

**Approved by
the Resolution of the Board of Directors of
“KazTransOil” JSC
(Minutes as of “____” _____ 2016
No. _____)**

**Annual Report
of the Board of Directors of “KazTransOil” JSC
on its performance in 2015**

Astana, 2016

CONTENT

1. General information about the Board of Directors
2. Composition of the Board of Directors as of December 31, 2015
3. Criteria for selection of the Board of Directors membership
4. Competences of the Board of Directors
5. Responsibilities of the Board of Directors
6. Information about meetings of the Board of Directors
7. Attendance record of meetings of the Board of Directors
8. Report on activity of committees of the Board of Directors
9. Interaction with shareholders
10. Remuneration of members of the Board of Directors
11. Report of the management Board for 2015
12. Competence of the Management Board and the General Director (Chair of the Management Board)
13. Responsibility of the Management Board
14. Composition of the Management Board as of December 31, 2015
15. Information about meetings of the Management Board
16. Report on Risk Committee performance

1. General information about the Board of Directors

Board of Directors is a governing body of “KazTransOil| JSC (hereinafter - the Company), which fulfills its functions in accordance with the Law of the Republic of Kazakhstan “On Joint-Stock Companies”, Charter, Corporate Governance Code, Regulations on Board of Directors and other internal documents of the Company.

In accordance with the Company’s Charter, the number of members of the Board of Directors shall be six persons. According to the structure of shareholder’s equity (90% of total number of ordinary shares belong to “KazMunayGas” NC JSC) two members of Company’s Board of Directors represent the major shareholder - “KazMunayGas” NC JSC. Three members of the Board of Directors are represented by independent directors, enabling securing rights and interests of minority shareholders in accordance with the requirements of best international practices in corporate governance.

All members of the Board of Directors possess a high professional reputation and substantial work experience in the industry.

2. Composition of the Board of Directors

Name	Position
Ardak Kassymbek	Chair of the Board of Directors
Kairgeldy Kabyldin	Member of the Board of Directors
Ardak Mukushov	Member of the Board of Directors
Daniel Mihalik	Independent Director
Serik Primbetov	Independent Director

Powers of Moustafa Habib, the Independent Director, were early terminated at his initiative basing on written according to the Board of Directors starting from December 18, 2015.

3. Criteria for selection of the Board of Directors membership

The criteria for selection of members of the Board of Directors, including independent directors, are set by the Law of the Republic of Kazakhstan “On Joint-Stock Companies”, Charter, Corporate Governance Code and Regulations on Board

of Directors of the Company.

In accordance with the Corporate Governance Code, the Board of Directors established independence of directors and supposes that Daniel Mihalik, Serik Primbetov and Moustafa Habib are independent in decision-making process. The Board of Directors established that no relationship or circumstances, which exert or may exert significant influence on making independent decisions by these directors, are available.

The independent directors bring experience in international management, strategic vision, knowledge of the specifics of the industry, in which the Company operates, corporate governance and risk management. At the same time, all of the directors have knowledge in the area of financial reporting and auditing, business planning and project management.

4. Competences of the Board of Directors

The Board of Directors shall determine strategic goals and priority areas for development, establish main benchmarks of the Company's activity in the long run, ensure availability of necessary financial and human resources to reach the set goals and consider other essential issues.

The issues referred to the exclusive competence of the Board of Directors shall not be delegated to the Management Board.

The Board of Directors shall not be entitled to make decisions on the issues that, in accordance with the Charter of the Company, fall within the competence of the Management Board of the Company, and make decisions that are in conflict with decisions of the General Meeting of Shareholders.

5. Responsibilities of the Board of Directors

The powers are distributed between the Board of Directors, Management Board and General Director (Chair of the Management Board) in accordance with Article 11 and 12 of the Charter of the Company.

The Board of Directors shall bear responsibility to the General Meeting of Shareholders for effective governance and adequate control over the Company activity pursuant to the applicable decision-making system.

The Board of Directors shall control the Management Board activity within its competence.

