

APPROVED BY

UMP JSC Sole Shareholder Resolution

No. 333 dated “ 27 ” August , 2012

**CORPORATE GOVERNANCE CODE OF
ULBA METALLURGICAL PLANT
JOINT-STOCK COMPANY**

Ust-Kamenogorsk, 2012

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INTRODUCTION

1 This document covers Corporate Governance Code (hereinafter referred to as “Code”) of Ulba Metallurgical Plant Joint-Stock Company (hereinafter referred to as “Company”).

Purpose of implementing the standards and following the principles of Corporate Governance Code is to protect the rights and legal interests of the Company Sole Shareholder.

2 Purposes of this Code are improvement and systematization of Corporate Governance of the Company, ensuring bigger transparency of the Company governance and confirmation of the Company readiness to follow corporate governance standards fixed in the Code. In particular:

Company governance shall be performed with high level of responsibility, accountability and effectiveness in order to maximize the Company cost;

Disclosing of information, transparency and effective operation of systems for risk management and internal control shall be performed in accordance with Kazakhstan Republic law and Company internal documents.

3 This Code is the set of rules and recommendations, which are followed by the Company during its operation, in order to ensure high level of business ethics inside the Company, and with other legal entities and individuals.

4 This Code is developed in accordance with provisions of the current Law, and considering Kazakhstan corporate governance practice, ethical regulations, needs and Company operation conditions at capital market on the current stage of development, and corporate governance principles approved in the international practice.

5 During its operation, the Company shall follow regulations of this Code. Meanwhile, deviation from the Code provisions may be explained in certain situations, considering individual features of the Company, development stage, and behavior of risks and problems appearing to the Company. Deviation from the Code provisions is allowed only upon comprehensive analysis of correspondent circumstances and review of such deviation allowed by the Board of Directors and informing of the Sole Shareholder.

6 The Company confirms that corporate governance practice does not have a static character. Board of Directors will be regularly revising provisions of the Code in accordance with existing law and best practice applied to corporate governance concerning Kazakhstan and International companies, making, if required, correspondent recommendations for the Sole Shareholder review.

7 Based on the correspondent agreements with the Company, officials and workers of the Company undertake obligations stipulated by this Code and shall follow its provisions within the Company and relationships with its subsidiary and related organizations.

8 The following terms are used in the Code:

Company internal document Document approved by the Body or official of the Company that includes obligations of the Company workers designed for multiple application and covering all persons within restricted situation, changing or suspending their validity

Director/s	Member/s of the Company Board of Directors
Sole Shareholder	National Atomic Company Kazatomprom Joint-Stock Company
Interested Person	Person, realization of rights of whom is stipulated by Kazakhstan Republic law and Company Charter associated with the Company activity, including investors (people, who own valuable papers that differ from shares)
Law	Aggregate of Kazakhstan Republic regulatory legal acts assumed in the fixed order
Committee/s	Committee/s of the Board of Directors
Conflict of interest	Situation, where personal interest of the Company worker or official may influence on unprejudiced performance of his/her duties
Corporate Secretary	Corporate Secretary of the Company
Corporate conflict	Discrepancies or dispute between: Sole Shareholder and bodies of the Company, or Bodies of the Company or its members/workers, or Body and interested persons of the Company regarding the Company governance, who negatively influence on interests of the Sole Shareholder and/or Company.
Corporate governance	Aggregate of processes, which provide governance and control of the Company activity, including relations between the Sole Shareholder, Board of Directors, Board, other bodies of the Company and Interested Persons on behalf of the Sole Shareholder, and interaction of the Company with subsidiary and related organizations
Independent Directors	Directors defined as independent in accordance with the law
Board	Collective Executive body of the Company
Board of Directors	Regulatory body of the Company
Significant corporate events	Range of events and transactions, which are made by the Company and can lead to fundamental changes in the Company activity;
Charter	Charter of the Company

9 Terms applied, but not defined in this Code, shall be used in such meaning as they are used in the Law and Charter.

INFORMATION ABOUT THE COMPANY

1 The main purpose of the Company is to make a profit through performance/provision of works/services in the field of peaceful uses of atomic energy. Company performs activity on production, processing and realization of high-technology types of uranium, beryllium, tantalum, niobium products and hydrofluoric acid; serves as an obvious supplier of the product line of nuclear fuel cycle in the world market.

2 Company is the branch organization of NAC Kazatomprom JSC.

3 Executive establishment of the Company includes:

- 1) Sole Shareholder – superior body;
- 2) Board of Directors – regulatory body;
- 3) Board – collective executive body.

4 Specific structure and corporate governance procedures are controlled by the Charter and internal documents of the Company, including documents on:

- 1) Board of Directors;
- 2) Board;
- 3) Committees;
- 4) Corporate Secretary;
- 5) Risk management;
- 6) Information disclosure;
- 7) Dividend policy.

The above mentioned documents are developed in accordance with the law and internationally approved corporate governance principles.

