

«Approved»
by the decision of the Board of Directors of
“QAZAQ AIR” JSC
Dated “24” April 2018 #31

Code of Conduct of QAZAQ AIR JSC

Contents

What are our goals?	3
What are our values?	4
Who is this Code of Conduct for?	5
Why do we need the Code of Conduct?	6
How is the compliance with the Code ensured?	7
SERVING OUR SOCIETY	8-12
Upholding our mission	9
Sustainable development	10
Ethical behaviour	11
External communications	12
TREATING OUR PEOPLE	13-15
Fair employment practices	14
Prohibition of discrimination and harassment	15
WORKING WITH BUSINESS COMMUNITY	16-20
Engaging with third parties	17
Conflicts of interest	18
Social projects and sponsorship	19
Gifts and hospitality	20
TAKING CARE OF OUR COMPANY	21-24
Protection of assets	22
Transparency of financial reports	23
Handling the information	24

WHAT ARE OUR GOALS?

- We operate in compliance with the highest global safety standards.
- We provide reliable air travel to our customers with modern aircraft on regional routes.
- We help stimulate increased economic activity by developing affordable domestic air travel from the regions to cities that are engines of growth while complementing the international and longer regional routes operated from these cities.
- As an environmentally conscious airline, we are using the most efficient aircraft based on a combination of minimal CO₂ footprint per flight and per passenger.
- Our recruitment and appraisal processes are based on the competencies, qualities and achievements that contribute to the goals of the company and in compliance with corporate ethics.
- We invest in the training and development of our staff who are key to the sustainable growth and success of the company.
- We show the highest levels of transparency and integrity in our activities within QAZAQ AIR as well as with our external suppliers and stakeholders.

WHAT ARE OUR VALUES?

PARTNERSHIP

We work in partnership and trust the team

We put team interests over personal ones

We build long-term and trusted relations with all stakeholders

RESPECT

We are careful with everything that surrounds us

We operate trustfully and respectfully

We obey laws and respect traditions

INTEGRITY

We keep our promises

We do what we say

We are honest and fair

MERITOCRACY

We select worthy professionals

We give everyone opportunity to speak up regardless of his/her role

We reward results

EXCELLENCE

We work smart at the high quality bar using best practices and technologies

We take responsibility and act to create value

We are curious, we learn constantly and develop the Company

WHO IS THIS CODE OF CONDUCT FOR?

The Code of Conduct directly applies to all employees, officers and directors of QAZAQ AIR JSC (hereafter – QAZAQ AIR, the Company). Reference to “you”, “us” or “everyone” in this Code means reference to all employees, officers and directors of the Company.

Business partners, suppliers and other third parties, who work with or represent the Company, are encouraged to adhere to the Code of Conduct and/or other similar compliance policies.

WHY DO WE NEED THE CODE OF CONDUCT?

Our mission is to connect the regions of Kazakhstan and in doing so stimulate the economic development of the regions. Our vision is to provide accessible regional air services in Kazakhstan in accordance with the highest local and international safety standards.

We cannot achieve our strategic goals without maintaining and enhancing trust in our business of all our stakeholders, including sole shareholder, Sovereign Welfare Fund Samruk-Kazyna JSC (hereafter – the Fund) employees and business partners.

This Code of Conduct sets out our values as well as basic principles and standards of behaviour, adherence to which protects the interests of all our stakeholders. The Code of Conduct aims to develop our corporate culture and strengthen our Company's reputation as an open and honest market participant.

The Code does not cover every issue that may arise. Therefore, there is no substitute for using your common sense.

HOW IS THE COMPLIANCE WITH THE CODE OF CONDUCT ENSURED?

Everyone must put standards of behaviour and basic principles set out in this Code at the heart of his/her day-to-day activity at the Company. The following are the first basic steps:

- Read and understand the Code of Conduct;
- Be committed to comply with the Code by words and through actions;
- Raise concerns and report on compliance risks.

