**Approved**

**with the resolution of**

**the Board of Directors of**

**Baiterek National Managing Holding**

**Joint-Stock Company**

**dated May 14, 2020**

**(minutes # 05/20)**

**Report on compliance/non-compliance with the principles and provisions of the**

 **Corporate Governance Code of Baiterek National Managing Holding Joint-Stock Company**

**for 2019**

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| **#** | **Principles and provisions of the Corporate Governance Code of the Holding**  | **Complied/not complied**  | **Measures carried out to implement the principles and provisions of the Corporate Governance Code of Baiterek National Managing Holding (hereinafter – the Holding)** |
|  | **General provisions**  |
| **1** | The Holding ensures the implementation of this Code in organizations in which directly or indirectly the Holding owns more than fifty percent of voting shares or interests (subsidiaries).It is recommended that the subsidiary organization of the Holding in the legal form of a limited liability partnership follow the provisions of this Code in so far as it does not contradict the Law of the Republic of Kazakhstan “On limited and additional liability partnerships”. | Complied | The Holding participates in the management of SUBs through the implementation of the functions of Shareholder/Participant, as well as through their Boards of Directors/Supervisory Board.In accordance with the Development Strategy of the Holding for 2014–2023, the Holding carried out a number of measures to introduce corporate governance in relation to SUBs.In 2019, the Holding initiated amendments and additions to the corporate governance codes approved by its SUBs, in connection with the introduction of amendments and additions to the Corporate Governance Code of Baiterek National Managing Holding Joint Stock Company, approved with the decision of the Sole Shareholder of the Holding dated 29.08.2019. (order of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan No.681).In addition, the Holding will ensure the implementation of this Code in its subsidiaries by updating the internal regulatory documents, including the statutes on the board of directors of the subsidiary organizations, as well as by approval of the action plans on corporate governance improvement and periodic monitoring of the implementation thereof, approval and monitoring of the Development plans implementation, including with regards to the key performance indicators of the subsidiary organizations, and etc. At the same time, Corporate Secretarial Service of the Holding, which, in turn, ensures the effective implementation of the functions assigned to the acting Corporate Secretary of the Holding, in terms of monitoring the proper observance of Corporate Governance Code of the Holding and making proposals related to the improvement of corporate governance practices, is subsidiary organizations submitted recommendations aimed at complying with the Corporate Governance Code of Baiterek National Managing Holding, in part:1) organization of the activities of the Boards of Directors of subsidiary organizations, including ensuring the preparation and provision of quality materials; 2) updating standard documents, such as the Standard Statute on the Board of Directors of a joint-stock company, more than fifty percent of the shares of which are directly or indirectly owned by Baiterek National Managing Holding Joint-Stock Company by right of ownership or trust management and the Model Rules for remuneration and bonuses, assessment of performance effectiveness and providing social support to employees of the Internal Audit Service, the Compliance Service and/or the Compliance Controller and (Service) of the Corporate Secretary, accountable to the Board of Directors of legal persons, more than fifty percent of the shares of which are directly owned by Baiterek National Managing Holding Joint Stock Company on the right of ownership or trust management;3) organization of interaction of subsidiary organizations with the Sole Shareholder through regular meetings;4) increasing the status and role of the Corporate Secretary as a key figure coordinating the process of effective interaction between the Sole Shareholder, the Board of Directors and the Management Board.  |
| **2** | The Holding and subsidiaries in their activities are required to strictly comply with the provisions of the Code. In case of discrepancy, indicate in the annual report explanations of the reasons for non-compliance with each of the provisions, 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 Holding and its subsidiary.This paragraph does not apply to non-profit joint-stock companies with state participation created in accordance with the Law of the Republic of Kazakhstan “On Non-Profit Organizations”. | Partially complied | The Holding and its subsidiaries in their activities strive to strictly comply with the provisions of the Corporate Governance Code of Baiterek National Managing Holding.The International Finance Corporation (IFC), based on performance assessment of the Boards of Directors of SUBs of Baiterek NMH JSC, based on the results of their activities in 2018, made a recommendation to develop a comprehensive report form for all companies of the Holding Group on compliance with the principles of the Corporate Governance Code of the Holding.The implementation of the above-mentioned recommendation is provided for in the Action Plan on the results of the performance assessment of the Boards of Directors of the Group of Companies of Baiterek NMH JSC for 2018, approved with the resolution of the Management Board of Baiterek NMH JSC dated 18.12.2019 (minutes #59/19), in the 1st quarter of 2020. This recommendation in progress.In Annual Report for 2018, the information about non-compliance with the provisions of the Code was not specified.Within certain inspections during implementation of the Audit plan of the Internal Audit Service of the Holding conducts assessment of the applicable principles and provisions of corporate governance. Complex assessment of corporate governance in the Holding is carried out by the Internal Audit Service of the Holding on a periodic basis (at least once every three years).The results of corporate governance assessments in the Holding were not published on the internet resource of the Holding and its subsidiary. There was no independent assessment of corporate governance in the Holding.The Action plan on improvement of corporate governance of Baiterek NMH JSC for 2019-2020, approved with Baiterek NMH JSC Board of Directors resolution dated 22.07.2019 (minutes #07/19), stipulates independent assessment of corporate governance of the Holding and its subsidiary organizations in the second semester of 2020. |
| **3** | Holding Company's officials and employees assume the obligations stipulated by this Code, including on the basis of relevant agreements with the Holding, and undertake to comply with its provisions in the Holding and in relations with its subsidiaries. | Partially complied | Holding officials and employees strive to comply with the provisions of Corporate Governance Code of the Baiterek National Managing Holding Joint Stock Company in the Holding and in relations with its subsidiaries.Obligations of officials and employees to comply with the provisions of the Code in the Holding and in relations with its subsidiaries are not provided for in the relevant agreements with the Holding.Wherein, clause 1.5 of the Labour contract of the Holding employees stipulates duty of the employee to follow the standards of the labour legislation of the Republic of Kazakhstan, the given contract, regulations, positions duties, orders and other acts of the Employer. Also, clause 3.2. of the Contract with the independent non-executive director stipulates the obligation of the director to perform his duties in compliance with the requirements of the legislation of the Republic of Kazakhstan, follow the Charter and other internal documents of the Holding.  |
| **4** | Control over the implementation by the Holding of this Code is assigned to the Board of Directors of the Holding. The Corporate Secretary monitors and advises the Board of Directors and the executive body of the Holding on the issues of proper compliance with this Code, and also annually prepares a report on compliance / non-compliance with its principles and provisions. Subsequently, this report is submitted for consideration to the relevant committee of the Board of Directors, approved by the Board of Directors and included in the annual report of the Holding. | Complied | The Holding’s implementation of this Code is monitored by the Board of Directors of the Holding through the annual review of the report on compliance/ non-compliance with the principles and provisions of the Corporate Governance Code of the Holding, which is formed by the Corporate Secretarial Service of the Holding, which ensures the effective implementation of the functions assigned to the Corporate Secretary of the Holding.The Corporate Secretary Service of the Holding, which, in turn, ensures the effective implementation of the functions assigned to the acting Corporate Secretary of the Holding, including monitoring proper compliance with the Corporate Governance Code of the Holding, conducts continuous work aimed at identifying and eliminating non-compliance with the provisions and principles of the Corporate Governance Code of the Holding in the Holding and its subsidiaries. The results of these activities are presented in this report.The Corporate Secretarial Service of the Holding advises the Board of Directors and regularly provides recommendations and suggestions to the Management Board of the Holding on issues of proper compliance with this Code.In 2019, the Corporate Secretarial Service of the Holding prepared a Report on compliance with the principles and provisions of the Corporate Governance Code of the Holding, preliminary reviewed by the Audit Committee under the Board of Directors of the Holding (minutes #03/19 dated May 16, 2019) and approved by the Board of Directors of the Holding (minutes #05/19 dated May 16, 2019) The specified Report was reflected in the Annual Report of the Holding for 2018. |
| **5** | Cases of non-compliance with the provisions of the Code are considered at meetings of the relevant committee of the Board of Directors and the Board of Directors with the adoption of relevant decisions aimed at further improving corporate governance in the Holding and its subsidiaries. | Complied | Cases of non-compliance with the provisions of the Code are reviewed annually by the Audit Committee under the Board of Directors of the Holding and by the Board of Directors of the Holding in accordance with the relevant competencies provided for in the Holding's internal regulations as part of the report on compliance/non-compliance with the principles and provisions of the Holding's Corporate Governance Code. At the same time, in 2019, the Audit Committee under the Board of Directors (minutes #01/19 dated 28.02.2019) and the Board of Directors of the Holding (minutes #01/19 dated 28.02.2019) reviewed cases of non-compliance with the provisions of the Code as part of the information on the corporate governance activities carried out by Baiterek NMH JSC to maintain the rule of law of corporate governance, including identified violations in corporate decision-making, potential and actual conflicts of interest. As a result of the review, the Management Board of the Holding was instructed to take measures to eliminate the detected violations. The identified violations were eliminated. |
| **6** | The Holding carries out an independent assessment of corporate governance at least once every three years, the results of which are posted on the Holding’s Internet resource. | Not complied | There was no independent assessment of corporate governance in the Holding.The Action Plan for improving the corporate governance of Baiterek NMH JSC for 2019-2020, approved with the resolution of the Board of Directors of Baiterek NMH JSC dated 22.07.2019 (minutes #07/19), provides for an independent assessment of the corporate governance of the Holding and its subsidiaries in the second half of 2020. |
| **1.**  | **Principle of delineation of powers** |
| 1.1. | The rights, duties and competences of the Sole Shareholder, the Board of Directors and the Management Board are determined in accordance with the current legislation of the Republic of Kazakhstan, constituent documents and are fixed in them | Complied | The Corporate Governance System of the Holding provides for a clear division of powers and responsibilities between the bodies of the Holding, ensuring consistency of corporate governance processes.The rights, duties and competence of the Sole Shareholder, the Board of Directors and the Management Board of the Holding are determined by the legislation of the Republic of Kazakhstan and the Charter of Baiterek NMH JSC.The activities of the Sole Shareholder, Board of Directors, the Management Board of the Holding is regulated by the Law of the Republic of Kazakhstan “On Joint-Stock Companies”, the Law of the Republic of Kazakhstan “On State Property”, the Charter of Baiterek NMH JSC, approved with the order of the Minister for Investment and Development of the Republic of Kazakhstan dated 23.12.2014 #279, as well as other internal documents of the Holding:- Statute on the Board of Directors of Baiterek National Managing Holding Joint Stock Company, approved with the resolution of the Board of Directors dated 11.10.2013 (minutes #4);- Statute on the Management Board of Baiterek National Managing Holding Joint Stock Company, approved with the resolution of the Board of Directors dated 11.10.2013 (minutes #4). |
| 1.2. | The State Body distinguishes its powers as the Sole Shareholder of the Holding and the powers associated with the performance of state functions with a view to preventing conflicts of interest that do not contribute to the interests of the Holding or to the interests of the Sole Shareholder. The State Body acts as the Sole Shareholder of the Holding in order to ensure the profitability of the Holding and its subsidiaries and the implementation of state and government programs in which the Holding and its subsidiaries participate. | Complied | The Law of the Republic of Kazakhstan "On Administrative Procedures" establishes the concept of a state body as a state institution authorized by the Constitution of the Republic of Kazakhstan, Laws of the Republic of Kazakhstan, and other regulatory legal acts of the Republic of Kazakhstan to perform certain functions on behalf of the state. The functions of a public authority are divided into strategic, regulatory, implementation, and control functions. A state body is prohibited from performing functions that are not provided for in the legislation of the Republic of Kazakhstan. In this regard, in 2019, the Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan performed the function of Sole Shareholder in order to ensure the profitability of the Holding and its subsidiaries and the implementation of state and government programs in which the Holding and its subsidiaries participate. |
| 1.3. | The holding and its subsidiaries carry out their activities as part of their core (core) activities.The implementation of new activities is regulated by the Entrepreneurial Code of the Republic of Kazakhstan dated October 29, 2015. | Complied | Holding was founded in order to optimize the system of management of development institutions, financial organizations and national economy development with the Decree of the President of the Republic of Kazakhstan dated 22.05.2013 No.571, on the basis of the Resolution of the Government of the Republic of Kazakhstan dated 25.05.2013 No.516 and the order of the Committee for State Property and Privatization under Ministry of Finance of the Republic of Kazakhstan dated 27.05.2013 No.403.Holding and its subsidiaries operate in accordance with the Charter, Development Strategy, the Code and other internal documents, as well as the Development Plan.The Holding is guided by the main directions of state policy in the field of industrial and innovative development, promotion of exports of national products, development of small and medium-sized businesses, implementation of tasks in the housing and construction sector and improving the welfare of the population, as well as other tasks set by the President and Government of the Republic of Kazakhstan.In accordance with the updated Development Strategy of the Holding, approved with the Resolution of the Government of the Republic of Kazakhstan dated 01.06.2017 No.331, one of the priority tasks for the Government of the Republic of Kazakhstan is to reduce the state's share in the economy. The key tasks that the Holding solves as part of its mission to promote sustainable development of the economy of Kazakhstan are:1) supporting large businesses;2) development of small and medium-sized businesses;3) ensuring financial accessibility of housing;4) enhancing export capacity;5) transfer and implementation of technologies.Monitoring of the Action Plan for the implementation of the Development Strategy of the Holding for 2018 was taken into account by the Management Board of the Holding on 19.06.2019 (minutes #32/19). It should be noted that starting from 2016, amendments to the lists of activities of subsidiaries determined by the Charters of subsidiaries of the Holding are subject to preliminary approval by the Committee on Regulation of Natural Monopolies, Competition Protection and Consumer Rights under the Ministry of National Economy of the Republic of Kazakhstan. In 2019, the Holding and its subsidiaries carries out work to clarify the Charters of the Holding SUBs. In particular, the amendments to the Charter were made in terms of name (QazTech Ventures JSC), clarification of the types of activity(QazTech Ventures JSC, Entrepreneurship Development Fund Damu JSC), interaction with the central depositary (Investment Fund of Kazakhstan JSC, HCSBK JSC) and information disclosure on the internet-resource of the financial statements depositary (HCSBK JSC). |
| 1.4. | The Holding and its subsidiaries should build an optimal structure of assets, they should strive to maximize simplification of the structure of their assets and their legal forms.When creating new organizations, the preferred legal form is a limited liability partnership.Production and financial companies where state assets can be increased through the implementation of investment projects and financial operations to attract extrabudgetary investments for the implementation of socio-economic tasks are created in the form of a joint-stock company.When a Holding company creates an organization in the form of a limited liability partnership, the participant (s) independently decide on the need to create supervisory boards and the advisability of electing independent members, as well as electing an audit commission (auditor), depending on the scope and specifics of the organization being created. | Complied | The Holding combines the following organizations in its structure: Development Bank of Kazakhstan JSC, Export Insurance Company KazakhExport JSC, House Construction Savings Bank of Kazakhstan JSC, Baiterek Development JSC, Housing Construction Guarantee Fund JSC, QazTech Ventures JSC, Investment Fund of Kazakhstan JSC, Kazyna Capital Management JSC, Mortgage Organization Kazakhstan Mortgage Company JSC, Damu Entrepreneurship Development Fund JSC, Kazakhstan Project Preparation Fund LLP.The comprehensive privatization plan for 2016-2020, approved with the decree of the Government of the Republic of Kazakhstan "On certain issues of privatization for 2016 – 2020" dated 30.12.2015 No.1141, is a key element in the transformation of the economic strategy of Kazakhstan.The main goal of the privatization program is to improve the efficiency of asset management by reducing the state's share in the economy in the medium and long term.Moreover, pursuant to clause 77 of the National Plan of measures on realization of Address of the President to people of Kazakhstan dated September 2, 2019 "Constructive Public Dialogue – the Foundation of Stability and Prosperity of Kazakhstan", approved with the decree of the President of the Republic of Kazakhstan dated 10.09.2019 No.152, the Holding carries out work on creation of a Unified Operator by means of reorganization of Baiterek Development JSC, Mortgage Organization Kazakhstan Mortgage Company JSC and Housing Construction Guarantee Fund JSC and the transfer of a Unified Operator functions of subsidizing interest rates on loans to private developers, Damu Entrepreneurship Development Fund JSC. The corresponding preliminary resolution was made by the Management Board of the Holding on 19.12.2019 (minutes #60/19).It is assumed that the Unified Operator will carry out the functions of financing housing construction by purchasing state securities of Akimats, implementing its own investment projects, including through conditional placement of funds in second-tier banks, direct financing, lending to legal entities, providing guarantees for the completion of housing construction, issuing and placing securities, developing the mortgage lending market by providing mortgage loans/repurchasing claims from second-tier banks, etc. |
| 1.5. | The State body, as the Sole Shareholder, participates in the management of the Holding exclusively through the exercise of the powers of the Sole Shareholder provided for in the legislative acts of the Republic of Kazakhstan, the Charter of the Holding and its representation on the Board of Directors of the Holding. | Complied | In accordance with the decree of the Government of the Republic of Kazakhstan dated 27.05.1999 No.659 “On the transfer of rights to own and use state blocks of shares and state shares in organizations under republican ownership” and the Charter of Baiterek NMH JSC, the Sole Shareholder of the Holding is the Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan. The rights of ownership and use of the state-owned shares of the Holding were transferred to the specified Ministry.In accordance with the Law of the Republic of Kazakhstan “On State Property”, the exclusive competence of the Sole shareholder of national management holdings, established for the general meeting of Shareholders, includes the issues specified in Article 36 of the Law of the Republic of Kazakhstan "On Joint-Stock Companies", except for the issues specified in Article 36.1(6) of this Law. In addition, the powers of the Sole Shareholder are set out in Article 8.49 of the Charter of Baiterek NMH JSC. The Sole Shareholder is represented in the Board of Directors of the Holding as a member of the Board of Directors, represented by the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan - the Head of the State Body that exercises the powers of the Sole Shareholder.The Minister of Industry and Infrastructure Development of the Republic of Kazakhstan is also a member of the Strategic Planning Committee under the Board of Directors of the Holding in order to participate in the development of priority development directions, strategic goals (development strategy) of Baiterek NMH JSC, taking into account the importance of the role of Baiterek NMH JSC in the implementation of the state policy of economic diversification and development. |
| 1.6. | The state body, as the Sole Shareholder of the Holding, provides the Holding with full operational independence and does not interfere with the operating (current) and investment activities of the Holding, with the exception of cases provided for by the legislation of the Republic of Kazakhstan, acts and instructions of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan. | Complied | All decisions on strategic and operational issues were made by the Board of Directors and the Management Board of the Holding independently, taking into account state program and regulatory documents.In 2019, the government authorities did not reveal any direct interference in the Holding's operating activities.  |
| 1.7. | Transactions and relations between the Holding, the Sole Shareholder and interested parties are carried out on a regular commercial basis within the framework of the current legislation of the Republic of Kazakhstan, unless one of the main tasks of the Holding and its subsidiaries is the implementation or assistance in the implementation of the state policy for the development of other branches of the Republic of Kazakhstan.The holding and its subsidiaries are not exempt from the application of general laws, tax norms and rules, with the exception of cases provided for by the legislation of the Republic of Kazakhstan. | Complied | Transactions and relations between the Holding and the Sole Shareholder are carried out within the framework of the current legislation of the Republic of Kazakhstan.The Holding enters into contracts and other transactions on its own behalf, acquires property and personal non-property rights and obligations, and performs other actions that do not contradict the legislation of the Republic of Kazakhstan. As part of the implementation of the state policy, the Holding participates in credit relations with the Government of the Republic of Kazakhstan as a borrower for further development of funds for the purpose of implementing state programs. So, for 2019, the Holding concluded 7 credit agreements for budget loans in the amount of KZT 94,546 million.The Holding and its subsidiaries operate in accordance with general laws, tax rules and regulations, except in cases where the legislation of the Republic of Kazakhstan provides for special features for national management holdings, national holdings, and national companies. |
| 1.8. | The economic activity of the Holding and its subsidiaries must meet the market conditions regarding debt and equity finances, namely:1) the relations of the Holding and its subsidiaries with all market participants (including financial and non-financial organizations) should be based on an exclusively commercial basis, except when one of the main tasks of the Holding and its subsidiaries is the implementation or assistance in implementation of state policy on the development of certain industries of the Republic of Kazakhstan;2) in connection with limited access to state sources of financing, the Holding will seek to consider alternative sources of financing in order to replace part of the state funds;3) profitability is required from the financial and economic activities of the Holding. | Complied | The Holding and its subsidiaries contribute to the development of the economy of Kazakhstan by providing various support tools. The Holding and its subsidiaries have the following support tools (both financial and non-financial): * support of entrepreneurship in the large business segment;
* support of entrepreneurship in SME segment;
* improving housing affordability;
* increase of export potential, as well as transfer and introduction of technologies.

Due to limited access to public sources of financing, the Holding is considering alternative sources of financing in order to replace some of the public funds.Attracting more external funds will reduce the share of borrowing from the state.On an annual basis, the Board of Directors approves the Development Plan of the Holding, which includes key indicators, upon submission by the Management Board of the Holding.  |
| 1.9. | When the Holding participates in procurement as a customer, the applied procedures must be competitive, transparent (taking into account the principle of confidentiality) and be non-discriminatory. | Complied | The system of procurement of goods, works and services of the Holding contains standards that ensure transparency of procurement by the Holding and, in general, is consistent with established law enforcement practice and international experience. On October 31, 2019, with the order of the First Deputy Prime Minister of the Republic of Kazakhstan - Minister of Finance of the Republic of Kazakhstan No.1201 dated April 1, 2020, the Rules for the Procurement of Goods, Work, and Services by national management holdings, national holdings, national companies and organizations fifty or more percent of voting shares (stakes in the authorized capital) of which are directly or indirectly owned by the national managing holding, the national holding, the national companies, whose effect extends to Baiterek NMH JSC.Pursuant to the Law of the Republic of Kazakhstan dated December 26, 2018 No.202-VІ ЗРК “On the Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Public Procurement and Procurement of Quasi-Public Sector Entities”, based on a resolution of the Board of Directors of Baiterek NMH JSC dated 21.11 .2020 (minutes #11/19) in the Holding was established and since January 1, 2020, the Centralized Procurement Control Service of Baiterek NMH JSC has been operating and carries out internal control over compliance procurement rules in national management holdings, national holdings, national companies and organizations, fifty or more percent of voting shares (stakes in the authorized capital) of which are directly or indirectly owned by the national managing holding, national holding, national company, in the manner specified by this Law .Wherein, in 2019, the Holding guided the Rules for Procurement Goods, Works and Services of Baiterek NMH JSC and organizations, fifty or more percent of the voting shares (participation interests) of which directly or indirectly belong to Baiterek NMH JSC on the right of ownership or trust management, approved with the resolution of the Board of Directors of Baiterek NMH JSC dated 25.09.2013 #3, (recognized as invalid with the resolution of the Board of Directors of Baiterek NMH JSC dated February 6, 2020 #01/20). In addition, in 2019 the Holding was guided by a number of corporate documents within the framework of the implemented policy of the Holding in the field of procurement of goods, works and services: * [The Instruction on the organization of procurement of goods, works and services at Baiterek NMH JSC](https://www.baiterek.gov.kz/ru/purchase/15/7615/) was approved with the resolution of the Management Board of the Holding dated November 22, 2013 (minutes #14/13) (recognized as expired with the decision of the Management Board of Baiterek NMH Holding dated March 18, 2020 (minutes #13/20);
* Instructions for conducting electronic purchases of goods, works and services of Baiterek NMH JSC, approved with the resolution of the Management Board of the Holding dated 29.10.2015 (minutes #32/15) (recognized as invalid with the resolution of the Management Board of Baiterek NMH JSC dated March 18, 2020 (minutes #13/20);
* [The Statute on the Committee of Baiterek NMH JSC for reviewing applications of individuals and legal entities on the procurement of goods, works and services](https://www.baiterek.gov.kz/ru/purchase/15/2110/) was approved with the resolution of the Management Board of the Holding dated September 30, 2014 (minutes #31/14) (recognized as expired with the resolution of the Management Board of Baiterek NMH JSC dated March 18, 2020 (minutes #13/20);
* The Rules for the formation, maintenance and approval of the List of unreliable suppliers of the Holding are approved with the resolution of the Management Board of the Holding dated 07.19.2016 (minutes #30/16) (recognized as expired with the resolution of the Management Board of Baiterek NMH JSC dated March 18, 2020 (minutes #13/20) ;
* [Instructions on the procedure for compiling and submitting reports on procurement issues](https://www.baiterek.gov.kz/ru/purchase/15/2109/), approved with the resolution of the Management Board of Baiterek NMH JSC dated 30.09.2014 (minutes #31/14);
* The Procedure for making long-term purchases of goods from domestic producers of the purchased goods was approved with the resolution of the Management Board of the Holding dated September 30, 2014 (minutes #31/14).
 |
| 1.10. | The relationship (interaction) between the State body as the sole shareholder and holding company, its subsidiaries shall be carried out through the BoardaThe relationship (interaction) between the state body as the Sole Shareholder and Holding, its subsidiaries is exercised through the Board of Directors and/or the Holding's Management Board in accordance with the principles of appropriate corporate governance. of Directors and/or the Board of the holding in accordance with the principles of proper corporate Management. The role and functions of the Chairman of the Board of Directors and the Chief Executive Officer of the Management Board of the Holding are clearly delineated and fixed in the documents of the Holding.At the same time, the Holding discloses to the state body as the Sole Shareholder and the Board of Directors of the Holding all necessary information about the Holding's activities in accordance with the legislative acts of the Republic of Kazakhstan and the Charter of the Holding and ensures transparency of the Holding's and organizations' activities to all interested parties. | Complied | The relationship (interaction) between the Sole Shareholder is carried out through the Board of Directors and the Management Board of the Holding in accordance with the principles of good corporate governance.The role and functions of the Chairman of the Board of Directors and Chief Executive Officer of the Holding is enshrined in the Charter of the Holding and internal normative documents of the Holding, including the Statute on the Board of Directors approved with the Board of Directors dated 11.10.2013 (minutes #4), as amended and supplemented from 18.07.2016 (minutes #07/16) and the Statute on the Management Board of the Holding, approved by the Board of Directors of 11.10.2013 (minutes #4), as amended and supplemented on 16.02.2017 (minutes #02/17).In order to ensure that the Sole Shareholder can make informed resolutions, as well as bring information about the Holding's activities to the attention of interested parties, the holding ensures timely disclosure to the Sole Shareholder and interested parties of reliable information about its activities, including its financial position, economic indicators, and results of its main activities. With the resolution of the Board of Directors of the Holding dated 20.03.2014 (minutes #02/14) the Information Disclosure Policy of the Holding has been approved. The goal is to provide the state body as the Sole Shareholder and the Board of Directors with timely information about the Holding and its activities that affect their interests, and to increase the information transparency of the Holding.All official requests, including from the Sole Shareholder, received by the Holding, are registered in the general database in the electronic document management system, to which response letters and information materials are provided in accordance with the established deadlines. The Holding provides the necessary information at the request of the Sole Shareholder on the implementation of the Development Plan, the development of the National Fund and the central government budget within its competence. Annually, the Holding conveys the annual financial statements to the Sole Shareholder for approval, previously approved with the resolution of the Board of Directors of the Holding. In 2019, together with the Corporate Secretarial Service, two meetings were organized and held (on August 23, 2019 and November 5, 2019) between representatives of the Sole Shareholder with the Chief Executive Officer, members of the Management Board and heads of structural units of the Holding based on the results of the Holding’s performance for 2018 and 9 months 2019 year.  |
| 1.11. | The corporate governance system of the Holding provides for the relationship between:1) the Sole Shareholder;2) the Board of Directors;3) the Management Board;4) the interested parties;5) other bodies, determined in accordance with the Charter.The corporate governance system provides, including:1) compliance with the hierarchy of the order of consideration of issues and passing resolutions;2) a clear delineation of powers and responsibilities between bodies, officials and employees;3) timely and qualitative resolution making by the bodies of the Holding and its subsidiaries;4) efficiency of processes in the activities of the Holding and its subsidiaries;5) compliance with the legislation, this Code and internal regulations of the Holding and its subsidiaries. | Complied | The relationship between the Sole Shareholder, the Board of Directors, and the Management Board of the Holding is based on mutual trust, respect, accountability and control.The Holding operates in strict accordance with the legislation of the Republic of Kazakhstan, generally accepted principles of business ethics and internal documents of the Holding. The Holding carries out its activities, recognizing the supremacy of the Constitution of the Republic of Kazakhstan, the Laws of the Republic of Kazakhstan and other regulatory legal acts in relation to the internal documents of the Holding and preventing decisions at the personal discretion of the Officers and other Employees of the Holding.In the Holding, all issues submitted to the Board of Directors are carefully considered by the relevant specialized Committees under the Board of Directors. The competence, powers and responsibilities of the bodies are defined by the Charter, Statute on the Board of Directors and the Management Board. With order of the Chief Executive Officer of the Holding "On the distribution of responsibilities between members of the Management Board and other employees of the Holding" dated June 10, 2019 No.37-B, the areas of responsibility of members of the Management Board of the Holding are clearly delineated. In accordance with the order of the Minister of National Economy of the Republic of Kazakhstan dated 05.10.2018 No.21 "On approval of the Model Code of Corporate Governance in State-Controlled Joint-Stock Companies, except for the National Welfare Fund", amendments and additions to the current Corporate Governance Code of the Holding were prepared and approved with the resolution of the Sole Shareholder of the Holding (order of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan dated 29.08.2019 No.681).As part of the implementation of the Corporate Governance Code of the Holding, a plan of measures to improve the corporate governance of the Holding for 2019-2020 was developed and approved with the resolution of the Management Board of Directors of the Holding dated 22.07.2019 (minutes #07/19). The Report on the implementation of this Plan as of December 31, 2019 was reviewed by the Board of Directors of the Holding on 02.28.2020 (minutes #02/20).Structural units carry out their activities on the basis of Statute on divisions, job descriptions have been developed for each position. The Board of Directors and the Management Board of the Holding make timely and high-quality decisions in accordance with their assigned competence.  |
| 1.12 | The Holding and its subsidiaries approve the provisions on the bodies (in the event that such provisions are not provided for by the Charter of the Holding) and structural divisions, as well as job descriptions for the respective positions. Compliance with the provisions of these documents ensures the consistency and sequence of corporate governance processes.The Holding participates in the management of its subsidiaries through the exercise of the functions of a shareholder (participant), and also through their Board of Directors, in accordance with the procedure established by the Charters of subsidiaries, this Code and the legislation of the Republic of Kazakhstan.Boards of Directors (supervisory boards) of subsidiary organizations have complete independence in passing resolutions within the framework of their competence established by the Charter of subsidiaries. | Complied | In accordance with Article 36.1(1-1) of the Law of the Republic of Kazakhstan "On Joint-Stock Companies", the specifics of the competence of the Sole Shareholder of national management holdings are established by Law of the Republic of Kazakhstan "On State Property". The Holding participates in the management of SUBs through the implementation of the functions of Shareholder, as well as through their Boards of Directors.A clear division of competences, powers and responsibilities between the Holding as a shareholder, the Boards of Directors and the Management Boards of subsidiaries has been formalized, taking into account the requirements of legislation and recommended best practices. The subsidiaries of the Holding have formed professional Boards of Directors with a balanced composition, including independent directors with the appropriate qualifications, experience in international companies and the private sector. The Board of Directors of subsidiaries also included representatives of the Holding from among its management. Under the Board of Directors of subsidiaries, committees were formed for audit, risk management, HR and remuneration. The Board of Directors of the subsidiaries of the Holding is fully independent in making decisions within its competence. As part of the implementation of the Action Plan on the Corporate Governance Improvement of the Holding for 2019-2020, in 2019, the Holding conducted work on the analysis of international corporate governance practices in relation to the diversification of the composition of the Boards of Directors. The Holding has developed a model matrix of skills and competencies of members of the Board of Directors of subsidiaries, taking into account international approaches. An analysis of the current composition of the board of directors was carried out with the development of proposals for their individual profiles, taking into account the required number of members, industry specifics of the subsidiary, professional experience as a member of the executive or supervisory body of the company, work experience and professional qualifications in the required functional areas of the committees of the Board of Directors and other criteria. In the future, based on the approaches developed by the subsidiaries of the Holding, amendments and additions will be made to the internal regulatory documents that determine the selection procedure for members of the Board of Directors of the subsidiaries of Holding.On April 19, 2017, the Management Board of the Holding approved the distribution of competencies between the bodies of subsidiaries of the Holding (hereinafter - the Distribution of Competencies) in the new edition (minutes #18/17). Based on the results of the consideration of the Distribution of Competencies between the Sole Shareholder, the Board of Directors and the Management Board of subsidiaries, subsidiaries made amendments and additions to the Charter of subsidiaries.At the same time, the Corporate Secretarial Service of the Holding, which in turn ensures the effective implementation of the functions assigned to the acting Corporate Secretary, including making proposals related to improving corporate governance practices, recommended that subsidiaries organize regular (at least once a year) meetings with the Sole Shareholder with the participation of corporate secretaries of the Holding's subsidiaries, members of the Management Board of subsidiaries in charge of corporate governance, the Asset Management Department of the Holding in order to organize a discussion platform on improving corporate governance and on the main activities of subsidiaries. |
| 1.13 | In order to ensure sustainable development of its subsidiaries, the Holding forms and approves common policies, methodological recommendations and corporate standards for competencies of its subsidiaries, the Sole Shareholder, the Board of Directors and the Management Board of subsidiaries made amendments and additions to the Charters of subsidiaries.The resolution on the application of corporate standards approved by the Holding in the field of risk management, internal control and internal audit in the subsidiary organization is made by the Board of Directors of the subsidiary organization, taking into account the compliance of these standards with the specifics of its activities.The executive bodies of the Holding and subsidiaries ensure the implementation of strategies and development plans of the Holding and subsidiaries approved by the Boards of Directors of the Holding and subsidiaries. | Partially complied | In accordance with the Development Strategy of the Holding for 2014–2023, the Holding carried out a number of measures to introduce corporate governance in relation to SUBs.Thus, the Holding initiated the approval of amendments and additions to the Corporate Governance Codes in subsidiaries that are consistent with the amendments and additions to the Corporate Governance Code of the Holding approved with the resolution of the Sole Shareholder of the Holding (order of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan dated 29.08.2019 No.681). The Holding has adopted a number of standard documents defining common standards for the work of Boards of Directors and Corporate Secretaries of subsidiaries, including: * Model Statute on the Board of Directors, more than fifty percent of its shares directly or indirectly belong to Baiterek National Managing Holding Joint Stock Company on the right of ownership or trust management, including separate sections for the training of members of the Board of Directors of the subsidiary, performance evaluation, policy for settlement of corporate conflicts and conflict of interests of the subsidiary, the interaction of the Holding with subsidiary companies, selection rules, the remuneration and compensation of expenses of members of the Board of Directors of the subsidiary;
* Model Statute on the Corporate Secretary of a joint-stock company, more than fifty percent of whose shares are directly or indirectly owned by Baiterek National Managing Holding Joint Stock Company on the right of ownership or trust management.

