



**JOINT STOCK COMPANY  
KAZAKHSTAN ELECTRICITY GRID OPERATING COMPANY  
(KEGOC)**

**APPROVED**  
by the Nomination and Remuneration  
Committee of KEGOC Board of  
Directors  
on 5 December 2016  
(Minutes of Meeting No. 9)

**APPROVED**  
by the Board of Directors of KEGOC  
JSC  
on 9 December 2016  
(Minutes of Meeting No. 14)

**APPROVED**  
by the General Meeting of KEGOC  
Shareholders  
on \_\_\_\_\_ 2017  
(Minutes of Meeting No. )

## **RULES**

---

### **REMUNERATION AND REIMBURSEMENT OF EXPENSES TO THE MEMBERS OF THE BOARD OF DIRECTORS OF KEGOC**

**Пр КЕГОС ИД-341-16-СД**

**Copy No. \_\_\_\_**

**Revision 1**

**Effective date \_\_\_\_\_**

**Astana**

## 1. General Provisions

1.1 These rules determine the procedure and terms of remuneration and reimbursement of expenses to the members of KEGOC's Board of Directors of Kazakhstan Electricity Grid Operating Company joint-stock company (hereinafter – KEGOC JSC, the Company) (hereinafter – the Board of Directors).

1.2 These Rules are elaborated in accordance with the Laws of the Republic of Kazakhstan, the Corporate Governance Code of KEGOC and Rules for composition of the Board of Directors of Samruk-Kazyna companies (hereinafter – the Fund's Rules).

1.3 These rules shall apply to the Corporate Secretary, the members of the Board of Directors and KEGOC's shareholders.

1.4 The issues not governed by these Rules shall be governed by the Laws of the Republic of Kazakhstan, decision of the General Meeting of Shareholders and internal documents of the Company.

These rules are an internal regulatory document of KEGOC and shall not be presented to stakeholders.

## 2. Regulatory References

These rules have references to the following legal acts of the Republic of Kazakhstan and regulatory documents:

Code of the Republic of Kazakhstan On taxes and other mandatory payments to the budget;

Law of the Republic of Kazakhstan On Joint-Stock Companies;

KEGOC Charter;

KEGOC Corporate Governance Code;

Rules for composition of the Board of Directors of Samruk-Kazyna companies;

П КЕГОС ИД-202-OCA Regulations on the Board of Directors of KEGOC;

Agreements with the Independent directors of Kazakhstan Electricity Grid Operating Company KEGOC Joint Stock Company

CT KEGOC 00-101-10 Company Standard Document Management

## 3. Terms and Definitions

These Rules shall use the terms in accordance with the Fund's Rules as well as the following terms with respective definitions:

3.1 **Director:** Member of the Board of Directors;

3.3 **GMS:** General Meeting of Shareholders;

3.4 **Fund:** Sovereign Wealth Fund Samruk-Kazyna joint-stock company

3.5 **Representative of Samruk-Kazyna JSC:** Representative of the Fund;

3.6 **Nomination and Remuneration Committee:** Nomination and Remuneration Committee of the Board of Director;

3.7 **Corporate Secretary:** Corporate Secretary of the Company being in charge of corporate management and responsible for determination of remuneration and reimbursement of expenses of the members of the Board of Directors and fulfilling other functions within their competence;

3.8 **Code:** Corporate Governance Code;

#### **4. Responsibility and Authority**

4.1 These Rules shall be approved by the decision of KEGOC's General Meeting of the Shareholders Board.

4.2 The execution of requirements stipulated by the Rules shall be monitored by the Chairman of the Nomination and Remuneration Committee.

4.3 The Corporate Secretary shall be responsible for execution of the requirements specified in these Rules.

4.4 The Corporate Secretary shall be responsible for preparation of the rules, their compliance with the requirements of regulatory acts of the Republic of Kazakhstan and management thereof in accordance with CT KEGOC 00-101-10.

