



Approved by the resolution of  
“Samruk-Energy” JSC Board of  
Directors  
Minutes No. 10/17  
dated October 24, 2017

## **Regulation on “Samruk-Energy” JSC Compliance Service SE-PSP-11/01**

**Astana 2017**



## **1 General provisions**

1. This Regulation on Compliance Service (hereinafter - the Regulation) establishes the status of Compliance Service (hereinafter - the Service), tasks, functions, rights and responsibilities of the Service, key requirements for the structure of the Service and expertise of its employees, the procedure for appointing the head and employees of the Service, making decisions on taking disciplinary actions against them, as well as powers of the Service's head and the procedure for interaction of the Service with the Board of Directors, the executive body of "Samruk-Energy" JSC (hereinafter - the Company), subsidiaries / affiliates of the Company (hereinafter - SA) and with third parties.
2. The Regulation is based on the application of underlying principles of compliance when organizing the work of the Service, the standard model of compliance function at portfolio companies of "Samruk-Kazyna" JSC, the Company's Code of Conduct and a Corporate Governance Code, anti-corruption legislation of the Republic of Kazakhstan, as well as the best international anti-bribery practices of OECD.
3. The Company's Board of Directors determine the size, appoints the head and employees of the Service and early terminates their powers on the recommendations of the Audit Committee under the Board of Directors (hereinafter –the Audit Committee).
4. The staff list and headcount of the Service is determined by headcount of the Company.
5. The head of the Company's executive body (hereinafter - the Executive Body) enters into the employment agreement with the head and employees of the Service pursuant to the resolution of the Board of Directors and in compliance with the labor legislation of the Republic of Kazakhstan.
6. The Board of Directors determines/approves the Service's work order, procedure for performance appraisal, the amount and conditions of paying remuneration and bonuses to the head and employees of the Service after a preliminary review by the Audit Committee.
7. Social support, guarantees and compensation payments for employees of the Service are exercised in accordance with the internal documents of the Company, which are approved by the Board of Directors of the Company.
8. Job responsibilities, rights and liability of the head and employees of the Service are specified in job descriptions, which are developed on the basis of this Regulation, employment agreements, internal documents of the Company and are approved by the Chairman of the Audit Committee of the Company's Board of Directors.
9. When carrying out its activities, the Service is guided by the laws of the Republic of Kazakhstan, the Charter, decisions of the Company's bodies, the Company's Corporate Governance Code, the Regulation, and other in-house regulatory documents of the Company. The Service, in carrying out its activities, applies the Basic principles of professional practice of compliance, the Company's Code of Conduct.
10. The procedure for planning and implementing the activities of the Service is also regulated by internal regulatory documents developed in compliance with the Standard Model of Compliance Function at "Samruk-Kazyna" JSC portfolio companies , the Company's Code of Conduct and the Corporate Governance Code.

## **2 Status of the Service**

11. The Service is a structural unit of the Company, which report to the Board of Directors both according to the structure and functionally.

12. The Audit Committee supervises the activities of the Service in accordance with internal regulatory documents governing the activities of the Audit Committee. If the Company does not have the Audit Committee, the Board of Directors performs its functions.

13. The Service administratively reports to the Executive body of the Company. Administrative subordination: provision of appropriate working conditions for the head and employees of the Service by the Executive body, labor remuneration, issuance of relevant orders relating to the Service's activities based on decisions made by the Board of Directors; receipt of Service reports; control over observance of work arrangements; execution of orders on business trips, vacations, as well as other actions that do not conflict with the status of the Service in accordance with this Regulations and other regulatory documents of the Company. The executive body shall not use administrative subordination to influence the independence and impartiality of the Service.

14. The Service should be independent of the influence of any persons in the performance of tasks and job responsibilities assigned to it for their appropriate execution and provision of impartial and independent judgments.

15. Independence and objectivity of the Service are ensured by observing the requirements of the Standard model of compliance function at portfolio companies of "Samruk-Kazyna" JSC as regards the criteria of organizational independence and objectivity.

