

**“FUND FOR PROBLEM LOANS” JOINT STOCK COMPANY  
("FPL" JSC)**

Approved  
Minutes of meeting  
of Board of Directors of  
"Fund for Problem Loans" JSC  
on "19" May 2021

**POLICY FOR COMPLIANCE CONTROL  
(ANTI-CORRUPTION COMPLIANCE)  
AND COMPLIANCE RISK MANAGEMENT  
"FUND FOR PROBLEM LOANS" JSC**

## Almaty, 2021

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## **Chapter 1. General provisions**

1. This Compliance control (anti-corruption compliance) and Compliance Risk Management Policy of "Fund for Problem Loans" JSC (hereinafter referred to as the Policy) has been developed in accordance with the current legislation of the Republic of Kazakhstan

2. This Policy defines main goals, principles, objectives, structure and approaches to compliance risk management in "Fund for Problem Loans" JSC (hereinafter referred to as the Fund) in order to comply with the legislation of the Republic of Kazakhstan, internal documents of the Fund, reduce risk of losses or loss of business reputation.

3. This Policy applies to all Fund's activities. The document is mandatory for familiarization and application by all structural divisions of the Fund, their employees.

## **Chapter 2. Definitions and abbreviations**

4. The following terms and concepts are used in this Policy:

1) Compliance control (anti-corruption compliance) is a set of organizational measures for internal monitoring, coordination and control over compliance and execution of requirements of the Law of the Republic of Kazakhstan "On Combating Corruption", regulatory legislation and other normative legal acts of the Republic of Kazakhstan, international standards, Fund's internal documents of for prevention of violations entailing occurrence of compliance risks, eliminating consequences of compliance risks and their causes;

2) Compliance Controller – Head of Compliance Service, whose exclusive competence includes responsibility for coordinating activities of the Compliance Service and monitoring implementation of compliance risk management policy by compliance participants;

3) Conflict of interest – situation in which personal interest of the Fund's employee affects or may affect impartial performance of official duties;

4) Compliance Service - structural subdivision of the Fund consisting of compliance controller and employees of Compliance Service, whose competence includes internal control over compliance of the Fund's activities and its employees with the requirements of the legislation of the Republic of Kazakhstan, international standards, as well as internal documents (compliance risk management);

5) Participants of compliance system – bodies, structural divisions of the Fund, employees of the Fund whose competence includes compliance control and/or compliance risk management functions;

6) Compliance coordinators of structural divisions – employees of Fund's structural divisions responsible for monitoring compliance risks in structural divisions of the Fund, reporting on compliance risks of their division;

7) Authorized bodies – Ministry of Finance of the Republic of Kazakhstan, Anti-Corruption Agency of the Republic of Kazakhstan, Financial Monitoring Agency of the Republic of Kazakhstan, National Bank of the Republic of Kazakhstan;

8) Corruption offense - capable wrongdoing (action or omission) that has signs of corruption, for which administrative or criminal liability is established by law.

9) Corruption risk - possibility of causes and conditions that contribute to commission of corruption offenses;

10) Prevention of corruption - activities of anti-corruption entities for studying, identifying, limiting and eliminating causes and conditions that contribute to commission of corruption offenses by developing and implementing a system of preventive measures;

11) Compliance risk – risks of non-compliance with the legislation of the Republic of Kazakhstan and international standards, as well as internal documents of the Fund;

12) Reputational risk - risk of expenses (losses) arising as a result of negative public opinion or decrease in confidence in the Fund, including risk of legal sanctions that may be levied against the Fund as a result of non-compliance with the legislation of the Republic of Kazakhstan, international standards of business conduct, as well as internal policies, documents of the Fund or ethical standards;

### **Chapter 3. Goals, principles and objectives of compliance control and compliance risk management systems of the Fund**

5. Compliance control is an integral part of the Fund's internal control system. The main purpose of compliance control is to ensure that employees of the Fund comply with anti-corruption legislation of the Republic of Kazakhstan, regulatory legislation and normative legal acts of the Republic of Kazakhstan, internal documents of the Fund.

In this regard, the main purpose of compliance risk management in the Fund is to prevent losses (damage) to the Fund associated with non-compliance by the Fund with the requirements of the legislation of the Republic of Kazakhstan, internal documents of the Fund, rules and procedures, as well as protecting interests of the Sole Shareholder and clients of the Fund.

