

**Minutes No. 6**  
**of the annual General Meeting of Shareholders**  
**of Kazakhstan Electricity Grid Operating Company (KEGOC) JSC**

Astana

12 May 2017

Location of Kazakhstan Electricity Grid Operating Company (KEGOC) joint-stock company (hereinafter - KEGOC or the Company): 59, Tauyelsizdik St. Astana, Republic of Kazakhstan

Venue of the annual General Meeting of Shareholders of Kazakhstan Electricity Grid Operating Company (KEGOC) joint-stock company, (hereinafter - the Meeting): 59, Tauyelsizdik St. Astana, Republic of Kazakhstan, 11:00 am

Kuanysh Bektemirov, the Chairman of the Board of Directors, delivered the welcoming speech and told the audience that the present Meeting was convened on the initiative of the Board of Directors on 31 March 2016 with the following agenda:

1. Claims from the shareholders in relation to activities of KEGOC and its officers and results of consideration of such claims.
2. Approval of the annual financial statements, distribution of the net income, payment of dividends on ordinary shares and the amount of dividends per ordinary share of KEGOC for 2016.
3. Approval of the new revision of KEGOC's Charter.
4. Approval of the new revision of the Instruction. Methodology for valuation of shares for repurchase by KEGOC on the free securities market (И KEGOC 00-201-17-OCA).
5. Approval of the new revision of the Rules. Selection and election of the members of the Board of Directors of KEGOC.
6. Approval of the new revision of the Rules. Remuneration and reimbursement of expenses of the members of KEGOC's Board of Directors (Пр KEGOC ИД-311-16-OCA).

Information about the Meeting was published in the national print media *Yegemen Kazakhstan* and *Kazakhstanskaya Pravda* on 10 April 2017 and on the website of KEGOC and Kazakhstan Stock Exchange.

Kuanysh Bektemirov introduced the panel of the annual General Meeting of Shareholders:



1. Kuanysh Bektemirov - Chairman of the Board of Directors, KEGOC;
2. Daulet Karimov - representative of Samruk-Kazyna, major shareholder;
3. Bakytzhan Kazhiyev - Chairman of the Management Board, KEGOC;
4. Yertai Ramazanov - Corporate Secretary, KEGOC.

In accordance with Article 36.1.4 of Law of the Republic of Kazakhstan No. 415 dated 13 May 2003 On Joint-Stock Companies (hereinafter - the Law), the General Meeting of Shareholders of KEGOC defined the number of members and term of office of the Counting Board and elected its Chairman and members.

Kuanysh Bektemirov gave the floor to Shayakhmet Tokubayev, the Chairman of the Counting Board.

Shayakhmet Tokubayev communicated to the Meeting the information on registration of shareholders and the quorum of the Meeting, clarified rights and responsibilities of shareholders, and indicated that the Meeting shall be entitled to consider and decide on the agenda issues, if by the end of the registration of the meeting participants, the shareholders or their representatives, who hold in aggregate fifty and more percent of the voting shares of the Company, have undergone the registration.

All attending shareholders were registered and powers of shareholders' representatives were properly checked.

During the registration all shareholders, who attended the Meeting, received explanatory notes, draft decisions and voting ballots on the agenda issues.

Shayakhmet Tokubayev informed that in accordance with the list of shareholders of the Company represented by the Company's Registrar - Integrated Securities Registrar JSC - as of 3 May 2017, the total number of placed shares was 260,000,000 including 259,998,610 voting shares and zero preferred shares.

The meeting was attended by twenty seven (27) shareholders (including representatives) entitled to attend and vote at the Meeting. The number of shareholders registered at the Meeting is two hundred thirty-four million eight thousand four hundred forty two), or 90.0037 % of the total number of votes of the shareholders - owners of the Company's placed shares.

**Quorum of the annual General Meeting of Shareholders is present.**

Kuanysh Bektemirov, Chairman of the Board of Directors, gave the floor to Bakytzhan Kazhiyev, the Chairman of the Management Board of KEGOC.

Bakytzhan Kazhiyev made a welcoming speech and proposed KEGOC's shareholders to consider the Meeting open.

After that, pursuant to Article 48.4 of the Law stating that the General Meeting of Shareholders shall decide on the form of voting: open or secret (by ballots), Bakytzhan Kazhiyev offered an open form of voting.

After discussion the shareholders agreed on the open form of voting.

**Voting results:**

The shareholders voted by majority votes 'Pro' the open form of voting.



Voting was conducted according to the principle 'one shareholder - one vote'.

**DECIDED to:**

Define the form of voting on agenda items open.

Bakytzhan Kazhiyev proposed to elect Daulet Karimov (the representative of the major shareholder Samruk-Kazyna) the Chairman of the Meeting to conduct the Meeting.

**Voting results:**

The shareholders by majority votes decided to elect Daulet Karimov, the representative of the major shareholder Samruk-Kazyna, the Chairman of the Meeting.

Voting was conducted according to the principle 'one shareholder - one vote'.

**DECIDED to:**

Elect Daulet Karimov, the representative of the major shareholder Samruk-Kazyna, the Chairman of the Meeting.

Bakytzhan Kazhiyev continued. In accordance with sub-clause 12 of Article 1 of the Law, as part of his/her activity, the Corporate Secretary of the Company shall monitor the preparation and holding of the shareholders' meetings, ensure the compilation of the materials on the agenda of the general meeting of shareholders of the Company.

In this regard, it is proposed to elect Yertai Ramazanov, the Corporate Secretary of the Company, the Secretary of the Meeting.

**Voting results:**

The shareholders by majority votes decided to elect Yertai Ramazanov, the Corporate Secretary of the Company, the Secretary of the Meeting.

Voting was conducted according to the principle 'one shareholder - one vote'.

**DECIDED to:**

Elect Yertai Ramazanov the Secretary of the Meeting.

Daulet Karimov welcomed the shareholders and thanked for electing him the Chairman of the annual General Meeting of Shareholders, then he informed of the Meeting regulations:

- speaking on agenda items: up to 10 minutes;
- voting form: open;
- voting: 3 minutes;
- canvassing: 3 minutes;
- counting of votes and announcement of results: 10 minutes;
- questions and answers: 10 minutes.

The Chairman of the Meeting announced the agenda of the Meeting formed by the Board of Directors of the Company, which includes the following issues:

1. Claims from the shareholders in relation to activities of KEGOC and its officers and results of consideration of such claims.

2. Approval of the annual financial statements, distribution of the net income, payment of dividends on ordinary shares and the amount of dividends per ordinary share of KEGOC for 2016.

3. Approval of the new revision of KEGOC's Charter;

4. Approval of the new revision of the Instruction. Methodology for valuation of shares for repurchase by KEGOC on the free securities market (И KEGOC 00-201-17-OCA).

