

Annex No. _____
to the decision of the Board of Directors
of
Samryk-Kazyna Real Estate Fund JSC
of _____ 2018, No. _____

APPROVED
by the decision of the Board of Directors
of
Samryk-Kazyna Real Estate Fund JSC
of _____ 2018, No. _____

**Real Estate Fund Samruk-Kazyna JSC report
ON ADHERENCE TO THE PRINCIPLES OF THE CODE OF CORPORATE GOVERNANCE OF JSC "SAMRUK-KAZYNA" FOR THE
YEAR 2017¹**

| No. | Principles of corporate governance | Criteria for assessing compliance with the principle of corporate governance | Corporate Governance Compliance Status | Explanation of deviation from the criteria of corporate governance compliance assessment |
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| 1. Government as a shareholder of the Fund | | | | |
| 1.1 | The main strategic objective of the Fund and the organizations is to increase the long-term value and sustainable development of the Fund and organizations, which is reflected in the Development strategy of the Fund and companies. All decisions and actions taken must be consistent with Development strategy. | These strategic objectives are reflected in the Development strategy of the Real Estate Fund for 2018-2027, approved by the decision of the Board of Directors No.126 of 09.11.2017. | Complied | |
| 1.2 | The Government of the Republic of Kazakhstan is the sole shareholder of the Fund. Organizations carry out their activities within the framework of their core (profile) activities. Implementation of new activities is allowed provided that there is no competition in this market or the participation of the Fund and organizations will contribute to the development of small and medium businesses. | Real Estate fund carries out the activity within the framework of the basic (specialized) activity in accordance with the Charter of the Company. Board of Directors of the Real Estate Fund has approved the Development strategy for 2018-2027, according to which Real Estate fund initiates new directions of activity, prerequisites for the definition of which was the Development strategy of the Republic of Kazakhstan until 2050 and the messages of the President of the Republic of Kazakhstan, and corresponding to the | Complied | |

¹ This report is based on information provided by the structural subdivisions of the Real Estate Fund and will be updated after the independent diagnostics of the corporate governance level in 2018.

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| | | principles of "Yellow pages". | | |
| 1.3 | Government participates in the management of the Fund and organizations solely by exercising the powers of the sole shareholder of the Fund provided for in the law "On the Sovereign Welfare Fund" and the Charter of the Fund, and representation in the Fund Board of Directors. Basic principles and issues of cooperation between the Government and the Fund are regulated in the Agreement on interaction between the Government of the Republic of Kazakhstan and the Fund approved by the Government of the Republic of Kazakhstan No.1599 of December 14, 2012 (hereinafter referred to as the Agreement on interaction). Principles of section 4 apply to the Government as a shareholder. "Rights of shareholders (participants) and fair treatment of shareholders (participants)" of this Code in the part not contradicting the law of the Republic of Kazakhstan "On the Sovereign Welfare Fund". | | Not applicable | |
| 1.4 | For the purpose of stable socio-economic development of the country, ensuring the sustainability of the economy and protection from the impact of possible adverse external factors, Fund management issues are considered at the meeting of the Fund Management Board (hereinafter – FMB), headed by the President of the Republic of Kazakhstan. FMB carries out its activity according to the regulation approved by the Decree of the President of the Republic of Kazakhstan No.1116 of December 6, 2010. | | Not applicable | |
| 1.5 | Government provides the Fund and organizations with full operational autonomy and does not allow interference by the government and public authorities in the operational (current) and investment activities of the Fund and organizations except for cases stipulated by laws, acts and orders of the President of the Republic of Kazakhstan. Fund Management Board, Chairman of the Management Board, bodies of Organizations are | Real Estate fund is guided by the Charter and internal documents. Regulations of the RK Government regulate requirements/parameters to the objects within the state programmes. However, the decision-making procedures of the Real Estate Fund are determined independently, without state intervention. | Complied | |

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| | fully autonomous and independent in making decisions and carrying out any actions within their competence. | | | |
| 1.6 | Relationship (interaction) between the Government and the Fund, organizations are carried out through the Board of Directors of the Fund in accordance with the principles of good corporate governance. Role and functions of the Chairman of the Board of Directors and the Chairman of the Fund Management Board are clearly delineated and fixed in the Fund's documents. | <p>Charter clearly defines the powers and responsibilities of the Board of directors and the Management Board.</p> <p>Members of the Government and other civil servants (representatives of state bodies) are not part of the Board of Directors of the Real Estate fund.</p> <p>Board of Directors is elected by the Sole shareholder.</p> <p>Charter defines a ban on the combination of positions of the Chairman of the Board of Directors and the Chairman of the Management Board</p> | Complied | |
| 1.7 | Fund shall disclose all necessary information to the Government as a shareholder and the Board of Directors of the Fund on the Fund's activities in accordance with the Law of the Republic of Kazakhstan "On joint stock companies", Charter of the Fund, Agreement on Interaction and provides transparency of the Fund and organizations activities. | Management Board of the Real Estate fund shall report at least once a quarter by making the consolidated results of the Real Estate Fund for consideration by the Board of Directors. | Complied | |
| 1.8 | Investment activity of the Fund or organization is carried out on market principles in accordance with the strategy of the Fund or organization and is aimed at increasing the value and optimal structure of assets. Cases of realization by the Fund or organization of low profitability and socially significant projects should be disclosed in the annual report of the Fund or the organization indicating sources of financing of such projects. | <p>Distribution of net income in favor of the Sole shareholder is carried out in the form of dividends on the basis of a formalized and transparent dividend policy.</p> <p>Participation of the Real Estate Fund in state housing programmes is revealed in the annual reports, indicating the sources of funding for the programmes.</p> <p>Investment activity of the Real Estate Fund is carried out within the framework of realization of development strategy and is directed on increase of cost and optimum structure of assets.</p> <p>Common approaches to the organization of investment activity are defined in the internal documents of the Real Estate Fund, regulating the issues of investment activity.</p> <p>Real Estate Fund implements the "Nurly zher" programme of housing construction in the line of rent-to-own housing (formerly - programme of regions development until 2020, "Affordable housing-2020") and</p> | Complied | |

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| | | commercial housing (formerly - The "Nurly zhol" programme in the direction of private developers support), as well as a large-scale "Green quarter" project within the framework of the "EXPO-2017". All these programmes are socially important. The annual report of the Real Estate Fund reveals the activities in these areas in detail. | | |
| 1.9 | Board of Directors of the Fund, the Fund Management Board, the committees of the Board, Corporate Secretary and the Internal Audit Service (hereinafter – IAS) of the Fund shall carry out their activities in accordance with the principles of sections 5 "Efficiency of the Board of Directors and Executive Body "and 6"Risk management, internal control and audit" in part not contradicting the law of the Republic of Kazakhstan "On Sovereign Welfare Fund". | | Not applicable | |
| 1.10 | For more in-depth and qualitative elaboration of questions, committees are created under the Board of Directors of the Fund: on audit, nomination and remuneration, specialized committee. Other committees may be established at the discretion of the Board of Directors of the Fund. | | Not applicable | |
| 1.11 | A corporate secretary is appointed in the Fund. Board of Directors shall decide on the appointment of a corporate secretary, determines its term of office, functions and procedure. Main functional duties of the Corporate Secretary include support of timely and proper taking of corporate decisions by the Board of Directors and the Sole Shareholder, acting as advisor for members of the Board of Directors in relation to all issues of their activities and applicability of provisions of this Code, as well as monitoring of its implementation and involvement in improvement of corporate governance of the Fund and organizations. | | Not applicable | |
| 1.12 | Fund creates IAS. Fund Board of Directors determines the quantitative composition, term of office, appoints its head, and also prematurely | | Not applicable | |

