

**APPROVED**  
**by the Resolution of the Sole Shareholder**  
**of “QAZAQ AIR” JSC**  
**(Minutes of the Management Board**  
**of “Sovereign Wealth Fund “Samruk-Kazyna”**  
**# 36/16 dated October 07, 2016)**

**REGULATIONS**  
**ON THE BOARD OF DIRECTORS**  
**OF JOINT-STOCK COMPANY**  
**“QAZAQ AIR”**

**Astana, 2016**

## **1. General provisions**

1.1. These Regulations on the Board of Directors of Joint-stock company “QAZAQ AIR” (hereinafter – the Regulations) have been developed in accordance with the Law of the Republic of Kazakhstan “On Joint-Stock Companies”, Law of the Republic of Kazakhstan “On Sovereign Wealth Fund”, Corporate Governance Code of “Sovereign Wealth Fund “Samruk-Kazyna” JSC and other regulatory legal acts and the Charter of “QAZAQ AIR” JSC (hereinafter - the Charter, Company respectively).

1.2. These Regulations is the internal document of “QAZAQ AIR” JSC and defines the status, powers of the members of the Board of Directors, procedure for election and termination of their powers, duties, responsibilities and remuneration of members of the Board of Directors, procedure for convening and holding meetings of the Board of Directors, adoption and registration of its decisions and monitoring their execution.

1.3. Board of Directors is the governing body, accountable to the Sole Shareholder, providing strategic management and control over the Management Board activities.

1.4. The Board of Directors acts within its competence and is guided in its activities by the legislation of the Republic of Kazakhstan, the Company’s Charter, these Regulations, the interests of the Company and the Sole Shareholder.

## **2. Composition of the Board of Directors, procedure for election and termination of powers of the members of the Board of Directors**

2.1. The quantitative number of the Board of Directors shall be determined by the Sole Shareholder. Independent Directors shall be included in the composition of the Board of Directors, in the number sufficient to ensure independence of decisions.

2.2. The number of members of the Board of Directors shall not be less than 3 (three) persons. Not less than thirty (30) percent and not more than 50 (fifty) percent of members of the Board of Directors shall be Independent Directors.

2.3. Members of the Board of Directors are elected on the basis of clear and transparent procedures, taking into account competencies, skills, achievements, business reputation and professional experience of candidates. At re-election of individual members of the Board of Directors or its full composition for the new term their contribution to the Company Board of Directors efficiency shall be considered.

2.4. Member of the Board of Directors of the Company can be only physical persons proposed (recommended) for election to the Board of Directors as the representative of the Sole Shareholder, or a person who is not a Shareholder of the Company and not proposed (not recommended) for election to the Board of Directors of the Company as a representative of interests of the Sole Shareholder of the Company.

2.5. Member of the Board of Directors has not a right to delegate the functions assigned to him to other persons in accordance with legislation and Company's Charter.

2.6. Members of the Management Board, except the Chairman of the Management Board cannot be elected to the Board of Directors. Chairman of the Management Board cannot be elected as a Chairman of the Board of Directors.

2.7. Board of Directors candidates and members of the Board of Directors shall have knowledge, skills and experience required to perform by the Board of Directors of their functions, and ensure growth in the long-term value and sustainable development of the Company, as well as have impeccable business and personal reputation.

2.8. A member of the Board of Directors cannot be represented by a person who:

1) has outstanding or unexpunged convictions as stipulated by laws of the Republic of Kazakhstan;

2) does not have higher education;

3) held the position of the Chairman of the Board of Directors, CEO (Chairman of Management Board), deputy CEO (deputy Chairman of Management Board), chief accountant of other legal entity for one calendar year before the decision on involuntary liquidation or mandatory repurchase of shares or temporary closing of such legal entity ordinarily declared bankrupt in the established by the Law procedure. This requirement is applicable during 5 years after the date of making decision on involuntary liquidation or mandatory repurchase of shares, temporary closing of another legal entity ordinarily declared bankrupt in the established by the Law procedure;

4) is a Shareholder (participant), officer or employee of the legal entity competing with the Company.

2.9. Nominee for Independent Director of the Company must meet the following criteria:

1) is not an affiliate of the Company and was not an affiliate within three years preceding its election to the Board of Directors (except holding the position of an Independent Director of the Company);

2) is not an employee of the Company and its affiliates and was not within three years preceding its election to the Board of Directors of the Company;

3) is not and was not for three years preceding election to the Board of Directors a close relative (parent, brother, sister, son, daughter), was not married, had relationship through wedlock (brother, sister, parent, son or daughter of spouse) with the Company's employee;

4) is not an affiliate with regard to the Company's affiliates;

5) is not bound by subordination with officials of the Company or organizations – affiliated persons of the Company and was not bound by subordination with these persons within three years preceding his election to the Board of Directors of the Company;

6) is not and was not for three years preceding election to the Board of Directors of the Company affiliate of a major customer or supplier of the Company or its affiliated persons;

7) is not an affiliate of noncommercial organization receiving significant funding from the Company or its affiliates;

8) does not provide the Company and its affiliates with any paid services, including consultations;