Everyone should assess his or her behaviour based on the following practical guideline:

- Is it consistent with the Code?
- Is it ethical?
- Is it legal?
- If public knows about it, would my behaviour be acceptable?

If you still need any guidance or advice related to the Code, please speak to your line manager, Head of Internal audit service of the Company or Compliance Officer.

If you become aware of any failure to comply with the Code or any other compliance procedures, systems and controls, you must immediately report such concerns to the Fund's Whistleblowing Hotline by various means communicated to you. Such concerns can be made on confidential and anonymous basis with the guarantee of non-retaliation. Contact information about the Whistleblowing Hotline is available on the Company's corporate website.

Adherence and observation of ethical and compliance requirements are the responsibilities of everyone who works for or represents QAZAQ AIR. Violation of the Code harms reputation and performance of our Company and can result in disciplinary action or dismissal. It is important to note, that violation of certain sections of the Code may constitute a breach of anti-bribery and anti-corruption legislation and result in personal administrative or criminal liability.

Compliance with the Code is ensured by the compliance program and is fully supported by the Board of Directors. The Compliance Division with the assistance of the Internal audit service of the Company performs development, coordination and leadership for the compliance program. Essential elements of the compliance program are:

- Compliance risks assessment;
- Implementation of the compliance procedures, systems and controls proportionate to compliance risks;
- Effective communication including compliance training;
- Raising concerns through Whistleblowing Hotline;
- Investigation of compliance matters and taking corrective measures.

SERVING OUR SOCIETY

UPHOLDING OUR MISSION

Our mandate entrusted by the Sole shareholder is to provide accessible regional air services in Kazakhstan in accordance with the highest local and international safety standards.

Our main mission – to connect the regions of Kazakhstan and in doing so stimulate the economic development of the regions.

This means our society and state trust in our ability to deliver this challenging mission. To maintain this special trust and public confidence, we must fulfil our duties based on principle of fair treatment of Sole Shareholder and in order to ensure growth of long-term value and Sustainable development of the Company; transparency, effectiveness and flexibility of the Company's business; consistency and timeliness of making decisions in the best interests of the Company; responsibility, accountability and legitimacy.

YOUR RESPONSIBILITIES:

- Recognise this special position as being a servant to our society and state when doing business on behalf of the Company and take due care not to misuse the Company's mission;
- Recognise that your duties may have a direct influence on the quality of life and standard of living for the society and state;
- Fulfil your duties in line with the Company's mission and do not take actions which go beyond the reasons for which you are delegated your position at the Company;
- Do not indicate that you officially represent QAZAQ AIR when you are dealing with your personal matters.

WHAT YOU SHOULD PAY ATTENTION FOR:

- Signs of any offensive or inappropriate behaviour, which may lead to public scrutiny and/or harm reputation of the Company.

SUSTAINABLE DEVELOPMENT

QAZAQ AIR cares about our future generation and pays special attention for sustainable development of our country. We protect ecosystems, air quality and sustainability of our resources.

Our Company aims to minimise the impact of negative operational activity on the population and environment, to prevent the industrial accidents that cause damage to the environment, and encourage rational use and reproduction of natural resources. We adhere to improving energy efficiency, saving resources, and using alternative energy sources.

We are committed to not causing harm to people and protecting the environment, while performing and achieving our goals. Our Company assesses the environmental impact of any new activity, whether it is designing a new product, selling in a new market, building a new factory, or buying a new business.

We develop and follow safe work procedures to ensure workplace safety and prevent injuries.

YOUR RESPONSIBILITIES:

- Make sure your decisions and actions do not have negative impact on the economy, environment and society;
- Strive to adopt required measures to minimise negative impact on stakeholders in terms of economic, social and environmental aspects.

WHAT YOU SHOULD PAY ATTENTION FOR:

- Signs of any actual violations or potential violations of environment laws and regulations.

QUESTION:

Does the Company have any other guidance on sustainable development?

