

Corporate Governance



Corporate Governance Principles

The principles of KEGOC's corporate governance include:

- effective corporate governance system based on a clear division of responsibilities between the bodies;
- protection and enforcement of shareholder rights;
- equal conditions for shareholders;
- sustainable development and role of stakeholders in corporate governance;
- disclosure of information and transparency;
- efficient performance of the Board of Directors and Management Board of KEGOC.

In 2017-2018, Samruk-Kazyna together with an independent consultant carried out an independent diagnostic of corporate governance of KEGOC, based on the results of which the Board of Directors approved

the Action Plan to enhance corporate governance of KEGOC for 2018-2020. This Plan, including for the year 2020, has been successfully implemented. In particular, in accordance with the Board and Executive Body Effectiveness section, the Company introduced the practice of reviewing CEO and CFO reports at Board of Directors meetings in 2019-2020, held meetings with the Company's talents, and arranged for regular reports to the Board by the committee chairs, including on sustainability issues. The Company holds regular strategy sessions and monitors the investment projects progress. The Board of Directors approved comprehensive Rules of submitting materials and reports to the Board of Directors and committees.



KEGOC UPGRADED ITS ANALOGUE OPERATION
COMMUNICATIONS TO DIGITAL ONES AS A PART
OF UMBRELLA KAZAKHSTAN ELECTRICITY
TRANSMISSION REHABILITATION PROJECT, PHASE 1

2006

In accordance with the Risk Management, Internal Control and Audit section, the Company enhanced processes related to: the professional development plans of the Company's risk management staff; monitoring counterparty bank limits; and defining key risk indicators. The Company has finalised internal regulations on internal controls and the development of a process for assessing employees' knowledge of risk management and internal controls. In terms of internal audit, the processes for carrying out audits, writing audit reports and recommendations, and monitoring recommendations have been improved.

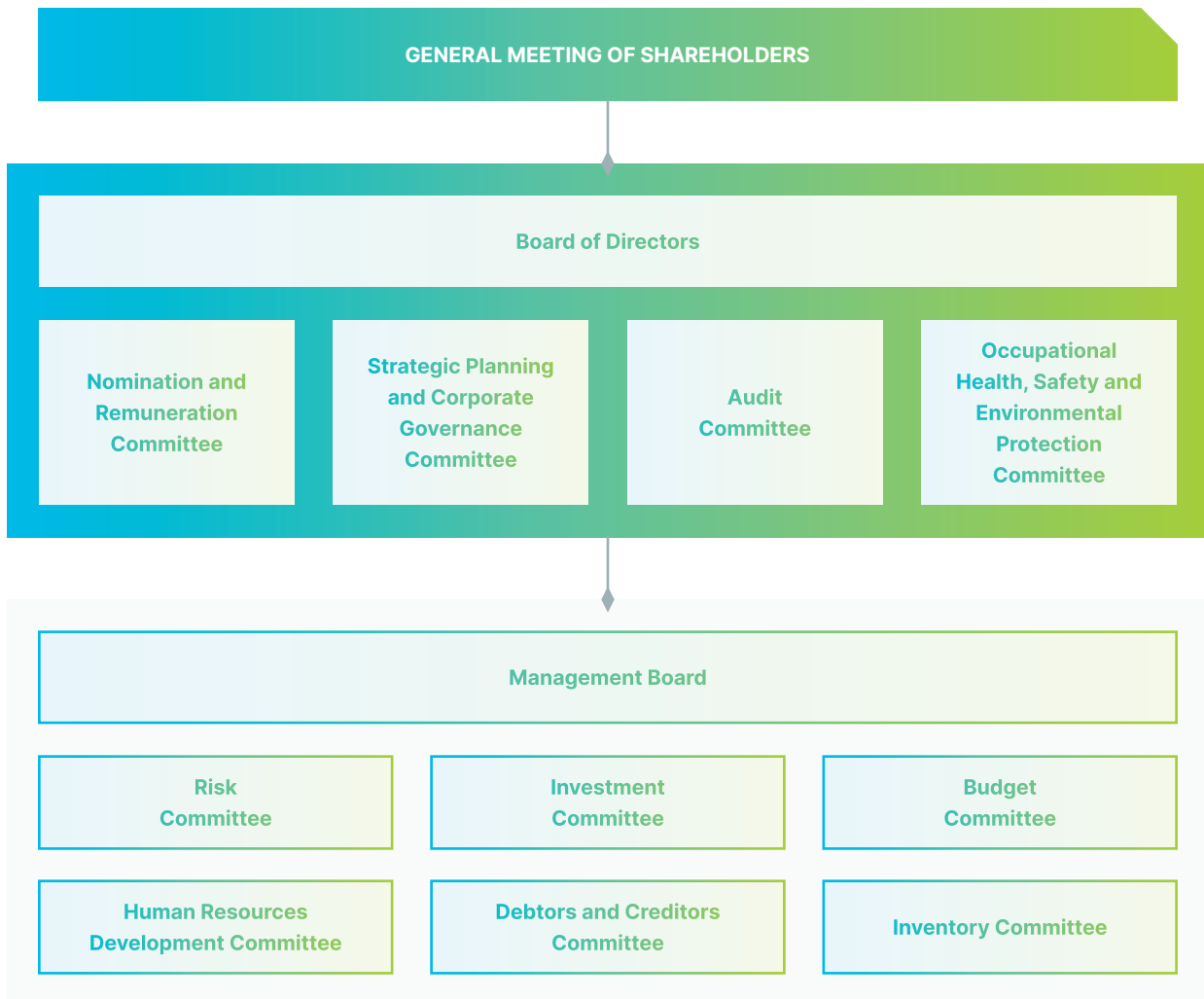
The Company has made significant progress in implementing the principles of Sustainable Development: the Company's performance shows tangible achievable results in the area of overall sustainable development and the areas of economic, environmental and social performance of the Company.

In accordance with the Shareholder Rights section, the Company has introduced the practice of paying dividends earlier than the statutory deadlines, thereby achieving a high rating for the component in this section.

The Company aimed to achieve the strategic goal of "BBB" corporate governance rating in 2020, however, the corporate governance diagnostic of the Fund has been postponed until 2021 and the Company will develop an Action Plan to enhance KEGOC's corporate governance for 2021, taking into account the practical implementation of the consultant's recommendations and the results of the self-assessment by the Board of Directors.

Detailed reports on the implementation of the Action Plan have been submitted to KEGOC's Board of Directors on a quarterly basis.

Company Management Structure



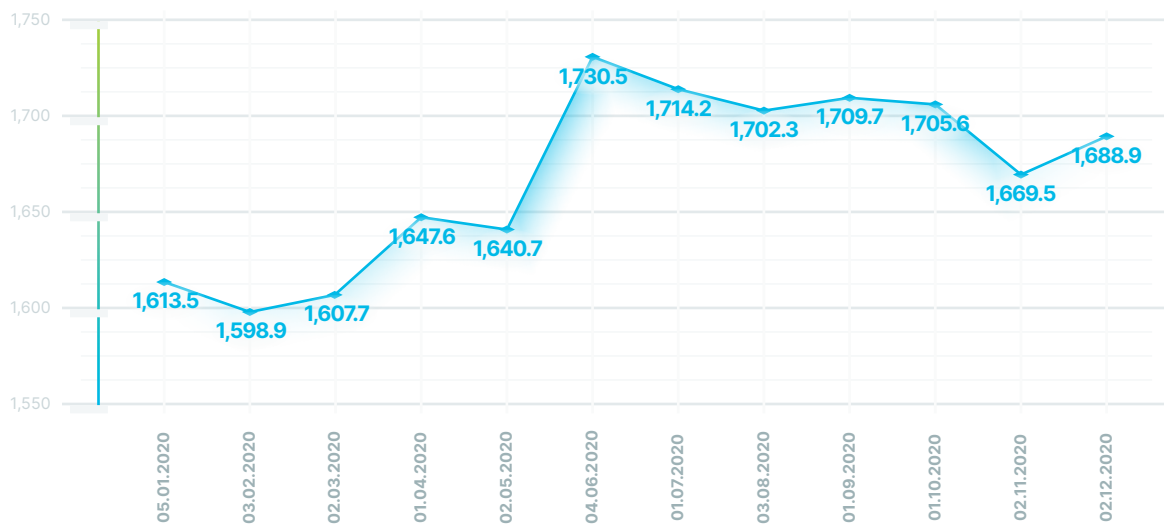
Equity

As on 31 December 2020, the number of authorised and placed ordinary shares of the Company was 260,000,000, of which 234,000,001 shares (90% plus one share) belong to Samruk-Kazyna, the major shareholder, and 25,998,609 shares (9.9995%) belong to minority shareholders, the remaining 1,390 shares (0.0006%) were repurchased by KEGOC.

In 2020 there was no material transaction or changes to shares and shareholders that own five or more per cent of the number of the placed shares of the Company.

