

BOARD OF DIRECTORS PROGRESS REPORT 2015

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.

Based on the decisions of the General Meetings of Shareholders dated 30 April 2015, due to the expiration of the term of office of the Board of Directors as a whole, the new members were elected to the Board of Directors.

MEMBERS OF THE BOARD OF DIRECTORS OF KEGOC:

Kuanysh Bektemirov

Chairman of the Board of Directors, representative of major shareholder - Samruk-Kazyna.

45 years old, citizen of the Republic of Kazakhstan, elected on 08 May 2012; the General Meeting of KEGOC shareholders extended the term of office for three years on 30 April 2015.

Shares owned in KEGOC or its counterparties, or its branches and affiliates: none

Positions:

since 2012: Chief Asset Management Officer at Samruk-Kazyna, Chairman of the Board of Directors at Samruk Energy, Chairman of the Board of Directors at Tau-Ken Samruk National Mining Company, member of the Board of Directors of Kazatomprom JSC;

2011-2012: CEO at AstanaEnergContract;

2009-2010: Deputy, First Deputy of CEO at KazHydroMet.

Luca Sutera

Independent Director, Chairman of the Audit Committee under the Board of Directors.

44 years old, citizen of Italy, elected on 08 May 2012; the General Meeting of KEGOC shareholders extended his term of office for three years on 30 April 2015.

Shares owned in KEGOC or its counterparties, or its branches and affiliates: none

Positions:

since 2015: Chief Financial Officer of Nebras Power Group (an international energy company in Qatar);

2011-2015: Group Vice President and Chief Financial Officer at Taqa, (Abu Dhabi National Energy Company);

Since 2012: Member of the Board of Directors at Samruk Energy.

Anatoliy Spitsyn

Independent Director, the Chairman of the Strategic Planning and Corporate Governance Committee under the Board of Directors.

76 years old, citizen of the Russian Federation, elected on 08 May 2012; the General Meeting of KEGOC shareholders extended his term of office for three years on 30 April 2015.

Shares owned in KEGOC or its counterparties, or its branches and affiliates: none

Positions:

since 2013: Director of the Institute of Strategic Studies of the Eurasian Economic Community Integration Problems, Professor of the National Security Chair of the Department of the National Security of the Russian Presidential Academy of National Economy and Public Administration, Moscow;

2010-2013: Professor of Economics and Finance Department, Public Sector, IIPAM, Russian Presidential Academy of National Economy and Public Administration;

Since 2012: Member of the Board of Directors at Samruk Energy.

Dominique Fache

Independent Director, Chairman of the Nomination and Remuneration Committee under the Board of Directors;

66 years old, citizen of France, elected by the General Meeting of KEGOC's Shareholders on 30 April 2015.

Shares owned in KEGOC or its counterparties, or its branches and affiliates: none

Positions:

since 2013: Member of the Board of Directors at Sophia Antipolis Science Park;

2008-2013: Chairman of the Board of Directors, CEO inEnel OGK-5;

2007-2008: General Director for Russia and CIS, Enel;

2006-2007 - Member of the Board of Directors at SUEK - Siberian Energy Coal Company, Moscow, Russia.

Janusz Bialek

Independent Director.

60 years old, citizen of the Republic of Poland and the United

Kingdom,

elected by the General Meeting of KEGOC's Shareholders on 30 April 2015,

Shares owned in KEGOC or its counterparties, or its branches and affiliates: none

Positions:

since 2014: Director of the Skoltech Center for Energy Systems;

2009-2013: Chair of Electrical Power and Control, Director for research work at the School of Engineering and Computing Sciences, Durham University, UK;

2003-2009: Bert Whittington Chair of Electrical Engineering, Director of master's programmes for green energy systems, the University of Edinburgh, UK.

Member of the Board of Directors.

51 years old, citizen of the Republic of Kazakhstan,

elected on 08 May 2012; the General Meeting of KEGOC shareholders extended the term of office for three years on 30 April 2015,

Shares owned in KEGOC or its counterparties, or its branches and affiliates: none

Positions:

since 2011 - Chairman of the Management Board at KEGOC;

2009-2011 - Vice-President at KEGOC;

2008-2009 - Executive Director at KEGOC;

2007-2008 - Head of the Capital Construction Department at KEGOC.