5. Approval of the new revision of the Rules. Selection and election of the members of the Board of Directors of KEGOC.

6. Approval of the new revision of the Rules. Remuneration and reimbursement of expenses of the members of KEGOC Board of Directors (Пр KEGOC ИД-311-16-OCA).

The Chairman informed the shareholders that no proposals on changing the agenda of the Meeting had been received, in accordance with clause 3 of Article 43 of the Law, and put the issue 'On approval of the agenda of the General Meeting of Shareholders of KEGOC' to vote.

**Voting results:**

'Pro' - 234,008,178 votes (90.0036 %)

'Contra' - 0

'Abstain' - 0

Voting was conducted according to the principle 'one share - one vote'.

Two ballots with 264 shares did not vote.

**DECIDED to:**

Approve the following agenda of the Meeting:

1. Claims from the shareholders in relation to activities of KEGOC and its officers and results of consideration of such claims.

2. Approval of the annual financial statements, distribution of the net income, payment of dividends on ordinary shares and the amount of dividends per ordinary share of KEGOC for 2016;

3. Approval of the new revision of KEGOC's Charter.

4. Approval of the new revision of the Instruction. Methodology for valuation of shares for repurchase by KEGOC on the free securities market (И KEGOC 00-201-17-OCA).

5. Approval of the new revision of the Rules. Selection and election of the members of the Board of Directors of KEGOC (ПР KEGOC ИД-341-16-OCA).

6. Approval of the new revision of the Rules. Remuneration and reimbursement of expenses of the members of KEGOC Board of Directors (Пр KEGOC ИД-311-16-OCA).



## AGENDA ISSUES REVIEW PROGRESS AND RESULTS

Kuanysh Bektemirov, the Chairman of the Board of Directors, spoke on the **first item** of the agenda and informed that:

1. In accordance with Article 35.2.3) of the Law of Kazakhstan On Joint Stock Companies and Article 15.3 of KEGOC's Charter, claims from the shareholders in relation to activities of the Company and its officers and results of consideration of such claims shall be reviewed at the annual General Meeting of Shareholders of KEGOC.

According to the information enclosed in the explanatory note, from 1 January to 31 December 2016 there were no claims from the shareholders in relation to activities of KEGOC and its officers.

Based on the above, the issue of claims from the shareholders in relation to activities of KEGOC and its officers and results of consideration of such claims shall be reviewed at the General Meeting.

Should the General Meeting fail to accept the proposed decision, there is a risk of violation of Article 35.2.3) of the Law and Article 15.3 of KEGOC's Charter.

Social and economic and/or legal effects are not expected, should the General Meeting of Shareholders make a decision on this issue.

This issue was earlier considered at the meeting of the Board of Directors of the Company on 31 March 2017 (Minutes No. 3).

### **Voting results:**

'Pro' - 234,008,178 votes (90.0036 %)

'Contra' - 0

'Abstain' - 0

Voting was conducted according to the principle 'one share - one vote'.

Two ballots with 264 shares did not vote.

Having reviewed the agenda issue in accordance with Article 35.2.3) of the Law of the Republic of Kazakhstan on Joint-Stock Companies and Article 15.3 of KEGOC's Charter, **the annual General Meeting of KEGOC Shareholders DECIDED to:**

Take note of the absence of claims from the shareholders in relation to activities of KEGOC and its officers.

Bakytzhan Kazhiyev, the Chairman of the Management Board of the Company, spoke on the **second issue** of the agenda:

1. Ernst&Young LLP, independent audit firm, audited the Company's financial statements for the year ended on 31 December 2016. According to the audit opinion of Ernst & Young, the consolidated and separate financial statements reliably reflect the financial health of the Company in all material aspects as of 31 December 2016, as well



as its financial performance and cash flows for 2016 as per the International Financial Reporting Standards.

The period from 2012 to 2016 observes a steady positive dynamics of revenue growth.

The Company's income from operations for 2016 increased by KZT 20 billion or 18% to KZT 130 billion, compared to KZT 110 billion for 2015 due to growth of revenues from electric power transmission services by 9% (or KZT 6.6 billion, including discounts); increase of revenues from technical dispatching services for electricity supply to the grid and electricity consumption by 31% (or KZT 4.7 billion); growth of income from electricity generation and consumption balancing services in Kazakhstan by 4% (or KZT 0.5 billion). The stated revenues growth is stipulated by increase in the volumes of services rendered as well as change in annual average tariffs.

Separately it's worth noting the growth of revenues from sale of purchased electricity generated by renewable energy sources as a result of commissioning of renewable energy sources facilities and, accordingly, increase in volume of electricity generated by the renewable energy sources. This activity is carried out by the Company's subsidiary, the Financial Settlement Centre for Renewable Energy Sources Support LLP (FSC RES). The revenues gain compared to 2015 amounted to KZT 6 billion, in other words, revenues from sale of purchased electricity increased twice as much.

The cost of sale in 2016 increased by 5%, or KZT 4 billion compared to 2015. The cost of sale grew mainly due to increased volume of sold purchased electricity generated by renewable energy sources and, accordingly, the cost of sale of purchased electricity by KZT 6 billion. Meanwhile, decreased average price for electricity purchase resulted in decrease in costs for compensation for electricity process consumption by KZT 4 billion or 20%.

The analysis shows that excluding the costs for purchase of electricity from renewable energy sources the cost of sale for 2016 reduced by KZT 1.6 billion.

The general and administrative expenses for 2016 amounted to KZT 18 billion and increased by KZT 9 billion compared to the similar period in 2015.

The general and administrative expenses fluctuations in 2015 and 2016 were caused by the following factors:

- 1) growth of expenses for accrual of provision for doubtful debts;
- 2) additional expenses for property tax for 2015;
- 3) expenses related to implementation of the Business Transformation Programme.

Without these expenses taken into account the amount of general and administrative expenses seems to be relatively stable and is explained by significant reduction of expenses for labour payment in 2015 mainly due to reduction of bonus payments based on work results.

The general and administrative expenses increased as a result of growth of expenses for accrual of provision for doubtful accounts receivable by KZT 3 billion. In 2015, as a result of accepting the doubtful debts payment schedule from UzbekEnergо envisaging the debt payment date transfer, the provision was recovered. Since May 2016 the repayment schedule was violated, as a result the provision was accrued again in



accordance with the Company's policy. It should be noted that in January-March 2017 UzbekEnergo repaid a part of this debt. In 2017 the Company expects a timely repayment of the debt by UzbekEnergo, after that the accrued provision will be recovered.

It should be noted that without the provision taken into account the amount of general and administrative expenses is stable. Thus, in 2015 compared to 2014 the general and administrative expenses could reduce by 2%.

