

Committees of the Board of Directors

THE BOARD OF DIRECTORS HAS ESTABLISHED FIVE COMMITTEES TO CONTRIBUTE TO THE EFFECTIVE PERFORMANCE OF THE FUNCTIONS OF THE BOARD OF DIRECTORS AND TO ALLOW IN-DEPTH STUDY OF ISSUES THAT FALL WITHIN THE BOARD'S REMIT:



The activities of all Board Committees are governed by internal documents—approved by the General Meeting of Shareholders following the preliminary approval of the Board of Directors—that contain provisions on the composition, remit, election procedures, activities, and the rights and responsibilities of Committee members.

The Board of Directors and its Committees draw up an annual work plan and hold meetings on a regular basis. The minutes of Committee meetings are submitted to the Board. A separate section of the annual report of the Board of Directors is devoted to the work of its Committees.

Audit Committee

The Audit Committee supports the Board of Directors in supervising our financial and economic activities, the reliability and efficiency of the internal control and risk management system, the implementation of corporate governance standards, the independence of the external and internal audit process and compliance with the laws and regulations of the Republic of Kazakhstan. The Audit Committee was created in March 2008.

In 2017, the Audit Committee held 12 in-presentia meetings.

Composition of the Audit Committee and participation of committee members in-presentia meetings in 2017

Name	Position	Participation in meetings and decision-making, %
Dmitriy Larionov	Chairman	100%
Lord Thomas Alexander Hesketh	Member	100%

Role and responsibilities

The following issues fall within the remit of the Audit Committee:

- » Developing recommendations for the Board of Directors on the appointment or change of the external auditor, determining the amount paid to the external auditor, evaluating the quality of services rendered by the external auditor and obtaining related services from the external auditor
- » Developing recommendations for the Board of Directors on the appointment and dismissal of the head and employees of the Internal Audit Service
- » Holding meetings with external and internal auditors without the presence of members of Company management
- » Investigating any other issues that fall within the committee's remit.

Activities in 2017

Internal audit

- » Review of a report on the effectiveness of the Company's internal control system
- » Review of quarterly reports on the activities of the Company's Internal Audit Service
- » Preliminary approval of amendments to the Internal Audit Service's annual audit plan for 2017 and preliminary approval of its annual audit plan for 2018
- » Preliminary approval of the Internal Audit Service's budget for 2018
- » Evaluation of the performance of the Internal Audit Service
- » Review of updates to the action plan for implementation of the Internal Audit Service's strategic plan
- » Review of information from the Head of the Internal Audit Service on staff changes
- » Recommendations on the amount of the annual bonus for 2017 for the Head and employees of the Internal Audit Service, as well as recommendations on the amount of remuneration for the Head and employees of the Internal Audit Service for 2018

Internal control and risk management issues

- » Consideration of reports on temporarily free cash and of quarterly reports on the status of deposits
- » Review of the Company's updated risk register and of a report on the Company's realised risks
- » Preliminary approval of the updated risk register, key risk register and risk map
- » Review of the current situation in the financial sector in Kazakhstan
- » Consideration of the issue of changing the Company's functional currency
- » Recommendations with respect to the President's decisions on opening bank accounts
- » Recommendations with respect to the establishment and composition of the Treasury Committee.
- » Recommendations with respect to the approval of the Regulations of the Treasury Committee

Financial statements

- » Review of information from the external auditor on the status of the audit of the Company's annual financial statements for the year ended 31 December 2016
- » Recommendations to the Board of Directors with respect to preliminary approval of the Company's annual financial statements for the year ended 31 December 2016.
- » Review of a letter from the external auditor on the results of the audit of the Company's annual financial statements.
- » Report from the external auditor on the review of the Company's condensed interim financial information for H1 2017.
- » Other issues that fall within the remit of the Audit Committee

Strategic Planning Committee

The Strategic Planning Committee was created to assist with the effective performance of the Board of Directors and to develop recommendations for the Board on issues related to strategic development.

In 2017, the Strategic Planning Committee held eight in-presencia meetings.

Composition of the Strategic Planning Committee and participation of committee members in-presencia meetings in 2017

Name	Position	Participation in meetings and decision-making, %
Dmitriy Larionov	Chairman	100%
Nurzhan Baidauletov	Member	100%
Alan Fraser	Member	100%

Role and responsibilities

The responsibilities of the Strategic Planning Committee include:

- » Developing recommendations for the Board of Directors for the determination of Air Astana's priority areas of business activity and development
- » Developing recommendations for the Board of Directors regarding the preliminary approval of, and potential amendments to, the Company's long-term development strategy
- » Reviewing management reports on the implementation of the Company's long-term development strategy and medium-term business plan (development plan), as well as the achievements of strategic key performance indicators
- » Developing recommendations for the Board of Directors on corporate governance issues
- » Developing recommendations for the Board of Directors concerning the Company's strategy in view of changes in the economic, political, social and competitive environment
- » Developing recommendations for the Board of Directors to improve the effectiveness of the Company's long-term performance and competitiveness in the aviation transportation market.

