Approved by

the Order of Minister of Healthcare of the Republic of Kazakhstan

dated May 10, 2018 No. 249

Corporate Governance Code

of SK-Pharmaceuticals Limited Liability Partnership

**Chapter 1. General provisions**

1. The Code of Corporate Management of the Limited Liability Company SK-Pharmaceuticals (hereinafter referred to as the Code) is set of rules and recommendations which limited liability company “SK-Pharmaceuticals” (hereinafter referred to as – Company) should follow in the process of its activities to ensure efficiency, transparency, accountability, high-level business ethics in relations within the Partnership and with other stakeholders.

Code has been developed in accordance with the Law of the Republic of Kazakhstan “On Limited and Additional Liability Partnership” and the relevant standards of the Organization for Economic Cooperation and Development (hereinafter referred to as – OECD), as well as the developing world and in Kazakhstan corporate governance practices1.

1. The purposes of this Code are to improve corporate governance in the Partnership, to ensure transparency and management efficiency, and confirm the Partnership’s commitment to follow the standards of good corporate governance.

In particular

1) Management Partnership carried out in compliance with the principle of legality and the appropriate level of responsibility, clear lines of authority, accountability and efficiency to maximize the value of the Partnership and other benefits for the sole participant;

2) ensuring disclosure of information, transparency, including thorough assessment, disclosure and periodic review of goals that justify government participation in the Partnership;

3) risk management and internal control systems are provided properly;

4)  eliminating competing interests, which can lead to solutions that are different from those based on the best interests of the enterprise and the general public.

1. The Partnership is obliged to strictly comply with the provisions of the Code, periodically (at least once every two years) conduct an assessment (if necessary, an independent assessment) of corporate governance and post relevant results on the Internet resource of the Partnership.
2. Officials and employees of the Partnership, including individuals engaged by the Partnership on a contractual basis to perform work and/or provide services, assume the obligations stipulated by this Code and undertake to comply with its provisions during the period of its activities in the Partnership.
3. Control over the implementation by the Partnership of this Code is assigned to the Supervisory Board of the Partnership. The Secretary of the Supervisory Board advises the members of the Supervisory Board and the Board of the Partnership on the proper observance of this Code.
4. Cases of non-compliance with the provisions of this Code may be considered at meetings of the Supervisory Board with the adoption of relevant decisions aimed at further improving corporate governance in the Partnership.
5. This Code uses the following basic concepts:

1) Sole Participant – Ministry of Healthcare of the Republic of Kazakhstan;

2) state bodies as participants – represented by the Government of the Republic of Kazakhstan The Committee of State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan exercises the participant rights to dispose of a 100% stake in the authorized capital, to participate in the management of the Partnership in accordance with the Law of the Republic of Kazakhstan “On State Property”.

The Ministry of Health of the Republic of Kazakhstan (hereinafter referred to as the Sole Participant) exercises the right of ownership and use of 100% of the participation in the Partnership and represents the interests of the state, as the Sole Participant, on matters within the competence of the general meeting of participants in accordance with the legislation of the Republic of Kazakhstan.

3) official – member of the Supervisory Board, member of the Board;

4)  Supervisory Board – a permanent collegial supervisory body that oversees the activities of the Board of the Partnership;

5) Board – a collegial executive body of the Partnership;

6) Ombudsman – a person appointed by the Supervisory Board, whose powers include advising employees of the Partnership and assisting in the resolution of labor disputes, conflicts, problematic issues of a social and labor nature, as well as compliance with the principles of business ethics of the Partnership;

7) partners – suppliers and contractors, partners in joint projects;

8) interested parties – individuals, legal entities, groups of individuals or legal entities that influence the activities of the Partnership and/or may be indirectly influenced by their products or services and related actions by virtue of the law, contracts; key stakeholders are the Sole Participant, employees, customers, suppliers, government agencies, subsidiaries and affiliates, creditors, investors, the population of the regions in which the Partnership operates;

9)  corporate events – events that have a significant impact on the activities of the Partnership, affecting the interests of the Single Participant, as defined by the legislation of the Republic of Kazakhstan, as well as the charter and internal documents of the Partnership;

10) corporate conflict – disagreements or disputes between: the sole participant and the bodies of the Partnership, members of the Supervisory Board and the Board of the Partnership, the head of the Audit Commission, secretary of the Supervisory Board;

11) key performance indicators (indicators) of activity (hereinafter – KPI) are indicators characterizing the effectiveness level of the Partnership, the officers, employees, which allow to evaluate the effectiveness of their activities. KPI has quantitative value, approved for the Partnership as part of the development strategy and/or development plan of the Partnership, or approved differentially for each employee of the Partnership and corresponding to the results of their activities for the planned and reporting periods;

12) development strategy – a document defining and justifying the mission, vision, strategic purposes, objectives and key performance indicators of the Partnership for a five-year period, approved by the Supervisory Board;

13) development plan – a document defining the main activities, financial and business performance indicators and key performance indicators of the Partnership for a five-year period, approved by the Supervisory Board;

14) sustainable development – when Partnership, in carrying out its activities, affects the environment, the economy and makes decisions with due regard for the interests of interested parties. Sustainable development must meet the needs of the current generation, without depriving the future generation of the ability to meet their needs;

15) fiduciary obligations – obligations undertaken by any person carrying out their professional activities in favor of another person. There are two main fiduciary duties: good faith and reasonableness. The duty of good faith is manifested in the fact that in the event of competing interests, the subject of this duty must act solely in the interests of the Partnership. In turn, the duty of rationality is manifested in the application of the skills, knowledge and skills usually required in such a situation.

The subjects related to fiduciary obligations in relation to the Partnership include members of the management bodies of the Partnership, its employees, the Sole participant, and other interested parties. For example, members of the governing bodies of the Partnership, its employees, as well as the Sole Participant are not entitled to use the business opportunities of the Partnership solely in their own interests. The reverse will mean a violation of the duty of good faith in relation to the Partnership.

1. The terms used, but not defined in this Code, are used in the sense in which they are used in the legislation, the charter of the Partnership.

**Chapter 2. Definition and principles**

**of corporate governance of the Partnership**

1. Corporate governance is understood as a set of processes that provide management and control over the activities of the Partnership and include relations between the Sole Participant, the Supervisory Board, the Board, other bodies of the Partnership and interested parties in the interests of the Sole Participant. Corporate governance also determines the structure of the Partnership, through which the objectives of the Partnership are established, ways to achieve these purposes, as well as monitoring and evaluation of performance.
2. The Partnership considers corporate governance as a means of increasing the efficiency of the Partnership, ensuring transparency and accountability, and strengthening its reputation. The corporate governance system provides for a clear division of powers and responsibilities between the bodies, officials and employees of the Partnership.
3. The corporate governance of the Partnership is based on the justice, fairness, responsibility, transparency, professionalism and competence. An effective corporate governance structure assumes respect for the rights and interests of all persons interested in the activities of the Partnership and contributes to the success of the Partnership, including the growth of its value, maintaining financial stability and profitability. Corporate governance should not be used to create unjustified advantages and distort competition in the market where the Partnership operates.
4. The fundamental principles of this Code are:

powers separation principle;

the principle rights and interest protection of the Sole Participant;

the principle of Partnership effective management e by the Supervisory Board and the Board;

the principle of sustainable development;

risk management principle, internal control and audit;

policy of corporate conflicts and competing interests regulation;

principles of disclosing information transparency and objectivity about the activities of the Partnership.

1. Within the framework of the Partnership corporate governance structure, it is recommended to clearly define the division of responsibilities between the bodies of the Partnership, to ensure consistency and consistency of corporate governance processes.
2. Following the principles of corporate governance set forth in the Code is intended to help create an effective approach for conducting an objective analysis of the Partnership’s activities and receiving relevant recommendations from analysts, financial advisers and rating agencies, if necessary.

**Chapter 3. Powers separation principle**

1. The rights, duties and competence of the Sole Participant, the Supervisory Board and the Board are fixed and determined in accordance with the current legislation of the Republic of Kazakhstan, constituent documents.
2. The state body delineates its powers as the Sole Participant of the Partnership and the powers related to the performance of state functions in order to prevent conflicts of interest, which is not conducive to both the interests of the Partnership and the Sole Participant. The state body performs the functions of a member of the Partnership in order to increase the long-term value (value) of the Partnership, taking into account the promotion of the development of the industry.
3. The Partnership carries out its activities within the framework of its main (core) activity, determined by the charter in accordance with the legislation of the Republic of Kazakhstan. The implementation of new activities is allowed provided that there is no competition in this market or the participation of the Partnership will contribute to the development of small and medium-sized businesses and/or will be consistent with the objectives of government policy in this area.