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| | terminates its powers, determines the procedure of its work, size and conditions of remuneration and bonuses of IAS employees, as well as the budget | | | |
| 1.13 | The Fund creates a collegial executive body in the form of a Management Board. The Management Board is accountable to the Board of Directors and performs its activities within the competences defined by the Fund charter. The Fund Board of Directors monitors the effectiveness of the Fund's Management Board, including implementation of decisions of the Sole shareholder and the Board of Directors of the Fund. | | Not applicable | |
| 1.14 | Fund and organizations should adhere to high ethical standards and implement the necessary procedures to ensure the continuous application of these standards by all employees and partners of the Fund and organizations. Notices of alleged violations must be sent directly to the IAS or to the Board of Directors of the Fund or organization. Executive Body and all its structural units, including the security service, shall not prevent the transmission of notices of alleged violations to the IAS or the Board of Directors. | Real Estate Fund has approved the Code of Business ethics (decision of the Board of Directors No.26 of 21.04.2010, with changes No.81 of 15.04.2014), with which all employees familiarize themselves and regularly confirm their knowledge of the code. In accordance with the Policy to work with reports of possible or known facts of fraud, abuse and other illegal actions in the Real Estate Fund the messages are transferred: 1) to Board of Directors of the Company; 2) to Chairman of the Board of the Company; 3) to advisers of the Chairman; 4) Internal Audit service 5) Ombudsman or the head of the Directorate of Security; 6) to the heads of their structural subdivisions or to the higher level managers. | Complied | |
| 1.15 | The Ombudsman is appointed in order to comply with the principles of business ethics and optimal regulation of social and labour disputes arising in the Fund and organizations. | Institution of the Ombudsman is functioning in the Real Estate Fund. Ombudsman shall be appointed by a decision of the Board of Directors and shall be re-elected every two years. By the decision of the Board of Directors of the Real Estate Fund No.74 of May 24, 2013 Gabdullin Arnur Askarovich was appointed the Ombudsman of "Samruk-Kazyna" Real Estate Fund JSC with a term of office of | Partially observed | Decision of the Board of Directors of 16 February 2017 has terminated the powers of the Ombudsman Gabdulin A. from February 20, 2017, on the basis of a application submitted by Gabdullin A.A. on the termination of the |

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| | | <p>one year.</p> <p>Decision of the "Samruk-Kazyna" Real Estate Fund JSC Board of Directors No.67 of October 24, 2012 has approved the regulations on the "Samruk-Kazyna" Real Estate Fund JSC Ombudsman.</p> <p>The Board of Directors assessed the performance of Ombudsman and decided to extend or terminate the authority.</p> <p>There is no ombudsman at the moment.</p> | | <p>employment contract on his own initiative (in connection with transfer to another job).</p> <p>Question of the appointment of an ombudsman is scheduled for consideration by the Board of Directors in the 1-2 quarter of 2018.</p> |
| <p>2. Interaction between the Fund and organizations. The role of the Fund as a national managing holding</p> | | | | |
| 2.1 | Corporate governance system in the Fund and the organizations ensures proper management and control of their activities and aims to increase long-term value and sustainable development. | Fund's interaction with the Real Estate Fund is carried out on the basis of the established system of corporate management and in accordance with the policy on interaction with portfolio companies of "Samruk-Kazyna" JSC, approved by the decision of the "Samruk-Kazyna" JSC Management Board No.15/17 of 30.05.2017. | Complied | |
| 2.2 | Corporate governance system of the Fund and organizations is a set of processes that provide management and control over the activities of the Fund and organizations, as well as the system of relations between the Executive Body, the Board of Directors, shareholders and interested parties. Competence of the bodies and the decision-making procedure should be clearly defined and enshrined in the Charter. | <p>Fund's interaction with the Real Estate Fund is carried out on the basis of the established system of corporate management and in accordance with the policy on interaction with portfolio companies of "Samruk-Kazyna" JSC, approved by the decision of the "Samruk-Kazyna" JSC Management Board No.15/17 of 30.05.2017.</p> <p>Competence of the bodies and the decision-making procedure are clearly defined and enshrined in the Charter.</p> | Complied | |
| 2.3 | Fund participates in the management of companies by implementing the functions of the shareholder (participant), as well as through the Board of directors, in the manner specified by the Companies' Charters and this Code. | Fund participates in the management of REF through the implementation of shareholder functions, as well as through the Board of Directors, in accordance with the REF Charter. Representatives of the Sole shareholder in the Board of Directors of the Real Estate Fund are Munzhasarov Z.A. (Chairman of the Board of Directors of the Real Estate Fund), Tutkushev E.B. (member of the | Complied | |

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| | | <p>Board of Directors).</p> <p>The expectations of SS for 2018-2022 were sent by letter No.04-04-02/5005 of October 06, 2017.</p> <p>Board of Directors has autonomy in decision-making within the limits of its competence established by the Charter.</p> <p>The Fund's position on certain issues is brought through the representatives of the Fund in the BD- Munzhasarov Z.A., Tutkushev E.B.</p> <p>Questions which are in the exclusive competence of the general Meeting of Shareholders and the Board of Directors in accordance with the Law of the Republic of Kazakhstan "On joint stock companies", were not transferred to the competence of the Board of directors and the Executive Body of the company.</p> | | |
| 2.4 | Taking into account the discussions with the companies Fund forms a unified policy for companies, approves methodical recommendations and corporate standards for organizations. | Taking into account the discussions with the companies Fund forms a unified policy for companies, approves methodical recommendations and corporate standards for organizations. | Complied | |
| 2.5 | Executive bodies of the foundation and the companies should cooperate in a spirit of cooperation in order to ensure sufficient ambition and realism of the development plans of the companies sent for approval to the Boards of Directors of companies, as well as their compliance with the Fund's strategy and development plan. | <p>Fund represents the target parameters of the long-term efficiency (financial and production) to provide for their achievement by REF management.</p> <p>Real Estate Fund maintains constant interaction with the Fund on implementation of the development strategy, including on the issues of long-term and medium-term planning, risk management, investment activity, personnel management, etc. Also, on a regular basis the Fund is provided with management and financial statements, reports on the implementation of State programmes.</p> | Complied | |
| 2.6 | Distribution of net income in favor of the Fund as a shareholder is carried out in the form of dividends on the basis of a formalized and transparent dividend policy. | Fund approved the Dividend policy towards subsidiaries (decision of the Fund Management No.39/12of 02.10.2012). Fund has brought strategic KPI "Free funds for development and dividends". | Complied | |
| 2.7 | Management of organizations is carried out by bodies of organizations in accordance with the competences and procedures defined by the Charter of the Organization. This principle applies to | Competences of the management bodies are defined by the Charter, regulations on BD, Management Board | Complied | |

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| | organizations with several shareholders (participants). | | | |
| 2.8 | Fund, organizations and their officials are responsible for the growth of long-term value and sustainable development of the Fund and organizations, respectively, and decisions and actions/omissions, in accordance with the procedure established by the legislation of the Republic of Kazakhstan and internal documents. | <p>REF and officials are responsible for decisions and actions/omissions in accordance with the legislation of the Republic of Kazakhstan, the Charter and other normative documents. Growth of the company's long-term value is determined by the strategic direction of REF. Growth of the company's long-term value is defined in the specific target values of the long-term KPI - EVA increase in the value of the company, responsible for the achievement of which are REF and its officials</p> <p>Parameters of long-term strategic efficiency for 2017-2021 were presented to SS to ensure their achievement as part of the development of the REF Business Plan for 2017-2021</p> <p>Monitoring of the Business Plan implementation is carried out on a monthly and quarterly basis.</p> <p>Assessment of strategic KPI achievement is carried out within the framework of the Business Plan performance report quarterly.</p> <p>Requirement that this assessment affects the remuneration of the head and members of the executive bodies shall be taken into account when they are re-elected, and may be a basis for their removal from office ahead of schedule, is enshrined in the Assessment rules of the Company's executives</p> | Complied | |
| 2.9 | The Board of Directors of the holding company shall ensure the efficiency of management, growth of long-term value and sustainable development in all legal entities belonging to its group. Results of effective management in the group of the holding company shall be an increase of operational efficiency, improvement of the reporting quality, improvement of standards of corporate culture and ethics, greater openness and transparency, risk reduction, adequate internal control system. | | Not applicable | |
| 3. Sustainable development | | | | |

