

Annex No.6
to the Decision of the Board of
Directors EIC "KazakhExport" JSC
dated May 28, 2019

"Approved by"
the Decision of the Board of
Directors EIC "KazakhExport" JSC
Dated May 28, 2019 No.4

Risk Management Policy
EIC "KazakhExport" JSC
with Amendment No. 1 approved with the Resolution of the Board of Directors of EIC
"KazakhExport" JSC dated April 28, 2020 (minutes No. 4)

IRD SUMMARY

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Access level	Public
Activities for presentation of IRD to structural subdivisions	Distribution by e-mail within 3 (three) working days from the date of IRD placement on disk X
Amendments	
In accordance with the Decision of the Board of Directors of EIC "KazakhExport" JSC	dated " ",2019. No.

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Chapter 1. General provisions

1. This Risk Management Policy of EIC "KazakhExport" JSC (hereinafter referred to as the Policy, the Company) was developed in accordance with the provisions of the current legislation of the Republic of Kazakhstan, including Resolution No. 198 of the Board of the National Bank of the Republic of Kazakhstan dated August 27, 2018 "On approval of the Rules for the Formation of the Risk Management and Internal Control System for Insurance (Reinsurance) Organizations" and other regulatory legal acts regulating the Company's activities.

2. This Policy defines the risk management framework, the main components of the risk management system, provides a systematic and consistent approach to the implementation of the risk management process.

3. Description of methods and procedures of risk management process, including the procedure for submission and reporting forms for risk management, tasks, responsibilities of participants in the process of managing the main types of risks, risk management activities and other components of the risk management process are presented in the internal documents of the Company approved by the Board of Directors or the Management Board of the Company in accordance with their competence.

4. This Policy applies to all activities of the Company. The Policy is obligatory for familiarization and application by all structural units and all employees of the Company. Each employee of the Company is guided by this Policy in the implementation of functional duties and tasks.

5. The purpose of risk management process is to achieve a balance between maximizing opportunities in order to benefit from loss prevention. This process is an important component of the management process and an integral part of the developed system of corporate governance.

6. The implementation of the corporate risk management system in the Company involves the establishment and development of the necessary infrastructure and culture, also covers the application of logical and systematic methods of identification of analysis and evaluation, monitoring, control and risk management inherent in all activities, functions or processes of the Company, in order to prevent losses and maximize benefits.

7. The main element of the risk management process of the Company is its integration with the specifics of the organization, the basic principles of activity, business processes, and the involvement of each employee in the risk management process.

8. In carrying out its activities within the framework of the Policy, the Company takes into account the interests and consequences of the risks for the Sole shareholder and other interested parties.

9. The risk management process includes the following steps:

1) risks identification;

assessment of risk and risk-forming factors (systematic and continuous tracking, analysis of all possible causes of expenses (losses), their probability and size);

- risk classification (research on the specificity of risks and the factors that lead to their occurrence, affect their development, expert assessments of historical data, analysis of the risk map);

2) risk measurement, the frequency of which is set by the Board of Directors depending on the significance of the risk, but at least twice a year;

3) implementation of regular stress testing and risk analysis;

4) the choice and application of risk management method;

5) adjusting the risk management system.

Chapter 2. Basic definitions

10. The following basic definitions are used herein:

Risk appetite - the possibility of changes in the results, both on a short and long term basis, which the Company and its Managers are ready to accept as part of their business development strategy.

Risk - the possibility of the emergence of circumstances causing uncertainty or impossibility of obtaining the expected results of the Company's activities, the occurrence of costs(losses).

Risk manager - an employee of the structural unit of the Company responsible for risk management.

Risk owners are employees of structural units of the Company responsible for business processes and risks inherent in these business processes.

11. The Policy is subject to revision if necessary and approval by the Board of Directors of the Company.

Chapter 3. Risk Management Policy

12. The Main Objectives of the Policy are:

1) building an effective integrated system and creating an integrated risk management process as a control element;

2) ensuring that the Company accepts acceptable risks adequate to the scope of its activities;

13. The Policy is aimed at the implementation of the following tasks:

1) creation of a full-fledged base for decision-making and planning;

2) ensuring a continuous coordinated risk management process based on timely identification, assessment, analysis, monitoring, control to ensure the achievement of aims;

3) implementation and improvement of the management system to prevent and minimize potentially negative events;

4) improving the efficiency of resource use and allocation;

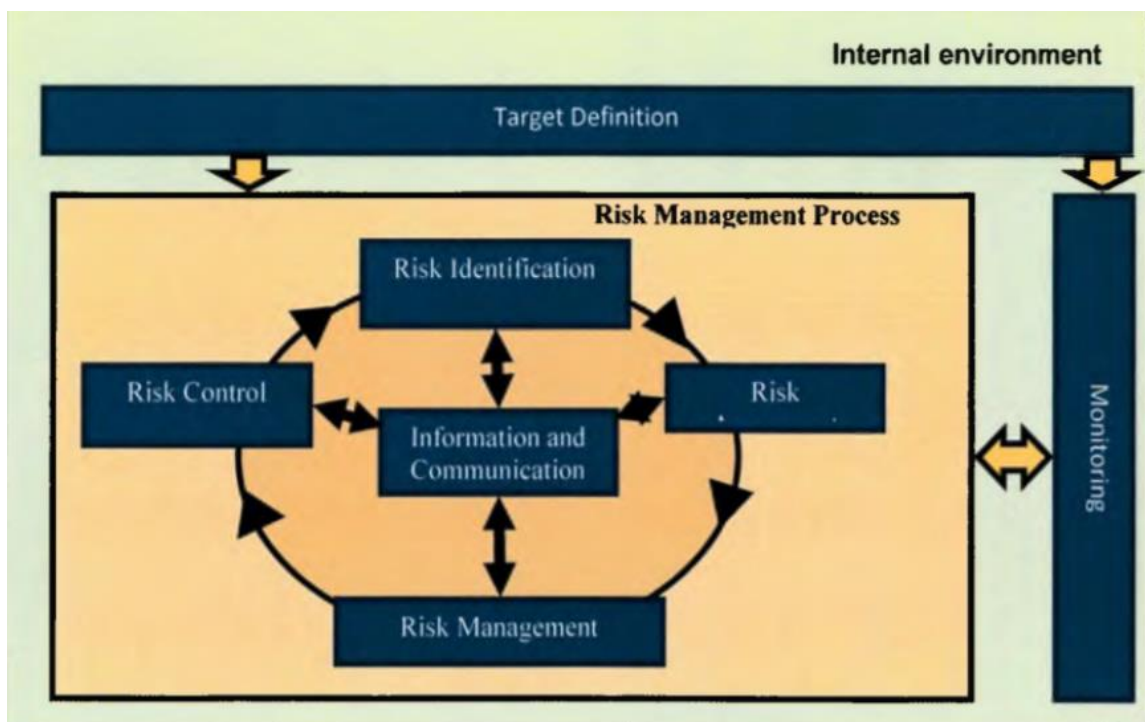
5) prevention of losses and expenses by improving the efficiency of the Company's activities, ensuring the protection of assets and share capital;