At the same time, the state body acting as the Single Participant of the Partnership should not create an unreasonable distortion of competition in the market due to single regulatory easing by the state body or by creating regulatory barriers incompatible with genuine objectives of public policy in order to create benefits to the Partnership.

1. The state body as the Sole Participant of the Partnership participates in the management of the Partnership exclusively through the implementation of the powers of the Single Participant stipulated in the legislative acts of the Republic of Kazakhstan, the Charter of the Partnership and representation in the Supervisory Board of the Partnership.
2. The state body as the Sole Participant of the Partnership, provides the Partnership with full operational autonomy and does not interfere in the operational (current) and investment activities of the Partnership, except as required by the legislation of the Republic of Kazakhstan, acts and instructions of the President of the Republic of Kazakhstan.
3. Transactions and relations between the Partnership, the Sole Participant and interested parties are carried out on a usual commercial basis within the framework of the current legislation of the Republic of Kazakhstan, except for the cases when one of the main tasks of the Partnership is to implement or assist in the implementation of state policy for the development of various industries Republic of Kazakhstan.

The partnership is not exempt from the application of general laws, tax rules and regulations, with the exception of cases provided for by the legislation of the Republic of Kazakhstan.

1. When the Partnership participates in public procurement as a customer, the procedures applied must be competitive, transparent (taking into account the principle of confidentiality) and non-discriminatory.
2. Mutual relations (interaction) between the state body and the Partnership are carried out through the Supervisory Board and/or the Board of the Partnership in accordance with the principles of good corporate governance.

At the same time, the Partnership discloses all necessary information about the activities of the Partnership in accordance with the legislative acts of the Republic of Kazakhstan and the charter of the Partnership and ensures the transparency of the Partnership to all interested parties to the state body, as the Sole Participant, and the Supervisory Board of the Partnership.

1. The corporate governance system provides for the relationship between:

1) Sole Participant;

2) Supervisory Board;

3) the Board;

4) the Audit Commission;

5) interested parties;

6) other bodies determined in accordance with the charter of the Partnership.

The corporate governance system provides, including

1) adherence to the hierarchy of the procedure for the consideration of issues and decision-making;

2) a clear delineation of powers and responsibilities between bodies, officials and employees;

3) timely and high-quality decision-making bodies of the Partnership;

4) the effectiveness of processes in the activities of the Partnership;

5) compliance with the law, this Code and internal documents of the Partnership. The Partnership approves the regulations on bodies and structural divisions, as well as job descriptions for the respective positions. Compliance with the provisions of these documents ensures consistency and consistency of corporate governance processes.

1. One of the main strategic objectives of the Partnership is the growth of long-term value and sustainable development of the Partnership, which is reflected in its development strategy and/or development plan. All decisions and actions taken must comply with the development strategy and/or development plan.

The main element of the effectiveness evaluation of the Partnership and its Board is the KPI system. The only participant through their representatives in the Supervisory Board (or by written notification) send strategic guidelines and their expectations for efficiency.

In order to achieve KPI, the Partnership develops a development strategy and/or development plan in accordance with the legislation of the Republic of Kazakhstan.

On an annual basis, an assessment of the efficiency achievement of the Partnership. This assessment affects the remuneration of the Chairman and members of the Board, is taken into account when they are re-elected, and can also be the basis for their removal from office in advance.

**Chapter 4. The principle**

**of the rights protection and interests of the Sole Participant**

1. Compliance with the rights of the Sole Participant is a key condition for attracting investment in the Partnership. In this regard, corporate governance in the Partnership is based on ensuring protection, respect for the rights and legitimate interests of the Sole Participant and is aimed at promoting the efficient operation of the Partnership, including increasing the long-term value of the Partnership, maintaining their financial stability and profitability.

**Paragraph 1. Securing the rights of the Sole Member**

1. The Partnership, in accordance with the established procedure, ensures the implementation of the rights of the Sole Member, including:

the right to own and use the chartered capital of the Partnership;

the right to participate in the management of the Partnership and the election of the Supervisory Board in the manner prescribed by the laws of the Republic of Kazakhstan “On Limited Partnerships and Additional Liability Partnerships”, “On State Property” and/or the Charter of the Partnership;

the right to receive the profits share of the Partnership (dividends);

the right to receive information on the activities of the Partnership, including to get acquainted with the financial statements of the Partnership, in the manner determined by the Sole participant or the charter of the Partnership;

the right to apply to the Partnership with written inquiries regarding its activities and receive motivated and exhaustive answers within the deadlines established by the charter of the Partnership;

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

the right to appeal to the judicial authorities with a claim for compensation to the Partnership by officials of the Partnership for losses caused to the Partnership, and return to the Partnership by officials of the Partnership and/or their affiliates of the profit (income) they received as a result of decisions on the conclusion (proposal for conclusion) of large transactions and/or interested-party transactions.

1. The Sole participant may hold meetings with the participation of members of the Supervisory Board and the Board to sum up the results of activities for a certain period and take decisions on matters within its competence. The sole participant may also hold regular meetings with members of the Supervisory Board during the year to discuss issues related to the activities of the Partnership within its competence.

**Paragraph 2. Dividend policy**

1. The Sole participant must have access to information regarding the conditions and procedure for paying dividends, as well as be provided with reliable information about the financial position of the Partnership when paying dividends. For this purpose, the Sole Participant approves the dividend policy with ensuring access for the Sole Participant.

Supervisory Board and the Board the dividend policy determines the principles that guide the in preparing the Sole Participant for proposals on the distribution of the net income of the Partnership for the past financial year. The dividend policy is based on the following principles:

1) respect for the interests of the Sole Member;

2)increase the long-term value of the Partnership;

3) ensuring the financial sustainability of the Partnership;

4) ensuring the activities financing of the Partnership, including financing investment projects implemented at the expense of the Partnership;

5) transparency of the mechanism for determining the dividends size;

6) the balance of short-term (income) and long-term (development of the Partnership) interests of the Sole Participant.

The dividend policy also regulates the procedure for the distribution of net income and the determination of its part directed to the dividends payment, the procedure for calculating the amount of dividends, the procedure for paying dividends, including the timing, place and form of payment. Receipt of dividends should not be difficult and burdensome for the Sole Participant.

Also, the dividend policy establishes the procedure for determining the minimum share of the Partnership net profit, directed to the payment of dividends.

1. The calculation of the dividends amount is based on the amount of the Partnership net income, reflected in the annual audited financial statements prepared in accordance with the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting and international financial reporting standards. At the same time, the amount of dividend payment is determined in accordance with the legislation of the Republic of Kazakhstan.

If dividends are paid for the quarter or six months, or the distribution of retained earnings for previous years, as well as in individual cases, the amount of dividends may be determined by the Sole Participant in a special way when considering the approval of the distribution of profits for the relevant periods.

For making a decision on the dividends payment, the Supervisory Board and the Board submit to the Sole Participant proposals for the distribution of the Company's net income for the past financial year and the amount of the dividend for the year.

When considering the issue of dividends payment in the prescribed manner, the current status of the Partnership, its short, medium and long-term plans are taken into account.

**Chapter 5. The principle of effective management**

**of the Partnership, the Supervisory Board and the Board**

**Paragraph 1. Effective Supervisory Board**

1. The Supervisory Board is a management body accountable to the Sole Participant, providing strategic leadership of the Partnership and control over the activities of the Board.

The Supervisory Board ensures full transparency of its activities to the Sole Participant, as well as the implementation of all the provisions of this Code.

1. The Supervisory Board shall exercise its functions in accordance with the legislation of the Republic of Kazakhstan, the Charter of the Partnership, this Code, the provision on the Supervisory Board and other internal documents of the Partnership. At the same time, the Supervisory Board pays special attention to issues on:

1) determining the development strategy (directions and results);

2) the formulation and monitoring of KPIs established in the development strategy and/or development plan;

3) organization and supervision of the effective functioning of the risk management and internal control system;

4) approval and monitoring of the effective implementation of large investment projects and other key strategic projects within the competence of the Supervisory Board;

5) determination of the official salary (bonuses) and supervision of the activities of the Chairman and members of the Board;

6) corporate governance and ethics.

