



Approved
by decision of Board of Directors of
**JSC NSC (National Marine
Shipping Company)**
Kazmortransflot
dated "14" *november* 2007.
No. 12-07/CP

REGULATION ON THE REMUNERATION COMMITTEE OF JSC NMSC KAZMORTRANSFLOT BOARD OF DIRECTORS

1. GENERAL PROVISIONS

1. This Regulation on the Remuneration Committee (hereinafter referred to as Remuneration Committee) of the Joint Stock Company National Marine Shipping Company Kazmortransflot (hereinafter referred to as Company) is developed in compliance with the Law of the Republic of Kazakhstan, the Articles of Association of the Company, and international practice of corporate governance.
2. This Regulation determines the status and competence of the Remuneration Committee, its rights and obligations, the membership of the Remuneration Committee, the procedure of its forming, work and cooperation with the Company bodies.
3. The Remuneration Committee is a consultative and advisory body of the Board of Directors. All proposals developed by the Remuneration Committee, are recommendations to be considered by the Board of Directors.
4. The recommendations made by the Remuneration Committee on the issues specified by the Articles of Association as the ones within the exclusive competence of the General Meeting of Shareholders, upon their approval by the Board of Directors, shall be forwarded to the General Meeting of Shareholders for approval and making a decision, in compliance with the established legal procedure.
5. The Remuneration Committee is aimed at development and submission to the Board of Directors of the recommendations related to the following issues:
 - relevant remuneration of Directors, members of Executive Board, Head of Internal Audit Unit, Corporate Secretary, in compliance with the purposes, objectives, tasks and current status of the Company, as well as the level of remuneration in the companies with the similar type and scale of activities;
 - implementing of a structured and open remuneration system for Directors, members of Executive Board, Head of Internal Audit Unit, Corporate Secretary.

6. The members of the Remuneration Committee do not participate in the Committee's meeting discussions of the issues related to their own remuneration.

7. The following terms and definitions are used in this Regulation:

Director/s – member/s of the Board of Directors;

Legislation – the assembly of the regulatory acts of the of Kazakhstan, appropriately adopted;

Committee/s – the Committee/s of the Board of Directors;

The Remuneration Committee – The Remuneration Committee of the Board of Directors;

Corporate Secretary – Corporate Secretary of the Company;

Independent Directors – Directors determined as independent ones in compliance with the Law of the Republic of Kazakhstan “On Joint Stock Companies”, the Company's Articles of Association and the Company's Code of Corporate Governance;

General Meeting – the superior body of the Company;

Regulation – Regulation on the Remuneration Committee;

Executive Board – Executive body of the Company;

Internal Audit Service – Internal Audit Service of the Company;

Board of Directors – Body of Company management;

Articles of Association - The Company's Articles of Association.

8. The terms used but not determined in the Regulation are used in the same sense they are used in Legislation, Articles of Association and the Company's internal documents if otherwise is not provided by the Regulation.

2. REMUNERATION COMMITTEE COMPETENCE

9. The following issues are within the competence of the Remuneration Committee:

1) Recommendations related to the policy and structure of remuneration for Directors, members of Executive Board, Head of Internal Audit Unit, Corporate Secretary and other employees in compliance with the Company's internal documents;

2) Provision of recommendations related to annual individual remuneration of Directors, members of Executive Board, Head of Internal Audit Unit, Corporate Secretary and other employees in compliance with the Company's internal documents;

3) Making proposals to the Board of Directors related to changing the size of remuneration for Directors, the members of Executive Board, the Head of Internal Audit Service, the Corporate Secretary;

4) Consideration of the issue related to payment of annual bonus to the category of the Company's employees in compliance with the Company's internal documents;

5) Consideration of the standard regulations related to remuneration payment to the members of the Board of Directors and Executive Board (sole executive body) of affiliated Company's organizations, making the relevant proposals and comments;

6) Development of measures aimed at optimization of remuneration to Directors and the members of Executive Board in case of their early termination of office;

7) Comparative analysis of remuneration level and policy for Directors, members of Executive Board, Head of Internal Audit Unit, Corporate Secretary in Kazakhstan's companies and foreign ones which are similar to them in scale and the type of activity and informing the Board of Directors about that;

8) Submission of annual report about performance of the Remuneration Committee to the Board of Directors;

9) Provision the Board of Directors with recommendations on other issues within the limits of Committee's competence in compliance with the Board of Directors' orders and/or provisions of the Company's internal documents.

