

Annex №  
to decision of the Board of directors of  
joint-stock company  
“Real estate fund “Samruk-Kazyna”  
№ dated \_\_\_\_ 2017

Approved by the decision  
of the Board of directors of  
joint-stock company  
“Real estate fund “Samruk-Kazyna”  
№ dated \_\_\_\_ 2017

**Report of “Real estate fund “Samruk-Kazyna” JSC on adherence to principles of Corporate governance code of “Samruk-Kazyna” JSC for 2016**

	<b>Corporate management principles</b>	<b>Assessment criteria of adherence to corporate management principles</b>	<b>Compliance status to corporate management principle</b>	<b>Explanation of deviation from assessment criteria of adherence to corporate management principles</b>
<b>1. Government as shareholder of the Fund</b>				
1.1	Major strategic mission of the Fund and organizations is growth of long-term cost and sustainable development of the Fund and organizations that is reflected in development strategy of the Fund and companies. All decisions and activities shall correspond to the development strategy.	These strategic missions are reflected in Development strategy of the Real estate fund for 2014-2023, approved by the decision of the BD №80 dated 20.03.2014. Applicable documents of the Company are given in accordance with Development strategy, competence of management bodies is determined by the Charter. Development plan of the company for 2016-2020 was developed on the basis of strategic purposes and tasks, determined in Development strategy.	Observed	
1.2	The Government of the Republic of Kazakhstan is the sole shareholder of the Fund. Organizations carry out their activity as part of core (principal) activity. Implementation of new kinds of activity is allowed to the extent that there is no completion, or if participation of the Fund and organizations promotes development of small and medium business.	The real estate fund performs its activity within its core (principal) activity in accordance with the Charter of the Company. This condition was established in Development strategy for 2014-2023 and monitoring over decisions implementation on practice is guaranteed.	Observed partially	Real estate fund is operator of Regions Development Programme and Programme Nurly Zhol, which are implemented by means of public-private partnership. One subsidiary in form of LLP is included into group of the Fund, which activity is focused on implementation of project “Green quarter”. Sole shareholder of the Fund is “Samruk-Kazyna” JSC. The Board of directors of the Fund made a decision to update development strategy of the Real estate fund in 2016.

1.3	<p>The Government participates in the Fund and organizations management only by means of execution of powers of the Fund's sole shareholder, stipulated by the Law "On the National Welfare Fund" and Charter of the Fund, and Board representation in the Fund. Main principles and cooperation issues of the Government and the Fund are regulated in Agreement on cooperation between the Government of the Republic of Kazakhstan and the Fund, approved by decree of the Government of the Republic of Kazakhstan № 1599 dated December 14, 2012 (hereinafter – Agreement on cooperation). Principles of unit 4. "Shareholders' (participants) rights and fair attitude to shareholders (participants)" of the present Code are applied toward the Government in part, insofar as it does not conflict with Law of the Republic of Kazakhstan "On the National Welfare Fund".</p>		Not applied	
1.4	<p>Administrative issues of the Fund are considered on the meeting of the Board on the Fund management (hereinafter – BFM), led by the President of the Republic of Kazakhstan, for purposes of sustainable social and economic national development, economy stabilization and protection from influence of potential unfavorable external factors.</p> <p>BFM carries out activity according to Regulations, approved by the Decree of the President of the Republic of Kazakhstan № 1116 dated December 6, 2010.</p>		Not applied	

1.5	<p>The Government provides total operating self-sufficiency to the Fund and organizations and does not allow Government and state agencies intervention in business (current) and investment activity of the Fund and organizations, unless otherwise provided by laws, acts and commissions of the President of the Republic of Kazakhstan.</p> <p>The Board of the Fund, chairman of the Fund's Board, bodies of organizations are independent and self-sustained during decisions making and execution of any actions within the limits of their competence.</p>	<p>REFSK is guided by the Charter and internal documents. Requirements/parameters to objects are regulated by regulations of the Government of the RK within national programmes. However REFSK determines procedures on decisions making independently, without state intervention.</p>	Observed	
1.6	<p>Mutual relations (cooperation) between the Government and the Fund, organizations are performed through the Board of directors of the Fund in accordance with principles of proper corporate management. Role and functions of chairman of the Board of directors and chairman of the Fund's Board are clearly demarcated and fixed in the Fund's documents.</p>	<p>Powers and responsibilities of the Board of directors and the Board were clearly determined by the Charter.</p> <p>Members of the Board and other civil officers (representatives of state bodies) are not included into the Board of directors of the Real estate fund. The Board of directors is elected by the Sole shareholder. Prohibition on combination of positions of the Board of directors and Chairman of the Board was determined in the Charter.</p>	Observed	
1.7	<p>The Fund discloses all necessary information on activity of the Fund to the Government as the shareholder and to the Board of directors of the Fund in accordance with Law of the Republic of Kazakhstan "On joint-stock companies", charter of the Fund, Agreement on cooperation, and guarantees transparency of the Fund's and organizations' activity.</p>	<p>The Board of the Fund is accounted at least one time per quarter by means of submission of consolidated performance results for consideration of the Board of directors.</p>	Observed	

1.8	Investment activity of the Fund or organization is executed on the basis of market principles in accordance with strategy of the Fund or organization and focused on value growth and assets' optimal structure. Events of implementation of low margin and socially important projects by the Fund or organization shall be disclosed in annual report of the Fund or organization with indication of fund sources of such projects.	Allocation of net profit in favor of the Sole shareholder is carried out in form of dividends on the basis of formalized and transparent dividend policy. Participation of the Real estate fund in national housing programmes is disclosed in Annual reports, with indication of funds sources of programmes. Investment activity of the Fund is performed within implementation of development strategy and focused on value growth and assets optimal structure. Single approaches to arrangement of investment activity are determined in internal documents of the Real estate fund, regulating investment activity issues. REFSK implements programme "Affordable housing – 2020", major project within EXPO-2017, and also completes implementation of Anticrisis programme. All data of the programme are socially important. Activity on these areas is disclosed in details in AR of REFSK.		
1.9	The Board of directors of the Fund, the Fund's Board, committees of the Fund's Board of directors, corporate secretary and Internal audit service (hereinafter – IAS) of the Fund carry out their activity in accordance with principles of unit 5 "Efficiency of the Board of directors and executive body" and 6 "Risks management, internal control and audit" insofar as it does not conflict with Law of the Republic of Kazakhstan "On the National Welfare Fund".		Not applied	
1.10	Following committees of the Fund's Board of directors are founded for deeper and qualitative addressing the issues: Audit Committee, Committee on nominations and remunerations, specialty committee. Other committees can be founded at discretion of the Fund's Board of directors.	These requirements were fixed in the Charter and Regulations on the Board of directors. Following committees of the Board of directors were created: 1) Audit Committee; 2) Committee on nominations and remunerations; 3) Committee on strategic and investment issues. Committees consist of 3 members. Audit Committee of the Fund consists only of independent directors. Members of Committees have required professional knowledge in certain committee. Chairmen of committees are independent directors.	Observed	