6. The objectives of organizing compliance system in the Fund are:

- 1) implementation of the requirements of the legislation of the Republic of Kazakhstan in terms of combating corruption;
- 2) implementation of the requirements of the legislation of the Republic of Kazakhstan regarding identification of money laundering and terrorist financing transactions;
- 3) implementation of the requirements of the legislation of the Republic of Kazakhstan in terms of controlling insider information;
- 4) control of Fund's operations for detection of internal and external fraud (fraud management);
- 5) maintaining adequate structure and internal control procedures in relation to the Fund's financial statements;
- 6) development and implementation of the Fund's internal document, which includes control methods in the form of double control (the principle of "four eyes" and "shared access"), preliminary analysis, training of Fund employees in methods of control and error detection, checks for errors in order to detect them in a timely manner;
- 7) monitoring of ensuring completeness, reliability and timeliness of submission of information provided by the legislation of the Republic of Kazakhstan to the authorized bodies of the Republic of Kazakhstan;
- 8) creation of a compliance risk management system that ensures increase in effectiveness of the Fund's activities;
- 9) implementation of internal control and ensuring effective interaction of the Fund's structural units to manage compliance risk in the course of Fund's activities;
- 10) minimization of losses as a result of the occurrence of compliance risk;

7. Compliance risk management process in the Fund is based on the following principles:

- 1) Risk awareness.

Compliance risk management process affects every employee of the Fund.

Decisions on any transaction by the Fund shall be made only after comprehensive analysis of compliance risks arising as a result of such a transaction. Employees of the Fund who perform transactions subject to compliance risk are aware of risk of transactions and carry out identification, analysis and risk assessment before performing transactions. The Fund generates a

list of Fund's transactions that are subject to compliance risk and require coordination with the Compliance Service with placement on a network resource accessible to all structural divisions of the Fund with periodic review and updating.

The Fund has internal documents, decisions of the Board of Directors, the Management Board of the Fund, regulating the procedure for performing all transactions subject to compliance risk. New transactions by the Fund, in the absence of internal documents or relevant decisions of collegial bodies regulating procedure for their commission, are not allowed.

2) The principle of involvement.

The Board of Directors and the Management Board of the Fund are involved in the process of managing compliance risk and creating a compliance control environment.

Compliance risk management is not only a function of the Compliance Service, but also integrated into all business processes of the Fund. Responsibility for occurrence of a specific risk event is borne by the unit that initiates and implements the specific operational Fund's activities. The task of the compliance control unit is to limit the total possible losses of the Fund and monitor implementation of procedures to reduce emerging compliance risks.

3) The principle of interest.

The Board of Directors of the Fund and the Management Board of the Fund are directly interested in the effectiveness of compliance control.

4) The principle of sufficiency.

The Board of Directors of the Fund and the Management Board of the Fund are directly interested in the sufficiency of powers and resources necessary to perform the tasks of compliance control, including the Compliance Service.

5) The principle of information openness.

The Board of Directors and the Management Board of the Fund are directly interested in the transparency of compliance control.

6) Separation of powers.

The exclusion of conflicts of interest in separation of functions is separation of responsibilities of structural divisions of the Fund and employees of the Fund for transactions subject to compliance risk.

For these purposes, the following is divided:

- execution of Fund's operations and transactions from their registration and reflection in accounting;

- authorization of the payment of funds from their actual payment;

- performing control over operations from performing the operations themselves.

7) Control over performance of operations.

Any transaction subject to compliance risks is subject to preliminary, current and subsequent control by the relevant structural divisions of the Fund.

8) Control by management of the Fund and collegial bodies of the Fund.

The compliance risk management process is accompanied by availability of objective, reliable and up-to-date information.

The Board of Directors and the Management Board of the Fund consider information about cases of compliance risks and measures taken to reduce their level.

9) Use of information technology.

The compliance risk management process is based on the use of modern information technologies. Fund's information systems provide for compliance risk control tools.

10) Continuous improvement of compliance risk management system.

The compliance risk management system should reflect the requirements of the legislation of the Republic of Kazakhstan, as well as comply with the best international practices of compliance risk management.

The Fund is constantly improving all elements of compliance risk management, including information systems, procedures and technologies, taking into account strategic objectives, changes in external environment, innovations in the global practice of compliance risk management.

11) Continuity.

The process of determining, evaluating, and measuring compliance risk is carried out on an ongoing basis.

8. The list of principles is not exhaustive and may be supplemented if necessary.

#### **Chapter 4. Structure, management bodies and participants of compliance system**

9. Compliance risk management is a continuous process based on timely identification of possible compliance risks, assessment of identified compliance risks, as well as application of specific compliance risk management methods. Risk assessment procedures and their management are integrated into the processes of the Fund's current operations.

10. For effective compliance risk management, the compliance management system is being formed in the Fund, which includes the following participants:

- 1) Board of Directors;
- 2) Management Board;
- 3) Compliance Service;
- 4) Internal Audit Service;
- 5) Risk Management Department;
- 6) Legal Department;
- 7) Department of Internal Administration;
- 8) Activities Coordination Department
- 9) Compliance coordinators of structural divisions.