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| 3.1 | <p>Fund and organizations are aware of the importance of their impact on the economy, environment and society and, in an effort to increase long-term value, shall ensure their sustainable development in the long term, while balancing the interests of the parties concerned. Approach of responsible, thoughtful and rational interaction with stakeholders will contribute to the sustainable development of the Fund and organizations.</p> | <p>Real Estate Fund, in the course of its activities, influences or is influenced by the interested parties. Interaction with interested parties is regulated by internal normative documents (Charter, Provision on disclosure of information, Policy on sustainable development, Map of stakeholders, etc.).</p> <p>The Committee on Sustainable Development under the Management Board was established in 2017 by the decision No.33/2017 of the Management Board dated 20.06.2017. The main functions of the Committee is activities oriented on implementation of sustainable development system in the Real Estate Fund.</p> <p>Real Estate Fund has developed a map of stakeholders (decision of the board No.55/2017 of 06.10.2017), where the list of interested parties is determined, with the degree of possibility of influence and interest; has developed a policy on sustainable development (decision of the BD No.128 of 07.12.2017), which defines the principles of interaction with interested parties, based on AA1000 international standards of interaction with stakeholders. This policy also reflects the objectives of the Real Estate Fund in implementing sustainable development, taking into account the requirements of international standards by the Real Estate Fund.</p> <p>In 2017, Real Estate Fund started the practice of collecting stakeholder opinions, as reflected in the updated Map of stakeholders to identify significant aspects of the sustainable development report.</p> | Complied | |
| 3.2 | <p>Fund and organizations shall ensure coherence of their economic, environmental and social goals for sustainable development in the long term, which includes, among other things, the growth of long-term value for shareholders and investors. Sustainable development in the Fund and organization consists of three components: economic, environmental and social.</p> | <p>Strategic goals of the Real Estate Fund are reflected in the development strategy for 2018-2027, approved by the decision of BD No.126 of 09.11.2017. The main mission of Real Estate Fund is to increase value for shareholders, facilitate development of entrepreneurship, and mobility of communities and businesses in Kazakhstan by providing relevant infrastructure and real estate facilities with use of up-to-date technologies and attraction of partners.</p> | Complied | |

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| | | In the REF Policy on sustainable development approved by the decision of BD No.128 of 07.12.2017, the directions of REF activities in the field of sustainable development consist of three components: economic, environmental and social. Policy also includes the objectives and obligations of the Real Estate Fund for environmental protection and labour protection. | | |
| 3.3. | Fund and organizations shall analyse their activities and risks in the three aspects, and strive to avoid or reduce the negative impact of their performance on the stakeholders. | In 2017 the Real Estate Fund approved the first separate Report on sustainable development for 2016 (Minutes of the Board of Directors No.128 dated 07.12.2017), prepared in accordance with Guidance for reporting on sustainable development within the Global Reporting Initiative (GRI 4). The report contains the results of Real Estate Fund's impact analysis on the main three aspects and plans to implement the sustainable development system. | Complied | |
| 3.4 | Principles in the area of sustainable development are openness, accountability, transparency, ethical conduct, respect for the interests of the parties concerned, legitimacy, respect for human rights, intolerance to corruption, inadmissibility of conflict Interests, a personal example. | Real Estate Fund recognizes and acknowledges the core principles of the UN Global Compact and pledges its commitment to its activities. These principles are defined in the Policy on sustainable development approved by the decision of the BD No.128 of 07.12.2017 | Complied | |
| 3.5 | Fund and organizations should have a sustainable development management system 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, Executive Body and employees; 2) analysis of internal and external situation on three components (economy, ecology, social issues); 3) identification of risks in the field of sustainable development in social, economic and ecological spheres; 4) building a map of interested parties; 5) identification of goals and efficiency in the field of sustainable development, development of action | 1) competences of the management bodies of the real Estate fund in the field of sustainable development are established in the Charter, Regulation on the Board of Directors, Regulation on the Management Board. Decision of the Board of Directors No.113 of December 7, 2016 has approved the amendments and additions to the Regulation on the Committee on Strategic and Investment issues, the competence of which includes issues related to the sustainable development of the Real Estate fund. Chairman of the Management Board has approved the order of functions distribution among the Management Board members, including the consolidation of the functional responsibilities for sustainable development. | Complied | |

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| | <p>plan and identification of responsible persons;</p> <p>(6) integration of sustainable development into key processes, including risk management, planning, human resource management, investment, reporting, operational activities and others, as well as development strategies and decision-making processes;</p> <p>7) improvement of skills of officials and employees in the field of sustainable development;</p> <p>8) regular monitoring and evaluation of activities in the field of sustainable development, assessment of achievement of goals and efficiency, adoption of corrective measures, introduction of a culture of constant improvement.</p> | <p>2) Since 2017, the practice of preparing a separate report in the field of sustainable development in accordance with the GRI Guidelines, including analysis of the situation on three components (economics, ecology, social issues) has been introduced.</p> <p>3) Risks in the field of sustainable development are included in the risk register draft for 2018.</p> <p>4) Stakeholders map of the Real Estate Fund has been approved by the decision of the Management Board No.55/2012 of 06.10.2017.</p> <p>Sustainable development goals are specified in the Policy on sustainable development, approved by the BD decision No.128 of 07.12.2017. Action plan on implementation of sustainable development principles is reflected in the medium-term plan on improvement of corporate governance for 2017-2019, where also the responsible structural units and participants of actions are established.</p> <p>6) Requirements for integration of sustainable development into key business processes are included in the Policy on sustainable development. Principles of sustainable development are integrated into key processes: Risk management (Risk register contains risks in the field of sustainable development), planning (efficiency in the field of sustainable development), human resources management (implementation of social policy), investments (realization of State housing programmes to provide affordable housing, green technology projects, sustainable development reporting in accordance with GRI Guidelines, operational activities (creation of new jobs at the construction objects, etc.), Development strategy (strategic KPI).</p> <p>7) 14-15 July 2017 Managing Director of transformation and Director of strategy and transformation held a seminar on reporting on sustainable development on GRI Guidelines, organized by the CSR Central Asia. Also, 28-29 March 2017 employee of this Department passed a seminar on reporting on sustainable development on GRI</p> | | |
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| | | <p>Guidelines, organized by the Corporate University "Samruk-Kazyna".</p> <p>(8) Establishment and monitoring of sustainable development activities are the responsibility of the Committee on Sustainable Development. Committee on Sustainable Development reviews the implementation of sustainable development principles on a quarterly basis.</p> | | |
| 3.6 | Fund and companies publish annual reports on sustainable development in order to ensure the clarity and transparency of their activities for stakeholders, taking into account the protection of information constituting official, commercial and other secrets protected by law. Sustainable development reporting is approved by the Board of Directors. | <p>Real Estate Fund Report on sustainable development for 2017 was approved by the decision of BD No.128 of 07.12.2017 and published on the Internet resource of the Real Estate Fund.</p> <p>Internet resource of the Real Estate Fund contains a separate section of "Sustainable development", which includes subsections of the main aspects of sustainable development.</p> | Complied | |
| 3.7 | Fund and organizations should take steps to adopt and adhere to the principles of sustainable development in their relationships with partners. | <p>1) Real Estate Fund in relations with partners strives to respect the principles of sustainable development. Requirements and principles for interaction with stakeholders are enshrined in the policy on sustainable development.</p> <p>2) Contracts of the Real Estate fund with the developers provide for the cases of termination, related to the non-targeted use of funds, poor performance of construction works, non-elimination of the identified defects, initiation of criminal proceedings on officials of the developer, etc.</p> | Complied | |
| 4. Rights of shareholders (participants) and fair treatment of shareholders (participants) | | | | |
| 4.1 | Observance of the shareholders (participants) rights is a key condition for attracting investments in the Fund and organization. Organization shall ensure the implementation of the shareholders (participants) rights. If there are several shareholders (participants) in the Organization, fair treatment of each of them should be ensured. | "Samruk-Kazyna" JSC is the Sole shareholder of the Real Estate fund. Implementation of the shareholder rights is carried out in accordance with the legislation of RK, Charter. | Complied | |
| 4.2 | Rights, duties and competencies of the shareholders (participants) shall be determined in accordance | Rights, duties and competencies of the shareholders are enshrined in the Charter of the company. In accordance | Complied | |

