

**(Minutes of Meeting No. 4)**  
**Decision of the Annual General Meeting of Shareholders**  
**Kazakhstan Electricity Grid Operating Company (KEGOC) JSC**

Astana 29 April 2016

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

Venue of the Annual General Meeting of Shareholders of Kazakhstan Electricity Grid Operating Company (KEGOC) joint-stock company, (hereinafter - the Meeting): 59 Tauyelsizdik Ave., Astana, Republic of Kazakhstan, 11.30 am.

Kuanysch Bektemirov, the Chairman of the Board of Directors, delivered the welcoming speech, he told the audience that the present Meeting was convened on the initiative of the Board of Directors on 29 April 2016 with the following agenda:

1. Approve the annual financial statements and decide not to pay KEGOC's dividends for the year ended on 31 December 2015.
2. Preliminarily review claims from the shareholders in relation to KEGOC's activities and its officers and results of consideration of such claims.

Information about the Meeting was published in national print media 'Yegemen Kazakhstan' and 'Kazakhstanskaya Pravda' on 29 March 2016 and on the website of KEGOC and Kazakhstan Stock Exchange.

Kuanysch Bektemirov introduced the panel of the General Meeting of Shareholders:

1. Kuanysch Bektemirov - Chairman of the Board of Directors, KEGOC;
2. Alexey Repin - representative of Samruk-Kazyna (major shareholder);
3. Bakytzhan Kazhiyev - Chairman of the Management Board, KEGOC;
4. Yertai Ramazanov - Corporate Secretary, KEGOC.

In accordance with Clause 1.4 of Article 36 of Law of the Republic of Kazakhstan No. 415 dated 13 May 2003 'On Joint Stock Companies' (hereinafter - the Law), General Meeting of Shareholders of KEGOC specified the number of members and term of office of the Counting Board and elected its Chairman and members.

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

Shayakhmet Tokubayev reported to the Meeting about the registration of shareholders and the quorum of the Meeting, clarified the rights and responsibilities of shareholders, in addition, he said that the Meeting shall be entitled to consider and decide on the agenda, if at the end of the registration of the meeting participants, shareholders or their representatives, who hold in aggregate fifty and more percent of the voting shares of the Company have been registered.

All attending representatives of shareholders were registered and their powers 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 the Meeting that in accordance with the list of shareholders of the Company as of 25 April 2016 presented by the Company's Registrar - Integrated

Securities Registrar - the total number of placed shares is 260,000,000: including 260,000,000 ordinary shares, and zero preferred shares.

The meeting was attended by eighty one (81) shareholders (including representatives) entitled to attend and vote at the Meeting. The number of shareholders registered at the Meeting is 238,135,537 (two hundred thirty-eight million one hundred thirty-five thousand five hundred thirty-seven), or 91.6 % of the total number of votes of the shareholders - owners of the Company's placed shares.

**Quorum of Annual General Meeting of Shareholders is present.**

Kuanish 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 the shareholders of KEGOC to consider the Meeting open.

After that, pursuant to Clause 4 of Article 48 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'.

**DECISION:**

Define the form of voting on agenda items: open.

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

Voting results:

proposed to elect Alexey Repin (the representative of the major shareholder Samruk-Kazyna) the Chairman of the Meeting to conduct the Meeting.

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

**DECIDED to:**

Elect Alexey Repin, 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 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.

Alexey Repin welcomed the shareholders and thanked for electing him the Chairman of the General Meeting of Shareholders, then he gave notice of the regulations of the Meeting:

- 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 topics:

1. Approve the annual financial statements and decide not to pay KEGOC's dividends for the year ended on 31 December 2015.
2. Review claims from the shareholders in relation to KEGOC's activities and its officers and results of consideration of such claims.

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' - 234,134,084 votes (91.6%).

'Contra' - none

'Abstain' - none

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

1,094 shares did not vote.

3 ballots with 671 shares were recognized as invalid (it was found that ballots No.1 on the issue 'Approve the agenda of the Meeting' included:

- ballot No.2 on the issue 'Approve the annual financial statements and decide not to pay KEGOC's dividends for the year ended on 31 December 2015' with 156 shares.
- ballot No.3 on the issue 'Preliminarily review the claims from the shareholders in relation to KEGOC's activities and its officers and results of consideration of such claims' with 156 shares.
- ballot No.2 on the issue 'Approve the annual financial statements and decide not to pay KEGOC's dividends for the year ended on 31 December 2015' with 359 shares.