16. The Service must be impartial and unbiased in its work and prevent the emergence of conflict of interest.

17. The Service's performance is evaluated in compliance with requirements of this Regulation and other regulatory documents governing the activities of the Service.

## **3 Mission and goals**

18. The mission of the Service is to provide the Board of Directors and the Executive Body with required assistance in performance of their responsibilities relating to the achievement of the Company and its subsidiaries strategic goals.

19. The main goal of the Service is the development and implementation of Compliance Program, setting anti-corruption policies, as well as exercising the control over the implementation of anti-corruption measures, including the assessment of corruption risks in the Company and its SA.

## **4 Objectives and functions**

20. The main objectives of the Service are:

- 1) setting of external regulatory requirements;
- 2) compliance risks evaluation;
- 3) development of Compliance Program, standards and compliance policies;
- 4) conducting of a third-party audits;
- 5) introduction of the initiative information sharing line;
- 6) communication and implementation of Compliance policies;
- 7) monitoring and control of compliance areas;
- 8) conducting investigations as part of Compliance Program;
- 9) interaction with regulatory authorities.

21. The Service duly performs the following functions in compliance with tasks assigned to it:

- 1) Analyzing and monitoring of external regulatory requirements and best international practices on compliance and anti-corruption issues on an ongoing basis, determining the consequences for the Company in the event of changes in regulatory requirements, advising and providing advices regarding compliance with laws, contractual conditions and internal procedures of the company on compliance and anti-corruption issues;
- 2) Conducting a regular internal analysis of the Company's anti-corruption system;
- 3) Development as well monitoring compliance with procedures for the prevention of conflicts of interest, manipulation and illegal use of insider information, a code of conduct and anti-corruption and anti-fraud policy of the Company;
- 4) Ensuring the conduct of assessment of exposure of the Company's key business processes to corruption risks, including in cooperation with anti-corruption regulatory agencies of the Republic of Kazakhstan
- 5) Assessment of compliance risk, making recommendations, determining the level of compliance risk (risk appetite);
- 6) Ensuring the preparation of a report on assessment of compliance risks and an action plan for mitigating them;
- 7) Ensuring the disclosure of information on results of compliance risk assessment in accordance with the established procedure;
- 8) Ensuring the development / updating of anti-corruption internal policies, regulations and procedures of the Company;
- 9) Ensuring the creation, testing and introduction of third party due diligence procedure at the Company;
- 10) Ensuring the improvement of communication tools for initiative reporting for the Company in accordance with the developed policy on initiative reporting of violations of the Regulatory requirements and Compliance Program for the Fund's Group;
- 11) Ensuring timely communication and consultation for structural units of the Company to reduce corruption risks while adhering to the principle of proactivity;
- 12) control over the implementation of compliance policies and standards at the Company and its SA;
- 13) conducting compliance training as necessary;

- 14) control over carrying out of activities on monitoring compliance with the Regulatory requirements and Compliance Program;
- 15) ensuring the preparation of regular reports on compliance risks and on the status of compliance program implementation for the Board of Directors, the Audit Committee, and the executive body;
- 16) arranging the work of the commission of investigations (representatives of the following directions: internal audit, risks and internal controls, legal support, human resources etc.) regarding calls received through the hotline or on the basis information obtained from monitoring results;
- 17) coordination of the investigation process until the completion and taking corrective actions; securities in conflict of interest (watch and stop lists)
- 18) approval of materials submitted to collegiate executive board of the Company, regarding verification of compliance risks and approval of the counterparty by the compliance service, as a result of 3rd Party Due Diligence;
- 19) consideration of requests for gifts and hospitality to assess possible conflicts of interest;
- 20) examination of information systems and the development of terms of reference for creating compliance systems;
- 21) review and participation in the development of compensating and motivational systems, corporate governance systems within their competence;
- 22) testing of controls established to minimize compliance risks;
- 23) ensuring interaction with regulatory bodies on anti-corruption issues (Agency of the Republic of Kazakhstan for Civil Service Affairs and Anti-corruption, the Office of the Prosecutor General of the Republic of Kazakhstan, Anti-corruption committee under the President of the Republic of Kazakhstan, etc.), including carrying out the analysis of corruption risks , the use of databases to conduct a third party audits;
- 24) inspection of activities of structural units and employees for compliance with the requirements of the RK law and the Company's internal compliance and anti-corruption regulations;
- 25) clarification of the RK legislation provisions in the field of combating corruption to the employees of the Company and its SA with the involvement of specialists from state agencies and public associations;
- 26) conducting regular training for the Management and employees to ensure their awareness and compliance with the requirements for combating the laundering of fraudulent funds;