1.11	Corporate secretary is appointed in the Fund. The Board of directors makes decision on appointment of corporate secretary, determines term of its powers, functions and order of activity. Principal duties of corporate secretary include assistance in timely and qualitative making of corporate decisions on the part of the Board of directors, sole shareholder, adviser for members of the Board of directors on all issues of their activity, and application of provisions of present Code, and also monitoring over implementation of present Code and participation in improvement of corporate management in the Fund and organizations.		Not applied	
1.12	IAS is founded in the Fund. The Board of directors of the Fund determines quantitative composition, term of powers, appoints its director, and also terminates its powers, determines order of its work, amount and paying and bonus payment conditions of IAS employees, and also IAS budget.		Not applied	
1.13	Collegial Executive Board is created in the Fund in form of the Board. The Board is accountable to the Board of directors and carries out its activity within competencies, determined by the Fund's charter. The Board of directors controls efficiency of the activity of the Fund's Board, including execution of decisions of the sole shareholder and the Board of directors of the Fund.		Not applied	

1.14	<p>The Fund and organizations shall adhere to high ethical standards and introduce procedures, which are necessary for continuous application of these standards by all employees and partners of the Fund and organizations. Notifications on suspected violations shall be sent to IAS or the Board of directors of the Fund or organization. Executive body and all its organizational departments, including security department, shall not prevent reporting on suspected violations to IAS or the Board of directors.</p>	<p>The Real estate fund approved Code of Business conduct (decision by the BD №26 dated 21.04.2010 with changes №81 dated 15.04.2014), and all employees read them and confirm their knowledge about the Code. All notifications are communicated to following in accordance with Policy on work with messages on possible or known facts of fraud, misuse and other illegal actions in the Real estate fund:</p> <ol style="list-style-type: none"> <li>1) The Board of directors of the Company;</li> <li>2) Chairman of the Board of the Company;</li> <li>3) Advisers of the Chairman;</li> <li>4) Internal audit service</li> <li>5) Ombudsman or director of safety management;</li> <li>6) Directors of their organizational departments or high-level executives.</li> </ol>	Observed	
1.15	<p>Ombudsman is appointed with the purpose of adherence to principles of business conduct and optimal control of social and labor disputes of the Fund and organizations.</p>	<p>Institute of ombudsman operates in the Real estate fund. Ombudsman is appointed by decision of the Board of directors and shall be reelected biennially. Powers of current Ombudsman A. A. Gabdullin were prolonged on 2 years by the decision of the Board of directors № 92 dated May 20, 2014. Ombudsman has excellent goodwill, high authority and can make impartial decisions. Ombudsman sends report on meeting in praesentia annually. Ombudsman submits report on results of performed work of Audit Committee of the Board of directors at least one time per year, which assesses results of its activity. The Board of directors assesses results of ombudsman activity and makes decision on prolongation or termination of powers.</p>	Observed	

<b>2. Cooperation of the Fund and organizations. Role of the Fund as national managing holding</b>				
2.1	Corporate management system of the Fund and organizations guarantees proper management and control over their activity and focused on growth of long-term cost and sustainable development.	Cooperation of the Fund with the Real estate fund is executed on the basis of developed corporate management system and in accordance with Regulations on affiliated subsidiaries management of “Samruk-Kazyna” JSC.	Observed	
2.2	Corporate management system of the Fund and organizations is activities, providing management and control over activity of the Fund and organizations, and also system of relations between the executive body, the Board of directors, shareholders and interested parties. Bodies’ competencies and order of making decisions shall be clearly determined and fixed in the charter.	Cooperation of the Fund with the Real estate fund is executed on the basis of developed corporate management system and in accordance with Regulations on affiliated subsidiaries management of “Samruk-Kazyna” JSC. Competencies of bodies and order of decisions making are clearly determined and fixed in the Charter.	Observed	
2.3	The Fund participates in companies’ management by means of implementation of shareholders’ (participants’) functions, and also by the Board of directors in order, determined by charters of companies and present Code.	The Fund participates in REFSK management by means of execution of Shareholder/Participant functions, and also by means of the Board of directors, in order, stipulated by charter of REFSK. Representatives of the Sole shareholder in the Board of directors of the Real estate fund are Zh. A. Munzhasarov (Chairman of the BD of REFSK), E. B. Tutkushev (member of the Board of directors). Expectations for 2017-2021 were sent by the letter №05-01-3-02/3455 dated 20.10.2016. The Board of directors can make decisions independently within its competence, established by the charter. Position of the Fund on some issues is communicated to the BD by means of the Fund’s representatives – Zh. A. Munzhasarov, E. B. Tutkushev. Issues, which are in the exclusive competence of general meeting of shareholders and the Board of directors, were not transferred to competence of the Board of directors and the executive body in accordance with Law of the Republic of Kazakhstan “On joint-stock companies”.	Observed partially	Meetings in praesentia of the Board were not carried out in 2016 according to the results of REFSK activity for 2015.

2.4	The Fund creates single policies for companies, approves recommended practices and corporate standards for organizations, taking into account discussions with companies.		Observed	
2.5	Executive bodies of the Fund and Companies shall cooperate in the spirit of cooperation in order to guarantee sufficient arrogance and reality of Companies' development plans, sent for approval by Companies' Board of directors, and also their compliance to strategy and development plan of the Fund.	The Fund presents target parameters of long-term KPI (financial and production) for their achievement by REFSK management. Constant cooperation on development strategy, including long-term and medium-term planning, risks management, investment activity, staff management and others is supported.	Observed	
2.6	Allocation of net profit in favor of the Fund as the shareholder is executed in form of dividends on the basis of formalized and transparent dividend policy.	The Fund approved Dividend policy towards subsidiaries (decision of the Fund's Board №39/12 dated 2.10.2012). The Fund achieved long-term KPI "Expanded dividends", which shall be at least 30% in 2015-2018.	Observed	
2.7	Corporate governance is executed by bodies of organizations in accordance with competencies and order, determined by charter of organization. This principle is applied to organizations with several shareholders (participants).	Competencies of management bodies are determined by the Charter, regulations on the BD, the Board, and Regulations on the Fund's affiliated subsidiaries management.	Observed	
2.8	The Fund, organizations and their executive officers are responsible for growth of long-term cost and sustainable development, and for made decisions and activities/inactivity in order, established by legislation of the Republic of Kazakhstan and internal documents.	REFSK and official bodies are responsible for making decisions and activities/inaction in accordance with legislation of the RK, charter and other normative documents. Increase of long-term cost of the company is determined by strategic area of activity of REFSK. Growth of long-term cost of the company was determined in certain target values of long-term KPI – EVA value growth of the company, for which REFSK and its official bodies are responsible. Parameters of long-term strategic KPI for 2016-2020 were presented for their achievement within development of Development plan of REFSK for 2016-2020. Monitoring over execution of Development plan is performed monthly and quarterly. Assessment of achievement of strategic KPI is performed within the framework of report on execution of Development plan quarterly. The requirement, that this assessment impacts on remuneration of a director and members of Executive bodies, is taken into account during their re-election, and also can be basis for their dismissal, and fixed in Rules for assessment of activity of executive employees of the Company.	Observed	



