAS standards and internal regulations. The quality assurance and improvement program are designed to assess the compliance of IAS activities with international internal audit standards, involving

periodic internal and external assessments, evaluation of effectiveness and efficiency, and identification of opportunities for improvement.

156. In compliance with the legislation of the Republic of Kazakhstan, both the fund and all companies within the fund group are required to establish a compliance service. The primary objective of this service is to construct an effective compliance system that provides reasonable confidence in the proper management of significant compliance and corruption risks within the company. The Compliance Service specifically focuses on ensuring adherence to anti-corruption legislation, adopting policies on compliance issues, and fostering an internal corporate culture grounded in the principles of transparency and reliability, aligning with both local laws and international best practices.

The operations of the compliance service are governed by internal documents of the company. It is essential for the compliance service to maintain independence within the company's management system. In organizational structure, the Compliance Service directly reports to the Board of Directors of the company. To operate effectively, the Compliance Service requires adequate powers and resources, along with regular interaction with the company's management body, providing periodic reports. The executive body of the company is responsible for preserving the independence of the compliance service and refrains from interfering with the execution of its duties. The Head of Compliance should possess relevant experience and hold a senior management position, and conflicts of interest in combining another position within the company should be excluded.

157. The Fund is actively developing standards for business ethics, the activities of the ombudsman, and an effective system for reporting alleged violations. The boards of directors of both the fund and organizations under the fund's umbrella are entrusted with the responsibility to ensure the implementation of these standards and to verify their compliance.

158. To uphold the principles of business ethics and facilitate optimal regulation of social and labor disputes within the fund and organizations, the position of an ombudsman is instituted. A candidate for the ombudsman position must possess an impeccable business reputation, high authority, and the ability to make impartial decisions. The Ombudsman is appointed by the decision of the Fund's Board of Directors and undergoes re-election every two years. The primary role of the ombudsman is to provide advice to individuals, including employees and participants in labor disputes or conflicts. The ombudsman assists in developing mutually acceptable, constructive, and implementable solutions, adhering to the legislation of the Republic of Kazakhstan and maintaining confidentiality when required. Additionally, the ombudsman aids in resolving problematic social and labor issues for both employees and the fund and organization. The Ombudsman reports annually on the results of their work to the Nomination and Remuneration Committee and the Audit Committee of the Fund's Board of Directors, where the activities are evaluated.

159. The Board of Directors of the fund evaluates the performance of the ombudsman and decides on the re-election of the ombudsman by either extending the term of the

incumbent ombudsman or terminating the authority of the person holding the position of ombudsman and electing a new ombudsman.

The work location and working conditions of the ombudsman are determined by the decision of the fund's management, except for matters related to the terms of remuneration and bonuses. Questions regarding the terms of remuneration and bonuses are established by an internal regulatory document approved by the decision of the fund's Board of Directors.

The fund and its affiliated organizations are obligated to adhere to high ethical standards and implement necessary procedures to ensure the continuous application of these standards by all employees and partners of the fund and organizations.

Notifications of alleged violations should be directly addressed to the ombudsman or the Board of Directors of the fund or organization. The executive body and all its structural units, including the security service, must not hinder the submission of notifications of alleged violations to the ombudsman or the Board of Directors.

## **Chapter 7. Transparency of the Fund's business**

159. To safeguard the interests of stakeholders, the fund and organizations promptly and transparently disclose information regarding crucial aspects of their operations, encompassing financial status, performance outcomes, ownership details, and management structure.

160. The Fund and organizations ensure the swift disclosure of information mandated by the laws of the Republic of Kazakhstan and internal documents. For a systematic approach to information disclosure, the fund and organizations must endorse internal documents outlining the particulars of information disclosed to concerned parties. These include the timing, procedures, methods, forms of disclosure, as well as designating responsible officials and employees, specifying their roles and duties. Additionally, the Fund and organizations establish protocols for categorizing information, determining conditions for usage and storage, specifying the individuals with unrestricted access to information deemed as commercial or official secrets, and implement measures to safeguard its confidentiality.

The Fund and organizations promptly share information about their activities with interested parties in alignment with the legislation of the Republic of Kazakhstan, this code, and internal documents.

161. The list of information disclosed to shareholders (participants) is stipulated in Article 102 of the Law on Securities Markets, laws governing business partnerships, constituent documents, and internal documents of a legal entity, as well as the "Transparency" section of this code. Shareholders (participants) and investors gain insights into the organization's endeavors through various channels, including:

1. An annual report, encompassing a Board of Directors report and audited annual financial statements (pertaining to audit norms if mandated by the laws of the Republic of Kazakhstan or internal organizational documents).

