



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

**REPORT**

**ON ACTIVITY OF THE BOARD OF DIRECTORS/COMMITTEES OF KAZAKHSTAN  
ELECTRICITY GRID OPERATING COMPANY (KEGOC) JOINT-STOCK COMPANY  
FOR 2018**

**Nur-Sultan**

## GENERAL MEETING OF SHAREHOLDERS

The general meeting of shareholders is the superior body of the Company.

The general meeting of shareholders shall run its activities in accordance with the Law of the Republic of Kazakhstan On Joint-Stock Companies, the Charter and the Regulations on the General Meeting of Company Shareholders.

The exclusive competence of the General Meeting of Shareholders shall be defined by Article 21.1 of the Company Charter.

The General Meeting of Shareholders shall have the right to overrule any decision of other bodies of the Company on the issues relating to the internal operations of the Company, unless otherwise is stipulated in the Charter.

The General Meetings of Shareholders can be annual and extraordinary meetings.

The Annual General Meeting of Shareholders shall be held no later than five (5) months after the end of the fiscal year.

All other meetings of shareholders except the annual General Meeting of Shareholders shall be considered extraordinary ones.

In 2018, the Board of Directors initiated convening of the General Meeting of Shareholders four (4) times:

1) The Annual General Meeting of Shareholders was held on 27 April 2018 (Minutes No. 8) where the decisions were taken on the following issues:

- *Determine number of members, terms of office of KEGOC's Board of Directors, elect its members and the chairman, and determine the rates and terms of remuneration and compensation of expenses for the members of KEGOC's Board of Directors in fulfilment of their duties;*

- *Approve the annual financial statements, procedure for distribution of the net income, payment of dividends on ordinary shares and approve the amount of dividends per ordinary share of KEGOC for 2017*

- *Review claims from the shareholders in relation to activities of KEGOC and its officers and results of consideration of such claims*

- *Determine number of members, terms of office of KEGOC's Counting Board and election of its members.*

2) The extraordinary General Meeting of Shareholders was held on 24 August 2018 (Minutes No. 9) where the decisions were taken on the following issues:

- *Election of a member of KEGOC's Board of Directors, determination of the term of office, the salary and terms of remuneration and compensation of expenses for the member of KEGOC's Board of Directors.*

3) The extraordinary General Meeting of Shareholders was held on 2 November 2018 (Minutes No. 10) where the decisions were taken on the following issues:

- *The composition of the Board of Directors of KEGOC'.*

4) The extraordinary General Meeting of Shareholders was held on 30 November 2018 (Minutes No. 11) where the decisions were taken on the following issues:

- *Approve the interim financial statements, distribution of the net income, decision to pay dividends on ordinary shares and the amount of the dividends per ordinary share of KEGOC for H1 2018.*

## **BOARD OF DIRECTORS PROGRESS REPORT 2018**

From 01 January to 27 April 2018, KEGOC's Board of Directors included the following members: Anatoliy Spitsyn, Luca Sutera, Dominique Fache, Janusz Bialek, Suinshlik Tiyessov, Zhanna Yegimbayeva, Bakytzhan Kazhiyev.

Kuanysh Bektemirov, Chairman of the Board of Directors early terminated his office on 13 February 2018.

On the basis of the decision of the General Meetings of Shareholders dated 27 April 2018 (Minutes No. 8), 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:

- 1) Ibragim Tagashev, Chairman of the Board of Directors of KEGOC;
- 2) Dominique Fache, Independent Director;
- 3) Janusz Bialek, Independent Director;
- 4) Suinshlik Tiyessov, Representative of Samruk Kazyna JSC;
- 5) Zhanna Yegimbayeva, Representative of Samruk Kazyna JSC
- 6) Bakytzhan Kazhiyev, Chairman of Management Board, KEGOC.

Ibragim Tagashev, Chairman of the Board of Directors of KEGOC early terminated his office on 27 August 2018.

On the basis of the decision of the extraordinary General Meeting of Shareholders of KEGOC dated 24 August 2018 (Minutes No. 9) Yermek Kudabayev was elected as an independent director of the Board of Directors.

On the basis of the decision of the extraordinary General Meeting of Shareholders of KEGOC dated 2 November 2018 (Minutes No. 10) Almassadam Satkaliyev, Chairman of the Board of Directors of KEGOC, was elected as a member of the Board of Directors, the representative of Samruk-Kazyna JSC.

## BOARD OF DIRECTORS

### Members of the Board of Directors as of 31 December 2018



**Almassadam  
Satkaliyev**  
Chairman of KEGOC's  
Board of Directors

Born in 1970, citizen of the Republic of Kazakhstan.

**Elected** on 2 November 2018 (Minutes No. 10) by the decision of the extraordinary General Meeting of Shareholders of KEGOC.

Shares owned in KEGOC or its subsidiaries: none

**Education:** 1987- 1992 Mechanical Engineering, Mechanical Engineer, Application Mathematician, Al-Farabi Kazakh State University, Alma-Ata;

2011- 2013 Master of Economics, Russian Presidential Academy of National Economy and Public Administration, Moscow;  
2013- 2015 Executive MBA, Master of Business Administration, Nazarbayev University, Graduate School of Business (programme in collaboration with Duke University's Fuqua School of Business), Astana;

2016 Stanford Executive Program (SEP); Stanford University, Graduate School of Business.

**Work experience for the last five years:**

**2018- present:** Chief Asset Management Officer, Samruk-Kazyna JSC;

**2018 (July) - 2018 (August):** Deputy Chairman; KAZENERGY Kazakhstan Association of Oil & Gas and Power Organizations;

**2012 (January) - 2018 (May):** Chairman of Management Board; Samruk Energy

**Participation in the management bodies of other entities:**

Chief Asset Management Officer of Samruk-Kazyna JSC, Chairman of the Board of Directors of KEGOC and KOREM JSC, member of the Board of Directors of Kazakhstan Temir Zholy National Company JSC and KazMunaiGas JSC.

