

Appendix 5
to the [minutes](#) of the meeting of
the Board of Directors of
Kazakhstan Housing Company
Joint Stock Company
dated December 21, 2021
(Minutes No. 18)

APPROVED BY
the decision of the Board of Directors of
Kazakhstan Housing Company
Joint Stock Company
dated December 21, 2021
(Minutes No. 18)

Regulations on the Audit and Risk Management Committee of the Board of Directors of Kazakhstan Housing Company Joint Stock Company

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Chapter 1. General provisions

1. This Regulation on the Audit and Risk Management Committee of the Board of Directors of Kazakhstan Housing Company Joint Stock Company ("Regulation") is an internal regulatory document of Kazakhstan Housing Company Joint Stock Company ("Company") and has been developed in accordance with the [Law](#) of the Republic of Kazakhstan "On Joint Stock Companies", the [Charter](#), the Corporate Governance [Code](#) and the [Regulations](#) on the Board of Directors.

2. Concepts and definitions used in this Regulation:

The Sole Shareholder is National Managing Holding "Baiterek" Joint Stock Company;

Legislation - a set of regulatory legal acts of the Republic of Kazakhstan adopted in accordance with the established procedure;

Committees - committees of the Company's Board of Directors (Strategic Planning and Corporate Development Committee, Audit and Risk Management Committee, HR, Remuneration and Social Affairs Committee);

Committee - Audit and Risk Management Committee of the Company's Board of Directors;

Corporate Secretary - Corporate Secretary of the Company;

Independent Director - a member of the Board of directors who is not an affiliated person of the Company and has not been one for three years prior to his/her election to the board of directors (except in the case of his/her tenure as an independent director of this joint stock company), is not an affiliated person in relation to the affiliated persons of this joint stock company; is not subordinate to officials of the Company or affiliated organizations of the Company and was not subordinated to these persons during three years preceding his/her election to the Board of directors; is not a civil servant; is not a shareholder's representative at meetings of the Company's bodies and was not a shareholder during three years preceding his/her election to the board of directors; does not participate in the audit of the Company as an auditor working as part of an audit organization, and did not participate in such an audit during three years preceding his/her election to the Board of Directors;

The Internal Audit Service is a body that monitors financial and economic activities, evaluates internal control, risk management, execution of documents in the field of corporate governance and provides advice for improving the Company's activities;

Board of Directors - management body;

Management Board - executive body;

Charter - the [charter](#) of the Company.

3. This Regulation defines the status, competence, quantitative composition, procedure for the formation and work of the Committee, election of the Chairman and members of the Committee, powers and early termination of their powers, as well as rights and obligations.

4. The Committee is a permanent advisory and consultative body that provides assistance to the Board of Directors through preliminary consideration, analysis, succession planning and development of recommendations on issues within its competence.

The Committee was established to improve the efficiency and quality of the Company's Board of Directors by preparing recommendations to the Board of Directors on establishing an effective system of control over the Company's financial and economic activities (including the completeness and reliability of financial statements), monitoring the reliability and effectiveness of the internal control and risk management system, monitoring the independence of external and internal Audit and Compliance Services, compliance with the legislation of the Republic of Kazakhstan, internal documents, as well as to prepare recommendations to the Board of Directors of the Company on the development of priority areas of activity (development), and the functioning of an adequate risk management system in the Company, improving and strengthening the risk management system.

5. All proposals developed by the Committee are drawn up in the form of minutes (decisions) and are advisory in nature.

6. The Committee is accountable to the Board of Directors of the Company, and act within the powers granted to them by the Board of Directors of the Company and this Regulation.

7. In its activities, the Committee is guided by the legislation of the Republic of Kazakhstan, the [Charter](#) of the Company, the Corporate Governance [Code](#) of the Company, decisions of the Sole Shareholder, the Board of Directors of the Company, the [Regulations](#) on the Board of Directors of the Company, this Regulation and other internal regulations of the Company.

