

Approved by the Board of directors  
JSC Kaspi.kz

(Minutes of 23 August 2019)

# **Remuneration and Strategic Review Committee Terms of Reference JSC Kaspi.kz**



# 1. General provisions

These Terms of Reference for the Committee on Remuneration and Strategic Review of the Board of directors of the Joint Stock Company Kaspi.kz (these “Terms of Reference”) have been prepared in accordance with the existing laws of the Republic of Kazakhstan, the Charter of JSC Kaspi.kz and the regulations for the Board of Directors of JSC Kaspi.kz (the “Company”).

1.1. These Terms of Reference define the legal status, objectives and competence, requirements for structure and composition, formation and operation, rights and responsibilities of the members of the Remuneration and Strategic Review Committee of the Board (the “Committee”).

1.2. The Committee was established to review and make recommendations to the Board of Directors (the “Board”) on the following matters:

- staff and remuneration;
- social matters.
- strategic review;

## 2. Goals and objectives of the Committee

2.1. The primary purpose of the Committee is to formulate and make recommendations to the Board of directors of the Company on the following:

2.1.1. prioritizing matters of personnel and remuneration of persons reporting to the Board (except remuneration for members of committees of the Board and internal audit of the Company), including the formulation of ethical guidelines (norms) of conduct in the Company;

2.1.2. social policies, social responsibilities, policies of mutually beneficial cooperation with government authorities;

2.1.3. determining the working conditions and remuneration of persons directly reporting to the Board (except remuneration for members of committees of the Board and the Company’s internal audit);

2.1.4. the size and type of compensation/incentive compensation for persons directly reporting to the Board (except remuneration for members of committees of the Board and the Company’s internal audit) in early termination of their employment;

2.1.5. review of the total amount of payments to persons directly reporting to the Board (except remuneration for members of committees of the Board and the Company's internal audit);

2.1.6. review strategic development of the Company.

2.2. The Committee's work shall include:

2.2.1. to review the design of all share incentive plans for approval by the Board;

2.2.2. advising the Board on the matters of involvement of skilled professionals into the senior management of the Company;

2.2.3. working together with the Company's executive body on matters of human resources and remuneration of the Company's key employees;

2.2.4. implementation of social programs, ensuring benefits and guarantees from the Company's profits;

2.2.5. create an enabling environment for monitoring funding for social programs;

2.2.6. ensure transparency and accessibility of the Company's social programs;

2.2.7. develop recommendations for health and safety measures;

2.2.8. develop recommendations for charitable assistance;

2.2.9. meeting the management periodically to review and discuss the Company's strategy;

2.2.10. review long-term development goals for the Company;

2.2.11. review the material transactions and investments which has been made by the Company and which were designed to support implementation of the strategy;

2.2.12. assist the board in overseeing the managements work on the strategic perspective and direction;

2.2.13. provide recommendations to the Board for making decisions for the long term.

2.3. The Committee shall present for approval a remuneration policy for persons directly reporting to the Board of directors (except the members of committees of the Board

and the Company's internal audit). The Committee shall provide recommendations and monitor the level and structure of remuneration for persons who directly report to the Board (except the members of committees of the Board and the Company's internal audit).

### **3. Composition of the Committee**

- 3.1. Members of the Committee shall be appointed by the Board in consultation with the Chairman of the Committee. The Committee shall be composed of at least three members of which two shall be independent directors.
- 3.2. The term of a Committee member's appointment shall be two years, prolonged for an additional one year, subject to the following conditions:
  - 3.2.1. the majority of the Committee's members remain independent;
  - 3.2.2. the decision to prolong the term of a member of the Committee is effective for so long as the Committee member continues to meet the requirements for membership on the Committee.
- 3.3. Requirements for membership on the Committee shall be reviewed by the Board at least annually.
- 3.4. The Board have the right to terminate the appointment of any Committee member at any time, as well as replace the entire composition of the Committee.
- 3.5. The Committee shall be composed from members of the Board and experts with the appropriate professional experience to serve on the Committee. The Chairman of the Committee shall be an independent director of the Company. The Chairman of the Committee shall be appointed by the Board.
- 3.6. The Chief Executive Officer of the Company shall not be the Chairman of the Committee.
- 3.7. In selecting members of the Committee, the training, knowledge and experience in the activities of the Committee, as well as their other expertise required for members to exercise their authority, should be taken into account.
- 3.8. Changes in the composition of the Committee may be made by the Board in the following cases:

- 3.8.1. election of a new member of the Committee to replace a departing member (by resignation or other circumstances);
- 3.8.2. election of new Committee members in the case of an increase in numbers;
- 3.8.3. early termination of the appointment of a current Committee member and/or election of a new Committee member on the recommendation of any member of the Board.