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Market valuation of KEGOC shares in 2020, KZT

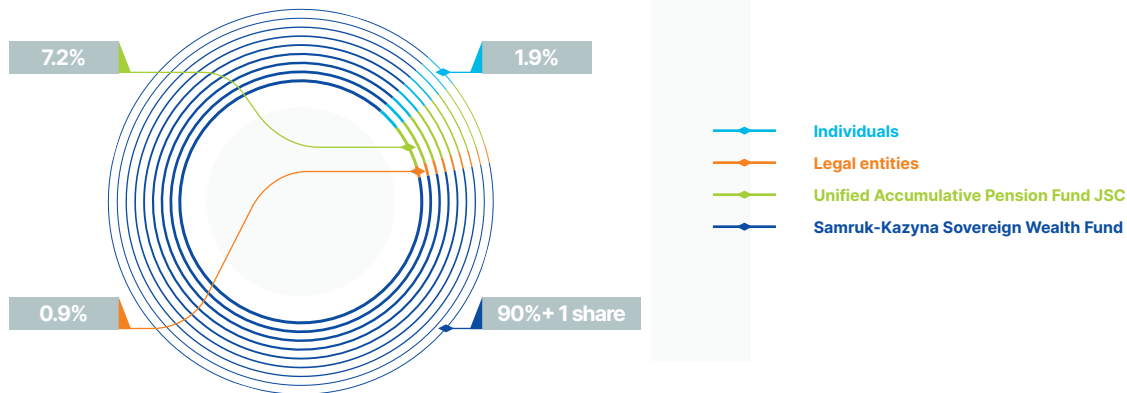


Data source – Kazakhstan Stock Exchange (<https://kase.kz>).

GENERAL MEETING OF SHAREHOLDERS



KEGOC shareholder structure as on 31 December 2020



The General Meeting of Shareholders is the superior body of KEGOC.

The General Meeting of Shareholders shall operate and exercise its rights in accordance with the Law of the Republic of Kazakhstan “On Joint Stock Companies”, KEGOC’s Charter and Regulations on the General Meeting of Shareholders.

In 2020, KEGOC’s Board of Directors called General Meetings of Shareholders of KEGOC five times:

1. An Extraordinary General Meeting of Shareholders held on 21 February 2020, which made the following decision:

Approve new version of the Regulations on the Board of Directors of KEGOC;

Appoint (elect) the Chairman of the Management Board of KEGOC and determine the terms of powers of the Chairman of the Management Board of KEGOC.

2. An Extraordinary General Meeting of Shareholders held on 27 April 2020, which made the following decisions:

Elect a member of KEGOC’s Board of Directors, determine the term of office, the salary and terms of remuneration and compensation of expenses for the member of KEGOC’s Board of Directors.

3. An Annual General Meeting of Shareholders held on 29 May 2020, which made the following decisions:

Approve the annual financial statements, distribution of the net income, decision to pay dividends on ordinary shares and approve the amount of the dividend per one ordinary share of KEGOC for 2019.

Select an audit organization for the audit of KEGOC.

Review claims from the shareholders in relation to activities of KEGOC and its officers and results of consideration of such claims (if any).

4. An Extraordinary General Meeting of Shareholders held on 26 June 2020, which made the following decisions:

Review some matters of the Board of Directors of KEGOC.

5. An Extraordinary General Meeting of Shareholders held on 23 October 2020, which made the following decisions:

Approve the financial statements of KEGOC as of and for the six months ended June 30, 2020, the procedure for distributing the net income, decision to pay dividends on ordinary shares and approve the amount of dividend per one ordinary share of KEGOC for H1 2020;

Approve amendments to KEGOC's Charter;

All decisions of the General Meeting of Shareholders have been communicated to KEGOC's Board of Directors, Management Board, and the instructions have been executed in full and in due time.

Dividend Policy

The dividend policy of KEGOC observes the interests of shareholders in respect to the amount of dividend payments, contributes to the Company's investment attractiveness and its capitalization; respects and strictly observes the rights of shareholders stipulated by the Laws of the Republic of Kazakhstan. The dividends shall be paid on the following conditions: the availability at the Company of net profit for a reporting period or

retained profits; the absence of restrictions on payment of dividends envisaged by the laws of the Republic of Kazakhstan, and the approval of the General Meeting of Shareholders.

The source of dividends is the net income for the appropriate financial year or half-year, or retained profits accrued on the basis of the consolidated financial statements of KEGOC

prepared in accordance with the IFRS. A proposal on allocation of the net income for the fiscal year or half-year is prepared by the Company's Board of Directors. The amount allocated for payment of dividends shall be at least 40% of the net income. The decision to pay dividends on KEGOC's ordinary shares based on the results of the year is made by the annual General Meeting of Shareholders after the Company's annual financial statements have been approved. The decision to pay the half-year dividends on ordinary shares shall be made by the extraordinary general meeting within three (3) months after

the Company's annual financial statements have been audited for the corresponding period.

The General Meeting of Shareholders, having reviewed proposals of the Board of Directors, at its discretion, makes a decision to pay dividends on KEGOC's ordinary shares, approves the amount of dividend per KEGOC's ordinary share, and defines a date of dividend payment.

Dividend History

Period for which the dividends are paid	2017		2018		2019		2020
	first half of the year	a year	first half of the year	a year	first half of the year	a year	first half of the year
Amount of dividend per ordinary share, KZT	48.4	88.53	80.53	54.53	67.17	48.86	77.09
Total amount of accrued dividends, KZT thousand	23,017,677		35,115,412		30,167,638		20,043,292
Share of net profit as per IFRS allocated for payment of dividends, %	70%	70%	80%	87.6%	77.3%	74.03%	70%
Name of the issuer governing body that took decision to pay dividends	General Meeting of Shareholders						
Date of the meeting of the issuer governing body, where the decision was taken relating to payment of dividends, date and number of minutes	26 October 2017, No. 7	27 April 2018, No. 8	30 November 2018, No. 11	3 May 2019, No. 13	25 October 2019, No. 14	29 May 2020, No. 17	23 October 2020, No. 19
Date of preparing the list of persons having the right to dividends	6 November 2017	14 May 2018	11 December 2018	14 May 2019	4 November 2019	8 June 2020	29 October 2020



Minority Shareholders' Rights

The corporate governance in the Company is built in such a way as to ensure equal rights and fair treatment of all shareholders. The rights, duties and competences of shareholders are defined in accordance with applicable law and are set out in the Company's Charter. The rights of shareholders include, but are not limited to timely receipt of information sufficient for making decisions in accordance with the procedure established by the laws of the Republic of Kazakhstan, the Company's Charter and internal documents

on information disclosure; participation at the General Meeting of Shareholders and voting on issues within his/her competence; participation in determining the number of members, term of office, election and termination of the Board of Directors, as well as determining the amount and terms of remuneration; receipt of dividends in the amounts and within the time limits determined by the General Meeting of Shareholders based on a clear and transparent dividend policy.

Board of Directors

The Board of Directors is accountable to the General Meeting of Shareholders and is responsible for general management of the Company and supervision of the operations of the Management Board, except for the issues referred to the competence of the General Meeting of Shareholders and (or) the Management Board of the Company according to the laws of Kazakhstan and (or) the Charter of the Company.

A member of the Board of Directors can only be an individual person.

The Board of Directors should include 7-11 members.

The recommended number of independent directors on the Board of Directors of the Company shall be at least 30 (thirty) percent but not greater than 50 (fifty) percent of the total number of members of the Board of Directors.

The members of the Board of Directors shall be elected by the General Meeting of Shareholders based on clear and transparent procedures with due consideration of the competencies, skills, achievements, business reputation and professional background of the candidates. Contribution of directors to the efficient operation of the organization's Board of Directors shall be taken into account, if they or the entire membership of the Board of Directors are re-elected for another term.

The Board of Directors have independent directors as its members, who have sufficient professional skills and are independent so that he/she could make independent

and objective decisions not influenced by individual shareholders, Management Board or other interested parties.

The members of the Board of Directors shall be elected for a term not exceeding three (3) years.

An independent director cannot be re-elected to the Board of Directors for more than nine (9) years successively. In exceptional cases election can be made for more than nine (9) years, but such independent director must be re-elected to the Board of Directors annually with detailed clarification about why it is necessary to re-elect this member of the Board of Directors and how it will impact the independence of decision making.

The Board of Directors is entitled to make decisions on the issues falling under the exclusive competence of the Board of Directors in accordance with the laws of the Republic of Kazakhstan and the Charter.

Rights and obligations of members of the Board of Directors are defined by the Charter of the Company.

The General Meeting of Shareholders (Minutes No. 8 dated 27 April 2018) elected the Board of Directors for three years, in accordance with the Rules for Selection and Election of 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), based on the candidates' compliance with the selection criteria, qualification requirements and benchmarking.

MEMBERS OF THE BOARD OF DIRECTORS



Members of the Board of Directors as on the 1 January 2020

- **Almassadam Satkaliyev**, the Chairman of the Board of Directors, representative of Samruk-Kazyna JSC.
- **Suinshlik Tiyessov**, member of the Board of Directors, representative of Samruk-Kazyna.
- **Zhanna Yegimbayeva**, member of the Board of Directors, representative of Samruk-Kazyna.
- **Dominique Fache**, member of the Board of Directors, independent director.
- **Janusz Bialek**, member of the Board of Directors, independent director.
- **Yermek Kudabayev**, member of the Board of Directors, independent director.
- **Bakytzhan Kazhiyev**, member of the Board of Directors, Chairman of the Management Board of KEGOC.