Activities in 2017

- » Review of a report on the status of the Company's plan for strategic development for 2017-2026 and the Company's business plan for 2017-2021
- » Review of a report on the Company's preliminary financial and operating results (implementation of the budget and development plan) for 2016
- » Review of a report on implementation of major investment projects on the part of the Company
- » Review of a report on implementation of the Company's strategy
- » Review of annual report of the Company's President on the Company's financial and operational activities in 2016
- » Recommendations on the distribution of the Company's net income for 2016 and the dividend amount per ordinary share for 2016
- » Review of reports of the Company President on the Company's financial and operational activities (budget and development plan implementation)
- » Review of the annual report on the activities of the Strategic Planning Committee for 2016
- » Review of updated information regarding the Company's participation in an investment project
- » Review of updated information regarding the delivery of Boeing B787 aircraft
- » Review of the issue of the sale and leaseback of one Embraer E190 aircraft
- » Review of amendments and supplements to the Company's Charter
- » Approval of the Strategic Planning Committee's work plan for 2018
- » Other issues that fall within the remit of the Strategic Planning Committee

Nomination and Remuneration Committee

The Nomination and Remuneration Committee develops recommendations for the Board of Directors regarding the recruitment and selection of members of the Board of Directors, the executive body, the head of the IAS, the Corporate Secretary and other employees whose appointment requires the approval of the Board of Directors or Shareholders. The Committee also makes recommendations regarding the remuneration of these employees and executive officers.

The Committee was formed in October 2012 through the merger of the previously separate Nomination and Remuneration Committees.

In 2017, the Nomination and Remuneration Committee held six in-presencia meetings.

Composition of the Nomination and Remuneration Committee and participation of committee members in-presencia meetings in 2017

Name	Position	Participation in meetings and decision-making, %
Dmitriy Larionov	Chairman	100%
Lord Thomas Alexander Hesketh	Member	100%
Nurzhan Baidautetov	Member	100%
David Cole	Member	100%

Role and responsibilities

The following issues fall within the remit of the Nomination and Remuneration Committee:

- » Developing requirements concerning the qualifications of candidates for Independent Directors, the executive body, the Corporate Secretary and the head and employees of the IAS
- » Making recommendations for electing or nominating candidates for Independent Directors, the executive body, the Corporate Secretary and the head and employees of the IAS
- » Developing a succession planning policy for members of the Board of Directors and its Committees, the executive body, the Corporate Secretary and the head and employees of the IAS
- » Providing recommendations on the policy and structure of remuneration for the members of the Board of Directors, the executive body, the head of the IAS, the Corporate Secretary and other employees whose remuneration falls within the remit of the Board of Directors or Shareholders
- » Making recommendations regarding the annual individual remuneration for members of the Board of Directors, the executive body, the head of the IAS, the Corporate Secretary and other employees whose remuneration falls within the remit of the Board of Directors or Shareholders;
- » Making proposals to the Board of Directors regarding amending the remuneration of members of the Board of Directors, the executive body, the head of the IAS, the Corporate Secretary and other employees whose remuneration falls within the remit of the Board of Directors or Shareholders
- » Considering the payment of year-end remuneration to employees whose remuneration must be agreed by the Board of Directors or Shareholders
- » Conducting comparative analyses of remuneration levels and the remuneration policy for members of the Board of Directors, the executive body, the Head of the IAS, the Corporate Secretary and other employees whose remuneration falls within the remit of the Board of Directors or Shareholders.

Activities in 2017

- » Review of the annual report on the activities of the Nomination and Remuneration Committee for 2016
- » Recommendations on the appointment of our Chief Accountant
- » Recommendations on remuneration and compensation for our Chief Accountant
- » Recommendations on changes in the composition of our Board of Directors
- » Recommendations on the amount and terms of payment of compensation to the President
- » Review of a report on the status of implementation of our Corporate Pension Plan
- » Recommendations on remuneration for 2018 for employees whose remuneration must be determined by the Board of Directors
- » Other issues that fall within the remit of the Nomination and Remuneration Committee

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee assists with the effective performance of the Board of Directors and develops recommendations for the Board regarding issues of social responsibility, including occupational safety, health, and environmental protection.