## **4. Chairman and Secretary of the Committee**

4.1. The Chairman of the Committee shall organize the work of the Committee, and in particular:

- 4.1.1. assign responsibilities among the Committee members;
- 4.1.2. determine the format and the agenda of Committee meetings;
- 4.1.3. make decisions about convening Committee meetings and chairing them;
- 4.1.4. organize discussion of matters at Committee meetings;
- 4.1.5. organize the taking of minutes of the Committee meetings and signing them;
- 4.1.6. represent the Committee, conduct official correspondence of the Committee, sign documents and materials on its behalf;
- 4.1.7. perform other functions in accordance with the rights and responsibilities stipulated for members of the Committee.

4.2. The functions of the Secretary of the Committee shall be performed by a person appointed by the Committee. In the absence of a Secretary of the Committee, his functions shall be performed by the Secretary of the Company in agreement with the Chairman of the Committee.

4.3. The Secretary of the Committee shall ensure the preparation and conduct of the Committee meetings, collection and systematization of materials for the meetings, preparation of draft decisions and recommendations of the Committee jointly with the Chairman of the Committee, timely notification to Committee members and invitees about Committee meetings, the meeting agenda and materials regarding issues on the agenda.

4.4. The Secretary of the Committee shall attend the meetings of the Committee, minute the meetings and store documents and materials on the Committee's activities.

## **5. Rights, obligations and responsibilities of the Committee and its members**

5.1. The Committee has the right to:

- 5.1.1. review and consider any issues within its competence under these Terms of Reference on behalf of the Board;
- 5.1.2. participate in monitoring decisions and orders of the Board on matters relating to its activities;
- 5.1.3. use the services of the officers and professionals of the Company on matters within their competence and invite them to their meetings;
- 5.1.4. attract to its work external experts and consultants;

5.2. The Committee shall:

- 5.2.1. fulfill the purpose of the Committee's work in accordance with these Terms of Reference, mandatory legislation of the Republic of Kazakhstan, the Company's Charter;
- 5.2.2. perform its activities in the interests of the Company, its shareholders and investors;
- 5.2.3. report to the Board on the results of its work.

5.3. Members of the Committee have the right to:

- 5.3.1. request from Company officials and bodies documents, reports, explanations and other information (materials) relating to matters within the competence of the Committee in oral and/or written form;
- 5.3.2. use the services of external experts and consultants.

5.4. Members of the committee shall:

- 5.4.1. participate in the work of the Committee, attend its meetings, take an active part in addressing matters within the competence of the Committee;
- 5.4.2. study the documents provided before and during the meetings of the Committee and develop a personal position on each issue on the agenda;
- 5.4.3. maintain the confidentiality of official, commercial and other secrets by law, and not disclose any information coming into his knowledge in connection with the work of the Committee, information containing trade and commercial secrets, insider or other confidential information in accordance with the internal documents of the Company;
- 5.4.4. execute instructions from the Committee Chairman.

5.5. Members of the Committee shall have liability in accordance with the laws of the Republic of Kazakhstan “On Joint Stock Companies”, the Charter and regulations on the Board of directors governing responsibility of the Board.

## **6. Meetings of the Committee**

- 6.1. Meetings of the Committee shall be held as often as necessary, but not less than once a year unless a different frequency for certain matters is required by the legislation of the Republic of Kazakhstan and/or in internal regulations of the Company.
- 6.2. Meetings of the Committee may be convened at the request of the Chairman or any other Committee member.
- 6.3. The decision to call a meeting, the date, time and place of meeting, the agenda, list of persons invited to participate in the meeting, is taken by the Committee Chairman.
- 6.4. Persons invited to participate in a meeting, including members of the Committee, may present their opinions on the issues in the agenda (all or some) in written form or presented orally in the course of the meeting.
- 6.5. Meetings of the Committee shall be valid (having a quorum) if not less than half the members of the Committee take part in it. The written opinion from a missing Committee member, personally signed and provided to the Secretary of the Committee prior to the meeting shall be taken into consideration when determining quorum and voting results on the issues under consideration. The written opinion of a member of the Committee may contain his vote on all or selected agenda items. Also, see paragraph 6.9.

