

**Provision**  
**on the Audit and Sustainable Development Committee of the Board of Directors**  
**Kazakhtelecom JSC**

**1. General provisions**

1. These Regulations on the Audit and Sustainable Development Committee of the Board of Directors of Kazakhtelecom JSC (hereinafter referred to as the Regulations) determine the status, competence, composition, operating procedures and functions of the Audit and Sustainable Development Committee of the Company's Board of Directors, the procedure for convening and holding its meetings, execution of decisions, as well as the rights and responsibilities of the members of the Audit and Sustainable Development Committee.

2. Concepts and definitions used in the Regulations:

Law - Law of the Republic of Kazakhstan "On Joint Stock Companies";

The **Company** - Kazakhtelecom JSC;

**Audit and Sustainable Development Committee of the Board of Directors of Kazakhtelecom JSC** - Audit and Sustainable Development Committee;

**Management of the Company** - Chairman and members of the Management Board of the Company.

**Sustainable** development - balanced long-term development of the Company taking into account ESG principles, focused on creating a prosperous economy and value for a wide range of stakeholders, minimising negative environmental and social impacts, and creating new growth opportunities.

**ESG** is a concept of ethical business conduct based on a set of principles of environmental, social and managerial responsibility, reduction of non-financial risks and negative environmental and social impact, improvement of the quality of corporate governance and transparency.

3. The Regulations are an internal document of the Company and have been developed in accordance with the Law, the Charter and Corporate Governance Code of the Company and other internal documents of the Company.

4. The Audit and Sustainable Development Committee is an advisory and consultative body of the Board of Directors of the Company and is established for in-depth study of issues within the competence of the Board of Directors or studied by the Board of Directors in order to control the activities of the Management Board of the Company and to develop necessary recommendations to the Board of Directors and the Management Board of the Company.

5. The Audit and Sustainability Committee reports to the Board of Directors of the Company and acts within the powers granted to it by the Board of Directors of the Company in accordance with these Regulations.

6. In its activities, the Audit and Sustainable Development Committee shall be guided by the legislation of the Republic of Kazakhstan, the Charter of the Company, decisions of the General Meeting of Shareholders, the Board of Directors of the Company, the Regulations on the Board of Directors of the Company, these Regulations and other internal documents of the Company.

## **2. Competence of the Audit and Sustainable Development Committee**

7. The Audit and Sustainability Committee acts in the interests of the Company's shareholders and its work is designed to assist the Company's Board of Directors by making recommendations on:

- 1) establishing an effective system of control over the Company's financial and economic activities (including the completeness and reliability of financial statements);
- 2) control over the reliability and efficiency of internal control and risk management systems, as well as over the execution of corporate governance documents;
- 3) control over the independence of external and internal audit, compliance function, as well as the process of ensuring compliance with the legislation of the Republic of Kazakhstan;
- 4) control over the Company's activities in the field of sustainable development;
- 5) other issues in accordance with the requirements of these Regulations.

## **3. Rights of the members of the Audit and Sustainable Development Committee**

8. A member of the Audit and Sustainability Committee shall have the right, in accordance with the established procedure:

- 1) request and receive any information (documents, materials) regarding the Company from the Company's officers and employees if the said information is necessary for him/her to fulfil the functions of a member of the Audit and Sustainability Committee;
- 2) to hold meetings with external and internal auditors without the participation of representatives of the Company's management;
- 3) initiate or conduct any investigations into matters under the purview of the Audit and Sustainability Committee as defined in these Regulations;
- 4) familiarise themselves with the minutes of meetings and decisions of the Audit and Sustainability Committee, audit reports;
- 5) request to include in the minutes of the meeting of the Audit and Sustainable Development Committee their dissenting opinion on agenda items and decisions taken;
- 6) request the convening of a meeting of the Audit and Sustainability Committee;
- 7) introduce issues to the agenda of the Audit and Sustainability Committee meeting;
- 8) exercise other rights provided for by the current legislation of the Republic of Kazakhstan, the Charter of the Company, other internal documents of the Company.

## **4. Composition, election and term of office of the members of the Audit and Sustainable Development Committee**

9. Determination of the number of members, term of office of the Audit and Sustainable Development Committee, election of its Chairman and members, as well as early termination of their powers shall be within the competence of the Board of Directors of the Company.