**DECIDED:**

Approve the following agenda of the Meeting:

1. Approve the annual financial statements and decide not to pay KEGOC's dividends for the year ended on 31 December 2015.

2. Preliminarily review claims from the shareholders in relation to KEGOC's activities and its officers and results of consideration of such claims.

## **RESULTS AND PROGRESS REVIEW OF ISSUES ON THE AGENDA**

1. On the **first issue** of the agenda Bakytzhan Kazhiyev, Chairman of the Management Board, informed that in accordance with clause 23.1 and clause 36.1.8 of the Law of the Republic of Kazakhstan On Joint Stock Companies, approval of the annual financial statements and the procedure for distribution of the Company's net income, decision on payment of dividends on ordinary shares and approval of the dividend rate per one ordinary share of the Company shall fall within the competence of the General Meeting of Shareholders.

Ernst&Young LLP, independent audit firm, audited the Company's annual financial statements for the year ended on 31 December 2015.

According to the results of the audit opinion of Ernst & Young, the consolidated financial statements reliably reflect the financial health of the Company in all aspects as of 31 December 2015, as well as its financial results and cash flows of the Company for the year ended on the mentioned date as per the International Financial Reporting Standards.

According to the consolidated financial statements as of 31 December 2015, the Company's assets amounted to KZT 595,336,614 thousand, the liabilities - KZT 254,360,000 thousand, the equity - KZT 340,976,614 thousand. The Company's incomes for the year ended on 31 December 2015 amounted to KZT 115,140,178 thousand, the expenses made KZT 125,087,249 thousand, income tax privilege made KZT 2,167,498 thousand, and net loss made KZT 7,779,573 thousand.

According to clause 6 of KEGOC Regulations on Dividend Policy, the source of dividends shall be net income for the appropriate financial year or half-year, or retained profits accrued on the basis of the consolidated financial statements of the Company prepared in accordance with the IFRS. Therefore since the Company accumulated loss as of 31 December 2015 caused by currency risk occurrence in the midst of material liabilities represented by foreign currency loans, KEGOC's Board of Directors proposed to the General Meeting of Shareholders not to pay dividends for the year ended 31 December 2015.

In accordance with Article 36.1.9 of the Law of the Republic of Kazakhstan On Joint Stock Companies the decision not to pay dividends on ordinary shares of the company shall fall within the exclusive competence of the General Meeting of Shareholders.

2. Approval of the annual financial statements by the General Meeting of Shareholders will minimize the risk of reduced level of corporate governance for delayed and incomplete disclosure of information about the Company's operations to shareholders and other interested parties.

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

4. Earlier the Company's financial statements for the year ended on 31 December 2015 were preliminarily approved by the Board of Directors on 25 March 2016 (Minutes No. 3).

With regard to the Annual Report of the Company in order to disclose the information on KEGOC's performance in 2015 to the shareholders and other stakeholders, Kuanysh Bektemirov, the Chairman of the Board of Directors, informed that a draft Annual Report for 2015 (hereinafter - the Annual Report) had been prepared. The Annual Report discloses the results of the operating, financial, economic and social activities of KEGOC in 2015 and further development perspectives.

When preparing the Annual Report for 2015, the Company proposed to use the objectives set by the Long-Term Development Strategy of KEGOC until 2025 as framework, i.e. as main chapters of the report.

## **KEY EVENTS**

The last year 2015 was challenging for KEGOC just like for all Kazakhstan economic sector participants.

However, despite the negative challenges KEGOC has successfully met the major goal: ensured reliable and uninterrupted power supply to Kazakhstan enterprises and people as a System Operator of the Unified Power System of the Republic of Kazakhstan.

A landmark event was the declaration by KEGOC of the launch of the Company Business Transformation Programme. In 2016 the Company plans to focus on achieving the key results of the Programme Roadmap. The Programme is expected to enhance KEGOC's performance through improved organizational structure and operating model based on the best international practices requirements.

As part of KEGOC's Long-Term Development Strategy, the Company ensures the adequate interconnection capacity and reliability. In particular, as instructed by the head of the state, the Nurly Zhol programme covers the construction of Ekibastuz - Shulbinsk HPP (Semey) - Ust-Kamenogorsk and Shulbinsk HPP (Semey) – Aktogai – Taldykorgan – Alma high-voltage lines being a part of large-scale 500 kV North-East-South Electricity Transmission Project. This project is the largest in KEGOC's development history. In 2016 the Company plans to disburse capital investments to the amount of KZT 43.8 billion as part of the Company's investment programme.

