

STATUTE

OF THE MANAGEMENT BOARD OF BATYS TRANSIT JSC

Almaty, 2014

1. General Provisions

1. This Statute has been prepared in compliance with the Law of the Republic of Kazakhstan “On joint stock companies” (hereinafter referred to as the Law), charter of Batys Transit joint stock company (hereinafter referred to as the Company), Corporate Governance Code of the Company.

2. The Statute defines the status, procedure of establishment, operation and competence of the Management Board of the Company, authorities and responsibilities of members of the Management Board, procedure of conveying, holding meetings of the Management Board, decision making and formalization.

2. Status of the Management Board

3. Management Board is a collegial executive body of the Company responsible for management of its day-to-day operations.

4. The main principles of the Management Board are protection of interests of the Company’s shareholders as rigorously as possible, honesty, good faith, reasonableness, prudence, and regularity.

5. The Management Board executes decisions of the General Meeting of Shareholders and the Board of Directors.

6. No person (or group of persons) shall have an unlimited authority for the Management Board’s decision.

3. Composition of the Management Board, Method of Election and Termination of Authorities of its Members

7. Activity of the Management Board is directly controlled by the Chairman of the Management Board of the Company (hereinafter referred to as the Chairman of the Management Board).

8. Management Board of the Company consists of 3(three) members.

9. Term of powers of the executive body shall be determined by the Board of Directors of the Company.

10. When selecting members of the Management Board of the Company, the Board of Directors shall be guided by the qualifying requirements for the candidates for these positions.

11. Members of the Management Board of the Company can be shareholders and the employees of the Company that are not shareholders, who complies with the following qualifying requirements:

- 1) higher education;
- 2) work experience and qualification that permit them to duly perform the duties assigned to them;
- 3) no records of conviction.

12. Employees of the Internal Audit Department shall not be elected as members of the Management Board.

13. Candidates for membership in the Management Board shall be put forward for consideration of the Board of Directors by the Chairman of the Management Board.

14. Members of the Management Board shall be elected and appointed based on maximally transparent and clear procedures determined by the Board of Directors.

15. An election shall be considered in force from the date when the Board of Directors took a respective decision.

16. Relations between the Company and members of the Management Board shall be formalized in labor agreements.

17. A labor agreement with the Chairman of the Management Board shall be signed on behalf of the Company by the Chairman of the Board of Directors or the person authorized to do that by the General Meeting or the Board of Directors. Labor agreements with other members of the executive body shall be signed by the Chairman of the Management Board.

18. The Board of Directors and the General Meeting of Shareholders (each within its competence) are the bodies authorized in compliance with articles 252 and 254 of the Labor Code of the Republic of Kazakhstan to take a decision of early termination of labor relations with the executive head and members of the Management Board of the Company. Termination of authorities of an employee as a member of the Management Board of the Company shall not necessarily lead to termination of his/her labor relations with the Company if the employee continues to work in the Company.

4. Competence of the Management Board

19. The Management Board of the Company is entitled to make decisions on any matters of the Company's activity that are not referred by the legislation of the Republic of Kazakhstan and the Charter of the Company to the competence of other bodies and officers of the Company.

20. Management Board of the Company performs the following functions:

1) creates atmosphere of motivation of the employees of the Company to contribute to the effective work of the Company;

2) discloses information and gives coverage to activities of the Company as required by the legislation of the Republic of Kazakhstan and ensures protection and integrity of official information;

3) allocates financial and labor resources for achievement of the targets set by the General Meeting of Shareholders and the Board of Directors;

4) develops, approves and presents to the Board of Directors of the Company the budget of the Company (1 year business plan);

5) implements the Strategy of the Company, Company Development Plan, Company's budget, and is liable for their implementation;

6) provides the Board of Directors with the predicted dividend rate on the shares of the Company within the term determined by the General Meeting of Shareholders;

7) develops procedures for internal control and risks management of the Company;

8) timely notifies the Board of Directors of existing drawbacks of the risks management system of the Company;

9) develops an external audit policy and provides it for approval to the Board of Directors;

10) approves the internal documents of the Company developed for organizing activity of the Company;

