

**Annex 3**  
**to the Decision of the Board of Directors**  
**of Astana EXPO-2017NC JSC**  
**dated 31 January 2018**  
**(minutes of meeting No. 1)**

**Regulation for the Audit Committee of the Board of Directors of**  
**Astana EXPO 2017 NC JSC**

**1. General provisions**

1. The Regulation for the Audit Committee of the Board of Directors of Astana EXPO 2017 NC JSC (hereinafter – Regulation) is developed according to the legislation of the Republic of Kazakhstan, the Charter, Corporate Governance Code and other internal documents of Astana EXPO 2017 NC JSC (hereinafter – Company).

2. This Regulation defines the status, scope, organizational structure, operating procedures and functions of the Audit Committee of the Board of Directors (hereinafter–the Committee), the rights and responsibilities of the members of the Committee.

3. The Committee considers the most important issues and gives some recommendations to the Board of Directors of the Company within its scope determined by the present Regulation.

4. The Committee is accountable to the Board of Directors of the Company and works within the powers conferred to it by the Board of Directors of the Company and the present Regulation.

5. the Committee follows the legislation of the Republic of Kazakhstan, the Charter of the Company, the Provision on the Board of Directors of the Company, the present Provision and the decisions of the Sole shareholder and the Board of Directors of the Company.

**2. The main functions of the Committee**

6. The main function of the Committee is to assist the Board of Directors of the Company in all the issues concerning internal and external audit, financial statements, internal control and risk management, compliance with the law of the Republic of Kazakhstan, internal documentation and other questions upon request of the Board of Directors of the Company.

**3. The scope of the Committee**

7. The committee works for the benefit of the Sole shareholder and its work is to render assistance to the Board of directors of the Company in the following:

1) control over the completeness and reliability of financial statements of the Company and the official statements on the financial results of the activity of the Company;

2) control of reliability and efficiency of the risk management systems and the internal control (including the ones regarding financial statements);

3) control over the execution of documents in the field of corporate management;

4) control of external and internal audit to be provided independently and

also control of ensuring compliance with the legislation of the Republic of Kazakhstan;

5) preparation of recommendations for external audit policies, including determining the restrictions on services which can be rendered by an external auditor;

6) submission of the report to the Board of Directors of the Company on the issues which according to the Committee require some clarifications or additional actions, and also some recommendations about the measures to be undertaken.

8. The committee, in accordance with the established procedure, performs the following functions:

1) concerning financial statements:

a) discusses with the senior managers of the Company and an external auditor about the financial statements and also validity and eligibility of the used principles of drawing the financial statements, substantial estimated figures in the financial statements, and some substantial amendments in the financial statements;

b) deals with the procedures of confidential reporting about some violations concerning the preparation of financial statements, internal control, risk management and ethical issues;

c) discusses with the senior management of the Company, external and internal auditors the offered (alleged) amendments in Accounting Procedure of the Company and how these amendments will influence the content of the statements;

d) considers any essential disagreements between an external auditor and the senior management of the Company concerning the financial statements of the Company;

e) gives a preliminary approval of the Accounting policies of the Company;

f) gives a preliminary approval of annual financial statements of the Company;

2) concerning internal control and risk management:

a) analyzes the reports about the condition of the internal control and risk management systems submitted by external and internal auditors;

b) analyzes the effectiveness of the means of internal control and risk management systems of the Company and also gives advice on some other related issues;

c) controls over the implementation of recommendations regarding the systems of internal control and risk management provided by internal and external auditors of the Company;

d) holds regular meetings with the senior management of the Company to consider some substantial risks, issues of control and the corresponding plans of the Company in the sphere of risk management and internal control;

e) gives a preliminary approval of the Company's internal control and risk management policies and procedures;

f) analyzes the outcomes and the quality of the remedial actions developed by the Company for improvement of the system of internal control and risk management;



3) concerning external audit:

a) deals with the issues of appointing and removing an external auditor of the Company and gives recommendations on them;

b) gives recommendations on the external audit policy, moreover, determines some restrictions on services which can be rendered by an external auditor;

c) receives a list of all attestation engagements which can be rendered (planned to be rendered) by an external auditor to the Company and discusses it with an external auditor, assesses the effectiveness of external audit. Assesses the compliance of the attestation engagements with the independence of the auditor. Assesses the independence and objectivity of an external auditor. Recommends to the Board of Directors of the Company to make the conditions that will provide independence of an external auditor and recommends on payment to an external auditor;

d) gives a preliminary approval of the attestation engagements provided by an external auditor;

e) gives a preliminary approval of the essential conditions of the draft of a yearly financial statement audit agreement (contract) of the Company;

e) discusses with an external auditor how the offered plan and the scope of audit corresponds with the needs of the Sole shareholder and the Board of Directors of the Company;

g) considers, together with an external auditor, the outcomes of annual and interim audits, including the information about the outcomes of audits received from the senior management of the Company;

h) meets with an external auditor every half of a year;