In 2020, the membership of the Board of Directors was amended.

On 27 January 2020, Yermek Kudabayev, a member of the Board of Directors, independent director early terminated his powers on the basis of his application.

On 27 April 2020, the General Meeting of Shareholders of KEGOC elected Zhanbota Bekenov from the pool of candidates of the Board of Directors to the Board of Directors as an independent director.

On 26 June 2020, the General Meeting of Shareholders of KEGOC early terminated the powers of Janusz Bialek, a member of the Board of Directors, independent director, and elected Nurlan Akhanzaripov an independent director, as proposed by Samruk-Kazyna, the major shareholder.

INFORMATION ON MEMBERS OF THE BOARD OF DIRECTORS



(Membership of the Board of Directors as on 31 December 2020)



ALMASSADAM SATKALIYEV

Chairman of the Board of
Directors of KEGOC



Born in 1970.
Citizen of the Republic of Kazakhstan.

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

Shares owned in KEGOC or its subsidiaries and affiliates: none.

Education:

- **1987 – 1992** Mechanical Engineering, Mechanical Engineer, Applied

Mathematics, 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 Managing Director of Asset Management at Samruk-Kazyna JSC;
- **2018 (July) – 2018 (August)**, KAZENERGY Kazakhstan Association of Oil, Gas and Energy Sector Organisations;
- **2012 – 2018** Chairman of the Management Board of Samruk-Energy JSC.

Participation in the management bodies of other entities:

Member of the Board of Directors of NC Kazakhstan Temir Zholy JSC, NC KazMunaiGas JSC, KazAtomProm JSC, Kazakhstan Electricity Association (KEA).

Academic degree, academic status:

- Academician of the Kazakhstan Academy of Natural Sciences (2015)
- Doctor of Economics (2015)
- Foreign member of the Russian Academy of Natural Sciences (2010)
- Candidate of Economic Sciences (2002)



**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
Management Board of Samruk-Kazyna JSC;
30 April 2015 (Minutes No. 1) and 27 April
2018 (Minutes No. 8) by the General Meeting
Shareholders of KEGOC.

Shares owned in KEGOC or its subsidiaries
and affiliates: 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:

- **from 2011 – present** Chairman of the
Management Board of KEGOC;
- **2009 – 2011** Vice President of KEGOC;
- **2008 – 2009** Executive Director of
KEGOC.

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

Deputy Chairman of the Board of Directors of
the Kazakhstan Electricity Association (KEA).

Academic degree, academic status:

DBA Business Administration (Almaty
Management University).



SUINSHLIK TIYESSOV

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 General Meeting of Shareholders of KEGOC.

Shares owned in KEGOC or its subsidiaries and affiliates: none.

Education:

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

Work experience for the last five years:

— **from 2004 to 2016**, Chairman of the Management Board of KOREM JSC.

Author of the monograph titled: Formation of the electricity market in Kazakhstan. Participated in the formation of the national grid; projects of unique transmission lines and 1,150-500 kV substations, and the largest electricity generators: Aksuiyskaya GRES and Ekibastuz GRES. Participant in the development and implementation 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 General Meeting of Shareholders of KEGOC.

Shares owned in KEGOC or its subsidiaries and affiliates: none.

Education:

Kirov Kazakh State University, diploma: lawyer.

Work experience for the last five years:

- **2016 – 2019:** advisor in Baiterek National Holding JSC;
- **2016 – 2019:** independent director, member of the Board of Directors, KazAgro National Management Holding joint-stock company.
- **2011 – 2016,** Deputy Head of the Office of the Prime Minister of the Republic of Kazakhstan;
- **2017 – present,** member of the Board of Directors of NC Kazakhstan Engineering JSC;
- **2016 – present,** member of KEGOC's Board of Directors, representative of Samruk-Kazyna.

Participation in the management bodies of other entities:

Member of the Board of Directors of Kazakhstan Engineering NC JSC.



**DOMINIQUE
FACHE**

independent director, chairman of the occupational health, safety and environmental protection committee, member of the audit committee and strategic planning and corporate governance committee of the Board of Directors of KEGOC

Born in 1949.
Citizen of France.

Elected on 30 April 2015 (Minutes No. 1) and 27 April 2018 (Minutes No. 8) by the General Meeting of Shareholders of KEGOC.

Shares owned in KEGOC or its subsidiaries and affiliates: none.

Education:

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 Electricité.

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.



**ZHANBOTA
BEKENOV**

independent director, chairman of
the Audit Committee, member of the
Nomination and Remuneration Committee
of KEGOC's Board of Directors

Born in 1957.
Citizen of the Republic of Kazakhstan.

Elected on 27 April 2020 (Minutes No. 16)
by the extraordinary General Meeting of
Shareholders of KEGOC.

Shares owned in KEGOC or its subsidiaries
and affiliates: none.

Education:

Alma-Ata Institute of National Economy,
Faculty of Finance and Credit (1982-1985),
Kazakh State University named after AI-
Farabi, Faculty of Mechanics and Applied
Mathematics (1985).

Work experience for the last five years:

- **2018 to present:** member of the Board of Directors of Eurasian Bank JSC;
- **2016 – 2018:** co-managing partner of Grant Thornton LLP;
- **2002 – 2014:** senior advisor to the Audit Department of PricewaterhouseCoopers LLP;

Participation in the management bodies of other entities:

- Member of the Chamber of Auditors of the Republic of Kazakhstan (since 1994)
- Member of the Advisory Council under the Ministry of Finance of the Republic of Kazakhstan (since 1994).



**NURLAN
AKHANZARIPOV**

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 1965.
Citizen of the Republic of Kazakhstan.

Elected on 26 June 2020 (Minutes No. 18) by the extraordinary General Meeting of Shareholders of KEGOC.

Shares owned in KEGOC or its subsidiaries and affiliates: none.

Education:

Semipalatinsk University named after Shakarim, accountant economist, accounting and audit (1991), MBA, Master of Business Administration, geophysicist (1995), Kazakh National Technical University named after K.I. Satpayev (2015).

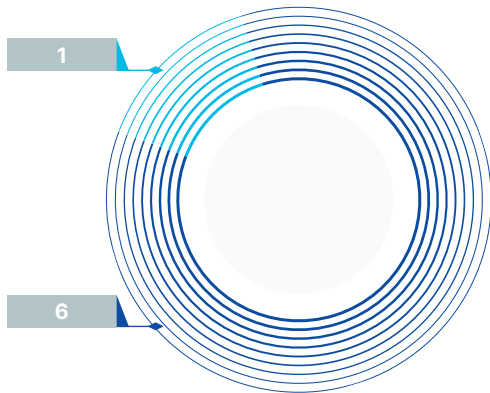
Work experience for the last five years and participation in the management bodies of other entities:

- **2019 – present** member of the Board of Directors of Centre for Engineering and Technology Transfer JSC, NMH Baiterek group;
- **2017 – present** member of Board of Directors, independent director of AstanaGas JSC;
- **2017 – present** member of the Board of Directors, independent director of iQS Engineering LLP;
- **2019 – 2020** member of the Board of Directors of Centre for Engineering and Technology Transfer JSC, NMH Baiterek group;
- **2017 – 2018** member of the Board of Directors of Kazakhstan Engineering NC JSC;
- **2010 – 2016** member of Board of Directors, Independent Director of AlfaBank – Kazakhstan JSC.

Member of the Governing Council of the Association of Taxpayers of Kazakhstan, KAZENERGY Expert Council of the Association.

Certified Independent Director (Cert IoD) Institute of Directors, UK.

Gender structure of the Board of Directors, persons



— Male employees
— Female employees

Age structure of the Board of Directors, persons



— 45-55 — 65-75
— 55-65

Independence of the Board of Directors



— Independent directors
— Executive directors
— Non-executive directors
— Chairman of the Board of Directors

COMPETENCE OF THE MEMBERS OF THE BOARD OF DIRECTORS

Members of the Board of Directors	Almassadam Satkaliyev	Bakytzhan Kazhiyev	Suinshlik Tiyessov	Zhanna Yegimbayeva	Dominique Fache	Zhanbota Bekenov	Nurlan Akhanzaripov
Experience in the sector/total work experience, years	20/29	35/35	53/53	5/50	49/49	1/36	18/28
Core competencies							
Knowledge of the industry							
Work experience in the operational sector of the industry							
Deep knowledge of the industry							
Technical skills/experience							
Specific skills and experience							
Financial expertise							
Deep knowledge of finance							
Deep knowledge of marketing							
Deep knowledge of social and environmental issues							
Experience in management and jurisprudence							
Corporate Governance							
Transformation							
Experience in IPO							
Development and implementation of the strategy							
International experience							

The term of office of each member of the Board of Directors of KEGOC is the same as the term of office of the Board in general and expires in April 2021.