2.9	The Board of directors of holding company shall guarantee management efficiency, growth of long-term cost and sustainable development in all legal entities of its group. Results of efficient management in holding company group shall be improvement of operating efficiency, improvement of accounting quality, improved standards of corporate culture and ethics, more openness and transparency, risks mitigation, proper internal control system.		Not applied	
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<b>3. Sustainable development</b>				
3.1	The Fund and organizations recognize the importance of their impact on economy, environment and society, and shall guarantee their sustainable development in long-term period, following balance of interests of interested parties, and aiming at growth of long-term cost. Reasonable, elaborated and reasonable interaction with interested parties will promote sustainable development of the Fund and organizations.	The Real estate fund impact or is affected by stakeholders. Cooperation with stakeholders is regulated by internal normative documents (charter, Regulations on information disclosure, Stakeholders' map and others). The Real estate fund developed Stakeholders' map (decision of the Board №19/2012 dated 15.05.2012), where list of stakeholders is determined, with level of impact, where Policy in the area of corporate social responsibility is applied (decision of the BD №65 dated 29.08.2012, changed and amended in 2015), where principles of cooperation with stakeholders were determined, based on international standards of cooperation with stakeholders AA1000. The Real estate fund develops and approves Action plan on cooperation with stakeholders for each year.	Observed	
3.2	The Fund and organization shall guarantee conformity of their economic, environmental and social purposes for sustainable development in long-term period, which includes growth of long-term cost for shareholders and investors. Sustainable development in the Fund and organization consists of three components: economic, environmental and social.	Conformity of purposes is achieved in long-term Development strategy of REFSK (for 2014-2023), which is implemented by means of approval of medium-term Development plan, implementation of the Policy in the area of corporate social responsibility, Environmental policy and other normative documents of REFSK. Development strategy of REFSK is focused on growth of long-term cost of the company, growth of investments is stipulated, including in new areas of activity – “green” building, introduction of innovations in building branches and other. Environmental policy was approved by decision of the Board №26/2012 dated 27.06.2012. Policy in the area of labor protection and occupational safety was approved by decision of the Board № 26/2011 dated 11.06.2011. REFSK performs HR (minute of the BD decisions № 44 dated 11.04.2011) and also in accordance with Rules for assessment of activity and remuneration of executive officers, with changes and amendments (decisions of the BD № 76 dated 10.07.2013 and №84 dated 02.07.2014) and Rules for assessment of activity of administrative employees (decision of the Board № /2012 dated 2012), focused on guarantee of fair labor payment, social guarantees, conditions for self-actualization and development.	Observed	

		Rendering of financial assistance for rehabilitation during assignment of annual paid annual leave, due to birth/adoption of a child, payment of parental leave, leave for employees, adopted newborn child, due to death of employee/relatives, for payment of medical treatment/surgical intervention of employee, compensation payments, medical insurance is stipulated in accordance with Rules for rendering of social support (minute of the BD decision №6 dated 27.07.2009) for employees of the Fund.		
3.3.	The Fund and organizations shall analyze their activity and risks by these three aspects, and also try to avoid or mitigate negative impact of results of their activity on stakeholders.	Public annual report of REFSK is integrated report and prepared in accordance with the requirements of Sustainability Reporting Guidelines of Global Reporting Initiative (GRI), version 3.1, and branch applications to Guidelines for financial services sector. This report contains performance analysis of the company in economic, social and environmental aspects and corresponds to application level “C”.	Observed	

3.4	<p>Principles in the area of sustainable development are openness, accountability, transparency, ethical conduct, respect of stakeholders' interests, validity, observance of human rights, intolerance to corruption, prohibition of conflict of interests and personal example</p>	<p>The Real estate fund recognizes and bears corporate social responsibility for all stakeholders. Disclosure of principles and priority areas in the area of corporate social responsibility and sustainable development:</p> <ol style="list-style-type: none"> <li>1. Transparency. Activity, including in the area of corporate social responsibility shall be clear and understandable, any information, except confidential, shall be available for public. Activity is carried out on the basis of a dialogue between all stakeholders.</li> <li>2. In the area of labor relations: support of freedom of association and real recognition of right on conclusion of collective agreements; liquidation of all forms of involuntary and obligatory job; complete liquidation of children work; liquidation of discrimination in the area of labor and employment.</li> <li>3. In the area of environmental protection: support of approach to environmental issues, based on precautionary principle; taking of initiatives, focused on increase of environment responsibility; assistance in development and distribution of environmentally-friendly technologies.</li> <li>4. In the area of human rights: support and respect of protection of human rights, declared on international level; noninvolvement in violation of human rights.</li> <li>5. In the area of fight against corruption: opposition to all forms of corruption, including extortion and bribery.</li> <li>6. Importance and applicability. Implemented projects shall be timely and relevant.</li> <li>7. Efficiency. Projects financing shall be efficient and subject to regular assessment and accounting.</li> </ol>	Observed	
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3.5	<p>Management system in the area of sustainable development shall be organized in the Fund and organizations, which includes, but not limited with following:</p> <p>1) adherence to sustainable development principles at level of the Board of directors, executive body and employees;</p> <p>2) analysis of internal and external situation by three components (economy, ecology, social issues);</p> <p>3) determination of risks in the area of sustainable development in social, economic and environmental areas;</p> <p>4) development of stakeholders' map;</p> <p>5) determination of purposes and KPI in the area of sustainable development, development of action plan and determination of authorized executives;</p> <p>6) integration of sustainable development in key processes, including risks management, planning, human resources management, investments, accounting, operating activities and other, and also development strategy and decisions making;</p> <p>7) advanced training for executive officers and employees in the area of sustainable development;</p> <p>8) regular monitoring and assessment of activities in the area of sustainable development, assessment of KPI and purposes achievement, making of corrective measures, introduction of continuous improvements.</p>	<p>1) Competencies of management bodies of the Company in the area of sustainable development are fixed in the Charter, Regulations on the Board of directors, Regulations on the Board. Changes and amendments in Regulations on the Committee on strategic and investment issues, which competencies include issues on sustainable development of the Real estate fund, were approved by the decision of the Board of directors №113 dated December 7, 2016.</p> <p>Chairman of the Board approved Order on allocation of functions between members of the Board, including assignment of duties on sustainable development.</p> <p>2) Sustainability report is prepared annually in accordance with Guidelines of GRI within integrated annual report, including present analysis.</p> <p>3) Risks in the area of economy, social environment were included in Risks register.</p> <p>4) Stakeholders' map of the Real estate fund was approved by the decision of the Board №19/2012 dated 15.05.2012.</p> <p>5) Purposes, KPI and action plan with responsible persons were determined in the Policy in the area of corporate social responsibility, approved by the decision of the BD № 65 dated 29.08.2012, and also in Development strategy for 2014-2023 and annual action plans on implementation of Development plan, motivation KPI of executive officers.</p>	Observed	
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		<p>6) Sustainable development principles are integrated in key processes: risks management (Risks register contains risks in the area of sustainable development), planning (KPI in the area of sustainable development), human resources management (social policy implementation), investments (implementation of programme “Affordable housing – 2020”, projects, using “green” technologies), sustainability development in accordance with GRI guidelines, operating activity (monitoring over quality of assembling and construction works, creation of new work positions on building projects, support of kaz. content in builders procurements etc.), development strategy (strategic KPI).</p> <p>7) Company CSR Central Asia carried out a workshop on sustainable development for employees of the Real estate fund on December 20-21.</p> <p>8) Report in the area of sustainable development with self-assessment is carried out one time per year within preparation of integrated annual report.</p>		
3.6	The Fund and companies published sustainability reporting for interested parties annually in order to guarantee clarity and transparence of their activity, taking into account protection of information, which is official, commercial and legally protected secret. Accounting in the area of sustainable development is approved by the Board of directors.	<p>Annual report of the Real estate fund for 2015 contains unit “Sustainable development”, where following indicators are disclosed: cooperation with the company, charitable and sponsor activity, interaction between staff, and environmental responsibility. Annual report for 2015 was posted on internet resource of the Real estate fund.</p> <p>Internet resource of the Real estate fund contains separate unit “Sustainable development”.</p>	Observed partially	Requirement concerning publication of sustainability reporting is applied since January 1, 2017, in accordance with Corporate governance code. The Real estate fund plans to prepare its first report in the area of sustainable development in 2017. This measure was included into Working plan of the Board and the Board of directors for 2017. Approved report will be posted on internet resource.