At that, the expenses for tax, except for income tax, increased by 62% or KZT 3 billion, as a result of additional accrual of property tax. On 1 January 2015 the Kazakhstan Fixed Assets Classifier became effective (hereinafter referred to as the 'KFAC'). This version of KFAC was supposed to reclassify a part of fixed assets from the 'Structures' group to the 'Machines and Equipment' group. The Company applied a new version of KFAC to calculate the property tax in 2015 and 2016. The application of this version of KFAC resulted in the Company's saving of funds in 2015. In 2016 the tax bodies raised a question as to the fact that KFAC was not registered in judicial authorities and, therefore, the new version of KFAC was abolished. In this regard the Company reclassified fixed assets and additionally accrued the property tax for 2015 and 2016 to the amount of KZT 2.6 billion.

Based on the above, the net income of the Company in 2016 reached a record at KZT 27.6 billion. The slide briefly describes factors that influenced the growth of financial results.

#### *Reference*

#### *Main factors that influenced the financial results:*

- *Gross profit increased by KZT 16.1 billion (46.6%) as a result of tariff increase and the volumes of sale of purchased electricity;*

- *General and administrative costs increased by KZT 9.1 billion due to additional accrual of property tax (increase by KZT 3.2 billion), accrual of provision for debt of UzbekEnergo (increase by KZT 3.3 billion) and labour payment (increase by KZT 1.8 billion);*

- *Net exchange gain amounted to KZT 2.4 billion against the loss to the amount of KZT 35.7 billion for 2015. Main reasons for the exchange gains are effective money management and strengthening of tenge compared to main foreign currencies at the end of 2016.*

The company is constantly improving financial and operational efficiency including optimizing the costs, e.g. through reducing the price for electricity purchase to compensate technical loss (from 8.28 to 6.41 tenge/kWh).

The EBITDA consolidated margin based on 2016 results made 42.6%, this lower than 2015 indicator by 2.5 percentage points (43.7% in 2015).

Meanwhile, the non-consolidated EBITDA margin for 2016 made 46.1%, being more than non-consolidated EBITDA margin for 2015 (non-consolidated EBITDA margin 45.6%).

The difference is preconditioned by the low-margin transactions of the Financial Settlement Centre for Renewable Energy Sources Support on purchase/sale of electricity



generated by renewable energy sources within responsibility entrusted on the system operator under the existing legislation.

As of 31 December 2016 the fixed assets amounted to KZT 501 billion, increasing compared to the beginning of the year by KZT 22 billion. The increase is mainly preconditioned by completion of the construction of the first phase of 500 kV North-East-South Electricity Transmission Project (Construction of 500 kV Ekibastuz-Shulbinsk HPP - Ust-Kamenogorsk) ahead of the schedule. The facility was launched on 6 December 2016 under the Industrialization Day.

Taking into account depreciation of the existing operational equipment, prospects for development of inter-regional network and power delivery, new generating capacities planned to be commissioned, the Company is implementing an active investment policy.

Since 2000, the national power grid have been rehabilitated. In order to meet the Kazakhstan consumers' demand for electricity and provide export and transit potential, new power facilities are being constructed.

The actual disbursed capital investments from own funds in 2016 amounted to KZT 44.1 billion.

Main part of capital investments fall on the 500 kV North-East-South Electricity Transmission Project.

The Company has a long-term liability structure with loyal creditors (International Bank for Reconstruction and Development, European Bank for Reconstruction and Development).

As of 31 December 2016 the outstanding loan balance included the loans provided by the International Bank for Reconstruction and Development (IBRD) to the amount of KZT 65.1 billion and the European Bank for Reconstruction and Development (EBRD) to the amount of KZT 57.3 billion. These loans were provided under credit facilities for implementation of the projects.

In addition, the Company's loan capital includes bonds issued in 2016.

The Government of the Republic of Kazakhstan approved granting of loan financing for implementation of the project to the amount of KZT 47.5 billion out of the resources of the Unified Accumulative Pension Fund through KEGOC's bonds purchase. The bonds redemption is planned for 2031.

Since IPO at the end of 2014 the Company has paid dividends three times already to the total amount of approximately KZT 17.5 billion.

It should be noted that according to the dividend policy not less than 40% of net income can be allocated for dividends payment. It should also be noted that the existing legislation, the Charter and the dividend policy of KEGOC allow allocating up to 100% of net income for dividends payment for the reporting period. Moreover, the dividends can be paid 2 times a year upon the audit of the financial statements.

Taking into account the financial position and results of KEGOC's activity, **50% of net income for 2016 is suggested to be allocated.**

At that, since the income in the financial statements for 2016 is represented on an accrual basis for the entire year, and the dividends have already been paid to the amount



of KZT 6,481,765,347.30 for H1 2016, it is proposed to reduce the amount to be allocated by the amount of dividends that was already paid based on H1 2016 results.

**The total amount of dividends to be allocated will make KZT 7,313,760,899.30 for all holders of ordinary shares of the Company, which is KZT 28.13 per one ordinary share.**

2. Approval of the financial statements by the General Meeting of Shareholders will minimize the risk of reducing the level of corporate governance in terms of timely and complete disclosure of information about the Company's operations to the shareholders and other interested parties.

3. Social and economic and/or legal effects are not expected, should the General Meeting of Shareholders makes a decision on this issue.

4. Earlier the issue was addressed at the meeting of KEGOC's Board of Directors on 31 March 2017 (Minute No. 3).

In accordance with the Corporate Governance Code of the Company, at the annual general shareholders' meeting the Chairman of the Board of Directors shall provide the shareholders with the annual report of the Company. In this regard the Chairman of the Board of Directors of the Company Kuanysh Bektemirov informed, for the purpose of information disclosure about KEGOC's performance for 2016 to the shareholders and other concerned parties of KEGOC, that KEGOC's Annual Report for 2016 was prepared. The annual report considered the requirements of KEGOC's Corporate Governance Code and the Listing Rules of the Kazakhstan Stock Exchange. The Annual Report discloses the results of the operating, investing, financial, economic and social activities of KEGOC in 2016.

## KEY EVENTS

The year of 2016 was the anniversary year for the Republic of Kazakhstan and will remain momentous in KEGOC's development history. It was filled with events, which received due attention of all concerned parties.

As a System Operator KEGOC has successfully completed the main objective, i.e. ensured the reliable operation of the Unified Power System of the Republic of Kazakhstan.

The reporting period demonstrated the increase in electricity generation and consumption volumes in Kazakhstan compared to 2015. The electricity generation grew by 3.6% or 3.3 billion kWh reaching 94.1 billion kWh. The electricity consumption grew by 1.6% or 1.4 billion kWh reaching 92.3 billion kWh. The volumes of rendered services increased for electricity transmission via the National Power Grid, technical dispatch of electricity supply to network and electricity consumption, and electricity generation and consumption balancing.

Despite some negative external impacts, the year of 2016 ended with positive financial indicators. As a result of effective management and prompt response to challenges the Company received the highest profit in its history amounting to KZT 27.59 billion.



