

IFC and the Council of Issuers Help Improve Corporate Governance in Kazakhstan

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Almaty, Kazakhstan, July 26, 2007 — The Council of Issuers of Kazakhstan have adopted official comments to the Model Corporate Governance Code that were drafted recently by IFC and the Financial Institutions' Association of Kazakhstan. The comments contain practical and clear explanations to help joint-stock companies implement the mechanisms and procedures set out in the code.

The Model Corporate Governance Code, which the Council of Issuers adopted in 2005, has played an important role in the development of corporate governance in Kazakhstan. It is helping set forth principles that take into account the specific properties of the country's legislation and business practices.

"The comments are intended to help joint-stock companies enhance their attractiveness to investors, increase shareholders' credibility, and reduce the risk of financial turmoil and corporate conflicts," said Serik Akhanov, Chairperson of the Financial Institutions' Association of Kazakhstan.

The comments provide recommendations to increase the efficiency of the governing bodies of joint-stock companies, explanations of cumulative voting procedures, and details on the important role of the Corporate Secretary. They also explain the objectives and functions of internal control and related systems, in accordance with the generally acknowledged recommendations of international financial organizations, including the Basel Committee on Banking Supervision and the integrated framework of the Committee of Sponsoring Organizations of the Treadway Commission. The comments advise on implementing corporate conflict prevention and resolution procedures, including the segregation of duties among a company's management and units.

"The comments reflect the needs and realities of the local business community and will help Kazakhstan's joint-stock companies improve their corporate governance standards," said Adalyat Abdumanapova, IFC Legal Advisor.

The initiative was led by the IFC Central Asia Corporate Governance Project in partnership with the Corporate Governance Working Group of the Financial Institutions' Association of Kazakhstan.

About IFC

IFC, a member of the World Bank Group, fosters sustainable economic growth in developing countries by financing private sector investment, mobilizing capital in the international financial markets, and providing advisory services to businesses and governments. IFC's vision is that poor people have the opportunity to escape poverty and improve their lives. In FY06, IFC committed \$8.3 billion, including syndications, to 284 investments in 66 developing countries. For more information, please visit www.ifc.org.

About the Council of Issuers of Kazakhstan

The Council of Issuers is an advisory body that was established under the Agency of the Republic of Kazakhstan for Regulation and Supervision of the Financial Market and Financial Organizations. The council is composed of senior management of major issuers from various regions in Kazakhstan. Their main activities include:

- Improving and implementing corporate governance in joint-stock companies
- Assisting the transition to international financial reporting standards
- Improving terms and conditions of securities floating and enhancement of their liquidity
- Upgrading the competence of corporate personnel regarding stock market potential

About the Corporate Governance Working Group of the Financial Institutions' Association of Kazakhstan

The Corporate Governance Working Group was established in June 2004, under the Financial Institutions' Association of Kazakhstan. The group is composed of representatives from major commercial banks, pension funds, insurers, large international financial institutions, public organizations, investment funds, and law and audit firms.