



**INTEGRATED
ANNUAL REPORT**

VOLUME 1

2016

Following the best disclosure practices, “Samruk-Energy” JSC presents an integrated annual report for 2016 to all stakeholders. This report is presented in two volumes. Volume 1 contains the Management Report and full non-financial information on the activities of “Samruk-Energy” JSC group of companies for the reporting period. Volume 2 contains Consolidated Financial Statements for 2016 as of December 31, 2016 and for 2015 as of December 31, 2015, which is the result of an independent audit of “PricewaterhouseCoopers” LLP.





INTEGRATED ANNUAL REPORT

VOLUME 1

2016

CONTENT

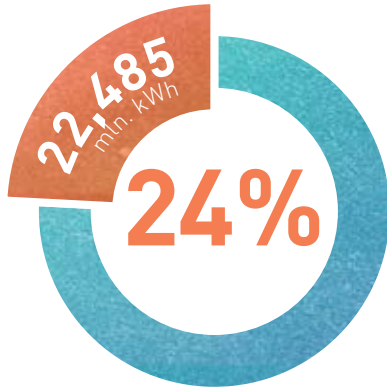
| | |
|--|-----------|
| Key highlights | 4 |
| Main events of 2016 | 6 |
| Address of the Chairman of the Board of Directors | 8 |
| Address of the Chairman of the Management Board | 9 |
| Strategy | 10 |
| Macroeconomic trends | 13 |
| Key challenges | 14 |
| Interaction with stakeholders | 18 |
| Electricity market | 20 |
| Market model | 22 |
| Realization of export potential | 24 |
| Regulatory environment of the industry | 24 |
| The work of trade house | 25 |
| The program of assets privatization | 30 |
| Asset map | 32 |
| Environmental safety management | 36 |
| Energy efficiency | 42 |
| Green energy | 44 |
| Innovations in the sphere of renewable sources of energy | 46 |
| Brief information about the group of companies "Samruk-Energy" JSC | 47 |
| Conventional power industry | 56 |
| Increase in of energy efficiency in the sphere of traditional energy | 58 |
| Briefly about the group companies of "Samruk-Energy" JSC | 59 |
| Transmission and distribution of electricity | 66 |
| Innovative activity in the sphere of electricity transmission | 67 |
| Briefly about the group companies of "Samruk-Energy" JSC | 59 |
| Coal mining | 74 |
| Export of steam coal | 77 |
| Regulatory environment of the industry | 78 |
| Bogatyr Komir LLP | 78 |
| Management discussion and analysis | 82 |
| Liquidity and financial sustainability indicators | 98 |

| | |
|--|------------|
| Tariff policy | 102 |
| Indirect economic impact | 103 |
| Business transformation – a course towards change! | 104 |
| Procurement and inventory management | 112 |
| “Samruk-Energy” JSC corporate governance structure | 116 |
| Information about shareholders | 117 |
| The board of directors | 117 |
| The management board | 155 |
| Information about material deals | 164 |
| Internal audit service | 166 |
| Opportunities or risks? | 168 |
| Human resources are our main asset | 170 |
| Staff composition | 172 |
| Development and career growth | 174 |
| Dealing with talents | 175 |
| Personel assessment | 176 |
| Working with young people | 177 |
| Motivation and remuneration | 178 |
| Social responsibility | 180 |
| Labor protection and safety | 183 |
| Measures acceptable for exception accidental cases on production | 184 |
| Human rights | 188 |
| Audit of the organization | 202 |
| Information about an audit organization | 202 |
| Annexes | |
| Annex 1. Abbreviations used | |
| Annex 2. Table of conformity of the Report with GRI Guidelines | |
| About the report | |
| Contact information | |