3.7	The Fund and organizations shall take measures on acceptance and adherence to principles of sustainable development in mutual relations with partners.	<p>1) The Real estate fund tries to follow principles of sustainable development in mutual relations with partners.</p> <p>2) Actions on sustainable development are included in agreements, concluded with a builder, general contractor for construction of objects, financed with participation of the Real estate fund.</p> <p>3) Termination is stipulated by agreements of the Real estate fund with builders, in case of improper use of financial funds, unsatisfactory performance of building works, failure to remove detected defects, initiation of criminal case on builder's executive officers etc.</p>	Observed	
<b>4. Rights of shareholders (participants) and fair attitude to shareholders (participants)</b>				
4.1	Observance of shareholders' (participants') rights is key condition for fund-raising of the Fund and organizations. Organization shall guarantee enforcement of shareholders' (participants') rights. If organization has several shareholders (participants), fair attitude shall be provided to each of them.	"Samruk-Kazyna" JSC is the Sole shareholder of the Real estate fund. Shareholders' rights are implemented in accordance with legislation of the RK, constituent documents.	Observed	
4.2	Rights, obligations and competencies of shareholders (participants) are determined in accordance with current legislation, constituent documents and fixed in them. Rights of shareholders (participants) include, but not limited with timely obtaining of information, sufficient for making decision, in order, established by legislation of the Republic of Kazakhstan, charter and internal documents of organization in the area of information disclosure; participation on shareholders' (participants) general meeting and vote on issues of their competencies; participation in determination of quantitative composition, term of powers of the Board of directors (supervisory and executive body), election of its members and termination of their powers, and also determination of amount and paying conditions of remuneration; reception of dividends in amount and terms, determined by the decision of general meeting of shareholders (participants) on the basis of clear and transparent dividend policy.	<p>Rights, obligations and competencies of shareholders are fixed in Charter of the Company. A shareholder gets required information by means of annual report, internet site, information materials, briefings, requests etc. in accordance with the Charter and Regulations on information disclosure of REFSK, and also internal documents of the Fund.</p> <p>Cooperation of the Sole shareholder with the Real estate fund is regulated by Regulations on affiliates and subsidiaries management.</p> <p>Decisions on issues, related to competence of shareholders' general meeting by legislation of the Republic of Kazakhstan and charter of organizations, are made by the Sole shareholder solely and subject to written execution.</p>	Observed	

		Procedure for election of independent directors is regulated by Rules for election of independent directors of companies of “Samruk-Kazyna” JSC. Remuneration of independent directors is regulated by Rules for payment of remuneration and compensation of expenses of independent directors of Companies of “Samruk-Kazyna” JSC. Allocation of net profit and payment of dividends to Companies, which fifty percent of shares (equity interest) and more belong to the Fund on the right of ownership or trust management, is performed in accordance with dividend policy, approved by the Fund towards subsidiaries.		
4.3	If an organization has several shareholders (participants), including minority shareholders (participants), corporate management system shall guarantee fair attitude to all shareholders (participants) and their rights implementation, and this shall be fixed in charter of organization.		Not applied	



<b>5. Efficiency of the Board of directors and executive body</b>				
5.1	<p>The Board of directors is governance board, accountable to general meeting of shareholders, guaranteeing strategic leadership and control over activity of the executive body. The Board of directors guarantees introduction of all regulations of present Code.</p> <p>Executive body is accountable to the Board of directors, manages with everyday activity of organization and provides its correspondence to strategy, development plan and decisions, made by shareholders' general meeting and the Board of directors.</p>	These functions are fixed in the Charter of REFSK.	Observed	
5.2	<p>The Board of directors shall have powers, sufficient for organization management and control over activity of the executive body. The Board of directors performs its functions according to charter and pays special attention to following issues:</p> <ol style="list-style-type: none"> <li>1) determination of development strategy (areas and results);</li> <li>2) definition and monitoring over key performance indicators of the development plan;</li> <li>3) organization and supervision over efficient operation of risks management and internal control system;</li> <li>4) approval and monitoring over efficient implementation of large investment projects and other key strategic projects within competence of the Board of directors;</li> <li>5) election, remuneration, succession planning and supervision over activity of a director and members of the executive body;</li> <li>6) corporate management and ethics;</li> <li>7) adherence to provisions of present Code and corporate standards of the Fund in the area of business ethic (Code of business conduct).</li> </ol>	These functions are fixed in the Charter of REFSK, Regulations on the Board of directors and are applied in practice.	Observed partially	Draft changes and amendments in Regulations on the BD was approved by the decision of the BD № 110 dated 08.10.16 and submitted for consideration by the Sole shareholder

5.3	Members of the Board of directors shall properly perform their duties and provide growth of long-term cost and sustainable development of organization. The Board of directors is accountable to shareholders. This accountability is implemented by means of shareholders' general meeting.	These functions are fixed in the Charter and Regulations on the Board of directors of REFSK.	Observed	
5.4	Balance of skills, experience and knowledge, guaranteeing making of independent, objective and efficient decisions in favor of organization and taking into account fair attitude to all shareholders and sustainable development principles, shall be observed in the Board of directors and its committees.	This function is fixed in Regulations on the BD of REFSK.*	Observed partially	* Draft changes and amendments in Regulations on the BD was approved by the decision of the BD № 110 dated 08.10.16 and submitted for consideration by the Sole shareholder
5.5	A variety by experience, personal attributes and tender structure shall be provided in structure of the Board of directors. The Board of directors shall consist of independent directors, at quantity, sufficient for independence of decisions and fair attitude to all shareholders. Recommended quantity of independent directors in the Board of directors is from fifty percent from total number of members of the Board of directors.	These requirements are fixed in Regulations of the BD of REFSK.* Actually there are 3 independent directors from 6 members of the Board of directors in the Company. The Board of directors consists of at least five members in accordance with Regulations on the BD and the Charter. In practice the Board of directors consists of 6 members. It is indicated in Regulations on the BD that quantitative composition of the Board of directors is established individually, taking into account range of activity, business needs, current tasks, development strategies and financial possibilities. Number of members of the Board of directors shall allow creation of necessary number of committees. Three committees of the Board of directors were created: Committee on remunerations and nominations, Audit committee and Committee on strategic and investment issues.	Observed partially	* Draft changes and amendments in Regulations on the BD was approved by the decision of the BD № 110 dated 08.10.16 and submitted for consideration by the Sole shareholder
5.6	General meeting of shareholders elects 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 applicants. In case of re-election of some members of the Board of directors or its complete structure, their contribution to efficiency of activity of the Board of directors is taken into account.	Procedure on election of members of the Board of directors is specified in Rules for election of independent directors of companies "Samruk-Kazyna" JSC, and also Regulations on affiliated subsidiaries management. Chairman of the Board of directors is elected by the decision of the Sole shareholder. Regulation on the Board of directors was added with concept "Senior independent director".* M. B. Azirbayev was elected as senior independent director by decision of the Board of directors of the Company № 10 dated 08.10.16.	Observed partially	* Draft changes and amendments in Regulations on the BD was approved by the decision of the BD № 110 dated 08.10.16 and submitted for consideration by the Sole shareholder. Succession plans of members of the Board of directors were not approved.

