

APPROVED at  
the First General Meeting of Shareholders of  
**AltynEx Company JSC**

Minutes No. 1

Date: 11 September 2015

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**Corporate Governance Code**

**AltynEx Company JSC**

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## PREAMBLE

- A This Corporate Governance Code (“**Code**”) of AltynEx Company Joint Stock Company (“**Company**”) represents a set of rules and recommendations which the Company shall follow in the course of its business in order to ensure a high level of business ethics in relations within the Company and with other market participants.
- B This Code is based on the following: (a) best international corporate governance practice; (b) the current legislation of the Republic of Kazakhstan (“**Legislation**”); and (c) Corporate Governance Code as approved by the Counsel of Issuers on 21 February 2005.
- C The Code was prepared with due consideration of the developing corporate governance and market practice, ethical norms and the existing requirements of Kazakhstan Stock Exchange (“**KASE**”).
- D The Company, on its own free will, shall create and follow the terms and conditions of this Code in order to strengthen the marketability of the Company among existing and potential investors.
- E The Company acknowledges that the corporate governance practice is not of a static nature. Accordingly, the Company will, from time to time in accordance with established procedures, revise the provisions of the Code in the light of changes in the Legislation, recommendations and practice applicable to the corporate governance of joint stock companies operating in the Republic of Kazakhstan.
- F The terms that are not defined above and further used in this Code shall be defined as follows:

<b>Board of Directors</b>	the Company’s board of directors
<b>Charter</b>	the Company’s charter (as amended from time to time)
<b>Corporate Secretary</b>	the Company’s corporate secretary
<b>Directors</b>	all members of the Board of Directors, including Independent Directors
<b>General Director</b>	the Company’s General Director
<b>General Meeting</b>	annual or extraordinary general meeting of the Company’s shareholders
<b>Independent Directors</b>	the members of the Board of Directors, classified as independent directors in accordance with the

## **Listing Rules**

Legislation

the listing rules of KASE

# **SECTION 1 PRINCIPLES OF CORPORATE GOVERNANCE**

## **GENERAL**

- 1.1 The corporate governance of the Company shall be formed on the basis of justice, honesty, responsibility, accountability, transparency, professionalism and competence. An effective structure of corporate governance involves respect of the rights and interests of all persons interested in the Company's business and promotes successful performance of the Company, including the growth of its market value and maintenance of its financial stability and profitability.
- 1.2 The corporate governance principles set out in this Section are aimed at creating trust in the relations arising in connection with the governance of the Company and serve as a basis for all rules contained in the subsequent Sections of the Code.
- 1.3 The fundamental principles of this Code shall be as follows:
  - (a) Protection of the shareholders' rights and interests;
  - (b) Effective governance of the Company by the General Meeting, Board of Directors and the General Director;
  - (c) Transparency, timeliness and objectivity of disclosure of information about the Company's activity;
  - (d) Legality and ethics;
  - (e) Effective dividend policy;
  - (f) Effective human resources policy;
  - (g) Environmental protection; and
  - (h) Settlement of corporate disputes.
- 1.4 The corporate governance structure shall comply with the Legislation and shall clearly articulate the division of responsibilities among different bodies of the Company.

## **PROTECTION OF THE SHAREHOLDERS' RIGHTS AND INTERESTS**

- 1.5 The Company shall ensure enforcement of its shareholders' rights as set out in the Legislation, Charter, this Code and general practice.
- 1.6 The Company shall ensure effective participation of its shareholders in making key corporate governance decisions, including but not limited to determination of the number and term of appointment of the members of the Board of Directors, appointment and early dismissal such members, determination of the amount and terms compensation and expenses to the Directors for fulfillment of their obligations.
- 1.7 The Company shall disclose to its shareholders information affecting the interests of the Company's shareholders in the manner established in the Legislation, the Charter and the Listing Rules.
- 1.8 Any planned reasonable change in the Company's activities, as proposed by the Board of Directors and/or the General Director, shall be well-grounded and aimed at protection of the rights of shareholders.
- 1.9 The Company shall ensure fair and equal treatment of all of its shareholders.