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| | <p>with the legislation in force and the constituent documents. Rights of shareholders (participants) include, but are not limited to, timely receipt of information sufficient for the decision making in the manner established by the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Organization in areas of information disclosure; participation at the general meeting of Shareholders (participants) and voting on issues of competence; participation in the determination of quantitative composition, term of office of the Board of Directors (Supervisory board and Executive Body), election of its members and termination of their powers, as well as determination of the amount and conditions of remuneration payment; receipt of dividends in the amounts and terms determined by the decision of the General Meeting of Shareholders (participants) on the basis of a clear and transparent dividend policy.</p> | <p>with the REF Charter and the Order of of information disclosure as well as internal documents of the Fund, the shareholder receives the necessary information, including through the annual report, the Internet site, information materials, briefings, through inquiries, etc.</p> <p>Interaction of the Sole shareholder with the Real Estate Fund is regulated by the Policy on interaction with portfolio companies of "Samruk-Kazyna" JSC..</p> <p>Decisions on the issues, referred to by the legislation of the Republic of Kazakhstan and the Charter of the Organization to the competence of the General Meeting of shareholders shall be taken by the Sole shareholder and shall be subject to registration in writing.</p> <p>The procedure of independent directors selection is regulated by the rules of independent directors selection of the "Samruk-Kazyna" JSC companies. Remuneration of independent directors is regulated by the rules of payment of remuneration and compensation of expenses of independent directors of "Samruk-Kazyna" JSC.</p> <p>Distribution of net profit and payment of dividends by companies, more than fifty percent of shares (stakes of participation) of which belong to the Fund on the right of ownership or trust management, is carried out in accordance with the dividend policy approved by the Fund in relation to the subsidiaries.</p> | | |
| 4.3 | <p>In case of presence in the organization of several shareholders (participants), including minority shareholders (participants), the system of corporate governance shall ensure fair treatment of all shareholders (participants) and implementation of their rights, which should be enshrined in the Charter of the Organization.</p> | | Not applicable | |
| <p align="center">5. Performance of the Board of Directors and the Executive Body</p> | | | | |
| 5.1 | <p>Board of Directors is a management body, reporting</p> | <p>These functions are enshrined in the REF Charter.</p> | Complied | |

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| | <p>to the General Meeting of shareholders, providing strategic management of the Organization and control over the activities of the Executive Body. Board of Directors shall ensure the implementation of all provisions of this Code.</p> <p>Executive Body is accountable to the Board of Directors, administers the daily activities of the Organization and ensures its compliance with the strategy, development plan and decisions adopted by the General Meeting of Shareholders and the Board of Directors.</p> | | | |
| 5.2 | <p>Board of Directors shall be vested with sufficient authority to manage the organization and to supervise the activities of the Executive Body. Board of Directors performs its functions according to the Charter and pays special attention to the following issues:</p> <p>1) definition of development strategy (directions and results);</p> <p>2) setting and monitoring of key performance indicators of the development plan;</p> <p>3) organization and supervision of effective functioning of risk management system and internal control;</p> <p>4) approval and monitoring of effective implementation of major investment projects and other key strategic projects within the competence of the Board of Directors;</p> <p>5) election, remuneration, planning of continuity and supervision over the activities of the head and members of the Executive Body;</p> <p>6) corporate governance and ethics;</p> <p>7) compliance with the provisions of this Code and corporate standards of the Fund in the field of business ethics (Code of Business ethics).</p> | These functions are enshrined in the REF Charter, Regulation on BD and its committees, and are executed in practice. | Complied | |
| 5.3 | Members of the Board of Directors must properly discharge their responsibilities and ensure the growth of long-term value and sustainable development of the Organization. Board of Directors of the organization is accountable to the | This function is fixed in the draft amendments and additions to the Regulation on REF BD | Partially observed | Draft of amendments and additions to the Regulation on BD was approved by the decision of the Company BD |

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| | shareholders. This accountability is realized through the mechanism of the general meeting of shareholders. | | | No.130 of 27.02.18 and submitted for approval of the Sole shareholder |
| 5.4 | Board of directors and its committees shall be subject to a balance of skills, experience and knowledge, ensuring the adoption of independent, objective and effective decisions in the interests of the Organization and taking into account the fair treatment of all shareholders and the sustainable development principles. | This function is fixed in the draft amendments and additions to the Regulation on REF BD | Partially observed | Draft of amendments and additions to the Regulation on BD was approved by the decision of the Company BD No.130 of 27.02.18 and submitted for approval of the Sole shareholder |
| 5.5 | Board of Directors should provide a variety of experience, personal characteristics and gender composition. Board of Directors shall be composed of independent directors, sufficient to ensure the independence of the decisions taken and fair treatment of all shareholders. Recommended number of independent directors in the Board of Directors of the company is up to fifty percent of the total number of the Board of Directors members. | <p>These requirements are fixed in the Regulation on REF BD. In fact, there are 3 independent directors out of 6 members of the Board of Directors.</p> <p>In accordance with the Charter, the Board of Directors consists of at least five members. In fact, the composition of the Board of directors consists of 6 members. The BD Regulation stipulates that the numerical composition of the Board of Directors is established individually taking into account the scale of activity, business needs, current tasks, development strategy and financial possibilities. Number of Board of Directors members should allow the creation of the necessary number of committees. Three committees have been established under the Board of Directors: Committee on remuneration and nomination, Audit Committee and Committee on Strategic and Investment issues.</p> | Complied | |
| 5.6 | The General meeting of shareholders elects the members of the Board of Directors on the basis of clear and transparent procedures taking into account competencies, skills, achievements, business reputation and professional experience of candidates. In the case of re-election of individual members of the Board of directors or its full composition for a new term, their contribution to the effectiveness of the Board of Directors shall be taken into account. | <p>The procedure of Board of directors members election is regulated by the rules of independent directors selection of the "Samruk-Kazyna" JSC companies.</p> <p>The Chairman of the Board of Directors shall be appointed by the decision of the Sole Shareholder.</p> <p>In accordance with the decisions of the Sole shareholder of the Real Estate Fund No.14/17 of 25 May 2017 and No.28/17 of 29 August 2017, the independent directors of the Board of Directors of the Real Estate Fund Abdykarimova Z.M. since March 1, 2017 and Azirbaev M.B. since October 31, 2017 are no longer members of</p> | Complied | |

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| | | <p>the Board of Directors.</p> <p>In connection with 2 independent directors leaving the REF JSC Board of Directors, in 2017 there was a need for staffing of the Board of Directors and its committees.</p> <p>In accordance with the decision of the Sole shareholder No.37/17 of November 8, 2017 the quantitative composition of the Real Estate Fund Board of Directors has been determined – 6 (six) people. By the same decision, independent directors Nemgirov Igor Semenovich and Larionov Dmitry Vladimirovich were elected to the Board of Directors of the Real Estate Fund.</p> <p>There are no members of the Government or civil servants in the Board of Directors.</p> <p>Term of office for 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 the General meeting of Shareholders decision to elect a new Board of Directors.</p> <p>Members of the Board of Directors shall be appointed for three years with further re-election for following three years in case of proper performance.</p> <p>Any appointment with term exceeding six years in a row (for example two three-year terms) is subject to special consideration taking into account necessity of qualitative reform of the Board of Directors.</p> <p>Independent Director shall not be elected for the Board of Directors for a period over nine consecutive years. In exceptional cases election for a period exceeding nine years is allowed. Election of an independent Director for the Board of Directors shall be proceeded on an annual basis with detailed explanation of rationale of election of this member of the Board of Directors and impact of this factor on independence of taking decision process.</p> <p>No individual should participate in decisions related to their own nomination, election and re-election.</p> | | |
| 5.7 | The Board of Directors approves the programme of induction for newly elected members of the Board | The policy of introduction to the post was approved by the decision of REF BD No.65 of 29.08.2012. In 2016 | Complied | |

