

Approved  
by the decision of the Board  
of Directors of JSC "NC  
QazaqGaz" (protocol dated  
November 8, 2023)

## Regulations on the Audit Committee of the board of directors JSC «NC «QazaqGaz»

### 1. General terms

1. This Regulation on the Audit Committee of the Board of Directors (hereinafter - the Committee) of JSC NC QazaqGaz (hereinafter - the Company) was developed in accordance with the legislation of the Republic of Kazakhstan, the Charter of the Company, the Regulations on the Board of Directors of the Company, and the Corporate Governance Code of the Company.

2. These Regulations define the status, main goals, objectives, functions of the Committee, its composition, work procedure, procedures for convening and holding meetings, forming decisions, as well as the rights, duties and responsibilities of Committee members.

3. Concepts and definitions used in the Regulations:

**Sole shareholder**– the highest body of the Company, joint stock company «National Welfare Fund «Samruk-Kazyna»;

**Board of Directors**– management body of the Company;

**Company management** – Chairman and members of the Management Board of the Company;

**Regulation** – Regulations on the Audit and Risk Committee of the Board of Directors of the Company;

**Code**- Corporate Governance Code of JSC NC QazaqGaz.

Terms used but not defined in the Regulations are used in the sense in which they are used in legislation, the Charter and internal documents of the Company, unless otherwise provided by the Regulations.

4. The Committee is a consultative and advisory body of the Board of Directors. In its activities, the Committee is fully accountable to the Board of Directors and acts within the framework of the powers granted to it by the Board of Directors of the Company. All proposals developed by the Committee are recommendations that are submitted for consideration to the Board of Directors of the Company.

5. The Committee in its activities is guided by the legislation of the Republic of Kazakhstan, the Charter, the Code, the Regulations on the Board of Directors of the Company, these Regulations, other internal documents of the Company, as well as decisions of the Sole Shareholder and the Board of Directors of the Company.

6. In its activities, the Committee is guided by the following principles: legality, honesty, objectivity, confidentiality, professional competence, openness, accountability, transparency, ethical behavior, respect for the interests of stakeholders, respect for human rights, intolerance to corruption, inadmissibility of conflicts of interest, its own example.

## **2. Goals and Objectives of the Committee**

7. The purpose of the Committee's activities is to improve the quality of decisions made by the Board of Directors of the Company, including on issues of management efficiency, growth of long-term value and sustainable development of the Company.

8. The objectives of the Committee are to deeply and thoroughly consider issues and present recommendations to the Board of Directors of the Company on:

1) establishing an effective system of control over the financial activities of the Company (including the completeness, reliability and quality of financial statements);

2) control over the independence and efficiency of the external and internal audit process;

3) ensuring the reliability and efficiency of internal control and risk management systems;

4) improvement of corporate governance in the Company;

5) monitoring risks in the field of sustainable development, the quality of non-financial information and reporting;

6) other issues proposed for consideration by the Committee by members of the Committee or the Board of Directors of the Company.

## **3. Functions of the Committee**

9. Functions of the Committee on the issues of control over the financial activities of the Company:

1) discusses with the management of the Company and the external auditor the financial statements, as well as the validity and acceptability of the financial reporting principles used, significant estimates in the financial statements, significant adjustments to the statements;

2) considers the Action Plan developed by the Company's Management to eliminate the recommendations of external auditors;

3) considers issues regarding significant disagreements between the external auditor and the Management of the Company regarding the financial statements of the Company;

4) preliminary reviews and approves the Company's Accounting Policy, amendments and additions to it;

5) preliminary reviews and approves the annual financial statements of the Company;

6) considers the information provided by the external auditor on the progress and results of the audit, on maintaining independence, on the absence of conflicts of interest in the Company;

7) exercises control over the quality of financial information and reporting.