1. The members of the Supervisory Board should fulfil their responsibilities in good faith and adhere to the following principles in their activities:

1) to act within their powers – members of the Supervisory Board make decisions and act within their powers, enshrined in the Laws of the Republic of Kazakhstan “On Limited Liability and Supplementary Liability Partnerships” and “On State Property”, as well as the charter of the Partnership;

2) devote sufficient time to attend meetings of the Supervisory Board and prepare for them;

3) promote the growth of long-term value and sustainable development of the Partnership – members of the Supervisory Board act in the interests of the Partnership, taking into account the fair treatment of the Sole Participant and the principles of sustainable development. The influence of the decisions and actions of the members of the Supervisory Board can be determined by the following questions: what are the consequences of the decision / action in the long term; what is the impact of the organization’s activities on the Partnership and the environment; whether fair treatment will be ensured for the Sole Participant; influence on the reputation of the Partnership and high standards of business ethics; influence on the interests of interested parties (this list of questions is minimally necessary, but not exhaustive);

4) maintain high standards of business ethics - members of the Supervisory Board must, in their actions, decisions and behaviour, comply with high standards of business ethics and be an example (model) for employees of the Partnership;

5) avoid conflicts of interest – a member of the Supervisory Board does not allow situations in which his personal interest may affect the proper performance of his duties as a member of the Supervisory Board. In the event situations arise with conflicts of interest that affect or potentially affect impartial decision-making, a member of the Supervisory Board is obliged to notify the Chairman of the Supervisory Board in advance and not to participate in the discussion and adoption of such decisions; This requirement also applies to other actions of a member of the Supervisory Board that may directly or indirectly affect the proper performance of duties of a member of the Supervisory Board (for example, participation of a member of the Supervisory Board in the activities of other legal entities, acquisition of shares/interests and other property from partners and competitors, access to information and opportunities);

6) act with due sense, skill and discretion - the members of the Supervisory Board are encouraged to continuously improve their knowledge in terms of the competencies of the Supervisory Board and fulfil their responsibilities in the Supervisory Board, including such areas as legislation, corporate management, risk management, finance and audit, sustainable development, knowledge of the industry and the specifics of the Partnership; in order to understand the current issues of the Partnership, the members of the Supervisory Board visit the facilities of the Partnership and hold meetings with employees.

1. Responsibility between the Supervisory Board for ensuring its activities, the performance of its functions and responsibilities, including (but not limited to) determining the strategic directions of the Partnership, setting clear objectives and specific, measurable (digitized) KPIs, and the responsibility of the Partnership Board for operational the (current) activities of the Partnership, including (but not limited to) the precise implementation of the tasks set and the achievement of the established KPIs, should be clearly divided and consolidated in accordance with internal documents of the Partnership.

The members of the Supervisory Board are personally responsible for fulfilling the duties of a member of the Supervisory Board, including fiduciary duties to the Sole Member and decisions made, the effectiveness of their activities, action and/or inaction. If there are different opinions, the Chairman of the Supervisory Board ensures consideration of all acceptable options and proposals that are expressed by individual members of the Supervisory Board in order to make a decision that meets the interests of the Partnership.

The Supervisory Board annually reports on compliance with the provisions of this Code to the Sole Participant. The Supervisory Board provides for the introduction of mechanisms that will help avoid conflicts of interest that prevent the Supervisory Board from fulfilling its duties objectively and limit political interference in the process of the Supervisory Board’s activities.

The Sole participant of the Partnership may additionally hold meetings with the Chairman and members of the Supervisory Board to discuss issues of development strategy and other aspects that affect the growth of the long-term value and sustainable development of the Partnership. Such meetings are pre-planned and held in accordance with approved procedures.

1. The Supervisory Board should observe a balance of skills, experience and knowledge, ensuring the adoption of independent, objective and effective decisions in the interests of the Partnership, taking into account fair treatment of the Sole Participant and the principles of sustainable development.
2. The Sole participant elects the members of the Supervisory Board on the basis of 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 Supervisory Board or its entire composition for a new term, their contribution to the effectiveness of the Supervisory Board of the Partnership is taken into account.
3. The office term of members of the Supervisory Board coincides with the office term of the entire Supervisory Board and expires at the time of the adoption by the Sole Participant of a decision on the election of a new Supervisory Board.

The members of the Supervisory Board are elected for a period of not more than three years; later, subject to satisfactory performance, re-election may be for another three years.

Any term of election to the Supervisory Board for more than six years in a row (for example, two three-year terms) is subject to special consideration, taking into account the need for a qualitative renewal of the Supervisory Board.

The same person cannot be elected to the Supervisory Board for more than nine years in a row (for example, three three-year terms). In exceptional cases, it is allowed to be elected for a period of more than nine years, while the election of such a person to the Supervisory Board takes place annually or at another time specified by the Sole Participant, explaining in detail the need to elect this member of the Supervisory Board and the influence of this factor on the independence of decision making.

No person should be involved in making decisions related to their own appointment, election and re-election.

When selecting candidates for the Supervisory Board, the following shall be taken into account:

1) work experience in senior positions, including the of health care field or by enterprise profile and/or economics/finance and/or business and/or law for at least 3 years;

2) experience as a member of the Supervisory Board and membership in public associations in the field of health and/or economy and/or business and/or law;

3) education, specialty, including the availability of international certificates, additional education in the field of health and/or economics and/or business and/or law (MBA), with experience of at least 3 years;

4) the presence of competences in areas and industries (industries may vary depending on the asset portfolio);

5) business reputation.

Members number of the Supervisory Board is determined by the Sole Participant’s decision. The composition of the Supervisory Board is determined individually, taking into account the scale of activities, business needs, current tasks, development strategy and/or development plan and financial capabilities.

The composition of the Supervisory Board should be balanced, which means a combination of members of the Supervisory Board (representatives of the Single Participant and other members), ensuring decision-making in the interests of the Partnership and taking into account the fair treatment of the Single Participant.

A person can not be elected as a member of the Supervisory Board, who:

1. has the outstanding conviction;
2. previously committed a corruption offense;
3. has immediate relationship with another member of the Supervisory Board or the Chairman of the Board of the Partnership.
4. The members number of the Supervisory Board should be at least five people. At least one third of the members number of the Supervisory Board of the Partnership must be independent. At the same time, the number of independent members of the Supervisory Board should be sufficient to ensure the independence of decisions made and fair treatment of the Sole Participant.

Independent members of the Supervisory Board should be free from any material interests or relations with the Partnership, its management or its property, which could jeopardize the exercise of objective judgment.

An independent member of the Supervisory Board is a person who has sufficient professionalism and autonomy to make independent and objective decisions, free from the influence of the Single Member, the Board and other interested parties.

Independent members of the Supervisory Board are actively involved in the discussion of issues where conflicts of interest are possible (preparation of financial and non-financial reporting, the conclusion of interested-party transactions, the establishment of remuneration to members of the Board).

An independent member of the Supervisory Board monitors the possible loss of independence status and must notify the Chairman of the Supervisory Board in advance in the event of such situations. In the event of circumstances affecting the independence of a member of the Supervisory Board, the Chairman of the Supervisory Board shall immediately bring this information to the attention of the Sole Participant for making the appropriate decision.

1. Relations between independent members of the Supervisory Board and the Partnership shall be formalized in contracts, taking into account the requirements of the legislation of the Republic of Kazakhstan, the provisions of this Code and the internal documents of the Partnership.

The agreements must specify the rights, obligations, responsibilities of the parties and other essential conditions, as well as the obligations of a member of the Supervisory Board to comply with the provisions of this Code, including devoting a sufficient amount of time to perform the functions assigned to them, non-disclosure of internal information about the Partnership activities for a period established by the Supervisory Board, and additional obligations arising from the requirements for the status and functions of independent members of the Supervisory board (in terms of the timely declaration of the loss of independence and others).

The agreements may set deadlines for the members of the Supervisory Board to perform certain duties.

1. The Chairman of the Supervisory Board is responsible for the general management of the Supervisory Board, ensures full and effective implementation by the Supervisory Board of its core functions and the construction of a constructive dialogue between members of the Supervisory Board, the Sole Participant and the Board of the Partnership.

The Chairman of the Supervisory Board should strive to create a unified team of professionals who are committed to increasing the long-term value and sustainable development of the Partnership, who can respond to internal and external challenges in a timely and professional manner.

To exercise a function of Supervisory Board Chairman, in addition to professional qualifications and experience, it is necessary to have special skills such as leadership, ability to motivate, understand different attitudes and approaches, have the skills to resolve conflict situations.