		<p>There are no members of the Government and public officials in structure of the Board of directors.</p> <p>Term of powers of members of the Board of directors coincides with term of powers of the Board of directors and expires when shareholders general meeting makes a decision on election of new structure of the Board of directors.</p> <p>Members of the Board of directors are elected on three years; re-election can be on term up to three years in case of satisfactory performance results.</p> <p>Any term of election in the Board of directors more than on six years in sequence (for example, two three year terms) is subject to special consideration taking into account qualitative renewal of structure of the Board of directors.</p> <p>Independent director cannot be elected to the Board of directors more nine years in sequence. Election on term more nine years is allowed in exceptional cases, election of independent director to the Board of directors shall be performed annually with explanation of necessity of election of this member of the Board of directors, and impact of this factor on independence of decisions making.</p> <p>Neither of people shall participate in decisions making, related to own appointed, election and re-election.</p>		It is planned to consider issues on succession plans of members of the Board of directors in 2017
5.7	The Board of directors approved programme for inauguration of newly elected members of the Board of directors and programme for professional development of each member of the Board of directors. Corporate secretary implements these programmes.	Policy on inauguration was approved by the decision of the BD of REFSK № 65 dated 29.08.2012. Programme on inauguration for newly appointed members of the BD B. D. Mamytaliyev and E. B. Tutkushev was carried out in 2016.	Observed	

5.8	Chairman of the Board of directors is responsible for general management by the Board of directors, guarantees complete and efficient implementation of principal functions by the Board of directors and creation of constructive dialogue between members of the Board of directors, large shareholders and executive body.	These requirements were fixed in the Charter and Regulations on the Board of directors.	Observed	
5.9	Role and functions of chairman of the Board of directors and head of the executive body shall be clearly demarcated and fixed in charter of organization, regulations on the Board of directors and the executive body.	These requirements were fixed in the Charter and Regulations on the Board of directors.	Observed	
5.10	Level of remuneration of members of the Board of directors shall be sufficient for attraction, retention and motivation of each member of the Board of directors of such level, which is required for successful organization management. Remuneration to member of the Board of directors is determined in accordance with methods, developed by the Fund, and expected positive effect from participation of this person in structure of the Board of directors shall be taken into account. If there are several shareholders in organizations, appropriate rules for remuneration of members of the Board of directors are developed on the basis of methodology of the Fund and approved by shareholders' general meeting. Committee on nominations and remunerations of the Board of directors makes suggestions on amount of remuneration for candidates in independent directors.	Members of the Board of directors are appointed by the decision of the Sole shareholder. SH collects information on efficiency of independent directors annually. Committee on nominations and remunerations of the Board of directors makes suggestions on amount of remuneration of candidates in independent directors. Neither of person participates in making decisions, related to own remuneration.	Observed partially	These requirements were not fixed in Rules for payment of remuneration and compensation of expenses of independent directors of NWF "Samruk-Kazyna".
5.11	Committees of the Board of directors promote deep and careful consideration of issues, which are in competence of the Board of directors, and improvement of decisions quality by such areas as audit, risks management, proper and efficient application of Procurement rules for goods, works and services of the Fund and organizations, appointment and remuneration of members of the Board of directors and the executive body, sustainable development, including protection and safety of work and environment. Availability of committees does not release members of the Board of directors from responsibility for made decisions within the competence of the Board of directors.	These requirements were fixed in the Charter and Regulations on the Board of directors. Following was created: 4) Audit Committee; 5) Committee on nominations and remunerations; 6) Committee on strategic and investment issues. Committees consist of 3 members. Chairmen are independent directors.	Observed	

5.12	Preparation and arrangement of meetings of the Board of directors shall promote maximum productivity. Members of the Board of directors shall have access to complete, update and timely information.	These requirements were fixed in Regulations on the Board of directors. The Board of directors carried out regular meetings for efficient performance of its functions. Meetings of the Board of directors are carried out in accordance with working plan, approved before beginning of calendar year. Meetings of the Board of directors and its committees are carried out by means of voting in praesentia and absentia, and number of meetings with voting in absentia is minimized. Consideration and making decisions on important and strategic issues are performed only on meetings with voting in praesentia. Both forms of meetings of the Board of directors are combined in special cases. Meetings of the Board of directors and its committees are properly minuted by corporate secretary with indication of results of discussions and made decisions.	Observed	
5.13	The Board of directors, committees and members of the Board of directors shall be assessed annually within structured process, approved by the Board of directors of organization. This process shall correspond to the Fund's methodology. Assessment is carried out with participation of independent professional organization at least one time in three years.	Regulation on assessment of performance of the BD, Committees of the BD and each member of the BD (№67 dated 24.10.2012) was approved in the Real estate fund by decision of the Board of directors. Annual assessment of the BD, its Committees and each member, including independent directors and representatives of shareholders, is performed in accordance with Regulations. Assessment with attraction of independent professional organization was performed in 2015. Assessment was performed on its own in 2016.	Observed partially	Methods for assessment of the Board of directors, committees and members of the Board of directors were not developed nowadays.

5.14	Assessment shall determine contribution of the Board of directors and its each member to growth of long-term cost and sustainable development of organization, and also to detect areas and recommend activities for improvement. Assessment results are taken into account in case of re-election or early termination of powers of members of the Board of directors.	Regulations on that assessment results are taken into account during re-election or early termination of powers of members of the Board of directors are fixed in Regulations on assessments of performance of the BD, its committees and each member of the BD.	Observed partially	Assessment does not determine contribution of the Board of directors and each its member in growth of long-term cost and sustainable development of organization. It is planned to update Regulations on assessment of efficiency of work of the BD, its committees and each member of the BD of REFSK.
5.15	The Board of directors appoints corporate secretary with the purpose of efficient organization of activity of the Board of directors and cooperation of the Board of directors, the executive body with shareholders.	These requirements are fixed in the Charter, Regulations on the Board of directors and Regulations on corporate secretary. Corporate secretary is accountable to the Board of directors and independent of executive body of the company. Main duties of corporate secretary include assistance in timely and qualitative making of corporate decisions by the Board of directors, sole shareholder, role of advisor for members of the Board of directors by all issues of their activity and application of provisions of the Code, and also monitoring over implementation of present Code and participation in improvement of corporate management of the Fund and organizations. Corporate secretary prepares report on following of principles and provisions of present Code, which was included into annual report of the Fund.	Observed	