ANSWER:

Yes, the Corporate Governance Code provides more detailed guidance on sustainable development, which you can find on the corporate web site.

ETHICAL BEHAVIOR

Reputation is the key asset for QAZAQ AIR and it is based on trust.

QAZAQ AIR is committed to earn the trust of the government, business partners, investors and society. Trust comes after consistent following to high ethical standards.

All of us represent the Company and our actions may have an effect on the reputation of the Company. Everyone must demonstrate ethical behaviour to support the reputation of the Company.

YOUR RESPONSIBILITIES:

- Follow generally accepted moral and ethical standards, respect state and other languages, traditions and customs of all nations while working in Kazakhstan and abroad;
- Adhere to general moral and ethical standards at non-working time, do not allow anti-social behaviour in public that can result in damage to the Company's reputation;
- Abstain from public presentation about the Company's activities if you are not duly authorised.

WHAT YOU SHOULD PAY ATTENTION FOR:

- Unethical behaviour of employees that can result in the loss of reputation of the Company.

QUESTION:

I suspected a colleague who is occasionally coming to work intoxicated and may be drinking in the office. What should I do?

ANSWER:

You should immediately consult your line manager or Head of Human resources department, who will take appropriate steps to address the concern.

EXTERNAL COMMUNICATIONS

While working for QAZAQ AIR, if you behave unethically in public it will give rise to criticism of our Company from society.

You must always remember that you are representing our Company even outside of it.

Any non-authorised external communication on behalf of QAZAQ AIR has an influence on the image of our Company.

All activities in social media must be used only for personal purposes and must not be associated with QAZAQ AIR.

Every piece of information to be disclosed on behalf of QAZAQ AIR must be accurate in all material aspects, complete, consistent and in compliance with applicable laws and internal regulations

YOUR RESPONSIBILITIES:

- Never communicate on behalf of QAZAQ AIR unless you are specifically authorised to do so;
- Never use your official position at QAZAQ AIR in public for personal gain;
- Do not externally express your personal opinion about the performance of the Company.

WHAT YOU SHOULD PAY ATTENTION FOR:

- Unofficial activities in social media directly associated with QAZAQ AIR.

QUESTION:

QAZAQ AIR employee made comments in public about dissatisfaction of consumer product or service. Can it be considered as a violation of the Code?

ANSWER:

This is not a Code violation. QAZAQ AIR respects privacy of its employees who can have consumer complaints or express other opinions in private life. Important thing here is that such opinion must not be perceived as a position of the Company.

TREATING OUR PEOPLE

FAIR EMPLOYMENT PRACTICES

Our people are the most valuable assets and QAZAQ AIR follows the policy of providing with best working perspectives for everyone.

Therefore, our Company grants equal opportunities to everyone who works for the Company to develop talents and improve professionally.

Therefore, the Company establishes fair recruitment and promotion process by selecting professionals with diverse background and talent.

YOUR RESPONSIBILITIES:

- Act professionally based on our corporate values and principles, and adhere to the highest ethical standards;
- Make every recruitment, remuneration and promotion decision based on merit, qualifications, performance and business need considerations;
- Exclude any possibility of nepotism, subjectivity or prejudice.

WHAT YOU SHOULD PAY ATTENTION FOR:

- Signs of any offensive or inappropriate behaviour in the workplace;
- Signs of any actual or potential violation of employment laws and regulations.

QUESTION:

What issues can I report as a violation of integrity in fair employment practices?

ANSWER:

Questions concerning why another employee has higher salary are not admissible. Salary amount is confidential and based on experience, qualification, education and other factors. You can report if you see unfair employment practices in recruitment, promotion and termination processes. For example, if you see a new employee state in CV that he or she had worked 5 years in one company, but you know for sure that he or she had not. This behaviour constitutes as deception of employer and such integrity violation

PROHIBITION OF DISCRIMINATION AND HARASSMENT

QAZAQ AIR strives to create a working environment where everyone treats each other with respect. Therefore, our Company does not tolerate any form of discrimination of religion, race, ethnic, gender, age and other forms. Our Company prohibits any form of behaviour that is humiliating, bullying or hostile.

