**On Determination of the Dividend Policy of Joint-Stock Company “Sovereign Wealth Fund “Samruk-Kazyna”**

In compliance with sub-item 12) of item 2 of Article 7 of the Law of the Republic of Kazakhstan dated February 1, 2012, the Government of the Republic of Kazakhstan **DECREES:**

1. To determine the Dividend Policy of Joint-Stock Company “Sovereign Wealth Fund “Samruk-Kazyna” according to the enclosure to this Decree.

2. This Decree shall come into force upon its signing.

 **Prime Minister**

**of the Republic of Kazakhstan S.Akhmetov**

Annex

 to the Decree of the Government of the Republic of Kazakhstan

№ 543

dated May 30, 2013

**Dividend Policy of Joint-Stock Company “Sovereign Wealth Fund**

**“Samruk-Kazyna”**

1. **General Provisions**

1. This Dividend Policy of Joint-Stock Company «Sovereign Wealth Fund “Samruk-Kazyna” (hereinafter - Dividend Policy) is developed in compliance with the Law of the Republic of Kazakhstan dated February 1, 2012 “On Sovereign Wealth Fund “Samruk-Kazyna”, Charter of Joint-Stock Company «Sovereign Wealth Fund “Samruk-Kazyna” (hereinafter – the Fund) and its internal documents and is aimed at providing strategic development of the Fund.

2. This Dividend Policy defines the principles by which the Board of Directors of the Fund is guided in the preparation of proposals to the Sole Shareholder of the Fund (hereinafter – the Sole Shareholder) on the distribution of the net profit (on the consolidated basis) of the Fund for the last financial year and the size of dividend for the year per ordinary share of the Fund. At that, the Board of Directors of the Fund is based on the objectives of observance of rights and rise of income of the Sole Shareholder both through dividend payment and growth of the Fund’s equity.

1. **Objectives and basic principles**
2. This Dividend Policy is designed to ensure transparency of the mechanism for determining the size of dividends and their payment to the Sole Shareholder.
3. The Dividend Policy is based on the following principles:

1) safeguarding interests of the Sole Shareholder;

2) increasing long-term value of the Fund and the Fund's Group of Companies;

3) ensuring the financial stability of the Fund and the Fund's Group of Companies; providing financing of the Fund, including the funding of new activities and investment projects implemented at the expense of the Fund;

4) transparency mechanism for determining the amount of dividends;

5) balance of short-term (revenue) and long term (development of the Fund) interests of the Sole Shareholder.

5. The basis of relationship of the Fund with the Group of Companies of the Fund for the payment of dividends on shares or interest owned by the Fund is regulated by the internal normative documents of the Fund, subject to the following principles:

 1) providing a guaranteed payment of dividends by the Fund on the state-owned shares of the Fund;

2) providing financing of the Fund, including the funding of new activities and investment projects implemented at the expense of the Fund;

3) the need to finance development expenditures, including its investment activities by the Group of Companies of the Fund;

4) differentiated approach to the determination of the amount of dividends of the Companies of the Fund’s Group depending on the maturity of Companies and financial and economic performance of Companies determined on the basis of indicators of their financial stability and liquidity;

5) reducing the amount of dividends to be paid on the amount of investment costs of Companies approved by Investment and Innovation Committee of the Fund to the development at the expense of the profit;

6) reducing the amount of dividends to be paid on the amount of capitalized costs of Companies on research and development activities;

7) compliance with the restrictions set by the contracts concluded by Companies of the Fund (covenants): if the sum of the calculated dividend exceeds the limitations established by contracts concluded by Companies (covenants), this amount is adjusted downwards to the acceptable for payment.

**3. Main approaches to dividend size calculation**

1. The Development Plan of the Fund, approved by the Board of Directors of the Fund in the established procedure, provides for the volume of planned dividends of the Fund paid to the Sole Shareholder following the last financial year.
2. The calculation of the size of dividends shall be based on the size of the Fund’s consolidated net profit as reported in the annual financial statements of the Fund prepared in accordance with the laws of the Republic of Kazakhstan on accounting and financial reporting and international financial reporting standards (IFRS).

8. The size of dividends of consolidated net income of the Fund, paid by the Fund to the Sole Shareholder for the reporting year is determined by the Sole Shareholder, but not less than the amount of dividends provided for in the national budget for the year following the reporting financial year.

9. The balance of the consolidated net profit shall be at the disposal of the Fund, unless otherwise provided by the Sole Shareholder, to achieve the following objectives:

1) repayment of losses from previous years;

2) implementation of the investment programs of the Fund’s Group;

3) implementation of marginally socially important and / or industrial-innovation projects by the decision of the Board of Directors of the Fund;

4) creation of a reserve for the redemption of obligations, on which other sources of repayment are not available.

10. To make a decision on the payment of dividends, the Board of Directors of the Fund submits proposals on the distribution of net profit of the Fund (on a consolidated basis) for the last financial year and the size of dividend for the year per ordinary share of the Fund for consideration of the Sole Shareholder.

**4. The form and time of the payment of dividends**

11. In accordance with the Charter of the Fund the dividends shall be paid to the Sole Shareholder in form of money.

12. Dividends shall be paid on the date established by the decision of the Sole Shareholder, not later than the end of the calendar year, in which that decision is taken.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_