**Academic degree, academic status:**

- Member of Kazakhstan Academy of Natural Sciences (2015)

- Doctor of Economics (2015)

- Foreign Member of Russian Academy of Natural Sciences (2010)

- Candidate of Economic Sciences (2002)



**Dominique Fache,**  
Independent Director,  
Chairman of the  
Occupational Health, Safety  
and Environmental  
Protection Committee,  
member of the Audit  
Committee and of the

Born in 1949, citizen of France.

**Elected** on 30 April 2015 (Minutes No. 1) by the decision of the General Meeting of Shareholders of KEGOC.

Shares owned in KEGOC or its subsidiaries: none

**Education:** University of Sorbonne, France (1972), degree in Engineering, Lomonosov Moscow State University, Russia. The National Centre for Scientific Research CNRS, Paris, France, University of Sorbonne in collaboration with Ecole Supérieure Electricite.

**Work experience for the last five years and participation in the management bodies of other entities:**

Since 2016: Chairman of RTF Board of Directors;

Since 2013: Member of the Board of Directors at Sophia Antipolis Science Park, France;

2008 – 2013: Chairman of the Board of Directors, President of EnelOGK-5.

Founder of a series of science and innovation events, conferences and festivals for Sophia Antipolis science park, founder of Club de Nice, which organises European Energy Forum.

Strategic Planning  
Committee of the Board of  
Directors of KEGOC.



**Janusz Bialek**, Independent Director, Chairman of the Nomination and Remuneration Committee and the Strategic Planning and Corporate Governance Committee, member of the Audit Committee under KEGOC's Board of Directors.

Born in 1955, nationality: the Republic of Poland and the United Kingdom. **Elected** on 30 April 2015 (Minutes No. 1) and 27 April 2018 (Minutes No. 8) by the decisions of the General Meeting of Shareholders of KEGOC.

Shares owned in KEGOC or its subsidiaries: none

**Education:** MEng degree in Electrical Engineering (1977), PhD degree in Engineering (1980), Warsaw University of Technology, Poland.

**Work experience for the last five years:**

Since 2014: Director of the Skoltech Center for Energy Systems, Skolkovo Institute of Science and Technology;

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

**Academic degree, academic status:**

PhD degree in Engineering (1980).



**Suinshlik Tiyyessov** Member of KEGOC's Board of Directors, representative of Samruk-Kazyna, member of the Strategic Planning and Corporate Governance Committee and the Occupational Health, Safety, and Environmental Protection Committee of KEGOC's Board of Directors.

Born in 1946, citizen of the Republic of Kazakhstan.

**Elected** on 28 October 2016 (Minutes No. 5) and 27 April 2018 (Minutes No. 8) by the decisions of the General Meeting of Shareholders of KEGOC.

Shares owned in KEGOC or its subsidiaries: none

**Education:** Lenin Kazakh Polytechnic Institute Almaty, majoring in Electrical Engineering (1968), Business and Management Centre of Gatton College of Business and Economics, University of Kentucky, USA (1996).

**Work experience for the last five years:**

2004-2016: Chairman of the Management Board at KOREM.

Author of the monograph *Formation of the electricity market in Kazakhstan*. Participated in the formation of the national grid, introduction of unique transmission lines and 1,150-500 kV substations, and the largest electricity generators: Aksuiyskaya GRES, Ekibastuz GRES. Participated in the development and introduction of: external power supply design of Tengiz oil and gas field; implementation of Kazakhstan Electricity Transmission Rehabilitation Project; the electricity and capacity market project in Kazakhstan, the First Electricity Law in 1995; all regulatory and legal documents relating to operation of the electricity market in Kazakhstan.

**Academic degree, academic status:**

Candidate of Technical Sciences



**Zhanna  
Yegimbayeva**

Member of KEGOC's Board of Directors, representative of Samruk-Kazyna, member of the Nomination and Remuneration Committee and the Occupational Health, Safety, and Environmental Protection Committee of KEGOC's Board of Directors.

Born in 1953, citizen of the Republic of Kazakhstan.

**Elected** on 28 October 2016 (Minutes No. 5) and 27 April 2018 (Minutes No. 8) by the decisions of the General Meeting of Shareholders of KEGOC.  
Shares owned in KEGOC or its subsidiaries: none

**Education:** Kirov Kazakh State University, Lawyer.

**Work experience for the last five years:**

Since 2016: Advisor in Baiterek National Holding JSC;

2011-2016: Deputy Head of the Office of the Prime Minister of the Republic of Kazakhstan.

**Participation in the management bodies of other entities:**

Member of the Board of Directors of KazAgro National Management Holding JSC; Member of the Board of Directors of Kazakhstan Engineering NC JSC.



**Yermek  
Kudabayev**

Independent Director, Chairman of the Audit Committee, member of the Nomination and Remuneration Committee under KEGOC's Board of Directors.

Born in 1970, citizen of the Republic of Kazakhstan.