9) is not an officer of the legal entity, in which an employee of the Company holds position of the Company Board of Directors member;

10) is not a civil servant;

11) is not a representative of the Sole Shareholder at the meetings of the Company's bodies and was not its representative within three years preceding its election to the Company Board of Directors;

12) is not an auditor of the Company and was not its auditor within three years preceding its election to the Company Board of Directors;

13) does not participate in the Company's audit as an auditor of an audit organization and did not participate in such audit within three years preceding its election to the Company Board of Directors;

14) is not and was not an affiliate of the Company auditor or its affiliate within three years preceding its election to the Company Board of Directors;

2.10. The term of office of the members of the Board of Directors coincides with the term of powers of the Board of Directors and shall expire at the time of the adoption of the Sole Shareholder decision on the election of a new composition of the Board of Directors.

2.11. Members of the Board of Directors shall be elected for a term of three years, and after that, subject to satisfactory performance may be re-election for a further period of three years.

2.12. Any period of election to the Board of Directors for a period of more than six years (e.g. two three-year terms) subject to special consideration taking into account the need for qualitative reform of the composition of the Board of Directors.

2.13. Independent Director shall not be elected to the Board of Directors for more than nine consecutive years. In exceptional cases, election for a period of more than nine years, the election of Independent Director to the Board of Directors shall occur annually with a detailed explanation of the need to elect the member of the Board of Directors and the impact of this factor on the independence of decision-making.

2.14. No person should participate in decisions related to his/her own appointment, election and re-election.

2.15. Sole Shareholder shall have a right to early terminate the powers of all or some members of the Board of Directors.

2.16. Early termination of powers of a member of the Board of Directors at his/her initiative shall be carried out on the basis of a written notification addressed to the Board of Directors or Chairman of the Board of Directors. Powers of such member of the Board of Directors shall be terminated upon receipt of the notification by the Board of Directors.

### **3. Chairman of the Board of Directors**

3.1. Chairman of the Board of Directors shall be elected by the Sole Shareholder.

3.2. Chairman of the Board of Directors in accordance with the legislation, Charter and internal documents of the Company:

- 1) organizes work of the Board of Directors and chair its meetings;
- 2) convenes Board meetings and presides over them;
- 3) organizes taking minutes of the meetings of the Board of Directors;
- 4) organizes the preparation of the agenda of the meeting of the Board of Directors;

5) on behalf of the Company concludes the labour contract with the Chairman of the Management Board with the establishment in accordance with the decision of the Board of Directors of the size of official salary, conditions of remuneration, bonus payment and social support. This employment contract must provide for direct dependence of material incentives of the Chairman of the Management Board from achieving the key performance indicators of Companies established by the Board of Directors;

6) ensures efficient contribution of the members of the Board of Directors to the activities of the Board of Directors, as well as constructive relations between members of the Board of Directors and the Management Board, as well as submission of the report on the activities of the Board of Directors for the past year;

7) ensures efficient interaction with Sole Shareholder, including discussion of the Company's Development Strategy and key strategic decisions, as well as disclose the Sole Shareholder's point of view to the entire Board of Directors;

8) signs contracts with Independent Directors on behalf of the Company;

9) provides response to the Shareholder upon its request;

10) ensures the timely receipt by the members of the Board of Directors full and timely information for decision-making;

11) ensures that the Board of Directors focuses on the strategic issues and minimizes the routine (operational) issues subject to consideration by the Board of Directors;

12) ensures maximum efficiency of the meetings held by the Board of Directors through provision of enough time for discussion, detailed and in-depth study of the agenda issues, stimulation of open discussions, and achievement of consensus;

13) ensures monitoring and supervision over the proper implementation of the decisions made by the Board of Directors and a Sole Shareholder;

14) in case of a corporate conflict, takes measures to resolve such conflict and minimize its negative impact on the Company's activity, and timely inform a sole Shareholder on the cases when such conflicts cannot be resolved with own resources;

15) performs other functions stipulated by law and the Company's Charter, internal documents of the Company.

3.3. In the absence of the Chairman of the Board of Directors, his functions shall be performed by one of the members of the Board of Directors by resolution of the Board of Directors.

#### **4. Rights, obligations, principles of activities and responsibility of the Board of Directors**

4.1. Within the competence members of the Board of Directors have a right to:

1) obtain information on the Company's activities, including the official, commercial or another secret of the Company protected under the laws, review all documents of the Company in accordance with the laws of the Republic of Kazakhstan and internal documents of the Company;

2) participate in meetings of the Board of Directors and its Committees, in discussion of the issues considered under the approved agenda of the Board of Directors and its Committees;

3) make written proposals relating to the work plan of the Board of Directors;

4) make suggestion in the agenda of the meetings of the Board of Directors in the order established by the Regulations;

5) require convening the meeting of the Board of Directors, in the order established by the Regulations;

6) early terminate his/her powers by written notification of the Board of Directors;

7) request induction programme for newly elected members of the Board of Directors and the professional development programme for each member of the Board of Directors;

8) receive remuneration in accordance with the decision of the Sole Shareholder, and a right for reimbursement of costs (expenses) associated with the performance of his/her duties as a member of the Board of Directors;

9) exercise other rights stipulated by the legislation of the Republic of Kazakhstan, the Company's Charter, other internal documents and these Regulations.