CHAPTER 1. GENERAL PROVISIONS AND CORPORATE GOVERNANCE PRINCIPLES

1.1 GENERAL PROVISIONS

1.1.1 Corporate governance serves as a method to increase effectiveness of the Company activity, strengthen its reputation and decrease expenses for called-up capital.

1.1.2 Company corporate governance is based on fairness, honesty, responsibility, transparency, professionalism and competence. Effective structure of the corporate governance is based on respect of rights and interests of all persons interested in the Company activity, and contributes to successful activity of the Company, including growth of its value, maintenance of its financial stability and profitability.

1.1.3 Structure of the Company corporate governance shall be correspondent to the law and clearly distribute authorities among the Company bodies.

1.1.4 Distribution of competences among the Company bodies shall be clearly identified and ensure compliance with interests of the Sole Shareholder.

1.1.5 Company bodies shall have authorities and resources to perform their obligations on a high quality level. Their management shall be timely and transparent.

1.1.6 Effective interaction between bodies and clear distribution of their competences are the key factors in ensuring the proper corporate governance practice.

1.1.7 Relations between the Company and subsidiary, related organizations are carried out in accordance with the law and approved corporate procedures.

1.1.8 Compliance with corporate governance principles as stipulated in the Code shall contribute to establishment of effective approach for conducting the objective analysis of the Company activity and getting of the correspondent recommendations, assessments from analysts, consultants and rating agencies, if required.

1.1.9 Corporate governance principles as stipulated in this chapter are directed on establishment of credibility among relations appeared in connection with the Company governance, and considered the basis of all the rules and recommendations contained in the following sections of the Code.

1.2 PRINCIPLES

1.2.1 Corporate governance in the Company is based on the following principles:

- 1) principle to protect rights and interests of the Sole Shareholder;
- 2) principle of effective governance by the Company, Board of Directors and the Board;
- 3) principle of transparency and objectiveness when disclosing information on the Company activity;
- 4) principle of legality and ethics;
- 5) principle of effective dividend policy;
- 6) principle of effective personnel policy;
- 7) principle of environment protection;
- 8) principle of labor conditions safety;
- 9) principle to regulate corporate conflicts and conflict of interests;
- 10) principle of responsibility.

1.2.2 PRINCIPLE TO PROTECT RIGHTS AND INTERESTS OF THE SOLE SHAREHOLDER

1.2.2.1 The Sole Shareholder has rights stipulated by the Law and Charter.

1.2.2.2 Corporate governance provides the Sole Shareholder with real possibility to perform its rights associated with participation in the Company governance. Sole Shareholder has a right to apply to state bodies in order to protect its rights and legal interests in case the Company bodies and/or Company officials perform actions that infringe regulations of the Law and Charter.

1.2.2.3 Order to exchange the information between the Company and Sole Shareholder shall be controlled by the Law, Charter and internal documents of the Company.

1.2.3 PRINCIPLE OF EFFECTIVE GOVERNANCE BY THE COMPANY, BOARD OF DIRECTORS AND THE BOARD

1.2.3.1 Board of Directors provides realization of interests and protection of rights of the Sole Shareholder and Company, and shall be fully liable for the Company activity.

1.2.3.2 Directors shall act in an honest manner on behalf of the Sole Shareholder and the Company.

1.2.3.3 Board of Directors ensures transparency of its activity against the Sole Shareholder.

1.2.3.4 Chairman of the Board of Directors and Chairman of the Board shall not be represented by the same person.

1.2.3.5 Distribution of competences between the Board of Directors and the Board shall be controlled by means of the Charter and Statutes on Board of Directors and the Board.

1.2.3.6 Chairman of the Board of Directors shall be responsible for management of the Board of Directors and ensure effective contribution to activity of the Board of Directors, in particular, good relations between Directors and the Board.

1.2.3.7 Not less than thirty per cent of the Company Board of Directors shall be the independent Directors.

1.2.3.8 System for operation assessment and fair rewarding of the Directors shall encourage their work on behalf of the Sole Shareholder and Company.

1.2.3.9 Executive body of the Company is the Board. The Chairman of the Board heads the Board.

1.2.3.10 The Board manages the current activity of the Company.

1.2.3.11 Board activity is based on compliance of interests of the Sole Shareholder and fully accountable to the Sole Shareholder and the Board of Directors.

1.2.4 PRINCIPLE OF TRANSPARENCY AND OBJECTIVENESS WHEN DISCLOSING INFORMATION ON THE COMPANY ACTIVITY

1.2.4.1 To ensure a possibility for the Sole Shareholder to make the reasonable decisions and transfer information about the Company activity to the Interested Persons, the Company

shall timely disclose adequate information about the Company, including its financial situation, economic performances, results of its activity, ownership and management structures, to the Sole Shareholder and Interested Persons.

1.2.4.2 When disclosing and (or) publishing any information, the Company shall consider provisions of the Law and the Company internal documents on commercial and other Law protected secret.

1.2.5 PRINCIPLE OF LEGALITY AND ETHICS

1.2.5.1 The Company shall act in accordance with the Law, principles of business ethics, provisions of the Charter, Code and the Company internal documents.