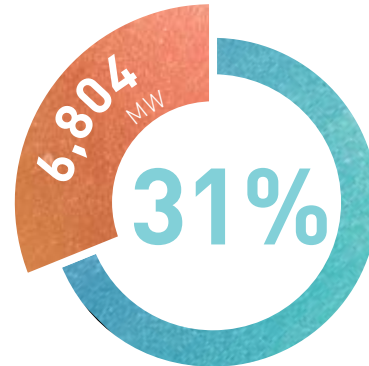
2016 KEY HIGHLIGHTS



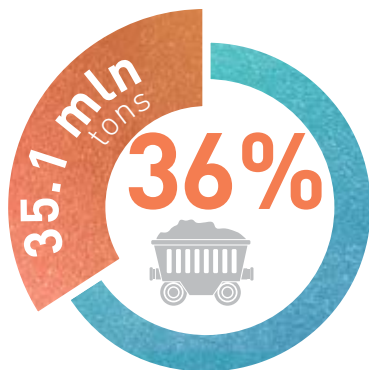
OF ELECTRICITY
GENERATION



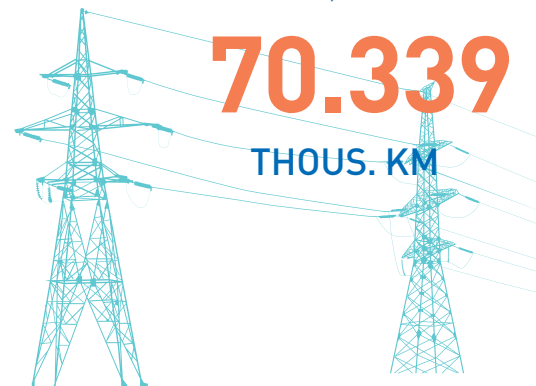
OF THE TOTAL INSTALLED CAPACITY OF
PLANTS IN THE UPS RK



OF COAL PRODUCTION
IN THE RK



IS THE LENGTH OF OVERHEAD
AND CABLE 220-0,4 KV PTL



PRODUCTION FIGURES

| Description | Measurement unit | 2014 | 2015 | 2016 | 2017 (plan) | 2018 (forecast) |
|---------------------------------|------------------|--------|----------|--------|-------------|-----------------|
| Electricity production volume | mln. kWh | 28,216 | 22,318 | 22,485 | 24,029 | 26,389 |
| Electricity sales volume | mln. kWh | 8,605 | 8,414 | 8,438 | 8,418 | 6,410 |
| Electricity transmission volume | mln. kWh | 12,344 | 12,113,6 | 12,118 | 12,377 | 6,889 |
| Heat production volume | thous. Gcal | 7,561 | 6,913 | 6,805 | 5,409 | 5,409 |
| Coal extraction volume | mln. tons | 38.0 | 34.5 | 35.1 | 33.9 | 36.1 |

* The volume of electricity production without taking into account the Irtys Cascade of HPPs.

KEY FINANCIAL AND ECONOMIC FIGURES

| Description | Measurement unit | 2015 | 2016 | 2017 | 2018 |
|---|------------------|--------|--------|----------|----------|
| | | actual | actual | forecast | forecast |
| Net income | bln. tenge | -77.83 | 17.76 | 10.39 | 19.32 |
| Net income excluding foreign exchange differences * | bln. tenge | 29.01 | | | |
| EBITDA | mln. tenge | 76,496 | 71,581 | 74,171 | 97,603 |
| EBITDA Margin | % | 42% | 39% | 36% | 39% |

* Total profit without taking into account the impact of exchange rate differences.

SOCIAL INDICATORS

| Description | Measurement unit | 2014 | 2015 | 2016 |
|---|--------------------|------|------|------|
| The degree of staff involvement | % | 65 | 65 | 68 |
| Annual staff turnover | % | 8.6 | 11.9 | 13 |
| The number of accidents at work per thousand people | q-ty/1,000 persons | 0.17 | 0.5 | 0.59 |
| The share of local content in the procurement of goods, works, services | % | 76 | 74 | 79 |

