

# 4.3

## BOARD OF DIRECTORS

### Balanced composition of the Board of Directors

As of 31 December 2017, the Board of Directors consisted of six members, with two members nominated by the Samruk-Kazyna Sovereign Wealth Fund, two members nominated by BAE Systems and two independent directors. The Board is elected by cumulative voting at the AGM.

According to our own internal assessment, the composition of the Board is fairly balanced and optimal for our current stage of corporate governance in terms of both the competencies and age of the Board members, as well as the representation of shareholders' interests.

No	Board member	Date of first election to the Board of Directors	Status	Key competence
1	Nurzhan Baidautov	December 2008	Nominated by Samruk-Kazyna Sovereign Welfare Fund JSC	Airline business, transport industry, corporate governance
2	Gani Bitenov	January 2017	Nominated by BAE Systems	Jurisprudence, corporate governance, risk management
3	David Cole	March 2013	Independent Director	Finance, financial reporting and audit
4	Alan Fraser	January 2015	Independent Director	Finance
5	Dmitriy Larionov	April 2008	Independent Director	Financial reporting and audit, corporate governance
6	Lord Thomas Alexander Hesketh	November 2007	Independent Director	Airline business

None of the members of the Board of Directors held any shares in our Company during the reporting year, nor were they involved in any transactions with Company shares.

#### Changes in the membership of the Board of Directors in 2017

Marat Urazbekov – stepped down from the Board of Directors as of 30 January 2017 by resolution of the General Meeting of Shareholders.

Gani Bitenov – elected to the Board of Directors as of 30 January 2017 by resolution of the General Meeting of Shareholders.

#### Responsibilities of the Board of Directors

The duties of the Board of Directors include, but are not limited to, the following:

- » Determination of the Company's development priorities, preliminary approval of our long-term development strategy and submitting the strategy for approval by the General Meeting of Shareholders
- » Preliminary approval of the Company's short-term and medium-term business plans (development plan and annual budget) and submitting said plans for final approval by the

- General Meeting of Shareholders, as well as any amendments thereto, including capital expenditures not provided for in previously approved business plans
- » Preliminary approval of the Company's annual financial statements
  - » Submitting matters for consideration and resolution by the General Meeting of Shareholders pursuant to the law and/or the Company's Charter
  - » Election and dismissal of the Company's registrar
  - » Specifying procedures for the work of the Internal Audit Service (IAS), determining the remuneration of IAS staff, awarding bonuses to IAS staff based on the recommendations of the Audit Committee and approving the qualification requirements for IAS employees.

### Chairman of the Board of Directors and his role

The Chairman of the Board of Directors is elected by the General Meeting of Shareholders from among the members of the Board of Directors nominated by the Samruk-Kazyna Sovereign Welfare Fund.

The Chairman of the Board of Directors manages the work of the Board of Directors, ensures the Board's effective performance in all areas of its responsibility, and ensures effective communication with shareholders. The Chairman ensures that all directors make an effective contribution to the Board's activities, including in terms of the Board's interaction with the Company's CEO. The Chairman ensures, together with the corporate secretary, the timely provision of reliable and accurate information to all directors and determines the agenda for Board meetings.

### Independent Directors and their role

Independent Directors facilitate the formulation of opinions and decisions independent of their relations with Shareholders or executive bodies, and

decision-making with due account of the interests of different groups of Shareholders.

Since the involvement of Independent Directors improves corporate governance within our Company, we place a great deal of emphasis on strengthening their role. Thus, all five existing Board committees are chaired by Independent Directors.

Every year, we assess the independence of all Board members. In 2017, the Board of Directors concluded that both Independent Directors fully met the criteria for independence and that they held independent and balanced views and opinions aimed at protecting the interests of our key stakeholders.