1.2.5.2 Relations between the Sole Shareholder, members of the Board of Directors and the Board shall be built based on mutual trust, respect, accounting and control.

1.2.6 PRINCIPLE OF EFFECTIVE DIVIDEND POLICY

1.2.6.1 The Company shall meet regulations of the Law and the Company internal documents, which define policy of the Company.

1.2.6.2 One of the main principles of dividend policy is ensuring the simple and transparent mechanism to define the size of dividends and conditions for their payments.

1.2.6.3 Dividend policy of the Company shall be transparent and accessible for the Sole Shareholder as per the Law and the Company internal documents.

1.2.7 PRINCIPLE OF EFFECTIVE PERSONNEL POLICY

1.2.7.1 Corporate governance of the Company is based on protection of the Company workers rights as stipulated by the Law, and directed on developing of the partnership relations between the Company and its workers regarding resolution of personnel management issues, social issues and labor conditions regulation.

1.2.7.2 Corporate governance shall encourage processes for creation of favorable and creative atmosphere in the labor collective, and make qualification of the Company workers higher.

1.2.7.3 Transparent personnel policy is carried out in the Company for workers. This policy is effective during all stages of operation with personnel, in case of:

- 1) hiring;
- 2) resignation;
- 3) training;
- 4) paying for labor and social support.

1.2.7.4 All the workers in the Company shall have equal possibilities for career development; effective rewarding system is operated.

1.2.7.5 The main aspects for relations between the Company and workers are covered in collective and labor agreements. Each worker of the Company shall follow provisions of the Kazakhstan Labor Code, labor agreements, and internal documents of the Company.

1.2.8 ENVIRONMENT PROTECTION PRINCIPLE

1.2.8.1 Environment protection principle includes:

1) compliance with the requirements of the Republic of Kazakhstan Law in the sphere of environment protection;

2) preservation of the environment in the regions of the Company location, especially solicitous attitude towards water basins and atmosphere;

3) achievement of ecological level, compliant with the contemporary state of science and technology development;

4) continuous development of environment management system;

5) preventive measures, i.e. prevention of negative effects on environment from different types of economic activities before their realization, environmental impact awareness;

6) reduction of emissions, pollutants and waste discharge during production increase by means of progressive technologies and equipment implementation and upgrading of operating processes level of automation;

7) fee paying exploitation of natural resources and damage compensation for population and environment;

8) continuous increase of personnel awareness and competence level in the sphere of environment and natural management;

9) environmental information transparency.

1.2.8.2 The Company uses advanced technologies and management methods for safe handling of waste, for adverse environmental impact minimization and natural resources preservation. The Company carries out continuous production facilities upgrade basing on international practices of safe technology and equipment development and implementation.

1.2.8.3 The Company, in order to observe environment protection principle, respects preventive measures on environment protection priority at all the stages of product life cycle, maintains industrial ecological control and is obliged to timely inform stakeholders about accidental environment pollution cases.

1.2.9 WORKING CONDITIONS SAFETY PRINCIPLE

1.2.9.1 Industrial safety and labor protection condition of the Company subsidiary and related organizations is measured in full conformity with performance indicators stipulated by the Law and internal documents of the Company.

1.2.9.2 The Company responsibilities in occupational safety and personnel health advocacy assurance are the following:

1) continuous improvement of industrial safety condition, labor protection at facilities and control under these obligations execution;

2) achievement of industrial safety level, compliant with the contemporary state of development of science, technology and society, industrial safety improvement at the Company production facilities implementing new safe production processes and equipment, contemporary safe tools, technological processes automated control system;

3) efficiency increase of production control of industrial safety requirements observance effectiveness at the Company production facilities basing on implementation of advanced information technologies, engineering diagnostics methods and remote sounding;

4) further improvement of industrial injuries preventative measures, continuous improvement of health care and labor safety management system;

5) continuous Company staff development, improvement of professional selection and training of the Company workers, responsible for the issues of labor safety using modern program teaching methods; strengthening labor and production discipline, safety and labor protection issues promotion;

6) health care and labor safety management system at productions condition monitoring and audit, facilities working conditions accreditation followed by corresponding measures for further labor production improvement.

1.2.10 CORPORATE CONFLICTS AND CONFLICT OF INTEREST REGULATION PRINCIPLE

1.2.10.1 The Board of Directors and Board members, the Company personnel shall perform their professional functions according to the Law, the Code, the Company internal documents and business ethics customaries.

1.2.10.2 Efficiency of works on corporate conflicts prevention and regulation is in the fastest corporate conflicts detection in case if they have emerged or could emerge in the Company and in clear Company bodies coordination.

1.2.10.3 The Board of Directors and the Board shall perform their professional responsibilities in an honest manner, to the benefit of the Company and the Sole Shareholder, avoiding corporate conflicts.

1.2.10.4 In case of corporate conflicts emerging, the participants find ways to resolve them by negotiations in order to ensure effective protection of rights both the Sole Shareholder and the Company business reputation.