Unified methods for evaluating business processes were adopted, including corporate governance, risk management, internal control, and it audit systems, which allowed the internal audit services of subsidiaries to conduct audits in accordance with international standards with comparable results. In June 2019, amendments and additions were made to the Model Statute for the Internal Audit Service of subsidiaries and the Model Rules for Internal Audit in subsidiaries (including methodologies for assessing corporate governance systems, risk management, internal control), which allowed the services internal audit of subsidiaries conduct an audit according to international standards with comparable results.As part of the implementation of the Action Plan to improve the corporate governance of the Holding for 2019-2020, in 2019 the Internal Audit Services of the Holding SUBs in the Holding’s SUBs evaluated the corporate governance system based on international approaches, based on which the corporate governance assessment ranged from 76.3% to 95.1%, showing growth in most of the Holding SUBs in comparison with the assessment carried out in 2017. The assessment covered such components as the corporate governance structure, the degree of adherence to the principles of corporate governance, the observance of the rights of financially interested parties, the observance of the rights of shareholders, the regulation of corporate conflicts and conflicts of interest, the delimitation of competencies of bodies, the effectiveness of the board of directors, sustainable development, remuneration and succession, management risks, planning and monitoring, reporting, transparency, disclosure of financial and non-financial information, external and internal audit. This allowed to determine the level of corporate governance, the strengths and weaknesses across the group of companies of Holding and to develop action plans to improve overall structure of corporate governance, efficiency of business processes, transparency and disclosure of material information. Based on the results of the assessment, based on the identified shortcomings in the Holding's SUBs, new action plans for improving corporate governance were approved, which will be implemented during 2020.On risk management issues, the Board of Directors approves the Risk Reports of the Holding on a quarterly basis, including information on significant risks of its subsidiaries. On personnel policy, with the decision of the Management Board of the Holding dated July 17, 2019 (minutes #36/19) approved the Model Rules for Compensation, Performance Assessment and Remuneration of Executive Officers of Legal Entities, of which more than fifty percent of the shares (participatory interests) of which are directly owned by Baiterek National Managing Holding Joint Stock Company on the basis of ownership or trust. In addition, the resolution of the Management Board of Baiterek NMH JSC dated 12.12.2018 (minutes #55/18) approved the Model Rules for Remuneration and Bonuses, Performance Assessment and Social Support for Employees of the Internal Audit Service, Compliance Service and/or Compliance Controller and (Services) of the Corporate Secretary reporting to the Board of Directors of legal entities, more than fifty percent of the shares of which are directly owned by Baiterek National Managing Holding Joint Stock Company by right of ownership or trust. These and other rules will be implemented in subsidiaries in 2019. Regarding corporate finance and treasury issues, subsidiary companies approved the Rules for Intragroup Financing, as well as the Procedure for determining the amount of dividends paid by the Holding SUBs. Wherein, as part of the monitoring of compliance by the bodies and officials of the Holding with the rules and procedures of corporate governance, the Corporate Secretary Service revealed that within submitting for approval of the Holding Management Board the amendments and additions to the Standard Statute on the Board of Directors of the joint-stock company, where Baiterek National Managing Holding Joint-Stock Company directly or indirectly has more than fifty percent of the shares on the basis of ownership or trust, approved with the resolution of the Management Board of Baiterek NMH JSC dated 25.09.2018 (minutes #38/18), Department for Asset Management of the Holding violated the consent procedures and signing-off the materials, specified by clauses 6.2.1. and 6.2.2. of the paragraph 6.2. of Chapter 6 of the Statute on the Management Board of Baiterek National Managing Holding Joint-Stock Company. Pursuant to Article 4.4.1. of the Regulation on the Corporate Secretary of Baiterek National Managing Holding Joint Stock Company, the Corporate Secretary Service, the main task of which is to ensure effective implementation of the functions assigned to the Corporate Secretary, shall inform the Sole Shareholder and the Board of Directors of the Holding about the detected violation when making the corporate resolution and make proposals on measures to eliminate the violation. |
| 1.14 | The Holding's bodies and its subsidiaries are encouraged to cooperate in a spirit of cooperation in order to ensure ambitious and realistic strategies and development plans for the Holding and its subsidiaries. The Holding's Management Board shall maintain an ongoing dialogue with its subsidiaries on strategy and sustainable development issues. At the same time, the Holding does not allow interference in the operational (current) activities of subsidiaries, for which the executive body of its subsidiaries is responsible.The Holding, subsidiaries and their officials are responsible for achieving the profitability of the activities of the Holding and its subsidiaries, respectively, and the resolutions and actions/inactions taken, in accordance with the legislation of the Republic of Kazakhstan and internal regulations. | Complied | As part of the ongoing dialogue between the Holding and its subsidiaries on strategy issues and the implementation of the Action Plan to further increase the level of trust of target groups in the Holding's performance, a Round Table on strategy issues was held (minutes dated May 30, 2019).In order to ensure interaction between the Board of Directors of the Holding and the management of its subsidiaries the Corporate Secretarial Service of the Holding organized and conducted:1) meeting of independent directors of Baiterek NMH JSC with Independent Directors of Baiterek NMH JSC SUBs based on an assessment of the performance of the Board of Directors of SUBs of Baiterek NMH JSC based on the results of 2018, conducted with the involvement of the International Finance Corporation (IFC), (minutes #01/19 dated 19.09.2019); 2) meeting of Independent Directors of Baiterek NMH JSC with the Heads of subsidiaries of Baiterek NMH JSC on the implementation of the National Action Plan for the implementation of the Message of the Head of State to the people of Kazakhstan dated September 2, 2019 “Constructive public dialogue - the basis of stability and prosperity of Kazakhstan” in the field supporting small and medium-sized businesses, as well as in the housing sector (minutes #02/19 dated 21.11.2019).With the resolution of the Management Board of the Holding dated August 22, 2018 (minutes #32/18) the Rules for the development, coordination, approval, adjustment, execution and monitoring of the implementation of the Development Plans of the subsidiaries of the Holding were approved, which determine the procedure for the development, coordination, approval, execution, adjustment and monitoring of the implementation of Development Plans subsidiaries and the responsibility of participants in these processes. The purpose of developing the Development Plans of subsidiaries is the implementation of the Development Strategy of subsidiaries, as well as the harmonization of strategic (long-term), medium-term and current planning of activities to ensure the development of subsidiaries in accordance with strategic directions, goals, objectives and key indicators. Development Plans for subsidiaries are developed on the basis of:* strategic and program documents of the Republic of Kazakhstan;
* strategic goals, objectives, and key performance indicators provided for in the Development Strategies of subsidiaries in accordance with the Development Strategy of the Holding;
* strategic plans of the relevant state bodies;
* annual message of the President of the Republic of Kazakhstan to the people of Kazakhstan;
* forecasts of macroeconomic indicators for the planned years, recommended by the central authorized body for state planning;
* analysis of the strengths and weaknesses of subsidiaries;
* results of monitoring the implementation of the Development Plan for the current year;
* performance assessment of subsidiaries;
* annual audited financial statements for the year preceding the current year.

The structure of the Development Plan subsidiaries of the Holding includes the main figures of financial-economic activities analysis on reasons for growth or decline, also contains key performance indicators used to manage and evaluate their activities.In accordance with the above-mentioned Rules, the top managers of the Holding SUBs are responsible for the implementation and execution of the Development Plan indicators, as well as for achieving the final and intermediate results of the Development Plan for the reporting period.The Boards of Directors of Holding SUBs are responsible for strategic issues, such as:* defining strategic development directions and setting target key performance indicators based on the strategic goals set by the Sole Shareholder - the Holding;
* appointment of the Management Board of subsidiaries of the Holding and assessment of its work;
* approving the budget, investment plans, and major transactions.

In order to peer review, discuss and develop the most effective decisions on the activities of subsidiaries, the Holding has Activity Planning and Assessment Committee, Strategy and Corporate Development Committee, Asset and Liability Management Committee, and an Investment Committee.The Activity Planning and Assessment Committee is a consultative and advisory body under the Management Board of the Holding, coordinating the implementation of the business/budget planning process of the Holding, as well as of subsidiaries (including organizations in trust) through the mechanism for coordinating and monitoring the implementation of Development Plans/ Budgets of the Group, Holding and subsidiaries. The main tasks of the Committee are:- organizing the performance of the Holding, its structural units and subsidiaries in the field of budgeting through the mechanism of coordination and adjustments of Development Plans/ Budgets of the Holding and its subsidiaries;- coordination of the business/ budget planning process of the Holding, its structural units, subsidiaries, taking into account the Development Strategy and Development Plan of the Holding;- improving the efficiency of the Holding, its structural units, and subsidiaries through budgeting and business planning.Within the scope of its competence, Activity Planning and Assessment Committee is a consulting and Advisory Body under the Management Board of the Holding, it also reviews and makes recommendations on issues submitted to the meetings of the Boards of Directors of subsidiaries.  |
| 1.15 | The key tasks that the Holding decides in the framework of its mission to promote sustainable development of the economy of Kazakhstan are:1. Development of non-resource sectors of the economy;
2. Development of entrepreneurship (private sector of economy);
3. Support for urbanization of the economy;
4. Support for export of non-resource products;
5. Development of innovations.

All resolutions and actions taken shall be consistent with development strategies and/or the development plan.In order to achieve the tasks set for the Holding, the Holding develops a development strategy and/or development plan, which includes key performance indicators (KPIs). The main element of assessing the effectiveness of the activity of the Holding and its executive body is the KPI system. On an annual basis, an assessment is made of the achievement of the KPI of the members of the Holding's Management Board. This assessment affects the remuneration of the Chief Executive Officer and members of the executive bodies and is taken into account when they are re-elected, and may also be grounds for their early removal from office.In order to assess the achievement of the goals and objectives set in the development strategy and/or development plan, the subsidiary organizations establish the KPI through the following processes:1) The Holding shall coordinate the relevant development strategies for a 10-year period and development plans for the five-year period of the subsidiaries, including target KPI, which they submit for consideration of the Board of Directors/Supervisory Boards of subsidiaries;2) development strategies and development plans for subsidiaries are approved by the Board of Directors/Supervisory Board of subsidiaries.The Holding and its subsidiaries are guided by the unified rules for development, approval of development strategies and/or development plans of its subsidiaries, controlling interest (share of participation) of which belongs to the Holding, as well as monitoring and assessment of their implementation.The Holding's Management Board monitors the implementation of the Holding's development strategy, development plan and KPI. | Complied | The Resolution of the Government of the Republic of Kazakhstan dated 01.06.2017 #331 approved the updated Holding Development Strategy for 2014-2023, which takes into account The Nurly Zhol state infrastructure development programme and the Nurly Zher State program of housing and communal development, refined State Programs of Industrial and Innovative Development of the Republic of Kazakhstan, Business Road Map-2020 State Program of Business Support and Development, Comprehensive Privatization Plan for 2016-2020, in implementation of which the Holding participates.In accordance with Action Plan for 2017-2019 on implementation of the Development Strategy of the Holding for 2014-2023, approved with resolution of the Board dated 20.12.2017 (minutes #52/17) and updated with resolution of the Management Board dated 28.11.2018, #52/18, there are measures provided aimed at implementing the main strategic directions of development of the Holding, including support of entrepreneurship in big business segment, small and medium enterprises, ensuring affordability, increasing export potential, transfer and innovation. The Action Plan for 2017-2019 for the implementation of the Development Strategy includes all the provisions of the updated Development Strategy of the Holding for 2014-2023. with details on strategic areas of activity, strategic key performance indicatorsof performance with an indication of the completion form, attitude to a particular state and government program, deadline and responsible executors.All decisions and actions taken by the Holding comply with the Development Strategy of the Holding for 2014-2023 and the Development Plan of the Holding for 2017-2021. Monitoring of the Action Plan for the implementation of the Development Strategy of the Holding for 2018 was taken into account by the Management Board of the Holding dated 19.06.2019 (minutes #32/19).By the resolution of the Board of Directors of the Holding on 22.07.2019 (minutes #07/19), the effectiveness of the key performance indicators scorecards of the CEO and members of the Management Board of the Holding with actual values for 2018 was approved. The overall effectiveness on corporate KPIs was 107.7 points. Based on the results of effectiveness approval, the Board of Directors decided to pay remuneration to the CEO and members of the Management Board of the Holding for 2018 (minutes #07/19 dated 22.07.2019). With the resolution of the Management Board of the Holding dated August 22, 2018 (minutes #32/18) the Rules for the development, coordination, approval, adjustment, execution and monitoring of the implementation of the Development Plans of the subsidiaries of the Holding (the last amendments were made on 10.09.2019 (minutes #44/19) were approved, which determine the procedure for the development, coordination, approval, execution, adjustment and monitoring of the implementation of Development Plans subsidiaries and the responsibility of participants in these processes. The Management Board of the Holding regularly monitors the implementation of the Development Strategy, Development Plan and KPIs of the Holding. |
| 1.16 | The Board of Directors of the Holding provides effective management, sustainable development and profitability of the Holding's activities. Effective management results in the Holding Group include improving operational efficiency, improving the quality of reporting, improving standards of corporate culture and ethics, greater openness and transparency, reducing risks, and an appropriate internal control system.The corporate governance system in the Holding provides:1) the existence of a clear management system in the group, delineated powers and the resolution making process, no duplication of functions and processes;2) common standards, policies and processes, including with regard to the definition of common approaches to planning, monitoring and control, assessment of performance and application of corrective actions;3) access to quality information regarding the activities of the group; 4) proper risk management of the group. | Complied | The Board of Directors of the Holding is the management body of the Holding that provides general management of its activities.The activities of the Board of Directors is based on principles of efficiency and responsibility, maximum compliance and realization of interests of the Sole Shareholder and Holding, as well as the protection of the rights of the Sole Shareholder, liability for activities of the Holding.The Board of Directors of the Holding takes decisions aimed at ensuring effective management: internal documents are approved that define a clear management system, delimiting powers and the decision-making process (the Charter, the draft Corporate Governance Code were previously considered, the Statute on the Board of Directors, the Statute on the Management Board, and the Statute on Internal Audit Service, Code of Business Ethics, Policy for the settlement of corporate conflicts and conflicts of interest, etc.). In addition, the Management Board of the Holding for subsidiaries approves model policies and regulations in order to introduce common standards and approaches for the entire group of companies, including documents in the field of risk management and internal control. It should be noted that when preparing standard documents for subsidiaries, despite the fact that, according to Chapter 13.136 of the Corporate Governance Code of the Holding, the Holding should strive to implement the provisions of the Corporate Governance Code of the Holding, which aims, inter alia, improving corporate governance in the Holding and its subsidiaries, the Holding ignores the adoption of most of the recommendations proposed in terms of improving corporate governance of the International Finance Corporation (IFC) based on the results of diagnostics of corporate governance in the subsidiaries of the Holding. There are also cases where the recommendations of the Corporate Secretary Service of the Holding were not taken into account, which, in turn, within the framework of fulfilling its main task, which is to ensure the effective implementation of the functions entrusted to the Corporate Secretary, provides suggestions for improving corporate governance practices, in accordance with Chapter 6.9(70) of the Corporate Governance Code of the Holding.Failure to take or evade measures to improve the corporate governance system may lead to reputational risks for the entire group of the Holding and, as a result, a decrease in the trust of stakeholders, as well as a possible decrease in the market value and attractiveness of the Holding's group of companies. |
| 1.17 | The Holding also accepts other possible management mechanisms for subsidiaries, including the centralized management of certain functions (planning, treasury, interaction with state bodies, risk management, information technology, legal support, internal audit, etc.).The corporate governance system and the resolution making process in the Holding and its subsidiaries are regulated in the Charter and other internal regulations of the Holding and its subsidiaries. | Complied | One of the main ways to improve the economic and operational efficiency of the Holding is to improve the corporate governance system through active involvement in the work of the Boards of Directors of subsidiaries, as strategic bodies through which the holding manages subsidiaries, acting as the sole shareholder.As part of the implementation of the Corporate Governance Code of the Holding, a plan of measures to improve the corporate governance of the Holding for 2019-2020 was developed and approved by the Management Board of Directors of the Holding (minutes #07/19 dated 22.07.2019). The Report on the implementation of this Plan as of December 31, 2019 was reviewed by the Board of Directors of the Holding on 02.28.2020 (minutes #02/20).Advisory bodies have been created under the Management Board of the Holding to improve the effectiveness of the Holding’s assets and liabilities management in order to achieve the principles of diversification of assets and liabilities, optimize risks (financial, operational) and ensure financial stability (Asset and Liability Committee of the Holding), on implementation the process of business/budget planning of the Holding (Activity Planning and Assessment Committee), on the implementation of the Development Strategy, improvements the corporate governance and analytical support, as well as sustainable development in the activities of the Holding (Strategy and Corporate Development Committee).These committees make recommendations on asset and liability management, risk management, budget planning and monitoring the implementation of development Plans, strategy and improvement of corporate development of the Holding SUBs.Wherein, the process of improving corporate governance of Holding and subsidiaries are not built in the single mechanism, there are differences as part of the rules relating to the activities of the Board of Directors and its committees, as stipulated by internal normative documents of Holding and subsidiaries, there is no single form of the report on compliance with the principles and provisions of Corporate Governance Code, approaches to the evaluation of the services of the Corporate Secretary of the Holding and a subsidiary are different. |
| **2.**  | **Principle of protecting the rights and interests of the Sole Shareholder** |
| 2.1 | Compliance with the rights of the Sole Shareholder is a key condition for attracting investments to the Holding and its subsidiaries. In this regard, corporate management in the Holding and its subsidiaries is based on ensuring protection, respect for the rights and legitimate interests of the Sole Shareholder, and is aimed at facilitating the effective operation of the Holding and achieving profitability. | Complied | Corporate governance in the Holding and its subsidiaries is based on ensuring the protection and respect of the rights and legitimate interests of the Sole Shareholder and is aimed at contributing to the effective operation of the Holding and achieving profitability.In accordance with Chapter 1.2 of the Statute on the Board of Directors of Baiterek NMH JSC, the Board of Directors is based on principles of efficiency and responsibility, maximum compliance and realization of interests of the Sole Shareholder and Holding, as well as the protection of the rights of the Sole Shareholder, liability for activities of the Holding.In accordance with clause 1.4. of Chapter 1 of the Statute on the Management Board of Baiterek NMH JSC, the Management Board is a collective executive body of the Holding and manages its current activities, acts in the interests of the Holding and its Sole Shareholder and is accountable to the latter and the Board of Directors of the Holding.The Resolution of the Government of the Republic of Kazakhstan dated 01.06.2017 #331 approved the updated Holding Development Strategy for 2014-2023, which takes into account The Nurly Zhol state infrastructure development programme and the Nurly Zher State program of housing and communal development, refined State Programs of Industrial and Innovative Development of the Republic of Kazakhstan, Business Road Map-2020 and Business Road Map-2025 State Programs of Business Support and Development, Comprehensive Privatization Plan for 2016-2020, in implementation of which the Holding participates. The Strategy provides strategic key performance indicators, including the return on assets indicator.Monitoring of the implementation of the Action Plan for the implementation of the Development Strategy of the Holding for 2018 was approved and taken into account by the Management Board of the Holding dated 19.06.2019 (minutes #32/19). |
| 2.2 | The Holding, in accordance with the established procedure, ensures the implementation of the rights of the Sole Shareholder, including:the right of ownership, use and disposal of shares;the right to participate in the management of the Holding and the election of the Board of Directors in the manner prescribed by the laws of the Republic of Kazakhstan "On Joint-Stock Companies", "On State Property" and/or the Charter of the Holding;the right to receive a share of the Holding's profit (dividends); the right to receive a stake in the Holding's assets upon liquidation;the right to receive information on the activities of the Holding, including acquaintance with the financial statements of the Holding, in the manner determined by the Sole Shareholder or the Charter of the Holding;the right of appeal to the Holding and its subsidiaries with written requests in respect of its activities and obtaining motivated and comprehensive answers within the terms established by the Charter of the Holding;the right to receive an extract from the registrar of the Holding or nominee holder, confirming his ownership of the securities;the right to challenge in court the resolutions passed by the Holding's bodies;the right to appeal to the judicial authorities on its own behalf in cases provided for by Articles 63 and 74 of the Law of the Republic of Kazakhstan "On Joint-Stock Companies", with a request to reimburse the Holding's officials for losses incurred by the Holding and return to the Holding by the Holding's officials and/or their affiliates profit (income) received by them as a result of passing resolutions on the conclusion (proposals for conclusion) of major transactions and/or related party transactions;the right to preferential purchase of shares or other securities of the Holding convertible into its shares in accordance with the procedure established by the Law of the Republic of Kazakhstan "On Joint-Stock Companies", except for cases stipulated by legislative acts of the Republic of Kazakhstan;the right to pass a resolution to change the number of shares of the Holding or change their type in the manner prescribed by the Law of the Republic of Kazakhstan "On Joint-Stock Companies". | Complied | In accordance with Article 9.51 of the Charter of Baiterek NMH JSC, the Sole Shareholder has the right to: 1. participate in the management of the Holding in accordance with the legislation of the Republic of Kazakhstan and/or the Charter;
2. receive dividends;
3. receive information about the Holding's activities, including the financial statements of the Holding, in accordance with the procedure established by the Sole Shareholder or the Charter;
4. receive statements from the Registrar of the Holding or nominee holder confirming its ownership of the securities;
5. demand to call a meeting of the Board of Directors;
6. apply to the judicial authorities on their own behalf in cases provided for by Law, with a claim for compensation to the Holding by the Holding's officials for losses caused to the Holding, and for the return to the Holding by the Holding's officials and/or their affiliates of the profit (income) they received as a result of making decisions to conclude (offer to conclude) major transactions and/or interested-party transactions;
7. require the audit organization to conduct an audit of the Holding at its own expense;
8. challenge decisions made by the Holding's bodies in court;
9. apply to the Holding with written inquiries about its activities and receive reasoned answers within 30 (thirty) calendar days from the date of receipt of the request by the Holding;
10. on the property remaining after the liquidation of the Holding;
11. pre-emptive purchase of shares or other securities of the Holding that are convertible into its shares, in accordance with the procedure established by the legislative acts of the Republic of Kazakhstan.

The rights of the Sole Shareholder stipulated in the Charter of Baiterek NMH JSC and the Corporate Governance Code of the Holding are observed by the Holding and its bodies.  |
| 2.3 | In the Holding, resolutions on matters attributed by the legislation of the Republic of Kazakhstan and the Holding's Charter to the competence of the Sole Shareholder are passed by the Sole Shareholder solely and are subject to filing in writing. The Sole Shareholder can hold meetings with the Board of Directors and the executive body for summing up the results of the year and passing resolutions on matters of its competence. The Sole Shareholder can also hold regular meetings with the Chairman of the Board of Directors during the year to discuss the issues of the Holding's activities within its competence. | Complied | Resolutions on issues referred by the legislation of the Republic of Kazakhstan and the Charter of Baiterek NMH JSC to the competence of the Sole Shareholder are made individually and are issued by the order of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan. The issued orders stipulate that the decision taken is the resolution of the Sole Shareholder of the Holding. The Sole Shareholder can hold meetings with the Board of Directors and the executive body to summarize the results of the year's activities and make decisions on issues of its competence. The Sole Shareholder can also hold regular meetings with the Chairman of the Board of Directors during the year to discuss issues related to the Holding's activities within its competence. According to Article 9.51(5) of the Charter of Baiterek NMH JSC, the Sole Shareholder has the right to request a meeting of the Board of Directors.  |
| 2.4 | The Holding informs the Sole Shareholder in due time and in full the information on its activities affecting the interests of the Sole Shareholder in the manner prescribed by the Charter and internal documents of the Holding. | Complied | In accordance with the norms of the Information Disclosure Policy of the Holding approved with the resolution of the Board of Directors of the Holding dated March 20, 2014 (minutes #02/14), the Sole Shareholder is provided, including, but not limited to:- information affecting the interests of the sole shareholder;- information about corporate events of the Holding in accordance with the Legislation and the Charter of the Holding;- results of inspections of the financial and economic activities of the Holding;- information disclosed under the right of pre-emptive purchase of the Holding's securities;- other information in accordance with the Charter of the Holding, Legislation, resolutions of the Sole Shareholder and the Board of Directors of the Holding. This information is disclosed to the Sole Shareholder in full and on time.  |
| 2.5 | The Holding provides the Sole Shareholder with reliable information on its financial and economic activities and its results in accordance with the requirements of the legislation of the Republic of Kazakhstan. This applies to transactions, including in the area of share capital (shares), which shall be maximally justified and transparent. In the case of combining tasks for the implementation of public policy in the conduct of the Holding's activities with main commercial activities, these objectives are disclosed and communicated to the parties concerned.In the case of the acquisition of shares (shares of participation) in subsidiaries by institutional investors, in order to ensure the stability and sustainability of subsidiaries, institutional investors acting as a trustee are advised to disclose their corporate governance policies and regulations for their investment activities, including existing resolution making procedures in the company of the investor.Institutional investors acting as trustees report how they resolve significant conflicts of interest that may affect property rights in relation to their investments.The Holding seeks to limit the number of related party transactions. In the event of such transactions, the Holding discloses information provided for by law, the Charter and the internal regulations of the Holding. | Complied | Each year, the annual financial statements of the Holding (consolidated and separate) are submitted for consideration and approval of the Sole Shareholder of the Holding. The audit of financial statements is conducted by external auditors determined by the resolution of the Board of Directors of the Holding (KPMG Audit LLP).In the opinion of the auditors of KPMG Audit LLP, the consolidated and separate annual financial statements for 2018, submitted to the Sole Shareholder of the Holding in June 2019, present fairly the financial position of the Holding as at 31 December 2018, as well as its financial results and cash flows for the year ended December 31, 2018 in accordance with International Financial Reporting Standards.Transactions concluded by the Holding with the resolution of the Board of Directors of the Holding are regulated, as a rule, with the resolution of the Council for Management of the National Fund of the Republic of Kazakhstan (funds of the National Fund of the Republic of Kazakhstan), as well as resolutions of the Government of the Republic of Kazakhstan (budget loans). When making such transactions, the Holding discloses information provided for by law, the Charter and internal documents of the Holding.The Holding sends a quarterly report to the Sole Shareholder on the disbursement of funds within the framework of budget loans.Information about the conclusion of interested-party transactions and other corporate events is brought to the attention of the Sole Shareholder, including by publishing financial statements on the Depository's website.  |
| 2.6 | The Sole Shareholder shall have access to information regarding the conditions and procedure for paying dividends, as well as shall be provided with reliable information on the financial position of the Holding in the payment of dividends. For these purposes, the dividend policy is approved by the Sole Shareholder. The dividend policy determines the principles governing the Board of Directors (supervisory board and/or executive body) when preparing proposals for the distribution of the net income of the Holding and/or its subsidiary within the past financial year to the Sole Shareholder. Dividend policy is based on the following principles:1) observance of the interests of the Sole Shareholder;2) ensuring the profitability of the Holding and its subsidiaries;3) ensuring the financial stability of the Holding and its subsidiaries;4) securing financing for the activities of the Holding and its subsidiaries, including financing of investment projects implemented at the expense of the Holding;5) transparency of the mechanism for determining the amount of dividends;6) balance of short-term (aquisition of income) and long-term (development of the organization) interests of the Sole Shareholder.The dividend policy also regulates the distribution of net income and the determination of its part allocated for the payment of dividends, the procedure for calculating the amount of dividends, the procedure for paying dividends, including the time, place and form of their payment. The receipt of dividends shall not be difficult and burdensome for the Sole Shareholder. Also, the dividend policy establishes the procedure for determining the minimum proportion of the Holding's net income allocated for the payment of dividends.  | Complied | Order of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan dated 18.01.2019 No.25 the Dividend Policy of Baiterek NMH JSC was approved, which takes into account all the fundamental principles, norms and provisions regulated by the Corporate Governance Code of the Holding. |
| 2.7 | Calculation of the amount of dividends is made based on the amount of net income of the Holding, reflected in the annual audited financial statements of the Holding, compiled in accordance with the requirements of the legislation of the Republic of Kazakhstan on accounting and financial statements and international financial reporting standards. At the same time, the amount of payment of dividends is determined taking into account the legislation of the Republic of Kazakhstan. The amount of dividends may be determined by the Sole Shareholder according to a special procedure when considering the item of approving the procedure for allocating income for the relevant periods.In order for a resolution to be made on the payment of dividends, the Board of Directors of the Holding (the Board of Directors/Supervisory Board of its subsidiary organization) submits proposals for the consideration of the Sole Shareholder (the Board of Directors/Sole Participant of its subsidiary) on the distribution of net income for the past financial year and the dividend amount for the year as per one common share of the Holding (its subsidiary organization). When considering the payment of dividends, the current state of the Holding, its short-, medium- and long-term plans are taken into consideration in accordance with the established procedure. If a subsidiary has a shareholder (participant) who owns fifty or more percent of voting shares (participatory interests) or who has the right to determine decisions by virtue of agreements concluded with a subsidiary and / or other shareholders (participants), redistribution of funds in favor such a shareholder (participant) is made through dividend payments.If there are other mechanisms for the redistribution of funds of the subsidiary in favor of the shareholder (participant), which owns fifty or more percent of voting shares (participatory interests), they are fixed in the relevant documents of the subsidiary and disclosed to all shareholders.The Holding should disclose to the Sole Shareholder and Investors information on any forms and conditions of cooperation, agreements and partnership. | Complied | In 2019, in accordance with the Decree of the Government of the Republic of Kazakhstan dated July 26, 2007 No.633 "On dividends on state blocks of shares and income on state shares in organizations" and the order of the Minister of Industry and Infrastructure Development dated July 5, 2019 No.482, on the payment of dividends the Holding allocated 5% of net income for the state block of shares following the results of 2018 - 2021.The amount of dividends was calculated based on the amount of net income of the Holding as reflected in the annual audited financial statements of the Holding for 2018, prepared in accordance with the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting and international financial reporting standards.With the Decree of the Government of the Republic of Kazakhstan dated 26.07.2007 No.633 "On dividends on state-owned shares and income on state-owned shares in organizations" (which became invalid in accordance with decree of the Government of the Republic of Kazakhstan No.142 dated March 27, 2020) established that Baiterek NMH JSC, one hundred percent of whose shares are owned by the Republic, should allocate 5% of the net income for the payment of dividends on state - owned shares in 2018-2021. In order to make a decision on the payment of dividends for consideration by the Sole Shareholder of the Holding, proposals were submitted on the distribution of net income for 2018 and the amount of dividend for the year per ordinary share of the Holding formed during the meeting of the Board of Directors of the Holding held on 05.16.2019 (minutes #05 /19).For 2019 the Holding signed 7 agreements and 7 memorandums with the international companies and financial development institutes, for the total amount of 2.7 bln. USD. Framework agreement between Baiterek NMH JSC and export insurance agency Euler Hermes Aktiengesellschaft on opening the limit in the amount of 1.1 bln. USD for insurance coverage of future export loans from the German financial institutes in favour of Kazakhstani projects and entrepreneurs. 1. Memorandum on cooperation in the field of financing with insurance coverage of the export credit agencies (hereinafter – the ECA) between Development Bank of Kazakhstan Joint-Stock Company (hereinafter – DBK JSC) and Deutsche Bank AG, aimed at raising financing of the projects for the amount of 560 mln. USD under the insurance coverage of the ECA;
2. Memorandum on cooperation between DBK JSC and KfW IPEX-Bank GmbH. The agreement stipulates implementation of the profitable projects for both parties, providing financing of the goods and services export of Germany and European clients of KfW IPEX-Bank GmbH, under insurance coverage of Euler Hermes Aktiengesellschaft;
3. Memorandum on agreement between DBK JSC and Euler Hermes Aktiengesellschaft, aimed at encouraging and facilitating the implementation of export finance transactions;
4. Memorandum on cooperation between DBK JSC and Commerzbank AG. The Memorandum is aimed at financing of project with the insurance coverage of the ECA;