The Company proceeds living up to the expectations of shareholders. Based on H1 of the year results the dividends were paid to the amount of approximately KZT 6.5 billion making nearly KZT 25 per one ordinary share. Overall, KEGOC's shares were among most quoted on the Kazakhstan Stock Exchange, and as of the end of 2016 one share priced approximately KZT 1,160, this twice as much its initial cost.

As part of the investment programmes KEGOC is expediting the construction of 500 kV high-voltage transmission line North - East - South as instructed by the head of the state. The first phase of the 500 kV OHTL Ekibastuz – Semey – Ust-Kamenogorsk project was complete ahead of schedule and commissioned on 6 December 2016 shortly before the 25th Anniversary of Independence of the Republic of Kazakhstan.

In 2017 implementation of the second phase of large-scale investment project for construction of 500 kV OHTL North-East-South Transit will proceed. In future it is planned to implement a number of investment projects for development of the National Power Grid to integrate Zone West into Kazakhstan UPS.

Our Company is successfully developing international cooperation. In 2016 KEGOC became a member society of the International Council on Large Electric Systems (Conseil International des Grands Réseaux Électriques – CIGRE) bringing together over 1,000 organisations and over 6,000 experts in all areas of the electricity industry. Chaired by KEGOC, Astana held one of the most important regional events in the power industry, namely the 25th anniversary meeting of the Coordination Electric Power Council of Central Asia (CEPC CA) attended by the top managers of Kazakhstan and Central Asia power systems.

The high level of the Company performance is also evidenced by the fact that in 2016 TÜV NORD Cert (Germany) certification body confirmed KEGOC's IMS compliance with regard to the requirements of international standards for quality management systems (ISO 9001), environmental management systems (ISO 14001), management systems of professional health and safety (OHSAS 18001) and information security management system (ISO/IEC 27001).

One of KEGOC's key development areas is social and labour relations.

In 2016 KEGOC signed with its employees a new Collective Bargaining Agreement for 2016-2020, which was prepared with due account of the changes in labour laws of the Republic of Kazakhstan and a stronger role of social partnership in relations between the employer and the employees.

In general, the HR policy implemented by KEGOC delivers positive results as evidenced by the social stability rating (82%), which is traditionally the highest one at the Samruk-Kazyna group of companies.

Work is continuing under KEGOC's Business Transformation Programme and in 2017 the third and decisive stage of the programme to implement the project portfolio including 23 projects will be launched. The projects implementation will allow for effective use of reserves and focus on most promising business areas with high potential to increase the value of the Company, ensure the growth of labour productivity and introduce advanced management practices.

In 2017 KEGOC will continue to improve efficiency of all business areas and certainly retain leadership in the industry and trust of shareholders and partners.



The Board of Directors is newly formed of eight (8) members to ensure a balanced membership of the Board of Directors with account of fair treatment to shareholders. Additionally, representatives of Samruk-Kazyna being members of KEGOC's Board of Directors were included in the Board of Directors of KEGOC:

**Suinshlik Tiyyessov** is an Honourable Power Engineer of the CIS and the Republic of Kazakhstan, Veteran of Power Industry; was awarded the Orders of Barys (II and III categories), Medals of the Republic of Kazakhstan, Letter of Appreciation from the President of Kazakhstan. Mr Tiyyessov has an extensive work experience as a whole and extensive experience in executive positions as a member of the board of directors, and has an impeccable business reputation. He has a wide range of knowledge, skills and competences, particularly, in developing Strategy, Investment, as well as profound theoretical and practical skills in human resources management.

Moreover, the overall power supply configuration of Tengiz oil-gas field was commissioned under the supervision of Suinshlik Tiyyessov: 240 MW gas-turbine power plant, 220 kV lines (1,500 km) from Mangistau Power Complex to Uralskaya SS and eight 110-220 kV substations were built. Guryevsk CHPP was rehabilitated.

Being the First Deputy of the Minister for Energy and Coal Industry of the Republic of Kazakhstan, he managed the Group on developing the First Programme for Restructuring, Privatisation and Reforming the Electric Power Industry, building a competitive electricity market in the Republic of Kazakhstan and implemented anti-crisis management of the electric power industry in Kazakhstan during severe times of the national economy downturns.

**Zhanna Yegimbayeva** has an extensive experience in Jurisprudence, executive positions as Head of Legal Division Sector at the Office of the President and the Cabinet of Ministers in the Republic of Kazakhstan; Deputy Head of Prime-Minister's Office of the Republic of Kazakhstan, Government Office of the Republic of Kazakhstan, Deputy Head of the Office of the Prime Minister of the Republic of Kazakhstan, has an impeccable business reputation. She has a wide range of knowledge, skills and competences, particularly, in jurisprudence. Since 2 June 2016 - Independent Director - member of the Board of Directors, KazAgro National Management Holding joint-stock company.

In 2016, the Board of Directors held 12 meetings in presentia and three meetings in absentia, where 153 issues were considered with relevant decisions made. The following issues were considered: strategic, financial and economic and investment; corporate governance and risks; HR policy; activities of subsidiaries, etc.

Under the instruction of the members of the Board of Directors, the Chairman of the Management Board was requested to submit proposals for the establishment of the Occupational Health, Safety, and Environmental Protection Committee under the Board of Directors and formation of its membership.

Based on the decision of the Board of Directors dated 28 October 2017 (Minutes No. 12), the Occupational Health, Safety, and Environmental Protection Committee was established with the following membership:

- 1) Dominique Fache, Independent Director, Chairman;
- 2) Janusz Bialek, Independent Director, member of the Committee;



- 3) Luca Sutera, Independent Director, member of the Committee;
- 4) Anatoliy Spitsyn, Independent Director, member of the Committee.
- 5) Zhanna Yegimbayeva, member of the Board of Directors, member of the Committee.

KEGOC established four committees to review the most important issues and prepare recommendations to the Board of Directors:

- Audit Committee;
- Nomination and Remuneration Committee;
- Strategic Planning and Corporate Governance Committee.
- Occupational Health, Safety and Environmental Protection Committee.

The Committees are an advisory body of the Board of Directors. All proposals worked out by the Committees are recommendations that shall be submitted to KEGOC's Board of Directors for review.

#### **Audit Committee**

In 2016, the Audit Committee held ten meetings in praesentia, reviewed 52 issues, and provided the appropriate recommendations to the Board of Directors.

#### **Nomination and Remuneration Committee**

In 2016, the Committee held nine meetings in praesentia. In accordance with the agendas of meetings, the Committee reviewed 41 issues and provided recommendations to the Board of Directors.

#### **Strategic Planning and Corporate Governance Committee**

In 2016, the Committee held eight meetings in praesentia. In accordance with the agendas of meetings, the Committee reviewed 22 issues and provided recommendations to the Board of Directors.