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| | of Directors and professional development programme for each member of the Board of Directors. The corporate secretary ensures the implementation of these programmes. | the programme of newly appointed BD members introduction to the post was carried out: Mamytaliyev B.D. and Tutkushev E.B. In 2017 the programme of newly appointed BD members introduction to the post was carried out: A.S. Zhetpisbay, Larionov D.V., Nemgirov I.S. | | |
| 5.8 | 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 core functions and creation of a constructive dialogue between the members of the Board of Directors, major Shareholders and the Executive Body. | These requirements are enshrined in the Charter and regulations on the Board of Directors. | Complied | |
| 5.9 | The role and functions of Chairman of the Board of Directors and the head of Executive Body shall be clearly delineated and enshrined in the Charter of the Organization, regulations on the Board of Directors and the Executive Body. | These requirements are enshrined in the Charter and regulations on the Board of Directors. | Complied | |
| 5.10 | The level of remuneration of the Board of Directors members should be sufficient to attract, retain and motivate each member of the Board of Directors at a level that is required for the successful management of the organization Establishment of remuneration for a member of the Board of Directors of the Organization shall be carried out in accordance with the methodology developed by the Fund, and should take into account the expected positive effect on the organization from individual's participation in the composition Board of Directors. In organizations with several shareholders, the corresponding rules of remuneration of the members of the Board of Directors are developed on the basis of the Fund's methodology and approved by the General meeting of shareholders. Organization Board of Directors Committee on nomination and remuneration makes proposals for the remuneration of independent directors' candidates | In practice, members of the Board of Directors are appointed by the Sole shareholder's decision. Every year SS collects information about the effectiveness of independent directors. Organization Board of Directors Committee on nomination and remuneration makes proposals for the remuneration of independent directors' candidates No individual should participate in decisions related to their own remuneration | Complied Partially | These requirements are not stipulated in the rules of payment of remuneration and compensation of expenses of independent directors of "Samruk-Kazyna" SWF. |
| 5.11 | Committees of the Board of Directors contribute to | These requirements are enshrined in the Charter and | Complied | |

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| | <p>a deep and thorough consideration of the issues falling within the competence of the Board of Directors and improvement of the quality of decisions, especially in such areas as audit, risk management, proper and effective application of rules for procurement goods, works and services of the Fund and organizations, appointment and remuneration of members of the Board of Directors and Executive Body, sustainable development, including safety and security of work and environment. Existence of committees does not exempt members of the Board of Directors from responsibility for decisions made within the competence of the Board of Directors.</p> | <p>regulations on the Board of Directors. The Board of Directors has established:</p> <ol style="list-style-type: none"> 1) Audit Committee; 2) Committee on Nomination and Remuneration 3) Committee on strategic and investment issues <p>Committees consist of 3 members. Chairpersons are the independent directors.</p> | | |
| 5.12 | <p>Preparation and holding of meetings of the Board of Directors should contribute to the maximum impact of its activities. In order to perform their duties, members of the Board of Directors must have access to full, up-to-date and timely information.</p> | <p>These requirements are enshrined in the Regulations on the Board of Directors.</p> <p>Board of directors holds regular meetings to perform its functions effectively. Meetings of the Board of Directors shall be held in accordance with the work plan approved before the beginning of the calendar year. Meetings of the Board of directors and its committees shall be carried out by means of in presentia and in absentia forms of voting, and number of meetings with the in absentia form of voting is minimized. Consideration and decision-making on matters of an important and strategic nature is carried out only at meetings of the Board of Directors with the full-time form of voting. In special cases, both forms of meetings of the Board of Directors and its committees are combined.</p> <p>Meetings of the Board of directors and its committees are duly logged by the Corporate Secretary, with full indication of the outcome of the discussions and decisions taken.</p> | Complied | |
| 5.13 | <p>Board of Directors, committees and members of the Board of Directors shall be assessed on an annual basis within the framework of a structured process approved by the Board of Directors of the Organization. This process shall be consistent with the Fund's methodology. Assessment is carried out</p> | <p>Real Estate Fund observes the process of evaluating the effectiveness of the Board of Directors.</p> <p>Until 2017, the decision of the Board of Directors approved the Regulation on the evaluation of the efficiency of the SD, committees of the BD and each member of the BD (No.67 of 24.10.2012) in the Real</p> | Complied | |

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| | with involvement of independent professional organization at least once per three years. | <p>Estate Fund</p> <p>In accordance with the above provision, the annual assessment of BD, BD committees and each member of the BD, including independent directors and representatives of shareholders, was carried out. Assessment was conducted in 2015 with the involvement of an independent professional organization. In 2016, assessment was carried out with own forces.</p> <p>In 2017, the decision of the "Samruk-Kazyna" JSC Management Board No.44/17 of 14.12.2017 has approved methodological recommendations on the assessment of Board of directors and its committees, Chairman, members of the Board of Directors and Corporate Secretary of the "Samruk-Kazyna" JSC organizations.</p> <p>Guidelines are developed in accordance with the Code of corporate governance. In accordance with SS instruction the assessment process of the Board of Directors, committees and members of the Board of Directors of the organizations shall follow these recommendations.</p> <p>In this connection, the Corporate Secretary Service has developed and approved the policy of assessing the activities of the Board of Directors and its committees, Chairman, members of the Board of Directors and Corporate Secretary of "Samruk-Kazyna" Real Estate Fund JSC No.130 of 27.02.2018.</p> | | |
| 5.14 | Assessment should enable the Board of Directors and each of its members to contribute to the growth of long-term value and sustainable development of the Organization, as well as to identify directions and recommend measures for improvement. The assessment results are taken into account in the Board members re-election or early termination of their powers. | Provisions that the results of the assessment are taken into account in the re-election or early termination of the powers of the Board of Directors members are enshrined in the assessment policy of the Board of Directors and its committees, Chairman, members of the board Directors and Corporate Secretary of "Samruk-Kazyna" Real Estate Fund JSC. | Complied | |
| 5.15 | In order to effectively organize the activities of the Board of Directors and the interaction of the Board of Directors, the Executive Body with shareholders, the Board of Directors appoints Corporate Secretary. | <p>These requirements are enshrined in the Charter, regulations on the Board of Directors, Regulation on Corporate Secretary.</p> <p>Corporate Secretary shall be reporting to the Board of</p> | Complied | |