STATE AWARDS IN 2016

2016 list of employees across "Samruk-Energy" JSC group awarded state awards:

| No. | Full name | Award type | Subsidiary name |
|-----|---|--|--|
| 1 | 2 | 3 | 4 |
| 1. | Tutebayev Serik Suinbekovich – Managing Director for Production and Asset Management | "Kurmet" Order | "Samruk-Energy" JSC |
| 2. | Saimanov Seytmurat Myrzabekovich – Deputy Chairman of the Board – Chief Engineer | "Kurmet" Order | "Shardarinsk HPP" JSC |
| 3. | Gaiduk Valery Ivanovich – Head of boiler and turbine workshop | "Eren Enbegi ushin" medal | "Station "Ekibastuz SDPP-2" JSC |
| 4. | Esentayev Adilbek Telmanovich – Head of the Uzensky DPN | "Eren Enbegi ushin" medal | "Mangistau Distribution Power Grid Company" JSC |
| 5. | Zhaksybayev Gafiulla Rakhmatullayevich – Head of workshop on repair of boiler's main equipment | "Eren Enbegi ushin" medal | "Ekibastuz SDPP named after Bulat Nurzhanov" LLP |
| 6. | Ismukhambetov Gaziya Zhumabaevich – Deputy Chairman of the Board - Chief Engineer | "Eren Enbegi ushin" medal | "Almaty Power Plants" JSC |
| 7. | Nugmanov Nikolay Nabenovich – Electrical fitter in charge of repair and maintenance of automation and measuring instruments | "Eren Enbegi ushin" medal | "Aktobe CHP" JSC |
| 8. | Sarymov Serik Zhumagulovich – maintenance foreman | "Eren Enbegi ushin" medal | "Ekibastuz SDPP named after Bulat Nurzhanov" LLP |
| 9. | Baitakov Algaday Butabayevich – electrician of field service team of central dispatch service | "Enbek danky" order of 3rd degree | "Alatau Zharyk Company" JSC |
| 10. | Gumerov Rishat Fardatovich – 7th category engine operator of boiler and turbine workshop | "Enbek danky" order of 3rd degree | "Ekibastuz SDPP named after Bulat Nurzhanov" LLP |
| 11. | Salmanov Omirkhan Yeserkepovich – Head of production preparation workshop | "Enbek danky" order of 3rd degree | "Station "Ekibastuz SDPP-2" JSC |
| 12. | Khamzin Serik Tursumbekuly – fitter for repair of equipment of boiler and coal pulverization workshops | "Enbek danky" order of 3rd degree | "Station "Ekibastuz SDPP-2" JSC |
| 13. | Tleukabulova Gulnazi Abylkasovna – 6th category engine mechanic of automated fuel conveying plant | Certificate of honor of the Republic of Kazakhstan | "Station "Ekibastuz SDPP-2" JSC |

MAIN EVENTS OF 2016

The following significant events and changes in business occurred in the Company's operations in 2016

1 JANUARY

- Putting an individual tariff for "Shardarinsk HPP" JSC into effect
- Putting long-term tariffs for regional power transmission companies for 2016–2020 into effect (AZhC, EK REC and MDPGC)
- Putting the tariff for "APP" JSC into effect as an ERM due to the increase in gas tariffs and transportation
- Putting preferential tariffs for electricity at SDPP-1 into effect for an additional 7 entities at preferential tariffs (in accordance with the instruction of the Government and letters of the CRNM and PC of the MNE)



19 FEBRUARY

Standard & Poor's affirms long-term and short-term credit ratings at 'BB / B' and a change in the outlook on ratings

26 FEBRUARY

- Approval of the list of subsidiaries and affiliates of "Samruk-Energy" JSC proposed for transfer to a competitive environment
- Placing of 10,964 (ten thousand nine hundred and sixty four) of "Samruk-Energy" JSC ordinary shares within the number of authorized shares through the exercise of the sole shareholder's right to preemptive purchase of the share



4 APRIL

In accordance with the Decision of the Board of Directors (Minutes No. 3 d/d March 30, 2016) on placement of 2 791 018 ordinary shares, "Samruk-Energy" JSC, taking advantage of the preemptive right, bought 1,096,448 ordinary stock at a price of 10,000 tenge per share thereby achieving parity in the ownership of BTPP shares to 50% – 1 share