10. Functions of the Committee on ensuring the reliability and efficiency of internal control and risk management systems:

1) as necessary, but at least once a year, ensures an assessment of the effectiveness of the Company's internal control system and risk management system;

2) provides recommendations on organizing the effective functioning of the risk management and internal control system;

3) reviews reports of external and internal auditors on the state of internal control and risk management systems;

4) exercises control over the implementation of the recommendations of the external and internal auditors of the Company, including in relation to internal control and risk management systems;

5) holds regular meetings with the Company's Management to review significant risks, internal control problems and the Company's corresponding plans for their management;

6) preliminary reviews the Company's internal documents that define the principles and approaches to organizing an effective risk management and internal control system;

7) analyzes the results and assesses the quality of implementation of measures (corrective steps) developed by the Company to improve the internal control and risk management system;

8) reviews information about risks in the Company, preliminarily approves the Map, consolidated risk register, risk appetite, level of tolerance to key risks, action plan for responding to risks (improving processes, minimization strategies);

9) preliminarily approves the report on risks and risk management in the red zone, and also reviews the completeness, relevance and adequacy of the Risk Map;

10) at least once a quarter holds meetings with the head of the Internal Audit Service and the Risk Management Service of the Company.

11) considers the degree of integration of risk management and internal control into the strategy, business model and business planning processes of the Company;

11. Functions of the External Audit Committee:

1) considers and submits recommendations to the Board of Directors of the Company on issues of appointment and replacement of the external auditor of the Company;

2) prepares recommendations on the amount of remuneration of the external auditor;

3) approves the services provided by external auditors, and also ensures that the external auditor receives a list of all related services that the external auditor provides (plans to provide) to the Company and discusses it with the external auditor;

4) approves the essential terms of the draft agreement (contract) with an external auditor to conduct an audit of the Company's annual financial statements;

5) discusses with the external auditor the extent to which the proposed plan and scope of the audit meet the needs of the Sole Shareholder and the Board of Directors of the Company, and submits recommendations to the Board of Directors on this issue;

6) preliminary considers the results of annual and interim audits, including information from the Company's management on the results of the audits;

7) holds regular meetings with the external auditor as part of the audit process (at least three times before the issuance of the audit report); also, if necessary, meetings can be held without the participation of representatives of the Company's Management;

8) develops recommendations regarding the external audit policy;

9) assesses the effectiveness of the external audit process;

10) gives approval to the external auditor to provide consulting services to the Company not related to the audit of financial statements;

11) ensures control over the preservation of the independence of the external auditor, including ensuring that confirmation is received from the external auditor (at least once a year) about the preservation of the independence of the external auditor in accordance with the internal documents of the Company and the absence of a conflict of interest, with notification of the Board of Directors of receipt of the corresponding confirmations;

12) monitors the external auditor's compliance with the principle of rotation of the project partner (bearing primary responsibility for the audit) at least once every five years.

12. Functions of the Internal Audit Committee:

- 1) supervises the activities of the Company's Internal Audit Service (hereinafter - the IAS);
- 2) makes proposals to the Board of Directors of the Company on the quantitative composition, staffing schedule, term of office of the IAS, appointment and early termination of powers of the head and employees of the IAS;
- 3) makes proposals to the Board of Directors of the Company on the amounts and conditions of remuneration, bonuses and social support, setting motivational KPIs, assessing the performance of the head and employees of the IAS;
- 4) preliminary reviews the provisions and other policies in the field of internal audit regulating the goals, objectives, functions and procedures of the IAS;
- 5) considers and prepares recommendations for approval of the annual audit plan, budget (cost estimate) of the IAS;
- 6) considers issues of existing restrictions that prevent IAS from effectively performing their assigned tasks, and contributes to the elimination of such restrictions;
- 7) reviews and preliminarily approves periodic (quarterly and annual) reports of the Internal Audit Service and monitors the elimination of deficiencies identified by the Internal Audit Service;
- 8) considers and makes recommendations to the Board of Directors on assessing the activities of the IAS;
- 9) if necessary, initiates independent audits (assessments) of issues of interest, including issues of fraud in the Company.