Loan agreement between DBK JSC and State China Development Bank for the amount of 800 mln. USD for financing of expansion of the investment project of Kaz Minerals Aktogay LLP “Financing of the construction of sulphide ore processing plant with the capacity of 50 mln. tons per year within construction of Aktogay mining and processing plant in Eastern Kazakhstan”; Agreement on QazTech Ventures JSC joining the V Global Fund between QazTech Ventures JSC and Venture Fund 500 Startups, that stipulates participation of QazTech Ventures JSC for the amount of 10 mln. USD with subsequent financing of Kazakhstani startup projects. The total amount of the Fund constitutes 150 mln. USD;Memorandum on cooperation between Kazakhstan Project Preparation Fund Limited liability partnership (hereinafter – KPPF LLP) and Istanbul Public-Private Partnership Center of Excellence on implementation of Kazakhstani projects of public private partnership for the amount of 300 mln. USD. Memorandum on cooperation between Baiterek NMH HSC, KPPF LLP and Korean Corporation on international urban infrastructure development KIND, aimed at cooperation on public private partnership projects in Kazakhstan, attraction of Korean investors to these projects;General Agreement of cooperation in the filed of re-insurance between Export Insurance Company KazakhExport Joint-Stock Company and Korean Trade Insurance Corporation K-Sure. The Agreement stipulates cooperation in the field of exporters insurance, development of export contracts and loan insurance;  Agreement of cooperation between Entrepreneurship Development Fund Damu Joint-Stock Company and Korean Agency of MSE and KOSME startups. The Agreement is aimed at development of small and medium entrepreneurship in Kazakhstan and Korea by implementation of the non-financial programs by the parties. The Holding discloses information on any forms and terms of cooperation, memorandums, agreements and partnership via mass media, as well as placing press-releases on the internet-site of the Holding.  |
| **3.**  | **Principle of effective management of the Holding by the Board of Directors and the Management Board**  |
| 3.1 | The Board of Directors is the management body that provides strategic management of the Holding and oversees the activities of the Management Board.The Board of Directors ensures full transparency of its activities before the Sole Shareholder, as well as the implementation of all provisions of this Code.The Board of Directors performs its functions in accordance with the legislation of the Republic of Kazakhstan, the Charter of the Holding, this Code, the Regulation on the Board of Directors and other internal regulations of the Holding. At the same time, the Board of Directors pays special attention to issues related to:1) the definition of the Development Strategy (directions and results);2) the setting and monitoring of the KPI, established in the Development Strategy and/or the Development Plan;3) organization and supervision of the effective functioning of the system of risk management, internal control and internal audit;4) approval and monitoring the effective implementation of major investment projects and other key strategic projects within the competence of the Board of Directors;5) election (re-election), remuneration, succession planning and supervision of the activities of the Chief executive Officer and members of the executive body;6) corporate governance;7) compliance with the provisions of this Code and corporate standards of the Holding in the field of business ethics (the Code of Business Conduct) in the Holding. | Complied | In accordance with Article 10.55 of the Charter of Baiterek NMH JSC, the Board of Directors of the Holding performs general management of the Holding's performance, with the exception of issues referred to the exclusive competence of the Sole Shareholder by the legislation of the Republic of Kazakhstan and/or the Charter. The Board of Directors ensures full transparency of its activities before the Sole Shareholder, as well as implementation of all provisions of the Corporate Governance Code of Baiterek National Managing Holding Joint Stock Company, including through an annual report on compliance/non-compliance with the principles and provisions of the Corporate Governance Code of the Holding.In its activities, the Board of Directors is guided by the legislation of the Republic of Kazakhstan, the Charter, the Corporate Governance Code, the Statute on the Board of Directors and other internal documents of the Holding.Issues specified in the Corporate Governance Code of the Holding, which the Board of Directors pays special attention to, are considered by the Board of Directors during in-person meetings.  |
| 3.2 | Members of the Board of Directors should perform their functional duties in good faith and adhere to the following principles in their activities:1) act within the scope of their powers - the members of the Board of Directors pass the resolution and act within their powers stipulated in the laws of the Republic of Kazakhstan "On Joint-Stock Companies" and "On State Property", as well as the Charter of the Holding;2) devote sufficient time to participate in meetings of the Board of Directors, its committees and preparation for them;3) contribute to the achievement of profitability of the Holding's activities - the members of the Board of Directors act in the interests of the Holding; the influence of resolutions and actions of members of the Board of Directors can be determined through the following issues: what are the consequences of the resolution/action over the long term; what is the impact of the organization's activities on society? influence on the Holding's reputation and high standards of business ethics; influence on interests of interested parties (this list of issues is the minimum necessary, but not exhaustive);4) maintain high standards of business ethics - the members of the Board of Directors shall in their actions, resolutions and conduct comply with high standards of business ethics and be an example (model) for employees of the Holding and subsidiaries;5) prevent conflicts of interest - the members of the Board of Directors prevent the emergence of situations in which their personal interest may affect the proper performance of their duties as a member of the Board of Directors; in the event of situations of conflicts of interest that affect or potentially affect the impartial resolution making, members of the Board of Directors shall notify the Chairman of the Board of Directors thereof in advance and not participate in the discussion and adoption of such resolutions; this requirement applies to other actions of a member of the Board of Directors that directly or indirectly can affect the proper performance of the duties of a member of the Board of Directors (for example, the participation of a member of the Board of Directors in the activities of other legal entities, the acquisition of shares/interests and other property from partners and competitors, access to information and opportunities);6) act with due rationality, skill and discretion - the members of the Board of Directors are encouraged to constantly improve their knowledge in terms of the competence of the Board of Directors and fulfill their duties on the Board of Directors and Committees, including such areas as legislation, corporate governance, risk management, finance and audit, sustainable development, knowledge of the industry and the specifics of the Holding's activities; in order to understand the current issues of the Holding's activity, the members of the Board of Directors regularly visit key facilities of the Holding and hold meetings with employees. | Complied | Members of the Board of Directors of the Holding faithfully perform their functional duties and strictly adhere to the following principles: - act within their powers: all members of the Board of Directors of the Holding strictly comply with the norms stipulated in the laws of the Republic of Kazakhstan "On Joint-Stock Companies" and "On State Property", as well as the Charter of the Holding. All issues considered by the Board of Directors of the Holding in 2019 are within its competence; - devote enough time to attend meetings of the Board of Directors, its committees and prepare for them: there is a high attendance by members of the Board of Directors and Committees of the Board of Directors of meetings (from 80% to 100%) - contribute to the profitability of the Holding: members of the Board of Directors act in the interests of the Holding, all decisions taken by the Board of Directors have a positive impact and contribute to the development of the Holding; - maintain high standards of business ethics: members of the Board of Directors in their actions, decisions and behavior comply with high standards of business ethics and are an example for employees of the Holding and its subsidiaries;- do not allow conflicts of interest: members of the Board of Directors do not allow situations in which their personal interest may affect the proper performance of their duties as a member of the Board of Directors of the Holding, do not participate in discussions and voting on issues submitted to the Board of Directors in which they have an interest, which is recorded in the minutes/resolutions of meetings of the Board of Directors. In order to regulate this issue, the resolution of the Board of Directors of the Holding the Policy on resolving corporate conflicts and conflicts of interests of the Baiterek National Managing Holding Joint Stock Company dated 24.07.2018 was approved (minutes #06/14). At the same time, as a confirmation that the members of the Board of Directors of the Holding have carefully studied, understood and undertake to faithfully follow the procedures for resolving conflicts of interest established by the above-mentioned Policy, they signed a corresponding confirmation form; - act with due reasonableness, skill and prudence: members of the Board of Directors of the Holding possess relevant work experience, knowledge, qualifications and positive achievements in the business and industry environment necessary to fulfill their duties and organize the effective work of the Board of Directors in the interests of the Sole Shareholder and the Holding. |
| 3.3 | Responsibility of the Board of Directors for ensuring its activities, fulfilling its functions and responsibilities, including determining the strategic directions of the Holding's activity, setting clear tasks and specific measurable (digitized) KPI and responsibility of the Holding's Management Board for the operational (current) activities of the Holding, including clear fulfillment of the tasks set and achievement of the established KPI shall be clearly separated and fixed in the relevant internal regulations of the Holding.Members of the Board of Directors bear personal responsibility for performance of their duties, including fiduciary duties and resolutions, efficiency of their activities, action and/or inaction. If there are different opinions, the Chairman of the Board of Directors ensures consideration of all acceptable options and proposals that are expressed by individual members of the Board of Directors in order to pass a resolution that meets the interests of the Holding.The Board of Directors reports annually in the framework of the Holding's annual report on compliance with the norms of this Code in aggregated form. The Board of Directors ensures the implementation of mechanisms that will help to avoid conflicts of interest impeding the objective performance of its duties by the Board of Directors and limit political interference in the processes of the Board of Directors.The Sole shareholder of the Holding may additionally hold meetings with the Chairman and members of the Board of Directors to discuss development strategy issues, elect the first head of the Holding's Management Board and other aspects that affect the holding's profitability and sustainable development. Such meetings are pre-planned and held in accordance with approved procedures. | Partially complied | Responsibility of the Board of Directors for ensuring that its activities, its functions and responsibilities, including the definition of strategic directions of the Holding, setting clear objectives and specific, measurable (digitized) KPI and responsibility of the Management Board of Holding for operating (current) activities of the Holding, clearly separated and fixed in Statute on the Board of Directors of the Holding and the Statute on the Management Board of the Holding, approved with the resolution of the Board of Directors dated 11.10.2013 (minutes #4),During the meetings of the Board of Directors, the Chairman of the Board of Directors ensures that all acceptable options and proposals made by individual members of the Board of Directors are considered in order to make a decision that meets the interests of the Holding.Information on compliance with the Corporate Governance Code of the Holding was provided to the Sole Shareholder in the framework of the Annual Report of the Holding for 2018.In order to implement mechanisms that will help avoid conflicts of interest, the Policy on managing corporate conflicts and conflicts of interest of Baiterek NMH JSC was approved with the resolution of the Board of Directors of the Holding (minutes #02/14 dated 20.03.2014). Compliance with the norms and provisions of the current Policy allows to avoid/prevent corporate conflicts and conflicts of interest. In carrying out their activities, members of the Board of Directors adhere to the principle of avoiding conflicts of interest that may prevent the Board of Directors from performing its duties objectively.There were no meetings of the Sole Shareholder of the Holding with the Chairman and members of the Board of Directors to discuss the development strategy, election of the first head of the Management Board of the Holding and other aspects that affect the profitability and sustainable development of the Holding in 2019. |
| 3.4 | The Board of Directors and its Committees should observe a balance of skills, experience and knowledge that ensures the adoption of independent, objective and effective resolutions in the interests of the Holding. | Complied | The Board of Directors of the Holding includes persons with experience and knowledge in the field of economics and forecasting, finance and auditing, risk management, jurisprudence and corporate governance, ensuring effective decision-making in the interests of the Holding.  |
| 3.5 | The Sole Shareholder elects the members of the Board of Directors 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 Board of Directors or its full members for a new term, their contribution to the effectiveness of the activities of the Board of Directors of the Holding is taken into account. The term of office of the Board of Directors is established by the Sole Shareholder. The term of office of the members of the Board of Directors coincides with the term of office of the entire Board of Directors and expires at the time of adoption by the Sole Shareholder of the resolution to elect a new composition of the Board of Directors. The Sole Shareholder has the right to early terminate the powers of all or certain members of the Board of Directors. No person shall participate in resolutions related to his own appointment, election and re-election.When selecting candidates for the Board of Directors, the following is taken into account:1) work experience in managerial positions;2) work experience as a member of the Board of Directors;3) work experience;4) education, specialty, including the availability of international certificates;5) availability of competencies in the areas and industries (industries may vary depending on the portfolio of assets);6) goodwill;7) existence of a direct or potential conflict of interest. The quantitative composition of the Board of Directors is determined by the Sole Shareholder. The composition of the Board of Directors is set individually, taking into account the scope of activities, current tasks, development strategy and/or development plan and financial capabilities.The composition of the Board of Directors shall be balanced, which means the combination of the members of the Board of Directors (representatives of the Sole Shareholder, independent directors, Chief Executive Officer of the executive body) that ensures the adoption of resolutions in the interests of the Holding and the tasks of the economic development assigned to it. A person can not be elected to the position of a member of the Board of Directors:1) has a conviction that is outstanding or not removed in accordance with the procedure established by law;2) who previously was the Chairman of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officer of the Management Board, the Chief Accountant of another legal entity in the period not more than one year before passing a resolution on compulsory liquidation or compulsory redemption of shares, or the conservation of another legal entity declared bankrupt in accordance with the established procedure. The specified requirement is applied within five years after the date of adoption of the resolution on compulsory liquidation or compulsory redemption of shares, or the conservation of another legal entity that is declared bankrupt in accordance with the established procedure. | Complied | In accordance with Article 181.3 of the Law of the Republic of Kazakhstan "On State Property", the Boards of Directors of national management holdings, national holdings include representatives of the authorized body for state planning, the authorized body for state property, the authorized body of the relevant industry and other state bodies by resolution of the Government of the Republic of Kazakhstan. With the resolution of the Sole Shareholder of the Holding (orders of the Minister for Investment and Development of the Republic of Kazakhstan No.877 dated 26.12.2016, No.11 of 10.01.2018 and No.717 dated 16.10.2018, orders of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan No.186 dated 02.04.2019 and No.103 dated 28.02.2019, the order of the acting Minister of Industry and Infrastructure Development of the Republic of Kazakhstan No.727 dated 19.09.2019) was established by the Board of Directors in the amount of 10 (ten) persons for a term of 3 (three) years from December 30, 2016. Members of the Board of Directors of the Holding as of December 31, 2019 years included: 1. Mamin A. U.- Prime Minister of the Republic of Kazakhstan, Chairman of the Board of Directors; 2. Suleimenov T. M. - Deputy Head of the Presidential Administration of the Republic of Kazakhstan, member of the Board of Directors;3. Smailov A. A.- First Deputy Prime Minister of the Republic of Kazakhstan - Minister of Finance of the Republic of Kazakhstan, member of the Board of Directors; 4. Sklyar R.V. - Deputy Prime Minister of the Republic of Kazakhstan, member of the Board of Directors;5. Atamkulov B. B - Minister of Industry and Infrastructure Development of the Republic of Kazakhstan, member of the Board of Directors; 6. Dalenov R. E. - Minister of National Economy of the Republic of Kazakhstan, member of the Board of Directors; 7. Arifkhanov A. A.- Chairman of the Management Board of the Holding, member of the Board of Directors; 8. K. Mangold - Independent Director; 9. P. Yeo - Independent Director; 10. T. Mirow - Independent Director.When selecting candidates for the Board of Directors, the Sole Shareholder takes into account the legal requirements for the composition of the Board of Directors of the Holding, as well as other requirements specified in the Corporate Governance Code: experience in managerial positions, experience as a member of the Board of Directors, work experience, education, business reputation, as well as the presence of a direct or potential conflict of interests. 10 of the 10 members of the Board of Directors comply with the requirements of the Corporate Governance Code: not have outstanding or not removed in the manner prescribed by law a criminal record, previously held the positions specified by the Corporate Governance Code, in other legal entities during the period not more than one year before the decision on compulsory liquidation or compulsory redemption of shares or conservation of another legal entity recognized as bankrupt in the established order. |
| 3.6 | The presence and participation of independent directors is mandatory in the Board of Directors. The number of members of the Board of Directors shall be at least three people. At least one-third of the number of members of the Board of Directors of the Holding shall be independent directors. At the same time, the number of independent directors shall be sufficient to ensure the independence of the resolutions passed. The recommended number of independent directors on the Board of Directors of the Holding is up to fifty percent of the total number of members of the Board of Directors.Independent directors are elected for a period of not more than three years, and thereafter, subject to satisfactory performance, may be re-elected for a further period of up to three years.Any term for election to the Board of Directors of independent directors for a period longer than six consecutive years (for example, two three-year terms) is subject to special consideration, taking into account the need for a qualitative update of the Board of Directors' composition.The same person cannot be elected as an independent director to the Board of Directors for more than nine consecutive years (for example, three three-year terms). In exceptional cases, election for a term of more than nine years is allowed, while the election of this independent director to the Board of Directors is carried out with a detailed explanation of the need to elect this member of the Board of Directors and the impact of this fact on the independence of resolution making.Independent members of the Board of Directors shall be free from any material interests or relations with the Holding, its management or its property, which could jeopardize the implementation of objective judgment.An independent director is a person who has sufficient professionalism and independence to make independent and objective decisions free from the influence of the Sole Shareholder, the executive body and other interested parties.Requirements to independent directors are established in accordance with the legislation of the Republic of Kazakhstan.Independent directors actively participate in the discussion of issues where a conflict of interest is possible (preparation of financial and non-financial statements, conclusion of related party transactions, nomination of candidates to the Management Board, establishment of remuneration to Management Board members). Independent directors are elected by the Chief executive Officers of the key Committees under the Board of Directors - on audit issues, appointments and remunerations, other committees also recommend their election as Chief Executive Officers.The Independent Director monitors the possible loss of the status of independence and shall notify the Chairman r of the Board of Directors in advance if there are such situations. In the event that there are circumstances affecting the independence of a member of the Board of Directors, the Chairman of the Board of Directors shall promptly bring this information to the attention of the Sole Shareholder for the relevant resolution. | Complied | In accordance with the order of the Minister for Investment and Development of the Republic of Kazakhstan "On the composition of the Board of Directors of Baiterek National Managing Holding Joint Stock Company" dated 26.12.2016 No.877, 3 out of 10 members of the Board of Directors of the Holding are Independent Directors. Independent Directors are elected for the term of office of the Board of Directors as a whole – 3 years from the date of the resolution. It should be borne in mind that the current Independent Directors have been members of the Board of Directors of the Holding since 2013 (2013-2016, 2016 to 2019). Their satisfactory performance in the first three years constituted a ground for the re-election. Independent Directors are free from any financial interests or relations with the Holding, its management or property that could imperil the exercise of objective judgment. All Independent Directors have proficient professional competence and autonomy to make independent and objective decisions free from the influence of the Sole Shareholder, the Executive Body and other stakeholders.All three Independent Directors of the Holding comply with the requirements of the Law of the Republic of Kazakhstan "On Joint Stock Companies": they are not affiliated persons of the Holding and have not been so for the three years prior to their election to the Board of Directors (except for the case when they hold the position of the Independent Director of this joint stock company), they are not affiliated persons of the Holding with regard to the affiliates of the Holding; not bound by subordination with officials of the Holding or organizations — affiliated persons of the Holding and were not bound by subordination with these persons within three years preceding their election to the Board of Directors; are not public servants; are not representatives of a shareholder at meetings of bodies of the joint stock company and were not for three years prior to their election to the Board of Directors; do not participate in the audit of the Holding as an auditor working in the audit organization, and did not participate in such audit during the three years preceding their election to the Board of Directors. Independent Directors actively participate in the discussion of issues where conflict of interest may arise (preparation of financial and non-financial statements, the consummation of a deal with regard to which there is an interest, nomination of candidates to the Management Board, remuneration for Members of the Management).Independent Directors are the Chairs of Committees under the Board of Directors of the Holding: - The Audit Committee is chaired by the independent director T. Mirow; - The Chairman of the Nominations, Remuneration and Social Issues Committee is the independent director K. Mangold; - The Chairman of Strategic Planning Committee is the independent director P. Yeo. In addition, Independent Directors are members of these Committees, in the course of their work the annual financial statements, consideration of job applicants for key positions, remuneration of Members of the Management, etc. are being worked out thoroughly. Clause 3.18. The Agreements with Independent Directors of the Holding signed on March 6, 2017, which applied to legal relations that arose from December 30, 2016 and were in force until December 30, 2019, provide that the Independent Director shall comply with the following requirement regarding the conflict of interest: immediately inform the Chairman of the Board of Directors of the Holding of any personal commercial or other interest (direct or indirect, real or possible) in transactions, agreements, projects related to the Holding in accordance with the procedure provided for by the internal documents of the Holding, as well as on the occurrence of affiliation and other circumstances that prevent it from exercising its functions as an Independent Director in accordance with the legislation of the Republic of Kazakhstan.  |
| 3.7 | Relations between independent directors and the Holding are formalized in accordance with the requirements of the legislation of the Republic of Kazakhstan, the provisions of this Code and the internal regulations of the Holding. The contracts must specify the rights, obligations, responsibilities of the parties and other material conditions, as well as the obligations of independent directors of the Board of Directors to comply with the provisions of this Code, including paying enough time to fulfill the functions assigned to them, non-disclosure of internal information about the Holding after termination its activities for a period established by the Board of Directors and additional liabilities, conditioned by the requirements for the status and functions of independent directors (in the part of a timely declaration of the loss of independence and others).The contracts may set the time limits for the fulfillment by the members of the Board of Directors of certain duties.The Holding needs to ensure that there are succession plans for the members of the Board of Directors in order to maintain business continuity and update the composition of the Board of Directors.The Board of Directors approves the induction program for newly elected members of the Board of Directors and the professional development program, if necessary. The Corporate Secretary ensures the implementation of this program.Members of the Board of Directors, elected for the first time, after their appointment, undergo an induction program. During the induction process, the members of the Board of Directors are acquainted with their rights and responsibilities, key aspects of the activities and documents of the Holding and its subsidiaries, including those associated with the highest risks. | Complied | In accordance with Chapter 6.13 of the Regulations on the Board of Directors of the Holding, the Chairman of the Board of Directors shall conclude an agreement with the Independent Directors on behalf of the Holding as amended by the Annex to the Regulations on the Board of Directors. Agreements with Independent Directors of the Holding that were in effect until December 30, 2019 were concluded on March 6, 2017 and extended to legal relations arising from December 30, 2016. These agreements provide for the rights, obligations, responsibilities of the parties and other key terms. In particular, the duties of the Independent Director to act with a view to the best interests of the Holding and its Sole Shareholder in good faith, reasonably and fairly, observing the requirements of the legislation of the Republic of Kazakhstan, ethical principles of the Holding, as well as Standards of Business Integrity established by the internal documents of the Holding; to prepare in a good manner for the meetings of the Board of Directors of the Company and/or its committees, in particular: to get acquainted  in advance with the materials related to the meetings, to collect and analyze necessary information, to prepare findings, conclusions and recommendations in English; not to disclose confidential, internal information of the Company and other information which became known to the Director in connection with the performance of his duties as a member of the Board of Directors (except public domain information) to persons working in the company who are not authorized representatives of the Sole shareholder or the persons owning all of the voting shares of the company, and who do not have access to such information and not to use it in own interests or the interests of third parties both during the performance of the duties of a member of the Board of Directors and within 5 (five) years after the expiration of the term of validity of the Agreement, and within the time specified in the documents (information), become aware; immediately inform the Chairman of the Board of Directors of the Holding of any personal commercial or other interest (direct or indirect, real or possible) in transactions, agreements, projects related to the Holding in accordance with the procedure stipulated by the internal documents of the Holding, and on the occurrence of affiliation and other circumstances preventing the exercise of functions of a Independent Director in accordance with the legislation of the Republic of Kazakhstan.These agreements provide for the obligation of a Independent Director to regularly provide information about their affiliates within the time limit prescribed by the documents of the Holding.In order to maintain the continuity of operations of the Board of Directors, the Policy on Introducing Newly Elected Members of the Board of Directors of the Holding was approved with the Resolution #10/18 dated 13.11.2018 of the Board of Directors of the Holding.Members of the Board of Directors who are elected for the first time, after their appointment, shall complete the induction procedure. During the induction process, members of the Board of Directors gain familiarity with their rights and responsibilities, key aspects of the business and documents of the Holding and its subsidiaries, including those related to the highest risks.In 2019, the following members of the Board of Directors were appointed: A.U. Mamin, Zh. M. Kassymbek, R.V. Sklyar, R. E. Dalenov, B. B. Atamkulov. The induction procedure for newly elected members of the Board of Directors is carried out with the assistance of the Corporate Secretary Service of the Holding, the main task of which is to ensure effective implementation of the functions assigned to the Corporate Secretary. Due to the specifics of the Board of Directors of the Holding, the professional development program for the members of the Board of Directors of the Holding has not been approved. |
| 3.8 | The Chairman of the Board of Directors is responsible for the overall management of the Board of Directors, ensures full and effective implementation by the Board of Directors of its main functions and constructive dialog between the members of the Board of Directors, the Sole Shareholder and the Management Board of the Holding.The Chairman of the Board of Directors should strive to create a unified team of professionals who are determined to achieve profitability of operations and sustainable development of the Holding, who are able to respond in a timely and professional manner to internal and external challenges.The roles and functions of the Chairman of the Board of Directors and the Chief Executive Officer of the Holding should be clearly separated and fixed in the internal regulations of the Holding. The Chief Executive Officer of the Management Board cannot be elected Chairman of the Board of Directors of the Holding.The key functions of the Chairman of the Board of Directors include:1) planning the meetings of the Board of Directors and forming an agenda;2) ensuring timely receipt by members of the Board of Directors of complete and up-to-date information for resolution making;3) ensuring that the Board of Directors focuses on consideration of strategic issues and minimization of issues of the current (operational) nature, subject to consideration by the Board of Directors;4) ensuring maximum effectiveness of meetings of the Board of Directors by providing sufficient time for discussions, comprehensive and in-depth consideration of agenda items, stimulating open discussions, reaching agreed solutions;5) ensuring monitoring and supervision of the proper implementation of the adopted resolutions of the Board of Directors and the Sole Shareholder;6) in the event of corporate conflicts, taking measures to resolve them and minimize the negative impact on the Holding's activities, and timely informing the Sole Shareholder if it is impossible to resolve such situations on their own;7) building appropriate communication and interaction with the Sole Shareholder, including the organization of consultations in making key strategic decisions. | Complied | In accordance with the Regulations on the Board of Directors of the Holding the Chairman of the Board of Directors shall be elected by the Sole Shareholder.By the Resolution of the Sole Shareholder (Order of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan dated 28.02.2019 #103) Askar Uzakpaevich Mamin was elected as the Chairman of the Board of Directors. The Chairman of the Board of Directors is responsible for the general management of the Board of Directors, ensures full and effective implementation by the Board of Directors of its main functions and building a constructive dialogue between the members of the Board of Directors, the Sole Shareholder and the Management Board of the Holding.The Chairman of the Board of Directors in due order established by the legislation of the Republic of Kazakhstan and the Charter:1) arranges the work of the Board of Directors;2) asserts the agenda of the forthcoming meeting;3) calls meetings of the Board of Directors of the Holding and presides at them;4) conducts the meetings and signs the minutes;5) on behalf of the Holding, concludes an employment contract with the Chief Executive Officer, with the establishment of the amount of the official salary and terms of remuneration in accordance with the Resolution of the Board of Directors;6) performs other functions in accordance with the legislation of the Republic of Kazakhstan and internal documents of the Holding.The role and functions of the Chairman of the Board of Directors are subject to the Regulations on the Board of Directors of the Holding, approved with the Resolution of the Board of Directors dated 11.10.2013 (minutes #4), the role and functions of the Chief Executive Officer of the Holding are subject to the Regulations on the Management Board of the Holding, approved with the Resolution of the Board of Directors dated 11.10.2013 (minutes #4).In accordance with Article 10.61 of the Holding Charter, the Chief Executive Officer cannot be elected as a Chairman of the Board of Directors.   |
| 3.9 | The level of remuneration of members of the Board of Directors is recommended to be set at a level sufficient to attract and motivate each member of the Board of Directors at the level required for successful management of the Holding. The Nominations, Remunerations and Social Issues Committee under the Board of Directors of the Holding makes proposals on the amount of remuneration for candidates for independent directors.No person shall participate in making resolutions related to his own remuneration.The remuneration should fairly reflect the expected contribution of a member of the Board of Directors in enhancing the effectiveness of the entire Board of Directors and the activities of the Holding.When determining the remuneration of a member of the Board of Directors, the responsibilities of the members of the Board of Directors, the scope of the Holding's activities, the long-term goals and objectives determined by the Development Strategy, the complexity of issues considered by the Board of Directors and, if necessary, the level of remuneration in similar private sector companies (benchmarking, review of remuneration).Members of the Board of Directors are paid a fixed annual remuneration. Remuneration of a member of the Board of Directors shall not include options or other elements related to the results of the Holding's activities.At the same time, members of the Holding Board of Directors who are public officers and/or representatives of the shareholder, as well as the Chief Executive Officer (in case of his membership in the Board of Directors), are not paid remuneration for membership in the Board of Directors.The Sole Shareholder of the Holding determines the amount and terms of payment of remuneration and reimbursement of expenses to the members of the Board of Directors of the Holding. At the same time, the terms for remuneration of directors are reflected in contracts concluded with them and/or, if necessary, in the internal regulation of the Holding. | Complied | The level of remuneration for members of the Board of Directors of the Holding shall be set by the Sole shareholder in an amount sufficient to attract and motivate each member of the Board of Directors of the level required for successful management of the Holding.The Nominations, Remuneration and Social Issues Committee under the Board of Directors of the Holding did not make any proposals on the amount of remuneration for candidates for the position of Independent Directors in 2019 due to the fact that the Sole shareholder did not confer such powers to the Committee.Members of the Board of Directors of the Holding did not participate in the decision-making on the amount of remuneration.When determining the amount of remuneration to the members of the Board of Directors by the Sole Shareholder, the responsibilities of members of the Board of Directors, the scale of the Holding activity, long-term goals and tasks determined by the development strategy, complexity of the issues considered by the Board of Directors were taken into account.Fixed annual remuneration for membership in the Board of Directors, as well as additional remuneration for participation in and chairmanship of Committees under the Board of Directors, paid to Independent directors of the Board of Directors in 2019, was determined by Order of the First Vice Minister of Industry and New Technologies of the Republic of Kazakhstan "On determination of remuneration to members of the Board of Directors of the Holding" dated 25.11.2013 #375. Remuneration for members of the Board of Directors of the Holding does not include options or other elements related to the Holding's performance.Members of the Board of Directors of the Holding who are government officials and/or representatives of a shareholder, as well as the Chief Executive Officer who is a member of the Board of Directors of the Holding, shall not be paid remuneration for membership in the Board of Directors, including in accordance with Article 177.4 of the Law of the Republic of Kazakhstan "On State Property".In accordance with Chapter 22.76 of the Regulation on the Board of Directors of the Holding, procedure, amount and terms of remuneration payment, reimbursement of expenses and bonuses to the members of the Board of Directors for performance of their duties, including Independent Directors, are established by the Resolution of the Sole Shareholder of the Holding (Order of the First Vice-Minister of Industry and New Technologies of the Republic of Kazakhstan "On determination of the amount of remuneration to the members of the Board of Directors of the Holding" dated 25.11.2013 #375). The compensation terms for directors are reflected in the Agreements concluded with them (Chapter 6 of the Agreement "The amount and terms of remuneration to the Director and compensation or payment of his expenses"). |
| 3.10 | Under the Board of Directors of the Holding, Committees have been set up whose competence includes consideration of issues related to audit (and risk management), strategic planning, nominations, remuneration and social issues. In order to improve the effectiveness of investment decisions, the Strategic Planning Committee preliminarily considers strategic investment projects. The concept of a strategic investment project is defined by the internal regulations of the Holding.The existence of Committees does not relieve the members of the Board of Directors of responsibility for the resolutions passed within the competence of the Board of Directors. The Committees are created to conduct detailed analysis and recommendations on the most important issues before their consideration at the meeting of the Board of Directors. The final resolution on the issues considered by the Committees shall be passed by the Board of Directors.The activities of the Committees are governed by internal regulations approved by the Board of Directors, which contain provisions on the composition, competence, election of the members of the Committee, the order of work of the Committees and the rights and duties of their members. The Sole Shareholder has the right, upon request, to familiarize himself with the Regulations on Committees.To organize the work of the Committee, the Committee or the Board of Directors appoint a Committee Secretary from among the employees of the Corporate Secretary Service. The Committee Secretary ensures the preparation of the Committee's meetings, the collection and systematization of materials for the meetings, the timely direction to Committee members and invited persons of notifications of the Committee meetings, the agenda of meetings, materials on the agenda items, the minutes of meetings, draft resolutions of the Committee, and the subsequent storage of all related materials.  | Complied | By the Resolution of the absentee meeting of the Board of Directors of the Holding dated 25.09.2013 #3, the Audit Committee, Strategic Planning Committee and Nominations, Remuneration and Social Issues Committee under the Board of Directors of the Holding were established. In accordance with Chapter 2.9 (9) of the Regulations on the Strategic Planning Committee under the Board of Directors of Baiterek National Managing Holding, the Committee's competence includes preliminary consideration of strategic investment projects. The concept of a strategic investment project is defined in Chapter 1.2 of the abovementioned Regulation, according to which strategic investment projects are the Holding's projects implemented in accordance with the State programs of the Republic of Kazakhstan, the instructions of the Head of State and the Sole Shareholder, as well as projects with a total amount of investments exceeding ten percent of the Holding's equity. Members of the Board of Directors of the Holding are aware that the existence of committees does not exempt them from responsibility for Resolutions taken within the competence of the Board of Directors.The Audit Committee under the Board of Directors is responsible for reviewing and preparing recommendations to the Board of Directors of the Holding on control of the company's financial and business activities (including the completeness and reliability of financial statements), monitoring the reliability and effectiveness of internal control and risk management systems, as well as the execution of corporate governance documents, and monitoring the independence of external and internal audit.The competence of Nominations, Remuneration and Social Issues Committee under the Board of Directors is to review and prepare recommendations to the Holding's Board of Directors on issues related to HR policy, nominees, evaluation and remuneration, as well as social issues (corporate social responsibility issues). Strategic Planning Committee under the Board of Directors is responsible for reviewing and preparing recommendations to the Board of Directors of the Holding on the working out the priority areas of activity (development), strategic goals (development strategy) of the Holding, including issues related to the development of measures contributing to the efficiency of the Holding in the medium and long term, as well as consideration of issues related to sustainable development.The Committees carry out an in-depth analysis and drawing up of recommendations on a range of the most important issues prior to their consideration at the Board meeting. However, the final Resolution on issues considered by the committees is made by the Board of Directors.The activity of the Committees under the Board of Directors is regulated by the Regulation on the Audit Committee, Board of Directors of Baiterek National Management Joint-Stock Company, Regulation on the Strategic Planning Committee under the Board of Directors of Baiterek National Management Joint-Stock Company, Regulation on the Personnel, Nominations, Remuneration and Social Issues Committee under the Board of Directors of Baiterek National Management Joint-Stock Company (hereinafter - the Regulations on the Committees), approved with the Resolution of the Board of Directors dated 21.04.2015 #04/15. The current Regulations contain rules on the composition, competence, procedure for the election of members of the Committee, the procedure for the work of the Committees, as well as the rights and obligations of their members. The regulations on the Committees under the Board of Directors are published on the official Internet resource of the Holding and are available for review by all stakeholders. In accordance with the rules of the Regulations for the Committees, the functions of organizational provisions of the work of the Committees are performed by the Secretary of the Committee. The Secretary of the Committee is the Deputy Corporate Secretary - head of the Corporate Secretary Service. The Secretary of the Committee ensures:1) preparation and holding of Committee meetings;2) collection and systematization of meeting materials;3) timely notification of members of the Committee and invited persons about the holding of Committee meetings, the meeting agendas, agenda materials;4) recording of meetings, as well as subsequent storage of minutes (resolutions, bulletins) of Committee meetings;5) issue extracts from the minutes (resolutions) of the Committee, as required. |