4.2. Members of the Board of Directors must fulfill their responsibilities and to adhere to the following principles:

1) to act in the interests of the Company and Sole Shareholder on the basis of the principles of sustainable development;

2) to act within their powers, members of the Board of Directors make decisions and act within the limits of its powers enshrined in the Charter;

3) spend enough time for participation in the meetings of the Board of Directors, its Committees and preparations for them;

4) to contribute to the growth of long-term value and sustainable development - member of the Board of Directors must act in the interest of the Company and subject to fair treatment of the Sole Shareholder and the principles of sustainable development;

5) to support high standards of business ethics - members of the Board of Directors shall in their actions, decisions and behaviour meet the highest standards of business ethics and be an example for employees of the Company;

6) to avoid conflict of interests – member of the Board of Directors shall avoid situations in which his personal interest may affect the proper performance of his duties as a member of the Board of Directors; in the case of situations with conflict of interests that affect the proper execution of his/her duties as member of the Board of Directors; in the case of situations with conflict of interests that affect or could potentially affect impartial decision-making, Board members should notify the Chair of the Board of Directors and not to participate in the discussion and adoption of such decisions; this requirement also applies to other actions of a member of the Board of Directors that directly or indirectly may affect the proper performance of the duties of a member of the Board of Directors (for example, participation of a member of the Board of Directors in the activities of other legal entities, acquisition of shares/participation shares and other property from partners and competitors, access to information and opportunities);

7) to act with intelligence, skill and diligence – Board members are encouraged to continuously increase their knowledge in terms of competencies of the Board of Directors and perform their duties in the Board of Directors and Committees, including such areas as legislation, corporate governance, risk management, Finance and audit, sustainable development, knowledge of the industry and the specific activities of the Company; with the aim of understanding relevant issues of the Company, the members

of the Board of Directors should regularly visit key sites and conduct meetings with employees.

4.3. Members of the Board of Directors shall be obliged to:

1) act honestly and responsibly in the interests of the Company and a Sole Shareholder;

2) refrain from actions which lead or potentially capable to cause a conflict of interest between him/her, Company and a Sole Shareholder and in case of presence or occurrence of such conflict, immediately in writing inform the Chairman of the Board of Directors;

3) immediately notify the Board of Directors through the Corporate Secretary of the intention to make a deal with the Company, committing of which he may be recognized by the person concerned, specifying the grounds of such interest;

4) not vote on issues, in decisions of which he/she has an interest;

5) participate in the meetings and work of the Board of Directors and its Committee (s), where he/she is a member;

6) inform about the impossibility to participate in the meeting of the Board of Directors stating the reasons for his/her absence;

7) not disclose and not use for personal interests or interests of third parties information, including insider and other official information about the Company, during the execution of his duties as a member of the Board of Directors, and after completion of work at the Company within 5 (five) years, to persons, who do not have access to such information, unless otherwise stipulated by internal documents of the Company;

8) Independent Director must monitor the potential loss of independent status and shall give advance notice to the Chairman of the Board of Directors in case of such situations. In the case of circumstances affecting the independence of a member of the Board of Directors, the Chairman of the Board of Directors will immediately forward the information to the Sole Shareholder for the corresponding decision;

9) comply with all rules and procedures stipulated by internal documents of the Company associated with the regime security and safety of confidential information.

4.4. Documents and information requested by member of the Board of Directors shall be granted no later than 3 (three) working days of receipt of the request.

## **5. Corporate Secretary**

5.1. Corporate Secretary shall ensure effective performance of the Board of Directors.

5.2. Status, functional responsibilities, powers and other issues of activities of the Corporate Secretary are defined by internal documents, approved by the decision of the Board of Directors.

## **6. Management of the Board of Directors' activities**

6.1. Preparation and holding of meetings of the Board of Directors shall promote maximum effectiveness of its activities. To perform their duties, the members of the Board of Directors must have access to complete, relevant and timely information.

6.2. The Board of Directors meets regularly to effectively discharge its functions. Meetings of the Board of Directors shall be conducted in accordance with the work plan approved before the start of the calendar year. The work plan should include a list of topics and session schedule with the dates.

6.3. For adoption by the Board of Directors effective and timely decisions it is necessary to ensure compliance of the following factors:

1) high quality of materials, information, documents provided to the Board of Directors, including a translation into English (if necessary);

2) obtaining advice from experts (internal and external) when necessary;

3) time devoted to discussions by the Board of Directors, especially for important and complex issues.

4) timely consideration of issues;

5) plan of action, timelines, and responsible person must be fixed in the decisions.

6.4. Should avoid the following factors that may have a negative impact on the quality of the decision of the Board of Directors:

1) dominance of one or more Directors at the meeting, which may limit full participation in the discussion of the other Directors;

2) formal risk appetite;

3) pursuit of personal interests and low ethical standards;

4) the formal decision-making at the meeting of the Board of Directors, without a real and active discussions;

5) position of intransigence (lack of flexibility) or the lack of desire for development (satisfaction with current position);

6) a weak organizational culture;

7) lack of information and/or analysis.

