

Annex to
the Resolution of the General
Meeting of Shareholders of
“KazTransOil” JSC
as of May 27, 2016
(Minutes No.3/2016)

Introduced by
the Resolution of the General
Meeting of Shareholders of
“KazTransOil” JSC
as of May 27, 2016
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Changes and additions to the Charter of “KazTransOil” JSC

1. In para. 1 of article 1 to replace the words “Corporate Governance Code of the Company” with “Corporate Governance Code”.
2. To edit para. 2 of article 3 as follows:
 - “2. Subjects of the Company’s activities are:
 - 1) services on transportation of oil (pumping, transshipment, unloading, loading, storage, blending) and oil products through main pipelines;
 - 2) construction and operation of the pipeline network in the territory of the Republic of Kazakhstan and beyond its borders, including facilities of storage, loading and transshipment to other types of transport used to transport liquid raw hydrocarbons;
 - 3) activities on operation of main oil pipelines belonging to third parties;
 - 4) organization of transportation of Kazakhstan oil through pipeline networks of other countries (operator activities using a unified routing);
 - 5) services on oil transportation through the main pipeline on behalf of a main oil pipeline’s owner or a person possessing the main oil pipeline on other legal basis;
 - 6) services on transportation of natural gas through distribution pipelines for consumers of the Republic of Kazakhstan;
 - 7) services on electric power transfer and distribution;
 - 8) services on heating energy generation, transfer and distribution;
 - 9) services on water supply through the main pipeline;
 - 10) services on water supply through distribution networks;
 - 11) services on sewage disposal;
 - 12) services on connecting (plugging) of pipelines with the existing main and other pipelines, disconnecting (unplugging) of pipelines from the existing main and other pipelines;
 - 13) services on scrubbing of Uzen-Atyrau-Samara main oil pipeline;

14) substitution of oil in the system of main oil pipelines within the framework of the Agreement between the Government of the Republic of Kazakhstan and the Government of the Russian Federation on cooperation in the area of transportation of Russian oil through the territory of the Republic of Kazakhstan to the People's Republic of China dated December 24, 2013;

15) survey of rheological parameters of oil transported through main oil pipelines;

16) services on acceptance and storage of chemical reagents for third parties within the boundaries of Atyrau region;

17) services on provision of food, accommodation and transfer for property lease (rent) of offices within the geographical boundaries of the main pipeline facilities of the Company;

18) professional training, retraining and further training of the Company's employees.

3. In article 5:

1) to add subpara.11) to para.1 as follows:

"11) to participate in decision-making of the General Meeting of Shareholders on alteration of a number of shares of the Company or alteration of their type in the procedure provided by the Law.";

2) to edit para.3 as follows:

"3. The Company's corporate governance system shall ensure fair treatment of all shareholders of the Company and exercise of their rights.

Restriction of rights of shareholders specified in para.1 and 2 is not allowed.

The shareholders of the Company can exercise other rights specified in the Legislation and/or the Charter."

4. To edit para. 5 of article 7 as follows:

"5. Dividends shall not be accrued on the Company's shares:

1) in case of a negative size of own equity, or if the size of own equity turns negative as a result of dividends accrual;

2) if the Company has the signs of insolvency or incapacity in accordance with the Legislation or the indicated signs appear in the Company as a result of dividends accrual;

The shareholder is eligible to require the payment of outstanding dividends regardless of the time of the Company's debt creation, except for cases when dividend is not accrued for the reasons indicated herein."

5. In article 9:

1) in para. 1 of para. 3 to exclude the words "and annual report of the Company";

2) in subpara. 5) of para. 28 to exclude the words "annual report of the Company and";

3) to exclude para. 29;

4) to edit para.48 as follows:

"48. The ballot for absentee voting shall be signed by the shareholder – individual with indication of an identification document of a given person.

The ballot for absentee voting of the shareholder – legal entity shall be signed by its CEO and certified by a stamp of the legal entity (if available).

The ballot without signature of the shareholder – individual or CEO of the shareholder – legal entity, as well as without a stamp of the legal entity (if available) is deemed void.

During counting of votes on the issues, on which the shareholders observed the order of voting determined in the ballot, and only one of possible options of voting is marked are accounted.”.

6. In article 10:

1) in para. 1:

To edit subpara. 11) as follows:

“11) determination of an audit organization conducting audit of the Company;”;

in subpara. 14) to exclude the words “annual report of the Company and”;

To add subpara. 21-1) as follows:

“21-1) confirmation of the dividend policy;”;

To exclude subpara. 22);

2) in para. 2:

in para. one to replace the numbers “1)-4)” with numbers “2)-4)”;

in paragraph two to exclude the words “and/or the Charter”.