6. Information about meetings of the Board of Directors

In 2015, the Board of Directors held 12 meetings, including one absentee meeting, and considered and took decisions, inter alia, on the following:

Strategic development

- consideration of the Report for 2014 on implementation of the Development Strategy for 2012-2022
- consideration of the Report on implementation of the Business Plan for 2014
- consideration of information about transformation of business functions of the Company within the framework of the Road Map of the Transformation Program of “KazMunayGas” NC JSC
- confirmation of Business Plans for 2016-2020 at revalued and historical costs of fixed assets
- confirmation of the Strategy on Corporate Social Responsibility of the Company

Financial and economic activity

- calling of the Annual General Meeting of Shareholders
- preliminary confirmation of annual financial statements and annual consolidated financial statements of the Company for 2014
- proposals to the General Meeting of Shareholders on a procedure of distribution of net income of the Company for 2014 and a size of dividends for 2014 per one ordinary share of the Company
- conclusion of interested-party deals

The Board of Directors also considered a range of issues referred to the competence of general meetings of participants/shareholders of subsidiaries and jointly-controlled organizations of the Company:

- confirmation of conclusions of the Audit Commission on audit of financial and economic activities of “Kazakhstan – China Pipeline” LLP for 2014
- annual financial statements and distribution of net income of KCP for 2014
- adjusted budget of “Kazakhstan – China Pipeline” LLP for 2015
- confirmation of Rules on assets sale of “Kazakhstan – China Pipeline” LLP
- confirmation of the Accounting Policy of “Kazakhstan – China Pipeline” LLP
- termination of powers of member of the Management Board of “Kazakhstan – China Pipeline” LLP
- on the need to set the tariff on oil pumping service via the network of main pipelines of “Kazakhstan – China Pipeline” LLP for export beyond the Republic of Kazakhstan
- confirmation of the annual financial statements and consolidated annual financial statements of “NWPC “MunaiTas” JSC for 2014
- confirmation of procedure of distribution of net income of “NWPC

“MunaiTas” JSC for 2014 taking decision on payment of dividends on ordinary shares and a size of dividends for 2014 per one ordinary share of “NWPC “MunaiTas” JSC

- determination of the audit organization, performing audit of “NWPC “MunaiTas” JSC for 2015, size of payment for services of audit organization for the audit of financial statements and procurement of its services by the means from one source

- on early termination of powers and election of certain members of the Board of Directors of “NWPC “MunaiTas” JSC

- results of financial and economic activity of “Batumi Terminals Limited” group of companies for 5 months of 2015, key indicators of draft business-plan of “Batumi Terminals Limited” group of companies

- progress in settlement of court proceedings of Batumi Terminals Limited group of companies with Vibro Diagnostik and Libra Trading FZC, as well as arbitration proceedings between “Batumi Sea Port” and Batumi International Container Terminal

- draft Development strategy of Batumi Terminals Limited group of companies

- on investment projects of Batumi Terminals Limited group of companies

- confirmation of the annual financial statements and consolidated annual financial statements of Batumi Terminals Limited for 2014

- non-payment of dividends by Batumi Terminals Limited

- re-election and appointment of Batumi Terminals Limited directors

- on voluntary liquidation of Batumi Terminals Limited and appointment of the liquidator

- on acquisition by the Company of 100% share in the equity capital of Batumi Oil Terminal and 100% stake in Petrotrans Limited as a result of voluntary liquidation of Batumi Terminals Limited

The Board of Directors every month reviewed the key changes in the Company’s activity and managerial reports.

Find additional information on the resolutions adopted by the Board of Directors in 2015 on the Company’s website www.kaztransoil.kz.

Corporate governance

The Board of Directors plays an important role in determination of the main areas for improving corporate governance in the Company.

The Board of Directors regularly considered the issues related to the Company’s activity in the area of corporate governance, including reports on actions

taken and plans for the future.