Chapter 2. Competence and powers of the Committee

8. The competence of the Committee includes consideration and provision of recommendations to the Board of Directors on the following issues:

1) establishment of an effective system of control over financial and economic activities (including the completeness and reliability of financial statements, assessment of the financial reporting process);

2) control over the independence of internal audit;

3) control over the effectiveness of internal procedures designed to ensure compliance with the legislation of the Republic of Kazakhstan;

4) control over the implementation of the recommendations of internal and external auditors;

5) appointment and necessity to change the external auditor performing the audit, approval of qualification requirements and/or technical specifications developed for the purpose of conducting a competition for the selection of an external auditor, determination of the amount of payment for its services, assessment of the quality of external auditor services;

6) preliminary approval of the prospective candidate for further consideration of his/her appointment (election) to the position of a member of the Management Board, managing director or chief accountant of the Company, if he/she participated in the mandatory audit of the Company as an employee of the external auditor or participated in the mandatory audit of the Company as an employee of the external auditor for 2 (two) years preceding the date of his appointment (election) to the Company;

7) assessment of the independence and objectivity of the external audit, as well as a preliminary analysis of the audit organization's conclusion before submitting it to the Board of Directors;

8) preliminary approval of the work procedure of the Internal Audit Service (annual audit plan, audit areas map, budget, professional training plan for employees of the Internal Audit Service), regulations on the Internal Audit Service, the amount and conditions of remuneration and bonuses for employees of the Internal Audit Service, budget expenditures on them, as well as qualification requirements for employees of the Internal Audit Service audit, ensuring the independence of the Internal Audit Service;

9) preliminary approval of the work procedure and compliance program (annual plan) of the Compliance Service, the provisions of the Compliance Service, the amount and conditions of remuneration and bonuses for employees of the Compliance Service, budget expenditures against them, as well as qualification requirements for employees of the Compliance Service, ensures the independence of the Compliance Service;

10) approval in accordance with the established procedure of the structure, staffing of the Internal Audit Service and Compliance Service, the candidacy of the head and other employee of the Internal Audit Service, Compliance Service, as well as the decision on the early termination of their powers;

11) preliminary review and analysis of audit reports of the Internal Audit Service based on the results of audit assignments and periodic reports on the activities (work) of the Internal Audit Service, presenting in a generalized format the results of work and the most significant audit comments;

12) preliminary approval of internal audit policies and procedures;

13) conducting, in accordance with the established procedure, an assessment of the activities of the Internal Audit Service (the effectiveness of the internal audit function), a preliminary review of the Key Performance Indicators Map of the head and employees of the Internal Audit Service, reports on the execution of key performance indicators (efficiency maps) of the IAS and its employees; Compliance services (with accountability to the Board of Directors);

14) review of the results and quality of implementation of the developed measures (corrective actions) to improve the internal control and risk management system, within the framework of the reports of the Internal Audit Service;

15) review of the report on the results of an external assessment of the quality of the Internal Audit Service conducted by an external auditor, the action plan, the report on the implementation of the action plan;

16) consideration of reports on the results of diagnostics of corporate governance, evaluation of the effectiveness of the risk management system, evaluation of the effectiveness of the internal control system, evaluation of the effectiveness of the information technology system, information security system, action plans based on the results of evaluations;

17) review at least once a year the report of the Ombudsman on the results of the work carried out, and evaluation of the results of his/her activities;

18) consideration of issues related to the execution of documents in the field of corporate governance with recommendations to the Board of Directors;

19) development of proposals on the "hotline" procedure, through which employees can, on a confidential basis or anonymously, contact information about alleged violations of legislation or abuses, including those related to the completeness and reliability of financial statements, internal control and risk management and ethical issues, as well as proposals on the procedure for reviewing and responding to such appeals;

20) preliminary approval of reports on the work of the Compliance Service, compliance risk control and assessment of the activities of the Compliance Service, as well as the annual professional development plan for the head and employees of the Compliance Service, amendments and (or) additions to it (with accountability to the Board of Directors);

21) evaluation of the effectiveness of internal procedures designed to ensure compliance with the legislation of the Republic of Kazakhstan;

22) review of reports of regulatory bodies, external and internal auditors, guidelines on compliance with legislation;

23) development of recommendations to the Board of Directors on conducting special investigations (inspections), including with the involvement of independent consultants (experts);

24) analysis of cases of illegal actions in relation to the Company's property and assessment of the adequacy of the measures taken by the Management Board to prevent illegal actions in relation to property;

25) development of recommendations to the Board of Directors on determining the amount of payment for the appraiser's services (if there is competence of the Board of Directors);

26) assessment of the Company's accounting policy;

27) consideration of confidential appeals of employees and officials about violation or incorrect execution of internal control procedures or other policies, as well as cases of fraud, theft, violation of legislation;