8 APRIL

A presentation of the opening of the RDC (regional dispatch center) attended by Mangistau region mayor Aidarbayev A.S. was held at "Mangistau Distribution Power Grid Company" JSC. The advanced power grids management complex will ensure the guaranteed and reliable operation of the energy system of the Mangistau region. The project was implemented as part of "Mangistau DPGC" JSC Investment Program for 2013–2016. The Dispatch Center is equipped with the latest technical and software tools that allow the personnel to promptly respond to deviations in the operation of the power system in the shortest possible time. Modern technologies will significantly improve the quality of customer service and the reliability of the regional power system

11 MARCH

EnergyCell energy storage system (battery) was launched at the premises of Kapshagay solar power plant. This technology is used for the first time in the territory of the CIS and Central Asia

17 MARCH

Kazakhstan resumed electricity export to Russia. The second power unit of "Station Ekibastuz SDPP-2" JSC has been put into operation since March 17, 2016 and Kazakhstani electricity is supplied to the Russian power system

16 APRIL

"Ekibastuz SDPP-1" LLP supplies electricity in the amount of 200 MW to "Power Plants" OJSC (Kyrgyz Republic)

5 MAY

The downgrade of “Samruk-Energy” JSC rating to BB + “Stable” outlook from Fitch Ratings (downgrade is due to a decrease in the sovereign rating of the Republic of Kazakhstan)

20 MAY

A new turbine unit was tested. The project implementation increased the installed capacity of the plant from 88 to 118 MW. And will provide additional generation of electricity in the amount of 240 million kWh per year. In addition to the construction of a new turbine unit No. 3, the company at its own investments installed a water purification and treatment system, replaced the equipment of 2 units on transfer of in-house load of a power plant with a voltage of 3.15 kV to 6.3 kV, commissioned a new fan cooling tower and circulating pump house



28 JUNE

An application for purchase of 5,000 shares amounting to 6.7 bln. tenge was received from “Samruk-Kazyna” JSC for financing the Gorny Gigant project

30 JUNE

Sale of 90.0004% of equity stake in “Karagandagiproshakht and K” LLP and 70% of equity stake in “Shelek-28” LLP through electronic auction

24 NOVEMBER

Company’s corporate system of management confirmed to requirements of the international ISO 9001:2015 in the new edition

30 NOVEMBER

A large-scale project on upgrading 500 kV outdoor switchgear was completed at Ekibastuz SDPP-1, which in terms of significance refers to the backbone substation of the unified energy system of Kazakhstan. Modernization will significantly increase the performance reliability of North Kazakhstan power grids through which electricity is transported to the south and exported to Russia. The service life of 500 kV outdoor switchgear equipment will be extended by 30 years



21 SEPTEMBER

The ceremony of commissioning the boiler unit No. 8 within the framework of reconstruction and expansion of Almaty CHPP-2 was held. The launch of the new boiler will secure the growing needs of the city – the new facilities of the Universiade-2017, the industrial zone and buildings under the Program – “Affordable Housing-2020”. Commissioning of boiler No. 8 will increase the thermal capacity of CHPP-2 by 20% from 1 176 to 1 414 Gcal / h and will ensure the production of an additional 450 million kWh of electricity per year

26 SEPTEMBER

Obtaining a letter of consent (waiver) from the EBRD for breaching the covenant Debt/EBITDA of the Company for 2016

9 DECEMBER

EUR 100 million Loan Agreement was signed with the EBRD as part of refinancing of the Company’s Eurobonds

21 DECEMBER

Standard & Poor’s rating agency downgraded the Company’s long-term credit rating at “BB-”, affirmed the short-term rating at “B” and changed the outlook from “Stable” to “Negative”

ADDRESS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS



Kuanysh Bektemirov

Chairman of the Board of Directors
of “Samruk-Energy” JSC

Dear reader!