The Board of Directors continued to work in this area and considered the following items in the reporting period:

- Regulation on Company Corporate Secretary
- Regulation on Company Ombudsman
- election of members of the Board of Directors committees
- determination of quantitative composition of the Company Management Board and election of MB members
- confirmation of incentive KPIs of executives of the Company for 2015 and their target values
- recommendations of the Nomination and Remuneration Committee of the Board of Directors

Internal audit

Decisions were made on the following issues in the area of internal control:

- early termination of powers of Head of Internal Audit Service of the Company, appointment of certain employees and head of Internal Audit Service of the Company, determination of size and terms of salary and bonuses;
- on remuneration of employees of Internal audit Service of the Company for 2014;
- Audit Report on results of production, operational and financial processes of Batumi Terminals Limited, held by Internal audit Service of “KazMunayGas” NC JSC during the period from July 3 till 18, 2014 and Plan of Corrective Actions on revealed inconsistencies;
- Audit Report on results of production, operational and financial processes of Batumi Oil Terminal and Batumi Sea Port held by Internal audit Service of “KazMunayGas” NC JSC during the period from October 20 till November 28, 2013;
- Audit Report of the Company Internal Audit Service upon the results of audit of the procedure on business-planning of the Company and the Plan of Corrective Actions on Identified Inconsistencies;
- Audit Report of the Company Internal Audit Service upon the results of audit of the treasury transactions in the Company and the Plan of Corrective Actions on Identified Inconsistencies;
- Audit Report of the Company Internal Audit Service upon the results of audit of accounting of inventory, fixed assets and intangible assets of the Company and the Plan of Corrective Actions on Identified Inconsistencies;
- Audit Report on IT audit of the Company under the Methodology of IT audit of “Samruk-Kazyna” JSC and Plan of Corrective Actions on Identified

Inconsistencies;

- Audit Report of the Company Internal Audit Service upon the results of audit of tax accounting in the Company and Plan of Corrective Actions on Identified Inconsistencies;

- Audit Report of the Company Internal Audit Service upon the results of audit of the procedure of operation of main pipelines in the Company and Plan of Corrective Actions on Identified Inconsistencies;

- Audit Report of the Company Internal Audit Service upon the results of audit of production, operational and financial processes of Batumi Oil Terminal and Batumi Sea Port and Plan of Corrective Actions on Identified Inconsistencies;

- Audit Report of the Company Internal Audit Service upon the results of audit of the procedure on provision of oil transportation services in the Company and Plan of Corrective Actions on Identified Inconsistencies.

The Board of Directors was presented quarterly reports of the Internal Audit Service and confirmed the following documents:

- Guidelines on arrangement and holding of a synergetic audit of information technologies in “KazTransOil” JSC;

- Rules on evaluation of performance of Internal Audit Service of “KazTransOil” JSC and its Head;

- Annual Audit Plan of Internal Audit Service of the Company for 2016.

Risk management and internal control

The Company has a system of internal control and risk management. The system is designed to identify, evaluate and manage significant risks associated with achievement of business objectives taking into account safe-keeping and increase in shareholders’ investments in the Company.

The Board of Directors analyzed the dynamics of risks and course of execution of the action plan on risk management in the Company on a quarterly basis and approved the following documents:

- Policy on internal control system;
- Regulations on internal control system;
- Risk management program for 2015–2017;
- Risk classifier for the Company and its subsidiaries and jointly controlled organizations.

In 2015, the Board of Directors approved the following documents:

- Policy on Settlement of Conflict of Interests of “KazTransOil” JSC

executives and employees;

- New edition of Accounting Policy of “KazTransOil” JSC group of companies;
- New edition of Rules on business-planning of “KazTransOil” JSC;
- Rules on evaluation of performance of executive and managing employees, Corporate Secretary of “KazTransOil” JSC;
- Rules on remuneration of executive and managing employees, Head of Internal Audit Service, and Corporate Secretary of “KazTransOil” JSC.

