

Reg. No.26
as of May 04, 2017.

Approved
by the Minutes of the Board of Directors
of UAPF JSC
dated April 28, 2017 No.3

**Risk Management Policy
of UAPF JSC**

Changes and additions approved by the minutes of the Board of Directors of the Unified Accumulative Pension Fund Joint Stock Company (date, number):

No.	Changes, additions	Date	No.	Reg. No.
1	The Decision of the Board of Directors	19.07.2018.	No.7	No.92
2	The Decision of the Board of Directors	20.09.2019 .	No.4	No.93
3.	The Decision of the Board of Directors	12.06.2020 .	No.7	No.____
4.	The Decision of the Board of Directors	от __.____.202_ г.	No.	No.____

Recognized as invalidated by the Minutes of the Board of Directors of the Unified Accumulative Pension Fund Joint Stock Company dated " __ " _____ 201 __, No.____

Chapter 1. General Provisions

Clause 1 has been amended in accordance with the Amendments and additions approved by the Decision of the Board of Directors of UAPF JSC dated 07.19.2018 No.7.

1. This Risk Management Policy of UAPF JSC (hereinafter referred to as the Policy) was developed in accordance with the Law of the Republic of Kazakhstan *On Pension Provision in the Republic of Kazakhstan*, Resolution of the Board of the National Bank of the Republic of Kazakhstan dated **April 27, 2018 No.76** *On Approval of the Rules formation of a risk management and internal control system for a unified pension accumulative fund and voluntary pension accumulative funds* (hereinafter referred to as the Rules), the international internal control standard *COSO Internal Control - Integrated Framework (2013)*, as well as other current regulatory legal acts of the Republic of Kazakhstan.

2. An effective risk management system contributes to the achievement of established goals, the implementation of strategic plans and the establishment of an optimal balance between the Fund's profitability and risks..

Clause 3 was amended and supplemented in accordance with the Amendments and amendments approved by the Decision of the Board of Directors of UAPF JSC dated 07.19.2018 No.7 and dated 09.20.2019 No.4.

3. Terms and definitions used in this Policy:

1) risk is real or potential events that reduce the possibility of achieving goals and / or the uncertainty of obtaining benefits due to a negative incident or action / inaction that impedes the achievement of goals and the successful implementation of the strategic goals of the Fund;

2) risk appetite - the cumulative degree of risk that the Fund considers acceptable for itself in the process of achieving its goals;

3) **excluded;**

4) risk management system - a set of interrelated elements: procedures, methods, information systems, combined into a single process for managing realized and potential risks within the acceptable risk level for the shareholder and aimed at achieving the goals and objectives of risk management. In the process of identifying and managing realized and potential risks affecting the activities of the Fund, the Board of Directors, Executive Board, heads and employees **of structural divisions participate within the assigned competence and responsibility;**

5) risk tolerance - the acceptable level of deviation in relation to the achievement of a specific goal;

6) risk management is a process carried out by the Board of Directors, the Management Board and other employees of the Fund, which begins when developing a strategy and affects all activities of the Fund. It is aimed at identifying events that may affect the Fund, and managing the potential of these events, as well as controlling that the risk appetite is not exceeded and a reasonable guarantee is provided to achieve the objectives of the Fund;

7) Fund - Unified Accumulative Pension Fund Joint Stock Company;

7-1) force majeure - force majeure circumstances (natural events, hostilities, floods, earthquakes, blockades, strikes, terrorist acts and other similar circumstances that cannot be foreseen;

8) **excluded;**

9) Value at Risk (VaR) is a valuation model expressed in monetary units that characterizes the maximum possible loss values over a given period of time with a given degree of probability.

Chapter 2. Corporate Risk Management System

§1. Goals and Objectives of the Risk Management System

Clause 4 has been amended in accordance with the Amendments and additions approved by the Decision of the Board of Directors of UAPF JSC dated 07.19.2018 No.7.

4. The formation of the risk management system in the Fund is carried out in order to comply with the requirements of the Fund for corporate governance, the functioning of information systems and management information systems.

The tasks of forming a risk management system are:

- 1) timely identification of risks and threats;
- 2) improving the quality of assessing the maximum permissible values of risk indicators;
- 3) development of alternative risk control mechanisms;
- 4) ensuring the adoption of timely measures to minimize and manage risks;
- 5) involvement of individual structural divisions of the Fund, including the risk management division, in the process of monitoring and assessing risks, as well as increasing the responsibility of employees of the Fund in the field of risk management.

5. To achieve the goals, the main tasks of the risk management system are formed:

- 1) ensuring the functioning of the entire risk management process - from identification and monitoring to the implementation of risk management measures;
- 2) increasing the efficiency of the Fund by reducing the impact of risks and introducing effective control procedures;
- 3) improvement of internal control mechanisms that ensure the effective functioning of the Fund's business processes and control procedures aimed at reducing key risks;
- 4) distribution of obligations, rights and responsibilities between various bodies, divisions and employees of the Fund within the framework of the risk management and internal control system;
- 5) other tasks determined by the Board of Directors and / or the Executive Board of the Fund.

§2. Elements of the Risk Management System

6. The risk management system includes the following elements:

- 1) risk identification contributes to the timely detection, recognition and description of risk;
- 2) risk measurement determines the levels of damage in case of realization of the risk formed due to the absence of appropriate control measures and / or measures to minimize risk, which is carried out by assessing the likelihood of a negative event or circumstances leading to losses and assessing the size of potential losses;

3) risk assessment allows you to determine the areas of the Fund's activities (business processes) that are most exposed to risks and is carried out by analyzing the internal processes of the Fund for the presence or possibility of factors of negative events, including the reporting and information exchange system, as well as analysis of powers and responsibilities divisions, employees of the Fund;

4) risk control consists in timely observation and response to the proper execution of the procedures established by the regulating internal regulatory documents, and the adoption of a set of measures aimed at preventing / reducing the likelihood of events or circumstances that lead to operational losses or to reduce the amount of possible losses;

5) risk monitoring is carried out in order to prevent an increase in the level of risk by applying the procedures of the internal control system and allows to determine the directions of the Fund's activities that are especially susceptible to negative events in relation to the corrective and / or preventive measures taken, preventing and allowing to minimize probable losses and negative consequences in if the risk is realized;

6) the exchange of information provides continuous iterative (repetitive) processes of exchange of information related to risk management issues between the structural divisions of the Fund.