“Samruk-Energy” JSC is the Republic’s reliable supplier of energy resources, the Company, abiding by the principles of sustainable development, realizes its responsibility to the Shareholder, employees, society and the future generation. While taking care of the environment, the Company implements environmentally friendly technologies.

In the context of deteriorating market conditions, decline in energy-intensive industries, a surplus of capacity, “Samruk-Energy” JSC successfully implements the approved Strategy and makes every effort to increase electricity and coal sales volumes, this resulted in a 24% share of electricity market and 30,8% of coal production across the Republic.

Trends in the economy emphasize the timeliness of the Transformation program launch initiated by the shareholder. The primary purpose of changes implemented in the company is to create value for the Shareholder and increase profitability.

We are pleased to welcome Andreas Stoerzel and Joaquin Galindo Velez, new members of the company’s Board of Directors, independent directors, as well as Nurlan Rakhmetov as a representative of “Samruk-Kazyna” JSC interests. We hope that the extensive international management experience in power industry and financial

sector will significantly strengthen our competences and compliance with requirements of the corporate governance code.

Timely decisions taken by the Board of Directors improved the operating performance of “Samruk-Energy” JSC owing to optimization of production and management processes. Mobility in management was ensured, which is the first step in transition to an operating holding company.

Centralization of marketing and trading functions is underway with a view to achieving the indicator of the long-term Development Strategy until 2025 – “Strengthening leadership in electricity and capacity market, accessing export destinations”. “Samruk-Energy” JSC “Trade house” was established, which provides development and expansion of electricity and coal export.

Furthermore, the Company ensures the strengthening of all business directions, including project management, the change in production and repairs management process. One of the prerequisites for transition to the new organizational structure is introduction of a single approach to staff selection and deployment based on the principle of meritocracy (Job matching).

Activities on sale of “Samruk-Energy” JSC assets proposed for transfer to a competitive environment were continued. Most privatized assets are entities of natural monopolies and their tariff policy is controlled by the state. Determination of the company’s target structure after completion of privatization process will allow an adequate Samruk-Energy valuation for protecting investors prior to entering the stock market.

A positive practice of corporate governance was a meeting held in autumn 2016 with the company’s personnel reserve – young and promising specialists will have to face the challenges that are just appearing today on the horizon.

Our ultimate common strategic goal is: to build a client-oriented, competitive operating holding company that is able to effectively implement the approved long-term development strategy and ensure that expectations of a sole Shareholder will be met.

ADDRESS OF THE CHAIRMAN OF THE MANAGEMENT BOARD



Almassadam Satkaliyev

The Chairman of the Management Board of "Samruk-Energy" JSC

Production and financial activity of "Samruk-Energy" JSC in 2016 shows a positive dynamics. The profit of 18 billion tenge was earned at the tariffs level and sales volumes identical to the previous period. Anti-crisis measures as optimization of investment program and reduction in operating costs ensured a successful result.

Significant events included the resumption of power supplies to the Russian market in March 2016. 1, 8 billion kWh was exported from "Ekibastuz SDPP-2 Plant" JSC owing to the Government support and partnership with PJSC Inter RAO.

Subsidiary production companies made a worthy contribution to implementation of investment projects. In the western Kazakhstan "Mangistau Distribution Power Grid Company" JSC opened the new regional dispatch center in Aktau city. Commissioning of a new turbine unit No. 3 at Aktobe CHP has increased the plant's capacity by 34% from 88 to 118 MW. Boiler unit No. 8 with respect to the project «Reconstruction and expansion of Almaty CHP-2". III stage» was put into operation in September 2016, this enabled to increase the capacity by 20% which is enough to meet the growing needs for heat of metropolitan city and facilities of the Universiade. "Ekibastuz SDPP-1 named after B. Nurzhanov" LLP completed the upgrading of 500kV-OS worth 18 bln.tenge in the end of November.

Generation sector's projects are bringing the action of ceiling tariffs program to a close, adopted by the Government in 2009 the program ensured creation of necessary safety margin. The gap between installed and available capacity has reduced by over 64% or by 1 584 MW over 6 years (from 2 462 MW to 878 MW). Environmental effect from upgrading of thermal power

plants is expressed in threefold reduction of ash emissions – from 108 to 36 thous.tons per annum.