2. The organization's website, housing a dedicated section for shareholders (participants) and investors, offering real-time information about the organization's operations.

3. The depository of financial statements, stock exchange's website, delivering information outlined in paragraph 2 of Article 102 of the Law on the Securities Market.

4. Potential information and document requests made through methods established by the legislation of the Republic of Kazakhstan, constituent and internal documents of the organization.

5. Press releases and other informational materials disseminated by the organization.

6. Briefings organized by the organization.

7. Other methods as outlined in the internal documents of the organization.

162. Upon request from a shareholder (participant), the organization furnishes copies of documents mandated by the legislation of the Republic of Kazakhstan. This is subject to restrictions regarding the disclosure of official, commercial, or other information protected by law, as defined in the legislation of the Republic of Kazakhstan and internal documents of the organization. The organization determines the fee for providing copies, ensuring it does not exceed the production cost and, if applicable, delivery to the shareholder (participant).

163. A shareholder (participant) holds the right to submit written inquiries to the organization regarding its activities and is entitled to receive well-founded responses within 30 (thirty) calendar days from the date the request is received by the organization, or within another period stipulated by the Charter or internal documents of the organization. In response to a shareholder's (participant's) request, the organization provides copies of documents in accordance with the procedures outlined in Article 80 of the Law on Joint Stock Companies.

To safeguard information classified as commercial and official secrets, the fund and organizations, in adherence to the legislation of the Republic of Kazakhstan and the Charter, establish protocols for categorizing information, as well as conditions for its storage and usage. The Fund and organizations define the group of individuals entitled to unrestricted access to information considered as commercial and official secrets, implementing measures to uphold its confidentiality. Individuals who acquire, disclose, or utilize information constituting commercial and official secrets through illicit means are obligated to compensate for the resulting damages and face legal consequences in accordance with the laws of the Republic of Kazakhstan.

164. For organizations whose shares are listed on the stock exchange, it is advisable to establish a dedicated structural unit (or assign functions to an existing structural unit) responsible for managing relations with shareholders and investors. The unit's competence should encompass the collection, analysis, and preparation of information to be published on the organization's internet resource. It is recommended to appoint an individual with practical experience in the financial sector and a profound understanding of the industry in which the organization operates as the head of this division.

Entities listed on the stock exchange are obligated to inform both shareholders and issuers when they acquire or dispose of significant shareholdings exceeding 3%. Notifiable interests include both direct and indirect ownership of shares and financial instruments with equivalent economic effects.

165. The selection of an external auditor is carried out through a competitive process, with the Audit Committee of the Board of Directors playing a crucial role in the selection process. The engaged external auditor should not provide consulting services to the fund and organizations that could pose a threat to the independence of the external auditor. Instances of appointing former members of the audit team to leadership positions are not permitted within two years of their departure from the audit organization. The fund and organizations disclose detailed information about the engaged external auditor. The fund and organizations have regulated procedures for the selection and interaction with the external auditor.

Documents governing the relationship with the external auditor, including the process of selecting the external auditor, the powers and functions of the selection committee, issues related to the provision of non-audit services by the audit organization, rotation of audit organizations and senior staff, and the employment of former employees of the audit organization, are approved by the fund and organizations. It is required to rotate partners and senior staff responsible for auditing financial statements at least once every five years if the audit organization has provided audit services to the fund and organizations for more than 5 consecutive years.

Instances of including former members of the audit organization in the composition of the Board of Directors, executive body, internal audit, and the appointment to positions such as chief accountant or financial director are not allowed within two years of their departure from the audit organization. To assess the risks to the independence of the audit organization and the potential quality of financial statement audits and other information, it is necessary to disclose information about the compensation paid to the audit organization, separately for audit services and services not related to the audit of financial statements and other information. This information should be disclosed on the organization's website and in the annual report.

The Audit Committee of the Board of Directors of the organization regularly (at least three times before the issuance of the audit opinion) holds meetings with the external auditor as part of the audit process. The external auditor has access to the Audit Committee to discuss audit-related matters. In the absence of the Audit Committee, the external auditor interacts directly with the Board of Directors and its chairman. The external auditor provides the Audit Committee with information on the progress and results of the audit; confirms the preservation of independence, the absence of financial interests in the organization, and the absence of significant influence on the financial dependence of the external auditor on the total remuneration.