7. Procedures for identifying, assessing, measuring, controlling and monitoring risks provide for a methodology for assessing risks (using international practice for assessing operational risks) inherent in accounting for pension assets and savings and a procedure for measuring risks inherent in accounting for pension assets and accumulations, which are regulated by the internal regulations of the Fund.

Chapter 3. Risks Arising in the Process of Carrying out the Activities of the Fund

Clause 8 has been amended in accordance with the Amendments and additions approved by the Decision of the Board of Directors of UAPF JSC dated 07.19.2018 No.7.

8. Depending on the source of occurrence and the scope of the risk, the following classification of the main types of risks of the Fund is applied (including but not limited to):

- 1) financial risks consist of a group of risks associated with investing the Fund's own assets;
- 2) non-financial risks include all groups of risks leading to adverse consequences for the Fund, except for financial risks.

Non-financial risks are formed as a result of making wrong decisions, non-compliance with the requirements of legislation and internal regulatory documents, as well as incorrect functioning of information systems and technologies, natural and man-made phenomena and other sources.

9. The reputational risk of the Fund is formed in the event of the implementation of the risks specified in clause 8 of the Policy.

Chapter 4. Risk Management and Risk Reduction Methods

10. The process of risk management of the Fund is a set of logically interconnected and constantly repeated methods of identification, measurement, assessment, control and monitoring of risks, as well as exchange of information on all types of risks aimed at minimizing losses and maximizing the Fund's profit.

11. The risk management system covers the following methods:

- 1) identification and assessment, implementation of constant control over the realized and potential risks, formed and / or likely to arise in the activities of the Fund, and the size of the risks assumed;
- 2) availability of a system of management accounting and reporting to the Management Board and the Board of Directors of the Fund;
- 3) drawing up annual budgets and strategic plans, taking into account the current state, economic environment and legislation of the Republic of Kazakhstan;
- 4) application of other methods of assessing existing and potential risks;
- 5) ensuring double control over the correctness of transactions in the process of carrying out the financial and economic activities of the Fund;
- 6) management of existing and potential conflicts of interest;
- 7) other methods provided for by the internal regulatory documents of the Fund

§1. Financial Risk Management

10. Management of the Fund's financial risks is carried out using various quantitative and qualitative methods for assessing market risks.

Clause 13 was amended in accordance with the Amendments and additions approved by the Decision of the Board of Directors of UAPF JSC dated September 20, 2019 No.4.

13. Financial risk includes the following types of risks:

- 1) market risk is formed due to the occurrence of expenses / losses associated with movements in financial markets. The sources of market risks are macroeconomic indicators.
- 2) price risk arises as a result of changes in the value of financial instruments when the conditions of financial markets change, affecting the market value of financial instruments;
- 3) currency risk is formed in the event of expenses / losses associated with changes in foreign exchange rates, when the Fund carries out its activities. The danger of expenses / losses arises from the revaluation of positions by currencies in value terms;

4) interest rate risk - the risk of incurring expenses (losses) due to an unfavorable change in interest rates, which includes risks associated with:

the occurrence of expenses (losses) due to the discrepancy between the terms of return and repayment of placed assets and attracted liabilities (at fixed interest rates);

using different methods of calculating and adjusting the received and paid remuneration for a number of instruments that, other things being equal, have similar price characteristics (basis risk).

5) the credit risk is a consequence of the failure of the issuer to pay the principal debt and the remuneration due to the investor within the period established by the terms of the issue of the security, which also includes the risk of losses arising from the partner's failure to fulfill obligations on swaps, options, forwards and other financial instruments subject to credit risk, and during the period of settlement of settlements on these securities and financial instruments;

6) the risk of loss of liquidity arises due to non-fulfillment or untimely / partial fulfillment by the Fund of its obligations. The risk of losing the liquidity of securities as assets is determined by their ability to quickly sell at low costs and at affordable prices.

7) country risk is generated in the event of losses as a result of non-fulfillment by foreign counterparties of the Fund of their obligations due to economic, political, social changes, legislative and other changes in the non-resident country.

Clause 14 is set out in a new version in accordance with the Amendments and additions approved by the Decision of the Board of Directors of UAPF JSC dated 20.09.2019 No.4.

14. Investments in financial instruments of issuers are diversified by type of investment, rating, and other criteria based on the approved limits. Diversification of the Fund's assets provides for a decrease in the dependence of changes in the value of the investment portfolio on changes in the value of one or more financial instruments.

Clause 15 is amended in accordance with the Amendments and additions approved by the Decision of the Board of Directors of UAPF JSC dated September 20, 2019 No.4.

15. Financial (investment) risks are managed in accordance with the Fund's internal regulations.

Non-financial risk management

16. Management of non-financial risks, including any types of risks, except for financial risks, is carried out by means of quantitative and qualitative assessment methods.

17. Operational risks are generated in the event of expenses (losses) as a result of shortcomings or errors in the implementation of internal processes committed by employees, the functioning of information systems and technologies, as well as as a result of external events, including risks associated with:

the uncertain and ineffective organizational structure of the Fund, including responsibilities, accountability and governance structures;

ineffective strategies, policies and / or standards in the field of information technology, shortcomings in the use of software;

information that does not correspond to reality or its inappropriate use;

ineffective management of personnel and (or) unqualified staff of the Fund;

insufficiently effective construction of processes for the implementation of the Fund's activities or weak control over compliance with internal rules;

unforeseen or uncontrollable factors of external influence on the activities of the Fund;

the presence of shortcomings or errors in internal documents (rules) regulating the activities of the Fund;

unprofessional actions of the Fund's management and personnel, which resulted in a narrowing of the client base, mistrust or negative perception of the Fund by clients and (or) counterparties.

