

**APPROVED**

**by resolution of the Board of Directors of  
JSC NC KazMunayGas**

**dated June 25, 2012**

**Minutes № 8/2014**

(updated by resolution of the Board of  
Directors dated July 28, 2016 (Minutes  
12/2016), November 30, 2017

(Minutes 16/2017) and January 25, 2018  
(Minutes 1/2018))

**REGULATION ON NOMINATIONS AND REMUNERATIONS  
COMMITTEE OF THE BOARD OF DIRECTORS OF JSC NC  
"KAZMUNAYGAS"**

## **GENERAL PROVISIONS**

This Regulation on Nominations and Remunerations 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 defines the main tasks, functions, rights and obligations, and also the structure of the Committee, the procedure of its formation, functioning, and interaction with KMG bodies.

The Committee is an advisory and consultative body of the Board of Directors of KMG. All resolutions of the Committee 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 to it by the Board of Directors and the present Regulation.

### **1.1. Objectives of the Committee**

The Committee shall be formed to render assistance to the Board of Directors by means of preliminary consideration and preparation of recommendations for the Board of Directors on the following issues:

- 1.1. planning of succession of the Board of Directors and the Management Board of KMG;
- 1.2. ensuring regular and unbiased assessment of performance of the Board of Directors, the Management Board, the Internal Audit Service, the Corporate Secretary, and other employees of KMG;
- 1.3. ensuring efficient HR policy, system of payment for labor and remuneration, as well as social support, career development and training of KMG officials and employees.

### **2. Functions of the Committee:**

- 2.1. development of recommendations on qualification requirements set to candidates to membership in the Board of Directors and the Management Board, to positions of the Chairman of the Management Board, the Corporate

- Secretary of KMG, and to the other positions of KMG in compliance with the list specified by resolution of the Board of Directors;
- 2.2. determination of methods and criteria for assessment of performance of the Board of Directors, the Management Board, the Internal Audit Service, the Corporate Secretary of KMG, and other employees as per the list specified by resolution of the Board of Directors;
  - 2.3. carrying out control over implementation of HR policy of KMG, inclusive of control over formation of candidates' pool of KMG;
  - 2.4. elaboration of recommendations on evaluation of implementation of the key performance indicators by members of the Management Board, assessment of performance of the Corporate Secretary of KMG, and other employees of KMG in compliance with the list specified by resolution of KMG Board of Directors;
  - 2.5. control over efficiency of system of payment for labor and remuneration, as well as social support, career development, and training of KMG officials and employees;
  - 2.6. elaboration of recommendations to the Board of Directors on rates and forms of payment for labor and remuneration, social support, career development, and training of KMG officials and employees;
  - 2.7. elaboration of recommendations regarding appointment of external advisors on issues of remuneration and payment for labor of KMG officials and employees;
  - 2.8. elaboration of recommendations on social issues.
  - 2.9. in accordance with the requirements of the KMG Corporate Governance Code, to ensure a special consideration of issues of re-election of members of the Board of Directors which tenure exceeds 6 years taking into account performance evaluation results of the KMG Board of Directors and updated requirements of KMG to skills and professional experience of members of the Board of Directors”.

### **3. Rights and obligations of the Committee:**

#### **3.1. the Committee is 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, the head of the Internal Audit Service, the Corporate Secretary, and other officials and 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 enjoy other rights required for implementation of its functions and objectives.

**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 on the Committee's activities at request of the Board of Directors;
- 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 inclusion in the year-end performance report of the Board of Directors.

**4. Formation of the Committee:**

- 4.1. The Committee shall be formed out of members of the Board of Directors and duly qualified and competent experts; the Committee shall consist of at least three members; Independent Directors shall comprise the majority of members of the Committee. 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. At that, the Chairman of the Committee shall be elected from among Independent Directors.
- 4.3. 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 Committee and shall not be entitled to vote on issues of the agenda of a meeting. The Committee's experts shall be entitled to initiate meetings of the Committee, and to terminate own powers unilaterally ahead of schedule by means of a written notification of the Committee via the Committee's Secretary.

**5. The Chairman of the Committee shall:**

- 5.1. arrange the activity of the Committee;
- 5.2. convene meetings of the Committees and take the chair at meetings;
- 5.3. approve the agenda of meetings 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 performance report of the Committee.

**6. Rules of the Committee's procedures:**

- 6.1. The Committee shall work via in-person meetings.
- 6.2. The Corporate Secretary of KMG shall perform functions of the Secretary of the Committee.
- 6.3. 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 meetings, 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.
- 6.4. The Secretary shall ensure timely provision of members of the Committee with all the required materials and documents.
- 6.5. 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 four meetings a year.
- 6.6. A resolution on convening a regular meeting of the Committee, date, time, and place 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.
- 6.7. 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.
- 6.8. 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.
- 6.9. 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.
- 6.10. 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 an equality of votes, the vote of the Committee's Chairman shall be the decisive.
- 6.11. 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 interest of the Committee's members in them, such fact shall be recorded in the Minutes of the Committee's meeting.
- 6.12. The minutes of the Committee's meeting shall be drawn up in two originals, one of which, after signing by the Chairman and the Secretary of the Committee, shall be submitted to the Board of Directors with enclosure of all related materials and recommendations.

- 6.13. Members of the Committee shall not participate in consideration of issues related to their appointment and/ or remuneration. Neither party may be involved in the process of own appointment and/or determination of own remuneration.

## **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.