28) regular meetings with the external auditor, consideration of letters to management prepared by the external auditor, consideration of the recommendations of the external auditor implemented by the management, reflected in the letter to management;

29) consideration of other issues related to the activities of internal and external audit, compliance procedures and financial and economic reporting;

30) preliminary review of reports submitted to the Board of Directors in accordance with the Company's internal regulations;

31) control over the reliability and effectiveness of the internal control and risk management system;

32) preliminary approval of the risk management policy, as well as rules, methodological documents and other internal regulations on risk management;

33) preliminary approval of compliance risk management policies and procedures;

34) preliminary approval of limits, risk appetite and tolerance indicators, as well as other indicators and restrictions subject to approval by the Board of Directors;

35) consideration of proposals and approaches in the field of automation of the risk management system;

36) ensuring the approval/determination of the risk register, the matrix of business processes, risks and controls, risk maps, risk owners;

37) monitoring the periodic updating and improvement of the risk management methodology, developing recommendations for improving the risk management system, providing training for managers and employees of the risk management methodology;

38) ensuring the approval of work plans in the field of improving the risk management system, including the development of long-term plans for the development of the risk management system and risk culture, including automation and staff training;

39) review of the results of the assessment of the effectiveness of the risk management system;

40) consideration of conclusions, reports regarding risk management methodology;

41) consideration of information on transactions that may lead to violation of established limits, covenants and other restrictions, to losses or loss of business reputation as a result of non-compliance with the requirements of the legislation of the Republic of Kazakhstan;

42) consideration of issues on financing investment projects, export operations, and other transactions and the provision of credit instruments within the competence of the Board of Directors in accordance with internal regulations (if necessary);

43) consideration of other issues related to the internal control system and the risk management system that are not within the competence of other Committees.

Chapter 3. Rights and obligations of the Committee and its members

9. In order to exercise the assigned powers, the Committee and its members are endowed with the following rights:

1) request, within its competence, documents, reports, explanations and other information from members of the Board of Directors, Committees, Management Board, Internal Audit Service, Compliance Service, Corporate Secretary and other employees of the Company;

2) invite members of the Management Board, Committees, Internal Audit Service, Compliance Service and other persons to their meetings as observers;

3) in accordance with the established procedure, use the services of external experts and consultants within the funds provided for in the Company's budget for the current year;

4) participate in the control and verification of the execution of decisions and instructions of the Board of Directors of the Company on its activities;

5) develop and make proposals for amendments and additions to this Regulation;

6) develop and submit for approval by the Board of Directors of the Company draft documents related to the activities of the Committee;

7) to demand the convocation of a meeting of the Committee and to put issues on the agenda of the meeting of the Committee;

8) to enjoy other rights necessary for the exercise of the powers assigned to him/her.

10. The Committee has the right to consider other issues within the competence of the Committee, including by decision of the Board of Directors or its Chairman.

11. The Committee monitors and analyzes the execution of decisions of the Board of Directors of the Company related to the competence of the Committee.

12. The Committee and its members are obliged to:

1) to carry out its activities honestly and in good faith in accordance with these Regulations, in the interests of the Sole Shareholder and the Company as a whole;

- 2) to devote sufficient time for the effective performance of their duties;
- 3) participate in the work of the Committee and attend its in-person meetings;
- 4) at the request of the Board of Directors of the Company to report to the Board of Directors of the Company on the results of its activities;
- 5) to respect the confidentiality of information received in the framework of the activities of the Committee;
- 6) inform the Board of Directors of the Company about any changes in its status as an independent director or about the occurrence of a conflict of interest in connection with decisions to be taken by the Committee;
- 7) confirm the availability of in-depth knowledge in the field of risk management, audit and/or undergo appropriate training (at least 1 (one) time in 3 (three) years).

Chapter 4. Composition, election procedure and term of office of the Committee

13. The Committee consists of members of the Board of Directors of the Company who have the necessary professional knowledge, competencies and skills to work in the Committee.

14. The Audit and Risk Committee should consist of independent members of the Board of Directors. A member of the Board of Directors who is not independent may be elected to this committee if the Board of Directors exceptionally decides that the membership of this person in the Audit and Risk Committee is necessary in the interests of the Sole Shareholder and the Company. When this appointment occurs, the Board of Directors should disclose the nature of the dependence of this person and justify such a decision.