7. Attendance record of the BoD meetings

Director	Attendance	%	Period in office, 2014
Ardak Kassymbek	12 out of 12	100	01.01.2015 – 31.12.2015
Kairgeldy Kabyldin	12 out of 12	100	01.01.2015 – 31.12.2015
Daniel Mihalik	12 out of 12	100	01.01.2015 – 31.12.2015
Ardak Mukushov	12 out of 12	100	01.01.2015 – 31.12.2015
Moustafa Habib	12 out of 12	100	01.01.2015 – 18.12.2015
Serik Primbetov	12 out of 12	100	01.01.2015 – 31.12.2015

8. Report on activity of committees of the Board of Directors

The committees are advisory bodies of the Board of Directors of the Company and are established to facilitate the effective performance of the Board of Directors functions, consider the most important issues and make recommendations for the Board of Directors within their competences.

Three committees function under the Board of Directors:

- Strategic Planning Committee
- Internal Audit Committee
- Nomination and Remuneration Committee

Strategic Planning Committee

The Committee was established in order to improve the efficiency and quality of the Company’s Board of Directors through preliminary review and preparation of recommendations to the Board of Directors on the Company’s Development Strategy, including determining priority areas.

The Committee consists of members of the Board of Directors and experts

having the necessary expertise to work within such Committee, which composition is determined by the Company's Board of Directors. An independent director shall be a Chair of the Committee.

The Committee meetings shall be held when necessary but at least once per six months.

In 2015, the Committee was composed of:

Moustafa Habib (Chair), Kaigeldy Kabyldin, Daniel Mihalik, Ardak Mukushov, and Serik Primbetov.

The Committee held 7 formal meetings in the reporting period and considered the following issues:

- Confirmation of adjusted business-plans of the Company;
- Procedure of distribution of net income of the Company for 2014 and determination of size of dividend for 2014 in calculation per one ordinary share of the Company;
- Consideration of Report for 2014 on implementation of Development Strategy of the Company;
- Transformation of business-functions of the Company within the Road map of Transformation Program of "KazMunayGas" NC JSC;
- Acquisition by the Company of 100% share in charter equity of Batumi Oil Terminal and 100% stock of shares of Petrotrans Limited in the result of voluntary liquidation of Batumi Terminals Limited.

Nomination and Remuneration Committee

The Committee is mainly aimed at assisting the Board of Directors of the Company on fulfillment of its powers related to selection, appointment (election), evaluation and remuneration of members of the Board of Directors, General Director (Chair of the Management Board) and members of the Management Board, Corporate Secretary.

The majority of the Committee members, including the Chair of the Committee, shall be independent directors. The Chair of the Board of Directors and General Director (Chair of the Management Board) of the Company shall not be members of the Committee.

In 2015, the Committee was composed of independent directors Daniel Mihalik (Chair), Serik Primbetov and Moustafa Habib.

The Committee shall meet when necessary, but not less than twice a year.

In 2015, the Nomination and Remuneration Committee held 7 formal meetings and made recommendations on the following issues:

- Determination of quantitative composition, term of powers of the

Management Board of the Company, election of the General Director (Chair of the management Board) and members of the management Board and determination of sizes of their salaries, terms of labor and bonus payment;

- Confirmation of corporate and incentive key performance indicators of the Company for 2015 and their target values;
- Appointment of Company Ombudsman;
- Remuneration of managing employees of the Company for 2014.

Internal Audit Committee

The Internal Audit Committee is aimed at assisting the Board of Directors of the Company on external and internal audit, financial reporting, internal control and risk management, asset evaluation, compliance with the legislation of the Republic of Kazakhstan, as well as on other issues as instructed by the Board of Directors of the Company.

The majority of members of the Board of Directors, who worked for the Committee, including the Chair of the Committee, shall be independent directors.

In 2015, the Committee was composed of Serik Primbetov (Chair), Ardak Kassymbek, Daniel Mihalik and Moustafa Habib.

The Committee meetings shall be held when necessary but at least once a quarter.

During the reporting period, the Internal Audit Committee conducted 8 formal meetings and one absentee meeting.

The Committee meetings are held with obligatory participation of an auditor of Ernst&Young LLP for collective consideration of audit results.