Balance of qualifications of the board of director members, Persons

Work experience in the operational sector of the industry					5/7		
Deep knowledge of the industry							7/7
Technical skills/experience					5/7		
Financial expertise							7/7
Deep knowledge of finance				4/7			
Deep knowledge of marketing				4/7			
Deep knowledge of social and environmental issues							7/7
Corporate Governance							7/7
Transformation					5/7		
Experience in IPO				4/7			
Development and implementation of the strategy						6/7	
International experience				4/7			

CRITERIA FOR SELECTION OF INDEPENDENT DIRECTORS



An independent director shall have sufficient professional skills and be independent so that he/she could make independent and objective decisions not influenced by individual shareholders, Management Board or other interested parties.

Independent directors comply with all legislative criteria of independence; their status, powers, rights and obligations are strictly regulated by the requirements of the Law of the Republic of Kazakhstan “On Joint Stock Companies”, the Charter of KEGOC, the Corporate Governance Code of KEGOC and the Rules for the selection and election of members of the Board of Directors of KEGOC.

According to the world practice of the corporate governance and the requirement of Article 54.5 of the Law of the Republic of Kazakhstan on “Joint-Stock Companies”, a number of the members of the Board of Directors shall be at least three. At least thirty per cent of the Board of Directors of a company shall be independent directors.

At KEGOC, a director shall be recognised as independent if he/she:

- is not affiliated and has not been affiliated during the three years prior to his election to the Board of Directors (except in the case of his tenure as an independent director);
- is not affiliated to affiliated entities of KEGOC;
- is not subordinated to the officials of KEGOC or KEGOC affiliated entities and has not been subordinated to such

- persons during the three years preceding his/her election to the Board of Directors;
- does not participate in the audit of KEGOC as an auditor employed by an audit firm and has not participated in such audit during the three years preceding his election to the Board of Directors;
- is not a shareholder's representative at meetings of KEGOC's bodies and has not been one for three years prior to his/her election to the Board of Directors;
- is not a civil servant.

CONFLICT OF INTEREST



In accordance with the KEGOC's Corporate Governance Code, the members of the Board of Directors in 2020 did not allow any conflict of interest; there were no situations in which the personal interest of the members of the Board of Directors could affect the proper performance of their duties; there were no occurrence of situations with conflicts of interest that affected or could potentially affect impartial decision-making; and the members of the Board of Directors did not participate in the discussion and adoption of such decisions.

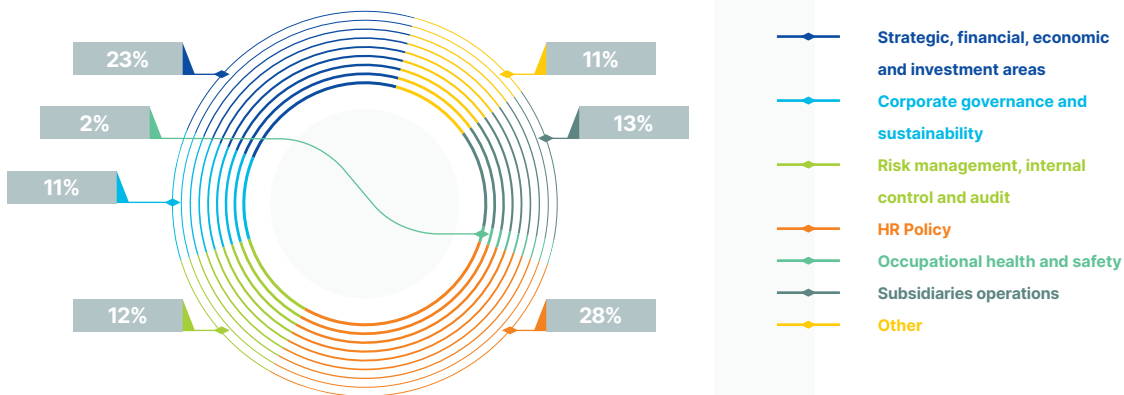
MEETINGS OF THE BOARD OF DIRECTORS OF KEGOC



During the reporting period, the Board of Directors held 12 meetings in praesentia and 1 in absentia.

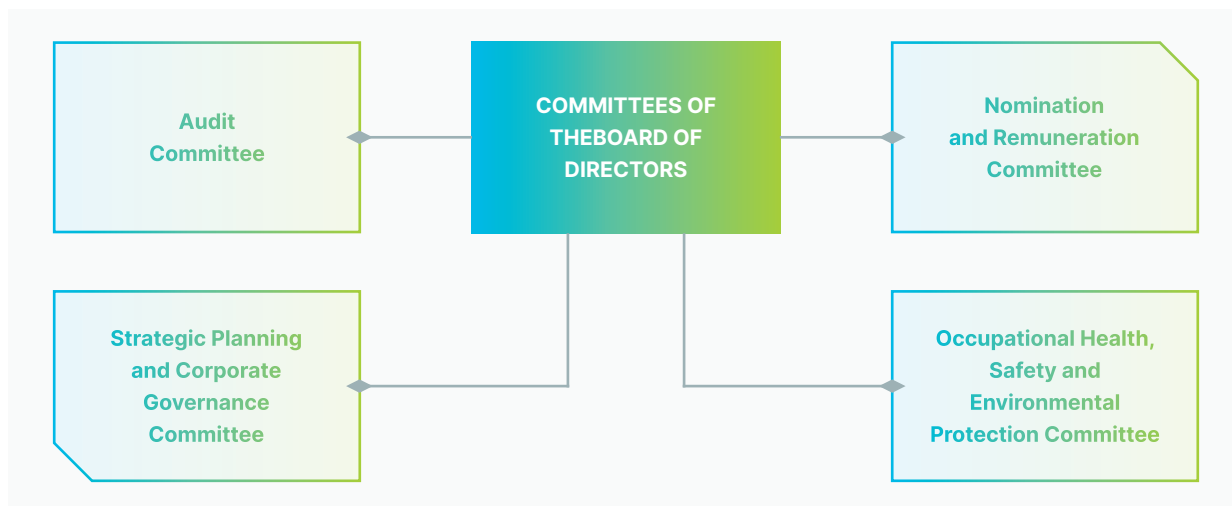
Total number of reviewed agenda items: 122

Agenda items reviewed by the Board of Directors in 2020



COMMITTEES OF THE BOARD OF DIRECTORS

To provide a platform for active discussion and detailed analysis of individual agenda items, the Board of Directors has four (4) committees.



Following the announcement by the World Health Organization of a pandemic associated of COVID-19 virus, all meetings of the Board of Directors and its committees in 2020 were held via videoconference (interactive audio-visual communication).

AUDIT COMMITTEE

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The operations of the Audit Committee (AC) are regulated by the Regulations on the Audit Committee, updated and approved by the resolution of the Board of Directors of KEGOC (Minutes No.12 dated 30 November 2018).

The AC is fully accountable to the Board of Directors. The members of the AC are elected by a majority vote of the Board of Directors. The chair and members of the AC are independent directors with sufficient knowledge and extensive experience, including practical one.

The AC also includes a non-voting expert who makes recommendations to the AC based on the policies and visions of Samruk-Kazyna as a major shareholder of the Company.

The AC shall consist of four (4) members: three (3) independent directors and a non-voting expert.

As on 1 January 2020, the AC consisted of the following members:

- Yermek Kudabayev, chair of the Committee, independent director;
- Dominique Fache, independent director;
- Janusz Bialek, independent director;
- Saltanat Satzhan, non-voting expert.

The composition of the Committee was amended by the Board of Directors of KEGOC on 14 February 2020 (Minutes No. 2), 27 April 2020 (Minutes No. 4), and 18 August 2020 (Minutes No. 8).

Attendance of the Audit Committee members in 2020

Members of the Audit Committee	13 February	19 March	27 April	27 April	18 May	18 June	17 August	17 September	29 October	19 November	14 December	%
Dominique Fache Chair, Independent Director	+	+	+	+	+	+	+	+	+	+	+	100
Janusz Bialek Independent Director	+	+	+	+	+	+	Early terminated terms of office on 26 June 2020				100	
Zhanbota Bekenov Independent Director			AC member 27 April 2020	+	+	+	+	+	+	+	+	100
Nurlan Akhanzaripov Independent Director			AC Member since 18 August 2020				+	+	+	+	+	100
Saken Pirmakhanov Non-Voting Expert	+	+	+	+	+	+	-	-	+	+	+	82

As on 31 December 2020, the AC included the following members:

- Zhanbota Bekenov, chair of the Committee, independent director;
- Dominique Fache, independent director;
- Nurlan Akhanzaripov, independent director;
- Saken Pirmakhanov, a non-voting expert.

AC meetings

During the reporting period, the AC held 11 meetings in praesentia and considered 38 agenda items.

In 2020, the AC reviewed and made appropriate recommendations on the following agenda items:

Internal audit

- review of the Goal Map of the Head of the Internal Audit Service for 2020;
- review of the annual and quarterly performance reports of the Internal Audit Service
- review of assessment of employees' performance and the salaries of employees of the Internal Audit Service
- review of the budget of the Head of the Internal Audit Service for 2021;
- review of the 2021 Audit Plan of the Internal Audit Service

External audit

- review of the Report of the external auditor, Ernst & Young LLP based on the results of the audit of the financial statements for 2019;

- review of the Report of the external auditor of Ernst & Young LLP based on the results of the audit of the interim financial statements for H1 2020;
- review of the plan of Ernst & Young LLP for the audit of financial statements for the year ending 31 December 2020.