4.5 The execution of requirements stipulated by the Rules shall be monitored by the Chairman of the Board of Directors.

#### **5 Remuneration determination**

5.1 Remuneration of the Directors consists of two parts:

— fixed annual remuneration based on the decision 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

5.2 Remuneration of the Director shall not include options or other elements associated with the performance results of the Company.

5.3 In accordance with the tax laws of the Republic of Kazakhstan the remuneration of the members of the Board of Directors shall be the revenue of an individual and shall be taxed in accordance with the requirements of the Tax Code of the Republic of Kazakhstan.

5.4 The Company shall disclose the information on the amount of remunerations of the members of the Board of Directors to all stakeholders in accordance with the laws of the Republic of Kazakhstan. Information on the amount of remuneration of the members of the Board of Directors for the reporting period shall be subject to mandatory disclose in annual report prepared for the General Meeting of shareholders.

5.5 When determining the amount of remuneration the responsibilities of the Director, range of operation of the Company, long-term targets and goals as defined by the development strategy and business plan shall be taken into consideration.

5.6 Remuneration for the Fund's members shall be determined by the General Meeting of Shareholders based on the Fund's Management decision.

5.7 Nomination and Remuneration Committee shall be entitled to make proposals with regards to the Director's remuneration amount.

5.8 Nomination and Remuneration Committee shall prepare recommendations regarding the Director's remuneration based on the relevant analysis (benchmarking) taking into consideration remuneration practice in the companies similar in their type, size, scope of activities, range of operation, as well as the Kazakhstan practice.

5.9 Should the Director participate starting from his/her election as a member of the Board of Directors, in less than in a half of all the meetings of the Board of Directors held in praesentia and in absentia during the reporting period except for absence at meetings due to illness, the fixed annual remuneration shall not be paid.

Should the Director be absent at the meetings of the Board of Directors and its committees of which he/she is a member, his/her remuneration shall be decreased on a pro rata basis and can be a reason for making decision on excluding this Director from the Board of Directors.

This requirement shall not apply in case of breaking the procedure for convening the Board of Director meetings in accordance with the Charter and internal documents of the Company.

The Director shall be eligible to participate at the meetings of the Board of Directors and its committees in praesentia by means of technical communications. At that such participation shall be no more than 40% of total number of all meetings of the Board of Directors and its committees held in praesentia per annum.

The set extent of the fixed annual remuneration can be revised in case of weakening of financial and economic indicators of the Company and/or its key performance indicators.

When determining remuneration with the view to prevent and ensure avoiding the conflict of interest, the member of the Board of Directors can not be involved in determination of his/her own remuneration amount, and shall not participate in voting with regard to determination of his/her own remuneration.

Conflicts associated with the Directors remuneration payment, shall be governed in accordance with the requirements of the laws of the Republic of Kazakhstan and internal documents of the Company.

## **6 Reimbursement of expenses**

6.1 Director shall be reimbursed for the expenses associated with the following:

- 1) visiting meetings of the Board of Directors and its committees;
- 2) visiting meetings initiated by the Chairman of the Board of Directors and/or Chairman of the Fund Management Board, Chairman of the Company's Management Board.

6.2 In pursuance with Clause 6.1 of these Rules, the Director shall be reimbursed for the expenses as follows:

- 1) travel, including transfer;
- 2) accommodation;
- 3) per diem allowance;
- 4) telephone communications (except for mobile telecommunications) in the Republic of Kazakhstan;
- 5) scanning, photocopying, faxing, printing, printing of documents, access to the Internet in the Republic of Kazakhstan;
- 6) courier service and postal service.

6.3 Reimbursement of the expenses in accordance with Clause 6.2 of the Rules shall be made by the Company at actual costs upon presentation of the supporting documents. Only documented expenses shall be reimbursed.

Accommodation expenses shall be compensated at actual costs, but no more than the price of a single deluxe suite, including the cost of reservation, upon presentation of the supporting documents.