During the reporting period, the Committee reviewed a confidential report of the auditor to the management of the Company. Moreover, The Committee considered and preliminarily approved the following issues:

Financial reporting

- separate and consolidated financial statements of the Company as of December 31, 2014;
- interim consolidated financial statements of the Company as of March 31, 2015 and for three months then ended;
- interim separate and consolidated financial statements of the Company as of June 30, 2015 and for six months then ended;
- interim condensed consolidated financial statements of the Company as of September 30, 2015 and for nine months then ended.

Internal audit

- Guidelines on arrangement and holding of a synergetic audit of information technologies in “KazTransOil” JSC;
- Report on performance of the KTO IAS for 2014;
- quarterly reports on performance of the KTO IAS in 2015;
- appointment of the KTO IAS employees, determination of a size and terms for payment of remuneration and bonuses;
- Audit Report on results of production, operational and financial processes of Batumi Terminals Limited, held by Internal audit Service of “KazMunayGas” NC JSC during the period from July 3 till 18, 2014 and Plan of Corrective Actions on revealed inconsistencies;
- Audit Report on results of production, operational and financial processes of Batumi Oil Terminal and Batumi Sea Port held by Internal audit Service of “KazMunayGas” NC JSC during the period from October 20 till November 28, 2013;
- Audit Report of the Company Internal Audit Service upon the results of audit of the procedure on business-planning of the Company and the Plan of Corrective Actions on Identified Inconsistencies;
- Audit Report of the Company Internal Audit Service upon the results of audit of the treasury transactions in the Company and the Plan of Corrective Actions on Identified Inconsistencies;
- Audit Report of the Company Internal Audit Service upon the results of audit of accounting of inventory, fixed assets and intangible assets of the Company and the Plan of Corrective Actions on Identified Inconsistencies;
- Audit Report on IT audit of the Company under the Methodology of IT audit of “Samruk-Kazyna” JSC and Plan of Corrective Actions on Identified Inconsistencies;
- Audit Report of the Company Internal Audit Service upon the results of audit of tax accounting in the Company and Plan of Corrective Actions on Identified Inconsistencies;
- Audit Report of the Company Internal Audit Service upon the results of audit of the procedure of operation of main pipelines in the Company and Plan of Corrective Actions on Identified Inconsistencies;
- Audit Report of the Company Internal Audit Service upon the results of audit of production, operational and financial processes of Batumi Oil Terminal and Batumi Sea Port and Plan of Corrective Actions on Identified Inconsistencies;
- Audit Report of the Company Internal Audit Service upon the results of audit of the procedure on provision of oil transportation services in the Company and Plan of Corrective Actions on Identified Inconsistencies;
- Annual Audit plan of Company Internal Audit Service for 2016;

- Rules on evaluation of performance of Company Internal Audit Service and its Head;
- New edition of the Accounting policy of “KazTransOil” JSC group of companies.

External Audit

- Determination of an audit organization, conducting audit of the Company for 2016-2018, size of payment for services of an audit organization for audit of financial statements and single-source procurement.

9. Interaction with shareholders

One of the key principles of the Company is the most open and effective communication with shareholders.

The shareholders exercise their rights according to the legislation of the Republic of Kazakhstan and Company Charter.

The Company and “KazMunayGas” NC JSC, a major shareholder, endorsed Relationship agreement, due to initial placement of Company shares at Kazakhstan Stock Exchange on October 30, 2012, which stipulates transparent relations at arm’s length between the Company and major shareholder and enabling the Company acting in the interests of all shareholders.

Company Board of Directors ensures equal treatment towards all shareholders and gives them an opportunity to participate in the Company management through the General Meeting of Shareholders, to receive information on Company’s business and exercise their rights to receive dividends.

Information affecting the interests of shareholders shall be timely published on web-sites of the Company, “Kazakhstan Stock Exchange” JSC and depository of financial statements.

The Company has Investors Relations Service which is mainly aimed at organization of effective communication between Company management and investment community (prospective investors, minority shareholders and professional stock market players) in order to maintain and enhance reputation of the Company as investment attractive one.

In 2015 no addresses of shareholders of the Company against its actions and officials were registered.

Interaction with the major shareholder

In October 2012, in connection with the listing on the Kazakhstan Stock Exchange, the Company and National Company “KazMunayGas”, its major shareholder, signed the Relationship Agreement.