1.2.10.5 The Board Chairman on behalf of the Company shall perform any corporate conflicts regulation, resolving of which is not in the competence of the Company Board of Directors.

1.2.10.6 The Board of Directors shall perform corporate conflicts regulation on issues, which are in its competence. In this case, the Corporate Secretary is obliged to inform the Board of Directors about corporate conflicts gist and act as an agent in corporate conflicts resolution.

1.2.10.7 Board of Directors shall consider individual corporate conflicts, related to the Board Chairman competence, in case, if the conflict matter is in an action (inaction) of the Board Chairman or the Board, or in their resolutions.

1.2.10.8 Main principles of preventing conflict of interest are stipulated in the Company internal documents.

1.2.10.9 If corporate conflicts can not be resolved by means of negotiations, they shall be resolved in accordance with the Law.

1.2.11 PRESPONSIBILITY PRINCIPLE

1.2.11.1 The Company acknowledges and respects all the Interested Persons rights and strives towards cooperation for the purpose of its development and financial stability assurance.

1.2.11.2 The Interested Persons shall have an opportunity to be recompensed for their rights violation in cases, stipulated by the Law.

1.2.11.3 In case of the Interested Person participation in the process of corporate management, the latter shall have access to essential, sufficient and reliable information on a timely basis.

1.2.11.4 The Interested Persons shall have an opportunity to easily inform the Board of Directors about illegal or unethical acts of the Board and they shall not be derogated from their rights in case of such information.

CHAPTER 2. THE COMPANY SOLE SHAREHOLDER

2.1 The Sole Shareholder is entitled to participate in the Company administration by means of decision making on key aspects of the Company activity, which makes possible for the Sole Shareholder to exercise its rights. Exclusive jurisdiction of the Company Sole Shareholder is specified by the Charter and the Law.

2.2 According to the Law, the Sole Shareholder is entitled to change or/and exclude specific issues, presented for consideration to make an appropriate decision providing feasibility to use this right.

2.3 If the Sole Shareholder presents for consideration the issue on election of the Company Board of Directors members, the Sole Shareholder shall be provided with the complete information about candidates.

2.4 Issues presented for consideration of the Sole Shareholder for the corresponding decision shall be clear in order to eliminate the possibility of divergent interpretation.

2.5 The Sole Shareholder before decision of the issues presented for its consideration can find it necessary to listen to the opinion of corresponding designated persons and/or the Company workers.

2.6 The Company shall response all the substantive issues of the Sole Shareholder. If the issue is difficult to response immediately, a person (persons) who is asked shall provide written reply in due time, indicated by the Sole Shareholder.

2.7 The Company ensures realization of the Sole Shareholder basic rights according to the established in the Charter procedure, inter alia:

1) All the necessary activities according to the Law for the Sole Shareholder decisions execution and realization;

2) Share ownership, usage and management right;

3) The right to make to the Company written inquiries about its activity and to receive substantiated responses in terms, stipulated by the Charter;

4) The right to participate in the Company management and to elect the Board of Directors;

5) The right to receive profit share of the Company (dividends);

6) Eligibility interest in the Company estate upon its liquidation;

2.8 The Company provides realization of the Sole Shareholder rights in making corporate management key decisions.

2.9 The Company provides the Sole Shareholder with the reliable information about financial and operational activities and their results in accordance with the Law.

2.10 Board Chairman is responsible for comprehensive information preparation and provision upon The Sole Shareholder request in terms, stipulated by the Company internal documents.

2.11 The Sole Shareholder can be provided with additional information about plans, achievements and problems in the Company activity, as well as analytic investigations and other organizations' materials about the Company activity. The requirements of information disclosure shall not impose to the Company excessive administrative burden or unreasonable expenses.

2.12 The Company shareholder register is maintained by an independent record-clerk. Choice and designation of the record-clerk who has all the necessary technical means and unblemished reputation, allows the Company to ensure reliable and effective registration of the Company share and other securities rights.

CHAPTER 3. THE COMPANY BOARD OF DIRECTORS

3.1 FUNCTIONS, RIGHTS, DUTIES AND RESPONSIBILITY OF THE BOARD OF DIRECTORS

3.1.1 In accordance with the Law, the Board of Directors shall perform general management of the Company activity, excluding resolving the issues, which are attributed to exclusive jurisdiction of the Sole Shareholder by the Law and the Charter, has broad powers and is responsible for negligent performance of its obligations.

3.1.2 The Board of Directors shall perform its functions in accordance with the Law, the Charter and this Code and the Statute of the Board of Directors.

3.1.3 The Board of Directors approves the Company corporate strategy.

3.1.4 The Board of Directors is obliged to evaluate the Company internal control system effectiveness at least once a year and shall report to the Sole Shareholder about evaluation carrying out.

3.1.5 The Board of Directors competence is stipulated by the Law, the Charter and the Statute of the Board of Directors.

3.1.6 The responsibilities of the Board of Directors members are formulated and put into the Law, the Charter and the Statute of the Board of Directors.