15. The Chairman and members of the Committee are elected by the Board of Directors of the Company by a simple majority of votes. The Committee may not include the Chairman, members of the Management Board and employees of the Company. Members of the Management Board/employees of the Company may participate in Committee meetings as invited persons.

16. The term of office of the members of the Committee coincides with their term of office as members of the Board of Directors of the Company.

17. The Committee may be prematurely disbanded by a decision of the Company's Board of Directors.

Chapter 5. Chairman of the Committee

18. The Chairman of the Committee is elected from among the independent directors and organizes the work of the Committee headed by him/her, in particular:

- 1) convenes meetings of the Committee, determines the form of meetings and chairs them;
- 2) forms the agenda of the Committee meetings;
- 3) organizes the keeping of minutes at in-person meetings of the Committee;
- 4) organizes the discussion of issues at the meetings of the Committee, as well as hears the opinions of persons invited to participate in the meetings;
- 5) maintains constant contacts with members of the Board of Directors of the Company, members of the Management Board of the Company, structural divisions of the Company in order to obtain the most complete and reliable information necessary for the Committee to make decisions, and to ensure their effective interaction with the Board of Directors of the Company;

6) distributes responsibilities among its members, gives them and the secretary of the Committee instructions related to the study and preparation of issues for consideration at Committee meetings;

7) ensures and coordinates the work on the implementation of the decisions of the Committee;

8) ensures the development and approval of the Committee's work plan for the current year, taking into account the plan of meetings of the Board of Directors, ensures monitoring and supervision of the proper execution of decisions and instructions of the Committee headed by him/her;

9) prepares a report on the activities of the committee and at a separate meeting reports to the Board of Directors on the results of activities for the year during the meeting of the Board of Directors.

19. The Chairman of the Committee, along with professional competencies, must have organizational and leadership qualities, good communication skills for the effective organization of the activities of the Committee headed by him/her.

20. In case of absence of the Chairman of the Committee at the meeting, the members of the Committee elect the chairman of the meetings from among the members present by a simple majority of votes.

Chapter 6. Secretary of the Committee

21. The functions of organizational and informational support of the work of the Committee are performed by the Corporate Secretary and is the Secretary of the Committee. During the absence of the Corporate Secretary (vacation, business trip and other valid reasons), the performance of his/her duties in accordance with the decision of the Chairman of the Committee is temporarily assigned to another employee of the Company.

22. The Secretary of the Committee ensures:

- 1) preparation and holding of Committee meetings;
- 2) collection and systematization of materials for meetings;
- 3) timely sending to members of the Committee and invited persons notifications on the holding of meetings of the Committee, the agenda of meetings, materials on agenda items;
- 4) recording of meetings, registration of the results of absentee voting of the committee, as well as subsequent storage of minutes, electronic versions of minutes signed using EDS (decisions, ballots), transcripts, audio-video recordings, materials of Committee meetings;
- 5) issuing extracts from the minutes (decisions) of the Committee as necessary;
- 6) analysis of the instructions of the Board of Directors of the Company related to the competence of the Committee;
- 7) performing other functions on behalf of the Chairman or other members of the Committee.

Chapter 7. The Committee's working procedure

23. Meetings of the Committee are held in accordance with the work plan approved before the beginning of the calendar year, which is coordinated with the work plan of the Board of Directors, indicating the list of issues under consideration and the dates of meetings, but at least once a quarter. If necessary, the Committee holds extraordinary meetings.

24. Regular and extraordinary meetings of the Committee may be convened at the initiative of its Chairman or at the request of:

- 1) the Sole Shareholder;

- 2) the Board of Directors;
- 3) any member of the Committee.

If the Chairman of the Committee refuses to convene meetings, the initiator has the right to apply with the specified request to the Board of Directors of the Company.

25. Meetings of the Committee are held in person or in absentia, while the number of meetings with absentee voting should be minimized.

26. Notification of the convening of Committee meetings is sent by the Secretary of the Committee to the members of the Committee no later than 3 (three) working days before the date of the relevant meeting.

The notification must contain:

- 1) place, time and date of the meeting;
- 2) the form of the meeting (in person or in absentia).