7. In article 11:

1) to edit para. 3 as follows:

“3. The following issues are attributed to the exceptional competence of the Board of Directors of the Company:

1) determination of the priority directions of the Company activity and confirmation of development strategy of the Company;

2) taking decisions on calling of the annual and extraordinary General Meeting of Shareholders;

3) approval of changes and addenda to the Charter of the Company or of its new edition, and also of the Code of Corporate Governance and changes and addenda to it;

4) taking decisions on redemption by the Company of the placed shares or other securities and price of its redemption;

5) preliminary confirmation of the annual financial reporting of the Company, consolidated financial reporting and annual report of the Company, presentation of recommendations to the General Meeting of Shareholders on the order of distribution of the net profit of the Company for passed financial year (half year or quarter) and the size of dividend for the year (half year or quarter) in calculation per one ordinary share of the Company;

6) confirmation of the annual report of the Company and report on sustainable development (can be included in the annual report of the Company);

7) determination of the number, terms of office of the Management Board of the Company, election of the General Director (Chairman of the Management

Board) and members of the Management Board, and also early termination of their powers;

8) determination of the number, terms of office of the Management Board of the Company, election of the General Director (Chairman of the Management Board) and members of the Management Board, and also early termination of their powers;

9) upon presentation of Internal Audit Service of the Board of Directors of the Company determination of number, term of powers of Internal Audit Service, appointment of its chief executive and other staff members, and also early termination of their powers;

10) determination of number, term of powers of Internal Audit Service, appointment of its head and other staff members, and also early termination of their powers, determination of the order of work of the Internal Audit Service, size and conditions of labor payment and bonuses for staff members of the Internal Audit Service, taking decisions on imposing disciplinary sanctions;

11) confirmation of the annual plan of the work of Internal Audit Service for corresponding year, as well as budget of the Service within the business-plan of the Company;

12) consideration of quarter and annual reports of Internal Audit Service and taking decisions on them;

13) appointment, determination of the terms of office of the Corporate Secretary, early termination of his/her powers, confirmation of Regulation on him/her, as well as determination of the size of salary and conditions for remuneration of the Corporate Secretary, decision-making on imposing disciplinary sanctions on the Corporate Secretary;

14) establishment and abolition of Corporate Secretary Service, confirmation of its staff size, regulations on it, as well as budget of the Service within the business-plan of the Company;

15) determination of the size of payment for services of the auditing organization for audit of financial statements and appraiser on assessment of market value of property, transferred for payment of shares of Company, or subject to large-size deal;

16) confirmation of documents regulating internal activity of the Company, the list of which is determined by the Board of Directors, including internal documents setting conditions and order of conducting auctions and subscription of securities of the Company;

17) taking decision on establishment, closure of branches and representation of the Company and confirmation of regulations on them;

18) taking decisions on acquisition (carve-out) by the Company of ten and more percent of shares (share of participation in the charter capital) of other legal entities;

19) taking decisions on issues of activities attributed to the competence of the General Meeting of Shareholders (participants) of legal entities, ten and more

percent of shares (participatory shares in charter capital) of which belong to the Company;

20) increase of obligations of the Company to the amount containing ten and more percent of the size of its own capital;

21) determination of information about the Company or its activities, making office, commercial, or other secret protected by the law;

22) taking decision on conclusion of large-size and interested-party deals by the Company in the exception of deals taking decision on conclusion of which is attributed to the competence of the Management Board;

23) establishment of committees of the Board of Directors, confirmation of regulations on them, election of committee members;

24) confirmation of the business plan of the Company, and also adjustments made to it;

25) confirmation of staff size and structure of the central office of the Company;

26) confirmation of the accounting policy of the group of companies of the Company and tax accounting policy of the Company;

27) confirmation of policies and internal procedures of the Company on risk management, ensuring observance and analysis of efficiency, as well as improvement of such procedures;

28) determination of the order and dates of reception by the members of the Board of Directors of information on the activity of the Company, including financial one;

29) coordination of nomination to the positions according to the list, confirmed by the Board of Directors;

30) preparation of recommendations to the General Meeting of Shareholders of the Company on size and terms of payment of remuneration and reimbursement of costs to members of the Board of Directors of the Company for fulfillment of their duties;