**Elected** on 24 August 2018 (Minutes No. 9) by the decision of the General Meeting of Shareholders of KEGOC.

Shares owned in KEGOC or its subsidiaries: none

**Education:**

Moscow Institute of Steel and Alloys, MISiS, Mechanical Engineering (1987-1993); Kazakhstan Institute of Management, Economics and Forecasting, KIMEP University; Master of Business Administration (MBA) (1994-1996); Certified Accountant of the Republic of Kazakhstan (1988); Certified Auditor of the Republic of Kazakhstan (2000); Certified Practicing Accountant (CPA) (2002); Certified Accountant and Financier by Association of Certified Chartered Accountants (ACCA), London, UK (2004).

**Work experience for the last five years:**

2016 - present: Managing Director for Economics and Finance of Intelligent Consulting Solutions LLP;

2013-2016: Managing Director for Economics and Finances, KazPetroDrilling JSC.



**Bakytzhan Kazhiyev**  
Chairman of KEGOC's  
Management Board,  
member of KEGOC's Board  
of Directors.

Born in 1964, citizen of the Republic of Kazakhstan.

**Elected** on 31 May 2011 (Minutes No. 24/11), 8 May 2012 (Minutes No. 21/12) by the decision of the Management Board of Samruk-Kazyna JSC; 30 April 2015 (Minutes No. 1) and 27 April 2018 (Minutes No. 8) by the decision of the General Meeting Shareholders of KEGOC.

Shares owned in KEGOC or its subsidiaries: none

**Education:**

Alma-Ata Power Engineering Institute majoring in Power Systems and Networks, Electrical Engineer (1986); Karaganda State Technical University majoring in Economics, Bachelor of Economics (2007).

**Work experience for the last five years:**

Since 2011 - present: Chairman of Management Board of Kazakhstan Electricity Grid Operating Company (KEGOC) JSC;

2009 - 2011: Vice President of Kazakhstan Electricity Grid Operating Company JSC;

2008 - 2009: Executive Director, KEGOC JSC.

**Academic degree, academic status:**

DBA Doctoral Student majoring in 6D052000 Business Administration (Almaty Management University).

**Competence of the members of the Board of Directors**

Members of the Board of Directors	Almassadam Satkaliyev	Yertai Kudabayev	Janusz Bialek	Dominique Fache	Zhanna Yegimbayeva	Suinshlik Tiyyessov	Bakytzhan Kazhiyev
Experience in the sector/total work experience, years	18/27	8 months/26	39/39	47/47	2.5/48	51/51	33/33
<b>Core competencies</b>							
<b>Knowledge of the industry</b>							
Work experience in the production of the industry							
Deep knowledge of the industry							
Technical skills/experience							
<b>Specific skills and experience</b>							
Financial capability							
Deep knowledge of finance							
Deep knowledge of marketing							
Deep knowledge of social and environmental issues							
<b>Experience in management and jurisprudence</b>							
Corporate Governance							





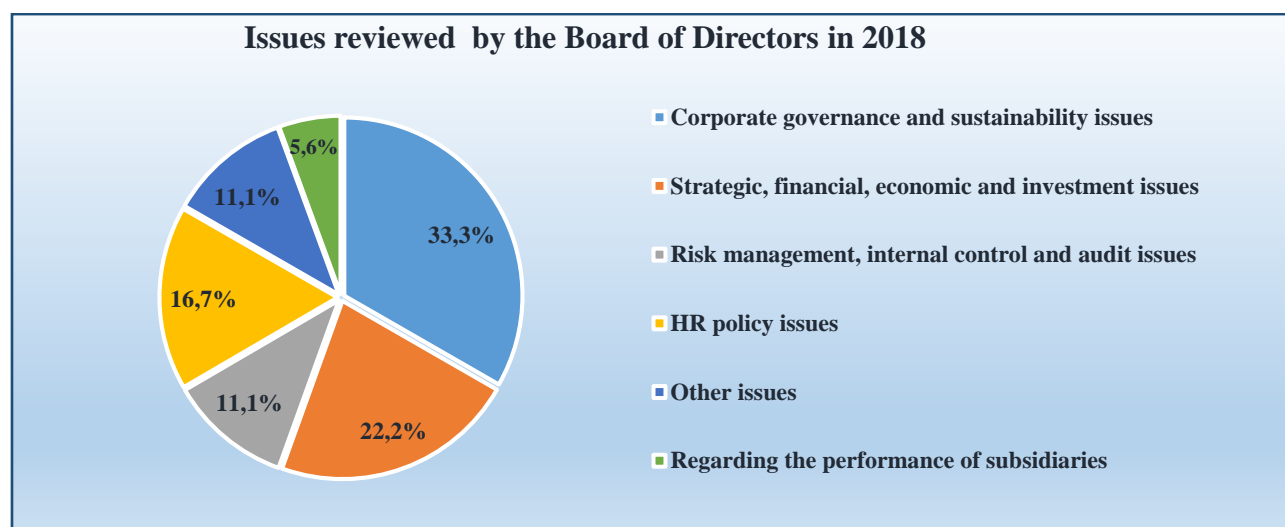
Independent Director													
Suinshlik Tiyessov Representative of Samruk Kazyna JSC	+	+	+	+	+	+	+	+	+	+	+	+	<b>100</b>
Zhanna Yegimbayeva Representative of Samruk Kazyna JSC	+	+	+	+	+	+	+	+	+	+	+	+	<b>100</b>
Yermek Kudabayev, Independent Director	<i>was elected on 24 August 2018</i>								+	+	+	+	<b>100</b>
Bakytzhan Kazhiyev, Chairman of Management Board	+	+	+	+	+	+	+	+	+	+	+	+	<b>100</b>