10. The Audit and Sustainability Committee consists exclusively of independent directors. The members of the Audit and Sustainability Committee shall have in-depth knowledge and practical experience in accounting and audit, risk management, and internal control.

11. If necessary, the Audit and Sustainable Development Committee may involve in its work experts with the necessary professional knowledge within the competence of the Committee. Experts shall not take part in voting.

12. As part of the Audit and Sustainability Committee, at least one of its members must have a long term experience relevant to education in accounting and financial reporting and/or finance and/or auditing.

13. The decision of the Audit and Sustainable Development Committee appoints the Secretary of the Audit and Sustainable Development Committee, who performs the functions of organisational and information support of the work of the Audit and Sustainable Development Committee.

#### **5. Chairman of the Audit and Sustainable Development Committee**

14. The Chair of the Audit and Sustainability Committee shall perform the following functions:

- 1) organises the work of the Audit and Sustainability Committee;
- 2) convene and chair meetings of the Audit and Sustainability Committee;
- 3) organise the taking of minutes at meetings;
- 4) determine the form of meetings of the Audit and Sustainability Committee.

15. In the absence of the Chairman, his functions shall be performed by one of the members of the Audit and Sustainability Committee by the decision of the Audit and Sustainability Committee.

#### **6. Procedure of the Audit and Sustainable Development Committee**

16. The Audit and Sustainable Development Committee holds regular in-person meetings at least once a quarter and extraordinary meetings as necessary. The Audit and Sustainable Development Committee chooses the form of the meeting based on the importance of the issues under consideration. The Audit and Sustainable Development Committee annually prepares a work plan of the Audit and Sustainable Development Committee, which is approved by the Audit and Sustainable Development Committee.

The agenda of the Audit and Sustainable Development Committee meeting shall be prepared and sent by the Secretary of the Audit and Sustainable Development Committee to all members of the Audit and Sustainable Development Committee and interested parties not later than 5 (five) calendar days prior to the planned date of the meeting. A meeting of the Audit and Sustainable Development Committee shall be deemed competent if there is a quorum - at least half of the members of the Audit and Sustainable Development Committee.

A meeting of the Audit and Sustainability Committee may be convened at the initiative of its Chairman or upon request:

- 1) any member of the Audit and Sustainability Committee;
- 2) a shareholder of the Company;
- 3) internal audit services.

If the Chairman of the Audit and Sustainability Committee refuses to convene a meeting, the initiator shall have the right to address the said request to the Board of Directors of the Company, which shall convene a meeting of the Audit and Sustainability Committee.

A meeting of the Audit and Sustainability Committee shall be held with a mandatory invitation of the person who made the said request.

17. Decisions shall be made by a simple majority of votes of the Audit and Sustainability Committee members participating in the meeting. In case of equality of votes, the Chairman of the Audit and Sustainable Development Committee shall have the casting vote.

In exceptional cases, depending on the timeliness and importance of the issues under consideration, a member of the Audit and Sustainable Development Committee may participate in an in-person meeting of the Audit and Sustainable Development Committee, if there is a quorum, via videoconference (interactive audio-visual communication), conference call (simultaneous conversation of the Audit and Sustainable Development Committee members in the "telephone meeting" mode), as well as using other means of communication. In such case, a member of the Audit and Sustainable Development Committee shall be deemed to have taken part in an in-person meeting of the Audit and Sustainable Development Committee. In this case, the minutes of the

meeting of the Audit and Sustainable Development Committee shall indicate the type of communication used.

18. Members of the Audit and Sustainability Committee are obliged to attend the meetings of the Audit and Sustainability Committee in person. If necessary, the following persons may attend the meetings of the Audit and Sustainable Development Committee at the invitation of the Chairman of the Audit and Sustainable Development Committee:

- 1) Head of the internal audit service;
- 2) the lead partner and/or other representatives of the external auditor;
- 3) Chairman of the Management Board and other representatives of the Company, including the chief accountant, as well as representatives of the Company's legal department;
- 4) Head of the Company's structural division responsible for sustainable development issues;
- 5) independent consultants (experts) engaged in accordance with the established procedure to obtain information on agenda items.