31) confirmation of program of succession planning of members of the Management Board of the Company;

32) appointment of Ombudsmen and confirmation of Regulations on him;

33) confirmation of interim (half-year) financial statements of the Company;

34) confirmation of stakeholder card of the Company;

35) confirmation of strategy on corporate social liability of the Company;

36) taking decision on holding evaluation of performance of the Board of Directors, committees of the Board of Directors, members of the Board of Directors, the Company, the Management Board, Head and members of the Management Board, Internal Audit Service of the Company, its Head;

37) confirmation of work plan of the Board of Directors for the relevant year;

38) confirmation of the induction program for newly elected members of the Board of Directors and professional development program for each member of the Board of Directors;

39) confirmation of the report of the Corporate Secretary on observance/failure to observe the principles and provisions of Corporate Governance Code;

40) other issues, provided by the Law and/or the Charter, not attributed to the exceptional competence of the General Meeting of Shareholders of the Company; the issues which fall under the competence of the Board of Directors according to the documents, confirmed by the General Meeting of Shareholders, the Board of Directors of the Company, “Fund of national Welfare “Samruk-Kazyna” joint-stock company (hereinafter – the Fund) and authorized state bodies;”

2) to add the words “and Corporate Governance Code” in paragraph three of para. 7;

3) to edit para. 13 as follows:

“13. Election of any person to the Board of Directors for the term more than 6 years in a row (for example, two triennial terms) is subject to special consideration with account of the need of qualitative renewal of composition of the Board of Directors. The independent director cannot be elected in the Board of Directors for more than nine years in a row. In the exceptional cases it is permitted to elect for the term of nine years in row, but election of the independent director to the Board of Directors shall be considered on the annual basis with a detailed clarification of the need to elect the given member of the Board of Directors and impact of such factor on the independence of decisions taking.

Neither person shall participate in taking decisions, related to their own nomination, election, re-election, termination of office.”;

4) to edit paragraph one of para.14 as follows:

“14. The members of the Board of Directors shall be elected for the term up to three years, and provided satisfactory performance can be re-elected for another three-years term.”;

5) to edit para.15 as follows:

“15. The General Meeting of Shareholders is eligible to early terminate the powers of all or certain members of the Board of Directors. The powers of such member of the Board of Directors shall be terminated from the date of taking decision on early termination of his powers by the General Meeting of Shareholders.”;

6) to edit para. 23 as follows:

“23. Materials on items of agenda are provided to the members of the Board of Directors not later than seven calendar days prior to the date of meeting, while the issues on strategic development and business-plan – not later than ten business days.

In case of consideration of issue on taking decision on conclusion of large-size deal and (or) interested-party deal, information about the deal shall include information about counterparts, terms and conditions of execution of deal, character and amount of participatory shares of involved entities, report of appraiser (in case stipulated in para.1 of article 69 of Law).

Individuals interested in conclusion of a deal by the Company, shall bring to the notice of the Board of Directors the information, indicated in article 72 of the Law, with account of the set deadlines, in written. The information shall be attached to the materials, forwarded to the Board of Directors.

Individuals interested in conclusion of a deal by the Company, who are Company's officials, provide the information, indicated in article 72 of the Law:

When the meeting is held in formal – prior to it through the Corporate Secretary;

When the Board of Directors takes decision by absentee voting – by indicating the relevant information in the ballots.”;

7) to edit para. four of para. 25 as follows:

“Quorum for holding the meetings of the Board of Directors on the issues indicated in subpara. 1), 4)-5), 8)-9), 12)-13), 17), 22)-25), 35) of para.3 of the present article, makes two thirds of the members of the Board of Directors and majority of the independent directors shall take part in such meeting of the Board of Directors.”;

8) in paragraph three of para.27 to replace the words “National Welfare Fund “Samruk-Kazyna” JSC (hereinafter – the Fund)” with the word “the Fund”;

9) to edit paragraph two of para.29 as follows:

“Decisions cannot be made by means of absentee voting on the issues determined by subpara. 1), 4)-5), 8)-9), 12)-13), 17), 22)-25), 35) of para.3 of the present article.”

10) to add the words “(if provided)” in paragraph two of para.33.