6.5. Members of the Board of Directors may request additional information on agenda issues necessary for decision.

6.6. On the basis of the work plan of the Board of Directors, the Corporate Secretary prepares a draft agenda of the meeting of the Board of Directors and submit it for approval to the Chairman of the Board of Directors.

6.7. If necessary, the Chairman of the Board of Directors may decide on holding an extraordinary meeting of the Board of Directors.

6.8. Meetings of the Board of Directors and its Committees can be carried out by in-person or absentee forms of voting (with justification of the reasons for the choice of absentee voting), the number of meetings with absentee voting shall be minimized. Consideration and adoption of decisions on strategic issues of the Company activities are carried out only at meetings of the Board of Directors in-person voting.

In special cases, it is possible to combine both forms of meeting of the Board of Directors. This applies to situation, when one or more members of the Board of Directors are unable to attend the meeting of the Board of Directors.

## **7. Convening of the Board of Directors**

7.1. The meeting of the Board of Directors can be convened:

1) on the initiative of the Chairman of the Board of Directors;

2) on the initiative of the Chairman of the Management Board;



- 3) at the request of the Sole Shareholder;
- 4) at the request of a member of the Board of Directors;
- 5) at the request of the Internal Audit Service;
- 6) by the audit organization performing the audit.

7.2. The requirement about convocation of the meeting of the Board of Directors shall be made in writing, signed by a person, requiring its convening, and shall contain:

- 1) an indication of the initiator of the meeting;
- 2) the wording of the agenda issues;
- 3) grounds for the issuance of the agenda issues;
- 4) materials concerning the agenda;
- 5) draft decisions on agenda issues.

7.3. The requirement of the Internal Audit Service on the convening of meetings of the Board of Directors of the Company shall be signed by the Head of the Internal Audit Service.

7.4. The requirement about convocation of the meeting of the Board of Directors with the attachments of all materials shall be sent to the Chairman of the Board of Directors through the Corporate Secretary. In case of refusal of the Chairman of the Board of Directors to convene a meeting, the initiator may apply with such request to the Company's Management Board, which is obliged to convene a meeting of the Board of Directors.

7.5. Meeting of the Board of Directors of the Company shall be convened within 10 (ten) calendar days from the date of receipt by the Chairman of the Board of Directors or Management Board of the Company of a written requirement for holding a meeting by putting the issue on the agenda of the planned meeting of the Board of Directors or convene an unscheduled meeting.

7.6. Notice of meeting of the Board of Directors is prepared and directed by the Corporate Secretary to each member of the Board of Directors by electronic mail no later than 7 (seven) calendar days before the date of the meeting of the Board of Directors, except as provided herein.

The notice shall contain:

- venue and time of the meeting;
- form of the meeting (in presentia, in absentia).

7.7. Simultaneously with the notice of the meeting of the Board of Directors members of the Board of Directors receive materials on the agenda issues of the meeting. The materials for the meetings of the Board of Directors are sent in advance – not less than 7 calendar days, and for more important issues, which are determined by the Charter of the Company, not less than 15 working days, unless other terms are established by the Charter. The list of important issues includes, but is not limited to: determining the priority directions of the Company's activities; approval of the Development Strategy of the Company; approval of the Development plan for a five-year period; the decision on placement (selling), including on number of placed (sold) shares within the quantity of declared shares, method and price of their placement (selling); making decisions on redemption of placed shares or other securities and their repurchase price; approval of key performance indicators for the Chairman and members of the Management Board; preliminary approval of the annual financial statements of the Company, providing to the Sole Shareholder proposals on order of

distribution of net income for the expired financial year and dividend amount per one ordinary share of the Company; adoption of decisions on participation of the Company in establishment of other legal entities.

The materials on the issues on the agenda include:

- the agenda of the meeting with indication of reporter;
- Executive Summary addressed to the members of the Board of Directors;
- a brief summary of the issues;
- draft documents;
- draft decisions of the Board of Directors;
- extracts from decisions of the Management Board;
- other additional documents, if any (presentations, reference materials, justifying the inclusion in the agenda of these issues).

Executive Summary and draft decisions of the Board of Directors shall be signed by the direct executor, the Director of the initiating Department, Director of Legal Department, member of the Management Board, supervising the appropriate issue (exception for the materials provided by the Internal Audit Service, audit organization conducting audits of the Company or the Sole Shareholder) and signed by the Chairman of the Management Board.

Extract from the decision of the Management Board must be signed by the Secretary of the Management Board and certified by the seal of the Management Board.

Materials for the issue, which were provided in violation of the terms, shall not be included in the agenda of the meeting of the Board of Directors. In the case of inclusion in the agenda after the deadline, exhaustive justification of this need shall be provided to the Chairman of the Board of Directors.

7.8. In the case, when a member of the Board of Directors is a foreign citizen, the entire package needs to be translated into English.