6) ensuring the efficiency of business processes, the reliability of internal and external reporting and promoting compliance with legal requirements.

14. Risk management in the Company is a constant, dynamic and continuous process consisting of components according to the following scheme:

identification, measurement, control, monitoring.

Figure 1: Risk Management Process



§3.1 Internal environment

In accordance with the resolution of the Board of Directors of the Company dated April 28, 2020 (Minutes No. 4), clause 27 is supplemented by sub-clause 19) and is set out as follows.

15. The internal environment determines the character of the Company and how its employees consider and respond to risks. The internal environment is the basis for all other components of the risk management system, including the philosophy of risk management, risk appetite, control by the management bodies, ethical values, competence and responsibility of employees, the structure of the Company, its capabilities, determined by human, financial and procedural resources.

16. The relationship of Company with the external environment (business structures, social and regulatory, and other political, financial bodies) is reflected in the internal environment and affect its formation. The external environment of the Company is complex in its structure and includes various industries, interconnected, and creates conditions for the occurrence of systemic risks.

17. The Company's activities are aimed at creating an internal environment that increases employees' understanding of risks and increases their responsibility for risk management. In particular, the internal environment should support the following principles of the Company as a whole:

1) identification and consideration of all forms of risks in decision-making and support of integrated risk vision by the Company's management;

2) creation and assessment at the level of the Company, such a risk profile that best meets the objectives of the Company as a whole;

3) support a sense of ownership and responsibility for risk management at appropriate levels of the management hierarchy (structural units, etc.). At the same time, risk management does not mean the transfer of responsibility to others;

4) monitoring compliance with the company's internal policies and procedures, and the state of the corporate governance system;

5) timely information on significant (critical) risks and shortcomings of the risk management system;

6) understanding that risk management policies and procedures are mandatory.

18. The main principles of the Company's risk management process are:

1) integrity - consideration of the Company's aggregate risk elements in the context of the corporate risk management system;

2) openness - prohibition to consider the corporate risk management system as autonomous or separate;

3) structuring - a comprehensive risk management system has a clear structure;

4) awareness - risk management is accompanied by the availability of objective, reliable and relevant information;

5) continuity - the risk management process is carried out on an ongoing basis;

6) cyclicity - the risk management process is a constantly repeating cycle of its main components.

19. The structure of the risk management system in the Company is represented by risk management at several levels with the involvement of the following bodies and units of the Company: Board of Directors, Management Board, Collegial Advisory bodies, structural unit responsible for risk management, Internal audit service, other structural units.

20. The first level is represented by the Board of Directors of the Company. The Board of Directors plays a key role in overseeing the corporate risk management system. The Board of Directors determines the short-term and long-term goals and objectives of the Company and policy in risk management, the level of tolerance and risk appetite. The Board of Directors should

regularly review key risks, assess the management of these key risks and plan risk management activities. The Board of Directors has the right to carry out some of the functions in risk management through the establishment of appropriate committees.

21. In order to organize the risk management system, the Board of Directors carries out:

1) approval of the risk management Policy of the Company and other internal documents developed in accordance with the Resolution No. 198 of the Board of the National Bank of the Republic of Kazakhstan dated August 27, 2018 "On Approval of the Rules for Building a Risk Management and Internal Control System for Insurance (Reinsurance) Organizations";

22. In order to organize the risk management system in terms of corporate governance, the Board of Directors:

1) coordinates the activities of collegial Advisory bodies, Management Board, committees, structural units, internal audit service;

2) takes measures to reduce the likelihood of conflicts of interest in the responsibilities of managers;

3) monthly approves the register of affiliated persons of the Company;

4) checks the fact of granting preferential terms to affiliates;

5) other matters within the competence of the Board of Directors.

23. The Board of Directors, in order to adjust the strategic objectives, considers:

1) analysis of current (future) needs of the Company in equity;

2) report of internal (external) auditors on the results of their audits indicating the identified inconsistencies, as well as their recommendations;

3) report of the Board of management of assets and liabilities by results of operations (transactions) on the investment of the assets of the company (with classification of financial instruments types and indication of balance value, market value, profitability, amount of purchases and sales).

24. In order to organize the risk management system, the Board of Directors carries out:

1) regular monitoring of the Company's activities by means of established committees, units and internal audit service in order to exclude the possibility of operations contrary to the strategy, policies, procedures and other internal documents, as well as for their adjustment;

2) ensuring organizational independence of the functions of the internal audit service, the structural unit responsible for risk management;

3) control over the implementation of measures of influence and other requirements of the authorized body, including the action plan to eliminate deficiencies;

4) the elucidation of the causes of failure (fails to correct) and the application of appropriate measures to the responsible employees in the event of failure to comply with the authorized body, eliminate delayed (not avoided) identified deficiencies;

5) limitation of accepted risks and establishment of restrictions on operations (transactions).