3.1.7 Procedure of Director election and termination of his authorities, formalization of the Director with business matters and activities upon accession to office, voluntary laying down procedure, the Board of Directors convocation and meetings carrying out, and other issues

connected with the Board of Directors activity are stipulated by the Charter and the Statute of the Board of Directors, which are approved by the decision of the Sole Shareholder.

3.1.8 The Board of Directors and the Corporate Secretary are responsible for dialogue with the Sole Shareholder. Board of Directors Chairman discusses management and development strategy with the Sole Shareholder and provides information completeness and integrity.

3.1.9 All the Directors shall make fair decisions and act for the benefit of the Company and the Sole Shareholder.

3.2 BOARD OF DIRECTORS STRUCTURE AND ARRANGEMENT

3.2.1 The Board of Directors structure shall provide the most effective performing of the Board of Directors functions.

3.2.2 Determination of the Board of Directors quantitative composition, term of powers, its members election and early termination of powers, as well as determination of the remuneration payment amount and terms, and reimbursement of expenses to the Board of Directors members for execution of their responsibilities is within the Sole Shareholder exclusive jurisdiction.

3.2.3 New Directors are elected in accordance with the Law, by official and transparent procedure.

3.2.4 The Sole Shareholder shall be provided with adequate data about the candidate for Director position, including biographical data, information about the candidate and the Company relationships (affiliation, partnership etc.) and any other information allowing the Sole Shareholder to make reasoned decision about election.

3.2.5 The candidates to Directors and the Directors shall have corresponding work experience, knowledge, qualification, positive achievements and unblemished reputation in business environment necessary for fulfillment of its responsibilities and effective work of the whole Board of Directors organization for benefit of the Sole Shareholder and the Company.

3.2.6 The Director position can not be occupied by the person who:

- 1) Has no higher education;
- 2) Has outstanding or unexpunged conviction in accordance with the procedure established by law;
- 3) Earlier was the Board of Directors Chairman, chief executed officer (Board Chairman), deputy executed officer, chief accountant of the different legal entity in the period not more than a year before the decision about enforced liquidation or enforced redemption of shares or temporary shutdown of different legal entity, declared bankrupt according to established procedure. The indicated requirement is applied for five years since the decision about enforced liquidation or enforced redemption of shares or temporary shutdown of different legal entity, declared bankrupt according to established procedure;
- 4) Has conflict of interests. It is not recommended to elect into the Board of Directors the person, who is a participant or (Managing) Director General, member of supervisory authority or legal entity, competing with the Company.

3.2.7 The conditions of Directors election shall provide timely disclosure of authentic information about the candidate to the Director's position to the Sole Shareholder and Interested Persons.

3.2.8 The Board of Directors in its annual report about its activity for the Sole Shareholder shall indicate the Director who is considered independent. The Board of Directors shall determine whether Director is independent while making decisions; indicate the reasons why Director was declared Independent and reflect therewith Director conformity with independence criteria according to the Law, as well as relationships and circumstances, which can influence Director's independence recognition, inter alia if Director:

- 1) During last five years works at the Company or its branch/related organization;
- 2) Received or still receives additional remuneration from the Company, excluding Director's remuneration;
- 3) Had the similar position in other organizations and has significant contacts with other Directors through such type of participation in other organizations or bodies;
- 4) Presents the Sole Shareholder or state authorities;
- 5) Is the Director more than nine consecutive years.

3.3 THE BOARD OF DIRECTORS ACTIVITY ARRANGEMENT AND WORKING ORDER

3.3.1 The Board of Directors activity is based on effectiveness and responsibility principles. Order of convening and the Board of Directors meetings procedure and other issues connected with the Board of Directors activity are stipulated by the Charter, the Statute of the Board of Directors, which are approved by the decision of the Sole Shareholder of the Company.

3.3.2 The Board of Directors meeting is held in accordance with the schedule, compiled annually on the rationality, effectiveness, and periodicity principles. The meeting of the Board of Directors shall be held periodically at least six times per year.

3.3.3 The Board of Directors shall develop and follow internal procedures for the Board of Directors meetings preparation and conducting. These procedures shall regulate all the necessary parameters of the Board of Directors meeting activity.

3.3.4 The Board of Directors shall keep the detailed minutes of its meetings and duly record discussion of all the issues. Minutes shall be signed by the Board of Directors Chairman or by the person, acting as a chairman at the meeting, and the Corporate Secretary and includes nominal vote results.

3.3.5 The Board of Directors meetings provide two types of voting: in person voting and absentee voting the voting form choice substantiation. The Company corporate strategy approval is performed only on the Board of Directors meetings with in person voting.

In special cases, it is possible to combine both forms of voting. It happens in case if one or several Directors (at most 30%) can not be in person at the Board of Directors meeting. Furthermore, the absent Director can participate in discussion of issues using technical connection means and shall provide his opinion in a written form.

3.3.6 The Director who is interested in issue presented for consideration of the Board of Directors shall not participate in its discussion and voting for this issue, the corresponding statement shall be put into the Minutes of the Board of Directors meeting.