Internal control and risk management

- review of the regulatory documents on the internal control and risk management system, including amendments thereto.
- review of quarterly Risk reports;
- approval of amendments to the Risk Register, Risk Map, Key Risk Management Action Plan, risk-appetite, tolerance levels and key risk indicators of KEGOC for 2021.

Financial statements

- the annual financial statements, proposed distribution of net income and payment of dividends on ordinary shares including the amount of the dividends per one ordinary share of KEGOC for 2019;
- preliminary approval of the interim financial statements of KEGOC as of and for the six months ended 30 June 2020, and the proposal regarding the distribution of KEGOC's net income and the amount of dividend per ordinary share of KEGOC for the first half of 2020.

Compliance

- review of the Goal Map for Compliance Officer of KEGOC for 2020;
- review of quarterly reports on the activities of the Compliance Officer.

Agenda items considered at AC meetings in 2020

- IAS operations
- Risk management and internal control management
- Counterparty banks limits
- Financial statements
- Other



There is no record of rejection by the Board of Directors of individual proposals and/or recommendations made by the AC in 2020.

NOMINATION AND REMUNERATION COMMITTEE



102-18

The operations of the Nomination and Remuneration Committee (NRC) is regulated by the Regulations on the Nomination and Remuneration Committee updated and approved by KEGOC’s Board of Directors (Minutes No.10 dated 30 November 2019).

The NRC is fully accountable to the Board of Directors. The members of the NRC are elected by the Board of Directors, the NRC is chaired by an independent director and the NRC also includes a non-voting expert who makes recommendations to the NRC based on the policies and visions of Samruk-Kazyna as a major shareholder of the Company.

All members of the NRC have sufficient knowledge and extensive experience, including practical experience.

The NRC consists of four (4) members: two (2) independent directors, one (1) representative of Samruk-Kazyna JSC and a non-voting expert.

As on 1 January 2020, the NRC consisted of the following members:

- Janusz Bialek, the chair of the Committee, independent director;
- Yermek Kudabayev, independent director;
- Zhanna Yegimbayeva, representative of Samruk-Kazyna;
- Daulet Karimov, non-voting expert.

The composition of the NRC was amended by the Board of Directors on 27 April 2020 (Minutes No. 4) and 26 June 2020 (Minutes No. 6).

As on 31 December 2020, the NRC consisted of the following members:

- Nurlan Akhanzaripov, the chair of the Committee, independent director;
- Zhanbota Bekenov, independent director;
- Zhanna Yegimbayeva, representative of Samruk-Kazyna;
- Daulet Karimov, non-voting expert.

NRC meetings

During the reporting period, the NRC held 12 meetings in praesentia and considered 38 agenda items.

In 2020, the NRC reviewed and made recommendations on the following agenda items:

- determination of the number of members, the term of office of the Management Board of KEGOC, election of members of the Management Board of KEGOC and determination of their salaries
- approval of amendments to the organizational structure and the total staff number of the Executive Administration (head office);
- review of the Board of Directors' Professional Development Plan;
- review of key performance indicators and their targets for the members of the Management Board and the Corporate Secretary;

Attendance of NRC members in 2020

Members of the Nomination and Remuneration Committee	17 January	13 February	19 March	27 April	18 May	18 June	17 August	17 September	12 October	29 October	19 November	14 December	%
Janusz Bialek Chair, Independent Director	+	+	+	+	+	+		Early terminated terms of office on 26 June 2020					100
Zhanbota Bekenov Independent Director		Elected on 27 April 2020		+	+	+	+	+	+	+	+	+	100
Nurlan Akhanzaripov Independent Director			Elected on 26 June 2020				+	+	+	+	+	+	100
Zhanna Yegimbayeva Representative of Samruk-Kazyna JSC	+	+	+	+	+	+	+	+	+	+	+	+	100
Daulet Karimov Non-Voting Expert	+	+	+	+	+	+	+	+	+	-	+	+	91.6

- the Rules for remuneration and bonuses for the Chairman of the Management Board, members of the Management Board, the Corporate Secretary, the Ombudsman, the Compliance Officer and the Head of the Internal Audit Service, the Rules for the provision of social support to the Company's employees and the Rules for the election and early termination of the powers of the Chairman and members of the Management Board;
- bonuses to the Corporate Secretary and the Ombudsman;
- a calibration session of the Corporate Secretary was held;
- the report on managing the Management Pool (Succession Plan) of KEGOC and review of the Management Pool of KEGOC;
- review of recommendations to nominations to the List of Candidates for the Board of Directors of KEGOC;
- review the long-term KPIs and its targets for the members of KEGOC's Management Board for 2020-2022;
- review of the method and plan of self-assessment of operations of the Board of Directors and its committees, the Chairman and members of the Board of Directors, the Corporate Secretary of KEGOC for 2019 – 2020.

Agenda items considered at NRC meetings in 2020

- Nominations
- Remunerations
- Succession and assessment
- HR



In accordance with sub-clause 4), clause 117, section 16 of the Regulations on the Board of Directors of KEGOC, the Board of Directors has withdrawn from consideration 6 (six) agenda items for a number of reasons, while there were no rejections of individual proposals/ recommendations of the NRC by the Board of Directors during consideration of the agenda items in 2020.

STRATEGIC PLANNING AND CORPORATE GOVERNANCE COMMITTEE



102-18

The activities of the Strategic Planning and Corporate Governance Committee (SPCGC) are regulated by the Regulations on the Strategic Planning and Corporate Governance Committee, as updated and approved by the Board of Directors on 30 November 2019 (Minutes No. 10).

The SPCGC is fully accountable to the Board of Directors. The members of the SPCGC are elected by a majority vote of the Board of Directors. The Chairman of the SPCGC is an independent director and the SPCGC also includes a non-voting expert who makes recommendations to the SPCGC based on the policies and visions of Samruk-Kazyna as a major shareholder of the Company.

All SPCGC members have sufficient knowledge and extensive experience, including practical experience.

The SPCGC consists of four (4) members: two (2) independent directors, one (1) representative of Samruk-Kazyna JSC and a non-voting expert.

As of 1 January 2020, the SPCGC consisted of the following members:

- Janusz Bialek, the chair of the Committee, independent director;
- Dominique Fache, independent director;
- Suinshlik Tiyyessov, representative of Samruk-Kazyna;
- Daulet Karimov, non-voting expert.

The composition of the SPCGC was amended by the Board of Directors on 27 April 2020 (Minutes No. 4) and 26 June 2020 (Minutes No. 6).

As on 31 December 2020, the SPCGC included the following members:

- Nurlan Akhazaripov, the chair the Committee, independent director;
- Dominique Fache, independent director;
- Suinshlik Tiyyessov, representative of Samruk-Kazyna;
- Daulet Karimov, non-voting expert.

SPCGC meetings

During the reporting period, the Committee held 10 meetings praesentia and considered 32 agenda items.

In 2020, the SPCGC reviewed and made recommendations on the following agenda items:

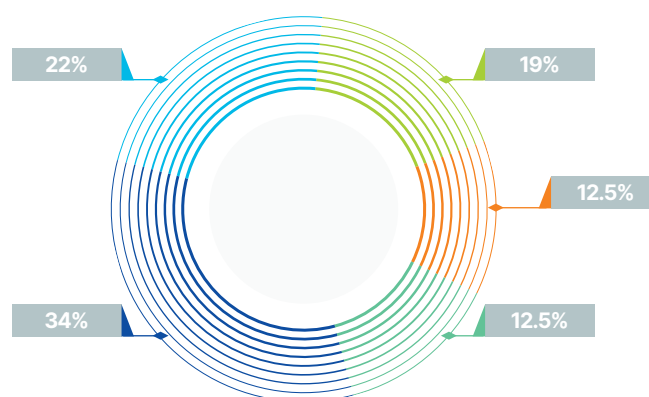
- the Business Plan (Development Plan) and progress reports for the Business Plan (Development Plan);
- the Development Strategy progress report;
- Roadmap for the Business Transformation Programme;
- review of the progress report of KEGOC's Business Transformation Programme;
- the Action Plan to enhance corporate governance and on the report on compliance with the Corporate Governance Code;
- the major investment projects progress reports;
- Annual report and Sustainability report;
- KEGOC's Information and Telecommunication System Development Strategy progress report.

Attendance of SPCGC members in 2020

Members of the Strategic Planning and Corporate Governance Committee	14 February	19 March	27 April	18 May	18 June	17 August	17 September	9 October	29 October	19 November	14 December	%
Janusz Bialek Chair, Independent Director	+	+	+	+	+	+	Early terminated terms of office on 26 June 2020				100	
Dominique Fache Independent Director	+	+	+	+	+	+	+	+	+	+	+	100
Nurlan Akhanzaripov Independent Director	Early terminated terms of office on 26 June 2020					+	+	+	+	+	+	100
Suinshlik Tiyessov Representative of Samruk-Kazyna	+	+	+	+	+	+	+	+	+	+	+	100
Daulet Karimov Non-Voting Expert	+	+	+	+	+	+	+	-	+	+	+	90

Agenda items considered at SPCGC meetings in 2020

- Strategic planning, Business plan
- Corporate development and sustainability
- Investment project progress
- Business Transformation Programme
- Other



There were no rejections by the Board of Directors of individual proposals and/or recommendations by the SPCGC in 2020.

