Approved

by the decision of the Management Board

of “Samruk-Energy” JSC

dated \_\_\_\_\_\_\_2016

 Minutes No\_\_\_\_\_\_

**CORPORATE GOVERNANCE SYSTEM**

**Regulations on Risks and Management System Committee of “Samruk-Energy” JSC**

**PSM 02-04-11**

**Astana 2016**

RECORD OF CHANGES AND ADDITIONS

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| **No** | **Change No.** | **Page no.** | **Date of making changes/additions** | **Revision date** | **The signature of responsible person** |
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 **1.Purpose**

1. These Regulations on Risks and Management System Committee of “Samruk-Energy” JSC (hereinafter – the Regulations) establishes the status, tasks and functions, content, rights, responsibilities and procedures of the activities of Risks and Management System Committee (hereinafter – the Committee) of “Samruk-Energy” JSC (hereinafter - the Company) as well as the procedure for its interaction with the bodies of the Company.
2. Scope of use

2. Decisions of the Committee, made within its competence, shall be advisory for the Management Board of the Company and binding for the Company’s BU.

3. The Management Board of the Company takes decisions on matters related to risk management and corporate governance system within its competence. Risk management matters that fall within the competence of the Board of Directors of the Company shall be submitted and considered in accordance with established procedure.

4. BU of the Company which ensures the Committee’s performance is the BU that is in charge of risk management and internal control.

1. **Definitions and abbreviations**
2. The following definitions and abbreviations are used in these Regulations:
3. **BU – business unit**;
4. **CGS** – Corporate Governance System;
5. **RMS**– risk management system;
6. **ICS** – internal control system;
7. **SA** – subsidiaries and affiliates.
8. **Responsibility**
9. The Chairman, Deputy Chairman, members and secretary of the Committee shall be responsible for:
10. Disclosure of confidential information obtained at a meeting of the Committee, they shall bear responsibility stipulated in the legislation of the Republic of Kazakhstan and internal documents of the Company.
11. Any failure to perform or improper performance of their responsibilities provided for in these Regulations to the full extent;
12. Inefficient functioning of the RMS, ICS and CGS.
13. Heads of business units shall be responsible for the provision of the Committee with false or misleading information, as provided for by the Company’s internal documents.

**5. Referenced codes and standards**

1. These Regulations was developed taking into account the requirements of the following regulatory documents:
2. ISO 31000 Standard;
3. COSO “Risk management” Standard
4. COSO “Internal Control” Standard;
5. ISO 9001 Standard;
6. The Company’s Charter;
7. The Company’s Risk management policy;
8. Guidelines for the management system;
9. Rules for management of internal regulatory documents.

 **6. Description**

1. The Committee is a standing advisory body of the Management Board of the Company and is established to coordinate the process of organizing RMS, ICS and CGS of the Company.
2. In its activities Risks and Management System Committee shall be guided by the laws of the Republic of Kazakhstan, the Company’s Charter, provisions of the international ISO 9000 and ISO 31000 standards, guidance documents on CGS, Corporate Governance Code, decisions of the Company’s bodies, these Regulations and other internal documents of the Company. Also, when carrying out its activities, the Committee has the right to apply the recommendations and standards of international institutions on risk management and management system matters.
3. The Committee reports to the Management Board and operates under the authority granted to it by the Management Board in accordance with these Regulations
4. Decisions on the matters related to risk management, management systems, internal control in the Company’s SA shall be made in accordance with the procedure established by the charters of SA.