25. In order to carry out effective risk management, the committees established under the Board of Directors of the Company may be assigned the functions and powers to support the Board of Directors, which are determined by the relevant regulatory documents.

26. The second level is the Management Board of the Company, which is responsible for the organization of an effective risk management system and the creation of a risk control structure for enforcement and to compliance with corporate policies. The Management Board has the right to carry out some of the functions in risk management through the establishment of appropriate committees.

27. Management Board to ensure proper functioning of the risk management system:

1) performs daily management of the Company in accordance with the established goals and methods in terms of risk management and internal control;

2) approves the procedure for information transfer between the Board of Directors, collegial bodies, Management Board and structural units of the Company, ensuring effective risk

management and internal control;

3) implements the instructions of the Board of Directors, recommendations and observations of the Internal Audit Service, recommendations of the structural unit responsible for risk management, requirements and measures of the authorized body;

4) approves internal documents for implementation of risk management and internal control policy;

5) defines guidelines for diversification of assets, profitability, liquidity and capital adequacy, risks in order to maintain the required level of solvency margin adequacy;

6) approves limits of risks by types of operations within the limits of risks established by the Board of Directors;

7) ensures the adoption of effective measures to monitor compliance with these limits on the basis of monthly calculations of the structural unit responsible for risk management;

8) ensures compliance of the tariff policy with the predicted trends in the development of risks on the basis of reliable risk statistics;

9) provides regular analysis of internal and external economic factors that pose a potential risk to the organization, assessment of their impact on financial performance;

10) provides recommendations to the Board of Directors of the Company in terms of annual budgets, strategic plans, taking into account the current and future economic environment, regulatory framework, capital;

11) monitors the implementation of the action plan in the context of financial instability and emergencies and the provision of the relevant quarterly report;

12) conducts regular analysis of compliance with contractual relations, requirements of the legislation of the Republic of Kazakhstan on insurance and insurance activities, on compulsory insurance, on joint stock companies, on the securities market, on countering the legalization (laundering) of proceeds from crime and the financing of terrorism, internal documents of the organization regulating operations with financial instruments;

13) monitors compliance of structural units with policies in the management of possible and potential risks, the amount of risks within the established limits;

14) provides analysis of changes in income (expenses) from operations with financial instruments taking into account the dynamics of their market value;

15) ensures compliance of the company's equity capital with the minimum required level in accordance with the legislation of the Republic of Kazakhstan on insurance and insurance activities;

16) provides improvement of the accounting and reporting system taking into account the recommendations of external auditors;

17) analyzes audit reports and submits proposals to the Board of Directors on appropriate measures to address the identified shortcomings;

18) on an annual basis, approves the work plan of the structural unit of the Company responsible for risk management.

19) provides a report to the Board of Directors of the Company on the effectiveness of the risk management system on an annual basis no later than the fourth month following the reporting period.

28. In order to effectively organize risk management, collegial bodies established under the Management Board of the Company may be assigned functions and powers to support the Management Board of The Company, which are determined by the relevant regulatory documents.

29. The third level in the risk management process is the structural unit of the Company responsible for risk management. The main functions of which are:

1) organization and coordination of the process of identification and assessment of critical risks, as well as coordination with the risk owners of the register and the critical risk map, matrix of business processes of risks and controls, key risk indicators, the plan of measures to manage critical risks of the Company, as well as monitoring the implementation of the plan;

2) the development of risk management policy;

3) informing the Management Board and the Board of Directors of the Company about significant deviations in risk management processes;

4) maintaining a database of implemented risks, tracking external factors that can have a significant impact on the risks;

5) preparation and provision of information on risks to the Management Board and the Board of Directors of the Company;

6) participation in the organization of periodic assessment of risk management systems by making proposals for the assessment of the sub-component "Risk Management" in the diagnosis of corporate governance;

7) development, implementation and updating (if necessary) of the methodological framework, policies and rules for identification, assessment and management of risks of the Company, risk monitoring procedures;

8) ensuring integration of risk management into other business processes and development of risk management culture in the Company;

9) providing methodological and consulting support to the Company's employees on risk management issues;

10) making proposals for conducting training seminars on risk management for the Company's employees;

11) interaction with the Internal Audit Service of the Company regarding the formation of the internal audit plan, exchange of information, discussion of audit results, exchange of knowledge and methodologies;

12) identification and assessment of risks, including determination of descriptive and quantitative values of risk indicators related to the Company's activities, as well as determination of the maximum permissible values of risk indicators;

13) taking measures to manage risks arising in the course of the Company's activities;

14) monitoring, assessment and control of identified risks, risk mapping, including:

- taking measures together with other units of the Company to identify risks;

- risk assessment, including assessment of the frequency of risks, subsequent classification of the impacts of these risks, and setting risk limits;

- monitoring of risks, including monitoring of changes in the values of risk indicators and the maximum permissible values of risk indicators, as well as measures taken to minimize risks in case of non-compliance of the values of risk indicators with risk limits;

15) immediate reporting to the Board of Directors of the Company of any significant cases that may cause damage and (or) significantly affect the activities of the Company, or which are of an illegal nature.