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| | | <p>Directors and independent from the Company Executive Body.</p> <p>Main functional duties of the Corporate Secretary include support of timely and proper taking of corporate decisions by the Board of Directors and the Sole Shareholder, acting as advisor for members of the Board of Directors in relation to all issues of their activities and applicability of provisions of the Code, as well as monitoring of its implementation and involvement in improvement of corporate governance of the Fund and organizations.</p> <p>The Corporate Secretary shall prepare report on compliance with principles and provisions of this Code, which is included in body of the annual report of the Fund.</p> | | |
| 5.16 | The collegial Executive Body is created In the companies, in other organizations, and also in case of creation of the joint venture company it can be collegial or sole at the discretion of shareholders (participants). The head and members of the Executive Body must possess high professional and personal characteristics, as well as have impeccable business reputation and adhere to high ethical standards. | <p>1) According to Clause 39 of the REF Charter, the current activity shall be supervised by the Executive Body of the Company - the Management Board.</p> <p>2) The list of criteria for assessment of the REF Board candidates (decision of the BD of 24.05.2016, Minutes No.103) for assessment and coordination of candidates for the position of Chairman and members of the Board by the Committee on nomination and remuneration of the Board of Directors</p> | Complied | |
| 5.17 | Executive Body is accountable to the Board of Directors and manages the daily activities of the Organization, is responsible for the implementation of the Strategy, development plan and decisions adopted by the Board of Directors and the General meeting of shareholders. | These requirements are enshrined in the Company Charter. | Complied | |
| 5.18 | <p>Board of Directors elects the head and members of the Executive Body, determines the terms of office, the size of the official salary, conditions of payment for their work.</p> <p>Board of Directors Committee for nomination and remuneration plays a key role in the process of search and selection of candidates to the executive body composition, determining remuneration of</p> | <p>These requirements are enshrined in the Company Charter.</p> <p>The candidacy for the post of the Executive Body head is preliminary agreed by the Fund Management Board.</p> <p>Board of Directors may at any time terminate the powers of the head and members of the Executive Body.</p> <p>Head and members of the Executive Body of the Organization shall be elected for a term of three years.</p> | Complied | |

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| | organizations Board of Directors. | Terms of office of the Head and members of the Executive Body coincide with the term of office of the Executive Body as a whole. | | |
| 5.19 | Candidacy for the position of the first head of the company shall be agreed with the President or administration of the President of the Republic of Kazakhstan in case of inclusion in the corresponding list approved by the decree of the President of Kazakhstan | | Not applicable | |
| 5.20 | Head and members of Executive body are assessed by the Board of Directors. The main assessment criterion is the KPI achievement. | <p>This requirement is enshrined in the Company Charter.</p> <p>Motivational KPI for the head and members of the REF Management Board approved by the BD, in accordance with the rules of activity assessment and remuneration of the REF executive officers.</p> <p>KPI maps for executives are developed by the nomination and remuneration Committee together with the Working Group and agreed with the employees on the optimality of the quantity (3-7), balance and adequacy of the target values.</p> <p>The assessment results have an impact on the amount of remuneration, promotion, re-election (appointment) and early termination of powers.</p> | Complied | |
| 5.21 | <p>Cases of Code of Business ethics violation by members of the Executive Body shall be brought by the head of the Executive Body to the attention of the Board of Directors.</p> <p>A member of the Executive Body violating of the Code of business ethics may not be a member of the Executive Body of any other organization.</p> | In accordance with the Code of Business Ethics (decisions of the BD No.26 of 21.04.2010, amendments and additions No.44 of 11.04.2011 and No.81 of 15.04.2014) employees must inform the Ombudsman and the Board of Directors on violations by the Management Board. No such cases detected | Complied | |
| 5.22 | <p>In the event of corporate conflicts, participants seek ways to resolve them through negotiations in order to ensure effective protection of the interests of the Organization and interested parties.</p> <p>Corporate conflicts with the assistance of the Corporate Secretary are considered by the</p> | This provision is enshrined in the Policy on resolving the REF conflict of interest | Partially observed | Rules on consideration of corporate conflicts by the chairman of the BD, as well as the competence of the Committee on nomination and |

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| | Chairman of the Board of Directors. If the Chairman of the Board of Directors is involved in a corporate conflict, such cases shall be considered by the nomination and remuneration committee. | | | remuneration in case of involvement of the Chairman of the BD are not foreseen. Amendments are planned to the company's internal documents |
| 6. Risk management; internal control and audit | | | | |
| 6.1 | <p>A well-functioning risk management and internal control system should be established in the Fund and organizations, aimed at ensuring reasonable confidence in the Fund and organizations achieving their strategic and operational goals, and constituting a set of organizational policies, procedures, norms of conduct and actions, methods and mechanisms of management, created by the Board of directors and the Executive Body of the Fund and organizations to ensure:</p> <ul style="list-style-type: none"> - optimal balance between the growth of organization's value, profitability and their accompanying risks; - efficiency of financial and economic activity and achievement of financial stability of the company; - preservation of assets and efficient use of the company's resources; - completeness and reliability of financial and management reporting; - compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents; - proper internal control to prevent fraud and ensure effective support for the operation of core and auxiliary business processes and performance analysis. | <p>Risk management in REF is implemented on a consolidated basis by implementing a corporate risk management system at all levels of REF.</p> <p>REF oversees the implementation of risk management system in its SO, provides methodological, consulting support, and coordinates activities for the development and improvement of CRMS in REF. As part of monitoring the development of the REF risk management system on a consolidated basis, REF submits risk reports to the Board of Directors for consideration.</p> <p>REF has a risk management policy approved by the REF Board of Directors, which is developed in accordance with the concept of REF corporate risk management system development and the methodology of the Sole shareholder.</p> <p>Structure of the risk management system in REF is presented by risk management at several levels with the involvement of the following bodies and subdivisions of the Fund: Boards of Directors, Management Board, Risk Management Committee, structural unit responsible for risk management, Internal audit service, other structural units.</p> <p>REF Board of Directors has approved the following documents defining principles and approaches to the organization of an effective risk management system and internal control, demonstrating the company's commitment to the best practices in the field of risks</p> | Complied | |

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| | | <p>management and internal control (integrated concept of COSO internal control system, Concept (COSO) "Risk Management of organizations:</p> <ul style="list-style-type: none"> - Risk Management Policy (BD Minutes No.85 of 01.10.2014). - Rules of identification and risk assessment (BD Minutes No.92 of 20.05.2015). - Rules of liquidity loss risk management (BD Minutes No.13 of 19.10.2009). - Regulation on the Internal Control system (Minutes No.124 of 24.08.2017). | | |
| 6.2 | Board of Directors of the Fund and organizations shall define the principles and approaches to the organization of the risk management system and internal control, based on the objectives of the system and taking into account the best practices and methodology of the Fund in the field of risk management and internal control. | <p>Activities of REF are aimed at creating an internal environment that increases the understanding of risks by employees and increases their responsibility for risk management. Internal environment shall support the following principles of REF:</p> <ul style="list-style-type: none"> - identification and consideration of all forms of risk in decision making and support of integrated risk vision by REF management; - creation and assessment at the level of REF, a risk profile that best meets the objectives of REF as a whole; - support the sense of ownership and responsibility for risks and risk management at the appropriate levels of management hierarchy (REF, SO, structural units, etc.). In doing so, risk management does not mean shifting responsibility to others; - monitoring of compliance with internal policies and procedures of REF and the state of the corporate governance system; - timely information on significant (critical) risks and shortcomings of the risk management system; - understanding that risk management policies and procedures are mandatory. | Complied | |
| 6.3 | Executive bodies of the Fund and organizations should ensure the establishment and maintenance of an effective risk management and internal control | Risk management in REF on a consolidated basis is carried out by the introduction of CRMS at all levels of REF. Structure of the risk management system in REF is | Complied | |