## **5 Rights of the Service**

**22.** For the implementation of basic tasks and perform its roles, the Service, in the established manner, shall have the right to:

- 1) request and receive information and materials from other structural units of the Company, on an unlimited and unhindered basis, necessary to perform their duties and address issues;

2) involve employees of other units, in agreement with the relevant head, in the implementation of planned activities of the Service and execution of certain instructions of the management;

3) engage in programs aimed at professional training and upskilling of the Company employees;

4) take part in the development of draft state programs, normative legal acts and their implementation by making appropriate proposals within their competence;

5) prepare and make proposals on anti-corruption issues for the Company's management;

6) arrange and conduct meetings on issues within the competence of the Service;

7) represent interests and / or act as a representative of the Company in state agencies and other organizations within its competence;

8) create working groups, including with the involvement of the Company's representatives, for the implementation of main tasks on the introduction of anti-corruption policy and implementation of activities set out in a such policy.

9) hold consultations with structural units of the Company, state agencies on issues that are within the competence of the Service;

10) employ services of Compliance consultants;

11) review, approve, endorse documents on issues that are within the competence of the Service;

12) have access to all information, including insider and for official use only, as well as information and accounting systems of the Company and its SA to perform its duties;

13) request and receive documents and draft documents of the Company and its SA within its competence;

14) interview executives and employees of the Company and its SA;

15) attend meetings of structural units of the second (risk management and internal control unit) and third lines of defense (internal audit unit), cooperate in the exchange of information and reports on inspections conducted between units of the second and third lines of defense;

16) perform other activities that do not contradict the legislation of the Republic of Kazakhstan and internal documents of the Company.

**23.** The Head of the Service shall have the following powers:

1) within the competence of the Service, participate in meetings and events on improvement of internal control, risk management and corporate governance and other issues held by the managing bodies of the Company and its SA, without the right for approval of decisions;

1) directly contact the Chairman and members of the Board of Directors and the Audit Committee, members of the Management Board, as well as the management of the Company's SA on issues related to the activities of the Service;

1) inform the Audit Committee and the Board of Directors of all corruption actions,



and the Company's management about the results of investigations and the facts of influence on the independence of the Service;

2) submit, in agreement with the Audit Committee, proposals on setting the size, term of office of the Service, appointment of employees of the Service, as well as early termination of their powers, work order of the Service, the amount and conditions of payment of remuneration and bonuses to employees, organizational and technical support of the Service to the Board of Directors.

3) initiate the convening of a meeting of the Board of Directors and / or the Audit Committee and / or the Management Board on issues within the competence of the Service;

4) liaise with government agencies and third parties on issues related to the activities of the Service;

5) redistribute job responsibilities of the Service employees to deal with any potential conflict of interest as well as to ensure the exchange of work experience (on a regular basis or when appropriate);

6) to manage the commission activities during the internal investigation as the chairman of the commission;

7) exercise other powers and make decisions on all issues that fall within the competence of the Service.

### **7. Liability**

24. The Service is responsible for implementing the provisions of this Regulation.

25. The Head of the Service is personally responsible for the quality and timely performance of duties and tasks assigned to the Service in accordance with this Regulation, the legislation of the Republic of Kazakhstan, the Corporate Governance Code, internal documents, the employment agreement and job description.

26. The Service employees are responsible, in accordance with the established practice, for the quality and timely performance of their job responsibilities and tasks as specified in job descriptions, employment agreements, internal documents and the legislation of the Republic of Kazakhstan.

### **8. Final provisions**

27. This Regulation is subject to amendment by the decision of the Board of Directors.



Exhibit 1

### **Organizational structure**