Introduction of capacity market and balancing market within deadlines set by law is required in order to implement power sector development and modernization programs. This is connected with addressing the relevant issues of increasing the industry's investment attractiveness, slowdown in modernization pace and privatization process. In 2017 we expect fundamental changes and systemic measures in power industry that rely upon global trends.

"Samruk-Energy" JSC implements comprehensive set of measures for environmental improvement and rational use of resources. The share of clean energy produced without hydrocarbon fuel burning has increased up to 15,7% of 22,5 bln.kWh generated across subsidiaries in 2016. Performance in regard to energy conservation and increasing energy efficiency as part of implementing the target-oriented program has improved by 3,4 %.

The company consistently reduces impact on the environment, including through increase in a share of alternative energy sources. The Development strategy by 2025 sets the goal of achieving a leading position with the share of renewables in capacities structure at the level of 10%.

The European Bank for Reconstruction and Development provides a significant support in this direction. It is planned to increase the capacity of Ereymentau wind farm up to 95 MW as well as "Shardarinsk HPP" JSC modernization is carried out in partnership with reputable financial institution.

"Samruk-Energy" JSC representing the interests of the State in power sector, plays an important role in plans of the Country for transition to «green» power industry. The company has signed the Memorandum of understanding with scientific center of Stanford University on joining the Stanford Energy 3.0 sector program. This cooperation will promote development of Kazakhstan's low-carbon economy through a transfer of new technologies.

As a major supplier of electricity in Kazakhstan, "Samruk-Energy" JSC plays a key role in plans of the state for transition to environmentally friendly power system – which is why the Company stands ready to make its contribution to implementation of Kazakhstan's third modernization announced by the Head of State. Holding of World Scientific and Engineering Congress WSEC-2017 during the international exhibition EXPO-2017 in Astana will provide us with a unique opportunity to assess trends in present day power industry and choose best development options tailored to specifics of Kazakhstani FES.

1. STRATEGY



Kapchagay HPP

Kanysh Moldabayev

Managing Director for Strategy and
Sales of “Samruk-Energy” JSC



Today the Company is widely regarded as a major player that manages energy and coal enterprises in the territory of Kazakhstan and has a clear vision of its development. In accordance with “Samruk-Energy” JSC Development Strategy, the Company seeks to provide reliable and competitive energy supply in the markets of presence, maximize shareholder value and also ensure the business’s social responsibility and sustainable development. In the context of the stated strategic goals of the Company, we consider the balanced development of the Company taking into account the philosophy of sustainable development and the constant creation of value throughout the entire value chain.

So, during 2016 the Company actively worked to expand export volumes (Russia and Kyrgyzstan), study the possibilities of enriching Ekibastuz coals, use innovative power storage systems at the Company’s power plants, introduce environmentally friendly technologies, deliver investment projects that are implemented to add value and maintain power plans.

At the same time, it is worth highlighting a separate scope of the Company’s work in the field of sustainable development. The requirements of the Corporate Governance Code of the Company oblige to conduct activities under the new rules, applying new approaches to solving everyday issues of the company and with a future orientation. At the current moment, the trend of sustainable development is taking on large-scale forms. In this regard, the Company intends to introduce the concept of sustainable development throughout the value chain.

For these purposes, the Company on a regular basis interacts with its stakeholders, identifying their needs and expectations, which in a balanced way are taken into account and used in operations. In 2016, we developed a Sustainable Development Guideline that regulates sustainable development policies and concepts, analysis of the internal and external environment, key sustainable development risks, a stakeholder map, a matrix of relevance and the most important point, sustainable development goals. I am convinced that the responsible policy of the Company in matters of sustainable development will help achieve the goals set for the Company.