## **EFFECTIVE GOVERNANCE OF THE COMPANY BY THE BOARD OF DIRECTORS AND THE GENERAL DIRECTOR**

### **A) Principles of the Board of Directors' Activities**

- 1.10 The activities of the Board of Directors shall be based on the principle of full protection of the interests of the Company's shareholders and aimed at increasing the market value of the Company.
- 1.11 The Board of Directors shall provide to the shareholders a rigorous and clear evaluation of the achieved results and forecasts of the Company through objective monitoring of the current business conditions and shall ensure the maintenance and functioning of a reliable internal control system and external audit to protect shareholders' investments and the Company's assets.
- 1.12 The Board of Directors shall monitor and manage corporate disputes.
- 1.13 The Board of Directors shall ensure full transparency of its activities before the Company's shareholders.
- 1.14 The Board of Directors shall be responsible for disclosure of information and media coverage of the Company's activities and shall justify classification of information and ensure security and integrity of confidential internal information.
- 1.15 The Board of Directors shall include the required number of Independent Directors in accordance with the Legislation and the Charter.

- 1.16 The system of performance evaluation and fair remuneration of the Directors shall ensure the motivation of their work in the interests of the Company and its shareholders.
- 1.17 The Board of Directors shall develop performance evaluation system for its general performance, the performance of individual Directors and the General Director's performance.

**B) Principles of the General Director's activities**

- 1.18 The General Director shall carry out the day-to-day operation of the Company and ensure its compliance with the Company's business plan (if any).
- 1.19 The General Director's decisions shall be based on the principle of the full observance of shareholders' interests and shall be in compliance with the decisions of the General Meeting and the Board of Directors.

**TRANSPARENCY AND OBJECTIVITY OF DISCLOSURE OF INFORMATION ABOUT THE COMPANY'S ACTIVITY**

**A) Information about the Company's Activities**

- 1.20 Disclosure of the information about the Company's activity shall promote making of justified decisions by potential investors in relation to acquiring and participating in the Company's shareholding as well as encouraging investors to take a positive decision on financing the Company's activities.
- 1.21 Information disclosure shall ensure reasonableness and transparency of the Company's governance to the most possible extent.
- 1.22 Information disclosure shall be based on the relevant corporate regulations prepared and approved by the Board of Directors.
- 1.23 A shareholder or potential investor shall have a right of free and easy access to the information about the Company which is essential for relevant decision-making subject to the Company's compliance with applicable confidentiality restrictions.
- 1.24 The Company shall use the Company's corporate website (upon its creation) and the website of KASE (if the shares of the Company are listed) for publication of any notices and other information which is mandatory for publication in accordance with the Legislation.

**B) Financial Reports**

- 1.25 The procedures and rules of financial reporting and audit shall be aimed at ensuring confidence of shareholders and investors in the Company's activities.
- 1.26 Financial and audit reports with respect to the Company's activities shall be based on the following principles:
- (a) integrity and credibility;

- (b) objectivity and independence;
  - (c) professionalism and competence;
  - (d) regularity and efficiency.
- 1.27 The Board of Directors shall divide the competence of corporate bodies and individuals within the Company's financial performance monitoring system depending on each corporate body and individual's involvement in the development, approval, application and evaluation of the internal control system.

#### **LEGALITY AND ETHICS**

- 1.28 The Company shall act in strict compliance with the Legislation and generally accepted principles (practices) of business ethics.
- 1.29 The relations among shareholders, Directors and the General Director shall be based on mutual trust, respect, accountability before the shareholders and control on the side of the Directors and shareholders.

#### **EFFECTIVE DIVIDEND POLICY**

- 1.30 The Company shall pay dividends in accordance with the Legislation, Charter and relevant decisions of the General Meeting.
- 1.31 Dividends on ordinary shares of the Company may be paid on the basis of the annual, semi-annual and/or quarterly results after the conduct of an audit of the financial statements for that relevant period. When dividends are declared, such dividends shall be paid in the manner established in the Legislation.
- 1.32 Dividends shall not accrue and be paid on any shares that have not been placed or have been bought back by the Company, as well as if an applicable court or the General Meeting takes a decision on the Company's liquidation.