19. Based on the results of each meeting of the Audit and Sustainable Development Committee, minutes shall be prepared and sent to the members of the Board of Directors no later than three working days after the meeting. The minutes are signed by the Chairman of the Audit and Sustainable Development Committee or the person who chaired the meeting, as well as by the Secretary of the Audit and Sustainable Development Committee, who are responsible for the accuracy and content of the minutes.

The Secretary of the Audit and Sustainability Committee shall ensure storage of the minutes of the Audit and Sustainability Committee meetings.

## **7. Functions of the Audit and Sustainable Development Committee**

20. The Audit and Sustainability Committee shall, as appropriate, fulfil the following functions:

### *1) on financial reporting issues:*

discusses with the Company's management and the external auditor the financial statements, as well as the reasonableness and acceptability of the financial reporting principles used, significant estimates in the financial statements, and material adjustments to the financial statements;

discusses with the Company's management, external and internal auditors the proposed (expected) changes in the Company's Accounting Policy and how these changes will affect the content of the statements;

considers any material disagreements between the external auditor and the Company's management concerning the Company's financial statements;

preliminarily approves the Accounting Policy of the Company;

Preliminarily approves the annual financial statements of the Company and its subsidiaries.

### *2) On internal control and risk management issues:*

analyses reports of external and internal auditors on the state of internal control and risk management systems;

analyses the efficiency of the Company's internal controls and risk management systems, and makes proposals on these and related issues;

monitors the implementation of recommendations of the Company's internal and external auditors with regard to internal control and risk management systems;  
meets regularly with the Company's management to review significant risks and control issues and the Company's related risk management and internal control plans;  
preliminarily approves the Company's policies and procedures on internal control and risk management systems;  
analyses the results and quality of implementation of measures (corrective steps) developed by the Company to improve the internal control and risk management system.

3) *On external audit matters:*

examines issues related to the appointment and change of the external auditor of the Company and its subsidiaries and prepares recommendations on this issue;  
ensures that a list of all related services that the external auditor provides (plans to provide) to the Company is obtained from the external auditor and discusses it with the external auditor. Assesses whether the related services are compatible with the auditor's independence. Recommends to the Company's Board of Directors to take measures to ensure the independence of the external auditor;  
pre-approves the receipt of related services from the external auditor;  
Preliminarily approves the material terms and conditions of the draft agreement (contract) with the external auditor for the audit of the Company's annual financial statements;  
discusses with the external auditor whether the proposed audit plan and scope meet the needs of the Company's shareholders and Board of Directors;  
reviews, together with the external auditor, the results of annual and interim audits, including information from the Company's management on the results of the audits;  
holds, at least once every six months, meetings with the external auditor, without the participation of representatives of the Company's management.

4) *On internal audit matters:*

supervises the activities of the internal audit service;  
makes proposals on the number of members, term of office of the internal audit service, appointment of its head and employees, as well as early termination of their powers, and the procedure of the internal audit service;  
makes proposals to the Board of Directors on the amounts and terms of remuneration and bonuses for employees of the Internal Audit Service, qualification requirements for employees of the Internal Audit Service;  
preliminarily approves the *Regulations on the Internal Audit Service, policies, internal audit procedures* and other documents regulating the activities of the *Internal Audit Service*, as well as amendments and supplements thereto, ensures the independence of the Internal Audit Service from the Company's management;  
preliminarily approves candidates for heads and employees of internal audit services in the Company's subsidiaries and affiliates, and submits proposals for early termination of their powers if they do not have boards of directors and audit and sustainability committees;  
preliminarily approves internal audit policies and procedures of the Company's subsidiaries and affiliates if they do not have Boards of Directors and Audit and Sustainability Committees;  
preliminarily approves the annual audit plan, budget (cost estimate) of the internal audit service;  
preliminarily approves regular reports of the internal audit service presenting in a summarised format the results of work and the most significant audit comments;  
addresses the issue of existing constraints that prevent the internal audit function from effectively fulfilling its objectives and contributes to the elimination of such constraints;

holds, at least once a quarter, meetings with the Head of the Internal Audit Service without the participation of representatives of the Company's management;  
conducts a preliminary assessment of the internal audit function;  
initiates independent audits (assessments) of issues of interest by the internal audit service, where necessary;

If the Management Board of the Company has a need for the Internal Audit Service to conduct an independent audit (assessment) of a matter of interest, the Head of the Management Board of the Company shall apply to the Audit and Sustainable Development Committee for preliminary authorisation to conduct this independent audit (assessment).