One of the important events is the cap tariffs and tariff estimates for KEGOC's regulated services approved for 2016-2020 by the Committee on Regulation of Natural Monopolies and Protection of Competition under the Ministry of National Economy of the Republic of Kazakhstan in 2015. They shall come into effect from 01 January 2016.

The first Annual General Meeting of KEGOC Shareholders took place and approved the annual financial statements, distribution of the net profit, decision to pay dividends on ordinary shares, and the amount of the dividend per one ordinary share of KEGOC for 2014.

A new composition of the Company's Board of Directors amounting to six members of the Board of Directors, including 4 independent directors, was elected and represented more than fifty per cent of the total number of the Board of Directors' members. All members of the Board of Directors have extensive experience in the electric power industry.

The Company's management also prioritizes social and labour relations. For this purpose KEGOC creates comfortable and safe working environment and implements social programmes governed by the Collective Bargaining Agreement. The employees are socially supported in different ways. The Company conducts KEGOC's Dynasties, Best Mentor of the Year contests and other socially significant events to promote the Power Engineer profession. The success of the conducted social policy is proved by a high Social Stability Rating (82%) and the Personnel Engagement Index (68%). For the third year now KEGOC has been a leader by the figures among Samruk-Kazyna subsidiaries.

The Company is a strong leader in the Corporate Governance Rating. According to 2015 diagnostics results, KEGOC's corporate governance rating was 85%.

As a People's IPO programme participant the Company fully met the expectations of Samruk-Kazyna major shareholder and more than 40 thousand Kazakhstanis who became KEGOC's shareholders. Minority shareholders have been paid dividends twice already.

In 2015 KEGOC became public for the first time, after share placement on the Kazakhstan Stock Exchange in December 2014. Currently KEGOC's shares are among the most marketable on the domestic stock market. Even though the analysts forecasted the share price increase up to KZT 740 in the first-half 2016 only, this forecast was achieved in November 2015 already. As of 27 April 2016 the share price was KZT 870.

In 2015, KEGOC successfully passed the witness audit of the Integrated Management System, which confirmed the compliance with the requirements of international standards for quality management systems (ISO 9001:2008), environmental management systems (ISO 14001:2004) and health and safety management systems (OHSAS 18001: 2007). Moreover, in the reporting year KEGOC first certified its information security management system in compliance with the requirements of the ISO/IEC 27001 international standard. The certification body is TUV NORD CERT (Germany).

From 01 January to 30 April 2015, KEGOC's Board of Directors included the following members: Kuanysh Bektemirov, Anatoliy Spitsyn, Luca Sutera, Almassadam Satkaliyev and Bakytzhan Kazhiyev.

On the basis of the decision of the General Meetings of Shareholders dated 30 April 2015 (Minutes No.1), due to the expiration of the term of office of the Board of Directors as a whole, new members were elected to the Board of Directors. Kuanysh Bektemirov, Anatoliy Spitsyn, Luca Sutera, Almassadam Satkaliyev and Bakytzhan Kazhiyev.

In 2015, the Board of Directors held 8 meetings in presentia and reviewed 129 issues, strategic issues, corporate governance, human resources, transactions issues, etc.

KEGOC established three 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.

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

In 2015, the **Audit Committee** held 7 meetings in praesentia and reviewed 51 issues.

In 2015, the **Nomination and Remuneration Committee** held 7 meetings in praesentia and reviewed 23 issues.

In 2015, the **Strategic Planning and Corporate Governance Committee** held 7 meetings in praesentia and reviewed 23 issues.

In accordance with the decision of the General Meeting of Shareholders the independent members of the Board of Directors shall be remunerated for the duration of their assignment, and the expenses associated with such assignment shall be compensated.

The remuneration of the independent directors of KEGOC includes:

- annual fixed fee;
- additional fee.

The annual fixed fee shall be paid to an independent director for his/her duties as a member of the KEGOC 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 the meetings in praesentia of the committees of the Board of Directors.

In case of early termination of powers of a member of the Board of Directors, the annual fixed fee shall be adjusted pro rata to the actual number of days of engagement of such member of the Board of Directors.

In 2015, the annual fixed fee of independent directors of KEGOC Board of Directors amounted to KZT **37.048** million, the fee for the participation in the meetings in praesentia of the committees amounted to KZT **13.441** million.