3.3.7 To consider the most important issues and prepare recommendations to the Board of Directors the Board of Directors Committees can be established.

3.3.7.1 The Committees are established by the Board of Directors from its members, one of them is appointed to perform function of the Committee Chairman, and from experts, having necessary professional knowledge to work in the specific Committee. Committee

members terms of appointment comply with its terms of appointment as Directors, however is annually revised by the Board of Directors.

The Board of Directors Chairman can not be a member of Audit Committee and Appointments and Remuneration Committee.

3.3.7.2 Principles and aims of Committees establishment are reflected in the corresponding internal documents of the Company.

3.3.8 The Board of Directors shall be timely provided with the information in appropriate form and quality and volume which gives it the possibility to execute its duties.

3.3.9 The Board of Directors Chairman and the Corporate Secretary are responsible for Directors timely receiving clear and adequate information. The Board is responsible to provide such information and Directors can claim clarifications and explanations when it is necessary.

3.3.10 The Board of Directors shall provide newly elected Directors with effective inauguration.

3.3.11 The Board of Directors has the right to use external expert and advisers services in terms of means, provided by the Company budget/plan of development to the correspondent year.

3.4 THE BOARD OF DIRECTORS PERFORMANCE ASSESMENT

3.4.1 The Board of Directors shall annually give overall assessment of its own, everyone of the Director, its Committees work and the results of which are discussed at the Board of Directors meeting. No one of the Directors shall be involved into the process of its performance assessment.

3.4.2 The Directors carry out annual meetings under the direction of one of the Independent Directors by the Board of Directors Chairman appraisal.

3.4.3 According to the Board of Directors performance assessment results the Sole Shareholder can make a decision to elect new members into the Board of Directors and/or the Directors early termination of the powers.

3.5 THE BOARD OF DIRECTOR REMUNERATION

3.5.1 Determination of the amount and terms of remuneration and expenses compensation to the Board of Directors members for execution of their duties is in the Sole Shareholder exclusive jurisdiction.

3.5.2 The Company shall use a transparent policy of the Directors remuneration. The amount of the Directors remuneration shall be adequate to the time, devoted for work and to the quality of their duties execution.

3.5.3 The terms of the Directors remuneration shall be reflected into the Company internal documents.

3.5.4 The Board Chairman shall not receive remuneration for the work in the Board of Directors.

CHAPTER 4. THE BOARD

4.1 FUNCTIONS, RIGHTS, LIABILITIES AND RESPONSIBILITIES OF THE BOARD

4.1.1 In accordance with the Law of Republic of Kazakhstan the Board manages the Company current activity.

4.1.2 The Board shall execute a decision of the Sole Shareholder and the Board of Directors.

4.1.3 The Board has the right to make decisions on any issue concerning the Company activity not related by the Law and the Charter to other Company elements' and officials' competence.

4.1.4 The Board shall create for Company workers an atmosphere of interest in efficient work of the Company; be intended to make each worker value their work in the Company and realize that his compensation generally depends on Company work results.

4.1.5 The Board's tasks and functions, selection criteria for applicants to the Board and operating procedures of the Board are determined by the Law, the Charter, the Code and internal documents of the Company.

4.1.6 The Board is responsible for:

disclosure of information and coverage of Company activity in accordance with the Law; and shall ensure protection and safety of internal (operation) information.

allocation of financial and human recourses for the purposes set by the Sole Shareholder and the Board of Directors.

4.2 COMPOSITION OF THE BOARD AND ITS FORMATION

4.2.1 When electing to the Board, the Board of Directors follows the decisions of the Sole Shareholder, Company internal documents, specifying qualification requirements to applicants for these positions and procedure of election.

4.2.2 Proposals with applicants for election to the Board may be submitted by the Chairman of Board to the Board of Directors for consideration.

4.2.3 Should the Board of Directors decline an applicant, second time proposed by the Chairman of Board for the same position in the Board, the Chairman of the Board of Directors receives the right to propose an applicant for this position.

4.2.4 Applicants for position in the Board shall have an experience, knowledge and qualification necessary for discharge of their duties, and positive reputation.

4.2.5 Selection and assignment of the Board members is done by maximum transparent and precise procedures determined by the Board of Directors.

4.2.6 Relations among the Company and the Board members are established by Agreements. Agreements shall contain Parties' rights, liabilities, responsibilities and other significant terms, and liability of the Board members on complying with the obligations hereof.

4.2.7 The Company Sole Shareholder may approve standard contract with the Chairman of the Board.

4.3 ORGANIZATION OF ACTIVITIES AND WORK PROCEDURE OF THE BOARD

4.3.1 Work procedure of the Board is settled by the Statute of the Board of the Company to be approved by decision of the Company Board of Directors.

4.3.2 The Board holds regular sessions. Board members receive information on agenda beforehand. Herewith the Board holds sessions in a form of both in-person and in-absentia voting.

4.4 THE BOARD COMPENSATION

4.4.1 Amount of compensation of the Board and the Board members is determined by the Board of Directors taking into account an opinion of the Sole Shareholder.