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| | <p>system. Risk management process shall be integrated with planning processes (strategy and development plans, annual budget) and evaluation of the Organization's performance (managerial reporting).</p> | <p>presented by risk management at several levels with the involvement of the following bodies and subdivisions of the REF: Boards of Directors, Management Board, Risk Management Committee, structural unit responsible for risk management, Internal audit service, other structural units. Risk management policy defines the functions of the bodies and subdivisions.</p> <p>In accordance with the best corporate governance practices, regular reporting on the risks of the Executive Body has been introduced.</p> <p>Risk management processes are integrated with planning processes (strategy and development plans, annual budget). REF activity objectives are defined at the strategic level and set the basis for the development of operational goals. Process of developing strategic plans also provides for the identification and analysis of risks that can influence the achievement of strategic goals.</p> <p>To ensure horizontal communication and effective implementation of CRMS, there is a risk management committee, which is a consultative and advisory body under the Fund Management Board, making proposals in the area of risk management.</p> <p>Management Board and the Board of Directors of the Foundation receive periodic information on the risk situation, including the risk map, risk reports.</p> <p>Management Board and the Board of Directors of the Fund are also provided with data on significant changes in risks as necessary.</p> <p>According to the REF risk management policy, assessment of the risk management system effectiveness is conducted by the IAS on an annual basis. IAS assesses the effectiveness of the risk management system in accordance with the methodology for assessing the corporate risk management system. In addition, an evaluation of the effectiveness of CRMS by an independent company is conducted once in five years.</p> <p>In 2017 "Dostyk Advisory" LLP has conducted an independent evaluation of the risk management system</p> | | |
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| | | <p>and internal control effectiveness in accordance with the methodology of evaluation of corporate risk management system and corporate system of internal control assessment methodology.</p> <p>On an annual basis, including taking into account the recommendations of the IAS, an individual plan for the development of risk management staff is approved, within the framework of the approved schedule of vocational training and development of REF employees are also provided with relevant training activities for employees in the area of risk management.</p> | | |
| 6.4 | <p>Risk management and internal control system of the Fund and organizations should be based on the high risk management culture carried out by the Executive Body, which requires the identification, evaluation and monitoring procedures of all significant risks, as well as the adoption of timely and adequate measures to reduce the level of risks that can adversely affect the achievement of strategic goals, implementation of operational objectives and reputation of the company.</p> | <p>These procedures are regulated by the following documents:</p> <ul style="list-style-type: none"> - REF Risk Management Policy (Board of Directors Minutes No.85 of 01.10.2014); - Regulation on the REF internal control system (Board of Directors Minutes No.124 of 24.08.2017). <p>REF carries out identification and assessment of risks on an annual basis, The register and the risk map are drawn up on the basis of identification and risk assessment. In this case, register and the risk map may be revised or supplemented within a year as information on risks provided by the structural subdivisions of REF is received when identifying new or changing the status of existing risks, including due to changes in the internal and external market.</p> <p>Risk information is provided to the Board of Directors as part of a quarterly risk management report and to the Executive Body as part of a monthly report on key risk indicators and a quarterly risk management report.</p> | Complied | |
| 6.5 | <p>The Fund and organizations shall develop, approve, formalize and document control procedures in three key areas: operating activity, preparation of financial statements and compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents.</p> | <p>In REF there is a map of business processes, in the framework of operational activities, separate structural units. In the frames of these maps, the basic business processes and control points on operational processes are completely written down. Also, there are rules of selection and consideration of housing projects, rules of development and consideration of investment projects.</p> | Complied | |

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| | | <p>In terms of financial statements, there is a corporate regulation of the preparation of consolidated financial statements and regulations of the accounting department.</p> <p>In terms of compliance with the requirements of the RK legislation and internal documents, there is the REF procedure, where all main business processes of the Fund are described.</p> | | |
| 6.6 | <p>Fund and organizations should introduce transparent principles and approaches in the field of risk management and internal control, the practice of training employees and officials on the risk management system, as well as the process of identification, documentation and timely delivery of the necessary information to the attention of officials.</p> | <p>REF has approved the internal documents regulating the sphere of risk management, on the basis of transparent principles and approaches, in accordance with the model documents of the Sole shareholder. To maintain and increase the risk culture, training is provided to familiarize new employees and periodically familiarize all employees of the Fund (at least on an annual basis) with the current CRMS. As part of the Plan to improve the corporate governance system, as well as the Plan to improve the effectiveness of the internal control system, in 2017, held one internal seminar in the field of risk management for employees of REF.</p> | Complied | |
| 6.7 | <p>Board of Directors of the Fund and the organizations should take appropriate measures to ensure that the existing risk management and internal control system complies with the principles and approaches of the Board of Directors for its Organization and is functioning effectively. Risk reports should be taken to meetings of the Board of Directors at least once a quarter and be properly discussed in full.</p> | <p>REF has a methodology for assessing the Corporate Risk Management System (hereinafter referred to as the "Methodology") (Minutes No.68 of 22.11.2012), as well as the methodology of evaluation of the internal control system (BD Minutes No.68 of 22.11.2012).</p> <p>Assessment of the reliability and effectiveness of internal controls establishes basic approaches to assessing the effectiveness of the internal control system. This assessment includes analysis and assessment of the factors influencing the effectiveness of the internal control system in the context of each of its five components: 1) control environment; 2) risk assessment; 3) control procedures; 4) information and its transmission; 5) monitoring. The above components.</p> <p>Assessment of the reliability and effectiveness of the risk management system, in accordance with the methodology approved at the meeting of the Board of Directors No.68 of 22.11.2012 This document sets out the main approaches to assessing the effectiveness of the</p> | Complied | |

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| | | <p>corporate risk management system. This assessment includes analysis and assessment of the factors influencing the effectiveness of the risk management system, in the context of each of its five components: 1) organization of risk management processes; 2) identification of risks; 3) risk assessment; 4) risk management; 5) monitoring.</p> <p>Risk management reports are reviewed at board meetings on a quarterly basis and are properly discussed in full.</p> | | |
| 6.8 | Fund and organizations should establish the IAS for a systematic independent assessment of the reliability and effectiveness of the risk management system and internal control and corporate governance practices. | <p>This requirement is enshrined in the Charter, Regulation on the IAS of the Company.</p> <p>IAS was created by the decision of the Board of Directors (BD Minutes No.9 of 14.09.2009).</p> | Complied | |
| 6.9 | Internal audit in the Fund and organizations should be carried out by means of creation of separate structural Subdivision – IAS (in organizations in the form of limited liability partnerships the functions of internal audit should be assigned to Audit Committee/Auditor, functionally accountable to the supervisory board; in this case, purposes, functions and tasks of the Audit Commission/Auditor, procedure of its interaction with the bodies of the Organization shall be established taking into account the principles set forth in this code in relation to the Internal Audit Service). Objectives, powers and responsibilities of IAS, qualification requirements (requirements to the professionalism of the internal auditors) should be defined in the internal document of the company (Regulation on IAS). Regulation on IAS should be developed and approved taking into account the requirements of the international professional standards of internal audit and corporate standards of the Fund in the field of internal audit. | BD of the Company has approved the regulations on IAS (BD Minutes No.91 of 30.03.2015, with amendment of 29.12.2016 BD Minutes No.114), committing the procedure, tasks, functions, rights, qualification requirements and obligations of IAS, as well as the interaction of IAS with the Company Management Board. Activities of the IAS are supervised by the Audit Committee (hereinafter), in accordance with the regulations on the Audit Committee (BD Minutes No.57 of 29.12.2011, with additions of 29.08.2012 BD Minutes No.65, with the amendments and additions from 30.12.2015 BD Minutes No.96, as amended and supplemented by 03.11.2016. BD Minutes No.111, with the addition of 29.12.2016 BD Minutes No.114), preliminary approving the reports of IAS, etc. issues of activity, after which the BD considers and approves them. Functionally, IAS is subordinate to the company's BD. | Complied | |
| 6.10 | To ensure the independence and objectivity of the internal audit, IAS must be organizationally subordinated and functionally accountable to the | In accordance with the IAS regulations is directly subordinate to the BD, provides a report on the activities of the Board of Directors, preliminary reviewed by the | Complied | |