The requirements for independent members of the Board of Directors include:

- » Compliance with the definition of an Independent Director as set out by the Law of the Republic of Kazakhstan on Joint-Stock Companies
- » Advanced educational qualifications, preferably in a field directly related to the Company's primary business activities
- » At least five years of leadership experience, preferably in a field directly related to the Company's primary business activities

### Orientation and development

We have developed a special orientation programme to ensure the most effective onboarding of new directors. The programme's main function is to quickly acquaint new directors with our Company and its key assets, representatives of its management bodies, existing practices and standards of corporate governance, specific features of our Company and the industry, and other information necessary to perform their duties as members of the Board of Directors.

In 2017, Gani Bitenov became a member of the Board of Directors in accordance with the orientation procedure.

In 2017, the Chairman of the Board of Directors, Nurzhan Baidauletov, completed advanced training courses from the European Business Union on strategic negotiations and conflict resolution, and he is currently taking part in the International Certification Programme for Directors at the Institute of Directors of Great Britain.

Our Company offers members of the Board of Directors ample opportunities to obtain all the information they need to fulfil their duties and to develop their professional skills and qualifications.

### Technology implementation

In 2017, we decided to gradually introduce an IT solution to improve the effectiveness of the procedure for holding meetings of the Board of Directors. The first stage will be the in-house development of an IT solution that includes a convenient virtual room that will, in turn, ensure effective and secure data exchange between the members of the Board of Directors, while also providing users with access to a common database to facilitate prompt and effective decisions.

## Membership of the Board of Directors as of 31 December 2017

### Nurzhan Baidauletov

#### Chairman of the Board of Directors

Date of first election to the Board of Directors: December 2008

#### Qualifications and experience:

Nurzhan graduated from the Moscow State University of Railway Engineering and Transportation Management in June 1986. He has built a distinguished career in Kazakhstan's transportation industry over a period of almost 30 years. Prior to joining the Samruk-Kazyna Sovereign Welfare Fund in 2008 as the Chief Director for Asset Management and later as the Managing Director, he held the posts of Deputy Minister of Transport and Communications and Chairman of the Communication Lines Committee of the Ministry of Transport and Communications of the Republic of Kazakhstan. In addition, from 2012 to 2016, he served as Chairman of the Board at Kazpost JSC and National Company Kazakhstan TemirZholoy JSC.

#### Other appointments:

since 2012, Chairman of the Board of Directors of Kazakhtelecom JSC; since 2016, a representative of Samruk-Kazyna JSC; since 2017, Chairman of the Board of Directors of Qazaq Air JSC.

#### Committee membership:

Member of the Strategic Planning Committee since December 2016, member of the Nomination and Remuneration Committee since October 2012, alternate member of the Treasury Committee since 31 November 2017.

Does not hold any shares in Air Astana.

### Gani Bitenov

#### Member of the Board of Directors

Date of first election to the Board of Directors: January 2017

#### Qualifications and experience:

Doctor of Civil Law, McGill University (Montreal, Canada); Master of Law (LLM), University of Aberdeen (Aberdeen, UK); Master of Economics (MA); KIMEP (Almaty, Kazakhstan).

Gani has held key positions with international (Bracewell & Giuliani) and Kazakh law firms. In 2012, he headed the Department for Protection of Property Rights of the Government under the auspices of Ministry of Justice of the Republic of Kazakhstan; starting in 2013, he worked as the Deputy Director of Bolashak Consulting Group, LLP; since 2016, he has been the Managing Director for Legal, Governance, Risk and Compliance and a member of the Management Board of SWF Samruk-Kazyna JSC.

#### Other appointments:

Arbitrator at the Shanghai International Arbitration Center; member of the Kazakhstan Petroleum Lawyers Association.

#### Committee membership:

member of the Treasury Committee since October 2017, member of the Corporate Social Responsibility Committee since February 2017.

Does not hold any shares in Air Astana.

### David Cole

#### Member of the Board of Directors

Date of first election to the Board of Directors: March 2013.

#### Qualifications and experience:

David graduated from Southampton Solent University with a specialisation in accounting.