The agreement sets out the principles of interaction between the Company and its major shareholder, and is focused on securing activity of the Company at arm's length on the market conditions meeting the interests of all shareholders.

Find the full text of the Agreement on the Company's website www.kaztransoil.kz, Section "To Shareholders and Investors".

10. Remuneration of members of the Board of Directors

The procedure for payment of remuneration and reimbursement of expenses of independent directors is established by the Rules on payment of remuneration and reimbursement of expenses of independent directors of joint-stock companies of "KazMunayGas" NC JSC.

The following is due to independent directors:

- fixed remuneration;
- additional remuneration for participation in formal meetings of committees of the Board of Directors.

The Company shall reimburse expenses of independent directors (travel, accommodation, per diem) associated with their travel for participation in meetings of the Board of Directors and its committees conducted beyond the place of permanent residence of independent directors.

The remuneration shall be paid if the following conditions are met:

- bona fide fulfillment of powers of a member of the Board of Directors using the methods that best reflect the interests of the Company;
- compliance with the legislation of the Republic of Kazakhstan and the Company Charter in the decision-making process;
- participation in formal meetings except for the cases of illness, vacation, business trip and participation in all absentee meetings of the Board of Directors of the Company.

The total amount of remuneration paid to the Company's independent directors for 2015 is 93,526 thousand tenge, including taxes.

The other members of the Board of Directors are not eligible for payment of remuneration as members of the Board of Directors for their work in this body.

11. Report of the Management Board for 2015

Management Board

"KazTransOil" JSC Management Board is a collegial executive body. Performs functions on the basis of Company Charter, Regulations on the Management Board and other internal documents of the Company.

The main principles of Management Board activity are honesty, good faith, rationality, awareness, regularity, observance of rights and interests of Company

shareholders to full extent and accountability to the decisions of General Meeting of Shareholders and the Board of Directors.

Appointment of Chair and members of the Management Board

The issue of determination of quantitative composition, term of powers of Company Management Board, election of the General Director (Chair of the Management Board), and members of the Management Board, early termination of their powers fall under the exceptional competence of the Board of Directors.

12. Competence of the Management Board and General Director (Chair of the Management Board)

Company Management Board is headed by the General Director (Chair of the Management Board). Powers are distributed between the Management Board and General Director (Chairman of the Management Board) of the Company in accordance with Article 12 of the Charter and Chapter 4 of the Regulations on the Management Board.

The key issues attributed to the competence of the Management Board include, among other things:

- implementation of the Strategy and Business Plan of the Company and submission of the annual report on implementing the Company's Development Strategy and Business Plan to the Board of Directors.
- approval of the staff schedule of the central office and the structure of the Company subject to the regular number of employees and the structure of the central office of the Company and regular number of the Corporate Secretary service approved by the Board of Directors, as well as approval of the regular number of employees, staff schedule and structure of branches and representative offices of the Company;
- coordination and supervision of work of branches, representative offices, of the Company and subsidiaries and jointly controlled entities.

13. Responsibility of the Management Board

The Management Board is responsible for allocation of financial and human resources required for implementing the goals set by the General Meeting of Shareholders and the Board of Directors. The Management Board reports to the Board of Directors on the progress in attaining the goals of the Company.

Additional information on activity of the Management Board of the Company is available on web-site of the Company in "Corporate governance" sector.

(http://kaztransoil.kz/ru/akcioneram_i_investoram/korporativnoe_upravlenie/pravlenie/)

14. Composition of the Management Board

In 2015, the Management Board consisted of eight members in different time periods.