#### **EFFECTIVE HUMAN RESOURCES POLICY**

- 1.33 Corporate governance in the Company shall be based on observance of the rights of the Company's employees stipulated by the Legislation and shall be aimed at developing partnership relations between the Company and its employees in solving social issues and regulating labor conditions.
- 1.34 The key principles of the human resources policy are as follows: (a) preservation of jobs to the extent possible and subject to the Company's performance results; (b) improvement of working conditions and (c) social protection of the Company's employees in accordance with the Legislation.
- 1.35 The corporate governance shall encourage the creation of a favorable and creative working environment and facilitate the professional development of the Company's employees.

## **ENVIRONMENTAL PROTECTION**

- 1.36 The Company is committed to conduct its business in an environmentally sustainable way in the manner established in the Legislation.

## **SETTLEMENT OF CORPORATE DISPUTES**

- 1.37 The Directors, the General Director and the Company's employees shall perform their professional duties in good faith and rationally with due care and prudence, in the interests of the Company and its shareholders, while avoiding conflict of interests. They shall ensure that their activities comply with the requirements of the Legislation, the principles of this Code, Charter, the Company's internal rules as well as common norms of business and personal ethics.
- 1.38 Should a corporate dispute arise, the participants to such dispute shall find a way to solve it through negotiations in order to ensure effective protection of the shareholders' rights and the Company's business reputation.
- 1.39 In cases where it is impossible to settle a corporate dispute through negotiations, it shall be settled in accordance with applicable law.

## **SECTION 2 GENERAL MEETING**

### **GENERAL PROVISIONS**

- 2.1 The arrangement and procedures for holding the General Meeting shall comply with the following requirements:
- (a) fair and equal treatment of all shareholders;
  - (b) opportunity for all shareholders to participate at General Meetings;
  - (c) provision of organizational and reporting information;
  - (d) simplicity and transparency of conducting General Meetings.

### **ORGANIZATION OF THE GENERAL MEETING**

- 2.2 Information and materials submitted to shareholders before the General Meeting as well as procedures for submitting such information, as those are stated in the Legislation and Charter, shall ensure that shareholders are given the most complete vision about the essence of discussed issues, answers to their questions and opportunity to make reasonable decisions on the issues of the agenda.
- 2.3 Information materials circulated in the course of preparation for the General Meeting shall be referenced against a relevant item in the agenda of the General Meeting.

- 2.4 The requirements on information disclosure shall not put any unnecessary administrative burden or unreasonable expenses on the Company.
- 2.5 When the agenda of the General Meeting includes the election of Directors, complete information about relevant candidates shall be provided as required by the Legislation and the Charter.
- 2.6 The items in agenda shall be as clear as possible and exclude the possibility of their different interpretation. Items with such wording as “miscellaneous”, “others”, “various” etc. shall be excluded from agenda.
- 2.7 The voting procedure at the General Meeting, as it is set out in the Legislation and the Charter, shall be easy and convenient for each shareholder to the most possible extent.
- 2.8 The rights of shareholders to make proposals with respect to the agenda of the General Meeting and to demand convocation of General Meeting shall be easy to exercise and shall be exercised in accordance with the Legislation.

#### **CONDUCT OF GENERAL MEETING**

- 2.9 The procedure of the General Meeting shall ensure equal opportunity to all shareholders to enjoy their rights to participate and vote at the General Meeting. A shareholder may vote at the General Meeting in person or without personal presence (through (i) a representative acting based on a power of attorney issued by a shareholder to such representative or (ii) a person who in accordance with the applicable law or an agreement has the right to act or represent the shareholder's interests without a power of attorney), provided that all votes cast personally or without presence in person shall have equal force.
- 2.10 A clear time limit for speeches shall be established at every General Meeting.
- 2.11 Time for registration shall be sufficient to allow all shareholders (or their representatives) to get registered, provided that shareholders who fail to be registered in time shall not be counted when determining the presence of a quorum and shall not be entitled to participate in voting.
- 2.12 The Chairman of the General Meeting shall make efforts to let shareholders receive answers to any material questions immediately at the General Meeting. When the complexity of questions impedes immediate answer, a person (or persons) to whom such questions have been addressed shall submit written answers as soon as reasonably practicable after closing of the General Meeting.
- 2.13 The actual process of election to the Board of Directors and other corporate bodies shall be transparent and justified to the most possible extent.
- 2.14 The actual process of collecting and/or counting of votes shall be easy and transparent to the most possible extent. Shareholders shall feel certain in the lack of any falsification of the ballots.



