

Evaluation of the Board of Directors performance

“KazTransOil” JSC (hereinafter – KTO) regularly holds a comprehensive evaluation of its performance, the performance of the Board and its committees, as well as an individual evaluation of directors in line with the best international practices.

The Board of Directors was evaluated in 2016 by independent external consultants from “TopCompetence” LLC, Russian Federation and “Olympex Advisers” LLC, Republic of Kazakhstan possessing significant experience in evaluation of boards of directors of international public companies.

As the approved Methodology states, the evaluation included an analysis of internal documents and minutes of the Board and its committees, Board reports, questioning of the Board members, individual interviews of the independent consultants with the Board members on such issues as the Board role and functions, composition and structure of the Board and its committees, order of their work, interaction with the management and other bodies of KTO, priorities of work of the Board and its committees.

The evaluation helped note the important role of the Board of Directors in ensuring the balance of interests of the KTO shareholders and determining the priority lines of development. The sizeable contribution of the independent directors in the Board performance was marked, as well as the important role of the Chairman in ensuring the constructive Board workstyle, and the quality work of the Corporate Secretary. The evaluation showed that the KTO Board performance complies, in many aspects, with the recommendations of the best corporate governance practices.

The evaluation results were considered at the formal Board meeting. The priority areas for improving the Board performance were identified following the independent consultants’ recommendations, in particular updating the KTO internal documents in connection with the updated Corporate Governance Code having been adopted in KTO, optimization of participation of the Board and relevant committees in discussion of remuneration-related policies, further improvement of internal control in KTO, and elaboration of professional growth programs for the Board members. As a result of the discussion, the Board of Directors decided to develop an action plan on how to improve the performance of the Board and its committees, and approve it at the next Board meeting.