Key functions of the Supervisory Board Chairman include:

1) planning meetings of the Supervisory Board and the agenda formation;

2) ensuring timely receipt by members of the Supervisory Board of full and relevant information for decision-making;

3) ensuring that the attention of the Supervisory Board is focused on strategic issues and minimizes current (operational) issues to be considered by the Supervisory Board;

4) ensuring maximum effectiveness of the meetings of the Supervisory Board by allocating sufficient time for discussions, comprehensive and in-depth consideration of the issues on the agenda, encouraging open discussions, and reaching agreed decisions;

5) building proper communication and interaction with the Sole Participant, including organizing consultations with the Sole Participant when making key strategic decisions;

6) monitoring and supervising the proper implementation of the decisions adopted by the Supervisory Board and the Sole Participant;

7) in the event of corporate conflicts, taking measures to resolve them and minimize the negative impact on the activities of the Partnership, and timely inform the Single Participant if it is impossible to resolve such situations on their own.

**Paragraph 2. Reward of the Supervisory Board independent members**

1. The reward level for the Supervisory Board independent members is recommended to be set in an amount sufficient to attract and motivate each member of the Supervisory Board to the level required for successful management of the Partnership.

The reward must fairly reflect the expected contribution of the Supervisory Board member to the effectiveness improvement of the entire Supervisory Board and the activities of the Partnership.

When determining the reward of the Supervisory Board member, it is necessary to take into account the expected positive effect for the Partnership on the participation of this person in the Supervisory Board. The responsibilities of the Supervisory Board members, the scope of the Partnership’s activities, long-term goals and objectives determined by the development strategy, the complexity of the issues considered by the Supervisory Board, the reward level in similar companies in the private sector (benchmarking, review of remunerations) are also taken into account.

The reward level must be balanced and justified in order to eliminate the potential negative reaction from the public caused by the establishment of an excessively high reward level.

The Supervisory Board Members are paid a quarterly fixed fee. At the same time, members of the Supervisory Board, who are civil servants, the reward is not paid.

The sole participant of the Partnership determines the amount and payment terms of remuneration and reimbursement of expenses to the Supervisory Board member (-s) of the Partnership. At the same time, the terms of remuneration of members of the Supervisory Board are reflected in the contracts concluded with them, and if necessary in the internal document of the Partnership.

**Paragraph 3. Supervisory Board Work Organization**

1. The preparation and conduct of meetings of the Supervisory Board should help maximize the effectiveness of its activities. To perform their duties, members of the Supervisory Board need to have access to full, current and timely information.

The Supervisory Board should follow the procedures established by the documents of the Partnership for the preparation and conduct of meetings of the Supervisory Board.

1. The Supervisory Board holds regular meetings to effectively carry out its functions. Meetings of the Supervisory Board are held in accordance with the work plan, which includes a list of issues under consideration.

The meetings of the Supervisory Board are held by means of in-person or absentee voting, and the number of meetings with absentee voting must be minimized. Consideration and decision-making on issues of an important and strategic nature is carried out only at meetings of the Supervisory Board with in-person voting. It is possible to combine both forms of a meeting of the Supervisory Board in the case when one or several members of the Supervisory Board are not able to personally attend the meeting of the Supervisory Board. In this case, the absent member of the Supervisory Board may participate in the discussion of the issues under consideration, using technical means of communication or provide his opinion in writing.

Recommended meetings frequency of the Supervisory Board is 4-10 meetings per year. A uniform distribution of the number of issues planned for consideration during the year is recommended to ensure thorough and thorough discussion and timely and high-quality decisions.

1. Meeting materials for the meetings of the Supervisory Board shall be sent in advance – at least 10 (ten) business days, unless otherwise specified by the charter of the Partnership.

By the decision of the Supervisory Board Chairman, notification with materials may be sent to the Supervisory Board members after the deadline set, but no later than 1 (one) business day before the meeting date.

The meeting agenda of the Supervisory Board does not include issues, materials on which were provided with violation of the deadlines. In the event that deadlines are included in the agenda, the Chairman of the Supervisory Board is provided with an exhaustive justification of this need.

1. The Supervisory Board makes decisions based on complete, reliable and high-quality information. For the Supervisory Board to make effective and timely decisions, it is necessary to ensure that the following conditions are met:

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

2) obtaining the opinion of experts (internal and external) if necessary (it should be borne in mind that the involvement of experts does not remove responsibility for the decision made from the Supervisory Board);

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

4) timely consideration of issues;

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

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

1) domination of one or several members of the Supervisory Board at the meeting, which may limit the full participation in the discussions of other members;

2) formal attitude to risks;

3) the pursuit of personal interests and low ethical standards;

4) formal decision making at a meeting of the Supervisory Board, without real and active discussions;

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

6) weak organizational culture;

7) lack of information and/or analysis.

The Supervisory Board Members may request additional information on the agenda items necessary for making a decision.

1. Each member of the Supervisory Board must attend the meetings of the Supervisory Board. Deviation from this provision is allowed in exceptional cases, stipulated in the Regulations on the Supervisory Board.

The quorum for holding a meeting of the Supervisory Board is at least half of its members and is determined taking into account members of the Supervisory Board who participate in the discussion and voting of the issues under consideration, using technical means of communication (in the mode of a video conference, telephone conferencing, etc.) availability of their votes expressed in writing.

1. Decisions at the meeting are made by a majority vote of members of the Supervisory Board participating in the meeting, unless otherwise provided by the laws of the Republic of Kazakhstan, the Charter of the Partnership or its internal documents determining the procedure for convening and holding meetings of the Supervisory Board.

When resolving issues at a meeting of the Supervisory Board, each member of the Supervisory Board has one vote. The transfer of the right to vote by a member of the Supervisory Board to another person, including another member of the Supervisory Board, is not allowed, except in cases provided for by the legislation of the Republic of Kazakhstan or the charter of the Partnership.

1. A member of the Supervisory Board who has an interest on the issue submitted for consideration by the Supervisory Board does not participate in the discussion and voting on this issue, about which an appropriate entry is made in the minutes of the Supervisory Board meeting.
2. The limitation period for non-disclosure of internal (official) information of the Partnership by former members of the Supervisory Board after the termination of their activities in the Supervisory Board is at least 5 (five) years.
3. The Supervisory Board is recommended to conduct an audit of previously adopted decisions. Both the decision itself and the process of its adoption are subject to analysis. It is recommended to conduct an audit of previously taken decisions during the evaluation by the Supervisory Board of its activities.

**Paragraph 4. Activity assessment of Supervisory Board**

1. The activity assessment is carried out by the Supervisory Board on a mandatory basis on an annual basis, independently or with the involvement of persons providing consulting services.

Assessment is one of the main tools for improving the efficiency and professionalism of the Supervisory Board and its individual members.

1. The process, terms and procedure for the activities assessment (questioning) of the Supervisory Board are determined by the provision on the Supervisory Board approved by the Sole Participant.
2. The Sole participant can conduct assessment of the Supervisory Board on their own or with the assistance of an independent consultant. The results of the assessment carried out independently by the Supervisory Board, the results of the Partnership, the fulfillment of the expectations of the Sole Participant and other factors are taken into account.

**Paragraph 5. Partnership Supervisory Board Secretary**

1. In order to effectively organize the activities of the Supervisory Board and interact with the Board and the Sole Participant, the Supervisory Board shall appoint the Secretary of the Supervisory Board.

The Supervisory Board decides on the appointment of the Secretary of the Supervisory Board, determines its term of office, functions and operational procedures, the size of the salary and the terms of remuneration. The Secretary of the Supervisory Board is accountable to the Supervisory Board and is independent of the Board of the Partnership. The main duties of the Secretary of the Supervisory Board include assistance in timely and high-quality corporate decision-making by the Supervisory Board, acting as an advisor to members of the Supervisory Board on all issues of their activities and applying the provisions of this Code, as well as monitoring the implementation of this Code and participating in improving corporate governance in the Partnership. The Secretary of the Supervisory Board also prepares a report on compliance with the principles and provisions of this Code, which is included in the annual report of the Partnership. This report should reflect a list of principles and provisions of the Code that are not being followed, with appropriate explanations.

The main functions of the Supervisory Board Secretary include, but are not limited with the following:

1)  assistance to the Supervisory Board the Chairman in the formation of the work plan and agendas;

2) the meetings organization of the Supervisory Board;

3) ensuring that members of the Supervisory Board receive up-to-date and timely information necessary for making decisions on issues on the agenda and within the competence of the Supervisory Board;

4) protocoling of the Supervisory Board meetings, ensuring the storage of minutes, transcripts, audio-video recordings, materials of meetings of the Supervisory Board;

5) advising the Supervisory Board members on the issues of the legislation of the Republic of Kazakhstan, the charter of the Partnership, present Code, internal documents, monitoring the changes taking place and timely informing the members of the Supervisory Board;

6) cooperation of the Supervisory Board members with the Sole Member, the Board;

7) detection in the framework of the execution of its functions of violations in terms of corporate governance standards, enshrined in the legislation, the charter and other documents of the Partnership;

8) advising officials, employees of the Partnership on corporate governance issues;

9) monitoring of the best world practice in the field of corporate governance and making proposals for improving the corporate governance practice in the Partnership.