11) approves staffing table of the Company taking into consideration the organizational chart and manpower (total number of employees) of the Company approved by the Board of Directors;

12) takes a decision on providing charity and sponsorship;

13) ensures placing matters for consideration of the Board of Directors of the Company, if necessary;

14) reviews in advance the matters to be placed for consideration of the Board of Directors and the General Meeting of Shareholders, if necessary;

15) takes a decision to conclude any transactions required for organizing the Company's activities within the limits established by the legislation of the Republic of Kazakhstan;

16) takes decisions on any other matters of the Company's activities that are not referred by the legislation of the Republic of Kazakhstan and the Charter of the Company to the competence of other bodies of the Company.

21. The Management Board ensures timely provision to members of the Board of Directors, when they perform the tasks assigned to them, of information about activity of the Company, as well as required explanations and regulations within at most ten days from the date of receiving such a request.

22. The Management Board is liable for providing the Board of Directors with required resources for proper execution of their functions within the Company's budget.

23. Chairman of the Management Board within his/her competence:

1) arranges execution of the decisions of the General Meeting of Shareholders and the Board of Directors;

2) acts on behalf of the Company in relations with third parties without a power of attorney;

3) issues powers of attorney to represent the Company in its relations with third parties;

4) hires, transfers and dismisses employees of the Company (except for the cases stipulated by the Law), provides incentives to and impose disciplinary sanctions on them, approves job descriptions of employees of the Company, decides on the matters of labor remuneration and bonuses to employees of the Company in accordance with the legislation of the Republic of Kazakhstan and internal documents of the Company within the limits of the salary fund, except for the

employees included in the Management Board of the Company, Company's Internal Audit Department and Corporate Secretary of the Company, approves organizational charts of the Company's branches;

5) in case of his/her absence, assigns his/her duties to one of the members of the Management Board;

6) allocates duties, authorities and responsibilities between members of the Management Board; between structural subdivisions of the Company with approval of the statutes of structural subdivisions;

7) arranges activity of the Management Board, chairs its meetings;

8) ensures placing for consideration of the Board of Directors of the Company of draft Budget and preceding the planned one;

9) submits to the Board of Directors:

- annual reporting of the Company;

- activity report of the Management Board;

- other reports as requested by the Board of Directors of the Company;

10) ensures implementation of the recommendations given by the audit company auditing annual financial reporting, as well as recommendations of the Internal Audit Department in accordance with the decisions of the General Meetings of Shareholders and/or the Board of Directors;

11) arranges the activity to identify the reasons and conditions causing misconduct with regards to the property of the Company;

12) reconciles corporate disputes in accordance with the procedure specified in internal documents of the Company;

13) exercises other functions defined by the Charter, resolutions of the General Meeting of Shareholders and the Board of Directors of the Company.

24. The Chairman of the Management Board, if he/she is elected as a member of the Board of Directors, shall not be remunerated for his activity in the Board of Directors.

25. The Chairman of the Management Board shall not be entitled to take a position of the head of an executive body or the person who solely performs functions of an executive body of another legal entity.

5. Meetings of the Management Board and the Decision-Making Procedure

26. Meetings of the Management Board shall be conveyed when necessary, but at least once a month. The Chairman of the Management Board shall be entitled to convey a meeting of the Management Board or, in exceptional cases, place a matter for voting by correspondence by member of the Management Board at any time on his/her own initiative or as requested by one of the members of the Management Board, as well as when it is initiated by the Internal Audit Department.

27. Fixing dates, agenda and conveying a meeting, its chairing are the competence of the Chairman of the Management Board.

If the Chairman of the Management Board is absent, a meeting can be conveyed and its agenda, date, time and venue fixed by the member of the Management Board who is appointed to perform duties of the Chairman of the Management Board in accordance with the established procedure.

28. When initiated by members of the Management Board, the matters not included in the agenda can be additionally considered during the meeting.

29. Required information regarding the matters placed for consideration of the Management Board shall be prepared by the concerned structural subdivisions of the Company.

30. Information on the raised matters shall be agreed with the concerned structural subdivisions before its consideration during the meeting and after that provided to the secretary of the Management Board.