OCCUPATIONAL SAFETY AND HEALTH AND ENVIRONMENT COMMITTEE



102-18

The activities of the Health, Safety and Environment Committee (HSEC) are regulated by the Regulations on the Health, Safety and Environment Committee, updated and approved by the decision of the KEGOC Board of Directors dated 30 November 2019 (Minutes No. 10).

The HSEC is fully accountable to the Board of Directors. The members of the HSEC are elected by a majority vote of the Board of Directors. The HSEC is chaired by an independent director and the HSEC also includes a non-voting expert who makes recommendations to the HSEC based on policies and visions of Samruk-Kazyna as a major shareholder of the Company.

All HSEC members have sufficient knowledge and extensive experience, including practical experience.

The HSEC consists of four (4) members: one (1) independent director, two (2) representatives of Samruk-Kazyna JSC and a non-voting expert.

As on 31 December 2020, the HSEC consisted of the following members:

- Dominique Fache, the chair of the Committee, independent director;
- Suinshlik Tiyyessov, representative of Samruk-Kazyna;
- Zhanna Yegimbayeva, representative of Samruk-Kazyna;
- Daulet Karimov, non-voting expert.

There were no changes to the composition of the HSEC in 2020.

HSEC meetings

During the reporting period, the HSEC held 5 in praesentia meetings, at which 6 agenda items were considered.

In 2020, the HSEC reviewed and made appropriate recommendations on the following agenda items:

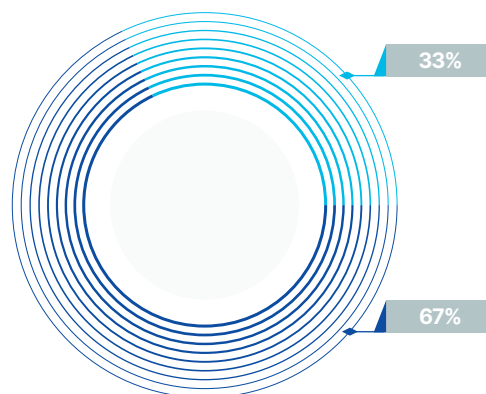
- industrial and information security, occupational health, environment;
- the analysis of accidents in the electric networks of KEGOC JSC (for the period 2010-2020);
- comparison (benchmarking) of reliability performance of KEGOC's power grids with the leading European and world peer system operators;
- the performance report of the Occupational Health, Safety and Environmental Protection Committee and on the approval of the Work Plan of the Committee for 2021.

Attendance of HSEC members in 2020

The members of the Occupational Health, Safety and Environmental Protection Committee	14 February	17 August	17 September	29 October	14 December	%
Dominique Fache Chair, Independent Director	+	+	+	+	+	100
Suinshlik Tiyyessov Representative of Samruk-Kazyna	+	+	+	+	+	100
Zhanna Yegimbayeva Representative of Samruk-Kazyna	+	+	+	+	+	100
Daulet Karimov Non-Voting Expert	+	+	+	-	+	80

Agenda items considered by HSEC meetings in 2020

- Operational and informational security, safety
- Other



There were no rejections by the Board of Directors of individual proposals and/or recommendations by the HSEC in 2020.

PROFESSIONAL DEVELOPMENT



The Board of Directors shall approve of the induction programme for newly elected members and the Professional development plan for the members of the Board of Directors. The Corporate Secretary shall ensure the implementation of these programmes. The director training includes informational meetings, participation in trainings, forums, conferences and working groups. To assist directors in fulfilling their duties, procedures are provided for the timely provision of necessary information to them.

20 February 2020 the Corporate University of Samruk-Kazyna held a seminar for the members of the Board of Directors on the topic: A system for assessing grades, remuneration and efficiency.

Due to the pandemic, the Board members have been participating in seminars since March 2020 via a video conference session on the Microsoft TEAMS platform.

On 27 April 2020, the members of the AC participated in the meeting of the Single Commission for the selection of the external auditor (with the participation of the members of the AC).

On 18 September 2020, a strategy session was held with members of the Board of Directors on topic of "Developing Intelligent Energy Systems – Digital Transformation Opportunities".

23 October 2020 PricewaterhouseCoopers Tax and Advisory LLP held a seminar for the members of the Board of Directors on the topic: Best Practices in Reporting and Sustainable Development Management. GRI Standards.

11 December 2020 Ernst & Young Kazakhstan LLP held a seminar for the members of the Board of Directors on the topic: Finance for non-financial directors.

23 December 2020 Ernst & Young Kazakhstan LLP held a seminar for the members of the Board of Directors on the topic: Energy Industry Economics.

In 2020, the meeting of the Board of Directors with KEGOC talents did not take place due to the COVID-19 pandemic.

Principles of KEGOC's Corporate Governance

The Company's Corporate Governance Code has been adopted

based on Samruk-Kazyna's Corporate Governance Code. The objectives of the Corporate Governance Code are to improve corporate governance, ensure its transparency, and confirm commitment to the standards of good corporate governance.

An analysis of the Company's compliance with the principles and provisions of the Corporate Governance Code showed that the Company complied with all the provisions of the Corporate Governance Code applicable to the Company during the reporting year. To read the report on compliance with the principles and provisions of the Corporate Governance Code for 2020, please click here:

www.kegoc.kz/en/for-investors-and-shareholders/raskrytie-informatsii/annual-reports

Anti-Corruption

KEGOC adheres to the policy of zero tolerance for corruption in all its manifestations in relations with all stakeholders as well as zero tolerance for concealment of corruption offences. The Company excludes all forms of bribery, including offering money or gifts to or from employees. The Company does not give or accept hospitality or gifts that may further entail any obligation on the part of the parties. The officials and employees involved in corruption shall be dismissed and held accountable in accordance with the procedure stipulated by Kazakhstan laws.

KEGOC, in its daily operations, complies with the anti-corruption laws and takes maximum organizational and practical efforts to

uncompromising anti-corruption efforts in all its forms and manifestations.

In particular, the Board of Directors approved an Anti-Fraud and Corruption Policy and a Proactive Reporting Policy. All employees are aware of these anti-corruption standards. The Company officials have signed undertakings to comply with anti-corruption legislation. Work is being carried out to comply with the Framework for Action to dismiss and prosecute managers for corruption offences committed by their subordinates.

As part of KEGOC's anti-corruption culture and intolerance of corrupt practices, great attention is paid to preventive work aimed

at reducing corruption risks. For example, the Compliance Officer conducted training sessions for the managers and employees of branches and substations during 2020 to highlight the requirements of anti-corruption legislation and internal standards of the Company. Quarterly information materials on anti-corruption norms and standards are sent to the structural units of the central office and to branches. A special working group established in 2020 analysed corruption risks that may be inherent in the Company's operations: use of official powers and related opportunities for pecuniary gain; abuse of power in procurement procedures as well as in relations with KEGOC partners; use of material resources of the Company for personal gain or enrichment; etc. In 2020 there were no violations of anti-corruption laws of Kazakhstan in the Company.

Samruk-Kazyna organized a hotline for stakeholders of its portfolio companies, including KEGOC. All KEGOC stakeholders may report their concerns regarding actual or alleged violations of the law, regulatory requirements, as well as internal policies and procedures on corruption and ethics. They can do it by sending a confidential and anonymous message. Their confidentiality and anonymity are guaranteed, and all reported cases are considered. Hotline hours: 24 / 7.

KEGOC's hotline in 2020 received 5 messages. All complaints were duly investigated however the reported allegations were not confirmed.

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Executive Body

The day-to-day activities of KEGOC are addressed by the Management Board, an executive collegial body, which makes the decisions on the matters of KEGOC's operations that are beyond the competence of other bodies.

The Management Board shall act in accordance with the law of Kazakhstan "On Joint Stock Companies", KEGOC's Charter, Corporate Governance Code and Regulations on the Management Board.

The appointment (election) and early termination of the powers of the Chairman

of the Management Board of the Company is the jurisdiction of the General Meeting of Shareholders. The membership, terms of powers of the Management Board, election of the members the Management Board (except for the Chairman) and early termination of their powers is the jurisdiction of the Board of Directors of KEGOC that shall observe the principles of transparency, objective assessment of potential, professionalism and competence. According to the decision of the Board of Directors of KEGOC the Management Board of KEGOC has 5 members, 100% of whom are the nationals of Kazakhstan.

MEMBERS OF THE MANAGEMENT BOARD



(As on 31 December 2020)



BAKYTZHAN KAZHIYEV

**Chairman of the Management
Board of KEGOC**



Born in 1964.
Citizen of the Republic of Kazakhstan.

Experience in the industry: 35 years.

Shares owned in KEGOC or its subsidiaries
and affiliates: none.

Education:

Alma-Ata Power Engineering Institute, diploma in power systems and networks (1986); Karaganda State Technical University, diploma in economics (2007); Almaty Management University, Doctor of Business Administration (2018). Experience in the sector is 35 years.

Work experience for the last five years:

Since 31 May 2011, Chairman of the Management Board at KEGOC.