\* early terminated his office on 13 February 2018

\*\* early terminated his office on 27 August 2018

\*\*\* the term of office has expired at KEGOC's Board of Directors on 27 April 2018

**In 2018, the Board of Directors held 11 meetings in praesentia and 1 meeting in absentia, where 144 issues were considered with relevant decisions made,**



**key of which:**

<b>Strategic, financial, economic and investment issues</b>	approved KEGOC's Development Strategy for 2018-2028
	reviewed annual/interim financial statements, proposed to the General Meeting of Shareholders the procedure for distributing the net income and amounts of KEGOC's dividends;
	reviewed reports on the implementation of major investments projects of KEGOC, the portfolio of perspective investment project of KEGOC;
	reviewed a list of strategic key performance indicators of KEGOC of the first level and their calculation methodology;
	approved KEGOC Business Plan (Development Plan) for 2018-2022, and reviewed quarterly reports on the implementation of KEGOC Development Plan for 2018-2022;
	made decisions on the conclusion of non-arms length transactions;
	approved 2018-2021 Road Map for KEGOC's Business Transformation Programme and reports on their implementation;
	reviewed the mid-term Letter on Samruk-Kazyna's expectations for 2019-2023
	approved KEGOC's Information and Telecommunication Complex Development Strategy.

	reviewed the amendments in 'CT KEGOC 00-407-14-CD Company Standard. Policy on Settlement of Conflict of Interest of the Officials and Employees of KEGOC and CT KEGOC 00-408-14-CD Company Standard. KEGOC Corporate Conflict Settlement Policy.
<b>Corporate governance and sustainability issues</b>	introduced amendments and addenda into KEGOC's Charter
	reviewed the results of independent corporate governance diagnostics of KEGOC and the Plan of improvement of KEGOC Corporate Governance Code.
	approved the rules Пp KEGOC ИД-401-16-CD. Rules on the assessment of performance of the Board of Directors and its committees, the Chairman and members of the Board of Directors and corporate secretary of KEGOC,
	reviewed the report on compliance/non-compliance with the principles and provisions of the Corporate Governance Code for 2017
	reports on implementation of the Action Plan on improvement of the OSH management system of KEGOC and the Health and Safety Reports
	approved the Annual Report and the Sustainability Report for 2017
	Report on possible application of the recommendations of Institute of Chartered Secretaries and Administrators (ISCA) on the obligations and reporting lines of the Corporate Secretary.
	reviewed the recommendations to form the List of Candidates for the Board of Directors of KEGOC.
	approved KEGOC's Information Security Development Programme for 2018-2022
	reviewed the report on implementation of the OHSMS programme, the Action Plan for the key risks management, and minimization of significant hazards and risks, organization, planning and preparation for works, the hierarchical area of responsibility of team members for 9 months of 2018.
	reviewed the incident report (accidents, road accidents, incidents) for 9 months of 2018 through the use of the safety pyramid and the 'Cause Tree'.
<b>Risk management, internal control and audit issues</b>	approved risk appetite for 2019, Risk Register, Risk Map, Key Risk Management Action Plan, key risk tolerance levels and indicators for 2019, and reviewed quarterly risk reports;
	approved the amendments into the Regulations on the KEGOC Internal Audit Service;
	approved the Strategic Plan of the KEGOC Internal Audit Service for 2018-2020;
	reviewed IAS performance reports, the IAS's Annual Audit Plan for 2018;
	approved the new revision of Regulations on Audit Committee of KEGOC's Board of Directors;
	approved the amended Regulations on the KEGOC Internal Audit Service;
	approved the amendments and addenda to И KEGOC 00-308-14-CD Standard. Method to determine the risk appetite and risk tolerance level for key risks of KEGOC
<b>HR policy issues:</b>	approved the Business Ethics Code;
	approved amendments and addenda to the Organizational Structure and the total staff number of the Executive Administration (head office);
	introduced amendments and addenda to the rules Пp KEGOC 00-325-17-CD. Provision of social support for KEGOC's employees;
	approved CT KEGOC 00-307-18 Standard of Organization. HR Policy in KEGOC.
	introduced amendments to the rules Пp KEGOC 00-342-17-CD. The Rules for election and early termination of the powers of the Chairman and members of KEGOC's Management Board;
	appointed KEGOC's Compliance Officer and Ombudsman and determined their salaries.

		approved the new revision of the List of positions of KEGOC which shall be elected or approved by KEGOC's Board of Directors;
		approved the job description, the position assessment (grades) of the Managing Director for operations, Managing Director for Strategy and Development of KEGOC.
<b>Regarding performance subsidiaries</b>	<b>the of</b>	appointed General Director of FSC RES;
		identified the number and term of office of the Supervisory Board of FSC REC LLP, election of their members and Chairman;
		reviewed the issues regarding the annual and extraordinary General Meeting of Batys Transit JSC shareholders;
		approved the financial statements of EnergoInform and FSC RES for 2017;
		considered the payment of dividends on ordinary shares and approved the amount of dividends per EnergoInform's ordinary share for 2017;

For the reporting period (2018) 185 transactions, non-arms length transactions, were concluded in the total amount of KZT 44,425,241,302.91.