MISSION

TO CREATE VALUE FOR SHAREHOLDERS, EMPLOYEES AND SOCIETY AS KAZAKHSTAN'S HIGH-TECH GUARANTOR OF ENERGY SUPPLY AND EURASIAN'S SUPPLIER, GUIDED BY PRINCIPLES OF CARE FOR ENVIRONMENT AND LEAN PRODUCTION

VISION

EFFECTIVE OPERATING POWER HOLDING COMPANY OF EURASIAN IMPORTANCE - KAZAKHSTANI MARKET LEADER



SHAREHOLDER KPI

- EVA
- Achievement of covenant Debt/EBITDA
- Implementation of major projects within the budget and in due time
- Accident frequency rate
- Environmental impact
- Social stability rating
- Corporate governance rating
- Transformation project progress

1-ST LEVEL STRATEGIC GOALS

- Ensuring reliable and competitive supply of energy resources in the market of presence
- Maximizing shareholder value
- Ensuring social responsibility of a business, sustainability

2-ND LEVEL STRATEGIC GOALS

Goals and objectives for business area
"Conventional generation"

Goals and objectives for business area
"RES"

Goals and objectives for business area
"Coal business"

Goals and objectives for business area
"Distribution and sale"

COMPANY-WIDE GOALS AND OBJECTIVES

Mission and vision of the Company are implemented through the achievement of three first level strategic objectives. First level strategic goals are interlinked with KPI set by the shareholder and are achieved by implementation of second level strategic goals set for each business direction.

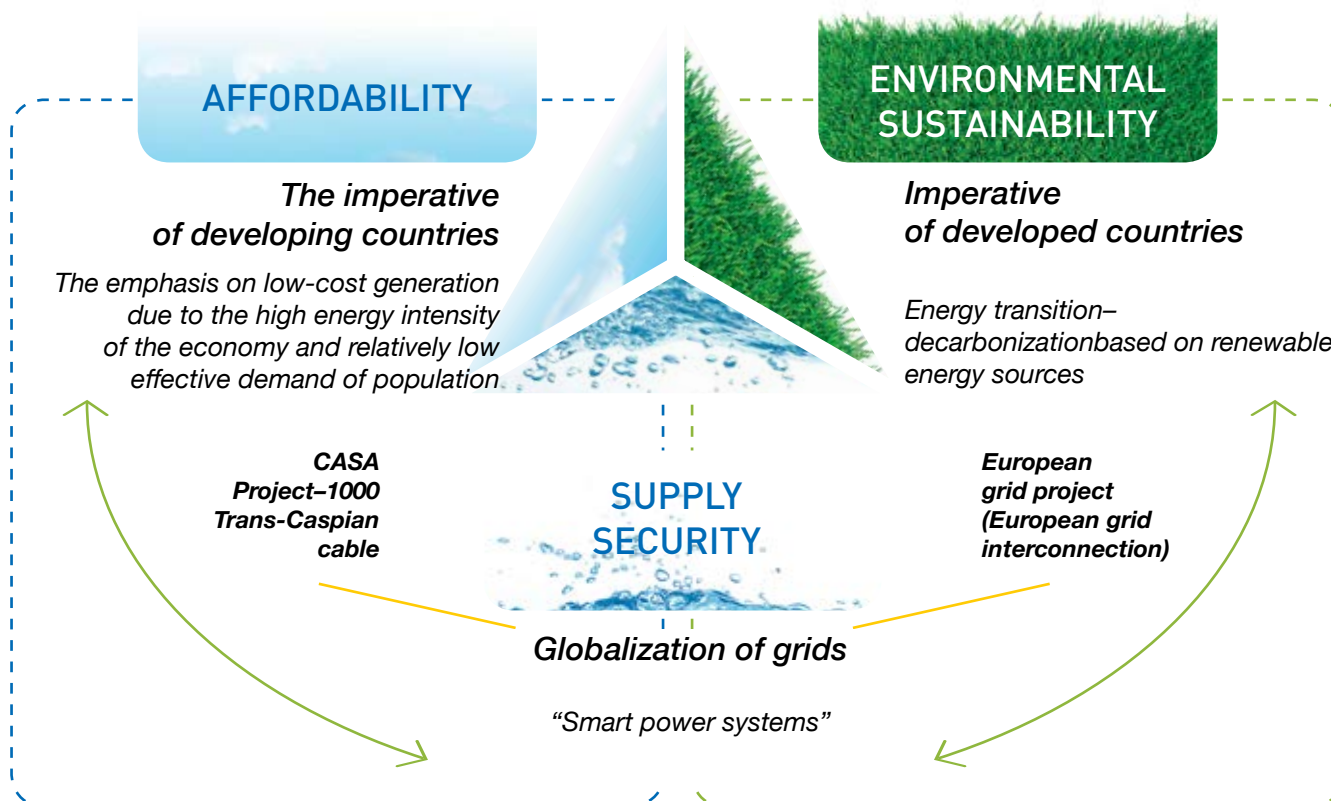
The achievement of first level strategic objectives is linked to Sustainable Development Guidelines (hereinafter referred to as the Guidelines). Sustainable Development Guideline was approved on December 12, 2016. This Guideline takes into account all aspects of the Company’s business, including economic, social and environmental.