- 6.6. The Committee Chairman shall chair meetings. In case of his absence at a meeting the members of the Committee shall select a chairman for that meeting from among the present members.
- 6.7. Except by invitation, no person other than a Committee Member is entitled to attend meetings of the Committee. The Chairperson, the Directors and external advisers may be invited to attend for all or part of any meeting as and when appropriate and necessary. The Remuneration Committee may also invite the chief financial officer (CFO), chief executive officer (CEO) or any other employee or officer to attend a meeting if they consider appropriate in facilitating their function.
- 6.8. Notices of the meetings of the Committee shall be prepared by the Committee Secretary, who shall send a notification of the meeting to all Committee members no less than 5 (five) days in advance of the date of the meeting, or any shorter period as agreed by all members of the Committee.
- 6.9. A Committee meeting may consist of a conference between members some or all of whom are in different places provided that each member who participates is able to hear each other participating member addressing the relevant meeting and to address all of the other participating members simultaneously, whether directly, by conference telephone or by any other means of, or equipment for, communications or by a combination of the said means or equipment. A quorum shall be deemed to be present if those conditions are satisfied in respect of at least the number of members required to form a quorum under paragraph 6.5 hereof.

## **7. Decisions of the Committee**

- 7.1. Decisions of the Committee shall be made by simple majority vote of the total number of Committee members participating in the meeting of the Committee. Persons attending by invitation shall not participate in voting.
- 7.2. Delegation of the right to vote by Committee members to other persons, including other Committee members, shall be prohibited.
- 7.3. In the event of a tie vote by Committee members, the Committee Chairman shall have the tiebreaking vote.
- 7.4. In the event not all Committee members voted for recommendations adopted by majority vote (in the absence of certain Committee members from the meeting, a negative vote or individual opinions), information on the results of the vote and their



adoption shall be reported to the members of the Board at the meeting, to which these recommendations are submitted, prior to their announcement and/or consideration.

7.5. No later than 10 (ten) business days after a Committee meeting the Committee Secretary shall prepare minutes of the meeting.

7.6. The Committee minutes of the meeting shall include:

7.6.1. the date, format, place and time of the meeting (or the date of the absentee voting);

7.6.2. the list of the Committee members taking part in the consideration of the items on the agenda of the Committee's meeting (indicating the form of participation) as well as a list of others in attendance;

7.6.3. the agenda;

7.6.4. views and suggestions of the Committee members on the items in the agenda;

7.6.5. results of a vote in the language of the decisions as put to a vote;

7.6.6. decisions taken.

7.7. The minutes of a Committee meeting shall be signed by the meeting's chairman who shall have responsibility for the accuracy of the minutes by the Secretary.

## **8. Reporting by the Committee to the Board**

8.1. The Committee shall submit to the Board at its request a report on its work for the required period. The timing of the preparation and submission of such report shall be determined by a decision of the Board.

8.2. The Committee report shall be submitted to the Board by the Chairman of the Committee.

8.3. The Committee has the right to advise the Board of directors of the Company about its recommendations on any matter of its activities, and, in cases described in these Terms of Reference shall prepare an opinion for the Board.

8.4. Consideration whether to accept the Committee's recommendations shall be decided by the Board of directors of the Company.

## **9. Concluding matters**

- 9.1. If, as a result of changes to the legislation of the Republic of Kazakhstan, certain provisions of these Terms of Reference are in conflict with them, such provisions shall be invalid and, until amendments are introduced to these Terms of Reference, the Committee members shall be guided by the legislation of the Republic of Kazakhstan.
- 9.2. The Committee is not a management body of JSC Kaspi.kz (the “Company”) and cannot act on behalf of the Company or the Board. Decisions of the Committee will be recommendations for the Board and other bodies of management and administration of the Company. The Committee in its activities reports to the Board.
- 9.3. The Committee acts within the powers granted to it by the Board in accordance with these Terms of Reference, and their activities are governed by the rules and regulations of the Republic of Kazakhstan, the Company’s Charter and regulations for the Board, decisions of shareholders and the Board of directors of the Company.
- 9.4. The Committee is authorised by the Board to obtain outside legal or other independent professional advice with relevant experience and expertise if it considers this necessary. The Chairman of the Committee will obtain approval for any such expenditure from the Board.
- 9.5. Issues not governed by these Terms of Reference shall be resolved in accordance with the legislation of the Republic of Kazakhstan and internal regulations of the Company.

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