| 3.11 | The Board of Directors shall decide on the establishment of committees, determine the composition of committees, terms and powers.The committees consist of members of the Board of Directors with the necessary professional knowledge, competencies and skills to work in the Committee. The existence of potential conflicts of interest is taken into account in the formation of the committees' composition. The Chairmen of the committees, along with their professional competencies, should have organizational and leadership qualities, good communicative skills for the effective organization of the Committee's activities.Only Committee members shall be present at the Committee meetings. Presence of other persons is allowed only upon the invitation of the Committee. If necessary, the committees may involve experts and consultants.Committees approve the plan of their work (recommended before the beginning of the calendar year), which is coordinated with the work plan of the Board of Directors, indicating the list of issues to be considered and dates of meetings. The frequency of meetings of committees is at least four meetings a year. Meetings of the committees are held in-person, with the registration of the minutes. In order to create favorable conditions and reduce the cost of holding committee meetings, members of committees are allowed to participate through technical means of communication.The Chairmen of the Committees prepare an Activity Report of the committee and at a separate meeting report to the Board of Directors on the results of their activities for the year during the meeting of the Board of Directors. The Board of Directors has the right to require the committees to submit a report on the current activities at any time during the year. The terms of preparation and submission of such a report shall be determined by the Board of Directors.  | Complied | In accordance with Article 10.56 (8) of the Charter of the Holding, the exclusive competence of the Board of Directors includes making a Resolution on the establishment of Committees under the Board of Directors of the Holding, as well as approval of the Regulations thereon. In accordance with Chapter 4.18 of the Regulations on the Audit Committee under the Board of Directors of Baiterek National Managing Holding Joint Stock Company, Chapter 4.16 of the Regulations on Nominations, Remuneration and Social Issues Committee under the Board of Directors of Baiterek National Managing Holding Joint Stock Company and Chapter 4.12 of the Regulations on the Strategic Planning Committee under the Board of Directors of Baiterek National Managing Holding Joint Stock Company, determination of the number of members, term of powers of the Committee, election of its Chairman and members and also early termination of their powers fall within the competence of the Board of Directors of the Holding. The Committee shall be composed of members of the Board of Directors of the Holding and experts having the necessary professional knowledge to work in the Committee. Committees under the Board of Directors of the Holding consist of members of the Board of Directors who have the necessary professional knowledge, competencies and skills to work in the Committee. The Committees are chaired by Independent Directors. As of December 31, 2019, the Committees under the Board of Directors are as follows: 1. The Audit Committee under the Board of Directors:1) Thomas Mirow - Independent Director, Chair of the Committee;2) Klaus Mangold - Independent Director, member of the Committee.2. Nominations, Remuneration and Social Issues Committee under the Board of Directors:1) Klaus Mangold - Independent Director, Chair of the Committee;2) Philip Yeo - Independent Director, member of the Committee;3) Thomas Mirow - Independent Director, member of the Committee.3. Strategic planning Committee under the Board of Directors:1) Philip Yeo - Independent Director, Chair of the Committee;2) Thomas Mirow - Independent Director, member of the Committee;3) Beibut Bakirovich Atamkulov - member of the Board of Directors, member of the Committee;4) Aidar Abdrazakhovich Arifkhanov – member of the Board of Directors, member of the Committee. Potential conflicts of interest were taken into account when forming the Committees. The Chairs of the Committees under the Board of Directors of the Holding, along with their professional competences, have organizational and leadership skills, good communication skills for effective organization of the Committee's activities.During the meetings held by the Committees in 2019, the participants were its Chair, members and Secretary. In addition to the Committee meetings at its invitation was attended by the head of Internal Audit Service of the Holding, representatives of the external auditor, the Holding's employees, engaged in the prescribed manner consultants (experts) for information on matters of the agenda (representatives of Ernst&Young Kazakhstan LLP concerning the evaluation of cyber attacks in Baiterek NMH JSC group of companies, the representatives of the International Finance Corporation (IFC) on evaluation activities of the Board of Directors of Baiterek NMH JSC group of companies). The number of invited participants in Committee meetings is limited to those who are responsible for bringing the issue to the Committee's attention. According to the Regulations on Committees, the Committee meetings are conducted in accordance with the approved work plan, but at least once a quarter. If necessary, the Committee holds extraordinary meetings. The work of Audit Committee under the Board of Directors in 2019 was carried out in accordance with the Work Plan approved by the Committee on 22.11.2018 (minutes #09/18). The work of Nominations, Remuneration and Social Issues Committee under the Board of Directors in 2019 was carried out in accordance with the Work Plan approved by the Committee on 22.11.2018 (minutes #08/18). The work of Strategic Planning Committee under the Board of Directors in 2019 was carried out in accordance with the Work Plan approved by the Committee on 22.11.2018 (minutes #07/18). The Work Plans of the Committees were coordinated with the Work Plan of the Board of Directors of the Holding for 2019, approved by the Board of Directors on 23.11.2019 (minutes #11/19), indicating the list of issues under consideration and the dates of meetings. In 2019, the following number meetings were held:by the Audit Committee under the Board of Directors – 6 meetings (3 in person  and 3 in absentia); Nominations, Remuneration and Social Issues Committee under the Board of Directors - 7 meetings (4 in person and 3 in absentia);Strategic Planning Committee under the Board of Directors – 6 meetings (4 in person and 2 in absentia);Meetings of the Committees are held in person and in absentia, with the registration of the minutes/Resolution.In accordance with Chapter 5.24(9) of the Regulations on the Audit Committee under the Board of Directors of Baiterek National Managing Holding Joint Stock Company, Chapter 5.17(9) of the Regulations on the Strategic Planning Committee under the Board of Directors of Baiterek National Managing Holding Joint Stock Company, Chapter 5.21(9) of the Regulations on Nominations, Remuneration and Social Issues Committee under the Board of Directors of Baiterek National Managing Holding Joint Stock Company, the Chairs of the Committees under the Board of Directors of the Holding shall report to the Board of Directors of the Holding on the results of the work of the Committees headed by them within the terms and according to the procedure stipulated by the Regulations on Committees. At the same time, according to chapter 3.17(4) of the Regulation on the Audit Committee, Chapter 3.11(4) of the Regulation on the Strategic Planning Committee, Chapter 3.15(4) of the Regulation on the Nominations, Remunerations and Social Issues Committee, the Committees and its members are obliged to report to the Board of Directors of the Holding on the results of their activities at the request of the Board of Directors of the Holding. In 2019, the Chairs of the Committees under the Board of Directors of the Holding did not submit reports on the Committees' activities to the Board of Directors of the Holding, due to the fact that there were no relevant requirements for the Committees to submit such reports from the Board of Directors of the Holding.At the same time, every year when developing and approving the annual report of the Holding, information on the activities of the Committees during the reporting period is included. |
| 3.12 | The Chairman of the Strategic Planning Committee is elected from among the independent members of the Board of Directors for the term of the Board of Directors' fulfillment of his powers at one of the first meetings of the Board of Directors. The resolution to elect is passed by a simple majority of votes of the total number of members of the Board of Directors.If necessary, the Strategic Planning Committee may involve experts with relevant experience and competence. Members of the Committee that are not members of the Board of Directors are appointed by the Board of Directors on the recommendation of the Chairman of the Committee.The basic functions of the Strategic Planning Committee are the development and submission to the Board of Directors of the Holding of recommendations on the development of priority activities of the Holding and the strategy for its development, including items related to the development of measures that contribute to the enhancement of the Holding's operations and its cost-effective operations. The detailed goals and tasks of the Committee are provided for by the Regulation on the Committee. | Complied | By Resolution of the Board of Directors of the Holding #3 dated September 25, 2013, Independent director P. Yeo was elected as the Chair of the Strategic Planning Committee under the Board of Directors with a term of office expiring on September 25, 2013. The Resolution on election was made by a simple majority of votes of the total number of members of the Board of Directors (10 out of 10 members of the Board of Directors).In accordance with Chapter 4.12 of the Regulations on the Strategic Planning Committee under the Board of Directors, the Committee is formed from members of the Board of Directors of the Holding and experts with the necessary professional knowledge to work in the Committee. As at 31 December 2019, the Strategic Planning Committee under the Board of Directors did not include experts or members of the Committee who are not members of the Board of Directors.At the same time, in order to participate in the development of priority development directions, strategic goals (development strategy) of Baiterek NMH JSC, taking into account the importance of the role of Baiterek NMH JSC in the implementation of the state policy of diversification of the economy and development, based on the Resolution of the Board of Directors of the Holding, the Strategic Planning Committee under the Board of Directors of the Holding includes a member of the Board of Directors, representative of the sole shareholder - the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan.The function of the Strategic Planning Committee under the Board of Directors includes a preliminary consideration of the strategic aims of the Holding (development strategy), monitoring of changes in the economic and competitive environment to determine their impact on the existing development strategy of the Holding, as well as an analysis of related risks, review of the progress of measures to implement the development strategy of the Holding, analysis and provision of recommendations to the Board of Directors of the Holding on the development of strategic decisions concerning the determination of the priority of the Board of Directors Detailed aims and goals  of the Committee are set out in the Regulations on the Strategic Planning Committee under the Board of Directors of Baiterek National Managing Holding Joint Stock Company. |
| 3.13 | The Audit Committee includes independent directors with the necessary knowledge and practical experience in accounting and auditing, risk management, and internal control. The Chairman of the Audit Committee is the independent director. The core functions of the Audit Committee include issues of internal and external audit, financial statements, internal control and risk management, compliance with the legislation of the Republic of Kazakhstan, internal regulations and other issues on the instructions of the Board of Directors.In addition, the Audit Committee assesses candidates for external auditors of the Holding, and also preliminarily analyzes the audit company's conclusion before submitting it to the Board of Directors and the Sole Shareholder.A member of the Board of Directors who is not independent may be elected to the Committee if the Board of Directors as an exception decides that the membership of this person in the Audit Committee is necessary in the interests of the Sole Shareholder and the Holding. In the event of this appointment, the Board of Directors should disclose the nature of the person's dependence and justify such a resolution. | Complied | The Audit Committee under the Board of Directors of Holding consists only of Independent Directors, and the Chair of the Committee is Independent Director T. Mirow (Resolution of the Board of Directors dated 25.09.2013 #3). Members of the Audit Committee have the necessary experience and qualifications in the Committee's functional issues, as evidenced by their significant experience in general and financial management, corporate governance, accounting and audit, strategic planning and risk management. According to the Regulation on the Audit Committee under the Board of Directors of the Holding, the main functions of the Audit Committee include internal and external audit, accounting and financial reporting, internal control and risk management, compliance with the legislation of the Republic of Kazakhstan, internal documents and other issues as instructed by the Board of Directors.Annually, when submitting the Annual Financial Statements to the Sole Shareholder for consideration, including in 2019, the Audit Committee preliminary analyzed the report submitted by the external auditors. In addition, before the Board of Directors considered the issue of selecting an audit organization to audit the Holding for 2019-2021, the Audit Committee preliminarily consented the candidates for external auditors of the Holding and recommended to the Board of Directors of Baiterek NMH JSC to determine KPMG Audit LLP as the audit organization to audit the financial statements of Baiterek NMH JSC for 2019-2021. As of December 31, 2019, the Audit Committee under the Board of Directors does not include members of the Board of Directors who are not Independent. |
| 3.14 | The Nominations, Remunerations and Social Issues Committee includes the majority of independent directors in order to develop objective and independent resolutions and to prevent the influence of stakeholders (representatives of the Sole Shareholder, the Chief Executive Officer of the Management Board, employees and other persons) on the judgments of the members of the Committee.Members of the Committee should have the necessary knowledge and practical experience in the field of personnel management and assessment of its activities, as well as in the field of corporate governance. The Chairman of the Committee is the independent director.The Nominations, Remunerations and Social Issues Committee determines the criteria for selecting candidates for the Board of Directors, nominees for top managers, develops the Holding's policy in the field of remuneration for these individuals, and regularly assesses the activities of members of the Board of Directors and top managers.The basic functions of the Committee include the appointment (election), the establishment of motivational KPIs, the assessment of performance, remuneration and succession planning for the Chief Executive Officer and members of the Management Board, the appointment and remuneration of the Corporate Secretary, and participation in the consideration of these issues with respect to the composition of the Board of Directors itself, in cases where such powers are granted by the Sole Shareholder. In this case, the members of the Nominations, Remunerations and Social Issues Committee are advised to prevent the emergence of a conflict of interest situation and not to participate in the consideration of their own appointment and/or remuneration. | Complied | In accordance with the Resolution of the Board of Directors of the Holding dated 25.09.2013 #3 (as amended on 18.07.2016 (minutes #07/16), in order to develop unbiased and independent resolutions and prevent the influence of stakeholders on the judgments of the Committee members, the Committee consists only of Independent Directors.Members of the Committee have the necessary knowledge and practical experience in the field of personnel management and performance evaluation, as well as in the field of corporate governance. The Committee is chaired by Independent Director - K. Chard.The Nominations, Remuneration and Social Issues Committee develops requirements for key positions, which include members of the Members of the Management of the Holding, as well as Corporate Secretary and foreign specialists employed by the holding, develops the Holding's remuneration policy for these individuals, and regularly evaluates the performance of the Holding's top managers.The Nominations, Remuneration and Social Issues Committee did not evaluate the Board members' activity in 2019 due to the fact that the Committee was not granted such authority by the Sole shareholder.According to the Regulations on the Nominations, Remuneration and Social Issues Committee under the Board of Directors of the Holding, the main functions of the Committee include the appointment of members of the Management, including the development of recommendations to ensure the succession of the Chairman and Members of the Management, performance evaluation and remuneration, including the development of motivational KPI, the appointment and remuneration of the Corporate Secretary.The Nominations, Remuneration and Social Issues Committee under the Board of Directors does not participate in the consideration of nominee and evaluation issues regarding the composition of the Board of Directors itself due to the fact that the Sole shareholder did not grant such powers to the Committee. |
| 3.15 | Preparation and holding of meetings of the Board of Directors shall contribute to the maximum effectiveness of its activities. To fulfill their duties, the members of the Board of Directors need to have access to full, up-to-date and timely information. The Board of Directors should follow the procedures established by the Holding's documents for the preparation and conduct of meetings of the Board of Directors. | Complied | In accordance with Chapter 3.11(1) of the Regulations on the Service of the Corporate Secretary of the Holding, the Service, in accordance with its task to ensure effective implementation of the functions assigned to the Corporate Secretary, shall take measures for the preparation and holding of meetings of the Board of Directors of the Holding. Based on the results of 2019, the Corporate Secretary Service of the Holding carried out activities for the preparation and holding of 12 meetings of the Board of Directors (5 - in person, 7 - in absentia). In the course of work on the organization of meetings all the requirements of internal documents were complied with: procedure, process and deadlines. All issues submitted to the Board of Directors of the Holding have been considered in due order (no cases of withdrawing issues from the meeting agenda). The preparation and holding of the meetings of the Board of Directors of the Holding in 2019 provide evidence of the maximum efficiency of the Board of Directors of the Holding. In accordance with Chapter 3.11(4) of the Regulations on the Service of the Corporate Secretary of the Holding, the Service shall, in accordance with its task, assist the Corporate Secretary in ensuring that members of the Board of Directors receive reliable and clear information in a timely manner and organize consultations for members of the Board of Directors on all management issues. In the performance of the above task, the Corporate Secretary Service shall provide members of the Board of Directors of the Holding with access to complete, current and timely information upon their request. The Board of Directors shall comply with the procedures for preparing and holding meetings established by the internal documents of the Holding.  |
| 3.16 | The Board of Directors holds regular meetings to effectively perform its functions. Meetings of the Board of Directors are held in accordance with the work plan approved before the beginning of the calendar year, including a list of items under consideration and a schedule of meetings with dates. The meetings of the Board of Directors and its committees are carried out in in-person or absentee forms of voting, while the number of meetings with absentee voting should be minimized. Consideration and adoption of resolutions on items of an important and strategic nature is carried out only at meetings of the Board of Directors with an in-person form of voting.In special cases, a combination of both forms of the meeting of the Board of Directors and its Committees is possible. This concerns the situation when one or more members of the Board of Directors (no more than 30%) do not have the opportunity to personally attend the meeting of the Board of Directors. At the same time, the absent member of the Board of Directors can participate in the discussion of the items under consideration using technical means of communication and provide his opinion in writing.The recommended frequency of meetings of the Board of Directors is 6 meetings per year. It is recommended that the number of items planned for consideration during the year be evenly distributed to ensure thorough and full discussion and timely and qualitative resolutions. | Partially complied | According to Chapter 9.21 of the Statute on the Board of Directors of Baiterek NMH JSC, the Board of Directors shall annually draw up its work plan with a schedule of meetings based on the principle of rationality, efficiency and regularity and approve it not later than December 15 of the year preceding the planned one.The Work plan of the Board of Directors of the Holding for 2019 was approved with the Resolution of the Board of Directors dated 23.11.2018 (minutes #11/18). Meetings of the Board of Directors in 2019 were held in accordance with the above-mentioned work plan. The meetings of the Board of Directors and its committees were held by voting in person or by absentee voting.In 2019, 7 meetings (5 in-person, 2 meetings in absentia) were scheduled, and 12 meetings of the Board of Directors were organized and held. Thus, the number of absentee meetings of the Board of Directors of the Holding for the reporting year amounted to more than 50% of the total number of meetings.5 off-scheduled meetings in absentia were held for reasons beyond control. The reason for this was the resolutions of the Government of the Republic of Kazakhstan, adopted in respect of the Holding in 2019, related to the implementation of the Law of the Republic of Kazakhstan "On the Republican Budget for 2019 - 2021", resolutions of the Council for Management of the National Fund of the Republic of Kazakhstan and internal Resolutions of the Holding, as well as the National Action Plans for the implementation of the Messages of the Head of State to the people of Kazakhstan, which in their turn caused the necessity to consider through extraordinary meetings of the Holding's Board of Directors a significant amount of unplanned issues (the approximate ratio to the planned questions is 47/53). At the same time, failure to comply with the requirement to minimize meetings of the Board of Directors with absentee voting is planned to be eliminated within the framework of execution of the order submitted during the meeting of the Audit Committee under the Board of Directors of the Holding on 28.02.2020 (minutes #02/20) based on the results of consideration of information of the Deputy Corporate Secretary - Head of the Corporate Secretary Service on discrepancies in the sphere of corporate governance in the Holding and sent by the Corporate Secretary Service on 16.03.2020 (Official note #02-1-06/870) to all structural units of the Holding.Consideration and decision-making on important and strategic issues, including such as preliminary approval of the annual financial statements (Consolidated and Separate) of Baiterek NMH JSC for 2018, approval of the adjusted Development Plan of Baiterek NMH JSC for 2019-2023 and the Annual Budget of Baiterek NMH JSC for 2020, were carried out at the meetings of the Board of Directors with the voting in person.In accordance with Chapter 16.47 of the Regulations on the Board of Directors, in cases where one or more members of the Board of Directors, are not able to personally attend the meeting of the Board of Directors, they may participate in discussion of issues using technical communications (in the mode of session of video conference, telephone conferencing etc.).On July 22, 2019, during the in-person meeting of the Board of Directors of the Holding, the independent directors participated in the meeting via conference call. Participation by means of the conference call by the independent directors was originally planned when the Work Plan for 2019 was drafted in order to save money allocated for the maintenance of the Board of Directors (travel, accommodation, etc.). The total number of meetings of the Board of Directors in 2019 was 12. When drawing up the Work Plan for 2019, in order to ensure thorough and full discussion and making timely and proper decisions, 7 to 9 questions were scheduled for in-person meetings, and 1 question was scheduled for absentee meetings.  |
| 3.17 | Materials for meetings of the Board of Directors are sent in advance - no later than 10 working days. The agenda of the meeting of the Board of Directors does not include items for which materials were provided out of schedule. In case of inclusion in the agenda of items out of schedule, the Chairman of the Board of Directors is provided with an exhaustive justification for this need, this circumstance is taken into account when assessing the activities of the Corporate Secretary of the Holding. | Complied | In accordance with Article 10.66 of the Charter of the Holding, notification of a meeting of the Board of Directors with all necessary materials attached shall be sent by the Corporate Secretary to members of the Board of Directors at least 10 (ten) calendar days before the date of the meeting. Items on which materials were provided in violation of deadlines are not included in the meeting agenda of Board of Directors.The Corporate Secretary Service of the Holding sends a memo about the upcoming in-person meeting to the structural divisions for timely provision of materials for consideration by the Board of Directors in advance with indication of deadlines and need for strict compliance.  |
| 3.18 | The Board of Directors passes resolutions based on complete, reliable and high-quality information. For the Board of Directors to pass effective and timely resolutions, it is necessary to ensure compliance with the following conditions:1) high quality of materials, information, documents provided to the Board of Directors (including, if necessary, translation into English);2) receiving the opinion of experts (internal and external), if necessary (it should be noted that the involvement of experts does not remove the responsibility for the resolution passed from the Board of Directors);3) time devoted to discussions at the Board of Directors, especially for important and complex items;4) timely consideration of items;5) resolutions provide for a plan for further actions, deadlines and responsible persons.The following factors can have a negative impact on the quality of the resolution of the Board of Directors:1) dominance of one or more directors at a meeting, which may limit the full participation in discussions of other directors;2) formal attitude to risks;3) persecution of personal interests and low ethical standards;4) formal decision-making at a meeting of the Board of Directors, without real and active discussions;5) position of uncompromising (lack of flexibility) or lack of desire for development (contentment with the current situation);6) weak organizational culture;7) lack of information and/or analysis.The members of the Board of Directors may request additional information on the agenda items necessary to make a resolution. | Complied  | For taking effective and timely resolutions by the Board of Directors of the Holding: 1) The Corporate Secretary Service provides high-quality content of materials and thorough study of items, including working out materials with representatives of the Office of the Prime Minister of the Republic of Kazakhstan, Ministries and other departments, and as a result, there are no comments from members of the Board of Directors and cases of removing items. In order to provide the Board of Directors of the Holding with high-quality materials, in 2019 the Corporate Secretary Service developed and successfully implemented a template for preparing explanatory notes and draft resolutions on items submitted to the Board of Directors of the Holding. According to Chapter 11.32 of the Regulations on the Board of Directors, which provides that if a member of the Board of Directors is a foreign resident, the entire package of materials shall be translated into English, all materials of the Board of Directors shall be translated into English and provided to Independent directors within the prescribed time limits; 2) if necessary, experts (internal and external) are engaged;3) the Board of Directors gives sufficient time for discussion, especially for important and complex issues; members of the Board of Directors come to the meeting prepared with a clear position on the items under consideration;4) items are considered in a timely manner, in accordance with the Action Plan of the Board of Directors; 5) resolutions taken by the Board of Directors provide for a plan of further actions, deadlines and responsible persons. These instructions are duly communicated to the responsible persons in order to ensure their quality and timely execution. There are no factors contributing to a negative impact on the quality of resolutions of the Board of Directors. If the members of the Board of Directors request additional information necessary for them to make a resolution on items oа the agenda, the Corporate Secretary Service provides all possible assistance in providing such information. |
| 3.19 | Each member of the Board of Directors shall attend the meetings of the Board of Directors and the Committee in which he is a member. Derogation from this rule is allowed in exceptional cases, stipulated in the Regulation on the Board of Directors.The quorum for holding a meeting of the Board of Directors is at least half of the number of its members and is determined taking into account the members of the Board of Directors who participate in the discussion and voting of the items under consideration using technical means of communication (in video session mode, telephone conference call, etc.) or presence of their voices, expressed in writing. | Complied | In 2019, 12 meetings of the Board of Directors of the Holding were held (in-person and in absentia). As a result of the meetings held, there is high attendance/presence of the members of the Board of Directors from 83% to 100%. Due to official necessity the following members of the Board of Directors attended the meetings held:1) A. A. Smailov - 83%;2) R.V. Sklyar - 92%.All members of the Board of Directors, with the exception of those listed above, participated in all meetings held in 2019. According to chapter 17.51 of the Regulations on the Board of Directors of the Holding, if a member of the Board of Directors is unable to attend a meeting in person, he/she has the right to express his/her opinion on the agenda items in writing.In accordance with Article 10.68 of the Charter of the Holding, the quorum for holding a meeting of the Board of Directors shall not be less than half of the number of the members of the Board of Directors and may be determined taking into account the absent members of the Board of Directors who participate in the discussion and voting of the issues under consideration using technical means of communication (via videoconference, telephone conferencing, etc.) or in the presence of their votes expressed in writing.On July 22, 2019, during the in-person meeting of the Board of Directors of the Holding, independent directors participated in the meeting via a conference call. Participation by means of a conference call by Independent directors was originally planned when the Work Plan for 2019 was drafted in order to save money allocated for the maintenance of the Board of Directors (travel, accommodation, etc.).  |
| 3.20 | Resolutions at a meeting of the Board of Directors of the Holding are made by a majority vote of the members of the Board of Directors participating in the meeting, unless otherwise stipulated by the legislation of the Republic of Kazakhstan, the Charter of the Holding or its internal regulations specifying the procedure for convening and holding meetings of the Board of Directors.When resolving items at a meeting of the Board of Directors of the Holding, each member of the Board of Directors of the Holding has one vote. Transfer of voting rights by a member of the Board of Directors of the Holding to another person, including another member of the Board of Directors of the Holding is not allowed, except for cases provided for by the legislation of the Republic of Kazakhstan or the Charter of the Holding.When the Board of Directors of the Holding makes resolution, in the event of a tie of votes of the members of the Board of Directors, the Chairman of the Board of Directors of the Holding holds the deciding vote. | Complied | In accordance with Article 73.1 of the Law of the Republic of Kazakhstan “On Joint-Stock Companies”, the resolution on entering into the interested-party transaction by the company shall be made by the simple majority of votes of the members of the Board of Directors who are not interested in its execution, except for cases when standard terms of such transaction are approved by the Board of Directors of the company.In accordance with Article 10.69 of the Charter of the Holding, resolutions of the Board of Directors shall be taken by a simple majority of votes of the members of the Board of Directors who participated in the meeting, unless otherwise provided by the Law. If there is a tie vote, the vote of the Chairman of the Board of Directors or the person presiding over the meeting of the Board of Directors shall be decisive.In accordance with Chapter 6.2.49 of the Code of Corporate Governance of Baiterek National Managing Holding Joint Stock Company, no person shall participate in decision-making related to their own remuneration.In accordance with Chapter 18.56 of the Regulations on the Board of Directors of the Holding, resolutions of the Board of Directors shall be taken by a simple majority of votes of the members of the Board of Directors present at the meeting (including taking into account the written opinions of absent Board members) or taking part in absentee voting, unless otherwise provided for by the legislation of the Republic of Kazakhstan and the Charter of the Holding.In 2019, resolutions on all issues, with the exception of issues related to interested-party transactions and remuneration of the Chairman and Members of the Management of the Holding, were made by a simple majority vote of the members of the Board of Directors who participated in the meeting. Each member of the Board of Directors of the Holding used one of their own votes for voting. A member of the Board of Directors of the Holding was not allowed to transfer his voting right to any other person.There was no need for the Chairman of the Board of Directors of the Holding to exercise his decisive vote in making resolutions by the Board of Directors.  |
| 3.21 | A member of the Board of Directors who has a related-party on the item submitted for consideration of the Board of Directors does not participate in the discussion and voting on this item, which is recorded in the minutes to the meeting of the Board of Directors. | Complied | In 2019, during the meetings, the members of the Board of Directors who were interested in the issues submitted for consideration of the Board of Directors, in particular, the issues related to interested party transactions, payment of remuneration to the Chairman and Members of the Management, the members of the Board of Directors who were interested in the discussion and voting on these issues did not participate, of which the relevant record was made in the minutes of the in-person meetings/resolutions of the Board of Directors in absentia (resolution #01/19 dated 24.01.2019, minutes #02/19 dated 28.02. 2019, minutes #05/19 dated 16.05.2019, resolution #06/19 dated 11.06.2019, minutes #07/19 dated 22.07.2019, resolution #08/19 dated 23.08.2019, minutes #09/19 dated 19.09.2019, minutes #11/19 dated 21.11.2019, resolution #12/19 dated 31.12.2019). |
| 3.22 | The Board of Directors may review the earlier adopted resolutions. The resolution itself, as well as the process of decision-making are to be analyzed. The previously adopted resolutions are recommended to be reviewed within conducting the Board of Directors performance assessment.  | Complied | The Corporate Secretary service conducts a continuous analysis of resolutions and instructions of the Board of Directors and Committees under the Board of Directors of the Holding. When setting the meeting agendas, the agenda shall include issues in accordance with the Work Plan of the Board of Directors, proposals of responsible structural units and resolutions/instructions of the Board of Directors and its Committees. All resolutions/instructions are executed in a timely and quality manner. There are no cases of non-compliance with the resolutions/instructions of the Board of Directors and its Committees. In the event of an evaluation of the Board of Directors' activities, the members of the Board of Directors will take part in the audit of their previous resolutions. |
| 3.23 | Committees and members of the Board of Directors are assessed on an annual basis with the resolution of the Sole Shareholder, the Board of Director. At the same time, at least once every three years the assessment is conducted with the involvement of an independent professional organization. The assessment shall allow determining the contribution of the Board of Directors and each of its members in achieving the strategic objectives of the Holding's development, as well as identifying directions and recommending measures for improvement. The results of the assessment are taken into account when re-electing or early terminating the powers of the members of the Board of Directors. Assessment is one of the main tools for increasing the professionalism of the Board of Directors and its individual members. Assessment is mandatory for both independent directors and representatives of the Sole Shareholder.Conducting an assessment shall meet criteria such as regularity, complexity, continuity, realism, confidentiality.The process, timing and procedure for assessing the activities of the Board of Directors, its committees and members of the Board of Directors should be clearly governed in the internal regulations of the Holding.The assessment includes, but is not limited to consideration of the following items:1) optimality of the Board of Directors' composition (balance of skills, experience, diversity of composition, objectivity) in the context of the tasks facing the Holding; 2) clarity of understanding of the Holding's vision, strategy, main tasks, problems and values; 3) succession and development plans; 4) functioning of the Board of Directors as a single body, the role of the Board of Directors and the Chief Executive Officer of the Management Board in the activities of the Holding; 5) effectiveness of the interaction of the Board of Directors with the Sole Shareholder, Management Board and officials of the Holding; 6) effectiveness of each of the members of the Board of Directors; 7) effectiveness of the activities of Committees under the Board of Directors and their interaction with the Board of Directors, members of the Management Board; 8) quality of information and documents provided to the Board of Directors; 9) quality of discussions at the Board of Directors, Committees; 10) effectiveness of the Corporate Secretary; 11) clarity in understanding of processes and competences; 12) process of identifying and assessing risks; 13) interaction with the Sole Shareholder and other interested parties.Assessment methods are self-assessment or the involvement of an independent consultant to improve the quality of assessment. An independent external consultant is recruited at least once every three years.The results of the assessment can serve as the basis for re-electing the entire Board of Directors or its individual member, reviewing the composition of the Board of Directors and the amount of remuneration to members of the Board of Directors. In the event of major deficiencies in the performance of individual members of the Board of Directors, the Chairman of the Board of Directors is recommended to consult with the Sole Shareholder.The Board of Directors in the yearly annual report reflects the manner in which the Board of Directors is assessed and the measures taken based on its results.The Sole Shareholder can assess the Board of Directors independently or with the assistance of an independent consultant. The results of the assessment conducted independently by the Board of Directors, the results of the Holding's activities, the fulfillment of the KPI and other factors are taken into account. | Partiallycomplied  | In 2019, the Chairman of the Board of Directors of the Holding did not initiate an evaluation of the activities of the Board of Directors, committees and members of the Board of Directors. The activities of the Board of Directors, committees and members of the Board of Directors have not been evaluated with the involvement of an independent professional organization.At the same time, during the in-person meeting of the Audit Committee under the Board of Directors of the Holding, held on March 1, 2018 (minutes #02/18), when reviewing the report of the Internal Audit Service on the results of the assessment of the corporate governance system, the independent Director T. Mirov expressed the opinion that it was impossible to evaluate the Board of Directors of the Holding, taking into account the composition of the Board of Directors of the Holding headed by the Prime Minister of the Republic of Kazakhstan and members who are heads of ministries and departments of the Republic of Kazakhstan.In subsidiaries of the Holding, the Board of Directors, committees and members of the Board of Directors are evaluated on an annual basis in accordance with their internal documents. At the same time, in 2019, with the involvement of an independent consultant – the International Finance Corporation (IFC), the activity of the boards of Directors of subsidiaries of Baiterek NMH JSC was evaluated, based on the results of their activities in 2018. During the meeting of the Independent Directors of Baiterek NMH JSC with the Independent Directors of the subsidiaries of Baiterek NMH JSC, held on 19.09.2019, the consolidated report on the evaluation of the activity of the Boards of Directors of Baiterek NMH JSC group of companies was heard.Based on the recommendations of IFC experts, the Management Board of the Holding has drawn up and is implementing an Action Plan based on the results of the evaluation of the performance of the Boards of Directors of Baiterek NMH JSC group of companies for 2018, approved by the Resolution of Baiterek NMH JSC Management Board dated 18.12.2019 (minutes #59/19).The process, terms and procedure for evaluating the activities of the Board of Directors, its committees and members of the Board of Directors are not regulated in the internal documents of the Holding, with the exception of the Code. Due to the fact that the evaluation of the Board of Directors of the Holding was not carried out in 2018, the Board of Directors in the annual report for 2018 did not reflect information on the method of evaluation and the measures taken on its results.In 2019, the Sole Shareholder of the Holding made no resolutions on the evaluation of the Board of Directors of the Holding independently or with the involvement of an independent consultant. When making a resolution on evaluation by the Sole Shareholder, the resolution shall be implemented in a timely and qualitative manner taking into account all the requirements of the Code.  |
| 3.24 | In order to effectively organize the activities of the Board of Directors and the Management Board's interaction with the Sole Shareholder, the Board of Directors appoints the Corporate Secretary. By decision of the Board of Directors of the Holding, the duties of the Corporate Secretary of the Holding may be assigned to the Head of the Office of the Prime Minister of the Republic of Kazakhstan, who is not an employee of the Holding and who is not covered by labor relations and is not paid remuneration. At the same time, the Head of the Office of the Prime Minister of the Republic of Kazakhstan does not participate in the management of the Holding.The Board of Directors decides on the appointment of the Corporate Secretary, determines the term of office, the functions and procedures, the amount of the official salary and the terms of remuneration, decides on the establishment of the Corporate Secretary Service (Secretariat) (if necessary) and determines the budget of the specified service. The Corporate Secretary is accountable to the Board of Directors of the Holding and is independent of the Management Board of the Holding. The main duties of the Corporate Secretary include assisting in timely and qualitative adoption of corporate resolutions by the Board of Directors, the Sole Shareholder, acting as an advisor to the Board of Directors on all matters related to their activities and applying the provisions of this Code, as well as monitoring the implementation of this Code and participation in the improvement corporate management in the Holding and subsidiaries. The Corporate Secretary also prepares a report on compliance with the principles and provisions of this Code, which is included in the annual report of the Holding. This report should reflect the list of principles and provisions of the Code that are not followed, providing relevant explanations. | Complied | The Acting Corporate Secretary of the Holding in 2019 was Galymzhan Telmanovich Koishybayev, Head of the Office of the Prime Minister of the Republic of Kazakhstan, appointed to this position with a term of 3 years from the date of acceptance, without payment of salary and remuneration, by the resolution of the Board of Directors of the Holding dated 16.04.2019 #03/19.However, the Head of the Office of the Prime Minister of the Republic of Kazakhstan does not participate in the management of the Holding.In 2015, the Corporate Secretary Service was established in the Holding, the main task of which, according to Chapter 2.10 of the Regulations on the Corporate Secretary Service of the Holding, is to ensure effective implementation of the functions assigned to the Corporate Secretary.The budget of the Corporate Secretary Service for 2019 (expenses for maintenance of the Board of Directors, salaries and bonuses, training costs, expenses for insurance of responsibility of officials of the Holding, expenses for services of interpreters (both translation and interpretation) from Russian into English and Kazakh language, as well as expenses for lease of special equipment for simultaneous interpretation) was determined within the framework of the general budget of the Holding for 2019, approved by the resolution of the Board of Directors dated 23.11.2018 (minutes #11/18).The Acting Corporate Secretary reports to the Board of Directors of the Holding and is independent of the Management Board of the Holding.The main duties of the Corporate Secretary, including assistance in timely and qualitative corporate decision-making on the part of the Board of Directors, the Sole Shareholder, performance of the role of the adviser for the members of the Board of Directors on all the issues of their activity and application of the provisions of the Code of Corporate Management of the Holding, as well as monitoring of the implementation of the Code of Corporate Management of the Holding and participation in the improvement of the corporate management in the Holding and its subsidiaries, are carried out with the assistance of the Service of the Corporate Secretary.For the compliance with the relevant provision of the Code, in 2019 the Corporate Secretary Service of the Holding prepared the Report on compliance with the principles and provisions of the Corporate Governance Code, containing a list of principles and provisions of the Code that are not complied with, with appropriate explanations, and was reflected in the annual report of the Holding for 2018. The Corporate Secretary service of the Holding, which, in turn, enables the effective implementation of the functions assigned to the acting Corporate Secretary of the Holding, including in terms of monitoring proper compliance with the Code of corporate governance of the Holding and making suggestions regarding improvement of corporate governance practices during 2019, provided to the Management Board recommendations on compliance with the Corporate Governance Code of Baiterek National Managing Holding Joint Stock Company in the Holding and its subsidiaries generated directly by the Corporate Secretary and presented to the Legal Department of the Office of the Prime Minister of the Republic of Kazakhstan. In the framework of the monitoring of compliance by the bodies and officials of the Holding rules and procedures of corporate governance, the Corporate Secretary Service revealed that in making the approval of the Board of Holding of amendments to the Model provisions on the Board of Directors, more than fifty percent of its shares directly or indirectly belong to Baiterek National Managing Holding Joint Stock Company on the right of ownership or trust management approved by the resolution of the Board of Baiterek NMH JSC dated 25.09.2018 (minutes #38/18), most of the recommendations of the Corporate Secretary Service have not been taken into account, and besides, there have been violations of the procedures of approval and authorization of the materials to be submitted for consideration and approval of the Management Board of Baiterek NMH JSC. It is also established that as of today the Holding has not fulfilled the recommendations presented by the Legal Department of the Office of the Prime Minister of the Republic of Kazakhstan concerning the updating of the Regulations on the Management Board of Baiterek National Managing Holding Joint Stock Company and the Rules of Pay, Performance and Remuneration of the Chief Executive Officer and members of the Management Board of Baiterek National Managing Holding Joint Stock Company, as well as the development of unified Rules of Pay, Performance and Remuneration of the employees of the Holding. Pursuant to Article 4.4.1. of the Regulation on the Corporate Secretary of Baiterek National Managing Holding Joint Stock Company, the Corporate Secretary Service, the main task of which is to ensure effective implementation of the functions assigned to the Corporate Secretary, shall inform the Sole Shareholder and the Board of Directors of the Holding about the detected violation when making the corporate resolution and make proposals on measures to eliminate the violation.  |