1. In the event of competing interest situations, the Secretary of the Supervisory Board informs the Supervisory Board Chairman.
2. For the professional duties performance, the Supervisory Board Secretary should have the knowledge, experience and qualifications, impeccable business reputation and be trusted by the Supervisory Board and the Sole Participant.

A person with a higher legal or economic education, with at least 5 years of experience, and practical knowledge in the field of corporate management and corporate law, is appointed to the post of the Supervisory Board Secretary.

The Supervisory Board Secretary carries out its activities on the basis of the provision approved by the Supervisory Board, which specifies the functions, rights and obligations, the procedure for interaction with the bodies of the Partnership, qualification requirements and other information.

1. To perform the functions, the Supervisory Board Secretary is vested with the following powers:

1) request and receive from the bodies, officials and employees of the Partnership the documents and information necessary for making decisions by the Supervisory Board and the Sole Participant;

2) to take measures to organize meetings of the Supervisory Board to bring to the officers of the Partnership information about the decisions taken, as well as the subsequent monitoring of their implementation;

3) directly interact with the Chairman and members of the Supervisory Board, Chairman and members of the Board, employees of the Partnership, the Sole Participant.

The Board of the Partnership provides the Supervisory Board Secretary with full assistance in the performance of its powers.

**Paragraph 6. Partnership Ombudsman**

1. An Ombudsman is appointed in order to comply with the principles of business ethics and optimal regulation of social and labor disputes arising in the Partnership.

A candidate for the post of ombudsman must have an impeccable business reputation, high prestige, and the ability to make impartial decisions.

1. The Ombudsman is appointed by a decision of the Supervisory Board and is subject to re-election every two years. The role of the ombudsman is to advise workers who have applied to him, labour dispute participants and assist them in developing a mutually acceptable, constructive and implementable solution, taking into account compliance with the laws of the Republic of Kazakhstan (including confidentiality if necessary), providing assistance in resolving labour issues of both employees and the Partnership.
2. The Ombudsman submits to the relevant bodies and officials of the Partnership the problematic issues identified by him that are of a systemic nature and require the adoption of relevant decisions (comprehensive measures), put forward constructive proposals for their solution. The Ombudsman at least once a year submits a report on the results of the work carried out to the Supervisory Board, which assesses the results of its activities.
3. If necessary, the role of the ombudsman may be assigned to the Supervisory Board Secretary.

**Paragraph 7. Audit Commission**

1. In order to exercise control over the financial and economic activities of the Partnership, the decision of the Sole Participant forms a Revision Commission consisting of 3 (three) people.

The Audit Commission members, including the head, are appointed and dismissed by the Sole Participant for a period not exceeding 3 (three) years.

1. The Audit Commission, in accordance with the procedure established by the Sole Participant:

1) without fail conducts verification of the annual financial statements of the Partnership prior to its approval by the Sole Participant. The sole participant does not have the right to approve the annual financial statements without a conclusion of the Audit Commission or an audit report;

2) provides the Sole Participant, the Supervisory Board with independent and objective information about the activities of the Partnership;

3) evaluates, advises and contributes to the improvement of internal control and corporate governance using a systematic and consistent approach;

4) carries out other functions within the framework of the audit of financial and economic activities within its competence, in accordance with the internal documents of the Partnership.

1. The Audit Commission reports directly to the Sole Participant.
2. The Audit Commission members, including the head, cannot be elected to the Supervisory Board and the Board.
3. The Audit Commission Head is entitled to attend meetings of the Supervisory Board, at which issues relating to the activities of the Audit Commission are reviewed, to propose issues for inclusion on the agenda of the Supervisory Board meeting.
4. The Audit Commission has the right to unhindered access to all documentation and information of the Partnership in compliance with the requirements for the protection of official, commercial and other secrets protected by law. At the request of the Audit Commission, members of the Board are required to give the necessary explanations orally or in written form.
5. Labour relations between the Partnership and members of the Audit Commission are governed by labour laws, the articles of association, the Regulations on the Audit Commission and employment contracts.
6. The tasks, functions and operating procedure of the Audit Commission are determined by the Regulations on the Audit Commission approved by the Sole Participant.

**Paragraph 8. Board**

1. The Chairman and Board members should have high professional and personal characteristics, as well as an impeccable business reputation and adhere to high ethical standards. The Chairman of the Board also needs to have high organizational skills, work actively with the Sole Participant and constructively build a dialogue with him, the Supervisory Board, employees and other interested parties.
2. The Board is accountable to the Sole Participant and the Supervisory Board and manages the current activities of the Partnership, is responsible for implementing the development strategy and/or development plan and decisions made by the Sole Participant and the Supervisory Board.
3. The Supervisory Board oversees the activities of the Board. The control can be implemented in accordance with the requirements determined by the internal documents of the Partnership through the provision of regular reports by the Board to the Supervisory Board and hearing of the Board on the implementation of medium-term development plans and the achieved results at least once a quarter.
4. The Board should hold face-to-face meetings and discuss the implementation of the development strategy and / or development plan, decisions of the Sole Participant, the Supervisory Board and operations. Board meetings are recommended on a regular basis.

The Board forms a work plan for the coming year with a list of issues prior to the beginning of the calendar year. The members of the Board are provided in advance with materials for consideration, of good quality. When considering important and complex issues, such as development strategies and/or development plans, investment projects, risk management, several meetings can be held.

When considering each issue, a separate discussion is devoted to the risks associated with making/not making decisions and their impact on the cost and sustainable development of the Partnership.

1. The Chairman and members of the Board do not allow a situation with a conflict of interest. In the event of a conflict of interest, the members of the Board shall notify the Supervisory Board or the Board Chairman about this in advance, fix this in writing and not participate in the decision making on the matter.
2. The Chairman and members of the Management Board may work in other organizations if it is approved by Supervisory Board, however, they are not entitled to occupy a position that fulfils the functions of an executive body or another legal entity.
3. The Board ensures the creation of an optimal organizational structure of the Partnership.

The organizational structure should be aimed at:

1) the effectiveness of decision making;

2) increase the productivity of the Partnership;

3) prompt decision making;

4) organizational flexibility.

Selection of candidates for vacant positions of the Partnership is carried out on the basis of open and transparent competitive procedures. In the Partnership, a pool of personnel reserve employees is formed, from which appointments to senior positions of middle and top management can be made later.

1. The tasks, functions and working procedures of the members of the Board are determined by the Regulations on the Board approved by the Supervisory Board.

**Paragraph 9. Partnership members assessment and reward**

1. The Chairman and members of the Board are assessed by the Supervisory Board. The main evaluation criterion is the achievement of the efficiency.

Motivational KPI of the Board Chairman and its members are approved by the Supervisory Board. Proposals in terms of the motivational efficiency of the members of the Board for consideration by the Supervisory Board are made by the Chairman of the Board.

The assessment results have an impact on the amount of reward, encouragement, re-election (appointment) or early termination of the powers of the members of the Board.

Reward of the Chairman and members of the Management Board consists of remuneration for the performance of labor duties (official salary) and remuneration based on the results for the reporting period, subject to the fulfilment of key performance indicators. When determining the salary, the complexity of the tasks performed, the employee’s personal competence and competitiveness in the market, the contribution made by this person to the development of the Partnership, the level of official salaries in similar companies, the economic situation in the Partnership are taken into account.

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

1. Social support measures and the procedure for paying remuneration to the Chairman and members of the Board are determined by the Regulations on the Board approved by the Supervisory Board.

**Paragraph 9.** **Sustainable development principle**

1. The partnership is aware of its influence on the economy, striving for the growth of long-term value, ensures its sustainable development in the long-term period, observing the balance of interests of stakeholders. A responsible, thoughtful and rational stakeholder engagement approach will contribute to the sustainable development of the Partnership.
2. Sustainable development activities must comply with the best international standards.

The partnership in the course of its activities has an influence or is influenced by the interested parties.

Interested parties may have both positive and negative effects on the activities of the Partnership, namely on the growth of the value of the Partnership, sustainable development, reputation and image, create or reduce risks. The partnership needs to give importance to proper interaction with interested parties.

1. The partnership is recommended to use international standards for definition and interaction with interested parties (AA Standard Аccountability Principles Standard 2008), 2011 (АА 2011 Stakeholder Engagement Standard 2011), ISO 26000 (Guidanceon Social Responsibility) GRI (Global Reporting Initiative) and others).