*5) Regarding compliance issues:*

assesses the efficiency of the Company's internal procedures designed to ensure the Company's compliance with the law;

receives and studies reports from authorised bodies (including tax authorities), external and internal auditors, and the Company's management on compliance with the law;

makes proposals on the hotline procedure through which the Company's employees can confidentially or anonymously submit information on alleged violations of the law or abuses, including those related to the completeness and reliability of financial statements, as well as proposals on the procedure for reviewing and responding to such requests.

*6) Regarding Compliance Services:*

supervises the activities of the Compliance Service;

makes proposals on the quantitative composition, appointment of its Head and employees, qualification requirements for candidates for the position of the Head and the Compliance Service, as well as the procedure for its operation;

makes proposals to the Board of Directors on the amounts and terms of remuneration and bonuses for the Compliance Service employees;

Preliminarily approves the Regulations on the Compliance Service, policies, procedures and other documents regulating the Compliance Service, as well as amendments and additions thereto;

pre-approves Compliance Service reports;

conducts a preliminary assessment of the Compliance Service's activities;

initiates audits by the Compliance Service and reviews their results.

*7) On sustainable development issues:*

Preliminarily approves the Company's annual report with regard to the quality of the presented non-financial information.

*makes recommendations to the Board of Directors on topics related to sustainable development and the implementation of ESG and low-carbon development principles in the Company;*

*oversees the transformation of the Company's business processes in line with the principles of sustainable development, ethical behaviour and responsible investment;*

*preliminarily reviews and makes recommendations to the Board of Directors regarding the approval of new policies, plans and programmes of the Company in the field of sustainable development and assessment of the efficiency of the existing ones;*

*preliminarily reviews and makes recommendations to the Board of Directors regarding the Company's priority projects, key activities and initiatives in the field of sustainable development;*

*considers the low carbon development and management of the Company's carbon footprint, including the potential risks and constraints arising for the Company from the global climate agenda;*

*considers and develops recommendations to the Board of Directors regarding compliance of the Company's activities, corporate reporting and documents with the requirements of international sustainability ratings, and monitors the implementation of measures to improve the Company's position in international sustainability ratings;*

*monitors the quality of the Company's public reporting in the field of sustainable development.*

#### *8) Activity Reporting:*

regularly, but at least once a year, report to the Board of Directors on its activities;  
prepares information on the results of the work of the Audit and Sustainability Committee for inclusion in the report of the Board of Directors and disclosure in the report to the Annual General Meeting of Shareholders.

#### *9) Other Functions:*

develops, as necessary, recommendations to the Board of Directors on special investigations (inspections), including those involving independent consultants (experts);  
analyses and summarises cases of fraud and assesses the adequacy of measures taken by the Company's executive body to prevent future frauds;  
fulfils, on behalf of the Board of Directors, other duties within the competence of the Audit and Sustainability Committee.

10) The Audit and Sustainable Development Committee shall have the right to consider, at its own discretion, other issues in relation to the Company and its subsidiaries, the attribution of which to the competence of the Audit and Sustainable Development Committee does not contradict the legislation of the Republic of Kazakhstan and internal documents of the Company.

21. By decision of the Board of Directors, the Audit and Sustainability Committee may be assigned other functions within the competence of the Audit and Sustainability Committee.

### **8. Responsibilities of the members of the Audit and Sustainability Committee**

22. A member of the Audit and Sustainable Development Committee shall be liable to the Company and the General Meeting of Shareholders for damage caused by his/her actions (inaction) in accordance with the laws of the Republic of Kazakhstan, including losses incurred as a result of providing misleading information or knowingly false information.

### **9. Approval and amendment of the Regulations**

23. The Regulations, as well as all amendments and supplements thereto, shall be approved by the Board of Directors of the Company.

24. Issues not regulated by the Regulations shall be regulated by the current legislation of the Republic of Kazakhstan, the Company's Charter and other internal documents of the Company.