18. The main types of operational risks are:

1) IT risk generated in the event of failures and failures of information systems and technologies (incorrect databases, shortcomings in software, systems and information transmission channels, etc.) used in the activities of the Fund, as well as ineffective strategies, policies and (or) information technology standards;

2) the risk of external events associated with unforeseen and uncontrollable factors of external influence on the activities of the Fund;

3) the risk of process management arising from the ineffective organizational structure of the Fund (incorrect distribution of responsibility, accountability structure, use of information that does not correspond to reality, ineffective construction of processes, weak control over compliance with internal rules and insufficiently effective management of the Fund);

4) the risk of personnel formed due to incorrect actions of the personnel of the Fund and unqualified staff;

5) the risk of a management decision is realized in the event of ineffective management of the Fund's activities (including fraud), resulting in mistrust or negative perception of the Fund by clients and (or) counter-partners;

6) the risk of physical damage occurs as a result of natural disasters and other factors that may damage the main equipment, systems, technologies and resources of the Fund.

Operational risks of the Fund are managed in the following ways:

risk management based on the occurrence of risk events ("from events") provides for timely identification and registration, as well as taking measures to localize and eliminate risk events by the Fund's divisions;

preventive risk management ("from the environment") continuous work on identification, analysis and development of risk management measures carried out by the Fund's divisions;

risk management in decision-making ("from decision") ongoing work carried out by the management and divisions of the Fund.

19. Legal risk is a consequence of inconsistencies and the presence of shortcomings / errors in policies and procedures, regulated in internal regulations and used in the Fund's practice, with the requirements of the legislation of the Republic of Kazakhstan and the legislation of other states (in relations with non-residents of the Republic of Kazakhstan).

Legal risk management is carried out through operational and constant control and monitoring of compliance with the Fund's contractual relations, changes in the legislation of the Republic of Kazakhstan and changes in judicial practice on issues related to the Fund's activities. The Fund ensures compliance with legal requirements, as well as the proper application of all legislative changes by reflecting them in its internal regulatory documents and using them in practice, and, if necessary, develops and adopts new internal regulatory documents that meet the requirements of such changes.

Chapter 5. Risk Identification

20. Risk identification makes it possible to determine the Fund's exposure to the influence of risks, the occurrence of which may adversely affect the implementation of measures aimed at achieving the planned goals and objectives.

21. The Fund's risks are identified in accordance with the established internal policies and rules for managing financial (investment) risks and non-financial (operational) risks, as well as internal control of the Fund.

Chapter 6. Measuring Risks

22. The corporate risk management system of the Fund is aimed at identifying a wide range of risks and considering them in a complex, which helps to reflect a holistic picture of existing risks and improves the quality of the risk analysis.

23. In accordance with the main international risk management standards, the Fund regularly conducts risk assessments with the participation of employees of all structural units in order to

identify the maximum range of risks, raise awareness of the surrounding risks and stimulate the development of the organization's risk culture.

24. A combination of various techniques and tools is used to measure risks, such as risk identification based on an analysis of the goals and objectives, organized discussion (brainstorming, round table, etc.) of potential risks, self-assessment procedures, analysis of reporting and other documentation of the Fund, analysis of the adequacy and efficiency of business processes, analysis of statistical data, portfolio structure, stress testing and back testing, setting aggregate limits by types of risk and alternative methods provided for by the Fund's internal regulatory documents.

Clause 25 was amended in accordance with the Amendments and additions approved by the Decision of the Board of Directors of UAPF JSC dated 07.19.2018 No.7.

25. Probable potential risks are identified as risks that have a probable impact on the activities of the Fund's structural unit with a description of various scenarios of the possible realization of the potential risk, the name of the risk, the causes of the risk, the possible consequences of the realization of the risk, **the results of the assessment and the person responsible for the risk.**

26. To measure risks, a rating method is used (including but not limited to), which uses a ranking based on a scoring system for each type of risk, assigning a certain score depending on the likelihood and degree of impact on the Fund's activities.

Chapter 7. Risk Assessment

27. Assessment of the likelihood of implementation and the possible impact of risks allows you to develop an understanding of risks, provides the necessary informative basis for making decisions about the need to manage a certain risk, as well as the most appropriate and cost-effective strategies to reduce it.

28. As part of the assessment and analysis of risks, the Fund uses qualitative, quantitative analyzes or their combination, which create a methodological basis for the risk management process.

29. Risk assessment includes consideration of the sources and causes of each risk, the negative consequences of their implementation, and the likelihood that a certain event will occur.

30. Initially, the risk assessment is carried out on a qualitative basis, then a quantitative assessment can be made for the most significant risks. Risks that cannot be quantified or there is no reliable statistical information are assessed only on a qualitative basis. The Fund's risks are assessed in accordance with the Operational Risk Management Rules and the Fund's Internal Control Policy.

Chapter 8. Risk Control

31. After identifying key risks and measures to minimize risks, the main business processes that are exposed to these risks are identified. A step-by-step analysis of business processes is carried out to determine the necessity and feasibility of taking appropriate control actions.

32. Control actions are a method of risk management and provide for procedures that ensure timely development of measures to minimize risks and / or reduce risks to an acceptable level, and are subject to immediate execution or as planned. Responsibility for analyzing business processes and determining the need and feasibility of introducing additional control actions lies with the risk owners.

Chapter 9. Risk Monitoring

33. The Fund monitors the effectiveness of the risk management system (including existing management methods and risk controls) and, if necessary, its modification and improvement.