YOUR RESPONSIBILITIES:

- Treat your colleagues respectfully and fairly;
- Do not intimidate or humiliate your colleagues;
- Do not make inappropriate comments regarding your colleagues.

WHAT YOU SHOULD PAY ATTENTION FOR:

- Signs of any offensive or inappropriate behaviour in the workplace;
- Signs of any violation or potential violation of employment laws and regulations.

QUESTION:

I am a pregnant female employee of the Company and my manager is pressuring me to leave the Company without any grounds in order to avoid excessive compensation and find a substitute employee to quickly replace me.

ANSWER:

As a pregnant female employee, you have a special status and rights provided by the Labour Code. If your manager pressures you without grounds, you must immediately report this situation to Ombudsman of the Company/Fund who deals with labour, employee conflict and similar issues or contact Head of Internal audit service of the Company.

The Ombudsman is a person appointed by the Board of Directors of the Fund/Company, whose role is to advise the employees, participants in labour disputes, the conflict that have appealed to him, and assist them in working out a mutually acceptable, constructive and realizable solution, taking into account compliance with the legislation of the Republic of Kazakhstan (including ensuring confidentiality when necessary), assisting in resolving the problematic social and labour issues of both employees and the Fund/Company, as well as to observe the principles of business ethics by employees of the Fund/Company.

WORKING WITH BUSINESS COMMUNITY

ENGAGING WITH THIRD PARTIES

Our Company works with suppliers, consultants, business partners and other third parties based on the principles of transparency and full adherence to legitimacy, honesty and efficiency.

Our Company does not provide any unreasonable benefits and privileges to business partners and conducts business with them on the basis of mutual advantage. We make the choice of suppliers transparently and based on the preference of best price, quality of products\services and good business reputation of the supplier.

All third parties are expected to adhere to this Code or other similar compliance policies. Likewise, our third parties expect from us to adhere to this Code and are encouraged to report any actual or potential violation of the Code through the **Fund's Whistleblowing Hotline**.

YOUR RESPONSIBILITIES:

- Make a choice of suppliers only based on the qualifications, merit and competitiveness;
- Do not engage with a third party which has doubtful business reputation;
- Make every effort to ensure a competitive environment;
- Make sure our third parties are aware of this Code;
- Ensure that the fees charged are comparable to the services provided;
- Treat our third parties respectfully and fairly.

WHAT YOU SHOULD PAY ATTENTION FOR:

- Third party engages in, or has been accused of engaging in, improper business practices;
- Third party insists on receiving a commission or fee payment before entering into a contract with us.

QUESTION:

I have been aware that shareholder of a potential supplier, which participates in open tender, is a close relative to one of the Company's officers. Shall I report this matter?

ANSWER:

Yes, you shall report this matter to your line manager, Compliance Officer or Head of Internal audit service of the Company as it may influence the choice of the suppliers based on criteria other than the criteria of the qualifications, merit and competitiveness.

CONFLICTS OF INTEREST

QAZAQ AIR highly respects your privacy and freedom of everyone to have any lawful activity outside the Company. At the same time, we warn you to be careful and avoid probability of any conflict of interest.

A conflict of interest arises when your personal interests or relationships influence, may potentially influence or have appearance of influencing your business decisions for QAZAQ AIR.

The areas of conflicts of interest are very wide and diverse and it is impossible to list all of them. However, some examples include situations when you have an equity interest in a private entity or hold directorship position in such entity and these circumstances interfere with your role at QAZAQ AIR.

YOUR RESPONSIBILITIES:

- Avoid situations when your personal relationships\circumstances influence your business decisions at QAZAQ AIR;
- Disclose your actual, potential or perceived conflicts of interest to your line manager, Compliance Officer or Head of Internal audit service of the Company;
- Do not participate in decision-making if you have actual, potential or perceived conflicts of interest;
- Do not participate in any work and business (commercial and non-commercial) outside the Company if it negatively impacts your performance at the Company;
- Seek advice and guidance from your line manager, Compliance Officer or Head of Internal audit service of the Company if you have any doubts whether or not your personal circumstances affect your role at QAZAQ AIR.