Bakytzhan

Kazhiyev

Based on the decisions of the General Meetings of Shareholders dated 30 April 2015, due to the expiration of the term of office of the Board of Directors as a whole, the new members were elected to the Board of Directors.

More details regarding the members of the Board of Directors (including their qualifications) are available on KEGOC's website at: <http://www.kegoc.kz/ru/korporativnoe-upravlenie/sovet-direktorov>.

The Board of Directors includes four independent directors, which is more than 50% of total members of KEGOC Board of Directors. The directors are deemed independent because they:

- are not, and were not an affiliate of the Company within three years prior to their election to the Board of Directors (except for holding the position of an independent director in the Company);
- are not affiliate with respect to KEGOC's affiliates;

- are not subordinated and were not subordinated to officials of KEGOC or its affiliates within three years prior to their election to the Board of Directors;
- do not participate, and did not participate in the Company's audit as auditors of an audit company within three years prior to their election to the Board of Directors;
- a representative of the shareholder at the meetings of the Company's bodies and has not been as such within three years preceding his/her election to the Board of Directors;
- are not civil servants.

Members of the Board of Directors	Attendance at the meetings in praesentia by the members of the Board of Directors in 2015								
	13. 2.2015	20.03.2015	29.04.2015	29.05.2015	10.07.2015	28.08.2015	15.10.2015	10.12.2015	%
Kuanysh Bektemirov	+	+	+	+	+	+	+	+	100
Anatoliy Spitsyn	+	+	+	+	+	+	+	+	100
Luca Sutera	+	+	+	+	+	+	+	+	100
Almassadam Satkaliyev	-	+	+	the term of office has expired					66.6
Dominique Fache	elected on 30.04.2015			+	+	+	+	+	100
Janusz Bialek				-	+	+	-	+	60
Bakytzhan Kazhiyev	+	+	+	+	+	+	+	+	100

In 2015, the Board of Directors held 8 meetings in praesentia and reviewed 129 issues. The major issues are as follows:

Strategic issues:

- Report on implementation of KEGOC Long-Term Development Strategy, Investment Programme, large investment projects for 2015;
- KEGOC Development Plan for 2016-2020;
- KEGOC Annual Report 2014;
- Road Map for KEGOC's Business Transformation Programme;
- Amendments to KEGOC's Innovation and Technology Strategy 2025;
- annual financial statements;
- Report on management of subsidiaries, affiliates and jointly controlled organisations, the influence of the results of their financial and economic activity on KEGOC's performance indicators.
- Determining an auditor organisation for KEGOC for 2016-2018 and the cost of its services.

Corporate governance issues:

- Action plan of the KEGOC Board of Directors and its Committees for 2015, Annual Audit Plan of KEGOC Internal Audit Service for 2015;
- The Action Plan for meeting the expectations of Samruk-Kazyna for 2015.
- New revision of KEGOC's Succession Plan;
- Action plan to improve KEGOC corporate governance in 2015;
- New revision of KEGOC's Charter;
- New revision of KEGOC Corporate Governance Code;

- New revision of the Regulations on KEGOC Board of Directors;
- New revision of the Regulations on the Corporate Secretary of KEGOC;
- Results of corporate governance diagnostics and review of the results of self-assessment of KEGOC for compliance of the current practices with the provisions of the new Corporate Governance Code (Gap-analysis);
- Assessment of the operations of the Board of Directors and its committees, the Chairman and members of the Board of Directors, the Management Board, Internal Audit Service and its Head, the Corporate Secretary of KEGOC with the assistance of independent organization.

HR policy issues:

- Nomination of two representatives of KEGOC Board of Directors to the membership of the KEGOC Modernisation Council;
- Assessment of the remuneration policy for executives of KEGOC;
- Early termination of term of office of a member of KEGOC Management Board;
- KEGOC's Executive Administration (head office) Organisational Structure;
- Nomination of executive employees of KEGOC, determination of the amounts of their salaries, and election of the member of the Management Board;
- Individual key performance indicators of KEGOC executive employees.

Transaction issues:

Pursuant to KEGOC's Charter the exclusive competence of the Board of Directors includes approval of property sale or purchase transactions with the value of 10% or more of the total assets of the Company and non-arms length transactions, excluding the transactions included in the competence of the Board of Directors of Samruk-Kazyna in accordance with the Law "On Sovereign Wealth Fund".

In 2015, KEGOC did not conclude any material transaction.