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

35. Monitoring the corporate risk management system is an important part of the entire business process and assesses both the availability of such a system and the implementation of its components. Monitoring is carried out by constantly monitoring the implementation of policies, procedures and measures of the risk management system and targeted audits. The scope and frequency of targeted inspections depends on the risk assessment and the effectiveness of ongoing monitoring. Shortcomings in the risk management system should be brought to the attention of the Board of Directors and the Executive Board of the Fund.

36. After approval by the Executive Board of the Fund of the action plan to minimize risks, the risk management subdivision exercises control over the implementation of measures in accordance with the deadlines for the execution of each measure.

Clauses 37 and 38 are excluded in accordance with the Amendments and additions approved by the Resolution of the Board of Directors of UAPF JSC dated 07.19.2018 No.7.

37. Excluded

38. Excluded

Clause 39 is amended in accordance with the Amendments and additions approved by the Decision of the Board of Directors of UAPF JSC dated 07.19.2018 No.7.

39. The assessment of the adequacy and effectiveness of the internal control and risk management systems is carried out in accordance with the annual internal audit plan approved by the Board of Directors of the Fund.

In order to exercise control and take (if necessary) appropriate measures, the Executive Board of the Fund receives information from the internal audit service on the results of monitoring the implementation by the structural units of the Fund of action plans to eliminate violations and shortcomings identified as a result of internal audit, at least once a quarter in the form, established by the internal documents of the Fund.

Chapter 10. Exchange of Information

40. Exchange of information allows to provide participants in the risk management process with reliable and timely information about risks, increases awareness of risks, methods and tools for responding to risks.

Clause 41 is amended in accordance with the Amendments and additions approved by the Decision of the Board of Directors of UAPF JSC dated 07.19.2018 No.7.

41. Employees of all structural divisions of the Fund of the branch and the central office of the Fund record information on violation by structural divisions or employees of the requirements of the legislation on pension provision of the Republic of Kazakhstan and the securities market, as well as internal documents of the Fund and reports on independent identification of violations and measures taken to eliminate the violations identified in the form of a risk event (as it occurs / registration) in the electronic form of the Risk Events Log, generated by means of the Corporate Portal software according to the format regulated by the Operational Risk Management Rules of UAPF JSC.

Based on the registered risk events, the risk management division analyzes, evaluates, measures, controls and monitors the registered operational risks, which are reflected in the analytical note (risk report).

Amendments and additions were made to paragraph 42 in accordance with the Amendments and additions approved by the Decision of the Board of Directors of UAPF JSC dated 07.19.2018 No.7 and dated 20.09.2019 No.4.

42. The Risk Management Division on a quarterly basis provides:

1) information on compliance (use) of the requirements of the risk management system in the form established by Appendix 1 to this Policy:

for consideration and approval by the Executive Board of the Fund;

for consideration and approval by the Board of Directors of the Fund, as well as attached for information risk maps and results of monitoring compliance with the level of risk appetite;

2) an analytical note, including the results of the analysis of operational and financial risks, a risk map, monitoring of compliance with the level of risk appetite for consideration and consideration by the Executive Board of the Fund (report on risks);

3) an action plan to minimize risks for consideration and approval by the Executive Board of the Fund.

In the case of transferring investment portfolios formed at the expense of own and / or pension assets into trust management, preparation of analytical notes, materials, explanatory / informational references, reports or other information regarding the financial (investment) risks of investment portfolios formed at the expense of their own and / or pension assets, carried out in order to:

1) internal use, and is not subject to disclosure and / or direction to third parties, unless otherwise provided by the current legislation of the Republic of Kazakhstan, internal regulatory documents of the Fund and / or contracts (agreements) of the Fund with other legal entities or individuals;

2) formation of annual financial statements subject to audit in accordance with the legislation of the Republic of Kazakhstan;

3) informing the management of the Fund and contributors (recipients) (if necessary) and / or to prepare responses to external inquiries and other;

4) a general analysis of investment portfolios formed at the expense of pension and / or own assets (reviews of the portfolio structure, news on macroeconomics, completed transactions, country, sectorial, currency reviews, analysis of exposure to financial risks and other analytical data on financial, economic indicators affecting to the level of financial (investment) risks of investment portfolios formed at the expense of pension and own assets). The results of the analysis carried out in the format of analytical materials, explanatory / informational statements, reports or other information on the financial (investment) risks of investment portfolios formed from own and / or pension assets are classified as elements of internal management reporting. The results of the analysis are relevant as of the reporting date and do not reflect the assessment of the effectiveness of the trustee's management of investment portfolios formed from their own and / or pension assets. The information and opinions contained in the results of the risk management analysis are not considered by the trustee of the portfolios of pension and / or own assets and may not reflect information known to the trustee.

Clause 43 has been amended in accordance with the Amendments and additions approved by the Decision of the Board of Directors of UAPF JSC dated 07.19.2018 No.7.

43. The risk management division of the Fund immediately notifies the Board of Directors of the Fund about:

cases of abuse, illegal actions of the employees of the Fund;

other cases that resulted in violations of the legislation of the Republic of Kazakhstan on pension provision and the securities market and (or) violation of the acceptable level of risk of the Fund.

Chapter 10 was supplemented with clauses 43-1.43-2.43-3.43-4.44-4.44-5.44-6 in accordance with the Amendments and additions approved by the Decision of the Board of Directors of UAPF JSC dated 07.19.2018 No.7.

43-1. As cases of abuse, unlawful actions of the employees of the Fund, illegal behavior, an act (action or inaction) of employees and officials of the Fund, contrary to the requirements of legal norms established by law, contrary to the interests of the Fund, in order to derive benefits and advantages for oneself, other persons or organizations and (or) causing substantial harm to the rights and legitimate interests of contributors (recipients).