#### **Occupational Health, Safety and Environmental Protection Committee**

In 2016, the Committee held one meeting in praesentia. In accordance with the agendas of meetings, the Committee reviewed two issues and provided recommendations to the Board of Directors.

The annual fixed fee shall be paid to an independent director for his/her duties as a member of KEGOC's Board of Directors in the amount determined by the General Meeting of Shareholders in accordance with the laws of the Republic of Kazakhstan.

The additional fee shall be paid to the independent members of the Board of Directors for participation in meetings in praesentia of the committees of the Board of Directors.

Based on the decision of the General Meeting of Shareholders dated 28 October 2016, a member of the Board of Directors elected as representative of KEGOC's major shareholder (Samruk-Kazyna) for performance of the duties shall be paid a fixed annual remuneration.

Payment of additional remuneration is not provided.



Should the Director participate in less than a half of all the meetings held in praesentia and in absentia by the Board of Directors during the reporting period, except for absence at meetings in praesentia due to illness, being on leave or business trip, the fixed remuneration shall not be paid.

In 2016, the annual fixed fee for the members of KEGOC's Board of Directors amounted to KZT 55.633 million.

Remuneration for participation in the meetings in praesentia of the committees for the Independent Directors of KEGOC's Board of Directors amounted to KZT 36.907 million.

The labour payment and remuneration procedure for KEGOC's Management Board members shall be outlined in the Regulations on KEGOC's Management Board, as well as the Rules for labour payment and remuneration to the executive employees, employees of the Internal Audit Service and the Corporate Secretary of KEGOC. The remuneration system for the Chairman and members of the Management Board includes a salary and a year-end remuneration. Thus, the total salary accrued for the members of KEGOC's Management Board from 01 January 2016 to 31 December 2016 amounted to KZT 119,451,584.25.

Based on the results of KPIs performance approved by the decision of the Board of Directors, it is planned to pay a bonus to KEGOC's executive employees for 2016.

KEGOC's Annual Report for 2016 also includes:

- Statements of the Chairman of the Board of Directors and the Chairman of Management Board of KEGOC.
- Key events of KEGOC in 2016;
- Market overview;
- Structure of KEGOC, production facilities;
- Main results of operating and investment activities;
- Analysis of the financial and economic indicators;
- Corporate governance of KEGOC, including information on compliance with the provisions of the Corporate Governance Code of KEGOC and the Report on the activities of the Board of Directors and Committees of KEGOC's Board of Directors for 2016;
- KEGOC's Management Board activities;
- Activities in sustainable development, including HR policy, activities in environmental protection and occupational safety;
- Report on management of branches and affiliates, and impact of the financial and economic performance of branches and affiliates on KEGOC's performance indicators;
- KEGOC's annual financial statements with independent auditor's report.

**Having considered the material submitted, Bakytzhan Kazhiyev, the Chairman of the Management Board, proposed to shareholders the following decision regarding approval of the annual financial statements, distribution of the**



**net income, payment of dividends on ordinary shares and approval of the amount of dividends per ordinary share of KEGOC for 2016:**

1. Approve KEGOC's financial statements for 2016.
2. Approve:
  - 1) Distribute net income in the amount of KZT 7,313,760,899.30 (seven billion three hundred and thirteen million seven hundred and sixty thousand eight hundred and ninety nine tenge thirty tiyn), earned in 2016 to all holders of ordinary shares of KEGOC.
  - 2) Determine the amount of dividend for 2016 per one ordinary share of KEGOC in the amount of KZT 28.13 (twenty four tenge ninety three tiyn).
  3. Finalize the list of the Company's shareholders, who are entitled to obtain dividends on ordinary shares of KEGOC for 2016, on 00.00 am, 22 May 2017.
  4. Determine 23 May 2017 as the date to commence payment of dividends on ordinary shares of KEGOC for 2016.
  5. Pay the dividends within 90 (ninety) days from the date of the positive decision in the form of non-cash transaction to the shareholders' accounts:
    - 1) on KEGOC's ordinary shares nominally held by Central Securities Depository: by Central Securities Depository;
    - 2) on KEGOC's ordinary shares nominally not held by Central Securities Depository: by KEGOC.

**Representative of the major shareholder of the Company (Samruk-Kazyna), Daulet Karimov, informed the shareholders about the position of Samruk-Kazyna regarding the presented draft decision of the annual financial statements, the procedure for the distribution of net income, payment of dividends on ordinary shares and the amount of dividends per ordinary share of KEGOC for 2016.**

1. Approve KEGOC's annual financial statements for 2016.
2. Approve the following procedure for distribution of net income of Kazakhstan Electricity Grid Operating Company (KEGOC) joint-stock company for 2016 (address: 59 Tauyelsizdik Ave, Astana, 010010, BIN 970740000838, VAT registration certificate Series 62001 No.0016310 dated 12 September 2012, KBE 16, ATF Bank, SWIFT BIC: ALMNKZKA, KZ45826Z0KZTD2001154 (tenge):
  - to allocate an amount equal to KZT 7,313,760,899.30 (seven billion three hundred and thirteen million seven hundred and sixty thousand eight hundred ninety nine tenge thirty tiyn) to pay dividends accounting for 50.001633723% of KEGOC net income for 2016 amounted to KZT 27,590,151,000 (twenty seven billion five hundred ninety million one hundred and fifty one thousand tenge) less the previously paid dividends for H1 2016 in the amount of KZT 6,481,765,347.30 (six billion four hundred eighty one million seven hundred sixty five thousand three hundred forty seven tenge thirty tiyn), for all holders of ordinary shares of KEGOC;
  - the remaining part in the amount of KZT 13,794,624,753.40 (thirteen billion seven hundred ninety four million six hundred twenty four thousand seven hundred fifty three tenge forty tiyn), accounting for 49.998366277% of KEGOC's net income for 2016, shall be left at the disposal of KEGOC for development.



3. Approve the size of the dividend per one ordinary share of KEGOC in the amount of KZT 28.13 (twenty four tenge ninety three tiyn).

4. Finalize the list of the Company's shareholders, who are entitled to obtain dividends on KEGOC ordinary shares for 2016, on 00.00 am, 22 May 2017.

5. Determine the date to start payments of dividends as 23 May 2017.

6. Pay the dividends within ninety (90) working days from the moment of making a decision about dividends payment in the form of non-cash transaction to the shareholders' accounts:

1) On KEGOC's ordinary shares nominally held by Central Securities Depository: by Central Securities Depository;

2) On KEGOC's ordinary shares nominally not held by Central Securities Depository: by KEGOC.

**Having considered the submitted materials, the Chairman of the General Meeting of Shareholders, Daulet Karimov, put to the vote the item 'On approval of annual financial statements of KEGOC, payment of dividends on ordinary shares and the amount of dividends per one ordinary share of KEGOC for 2016', taking into account the position of a major shareholder (Samruk-Kazyna).**

**Voting results:**

'Pro' - 234,008,178 votes (90.0036 %)

'Contra' - none

'Abstain' - none

Voting was conducted according to the principle 'one share - one vote'.