- 2.15 The General Meeting of shareholders shall be conducted in the city of the location of the management body – the General Director.

### **SECTION 3 BOARD OF DIRECTORS**

#### **FUNCTIONS OF THE BOARD OF DIRECTORS**

- 3.1 The Board of Directors shall ensure realization of interests and protection of the rights of shareholders.
- 3.2 The Board of Directors shall determine priority objectives of the Company's development and set the principal guidelines for the Company's long-term activity.
- 3.3 The Board of Directors shall make objective evaluation of observance of the approved priority objectives with due regard to the market situation, financial performance of the Company and other factors affecting the financial and economic activities of the Company.
- 3.4 The competence of the Board of Directors shall be determined according to the Legislation and the Charter.
- 3.5 The Directors shall have the right to monitor the company's good standing and have regular communication with the General Director.
- 3.6 The Board of Directors shall determine in relevant internal regulations the time limitation for information non-disclosure by former members of the Board of Directors after their resignation.

#### **FORMATION OF THE BOARD OF DIRECTORS**

- 3.7 The actual process of election of new Directors shall be transparent and clear for all shareholders.
- 3.8 Candidates to and the members of the Board of Directors shall have positive achievements and business reputation.

#### **OPERATION OF THE BOARD OF DIRECTORS**

- 3.9 The activities of the Board of Directors shall be based on the principles of reasonableness, effectiveness, activity, fairness, honesty, responsibility and diligence.
- 3.10 Meetings of the Board of Directors shall take place at least four (4) times per calendar year.
- 3.11 The Board of Directors shall develop and follow its internal procedures regarding preparation for and holding of its meetings. These procedures shall govern all necessary parameters of the Board of Directors meetings.

- 3.12 Directors and any invited experts may participate in the meetings of the Board of Directors (or any committee of the Board of Directors) through conference call or another communication source that allows all participants of the meeting to hear and talk to each other.
- 3.13 The Board of Directors shall establish committees with respect to the following issues:
- (a) strategic planning;
  - (b) human resources and remuneration;
  - (c) internal audit;
  - (d) social matters.
- 3.14 Each committee shall consist of at least three (3) members, one of whom shall be an Independent Director.
- 3.15 Detailed rules on the formation and operation of the committees shall be developed and approved by the Board of Directors.

#### **EVALUATION OF PERFORMANCE OF THE BOARD OF DIRECTORS**

- 3.16 Evaluation of the results of the Board of Directors performance shall be made by the General Meeting.

#### **ACCESS TO INFORMATION**

- 3.17 Each of the Directors shall be supplied in a timely manner, as provided in the Charter, with information in a form and of a quality appropriate to enable him/her to discharge Director's duties.
- 3.18 The Corporate Secretary shall be responsible for ensuring that the Directors receive accurate, timely and clear information. The General Director and Corporate Secretary shall give consultations to the Board of Directors, where necessary.

#### **REMUNERATION**

- 3.19 Levels of remuneration shall be sufficient to hire, retain and motivate the Directors to manage the Company successfully, but the Company shall avoid paying more than necessary for such purpose. Levels of remuneration for the members of the Board of Directors shall be recommended by the Company's human resources and remuneration committee. The Company's human resources and remuneration committee shall be entitled to hire any consultants in respect of remuneration within the funds provided for in the budget for a corresponding year.
- 3.20 The Company's human resources and remuneration committee shall recommend the level of remuneration for the Directors depending on levels of

remuneration in other similar companies. In any event the Company's human resources and remuneration committee shall use such comparisons with caution, with the view of a risk of upward ratchet of remuneration levels with no corresponding improvement in performance. The Company's human resources and remuneration committee shall also give special attention to the terms of payment and employment accepted in the Company, especially when determining annual remuneration increases.

- 3.21 The Company shall disclose information about the terms of remuneration of all members of the Board of Directors (as applicable) in the relevant share issue prospectus.