4) concerning internal audit:

a) supervises the process of internal audit;

b) gives a preliminary approval of a head and employees of an internal audit service, and of early termination of their appointment;

c) gives a preliminary approval of the amount and terms of payment of work and bonus awarding to the head and employees of an internal audit service;

d) gives a preliminary approval of Internal Audit Service Regulation, policies and procedures of internal audit and other documents regulating the internal audit service, amendments, and additions to them. Provides independence of internal audit from the senior management of the Company;

g) gives a preliminary approval of an annual audit plan and the budget of internal audit service;

h) gives a preliminary approval of the regular reports of internal audit service with the results of its work and the most essential auditor comments;

i) considers some issues of restrictions interfering with the effective work of internal audit service, and eliminates such restrictions;

j) meets on a quarterly basis with the head of the internal audit service of the Company;

k) provides a preliminary assessment of the activity of the internal audit

service;

1) initiates an independent audit of some specific issues;

5) concerning compliance with the law:

a) assesses the effectiveness of the internal procedures of the Company developed to provide compliance with the law by the Company;

b) receives and studies the reports of the authorized bodies (including tax departments), external and internal auditors, the senior management of the Company concerning compliance with the law;

c) makes some offers on the procedures of "the hotline" by means of which the employees of the Company can anonymously provide the information on the alleged violations or abuse of the law concerning completeness and reliability of financial statements; moreover, it makes some offers on the procedures of consideration of and response to such situations;

6) performance statement:

a) regularly, but at least once a year, reports to the Board of Directors of the Company about its performance;

b) prepares the information about the performance of the Committee which is to be included in the report of the Board of Directors for its presentation before the Sole shareholder of the Company;

7) other responsibilities:

a) upon request, develops some recommendations to the Board of Directors of the Company on conducting special investigations by involving independent consultants (experts);

b) analyzes and summarizes some cases of fraud and assesses the relevance of the preventive measures undertaken by the Board of Directors of the Company;

c) upon request of the Board of Directors of the Company carries out the other responsibilities within the scope of the Committee.

#### **4. The rights and responsibilities of the members of the Committee**

9. Members of the Committee shall be entitled to:

1) request documents, reports, explanations and other information from the members of the Board, Committees, Management Board, Internal Audit Service, the Company's secretary and other employees of the Company;

2) invite the officials and other employees of the Company to its meetings;

3) make some recommendations to the Board of Directors of the Company on making amendments and additions to the Regulation.

10. Members of the committee shall be obliged to:

1) perform their duties honestly and compliance with the Regulation for the benefit of the Sole shareholder and the Company, to follow the basic principles of the Corporate Governance Code of the Company;

2) spend sufficient time for effective fulfillment of their duties;

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

4) provide the Board of Directors with the annual report on the performance of the Committee;



5) maintain confidentiality of the information obtained during the meetings and other activities of the Committee;

6) report to the Board of Directors of the Company about any changes in the status of an independent director or about any conflict of interests regarding the decisions to be made by the Committee.

#### **5. The election and composition of the Committee**

11. The Committee shall consist of three members.

12. Members of the Committee shall be the independent directors who have the sufficient knowledge and experience in the field of accounting and audit, risk management and internal control.

13. The member of the Board of Directors who is not independent can be elected as a member of the Committee if the Board of Directors makes an exception and decides that this person is crucial as a member of the Committee for the benefit of shareholders and the Company. In this case, the Board of Directors should disclose how this person is dependent and justify such a decision.

14. The members of the Committee are elected by the majority of votes of the of the members of the Board of Directors of the Company.

15. The Chairman of the Committee is elected from independent directors. The decision is made by the majority of votes from the total number of the members of the Board of the Company. The Board of Directors of the Company has the right to reelect the Chairman of the Committee at any time.

16. If the Chairman of the Committee is absent the duties are fulfilled by one of the members of the Committee voted out at a meeting of the Committee by the majority votes from the total number of the members of the Committee who are present at a meeting.