Per diem for each day of stay to attend an event shall be defined in accordance with Clause 6.1 hereof within the limits defined by the standard reimbursement rate of travel costs for the Chairman of the Management Board of the Company specified in the internal documents of the Company.

## **7 Determination of remuneration and terms for reimbursement of expenses**

General meeting of the shareholders of the Company shall determine the amount and terms of remuneration and reimbursement of expenses to the Director.

Basis and amount of remuneration and reimbursement of expenses to the Director shall be included into the agreement to be concluded with the Director except for the Representative of the Fund.

## **8 Remuneration and reimbursement procedure**

8.1 Remuneration shall be paid to the Director during the month following the reporting period of remuneration payment since the Director has been elected to the Board of Directors in proportion to the period of membership in the Board of Directors and its committees. The reporting period for remuneration payment shall be a quarter, half year or a year of the calendar year concerned.

The definite period of remuneration payment shall be defined in the agreement to the concluded with the Director based on the decision of the General meeting of shareholders.

8.2 Remuneration and reimbursement of expenses to the Director shall be transferred to a plastic card or an account at the Director's discretion.

8.3 Should the term of office of the Director be terminated (in advance as well) prior to the end of reporting period, the Director shall be remunerated and compensated for the expenses for the period of actual tenure of being a member of the Board of Directors, not later than thirty (30) days from the date of expiration of his/her term office, date of appropriate decision by the General Shareholder Meeting or date of submitting by the Director of an application for early termination of his term of office.

8.4 Should the term of office of the Director be earlier terminated due to his/her negligence, breach of conditions for his nomination and these Rules or availability of the statement evidencing the fact of intended misinformation (deceit) of the Company or shareholders or wilful disregard to his/her obligations, the Director shall be remunerated proportionally to the period of engagement as a member of the Board of Directors up to the detecting of the facts above (when the fact became known).

8.5 While the Director and the Chairman of the Board of Directors enter into a Contract the provisions of these Rules shall be taken into consideration. Contract with the Director shall be signed by the Chairman of the Board of Directors based on the decision of General Meeting of Shareholders.

## **9 Management of these Rules**

9.1 These Rules shall be managed in accordance with CT KEGOC 00-101-10.

9.2 These Rules shall be agreed upon with the Chairman of the Management Board, Deputy Chairman of the Management Board - NPG Development and Corporate Management, Managing Directors - Economics, Legal Support and Security, Head of Legal Department, Corporate Development Department, Head of Internal Audit Service with and entry made in Approval Sheet (Appendix 1 hereto).

9.3 All members of the Company's Board of Directors shall review the requirements of these Rules.

**Prepared by:**

**Ye.Ramazanov** \_\_\_\_\_ **Corporate Secretary**  
(date and signature)

**A. Iskakova** \_\_\_\_\_ **Manager of Corporate Secretary Service**  
(date and signature)

**Appendix 1  
to the Rules of remuneration and  
reimbursement of expenses of the  
members of the Board of Directors of  
KEGOC**

**Approval Sheet**

Form CT KEGOC 00-101-01

<b>Position</b>	<b>Full name</b>	<b>Date</b>	<b>Signature</b>
Chairman of Management Board	Bakytzhan Kazhiyev		
Deputy Chairman of the Management Board - NPG Development and Corporate Governance	Askerbek Kuanyshbayev		
Managing Director – Legal Support and Security	Kairat Zhakipbayev		
Managing Director – Economics	Aibek Botabekov		
Head of Internal Audit Service	Omirezhan Yessetov		
Head of Legal Department	Tolegen Safuani		
Head of Corporate Development Department	Zhuldyz Zhumabayeva		
Corporate Secretary	Yertai Ramazanov		







**Appendix 4**  
**to the Rules of remuneration and**  
**reimbursement of expenses of the**  
**members of the Board of Directors of**  
**КЕГОС**

Routine Reviews Record Sheet

Form CT КЕГОС 00-101-04

Date of review	Name of the reviewer	Signature of the reviewer	Comments