31. The secretary of the Management Board shall ensure preparation of the documents for the meeting of the Management Board that shall be communicated to the chairman of the Management Board and all members of the Management Board not later than 3 business day before the date of the meeting.

32. Members of the Management Board, Internal Audit Department are entitled to raise the matters to be considered by the Management Board.

33. Consideration of the matter included in agenda of the meeting of the Management Board can be suspended in case of absence of the member of the Management Board who is in charge of the activity of the Company related to the raised matter. Such decision shall be communicated to the absent member of the Management Board as soon as possible.

The matter suspended due to absence of the member of the Management board under jurisdiction of whom it falls, shall be considered during the following meeting of the Management Board with compulsory participation of the member of the Management Board who was absent from the previous meeting.

34. Meeting of the Management Board of the Company shall be considered duly constituted if at least one half of its member is present. Decisions of the Management Board shall be taken by simple majority of votes of members of the Management Board. During voting each member of the Management Board has one vote. In case of equality of votes, the vote of the Chairman of the Management Board of the Company shall be considered as a decisive one.

35. If a member of the Management Board cannot be present at a meeting, he/she can express his/her opinion by correspondence in writing (written vote) regarding all the matters placed for voting, drafts (information) of which was reviewed by him/her in advance.

36. A written vote shall be provided before a meeting of the Management Board is held.

Written vote of a member of the Management Board shall reflect his approach to agenda items (“for”, “against”, “abstained”). Written vote of a member of the Management Board shall be considered when determining the quorum and results of voting on agenda items.

If a copy of the written vote of an absent member of the Management Board was not included in the information (materials) provided to members of the

Management Board for holding a meeting, the Chairman of the Management Board or the member of the Management Board chairing such meeting shall announce the written vote of the absent member of the Management Board before starting voting on an agenda item.

37. If the member of the Management Board who earlier expressed his opinion in writing is present at the meeting of the Management Board, his written vote received before the meeting shall neither be announced, nor considered when identifying results of the voting.

38. The member of the Management Board who is not agree with the opinion of other members of the Management Board shall be entitled to submit in writing his individual (reasoned) opinion to be filed with the minutes of the meeting within one day from the meeting end.

39. Members of the Management Board shall not participate in consideration of the matters (discussion and voting) decision of which has a personal interest for them.

40. Members of the Management Board shall communicate to the chairman of the Board of Directors of the Company the information about existing conflict of interests regarding decisions on certain matters.

41. Decisions of the Management Board shall be formalized in minutes of the meeting. Minutes of the meeting of the Management shall be prepared by the secretary of the Management Board within 3 business days after holding a meeting, endorsed by him, signed by the members of the Management Board present at the meeting and the Chairman of the Management Board.

42. Minutes of the meeting shall contain information about:

- 1) venue and time of the meeting (in case of voting in person);
- 2) members of the Management Board participating in the meeting (voting, in case of voting in person), invitees;
- 3) agenda of the meeting;
- 4) method of voting;
- 5) matters put to the vote and voting results;
- 6) taken decisions.

43. The meetings of the Management Board during which the matters that will later be present for consideration of the Board of Directors and (or) the General Meeting of Shareholders having strategic matter or being important for development of the Company shall be held by personal attendance as an obligatory procedure. Meetings regarding such matters shall not be held by correspondence.

44. When initiated by the Chairman of the Management Board due to special reasons that require immediate decision making, the Management Board can take decisions by correspondence. The person acting as the Chairman of the Management Board shall not be entitled to take a decision concerning holding meetings of the Management Board by correspondence.

45. In the case when members of the Management Board vote by correspondence with respect to the matters that require prompt decision making, prepared information about such matters raised shall be accompanied by a service memo signed by the initiator and addressed to the Chairman of the Management

Board that justifies the necessity (high priority and urgency) to consider them and take a decision.

Resolution of the meeting of the Management Board held by correspondence shall be formalized in writing (hereinafter – the Resolution) and contain:

- 1) date, venue of executing a decision of a meeting by correspondence in writing;
- 2) information about composition of the Management Board;
- 3) agenda;
- 4) taken decisions;
- 5) other information.