43-2. As other cases that resulted in violations of the legislation of the Republic of Kazakhstan on pensions and the securities market and (or) violations of the permissible level of risk of the Fund, any action or inaction of employees, officials of the Fund or a trustee is recognized, as a result of which:

potential or actual financial losses exceed the established level of risk appetite (acceptable level of risk) of the Fund;

reputational damage (including the expected one) is significant and entails the formation of a negative image of the Fund among the public;

the application of measures of influence and sanctions by the supervisory and / or regulatory body in case of violation of the requirements of the legislation of the Republic of Kazakhstan on pension provision and (or) the securities market;

violation of the approved investment limits for pension and / or own assets of the Fund, identified based on the results of monitoring by the risk management division as of the reporting date;

violations of the legislation of the Republic of Kazakhstan, which have entailed or may entail criminal liability of the employee and / or the official who committed this violation;

other consequences that led to significant damage to the Fund as a violation of the normal operation of the Fund.

43-3. The heads of the security department, personnel management, public relations, legal department, directors of the Fund's Branches, as well as other departments of the Fund are responsible for the timely notification of the risk management department of the Fund about the cases identified provided for in clauses 43-1 and 43-2 of this Policy .

43-4. The Fund's risk management division, as information becomes available, conducts an additional analysis for compliance of the identified cases with the criteria provided for in clauses 43-1 and 43-2 of this Policy and, if any compliance is found, sends the information to the Fund's Board of Directors after agreement with the supervising head / Chairman of tExecutive Board of the Fund.

43-5. The Board of Directors is notified immediately, but no later than 2 (two) business days from the date of official receipt of information and / or information to the Fund's risk management division.

43-6. The notice of the Board of Directors with the mark "SC" is sent to the Corporate Secretary of the Board of Directors for further immediate (but no later than 2 (two) business days) notification of the members of the Board of Directors.

Chapter 11. Main Areas of Coverage of the Risk Management System

Clause 44 is amended in accordance with the Amendments and additions approved by the Decision of the Board of Directors of JSC "UAPF" dated 07.19.2018 No.7.

44. The formation of the risk management system in the Fund is carried out in order to comply with the Fund's requirements for corporate governance, the functioning of information systems and management information systems.

Clause 45 is amended in accordance with the Amendments and additions approved by the Decision of the Board of Directors of UAPF JSC dated 07.19.2018 No.7.

45. The risk management system of the Fund covers the following areas of its activities:

1) organization, implementation and administration of the process of attracting contributors (**beneficiaries**) and keeping records of pension accumulations;

2) audit of software and hardware used in the course of the Fund's activities;

3) development and approval of internal procedures and documents in accordance with the requirements for internal documents in accordance with Appendix 3 to the Rules;

4) determination of the procedure for organizing work with contributors (**beneficiaries**) and accounting for their pension accumulations, including:

procedures to ensure the accuracy of accounting and the timely opening of individual pension saving accounts and the receipt of funds to the individual pension saving accounts of contributors (recipients of pension payments), payments and transfers of pension accumulations;

procedures to ensure that complaints and appeals of contributors (**beneficiaries**) are considered on the merits within a specified time;

procedures to guarantee the timely implementation of transfers and payments of pension accumulations of contributors (**beneficiaries**);

procedures for the provision of non-repayable consulting services to contributors (**beneficiaries**), as well as to persons intending to conclude an agreement on pension provision with an accumulative pension fund, on the functioning of the accumulative pension system and investment management of pension assets;

procedures to ensure that accounting for pension assets meets the requirements of the legislation of the Republic of Kazakhstan on pension provision and accounting and financial reporting;

the procedure for checking the correctness of the calculation of the commission;

procedures for monitoring the organization of activities for concluding agreements on pension provision with contributors (**beneficiaries**) in the Fund;

procedures for monitoring the activities of the Fund's employees, who are entrusted with the functions of providing consulting services to contributors (**beneficiaries**), as well as to persons intending to conclude an agreement on pension provision with the Fund, on the functioning of the funded pension system;

5) creation of an organizational and functional management structure of the Fund;

6) interaction of the Fund with the authorized body;

7) collection, input, storage and dissemination of information on pension assets and savings;

8) setting limits on the permissible amount of risks.

Clause 46 was amended in accordance with the Amendments and additions approved by the Decision of the Board of Directors of UAPF JSC dated 07.19.2018 No.7.

46. The risk management system of the Fund **includes requirements** for the organization of an information exchange system in accordance with Appendix 4 to the Rules, as well as for software and hardware used to maintain the risk management system in accordance with Appendix 5 to the Rules.

Clause 47 was amended in accordance with the Amendments and additions approved by the decision of the Board of Directors of UAPF JSC dated 12.06. 2020 No.7.

47. The Fund annually, no later than 01.07. Of the year following the reporting year, submits to ~~the National Bank of the Republic of Kazakhstan~~ **the authorized body** a report on the assessment of compliance with the requirements for the risk management system in the form in accordance with Appendix 1 to the Rules, including:

1) a list of requirements for the risk management system;

2) self-assessment of compliance (non-compliance) with the requirements for the risk management system;

3) in the event of shortcomings in the risk management system, an action plan for their elimination, indicating the deficiency that needs to be corrected, the measures necessary to correct the deficiency, responsible persons and specific deadlines for the implementation of measures.

Chapter 12. Risk Appetite

48. The Board of Directors of the Fund approves and revises the aggregate risk appetite on an annual basis and / or as necessary, in case of changes in strategic goals and fundamental management decisions. Risk appetite can be expressed qualitatively and / or quantitatively. The values of the key financial indicators of the Fund affect the risk - appetite of the Fund.

49. The Fund approves levels of tolerance for each risk of the Fund, which must be reviewed in the event of a risk. Risk - tolerance levels are used to confirm the limits of permissible deviations of the actual indicators for risk events. The level of tolerance for each risk can also be expressed as limits for the types of risks.

50. The Board of Directors of the Fund, in addition to the aggregate risk appetite, approves (revises) investment limits.

51. The Executive Board of the Fund makes a decision on the establishment (revision) of limits by types of risks and other limits related to the activities of the Fund.