16) organization of the process for the development of a detailed plan of measures to minimize the identified risks by the relevant divisions of the Company and further monitoring of the plan of measures approved by the Board of Directors to minimize the risks of the Company;

17) organization of measures to implement the emergency plan and ensure the continuity of the Company's activities;

18) regular analysis:

- financial indicators (as part of stress tests and regular monitoring of the level of accepted risks);

- impact of price changes on financial instruments on liquidity, solvency, capital adequacy indicators (within the framework of stress tests and regular monitoring of the level of accepted risks);

19) forecasting the impact of macroeconomic factors on profitability, liquidity, capital adequacy;

20) providing the Board of Directors and the Management Board with a quarterly report on the assessment and analysis of the risk management system;

21) continuous monitoring of the Company's Management Board Decisions and determination of the effectiveness of the decisions taken;

22) ensuring compliance of units activities with approved internal risk management policies;

23) ensuring the fulfillment of obligations on risk management underwriting, reinsurance, insurance benefits, insufficiency of insurance reserves, investment, operational, related and compliance risk according to the Resolution No. 198 of the Board of the National Bank of the Republic of Kazakhstan dated August 27, 2018 "On Approval of the Rules for Building a Risk Management and Internal Control System for Insurance (Reinsurance) Organizations";

24) in order to adjust the corporate strategy and internal risk management policy, presentation to the Management Board at least once a year:

- a report containing a detailed overview of the current state of the Company, taking into account quantitative and qualitative data on all risks, their probability, the degree of readiness of the organization, measures to minimize them, and response measures;

together with the compliance controller regarding changes in legislative acts of the Republic of Kazakhstan, and also together with the structural unit responsible for strategy and economic planning regarding the review of financial condition and results of activity of Company, in particular:

- report containing an overview of the financial condition and results of the Company's activities, as well as changes in the legislative acts of the Republic of Kazakhstan on insurance and insurance activities, on compulsory insurance, on joint stock companies, on the securities market, on countering the legalization (laundering) of proceeds from crime and financing of terrorism, which can affect the financial condition of the organization, the risk map of the Company.

25) annually:

- measurement and prediction of catastrophe risks, involving the use of models that include scenarios of natural and man-made disasters;

- assessment of the insurance portfolio on the ability to withstand catastrophic events. As part of the Company's risk report, the report on catastrophe risks is submitted to the Board of Directors and the Management Board for consideration once a year.

26) as well as other functions that meet the specifics of the Company's activities.

30. Responsibility, powers of the risk managers, qualification requirements and reporting requirements are provided for in this Policy, the regulations on the structural unit responsible for risk management, and job descriptions of risk managers.

31. The risk managers shall interact with other units of the Company, as well as

external and internal auditors of the Company for the effective implementation of the goals and objectives of the risk management system.

32. The risk managers shall have access to Company's information and documents necessary to perform their functional duties specified in this Policy and their job descriptions.

33. To monitor the implementation of decisions of the Company's Management Board, the Secretary of the Company's Management Board shall communicate the decisions of the Company's Management Board within the framework of risk management issues of the Company to the structural unit responsible for risk management.

34. Risk managers shall be entitled to inform the Board of Directors of the Company of any significant cases that may cause damage and (or) significantly affect the activities of the Company, or which are of an illegal nature.

35. The company's managers and heads of structural units are responsible for timely and complete communication of all necessary information related to risk assessment to the structural unit responsible for risk management.

36. The managers shall meet the following qualification requirements:

- 1) higher education corresponding to the field of activity of the Company;
- 2) at least 1 year of managerial experience;
- 3) positive achievements and impeccable business reputation in the business and/or industry environment necessary for the performance of duties and organization of effective work of the Company;
- 4) knowledge of legislative and other regulatory legal acts of the Republic of Kazakhstan regulating the activities of the Company, as well as issues of combating the legalization of illegally obtained income and terrorism financing.

37. The risk manager shall meet the following qualification requirements:

- 1) higher economic or financial education;
- 2) at least three years of experience in the field of activity;
- 3) competent user of PC, specialized programs, information and reference software;
- 4) knowledge of insurance activities, financial analysis, risk assessment procedures;
- 5) knowledge of legislative and other regulatory legal acts of the Republic of Kazakhstan regulating the activities of the Company, as well as issues of combating the legalization of illegally obtained income and terrorism financing.

38. In the risk management process, the Underwriting Board performs the following main functions:

- 1) making underwriting decisions within the limits set by the Board of Directors;
- 2) supervising adequate assessment of accepted risks;
- 3) ensuring an adequate insurance rate for the facility and the risks accepted for insurance;
- 4) determining the conditions of insurance coverage for risks accepted for insurance;
- 5) ensuring an increase in the positive difference (taking into account the probabilistic criteria for the occurrence of insured events) between the net premiums received and the insurance benefits paid under insurance (reinsurance) contracts concluded within a certain period of time. Net premium is the amount of money estimated by the Actuary based on actuarial techniques, which shall be payable to the Company for undertaking obligations only to pay insurance premiums excluding any other expenses of the Company;

6) determining the list of basic and additional conditions included in the insurance (reinsurance) contract.

39. In the risk management process, the Asset and Liability Management Board of the Company (hereinafter - the Board) performs the following functions:

- 1) consideration and provision of recommendations on internal documents regulating the management of assets and liabilities of the Company;
- 2) investment decision making;
- 3) adoption of the decision on refund/reversal of a previously received insurance

premiums;

4) decision making on insurance benefit payment within the limits set by the Board of Directors of the Company;

5) consideration of reports on the Company's compliance with the limit for counterparty banks/counterparties set by the Financial Assets and Liabilities Management Regulations of the Company and recommended by the Holding;

6) preliminary decision making on changing the limit for counterparty banks/counterparties, set by the Financial Assets and Liabilities Management Regulations of the Company and/or recommended by the Holding;

7) consideration and provision of recommendations on loans, financial assistance and guarantees issued to the Company by the Holding/Subsidiary, as well as on debt financing of the Company, within the existing internal documents of the Company and the Holding;

8) quarterly consideration (of the following reports/analyses):

8.1 macroeconomic analysis on the degree of investment markets attractiveness depending on the current geopolitical situation, investment currency, and economic sector;

8.2 analysis of issuers and financial instruments issued (provided) by them, including analysis of the issuer's financial position, the potential for further growth in the value of its assets, the ability to fulfill the obligations undertaken, the risks associated with investing in financial instruments of this Issuer;