Draft Resolution of the Management Board shall be signed by the secretary of the Management Board.

46. In a meeting hold by correspondence, members of the Management Board vote by signing draft Resolution in the respective column with an opinion option (“for”, “against”, “abstained”) in front of the name of the voting member of the Management Board.

47. After endorsement and signing, the Resolution shall be provided for a signature of the Chairman of the Management Board.

48. The secretary of the Management Board shall ensure registration of minutes of the meetings held by personal attendance and resolutions of the meetings of the Management Board of the Company held by correspondence, their respective filing and integrity of paper originals.

49. Originals of the documents presented for consideration by the Management Board together with original resolutions (minutes) of their approval shall be kept by the secretary of the Management Board.

50. Originals of internal documents of the Company (standards, rules, guidelines, regulations) after approval of the Management Board shall be provided by the secretary of the Management Board to the structural subdivision in charge of keeping original internal documents.

6. Rights, Duties and Responsibility of Members of the Management Board

51. Members of the Management Board when exercising their rights and performing their duties shall act in good faith and use the methods that reflect interests of the Company and its Shareholders at most.

52. Members of the Management Board, including the Chairman of the Management Board shall:

- 1) perform the duties assigned to them in good faith and reasonably with due care and deliberation for the benefit of the Company and Shareholders avoiding any conflicts;
- 2) ensure full compliance of their activity with the requirements of the legislation of the Republic of Kazakhstan, Charter of the Company, Corporate

Governance Code, Business Ethics Code, ethical standards and conventional business ethics standards;

3) not use property of the Company or permit its usage in contravention of the Charter of the Company and resolutions of the General Meeting of Shareholders and the Board of Directors, as well as pursuing own benefit, and misuse it when concluding transactions with his/her affiliates;

4) ensure integrity of the management system, accounting and financial reporting systems, including conducting an independent audit;

5) control disclose and provision of information on activity of the Company in accordance with requirements of the legislation of the Republic of Kazakhstan, Corporate Governance Code and internal documents of the Company;

5) avoid the situations in case of which a corporate conflict may arise neither in respect of themselves nor others;

7) timely inform the Corporate Secretary in case a corporate conflict arises.

53. Members of the Management Board shall be entitled to:

1) acting as a part of the collegial executive body of the Company, decide on the matters related to management of the day-to-day activity of the Company;

2) receive full information about activity of the Company, review constituent, normative, accounting, reporting, financial, contractual and other documents and information of the Company, including audit reports, required for resolving the matters under the jurisdiction of the Management Board of the Company;

3) receive copies of the above-mentioned documents and minutes of the meetings of the Management Board of the Company;

4) make proposals regarding the action plan of the Management Board of the Company and agenda of meetings of the Management Board of the Company, as well as the proposals to convey an extraordinary meeting of the Management Board of the Company;

5) decide on concluding any transactions, necessary for organizing the Company's activities, within the limits established by the legislation of the Republic of Kazakhstan;

6) express in writing their disaccord about decisions of the Management Board and communicate it to the Board of Directors of the Company;

7) exercise other rights granted by the legislation, charter, internal documents of the Company and this Statute.

54. Members of the Management Board, except for the Chairman of the Management Board, shall be entitled to work and/or hold an appointment in other companies only upon the consent of the Board of Directors.

55. Members of the Management Board shall:

1) participate in meetings of the Management Board of the Company;

2) execute decisions and instructions of the General Meeting of Shareholders, the Board of Directors and the Management Board of the Company, comply with the requirements of the Charter and internal documents of the Company;

3) act for the benefit of the Company, exercise their rights and perform their duties in respect of the Company in good faith and with deliberation;

4) not disclose commercial and other confidential information about the Company, including for three years after they suspend the service in the Company;

5) neither use their position and obtained information about activity of the Company for their personal benefit, nor permit usage of the position and available information to other persons to the detriment of the Company.

6) communicate to the Chairman of the Management Board and the Board of Directors of the Company information about the legal entities where they hold an appointment in management bodies.