If the Company's Management needs to conduct an independent audit (assessment) of an issue of interest to the IAS, the Chairman of the Company's Management Board initiates consideration of this issue by the Committee with subsequent submission of this issue to the Board of Directors.

13. Functions of the Compliance Control Committee:

- 1) supervises the activities of the Company's Compliance Service (hereinafter - the CS);
- 2) makes proposals to the Board of Directors of the Company on the quantitative composition, staffing schedule, term of office of the CS, appointment and early termination of powers of the head and employees of the CS, as well as their succession;
- 3) makes proposals to the Board of Directors of the Company on the amounts and conditions of remuneration, bonuses and social support, setting motivational KPIs, assessing the performance of the head and employees of the CS;
- 4) preliminary reviews provisions and other policies in the field of compliance, including those regulating the goals, objectives, functions and procedures of the CS;
- 5) preliminary reviews the compliance program of the Company, as well as the assessment of its effectiveness carried out by the CS;
- 6) considers and prepares recommendations for approval of the annual plan, budget (cost estimate) of the CS;
- 7) considers issues of existing restrictions that prevent the insurance company from effectively performing its tasks, and contributes to the elimination of such restrictions;
- 8) considers and prepares recommendations for assessing the activities of the CS;
- 9) considers the reporting of the CS on the work performed by the CS and the implementation of the Company's compliance program;
- 10) considers other issues related to minimizing the risks of corruption and other compliance risks.

14. Functions of the Committee for Improving Corporate Governance:

1) reviews and preliminarily approves the annual report and other reporting of the Company on corporate governance issues;

2) reviews and preliminarily approves the policy for resolving conflicts of interest, participates in resolving conflicts of interest in accordance with the approved policy, analyzes and evaluates the implementation of the conflict of interest management policy, making recommendations to the Board of Directors of the Company;

3) considers and prepares recommendations to the Board of Directors of the Company on issues of improving corporate governance in the Company and ensuring management transparency;

4) considers cases of non-compliance with the provisions of the Code, and also makes recommendations aimed at further improving corporate governance in the Company;

5) considers the report on compliance/non-compliance with the principles and provisions of the Code. Subsequently, the report is approved by the Board of Directors and included in the annual report of the Company;

6) considers and prepares recommendations to the Board of Directors on complaints about alleged violations received by the hotline in accordance with the internal regulatory documents of the Company;

7) considers and prepares recommendations to the Board of Directors of the Company on issues of quality and disclosure of non-financial information and reporting.

15. Functions of the Committee on issues of monitoring risks in the field of sustainable development, the quality of non-financial information and reporting:

1) exercises control over risks in the field of sustainable development (on economic, environmental and social aspects of sustainable development);

2) exercises control over preventing or reducing the negative impact of the Company's operating results on stakeholders;

3) considers risks in the field of sustainable development in the social, economic and environmental spheres;

4) considers stakeholder maps;

5) considers issues of integrating sustainable development into key processes, including risk management, reporting, operations and others;

6) carries out regular monitoring and evaluation of activities in the field of sustainable development, and also considers corrective measures;

7) considers the sustainability report;

8) exercises control over the quality of non-financial information and reporting.

16. Other functions of the Committee:

1) regularly, but at least once a year, reports to the Board of Directors of the Company on its activities;

2) prepares information on the results of the Committee's work for inclusion in the report of the Board of Directors and its disclosure in the report to the Sole Shareholder of the Company;

3) considers and prepares recommendations to the Board of Directors of the Company on reports of authorized bodies (including tax authorities), external and internal auditors, and the Company's Management on issues of compliance with legislation;

4) prepares recommendations to the Board of Directors of the Company on conducting special investigations (inspections), including with the involvement of independent consultants (experts);

5) decides on inviting persons to participate in meetings of the Committee, as well as attracting experts and consultants on certain issues;

6) analyzes cases of fraud, as well as measures taken by the Company's Management to prevent fraud in the future;

7) considers other issues proposed for consideration by the Committee by members of the Committee or the Board of Directors of the Company.