8.3 analysis of the investment portfolio, including information on the structure of the portfolio, the dynamics of changes in profitability, analysis of loss-making positions and recommendations for optimizing the structure of the portfolio;

8.4 forecast analysis of receipt of insurance premiums and payment of insurance premiums for the next 12 (twelve) calendar months, as well as the structure of the organization's obligations in terms of their occurrence;

8.5 gap analysis, which includes a review of the limits on the gap positions of cash, taking into account changes in the ability to mobilize liquid assets, including monitoring the ability to form liquid assets necessary to repay liabilities;

8.6 analysis of the financial position of reinsurers with which the reinsurance contracts were concluded;

8.7 analysis of payments received from reinsurers for the last 5 (five) years and assessment of the feasibility of reinsurance of insurance risks;

8.9 analysis of the adequacy of the self-retention limits set by the actuary;

8.10 report on the activities of the Board;

9) consideration of the analysis of the financial position of counterparty banks (at intervals established by the decision of the Board);

10) determination of the list of financial instruments for which "stop-loss" and "take-profit" limits are set.

11) consideration of the report on exposure to credit, interest and currency risks of the investment portfolio;

12) annual review of the Board's report on the results of operations (transactions) on the Company's assets investing;

13) making decisions on the selection of a broker/dealer/custodian, in accordance with the internal regulatory documents of the Company;

14) making decisions on other issues related to the management of assets and liabilities of the Company that do not contradict the laws of the Republic of Kazakhstan, the Charter of the Company and internal regulatory documents of the Company/Holding.

40. In the risk management process, the Internal Audit Service performs the following main functions:

1) audit and analysis of the effectiveness of risk management procedures and risk assessment methodology, as well as development of proposals to improve the effectiveness of risk management procedures;

2) assessment of the adequacy and effectiveness of internal control systems in all aspects of the Company's activities, provision of timely and reliable information on the performance status of the assigned functions and tasks by units, as well as provision of effective and efficient recommendations for work improvement;

3) solving problems arising in the performance of functions by the Board of Directors to ensure the availability and functioning of an adequate internal control system by providing an objective assessment of the internal control system and recommendations for their improvement;

4) provision of the report on the risk management system for the Board of Directors of the Company;

5) other functions in accordance with the approved regulatory documents.

41. The Company units represented by each employee are one of the important elements in the structure of the risk management system. The units (risk owners) shall understand that they play a key role in the risk management process. On a daily basis, the Company's employees shall deal with risks, manage them, monitor their potential impact, and supervise the implementation of the established limits in respect of their functional duties. The units shall be responsible for the implementation of the risk management action plan, shall timely identify and inform about significant risks in respect of their activities and make proposals for risk management for inclusion in the action plan.

42. The main functions of the structural units, as well as employees who are not members of the structural units of the Company in the process of risk management, are as follows:

1) identification of risks on a regular basis;

2) participation in the development of methodological and regulatory documentation within their competence;

3) implementation of approved risk response measures;

4) promoting the development of risk communication.

43. Employees of all structural units (and employees who are not members of the structural units of the Company) at least once a year are trained and improve their skills (training courses, seminars, etc.).

44. The risk management structure of the Company ensures an adequate flow of information - vertically and horizontally. At that, the information coming bottom-upwards, provides the Board of Directors and the Board of the Company with information: on current activities, risks accepted in the course of activities, their assessment, control, methods, response and level of management. Information provided downwards ensures that goals, strategies and objectives are achieved through the approval of internal documents, regulations and instructions. Horizontal transfer of information implies interaction of structural units within the Company, interaction of structural units responsible for risk management of the Company.

§3.2 Definition of the objectives

45. The objectives of the Company are determined at the strategic level and set the basis for the development of operational objectives. The Company is exposed to risks from external and internal sources, and the main condition for effective identification, assessment and development of risk management methods is setting objectives. The goals and objectives of the organization are consistent with the risk appetite of Society.

46. Objectives are determined before identifying potential risks that may adversely affect their achievement. Corporate risk management makes it possible to make sure that the Company has a process of determining the goals and objectives that are consistent with the mission and the risk appetite of the Company.

47. When setting objectives, the Company's risks can be reduced using the system of strategic planning for short-term, medium-term and long-term periods through the development of business plans, development plans, strategic development directions and

long-term strategy, followed by approval by the authorized body of the Company.

48. The control is carried out within the framework of the overall control of the risk identification and assessment process and is provided by the Internal Audit Service of the Company.

§3.3 Risk Identification

49. Risk identification is the determination of the Company's exposure to the risks, the occurrence of which can adversely affect the ability to achieve the planned goals and objectives.

50. The corporate risk management system of the Company is aimed at identifying a wide range of risks and considering them in a complex, which contributes to the reflection of the aggregate picture of the existing risks and improves the quality of the risk analysis

51. In accordance with the best international risk management practice, the Company regularly identifies risks with the participation of employees of all structural units in order to identify the maximum range of risks to increase awareness of the surrounding risks and stimulate the development of the risk culture in the organization.

52. A combination of different methods and tools is used for risk identification, such as risk identification based on goals and objectives, interviewing, database of losses, etc. described in more detail in the Company's internal documents governing the identification and assessment of the Company's risks.

53. The identified events and risks are systematized in the form of a risk register. The Company's risk register is a list of risks that the Company faces in its operations, which also includes the possible consequences of the risk. For each risk, the owners of the risk are identified, i.e. units (and employees who are not members of the structural units) who deal with this risk due to their functional responsibilities. The risk register is updated by structural units and employees of the Company on an ongoing basis as new risks are identified. Structural units and employees who are not members of the structural units are responsible for providing information to fill in the risk register of the Company.