WHAT YOU SHOULD PAY ATTENTION FOR:

- You or your colleagues have family members or other affiliated persons who works for QAZAQ AIR or for an organization which is a potential or actual partner or supplier of QAZAQ AIR;
- You or your colleagues have equity interest or hold directorship position in an organization which is a potential or actual partner or supplier of QAZAQ AIR;
- You or your colleagues have a second job or other external activity that could require you or your colleagues to use QAZAQ AIR resources, including confidential information.

QUESTION:

My close relative has shares in the company participating in an open tender. I am a member of the tender committee. Can this situation be considered as a conflict of interest?

ANSWER:

Yes, this is a conflict of interest situation, you should disclose such conflict of interest to Compliance Officer or Head of Internal audit service of the Company, and you should not participate in decision making on this tender.

SOCIAL PROJECTS AND SPONSORSHIP

QAZAQ AIR makes sponsorships, charitable projects and donations within corporate social responsibility program.

However, sponsorship and donations must never be made or offered in connection with any commercial benefit for the Company, any tender, order, contract renewal or other potential business opportunity.

Our Company also makes no contribution or sponsorship to organizations involved with discriminatory practices and to any other organization that potentially puts a risk on the image and reputation of QAZAQ AIR.

YOUR RESPONSIBILITIES:

- Make sure that every sponsorship, charitable project and donation is made only in accordance with the law and regulations and in transparent manner.

WHAT YOU SHOULD PAY ATTENTION FOR:

- The choice of recipients of the sponsorship is suspicious;
- Recipients of sponsorship, charitable project and donation involved in any activity potentially non-compliant with those of QAZAQ AIR.

QUESTION:

I want to volunteer for a local charity project. Is this allowed under this Code?

ANSWER:

In most cases, yes. Please make sure that this work for charity will not affect your responsibilities with the Company. If you have doubts you can always ask Compliance Officer or Head of Internal audit service of the Company.

GIFTS AND HOSPITALITY

The policy of the Company is to allow normal and appropriate hospitality (given and received) to or from third parties.

However, receiving and giving gifts and hospitality may create an improper expectation on the part of a third party or the impression that you favour the third party for reasons of personal advantage rather than justified business reasons.

Gifts and hospitality include not only cash, but also everything of value offered or received by employees, officers, and/or directors while working for QAZAQ AIR.

The notion and understanding of gifts and hospitality vary depending on different perspectives; therefore, accepting and receiving gifts and hospitality must not have potential influence on business decision.

YOUR RESPONSIBILITIES:

- Carefully apply the assessment of the type, value and amount of gifts and hospitality offered or received;
- Never offer, seek to receive or receive cash, cash equivalents, personal services or any other illegal or inappropriate gifts and hospitality;
- The gifts and hospitality which are given or received have a potential influence on business decisions must never be offered or received.

WHAT YOU SHOULD PAY ATTENTION FOR:

- Any inappropriate gifts and hospitality in cash or in cash equivalent offered or received during procurement, recruitment or employment process or other business processes;
- Any gifts and hospitality that have a potential of influencing your or your colleagues' decision and objectivity.

QUESTION:

Is there any limit to accepting gifts from business partners?

ANSWER:

The Criminal Code establishes that accepting the amount lower than two monthly calculated index is not considered as a bribe for officers and directors.

In general, any employee must not accept anything of value that can influence his or her decisions. Any gift can be considered as a bribe if it influences a decision.

TAKING CARE OF OUR COMPANY

PROTECTION OF ASSETS

Everyone who works for QAZAQ AIR is responsible to properly manage its assets. Proper management of assets includes monitoring and maintaining QAZAQ AIR's investments, funds and property.