BAKYTKHAN ZHAZYKBAYEV
Managing Director for Operations,
member of the Management Board
since February 2017

Born in 1968.
 Citizen of the Republic of Kazakhstan.

Experience in the industry: 20 years.

Shares owned in KEGOC or its subsidiaries
 and affiliates: none.

Education:

Ryskulov Kazakh State Academy of Management majoring in Marketing and Commerce (1994), Toraigyrov Pavlodar State University, diploma in in electrical power systems and networks (2005).

Work experience for the last five years:

- **Since April 2018**, managing director for operations;
- **Since February 2017**, managing director for business assets management;
- **December 2015 – February 2017**, deputy chairman of the Management Board of KEGOC for operations.

Functions in KEGOC:

plan activities on operation, repair, maintenance of operating assets; develop policies and procedures for assets management including the assets maintenance standards; develop and implement the medium-term development programme of MES branches; ensure reliable and efficient operation of MES branches, operation and rehabilitation of relay protection and substation automation, and metrological support of operations.



**TOLEGEN
SAFUANI**

Managing Director for Legal Support and Risks, member of the Management Board since June 2017.

Born in 1979.
Citizen of the Republic of Kazakhstan.

Experience in the industry: 16 years.

Shares owned in KEGOC or its subsidiaries and affiliates: none.

Education:

Kazakh State Law Academy, diploma in legal science (2000), Kazakh University of Technology and Business, diploma in public and local administration, Master of Economics (2013), Almaty Management University, Master of Business Administration (2018).

Work experience for the last five years:

- **Since June 2017**, Managing Director for Legal Support and Risks of KEGOC;
- **April 2012 – June 2017**, Head of Legal Department, KEGOC.

Member of board of directors of EnergoInform and supervisory board of FSC RES.

Functions in KEGOC:

legal matters, implementation and improvement of risk management, internal control, corporate governance, business continuity and IMS systems; economic, technical and information security, counter-terrorism measures; claims work; obtaining and maintaining corporate governance rating.



**AIBEK
BOTABEKOV**

Managing Director for Finance and Accounting, member of the Management Board since October 2009.

Born in 1976.
Citizen of the Republic of Kazakhstan.

Experience in the industry: 23 years.

Shares owned in KEGOC or its subsidiaries and affiliates: none.

Education:

Buketov Karaganda State University diploma in international relations and economics (1997), Nazarbayev University (2016), Master of Business Administration.

Work experience for the last five years:

- **Since February 2017**, Managing Director for Finance and Accounting;
- **June 2009 – February 2017**, managing director for economics, KEGOC.

Chairman of the Supervisory Board of FSC RES and member of the Board of Directors of Batys Transit JSC, the associate company.

Functions in KEGOC:

manage financial and economic matters; supervise pricing matters; manage and coordinate KEGOC's shares listing at KASE; manage relations with minority shareholders and other holders of KEGOC's securities; prepare the consolidated audited annual financial statements of KEGOC, cooperate with financial institutions and audit companies; and manage the management reporting system.



**ZHANDOS
NURMAGANBETOV**

Managing Director for Strategy and Development, Member of the Board since January 2020.

Born in 1981.
Citizen of the Republic of Kazakhstan.

Experience in the industry: 18 years.

Shares owned in KEGOC or its subsidiaries and affiliates: none.

Education:

Buketov Karaganda State University Graduated from the Buketov Kyrgyz National University with a degree in Law (2002), University of International Business with a degree in Management (2004), Kyzylorda State University named after Korkyt Ata with a degree in Electric Power Engineering (2011), KIMEP, MBA (2013).

Work experience for the last five years:

- **Since January 2020**, Managing Director for Strategy and Development at KEGOC;
- **September 2013 – January 2020**, General Director of FSC RES LLP.

Member of the Supervisory Board of FSC RES.

Functions in KEGOC:

Functions at KEGOC: develop, update and ensure the implementation of the Development Strategy of KEGOC, manage the technical policy of KEGOC; develop the NPG, develop plans and projects, feasibility studies of NPG development projects; develop 7-year forecast balances of electric capacity and electric energy for UPS of Kazakhstan; cooperate with integration associations and organizations in the energy sector; manage scientific research and development activities; monitor, analyse and regulate technical (losses) of electricity in the NPG; coordinate activities in the field of RES development; manage approval by the System Operator on technical connection to the UPS of Kazakhstan, power plant output schemes, and schemes of external power supply to consumers, approve and issue technical conditions for connection to the grid.

MANAGEMENT BOARD PERFORMANCE REPORT



The main principles of the Management Board activity are to serve interests of shareholders to the maximum extent, ensure fairness, good faith, expertise, prudence, objectivity, soundness, and regularity.

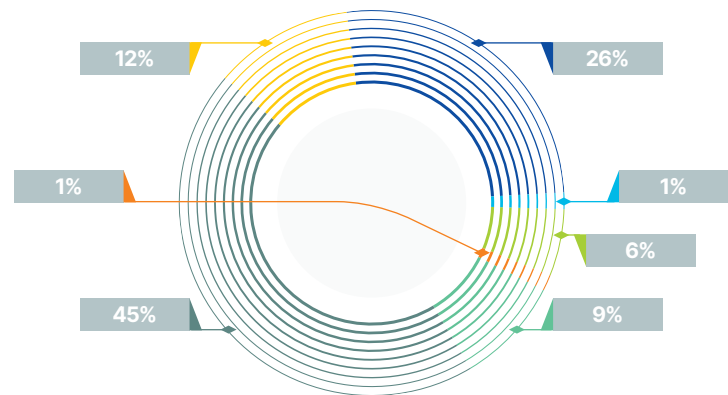
In 2020 KEGOC's Management Board held 26 meetings and reviewed 214 agenda items.

In addition to the agenda items falling within the competence of KEGOC's Board of Directors and previously reviewed by the Management Board (96 agenda items), some key decisions were taken:

- to approve/amend internal company documents;
- to review the progress reports of the risk committee and approve the action plan of the committee for 2020;
- regarding non-arm's length transactions within the competence of the Management Board;
- regarding the Business Transformation Programme;
- regarding HR policy.

Breakdown of agenda items considered by the Management Board of KEGOC

- Internal regulations
- Business transformation questions
- Transactions
- Risk committee operations
- HR policy issues
- Preliminary consideration of the agenda items to be elevated to the Board of Directors
- Other



MANAGEMENT BOARD COMMITTEES



In order to preliminarily review, take collegial decisions, and prepare recommendations on the supervised agenda items for KEGOC's Management Board, the company operates the following advisory bodies:

- Investment committee
- Risk Committee
- Budget committee
- Human resources development committee
- Debtors and Creditors Committee
- Inventory Committee.

In addition, an advisory and consultative body, the Coordinating Council for Sustainable Development and IMS, headed by the Chairman of KEGOC Management Board, has been established in the Company to organise and ensure the work on sustainable development management, design, implementation and operation of KEGOC's integrated management system and continuous improvement of the management systems performance.

The coordination council includes all managing directors and heads of subsidiaries. The main objectives of the coordination council in sustainable development are to promote and ensure adherence to the principles of sustainable development,

to ensure implementation of plans, to determine the responsibility for monitoring the sustainable development management matters, and to determine the content of information on sustainable development activities disclosed for the stakeholders.

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Non-Arm's Length Transactions

In 2020, the Board of Directors and Management Board of KEGOC made decisions on conclusion of 22 non-arm's length transactions (including 10 transactions approved by KEGOC Board of Directors and 12 transactions approved by KEGOC Management Board). No material transactions were made.

In accordance with the Corporate Governance Code, members of the Board of Directors (Almassadam Satkaliyev, Suinshlik Tiyessov, Zhanna Yegimbayeva, Bakytzhan Kazhiyev) did not participate in the discussion and voting on the agenda items in which they had an interest, and only independent directors took part in the voting on these agenda items.

The Board of Directors of KEGOC made decisions on conclusion of the following non-arm's length transactions: for emergency and operational maintenance of equipment between KEGOC branches and Batys Transit, Tengizchevroil LLP, Caspian Pipeline Consortium-K, PetroKazakhstan Kumkol Resources JSC, JV Kazgermunai LLP, Kazakhstan-China Pipeline LLP, Katco Kazakhstan-French joint venture LLP for the total amount of KZT 10,969,532,612.12.

Assessment and Remuneration of the Management Team

ASSESSMENT OF THE BOARD OF DIRECTORS' PERFORMANCE



In accordance with the Rules of Performance Assessment of the Board of Directors and its Committees, the Chairman, members of the Board of Directors and Corporate Secretary of KEGOC, the performance assessment of the Board of Directors is carried out once a year by the Board of Directors itself and at least

once every three years by an independent party. The assessment (self-assessment or by an independent party) is carried out on the basis of the Corporate Governance Diagnostic Methodology developed by Samruk-Kazyna JSC.

In accordance with KEGOC Board Member Remuneration and Compensation Rules, the Directors' remuneration consists of two parts: annual fixed remuneration and additional remuneration for chairmanship or participation in the meetings of the Board Committees in praesentia as decided by the General Meeting of Shareholders. In accordance with the decision of the General Shareholders' Meeting dated 26 June 2020, payments of additional remuneration to directors for attending the meetings of the committees of the Board of Directors in praesentia have been excluded.