54. Systematization of identified risks allows:

1) achieving a consistency in the classification and quantification of risks, which improves the comparison of the risk profile (by business processes, structural units, projects, etc.);

2) providing a platform for building more complex tools for quantitative risk assessment technologies;

3) providing an opportunity for coordinated management and control of risks in the Company.

55. For risk classification, risk grouping by the following categories is applied:

1) strategic risk - the risk of losses due to changes or errors (deficiencies) in the definition and implementation of the strategy of activity and development of the Company, changes in the political environment, regional conjuncture, industry recession, and other external factors of a systemic nature;

2) financial risks - the risks related to the Company's capital structure, decrease in profitability, currency fluctuations, credit risks and interest rate fluctuations, etc.;

3) legal risk - the risk of losses due to the Company's failure to comply with the requirements of the laws of the Republic of Kazakhstan, including regulatory legal acts, as well as internal rules and procedures;

4) operational risk - the risk of losses as a result of deficiencies or errors in the implementation of internal processes made by employees (including personnel risks), the operation of information systems and technologies (technological risks), as well as due to external events.

§3.4 Risk Assessment

56. Risk identification and assessment is aimed at providing a common vision of the existing risks and their size through the implementation of a basic ranking to identify the most "weak" points. This process allows assessing the methods and procedures used to manage basic risks.

57. Assessment of the probability of implementation and the possible impact of risks allows understanding the risks, providing the necessary information base for making decisions about the need to manage a certain risk, as well as the most appropriate and cost-effective strategies to reduce it.

58. The risk assessment process is carried out in order to identify the most significant (critical) risks that can adversely affect the Company's activities and the achievement of strategic goals and objectives. These risks should be put before the Board of Directors which shall make decisions on the management and control of these risks.

59. As part of risk assessment and analysis, the Company uses qualitative and quantitative analyses or a combination of them, which create a methodological basis for the risk management process.

60. Risk assessment includes consideration of the sources and causes of each risk, the negative consequences of their implementation, and the probability of occurrence a certain risk.

61. Initially, the risk assessment is carried out on a qualitative basis, then the most significant risks can be quantified. Risks that cannot be quantified as there is no reliable statistical information to model them, or building of such models is not cost-effective, are assessed only on a qualitative basis.

62. All identified and assessed risks are reflected on the risk map. The risk map allows assessing the relative importance of each risk (compared to other risks), as well as identifying risks that are critical and require the development of measures to manage them.

According to the identified risks, the probability of risk and its consequences are assessed on a 10-point scale. Each risk is reflected on the risk map, according to the probability of occurrence and the scale of the consequences. Based on this analysis, the risk exposure of the most dangerous (red zone), moderate (yellow zone), least dangerous (green zone) zones is determined:

- red zone represents the maximum risk exposure of the Company. It requires immediate actions to minimize risk on the part of the structural unit responsible for risk management, business process owners, top management and/or collegial bodies of the Company;

- yellow zone represents an acceptable level of risk exposure. It can be accepted as an acceptable level of risk by a separate decision of the authorized collegial bodies of the Company. It requires certain, but not urgent, actions to minimize risk on the part of the structural unit responsible for risk management, business process owners, top management and/or authorized collegial bodies of the Company;

- green zone represents an acceptable level of risk exposure accepted on the recommendations of the business process owner and/or risk owner, that does not require urgent actions to minimize the risk on the part of the structural unit responsible for risk management and/or authorized collegial bodies of the Company.

The probability of occurrence of a risk event is located on the x-axis, the significance (impact force) of risk realization on the Company's activities is located on the y-axis, thus, the probability of risk exposure increases from left to right along the horizontal axis, and the significance (impact) of risk increases from bottom to top along the vertical axis.

63. Comprehensive identification and assessment of the Company's risks is carried out in accordance with the relevant internal documents of the Company.

64. The company assesses individual risks using various quantitative methods such as VAR, gap analysis, historical simulation, stress testing, etc.

In addition, stress testing for the Company's risks is carried out by the Company on a quarterly basis according to Resolution No. 198 of the Board of the National Bank of the Republic

of Kazakhstan dated August 27, 2018 "On Approval of the Rules for Building a Risk Management and Internal Control System for Insurance (Reinsurance) Organizations." The Company, based on the financial and other statements of the Company at the reporting date, carries out stress testing for risks. The results of stress testing shall be submitted to the authorized body no later than the fifteenth working day of the month following the reporting quarter. The stress-testing on risks shall be supported by the conclusion of the head of the structural unit responsible for risk management, which contains an analysis of the organization's exposure to risks and identification of risks that have the more significant impact on the financial position of the organization.

§3.5 Internal Criteria for Risk Management System Assessment

65. The Internal Audit Service assesses the effectiveness of the risk management system. The following indicators can be considered as criteria of the risk management system effectiveness

- 1) organization of risk management processes;
- 2) risk identification;
- 3) risks assessment
- 4) risk management;
- 5) monitoring.

§3.6 Risk Management

66. The Company determines risk response methods and develops the critical risk management plan that is aligned with the risk appetite of the Company.

67. Risk management is the process of developing and implementing measures to reduce the negative effect and probability of losses or obtain financial compensation in case of losses associated with the risks of the Company's activities. To ensure the efficiency of the process and reduce the costs of its implementation, the Company shall focus on the risks that can have the most significant impact on its financial condition and the achievement of goals and objectives. Risk management decisions are reviewed and approved annually by the Management Board or the Board of Directors of the Company and are binding upon all structural units of the Company.

68. The choice of risk response methods and the development of critical risk management plans to ensure an acceptable level of residual risk includes the following options:

1) Risk reduction and control - the impact on the risk through the use of preventive measures and planning of actions in the event of risk realization, which includes changing the probability of risk realization in the direction of reduction and changing the causes of occurrence or consequences of risk realization in order to reduce the level of possible losses;

2) Risk retention/ acceptance, implying that its level is acceptable for the Company, and the Company accepts the possibility of its manifestation, it is also possible to accept the residual risk after the application of measures to minimize it;

3) Risk financing - transfer/sharing of risk or partial transfer of risk to another party, including the use of various mechanisms (contracts, insurance agreements, structure) to enable the sharing of responsibilities and liabilities;

4) Risk avoidance (aversion) by deciding against continuation or taking an action that is the source of the risk.