He started his accounting career as a trainee accountant with Plessey Naval Systems in Addlestone, Surrey. He is both a qualified and chartered accountant with the relevant CIMA qualifications. He has held a number of senior positions in the field of finance for the international operating group at BAE Systems (UK); member of the Board of Directors of Air Astana since 2012; Finance Director at BAE Systems.

#### Other appointments:

since 2012, he has been the Finance Director at BAE Systems International Operating Group. He is also a Board member of the BAE Systems Main Pension Scheme and MBDA (European Missile Company).

#### Committee membership:

member of the Nomination and Remuneration Committee since March 2015, member of the Treasury Committee since October 2017.

Does not hold any shares in Air Astana.

## Alan Fraser

### Member of the Board of Directors

Date of first election to the Board of Directors: January 2015

#### Qualifications and experience:

Alan is a graduate of the University of Strathclyde, holding a Bachelor's Degree in Accounting and Economics and is a member of the Institute of Charter Accountants of Scotland. In 1989, he became Financial Director of British Aerospace Regional Aircraft, and from 1995 to 1998 was Financial Director and latterly Strategy Director of Royal Ordnance Plc, a British Aerospace subsidiary. In 1998, he served as Managing Director of Heckler and Koch GmbH, also a British Aerospace subsidiary. From 1999 to 2014, as part of BAE Systems (formerly British Aerospace), he held positions of Financial Director Mergers and Acquisitions, Director Strategy and Business Development Regional Aircraft and Managing Director Regional Aircraft.

#### Other appointments:

Non Executive Director of Trig Avionics Limited, an avionics design, development and manufacturing business serving the general aviation market based in Edinburgh, Scotland.

#### Committee membership:

member of the Strategic Planning Committee and member of the Corporate Social Responsibility Committee since March 2015.

Does not hold any shares in Air Astana.

## Dmitriy Larionov

### Independent Director

Date of first election to the Board of Directors: April 2008

#### Qualifications and experience:

Dmitriy is leading expert in accounting and financial reporting, and he has a number of qualifications, including a Certified Director qualification from the Institute of Directors of Great Britain and a Certified Director for Corporate Governance qualification from the Kazakhstan Independent Directors Association. From 2003 to 2010, Deputy Chairman, Board member of the Chamber of Professional Accountants of the Republic of Kazakhstan; from 2008 to 2010, Member of the Developing Nations Committee, the International Federation of Accountants; from 2008 to 2015, Independent Director at Kazakhtelecom, JSC.

#### Other appointments:

member of the Advisory Body on Accounting and Audit of the Ministry of Finance of the Republic of Kazakhstan. Independent Director at JSC National Company Astana EXPO-2017, JSC NC Kazakhstan Engineering; consultant at the Centre for Financial Reporting Reform of the World Bank; international partner on telecommunication at JSC BDO KazakhstanAudit.

#### Committee membership:

Chairman of the Nomination and Remuneration Committee, the Strategic Planning Committee, the Audit Committee and the Treasury Committee since the date of creation the Committees and member of the Corporate Social Responsibility Committee .

Does not hold any shares in Air Astana.

## Lord Thomas Alexander Hesketh

### Independent Director

Date of first election to the Board of Directors: October 2007

#### Qualifications and experience:

Lord Hesketh has had a long and successful career in public service and international business. Since 1990, Minister of State at the Department of Trade and Industry of Great Britain. From 1991 to 1993, Captain of the Honourable Corps of Gentlemen-at-Arms, Government Chief Whip in the House of Lords, member of the Privy Council of the United Kingdom. He has also served as the Chairman of British Mediterranean Airways (until 2007) and was the non-executive Deputy Chairman of Babcock International (up to 2010). In 2004-2005, he was the Treasurer of the Conservative Party of Great Britain.

#### Other appointments:

None

#### Committee membership:

Chairman of the Corporate Social Responsibility, member of the Audit Committee and member of the Nomination and Remuneration Committee since the date of creation the Committees.

Does not hold any shares in Air Astana.