## **8. Procedure for holding a meeting of the Board of Directors**

8.1. The Chairman of the Board of Directors shall open the meeting of the Board of Directors.

8.2. The Chairman of the Board of Directors informs attendees about presence of quorum for holding meetings of the Board of Directors and announces the agenda of the meeting of the Board of Directors. The quorum for the meeting of the Board of Directors is at least half of its members and is determined based on the members of the Board of Directors, who participate in the discussion and voting of the issues under consideration, using technical communications (in the mode of session of video conference, telephone conference etc.) or in the presence of their voices expressed in writing form.

8.3. In cases, where one or more members of the Board of Directors, are not able to attend personally the meeting of the Board of Directors, they may participate in discussion of issues using technical means.

8.4. A meeting of the Board of Directors includes the following stages:

- approval of the agenda;
- speech of member of the Board of Directors or invited person with a report on the issue of the agenda;

- discussion of the agenda;
- proposals for the wording of the decision on the issue of the agenda;
- counting of votes and summarizing of voting;
- announcement of the results of voting and decisions taken on agenda.

8.5. Each member of the Board of Directors shall have one vote.

8.6. Decisions of the Board of Directors are taken by simple majority of votes of the members of the Board of Directors present at the meeting, except for cases stipulated by the legislation of the Republic of Kazakhstan, the Company's Charter and these Regulations.

8.7. In case of equality of votes, the Chairman of the Board of Directors or person presiding at the meeting shall be decisive.

8.8. Transfer of vote by one Board member to another Board member or other person is prohibited.

8.9. The decision on the conclusion of transactions, in which the Company has an interest, shall be taken by simple majority of votes of the members of the Board of Directors of the Company, who are not interested in their conclusion. If all members of the Board of Directors, except independent Directors, are interested in conclusion of such transaction, the decision shall be taken by simple majority of votes of Independent Directors.

The decision on conclusion by a Company of a transaction, in which it is an interested party, is taken by the Sole Shareholder of the Company in the following cases:

- 1) if all members of the Board of Directors are interested persons;
- 2) failing the adoption by the Board of Directors decision on the conclusion of the transaction due to the lack of the number of votes required for decision-making.

8.10. The Board of Directors meeting shall be held with obligatory invitation of the person, who made the request on holding of the meeting.

8.11. The Board of Directors may decide to hold a closed meeting, where may participate only members of the Board of Directors.

8.12. Audit organization, performing audit of the Company, Internal Audit Service of the Company, employees, and other persons may be invited at the meetings of the Board of Directors.

## **9. Written opinion of the member of the Board of Directors absent at the meeting**

9.1. If a member of the Board of Directors cannot personally attend the meeting, he has a right to express his/her opinion on issues of the agenda.

9.2. The written opinion must be presented by a member of the Board of Directors not later than 1 (one) calendar day before the meeting of the Board of Directors.

9.3. Presiding at the meeting of the Board of Directors is obliged to announce submitted written opinion of a member of the Board of Directors absent at the meeting of the Board of Directors before voting on agenda issues, on which this opinion has been presented.

9.4. Written opinion of the member of the Board of Directors shall be counted in a quorum and voting results.

## **10. Procedure for making decisions by absentee voting**

10.1. At the discretion of the Chairman of the Board of Directors decisions may be made by the Board of Directors by absentee voting.

10.2. Consideration and adoption of decisions on strategic issues of the activity are made only at meetings with in person voting.

10.3. For making a decision by the Board of Directors by the absentee voting each member of the Board of Directors shall be sent a notification about holding the absentee voting on agenda issues, materials for it, and the ballots for absentee voting, not later than seven (7) calendar days prior to the date of the meeting.

10.4. The absentee voting ballot shall be prepared in a common format and made available to all members of the Board of Directors.

10.5. The absentee voting ballot shall contain:

- 1) full name and location of the Management Board;
- 2) the date of submission of the signed ballot to the Corporate Secretary;
- 3) indication of person (body) who carries out the convening of the meeting;
- 4) the agenda of the meeting;
- 5) issues put on vote and voting options on them;
- 6) other information.

10.6. Members of the Board of Directors shall have a right to submit their proposals and (or) remarks on proposed draft decisions of the Board of Directors on issues put to absentee voting not later than 5 (five) days before the end date of accepting voting ballots specified in the notice of holding the absentee voting.

10.7. Corporate Secretary shall send received proposal and (or) comment on the proposed draft decisions of the Board of Directors on issues put to absentee voting to the other members of the Board of Directors via email to review with the aim of expressing their opinions.

10.8. In the case of consent of a majority of the members of the Board of Directors with the draft decision of the Board of Directors on the issue (or issues) put to absentee voting proposed by a member of the Board of Directors, the Corporate Secretary makes the appropriate changes to the absentee voting ballots and not later than 3 (three) working days before the deadline for accepting voting papers shall send them to all members of the Board of Directors.

10.9. The notice on holding of an absentee voting, materials concerning the agenda of the meeting of the Board of Directors and the voting ballots shall be sent to the members of the Board of Directors by e-mail.

10.10. When completing the absentee voting ballot member of the Board of Directors shall have a right to vote for only one of the possible voting options on each issue put to a vote, putting in the row of the selected option ("for", "against", "abstained") his signature. In addition, the completed absentee ballot must also be signed by a member of the Board of Directors.