Reputation is a highly valued asset of QAZAQ AIR. Each of us is a keeper of this asset and through behavioral conduct may decrease or increase the value of this asset. Everyone should strive to strengthen the reputation of our Company.

Each of us must implement the practice of proper attitude and high responsibility for the achievement of assets growth and value building.

Misuse of assets has a direct impact on the Company's performance; any suspected incident of fraud or theft must be immediately reported.

Any use of QAZAQ AIR's assets for personal use should not be allowed.

YOUR RESPONSIBILITIES:

- Take care of QAZAQ AIR's assets as if they were your own;
- Take responsibility to oversee proper use of QAZAQ AIR's assets;
- Ensure due authorization and accurate documentation for the utilization of assets;
- Ensure only proper use of assets in line with your duties.

WHAT YOU SHOULD PAY ATTENTION FOR:

- Diversion of assets or waste of assets;
- Incorrect protection of assets from being stolen and damaged;
- Any sign of fraudulence, loss or theft.

QUESTION:

If our Company sells the assets at a reduced price and I assume that the price is lower than the market. Can this be considered as not protecting our assets?

ANSWER:

The best price can be formed in result of transparency and competition. The Company follows the policies and procedures on transparency and competition. Therefore, if you have been aware of any cases on transparency procedures violation or any other concerns, contact your line manager, Compliance Officer or Head of Internal audit service of the Company.

TRANSPARENCY OF FINANCIAL REPORTS

Our Company keeps accurate and complete financial and business records. All financial data, books and records must be kept in accordance with International Financial Reporting Standards, national laws and internal regulations of QAZAQ AIR.

All transactions and balances must be consistent and properly classified. The decisions have to be based on full and accurate facts.

Our Company prohibits any distortion of facts and representation of counterfeits.

YOUR RESPONSIBILITIES:

- Honestly record transactions and events;
- Keep full, appropriate and timely records that all business transactions are reported accurately;
- Do not use the hidden entries or any illegal financial operations.

WHAT YOU SHOULD PAY ATTENTION FOR:

- Incorrect and deficient reports with overestimated financial forecasts and wrong expense claims;
- Signs of dishonest activity; for example, funds de facto used for different purposes than indicated de jure;
- Travel and other expenses are complete and precise;
- Discrepancy between financial results and business performance.

QUESTION:

I have been asked to record data in an accounting system in a way that seems to be misleading for the user of information. If I have concerns about the incorrectness of the report, what should I do?

ANSWER:

It is important to always report data accurately and correctly by following proper procedures in the accounting system. First you must ask your manager and/or division leadership to clearly explain the methodology used so that you fully understand how you are complying with the reporting requirements. If you still have concerns or questions, contact Compliance Officer or Head of Internal audit service of the Company.

HANDLING THE INFORMATION

We use information in our daily activities to make business decisions. Our Company treats information as an asset of QAZAQ AIR and some of which is confidential. Confidential information includes our know-how and other competitive information as well as personal data that should never be disclosed to third parties before approval.

YOUR RESPONSIBILITIES:

- Share confidential information outside the Company strictly on need-to-know basis and only based on professional advise;
- Comply with all internal requirements and limitations regarding disclosure of confidential information;
- Take measures to protect confidential information if you are aware of any information leakage;
- Sign an obligation of non-disclosure of confidential information;
- Ensure that third parties have signed confidentiality agreement before you disclose confidential information to them.

WHAT YOU SHOULD PAY ATTENTION FOR:

- Discussion of confidential information with third parties in public places;
- Emergence of any confidential information in the mass media.

QUESTION:

I have received the request from a business partner to provide the information on a joint project, but I have no confidence whether I am authorised to do so.

ANSWER:

You must ensure that this information is not regarded as confidential information according to the internal policy regulating the confidential information disclosure. If you still have questions, please contact your line manager, specialist from Legal department, Compliance Officer or Head of Internal audit service of the Company.