| 3.25 | The main functions of the Corporate Secretary include, but are not limited to the following.In terms of ensuring the activities of the Board of Directors:1) assisting the Chairman of the Board of Directors in forming the work plan and meeting agendas; 2) organization of meetings of the Board of Directors and its committees; 3) ensuring the receipt by the members of the Board of Directors of up-to-date and timely information necessary for paasing resolutions on the agenda items and within the competence of the Board of Directors; 4) meetings keeping of the Board of Directors and Committees, ensuring the storage of minutes, transcripts, audio-video records, materials of meetings of the Board of Directors and Committees; 5) advising the members of the Board of Directors on the legislation of the Republic of Kazakhstan, the Charter of the Holding, this Code, internal regulations, monitoring the changes and timely informing the members of the Board of Directors; 6) organization of the induction of the newly elected members of the Board of Directors; 7) organization of training of members of the Board of Directors and attraction of experts; 8) organization of interaction of the members of the Board of Directors with the Management Board.  | Complied | The main functions of the Corporate Secretary are subject to the Regulations on the Corporate Secretary of the Holding, approved by resolution of the Board of Directors of the Holding #3 dated September 25, 2013. To perform the tasks assigned to the Corporate Secretary, the Corporate Secretary, with the direct assistance of the Corporate Secretary Service, performs the following functions: - with regard to ensuring the activities of the Board of Directors:1) assistance to the Chairman of the Board of Directors in drawing up the work plan and meeting agendas; 2) organization of meetings of the Board of Directors and its committees; 3) ensuring that the members of the Board of Directors receive relevant and timely information required for making resolutions on agenda items and within the competence of the Board of Directors; 4) minutes keeping of meetings of the Board of Directors and committees, ensuring storage of minutes, transcripts, audio-video records, materials of meetings of the Board of Directors and committees; 5) consulting the members of the Board of Directors on the issues of legislation of the Republic of Kazakhstan, the Charter of the Holding, the Code of Corporate Governance of the Holding, internal documents, monitoring the changes taking place and timely informing the members of the Board of Directors; 6) providing the induction of newly elected members of the Board of Directors; 7) organization of training for members of the Board of Directors and attraction of experts; 8) organization of interaction between members of the Board of Directors and the Management Board.  |
| 3.26 | In terms of ensuring interaction with the Sole Shareholder, the Corporate Secretary ensures quarterly monitoring of the implementation of the resolutions of the Sole Shareholder and provision of information to the requests of the Sole Shareholder on a timely basis. With regard to the introduction of good corporate governance practices, the Corporate Secretary ensures:1) monitoring the implementation and compliance with the principles and provisions of this Code; 2) preparation of a report on compliance with the principles and provisions of this Code; 3) detection, within the framework of the performance of their functions, violations in the part of corporate governance standards, as stipulated by the legislation, the Charter and other documents of the Holding; 4) advising shareholders, officials, employees of the Holding on corporate governance issues; 5) monitoring of the best world practices in the field of corporate governance and making suggestions for improving corporate governance practices in the Holding. | Complied | With regard to the interaction with the Sole Shareholder, the Corporate Secretary of the Holding, with the direct assistance of the Corporate Secretary Service, provides quarterly monitoring of the Sole Shareholder's resolutions implementation and provision of information on the Sole Shareholder's requests on timely basis. With regard to the implementation of good corporate governance practices, the Corporate Secretary of the Holding, with the direct assistance of the Corporate Secretary Service, provides:1) monitoring the implementation and compliance with the principles and provisions of the Corporate Governance Code of the Holding; 2) preparing a report on compliance with the principles and provisions of the Corporate Governance Code of the Holding; 3) detecting, within the framework of performing its functions, violations of corporate governance norms stipulated by the legislation, the Charter and other documents of the Holding; 4) consulting the representatives of the Sole Shareholder, officials, employees of the Holding on corporate governance issues; 5) monitoring of the best international practices in the field of corporate governance and making proposals on improving corporate governance practices in the Holding.At the same time, it shall be noted that when drawing up standard documents for subsidiaries in the Holding, there are cases of ignoring the adoption of recommendations proposed for improvement of corporate governance by the Corporate Secretary Service of the Holding, which in its turn, as part of its main task, which is to ensure effective implementation of the functions assigned to the Corporate Secretary, ensures the submission of proposals for improvement of corporate governance practice. |
| 3.27 | In the event of conflict of interest, the Corporate Secretary shall bring this information to the attention of the Chairman of the Board of Directors. | Complied | Information on the existence of a conflict of interest with the direct assistance of the Corporate Secretary Service, if any, was timely communicated by the Corporate Secretary to the Chairman of the Board of Directors. During 2019, in order to avoid conflicts of interest, the officials and employees of the Holding sought to avoid any actions and relationships that could potentially cause a conflict of interest. In particular, the officials of the Holding refrained from discussing and participating in decision-making on the issues in which they had an interest, which was accordingly indicated in the minutes of the in-person meetings/resolutions of the Board of Directors of the Holding held in 2019. |
| 3.28 | For the professional performance of his duties, the Corporate Secretary should have the knowledge, experience and qualifications, impeccable business reputation and have credibility of the Board of Directors and the Sole Shareholder. The Corporate Secretary Service may be established depending on the size of the Holding and the scale of its activities.The position of the Corporate Secretary is assigned to a person with a higher legal or economic education, with at least 5 years of experience, and practical knowledge in corporate governance and corporate law.In order to improve the efficiency of preparing and holding meetings of the Board of Directors, it is recommended to periodically discuss the completeness and usefulness of the materials provided to the members of the Board of Directors. The results of these discussions form the basis for assessing the effectiveness of the Corporate Secretary.With respect to the Corporate Secretary, the Holding develops an induction program and succession planning. The search and appointment of the Corporate Secretary are carried out on the basis of open and transparent procedures set forth in the internal regulations of the Holding.The Corporate Secretary carries out its activities on the basis of a provision approved by the Board of Directors, which specifies the functions, rights and responsibilities, the procedure for interaction with the Holding's bodies, qualification requirements and other information.To fulfill its functions, the Corporate Secretary is vested with the following powers:1) request and receive from the bodies, officials and employees of the Holding the documents and information necessary for passing resolutions at meetings of the Board of Directors and resolutions of the Sole Shareholder; 2) take measures to organize meetings of the Board of Directors and to inform the Holding's officials about the resolutions passed by the Board of Directors and the Sole Shareholder, as well as subsequent control of their execution; 3) directly interact with the Chairman and members of the Board of Directors, the Chief Executive Officer and members of the Management Board, employees of the Holding, the Sole Shareholder. The Management Board of the Holding renders the Corporate Secretary comprehensive assistance in the exercise of his powers.According to the resolution of the Holding's Board of Directors, the duties of the Corporate Secretary of the Holding can be assigned to the Head of the Prime Minister's Office of the Republic of Kazakhstan, who is not an employee of the Holding and is not covered by labor relations and is not paid remuneration. At the same time, the Head of the Prime Minister' Office of the Republic of Kazakhstan does not participate in the management of the Holding. | Partially complied | Acting Corporate Secretary of the Holding - Head of the Office of the Prime Minister of the Republic of Kazakhstan G.T. Koyshybayev, has proficient knowledge, experience and qualification, impeccable goodwill and enjoys the confidence of the Board of Directors and the Sole Shareholder of the Holding.In 2015, the Corporate Secretary Service was established in the Holding, the main task of which, according to Chapter 2.10 of the Regulations on the Corporate Secretary Service of the Holding, is to ensure effective implementation of the functions assigned to the Corporate Secretary.The acting Corporate Secretary of the Holding has no legal or economic education, and five years of experience and practical knowledge in the field of corporate governance and corporate law. In this case, in accordance with Article 1.1.3 of the Regulation on the Corporate Secretary of the Holding, approved by the Resolution of the Board of Directors of the Holding dated 25.09.2013 #3, the duties of the Corporate Secretary of the Holding may be assigned to the Head of the Office of the Prime Minister of the Republic of Kazakhstan.In order to improve the efficiency of preparing and holding Board meetings, the Corporate Secretary Service analyzed the completeness and usefulness of materials provided to Board members. Based on this, the Corporate Secretary Service has developed templates for an explanatory note and draft resolution providing for the inclusion of the most necessary information for the members of the Board of Directors on the issues submitted for consideration by the Board of Directors. Due to the specifics of the Holding's activities and the performance of the Corporate Secretary's duties by the Head of the Office of the Prime Minister of the Republic of Kazakhstan, the program of induction and succession planning in respect of the Corporate Secretary has not been developed in the Holding. Appointment of the Corporate Secretary shall be based on the Regulations on the Corporate Secretary of the Holding.Functions, rights and obligations, the procedure of interaction with the Holding bodies, core competencies required for the position of the Corporate Secretary are subject to the Regulations on the Corporate Secretary of the Holding approved by the Board of Directors of the Holding dated 25.09.2013 #3. The Acting Corporate Secretary of the Holding shall act on the basis of the Regulations on the Corporate Secretary of the Holding, with the direct assistance of the Corporate Secretary Service, and shall have the following powers: 1) request and receive from the bodies, officials and employees of the Holding documents and information required for making resolutions at the meetings of the Board of Directors and resolutions of the Sole Shareholder; 2) take measures to organize the meetings of the Board of Directors and inform the officials of the Holding about the resolutions made by the Board of Directors and the Sole Shareholder, as well as the subsequent control over their implementation; 3) directly interact with the Chairman and members of the Board of Directors, the first head and members of the Management, employees of the Holding, the Sole Shareholder. The Board of the Holding provides full assistance to the Acting Corporate Secretary of the Holding and the corporate Secretary Service.  |
| 3.29 | An Ombudsman from among the employees of the Holding is appointed in order to comply with the principles of business ethics, optimal regulation of social and labor disputes arising in the HoldingA candidate for the position of Ombudsman should have an impeccable business reputation, high authority, and the ability to make impartial resolutions.The Ombudsman is appointed with the resolution of the Board of Directors of the Holding and is subject to re-election every two years. The role of the Ombudsman is to advise the employees, participants in labor disputes, conflict and assist them in developing a mutually acceptable, constructive and realizable solution, taking into account the observance of the norms of the legislation of the Republic of Kazakhstan (including confidentiality compliance, if necessary), assisting in resolving problematic social and labor issues of both employees and the Holding.The Ombudsman submits for consideration to the relevant bodies and officials of the Holding the identified problematic issues that are systemic in nature and require the adoption of appropriate resolutions (complex measures), proposes constructive proposals for their solution.The Ombudsman submits a report on the results of the work to the Nominations, Remunerations and Social Issues Committee and the Audit Committee under the Holding's Board of Directors at least once a year, who assess the results of his activities.The Board of Directors of the Holding assesses the results of the activities of the Ombudsman and decides on the extension or termination of the powers of the person holding the position of Ombudsman. | Partially complied | By the resolution of the Board of Directors of the Holding dated 22.07.2019 (minutes #07/19) the powers of an employee of the Holding M. D. Turganova, Deputy Corporate Secretary - Head of the Corporate Secretary Service of the Holding, appointed by the Ombudsman of the Holding with the resolution of the Board of Directors of the Holding dated 24.07.2017 (minutes #06/17) have been extended for 2 (two) years, possessing impeccable goodwill, high authority, as well as the ability to make impartial judgements.The direct subordination of the Deputy Corporate Secretary of the Holding M. D. Turganova to the Acting Corporate Secretary of the Holding facilitates the adoption of impartial judgements when considering incoming appeals. In accordance with the provisions of the Code of Business Conduct of the Holding, the Ombudsman of the Holding shall submit for consideration of the relevant bodies and officials of the Holding the problematic issues identified by him, which are multi-faceted and require the adoption of relevant resolutions (extensive measures), and shall put forward constructive proposals for their resolution.On July 2, 2019, the Nominations, Remuneration and Social Issues Committee under the Board of Directors of the Holding (Resolution #04/19) and the Audit Committee under the Board of Directors of the Holding (Resolution #04/19) reviewed the Ombudsman's report on the results of his work for 2018 and found the activities effective. The Board of Directors of the Holding shall evaluate the results of the Ombudsman's activity and make a resolution on the extension or termination of the powers of the person holding the position of Ombudsman. In the conduct of the reviewing the issue on the extension of the term of office of M. D. Turganova as the Ombudsman of the Holding, due to the expiration of her earlier term of office, the Board of Directors of the Holding (minutes #07/19 dated 22.07.2020) took a favourable view of the results of her work as the Ombudsman of Baiterek NMH JSC.According to the Corporate Governance Codes of the Holding's subsidiaries, the Ombudsman in a subsidiary must be appointed by the Board of Directors from among the employees of that subsidiary. Despite this, the Ombudsman in the subsidiaries of the Holding is an employee of the Holding - the head of the Compliance service of the Holding. |
| 3.30 | The Internal Audit Service has been established and is functioning to implement internal audit as an activity to provide independent and objective guarantees and consultations aimed at improving the work of the Holding. Internal audit helps achieve these goals using a systematic and consistent approach to assessing and improving the effectiveness of risk management, control and corporate governance processes.The Board of Directors of the Holding determines the quantitative composition and term of office of the Internal Audit Service, appoints its Head and employees, and early terminates their powers, determines the procedure for its operation, the amount and terms of remuneration and bonuses for employees of the Internal Audit Service, and the budget of the Internal Audit Service.Employees of the Internal Audit Service cannot be elected to the Board of Directors and the Management Board of the Holding.The Internal Audit Service reports directly to the Board of Directors of the Holding and is independent of the Management Board of the Holding. The tasks and functions of the Internal Audit Service, its rights and responsibilities are determined by the Regulation on the Internal Audit Service approved by the Board of Directors of the Holding.Key responsibilities of the Internal Audit Service include assessing the quality of systems of internal control, risk management and corporate governance in the Holding and informing the Board of Directors about the adequacy and effectiveness of these systems. The main objective of the Internal Audit Service is to assist in improving the results of the Holding's activities. | Complied | The Internal Audit Service of the Holding was established by the resolution of the Board of Directors dated 23.07.2013 (minutes #1). The Internal Audit Service of the Holding acts in accordance with the legislation of the Republic of Kazakhstan, the Charter of the Holding and the Regulations on the Internal Audit Service of the Holding, approved by the resolution of the Board of Directors of the Holding dated 22.05.2015 (minutes #05/15), with amendments dated 27.04.2018 (Resolution #04/18), which define the tasks and functions of the Internal Audit Service, its rights, duties and responsibilities. Internal audit helps to achieve objectives by applying a systematic and consistent approach to evaluate and improve the effectiveness of risk management, control and governance processes.The Internal Audit Service reports directly to the Board of Directors of the Holding and is independent of the Management Board of the Holding when drawing up audit conclusions, evaluations and recommendations.The key responsibilities of the Internal Audit Service include evaluation of internal control, risk management and corporate governance systems in the Holding and reporting to the Board of Directors on the adequacy and effectiveness of these systems. The main task of the Internal Audit Service is to contribute to the improvement of the Holding's performance.The budget of the Internal Audit Service for 2019 (necessary IAS resources, including salaries, bonuses and remuneration, training costs) was determined within the framework of the general budget of the Holding for 2019, approved by the resolution of the Board of Directors of the Holding dated 23.11.2018 (minutes #11/18).In 2019, with the resolution of the Board of Directors of the Holding dated 20.09.2019 (minutes #09/19) a new term of office of the Internal Audit Service was determined from 01.11.2019 to 31.01.2022 and the Head and employees of the Internal Audit Service were appointed. |
| 3.31 | The provision on the Internal Audit Service determines and fixes the following:1) adherence to the principles and regulations adopted by the International Institute of Internal Auditors;2) status, goals and objectives of the internal audit of the Holding;3) conditions for ensuring the independence, objectivity and professionalism of the Internal Audit Service in order to achieve the goals and objectives of internal audit and effective implementation by the Internal Audit Service of its functions and responsibilities; 4) qualification requirements for the head and employees of the Internal Audit Service; 5) scope and content of internal audit activities; 6) the right of access to documentation, employees and tangible assets in the performance of relevant assignments;7) the procedure for interaction of the Internal Audit Service with the Board of Directors and the Management Board of the Holding and reporting to the Audit Committee and the Board of Directors of the Holding.The Regulation on the Internal Audit Service also provides for the following tasks and functions:1) assistance to the Management Board and employees of the Holding in developing and monitoring the implementation of procedures and activities to improve risk management systems, internal control and corporate governance;2) coordination of activities with the external auditor of the Holding, as well as by persons providing consulting services in the field of risk management, internal control and corporate governance;3) conducting within the established internal audit procedure of subsidiaries that do not have their own internal audit services / functions, as well as the terms and procedure for interaction with the internal audit services of subsidiaries on the collection and submission of necessary information to the Board of Directors of the Holding and on the development / improvement of the internal audit of subsidiaries in general;4) Preparation and submission to the Board of Directors and the Audit Committee of periodic reports on the results of the activities of the internal audit service and the implementation of the (annual) audit plan (including information on significant risks, shortcomings, results and effectiveness of measures to address identified deficiencies, results of actual state assessment, reliability and effectiveness of the risk management system, internal control and corporate governance);5) checking compliance of the members of the Holding's Management Board and its employees with the provisions of the legislation of the Republic of Kazakhstan and internal documents related to insider information and anticorruption efforts, compliance with ethical requirements;6) monitoring the implementation of recommendations of the external auditor;7) provision of consultations within the frame of the work plan approved by the Board of Directors on the organization and improvement of internal control, risk management, corporate governance and internal audit organization, as well as on other matters within the competence of the Internal Audit Service. | Complied | The Internal Audit Service of the Holding meets the requirements of the Corporate Governance Code. The commitment of the IAS of the Holding in its activity to the principles and regulations adopted by the International Institute of Internal Auditors was confirmed in 2018 by an external independent assessor of the internal audit system - KPMG Tax and Advisory LLP.The goals, tasks and functions of the Internal Audit Service specified in the Code of Corporate Governance of the Holding are determined by the Regulations on the Internal Audit Service of the Holding and are performed upon the fact, which is confirmed by the results of the external independent assessment of activity of the IAS for the period from 2013 to 2017, as well as by the results of the internal self-assessment of the IAS, carried out in accordance with the principles and provisions of international professional standards of internal audit and the Internal Audit Quality Assurance and Improvement Program of the Holding, based on the results of the 1st and 2nd annual reports. |
| 3.32 | The performance of the Internal Audit Service, its head and employees is evaluated by the Board of Directors on the basis of consideration of the Internal Audit Service reports, compliance with the deadline for the implementation (annual) audit plan and reporting, assessment of compliance of the reports with the requirements of standards and internal regulatory documents of the Internal Audit Service. | Complied | In accordance with Article 10.56(13) of the Charter of the Holding, the exclusive competence of the Board of Directors of the Holding includes taking a resolution on the issue of determining the number of members, term of office of the Internal Audit Service, determining the procedure for its work, the amount and terms of remuneration and bonuses for the employees of the Internal Audit Service of the Holding. At least once a year, the results of the key performance indicators scorecards of the Head and internal auditors of the Internal Audit Service of the Holding shall be submitted to the Board of Directors with preliminary consideration by the Audit Committee, which shall consider a report on the efficiency of the Service, the performance of its employees, on compliance with the deadlines for implementation of the Audit Plan and assessment of compliance of reports with the requirements of standards and internal documents of the Internal Audit Service of the Holding. The assessment of activity of the Internal Audit Service, its head and employees was assessed based on the results of the 1st and 2nd halves of 2019. |
| 3.33 | The holding company creates a collegial executive body - the Management Board. The Chairman and members of the Board should have high professional and personal characteristics, as well as have an impeccable business reputation and adhere to high ethical standards. The Chairman of the Management Board also needs to have high organizational skills, work in active cooperation with the Sole Shareholder and build a constructive dialogue with them, the Board of Directors, employees and other stakeholders. | Complied | A collegial executive body, the Management Board, has been created and is functioning in the Holding. According to the resolutions of the Board of Directors of the Holding dated 23.07.2013 (minutes #1) and 15.05.2019 (Resolution #04/19), the composition of the Management Board of the Holding in 2019 was 7 units.As of 31.12.2019, the Management Board of the Holding included the following members: 1. A. A. Arifkhanov - Chief Executive Officer of the Board; 2. A.S. Omarkhojayev - Deputy Chief Executive Officer; 3. R. T. Karagoishin - Deputy Chief Executive Officer; 4. E. E. Khamitov - Member of the Management;5. A. S. Kuatova - Member of the Management; 6. T.A. Zhanke - Member of the Management; 7. M. T. Omarov - Member of the Management. The Chairman and Members of the Management of the Holding have high professional and personal attributes, have impeccable goodwill and adhere to high ethical standards. Chief Executive Officer A. A. Arifkhanov has high resource and time management, works in active cooperation with the Sole Shareholder and constructively builds a dialogue with the Board of Directors, employees and other stakeholders. |
| 3.34 | The Management Board is accountable to the Board of Directors and manages the daily activities of the Holding, is responsible for implementing the development strategy and / or development plan and decisions adopted by the Board of Directors and the Sole Shareholder. | Complied | In accordance with the provisions of the Regulation on the Board of the Holding, approved by the Resolution of the Board of Directors of the Holding dated 11.10.2013 (minutes #4), the Board of the Holding reports to the Board of Directors and manages the daily activities of the Holding, is responsible for the implementation of the development strategy and/or plan and resolutions made by the Board of Directors and the Sole Shareholder. |
| 3.35 | The Board of Directors elects the members of the Management Board (with the exception of the Chairman of the Management Board), determines the terms of office, the amount of official salary, terms of payment for their work and bonuses. A key role in the process of finding and selecting candidates for the Management Board, determining their remuneration is played by the HR, Remuneration and Social Committee of the Board of Directors of the Holding.Proposals on candidates for election to the Board for consideration of the Committee for Personnel, Remuneration and Social Affairs of the Board of Directors are made by the Chairman of the Board. In case of rejection by the Board of Directors of a candidate proposed by the head of the Management Board for the same vacant position in the Management Board for the second time, the right to submit an offer for a candidate for this vacant position passes to the Board of Directors.The Board of Directors may at any time terminate the powers of members of the Management Board (with the exception of the Chairman of the Management Board). It is recommended that members of the Management Board of the Holding be elected for a term of up to three years. The terms of office of the Chairman and members of the Management Board coincide with the term of office of the Board as a whole. In order to increase the transparency of the appointment process and the remuneration of the members of the Holding's Management Board, to the Board of Directors is recommended to approve and strictly follow the rules of appointments, remuneration, evaluation and continuity of the Holding Board members. | Partially complied | By the Resolution of the Board of Directors of the Holding dated 15.05.2019 #04/19 the composition of the Management Board of Baiterek NMH JSC was elected, the term of office, amount of official salaries and terms of remuneration and bonuses for the Chairman and members of the Management of Baiterek NMH JSC were determined.At the same time, by the preliminary resolution of the Nominations, Remuneration and Social Issues Committee under the Board of Directors of the Holding #02/19 dated 02.05.2019 the corresponding recommendations for the Board of Directors were formed regarding the proposed candidates to the Management Board of Baiterek NMH JSC and their basic salaries.Proposals on candidates for election to the Management Board were submitted by the Chief Executive Officer for consideration by the Nominations, Remuneration and Social Issues Committee under the Board of Directors.The Board of Directors did not reject the candidate proposed by the head of the management Board for a position in the Management Board.Within the limits of its competence, which consists in the possibility to terminate the powers of the members of the Management at any time (except for the Chief Executive Officer). In the reporting year the powers of the following members of the Management of Baiterek NMH JSC were prematurely terminated by resolutions of the Board of Directors:1) Managing Director - Nurzhan Nurlanovich Nurlanov from February 22, 2019 (minutes #02/19 dated 28.02.2019);2) Deputy Chairman of the Board of Baiterek NMH JSC - Galymzhan Bisengaliyevich Tajiyakov from May 13, 2019 (resolution #04/19 dated 15.05.2019);3) Managing Director of Baiterek NMH JSC - Eszhan Amantaevich Birtanov from March 28, 2019 (Resolution #04/19 dated 15.05.2019).The term of office of the current members of the Management Board of the Holding was established - 3 (three) years from May 25, 2019 (Resolution #04/19 dated May 15, 2019).The Rules for remuneration and performance appraisal of the members of the Holding Management are fixed by the Rules for Labour compensation, performance assessment and remuneration of the Chairman and members of the Holding Management Board, approved with the resolution of the Holding Board of Directors dated 18.07.2016 (minutes #07/16). The work on forming the Rules for appointment and succession, setting the procedure for electing the Chairman and the members of the Holding Management Board, criteria and qualification requirements for candidates for the position of the Management Board member, including the Chief Executive Officer, for submitting them further for approval, are in progress of implementation. |
| 3.36 | The Management Board, under the guidance of the Board of Directors, designs a development strategy and/or a development plan for the Holding.The Management Board provides:1) implementation of activities in accordance with the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Holding, decisions of the Sole Shareholder, the Board of Directors;2) proper risk management and internal control; 3) allocation of resources for the implementation of decisions of the Sole Shareholder, the Board of Directors; 4)  labor safety of the Holding employees; 5) creating an atmosphere of interest and loyalty of the employees of the Holding, development of corporate culture.The Board of Directors carries out control over the Holding Management Board performance. The control may be accomplished by submitting regular reportings of the Management Board to the Board of Directors and reports of the Management on the issues of implementation of the mid-term development plans and the achieved results at least once a quarter. | Complied | The Management Board of the Holding, under the guidance of the Board of Directors, designs the development strategy and/or plan of the Holding and submits their projects to the Board of Directors for consideration. The Resolution of the Government of the Republic of Kazakhstan dated 01.06.2017 #331 approved the updated Holding Development Strategy for 2014-2023, which takes into account The Nurly Zhol state infrastructure development programme and the Nurly Zher State program of housing and communal development, refined State Programs of Industrial and Innovative Development of the Republic of Kazakhstan, Business Road Map-2020 State Program of Business Support and Development, Comprehensive Privatization Plan for 2016-2020, in implementation of which the Holding participates.In accordance with Action Plan for 2017-2019 on implementation of the Development Strategy of the Holding for 2014-2023, approved with resolution of the Board dated 20.12.2017 (minutes #52/17) and updated with resolution of the Management Board dated 28.11.2018, #52/18, there are measures provided aimed at implementing the main strategic directions of development of the Holding, including support of entrepreneurship in big business segment, small and medium enterprises, ensuring affordability, increasing export potential, transfer and innovation. Action Plan for 2017-2019 on implementation of Development Strategy includes all the provisions of updated Development Strategy for 2014-2023 with details on strategic areas of activity, strategic key performance indicators and activities, indicating the form of completion, relationship to a particular state and government program, deadline and responsible performers.In accordance with the Statute on the Management Board, the Management Board ensures: 1) carrying out activities in accordance with the legislation of the Republic of Kazakhstan, the Charter and internal documents, resolutions of the Sole Shareholder, the Board of Directors; 2) proper risk management and internal control; 3) distribution of resources for implementation of resolutions of the Sole shareholder, the Board of Directors; 4) labor safety of the Holding's employees; 5) creating an atmosphere of interest and loyalty of the Holding's employees, developing corporate culture. Currently, the Holding is guided in its activities by the updated Development Plan of the Holding for 2017-2021, approved with resolution of the Board of Directors of the Holding dated 21.11.2019 (minutes #11/19).Monitoring, evaluation and control of implementation of Development Plan shall be in accordance with the requirements of the Regulations on development, approval of development plans of national managing holdings, national holdings, national companies, a shareholder of which is the state, as well as monitoring and evaluation of their implementation approved by Order of the MNE of the RK dated 27.02.2015, #149, and Regulations on development and reporting on implementation of development plans of national managing holdings, national holdings, national companies, shareholder of which is a state, approved by order of the MNE of the RK dated 26.02.2015, #139.In 2019, the reports of the Management Board on implementation of the Development Plan of the Holding and achieved results were reviewed by the Board of Directors of the Holding on 22.07.2019 (minutes #07/19) under the approval of the report on implementation of Development Plan of Baiterek NMH JSC for 2017-2021 summarizing the results of 2018 and report on implementation of Annual budget of Baiterek NMH JSC for 2018. |
| 3.37 | The Management Board should hold in-person meetings and discuss the implementation of the development strategy and / or development plan, the decisions of the Sole Shareholder, the Board of Directors and operational activities. Meetings of the Board are recommended to be held on a regular basis. The cases of holding meetings in absentia are limited and defined in the Charter and internal documents of the Holding.The Management Board forms a work plan for the coming year with a list of issues before the beginning of the calendar year. Members of the Board are provided with materials for consideration, of appropriate 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 the acceptance / non-acceptance of the decision and their impact on the profitable activities of the Holding.All issues submitted at the initiative of the Management Board for consideration by the Board of Directors and the Sole Shareholder are preliminary reviewed and approved by the Management Board. | Complied | The Management Board of the Holding mainly holds in-person meetings. In 2019, 62 meetings of the Management Board were held (including 18 meetings held in absentia). Meetings of the Management Board are held on a regular basis, with an average of 5 meetings per month. According to the resolution of the Board of Directors of the Holding dated 15.05.2019 (resolution #04/19), the Statute on the Management Board of Baiterek NMH JSC was supplemented with the definition of restrictions on holding meetings of the Management Board in absentia. In addition, the resolution of the Sole Shareholder (Order of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan dated 26.06.2019, #435) introduced amendments and additions to the Charter of Baiterek NMH JSC concerning the definition of restrictions on holding meetings of the Management Board of the Holding in absentia. The Action Plan of the Management Board of the Holding for 2019 was formed by the Management Board and approved in accordance with clause 6.1(6.1.2) of Chapter 6 of the Statute on the Management Board of Baiterek NMH JSC by the Chief Executive Officer of the Holding on 21.12.2018. After coordination of the date, time, venue, list of invitees and agenda of the Meetings of the Management Board with the CEO, the Secretary of the Management Board notifies the members of the Management Board and invitees about the meeting, by mailing them the agenda with copies of all materials prepared, agreed and endorsed in the prescribed manner, not later than three business days before the date of the meeting of the Management Board. When considering each item, a separate discussion is devoted to the risks associated with making/not making a decision and their impact on the Holding's profitability. From April 3, 2019, the minutes of the meetings of the Management Board of Baiterek NMH JSC reflect information regarding discussions with members of the Management Board of the risks associated with the making/non-making of the relevant decisions on issues considered by the Management Board of Baiterek NMH JSC in the course of meetings held.All items submitted at the initiative of the Management Board for consideration by the Board of Directors and the Sole Shareholder are preliminary considered and approved by the Management Board.In total, in 2019, the Management Board of the Holding considered 420 items, including 72 items submitted at the initiative of the Management Board for consideration by the Board of Directors and the Sole Shareholder of the Holding. |
| 3.38 | The Chairman and members of the Board do not allow the emergence of a conflict of interest situation. If there is a conflict of interest, they notify the Board of Directors or the Chairman of the Board thereof in advance, about the need to fix it in writing and not participate in the decision on the matter. | Complied | In accordance with the provisions of the Policy on settlement of corporate conflicts and conflicts of interests of the Holding approved with the resolution of the Board of Directors of the Holding dated 24.07.2014 (minutes #06/14), the CEO and members of the Management Board do not allow a situation with a conflict of interests to arise. If there is a conflict of interest, they notify the Board of Directors or the Chief Executive Officer in advance of the need to record this in writing and not participate in making a decision on the item. |
| 3.39 | The Chairman and members of the Management Board may hold positions in other organizations only with the approval of the Board of Directors. The Chairman of the Management Board or a person acting solely as an executive body shall not be entitled to hold the position of the head of the management board or of a person acting solely as the executive body of another legal entity. | Complied | In accordance with the resolution of the Board of Directors of the Holding dated 15.05.2019 (resolution #04/19), members of the Management Board of Baiterek NMH JSC are allowed to serve on the Boards of Directors/ Supervisory Boards of organizations whose shares/interests are owned/ managed by Baiterek NMH JSC, without payment of remuneration to them. In this regard, the CEO and members of the Management Board of the Holding are members of a number of Boards of Directors of subsidiaries as representatives of the Sole Shareholder. So, as of 31.12.2019: The CEO of the Holding A.A. Arifkhanov :EIC KazakhExport JSC, Development Bank of Kazakhstan JSC, House Construction Savings Bank of Kazakhstan JSC, Kazyna Capital Management JSC;Deputy Chief Executive Officer of the Holding A.S. Omarkhojayev:  Investment Fund of Kazakhstan JSC, Baiterek Development JSC, Housing Construction Guarantee Fund JSC;Deputy Chief Executive Officer of the Holding R.T. Karagoishin:Development Bank of Kazakhstan JSC;Managing Director, Member of the Management Board of the Holding M.T. Omarov:Development Bank of Kazakhstan JSC, Kazyna Capital Management JSC, House Construction Savings Bank of Kazakhstan JSC;Managing Director, Member of the Management Board of the Holding A.S. Kuatova :EIC KazakhExport JSC, QazTech Ventures JSC, Kazakhstan Project Preparation Fund LLP;Managing Director, Member of the Management Board of the Holding T.A. Zhanke :Kazakhstan Mortgage Company JSC, Baiterek Development JSC, Housing Construction Guarantee Fund JSC;Managing Director, Member of the Management Board of the Holding Ye.Ye. Khamitov :House Construction Savings Bank of Kazakhstan JSC. |
| 3.40 | The Management Board ensures the creation of the optimal organizational structure of the Holding.The organizational structure should be aimed at:1) the effectiveness of decision-making;2) increase of the Holding's productivity;3) operational efficiency of decision-making;4) organizational flexibility.Selection of candidates for vacant positions of the Holding is carried out on the basis of open and transparent competitive procedures. Career promotion, incentives to the Holding employees are provided in accordance with principle of meritocracy considering level of knowledge, work experience and achievement of the set objectives. In the Holding, a pool of employees of the personnel reserve is formed, from which subsequent appointments can be made to senior management positions in the middle and top management. Workers are assessed on an annual basis.Staff selection procedures are accomplished in compliance with the following requirements:preference to development of internal resources of the Holding and the subsidiary organizations, in case of lacking such a possibility – transparency and no restrictions for vacant positions for wide range of persons, providing the principle of equal opportunities, which allow to increase competitiveness and selection of worthy candidates, who meet requirements of professionalism and competence; impartial selection of staff and complete lack of protectionism, foster care system (on the principle of devotion, ethnicity, family ties and personal friendship); legal regulation, including the issues on setting the principles and criteria of candidates evaluation, excluding any terms for subjectivity when adopting a resolution.  | Complied | According to Article 11.74(3) of the Charter of the Holding, the competence of the Management Board of the Holding includes making a resolution on approving the staffing table of the organization structure within the staff size approved by the Board of Directors. Organization structure of the Holding was approved by the resolution of the Management Board of the Holding dated 19.04.2017 (minutes #18/17) (as amended on 23.08.2017 (minutes #33/17), 31.01.2018 (minutes #3/18), 04.04.2018 (minutes #12/18), 01.08.2018 (minutes #31/18), 08.04.2019 (minutes #17/19), 29.05.2019 (minutes #29/19), 26.06.2019 (minutes #33/19), 01.11.2019 (minutes #52/19). The existing organization structure of the Holding is aimed at effective decision-making, increasing the Holding's productivity, efficiency of decision-making and organizational flexibility. Selection of candidates for vacant positions of the Holding and assessment of employees' performance are carried out in accordance with internal documents approved by the Management Board of the Holding, such as: Rules for selecting candidates for vacant positions of Baiterek NMH JSC (minutes of the meeting of the Management Board of the Holding dated 20.06.2018, #25/18), Rules for assessment of employees' performance of Baiterek NMH JSC (minutes of the meeting of the Management Board of the Holding dated 18.09.2017, #36/17), Rules for forming and organizing work with the Unified Candidates Pool of Baiterek NMH JSC (minutes of the meeting of the Management Board of the Holding dated 22.08.2018, #32/18). |
| 3.41 | The Chairman and members of the Management Board are evaluated by the Board of Directors. The main criterion for evaluation is the achievement of the set KPIs. Motivational KPIs of the Chairman and members of the Management Board are approved by the Board of Directors of the Holding. Proposals regarding the motivational KPIs of the members of the Management Board for consideration by the Board of Directors are made by the Chairman of the Management Board.The performance results affect the amount of the remunerations, bonuses, re-election (appointment) or early termination of powers.Labour compensation of the Chairman and the members of the Management Board comprises the permanent and the variable part. When establishing the position salary, the complexity of the tasks performed, the personal competencies of the employee and his competitiveness in the market, the contribution made by this person to the development of the Holding, the level of official salaries in similar companies, and the economic situation in the Holding 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 Board of Directors of the Holding. | Complied | In accordance with Article 10.56(12) of the Charter of the Holding, the exclusive competence of the Board of Directors of the Holding includes the determination of the amount of official salaries and conditions of remuneration and bonuses for the CEO and members of the Management Board of the Holding. KPIs of executive employees consist of corporate and functional KPIs that take into account the specifics of the activities of Baiterek NMH JSC and include key financial and non-financial indicators.KPIs are developed by cascading the strategic goals of Baiterek NMH JSC and based on the area of competence assigned to a certain position/executive employee and are submitted for approval by the Board of Directors of the Holding in accordance with the established procedure.KPI scorecards for 2019 were developed taking into account the approved amended Development Plan of Baiterek NMH JSC for 2017-2021 and approved with the resolution of the Board of Directors of the Holding on 23.11.2018 (minutes #11/18), and later updated with the resolutions of the Board of Directors of the Holding on 16.05.2019 (minutes #05/19) and 19.09.2019 (minutes #09/19) due to the updating of the Development Plan of Baiterek NMH JSC for 2017-2021 and changes in the organization structure of Baiterek NMH JSC.KPI scorecards for 2020 were developed taking into account the approved updated Development Plan of Baiterek NMH JSC for 2017-2021 and approved with the resolution of the Board of Directors of the Holding on 21.11.2019 (minutes #11/19).Each year, the Board of Directors of the Holding submits an item on approval of the actual effectiveness of the key performance indicators scorecards of the CEO and members of the Management Board of the Holding at year-end. By the resolution of the Board of Directors of the Holding on 22.07.2019 (minutes #07/19), the effectiveness of the key performance indicators scorecards of the CEO and members of the Management Board of the Holding with actual values for 2018 was approved. The overall effectiveness on corporate KPIs was 107.7 points. Based on the results of effectiveness approval, the Board of Directors decided to pay remuneration to the CEO and members of the Management Board of the Holding for 2018 (minutes #07/19 dated 22.07.2019). KPI scorecards for 2018 were developed taking into account the approved updated Development Plan of Baiterek NMH JSC for 2017-2021 and approved with the resolution of the Board of Directors of the Holding dated 01.03.2018 minutes #03/18) and later amended with the resolution of the Board of Directors of the Holding on 23.11.2018 (minutes #11/18). |