11. The main tasks of the Compliance Service are:

1) creation of a compliance risk management system, implementation of internal control and ensuring effective interaction of structural units for compliance risk management in the course of the Fund's activities;

2) identification of compliance risk, that is, the risk of losses, loss of reputations for the Fund due to non-compliance with the legislation of the Republic of Kazakhstan, including the anti-corruption legislation of the Republic of Kazakhstan, internal documents of the Fund, as well as a result of sanctions and (or) other measures of influence by state bodies (hereinafter regulatory risk) and minimization of Fund's losses, as a result of compliance risk occurrence;

3) monitoring of compliance by the Fund and its employees with the anti-corruption legislation of the Republic of Kazakhstan, as well as monitoring implementation of anti-corruption measures;

4) monitoring the Fund's compliance with external regulatory requirements and best international practices on anti-corruption issues;

5) identification, assessment and reassessment of corruption risks;

6) effective implementation of anti-corruption measures in accordance with anti-corruption legislation of the Republic of Kazakhstan;

7) annual informing of the Board of Directors on the results of compliance risk monitoring and making recommendations to the Fund's Management Board as necessary;

12. The Compliance Service, in accordance with the tasks assigned to it and within the limits of the powers granted to it, performs the following functions:

1) takes into account events related to regulatory risk, determines probability of their occurrence and quantifies their consequences;

- 2) monitors compliance risks and effectiveness of compliance risk management;
- 3) sends, if necessary, recommendations on regulatory risk management to the heads of Fund's structural divisions and Fund's Management Board;
- 4) coordinates and participates in developing a set of measures aimed at reducing level of regulatory risk in the Fund;
- 5) participates in developing Fund's internal documents on regulatory risk management;
- 6) provides information to Fund's employees on issues related to regulatory risk management;
- 7) in accordance with this Policy, identifies a conflict of interest in the Fund's activities and its employees, participates in development of internal documents aimed at minimizing it;
- 8) monitors the Fund's compliance with the requirements of the legislation of the Republic of Kazakhstan in terms of maintaining and keeping up to date the list of Fund's insiders;
- 9) monitors the Fund's compliance with the requirements of the legislation of the Republic of Kazakhstan in terms of maintaining and keeping up to date the list of Fund's affiliates;
- 10) analyzes indicators of complaints' dynamics (appeals, applications) against actions of officials, employees of the Fund;
- 11) analyzes possible anti-corruption component and economic feasibility of concluding contracts with legal entities and individual entrepreneurs for provision of services and (or) performance of work during course of the Fund's main activities, in particular during management and sale of assets purchased by the Fund;
- 12) participates in development of internal documents aimed at combating corruption;
- 13) participates in activities aimed at compliance with the rules of corporate conduct, standards of professional ethics;
- 14) periodically informs the Chairman and members of the Fund's Management Board about the status of compliance risk management system, including information about identified compliance risks, violations or non-compliance by the Fund and (or) its employees with requirements of internal documents on compliance risk management;
- 15) supervises consideration of complaints (appeals, applications) of legal entities and individuals against the actions of officials, employees of the Fund;
- 16) informs the Fund's Board of Directors if the Chairman and members of the Management Board of the Fund fail to take measures to eliminate violations and deficiencies identified in the compliance control process;
- 17) within the scope of its competence, it interacts with state bodies and third parties concerned;
- 18) performs other functions in accordance with the internal documents of the Fund, necessary for fulfilling the tasks assigned to the Compliance Service;

### 13. Compliance system participants:

- 1) in accordance with this Policy, identify and assess compliance risks within their competence, manage and monitor them, with strict and steadfast adherence with the requirements of the legislation of the Republic of Kazakhstan, internal documents of the Fund;
- 2) observe and support the ethics of Fund's corporate interests;
- 3) in accordance with this Policy, document each fact of the audit and issue conclusions based on audit results, reflect identified shortcomings, violations and recommendations for their elimination;
- 4) ensure availability of documents (or information about their location), allowing to monitor the progress of control work and audits, and verify correctness of their results;

5) within the competence established for them, take, both independently and with the participation of the Compliance Controller and/or on his recommendations, all necessary measures, depending on them, to prevent compliance risks, professionally manage them, as well as eliminate causes of their occurrence;

6) have the necessary qualifications, work experience, professional and personal qualities to perform their duties;

7) respect confidentiality of the information received and used;

14. The compliance risk management system is organized on the basis of three lines of protection:

1) the first line of protection is ensured by all employees of the Fund.

Employees of the structural divisions of the Fund bring to the Compliance Service information about violations (shortcomings, events, transactions) that can lead to compliance risks of the Fund.

The heads of the structural divisions of the Fund manage compliance risk in the structural division of the Fund, including measures to eliminate identified violations and deficiencies.

2) the second line of protection is ensured by the Compliance Service.

Head of Compliance Service is responsible for activities of the Compliance Control unit.

3) The third line of protection is provided by the Fund's Internal Audit Service through independent assessment of compliance risk management system.