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| | <p>Board of Directors. Board of Directors makes decisions on approval of plans and strategy of activities of IAS, budget of IAS, determines the quantitative composition, size and conditions of remuneration and bonuses of employees of IAS.</p> | <p>Audit Committee.</p> <p>Company's BD approves the work plans of IAS and this statement is not formal.</p> <p>Company's BD approves the appointment of the head and employees of IAS and approves the structure and amount of remuneration of the head and employees of IAS (as part of the review of quarterly KPI achievement of IAS and its head).</p> <p>IAS budget is considered at the meeting of the Audit Committee with further approval at the meeting of the company's BD.</p> <p>BD determines the quantitative composition, size and conditions of remuneration and bonuses of employees of IAS.</p> <p>Strategic development plan of IAS for 2017-2019 approved at the BD meeting (BD Minutes No.116 of 16.02.2017).</p> | | |
| 6.11 | <p>The head of IAS in the organizations should develop internal documents regulating the activities of the unit, based on the corporate standards of the Fund in the field of internal audit and ensure their consideration and approval by the Audit Committee and Board of Directors.</p> | <p>Internal documents regulating the activity of the REF are developed by the head of IAS in accordance with the corporate standards of the Fund and approved by the Board of Directors after preliminary consideration by the Audit Committee. Thus, approved:</p> <ol style="list-style-type: none"> 1) Regulations on IAS (BD Minutes No.91 of 30.03.2015, with amendment of 29.12.2016 BD Minutes No.114); 2) Rules on organization of Internal Audit in REF (BD Minutes No.116 of 16.02.2017); 3) Methodology of assessing the effectiveness of Internal Audit Service and its head (BD Minutes No.66 of 24.09.2012); 4) Methodology of corporate risk management system efficiency assessment (BD Minutes No.68 of 22.11.2012); 5) Methodology for evaluating the effectiveness of internal control system (Minutes No.68 of 22.11.2012) | Complied | |
| 6.12 | <p>IAS carries out its activity on the basis of the risk-</p> | <p>When planning an annual audit plan, IAS takes into</p> | Complied | |

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| | oriented annual audit plan approved by the Board of Directors. Results of audit reports and key discoveries are submitted to the Board of Directors on a quarterly basis. | account the Company's risk maps, wishes of the BD members, comments of the company management, and carries out its own risk analysis. IAS reports on the audits to the Board of Directors on a quarterly basis. | | |
| 6.13 | In carrying out its activity, IAS should assess the effectiveness of internal control and risk management systems, assess corporate governance with the application of generally accepted standards of activity in the field of internal audit and corporate standards and recommendations of the Fund in the area of corporate governance evaluation, evaluation of the effectiveness of internal control and risk management system. | According to GAP, in 2017 the assessment of corporate governance was carried out by IAS. In 2017, "Dostyk Advisory" LLP has conducted independent evaluation of ICS and CRMS on the basis of approved methods. | Complied | |
| 6.14 | Head of the IAS should develop and maintain a guarantee and quality improvement programme covering all activities of the internal audit and providing for the mandatory internal and external evaluation of the IAS activities. | Independent external evaluation of IAS was conducted by the external consultant "Dostyk Advisory" in 2016. Evaluation of the effectiveness of the IAS activities, its manager and employees is carried out by the Board of Directors on the basis of consideration of reports quarterly. After that, an assessment of the achievement of the quarterly efficiency of the IAS and its head "Number of comments from the Audit committee, Board of Directors of the company to the quarterly and annual reports of IAS". The main criteria and requirements for the programme of guarantee and improvement of the Internal Audit Service were approved by the head of the Internal Audit Service on 15.06.2017 | Complied | |
| 7. Transparency | | | | |
| 7.1 | In order to meet the interests of interested parties, the Fund and the organizations shall provide timely and reliable information on all important aspects of their activities, including financial status, performance, ownership structure and control. | Disclosure of information about the Company is carried out in accordance with the legislation of the Republic of Kazakhstan, internal documents of the Company, including the disclosure policy approved by the decision of the Board of Directors of the Company No.111 of November 3, 2016, and the order of information disclosure, approved by the decision of the Company | Complied | |

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| | | Management Board No.47/2017 of 29.08.2017 | | |
| 7.2 | Fund and organizations disclose information under the legislation of the Republic of Kazakhstan and internal documents in a timely manner Fund and organizations shall adopt internal documents defining principles and approaches to disclosure and protection of information, as well as a list of information to be disclosed to interested parties. Fund and organizations shall determine the manner of attribution of information to access categories, conditions of storage and use of information, including the range of individuals entitled to free access to information, comprising commercial and official secrets and takes measures to protect its confidentiality. | Disclosure of information about the Company is carried out in accordance with the legislation of the Republic of Kazakhstan, internal documents of the Company, including the disclosure policy approved by the decision of the Board of Directors of the Company No.111 of November 3, 2016, and the order of information disclosure, approved by the decision of the Company Management Board No.47/2017 of 29.08.2017. | Complied | |
| 7.3 | Fund, company and organizations, shares or bonds of which are traded on the stock exchange, should promptly place audited annual financial statements on their Internet resource prepared in accordance with the international standards Financial statements (hereinafter – IFRS), as well as financial statements prepared in accordance with IFRS for the first quarter, for the half-year and for the first nine months of the reporting period. In addition to the main forms of financial reporting, it is recommended to disclose additional information on the financial status of the Fund, companies and organizations whose shares or bonds are traded on the stock exchange. | | Not applicable | |
| 7.4 | Fund and organizations should conduct 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 the parties concerned about the veracity of financial statements and its compliance with IFRS requirements. Rules in the part of the annual audit shall be applied if the audit of annual financial statements is provided by the legislation of the Republic of Kazakhstan and/or internal documents | REF conducts an annual audit of consolidated financial statements by involving an independent and qualified auditor (E&Y). Contract was signed on 28.06.2016 No.I&C-2016-00198 ((term of service provision - 3 years). Choice of an external auditor is carried out on the basis of an open tender in accordance with the procedure for the choice of audit organization for "Samruk-Kazyna" JSC and organizations, more than fifty percent of voting shares (stakes of participation) which directly or | Complied | |

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| | of the organization. | indirectly belong to "Samruk-Kazyna" JSC on the right of ownership or trust management, approved by the decision of "Samruk-Kazyna" JSC Management Board No.49/13 of 10.09.13 Members of the Audit Committee of the Board of Directors are part of the competition commission. Information about the external auditor is disclosed on the website as well as in the annual report. | | |
| 7.5 | Fund, companies and organizations, whose shares are traded on the stock exchange, shall prepare an annual report in accordance with the provisions of this Code and the best practice of disclosing information. Annual report is approved by the Board of Directors. | | Not applicable | In this case, Real Estate Fund annually forms an annual report in accordance with the requirements of the Code of corporate governance. Annual report for 2016 was approved by the decision of the BD No.118 of 30.03.2017 and published on the Internet resource of the Real Estate Fund. Annual report is published in the state, Russian and English languages. Annual report for 2016 includes a sufficiently detailed and thorough presentation of the Fund with a description of main projects and state programmes being implemented, structure of assets and directions of development (from the RA conclusion "Expert RA Kazakhstan") are revealed. The annual report of the Real Estate Fund for 2016 was |

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| | | | | awarded with the nomination for the best disclosure of corporate governance issues. |
| 7.6 | The Internet resource should be well structured, convenient for navigation and contain the information necessary for interested persons to understand activity of Fund and organizations. | 1) Internet resource is well structured, convenient for navigation and accessible to all interested parties. 2) Updating of Internet-resource is carried out as necessary, regularly. 3) Disclosure of information on REF website is carried out in accordance with the legislation of the Republic of Kazakhstan, internal documents of the Company, including the disclosure policy approved by the decision of the Board of Directors of the Company No.111 of November 3, 2016, and the order of information disclosure, approved by the decision of the Company Management Board No.47/2017 of 29.08.2017. | Complied | |

List of abbreviations:

AR - Annual Report

ISO - Independent Subsidiary Organizations

IAS – Internal Audit Service

BD - Board of Directors

CIW - construction and installation works

CRMS – Corporate Risk Management System

Fund/Sole shareholder/SS - "Samruk-Kazyna" JSC

Real Estate Fund/REF/Company - "Samruk-Kazyna" Real Estate Fund JSC