5.16	Collegial Executive Body is created in companies, and in other organizations, and also in case of foundation of company – joint-venture, it can be collegial or sole at discretion of shareholders (participants). Director and members of the executive body shall have high professional and personal attributes, and also perfect business reputation, and adhere to high ethical standards.	1) The executive body of the Company manages with current activity in accordance with p. 39 of the Charter of the Real estate fund. 2) List of criteria for assessment of candidates in the Board of REFSK was approved (decision of the BD dated 24.05.2016, minute № 103) for assessment and approval of candidates on position of Chairman and members of the Board by the Committee on nominations and remunerations of the Board of directors.	Observed	
5.17	The Executive body is accountable to the Board of directors and manages with everyday activity of organization, is responsible for implementation of strategy, development plan and decisions, made by the Board of directors and shareholders' general meeting.	These requirements were fixed in the Company's Charter.	Observed	
5.18	The Board of directors elects director and members of the executive body, determines powers terms, amount of official salary, payment conditions. Committee on nominations and remunerations of the Board of directors plays key role during search and selection of candidates to the executive body, determination of their remuneration.	These requirements were fixed in the Company's Charter. Candidature on position of director of the executive body is preliminary agreed with the Fund's Board. The Board of directors can terminate of director and members of the executive body at any time. Director and members of the executive body are elected on three years. Terms of powers of director and members of the executive body coincide with term of powers of the executive body.	Observed partially	Requirement that key role during search and selection of candidates in the executive office, determination of their remuneration is played by the Committee on nominations and remunerations of the Board of directors, is not fixed in internal documents of the Company. Making changes in Regulations on the Committee on nominations and remunerations of the BD of the REFSK is planned.

5.19	Candidate on chief executive officer of the company is agreed with the President or Presidential Administration of the Republic of Kazakhstan if companies were included in appropriate list, approved by the Decree of the President of the Republic of Kazakhstan.		Not applied	
5.20	Director and members of the executive body are assessed by the Board of directors. Main assessment criterion is achievement of set KPI.	This requirement is fixed in the Company's Charter. Motivational KPIs for directors and members of the Board are approved by the BD in accordance with Rules for assessment of activity and remuneration of executive officers of REFSK. KPI maps for executive officers are developed by the Committee on nominations and remunerations together with working group and agreed with employees concerning optimal number (3-7) and reasonability of target values. Assessment results impact on amount of remuneration, stimulation, re-election (appointment) or early termination of powers.	Observed	
5.21	Violation of Code of business conduct by members of the executive body shall be communicated to the Board of directors by the director of the executive body. Member of the executive body, failed to follow the procedures of Code of business conduct, cannot be member of the executive body of any other organization.	Ombudsman and the Board of directors shall be notified on violations on the part of the Board in accordance with Code of business conduct (decisions of the BD № 26 dated 21.04.2010, making changes and amendments №44 dated 11.04.2011 and № 81 dated 15.04.2014). There were no such event.	Observed	
5.22	In case of corporate conflicts participants find ways of their solution by means of negotiations in order to guarantee efficient protection of interests of organizations and stakeholders. Corporate conflicts are considered by chairman of the Board of directors with the assistance of corporate secretary. If chairman of the Board of directors participates in corporate conflict, these cases are considered by the Committee on nominations and remunerations.	This is fixed in the Policy on settlement of conflict of interests of REFSK.	Observed partially	Norms on consideration of corporate conflicts by Chairman of the BD, and also Competencies of the Committee on nominations and remuneration are not stipulated. Making changes in internal documents of the company is planned.



6. Risks management, internal control and audit				
6.1	<p>Risks management and internal control system, focused on security of reasonable assurance in achievement of strategic and operating purposes by the Fund and Organizations, and which is complex of organizational policies, procedures, codes of conduct and activities, methods and management mechanisms, created by the Board of directors and the executive body of the Fund and organizations for following, shall be created in the Fund and Organizations:</p> <ul style="list-style-type: none"> <li>- optimal balance between growth of organization cost, profitability and risks;</li> <li>- efficiency of financial and economic activities and achievement of financial sustainability of the company;</li> <li>- soundness of assets and efficient resources utilization;</li> <li>- completeness, reliability and authenticity of financial and management accounting;</li> <li>- following the requirements of legislation of the Republic of Kazakhstan;</li> <li>- proper internal control for fraud prevention and guarantee of efficient support of basic and additional business processes and analysis of performance.</li> </ul>	<p>Risks management is performed in REFSK on consolidated basis by means of introduction of Risks management corporate system on all levels in REFSK. REFSK supervises introduction of risks management system in its subsidiaries, renders methodological, consulting support, and also coordinates activity on RMCS development and improvement in REFSK. REFSK submits reports on risks for consideration of the Board of directors during monitoring of risks management system development on consolidated basis.</p> <p>Policy on risks management, approved by the Board of directors of REFSK, which was developed in accordance with Concept on development of risks management corporate system and methodology of the Sole shareholder, is applied in REFSK.</p> <p>Risks management system structure in REFSK is presented by risks management on several levels with participation of following bodies and subdivisions of the Fund: the Board of directors, the Board, Risks management committee, organizational department, which is responsible for risks management, Internal audit service, and other organizational departments.</p> <p>The Board of directors of REFSK approved following documents, determining principles and approaches to arrangement of efficient risks management and internal control system, demonstrating adherence to the best practices in the area of risks management and internal control (integrated concept for creation of internal control system COSO, COSO Concept “Risks management:</p> <ul style="list-style-type: none"> <li>- Risks management policy (Minute of the BD №85 №01.10.2014).</li> <li>- Rules for identification and assessment of risks (Minute of the BD №13 dated 19.10.2009).</li> <li>- Rules for assessment and management with operating risks (Minute of the BD №13 dated 19.10.2009).</li> <li>- Rules for liquidity risks management (Minute of the BD №13 dated 19.10.2009).</li> <li>- Rules for establishment of limits on balance and off-balance liabilities for counterparty banks (Minute of the BD №13 dated 19.10.2009).</li> </ul>	Observed	