69. Risk reduction and control involves activities aimed at:

- 1) Loss prevention - reducing the probability of occurrence of a certain risk (loss);
- 2) Loss control - reduction of the amount of loss in case of risk;

3) Diversification - distribution of risk in order to reduce its potential impact.

70. Methods of risk reduction and control involve the introduction of procedures and processes in the Company aimed at reducing the possibility of losses.

71. Methods of reduction and control of financial risks of the Company include the establishment of limits on the level of the accepted risk, in accordance with the internal documents of the Company governing the procedure for establishing and calculating limits by type of risk.

72. Methods of reduction and control of the Company's legal risks are monitoring of changes in legislation by the structural unit of the Company responsible for legal support, which together with interested structural units assesses the impact of changes on the Company's activities and develops measures necessary for their adoption. Any document that regulates the internal procedures of the Company or in accordance with which the Company has obligations, should undergo a mandatory examination.

73. The reduction and control of the Company's strategic risk is carried out by monitoring the implementation of approved short-term and long-term plans and strategies, the results of which take corrective measures, including reflecting changes in the internal and external environment.

74. The reduction and control of the Company's operational risks is carried out by analyzing the established business processes and developing appropriate action plans for their improvement in accordance with the documents regulating the Company's operational risks management.

75. If the methods used to reduce and control risks are associated with the costs of the Company, and these costs are significant, the following analysis is carried out:

1) To what extent these measures are necessary, and whether they can be reduced through risk retention and/or financing (transfer);

2) What is the opportunity cost of activities compared to the cost of risk retention/transfer?

76. Risk retention During the identification and assessment of the key risks, the risk appetite of the Company is calculated, which reflects the acceptable level of risk. At the same time, risk tolerance is determined, that is, it is the level of risks that the Company is able to accept without significant damage to its activities.

77. Financing (transfer) of risks includes the following instruments:

1) Insurance (for "pure" risks - risks event of which involves only losses and cannot lead to income);

2) Hedging (for "speculative" risks - risks, the implementation of which can lead to both losses and income);

3) Transfer of risk under the contract (transfer of responsibility for the risk to the counterparty for an additional fee or a corresponding increase in the value of the contract);

4) Conditional credit line - access to Bank financing under agreed terms and conditions upon occurrence of certain events;

5) Other alternative methods of risk financing.

78. The main distinguishing feature of these tools is the presence of "fees" for risk, which, accordingly, requires the optimal use of this tool in order to reduce the expenses of the Company.

79. Risk avoidance includes actions aimed at termination or refusal to carry out operations that potentially lead to negative consequences for the Company.

80. The choice of the most appropriate option is made taking into account the balancing of costs associated with a particular method, with the advantages that its use entails, and other direct and indirect costs.

81. The application of appropriate risk management measures and techniques is described in the critical risk management plan. This plan includes a list of necessary actions and responsible persons.

82. The main financial principles of all Treasury operations carried out by the Company are in order of priority:

- 1) Security (safety of funds) - implies, inter alia, compliance with the Company's internal documents on risk management related to the process of money management;
- 2) Liquidity (ability to convert assets into cash in the shortest time possible);
- 3) Profitability (the highest income that can be obtained subject to compliance with the principles of security and liquidity defined by this Policy).

83. The principles of security and liquidity prevail over the principle of profitability.

84. In order to ensure a high level of security of financial investment, the Company forms portfolios of temporarily free liquidity on the criteria of minimizing the level of investment risk, while the Company can form both short-term and long-term portfolios of free liquidity.

85. Placement of funds is carried out in compliance with the established limits and restrictions in accordance with the internal documents of the Company approved by the authorized body of the Company.

86. The Board of Directors of the Company shall limit the risks and impose restrictions on transactions (operations). When limiting, the following parameters are defined:

- Indicator for which the limit is set;
- Calculation method of the indicator for which the limit is set;
- Indicator limit (maximum, minimum) value;

87. Control over compliance with the limits on the placement of funds is carried out by the structural unit or the person carrying out Treasury operations and the structural unit responsible for risk management. The structural unit responsible for risk management provides the Holding with a quarterly reporting on compliance with the maximum limits for the placement of funds.

88. Control over compliance with limits on insurance activities is carried out by the structural unit responsible for risk management. The structural units initiating the transaction/operation are responsible for compliance with the established limits.

89. If the Company exceeds the established limits in the framework of the placement of funds, measures are taken in accordance with the internal regulatory documents of the Company governing the procedure for the placement and management of funds.

90. If the Company exceeds the established limits within the insurance activity, the structural unit responsible for risk management submits the matter to the meeting of the Company's Management Board, where a decision is taken on further actions to resolve the excess of the established limits.

91. In order to diversify financial risks, the Company places free liquidity (temporarily free cash) on accounts of at least 3 (three) Banks, with the amount of deposits and current accounts or correspondent accounts in each of them not exceeding 30 (thirty) percent of the total free liquidity (temporarily free cash). This requirement does not apply to the placement of funds within the Holding group or in the National Bank of the Republic of Kazakhstan.

92. In order to ensure the operational funding of the Holding and the Company, it is possible to redistribute financial resources by providing financing and issuing guarantees between the Holding and the Company. The specified financing and provision of guarantees is carried out without setting limits and restrictions, unless otherwise provided by the legislation of the Republic of Kazakhstan, and the charters of the Holding and the Company.

93. Speculative foreign currency transactions, i.e. transactions in foreign currency not arising from the business-related/core activity, are strictly prohibited.