52. To ensure active and dynamic risk management, the Fund may establish other limits, which are approved (revised) by other collegial bodies created for comprehensive risk management of the Fund.

53. The Fund approved the Methodology for calculating risk appetite and risk tolerance, which was developed using generally recognized approaches and methods of best international practices.

54. The Fund's management makes operational and strategic decisions within the approved risk-appetite and risk-tolerance levels.

55. The Fund monitors the current levels of risk - tolerance to ensure that the overall risk appetite of the Fund will not be exceeded.

Chapter 13. Powers and Functional Responsibilities for Risk Management of Chairmen and Members of the Board of Directors, Executive Board and other Officials of the Fund

56. Organization of the risk management system implies an integrated approach to risk management at the level of the Board of Directors, the Executive Board, and the Fund's subdivisions.

57. The Board of Directors and the Executive Board of the Fund ensure the compliance of the risk management and internal control system with the requirements of legislation, internal regulations of the Fund and create conditions for the performance of the structural divisions and employees of the Fund of their responsibilities in the field of risk management and internal control.

Clause 58 is amended in accordance with the Amendments and additions approved by the decision of the Board of Directors of UAPF JSC dated 12.06. 2020 No.7.

58. Within the framework of the risk management system, the functions of the members of the Board of Directors of the Fund are determined by the regulation on the Board of Directors of the Fund, in accordance with the requirements of the legislation of the Republic of Kazakhstan and regulatory legal acts of the National Bank of the Republic of Kazakhstan / **authorized body**. The Board of Directors approves the Fund's internal procedures governing the Fund's internal activities in the field of the risk management system and the internal control system, as well as an analysis of their effectiveness and, if necessary, resolves issues on their improvement and minimization of risks in the Fund's activities.

59. Members of the Executive Board of the Fund perform their duties in terms of risk management in accordance with the requirements of the current legislation of the Republic of Kazakhstan. The required functions are enshrined in the Fund's Charter, regulations on the Fund's Executive Board, job descriptions and other internal documents of the Fund that govern the Fund's internal activities in the field of risk management and internal control systems. The Chairman and members of the Executive Board are obliged to exercise control and ensure the effective functioning and improvement of the Fund's risk management system.

60. Details on the distribution of rights and obligations, powers and responsibilities are given in Appendix 2 to this Policy.

Chapter 14. Qualification Requirements for the Fund's Executives, as well as Employees of the Departments Responsible for Risk Management

61. The qualification requirements for the Fund's executives, as well as employees of the divisions carrying out risk management, are established by the current legislation on pension provision in the Republic of Kazakhstan, the provisions on divisions and job descriptions of the specified employees of the Fund, including, but not limited to, the requirements for education and work experience work.

62. The Risk Management Division is an independent division and operates in accordance with the regulations on the division.

63. The tasks and functions of the employees of the risk management division, powers, qualifications, requirements for the presence of education and work experience are determined by the position and job descriptions.

64. It is not allowed to entrust the employees of the risk management division with the functions of other divisions of the Fund.

Chapter 15. Procedures for Establishing a Double Control System

65. The powers and functional responsibilities of employees, heads of individual structural divisions of the Fund, reflected in job descriptions, regulations on structural divisions of the Fund and other internal documents of the Fund, provide for double control over the correctness of transactions, including:

- 1) the employee performing the operation - the first level, the immediate manager who controls the employee performing the operation - the second level;
- 2) an employee (head) of the unit performing the operation - the first level, the employee (head) of another unit that controls the execution of this operation - the second level.

66. Fulfillment of the requirements for the presence of two levels of control of operations is carried out through:

- 1) the electronic document management system operating in the Fund by the approval of the direct manager / manager of another unit of operations performed by the employee / unit manager;
- 2) signing a document on paper with its subsequent sending and / or an electronic image of the document to interested parties.

Chapter 16. Procedure for the Implementation of Operational (Current) Activities of the Fund and Accounting

Paragraph three of sub-clause 5) of clause 67 was amended in accordance with the Amendments and additions approved by the Decision of the Board of Directors of UAPF JSC dated 07.19.2018 No.7.

67. The procedure for the implementation of the operational (current) activities of the Fund and accounting provides for the availability of:

- 1) in the organizational and functional structure of the Fund of the units that ensure the implementation of the operational (current) activities of the Fund, the functions, duties and powers of which are determined by the relevant provisions approved by the Board of the Fund;
- 2) the technical procedure for carrying out operations, described in separate internal documents of the Fund, developed by the structural divisions of the Fund, involved in the process of performing these operations;
- 3) the accounting system of the Fund's operations, reflected in the Fund's Accounting Policy and other internal documents on accounting for certain types of operations;
- 4) systems of document circulation and office work of the Fund;
- 5) procedures to prevent risks of violation of the procedure for carrying out the operational (current) activities of the Fund, including:
 - limiting the possibility of incorrect conduct and inaccurate reflection in the accounting of transactions with financial instruments;
 - ensuring the separation of the functions of employees and establishing the restriction of access for employees to participate (manage) in **the implementation of** accounting records in order to prevent fraud and errors;
 - ensuring the safety of transactions, namely, the identification and prevention of cases of abuse in the implementation of transactions with income and risk taking, inadequate to the amount of equity capital and income;
 - ensuring the smooth functioning of the electronic processing system and the availability of the persons exercising control over the electronic data processing system and responsible for data processing issues, qualifications and experience corresponding to the profile of work;

aimed at preventing unauthorized access to computer and telecommunication systems and assuming that the information support unit has a system for checking the access level when entering and exiting the automated system, and establishing the responsibility of the information support unit for controlling important keys, including electronic keys to information databases;

aimed at the implementation of planned measures, including in case of force majeure to ensure the safety of information database systems, providing:

6) the presence of separate rooms for technical complexes of information databases that meet the requirements of fire safety and seismic resistance, autonomous power supply, backup computers and network communications, regular backups of system-important program files and data files;

7) delegation of authority and responsibility in the event of force majeure;

8) determination of actions in the event of force majeure circumstances, providing for the rules and guidelines for the computer center in the event of an emergency failure of the system;

9) prevention of failures through regular inspections of equipment and verification of performance reports by the information support unit;

10) establishment of the order of planning, development and operation of electronic data processing systems.