Tasks and Functions of the Committee

1. The main tasks of the Committee shall be:
2. assistance to the Management Board in decision-making in the field of risk management, management system and internal control of the Company;
3. preparation of recommendations and proposals for the establishment and maintenance of effective RMS, ICS and CGS
4. maintenance of the RMS, ICS and CGS;
5. development of processes designed to identify, measure, monitor and control risks;
6. preparation of proposals for the control over the coordination of the work on risk management and management system of the Company and subsidiaries / affiliated organizations of the Company;
7. The main functions of the Committee shall be:
8. review of the key risks of the company and the effectiveness of risk management measures;
9. review and prior approval of draft internal documents of the Company as part of the RMS and ICS (policies, rules of management of individual risks);
10. participation in the development and monitoring of implementation of plans / programs for the implementation of measures to introduce and improve the RMS, ICS and CGS;
11. determination of the risk management methods proposed by SS on the results of the conducted identification, risk assessment, prior approval of plans of action for the management of key risks;
12. determination of the requirements for automated information systems for RMS;
13. review and analysis of monitoring results and the effectiveness of RMS, ICS and CGS, as well as making recommendations for their improvement;
14. review and preparation of proposals to the Management Board on the results of the conducted identification, risk assessment, as well as methods for their control;
15. review and preparation of proposals based on the results of control and monitoring of the risks, the Company’s compliance with the maximum permissible limits for risk and implementation of the internal documents on risk management by the Company’s business units.
16. consideration of proposals for the development of risk management and internal control policies, procedures and framework by the business unit in charge of risk management and internal control in order to submit to the Board of Directors of the Company for its approval;
17. coordination of key risk indicators for submission to the authorized body’s consideration;
18. coordination of risk appetite, tolerance levels for each risk and limits in order to submit to the Company’s authorized body for consideration;
19. review and prior approval of forms of management reporting on risk management system for the Management Board and the Board of Directors of the Company;
20. coordination of the Risk Register, Risk Map, the matrix of risks and controls to be submitted to the Board of Directors for approval.
21. planning, development and operation of CGS processes;
22. ensure the presences of risk management culture in the Company;
23. ensure the development and implementation of the Policy and the Purposes in the field of CGS;
24. coordination of the Program of internal audits;
25. ensure continuous development and improvement of RMS, ICS and CGS.
26. Providing appropriate consultations in the field of risk management, internal control and CGS;
27. coordination of the interaction of the Company’s BU in risk management processes, internal control and in the field of management system;
28. provision of RMS, ICS and CGS with necessary resources;

**8. Composition**

1. The Committee is established by the decision of the Management Board. The headcount and composition of the Committee shall be determined and approved by the decision of the Management Board.
2. The chairman of the Committee shall be in charge of supervision and coordination of the activities of the Committee. The chairman of the Committee can delegate his authority to the Deputy Chairman of the Committee.
3. The composition of the Committee under the Management Board shall be chaired by the Company’s Chairman of the Board and shall include executives of the Company who are the owners of key risks and business processes, head of the Internal Audit Service (as an observer without voting rights) as well as other heads of the Company’s business units according to the decision of the Company’s Management Board.
4. Secretary of the Committee shall be one of the employees of the BU, who is not a member of the Committee, and who provides organizational and informational support to the activities of the Committee.
5. Committee meetings can be held with a limited number of participants, if the matters under consideration engage a narrow circle of BU.
6. If required, invited persons, specialists of the Company who are not members of the Committee can attend the meeting of the Committee.
7. Meetings of the Committee shall be recorded. Minutes are kept by the Secretary of the Committee. Minutes of meetings, abstracts from minutes in regard to adopted documented resolutions are kept by the secretary of the Committee until they are sent to the archive of the Company at the end of a year.

 **9.Regulation of the activity**

1. Committee meetings may be held in person or by correspondence. At the same time in person meetings shall be held not less than once every quarter, indicating the agenda, time and venue.
2. Meetings of the Committee shall be held in accordance with the Work Plan of the Committee, approved by the Management Board, as well as on the initiative of:
3. Committee members;
4. BU of the Company.
5. Materials that are submitted to the Committee for consideration shall be sent to the business unit that provides the Committee’s activities by the initiator.