## **SECTION 4 GENERAL DIRECTOR**

### **PRINCIPLES OF THE GENERAL DIRECTOR'S ACTIVITIES**

- 4.1 The General Director shall execute decisions of the General Meeting and the Board of Directors that are within the exclusive competence of each of those and shall follow the internal regulations approved by the Board of Directors.
- 4.2 The actions of the General Director shall be based on such fundamental principles as honesty, fairness, reasonableness, prudence and regularity.
- 4.3 The principal aim of the activities of the General Director shall be the management of the day-to-day operations of the Company.
- 4.4 The General Director shall take all necessary steps to ensure the integrity and protection of confidential internal information of the Company.

### **Candidates**

- 4.5 When electing the General Director, the Board of Directors shall use the generally acceptable requirements for candidates for such position.
- 4.6 Candidates shall have a positive reputation and have credibility in the view of the majority of the members of the Board of Directors.
- 4.7 The General Director's position shall be taken by a professional having an extensive experience and the required skills for an executive job.
- 4.8 The selection and appointment of the General Director shall be carried out through transparent to the most possible extent and clear procedures set out by the Board of Directors.

## **SECTION 5 CORPORATE SECRETARY**

- 5.1 Strict observance by the Company's bodies and officials of procedures aimed at protecting the rights and interests of shareholders as well as observance by the Company of provisions and regulations of the Legislation, Charter, Listing

Rules and internal documents of the Company shall be secured through introduction of the position of Corporate Secretary.

- 5.2 The Corporate Secretary shall have a special role in observance of the procedures for preparation and conducting of General Meetings and meetings of the Board of Directors, disclosure and submission of information about the Company, since nonobservance of such procedures may result in violation of the rights and interests of shareholders.
- 5.3 The Corporate Secretary shall be responsible for the corporate policy and corporate procedures within the Company and shall serve to settle corporate conflicts in the Company to the most possible extent.
- 5.4 The Corporate Secretary shall ensure and control due review of shareholders' requests by the appropriate bodies of the Company.
- 5.5 The status, functions and responsibilities of the Corporate Secretary shall be governed by the relevant Company's internal regulations approved by the Board of Directors.
- 5.6 Appointment and removal of the Corporate Secretary shall be within the competence of the Board of Directors.

## **SECTION 6 INFORMATION DISCLOSURE**

### **GENERAL PROVISIONS**

- 6.1 Information disclosure shall be aimed at creating a favorable image of the Company that shall facilitate capital raising, sustain confidence of shareholders and investors and increase operational and financial performance.
- 6.2 Information disclosure systems shall satisfy the principles of access to information about the Company and full protection of the Company's confidential internal information.
- 6.3 Information disclosure shall ensure the opportunity of free and easy access to the public information about the Company.
- 6.4 The disclosure of publicly available information shall be made regularly with the use of the Company's corporate website (upon its creation).

### **PROTECTION OF INTERNAL INFORMATION**

- 6.5 While making information available to public, the Company shall ensure the integrity and protection of confidential internal information in accordance with the requirements of the Legislation and/or information disclosure regulations of the Company determined by the Board of Directors.
- 6.6 The Company shall develop and apply an effective system of control over the use of confidential information.

- 6.7 The Company's employees shall undertake not to disclose the confidential internal information during the time of their employment with the Company. The Company shall establish time limitation for non-disclosure of such information after termination of employment in the Company.
- 6.8 Members of the Board of Directors, the General Director and the Company's employees shall not use confidential internal information for personal advantage.

## **SECTION 7 CONTROL OVER FINANCIAL PERFORMANCE**

### **THE COMPANY'S FINANCIAL PERFORMANCE CONTROL SYSTEM**

- 7.1 The operation of financial performance control systems in the Company shall be determined by the Board of Directors on a clearly regulated basis.
- 7.2 The Board of Directors and the General Director shall be responsible for the accuracy of annual reports and financial statements.

### **INTERNAL AUDIT DEPARTMENT**

- 7.3 An internal audit department may be established in the Company for the purposes of monitoring financial performance of the Company, assessment of internal control principles, risk management, execution of corporate governance documents and consulting the Company in order to develop its business.
- 7.4 The internal audit department, if established, shall report directly to the Board of Directors and update the Board on its performance. The role and functions of the internal audit department and its rights and responsibilities shall be governed by regulations approved by the Board of Directors.

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