The Board of Directors decided to conclude the following non-arms length transactions:

1) between Aktyubinskiye MES and Batys Transit JSC for maintenance of Batys Transit equipment installed at 220 kV outdoor switchgear at 500 kV Ulke SS and 220 kV OHTL Ulke - Kazchrome 1 and Ulke - Kazchrome 2;

2) between Aktyubinskiye MES and Batys Transit JSC for maintenance of Batys Transit equipment installed at 500 kV outdoor switchgear at 500 kV Ulke SS and 500 kV OHTL Zhitikar - Ulke;

3) between Sarbaiskiye MES and Batys Transit JSC for maintenance of Batys Transit equipment installed at 500 kV outdoor switchgear at 500 kV Zhitikara SS and 500 kV OHTL Zhitikar - Ulke;

4) between Zapadnye MES and Tengizchevroil LLP for maintenance of Tengizchevroil LLP equipment installed at 220 kV Kulsary SS (two 10 kV bays);

5) between Tsentralnye MES and Kazakhstan-China Pipeline LLP for maintenance of Kazakhstan-China Pipeline LLP equipment installed at 220 kV Balkhashskaya SS (two 110 kV bays);

6) between Tsentralnye MES and Kazakhstan-China Pipeline LLP for maintenance of Kazakhstan-China Pipeline LLP equipment installed at 500 kV Agadyr SS (transformer T-2, one 220 kV bay, six 35 kV bays, five 10 kV bays);

7) between Yuzhnye MES and Katko Kazakh-French Joint Venture LLP for the management of the operational and maintenance of equipment installed at 220kV Sholak-Korgan SS (2 bays 110kV).

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



### Audit Committee

The Committee's operations shall be governed by the Regulations on the Audit Committee, approved by the Board of Directors dated 30 November 2018 (Minutes No. 12).

#### Composition of the Committee:

The Committee in its operation is completely accountable to the Board of Directors. The members of the Committee were elected by majority votes of the Board of Directors members. Chairman of the Committee is an independent director. All members of the Committee have sufficient knowledge and extensive experience including practical one.

An expert without the right to vote shall submit to the Committee the recommendations based on the policies and visions of Samruk-Kazyna as a major shareholder of the Company.

As of **31 December 2018**, the Committee includes 4 members, 3 independent directors and an expert without the right to vote:

- 1) Yermek Kudabayev, Chairman of the Committee, Independent Director;
- 2) Dominique Fache, member of the Committee, Independent Director;
- 3) Janusz Bialek, member of the Committee, Independent Director;
- 4) Saltanat Satzhan, member of the Committee, Expert without the right to vote.

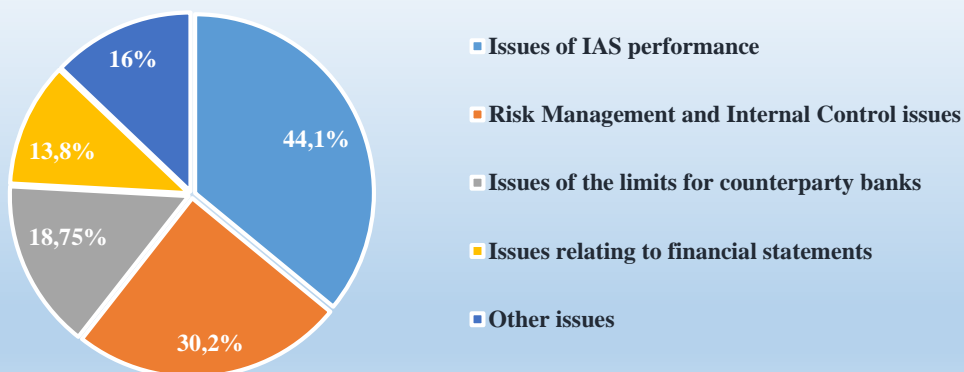
#### Functions of the Committee:

Work out and submit to the Board of Directors the recommendations relating to:

- establishment of effective control system for financial and economic activities of the Company (including the completeness and accuracy of financial statements);
- control over reliability and effectiveness of the internal control and risk management systems and over execution of corporate governance documents;
- control over internal and external audit independence, and over the process ensuring enforcement of the laws of the Republic of Kazakhstan.

In 2018, the Audit Committee held **9 meetings in praesentia**. As per the agendas of meetings, the Committee reviewed **58 issues** and provided the respective recommendations to the Board of Directors.

### Issues reviewed by the Audit Committee in 2018



### Information of attendance at the meeting of the Audit Committee of the Board of Directors of KEGOC for 2018

Members of Committees	Attendance									
	26.01	02.03	30.03	26.04	01.06	29.06	24.08	28.09	29.11	%
Luca Sutera Independent Director	+	+	+	+	was absent*					100
Anatoliy Spitsyn Independent Director	+	+	+	+	was absent*					100
Dominique Fache Independent Director	+	+	+	+	+	+	+	+	+	100
Janusz Bialek Independent Director	+	+	+	+	+	+	+	+	+	100
Yermek Kudabayev Independent Director	was absent*							+	+	100
Satzhan Saltanat Expert without the right to vote	+	-	+	+	+	-	-	+	+	56

\* the term of office expired on 27 April 2018

\*\* was elected by the decision of the Board of Directors dated 24 August 2018 (Minutes No. 9) as a member of the Committee

### NOMINATION AND REMUNERATION COMMITTEE

The Committee's operations shall be governed by the Regulations on the Nomination and Remuneration Committee, approved by the decision of KEGOC Board of Directors dated 10 October 2013 (Minutes No. 9), as amended on 1 June 2016 (Minutes No. 9).