The list of interested parties:

|  |  |  |
| --- | --- | --- |
| **Interested parties** | **Contribution, influence** | **Expectations, interest** |
| Investors, including participants, second-tier banks | Financial resources (net worth, borrowed costs) | Profitability of investment, timely payment of dividends, principal and remuneration |
| Employees, officials | HR, loyalty | High salaries, good working conditions, professional development |
| Labor unions | Promoting social stability, labor regulation and conflict resolution | Observance of the worker rights, good working conditions |
| Clients | Financial resources through the purchase of products (goods and services) of the organization | Getting high quality, safe goods and services at an affordable price. |
| Suppliers | Supply of resources (goods, works and services) for creating value | Reliable market, permanent solvent buyer. |
| Local communities, people in places of business, public organizations | Support in carrying out of activities; loyalty and support from local authorities; favourable attitude; cooperation | Creation of additional jobs, development of the region |
| Government, state bodies, Parliament | Government regulation | Taxes, solving social problems |

The partnership should take measures to foster dialogue and long-term cooperation and manage relations with interested parties.

1. A partnership makes a map of interested parties taking into account risks and ranking taking into account dependence (direct or indirect), obligations, situation (paying special attention to high-risk areas), influence, various (diverse) perspectives.
2. The methods of the stakeholder engagement include but are not limited to the following forms (AA 1000 “Stakeholder Engagement Standard 12011 AA”).

|  |  |
| --- | --- |
| **Interaction level** | **Interaction level** |
| Consultations: bilateral interaction; interested parties answer the questions of the Partnership | Questionnaires; focus groups; meetings with stakeholders; public meetings; seminars; providing feedback through communication tools; advisory councils |
| Negotiations | Collective negotiations based on social partnership principles |
| Involvement: bilateral or multilateral interaction; building up experience and knowledge from all sides; stakeholders and organizations operate independently | Multilateral forums; consulting panels; consensus building process; joint decision making process; focus groups; feedback schemes |
| Cooperation: bilateral or multilateral cooperation; joint building up of experience and knowledge, decision making and measures | Joint projects; joint ventures; partnership; joint stakeholder initiatives |
| Empowering stakeholders (if applicable) are involved in managing | Integration of stakeholder engagement issues in management, strategy and operations |

1. The Partnership ensures the coherence of its economic, environmental and social goals for sustainable development in the long term, which includes, among other things, the growth of long-term value for the Sole Participant. Sustainable development in the Partnership consists of three components: economic, environmental and social.

The economic component directs the activities of the Partnership to the growth of long-term value, ensuring the interests of the Single Participant and investors, increasing the efficiency of processes, increasing investments in creating and developing more advanced technologies, and increasing labor productivity.

The environmental component ensures the minimization of the impact on biological and physical natural systems, the optimal use of limited resources, the use of environmentally friendly, energy- and material-saving technologies, the creation of environmentally acceptable products, the minimization, processing and disposal of waste.

The social component is focused on the principles of social responsibility, which, among other things, include ensuring labor safety and preserving the health of workers, fair remuneration and respect for the rights of workers, individual development of personnel, implementation of social programs for personnel, creation of new jobs, sponsorship and charity, conducting environmental and educational stocks.

The Partnership is recommended to conduct an analysis of its activities and risks in these three aspects, and also strive to prevent or reduce the negative impact of the results of its activities on interested parties.

For the purpose of sustainable development in the long term, the Partnership is recommended to consider the following categories and aspects:

|  |  |
| --- | --- |
| **Category** | **Aspects** |
| **Economic** | Economic performance; market presence; indirect economic impacts; procurement practices |
| **Ecological** | Materials; energy; water; biodiversity; emissions; discharges and waste; products and services; compliance with the requirements; transport; general information; environmental complaint mechanisms |
| **Social** | Labor practices and decent work include, but are not limited to, employment, health and safety in the workplace, training and education, employee and management relationships, diversity and equal opportunities, equal remuneration for women and men, mechanisms for lodging complaints about labor |
| Human rights include, including, investments, non-discrimination, freedom of association and collective bargaining, child labor, forced or compulsory labor, security practices, the rights of indigenous peoples, assessment of suppliers’ human rights compliance, rights violation complaints mechanisms human |
| The partnership includes, among others, local communities, anti-corruption, public policy, non-obstruction of competition, compliance, assessment of the impact of suppliers on the Partnership, complaint mechanisms on the impact on the Partnership |
| Product liability includes, among others, consumer health and safety, product and service labeling, marketing communications, consumer privacy, compliance with requirements. |

1. Sustainable development principles are openness, accountability, transparency, ethical behaviour, respect for the interests of stakeholders, legality, respect for human rights, intolerance for corruption, the inadmissibility of conflicts of interest, personal example.

The principles include the following:

1) openness – we are open for meetings, discussions and dialogue; We are committed to building long-term cooperation with stakeholders, based on mutual interests, respect for rights and a balance between the interests of the Partnership and stakeholders;

2) accountability – we are aware of our accountability for the impact on the economy, the environment and the Partnership; we are aware of our responsibility to the Sole Participant and investors for the growth of the long-term value and sustainable development of the Partnership in the long run; We strive to minimize the negative impact of our activities on the environment and the Partnership by careful handling of resources (including energy, raw materials, water), consistent reduction of emissions, waste, and the introduction of high-performance, energy- and resource-saving technologies; we pay taxes and other fees provided by law to the state budget; we save and create jobs as part of our development strategy and opportunities; We seek to promote the development of the locality in which we operate within our strategy and within our financial resources; we carefully and reasonably make decisions and take actions at every level, starting from the level of officials and ending with employees; we strive to introduce innovative technologies aimed at the careful and responsible use of resources, increase of labor productivity; our products, goods and services must comply with the standards of consumer health and safety as established by law and be of adequate quality; we value our customers;

3) transparency – our decisions and actions should be clear and transparent to interested parties. We promptly disclose information provided for by the law and our documents, subject to the rules for the protection of confidential information;

4) ethical behavior – the basis of our decisions and actions are our values, such as respect, honesty, openness, team spirit and trust, integrity and fairness;

5) respect – we respect the rights and interests of interested parties, which follow from the legislation, concluded contracts, or indirectly within the framework of business relations;

6) legality – our decisions, actions and behavior comply with the legislation of the Republic of Kazakhstan and the decisions of the bodies of the Partnership;

7) respect for human rights – we observe and promote the observance of human rights stipulated by the Constitution of the Republic of Kazakhstan, the laws of the Republic of Kazakhstan and international documents, we categorically do not accept and prohibit the use of child labor; Our employees are our main value and main resource, the results of our activity and the value created for investors directly depend on the level of their professionalism and safety. Therefore, we attract on an open and transparent basis professional candidates from the labor market and develop our employees on the basis of the principle of meritocracy; We provide safety and labor protection for our employees; we carry out health programs and provide social support to employees; create an effective system of motivation and development of employees; develop corporate culture;

8) intolerance to corruption – we declare intolerance to corruption in all its forms in cooperation with all interested parties. Officials and employees involved in corruption cases are subject to dismissal and prosecution in the manner prescribed by law; internal control systems in the Partnership include, inter alia, measures aimed at preventing, preventing and detecting corruption offenses; the organization should develop a dialogue with stakeholders to increase their awareness in the fight against corruption;

9) the inadmissibility of conflicts of interest – serious violations related to the conflict of interests may damage the reputation of the Partnership and undermine the credibility of them by the Single Participant and other interested parties; personal interests of an official or employee should not affect the impartial performance of their official, functional duties; in relations with partners, the Partnership, relying on the establishment and preservation of fiduciary relations, in which the parties are obliged to act in relation to each other as honestly as possible, in good faith, fairly and loyally, take measures to prevent, detect and eliminate conflict of interest;

10) personal example – each of us every day in our actions, behavior and decision-making contributes to the implementation of the principles of sustainable development; By their personal example, officials and employees in managerial positions should motivate them to implement the principles of sustainable development.

1. The Partnership should build a sustainable development management system that includes, but is not limited to, the following elements:

1) commitment to the principles of sustainable development at the level of the Supervisory Board, the Board and employees;

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

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

4) mapping of interested parties;

5) definition of goals and KPI in the field of sustainable development, development of an action plan and identification of responsible persons;

6) integration of sustainable development into key processes, including risk management, planning, human resource management, investment, reporting, operations, and others, as well as into development strategy and decision-making processes;

7) professional development of officials and workers in the field of sustainable development;

8) regular monitoring and evaluation of sustainable development activities, assessment of the achievement of goals and KPI, the adoption of corrective measures, the introduction of a culture of continuous improvements.