| **4.** | **Principle of sustainable development** |  |  |
| 4.1 | The Holding and its subsidiaries are aware of the importance of their influence on the economy, the environment and society in order to ensure sustainable development in the long term, respecting the balance of interests of the parties concerned. The approach of responsible, thoughtful and rational interaction with stakeholders will contribute to the sustainable development of the Holding and its subsidiaries. | Complied | As part of implementation of the Corporate Governance Code of the Holding by the resolution of the Board of Directors of the Holding dated July 22, 2019 (minutes #07/19), the Action Plan on the Corporate Governance Improvement of the Holding for 2019-2020 was approved, which includes a section on implementing the principle of sustainable development.In order to implement this principle, the Holding has analyzed the internal and external situation in three components (economic, environmental, and social). Upon the results of the work carried out, as well as the benchmarking of the leading development institutions the Sustainable Development Policy of Baiterek NMH JSC was approved with the resolution of the Management Board of Baiterek NMH JSC dated 28.11.2018 (minutes #52/18).  Within implementation of the Action Plan on the Corporate Governance Improvement of the Holding in 2019, the Holding was awarded the international rating of sustainable development D-. The report on the assignment of the sustainable development rating (ESG report) was obtained in August 2019. Upon the results of ESG rating the Action Plan on Sustainable Development for 2020 was approved with the resolution of the Management Board of Baiterek NMH JSC dated 18.12.2019 (minutes #59/19), that include a list of actions on practice improvement on sustainable development management, and also aimed at holding higher positions in ESG rating by the Holding. Economic, ecological and social factors (ESG factors) are also taken into account when he Holding provides financial support. The principle of following the ESG principle within project selection was included into the Investment Policy of Baiterek NMH JSC. In addition, within the policy the instrument of potential project prioritization – Development index was introduced, that will allow to highlight the most significant social economic projects, which may contribute to the development of the country.  Also, as part of implementation of the Action Plan on Corporate Governance Improvement of Baiterek NMH JSC, the standard form of the procurement contract was updated considering the principles of sustainable development.As part of the social component, following the resolution of the Holding Board of Directors dated 17.10.2019, #10/19, the corresponding amendments and additions were made to the Code of Business Ethics of the Holding. |
| 4.2 | The Holding and its subsidiaries should strive for profitability, while ensuring sustainable development, maintaining a balance of interests of the parties concerned.The Holding and its subsidiaries, in the course of carrying out their activities, influence or are influenced by the parties concerned.Concert parties can have both positive and negative impact on the activities of the Holding and its subsidiaries, namely, to achieve profitability, sustainable development, reputation and image, create or reduce risks. The Holding and its subsidiaries need to give importance to proper interaction with parties concerned. | Complied | The Holding is working to increase the level of transparency of disclosed information. For meeting the international standards, as well as increasing the level of Informaiton disclosure for the relate parties, the Annual Report of the Holding is developed by taking into account the International Standard on Reporting on sustainable development - GRI Standards. Quality increase of the disclosed information is confirmed annually by the external experts within the competition of the annual reports held by the Expert-Ra Rating Agency (hereinafter - QRA). Thus, upon the results of the last competition the Annual report of the Holding for 2018 was awarded 9th prize (for comparison with 2017 – 82 place). Also, the Annual report of the Holding was awarded the 2nd prize in the nomination “The best annual report of the financial sector”. Annually within preparation process of the Annual report, the Holding develops questionnaires for the main related parties, which are forwarded to identify the key questions (the so-called significant), which are subsequently disclosed in the annual report of the Holding. For increasing the quality of the Annual report preparation of the Holding subsidiary organizations and following the single approached for information disclosure by the Holding for its subsidiary organizations minimal requirements (recommendations) on information disclosure in the field of sustainable development based on GRI Standards were developed. The Holding subsidiary organizations participate in the annual report competition following the Holding’s recommendation. The corporate website of the Holding contains the section “Sustainable Development”, which includes the Holding's approach to sustainable development, interaction with stakeholders, commitment to the UN sustainable development goals and the main directions of activities in sustainable development.As part of implementation of the Action Plan on the Corporate Governance Improvement of the Holding in 2019, the Holding received an international rating of sustainable development - D-. The report on the assignment of the sustainable development rating (ESG report) was obtained in August 2019. Upon the results of ESG rating the Action Plan on Sustainable Development for 2020 was approved with the resolution of the Management Board of Baiterek NMH JSC dated 18.12.2019 (minutes #59/19), that include a list of actions on practice improvement on sustainable development management, and also aimed at holding higher positions in ESG rating by the Holding. The updated Holding Strategy for 2014-2023 includes a number of strategic key performance indicators, including return on assets, which are also included in the development strategies and development plans of the Holding's subsidiaries.Starting from 2018, the Holding's top management motivation system includes measures for sustainable development. Officials of the Holding and its subsidiaries adhere to the principles of sustainable development when conducting business and promote the involvement of all employees.The Stakeholder map of the Holding was approved with the resolution of the Management Board of the Holding on 12.07.2017 (minutes #29/17). The stakeholder map defines the list of stakeholders and their influence on the strategy of interaction with stakeholders. Definition of stakeholders and work with them is one of the tools that allows to improve the business reputation of the business, company's capitalization, and establish effective and balanced relationships with all stakeholders. Every year, the Holding approves and implements the Action Plan on further increase in the level of trust of target groups in the activities of Baiterek NMH JSC, including actions for interaction with the Sole Shareholder, subsidiaries, large companies, and small and medium enterprises.For enhancing the awareness of the subsidiary organizations on sustainable development, as well as insight on integration into their activity, the Holding regularly hold round tables with its subsidiary organizations. Thus, in December 2019, the holding arranged training for the subsidiary organizations, within which the following topics were highlighted: notion of sustainable development, main elements of the systems (responsibility zone, regulating documents and others), integration of sustainable development principle into the activity, monitoring of the performance and reporting. Also, the Holding conveyed the information to the subsidiary organizations on the work performed in this field and plans for 2020.  |
| 4.3 | The Holding and its subsidiaries are encouraged to use international standards for identification and interaction with parties concerned when identifying and interacting with them.The Holding and its subsidiaries should take steps to establish dialogue and long-term cooperation and manage relations with parties concerned. | Complied | An updated Stakeholder map of the Holding was approved with the resolution of the Management Board of the Holding on 12.07.2017 (minutes #29/17).The main stakeholders of the Holding in the area of authority/responsibility include the Sole Shareholder, the Board of Directors (regulatory body), the Management Board (management), and staff; in the area of direct impact – government agencies, subsidiaries, investors, financial institutions, suppliers, partners, clients, auditors, and consulting organizations; in the area of indirect impact – population, public organizations, mass media, and competitors. The Sustainable Development Policy of Baiterek NMH JSC, including regulates the principles on interaction with the related parties, based on the international standard of interaction with the related parties AA1000SES (particularly, they are the principles of significance, complexity and reaction). In addition, the Policy comprises the following by the Holding the principles of the Global Agreement of the UN in the field of human rights protection, labour relations, protection of the environment and anti-corruption activity, which the Holding takes into account within interacting with the related parties. In order to meet the international standards, as well as to increase the level of the disclosed information for the related parties, the Annual report of the Holding is developed by considering the international standard on the reporting on sustainable development - GRI Standards. Thus, upon the results of the last competition the Annual report of the Holding for 2018 was awarded 9th prize (for comparison with 2017 – 82 place). Also, the Annual report of the Holding was awarded the 2nd prize in the nomination “The best annual report of the financial sector”. Annually within preparation process of the Annual report, the Holding develops questionnaires for the main related parties, which are forwarded to identify the key questions (the so-called significant), which are subsequently disclosed in the annual report of the Holding.For increasing the quality of the Annual report preparation of the Holding subsidiary organizations and following the single approached for information disclosure by the Holding for its subsidiary organizations minimal requirements (recommendations) on information disclosure in the field of sustainable development based on GRI Standards were developed. The Holding subsidiary organizations participate in the annual report competition following the Holding’s recommendation. The corporate website of the Holding contains the section “Sustainable Development”, which includes the Holding's approach to sustainable development, interaction with stakeholders, commitment to the UN sustainable development goals and the main directions of activities in sustainable development. |
| 4.4 | The Holding and its subsidiaries draw up a stakeholder card, taking into account risks and ranking taking into account the dependence (direct or indirect), obligations, situation (paying special attention to high-risk areas), influence and various perspectives. | Complied | An updated Stakeholder map of the Holding was approved with the resolution of the Management Board of the Holding on 12.07.2017 (minutes #29/17). The stakeholder map defines the list of stakeholders and their influence on the strategy of interaction with stakeholders. The main forms of interaction with stakeholders are joint programs and projects, memoranda of cooperation, joint working groups, reporting on activities, meetings, workshops, publications, interviews. The main areas of interaction with stakeholders are strategic planning, financial activities, project management, delivery of goods, works and services, lawmaking, operating activity, and interaction with the media.Annually within preparation process of the Annual report, the Holding develops questionnaires for the main related parties, which are forwarded to identify the key questions (the so-called significant), which are subsequently disclosed in the annual report of the Holding.  |
| 4.5 | The Holding and its subsidiaries ensure the coherence of their economic, environmental and social goals for sustainable development in the long term. Sustainable development in the Holding and its subsidiaries consists of three components: economic, environmental and social.The economic component directs the activities of the Holding and its subsidiaries to the profitability of their activities, ensuring the interests of shareholders and investors, improving the efficiency of processes, increasing investment in the creation and development of better technologies, increasing labor productivity.The ecological component contributes to minimizing the impact on biological and physical natural systems, the optimal use of limited resources, the use of ecological, energy and material-saving technologies.The social component is oriented towards the principles of social responsibility, which include, ensuring labor safety and preserving the health of workers, fair remuneration and observance of workers' rights, individual development of personnel, implementation of social programs for personnel, creation of new jobs, sponsorship and charity, environmental and educational actions. The Holding selects employees on the basis of transparent competitive procedures in accordance with the internal documents of the Holding.The Holding and its subsidiaries are recommended to analyze their activities and risks on these three aspects, as well as to avoid or reduce the negative impact of their performance to the parties concerned. | Partiallycomplied | The Sustainable Development Policy of Baiterek NMH JSC was approved with the resolution of the Holding Management Board dated 28.11.2018 (minutes #52/18). Along with that, the Corporate Secretary Office of the Holding, that ensures the effective implementation of the duties assigned on the acting Corporate Secretary, including suggestions on improvement of corporate governance practice, issued the recommendation on the need of approval of the Sustainable Development Policy of Baiterek NMH JSC by the Board of Directors of Baiterek NMH JSC in accordance with Chapter 7.96 of the Code, the Holding Board of Directors is authorized to perform strategic supervision and control over implementation of sustainable development. It is noted in the Sustainable Development Policy of Baiterek NMH JSC that sustainable development is a set of principles and obligations that the Holding follows in the implementation of its activities, in terms of: managing relationships with stakeholders; assessing and managing the impact on the national economy, social sphere and environment.In accordance with the Code, the principle of sustainable development, as well as the Sustainable Development Policy of Baiterek NMH JSC provide for consistency of economic, environmental and social goals. This approach is integrated into all key processes of the Holding, including human resources and risk management, planning, management, investments, reporting, operational activities, etc.Holding and its subsidiaries strive to ensure a balance between the interests of business and society, as well as to manage the economic, environmental and social aspects of its activities in a harmonious manner to ensure sustainable development in the long term.The goals, objectives, activity directions of the Holding in the context of the three components of sustainable development are reflected in detail in the Sustainable Development Policy of Baiterek NMH JSC . In accordance with the decision of the Management Board of Baiterek NMH JSC, the subsidiaries were instructed to ensure the approval of similar policies by the end of 2019. At the end of 2019, at the level of 11 subsidiaries, policies were approved. Subsidiaries approve action plans for sustainable development in accordance with the provisions of the policies. Thus, sustainable development action plans have already been approved by Damu Fund JSC, DBK JSC, QazTech Ventures JSC, IFC JSC.In order to increase awareness of subsidiaries about sustainable development, as well as understanding how it can be integrated into their activities, the Holding regularly holds round tables with subsidiaries. So, in December 2019, the Holding conducted training for subsidiaries, within the framework of which the following topics were covered: the concept of sustainable development, the main elements of the system (areas of responsibility, regulatory documents, etc.), the integration of the principles of sustainable development into activities, monitoring of activities and reporting. The Holding also conveyed the information on the work carried out in this field and plans for 2020 for awareness of the subsidiary organizations. The Action Plan for the Corporate Governance Improvement of Baiterek National Managing Holding Joint-Stock Company for 2019-2020 includes a section on implementing the principle of sustainable development across economic, environmental and social aspects.As part of the economic component, the Holding regularly monitors the implementation of the Holding's Development Strategy for 2014-2023, the Holding's Development Plan for the medium-term period, and KPI scorecards performance assessment of the CEO and members of the Management Board.As part of the environmental component, the amendments were made in terms of including elements of the environmental policy to the Investment Policy of Baiterek NMH JSC in new wording, approved with the resolution of the Holding Board of Directors dated September 20, 2018 (minutes #08/18). In particular, within updating the Investment Policy of Baiterek NMH JSC, an instrument for project evaluation was introduced - the Development Index. One of the criteria of the development index is the impact on sustainable economic development, including ecology.As part of its administrative activities, the Holding also seeks to rationally consume resources. According to the results of the first republican contest “Green Office”, the Holding won the nomination “Among public bodies (ministries, akimats, administrations, etc.) and the quasi-public sector”. As part of the social component, the Management Board of the Holding developed and approved the following: the Unified Personnel Policy of Baiterek NMH JSC and legal entities, more than fifty percent of shares (participation interests) of which are directly owned by Baiterek National Managing Holding Joint-Stock Company on the right of ownership or trust management for 2019-2021 (minutes to the meeting of the Management Board of the Holding #14/19, dated 13.03.2019) and the Concept of forming and developing the Unified candidates pool of the Holding Group (minutes to the meeting of the Management Board of the Holding #07/18 dated 28.02.2018).Since 2018 actions on sustainable development were included into the system of the motivation system of the top-management. The officials of the Holding and its subsidiary organizations follow the principles of sustainable development in their activity and contribute to the involvement of all the employees. Within the Action plan on sustainable development of the Holding for 2020 qualification upgrading of the employees and the Holding Management Board members on sustainable development is planned. Upon the results of 2018-2019, all employees of the Holding underwent training arranged at the corporate level. The aggregated rate of the employee engagement of the Holding group for 2019 was 80%. The Holding provides its employees with main social guarantees and compensation provided for by the current legislation of the Republic of Kazakhstan, and consistently implements and develops additional social programs and benefits.Training on sustainable development for employees of the structural divisions is carried out annually by the Department of Strategy and Corporate Development of the Holding or by engaging an external expert. In 2019, round tables were held for the Holding employees, within which the following issues were discussed: the importance of sustainable development for the Holding, the results of the ESG rating, actions to increase positions in the rating.In 2019, the employees selection the Holding was carried out on the basis of transparent competitive procedures in accordance with the Rules for selecting candidates for vacant positions of Baiterek NMH JSC approved with the resolution of the Management Board of the Holding dated 20.06.2018 (minutes #25/18). The Holding and its subsidiaries conduct an analysis of their activities and risks in three aspects of sustainable development, aiming to prevent or reduce the negative impact of their results on stakeholders by introducing the principle of sustainable development into the motivation system of the top management of the Holding and subsidiaries, the investment decision-making system Holding and subsidiaries, improving the form of procurement contracts, regular assessment of confidence in the activities of the Holding. |
| 4.6 | The principles of sustainable development are openness, accountability, transparency, ethical behavior, respect of the interests of the parties concerned, respect of law, respect of human rights, intolerance to corruption, and the inadmissibility of conflicts of interest.Under the principles it is necessary to understand the following:1) openness;2) accountability;3) transparency;4) ethical behavior;5) respect;6) respect of law;7) respect of human rights;8) intolerance to corruption;9) inadmissibility of conflicts of interest;10) personal example. | Complied | The Holding has a Code of Business Ethics of Baiterek National Managing Holding Joint Stock Company (approved with the resolution of the Board of Directors of the Holding on 21.04.2015 (resolution #04/15), with amendments and additions made on the basis of resolutions of the Board of Directors of the Holding on 24.07.2017 (resolution #06/17), on 27.04.2018 (resolution #04/18), on 17.10.2019 (resolution #10/19)), Anti-Corruption Policy of Baiterek National Managing Holding Joint Stock Company (approved with the resolution of the Management Board of the Holding on 04.07.2017 (minutes 28/17), Regulations for prevention of corruption and fraud of Baiterek National Managing Holding Joint Stock Company (approved by the Board of the Holding on 04.10.2017 (minutes #38/17), Information Disclosure Policy of Baiterek National Managing Holding Joint Stock Company (approved with the resolution of the Board of Directors of the Holding as of 20.03.2014 (minutes no. 02/14), as amended and supplemented by the Holding's Board of Directors resolution dated 08.06.2017 (resolution #05/17)), the Policy of Corporate Conflicts and conflicts of interest resolution of Baiterek National Managing Holding Joint Stock Company (approved with resolution of the Board of Directors of the Holding on 24.07.2014 (minutes #06/14) as amended and supplemented by resolution of the Board of Directors of Holding on 13.11.2018 (resolution #10/18)).Along with this, the List, forms and frequency of the reporting to Baiterek NMH JSC by the subsidiaries was approved with the resolution of the Holding Management Board (minutes #26/18 dated 27.06.2018), updated with the resolutions of the Holding Management Board dated 28.08.2019 (minutes #42/19) and 18.03.2020 (minutes #13/20). |
| 4.7 | The Holding and its subsidiaries should build a management system for sustainable development that includes, but is not limited to, the following elements:1) adherence to the principles of sustainable development at the level of the Board of Directors, the executive body and employees;2) analysis of the internal and external situation by three components (economics, ecology, social issues);3) identification of risks in the field of sustainable development in social, economic and environmental spheres;4) drawing up a stakeholder card;5) integration of sustainable development into key processes, including risk management, planning, human resources management, investments, reporting, operational activities and others, as well as in development strategy and decision-making processes;6) determination of goals and KPIs in the field of sustainable development, development of an action plan and determination of responsible persons;7) professional development of officials and workers in the field of sustainable development;8) regular monitoring and evaluation of activities in the field of sustainable development, assessment of the achievement of goals and efficiency, taking corrective measures, introducing a culture of continuous improvement.The Board of Directors and the Management Board of the Holding and its subsidiaries ensure the formation of an appropriate system for sustainable development and its implementation.All employees and officials at all levels contribute to sustainable development. | Complied | In the management system in the field of sustainable development, the roles, competencies, responsibility of each body and all employees for the implementation of the principles, standards of sustainable development are determined and set, which are reflected in the Sustainable Development Policy of Baiterek National Managing Holding Joint-Stock Company, approved with the decision of the Holding Management Board dated 28.11.2018 (minutes #52/18). Pursuant to this Policy, all employees and officials of the Holding at all levels contribute to sustainable development.According to the results of 2019, the Sustainable Development Policies, considering the regulations of the Holding Sustainable Development Policy, were approved in 11 subsidiary organizations of the Holding. In order to increase awareness of the subsidiaries about sustainable development, as well as understanding how it can be integrated into their activities, the Holding regularly holds round tables with the subsidiaries. So, in December 2019, the Holding conducted training for the subsidiaries, within the framework of which the following topics were covered: the concept of sustainable development, the main elements of the system (areas of responsibility, regulatory documents, etc.), the integration of the principles of sustainable development into the activities, monitoring of activities and reporting. The Holding also conveyed the information on the work performed in this area and plans for 2020 to the subsidiaries for their awareness. In 2019, round tables were held for employees of the Holding, within which the following issues were discussed: the importance of sustainable development for the Holding, the results of the ESG rating, measures to increase positions in the rating.In order to comply with the requirements of international investors regarding the implementation of ESG principles in the Holding’s activities in August 2019 the Holding received an ESG rating (according to experts, it was assigned a rating of D +).According to the results of the ESG rating, the Action Plan on Sustainable Development for 2020 was approved with the resolution of the Holding Management Board dated December 18, 2019 (minutes #59/19), which includes a list of actions on improvement of sustainable development management practices, that implies further integration of the sustainable development principles into the Holding’s business processes, qualification upgrade of the employees and top management, etc.The plan also contains measures for updating/ developing corporate documents in the field of sustainable development and measures for more complete disclosure of non-financial information in the annual report and on the website, including the preparation of the Holding's annual report in accordance with the international GRI standard and best practices on information disclosure, and also improving the quality of information disclosure on the website of the Holding and its subsidiaries according to the results of the ESG rating.According to the Action Plan on Sustainable Development for 2020, approved with the resolution of the Holding Management Board dated December 18, 2019 (minutes #59/19), further training of the employees and members of the Holding’s Management Board on sustainable development is planned.In accordance with the recommendation of the Nominations, Remunerations and Social Issues Committee under the Holding Board of Directors (minutes #06/18 dated 20.09.2018), from 2018 actions on sustainable development were included in the maps of key performance indicators of the Holding Management Board members. Upon the results of 2019, all corresponding key performance indicators were fully implemented.Monitoring and control over the implementation of sustainable development issues is also carried out by the Strategic Planning Committee under the Holding Board of Directors in accordance with the competences assigned. In May 2019, the information on the results of the work carried out by the Holding in the field of sustainable development was provided to the members of the Strategic Planning Committee under the Holding Board of Directors (minutes #02/19 dated May 16, 2019). |
| 4.8 | Holding and its subsidiaries are developing Action Plan in the field of sustainable development.  | Partiallycomplied | The Action Plan on Sustainable Development of the Holding for 2020 was approved with the resolution of the Holding Management Board dated December 18, 2019 (minutes #59/19), which includes a list of actions on improvement of practices on sustainable development management, and is also aimed at improving the Holding's position in the ESG rating.Upon the results of 2019, sustainable development policies were approved at the level of 11 subsidiaries. In order to comply with the provisions of the policies, subsidiaries approve action plans on sustainable development. Moreover, action plans on sustainable development were approved only by Damu Fund JSC, Kazakhstan Development Bank JSC, QazTech Ventures JSC, Kazakhstan Investment Fund JSC, that is, in 4 out of 11 subsidiaries.The Corporate Secretary Service of the Holding, which in turn ensures effective implementation of the functions assigned to the acting Corporate Secretary, including making proposals related to improvement of corporate governance practices, was recommended to include measures to implement the relevant IFC recommendation in the Action Plan based on the results of assessment of the performance of the Boards of Directors of the companies of Baiterek NMH JSC for 2018, approved with the resolution of the Management Board of Baiterek NMH JSC dated December 18, 2019 (minutes #59/19).  |
| 4.9 | In the system of management in the field of sustainable development, it is necessary to clearly define and consolidate the roles, competencies, responsibilities of each body and all employees for the implementation of principles, standards and relevant policies and plans for sustainable development.The Board of Directors of the Holding carries out strategic management and control over the implementation of sustainable development. The Management Board of the Holding forms an appropriate Action Plan.In order to thoroughly prepare for issues of sustainable development, it is recommended to set up committee or delegation to the terms of reference of one of the existing committees under the Board of Directors of the Holding for sustainable development. For example, they can be a committee on strategic planning, a committee for personnel, remuneration and social issues, etc.The Holding Company and its subsidiaries regularly conduct training and raising of qualification programs. Training is a permanent element in the implementation of sustainable development. The officials of the Holding and its subsidiaries contribute to the involvement of employees in sustainable development on the basis of understanding and commitment to the principles of sustainable development and changing culture, behavior in the conduct of activities and performance of duties. The Holding conducts research on employee involvement and satisfaction on an annual basis | Partiallycomplied | Despite the fact that strategic management and control over the implementation of sustainable development falls within the competence of the Board of Directors, the Sustainable Development Policy of Baiterek National Managing Holding Joint-Stock Company was approved with the resolution of the Management Board of Baiterek NMH JSC (minutes #52/18 dated 28.11.2018).At the same time, the roles, competencies, and responsibilities of each body and all employees are set in the Sustainable Development Policy of Baiterek National Managing Holding Joint-Stock Company.In accordance with paragraphs 73-75 of the Sustainable Development Policy of Baiterek National Managing Holding Joint-Stock Company the management of sustainable development in the Holding is carried out within the framework of the Holding’s overall management system and is an integral part of it. At the same time, the Holding Management Board ensures the formation of the appropriate sustainable development management system and its implementation, approves the action plan in the field of sustainable development.The Action Plan on Sustainable Development of the Holding for 2020 was approved with the resolution of the Holding Management Board dated December 18, 2019 (minutes #59/19). For implementation of the Action Plan on Corporate Governance Improvement of Baiterek National Managing Holding Joint-Stock Company in 2019 the Holding received the international sustainable development rating of D +. The report on awarding sustainable development rating (ESG report) was obtained in August 2019.In order to prepare recommendations on sustainable development the functions of preliminary consideration of sustainable development issues were delegated to the competence of the Strategic Planning Committee under the Holding Board of Directors with the resolution of the Holding Board of Directors dated 13.11.2018 (resolution #10/18).Control over the implementation of sustainable development issues is carried out by the Strategic Planning Committee under the Holding Board of Directors taking into account the assigned authorities on consideration of sustainable development issues (resolution of the Holding Board of Directors dated November 13, 2018 (resolution #10/18).The results of implementation of the action plans on sustainable development and plans on direction development were submitted for consideration of the Strategic Planning Committee under the Holding Board of Directors in May 2019 in the format of the information about the results of the work performed in the field of sustainable development and is presented for taking note to the members of the Strategic Planning Committee under the Holding Board of Directors of the (minutes dated 16.05.2019 #02/19).The Department of Strategy and Corporate Development has filled the section on sustainable development of the Holding's websitehttps://www.baiterek.gov.kz/ru/ustoychivoe-razvitieExisting programs implemented by the Holding contribute to the achievement of most of the sustainable development goals (hereinafter – SDGs) and their objectives. At the same time, in order to meet the specific goals and indicators of the SDGs, the Holding will continue to work on integrating the SDGs into the Holding's processes and practices. Annually, the Holding takes part in conferences dedicated to the UN SDGs. So, in November 2019, the Holding took part in the regional SDG summit: “Mobilization of financial resources for the implementation of the Sustainable Development Goals” under support of the Asian Development Bank and the UN Development Program in Kazakhstan.Training on sustainable development for the employees of the structural divisions is carried out annually by the Department of Strategy and Corporate Development of the Holding or by an external expert engaged. In 2019, round tables were held for the Holding employees, within which the following issues were discussed: the importance of sustainable development for the Holding, the results of the ESG rating, measures to increase positions in the rating.According to the Action Plan on Sustainable Development for 2020, approved with the resolution of the Holding Management Board dated December 18, 2019 (minutes #59/19), further training of the employees and members of the Holding’s Management Board on sustainable development is planned. In order to increase awareness of subsidiaries about sustainable development, as well as understanding how it can be integrated into their activities, the Holding regularly holds round tables with subsidiaries. So, in December 2019, the Holding conducted training for subsidiaries, within the framework of which the following topics were covered: the concept of sustainable development, the main elements of the system (areas of responsibility, regulatory documents, etc.), the integration of the principles of sustainable development into activities, monitoring of activities and reporting. The Holding also conveyed the information on the work performed in this area and plans for 2020 to the subsidiaries for their awareness. Upon the results of 2019, all employees of the Holding underwent training in the corporate format. The aggregated rate of employee engagement of the group of companies of the Holding for 2019 was 80%. Holding provides its employees with basic social guarantees and compensation provided for by the current legislation of the Republic of Kazakhstan, and consistently implements and develops additional social programs and benefits.  |
| 4.10 | The Holding and its subsidiaries should discuss the incorporation and implementation of sustainable development principles and standards in relevant contracts (agreements, contracts) with partners. It is recommended to take comprehensive measures with partners to implement the principles and standards of sustainable development.If the Holding and / or its subsidiary determine the risk associated with the partners’ negative impacts to economy, environment and society, the Holding and / or its subsidiary take measures aimed at stopping or preventing such an impact.If the partner does not accept or adheres to the principles and standards of sustainable development, the importance of this partner for the Holding and / or its subsidiary should be taken into account and whether consider measures to influence to partner and the possibility of partner’s replacement. | Complied | The Sustainable Development Policy of Baiterek NMH JSC approved by the Management Board of the Holding (minutes #52/18 dated 28.11.2018) establishes the norm (Chapter 7.4.90) that the Holding considers the possibility of including the principles of sustainable development in the relevant contracts (agreements, treaties) with partners in order to increase consistency with the goals of sustainable development.According to the Investment Policy approved with the resolution of the Board of Directors of the Holding dated 20.09.2018 (minutes #08/18), the Holding's investments are directed to the effective use of allocated funds for providing support measures to projects that comply with the principles of sustainable socio-economic development.At the same time, the Holding ensures systematic and constructive interaction with stakeholders, and has established a feedback process for continuous improvement of the Holding's activities.It also ensures that the principles and standards of sustainable development are included and observed in the relevant contracts (agreements, treaties) with partners. Together with partners, comprehensive measures are being taken to implement the principles and standards of sustainable development. If the structural divisions of the Holding and/or its subsidiaries identify the risk associated with the negative impact of partners on the economy, environment and society, the Holding and/or its subsidiary will take measures aimed at stopping or preventing such impact. As part of the implementation of the Action Plan on the Corporate Governance Improvement of the Holding for 2019-2020, the standard form of the procurement contract has been updated taking into account the principles of sustainable development. |
| **5.** | **The principle of risk management, internal control and internal audit** |
| 5.1 | The Holding has an effectively functioning risk management and internal control system aimed at providing reasonable assurance that the Holding achieves its strategic and operational goals and is a set of organizational policies, procedures, standards of conduct and actions, management methods and mechanisms established by the Board of Directors and the Management Board of Holding to ensure:1) optimal balance between the profitability of the Holding's operations, profitability and the risks accompanying them;2) efficiency of financial and economic activities and achievement of financial stability of the Holding;3) preservation of assets and efficient use of the Holding's resources; 4) completeness, reliability and accuracy of financial and management reporting;5) compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents of the Holding;6) proper internal control to prevent fraud and to provide effective support to the operation of core and supporting business processes and performance analysis. | Complied | The Risk Management System in the Holding is crucial for successful implementation of strategic goals of the Holding group of companies and plays an important role in making strategic, managerial, financial, and investment decisions.Introduction of the Corporate Risk Management System in the Holding implies the establishment and development of the necessary infrastructure and culture, as well as application of logical and systematic methods of identification, analysis and assessment, monitoring, control and management of risks inherent in all activities, functions or processes of the Holding and its subsidiaries, in order to prevent losses and maximize benefits.The main element of the risk management process of the Holding is its integration with the specifics of the organization, main principles of activity, business processes, and involvement of each employee in the risk management process.When carrying out its activities within its scope, the Holding takes into account the interests and consequences of implementing risks for the Sole Shareholder, subsidiaries and other stakeholders.The main principles of the risk management process of the Holding are:⦁ integrity - consideration of elements of the Holding's integrated risk in the context of the corporate risk management system; ⦁ openness - prohibition to consider the corporate risk management system as autonomous or separate; ⦁ structure - a comprehensive risk management system has a clear structure; ⦁ awareness - risk management is accompanied by objective, reliable and up-to-date information; ⦁ continuity - the risk management process is carried out on an ongoing basis; ⦁ cyclicality - the risk management process is a constantly recurring established cycle of its main components.  |
| 5.2 | The Board of Directors of the Holding approves internal documents that define the principles and approaches to the organization of the risk management system and internal control based on the objectives of this system.The organization of an effective system of risk management and internal control in the Holding is aimed at building a management system capable of providing a precise understanding of the reasonableness and acceptability of the level of risks by employees, management, Holding bodies when making their decisions, to react quickly to risks, to control the main and auxiliary business processes and daily operations, as well as to immediately inform the management of the appropriate level of any significant shortcomings.Principles and approaches to the organization of an effective system of risk management and internal control provide for:1) definition of goals and objectives of the risk management system and internal control; 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 development, approval, application and evaluation of the risk management and internal control system; 3) the main requirements for the organization of the risk management process (approaches to the determination of risk appetite, the procedure for identification and risk assessment, the definition of response methods, monitoring, etc.); 4) requirements for the organization of the internal control system and implementation of control procedures (characteristics of key areas and key components of the internal control system, the procedure for assessing effectiveness and reporting in the field of internal control, and others).The internal regulatory documents of the Holding should consolidate the responsibility of the Board of Directors and the Management Board of the Holding to organize and ensure the effective operation of the risk management and internal control system on a consolidated basis. | Complied | The Holding has a Risk Management Policy of Baiterek NMH JSC (hereinafter – the Risk management policy), approved with the resolution of the Board of Directors dated 11.10.2013 (minutes #4), as amended on 15.02.2018 (resolution of the Board of Directors of the Holding dated 15.02.2018, #02/18), the main goals of which are to build an effective integrated system and create an integrated risk management process as an element of the Holding and its subsidiaries, as well as to continuously improve activities based on a unified standardized approach to risk management methods and procedures.The Risk management policy is aimed at implementing the following tasks:⦁ creation of a sound base for decision-making and planning;⦁ ensuring a continuous, coordinated risk management process based on timely identification, assessment, analysis, monitoring, and control to ensure that goals are met;⦁ implementation and improvement of a risk management system to prevent and minimize potentially negative events;⦁ improvement of efficiency of resource use and allocation;⦁ prevention of losses and damages by increasing the efficiency of the Holding's activities, ensuring the protection of assets and equity of the Holding and its subsidiaries; ⦁ ensuring the efficiency of business processes, reliability of internal and external reporting, and promoting compliance with legal requirements.Risk management in the Holding is a constant, dynamic and continuous process and consists of components according to the following scheme: identification, measurement, control, monitoring.The internal regulatory documents of the Holding state that the Board of Directors and the Management Board of the Holding are responsible for organizing and ensuring the effective functioning of the risk management and internal control system. |
| 5.3 | Each official of the Holding ensures proper consideration of risks in making decisions.The Management Board of the Holding ensures the implementation of risk management procedures by employees with relevant qualifications and experience.The Management Board:1) ensures the development and implementation of internal documents approved by the Board of Directors in the field of risk management and internal control; 2) ensures the creation and effective functioning of the risk management and internal control system through the practical implementation and continuous implementation of the risk management and internal control principles and procedures assigned to it; 3) is responsible for the implementation of decisions of the Board of Directors and recommendations of the Audit Committee in the field of 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 environment of business. In order to implement the principles of internal control and ensure the effectiveness of risk management and internal control system, the Management Board of Holding distributes authorization, duties and responsibilities for specific risk management and internal control procedures between the leaders of the below-mentioned level and / or heads of structural units / business process owners.Heads of structural units / owners of business processes in accordance with their functional duties are responsible for the development, documentation, implementation, monitoring and development of the risk management and internal control system in the functional areas of the Holding's activities entrusted to them. | Complied | The structure of the Risk Management System in the Holding is represented by risk management at several levels involving the following bodies and divisions of the Holding: the Board of Directors, the Management Board, the structural division responsible for risk management, the Internal Audit Service, and other structural divisions. The Board of Directors plays a key role in overseeing the corporate risk management system. The Board of Directors performs some of its functions in the area of risk management through the establishment of appropriate committees under the Board of Directors.The Management Board of the Holding is responsible for organizing an effective risk management system and creating a risk control structure to ensure observance and compliance with corporate policies.The Management Board ensures the integrity and functionality of the Risk Management System by performing the following functions:* organization of effective risk management system that allows identifying and evaluating potential risks;
* provision of reports to the Board of Directors and the Sole Shareholder of the Holding in accordance with the approved regulatory documents;
* approval of the organization structure of the Holding that meets the needs and provides adequate control and risk reduction;
* creation of the Asset and Liability Committee of the Holding, which performs functions of consideration of risk management items of the Holding and its subsidiaries, as well as develops appropriate recommendations based on the results of consideration of these items;
* consideration of risk management reports in the Holding group and taking appropriate measures within its competence;
* approval of response measures and risk management methods in the Holding and certain measures in the Holding group within the framework of regulatory documents approved by the Board of Directors;
* improvement of internal procedures and regulations in the area of risk management.