#### Composition of the Committee:

As of **31 December 2018**, the Committee includes 4 members, 2 independent directors, 1 representative of Samruk Kazyna JSC and an expert without the right to vote.

- 1) Janusz Bialek, Chairman of the Committee, Independent Director;
- 2) Yermek Kudabayev, member of the Committee, Independent Director;
- 3) Zhanna Yegimbayeva, member of the Committee;
- 4) Daulet Karimov, Expert without the right to vote.

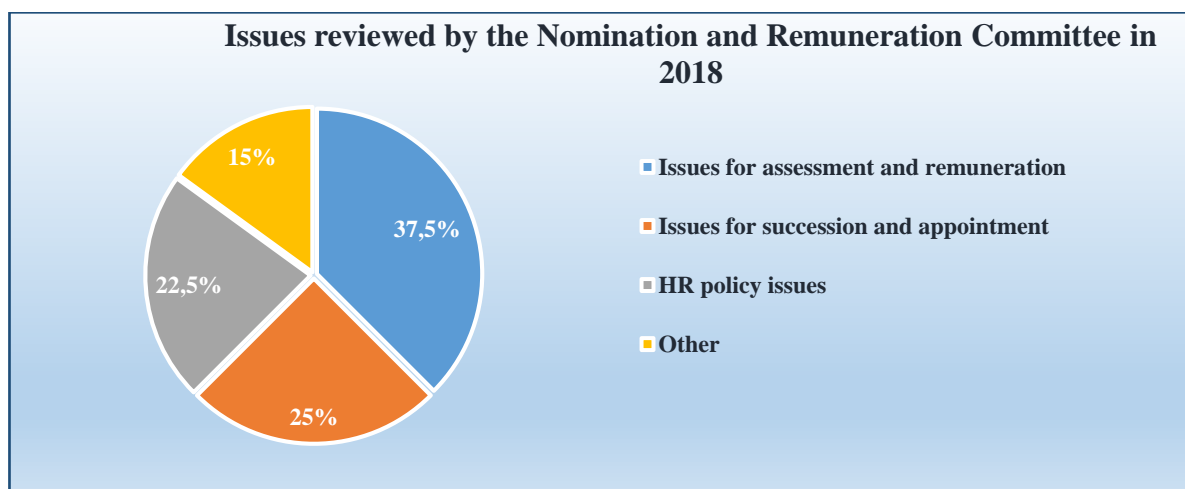
#### Functions of the committee:

Work out and submit to the Board of Directors the recommendations relating to:

- the membership, terms of powers of the Management Board, election of the Chairman of the Management Board and its members and early termination of powers based on the evaluation of their performance results and skills;
- planning of succession of the Board of Directors and the Management Board;

- ensuring effective HR policy, labour payment and remuneration system, as well as social support, professional development and training of employees;
- ensuring effective HR policy, labour payment and remuneration system, as well as social support of employees.

In 2018, the Committee held **10 meetings** in praesentia and reviewed **40 issues**, 15 of which were reviewed over the Plan.



**Information on the attendance at the meetings of the Nomination and Remuneration Committee of KEGOC's Board of Directors in 2018**

Members of Committees	Attendance										%
	26.01	02.03	30.03	26.04	01.06	29.06	24.08	28.09	02.11	29.11	
Janusz Bialek Independent Director	+	+	+	-	+	+	+	+	+	+	<b>90</b>
Luca Sutera Independent Director	+	+	+	+	<i>on 27 April 2018 the term of office expired</i>					<b>100</b>	
Dominique Fache Independent Director	<i>was elected on 27 April 2018</i>				+	+	+	<i>was excluded on 24 August 2018</i>			<b>100</b>
Zhanna Yegimbayeva Representative of Samruk Kazyna JSC	+	+	+	+	+	+	+	+	+	+	<b>100</b>
Yermek Kudabayev Independent Director	<i>was elected on 24 August 2018</i>							+	+	+	<b>100</b>
Daulet Karimov Expert without the right to vote	+	+	+	+	+	+	+	+	+	+	<b>100</b>

\* the term of office expired on 27 April 2018;

\*\* was elected by the decision of the Board of Directors dated 27 April 2018 (Minutes No. 5) as a member of the Committee;

\*\*\* was excluded from the Committee by the decision of the Board of Directors dated 24 August 2018 (Minutes No. 9)

\*\*\*\* was elected by the decision of the Board of Directors dated 24 August 2018 \*Minutes No. 9) as a member of the Committee

**Strategic Planning and  
Corporate Governance Committee**

The committee's operations shall be governed by the Strategic Planning and Corporate Governance Committee, approved by the decision of KEGOC Board of Directors dated 10 October 2013 (Minutes No. 9), as amended on 1 July 2016 (Minutes No. 9).

**Composition of the Committee:**

As of **31 December 2018**, the Committee includes 4 members, 2 independent directors, 1 representative of Samruk Kazyna JSC and expert without the right to vote.