4.4.2 Compensation of the Board members includes constant part and variable part, where the last one depends on key indicators of the Board members' work and connected with their level of qualification and personal contribution to results of Company activity.

4.4.3 Policy of the Board members compensation shall be transparent. Compensation shall inspire the Board members for high quality work achievement.

CHAPTER 5. CORPORATE SECRETARY OF THE COMPANY

5.1 FUNCTIONS, RIGHTS, LIABILITIES AND RESPONSIBILITIES OF THE CORPORATE SECRETARY

5.1.1 The Corporate Secretary's responsibility is to ensure that Board of Directors follows the procedures aimed at protection of the rights and interests of the Sole Shareholder, the Law provisions and standards in the sphere of corporate governance, Charter provisions and other internal documents of the Company.

5.1.2 The Corporate Secretary exercises his/her functions permanently in a full-time capacity. The Corporate Secretary shall have a qualification ensuring that the Company bodies fulfill the requirements established by the Law in the sphere of corporate governance and internal documents of the Company, cooperate with each other in accordance with the Charter provisions and other internal documents of the Company, and shall inform the Company Directors and officials about new tendencies in development of the corporate governance.

5.1.3 The Corporate Secretary is responsible for ensuring that sessions and decision making procedures are followed appropriately by the Board of Directors.

5.1.4 The Corporate Secretary ensures that relevant Company bodies consider requests of the Sole Shareholder appropriately, solve corporate conflicts connected with violation of the Sole Shareholder's rights. The Corporate Secretary also controls if such requests are timely considered by the Company bodies.

5.1.5 The Corporate Secretary shall ensure appropriate information exchange among the Company bodies and assistance in Directors initiation process.

5.1.6 Status, functions and duties of the Corporate Secretary are determined by the Law, the Charter, the Code and Company internal documents.

5.2 COMPANY CORPORATE SECRETARY ASSIGNMENT AND TERMINATION OF AUTHORITY

5.2.1 Corporate Secretary assignment and termination of his/her authority is a competence of the Board of Directors.

5.3 COOPERATION BETWEEN THE BOARD OF DIRECTORS AND THE BOARD. THE CORPORATE SECRETARY.

5.3.1 Effective corporate governance requires an open dialog between the Board of Directors and the Board. Procedure of regular reports (information) submission to the Board of Directors is regulated by Company internal documents.

CHAPTER 6. SIGNIFICANT CORPORATE EVENTS

6.1 Making decisions that can lead to significant corporate events appearance the Board of Directors shall provide the Sole Shareholder and the Interested Person with statement of need to perform actions mentioned.

6.2 The Company ensures that the Sole Shareholder participates in solving the issues regarding significant corporate events.

6.3 Significant corporate events include:

- 1) Company reorganization (amalgamation, joining, division, reparation, transformation);
- 2) Company liquidation;
- 3) Settlement of major transactions by the Company;
- 4) The Statute amendment;
- 5) Other issues, solution of which is principally important for the Company.

CHAPTER 7. DISCLOSURE OF INFORMATION ABOUT THE COMPANY

7.1 COMPANY INFORMATION POLICY AND INFORMATION DISCLOSURE PRACTICE

7.1.1 Purpose of information disclosure is communication of this information to all Interested Persons as required for making relevant decision.

7.1.2 The Company announces the following informational materials and publications through mass media or proper Web-site in the Internet:

1) Company annual report

The following information is included but not limited into the Company annual report: general information about the Board of Directors; composition of the Board of Directors (stating the Chairman of the Board of Directors and Independent Directors); criteria for selection of members of the Board of Directors; competence of the Board of Directors; full information about sessions of the Board of Directors and its Committees (number of sessions, each Director attendance of sessions of the Board of Directors and its Committees he/she is related to); the most important decisions made by the Board of Directors and the Board; Company position and development prospects evaluation; the Board report; composition of the Board; information about risk management system; information about significant corporate events.

2) General Company information,

3) Main tasks, aims and activity types of the Company;

4) Public variant of the Company development strategy;

5) The Charter and internal documents regulating activity of the Company bodies, this Code, Code of Business Conduct, Risk Management Policy, Statue of the Board of Directors Committees, Dividend Policy;

6) Company organization structure;

7) Information about members of the Board of Directors and the Board, Compensation Policy for members of the Board of Directors and the Board;

8) Audited Annual Financial Reporting;

9) Information about procurement activities;

10) Information about major transactions;

11) Annual calendar of corporate events;

12) List and information about subsidiaries and related organizations.

7.1.3 Company transparency is based on Company internal documents.

7.1.4 The company annually announces through mass media the following:

1) Consolidated annual financial reporting;

2) Audit report,

within timeframes established by authority.

7.2 INTERNAL INFORMATION PROTECTION

7.2.1 Access to and availability of Proprietary, Secret or other Information protected by the Law is determined by the Company.

7.2.2 The Company takes steps to protect confidential information in accordance with the Law and Company internal documents.