#### **4. Rights and obligations of Committee members**

17. Members of the Committee have the right to:

1) request documents, reports, explanations and other information from members of the Board of Directors, Committees, Management Board, Internal Audit Service, Compliance Service, Corporate Secretary and other employees of the Company, including confidential information;

2) invite members of the Board of Directors, Management Board, Committees, Internal Audit Service, Compliance Service and other persons to their meetings as observers;

3) in the prescribed manner, use the services of external experts and consultants within the funds provided for in the Company's budget for the current year;

4) participate in monitoring and checking the execution of decisions and instructions of the Board of Directors of the Company on issues of its activities;

5) develop and make proposals for introducing changes and additions to these Regulations;

6) develop and submit for approval by the Board of Directors of the Company draft documents relating to the activities of the Committee;

7) demand the convening of a meeting of the Committee and include issues on the agenda of the meeting of the Committee;

8) demand the Company to provide the conditions necessary to perform the functions and responsibilities assigned to a member of the Committee;

9) enjoy other rights necessary to exercise the powers assigned to him.

18. Members of the Committee are obliged to:

1) carry out their activities honestly and in good faith in accordance with the Regulations in the interests of the Sole Shareholder and the Company as a whole and comply with the basic principles of the Code;

2) properly fulfill their duties and ensure the growth of long-term value and sustainable development of the Company

3) devote sufficient time to effectively perform their duties;

4) participate in the work of the Committee and attend its meetings;

5) regularly report to the Board of Directors of the Company on the results of their activities;

6) maintain the confidentiality of information received as part of the activities of the Committee;

7) promptly inform the Board of Directors of the Company about the risks to which the Company is exposed, assess possible risks and consequences for the Company when the Committee makes its own decisions;

8) inform the Board of Directors of the Company about any changes in their status as an independent director or the emergence of a conflict of interest in connection with decisions that must be made by the Company and refrain from actions that could compromise the Committee and/or its members.

9) within the limits of their competence and in the manner prescribed by these Regulations, perform any other duties that may be determined by the Board of Directors.

## **5. Composition and procedure of forming the Committee**

19. Determination of the quantitative composition, term of office of the Committee, election of its Chairman and members, as well as early termination of their powers falls within the competence of the Board of Directors of the Company.

20. The Committee must maintain a balance of skills, experience and knowledge to ensure the adoption of independent, objective and effective decisions in the interests of the organization, the Sole Shareholder and the principles of sustainable development.

21. The composition of the Committee is formed exclusively from among the independent directors of the Company. The Committee must consist of at least three members.

22. Members of the Committee must have in-depth knowledge and have long-term, practical experience corresponding to education in the field of accounting and financial reporting and/or finance and/or auditing, risk management, internal control.

23. The terms of office of the members of the Committee coincide with the terms of their powers as members of the Board of Directors, but may be revised annually by the Board of Directors of the Company.

The assessment of the activities of the members of the Committee and the Committee as a whole is carried out in accordance with the internal documents of the Company.

## **6. Chairman of the Committee**

24. The Chairman of the Committee is an independent director. The Chairman of the Company, along with professional competencies, must have organizational and leadership qualities, good communication skills to effectively organize the activities of the Committee.

25. The Chairman of the Committee organizes the work of the Committee he heads, in particular:

- 1) convenes meetings of the Committee and presides over them;
- 2) approves the agenda of Committee meetings, including the content of issues submitted for discussion at the Committee meeting;
- 3) organizes the discussion of issues at Committee meetings, and also hears the opinions of persons invited to participate in the meeting;
- 4) develops a plan for regular meetings for the current year, taking into account the plan for meetings of the Board of Directors of the Company;
- 5) prepares a report on the activities of the Committee and, at a separate meeting, reports to the Board of Directors on the results of activities for the year.

26. In the absence of the Chairman of the Committee, his duties are performed by one of the members of the Committee, elected in the meeting of the Committee by open voting by a simple majority of votes from the total number of Committee members present at the meeting.