8. In article 12:

1) para. 2:

To edit subpara. 1) as follows:

“1) confirms staff schedule of the Central Office and structure of the Company in compliance with the staff size and structure of the Central Office, staff size of the Corporate Secretary Office confirmed by the Board of Directors and confirms staff size, structure and schedule of the branches and representations of the Company in accordance with their Regulations;”;

To edit subpara. 9) as follows:

“9) preliminarily approves the issues taking decision on which is attributed to the competence of General Meeting of Shareholders or the Board of Directors, except for the issues, indicated in subpara. 10), 14), 20), 21) of para. 1 of article 10, subpara. 2), 8)-14), 23), 28), 29), 30), 32), 36)-39) of para. 3 of article 11, paragraphs three and six of para.3 of article 12 of the Charter;”;

To edit subpara. 13) as follows:

“13) takes decisions on conclusion of deals, which result in acquisition or alienation by the Company of property, value of which constitutes 2 and more percent, but not less than 25 percent of overall size of balance values of the assets of the Company, as well as conclusion of additional agreements to them, providing for alteration of property's value;”;

2) To edit para. 3 as follows:

“3. Members of the Management Board can be shareholders and staff members of the Company, who are not its shareholders. Member of the Management Board shall possess relevant experience, knowledge, qualification, business reputation.

In case of early termination of powers of member of the Management Board, in the exception of the General Director (Chairman of the Management Board), and election by the Board of Directors of the new member of the Management Board, powers of latter expire at the same time of expiration of the powers of the Management Board as whole.

Members of the Management Board are entitled to work in other organizations only at the consent of the Board of Directors of the Company. At that, members of the Management Board shall not hold a membership in boards of directors (supervisory committees) or executive bodies of entities-rivals of the Company and to have a substantial financial interest in them.

The General Director (Chairman of the Management Board) is not entitled to occupy position of head of executive body or person personally carrying out functions of executive body of another legal entity.

Functions, rights, and duties of the member of the Management Board are determined by the legislative acts of the Republic of Kazakhstan, the Charter, the Regulation on the Management Board, and also by employment contract concluded by given person with the Company. The employment contract behalf of the Company with the General Director (Chair of the Management Board) is signed by the Chair of the Board of Directors or person authorized for that by the General Meeting of Shareholders or the Board of Directors. The employment contract with other members of the Management Board is signed by the General Director (Chairman of the Management Board) of the Company.

The employment contract with the General Director (Chair of the Management Board), employee of the Company, who is the member of the Management Board, shall be terminated on the basis of relevant decision of the Board of Directors of the Company.”;

3) in para. 10:

To edit subpara. 4) as follows:

“4) issues power of attorney for the right to represent the Company in its relation with third parties, including right to conclude deals on behalf of the Company”;

To edit subpara. 8) as follows:

“8) concludes deals of non-property character and deals conclusion of which results in acquisition or alienation (can be acquires or aliened) property, value of which constitutes less than 2 percent of balance value of assets of the Company”;

9. To edit subpara 5) of para. 1 of article 14 as follows:

“5) shall observe confidentiality of information on activities of the Company, including within five years after termination of work at the Company.”.

10. To edit the sentence one of paragraph two of para.4 of article 15 as follows:

“Information on a major deal and/or an interested-party deal shall be described in an explanatory note to annual financial statements in accordance with the International Financial Reporting Standards, and shall be brought to note of the shareholders and investors according to article 79 of the Law.”.

11. In article 16:

1) to add a paragraph to para.1 as follows:

“The annual report of the Company shall be prepared and posted on the corporate web-site of the Company prior to the Annual General Meeting of Shareholders.”;

2) in para. 3:

To edit paragraph one as follows:

“3. The Company ensures publishing on the internet-resource of a depository of financial statements, determined in accordance with the Legislation, any information on corporate events, annual financial statements of the Company and audit reports, a list of the Company’s affiliates, and information about a total amount of remuneration of members of the Management Board for a year in the procedure and terms established by the legal act of an authorized state body.”;

To add paragraph three as follows:

“The Company shall post on the corporate web-site any information about major shareholders, and information about members of the Board of Directors of the Company, who combine an executive position or other core activity in other legal entity, with indication of their powers and duties in other legal entity in the procedure specified in internal documents of the stock exchange.”;

3) to edit paragraph two of para.4 as follows:

“If the Law and other laws of the Republic of Kazakhstan dot not provide for deadlines of publishing (bringing to note of the shareholders) of information, the given information shall be published (brought to note of the shareholders) within three (3) working days from the date of its occurrence.”;

4) to exclude paragraph two in para.7.

12. To exclude para. 2 of article 18.

**General Director
(Chair of the Management Board)**

N. Shmanov

перевод верен.
Референт - переводчик
Бауэр О.П. [Signature]