The Management Board is responsible for creating a culture of "risk awareness" that reflects the risk management policy and philosophy of the Holding, and is also responsible for creating an effective risk management system so that employees have clearly defined risk management responsibilities and are responsible for fulfilling their responsibilities. Responsibility and authority of employees of the Holding's structural division responsible for coordinating risk management and reporting requirements are stipulated in the Risk management policy, statutes on structural division responsible for risk management, and job descriptions of employees of the Holding's structural division responsible for risk management. |
| 5.4 | The organizational structure of the risk management and internal control system in the Holding (depending on the scale and specificity of the activity) provides for the existence of a structural unit responsible for risk management and control issues, to which the tasks relate: 1) overall coordination of risk management and control processes; 2) development of methodological documents in the field of risk management and control, and providing methodological support to business process owners and employees in the process of identification, documenting risks, implementing, monitoring and improving control procedures, developing risk response plans and action plans for improving the risk management system and internal control, reports on their execution; 3) organization of training of employees in the field of risk management and control; 4) analysis of the risk portfolio and development of proposals for a strategy for responding and redistributing resources in relation to managing the respective risks; 5) formation of consolidated risk reporting; 6) implementation of operational control over the process of risk management by structural divisions;7) preparation and informing of the Board of Directors and / or the Management Board of the Holding about the status of the risk management system, the available threats and the proposal for their prevention / leveling. It is recommended that the supervisor who supervises the risk management and control function is not the owner of the risk, which ensures his independence and objectivity. Combining risk management and control functions with functions related to economic planning, corporate financing, treasury, investment decisions is prohibited. Combination with other functions is allowed in the event that there is no significant conflict of interest. | Complied | The organization structure of the risk management and internal control system in the Holding provides for the existence of a structural division responsible for coordinating risk management, whose main functions are (including, but not limited to):⦁ organization and coordination of the process of identification and assessment of critical risks, as well as coordination with the risk owners of the register and map of critical risks, matrix of business processes, risks and controls, key risk indicators, action plan for managing critical risks of the Holding and its subsidiaries, as well as monitoring the implementation of the plan; ⦁ informing the Management Board of the Holding and the Board of Directors of the Holding about significant deviations in the risk management processes; ⦁ maintaining a database of realized risks, monitoring the external factors that can have a significant impact on the risks; ⦁ preparing and providing information on risks (including on a consolidated basis) to the Management Board of the Holding and the Board of Directors of the Holding; ⦁ participation in the arrangement of periodic assessment of risk management systems by making proposals for the assessment of the Risk Management sub-component within the framework of diagnostics of the corporate governance level; ⦁ development, implementation and updating (if necessary) of the methodological base, policies and rules for identification, assessment and management of the Holding's risks, and procedures for monitoring risks; ⦁ ensuring integration of risk management into other business processes and development of risk management culture in the Holding; ⦁ providing methodological and consulting support to the Holding's employees on risk management issues; ⦁ analysis and verification of regulatory and working documentation of subsidiaries in the area of risk management; ⦁ making proposals for conducting training seminars and trainings on risk management for employees of the Holding and its subsidiaries; ⦁ interaction with the Internal Audit Service of the Holding in terms of forming an internal audit plan, exchanging information, discussing audit results, sharing knowledge and methodologies. The Heads of the Holding's structural division responsible for risk management interact with the Holding's divisions and subsidiaries, as well as with the Holding's external and internal auditors to effectively implement the goals and objectives of the risk management system.The Holding Internal Audit Service, when carrying out its activities, conducts (as part of the individual thematic tasks or comprehensively) an assessment of the effectiveness of the internal control, risk management and corporate governance systems using generally accepted standards of activity in the field of internal audit and corporate standards, in accordance with criteria approved by the Board of Directors and (or) the Management Board of the Holding for the subsidiaries (applicable by analogy and exclusion of double standards), and subject to applicable laws of the Republic of Kazakhstan and internal documents, applicable international standards and best practices.As part of the assessment of the Holding’s internal control system, conducted by the Holding’s Internal Audit Service in the 1st quarter of 2020, the following recommendations are given regarding the organization of the internal control system:1) in the order on the distribution of duties between members of the Management Board and other employees of Baiterek NMH JSC, establish the responsibility of the Management Board for organizing, monitoring and ensuring the functioning of the internal control system for the relevant executive employee (s);2) in the Regulation on the Risk Management Department, define and formalize the tasks and functions associated with the internal control system. |
| 5.5 | The risk management and internal control system necessarily includes a procedure for identifying, assessing and monitoring process of all significant risks, as well as taking timely and adequate measures to reduce the level of risks.Процедуры по управлению рисками обеспечивают быстрое реагирование на новые риски, их четкую идентификацию и определение владельцев риска. In the event of any unforeseen changes in the competitive or economic environment of the Holding, an urgent reassessment of the risk map carried out in accordance with risk appetite.The Board of Directors approves the overall level of risk appetite and tolerance level for key risks, which are enshrined in the internal documents of the Holding.Tolerance levels for key risks are reviewed in the event of significant events. In addition, limits have been set that limit the risks in daily activities.For a holistic and clear understanding of inherent risks, the Holding identifies and assesses risks on an annual basis, which are reflected in the risk register, the risk map, the risk response plan (process improvement, minimization strategy) approved by the Board of Directors.The Board of Directors in the consideration of the register and risk map should be sure they include the risks that really can affect the achievement of strategic objectives, and in consideration of the action plan for risk response to ensure the usefulness of activities. The Board of Directors and the Management Board of the Holding should regularly receive information on the key risks, their analysis in terms of impact on the strategy and development plan of the Holding.Risk reports are submitted to meetings of the Board of Directors at least once a quarter and must be properly discussed in full. | Complied | The corporate risk management system of the Holding is aimed at identifying a wide range of risks and considering them in a complex, which helps to reflect a holistic picture of existing risks and improves the quality of risk analysis.In accordance with the best international risk management practices, Holding regularly conducts risk identification with the participation of employees of all structural divisions in order to identify the maximum range of risks, increase awareness of surrounding risks and stimulate the development of the organization's risk culture.Holding uses a combination of various methods and tools to identify risks, such as risk identification based on goals and objectives, industry and international comparisons, seminars and discussions, interviews, databases of losses, etc., described in more detail in the internal documents of the Holding that regulate the identification and assessment of risks of the Holding.Systematization of identified risks allows:⦁ to achieve consistency in the classification and quantitative assessment of risks, which allows to improve the comparison of risk profile (by business-processes, structural divisions, projects etc.);⦁ to provide a platform for building more sophisticated risk assessment tools and technologies;⦁ to provide an opportunity for coordinated risk management and control in the Holding.The Board of Directors approved the risk appetite of the Holding and tolerance levels for key risks, which are set out in the Holding's internal documents. Thus, in accordance with the resolution of the Board of Directors dated 23.11.2018 (minutes #11/18), the risk appetite of the Holding and tolerance levels for key risks for 2019 were approved.The risk assessment process is carried out in order to identify the most significant (critical) risks that may negatively affect the Holding's activities and the achievement of strategic goals and objectives.The risk report, which includes the main key risks, including those that affect the achievement of the Holding's strategic objectives, the risk register, risk map, and risk management plan, is submitted to the Board of Directors for consideration at least once a quarter and discussed in full as appropriate. |
| 5.6 | The Holding implements transparent principles and approaches in the field of risk management and control, the practice of training employees and officials about the risk management system, as well as the process of documenting and timely bringing the necessary information to the attention of officials. Employees of the Holding and its subsidiaries receive training / induction training annually to get familiarized with the adopted risk management and internal control system. Based on the results of such training, knowledge testing should be conducted.Within the framework of the risk management and control system, the Holding has organized a safe, confidential and accessible way (hot line) informing the Board of Directors (Audit Committee) and the internal audit department about violations of the legislation of the Republic of Kazakhstan, internal procedures, the Code of Business Ethics by any employee and official of the Holding. | Complied | There is a constant exchange of information within the Holding to increase risk awareness, develop a risk culture, and effectively manage risks. All employees receive timely assignments from the Holding's management regarding risk management, clearly understand their role, the work they should do, and how they should interact with their colleagues. Employees of the Holding company annually, as well as when they are hired, undergo training/induction training to familiarize themselves with the adopted risk management and internal control system. Based on the results of such training, the knowledge of employees is tested.At the same time, as part of the assessment of the Holding's internal control system conducted by the Holding's Internal Audit Service in the first quarter of 2020, shortcomings were noted in terms of training/familiarization with the adopted risk management and internal control system when hiring/new employees.It ensures that the executive bodies and management bodies of the Holding's subsidiaries are constantly aware of existing risks and manage them. As part of the assessment of the Holding's internal control system conducted by the Holding's Internal Audit Service in the first quarter of 2020, it was recommended that the responsible structural divisions of the Holding (within their competence in accordance with the approved internal regulatory documents) provide the Internal Audit Service with information on violations of the legislation of the Republic of Kazakhstan, internal procedures, and Code of business ethics of the Holding by any employee and official of the Holding for risk assessment, management systems, and reporting to the audit Committee (Board of Directors) of material violations and/or inconsistencies.Work on organizing a safe, confidential and accessible way (hotline) to inform the Board of Directors (Audit Committee) and the internal audit unit about violations of the legislation of the Republic of Kazakhstan, internal procedures, the Code of Business Ethics by any employee and official of the Holding is in progress.On the basis of regular reporting on risks within the Holding there is a control over current risks and implementation of measures to respond to risks. |
| 5.7 | The Internal Audit Service was established in the Holding for a systematic independent evaluation of the reliability and effectiveness of the risk management and internal control system and corporate governance practices. In subsidiary organizations that are members of the Holding group, also created separate bodies - internal audit services. In subsidiary organizations in the form of a limited liability partnership, the Internal Audit function is entrusted to the Audit Commission / Auditor who is functionally accountable to the Supervisory Board; the goals, functions and tasks of the Audit Commission / Auditor, the procedure for their interaction with the bodies of the organization shall be established taking into account the principles applicable to the Internal Audit Service set out in the Code. | Complied | The Internal Audit Service of the Holding was established by the resolution of the Board of Directors dated 23.07.2013 (minutes #1). At the end of 2019, the composition of the Internal Audit Service is defined in the number of 3 (three) units: the Head and two Internal Auditors.The Internal Audit Service of the Holding is an internal audit body (as defined by the international principles of professional internal audit practice) that provides independent and objective guarantees and advice aimed at improving the organization's performance. Internal audit helps organization to achieve objectives by applying a systematic and consistent approach to assess and improve the effectiveness of risk management, control and corporate governance processes.All 10 subsidiaries in the form of joint-stock company that are part of the Holding group also have separate bodies - Internal Audit Services that provide independent and objective guarantees and advice aimed at improving the organization's activities. An Audit Committee (Auditor) has been established in Kazakhstan Project Preparation Fund Limited Liability Partnership, the subsidiary of the Holding. The Statute on the Audit Committee (Auditor) of Kazakhstan Project Preparation Fund Limited Liability Partnership was approved with the resolution of the general meeting of the members of Kazakhstan Project Preparation Fund LLP on 31.10.2018 (minutes #04/18).On a quarterly basis, the Internal Audit Services of subsidiaries submit reports to the Boards of Directors/Supervisory Board of subsidiaries that reflect information about the audits and other activities carried out in the reporting period. |
| 5.8 | The Internal Audit Service carries out its activities on the basis of a risk-oriented (annual) audit plan approved by the Board of Directors of the Holding. The results of audit reports, key discoveries and relevant recommendations are submitted quarterly to the Board of Directors.The Head of the Internal Audit Service takes into account the risk management concept adopted by the Holding, and also applies its own risk assessment, formed after consulting the Holding's Management Board and the Audit Committee. | Complied | The Internal Audit Service operates on the basis of a risk-based audit action plan approved by the Board of Directors of the Holding, and risk-based programs for each individual task, taking into account current risks.In 2019, the Internal Audit Service of the Holding carried out its activity on the basis of the Audit Plan of the Internal Audit Service of Baiterek National Managing Holding Joint Stock Company for 2017-2019, approved with the resolution of the Board of Directors of Baiterek NMH JSC dated 24.11.2016 (minutes #10/16), with amendments approved with the resolutions of the Board of Directors of Baiterek NMH JSC dated 27.04.2018 (minutes #04/18) and 23.11.2018 (minutes #11/18).The Audit Plan of the Internal Audit Service of Baiterek National Managing Holding Joint Stock Company for 2020-2022 was approved with the resolution of the Board of Directors of the Holding dated 21.11.2019 (minutes #11/19).Results of audit reports, key findings, and related recommendations are submitted to the Board of Directors on a quarterly basis.The Internal Audit Service of the Holding analyzes the results of audits of the Internal Audit Services of its subsidiaries on a quarterly basis. Information on significant findings and status of internal control, risk management and corporate governance systems is brought to the attention of the Audit Committee under the Board of Directors of the Holding and the Board of Directors of the Holding on a periodic basis. |
| 5.9 | In conduction its activities, the Internal Audit Service evaluates the effectiveness of internal control systems, risk management and corporate governance using generally accepted standards of internal audit and corporate standards, in accordance with the methods approved by the Board of Directors. Evaluation of the effectiveness of the internal control system includes:1) Conduction of analysis of the correspondence of the objectives of business processes, projects and structural units to the objectives of the Holding, checking the reliability and integrity of business processes (activities) and information systems, including the reliability of procedures for countering unlawful actions, abuse and corruption; 2) verification of ensuring the reliability of accounting (financial), statistical, management and other reporting, identifying the results of business processes and structural units to meet the goals; 3) determining the adequacy of the criteria established by the Holding's Management Board to analyze the degree of implementation (achievement) of the objectives; 4) identification of deficiencies in the internal control system, which did not allow (do not allow) to achieve the set goals; 5) evaluation of the results of adoption (implementation) of measures to eliminate violations, deficiencies and improve the internal control system implemented at all levels of management; 6) checking the effectiveness and appropriateness of using resources; 7) verification of ensuring the safety of the Holding's assets; 8) verification of compliance with the requirements of the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Holding. The evaluation of the effectiveness of the risk management system includes:1) verification of the adequacy and maturity of elements of the risk management system for effective risk management (goals and objectives, infrastructure, organization of processes, normative and methodological support, interaction of structural units within the framework of the risk management system, reporting); 2) checking the completeness of the identification and correctness of risk assessment by the executive body at all levels of its management; 3) checking the effectiveness of control procedures and other risk management activities, including the effectiveness of the use of resources allocated for this purpose; 4) analysis of information on the realized risks (revealed by violations of the internal audits, facts of failure to achieve goals, facts of court proceedings). The evaluation of corporate governance includes the verification of:1) observance of ethical principles and corporate values of the Holding; 2) the procedure for setting goals, monitoring and control of their achievement; 3) the level of regulatory support and procedures for information interaction (including internal control and risk management) at all levels of management, including interaction with the parties concerned; 4) ensuring the rights of the Sole Shareholder, including subsidiaries, and the effectiveness of relationships with the parties concerned; 5) procedures for disclosing information on the activities of the Holding and its subsidiaries. | Complied | Internal Audit Service of the Holding, when carrying out its activities, conducts (within the framework of separate thematic tasks or in a complex manner) an assessment of the effectiveness of internal control, risk management and corporate governance systems using generally accepted standards of internal audit and corporate standards, in accordance with the criteria approved by the Board of Directors and/or Management Board of the Holding for subsidiaries (applicable by analogy and excluding double standards), and taking into account the relevant legislation of the Republic of Kazakhstan and internal documents, applicable international standards and best practices.As part of the assessment of the Holding's internal control system conducted by the Holding's Internal Audit Service in the first quarter of 2020, the following recommendations were made regarding the organization of the internal control system: 1) to fix the responsibility of the Management Board for organizing, monitoring and ensuring the functioning of the internal control system for the relevant Executive employee(s) in the Order on distribution of responsibilities between the members of the Management Board and other employees of Baiterek NMH JSC; 2) to define and formalize the tasks and functions related to the internal control system in the Statute on the Department for Risk Management. |
| 5.10 | The Holding conducts an annual audit of the financial statements by engaging an independent and qualified auditor who, as an outside party, provides objective opinion to parties concerned on the reliability of the financial statements and its compliance with the requirements of IFRS. Standards in the part of the annual audit apply if the audit of the annual financial statements is required by the legislation of the Republic of Kazakhstan and / or internal documents of the Holding. Selection of the external auditor is carried out on the basis of the tender. An important role in the selection process is played by the Audit Committee of the Holding's Board of Directors, which coordinates the qualification requirements and / or technical specifications developed for the purpose of the tender.  | Complied | Holding conducts an annual audit of financial statements through the involvement of an independent and qualified auditor, who, as a third party, provides an objective opinion to stakeholders on the reliability of financial statements and their compliance with the IFRS requirements.Holding has signed a long-term agreement for the audit of financial statements for 2019-2021. The selection of the external auditor was based on a competition, and the qualification requirements were approved by the Audit Committee under the Board of Directors of the Holding on 22.11.2018 (minutes #09/18). Resolution on selection of the audit organization for audit of the Holding's financial statements for 2019-2021 and the amount of payment for its services was made by the Board of Directors of the Holding on 15.05.2019 (resolution #04/19). On May 16, 2019, during the in-person meeting of the Holding's Board of Directors, the Holding's annual financial statements for 2018 were pre-approved and submitted for review and approval by the Holding's Sole Shareholder (minutes #05/19). On July 5, 2019, the annual financial statements of the Holding for 2018 were approved by Order of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan #482 "On certain issues of Baiterek National Managing Holding Joint Stock Company". |
| 5.11 | The external auditor should not provide consulting services to the Holding, which may become a threat to the independence of the external auditor. In the event that an appointment (election) of a person participating in the compulsory audit of the Holding as an employee of an external auditor or participating in the compulsory audit of the Holding as an employee of an external auditor for a period of two years prior to the date is expected to be appointed (elected) to the position of a member of the Management Board, the managing director or the chief accountant of the Holding its appointment (election) to the Holding, in order to exclude a conflict of interests, it is required to obtain the preliminary approval of the Audit Committee of the Holding's Board of Directors by pre believes the candidate for further consideration of the question of his appointment (election). | Complied | In accordance with the Law of the Republic of Kazakhstan "On Audit Activities", there is a restriction on the right to conduct an audit. In this regard it is prohibited to conduct an audit if: 1) the external auditor or its employees performing this audit are creditors of the Holding; 2) the external auditor has provided the Holding with services in the last three years related to the profile of the external auditor's activities for restoring and maintaining accounting records and preparing financial statements; 3) the contractors of the External Auditor are in an labor relations or are close relatives or relatives of the Holding's officials, as well as the Sole Shareholder4) the contractors of the External Auditor have personal property interests in the Holding; 5) the external auditor has monetary obligations to the Holding or the Holding has monetary obligations to it, with the exception of obligations to conduct an audit; 6) there is a conflict of interests between the Holding and the External Auditor, or there is a threat of such a conflict, with the exception of obligations arising from concluded public contracts.The External Audit Policy in Baiterek National Managing Holding Joint Stock Company was approved with the resolution of the Board of Directors of the Holding dated 26.10.2016, #09/16, which discloses the issue of conflicts of interest when an External Auditor provides audit of financial statements and non-audit services.  |
| 5.12 | Concert parties should be assured of the reliability of the Holding's financial statements by engaging an external auditor that meets the following criteria: a high level of professional skill of experts of the auditor organization; significant work experience and positive reputation (both in the Kazakhstan market and in the international market (if necessary); knowledge of the industry's business; compliance of the auditing organization with international audit standards, the legislation of the Republic of Kazakhstan in the field of auditing, the Code of Ethics for Professional Accountants of the International Federation of Accountants; efficiency of work for identifying gaps and provision of recommendations for improving internal controls for preparation of financial reports. | Complied | To ensure the selection of a qualified external auditor with the most optimal combination of quality, cost and timing of services, the Holding makes procurements in accordance with the Procurement Rules and sets the necessary requirements for a potential external auditor, depending on the specifics of activities, scale and structure of the Holding. An External Auditor must be a member of the Chamber of Auditors of the Republic of Kazakhstan Professional Audit Organization and have a license to engage in audit activities.The following qualification requirements are established for a potential External Auditor of the Holding for participation in the tender: 1) availability of at least 10 (ten) specialists with experience in the last 5 (five) years in international audit organization and professional qualification of the Association of Chartered Certified Accountants;2) availability of at least 5 (five) specialists with an auditor's qualification certificate, including at least 3 (three) specialists with experience in audit of financial organizations over the past 5 (five) years;3) at least 3 (three) audit partners who have certificates of ACCA or CA or CPA and practical experience in the audit of financial statements of financial organizations in accordance with the IFRS over the past 5 (five) years, while at least 2 (two) audit partners must be citizens of the Republic of Kazakhstan. External Auditor was selected on the basis of the tender. At the same time, the essential terms of the draft agreement (contract) with the External Auditor for audit of the Holding's annual financial statements were previously approved by the Audit Committee under the Board of Directors of the Holding (minutes #09/18 dated 22.11.2018). |
| 5.13 | The Holding should approve the documents regulating the procedure for auditing and relations with the external auditor, including the process of selecting an external auditor, the powers and functions of the tender commission, the issues of providing the audit firm with consulting services, audit-related financial statements and other information, and senior staff of the audit organization, the issues of recruiting former employees of the audit organization.It is necessary that the partners responsible for the audit of financial statements are rotated at least once every five years if the auditing organization provides the Holding with auditing services for more than 5 consecutive years. | Complied | The Holding has approved the External Audit Policy in Baiterek National Managing Holding Joint Stock Company (resolution of the Board of Directors of the Holding dated 26.10.2016 #09/16). Main provisions of the External Audit Policy provide for the possibility of attracting auditors to provide certain audit and non-audit services without compromising the objectivity or independence of the external auditor.The purpose of the Audit Policy in Baiterek National Managing Holding Joint Stock Company is to organize effective activities to attract an external auditor (including non-audit services provided by external auditors according to their business profile), implement generally accepted procedures for their selection, ensure that the external auditors of the Holding maintain their independence status when providing audit and non-audit services, and avoid conflicts of interest. Audit organization performing the audit of the financial statements of Baiterek NMH JSC for 2019-2021 was determined to be KPMG Audit Limited Liability Partnership with the resolution of the Board of Directors of the Holding dated 15.05.2019 (minutes #02/15). |
| **6.** | **The principle of regulation of corporate conflicts and conflicts of interest** |  |  |
| 6.1 | The members of the Board of Directors and the Management Board of the Holding, as well as employees of the Holding, fulfill their professional duties in good faith and reasonably with due care and circumspection in the interests of shareholders and the Holding, avoiding conflicts. In the event of presence (occurrence) of corporate conflicts, the participants seek ways to resolve them through negotiations in order to ensure effective protection of the interests of the Holding and parties concerned. At the same time, the Holding's officials should promptly inform the Corporate Secretary and / or the Ombudsman about the presence (occurrence) of the conflict.The effectiveness of work to prevent and resolve corporate conflicts assumes the fullest and promptest identification of such conflicts and clear coordination of actions of all bodies of the Holding. | Complied | Members of the Board of Directors and Management Board of the Holding, as well as employees of the Holding, perform their duties in good faith and reasonably, with due care and discretion in the interests of the Holding and the Sole Shareholder, avoiding conflicts of interest. They ensure full compliance of their activities not only with the requirements of the legislation of the Republic of Kazakhstan, but also with ethical standards and generally accepted norms of business ethics.Avoiding conflicts of interest is an important condition for ensuring the protection of the interests of the Sole Shareholder, the Holding, its executives and employees. In 2019, there were no cases of corporate conflicts and cases of assuming situations related to conflicts of interest in the Holding.  |
| 6.2 | Corporate conflicts with the assistance of the Corporate Secretary and / or the Ombudsman are considered by the Chairman of the Board of Directors of the Holding. In the event that the Chairman of the Board of Directors is involved in a corporate conflict, such cases are considered by the Nominations, Remunerations and Social Issues Committee.In order to minimize possible corporate conflicts, the only shareholder should avoid the election of an excessive number of members of the Board of Directors who are representatives of state bodies. This is due to the fact that the restriction of the Board of Directors by government officials can increase professionalism, help prevent excessive interference of government bodies in the management of the Holding, and limit the state's responsibility for resolutions taken by the Board of Directors of the Holding. | Partially complied | In 2019, there were no situations related to the need for the Holding's bodies to review corporate conflicts with the assistance of the Corporate Secretary and/or the Ombudsman.On the basis of resolutions of the Sole Shareholder (Orders of the Minister for Investment and Development of the Republic of Kazakhstan #877 dated 26.12.2016, #11 dated 10.01.2018 and #717 dated 16.10.2018, Orders of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan #186 dated 02.04.2019 and #103 dated 28.02.2019, Order of the Acting Minister of Industry and Infrastructure Development of the Republic of Kazakhstan #727 dated 19.09.2019 in 2019), the Board of Directors of the Holding operated in the following composition: Chairman of the Board of Directors:Askar Uzakpayevich Mamin - Prime Minister of the Republic of Kazakhstan.Members of the Board of Directors:Timur Muratovich Suleimenov - Deputy Head of the Presidential Administration of the Republic of Kazakhstan; Alikhan Askhanovich Smailov - First Deputy Prime Minister of the Republic of Kazakhstan – Minister of Finance of the Republic of Kazakhstan;Roman Vasilyevich Sklyar – Deputy Prime Minister of the Republic of Kazakhstan;Beibut Bakirovich Atamkulov - Minister of Industry and Infrastructure Development of the Republic of Kazakhstan;Ruslan Yerbolatovich Dalenov - Minister of National Economy of the Republic of Kazakhstan;Aidar Abdrazakhovich Arifkhanov - CEO of Baiterek NMH JSC; Klaus Mangold - Independent Director;Philip Yeo - Independent Director;Thomas Mirow - Independent Director;In this regard, it can be summarized that 6 of 10 members of the Board of Directors are representatives of state bodies, including the Sole Shareholder (the Prime Minister of the Republic of Kazakhstan, Deputy Head of the Presidential Administration of the Republic of Kazakhstan, First Deputy Prime Minister of the Republic of Kazakhstan – Minister of Finance of the Republic of Kazakhstan, Deputy Prime Minister of the Republic of Kazakhstan, Minister of National Economy and the Minister for Industry and Infrastructure Development). |
| 6.3 | In order to ensure the objectivity of assessing the corporate conflict and creating conditions for its effective settlement, persons whose interests affect the conflict or can affect, do not participate in its settlement.If it is not possible to resolve corporate conflicts through negotiations, they are resolved strictly in accordance with the legislation of the Republic of Kazakhstan. | Complied | In 2019, there were no situations related to the need for the Holding's bodies to review corporate conflicts with the assistance of the Corporate Secretary and/or the Ombudsman. |
| 6.4 | The Board of Directors approves and periodically reviews the policy and rules for the settlement of corporate conflicts, in which their resolution will best meet the interests of the Holding and the Sole Shareholder. | Complied | In order to prevent and resolve corporate conflicts and conflicts of interest in the Holding, as well as coordinate the actions of all bodies and officials, the Board of Directors of the Holding approved the Policy on settlement of corporate conflicts and conflicts of interest of Baiterek National Managing Holding Joint Stock Company dated 24.07.2014 (minutes #06/14). The purpose of this Policy is to improve the efficiency of decisions made by the Holding's bodies by ensuring a fair, objective and independent decision-making process in the interests of the Holding and its Sole Shareholder.For the purpose of updating, the Board of Directors periodically reviews the Policy and Rules for corporate conflicts settlement. |
| 6.5 | The Board of Directors regulates corporate conflicts on matters within its competence. In this case, the Corporate Secretary and / or the Ombudsman is responsible for ensuring the maximum possible awareness of the Board of Directors about the nature of the corporate conflict and the role of an intermediary in resolving a corporate conflict.The Chairman of the Management Board, on behalf of the Holding, resolves corporate conflicts on all issues for which decision-making is not within the competence of the Holding's Board of Directors, and also independently determines the procedure for resolving corporate conflicts.The Board of Directors considers certain corporate conflicts related to the competence of the Board (for example, if the object of the conflict is the action (inaction) of this body). | Complied | In 2019, there were no situations related to the need for the Holding's bodies to review corporate conflicts with the assistance of the Corporate Secretary and/or the Ombudsman. |
| 6.6 | Conflict of interest is defined as a situation in which the personal interest of the employee of the Holding affects or may affect the impartial performance of official duties.Serious violations related to a conflict of interests may damage the reputation of the Holding and undermine its credibility of the Sole Shareholder and other parties concerned. Personal interests of an official or an employee shall not affect the impartial performance of their official and functional duties. | Complied | In 2019, the Holding did not record any cases of situations involving conflicts of interest.  |
| 6.7 | All employees of the Holding are advised to behave in such a way as not to allow a situation in which a conflict of interest may arise, neither in the relationship of themselves (or related persons) nor in relation ship to others.It is necessary to introduce mechanisms that will help to avoid conflicts of interest that prevent the Board of Directors from performing its duties objectively, and limit political interference in the processes of the Board of Directors of the Holding. | Complied | Information on the existence of a conflict of interest with the direct assistance of the Corporate Secretary Service, if any, was timely communicated by the Corporate Secretary to the Chairman of the Board of Directors. During 2019, in order to avoid conflicts of interest, the officials and employees of the Holding sought to avoid any actions and relationships that could potentially cause a conflict of interest. In particular, if a situation arose that could lead to a conflict of interest, the Holding's Officials notified the Board of Directors or the Chief Executive Officer in advance of their inability to participate in making a decision on the issue and the need to record this in writing, as well as refrained from discussing and participating in decision-making on issues in which they had an interest, as was appropriately indicated in the minutes to in-person meetings/resolutions of the meetings in absentia of the Board of Directors of the Holding held in 2019.According to the Policy on settlement of corporate conflicts and conflicts of interests of Baiterek National Managing Holding Joint Stock Company, officials and employees of the Holding are prohibited: * to enter into transactions with the Holding aimed at obtaining property benefits from it (including gift, loan, gratuitous use, purchase and sale agreements, etc.);
* to receive commission from both the Holding and third parties for transactions concluded by the Holding with third parties;
* to act on behalf of or in the interests of third parties in their relations with the Holding.
 |
| 6.8 | The main principles for the prevention of conflicts of interest, the methods for their identification, assessment and resolution are fixed in the Code of Business Ethics of the Holding, approved by the Board of Directors. | Complied | The main principles of preventing conflicts of interest, ways to identify, assess and resolve them are set out in the Code of Business Ethics of Baiterek National Managing Holding Joint Stock Company, approved with the resolution of the Board of Directors of the Holding dated 21.04.2015, #04/15.  |
| **7.** | **The principle of transparency and objectivity of disclosure of information of the activities of the Holding** |  |  |
| 7.1 | In order to comply with the interests of parties concerned, the Holding timely and reliably discloses information provided for by the legislation of the Republic of Kazakhstan and internal documents of the Holding Company, as well as information on all important aspects of its activities, including financial condition, performance results, ownership structure and management. | Complied | The Holding adheres to high standards of transparency in its activities and constantly works to improve the availability, quality and speed of disclosure of information about the Holding.Holding ensures timely disclosure of reliable information about all material facts related to its activities, including its financial position, results of operations, ownership and management structure of the Holding, and other information, in accordance with best corporate governance practices. Holding discloses information about corporate events, financial statements and audit reports, lists of affiliates, as well as information about the total amount of remuneration for members of the Management Board of the Holding for the year by posting of financial statements on the Internet resources the Depository and Kazakhstan Stock Exchange JSC determined in accordance with the legislation of the Republic of Kazakhstan on accounting and financial reporting, listing rules of Kazakhstan Stock Exchange JSC. |
| 7.2 | To ensure the systematic disclosure of information, the Holding approves internal documents that define principles and approaches to the disclosure and protection of information, a list of information disclosed to concert parties, terms, procedure, method, disclosure form, responsible officials and employees, indicating their functions and responsibilities, as well as other provisions governing the disclosure processes. | Complied | In order to timely provide the Sole Shareholder, state bodies of the Republic of Kazakhstan, and stakeholders with the necessary information about the Holding, the Information Disclosure Policy of Baiterek NMH JSC was approved with the resolution of the Board of Directors dated 20.03.2014 (minutes #02/14), which defines the principles and approaches to information disclosure, as well as the terms, procedure and form of information disclosure.Information is disclosed by the Holding by distributing information in the following ways:* providing access to information (documents) to Recipients of information in accordance with the legislation, the Charter of the Holding, the Information Disclosure Policy and other internal documents of the Holding;
* placement in the media;
* placement on the Internet on the Holding's website at: [www.baiterek.gov.kz](http://www.baiterek.gov.kz) and at official page of the Holding in Facebook and other social networks (Facebook, Telegram, Instagram);
* placement in the Holding's internal resources (software products intranet.baiterek.gov.kz, "Microsoft Outlook Express" and others);
* holding press conferences and meetings with recipients of information;