94. In order to minimize currency risks, the Company may consider the possibility of hedging by entering into transactions with derivative financial instruments and submit this issue to the authorized body.

95. In order to effectively manage the Company's obligations, the responsible

Departments of the Company carry out the following monitoring:

1) Monitoring and analysis of types of borrowings in order to determine the liquidity of temporarily undeveloped borrowed funds and the possibility of using liquid instruments to provide the funding base;

2) Monitoring the current state of assets and liabilities, other indicators to determine liquidity risk, as well as interest rate, currency and other risks.

96. In order to reduce interest rate risks on related borrowings, the Company should comply with the principle of compliance of interest accrual methods (floating/fixed interest, maturity on the active side should occur earlier than the maturity on the passive side), as well as comply with the principle of full cost coverage (the placement rate should not be lower than the interest rate).

97. The Company shall not Finance and provide guarantees to individuals and legal entities, unless otherwise provided by the legislation of the Republic of Kazakhstan, the Charter of the Company, the decisions of the Government of the Republic of Kazakhstan, except for the financing of the Company and the provision of guarantees for the obligations of the Company.

§3.7 Control actions

98. After identifying key risks and risk management activities, the key business processes that are exposed to these risks are identified. A step-by-step analysis of business processes is carried out to determine the need for appropriate control actions. In addition, an analysis of the planned risk management activities is carried out to determine the control actions and (or) indicators necessary to ensure the effective implementation of such activities. Often control actions are themselves a method of risk management.

99. Control actions are policies and procedures that help ensure that risk management measures are implemented. Control actions are included in business processes at all levels of the Company. Control actions include a wide range of measures such as approval, authorization, verification, agreement, transaction analysis, asset security and segregation of duties.

100. The responsibility for analyzing business processes, determining the need and rationale of introducing additional control actions and monitoring compliance with the established limits is borne by the risk owners - the Heads of the relevant structural units of the Company. The risk management unit is responsible for developing control measures and indicators for the risk management measures.

101. The main results and conclusions of the risk management process in the Company are displayed in the form of regular reporting on risks and measures to respond to them.

102. On the basis of regular reporting on risks, the Company controls the current risks and the implementation of measures to respond to risks.

§3.8 Information and Communication

103. Information exchange between the structural units of the Company is provided in the process of implementation of each component of the risk management system. All materials and documents prepared within the framework of the risk management system are approved by the interested structural units, which make their comments and suggestions. The following are submitted to the Board of Directors at least once a year: Proposals on risk appetite of the Company, analysis of key risks and plan of measures for risk management.

104. Information and communication in the Company allow to provide participants of the risk management process with reliable and timely information on risks, and increases the level of awareness of risks, methods and tools to respond to risks. The relevant information is determined, recorded and provided in the form and within the time limits that allow the employees to effectively perform their functions.

105. Structural units of the Company constantly monitor and inform the structural unit responsible for risk management about the losses. For each such case, an analysis of the causes of

losses is carried out and measures are taken to prevent such incidents in the future (database on realized and potential risks).

106. The Company provides partners, creditors, external auditors, rating agencies and other stakeholders (including as part of the annual report) with the information on risk management, while ensuring that the level of detail of the disclosed information is consistent with the nature and scope of the Company's activities.

107. The Company submits to the Holding reports on certain types of financial risks according to the forms and terms established by the relevant internal documents of the Holding.

§3.9 Monitoring

108. The Company monitors the effectiveness of the risk management system (including existing management methods and means of risk control) and, if necessary, its modification and improvement. Monitoring is carried out on a regular basis at least once a year.

109. The Company monitors and controls its risks in accordance with the basic principles, policies, rules and regulations established by the Board of Directors of the Company.

110. The monitoring is carried out through continuous monitoring of the implementation of policies, procedures and activities of the risk management system and targeted audits. The scope and frequency of the targeted inspections depend on the risk assessment and the effectiveness of ongoing monitoring. The shortcomings of the risk management system should be brought to the attention of the Board of Directors and the Management Board.

111. After approval by the Board of Directors of the Company of risk management action plans, the structural unit responsible for risk management exercises control over the execution of measures in accordance with the terms of the execution of each event.

112. Delegation of responsibility and duties between the Internal audit service and the Executive body in the structure of the Company is based on the principles of corporate governance in order to monitor and control the main risks associated with the Company's activities.

113. The work of the Management Board and structural units of the Company is checked by the internal audit Service of the Company.

114. The risk report should contain at least the following:

1) Risk register (identified risks; risks that may arise in the course of conducting current activities), risk map and action plan for the critical risk management;

2) Information on the implementation of the plan of measures to manage critical risks (the work being carried out to minimize the elimination of risks);

3) Information on key risk indicators that can have a significant impact on the risk portfolio;

4) Information on the realized risks;

5) Plan of measures to minimize risks;

6) Information on significant deviations from the established risk management processes (if any);

7) Information on failure to comply with the limits for risks (if it happened);

8) Information on compliance with regulatory requirements in the field of risk management (if any);

9) Financial reporting risk in accordance with the rules on management of certain types of financial risks approved by the authorized bodies of the Company;

10) Risk appetite for the forecasted year (once a year), the adjusted risk appetite on a quarterly basis (if necessary);

11) Brief analysis of the financial indicators for the reporting period;

12) Adequacy and effectiveness of the risk management system;

115. The internal audit of the risk management system and the audit of the execution of plans to eliminate deficiencies in the risk management and internal control system is carried out in accordance with the internal audit Plan approved by the Board of Directors of the Company. The internal audit is carried out in accordance with the regulations governing the process of the internal

audit.

Chapter 4. Final provisions

116. Amendments to this Policy are made in the manner prescribed by the internal regulations of the Company.

117. The issues not regulated in this Policy shall be regulated by the legislation of the Republic of Kazakhstan, including regulatory legal acts of the National Bank of the Republic of Kazakhstan, the Charter and other internal documents of the Company.