15. Fund's Management Board:

1) ensures compliance with this Policy by employees of the Fund;

2) annually assesses compliance risks identified by the Compliance Service within the framework of the Fund's risk register approved by the Fund's Board of Directors, and analyzes causes of their occurrence;

3) takes corrective or disciplinary measures and measures to eliminate compliance risk in case of its detection;

4) immediately inform the Board of Directors of the Fund of any transactions that may lead to losses or loss of the Fund's business reputation as a result of non-compliance by the Fund and its employees with the requirements of the legislation of the Republic of Kazakhstan;

16. The Board of Directors of the Fund:

1) monitors compliance with this Policy and approved Work Plan of the Compliance Service;

2) annually reviews compliance risks identified by the Compliance Service as part of approving Fund's risk register;

3) approves annual Work Plan of the Compliance Service, taking into account measures to eliminate possible compliance risks;

4) determines the Management Board of the Fund as responsible for monitoring and evaluating effectiveness of Policy implementation by the Fund's structural units;

5) exercises control over the activities of Fund's Management Board, in part of:

- timeliness, completeness and quality of elimination by the Fund's Management Board of violations and deficiencies identified by the Compliance Service, External Audit, and the authorized body;

- implementation by the Fund's Management Board of the recommendations of the Compliance Service, External audit and the authorized body;

17. The Management Board of the Fund and the heads of the structural divisions of the Fund are obliged to ensure and observe the principles of impartiality and take measures to immediately resolve issues related to conflicts of interest.



## **Chapter 5. Types of compliance risks and factors of their occurrence**

18. In accordance with this Policy, the Fund's compliance risks include the following risks:

- 1) non-compliance by the Fund and its employees with the requirements of the legislation of the Republic of Kazakhstan, including:
  - violation of the anti-corruption legislation of the Republic of Kazakhstan;
  - violation of stock exchange requirements;
  - violation of the legislation of the Republic of Kazakhstan in the field of money laundering and terrorist financing;
  - international standards on compliance risk management requirements;
- 2) fraud of the Fund's employees;
- 3) non-compliance with the requirements and ethical standards of the international markets in which the Fund operates;
- 4) risk of loss of business reputation.

19. The occurrence of the compliance risk of the Fund may be caused by internal and external factors.

20. The internal factors of the occurrence of compliance risk of the Fund include:

- 1) non-compliance by employees of the Fund with the requirements of the legislation of the Republic of Kazakhstan, constituent and internal documents of the Fund;
- 2) the presence of conflicts of interest in the Fund's processes and other shortcomings in the organization of the Fund's internal control and risk management systems, leading to possibility of damage to property interests and business reputation of the Fund;
- 3) non-fulfillment by the Fund (affiliated and/or related persons of the Fund) of contractual obligations;
- 4) possible absence or poor quality of internal documents of the Fund;
- 5) absence of mechanisms to effectively regulate the conflict of interests, as well as minimize negative consequences of the conflict of interests, including prevention of complaints, lawsuits and (or) use of measures of influence by authorized state bodies;
- 6) inefficient compliance risk management at development/modification/introduction of new products/terms of operations/ transactions of the Fund;
- 7) Fund's inability to effectively counteract illegal activities of unscrupulous partners and counterparties, as well as employees of the Fund.

21. The external factors of the occurrence of compliance risk of the Fund include:

- 1) imperfection of the legislation of the Republic of Kazakhstan;
- 2) non-compliance by Fund's affiliates of the legislation of the Republic of Kazakhstan, constituent and internal documents of the Fund;
- 3) inability of Fund's affiliates to effectively counteract the legalization (laundering) of proceeds from crime and the financing of terrorism;
- 4) publication in the mass media of negative information about the Fund or its employees, members of the Board of Directors and the Management Board of the Fund, Fund's affiliates;
- 5) other objective external situation (economic, political, legal, etc.), actions /inaction of any third parties (government agencies, contractors, partners, etc.).

22. The Fund identifies the following stages of compliance risk management process:

- 1) identification of compliance risks - identification of internal and external compliance risks to which the Fund is or may be exposed, establishing their impact on the Fund's activities;
- 2) assessment and measurement of compliance risks - development and use of methods and tools that allow objective determination of possible damage amount and probability of Fund's risks occurrence, on the basis of which a decision is made on their acceptability;

3) minimization of compliance risks - implementation of a set of measures aimed at reducing probability of occurrence of events or circumstances leading to losses (damage), and (or) reducing (limiting) amount of potential losses (damage);

4) control and monitoring of compliance risks - control of compliance with established restrictions and requirements (compliance control), monitoring compliance with compliance control procedures;

5) evaluation of the effectiveness of control procedures in order to improve compliance control system and compliance risk management.

23. Compliance risk management methods are:

1) constant monitoring of the current legislation of the Republic of Kazakhstan;

2) monitoring legislation of foreign states, with residents of which the Fund is actively working, through accessible mass media or by obtaining qualified consultations of external (foreign) lawyers/attorneys (as far as possible or if necessary);

3) high-quality preparation and coordination of drafts of all internal documents of the Fund and decisions of the Fund's regulatory bodies, as well as administrative documents with a compliance controller;

4) approval of standard business processes, as well as the use of uniform standard forms of contracts for all projects/services of the Fund, agreed with all interested structural units and approved by authorized bodies / persons of the Fund;

5) if necessary, coordination of draft internal documents with the Compliance Service;

6) familiarization by the Compliance Service with all the results of the Fund's audits conducted by the Fund's Internal Audit Service, authorized and other state bodies;