At the same time, two ballots with the number of 264 shares did not vote.

Having reviewed the agenda issue and submitted materials, in accordance with clauses 36.1.7 and 36.1.8 of the Law and clauses 21.1.11 and 21.1.12 of the Charter of the Company, **the General Meeting of Shareholders DECIDED to:**

1. Approve the annual financial statements of KEGOC for 2016 (Appendix No. 1 to minutes hereto).

2. Approve the following procedure for distribution of net income of Kazakhstan Electricity Grid Operating Company (KEGOC) joint-stock company for 2016 (address: 59 Tauyelsizdik Ave., Astana, 010010) BIN 970 740 000 838, VAT registration certificate Series 62001 No.0016310 dated 12 September 2012, KBE 16, ATF Bank, SWIFT BIC: ALMNKZKA, KZ45826Z0KZTD2001154 (KZT):

- to allocate an amount equal to KZT 7,313,760,899.30 (seven billion three hundred and thirteen million seven hundred and sixty thousand eight hundred ninety nine tenge thirty tiyn) to pay dividends accounting for 50.001633723% of KEGOC net income for 2016 amounted to KZT 27,590,151,000 (twenty seven billion five hundred ninety million one hundred and fifty one thousand tenge) less the previously paid dividends for H1 2016 in the amount of KZT 6,481,765,347.30 (six billion four hundred eighty one million seven hundred sixty five thousand three hundred forty seven tenge thirty tiyn), for all holders of ordinary shares of KEGOC;



- the remaining part in the amount of KZT 13,794,624,753.40 (thirteen billion seven hundred ninety four million six hundred twenty four thousand seven hundred fifty three tenge forty tiyn), accounting for 49.998366277% of KEGOC's net income for 2016, shall be left at the disposal of KEGOC for development.

3. Approve the size of the dividend per one ordinary share of KEGOC in the amount of KZT 28.13 (twenty four tenge ninety three tiyn).

4. Finalize the list of the Company's shareholders, who are entitled to obtain dividends on KEGOC ordinary shares for 2016, on 00.00 am, 22 May 2017.

5. Determine the date to start payments of dividends as 23 May 2017.

6. Pay the dividends within ninety (90) working days from the moment of making a decision about dividends payment in the form of non-cash transaction to the shareholders' accounts:

1) on KEGOC's ordinary shares nominally held by Central Securities Depository: by Central Securities Depository;

2) on KEGOC's ordinary shares nominally not held by Central Securities Depository: by KEGOC.

Bakytzhan Kazhiyev, the Chairman of the Management Board of KEGOC, spoke on the **third item** of the agenda and informed of the following:

1. In accordance with the decision of KEGOC's General Meeting of Shareholders dated 16 October 2015 (Minutes No. 2), the new revision of the KEGOC's Charter was approved.

To bring KEGOC's Charter to compliance with the Law of the Republic of Kazakhstan On Joint Stock Companies, as amended on 24 November 2015 (amendment No.422-V), on 29 March 2016 (amendment No.479-V) and on 27 February 2017 (amendment No.49-VI), and with the Corporate Governance Code of Samruk-Kazyna Sovereign Wealth Fund, approved by the Government of the Republic of Kazakhstan on 15 April 2015 (decree No.239). KEGOC developed of the new revision of the KEGOC's Charter; Also the draft Charter describe the activities of KEGOC in line with the laws of Kazakhstan.

The main activities of KEGOC are complemented by the following types:

1) Maintenance of the National Power Grid facilities;

2) Regulation and backup of electrical power;

3) Repair and maintenance of electric motors, generators and transformers at the facilities of the Company's subordinate organizations;

4) Repair and maintenance of electricity distribution and control equipment at the facilities of the Company's subordinate organizations;

5) Repair and maintenance of electric lighting equipment at the facilities of the Company's subordinate organizations;

6) Repair and maintenance of other electrical equipment not included in other categories at the facilities of the Company's subordinate organizations;

7) Lease and management of property;



Inclusion of these types of activities in accordance with the Entrepreneurship Code of the Republic of Kazakhstan was agreed with the Ministry of National Economy of the Republic of Kazakhstan.

At the same time, following types of KEGOC's activity, that are not business activities, were excluded:

- 1) Ensuring the operational availability of the Unified Energy System of Kazakhstan;
- 2) Ensuring equal access conditions to the national power grid for all wholesale electricity market participants;
- 3) Coordination of the repair dates for the primary equipment at power plants, substations, transmission lines, for the relay protection devices and emergency control automatics, process management systems and ensuring their availability;
- 4) Preparation of long-term forecast of electric energy balances;

At the same time, these types of activity were transferred to Article 5 'Basic Functions of the Company', which reflects the functions of KEGOC, carried out in accordance with the Law of the Republic of Kazakhstan on Electric Power Industry.

The rights and obligations of KEGOC shareholders are brought into line with the requirements of the Law of Kazakhstan On Joint Stock Companies.

Requirements to the candidates for members of the Board of Directors, election procedures and terms of their office were clarified in accordance with the Corporate Governance Code and the Regulations on the Board of Directors. Rights and obligations of the Board of Directors members were specified in the separate article (Article 26).

The competence of the General Meeting of Shareholders, the Board of Directors and Management Board of the Company was revised in compliance with the Law of the Republic of Kazakhstan On Joint-Stock Companies and Samruk-Kazyna Corporate Governance Code.

Seeing that KEGOC is a public company, the issue on placement, including the number of placed shares within the number of the authorised shares, as well as the manner and price of their placement was redirected from the Board of Directors' competence to the competence of the General Meeting of Shareholders.

Also due to the fact that the Fund committed itself to the Policy for debt and financial stability management, the issue on setting and/or revision of target and threshold values of the financial stability index was added to the competence of the General Meeting of Shareholders.

In addition the competence of the Board of Directors and Management Board of KEGOC was revised.

The competence of the Board of Directors was supplemented with such issues as approval of the Action Plan on key risks management; approval of the Rules on assessment of performance of the Board of Directors and its committees, Chairman and members of the Board of Directors, employees of the Internal Audit Service; approval of the internal document with regard to sustainable development; approval of the issues on the decisions made by the Board of Directors which should be brought to the notice of



shareholders and investors; review of the reports on occupational health, safety and environmental protection, etc. The competence of the Management Board was supplemented with the issues as follows: approval of the limits based on the requirements of the Fund and KEGOC's documents; approval of the Action Plan of the Risk Committee, approval of the report on the Management Board activities, assessment of the Risk Committee performance.

Also the draft Charter based on the Corporate Governance Code defines in more details the requirements for the procedure for holding the meetings of the Board of Directors, voting and decision-making.

Based on the foregoing the General Meeting of Shareholders of KEGOC is suggested to approve the new revision of KEGOC's Charter.