In 2017, the Corporate Social Responsibility Committee held four in-presentia meetings.

Composition of the Corporate Social Responsibility Committee and participation of Committee members in-presentia meetings in 2017

Name	Position	Participation in meetings and decision-making, %
Lord Thomas Alexander Hesketh	Chairman	100%
Dmitriy Larionov	Member	100%
Gani Bitenov	Member	100%
Alan Fraser	Member	100%

Role and responsibilities

- » Developing recommendations for the Board of Directors regarding the Company's corporate social responsibility (CSR) strategy and evaluation of its implementation
- » Developing policies and taking action in the areas of occupational health and safety, social responsibility and environmental protection
- » Monitoring the Company's compliance with legislation and regulations in the areas of occupational health and safety, social responsibility and environmental protection
- » Making recommendations to the Board of Directors regarding the approval of internal documentation covering social and charitable policies
- » Consideration of major CSR risks and plans for mitigating their impact
- » Making recommendations to the Board of Directors regarding the approval of the Company's social responsibility and sustainability report.

Activities in 2017

In 2017, the Committee:

- » reviewed a report on the Company's corporate social responsibility for 2016
- » reviewed a report on the Company's activities in the field of occupational health and safety and environmental protection for the first 10 months of 2017
- » received an update on the implementation of the Company's Defined Contribution Corporate Pension Scheme
- » reviewed the results of the Company's employee engagement survey
- » approved the Corporate Social Responsibility Committee's work plan for 2018.

Treasury Committee

Established in October 2017, the Treasury Committee assists the Board of Directors in monitoring and improving the effectiveness of risk management related to the Company's treasury functions.

The Committee's activities are aimed at assisting the Board of Directors in the following areas:

- » verification of control mechanisms for the Company's treasury activities and ensuring the effectiveness and improvement of policies and procedures in the treasury area
- » monitoring treasury activities and notifying the Board of Directors of risks and opportunities associated with them
- » in all matters related to the treasury in accordance with regulations and at the request of the Board of Directors.

In 2017, the Treasury Committee held two in-presensia meetings.

Composition of the Treasury Committee and participation of Committee members in-presensia meetings in 2017

Name	Position	Participation in meetings and decision-making, %
Dmitriy Larionov	Chairman	100%
Gani Bitenov	Member	50%
David Cole	Member	100%

At one of two meetings in 2017, Gani Bitenov was replaced by an alternate member, Nurzhan Baidautov.

Roles and responsibilities

- » with regard to treasury control and risk management issues, analysing monthly reports on the state of compliance with treasury policies and holding regular meetings with Company management at least once every six months to review the risks and opportunities associated with treasury activities and respective Company plans concerning treasury management
- » reporting on a regular basis, and at least once a year, to the Board of Directors on reporting activities, preparing information on the Committee's performance for its further disclosure at the AGM, and reporting to the Board of Directors on any and all violations of the policies specified in the Committee Regulations within a reasonable time following the discovery of such violations by the Committee
- » performing other duties that fall within the remit of the Committee at the instruction of the Board of Directors.

Activities in 2017

- » Review of the quarterly report on the status of Company deposits as of 30 September 2017
- » Recommendations regarding the Company's conclusion of an agreement with Allyn Bank JSC on the issuance of unsecured standby letters of credit and bank guarantees
- » Recommendations regarding the Company's conclusion of an agreement with Natixis bank on the issuance of secured standby letters of credit (with money as security), and an agreement with BNP Paribas bank on the issuance of unsecured standby letters of credit and secured letters of credit (with money as security)
- » Recommendations on approval of the Company's Cash Management, Bank Risk, and Treasury Reporting Policy
- » Recommendations on the decision by the President on opening a bank account with OJSC VTB Bank in Baku, Azerbaijan.

Corporate Secretary

The Corporate Secretary plays a key role in facilitating open dialogue among our Company's different governing bodies and ensuring their adherence to legislative and Company requirements. The Corporate Secretary ensures that the rights of all shareholders are observed, shareholder communications are given due consideration by the relevant body and that any disputes involving shareholders' rights are resolved. The Corporate Secretary's duties also include ensuring a proper flow of information among the Board of Directors and its Committees and the executive body, as well as facilitating the orientation process for new Directors. The Board of Directors is responsible for the appointment and dismissal of the Corporate Secretary.

Yelena Kondachkova

The current Corporate Secretary, Yelena Kondachkova, has been with our Company since its early days, when she worked as a specialist and manager in the Strategic Planning Department. In 2011, she was one of the first graduates to complete a certification programme for corporate secretaries of companies within the Samruk-Kazyna holding.