Only Independent Directors of KEGOC's Board of Directors can decide on non-arms length transactions as such defined in the laws of the Republic of Kazakhstan. For instance, the independent members of the Board of Directors made a decision relating to the transaction with Batys Transit (sale of securities) in 2015.

The decisions made by the Board of Directors in 2015 contributed to the more efficient development of KEGOC, the achievement of strategic goals and objectives determined by the Company for short-term, medium-term and long-term periods. The Board of Directors plays an active role in the improvement of the corporate governance at KEGOC, analyses the efficiency of the internal control mechanisms and the risks management in respect of wide range of business-processes.

Committees of the Board of Directors

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.

The Audit Committee was established to work out and submit recommendations to the Board of Directors relating to control over financial and economic activities (including completeness and accuracy of the financial statements); reliability and efficiency of internal control systems and risk management, as well as execution of corporate governance documents;

independence of external and internal audit, and process ensuring enforcement of the laws of the Republic of Kazakhstan.

The Committee shall perform its functions in accordance with the Regulations on Audit Committee under KEGOC Board of Directors.

On 13 February 2015, the Board of Directors established the membership of the Committee:

Luca Sutera - Chairman of the Committee, Independent Director;

Anatoliy Spitsyn - Independent Director;

Almassadam Satkaliyev.

On 29 May 2015, the term of office of the entire Board of Directors expired, and the Board of Directors elected new members of the Committee:

Luca Sutera - Chairman of the Committee, Independent Director;

Anatoliy Spitsyn - Independent Director;

Janusz Bialek - Independent Director.

In 2015, the Committee held 7 meetings in praesentia and reviewed 51 issues, and the appropriate recommendations were submitted to the Board of Directors, including: quarterly performance reports of the Internal Audit Service, issues relating to financial statements, internal control and risk management, internal and external audit, HR issues of the Internal Audit Service, preliminary approval of audit organisation to audit the Company for 2016-2018, payment amount of its services and draft contract with it.

The Audit Committee also held three meetings with the representatives of Ernst & Young company, which was selected to conduct the audit of 2015 financial statements, and discussed preliminary audit results of KEGOC consolidated statements for 2014, the management letters on the audit results, audit plan for 2015, and financial statements review results for Q1, H1, and 9M 2015.

Members of the Audit Committee	Attendance at the meetings in praesentia by the members of the Audit Committee in 2015							
	12.02.2015	19.03.2015	29.04.2015	10.07.2015	28.08.2015	15.10.2015	10.12.2015	%
Luca Sutera	+	+	+	+	+	+	+	100
Anatoliy Spitsyn	+	+	+	+	+	+	+	100
Almassadam Satkaliyev	+	+	+	the term of office has expired				100
Janusz Bialek	elected on 30.04.2015			+	+	-	+	75

In 2015, the Committee fully accomplished its goals, tasks and duties in accordance with the Regulations on the Strategic Planning and Corporate Governance Committee, as well as work plan of the Committee.

The Nomination and Remuneration Committee was established to work out and submit to the Board of Directors the recommendations relating to:

- election or nomination of independent directors, members of the Management Board, Corporate Secretary subject to the Company's internal documents;

- remuneration of the Directors, members of the Management Board, Corporate Secretary in accordance with the goals, tasks and the current condition of KEGOC and level of remuneration in peer companies;

- introduction of structured and open system of remuneration of Directors, Management Board members, and the Corporate Secretary.

The Nomination and Remuneration Committee shall perform its functions in accordance with the Regulations on the Nomination and Remuneration Committee.

On 13 February 2015, the Board of Directors elected the members of the Committee as follows:

Anatoliy Spitsyn - Chairman of the Committee, Independent Director;

Luca Sutera - Independent Director,

Almassadam Satkaliyev.

On 29 May 2015, the term of office of the entire Board of Directors expired, and the Board of Directors elected new members of the Committee:

Dominique Fache - Chairman of the Committee, Independent Director;

Anatoliy Spitsyn - Independent Director;

Janusz Bialek - Independent Director.