56. Functions, rights and duties of members of the Management Board are governed by the legislation, the Charter of the Company, as well as the labor agreement concluded by each of them with the Company (except for the Chairman of the Management Board).

Labor agreements shall contain rights, duties, responsibility of the parties and other material provisions, as well as the liability of members of the Management Board to comply with the provisions of the Corporate Governance Code and Business Ethics Code of the Company.

7. Responsibility of the Management Board

57. Members of the Management Board of the Company shall be liable to the Company and its Shareholders for the damage caused by their actions (failure to act) in accordance with regulatory legal enactments of the Republic of Kazakhstan.

58. The members of the Management Board of the Company who voted at the meeting against the decision that caused damage to the Company or those who did not participate in voting shall not be liable for causing such damage.

59. Members of the Management Board shall be liable for disclosure of information and informational coverage of activity of the Company in accordance with the legislation, for completeness and accuracy of provided information, they shall ensure protection and integrity of internal (service) information.

60. Members of the Management Board shall be liable for compliance with the requirements of this Statute.

61. The Management Board shall be in charge of creation of an atmosphere of motivation of Company's employees to contribute to effective work of the Company.

62. The Management Board is liable for providing the Board of Directors with required resources for proper execution of its functions within the Company's budget.

8. Labor Remuneration for Members of the Management Board

63. The Board of Directors determines salary and labor conditions, bonuses

for the Chairman and members of the Management Board.

64. The bonus procedure for members of the Management Board shall be governed by internal documents of the Company, taking into consideration individual key performance indicators approved by the Board of Directors.

65. Social support, guarantees and compensatory payments to members of the Management Board shall be performed pursuant to the applicable legislation of the Republic of Kazakhstan, internal documents of the Company and labor agreements.

9. Secretary of the Management Board

66. Secretary of the Management Board shall be appointed by the Management Board of the Company from among the employees of the Company who are not members of the Management Board.

67. Secretary of the Management Board does not have the authorities of a member of the Management Board and does not participate in consideration of agenda items nor in deciding on them.

10. Audit and Reporting

68. The Management Board shall ensure that annual audit of annual financial statements of the Company is conducted in accordance with the procedure and within the terms stipulated by the applicable legislation of the Republic of Kazakhstan and internal documents of the Company.

69. The Management Board shall ensure that annual financial statements of the Company (certified by an audit company) are timely published in accordance with the procedure and within the terms stipulated by the applicable legislation of the Republic of Kazakhstan and internal documents of the Company.

11. The Procedure for the Management Board to Provide Periodical Reports to the Board of Directors

70. For effective corporate governance and open dialogue between the Board of Directors and the Management Board, the Management Board shall provide the Board of Directors of the Company with:

- annual reporting of the Company;
- activity report of the Management Board;
- other reports as requested by the Board of Directors of the Company.

71. The Management Board of the Company can provide the Board of Directors with additional information concerning plans, achievements and issues in the activity of the Company, as well as analytic surveys and information of other institutions concerning activity of the Company.

72. To prepare periodical reports, the structural subdivision of the Company in charge shall request from relevant structural subdivisions information on the matters supervised by them.

73. The information provided by structural subdivisions shall be timely, full and accurate.

74. The information and data provided to the Board of Directors shall cover the core of the matters placed for consideration of the Board of Directors in full, be integrated with respect to the raised matters, ensure obtaining answers to all points of interest and a possibility to take reasoned decisions.

12. Final Provisions

75. Stakeholders should be entitled to freely report to the Board of Directors on illegal and unethical actions of the Management Board, thereby their rights should not be in any way infringed in the event of such report.

76. Approval of the Statute and its amendment is under the jurisdiction of the Board of Directors.

77. If as a result of changes in the legislation of the Republic of Kazakhstan or the Charter of the Company, some provisions of the Statute comes into conflict with them, those provisions of the Statute shall cease to be in force, and until amendments to the Statute are made, members of the Management Board of the Company shall be governed by the applicable legal enactments of the Republic of Kazakhstan and the Charter.

78. The amendments made to this Statute shall be agreed by members of the Management Board and stakeholders of the Company.