17. If needed the experts who possess the necessary expertise for the work of the Committee can be included as non-voting members of the Committee. The experts having professional experience and qualification in the fields according to the purposes, tasks and the scope of the Committee, are attracted for the effective performance of the Committee. The role of the experts as a part of the Committee is in providing the members of the Committee with the necessary information in the decision-making process. Using their knowledge and expertise will allow the Committee to study the issues comprehensively and to develop the recommendations to the Board of Directors.

18. The Corporate Secretary of the Company functions as the secretary of the Committee.

19. The terms of powers of the members of the Committee coincides with the terms of their powers as the Board members, however, it can be reconsidered by the Board of Directors on the yearly basis.

20. The Board of Directors has the right to terminate the powers of a member of the Committee ahead of schedule at any time.

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

21. The Chairman of the Committee shall organize the work of the Committee, in particular:



- 1) convene meetings of the Committee and chair them;
- 2) approve the agenda of meetings of the Committee, including the content of the questions which are to be discussed at a meeting of the Committee;
- 3) facilitate the discussions of the questions at the meetings of the Committee and also listen to the opinions of the persons invited to participate in the meetings;
- 4) maintain regular contacts with the members of the Board of the Company, members of the Management Board of the Company, structural units of the Company for the purpose of receiving the full and reliable information necessary for making decisions by the Committee, and for the purpose of ensuring their effective interaction with the Board of Directors of the Company;
- 5) distribute the responsibilities between the members of the Committee, give them the tasks connected with the profound studying of issues and preparation of some materials for consideration at a meeting of the Committee;
- 6) ensure and coordinate the execution of the decisions of the Committee;
- 7) develop the plan of the regular meetings for the current year taking into account the plan of meetings of the Board of Directors, control the execution of its decisions and plans;
- 8) prepare a report on the performance of the Committee and report to the Board of Directors of the Company about its performance for the year at a separate meeting. The board of Directors shall have the right to demand from the Committee to submit the report on its current activity within a year at any time. The terms of preparation and submission of such report shall be determined by the Board of Directors of the Company.

#### **7. The procedures of the Committee**

22. The Committee performs its work through meetings.
23. The meetings of the Committee shall be held when required, but not less than four meetings per year.
24. The Corporate Secretary shall provide preparation of the meetings of the Committee, collection and systematization of the materials for the meetings. The Secretary shall be responsible for the timely invitation of the members of the Committee and distribution of notifications about the agenda, date and time of the meetings of the Committee, keeping minutes, preparation of drafts of decisions of the Committee, provide extracts from the minutes of the meetings of the Committee upon request and provides the subsequent storage of all corresponding materials.
25. The meeting of the Committee shall be convened at the initiative of the Chairman of the Committee or any member of the Committee or by the decision of the Board of Directors of Company.
26. If the Chairman of the Committee refuses to convene a meeting, the initiator may apply with such request to the Board of Directors of the Company which is obliged to convene a meeting of the Committee.
27. The participants of the meeting shall be notified about the date, time and the agenda of the meeting not later than 7 (seven) calendar days before the date of

the meeting of the Committee.

28. The quorum of the meeting is no less than a half of the voting members of the Committee.

29. Only the Chairman of the Committee and its members can make the decision on the agenda of the meeting of the Committee in the presence of only the voting members of the Committee. In such cases, the experts and other persons who are invited to participate in the meeting of the Committee as observers shall participate only discussion of the questions and shall leave the room of the meeting during the voting process.

30. The Chairman of the Committee may invite the third parties as non-voting members to discuss the agenda of the meeting of the Committee.

The decisions of the Committee shall be recorded in the minutes.

31. The Committee shall meet in person with recording it in the minutes. For creating the favorable conditions and reduction of costs the members of the Committee may participate via technical means of communication.

32. The minutes of the meeting of the Committee shall be signed by all members of the Committee participating in the meeting and the Corporate Secretary.

The signed minutes of the meetings shall be submitted to the Corporate Secretary for the compilation of the materials for the meeting of the Board of Directors. Each of the members of the Committee shall have the right to include into the meeting minutes of the Committee a minority opinion concerning the agenda of the meeting.

33. The Committee makes the decisions by the majority of votes of the members of the Committee who are present at the meeting. In case of equality of votes, the Chairman of the Committee shall have the casting vote.

### **8. Final provisions**

1. The Regulation, and also the amendments and additions made hereto, shall be approved by the Board of Directors of the Company.

2. If the legislation of the Republic of Kazakhstan is changed and some separate provisions of the Regulation conflict with it, these provisions shall become invalid. The Company shall the legislation of the Republic of Kazakhstan until the Regulation is not amended.