10.11. An absentee ballot is considered invalid in the following cases:

- 1) if filled in violation of requirements specified in paragraph 10.10. hereof;
- 2) if does not contain the signature of the member of the Board of Directors;
- 3) if it contains erasures and/or corrections;
- 4) if completed in pencil.

10.12. Scanned copy of absentee ballot filled and signed by the member of the Board of Directors shall be sent by e-mail to the Corporate Secretary within the period specified in the ballot (with the subsequent sending original absentee ballot to the address specified in the ballot).

Members of the Board of Directors, whose ballots were received by the Corporate Secretary not later than the deadline for receipt of ballots, specified in the absentee ballot, shall be considered as attendant in the absentee voting.

Ballot received by the Corporate Secretary at the expiration of the period, specified in the ballot, shall not counted when counting votes and summarizing the results of absentee voting.

10.13. Voting results on the agenda issues of meetings of the Board of Directors, held in absentia, are summed up by the Corporate Secretary on the basis of the ballots for absentee voting filled out and signed by the members of the Board of Directors, received within the period specified in the absentee ballot.

Invalid ballots shall not participate in determining the quorum required for taking decision by absentee voting, and not included in the counting of votes.

10.14. Based on the ballots of absentee voting the Corporate Secretary prepares the decision of the Board of Directors within 3 (three) days from the date of completion of acceptance of ballots and summarization of voting results, which shall be signed by the Chairman of the Board of Directors and the Corporate Secretary of the Company.

10.15. The decision of the Board of Directors, adopted by absentee voting, shall state:

- 1) full name and location of the Management Board;
- 2) date and place of written execution of the decision of absentee meeting;
- 3) information on the composition of the Board of Directors of the Company;
- 1) indication of a person (body), who carries out the convening of the meeting;
- 2) the agenda of the meeting;
- 3) a record of availability/absence of quorum for decision-making;
- 4) voting results on each issue on the agenda and adopted decision;
- 5) other information.

10.16. Within 20 (twenty) calendar days from the date of issuance of the decision, the Corporate Secretary shall email to all members of the Board of Directors a copy of the decision of absentee meeting of the Board of Directors, copies of ballots, on the basis of which the decision was made.

## **11. Minutes of the meetings of the Board of Directors.**

11.1. Meetings of the Board of Directors shall be duly minuted by the Corporate Secretary, specifying in full the outcome of the discussions and decisions.

11.2. The minutes of the meeting of the Board of Directors shall be prepared no later than 3 (three) days after the date of its holding.

The minutes of the meeting shall include:

- 1) full name and location of the Management Board;
- 2) the date, time and venue of the meeting;
- 3) information on persons participating in the meeting;
- 4) agenda of the meeting;

5) issues put on voting, discussion and the voting results with reflection of the result of the vote of each member of the Board of Directors on each issue on the agenda of the meeting of the Board of Directors;

6) decisions taken;

7) other information by the decision of the Board of Directors.

11.3. The minutes of the meeting of the Board of Directors signed by the person presiding at the meeting of the Board of Directors and the Corporate Secretary who bear responsibility for the correctness of the Minutes.

11.4. Within 3 (three) working days from the date of signing of the minutes of the meeting of the Board of Directors, the Corporate Secretary shall email a copy of the minutes of the meeting of the Board of Directors to all members of the Board of Directors.

11.5. Minutes of the meetings of the Board of Directors and decisions of the Board of Directors adopted by absentee voting and the ballots with the signatures shall be stored in the Company.

11.6. Corporate Secretary of the Company at the request of a member of the Board of Directors of the Company is obliged to provide the minutes of the meeting of the Board of Directors and decisions taken by absentee voting for review and (or) issue to him/her extracts from minutes and decisions, certified by signature and stamp of the respective Company seal.

## **12. Control over execution of the decisions of the Board of Directors**

12.1. The Board of Directors exercises control over the execution of its decisions by the hearing of the reports of the Chairman of the Board, Chairmen of the Committees of the Board of Directors, Head of the Internal Audit Service and Corporate Secretary of the Company on the execution and/or progress of execution of decisions of the Board of Directors.

12.2. Progress report on implementation of decisions of the Board of Directors shall be heard quarterly at the meetings of the Board of Directors.

## **13. Committees of the Board of Directors**

13.1. Committees of the Board of Directors shall be established to consider the most important issues and prepare recommendations to the Board of Directors of the Company.

13.2. Committees of the Board of Directors promote deep and careful consideration of issues within the competence of the Board of Directors and improve the quality of decisions, particularly in areas such as audit, risk management, proper and effective application of the Rules of procurement of goods, works and services of the Fund and organizations, appointment and remuneration of members of the Board of Directors and Executive body, sustainable development, including protection and safety and the environment. The existence of Committees does not release the Directors from liability for decisions within the competence of the Board of Directors.

13.3. Committees are established to conduct detailed analysis and make recommendations on a range of the most important issues prior to their consideration

at a meeting of the Board of Directors. The final decision on the issues reviewed by the Committees shall be made by the Board of Directors.