1. Should the General Meeting of Shareholders fail to make a decision on the issue, there will be a risk of non-compliance of the Charter with the Law of the Republic of Kazakhstan On Joint-Stock Companies and the Corporate Governance Code of Samruk-Kazyna Sovereign Wealth Fund.

2. Social, economic and legal effects shall be the approval of KEGOC's Charter in new revision with the view to bring it into conformity with the Law of the Republic of Kazakhstan On Joint-Stock Companies and the Corporate Governance Code of Samruk-Kazyna.

3. If KEGOC's Charter in new revision is approved, the appropriate amendments shall be made to the Regulations on the General Meeting of Shareholders, the Board of Directors and the Management Board of KEGOC.

4. The comparative table to the draft KEGOC's Charter is attached.

5. Earlier the new revision of KEGOC's Charter was preliminarily approved by the Board of Directors of KEGOC on 31 March 2017 (Minutes No.3).

**Voting results:**

'Pro' – 234,008,178 votes (90.0036 %)

'Contra' – none

'Abstain' – 0

Voting was conducted according to the principle: 'one share - one vote'.

Two ballots with 264 shares did not vote.

Having reviewed the agenda issue and submitted materials, in accordance with Article 36.1.1 of the Law of the Republic of Kazakhstan On Joint-Stock Companies, and Article 21.1.1 of KEGOC's Charter, **the General Meeting of Shareholders DECIDED to:**

1. Approve the new revision of KEGOC's Charter (Appendix No. 2 hereto).
2. Nullify KEGOC's Charter, approved by the General Meeting of Shareholders of KEGOC on 16 October 2015 (Minutes No. 2), from the date of state registration of KEGOC's Charter in new revision.

Bakytzhan Kazhiyev, the Chairman of the Management Board of KEGOC, spoke on **the forth issue** of the agenda and informed of the following:



1. According to Articles 26, 27 of the Law of the Republic of Kazakhstan On Joint-Stock Companies, Articles 9, 10 of KEGOC's Charter, the placed shares may be repurchased on the Company's initiative with the consent of the shareholder for further selling or for other purposes not contradicting the laws of the Republic of Kazakhstan and the Company's Charter, as well as upon request of the shareholder of the Company.

Placed shares shall be repurchased by KEGOC in compliance with the Methodology for valuation of shares for repurchase by the Company on the unorganized securities market approved under the procedure established by the Law except for repurchase of shares by the Company on the open stock exchange.

The Methodology for valuation of shares for repurchase by KEGOC (further - the Methodology) was approved in 2007 by the decision of the Sole Shareholder of KEGOC (Order of the Acting Chairman of the Management Board of Kazakhstan Holding for Management of State Assets Samruk No. 122 dated 12 September 2007).

Due to the public offering of KEGOC shares on the Kazakhstan Stock Exchange, the Methodology shall be updated.

As provided in Article 36.1.14) of the Law and Article 21.1.18) of KEGOC Charter, the approval of the amendments to the Methodology shall refer to the exclusive competence of the General Meeting of Shareholders of the Company.

Based on the above, the annual General Meeting of Shareholders is suggested to approve the Methodology in new revision.

2. In case the proposed decision is taken by the General Meeting, risks will not occur.

3. Social and economic and/or legal effects are not expected should the General Meeting of Shareholders make a decision on this issue.

4. This issue was earlier considered at the meeting of the Board of Directors of the Company on 31 March 2017 (Minutes No. 3).

**Voting results:**

Pro – 234,008,178 votes (90.0036 %)

Contra – none

Abstain – 0

Voting was conducted according to the principle: 'one share - one vote'.

Two ballots with 264 shares did not vote.

Having reviewed the agenda issue in accordance with Article 36.1.14) of the Law of the Republic of Kazakhstan On Joint-Stock Companies and Article 21.1.18) of KEGOC's Charter, **the annual General Meeting of Shareholders DECIDED to:**

1. Approve Instruction II KEGOC 00-201-17-OCA. New revision of the Methodology for valuation of shares for repurchase by KEGOC on the free securities market (Appendix No.3 hereto);

2. Nullify the Methodology for valuation of shares for repurchase by KEGOC, approved by Decision No. 122 of the Sole Shareholder of KEGOC dated 12 September 2007.



3. The Chairman of the Management Board of KEGOC (Bakytzhan Kazhiyev) to take appropriate actions arising from this decision.

Bakytzhan Kazhiyev, the Chairman of the Management Board of KEGOC, spoke on **the fifth issue** of the agenda and informed of the following:

In 2015 PricewaterhouseCoopers LLP (hereinafter - PwC) performed the diagnostics of KEGOC's corporate governance and based on its results it recommended the General Meeting of Shareholders to elaborate and approve the procedures for selection of the members of the Board of Directors.

Rules for composition of the Board of Directors of Samruk-Kazyna companies and Corporate governance diagnostics methodology in the legal entities in which Samruk-Kazyna holds directly or indirectly over fifty per cent of voting shares were approved by the Decision of Samruk Kazyna Management Board dated 26 September 2016 (Minutes No.35/16).

To improve the corporate governance system in KEGOC, Rules for selection and election of the members of the Board of Directors of KEGOC were developed subject to the provisions of the Corporate Governance Code, Rules for composition of the Board of Directors of Samruk-Kazyna companies and Corporate governance diagnostics methods in the legal entities in which Samruk-Kazyna holds directly or indirectly over fifty per cent of voting shares and recommendations of PwC consultants.

The Rules in details determine the procedure for composition of the Board of Directors, search of candidates for members of the Board of Directors, materials for the General Meeting of Shareholders, election of members of the Board of Directors.

The candidates can be searched as follows:

- attract external provider of services, such as a recruiting agency and/or an independent consultant;
- publish information on official website of the Company and other public sources;
- recommendations of Samruk-Kazyna's HR, members of the Board of Directors and using other sources.

The following factors shall be taken into account when searching and selecting the candidates for the Board of Directors: work experience in executive positions; work experience as a member of the Board of Directors; length of employment; education, speciality including available international certificates; competence by areas and sectors; business reputation; existence of direct or potential conflict of interests if elected to the Board of Directors; candidates for independent directors shall be required to comply with criteria of independence defined by laws of the Republic of Kazakhstan and KEGOC's Charter.

The candidate shall meet one of the following criteria:

- 1) be acknowledged in: power sector; finance and audit; jurisprudence; strategic and corporate governance; risk management; personnel management; rehabilitation of production, innovation and investments.



2) have work experience in the boards of directors or at high positions of other joint stock companies the shares of which are included in quotation lists of the organized trading floors (stock exchanges) including international companies.

3) specialized work experience in the economic activities relevant to the company profile or work experience in the areas relevant to functional areas of the position not less than 15 years including work experience in large companies preferably listing/public companies corresponding to core activity of the Company in the position of member of the Board of Directors and/or executive positions for not less than three (3) years.