Members of the Nomination and Remuneration Committee	Attendance at the meetings in praesentia by the members of the Nomination and Remuneration Committee in 2015							
	12.02.2015	19.03.2015	29.04.2015	10.07.2015	28.08.2015	15.10.2015	10.12.2015	%
Anatoliy Spitsyn	+	+	+	+	+	+	+	100
Luca Sutera	+	+	+	+	+	+	+	100
Almassadam Satkaliyev	+	+	+	the term of office has expired				100
Dominique Fache	elected on 30.04.2015			+	+	+	+	100
Janusz Bialek	elected on 30.04.2015			+	+	-	+	75

In 2015, the Committee held 7 meetings in praesentia, reviewed 23 issues, and submitted the appropriate recommendations to the Board of Directors, including: nomination of new members of the Board of Directors, Management Board, organisational structure, key performance indicators of the Management Board's members, and remunerations.

In October 2015, the members of KEGOC Board of Directors and Management Board held a meeting with members of KEGOC's talent pool.

In 2015, the Committee fully accomplished its goals, tasks and duties in accordance with the Regulations on the Strategic Planning and Corporate Governance Committee, as well as work plan of the Committee.

The Strategic Planning and Corporate Governance Committee was established to work out and submit to the Board of Directors the recommendations relating to:

- priority areas of the Company's activities, development strategies, Development plan, implementation of investment programmes and large investment projects at KEGOC;

- improvement of corporate governance at the Company;

The Committee shall perform its functions in accordance with the Regulations on the Strategic Planning and Corporate Governance Committee under KEGOC Board of Directors.

On 13 February 2015, the Board of Directors elected the members of the Committee as follows:

Anatoliy Spitsyn - Chairman of the Committee, Independent Director;
 Luca Sutera - Independent Director,
 Almassadam Satkaliyev.

On 29 May 2015, the term of office of the entire Board of Directors expired, and the Board of Directors elected new members of the Committee:

Anatoliy Spitsyn - Chairman of the Committee, Independent Director;
 Dominique Fache - Independent Director;
 Luca Sutera - Independent Director,

Members of the Strategic Planning and Corporate Governance Committee	Attendance at the meetings in praesentia by the members of the Strategic Planning and Corporate Governance Committee in 2015							%
	12.02.2015	19.03.2015	29.04.2015	10.07.2015	28.08.2015	15.10.2015	10.12.2015	
Anatoliy Spitsyn	+	+	+	+	+	+	+	100
Luca Sutera	+	+	+	+	+	+	+	100
Almassadam Satkaliyev	+	+	+	the term of office has expired				100
Dominique Fache	elected on 30.04.2015			+	+	+	+	100

In 2015, the Committee held 7 meetings in praesentia, reviewed 23 issues, and issued the appropriate recommendations to the Board of Directors, including: issues relating to development strategy, Development plan, implementation of investment programme, innovation activities and etc.

In 2015, the Committee fully accomplished its goals, tasks and duties in accordance with the Regulations on the Strategic Planning and Corporate Governance Committee, as well as work plan of the Committee. It should be noted that the Committee's activities meet the expectations Samruk-Kazyna, the major shareholder of KEGOC, regarding improved efficiency of the Board of Directors and rating of KEGOC corporate governance.

REMUNERATION

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.

An independent director shall be compensated for the expenses associated with the trip to the meetings of the Board of Directors of KEGOC, committees under the Board of Directors and the meetings initiated by the Chairman of the Board of Directors of KEGOC and/or Chairman of the

Management Board of Samruk-Kazyna held beyond the place of permanent residence of an independent director. The expenses shall be compensated within the limits of reimbursement of business trip expenses stipulated by the internal documents of the Company.

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.

PERFORMANCE ASSESSMENT

KEGOC Corporate Governance Code requires that annual assessment of the performance of the Board of Directors shall be conducted at least once every three years by an independent party.

In 2015, the performance of the Board of Directors was assessed through questionnaire survey based on the methods elaborated by Samruk-Kazyna in accordance with the laws of the Republic of Kazakhstan and the best international practice for the corporate governance, particularly the principles of corporate governance of the Organization for Economic Cooperation and Development and the UK Corporate Governance Code. Having reviewed the findings of the performance assessment of the Board of Directors and its committees, the Chairman and members of the Board of Directors, Management Board, Internal Audit Service and its Head, and Corporate Secretary, the Board of Directors reached the conclusion that the work of the Board of Directors and committees was at an adequate level, and qualification of the members of the Board of Directors, Management Board, Corporate Secretary, Internal Audit Service and its Head complied with the goals and objectives of KEGOC.