3. RIGHTS AND OBLIGATIONS OF THE REMUNERATION COMMITTEE

10. The Remuneration Committee is entitled to:

1) request for documents, reports, explanations and other information from the members of the Board of Directors, Committees, Executive Board, Internal Audit Service, Corporate Secretary and other Company's employees. The above information and documents shall be passed through the Corporate Secretary. The Company shall provide the Remuneration Committee with all the necessary resources and materials at its own expense in compliance with the established procedure;

2) invite the members of the Board of Directors, Executive Board, Committees, and other people to its meetings as observers;

3) in compliance with the established procedure use the service of external experts within the frame of the funds provided by the Company budget for the current year;

4) exercise other rights necessary to perform its functions.

11. The members of the Remuneration Committee shall:

1) perform their work honestly and in good faith in the interests of Shareholders and the Company, as a whole, and follow the key principles of the Company's code of corporate governance;

2) devote enough time to efficient performance of their duties;

3) participate in the work of the Remuneration Committee and attend its meetings, except for the cases when the issues of their own remuneration are discussed;

4) make proposals related to amendments to this Regulation;

5) inform the Board of Directors about any changes in their status of Independent Director within five work days from the moment the status is lost or about arising the conflict of interests related to the decisions to be made by the Remuneration Committee.

4. FORMATION OF THE REMUNERATION COMMITTEE

12. The Remuneration Committee consists of three Directors, at least two thirds of which must be Independent Directors.

13. The members of the Remuneration Committee are elected by the majority of members of the Board of Directors. The Chairman of Executive Board cannot be a member of the Remuneration Committee.

14. In case of necessity the Remuneration Committee can include experts having necessary professional knowledge for the work in the Remuneration Committee.

15. The terms of membership in the Remuneration Committee coincide with the terms of membership in the Board of Directors, although they can be reviewed by the Board of Directors every year.

5. CHAIRMAN OF THE REMUNERATION COMMITTEE

16. The chairman of the Remuneration Committee is elected from Independent Directors.

17. The chairman of the Remuneration Committee shall organize the work of the headed Committee, in particular:

1) calls the meetings of the Remuneration Committee and presides over them;

2) approves the agenda of the Remuneration Committee's meetings, including the contents of issues to be discussed at the meetings of the Remuneration Committee;

3) organizes discussing issues at the meetings of the Remuneration Committee, and also hears the opinions of the people invited to attend the meeting;

4) develops the plan of scheduled meetings for the current year with regard to the plan of the Board of Directors' meetings.

6. ORGANIZATION OF WORK OF THE REMUNERATION COMMITTEE

18. The work of the Remuneration Committee is carried out in the form of meetings.

19. The functions of the Remuneration Committee's secretary are performed by the Corporate Secretary.

20. The Corporate Secretary organizes preparation of the Remuneration Committee meetings and their conduction, collection and systematization of materials for the meetings, timely notification of the Remuneration Committee members and invited people about the meetings of the Remuneration Committee, sending them agendas and materials related to the issues in the agenda, makes the Minutes of the meeting, prepares the draft decisions of the Remuneration Committee and provides for further on safekeeping of all relevant materials.

The Corporate Secretary ensures the reception of all necessary information by the members of the Remuneration Committee.

21. The meetings of the Remuneration Committee are carried out according to the plan approved by the Chairman of the Remuneration Committee.

22. An off-scheduled meeting of the Remuneration Committee is carried out by the Chairman's own initiative, by the request of any member of the Remuneration Committee, Board of Directors, as well as by the written request of a major Shareholder and the Chairman of Executive Board.

23. The notification about holding a meeting of the Remuneration Committee, together with the agenda, should be sent to the meeting participants at least five work days prior to the date of the Remuneration Committee meeting.

24. The meeting of the Remuneration Committee is legally recognized if at least half of the Remuneration Committee members participate in it.

25. The decisions of the Remuneration Committee can be made both by voting in person, absentee voting, and by mixed voting. The Remuneration Committee tries to minimize holding of meetings in the form of absentee voting.

26. The third parties can be present at the meetings of the Remuneration Committee by the invitation of the Chairman of the Remuneration Committee without the right of voting, as far as the issues of the agenda are concerned.

27. Decisions of the Remuneration Committee are made by a simple majority from the total number of members of the Remuneration Committee. In case the votes are equal, the Chairman of the Remuneration Committee shall have the casting vote.

28. Every member of the Remuneration Committee can lay out his/her dissenting opinion, which is provided with the protocol of the Remuneration Committee's decision. In cases when the decision cannot be made due to personal interests of

some members of the Committee, this fact shall be recorded into the Minutes of the Remuneration Committee's meeting.

29. The Minutes are written in two original copies, one of which, after its signing, is sent to the Board of Directors with the materials and recommendations prepared for it.