68. The organizational and functional structure of the Fund and the procedure for carrying out the operational (current) activities of the Fund and accounting are established by the Board of the Fund.

Supplement with Chapter 16-1 in accordance with the Amendments and additions approved by the Decision of the Board of Directors of UAPF JSC dated 07.19.2018 No.7.

Chapter 16-1. Business Continuity Management

68-1. In order to determine actions in the event of force majeure, the main approaches and principles of building an effective process for managing business continuity, the Fund has developed internal regulations governing the process of organizing and managing the continuity of the Fund's activities in timely response in the event of an emergency / crisis situation and force majeure circumstances with the adoption of preventive measures before they occur.

Chapter 17. Internal control system

69. The goals, elements, functions, components, principles of the organization of the internal control system, as well as the roles, responsibilities and interaction of its participants, the types and levels of internal control over the financial and economic activities of the Fund are defined in the Policy on the organization of the internal control system of the Fund.

Chapter 18. Final Provisions

70. The implementation of this Policy is carried out in accordance with the approved development strategy and the corresponding action plans of the Fund.

71. The policy may be revised taking into account changes in the Fund's strategy and changes in the legislation of the Republic of Kazakhstan. If, as a result of changes in the legislation of the Republic of Kazakhstan or the Charter, certain norms of the Policy come into conflict with them, these norms of the Policy become invalid and until the appropriate changes are made to the Policy, it is necessary to be guided by the legislation of the Republic of Kazakhstan.

72. The Risk Management Division is responsible for the current content of the Policy. The risk management division has the right to initiate an independent external assessment of the effectiveness of the risk management system on a periodic basis to the Executive Board of the Fund.

73. All changes and additions to this Policy or its cancellation is carried out in accordance with the requirements of the internal documents of the Fund.

74. Issues not considered by this Policy are regulated in accordance with the legislation of the Republic of Kazakhstan, other internal regulations of the Fund.

75. The requirements of the Policy are binding on all divisions of the Fund. Responsibility for non-compliance with the Policy lies with the employees and heads of the Fund's divisions.

76. The Policy comes into effect from the moment of its approval by the Board of Directors of the Fund.

Chairman of the Executive Board

N. Nauryzbayeva

Appendix 1
to the Risk Management Policy of UAPF JSC,
approved by the minutes of the Board of Directors of JSC "UAPF"
dated April 28, 2017 No.3

**Information on compliance (use) of the requirements
of the risk management system of UAPF JSC
for the "___" quarter of _____**

No.	Risk management system requirements	Compliance assessment	Identified shortcomings	Necessary measures to eliminate shortcomings, responsible persons and deadlines for the implementation of measures	Executives
1	2	3	4	5	6

Note on filling out the table:

Information on compliance (use) with the requirements of the Fund's risk management system in accordance with this form is sent to the Fund's Board of Directors on a quarterly basis.

The assessment of compliance with the requirements for the risk management system must be carried out according to the three-point system of the following criteria: meets, partially meets, does not meet.

1. The assessment "comply" is made when the Fund fulfills the criterion of the requirements for the risk management system without any significant shortcomings.

2. The rating "partially comply" is made when shortcomings are found that are not considered sufficient to raise serious doubts about the Fund's ability to achieve compliance with a specific criterion of the risk management system requirement.

3. The assessment "does not comply" is made if the Fund does not meet the criteria for the risk management system.

4. In the event that certain requirements for the risk management system cannot be applied to the Fund, the assessment of compliance with this criterion of the requirement is not carried out and is marked with the corresponding entry "not applicable"

Appendix 2 was amended in accordance with the Amendments and additions approved by the Decision of the Board of Directors of UAPF JSC dated 07.19.2018 No.7.

Appendix 2
to the Risk Management Policy of UAPF JSC,
approved by the minutes of the Board of Directors of UAPF JSC
dated April 28, 2017 No.3

Distribution of functions, duties, powers and responsibilities of the participants in the risk management system:

RMS Participants	Duties and responsibilities	Authorities and responsibility
The Board of Directors	1. creation of conditions for the performance of the structural divisions and employees of the Fund of their responsibilities in the field of risk management 2. receiving from the Fund's risk management division of information on compliance (using) the requirements of the risk management system - on a quarterly basis in the form established by the Fund's internal documents; 3. receiving reports from the Fund's division that analyzes and plans the budget on the current results of the Fund's operating (current) activities in comparison with the same period for the previous reporting period and with the planned performance indicators - on a quarterly basis; 4. receiving from the Fund's internal audit service reports on the results of audits containing conclusions about existing shortcomings and recommendations for improving the Fund's activities - as the reports are prepared; 5. receiving from the Board of the Fund, reports on the results of control over the implementation of the recommendations of the internal audit service to improve the activities of the Fund - on a quarterly basis;	1. Ensuring the compliance of the risk management system with the requirements of the current legislation; 2. control over the functioning and development of the RMS; 3. Evaluation of the effectiveness of the RMS based on the reports of the Internal Audit Service, the Executive Board; 4. disclosure of information about the RMS in the annual report on the results of financial and economic activities provided to the Shareholder.
Internal Audit Service	1. receiving from all structural divisions, branches and employees of the Fund any documents and information necessary to carry out their functions, within the time frame specified in the requests of the internal audit service.	1. implementation of standardization of internal audit; 2. preparation of expert opinions and proposals on materials submitted for consideration by the management and management bodies of the Fund on risk management issues; 3. Follow-up control to ensure the