13.4. The Board of Directors decides on the establishment of Committees, determines the composition of Committees, terms and powers.

13.5. Committees consist of members of the Board of Directors with the necessary professional knowledge, competences and skills to work in the Committee. Potential conflict of interests shall be taken into consideration when forming the membership of the Committees. Chairmen of the Committees, along with professional competencies must possess organizational and leadership skills, good communication skills for effective organization of activities of the Committee.

13.6. Committees shall be established under the Board of Directors, which competence includes consideration of issues of audit, risk management, nomination and remuneration and other Committees.

13.7. The composition of the Audit Committee includes Independent Directors. Members of the Audit Committee shall have deep knowledge and practical experience in the field of accounting and auditing, risk management, and internal control. Chairman of the Audit Committee is an Independent Director. The basic functions of the Audit Committee include issues of internal and external audit, financial reporting, internal control and risk management, compliance with the legislation of the Republic of Kazakhstan, internal documents and other issues on behalf of the Board of Directors.

13.8. The composition of the Nomination and Remuneration Committee shall include a majority of the number of Independent Directors in order to develop objective and independent decisions and to prevent the influence of interested parties (representatives of the Sole Shareholder, Head of Executive body, employees and other persons) in the judgment of the Committee members.

Members of the Committee must have in-depth knowledge and practical experience in the field of personnel management and the evaluation of its activities, as well as in the field of corporate governance. The Committee shall be chaired by Independent Director. The basic functions of the Committee include appointment, setting motivational KPIs, performance assessment, remuneration and succession planning of the Head and the members of the Executive body, the issues of appointment and remuneration of the Corporate Secretary, as well as participation in the consideration of issues regarding the composition of the Board of Directors, in cases of the granting of such powers by the Sole Shareholder. In this case, the members of the Nomination and Remuneration Committee shall not allow the emergence of a situation of conflict of interests and not participate in the consideration of issues of his/her own appointment and/or remuneration.

13.9. Only members of the Committees shall attend meetings. The presence of other persons is allowed only by invitation of the Committee.

13.10. If necessary, the Committees may engage experts and consultants.

13.11. Functions, powers, composition and organization of the activities of the Committees should be regulated in the relevant Regulations and approved by the Board of Directors.

13.12. Committees shall approve the work plan (recommended before the beginning of the calendar year), which agreed with the work plan of the Board of Directors, with indication of the list of issues and dates of meetings.

13.13. Periodicity of Committee meetings is minimum four meetings per year.

13.14. Committee meetings shall be held in presentia, with preparation of the minutes.

13.15. It is allowed to attend meetings by the Committee members via technical means of communication with the aim to create favourable conditions and reduce costs of meetings of Committees.

13.16. Committees' Chairmen prepare a report on the activities of the Committees and at a separate meeting report to the Board of Directors on the results of activities for the year.

13.17. Chairman of the Board of Directors has a right to require Committees to report on their activities during the year.

#### **14. Remuneration of the members of the Board of Directors**

14.1. In the order established by the legislation of the Republic of Kazakhstan, Independent Directors, during the performance of their duties, may be paid remuneration and/or compensated for expenses connected with the execution of their functions as members of the Board of Directors of the Company.

The procedure and size of remuneration and/or compensation of expenses to Independent Directors are set out in the Agreements concluded with them, considering the internal document of the Company's Sole Shareholder.

14.2. Chairman of the Management Board, in case of his election to the Board of Directors, shall not receive remuneration for his/her work in the Board of Directors.

#### **15. Assessment of the Board of Directors' performance**

15.1. Board of Directors, Committees and members of the Board of Directors shall be assessed on an annual basis within a structured process approved by the Board of Directors. This process must meet the Methodology of the Fund. At least once in three years the assessment shall be performed with the engagement of an independent professional organization.

15.2. Assessment shall allow to determine the contribution of the Board of Directors and each of its members in the long-term value growth and sustainable development of the Company, as well as to identify areas and suggest measures for improvement. The results are taken into account in the re-election or early termination of powers of members of the Board of Directors.

15.3. Assessment shall meet criteria such as regularity, complexity, continuity, realism, privacy.

15.4. Process, timing and procedure of assessment of the Board of Directors, its Committees and members of the Board of Directors shall be clearly defined in internal documents of the Company.

15.5. Chairman and members of the Board of Directors should be trained on assessment.

15.6. Assessment results can serve as a basis for re-election of the entire Board of Directors or its member, revising the composition of the Board of Directors and the remuneration of the members of the Board of Directors.

15.7. Sole Shareholder can provide a self-assessment of the Board of Directors directly or through an independent consultant.



**Annex № 1  
to the Regulations on the Board of Directors  
of joint-stock company «QAZAQ AIR»**

**OBLIGATION**

I, being member of the Board of Directors of «QAZAQ AIR» JSC

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(Name, Surname)

undertake to observe the confidentiality of the proprietary information and of information constituting business secret of the Company, and not to disclose and not to use it in personal interests or in interests of third parties during the period of performance of office of a member of the Board of Directors and within 5 (five) years after the termination of office of a member of the Board of Directors in accordance with the provisions specified by the internal documents of the Company, unless a longer period is provided by the documents.