7) keeping records by the Compliance Service of violations of the legislation of the Republic of Kazakhstan, claims (complaints), penalties presented to the Fund, analysis of the causes and conditions of their occurrence, implementation and monitoring of measures/activities aimed at their elimination, prevention and adoption of preventive measures;

8) prior coordination with the Compliance Service of any information about the Fund and its activities distributed outside the Fund in official statements, press releases, comments, annual reports, etc.;

9) control over timely and high-quality fulfillment of mandatory requirements of authorized bodies of the Republic of Kazakhstan;

10) control over compliance by officials and employees of the Fund with the requirements of the anti-corruption legislation of the Republic of Kazakhstan, knowledge and correct application of the anti-corruption legislation of the Republic of Kazakhstan;

11) examination by the Compliance Service of the activities of the structural divisions and employees of the Fund to eliminate compliance risks;

12) analysis of operations and transactions, including proposed to be committed, that raise doubts about their legality and (or) their compliance with Fund's interests;

13) conducting audits /investigations by the responsible structural units of the Fund in identifying cases of violations by the Fund and its affiliates of the requirements of the legislation of the Republic of Kazakhstan / legislation of foreign states and internal documents of the Fund with further provision of proposals and recommendations to eliminate and prevent repeated violations in accordance with the internal document establishing the procedure for conducting audits and internal investigations;

14) organization of measures aimed at compliance with the legislation of the Republic of Kazakhstan in terms of detecting money laundering and terrorist financing transactions, standards of activity in the financial market of the Republic of Kazakhstan;

15) organization of measures aimed at detecting and preventing internal and external fraud (fraud management);

16) control over organization of work in the Fund to familiarize all employees of the Fund with the requirements of the legislation of the Republic of Kazakhstan and internal documents regulating the Fund's activities, taking into account the official duties of employees;

17) taking other measures and actions for effective implementation of the provisions of this Policy.

24. To assess the level of compliance risk, the Fund uses the following indicators:

1) complaints and claims against the Fund, including quality of service to partners and counterparties, compliance with business customs;

2) negative and positive reviews and messages about the Fund or its employees, members of the Board of Directors and the Management Board of the Fund, affiliated persons in the media for a certain period of time;

3) identification of cases of non-compliance with the requirements of legislation on countering the legalization (laundering) of proceeds from crime and the financing of terrorism, signs of possible involvement of the Fund or its employees, affiliates in legalization (laundering) of proceeds from crime and the financing of terrorism;

4) existence of Fund's internal documents that do not comply with the requirements of the legislation of the Republic of Kazakhstan, contradiction of their provisions to other existing internal documents of the Fund;

5) participation in the identification of facts of theft, forgery, fraud in the Fund, use of confidential (insider) information received from clients and counterparties by the Fund's employees for personal purposes;

6) negative consequences of using inappropriate technologies in the Fund's business processes.

25. In addition to the individual characteristics of each case under consideration, the following factors are also taken into account:

1) increase (decrease) in identified violations of the current legislation of the Republic of Kazakhstan by the Fund;

2) increase (decrease) in the number of complaints and claims against the Fund from clients, counterparties and partners;

3) cases and amounts of payments by the Fund to third parties upon their complaints, claims or decisions (rulings, resolutions) of judicial authorities;

4) cases and reasons for measures of influence, sanctions or measures of responsibility to the Fund by authorized and other state bodies.

## **Chapter 6. Prevention of conflicts of interest**

26. In compliance risk management, the Fund is focused on proactive risk management in order to prevent actual occurrence of compliance risks. In this regard, one of the main approaches is prevention and early detection of conflicts of interest in Fund's activities. Fund's officials should not use their official position to improperly receive personal or financial benefits, not participate in any transactions, not occupy any position, not perform any functions and not have any financial, commercial or other similar interests that are incompatible with their position, powers or with the functions and duties performed.

27. If a conflict of interests is identified in the powers of an official or the head of a structural subdivision of the Fund, the prevention or settlement of a conflict of interests may consist in changing the official or official position of an employee of the Fund who is a party to the conflict of interests, up to his removal from the performance of official (service) duties in

accordance with the established procedure and (or) in his refusal to benefit, which caused a conflict of interest.

28. An employee of the Fund who has become aware of the emergence of a personal interest in another employee that leads or may lead to a conflict of interests is obliged to take measures to prevent or resolve a conflict of interests by informing line manager, the structural unit of the Fund responsible for ensuring security and compliance Services.

## **Chapter 7. Countering corruption and fraud**

29. The purpose of countering corruption and fraud in the Fund is to minimize the risk of involvement of officials and employees of the Fund, regardless of their position, in corruption and fraud.

30. In order to achieve this goal, this Policy provides for the following tasks:

1) formation of a zero-tolerance understanding among affiliated persons, officials and employees of the Fund for any corruption manifestations;

2) summary and explanation of the main requirements of the anti-corruption legislation of the Republic of Kazakhstan, which can be applied to the Fund and its affiliated persons, officials and employees;

3) establishing obligations for affiliates, officials and employees of the Fund to know and comply with the principles and requirements of the anti-corruption legislation of the Republic of Kazakhstan, this Policy, as well as to implement adequate procedures for the prevention and prevention of corruption;

4) development and implementation of anti-corruption measures aimed at preventing and combating corruption, minimizing and (or) eliminating the consequences of corruption offenses.