The Supervisory Board and the Board of the Partnership ensure the formation of an appropriate system in the field of sustainable development and its implementation.

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

1. The partnership develops sustainable development events plans through:

1) a thorough, in-depth and thoughtful analysis of the current situation in three main areas: economic, environmental and social; When conducting this analysis, the accuracy, timeliness and quality of information is important;

2) identifying risks in the field of sustainable development; risks are distributed in accordance with the three directions of sustainable development, they can also influence related directions and capture other risks. To determine the risks, an analysis of both internal and external factors influencing the Partnership is carried out;

3) identifying stakeholders and their impact on activities;

4) setting goals, as well as, where possible, targets, measures for improving the organization’s activities for the three components, responsible persons, necessary resources and deadlines;

5) regular monitoring and evaluation of the implementation of goals, activities to achieve targets;

6) systematic and constructive interaction with interested parties, receiving feedback;

7) generated plan implementation;

8) continuous monitoring and regular reporting;

9) analysis and evaluation of the effectiveness of the plan, summarizing the results and taking corrective and improving measures.

Sustainable development is recommended to integrate into:

1) control system;

2) development strategy;

3) key processes, including risk management, planning (long-term (strategy), medium-term (5-year development plan) and short-term (annual budget) periods), reporting, risk management, human resource management, investments, operations, and others, and also in decision-making processes at all levels, starting from the authorities (Sole participant, Supervisory Board, Board), and ending with ordinary employees.

1. In the management system for sustainable development, it is necessary to clearly define and consolidate the roles, competences, responsibility of each body and all employees for the implementation of the principles, standards and relevant policies and plans for sustainable development.

The Supervisory Board provides strategic guidance and oversight of the implementation of sustainable development. The Board forms an appropriate plan of measures and submits it for consideration by the Supervisory Board.

The Partnership should introduce special training and continuing education programs on sustainable development issues. Training should be a permanent element in the implementation of sustainable development. Partnership officials should promote employee engagement in sustainable development based on understanding and adherence to the principles of sustainable development and changes in behavioral culture when conducting activities and fulfilling responsibilities.

1. The benefits of implementing sustainable development principles include:

1) investments attraction – in the world practice when determining the investment attractiveness of investors, the effectiveness in the field of sustainable development is taken into account;

2) increasing managerial efficiency and minimizing risks – integrating environmental and social aspects into management decision-making processes allows broadening the planning horizons and taking into account a more diverse range of risks and opportunities, which creates prerequisites for sustainable business development;

3) increase of efficiency – the introduction of high-performance and resource-efficient technologies allows you to create innovative products and services, while increasing their competitiveness and efficiency;

4) strengthening reputation – improving corporate image is the most obvious result of activities in the field of sustainable development, which increases the brand value and forms credibility, and also has a positive impact on the quality of interaction with business partners;

5) increasing loyalty on the part of internal and external stakeholders – the creation of attractive working conditions, opportunities for professional and career growth allows attracting and retaining promising qualified specialists; building an effective dialogue with stakeholders contributes to the formation of a positive environment around the activities of the Partnership, which contributes to increasing the efficiency of its business through the understanding and support of customers, the Sole Participant, investors, government agencies, the local population, and public organizations.

**Chapter 7. The principle of risk management, internal control and audit**

1. The Partnership should create an efficiently functioning risk management and internal control system aimed at providing reasonable confidence in the achievement of its strategic and operational goals by the Partnership, which is a set of organizational policies, procedures, standards of conduct and actions, management methods and mechanisms established by the Supervisory Board and Partnership Board to ensure:

1) the optimal balance between the growth in the value of the Partnership, the profitability and the risks associated with it;

2) the efficiency of financial and economic activities and the achievement of financial sustainability of the Partnership;

3) the safety of assets and the efficient use of resources of the Partnership;

4) completeness, reliability and reliability of financial and management reporting;

5) compliance with the requirements of the legislation of the Republic of Kazakhstan and the internal documents of the Partnership;

6) proper internal control to prevent fraud and ensure effective support for the operation of core and auxiliary business processes and analysis of performance results.

1. The Supervisory Board of the Partnership should approve internal documents defining the principles and approaches to the organization of the risk management and internal control system, based on the objectives of this system.

The organization of an effective risk management and internal control system in the Partnership is aimed at building a management system capable of providing an accurate understanding of the reasonableness and acceptability of the risk level of employees, management, bodies of the Partnership when they make decisions, respond quickly to risks, exercise control over core and auxiliary business processes daily operations, and to immediately inform the appropriate level of management of any significant deficiencies.

The principles and approaches to the organization of an effective risk management and internal control system include:

1) defining the purposes and objectives of the risk management and internal control system;

2) the organizational structure of the risk management and internal control system covering all levels of decision-making and taking into account the role of the appropriate level in the process of developing, approving, applying and evaluating the risk management and internal control system;

3) the basic requirements for the organization of the risk management process (approaches to determining risk appetite, the procedure for identifying and assessing risks, determining response methods, monitoring, and others);

4) requirements for the organization of the internal control system and control procedures (characterization of key areas and main components of the internal control system, procedure for evaluating performance and reporting in the field of internal control, and others).

The internal regulatory documents of the Partnership should fix the responsibility of the Supervisory Board and the Board of the Partnership in organizing and ensuring the effective functioning of the risk management and internal control system on a consolidated basis.

1. Each official of the Partnership ensures that risks are properly considered when making decisions.

Partnership Board ensures the introduction of risk management procedures for employees with relevant qualifications and experience.

Partnership Board:

1) ensures the development of internal documents in the field of risk management and internal control;

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

3) is responsible for the implementation of the decisions of the Supervisory Board in the organization of the 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 taking into account changes in the external and internal business environment.

In order to implement the principles of internal control and ensure the effectiveness of the risk management and internal control system, the Board of Directors of the Partnership distributes the powers, duties and responsibilities for specific risk management and internal control procedures between managers of the following levels and/or heads of structural divisions/owners of business processes.

Heads of structural units/owners of business processes in accordance with their functional responsibilities are responsible for developing, documenting, implementing, monitoring and developing a risk management and internal control system in the functional areas of the Partnership entrusted to them.

1. The organizational structure of the risk management and internal control system in the Partnership (depending on the scope and specifics of the activity) provides for an employee responsible for risk management and internal control, whose tasks 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 providing methodological support to business process owners and employees in the process of identifying, documenting risks, implementing, monitoring and improving control procedures, developing action plans for responding to risks and action plans for improving the system risk management and internal control, reports on their execution;

3) organization of training of employees in the field of risk management and internal control;

4) analysis of the risk portfolio and making proposals for a response strategy and reallocation of resources in relation to the management of relevant risks;

5) generation of consolidated risk reporting;

6) implementation of operational control over the risk management process by structural units;

7) preparing and informing the Supervisory Board and / or the Board of the Partnership on the status of the risk management system, existing threats and proposals for their prevention/leveling.

It is recommended that the manager in charge of the risk management and internal control function does not own the risk, which ensures its independence and objectivity. It is prohibited to combine functions of risk management and internal control with those related to economic planning, corporate finance, treasury, and investment decisions. Combination with other functions is allowed if there is no significant conflict of interest.

1. The risk management and internal control system must necessarily include a procedure for identifying, evaluating and monitoring all significant risks, as well as taking timely and adequate measures to reduce the level of risks

Risk management procedures provide a quick response to new risks, their clear identification and identification of risk owners. In case of any unforeseen changes in the competitive or economic environment of the Partnership, it is necessary to urgently reassess the risk map and its compliance with the risk appetite.

The Supervisory Board approves the general level of risk appetite and tolerance levels in relation to key risks, which are fixed by the internal documents of the Partnership.

The levels of tolerance for key risks are reviewed in case of significant events. In addition, it is necessary to establish limits that limit risks in daily activities.

For a holistic and clear understanding of the inherent risks in the Partnership, on an annual basis it is necessary to carry out identification and assessment of risks, which are reflected in the risk register, risk map, risk response plan (improvement of processes, minimization strategies) approved by the Supervisory Board.

The supervisory board should make sure that they include risks that can actually affect the implementation of strategic objectives when considering the register and risk map, and make sure that the measures are useful when considering the risk response plan. The Supervisory Board and the Board of the Partnership should regularly receive information on key risks, their analysis in terms of their impact on the strategy and business plans of the Partnership.

Risk reports are submitted to meetings of the Supervisory Board at least once a quarter and properly discussed in full.

1. The Partnership should introduce transparent principles and approaches in the field of risk management and internal control, the practice of training employees and officials about the risk management system, as well as the process of documenting and timely communicating the necessary information to officials.