6.2	<p>The Board of directors of the Fund and organizations shall determine principles and approaches to arrangement of risks management and internal control system, on the basis of this system and taking into account the best working practices and methodology of the Fund in the area of risks management and internal control.</p>	<p>Activity of REFSK is focused on creation of internal medium, which improves risks understanding by employees and their responsibility for risks management. Internal medium shall support following principles of REFSK activity:</p> <ul style="list-style-type: none"> <li>- identification and consideration of all risks during decisions making and support of risks complex visions by REFSK management;</li> <li>- creation and assessment of risk portfolio, which corresponds to REFSK purposes;</li> <li>- support of feeling of ownership and responsibility for risks and risks management on appropriate levels of management hierarchy (REFSK, subsidiary, organizational departments and etc). Risks management does not mean liability shift to others;</li> <li>- tracking of compliance to internal policies and procedures of REFSK and state of corporate management system;</li> <li>- timely information on important (critical) risks and disadvantages of risks management system;</li> <li>- understanding that Policy and procedures on risks management are obligatory.</li> </ul>	Observed	
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6.3	<p>Executive bodies of the Fund and organizations shall guarantee creation and support of efficient risks management and internal control system. Risks management shall be integrated with planning (development strategy and plans, annual budget) and assessment of activity results (management accounts).</p>	<p>Risks management in REFSK is performed by means of RMCS introduction on all levels on consolidated basis. Risks management system structure in REFSK is presented by risks management on several levels with attraction of following levels and departments of REFSK: the Board of directors, the Board, Risks management committee, organizational department, which is responsible for risks management, Internal audit service, and other organization departments. Functions of bodies and departments are determined in the Policy. Regular reporting on risks of the executive body was introduced in accordance with the best practices of corporate management.</p> <p>Risks management processes were integrated with planning process (development strategy and plans, annual budget). Missions of REFSK are determined on strategic level, and establishes basis for development of operating purposes. Development of strategic plans stipulates detection and analysis of risks, which can impact on achievement of assigned strategic purposes.</p> <p>Risks management committee, which is advisory and consultative body of the Fund's Board, developing suggestions in part of risks management, operates for provision of horizontal communication and efficient RMCS introduction.</p> <p>The Board and the Board of directors of the Fund get information about risks, including map of risks and risks reports. Also, the Board and the Board of directors of the Fund are provided data about important changes in risks. Assessment of risks management system efficiency is performed annually in accordance with Risks management policy of REFSK. IAS assesses efficiency of risks management system in accordance with methods for assessment of risks management corporate system. Moreover, assessment of RMCS by independent company is performed 1 time in three years. Individual plan for development of employees on risks management is approved annually, including IAS recommendations and within approved timetable of professional training and development of REFSK employees and appropriate activities on employees' education in the area risks management were stipulated.</p>	Observed partially	<p>Risks management process is not integrated with assessment of performance of organization. REFSK is going to take measures on introduction of this approach on Companies.</p>
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6.4	<p>Risks management and internal control system of the Fund and organizations shall be based on high risk management culture, performed by the executive body, stipulating obligation of identification procedures, assessment and monitoring over all existing risks, and also making of timely and reasonable measures on risks mitigation, which can have negative impact on achievement of strategic purposes, implementation of operating tasks and goodwill of the company.</p>	<p>These procedures were regulated by following documents:</p> <ul style="list-style-type: none"> <li>- Risks management policy of REFSK (Minute of the Board of directors №85 dated 01.10.2014);</li> <li>- Regulations on internal control system of REFSK (Minute of the Board of directors №32 dated 21.06.2010).</li> </ul> <p>REFSK identifies and assesses risks annually; register and map of risks are created on the basis of identification and assessment of risks. Register and map of risks can be reviewed or added during one year as new information on risks becomes available from organizational departments of REFSK during identification of new or change of existing risks, including due to changes of external and internal market.</p> <p>Information on risks is submitted to the Board of directors within the framework of quarter report on risks management, and to the Executive body within the framework of monthly report on monitoring of key risk indicators and quarter report on risks management.</p>	Observed	
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6.5	Development, approval, formalization and documentation of control procedures on three key areas: operating activity, preparation of financial statement and observance of the requirements of legislation of the Republic of Kazakhstan and internal documents, shall be performed in the Fund and organizations.	<p>There is a map of business processes in REFSK within the framework of operating activity, of some organizational departments. Main business processes and control points of operating processes are determined within these maps. Also, there are Rules for selection and consideration of housing construction, Rules for development and consideration of investment projects.</p> <p>Corporate regulations for preparation of consolidated financial statement and regulations for accounting management are applied in part of financial statement.</p> <p>Rules and Regulations for work of REFSK are applied in part of observance of the requirements of the legislation of the RK, where main business processes of the Fund's work are indicated.</p>	Observed	
6.6	Transparent principles and approaches in the area of risks management and internal control, training practice of employees and executive officers to risks management system, and also identification, documentation and communication of required information to executive officials shall be introduced in the Fund and organizations.	<p>Internal documents, regulating risks management area, were approved in REFSK on the basis of transparent principles and approaches and in accordance with standard documents of the Sole shareholder. Training is carried out for all employees of the Fund (at least annually) for support and improvement of risk culture and review of current RMCS. Two internal workshops in the area of risks management were carried out for REFSK employees in 2016 within the framework of Plan on improvement of corporate management system, and also Plan on improvement of efficiency of internal control system.</p>	Observed	

6.7	<p>The Board of directors of the Fund and organizations shall make appropriate measures in order to guarantee that current risks management and internal control system corresponds to principles and approaches, determined by the Board of directors, and operates efficiently. Reports on risks shall be submitted for meetings of the Board of directors at least one time per quarter and properly discussed.</p>	<p>Methods for assessment of risks management corporate system (hereinafter – Methods) (Minute of the BD №68 dated 22.11.2012) and also Methods for assessment of internal control system (Minute of the BD №68 dated 22.11.2012) are applied in REFSK.</p> <p>Main approaches to assessment of internal control system efficiency are established in assessment of reliability and efficiency of internal control system. This assessment includes analysis and assessment of factors, having impact on efficiency of internal control system, broken down by five components: 1) Control environment; 2) Risks assessment; 3) Control procedures; 4) Information and its transfer; 5) Monitoring. Abovementioned components.</p> <p>Assessment of reliability and efficiency of risks management system is performed in accordance with methods, approved on the meeting of the Board of directors №68 dated 22.11.2012. Main approaches to assessment of risks management corporate system are established in this document. This assessment includes analysis and assessment of factors, having impact on efficiency of risks management system, broken down by five components: 1) risks management arrangement; 2) risks detection; 3) risks assessment; 4) risks management; 5) monitoring.</p> <p>Reports on risks management are considered on meetings of the Board of directors quarterly and discussed properly.</p>	Observed	
6.8	<p>IAS shall be founded in the Fund and organizations for system independent assessment of reliability and efficiency of risks management and internal control system and corporate management practice.</p>	<p>This requirement is established in the Charter, Regulations on the Company's IAS.</p> <p>IAS was created by the decision of the Board of directors (Minute of the BD №9 dated 14.09.2009).</p>	Observed	

6.9	Internal audit in the Fund and Organizations shall be performed by means of creation of separate organization department – IAS (Internal audit is performed by revision commission/auditor, functionally accountable to the Supervisory board, in organizations in form of limited liabilities partnerships; and purposes, functions and tasks of revision commission/auditor, order of its cooperation with Organization's bodies shall be established, taking into account principles, given in present Code). Purposes, powers and responsibility of IAS, qualification requirements (requirements to qualification of internal auditors) shall be determined in internal document of a company (Regulations on IAS). Regulations on IAS shall be developed and approved taking into account requirements of international professional standards of internal audit and corporate standards of the Fund in the area of internal audit.	The BD of the Company approves Regulation on IAS (Minute of the BD № 26 dated 21.04.2010), establishing working order, tasks, functions, rights, qualification requirements and obligations of IAS, and also IAS cooperation with the Company's Board. IAS activity is supervised by Audit Committee (hereinafter – AC) in accordance with Regulations on Audit Committee (Minute of the BD №57 dated 29.12.2011), with amendments dated 29.08.2012 (Minute of the BD № 65), preliminary approving IAS reports and other issues, and the BD considers and approves them. IAS is accountable to the Company's BD.	Observed	
6.10	IAS shall be accountable to the Board of directors for guarantee of independence and objectivity of internal audit. The Board of directors makes decisions on approval of plans and strategy of IAS activity, IAS budget, determines quantitative composition, amount and paying and bonus payment conditions of IAS employees.	IAS is accountable to the BD, submits a report on the BD activity, which was preliminary considered by Audit Committee, in accordance with Regulations on IAS. The BD approves IAS working plans and this is not a formal procedure. The BD of the Company approves appointment of a director and employees of IAS, and also structure and remuneration of IAS director and employees (during consideration of achievement of quarter IAS KPI and its director). IAS budget is considered on the meeting of Audit Committee with further approval on the BD meeting.	Observed	