31. The main principles of combating corruption in the Fund are:

1) zero tolerance for any manifestations of corruption - Fund adheres to the principle of complete rejection of corruption in any form and manifestations in its activities. The principle of zero tolerance for any manifestations of corruption means a strict prohibition for affiliated persons, officials and employees of the Fund acting on behalf of the Fund or in its interests, directly or indirectly, personally or through any mediation, to participate in corrupt actions regardless of business practices in a particular country;

2) commitment of the top management and establishment of "tone from above" - the Board of Directors and the Management Board of the Fund play a key role in the formation of intolerance to corruption and creation of a system of prevention and combating corruption in the Fund. Members of the Board of Directors and the Management Board of the Fund should declare an uncompromising attitude to any forms of corruption and demonstrate, observe and implement this principle at all levels by personal example;

3) Employee involvement- The Fund informs its officials and employees about provisions of the anti-corruption legislation of the Republic of Kazakhstan and welcomes their active participation in formation and implementation of anti-corruption standards and procedures;

4) inevitability of punishment – The Fund declares the inevitability of punishment of the Fund's employees, regardless of their position, work experience and other conditions, in case they commit corruption offenses in the performance of their official duties;

5) legality and compliance of this Policy with the current legislation of the Republic of Kazakhstan and generally accepted norms - The Fund strictly complies with the anti-corruption legislation of the Republic of Kazakhstan and other countries in which it conducts or plans to conduct activities, and any of its actions or inaction does not contradict norms of applicable anti-corruption legislation;

6) proportionality of procedures to prevent and combat corruption - The Fund develops and implements control procedures to reduce the likelihood of involvement of the Fund, its affiliates, officials and employees in corruption activities, commensurate with the corruption risks that may arise in the Fund's activities;

7) Effectiveness of anti-corruption procedures - The Fund strives to make procedures as transparent, clear, and feasible as possible to ensure simplicity of their implementation and obtaining a significant result. The Fund evaluates the effectiveness of existing control procedures and improves them in case of inefficiency;

8) due diligence - The Fund checks candidates for employment before making a decision on beginning or continuation of business/labor relations for their reliability, rejection of corruption and absence of a conflict of interests;

9) monitoring and control - the Fund monitors the state of corruption risks, monitors compliance with implemented procedures for preventing and combating corruption and their effectiveness;

10) Interaction and coordination – The Fund ensures interaction and cooperation in the field of anti-corruption activities with state bodies, affiliated persons and third parties of the Fund, as well as coordination of actions in the process of combating corruption.

32. In accordance with the anti-corruption legislation of the Republic of Kazakhstan, corruption crimes/offenses for which responsibility is provided are (but are not limited to):

1) misappropriation or embezzlement of someone else's entrusted property committed by an official, if these acts involve the use of his official position;

2) fraud - theft of someone else's property or acquisition of the right to someone else's property by deception or abuse of trust, by a person using his official position;

3) legalization (laundering) of money and (or) other property obtained by criminal means committed by an official, if this act involves use of his official position;

4) abuse of official authority, abuse of power or official authority;

5) illegal participation in business activities;

6) receiving, giving a bribe, mediation in bribery;

7) official forgery;

8) inactivity in the service;

9) abuse of power, official authority;

10) negligence;

11) provision of illegal material remuneration to individuals and legal entities;

12) receipt of illegal material remuneration by an employee of the Fund;

13) hiring persons who have previously committed a corruption crime.

33. The Fund, its affiliates, officials and employees are obliged to comply with the norms of anti-corruption legislation, as well as the principles and requirements of this Policy. In implementing this Policy, the Fund proceeds from the fact that its affiliates, officials and employees, directly or indirectly, personally or through third parties, are prohibited from participating in corrupt practices, as well as:

1) offering, promising or causing bribe, i.e., provision or promise to provide any financial or other benefit/advantage with the intent to induce any person to perform his official duties improperly;

2) demand, agree to accept or accept bribes, that is, receiving or agreeing to receive any financial or other benefit/advantage for performing their official duties improperly;

3) offer, promise or make payments, except as provided for by applicable law, to present gifts to persons authorized to perform public functions, as well as persons equated to them, including foreign officials for speeding up or simplifying established procedures;

4) offer, promise or make payments to third parties if there is a suspicion that payments can be used to speed up or simplify established procedures;

5) offer, promise or provide employment in the Fund (including on a temporary basis) in exchange for personal benefits;

6) facilitate acceptance or accept inflated or fictitious payments from affiliated/third parties;

7) give or receive gifts or hospitality signs that contradict with requirements of the anti-corruption legislation of the Republic of Kazakhstan and internal documents of the Fund.