Employees of the Partnership annually, as well as upon hiring, undergo training/introductory briefing to familiarize themselves with the adopted risk management and internal control system. According to the results of such training should be tested knowledge.

As part of the risk management and internal control system, it is necessary to organize a safe, confidential and affordable way (hotline) to inform the Supervisory Board and the Audit Commission of violations of the legislation of the Republic of Kazakhstan, internal procedures, and the Code of Business Ethics by any employee and officer of the Partnership.

**Chapter 8. The principle**

**of regulation of corporate conflicts and conflicts of interest**

**Paragraph 1. Regulation of corporate conflicts**

1. Members of the Supervisory Board and the Board of the Partnership, as well as employees of the Partnership, perform their professional functions in good faith and reasonably with due care and prudence in the interests of the Sole Member and the Partnership, avoiding conflicts.

In the event of the presence (occurrence) of corporate conflicts, the Sole Member will seek ways to resolve them through negotiations in order to ensure effective protection of the interests of the Partnership and interested parties. At the same time, the officers of the Partnership should promptly inform the Secretary of the Supervisory Board and/or the Ombudsman about the presence (occurrence) of the conflict.

The effectiveness of work on the prevention and resolution of corporate conflicts presupposes the fullest and fastest possible identification of such conflicts and the precise coordination of the actions of all bodies of the Partnership.

1. Corporate conflicts with the assistance of the Secretary of the Supervisory Board and/or the Ombudsman are considered by the Chairman of the Supervisory Board of the Partnership.

In order to minimize possible corporate conflicts, the Sole participant should avoid electing an excessive number of members of the Supervisory Board, who are representatives of state bodies. This is due to the fact that limiting the number of representatives of state bodies on the Supervisory Board can increase professionalism, help prevent excessive government intervention in the management of the Partnership, and also limit the state’s responsibility for decisions taken by the Partnership’s Supervisory Board.

1. In order to ensure an objective assessment of a corporate conflict and to create conditions for its effective settlement, persons whose interests affect the conflict or may affect it do not take part in resolving it.

If it is impossible to resolve corporate conflicts through negotiations, they are resolved in accordance with the legislation of the Republic of Kazakhstan.

1. The Supervisory Board develops and periodically reviews the policies and rules for resolving corporate conflicts in which their decision will best meet the interests of the Partnership and the Sole Member.
2. The Supervisory Board resolves corporate conflicts on matters within its competence. In this case, the secretary of the Supervisory Board and/or the ombudsman is charged with ensuring that the Supervisory Board is as informed as possible about the nature of the corporate conflict and the role of the mediator in resolving the corporate conflict.
3. The Board Chairman, on behalf of the Partnership, settles corporate conflicts on all matters, decisions on which are not within the competence of the Supervisory Board of the Partnership, and independently determines the procedure for conducting work on resolving corporate conflicts.

The Supervisory Board considers individual corporate conflicts within the competence of the Board (for example, if the subject of the conflict is the actions (inaction) of this body).

**Paragraph 2. Regulation of conflicts of interest**

1. A conflict of interest is defined as a situation in which the personal interest of an employee of the Partnership affects or may affect his impartial performance of official duties.

Serious breaches of conflict of interest can damage the Partnership’s reputation and undermine the credibility of the Partnership and other interested parties. The personal interests of the official or employee should not affect the impartial performance of their official and functional duties.

1. It is recommended that all employees of the Partnership behave in such a way as to avoid a situation in which a conflict of interest may arise, neither in relation to themselves (or persons related to themselves), or in relation to others.
2. Mechanisms should be introduced that will help avoid conflicts of interest that prevent the Supervisory Board from fulfilling its duties objectively.

The basic principles for the prevention of conflicts of interest, methods for their identification, assessment and resolution are enshrined in the Partnership's Code of Conduct approved by the Supervisory Board.

**Chapter 9. Principles of transparency and objectivity**

**of information disclosure on the activities of the Partnership**

1. In order to comply with the interests of stakeholders, the Partnership timely and reliably discloses information stipulated by the legislation of the Republic of Kazakhstan and internal documents of the Partnership, as well as information on all important aspects of its activities, including financial condition, results of operations, ownership structure and management.
2. To ensure systematic disclosure of information in the Partnership, it is recommended to approve internal documents defining the principles and approaches to information disclosure and protection, a list of information disclosed to interested parties, terms, procedure, method, form of information disclosure, responsible officials and employees, indicating their functions and responsibilities, as well as other provisions governing disclosure processes.

In order to protect information constituting commercial and official secrets, the Partnership, in accordance with the legislation of the Republic of Kazakhstan and the Charter of the Partnership, determines the procedure for assigning information to access categories, conditions for storing and using information. The partnership determines the circle of persons entitled to free access to information constituting commercial and official secrets, and take measures to protect its confidentiality. Persons who illegally obtained, disclosed or used information constituting commercial and official secrets are obliged to compensate for the damage caused and are liable in accordance with the laws of the Republic of Kazakhstan.

The Partnership should control the disclosure of information to interested parties.

1. The Internet resource of the Partnership should be well structured, with easy-to-use navigation and contain the information necessary for interested persons to understand the activities of the Partnership. It is recommended that information be placed in separate thematic sections of the Internet resource of the Partnership.

Updating the online resource of the Partnership is carried out as needed, but at least once a week. The Partnership should regularly monitor the completeness and relevance of information posted on the Internet resource, as well as the compliance of this information posted on the Kazakh, Russian, English versions of the Internet resource. To this end, responsible persons (structural unit) are assigned who are responsible for the completeness and relevance of information on the Internet resource.

1. The Internet-resource of the Partnership shall contain the following minimum information:

1) general information about the Partnership, including information about the mission, main tasks, goals and activities, equity capital, assets, net income and number of staff;

2) development strategy and / or development plan (at least, strategic goals); priority activities;

3) the charter and internal documents of the Partnership, the regulatory bodies;

4) ethical principles;

5) about risk management;

6) about the members of the Supervisory Board, including the following information: photo, last name, first name, patronymic, date of birth, citizenship, status of a member of the Supervisory Board, education, including basic and additional education (name of educational institution, year of graduation, qualification, degree ), work experience over the past five years, main place of work and other current positions, professional qualifications;

7) about the members of the Board, including the following information: photo, last name, first name, patronymic, date of birth, citizenship, position and functions performed, education, including basic and additional education (name of educational institution, year of graduation, qualification, degree obtained) , work experience in the last five years, professional qualifications, positions held part-time;

8) on financial statements;

9) on annual reports;

10) about the external auditor;

11) on procurement activities, including rules, announcements and procurement results;

12) on the structure of the authorized capital;

13) on the annual calendar of corporate events;

14) on activities in the field of sustainable development;

15) the amount of approved dividends;

16) news and press releases.

1. The partnership should prepare an annual report in accordance with the provisions of this Code and best practices for disclosing information.

The annual report is one of the key sources of information for interested parties. The annual report should be well structured and visually convenient for perception, and also be published in the state Russian and English languages (if necessary).

The annual report is recommended to be compiled and posted on the Internet resource.

1. The requirements for the content of the annual report minimally assume the availability of the following information:

1) the appeal of the Supervisory Board Chairman of the Partnership;

2) the appeal of the Board Chairman of the Partnership;

3) about the Partnership: general information; the structure of the authorized capital, the order of disposal of ownership; development strategy, the results of its implementation; market review and market position;

4) the results of financial and operating activities for the reporting year: review and analysis of the activities regarding the objectives; operational and financial performance indicators; major significant events and achievements; information about significant transactions; financial support, including guarantees received / received from the state and obligations to the state and society, assumed by the Partnership (if not disclosed in accordance with IFRS);

5) goals and plans for future periods;

6) the main risk factors and risk management system;

7) corporate governance: corporate governance structure; The composition of the Supervisory Board, including qualifications, the selection process, including those of independent members, indicating the criteria for determining their independence; report on the activities of the Supervisory Board; information on the compliance of corporate governance practices with the principles of this Code, and if they do not comply with the explanations on the reasons for non-compliance with each of the principles; the composition of the Board of the Partnership; report on the activities of the Board;

8) sustainable development (in the case of preparing a separate report in the field of sustainable development, it is possible to provide a link to this report);

9) an auditor's report and financial statements with notes;

10) the analytical indicators and data included in the annual report should reflect a comparative analysis and progress made (regress) in relation to the previous period (comparison with the values ​​of similar indicators indicated in the last annual report). In order to compare the indicators of the Partnership with companies of international level operating in a similar industry, it is recommended to publish performance indicators that will allow an industry benchmarking analysis.

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