The exception to this obligation is my right to disclose the above information in the cases established by the legislation of the Republic of Kazakhstan, and also in cases where such a requirement on the disclosure of the above information is put forward judicial and/or law enforcement agencies, as well as to international arbitration (if the reporting requirement by virtue of the legislation of the Republic of Kazakhstan, the arbitration agreement or other grounds not inconsistent with the laws of the Republic of Kazakhstan, not necessarily in a specific case for a member of the Board of Directors).

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*Signature, date*

**Annex № 2  
to the Regulations on the Board of Directors  
of joint-stock company «QAZAQ AIR»**

**Form the Work Plan of the Board of Directors of "QAZAQ AIR" JSC**

Approved  
By the decision of the Board of Directors  
of «QAZAQ AIR»  
(Minutes dated «\_\_» \_\_\_\_ 201\_ г. №\_\_

Annex №\_  
to the Minutes of in-person meeting  
of the Board of Directors  
of «QAZAQ AIR»  
dated «\_\_» \_\_\_\_\_ 201\_ . №\_\_

**Work Plan of the Board of Directors of «QAZAQ AIR» JSC for 20\_\_**

<b>№ item</b>	<b>Issue</b>	<b>Basis for submission of the issue for consideration of the Board of Directors (competence)</b>	<b>Date of submission of the issue for consideration of the Board of Directors (quarter or months)</b>	<b>Responsible structural division</b>	<b>Responsible person (at the level of the member of the Management Board, Head of the structural division)</b>



**Annex № 4  
to the Regulations on the Board of Directors  
of joint-stock company «QAZAQ AIR»**

Draft

**Decision of the Board of Directors of «QAZAQ AIR» JSC  
on the issue « \_\_\_\_\_ »**

In compliance with sub-item \_\_\_\_\_ Board of Directors

**DECIDED:**

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*(Decision)*

**Annex № 5  
to the Regulations on the Board of Directors  
of joint-stock company «QAZAQ AIR»**

**A brief summary of the issue on the Agenda  
of the meeting of the Board of Directors**

« \_\_\_\_\_ »  
*Name of the issue*

**Required actions:**

**Purpose**

•

**Risks/Difficulties**

•

**Context/Analyses**

•

**Introduction plan**

•

**Consideration of alternative options and recommended decision:**

options

•

details

•

**CEO**

*Signature*

**Name, surname**

**Developer**

*Signature*

**Name, surname**

**Annex № 6  
to the Regulations on the Board of Directors  
of joint-stock company «QAZAQ AIR»**

**Ballot of absentee meeting  
of the Board of Directors of joint-stock company «QAZAQ AIR»**

Astana № \_\_\_\_\_ dated « \_\_\_ » \_\_\_\_\_ 20\_\_

**Member of the Board of Directors:** \_\_\_\_\_

Location of joint-stock company «QAZAQ AIR»:

Initiator of the meeting:

**Agenda:**

1. \_\_\_\_\_
2. \_\_\_\_\_.

**Decided:**

1. \_\_\_\_\_

**FOR**

**AGAINST (dissenting  
opinion)**

**Abstained (dissenting opinion)**

**Note:** a dissenting opinion attached, if available, separately, in writing

**Clarification on order of the ballot:**

A member of the Board of Directors shall put his signature (or tick) under one of the count: "For", "Against", "Abstained" on the issue that put to the vote in this ballot. In the case of a vote "against" or "abstain", the member of the Board of Directors has a right to express a dissenting opinion, which is attached separately in written form.

**Final date of submission of the signed ballot to the Corporate Secretary of «QAZAQ AIR» JSC:** \_\_\_\_\_.

**Ballot of absentee meeting shall be submitted to the following address:** \_\_\_\_\_.

**Member of the Board of Directors:**

\_\_\_\_\_  
(signature)  
« \_\_\_ » \_\_\_\_\_ 20\_\_  
(date)

**Annex № 7**  
**to the Regulations on the Board of Directors**  
**of joint-stock company «QAZAQ AIR»**

**Written opinion to the members of the Board of Directors of «QAZAQ AIR» JSC**

\_\_\_\_\_  
(Name, surname)

On the issues of the Agenda of the meeting held \_\_\_\_\_  
(date)

Agenda:

1. \_\_\_\_\_.
2. \_\_\_\_\_.
3. \_\_\_\_\_.

In connection with impossibility of presence at the meeting of the Board of Directors I express the following opinion on the issues of the Agenda:

1. Draft decision on the first item of the Agenda: \_\_\_\_\_.  
Vote \_\_\_\_\_ («FOR», «AGAINST», «ABSTAINED»).

2. Draft decision on the second item of the Agenda: \_\_\_\_\_.  
Vote \_\_\_\_\_ («FOR», «AGAINST», «ABSTAINED»).

3. Draft decision on the third item of the Agenda: \_\_\_\_\_.  
Vote \_\_\_\_\_ («FOR», «AGAINST», «ABSTAINED»).

Date \_\_\_\_\_

Signature of the member of the Board of Directors \_\_\_\_\_