Name, surname	Position
Kairgeldy Kabyldin (till 16.12.2015)	General Director (Chairman of the Management Board)
Nurtas Shmanov (from 16.12.2015 – till present)	General Director (Chairman of the Management Board)
Sisengali Utegaliyev	First Deputy General Director for Production
Assem Nussupova	Deputy General Director for Economy and Finance
Ruslan Mestoyev	Deputy General Director for Business Support
Bolat Otarov	Deputy General Director for Transportation
Bulat Zakirov	Deputy General Director for Development
Almas Ungarsynov	Chief of Staff (since 27.05.2014)
Zhaidarman Isakov	Managing Director for Legal Support

15. Information on meetings of the Management Board in 2014

During 2015 the Management Board held 29 meetings in presentia, at which resolution were made on the following key directions:

Strategic development: approval of the report for 2014 on implementation of Development Strategy for 2012-2022, confirmation of Action plan for 2015 on implementation of Development Strategy for 2012-2022;

Corporate governance: confirmation of incentive key performance indicators of managing employees of the Company for 2015 and their target values; approval of Strategy for corporate social responsibility of the Company;

Financial and economic activity: approval of annual financial statements and consolidated annual financial statements of the Company for 2014; approval of annual financial statements of “Kazakhstan – China Pipeline” LLP, “NWPC MunaiTas” JSC, Batumi Terminals Limited companies for 2014; approval of Company business-plan for 2016-2020; conclusion of interested-party deals by the Company;

Risk management and internal control: confirmation of updated risk and control matrices of the Company; consideration of Report on Risk Committee activity for 2014; approval of Report on implementation of Plan on improvement of internal control system for 2014 and Risk management program for 2015-2017;

Confirmation of Company internal documents: Confirmation of youth policy, Personnel pool; Rules on internal communication between the employer and employees of the Company; Rules on IMS documents management; IMS Guidelines; Rules on preparation, conclusion and execution of contracts, agreements etc.

Decisions on 183 considered issues were adopted by the Management Board of the Company. 77 of them were issued for consideration of the Company Board of

Directors.

Attendance at meetings of the Management Board in 2015

Member of the Management Board	Attendance at meetings	%	Period of membership in the Management Board in the reporting period
Kairgeldy Kabyldin	27 out of 27	100	01.01.2015 – 15.12.2015
Nurtas Shmanov	2 out of 2	100	16.12.2015 – 31.12.2015
Sisengali Utegaliyev	21 out of 29	72	01.01.2015 – 31.12.2015
Assem Nussupova	26 out of 29	90	01.01.2015 – 31.12.2015
Ruslan Mestoyev	19 out of 29	65	01.01.2015 – 31.12.2015
Bolat Otarov	26 out of 29	90	01.01.2015 – 31.12.2015
Bulat Zakirov	24 out of 29	83	01.01.2015 – 31.12.2015
Almas Ungarsynov	24 out of 29	83	01.01.2015 – 31.12.2015
Zhaidarman Isakov	26 out of 29	90	01.01.2015 – 31.12.2015

16. Report on activities of Committees established under the Management Board

Risk Committee was established for the purpose of preliminary consideration of risk management issues and preparation of relevant recommendations for the Management Board. The Risk Committee is an advisory and consultative body, which carries out its activities in accordance with the Regulations on the Risk Committee of “KazTransOil” JSC and other internal documents of the Company related to risk management and internal control.

In the reporting period the Risk Committee held 6 meetings, including 5 formal and 1 meeting in absentia, on the issues, aimed at further improvement of corporate risk management system (hereinafter – CRMS) and internal control system of the Company.

The following documents were coordinated and approved for the purpose of further improvement of CRMS by Risk Committee in the reporting period:

- draft Risk management program of “KazTransOil” JSC for 2015-2017;
- draft changes and additions to the Procedure of internal control system of “KazTransOil” JSC;
- Classifier of “KazTransOil” JSC business-processes for 2015;
- Calendar plan-schedule on development /update of risk and control matrices of “KazTransOil” JSC for 2015;
- Draft risk and control matrices and block-schemes on 15 business-processes of the central office of “KazTransOil” JSC;
- Draft Program of activities on reduction of high risks related to health and labor safety of “KazTransOil” JSC;

- Report on implementation of Plan on improvement of corporate risk management system of “KazTransOil” JSC for 2013-2014;
- Report on execution of Plan on improvement of internal control system of “KazTransOil” JSC for 2014;
- Report on key risks dynamics and course of execution of Action plan on key risks management.