34. Officials of the Fund in their professional activities must strictly observe the following standards of conduct:

1) comply with the requirements of the legislation of the Republic of Kazakhstan and this Policy;

2) be honest and decent in business relations, refrain from any unfair methods of conducting official duties;

3) prevent actions capable of discrediting the Fund;

4) not to use for personal purposes official position, confidential and insider information, tangible and intangible assets of the Fund;

5) prevent illegal actions, or actions that may arouse suspicion about their legality and ethics;

6) support and demand from colleagues to observe high legal anti-corruption culture;

7) refrain from assisting anyone in the course of carrying out entrepreneurial activities and (or) other activities related to reception of income;

8) not to persuade other employees to commit corruption offenses and not to encourage such actions;

9) not to carry out official duties in the presence of a conflict of interests.

35. Employees of the Fund are obliged to:

1) refrain from committing and (or) participating in the commission of corruption offenses in the interests or on behalf of the Fund;

2) refrain from behavior that may be interpreted by others as willingness to commit or participate in the commission of a corruption offense in the interests of or on behalf of the Fund;

3) inform the line manager about the possibility of a conflict of interest or a conflict of interest that has arisen with the employee. If there are doubts about the correctness of their actions or any other standards of conduct, officials and employees of the Fund can contact the Fund's Activities Coordination Department and Compliance Service of the Fund.

36. Corruption risk may arise in some areas of the Fund's activities. Such areas include, but are not limited to:

1) involvement of third parties and making payments to third parties;

2) gifts and representation expenses;

3) participation in political activities;

4) payments to persons holding a responsible public position, persons authorized to exercise public functions, as well as persons equated with them, including foreign officials;

5) providing sponsorship and charitable assistance;

6) making transactions within the framework of the Fund's activities for acquisition and disposal of assets, mergers and acquisitions and other transactions;

7) personnel management.

37. The Fund refrains from involving third parties and from participating in joint ventures with partners that violate the principles and requirements of the anti-corruption legislation of the Republic of Kazakhstan, this Policy or create a risk of loss of business reputation for the Fund.

38. Before making a decision on starting or continuing business cooperation with third parties or participating in a joint venture, the relevant structural units of the Fund initiating the involvement of third parties are obliged to:

1) comply with the procedures established by the legislation of the Republic of Kazakhstan on public procurement;

2) monitor third parties and joint venture partners for any manifestations of corruption by carrying out the following procedures (including, but not limited to): - checking the availability of its own anti-corruption policies and procedures, readiness to comply with the requirements of this Policy and to carry out mutual cooperation in the field of anti-corruption; - checking business reputation and the absence of a conflict of interests; - checking for false entrepreneurship, reliability, the presence of tax and other debts, the source of funds, as well as the bank, the jurisdiction from which funds obtained by criminal means are sent by sending requests to the relevant authorized and state bodies;

3) include an anti-corruption clause in the concluded transactions. The Fund reserves the right to terminate transactions with third parties and partners on joint projects in case of detection of corruption on their part;

4) inform third parties and partners in joint projects about the principles and requirements of this Policy.

39. The Fund welcomes the adoption by third parties and partners in joint projects of anti-corruption policies and procedures, as well as standards of conduct.

## **Chapter 8. Insider information control and disclosure**

40. By this Policy, the Fund confirms compliance with the requirements of the laws of the Republic of Kazakhstan "On the Securities Market" and "On Joint Stock Companies" (hereinafter – the Law on Joint Stock Companies), regulatory documents of "Kazakhstan Stock Exchange" JSC on control of insider information and its disclosure. In accordance with their requirements, the Rules of Internal Control of Access to the Fund's insider information have been approved, regulating the procedure for maintaining and updating the list of Fund's insiders, the procedure for accessing, using and disclosing insider information, which apply to all employees of the Fund.

## **Chapter 9. Gift giving and accepting Policy**

41. Regarding the acceptance or provision of any gifts, the Fund's employees shall be mandatorily guided by the requirements of the anti-corruption legislation of the Republic of Kazakhstan.

42. It is not allowed to give gifts to civil servants and other persons who have assumed anti-corruption restrictions in accordance with the Law of the Republic of Kazakhstan "On Combating Corruption", as well as to their family members for the actions (inaction) of civil servants and other persons who have assumed anti-corruption restrictions in favor of the donor, if such actions are included in the official powers of these persons or these persons, by virtue of their official position, may contribute to such actions (inaction).

43. The main responsibility for the decision on the possibility of accepting a gift is borne by the employee of the Fund himself, however, if possible, he must notify the head of his department or his line manager in advance in writing or by e-mail before accepting the gift or hospitality.

44. Employees of the Fund are strictly prohibited from demanding gifts and other hospitality under any circumstances.

## **Chapter 10. Monitoring and reporting in the process of compliance control and compliance risk management**

45. In order to effectively monitor compliance risk management in the Fund, the Compliance Service maintains an electronic database of compliance risk events in the Fund, including data on penalties and limited impact measures applied to the Fund.