7.2.3 The Company develops and implements effective proprietary information usage control system, and establishes adequate procedures, systems and means of control in order to determine, control and distribution of internal information and take all necessary measures ensuring that disclosed information is not false and sophisticated.

7.2.4 The Company informs its employees about introduction of control means with regard to ability to disclose information about the Company, and ensures that Company Directors and employees obtain sufficient training in Information Disclosure and Protection Policy.

7.2.5 Company employees shall not disclose confidential internal (proprietary) information while working. The Company establishes term for nondisclosure of specified information upon end of work in the Company.

CHAPTER 8. FINANCIAL REPORTING. CONTROL OF FINANCIAL AND BUSINESS ACTIVITIES OF THE COMPANY.

8.1 The Company prepares financial reporting in accordance with the Law and international financial reporting standards.

8.2 Company financial reporting and auditing are based on the following principles:

- 1) Completeness and authenticity;
- 2) Impartiality and independence;
- 3) Professionalism and competence.

8.3 Company annual financial reporting is accompanied by detailed notes allowing interpreting data on financial results of Company activity. Financial information is added by comments and analytical estimations of Company management, and by auditor's findings.

8.4 The Board provides the Sole Shareholder with information about results of conducted inspections of Company financial and business activity. The Board is responsible for measured and clear evaluation of progress and other public reports, reports provided to regulatory and supervisory authority, and also information to be provided in accordance with requirements of the Law.

8.5 External audit

8.5.1 In order to obtain an independent opinion about financial reporting authenticity, the Company audits annual financial reporting for a passed year inviting external auditor (audit organization) in accordance with the Law.

8.5.2 The Company changes audit organization once per five years at least.

CHAPTER 9. DIVIDEND POLICY

9.1 The Board of Directors develops and the Sole Shareholder approves the document stating principles and mechanisms of Company Dividend Policy realization. Dividend Policy is available for review on Company Web-site.

9.2 Dividend Policy states as Company tasks for the Sole Shareholder's welfare improvement and Company capitalization growth, so certain Dividend Policy rules based on the Law.

9.3 Dividend Policy shall specify an order of net profit distribution and determination of its portion devoted to dividend payment, order of dividend amount calculation, order of dividend payment, including terms, venue and form of their payment.

9.4 Dividend Policy shall establish an order for determination of minimum Company net profit share to be used for dividend payment.

9.5 The current Company status, short-, medium-, long-term plans are taken into account when dividend payment issue consideration.

9.6 Information about decision (announcement) to pay dividends shall be sufficient for concept of dividends charge and payment order Special attention is paid to issues of incomplete or late payment of dividends.

CHAPTER 10. PRINCIPLES AND PRACTICE OF COMMUNICATION WITH SUBSIDIARIES AND RELATED ORGANIZATIONS

10.1 The Company represents vertically-integrated system where the Company is responsible for corporate management and actions coordination of subsidiaries.

10.2 Subsidiaries corporate management is accomplished by the Company through appropriate bodies (the Sole Shareholder/participant, general meeting of shareholders/participants, the Board of Directors, the Supervisory Board, the Review Board) of subsidiaries by concentrating therein scope of authority with the help of standards and principles of corporate management allowing the following actions:

- 1) Increase competitiveness and economical effectiveness of subsidiaries activity;
- 2) Implement the best world practice of subsidiaries corporate management;
- 3) Determine subsidiaries development strategy, set goals and objectives taking into account strategy and development plan;
- 4) Consider and evaluate main economical effectiveness factors of subsidiaries activity;
- 5) Ensure attaining of goals and objectives set forth including subsidiaries profit growth;
- 6) Take measures in the case of non-compliance or improper compliance of goals, objectives and economical effectiveness factors by subsidiaries;
- 7) Conduct monitoring of subsidiaries financial and business operations.

10.3 The Company employees being Company representatives in subsidiaries are responsible for protection of Company and subsidiaries rights and legal interests.

10.4 Company influence on subsidiaries activity is limited by standards and principles of corporate management through supreme authority functions (the Sole Shareholder/participant, general meeting of shareholders/participants) of subsidiaries and through representation in appropriate management and control bodies (the Board of Directors, the Supervisory Board, the Internal Audit Service, the Review Board) of subsidiaries.

10.5 The Company conducts systematic analysis of subsidiaries activity economic effectiveness, controls goals and objectives execution set forth to review systematically and holistically reporting provided by subsidiaries and inspections made by Company structural divisions in accordance with field of concern.

FINAL PROVISIONS

1. The Company shall develop and approve additional internal documents of the Company intended to adapt and implement the provisions hereof.

2. Should the legal provisions of Company internal documents be inconsistent with the provisions hereof, the Code and the Charter provisions shall prevail.

3. Should the Code legal provisions be inconsistent with the Law norms and/or the Charter legal provisions, the Law norms and/or the Charter legal provisions shall prevail.

4. All interested persons have the right to review this Code freely at the following address: 102 Abay Avenue, 070005 Ust-Kamenogorsk, Republic of Kazakhstan. Soft copy of this Code is posted on the following Internet website: www.ulba.kz.