The notification must be accompanied by:

- Agenda of the Committee meeting;
- explanatory notes addressed to the members of the Committee to each item on the agenda under consideration, signed by the Chairman or a member of the Management Board of the Company, or by the person initiating the inclusion of the issue in the agenda of meetings on paper or in electronic form, using an electronic digital signature;

- the draft decision of the Committee on each item on the agenda, signed by the Chairman or a member of the Management Board of the Company or the person initiating the inclusion of the issue in the agenda of the meeting on paper or in electronic form, using an electronic digital signature;

- draft documents to be considered at the meeting of the Committee, signed by the Chairman or a member of the Management Board, or by the person initiating the submission of the document to the Committee on paper or in electronic form, using an electronic digital signature;

- extracts from the minutes of meetings of the Company's Management Board (if necessary);

- the Committee's absentee voting bulletin (in case of an absentee meeting);

- other additional documents, if available (presentations, copies of decisions of state bodies and (or) other legal entities, reference materials justifying the inclusion of these issues in the agenda).

27. The Chairman of the Committee, the members of the Committee and the Secretary of the Committee are participants in the meetings of the Committee. The following persons may attend the meetings of the Committee by invitation (including, but not limited to):

- 1) employees of the Company;
- 2) consultants (experts) engaged in accordance with the established procedure.

28. If necessary, the Committee may hold separate meetings with the Company's management, its external and internal auditors.

29. The Chairman chairs the meetings of the Committee. In case of his/her absence at the meeting, the members of the Committee elect the chairman of the meeting from among the members present by a simple majority of votes.

30. A meeting of the Committee is competent if at least half of the number of members of the Committee participate in it. In order to create favorable conditions and reduce the costs of holding Committee meetings, committee members may participate in a Committee meeting via videoconference (interactive audio-visual communication), conference calls (simultaneous conversation of Committee members in the "telephone meeting" mode), as well as by using other means of communication. This participation is equivalent to participation in person.

31. Decisions of the Committee are taken by a simple majority of votes of the total number of all members of the Committee. When resolving issues, each member of the Committee has one vote. The transfer of voting rights by a member of the Committee to other persons, including other members of the Committee, is not allowed. In case of equality of votes of the Committee members, the vote of the chairman at the meeting is decisive.

32. The minutes is drawn up based on the results of each in-person meeting of the Committee, and a decision is drawn up based on the results of each absentee meeting of the Committee. The minutes (decision) is drawn up on paper or in electronic form, using an electronic digital signature, and signed no later than 5 (five) working days after the meeting. The Minutes is signed on paper or in electronic form, using an electronic digital signature by the Chairman of the Committee or the person performing his/her functions, who is responsible for the correctness of the contents of the minutes, as well as by the members of the Committee and the Secretary of the Committee. The decision of the absentee meetings of the Committee is signed on paper or in electronic form, using an electronic digital signature by the Chairman of the Committee and the Secretary of the Committee. When holding absentee meetings, absentee voting ballots are used, which are drawn up in accordance with the requirements of [paragraph 40](#) of this Regulation.

33. The minutes (decision) of the meeting shall specify:

- 1) date, place and time, form of the meeting of the Committee;
- 2) the list of Committee members who took part in the meeting (in absentia), as well as the list of other persons who attended the meeting of the Committee (in person);
- 3) the agenda of the meeting of the Committee;
- 4) key proposals of the Committee members on agenda issues;
- 5) the issues put to the vote, and the results of voting against them, as well as all decisions taken.

Chapter 8. Reporting on the activities of the Committee

34. The Committee regularly, but at least once a year, reports to the Board of Directors on its activities.

35. The Chairman of the Committee organizes the preparation of information on the results of the Committee's work for inclusion in the report of the Board of Directors and the Annual Report of the Company.

Chapter 9. Responsibility of Committee members

36. Members of the Committee are liable to the Company and the Sole Shareholder of the Company for damage caused by its actions (inaction), in accordance with the legislation of the Republic of Kazakhstan, including for losses incurred as a result of providing misleading information or knowingly false information.

37. The limitation period for non-disclosure of internal (official) information of the Company by former members of the Committee after the termination of their activities in the Board of Directors is 5 (five) years.

Chapter 10. Final provisions

38. In case of amendments and/or additions to the legislation of the Republic of Kazakhstan, the charter of the Company, this Provision is valid in the part that does not contradict such amendments and additions.

39. Amendments and/or additions to this Regulation are made in the manner similar to the approval of the Regulation.

40. The requirements for the content of the explanatory note, draft decision, minutes, bulletins and other additional documents for the meeting of the Committees are similar to the requirements for the content of materials submitted to the meeting of the Board of Directors.