Based on the above, the General Meeting of KEGOC's Shareholders is suggested to approve the Rules ПР КЕГОС ИД-341-16-OCA for selection and election of the members of the Board of Directors of KEGOC.

2. Legal effects are not expected, should the General Meeting of Shareholders make a decision on this issue.

3. Earlier this issue was reviewed at the meetings of the Nomination and Remuneration Committee dated 5 December 2016 (Minutes No. 9) and the Board of Directors dated 9 December 2016 (Minutes No. 14).

**Voting results:**

'Pro' – 234,008,178 votes (90.0036 %)

'Contra' – none

'Abstain' – 0

Voting was conducted according to the principle: 'one share - one vote'.

Two ballots with 264 shares did not vote.

Having considered the agenda issue and presented materials in accordance with Article 21.1.18) of KEGOC's Charter, **the General Meeting of Shareholders of KEGOC DECIDED to:**

Approve the Rules ПР КЕГОС ИД-311-16-СД for selection and election of the members of the Board of Directors of KEGOC (Appendix No.4 hereto).

Bakytzhan Kazhiyev, the Chairman of the Management Board of the Company, spoke on the **sixth** issue of the agenda and informed of the following:

1. In 2015 PricewaterhouseCoopers LLP (hereinafter - PwC) performed the diagnostics of KEGOC corporate governance, based on its results the recommendations were made to the Company in terms of bringing the Rules for remuneration and reimbursement of expenses of the members of the Board of Directors into compliance with the Corporate Governance Code approved by Decision of the General Meeting of Shareholders dated 16 October 2015 (Minutes No. 2).

Rules for composition of the Board of Directors of Samruk-Kazyna companies and Corporate governance diagnostics methodology in the legal entities in which Samruk-Kazyna holds directly or indirectly over fifty per cent of voting shares were approved by the Decision of Samruk Kazyna Management Board dated 26 September 2016 (Minutes No.35/16).

For the purpose to improve the corporate governance system the Rules for remuneration and reimbursement of expenses of the members of the Board of Directors



of KEGOC were brought into compliance with the Corporate Governance Code, Rules for composition of the Board of Directors of Samruk-Kazyna companies and Corporate governance diagnostics methods in the legal entities in which Samruk-Kazyna holds directly or indirectly over fifty per cent of voting shares and recommendations of PwC consultants.

The Rules define the level of remuneration and costs compensation, remuneration and reimbursement procedure.

Remuneration of the Directors consists of two parts:

— annual fixed fee based on the meeting of the General meeting of shareholders;

— additional remuneration for chairmanship or participation in the meetings in praesentia of the committees of the Board of Directors based on the decision of the General Meeting of Shareholders.

The annual fixed fee shall be paid to an independent director for his/her duties as a member of KEGOC's Board of Directors in the amount determined by the General Meeting of Shareholders in accordance with the laws of the Republic of Kazakhstan.

The additional fee shall be paid to the independent members of the Board of Directors for participation in meetings in praesentia of the committees of the Board of Directors.

Based on the decision of the General Meeting of Shareholders dated 28 October 2016, the member of the Board of Directors elected as the representative of KEGOC's major shareholder (Samruk-Kazyna) shall have fixed annual remuneration for performance of the duties.

Payment of additional remuneration is not provided.

Should the Director participate in less than half of all the meetings held in praesentia and in absentia by the Board of Directors during the reporting period, except for absence at the meetings in praesentia due to illness, being on leave or business trip, the fixed remuneration shall not be paid.

Members of the Board of Directors shall be compensated for the expenses associated with travelling to the meetings of the Board of Directors, committees of the Board of Directors of the Company and the meetings initiated by the Chairman of the Board of Directors of the Company and/or the Chairman of the Management Board of the Fund, Chairman of the Management Board of the Company.

Members of the Board of Directors shall be compensated with the expenses as follows: transport including transfer, accommodation, daily allowance, telephone services (except mobile) in Kazakhstan, documents scan, copy, fax, print, type services, access to the internet in Kazakhstan, courier and mail services.

General Meeting of the Shareholders of the Company shall determine the amount and terms of remuneration and reimbursement of expenses to the members of the Board of Directors.

Basis and amount of remuneration and reimbursement of expenses to the members of the Board of Directors shall be included into the agreement concluded with the members of the Board of Directors.



Based on the above, the annual General Meeting of Shareholders of KEGOC is suggested to approve the Rules for remuneration and reimbursement of expenses of the members of KEGOC Board of Directors in new revision (Пр КЕГОС ИД-311-16-ОСА).

2. Legal effects are not expected, should the General Meeting of Shareholders make a decision on this issue.

3. Earlier this issue was reviewed at the meetings of the Nomination and Remuneration Committee dated 5 December 2016 (Minutes No. 9) and the Board of Directors dated 9 December 2016 (Minutes No. 14).

**Voting results:**

'Pro' – 234,007,876 votes (90.0035 %)

'Contra' – none

'Abstain' – 23 votes (0.00001 %)

Voting was conducted according to the principle: 'one share - one vote'.

Three ballots with 543 shares did not vote.

Having reviewed the agenda issue and presented materials in accordance with Article 21.1.9 of KEGOC's Charter, **the General Meeting of Shareholders of KEGOC DECIDED to:**

Approve the Rules Пр КЕГОС ИД-311-16-ОСА. Remuneration and reimbursement of expenses of the members of the KEGOC Board of Directors in new revision (Appendix No. 5 hereto).

Mr. Karimov, the Chairman, announced that the agenda for the Meeting was through and thanked the shareholders, the members of the Board of Directors, the Management Board and the invited persons for participation.

The meeting of the General Meeting of Shareholders closed at 12.40 pm.

**SIGNATURES**

**Chairman of the annual General  
Meeting of Shareholders**

\_\_\_\_\_ **D. Karimov**

**Secretary of the annual General  
Meeting of Shareholders**

\_\_\_\_\_ **Ye. Ramazanov**

**Chairman of the Counting Board  
of the annual General Meeting  
of Shareholders**

\_\_\_\_\_ **Sh. Tokubayev**



**Members of the Counting Board  
of the annual General  
Meeting of Shareholders**

\_\_\_\_\_ **D. Shugayev**

\_\_\_\_\_ **A. Meirzhanov**

\_\_\_\_\_ **A. Satymbekov**

\_\_\_\_\_ **M. Zhunussov**

\_\_\_\_\_ **G. Konakbayeva**

\_\_\_\_\_ **A. Koshanova**

**The authorized representative of**

**the major shareholder Samruk-Kazyna**

\_\_\_\_\_ **D. Karimov**

*Я, Жиенбекова Динара Аксерхановна,  
менеджер отдела переводческого сопровождения  
проектов подтверждаю правильность перевода  
данного текста.*

*Жиенбекова*