in other ways provided for by the legislation of the Republic of Kazakhstan and documents of the Holding. |
| 7.3 | In order to protect information that constitutes commercial and official secrets, the Holding, in accordance with the legislation of the Republic of Kazakhstan and the Charter of the Holding, determines the procedure for classifying information to access categories, the conditions for storing and using information. The Holding determines the persons who have the right of free access to information constituting commercial and official secrets and take measures to protect its confidentiality.  | Complied | Ensuring information security of the Holding's activities is regulated by the Information Security Policy of Baiterek NMH JSC approved with the resolution of the Board of Directors of the Holding dated 24.07.2014 (minutes#06/14). The Policy defines the main directions of implementation of the security system, including organizational and software-technical protection measures, ensuring a unified Information Security Policy of the Holding, the necessary level of protection of information resources, and serves as a guide for development, implementation and maintenance of information systems. In addition, the List of information with restricted access of Baiterek NMH JSC was approved with the resolution of the Board of Directors on 18.07.2016 (minutes #07/16). The Compliance Service of the Holding controls the disclosure of information to stakeholders.  |
| 7.4 | The Internet resource should be well structured, convenient for using the navigation and contain the information necessary for the parties concerned to understand the Holding's activities. It is recommended that the information be placed in separate thematic sections of the Internet resource.The actualization of the Internet resource is carried out as long as necessary, but at least once a week. In the Holding on a regular basis, it is necessary to monitor the completeness and relevance of the 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 responsible for the completeness and relevance of information on the Internet resource. | Complied | Internet resource of the Holding is well structured, has a user-friendly navigation and contains information necessary for stakeholders. At the same time, information is placed in separate thematic sections of the Internet resource. The Holding's Internet resource is updated on a regular basis. Information published on the Kazakh, Russian, and English versions of the Internet resource is constantly monitored. Responsibility for the completeness and relevance of information on the Internet resource is assigned to the Press Service of the Holding in accordance with Order #56-B dated 10.09.2019 "On approval of the structure of the Internet resource of Baiterek NMH JSC. |
| 7.5 | On the Internet resource it is recommended to post the following minimum information:1) general information about the Holding, including information on the mission, main tasks, objectives and activities, the amount of equity, the amount of assets, net income; 2) about the development strategy and / or development plan (at least, strategic objectives); priority directions of activity; 3) The Charter and internal documents of the Holding, regulating the activities of bodies, committees, corporate secretary; 4) about ethical principles; 5) about risk management; 6) about dividend policy; 7) about the members of the Board of Directors, including the following information: photo (by agreement of the member of the Board of Directors), surname, name, paternal name, date of birth, citizenship, status of a member of the Board of Directors (independent director, representative of the Sole Shareholder), indication of the functions of a member of the Board of Directors, including membership in committees of the Board of Directors or execution functions of the Chairman of the Board of Directors, education, including basic and additional education (name of the educational institution, graduation year, qualification, degree), work experience over the past five years, main place of work and other currently occupied positions, professional qualifications, the date of the first election to the Board of Directors and the election date to the current Board of Directors, the number and percentage of shares owned by the affiliated organizations; 8) about the members of the Management Board, including the following information: photo, surname, name, paternal name, date of birth, citizenship, position and functions performed, education, including basic and additional education (name of educational institution, graduation year, qualification, degree), work experience over the past five years, professional qualifications , positions held in combination, the number and share of the shares of affiliated organizations; 9) about financial statements; 10) about annual report; 11) about external auditor; 12) about procurement activities, including rules, announcements and results of procurement; 13) about the structure of the authorized capital, including the following information: the number and par value of shares issued (shares), the description of the rights granted by shares, the number and nominal value of announced, but unplaced shares, information about the Sole Shareholder, the number and proportion of common shares (participatory interests) owned by him, the procedure for disposing of property rights; 14) about the structure of assets, including information on affiliated organizations of all levels with a brief indication of the scope of their activities; 15) about the annual calendar of corporate events; 16) about related-party transactions, including details of the parties to the transaction, the material terms of the transaction (the subject matter of the transaction, the price of the transaction), the body that made the resolution to approve the transaction;17) about major transactions, including details of the parties of the transaction, the material terms of the transaction (the subject matter of the transaction, the price of the transaction), the body that made the resolution of the transaction approval; 18) about activities in the field of sustainable development; 19) about the amount of approved dividends; 20) about news and press releases.  | Complied | In accordance with the Charter of Baiterek National Managing Holding Joint Stock Company the Holding publishes information about its activities on the Internet resource of the Holding operating on the Internet (corporate website), and/or in a printed periodical publication in accordance with the procedure established by the legislation of the Republic of Kazakhstan.Information about corporate events is provided in accordance with the legislation of the Republic of Kazakhstan and the Charter of Baiterek NMH JSC.The following information is posted on the Holding's Internet resource:* general information about the Holding;
* about the development strategy and/or development plan, priority areas of activity;
* Charter and internal documents of the Holding;
* about the ethical principles;
* about the risk management;
* about the Dividend policy;
* about members of the Board of Directors;
* about members of the Management Board;
* about financial statements;
* about annual reports;
* about the external auditor;
* about the Holding's purchasing activities;
* about the structure of the authorized capital;
* about the asset structure;
* about the annual calendar of corporate events;
* about interested party transactions, including information about the parties to the transaction, the essential terms of the transaction (the subject of the transaction, the transaction price), the body that made the decision to approve the transaction;
* about major transactions, including information about the parties to the transaction, the essential terms of the transaction (subject of the transaction, transaction price), the body that made the decision to approve the transaction;
* about activities in the area of sustainable development;
* about the amount of approved dividends;
* about news and press releases.
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| 7.6 | The Holding should prepare an annual report in accordance with the provisions of the Code and the best practice of disclosure. The annual report is approved by the Board of Directors.The annual report is one of the key sources of information for the parties concerned. The annual report should be well structured and visually convenient for perception, and also published in Kazakh, Russian and English languages (if necessary). The annual report is prepared and, after approval by the Board of Directors of the Holding, is posted on the Internet resource. | Complied | The Holding annually prepares an Annual report of the Holding, which is submitted for consideration and approval by the Board of Directors. The Holding's Annual report for 2018 was approved with the resolution of the Board of Directors dated 22.07.2019 (minutes #07/19). Annual report for 2018 was prepared in accordance with the requirements of the legislation of the Republic of Kazakhstan, the Charter of Baiterek National Management Holding Joint-Stock Company, the Code, as well as the best corporate governance standards. The approved Annual report is well structured, visually easy to read, and published on the official website of the Holding in Kazakh, Russian and English.  |
| 7.7 | The requirements for the content of the annual report minimally suggest the following information: 1) appeal of the Chairman of the Board of Directors of the Holding; 2) appeal of the Chairman of the Board of Management; 3) general information about Holding; 4) financial and operating results for the reporting year;5) the structure of assets, including subsidiaries of all levels, a review, the main results of their financial and production activities; 6) goals and plans for future periods; 7) main risk factors and risk management system; 8) corporate governance; 9) sustainable development; 10) auditor's report and financial statements with notes; 11) analytical indicators.  | Complied | Annual report of the Holding for 2018, approved with the resolution of the Board of Directors on 22.07.2018 (minutes #07/19), contains the following information: address of the Chairman of the Board of Directors and Chief Executive Officer, development strategy, key indicators of the reporting year, overview of the economy of Kazakhstan, history and achievements of the Holding, review of results of operations of the Holding mentioned in the report of the management of the Holding, corporate governance, risk management and internal control, activities in the area of sustainable development, annual financial statements, information about the activities of the subsidiaries during the reporting period, etc. At the same time, it should be taken into account that the Holding's Annual report for 2018 was prepared in accordance with the requirements of the Holding's Corporate Governance Code and best practices for preparing annual reports.The Code includes the principle of sustainable development among other principles. In this regard, when preparing the draft Annual report, the requirements of the Code of the Holding are taken into account, including in terms of disclosure of information on sustainable development.  |