166. The fund, companies, and organizations whose shares are traded on the stock exchange must prepare an annual report in accordance with the provisions of this code and best practices for information disclosure. The annual report is approved by the Board of Directors. A well-structured and visually accessible annual report,

published in Kazakh, Russian, and English, is one of the key sources of information for stakeholders.

The annual report is prepared and made available on the internet resource ahead of the annual general meeting of shareholders (participants). Approval of the annual report is conducted by the Board of Directors (supervisory board). The minimal content requirements for the annual report include:

1. A message from the Chairman of the Board of Directors (supervisory board).
2. A message from the head of the executive body.
3. Information about the fund or organization, covering general information, details on the authorized capital structure, including the number and par value of issued shares (participation interests), rights granted by the shares, unplaced authorized shares, shareholder (participant) composition, and ownership details, mission, development plan, results of its implementation, market overview, and market position.
4. Results of financial and operating activities for the reporting year, encompassing a review and analysis of activities, operational and financial performance indicators, significant events and achievements, details of significant transactions, and any financial support, including state guarantees and obligations to the state and society assumed by the fund or organization.
5. Structure of assets, including subsidiaries/dependent organizations of all levels, overview, and main results of their financial and production activities.
6. Goals and plans for future periods.
7. Main risk factors and the risk management system.
8. Corporate governance details such as the structure, ownership, and composition of shareholders (participants), the Board of Directors (supervisory board), and the executive body. It also includes a report on their activities, executive remuneration policy, and information on compliance with corporate governance practices.
9. Sustainable development information, with the option to link to a separate sustainable development report.
10. Auditor's report and financial statements with notes.
11. Analytical indicators and data reflecting a comparative analysis and progress achieved compared to the previous period.
12. Information in accordance with the requirements of leading stock exchanges.

In a holding company, it is permissible to prepare a consolidated annual report for the entire group. Alternatively, a holding company organization may opt to create a customized annual report.

167. The Fund and companies annually release reports in the field of sustainable development, prepared following internationally recognized standards, to ensure clarity and transparency of their activities for stakeholders, considering the protection of information classified as official, commercial, and other legally protected secrets. Sustainability reporting is subject to approval by the Board of Directors.

Methods of information disclosure to stakeholders may include meetings, media utilization (publications, interviews), an internet resource, providing feedback through communication means, advisory committees and councils, responding to queries, and others.

Public reporting should ensure timeliness, completeness, regularity, consistency, comparability, and accuracy of information, allowing the assessment of risk reduction effectiveness and utilization of opportunities based on data for at least the past 4 years. Fund companies should develop reporting practices for leading climate programs. For organizations listed on stock exchanges and participating in ESG ratings, reporting indicators undergo independent verification by a third party.

Control is exercised in the fund and organizations over the disclosure of information in the field of sustainable development to stakeholders and maintaining its relevance on the internet resource.

168. The internet resource is well-structured, user-friendly, and contains information necessary for stakeholders to understand the activities of the fund and organizations.

In the fund and organizations, regular monitoring is conducted for the completeness and relevance of information posted on the internet resource, as well as the conformity of this information on the state, Russian, and English versions of the internet resource. Responsible individuals (structural units) are designated to ensure the completeness and relevance of information on the internet resource.

The internet resource minimally contains the following information:

1. General information about the fund or organization, including mission, main tasks, goals, and types of activities, size of equity, asset size, net income, and staff count.
2. Information on development plans, including strategic goals and priority areas of activity.
3. Charters and internal documents regulating the activities of bodies, committees, and the corporate secretary.
4. Information on ethical principles.
5. Information on risk management.
6. Dividend policy.
7. Information about members of the Board of Directors, including qualifications, selection process, independence criteria, and information on executive bodies.
8. Financial statements.
9. Annual reports.
10. Information about the external auditor.
11. Information on procurement activities, including rules, announcements, and results of purchases.
12. Information on the structure of the authorized capital, including issued shares, unplaced shares, and shareholder composition.

13. Information on the structure of assets, including affiliated companies of all levels.
14. Annual corporate events calendar.
15. Information on transactions with an interest, including details on transaction parties and approval bodies.
16. Information on significant transactions.
17. Information on activities in the field of sustainable development.
18. Information on approved dividends.
19. News and press releases.

In a holding company, a single internet resource for all organizations in its group is permissible. A holding company organization may decide to have its own internet resource.

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