

APPROVED

**by the resolution of the Board of
Directors of JSC NC KazMunayGas
dated «31» May 2012**

Minutes № 3/2012

(updated by the resolutions of the Board of
Directors dated March 19, 2014 (Minutes
2/2014), November 30, 2017 (Minutes
16/2017) and January 25, 2018 (Minutes
1/2018))

**REGULATION ON FINANCE COMMITTEE OF THE BOARD OF
DIRECTORS OF JSC NC "KAZMUNAYGAS"**

GENERAL PROVISIONS

This Regulation on Finance Committee of the Board of Directors of JSC NC “KazMunayGas” (hereinafter referred to as “the Committee” and “KMG” respectively) has been developed in line with the current laws of the Republic of Kazakhstan, KMG Charter, the Code of Corporate Governance of KMG, and the best international practice of corporate governance; it shall define the main tasks, functions, rights and obligations, and also the structure of the Committee, the procedure of its forming, functioning, and interaction with KMG bodies.

The Committee shall be a consultative-deliberative body under the Board of Directors of KMG. All resolutions of the Committee shall represent recommendations to be submitted for consideration of KMG Board of Directors (hereinafter – the Board of Directors).

The Committee shall be accountable to the Board of Directors and shall act within the framework of competence provided by the Board of Directors and the present Regulation.

1.1. Objectives of the Committee:

The Committee shall be formed and function to render assistance to the Board of Directors to pursue effective financial policy in KMG by means of preliminary consideration and preparation of recommendations for the Board of Directors on the following issues:

- 1.1. providing a permanent and objective assessment of the financial status of KMG;
- 1.2. monitoring that both the capital structure and the finance structure of KMG together with the financial strategy are consistent with KMG immediate and longer term strategic goals;
- 1.3. preliminary examination and supervision over the implementation of investment projects of KMG with a total estimate cost, which exceeds the approved liability limit of “Samruk-Kazyna” for KMG amounting to 75,000,000,000 (seventy five billion) Tenge.

2. Functions of the Committee:

- 2.1. monitoring compliance with both financial obligations and covenants;
- 2.2. stress testing of different oil price scenarios and financial market and equity market conditions;
- 2.3. monitoring overall financial performance versus criteria used by the different rating agencies
- 2.4. evaluating the short term and longer term financial plan and financial strategy as proposed by the Managing Board

- 2.5. at the request of the Board of Directors or at its own initiative advise on the financial implications of material investment and divestments
- 2.6. at the request of the Board of Directors or at its own initiative advise with respect to the efficiency and appropriateness of financial risk management of KMG;
- 2.7. at the request of the Board of Directors or at its own initiative advise with respect to the financial efficiency of contemplated investments;
- 2.8. at the request of the Board of Directors or at its own initiative advise the Board of Directors on the results of the preliminary examination and supervision of the implementation of investment projects with a total estimate cost of more than 75,000,000,000 (seventy five billion) Tenge.

3. Rights and obligations of the Committee:

3.1. the Committee shall be entitled:

- 3.1.1. to demand provision of information, official documents, and explanations, required to the Committee for implementation of its objectives and fulfillment of functions, by the Management Board, officials, the head of the Internal Audit Service, the Corporate Secretary, and other employees of KMG;
- 3.1.2. to consider appeals of the entity holding all the voting shares of KMG – Joint Stock Company Sovereign Wealth Fund “Samruk-Kazyna” (hereinafter – the Shareholder), the Board of the Directors, officials and employees of KMG, as well as other third parties on issues within the competence of the Committee;
- 3.1.3. to involve KMG officials and employees, as well as the third parties, at its own discretion, in the work of the Committee without granting voting right;
- 3.1.4. to retain such outside advisors, including financial, legal counsel or other experts, as it deems appropriate;
- 3.1.5. bearing in mind the high sensitivity of some issues and materials on them, to keep the minutes and materials for the Committee’s sessions in confidential treatment;

3.2. the Committee shall be obliged:

- 3.2.1. to be governed in its activities by provisions of the current laws of the Republic of Kazakhstan, the Charter, the Code of Corporate Governance and other internal documents of KMG;
- 3.2.2. to act for the benefit of KMG and its Shareholder;
- 3.2.3. to eliminate influence of a conflict of interests of the Committee’s members on its activities;
- 3.2.4. to report to the Board of Directors on the Committee’s findings and recommendations on issues under consideration;
- 3.2.5. to submit the Performance Report of the Committee for consideration of the Board of the Directors once a year following the end of a calendar year;
- 3.2.6. to submit a year-end performance report of the Committee to the Corporate Secretary Service for its integration into the year-end performance report of the Board of Directors.