The labour payment and remuneration procedure for KEGOC Management Board members shall be outlined in the Regulations on KEGOC 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. Remuneration system for the Chairman and the members of the Management Board includes a salary and a year-end remuneration. Thus, the total salary amounting to KZT **128.07** million was calculated for the members of KEGOC Management Board from 01 January 2015 to 31 December 2015.

The remuneration will not be paid to executive employees of KEGOC based on the performance in 2015.

KEGOC Annual Report for 2015 also includes:

statements of the Chairman of the Board of Directors and the Chairman of Management Board of KEGOC.

information on the key events of the Company for 2015 and Corporate Events Calendar for 2016,

information on Kazakhstan electricity market, the main market entities, the electricity balance (production, consumption, flows) and the role of KEGOC on the electricity market;

information on KEGOC and Kazakhstan electric power industry development strategy;

information on the auditor providing services to the audit of financial statements and complete audited annual consolidated financial statements with the auditor's notes;

Report on management of branches, affiliates and jointly-controlled entities, and impact of the financial and economic performance of branches, affiliates and jointly-controlled entities on KEGOC performance indicators in 2015;

**Voting results:**

'Pro' – 238,133,751 votes (91.6%)

'Contra' – none

'Abstain' – 177 votes (0.0001%)

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

1,250 shares did not vote.

One ballot with 359 shares was declared invalid (ballot No. 1 on the issue Approve the meeting agenda with 359 shares was found among ballots No.2 on the issue Approve the annual financial statements and decide not to pay dividends of KEGOC for the year ended on 31 December 2015).

Having reviewed the agenda issue and the supporting documents in accordance with clause 23.1 and clauses 36.1.7 and 36.1.9 of the Law of the Republic of Kazakhstan On Joint-Stock Companies, and clauses 21.1.11 and 21.1.13 of KEGOC Charter, and clause 6 of KEGOC Regulations on Dividend Policy, **the General Meeting of Shareholders DECIDED to:**

1. Approve the annual financial statements of KEGOC for the year ended on 31 December 2015 (Appendix No. 1 hereto).

2. Not to pay dividends on ordinary shares of Kazakhstan Electricity Grid Operating Company (KEGOC) joint-stock company.

3. Bakytzhan Kazhiyev, the Chairman of the Management Board of the Company, to take the required measures to implement this decision in accordance with the laws of the Republic of Kazakhstan.

1. The Chairman of the Management Board, Bakytzhan Kazhiyev, spoke on the **second issue** of the agenda and informed that in accordance with clause 2.3 of Article 35 of the Law of Kazakhstan On Joint Stock Companies and clause 3 of Article 15 of KEGOC's Charter the Annual General Meeting of Shareholders shall consider the claims from the shareholders in relation to activities of KEGOC and its officials and results of consideration of such claims.

From 1 January to 31 December 2015, there had been no claim from the shareholders in relation to activities of KEGOC and its officers.

Based on the above, the issue on claims from the shareholders in relation to activities of KEGOC and its officers and results of review of such claims shall be introduced for review by KEGOC General meeting of shareholders (hereinafter referred to as the General Meeting).

2. In case of taking or not taking a proposed decision by the General Meeting, there will not be any risk.

3. Social and economic and/or legal effects in case of taking the decision or not taking any decision by the General Meeting on this issue shall not be supposed to occur.

4. This issue was preliminarily reviewed by the Board of Directors of KEGOC (MoM No.3 dated 25 March 2016).

**Voting results:**

'Pro' - 238,133,755 votes (91.6%)

'Contra' - none

'Abstain' - none

Voting was conducted according to the principle 'one share - one vote'.  
1,782 shares did not vote.

Having reviewed the agenda issue in accordance with Article 35.2.3) of the Law of Kazakhstan On Joint Stock Companies and Article 15.3 of KEGOC Charter, **the General Meeting of KEGOC DECIDED to:**

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

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 12:10 PM.

**Signatures:**

**Chairman of the Annual General Meeting of Shareholders** \_\_\_\_\_ **A. Repin**

**Secretary of the Annual General Meeting of Shareholders** \_\_\_\_\_ **Ye. Ramazanov**

**The Chairman of the Counting Board  
of the General Meeting of Shareholders of the Company** \_\_\_\_\_ **Sh. Tokubayev**

**Members of the Counting Board  
of the General Meeting of Shareholders of the Company** \_\_\_\_\_ **D. Shugayev**

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

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

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

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

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



**The authorized representative  
of the major shareholder Samruk-Kazyna**

\_\_\_\_\_ **A. Repin**