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.

In accordance with the Corporate Governance Code of KEGOC, none of the members of the Board of Directors in 2020 took part in making decisions related to his/her own remuneration.

Samruk-Kazyna plans to conduct an independent assessment of the 2019 and 2020 performance in 2021. The Board of Directors on 20 November 2020 decided that the performance of the Board of Directors

and its Committees of the Board of Directors, the Chairman and members of the Board of Directors, the Corporate Secretary of KEGOC for 2019-2020 will be assessed through self-assessment.

The remuneration system for the Chairman and the members of the Management Board includes salary and a year-end bonus. A year-end bonus in KEGOC shall be paid upon approval of the results of the financial and economic performance based on the audited financial statements within the limits of cash assets provided for this purpose in the budget of KEGOC.

The payment of remuneration is mainly conditioned by the consolidated total income for the reporting period. The assessment of the performance of the Chairman and members of the Management Board is based on short-term and long-term motivational KPIs, which shall be developed by cascading KEGOC strategic goals down into specific indicators by KEGOC business processes/ activities in the form of KPI Maps for each member of KEGOC Management Board. The short-term motivational KPIs are divided into corporate KPIs and functional KPIs. The remuneration limits for the Chairman and members of the Board are determined on the basis of the remuneration structure, including long-term and short-term remuneration.

Key motivational KPIs

Strategic Goal 1	
WWP	↑
Technical electricity losses,% of electricity delivered to the grid	↓
Number of technical disturbances on transmission lines	↓
Energy Not Supplied (ENS)	↓
Implementation of the WAMS project in Kazakhstan's NPG	↑
Strategic Goal 2	
EBITDA	↑
Net asset value (NAV)	↑
Achievement of financial sustainability targets	↑
Implementation of the Business Transformation Roadmap	↑
Strategic Goal 3	
Corporate governance rating	↑
Implementation of the Corporate Governance Enhancement Plan	↑

The Management Board members were eligible for KPI-based performance remuneration for the reporting period if they actually worked for at least 5 months in the reporting period.

Thus, the remuneration of the key management personnel (members of the Board of Directors and the Management Board) and all other expenses related thereto (taxes, levies, sick leave, holiday pay, material aid, etc.) included in payroll costs in the audited consolidated financial statements amounted to KZT 381.8 million for the year ended 31 December 2020.

Corporate Governance Development Plan

In order to enhance KEGOC's corporate governance, the Company will continue its efforts:

- to enhance the effectiveness of the Board of Directors and the Management Board by optimising the scheduling of meetings, enhancing the quality of meeting materials, and involving the Board of Directors and committees even more in the transaction and investment monitoring and sustainability matters;
- to enhance the risk management and internal control system by enhancing the risk culture and training of employees, effective planning of IAS activities through coordination between the second line of defence and IAS units;
- to enhance the effectiveness of sustainable development activities through an effective Company policy in three areas: economic, environmental and social, further improvement of the occupational health and safety system, and adherence to business ethics;
- to improve transparency by reviewing the content and design of the corporate website, incorporating the views of stakeholders into the coverage of the Company's activities, and enhancing corporate reporting.

Corporate Ethics

The fundamental values on which KEGOC's business is based are integrity, reliability and professionalism of its employees, efficiency of their work, mutual assistance, respect for each other, stakeholders and society.

KEGOC acts honestly, openly and fairly. Avoids any contracts that could lead to or potentially create a conflict of interest between personal and business matters. We develop mutually beneficial relationships and strive to adhere to business principles in working and communicating with our business partners.



KEGOC's Code of Conduct (business ethics code) is a set of basic rules, principles and values, standards of business and social conduct, high ethical standards of both internal and external corporate relations, as well as the Company's social responsibility towards employees, shareholders, business partners, the state and society. The Code of Conduct is one of the key policies of KEGOC, defining the requirements to be met by every person working in our Company and with the Company: employees, contractors, business partners. KEGOC expects our business partners to adhere to the same standards and our Code of Conduct.

The Code of Conduct was developed on the basis of generally accepted standards of corporate ethics and business conduct and documents defining best corporate governance practices. The Code of Conduct

applies to all structural divisions and branches of the Company.

The purpose of the Code of Conduct is to define binding rules of business conduct and ethics aimed at increasing the Company's capitalisation and reputation, financial stability and efficiency. The Code of Conduct is designed to create a work environment in which each employee can feel responsible for the performance and reputation of the Company and at the same time expect the Company to pay attention to his or her personality in the performance of his or her work duties. The Code of Conduct is one of the tools for creating the best Company, in which all employees are members of a team of professionals.

Commitment to and compliance with ethical and compliance requirements is the responsibility of everyone who works for or

represents the Company. Violation of the Code of Conduct challenges the reputation and performance of the Company and may result in disciplinary action. It is important to note that non-observance of certain sections of the Business Ethics Code may be a violation of the legislation of the Republic of Kazakhstan on combating corruption and may entail personal administrative or criminal liability.

All employees of the Company, including officers, shall study the provisions of the Code of Conduct on a regular basis, when employed and in case of amendments to the Code.

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The Company has an appointed Ombudsman, one of whose tasks is to ensure that employees and officers comply with the Code of Conduct and, where necessary, to explain its provisions. The basic principles of the Ombudsman work shall be independence, neutrality and impartiality, confidentiality and informality.

In 2020, the Ombudsman, together with the Compliance Officer, visited the Zapadnye, Sarbaiskiye, Almatinskiye, and Tsentralnye MES branches, where he met with the employees. The aims and objectives of the Code of Conduct were communicated to employees. Communication channels (telephone hotline, ombudsman, compliance officer) had been communicated to employees, the responsibilities of the Company's employees and the consequences of non-compliance with the Code of Conduct had been explained. The ombudsman held

a face-to-face meeting with those who wished to do so.

In order to prevent and avoid potential conflicts with Company employees, work is constantly being done to explain the Company's internal regulations and procedures and to promote a common understanding and resolution of labour issues. Information and awareness-raising work is being done on resolving social and labour disputes. E.g., in 2020, KEGOC's Ombudsman received 4 claims regarding social and labour relations (bonus payment, legitimacy of disciplinary punishment, performance evaluation). All questions had been cleared after careful considerations and analysis. At the same time, no human rights violations were reported and there were no cases of lawsuits filed by the Company's employees for non-compliance with labour legislation in 2020.

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Internal Audit Service

The Internal Audit Service was established by a decision of KEGOC's Board of Directors in 2006. As on 31 December 2020, the approved number of staff of the EAS was 8 and there were no vacancies.

The mission of the Service is to provide necessary support to the Board of Directors and the Management Board of KEGOC in performance of their duties to achieve the strategic objectives of the Company. The main purpose of Internal Audit is to provide the Board of Directors with independent and objective information designed to ensure effective management of the Company by bringing a systematic approach to the improvement of risk management, internal control and corporate governance systems.

During 2020, the Internal Audit Service was governed by the following documents:

- International professional standards for internal auditing;
- Regulations on KEGOC's Internal Audit Service approved by KEGOC's Board of Directors;
- the Rules of the Internal Audit Management at KEGOC as approved by the Board of Directors of KEGOC;
- Job descriptions of the employees of the Service approved by the Chairman of the Board of Directors of KEGOC.
- The annual audit plan of the Internal Audit Service for 2020.

All audit assignments for 2020 have been planned with due regard to the mission and main purpose of Internal Audit. The risk-based approach was used to plan the internal audit, i.e., the priority was given to the business processes that are most vulnerable to negative events.

The annual audit plan of the Internal Audit Service for 2020 was approved by the KEGOC Board of Directors on 30 November 2019. The plan provides for execution of 17 assignments. The topics of the audit assignments carried out by the Service in accordance with the Annual Audit Plan for 2020 covered comprehensive audits of the Company's branches, audits of business processes for planning, development and supply chain management, HR processes, information technology, assessment of the risk management and internal control system, etc. All assignments were completed.

The Internal Audit issued recommendations for all non-conformities identified, and corrective action plans have been prepared by the auditees.

The implementation of the recommendations issued is monitored by Internal Audit on an ongoing basis.

External Auditor

Selection of the auditing company to audit the financial statements of KEGOC group of companies was made by the Unified Commission for the selection of the auditing company in accordance with the Rules of selection of the auditing company for Samruk-Kazyna JSC and organizations, more than fifty percent of voting shares (participatory interest) of which are directly or indirectly owned by Samruk-Kazyna on the right of ownership or trust management, and based on the decision of the Annual General Meeting of KEGOC shareholders (Minutes No. 13 dated 3 May 2019). A contract was concluded with Ernst & Young LLP, an independent audit organisation, member of the professional organisation Chamber of Auditors of the Republic of Kazakhstan. The remuneration for the audit of the financial statements for 2020 amounted to KZT 50.4 million, including VAT.

Ernst & Young LLP has been auditing the financial statements of the KEGOC group of companies since 2012. For the purpose of preserving the independence and according to the External Audit Policy of the Company, if one audit organization carries out an audit during five successive years, the audit partner shall be changed. The last change of auditor's main partner took place in 2018. Ernst & Young LLP did not provide non-audit services to KEGOC in 2020.