4. Forming of the Committee:

- 4.1. The Committee shall be formed out of members of the Board of Directors and duly qualified and competent experts and shall consist of at least three members the majority of which shall be represented by the Independent Directors. The Chairman of KMG Management Board cannot be elected as a member of the Committee.
- 4.2. The Chairman and members of the Committee shall be elected by the Board of Directors in the procedure established by the Charter of KMG. Moreover, the Chairman of the Committee shall be elected from among Independent Directors.
- 4.3. The terms of powers of the Committee's members shall coincide with the terms of their powers as members of the Board of Directors; however, the Board of Directors shall review terms of powers of the Committee's members on an annual basis.
- 4.4. Experts of the Committee shall attend meetings of the Committees without the right of vote. The Committee's experts shall be entitled to initiate meetings of the Committee, and to terminate their own powers on their wish by means of a written notification of the Committee via the Committee's Secretary.
- 4.5. The Committee shall designate its Secretary.

5. The Chairman of the Committee shall:

- 5.1. arrange the activity of the Committee;
- 5.2. convene meetings of the Committees and chair at meetings;
- 5.3. approve of the agenda of a meeting of the Committee. At that the Chairman of the Committee shall independently decide whether an issue should be included into the agenda of the meeting of the Committee;
- 5.4. arrange efficient resolution of issues at meetings of the Committee;
- 5.5. ensure development of the plan of meetings of the Committee;
- 5.6. ensure development of reports for the Board of Directors with findings and recommendations of the Committee on the issues under discussion;
- 5.7. ensure development of a half-yearly performance report and a year-end performance reports of the Committee.

6. Procedures of the Committee's activities:

- 6.1. The Committee shall work via in-person meetings and in exceptional cases via mixed form of meetings with the help of a conference call or other communication means;
- 6.2. The Secretary of the Committee shall ensure arrangement and holding of the Committee's meetings, collection and systematization of materials for meetings, timely delivery of notifications, agenda of a meeting, and materials on issues of the agenda to members of the Committee and invitees, keeping minutes of meetings, development of draft resolutions of the Committee, and further storage of all the materials.

- 6.3. Meetings of the Committee may be held both in line with the plan approved by the Chairman of the Committee, and as and when necessary, but not less than five meetings a year.
- 6.4. A resolution on convening a regular meeting of the Committee, its date, time, and location of a meeting, as well as its agenda, and the list of invitees for a meeting of the Committee, shall be made by the Chairman of the Committee
- 6.5. An extraordinary meeting of the Committee shall be held by resolution of the Chairman of the Committee, and may be initiated by any member of the Committee, the Board of Directors, the Management Board, or the Shareholder of KMG.
- 6.6. An advance notice on holding of a meeting of the Committee including its agenda shall be sent to persons participating in a meeting not later than five working days before the date of the Committee's meeting.
- 6.7. The third parties may attend meetings of the Committee at the invitation of the Committee's Chairman; however such invitees shall not be entitled to vote on issues of the agenda of a meeting.
- 6.8. The Committee shall take decisions by simple majority of votes of the total number of the Committee's members. The quorum for making a decision by the Committee shall make at least a half of the total number of the Committee's members. In case of parity of votes, the vote of the Committee's Chairman shall be decisive.
- 6.9. Each member of the Committee shall have the right to give a dissenting opinion, which shall be sealed up and enclosed to the Minutes of the Committee's meeting; it shall be subject to announcement only by resolution of the Board of Directors. In cases when decisions on certain issues cannot be made due to affiliated status of some of the Committee's members regarding them, such fact shall be recorded in the minutes of the Committee's meeting.
- 6.10. The minutes of the Committee's meeting shall be drawn up in two originals (in Russian and in English), one of which, after signing by the Chairman and the Secretary of the Committee, shall be submitted to the members of the Committee.

7. Procedure of amending of the Regulation

All supplements and amendments to the present Regulation shall be approved by a resolution of the Board of Directors.