- 1) Janusz Bialek, Chairman of the Committee, Independent Director;

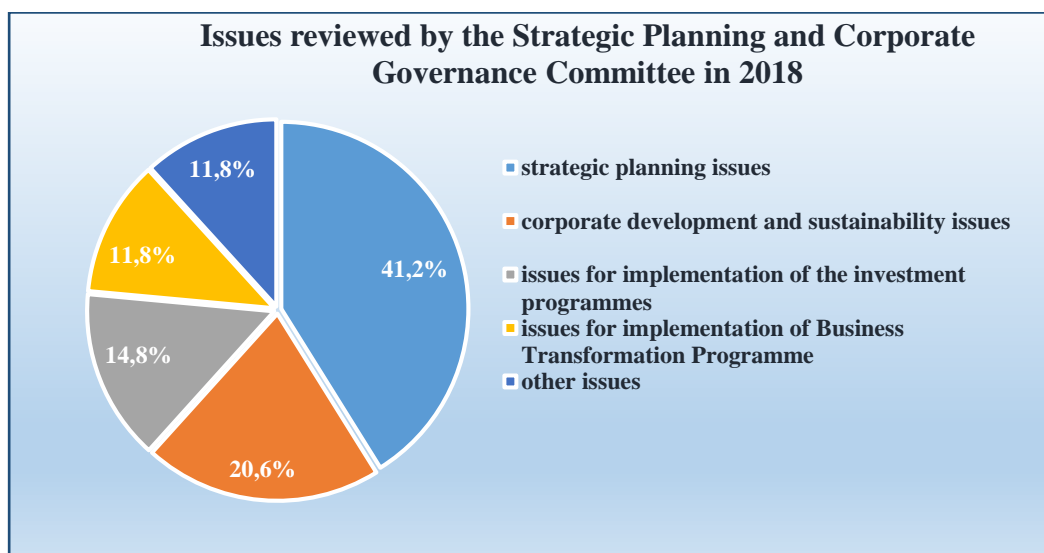
- 2) Dominique Fache, member of the Committee, Independent Director;
- 3) Suinshlik Tiyyessov, member of the Committee;
- 4) **Daulet Karimov**, Expert without the right to vote.

**Functions of the Committee:**

Work out and submit to the Board of Directors the recommendations relating to:

- priority areas of activity and strategic planning ;
- implementation of investment programs and major investment projects;
- improvement of corporate governance and sustainability;
- implementation of Business Transformation Programme.

In 2018, the Committee held **9 meetings** in praesentia and reviewed **34 issues**, 7 of which were reviewed over the Plan.



**Information on the attendance at the meeting of the Strategic Planning and Corporate Governance Committee of KEGOC’s Board of Directors in 2018**

Members of Committees	Attendance									
	26.01	02.03	30.03	26.04	01.06	30.06	24.08	02.11	29.11	%
Anatoli Spitsyn, Independent Director	+	+	+	+	<i>on 27 April 2018 the term of office expired</i>					<b>100</b>
Dominique Fache Independent Director	+	+	+	+	+	+	+	+	+	<b>100</b>
Janusz Bialek Independent Director	<i>was elected on 27 April 2018</i>				+	+	+	+	+	<b>100</b>
Suinshlik Tiyyessov Representative of Samruk Kazyna JSC	+	+	+	+	+	+	+	+	+	<b>100</b>
Yermek Kudabayev Independent Director	<i>was elected on 24 August 2018</i>							+	+	<b>100</b>
Daulet Karimov Expert without the right to vote	+	+	+	+	+	+	+	+	+	<b>100</b>

\* the term of office expired on 27 April 2018

\*\* was elected by the decision of the Board of Directors dated 24 August 2018 (Minutes No. 9) in the Committee’s composition

**OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL COMMITTEE**

The Committee's operations shall be governed by the Regulations on the Occupational Health, Safety and Environmental Protection Committee, approved by the decision of KEGOC Board of Directors dated 9 December 2016 (Minutes No. 14), as amended on 1 June 2018 (Minutes No. 6).

### Composition of the Committee:

As of 31 December 2017, the Committee includes 4 members, one independent director, two representatives of Samruk Kazyna JSC and an expert without the right to vote.

1) Dominique Fache, Chairman of the Committee, Independent Director;

2) Suinshlik Tiyessov, member of the Committee;

3) Zhanna Yegimbayeva, member of the Committee;

4) Daulet Karimov, expert without the right to vote.

### Functions of the Committee:

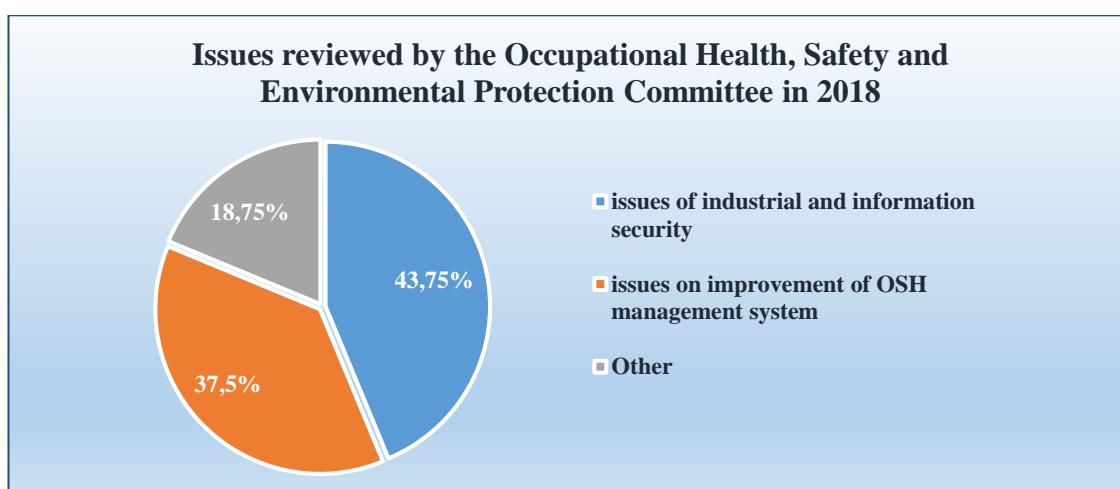
Work out and submit to the Board of Directors the recommendations relating to:

➤ the policy and procedures for ensuring occupational health, safety and environmental protection;

➤ monitoring of strategic KPIs of KEGOC relating to the occupational health, safety and environmental protection, and achievement of goals in this area;

➤ sustainability in terms of occupational health, safety and environmental protection.

In 2018, the Committee held **8 meetings** in praesentia and reviewed **16 issues**, 5 of which were reviewed over the Plan.



### Information on the attendance at the meeting of the Occupational Health, Safety and Environmental Protection Committee of KEGOC's Board of Directors in 2018

Members of Committees	Attendance								
	02.03	26.01	01.06	29.06	24.08	28.09	02.11	30.11	%
Dominique Fache Independent Director	+	+	+	+	+	+	+	+	100
Suinshlik Tiyessov	+	+	+	+	+	+	+	+	100
Zhanna Yegimbayeva Representative of Samruk Kazyna JSC	+	+	+	+	+	+	+	+	100
Daulet Karimov Expert without the right to vote	+	+	+	+	+	+	+	+	100

On the whole, the performance of the Board of Directors in 2018 contributed to the efficient development of the Company, the achievement of strategic goals and objectives determined by the Company for short-term, medium-term and long-term periods. The Committees of the Board of Directors took an active part in the improvement of the corporate governance of KEGOC, internal control and risk management mechanisms, in the issues of industrial and information security, occupational safety, sustainable development, perspective investment projects with respect to a wide range of business processes.



## **Assessment of performance and remuneration of the Board of Directors**

Rules on assessment of performance of the Board of Directors and its committees, the Chairman and members of the Board of Directors of KEGOC provide for annual evaluation of performance of KEGOC's Board of Directors including during the independent corporate governance diagnostics. In 2018, Samruk-Kazyna jointly with PwC carried out the independent diagnostics of corporate governance of KEGOC, which provides for assessment of the efficiency of the Board of Directors. Based on the diagnostics results the component 'The Efficiency of the Board of Directors and the Executive Body' was rated at BB, i.e. corresponding in all material respects to the majority of established criteria.

### **Remuneration of the Committee's members**

According to the decision of the General Meeting of Shareholders the Rules of remuneration and reimbursement of expenses of the members of the Board of Directors of KEGOC, approved by the decision of the General Meeting of Shareholders dated 12 May 2017 (Minutes No. 6) and concluded agreements between the Chairman of the Board of Directors and independent directors, the directors shall be remunerated for the duration of their assignment, and the expenses associated with the performance of their functions as a member of the Board of Directors shall be compensated.

Remuneration of the Directors consists of two parts:

- 1) the annual fixed fee based on the decision of the General Meeting of Shareholders;
- 2) 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.

Payment of additional remuneration to the representative of Samruk Kazyna JSC for the participation at the Committee's meeting is not provided.

The Director shall be compensated for the expenses associated with his/her travel to meetings of the Board of Directors, committees of the Board of Directors and the meetings held beyond the place of permanent residence of the independent director: (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) according to ПП КЕГОС ИД-311-16-OCA Rules. Payment of remuneration and compensation of expenses of members of KEGOC's Board of Directors approved by the decision of the General Meeting of Shareholders of KEGOC dated 12 May 2017 (Minutes No. 6).

Should the Director participate, starting from his/her election as a member of the Board of Directors, in less than 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.

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 2018, the annual fixed fee of independent directors of KEGOC Board of Directors and representative of Samruk Kazyna JSC amounted to KZT 65,862 thousand, the fee for the participation in the meetings in praesentia of the committees amounted to KZT 42,456 thousand.

### **Participation of the members of the Board of Directors in workshops, conferences, trainings and meeting**

On 29 June 2018, members of the Board of Directors participated at the special event rewarding the winners of the contest Labour Dynasty of KEGOC;

On 30 November 2018, Dominique Fache, Janusz Bialek and Yermek Kudabayev, independent directors, took part in the meeting with perspective employees of KEGOC;

Janusz Bialek, independent director, participated in the following conferences: 11-16 June 2018, Power Systems Computation Conference, Dublin (Ireland); 11-12 September 2018, MIT - Skoltech conference, Moscow; 20-21 September 2018, IEEE Sustainable power supply and energy storage system (NEIS), Hamburg (Germany) and Moscow (Russia);

Zhanna Yegimbayeva, member of the Board of Directors, participated in the training organized by Ernst & Young in 2018.

On 14 September 2018, Suinshlik Tiyyessov, member of the Board of Directors, participated in the workshop on 'Results of five-year work of the RES sector in Kazakhstan, future outlook' organized by FSC RES LLP together with UN Development Programme in the Republic of Kazakhstan.

On November 2018, Yermek Kudabayev, independent director, participated in the workshop on 'Specifics of the international tax planning in the age of transparency', organized by PriceWaterhouse LLP in Almaty.