		The BD determines quantitative composition, amount paying conditions and bonus payment of IAS employees. Strategic development plan of IAS for 2015-2017 was approved on the meeting of the BD (Minute of the BD №85 dated 1.10.2014).		
6.11	IAS director shall develop internal documents, regulating activity of the department, on the basis of corporate standards of the Fund in the area of internal audit, and guarantee their consideration and approval by Audit Committee and the Board of directors.	Internal documents, regulating IAS activity, are developed by IAS director in accordance with corporate standards of the Fund and approved by the Board of directors after preliminary consideration by Audit Committee. So, following was approved: 1) Regulations on IAS (Minute of the BD № 26 dated 21.04.2010), 2) Rules on internal audit arrangement in REFSK (Minute of the BD № 35 dated 04.10.2010); 3) Methods for performance assessment of Internal audit service and its director (Minute of the BD №66 dated 24.09.2012); 4) Methods for assessment of risks management corporate system efficiency (Minute of the BD №68 dated 22.11.2012); 5) Methods for assessment of internal control system efficiency (Minute №68 dated 22.11.2012)	Observed	
6.12	IAS performs its activity on the basis of risk-oriented annual audit plan, approved by the Board of directors. Results of audit reports and key findings are submitted for consideration of the Board of directors.	IAS takes into account Risks' maps of the Company, requests of members of the BD, comments of the Company's management, and also performs own risks analysis during planning of Annual audit plan. IAS submits reports on performed audit for consideration of the Board of directors quarterly.	Observed	
6.13	IAS shall assess efficiency of internal control and risks management system, assessment of corporate management, applying general standards and recommendations of the Fund in the area of corporate management assessment, assessment of efficiency of internal control and risks management system.	According to GAP, IAS assessed ICS efficiency in 2015 and assessed RMCS efficiency in 2016. Assessment of corporate management was performed by independent expert of LLP "Pricewaterhouse Coopers" in 2015. All abovementioned assessments were performed on the basis of approved Methods. Independent assessment of ICS and RMCS is planned on 2017.	Observed	



6.14	IAS director shall develop and support programme of guarantee and improvement of quality, covering all kinds of activity of internal audit, and stipulating obligatory internal and external assessment of IAS activity.	Internal assessment of efficiency of IAS work is regularly performed by IAS “Samruk-Kazyna” JSC and Audit and control department of “Samruk-Kazyna” JSC. IAS sends Template of Feedback on quality of IAS audit, which contains eight issues, and where audit object can provide its comments about performed work since 2012. Independent external assessment of IAS was performed by external consultant “Dostyk advisory” in 2016. Assessment of IAS activity efficiency, its director and employees is carried out by the Board of directors on the basis of quarterly IAS reports. Then marks for achievement of quarter IAS KPI and its director “Number of remarks on the part of Audit Committee, the Board of directors of the Company to quarter and annual reports of IAS” are put.	Observed	
<b>7. Transparency</b>				
7.1	The Fund and organization disclose information on all important aspects of their activity, including financial status, activity results, ownership structure and management, in time and authentically, with the purpose of interests observance of the Fund’s and organizations’ stakeholders.	Information disclosure on the Company is carried out in accordance with legislation of the Republic of Kazakhstan, internal documents of the Company, including Information disclosure policy, approved by the decision of the Company’s Board of directors № 111 dated November 3, 2016.	Observed	
7.2	The Fund and organizations discloses information, stipulated by legislation of the Republic of Kazakhstan and internal documents. Internal documents, determining principles and approaches to information disclosure and protection, and also list of information, which is disclosed to stakeholders, shall be approved in the Fund and organizations. The Fund and organization determine order of information designation to access categories, conditions of information storage and usage, including some persons,	Information disclosure on the Company is carried out in accordance with legislation of the Republic of Kazakhstan, internal documents of the Company, including Information disclosure policy, approved by the decision of the Company’s Board of directors № 111 dated November 3, 2016.	Observed	

	entitled to free access to information, which is trade and business secret, and take measures on protection of its confidentiality.			
7.3	The Fund, company and organizations, which shares or bonds are sold on stock exchange, shall post audited annual financial statement, which was prepared in accordance with International financial reporting standards (hereinafter – IFRS), and also financial statement, prepared for first quarter, half-year and first nine months of accounting period in accordance with IFRS, on their internet resource in time. It is recommended to disclose additional information on financial state of the Fund, companies and organizations, which shares or bonds are sold on stock exchange, besides main forms of financial statement.		Not applied	
7.4	The Fund and organizations shall perform annual audit of financial statement by means of attraction of independent and qualified auditor, which provides objective opinion about authenticity of financial statement and its compliance to the IFRS requirements to stakeholders. Norms in part of annual audit are applied if audit of annual financial statement is stipulated by legislation of the Republic of Kazakhstan and/or internal documents of organization.	REFS carries out annual audit of consolidated financial statement by means of attraction of independent and qualified auditor (E&Y). This contract was signed on 28.06.2016 by the decision № I&C-2016-00198 (service period is 3 years). External auditor is elected on the basis of open tender in accordance with Order on selection of audit organization for “Samruk-Kazyna” JSC and organizations, which fifty percent of voting shares (shares) directly or indirectly belong to “Samruk-Kazyna” on the right ownership or trust management № 49/13 dated 10.09.13. Members of Audit Committee of the Board of directors are included into tender committee. Information on external auditor is disclosed on web-site, and also in Annual report.	Observed	

7.5	The Fund, Companies and Organizations, which shares are sold on stock exchange, shall prepare annual report in accordance with provisions of present Code and best practice of information disclosure. Annual report is approved by the Board of directors.	Annual report is well structured and human readable (from conclusion of RA “Expert RA Kazakhstan”). Annual report of the Real estate fund was recognized as one the best in nomination “The best annual report in financial sector” in 2013 and 2014. Annual report is published on national, Russian and English languages. Annual report is posted after approved by the Board of directors (№ 99 dated 18.03.2016).	Observed	
7.6	Internet resource shall be well-structured, convenient for navigation and contain information, which is necessary for understanding of the Fund’s and organizations’ activity by stakeholders.	1) Internet resource is well structured, convenient for navigation and available for all stakeholders. 2) Internet resource is updated if necessary, regularly. 3) Information disclosure on web-site of REFSK is carried out in accordance with legislation of the Republic of Kazakhstan, internal documents of the Company, including Information disclosure policy, approved by the decision of the Company’s Board of directors № 111 dated November 3, 2016.	Observed	

List of abbreviations:

AR – Annual report

AS – affiliated subsidiaries

IAS – Internal audit service

BD – the Board of directors

IAW – installation and assembling works

RMCS – Risks management corporate system

Fund/Sole shareholder/EA – “Samruk-Kazyna” JSC

The real estate fund/REFSK/Society/Company – JSC “Real estate fund “Samruk-Kazyna”