Materials shall include complete information on matters which are suggested for consideration by the Committee with attachment of related documents including:

1. Explanatory Note including the reason of submitting the proposed item for the Committee’s discussion
2. draft decision on the item submitted to the Committee for consideration;
3. presentation material, the conclusion of the involved business units (if necessary);
4. a list of persons invited to the meeting of the Committee in respect of the agenda item.
5. BU providing activities of the Committee in the field of risks:
6. Within 3 (three) business days prepares an expert opinion on the basis of the materials;
7. On the date of receipt of explanatory note, determines the list of BU whose expert opinions are sought and shall send them this note. These BU prepare their conclusions and forward them to the BU providing activities of the Committee within 3 (three) business days since the receipt of the note.
8. After that, all the materials are forwarded to the secretary of the Committee for the preparation of the agenda of its meeting no later than 1 (one) business day.
9. The secretary of the Committee prepares the agenda of the meeting of the Committee and submits it to the Chairman of the Committee for approval to determine the date and time of the meeting of the Committee. After that, the secretary of the Committee shall send notices of the Committee meeting and materials for the items under consideration not later than 2 (two) business days before the date of the meeting.
10. The member of the Committee shall attend all meetings of the Committee. In the absence of a member of the Committee for a valid reason (business trip, participation in workshops, vacation, illness, etc.), the employee of the Company replacing him/her may attend the meetings without the right to vote.
11. In the event of regular non-attendance of meetings by the Committee members without a valid reason, the chairman of the Committee shall be entitled to initiate the use of disciplinary penalties to such members in the prescribed manner.
12. The Committee shall meet in the presence of a quorum (at least half of the members of the Committee). The Committee’s decisions are taken by majority vote of the members of the Committee. Members of the Committee have an equal voice in decision-making. In the case of an equality of votes, a decision voted for by the Chairman of the Committee shall be considered as adopted.
13. The transfer of the right to vote by one member of the Committee to another member of the Committee is prohibited.
14. The results of the agenda of the meeting of the Committee with indication of the outcomes for each issue are drawn up as respective minutes by the Secretary of the Committee within 3 business days after the relevant meeting of the Committee. The minutes are signed by all present members of the Committee and the secretary of the Committee.
15. Meetings of the Committee can be held by absentee voting on the decision of the Chairman of the Committee.
16. If there is a dissenting opinion of a member of the Committee in connection with the disagreement on the issues submitted to the Committee meetings (internal/absentee), this opinion must be motivated and attached to the minutes of the Committee meeting.
17. Abstracts from the signed minutes on items considered at the meeting of the Committee shall be signed by the Secretary of the Committee.
18. Copies of minutes or abstracts from minutes are sent to the Chairman, Vice-Chairman, members of the Committee and the Management Board, as well as interested BU of the Company, if required or upon request, by the secretary of the Committee no later than the next business day after it is signed.
19. **Reporting and Assessment of performance of the Committee**
20. The Committee takes part in the preparation of information on the results of risk management activities to disclose it in the Company’s Annual Report and in order to draw a final report on the analysis of CGS by the management.

11. Duties

1. The Chairman and members of the Committee shall have to:
2. attend the meetings of the Committee;
3. execute adopted decisions on all matters relating to the operation and improvement of RMS, ICS and CGS.

**12 Rights**

1. The Chairman of the Committee shall be entitled to:
2. decide to convene an extraordinary meeting of the Committee;
3. to determine the range of matters to be discussed at a meeting of the Committee.
4. Members of the Committee shall be entitled:
5. to initiate an extraordinary meeting of the Committee;
6. to vote in making decisions at the meetings of the Committee;
7. to voice and make proposals on all matters that are brought to the meeting of the Committee and relate to RMS, ICS and CGS.
8. Within the functional duties, the Committee, in accordance with the established procedure, has the authority to:
9. request from business units and subsidiaries / affiliates of the Company the necessary information to make recommendations on RMS, ICS and CGS
10. engage employees of a BU in the implementation and improvement of RMS, ICS and CGS, as well as in meetings of the Committee;
11. make recommendations for engaging external consultants for the development, implementation and improvement of the risk management system and internal control.
12. initiate processes of risk management and internal control in the Company;
13. take other measures necessary to carry out tasks and functions assigned to it.
14. The Secretary of the Committee in order to perform his/her duties, shall be entitled to request from the Company’s BU information on items scheduled for consideration at the meetings of the Committee, as well as on the progress in implementing the Committee decisions.