46. In addition, on a quarterly basis, the Compliance Service organizes collection and prepares information on realized compliance risks to the Management Board of the Fund, which includes:

- 1) realized compliance risk events in the reporting period;
- 2) amount of loss on realized compliance risk events if it is possible to determine it;
- 3) proposed measures to minimize consequences of realized compliance risk events and eliminate them in the future;
- 4) report on activities for the previous reporting period.

47. The Compliance Service's information form on implemented compliance risk events is given in Appendix No. 1 to this Policy. Information on realized compliance risks is submitted to the Board of Directors for consideration once a year.

48. In order to ensure timely and reliable preparation by the Compliance Service of information on realized compliance risk events, all participants of the compliance system, within 3 working days from the date of receipt of the relevant request from the Compliance Service, provide the Compliance Service with information about violations committed in the Fund's activities, actions of employees violating the legislation of the Republic of Kazakhstan, as well as about operations or transactions that raise doubts about their legality, including information:

- 1) about any illegal actions, activities, decisions, transactions and other revealed facts of violation of the legislation of the Republic of Kazakhstan and internal documents of the Fund;
- 2) about any operations or transactions that raise reasonable doubts about their legality and/or compliance with the interests of the Fund.

49. In order to inform about the effectiveness of the Fund's compliance risk management, the Compliance Service prepares quarterly and annually, after a calendar year, information to the Fund's Board of Directors on the most significant compliance risks realized during the year from the point of view of damage to the Fund, indicating the consequences, responsible departments, as well as measures taken and planned to minimize compliance risks of the Fund after preliminary consideration by the Management Board of the Fund.

50. In order to inform about the effectiveness of compliance control, the Compliance Service, annually by the 10th day of the month following the reporting period, publishes information at Fund's official Internet resource (report) on the measures taken to prevent corruption.

51. The Fund supports the effective exchange of information necessary for operational and strategic compliance risk management between the Board of Directors of the Fund, the Management Board of the Fund and all structural divisions of the Fund.

52. Improvement of compliance control and compliance risk management systems of the Fund is carried out in accordance with the recommendations of the Compliance Service of the Fund based on the results of an internal analysis of compliance risks, including corruption risks in



accordance with the Order of the Chairman of the Agency of the Republic of Kazakhstan for Civil Service Affairs and Anti-Corruption dated October 19, 2016 No. 12 "On approval of Standard Rules for conducting internal analysis of corruption risks".

53. Officials of the Fund and heads of structural divisions of the Fund are responsible for timely and proper execution of decisions of the Fund's bodies on improving compliance control and compliance risk management systems according to the recommendations of the Compliance Service and the results of an external audit.

### **Chapter 11. Final provisions**

54. Officials and heads of structural divisions of the Fund are responsible for the timeliness and reliability of information on implementation of decisions to improve compliance control and compliance risk management systems provided to the Board of Directors, the Management Board and the Compliance Service of the Fund.

55. If the provisions of this Policy contradict the requirements of the current legislation of the Republic of Kazakhstan, it is subject to application in the part that does not contradict the current regulatory legal acts of the Republic of Kazakhstan and is subject to change in order to bring it into compliance with the requirements of the current legislation of the Republic of Kazakhstan.

56. This Policy may be amended in connection with the updating, revision and further development of the main strategic goals and objectives of the Fund, as well as in accordance with changes in the anti-corruption legislation of the Republic of Kazakhstan, judicial practice in cases related to corruption.

57. Employees of the Fund, including officials of the Fund, are liable in accordance with the legislation of the Republic of Kazakhstan, employment contract and internal documents of the Fund for non-fulfillment and (or) improper fulfillment of the provisions of this Policy, including for unreliability and incompleteness, as well as for the late provision of information, data and documents requested by the Compliance Service for timely introduction of appropriate recommendations on preventing occurrence of compliance risk, combating corruption.

58. Issues not regulated by this Policy are resolved in accordance with the procedure provided for by the current legislation of the Republic of Kazakhstan.

INFORMATION  
on the Fund 's compliance risk events

No	Fund's process	Events/ Violations	Damage/ Loss (tenge)	Measures to eliminate	Responsible division	Term of execution	Current status	Note
1.								
2.								
	TOTAL							

Head of Compliance Service

\_\_\_\_\_

(signature)

\_\_\_\_\_

(FULL NAME)

Date

**APPROVAL SHEET**

to Compliance control (anti–corruption compliance) and Compliance Risk Management Policy  
"FUND FOR PROBLEM LOANS" JSC

**Developer: Compliance Service**

№	Position of the head of developer/ executor of developer	Full name	Signature	Date of signing
1.	Director	Sultanbekov Zh.T.		
2.	Main expert	Bazilov K.N.		

**List of approving joint ventures:**

№	Name of mandatory matching joint ventures	Full name of the head/ employee of the joint venture	Signature of the head/employee of the joint venture	Date of signing
1.	Legal Department			
2.	Risk Management Department			
3.	Corporate Development Department			
4	Activities Coordination Department			
5	Internal Administration Department			
6				