		<p>effective functioning of the RMS by:</p> <ul style="list-style-type: none"> planning and conducting internal audits; making recommendations based on the results of audits; assessing the effectiveness of the RMS; monitoring implementation of recommendations; 4. informing management bodies about the results of audits and the state of the RMS; 5. submitting proposals to improve the efficiency of activities
<p>The Executive Board of the Fund</p>	<ol style="list-style-type: none"> 1. receiving from the division of the Fund that analyzes and planning the budget, reports on the current results of the Fund's operating (current) activities in comparison with the same period for the previous reporting period and with the planned performance indicators - on a quarterly basis; 2. receiving from the Fund's subdivision that controls the Fund's income (expenses), monthly reports on the Fund's income (expenses) with the application of the planned indicators of operating (current) activities (including the dynamics by type of activity) of structural divisions, branches, representative offices - on a quarterly basis 3. receiving from the Fund's internal audit service reports on the results of audits containing conclusions about existing shortcomings and recommendations for improving the Fund's activities - as the reports are prepared; 4. Obtaining information from the Fund's information support unit once a quarter about: <ul style="list-style-type: none"> condition of hardware and software technical complexes; technical problems discovered during the reporting period; identified inconsistencies with the internal procedures of the Fund; measures taken to eliminate and prevent recurrence of problems and inconsistencies; 5. as information emerges, obtaining 	<ol style="list-style-type: none"> 1. organization and responsibility for the effective functioning of the RMS in the Fund

	<p>from all structural divisions of the Fund: information on the violation by divisions or employees of the requirements of the legislation of the Republic of Kazakhstan on pension provision and the securities market, as well as internal documents of the Fund;</p> <p>reports on self-identification of violations and measures taken to eliminate identified violations.</p> <p>6.excluded</p>	
The Fund's Risk Committee	<ol style="list-style-type: none"> 1. organization of an effective risk management system that allows identifying and assessing potential risks; 2. consideration and approval of risk reports in accordance with the requirements stipulated by the internal regulatory documents of the Fund and taking appropriate measures within its competence; 3. development of proposals for improving the organizational structure of the Fund that meets the needs and ensures control and minimization of risks; 4. assisting the Fund's bodies in making decisions on minimizing risks (operational risks, compliance risks, risks of legalization (laundering) of proceeds from crime and terrorism financing, information technology risks, information security, market risks, and other risks) in within their competence; 5. study of the conclusions of external auditors on improving the internal control and risk management system and consideration of the developed action plans to minimize the risks of the Fund; 6. monitoring of the existing systems of internal control and risk management of the Fund in order to effectively track existing risks, new or not previously identified 	<ol style="list-style-type: none"> 1. coordination of the activities of the Fund's divisions in the field of risk management; 2.comprehensive and effective management of risks affecting the activities of the Fund with the integration of risk management into strategic planning, 3. consideration of proposals for the implementation of new business processes / projects aimed at reducing the likelihood of negative events or circumstances, improving and modernizing the risk management system and the Fund's activities as a whole; 4. assistance to the Board of the Fund in order to make decisions on the issues of risk management of the Fund; 5. improving the corporate culture of risk management.
Heads of divisions of the central office and branches (owners of business processes)	<ol style="list-style-type: none"> 1. ensure the implementation of the principles of the RMS; 2. manage and own business processes; 3. are responsible for the effectiveness of achieving the operational goals of business processes; 4. organize an effective control environment for business processes, including ensuring the availability of effective control procedures and "embedding" control procedures into the 	<ol style="list-style-type: none"> 1.Ensuring the implementation of the RMS principles; 2. organization of an effective control environment for business processes; 3. responsibility for the effectiveness of achieving the goals of the processes; 4. ensuring the regulation of processes; 5. evaluation of processes for the

	<p>Fund's business processes, as well as the implementation of preliminary and current control;</p> <p>5. ensure the timely inclusion of the control procedures developed by the risk management division into the Fund's internal regulations governing the activities of the supervised division / business process and job descriptions of the accountable employees;</p> <p>6. manage the risks of business processes and organize the execution of control procedures for business processes.</p>	<p>need for their optimization and organization of the development of proposals for improving control procedures;</p> <p>6. ensuring the elimination of identified deficiencies in control procedures and the control environment of processes;</p> <p>7. process risk management and organization of control procedures execution;</p>
Risk Management Division	<p>1.controls compliance with the risk management procedures and reports the identified violations to the Risk Committee;</p> <p>2. maintains and develops the methodological and regulatory framework of the RMS;</p> <p>3. organizes the process of collecting information necessary for the analysis and assessment of risks for financial instruments;</p> <p>4. plans and initiates measures to reduce the level of risks;</p> <p>5. carries out other tasks, functions and powers for risk management stipulated by the internal regulatory documents of the Fund;</p> <p>6. in order to perform its functions, receives from all structural divisions and employees of the Fund documents and information necessary for the performance of its functions, within the time frame specified in the requests of the division that carries out risk management;</p>	<p>1.initiating and coordinating risk identification and assessment;</p> <p>2. the effectiveness of risk management measures;</p> <p>3. issuing recommendations to risk owners on risk management issues, effectiveness of measures;</p> <p>4. organization of consideration and approval by the executive bodies of the Fund of risk management measures, strategies for responding to external threats;</p> <p>5. informing the management bodies of the Fund about the results of risk management, trends and the state of the RMS;</p>
Security subdivisions	<p>1. selection, development, maintenance and control of information security tools;</p> <p>2. identification of risks within their business processes, taking into account the level of risk appetite inherent in information security.</p>	<p>1.responsibility for monitoring compliance with information security;</p>
Legal Department	<p>1.controls the compliance with the requirements of the legislation of the Republic of Kazakhstan and contractual relations, internal rules and procedures of the Fund;</p> <p>2. assesses the possibility of the emergence of additional risks associated with changes in regulatory legal acts of the Republic of Kazakhstan</p>	