## **7. Procedure of the Committee**

27. The work of the Committee is carried out in the form of meetings. Meetings of the Committee are held according to an annual plan approved by the decision of the Committee,

extraordinary meetings are held as necessary. The frequency of meetings of the Committee is at least four meetings per year.

28. The Committee's work plan (indicating the list of issues to be considered and the dates of meetings) is formed on the basis of the Work Plan of the Board of Directors and is approved by the Committee before the start of the calendar year.

29. The functions of the Secretary of the Committee are performed by the Corporate Secretary or an employee of the Corporate Secretary Service by decision of the Committee.

30. The Corporate Secretary ensures the preparation and conduct of Committee meetings, collection and systematization of materials for meetings, timely sending to Committee members and invited persons of notifications about Committee meetings, agendas of meetings, materials on agenda items, recording of meetings, preparation of draft Committee decisions, and also the subsequent storage of all relevant materials.

31. The Corporate Secretary ensures that the Committee members receive the necessary additional information.

32. The decision on convening the next meeting of the Committee, the date, time, location and agenda items, as well as the decision on the list of persons invited to the meeting, is made by the Chairman of the Company Committee in accordance with the plan for holding regular meetings of the Committee.

33. A meeting of the Committee may be convened at the initiative of its Chairman or at the request of:

- 1) any member of the Committee and the Board of Directors of the Company;
- 2) Sole shareholder;
- 3) IAS.

If the Chairman of the Committee refuses to convene a meeting, the initiator has the right to submit this request to the Board of Directors of the Company, which is obliged to convene a meeting of the Committee. The meeting of the Committee is held with the obligatory invitation of the person making the specified demand.

34. Only members of the Committee are present at Committee meetings. The presence of other persons is permitted only by invitation of the Committee. If necessary, the Committee may involve experts and consultants.

35. The agenda of the meeting is formed by the Corporate Secretary based on proposals from the Management of the Company, IAS, CS members of the Committee and the Board of Directors of the Company, and is approved by the Chairman of the Committee.

36. The Corporate Secretary prepares materials on the Committee's agenda and sends them to all Committee members and interested parties no later than seven calendar days (for materials in English no later than four working days) before the date of the Committee meeting.

37. The meeting of the Committee is valid if at least half of the Committee members participate in it.

38. Decisions of the Company may be made in person, absentee or mixed voting. In order to create favorable conditions and to reduce the costs of holding Company meetings, within the framework of an in-person meeting of the Company, the participation of Company members through technical means of communication is allowed. The Company strives to minimize holding meetings in the form of absentee voting.

39. Decisions of the Committee are made by a simple majority of votes of the Committee members present at the meeting, either providing a written opinion, or taking part in absentee voting. In case of equality of votes, the vote of the Committee Chairman is decisive.



40. Each member of the Committee may express his/her dissenting opinion, which is presented along with the minutes of the Committee's decision. In cases where a decision cannot be made on certain issues due to the interest of individual members of the Committee, this fact is recorded in the minutes of the Committee meeting.

41. Based on the results of each meeting of the Committee, no later than 3 (three) working days after it is held, a draft protocol is drawn up in Russian. If one or more members of the Committee do not speak Russian, the protocol is translated into English. The minutes are signed by the Chairman of the Committee or the person who chaired the meeting, as well as the Secretary of the Committee, who are responsible for the correctness of the preparation and content of the minutes.

The Corporate Secretary, as necessary, issues extracts from the minutes (decisions) of the Company and provides officials of the Company (upon their request and in agreement with the Chairman of the Committee) with information related to the activities of the Committee.

42. The Chairman of the Board of Directors of the Company has the right to request the Committee to provide information about its activities during the year.

### **8. Responsibility of Committee members**

43. A member of the Committee is liable to the Company and the Sole Shareholder of the Company for damage caused by his actions (inaction), in accordance with the internal documents of the Company and the legislation of the Republic of Kazakhstan.