The management draws attention to key factors of sustainable development, effective management and stakeholder interests, while not forgetting about the objectives of increasing the Company’s value.

MACROECONOMIC TRENDS

Today, global power industry faces a major task on finding the optimal balance between the components of the energy trilemma: economic affordability of electricity, security of supply and environmental sustainability. At this, usually priority of balancing trilemma components, to a large extent is determined by the level of development of the country and is shifted to economic availability of electricity in the case of developing countries, and in case of developed countries to environmental sustainability (Figure1)

Figure 1. Global energy trilemma, changing of imperative as the result of country’s development



Global development and the need to balance within the energy trilemma determine global energy trends, including the two most important:

Energy transition – increasing global sustainability:

- 1) the rapid growth of RES share in developed countries;
- 2) moderate growth in coal generation in certain regions or catching-up economies with the growth of its sustainability and “clean coal” technologies development.

In this direction Samruk-Energy must become a Kazakhstan leader in ensuring energy transition both in renewable energy and in “clean coal”.

The mentioned global energy trends, global economic trends and development trends of the country's economy also determined by five institutional reforms proposed by the Head of State, identify key trends in the development of external environment and their impact on the Company's business:

1. Decrease in Kazakhstan's economy growth rates, and as a result, the transition to a conservative forecast of electricity consumption growth;
2. Weakening of the national currency, which would increase the cost of the Company's investment program but will significantly increase the competitiveness of export sectors;
3. Strengthening of environmental regulation of economy in Kazakhstan, the development of renewable energy sources;
4. The need to develop competencies for energy transition in the long term as energy intensity of the national economy reduces;
5. Intensive development of technologies – the growth of demand for innovations, increasing the possibilities of effective power generation, mining and processing of power generating coal;
6. Integration of energy markets – the growth of export opportunities and increasing competitive pressure in the domestic market;
7. Improving the social responsibility of business and the growth of the qualification requirements to employees – deepening of cooperation with employees and society, increasing productivity and production standards;
8. In the long term – changing the structure of electricity market and optimization of tariffs by separating electricity and capacity market.

KEY CHALLENGES

To date, the Company faces a number of key internal and external challenges that resulted from the Company's current condition, characteristics of the environment and trends of its development.

KEY EXTERNAL CHALLENGES

1. The availability of free capacities driven by high wear and tear of power plants' generating equipment.

Currently, there is a surplus of generating capacities in the RK, which resulted from implementation of “tariff in exchange for investment” program during 2009–2015, which helped reducing gaps and limitations of generating equipment, and increase the available capacity of power plants. At the same time, the positive effect obtained from ceiling tariffs is temporary, due to the considerable wear and tear of equipment of power plants which were built 40 and more years ago.

Thus, in the future, the generating companies of the Company have large reserves to increase their market presence because of their high competitiveness in terms of technological and economic aspects.

2. The presence of affiliated generation.

Considerable part of the RK generation refers to “affiliated”, that is, supplying electricity to affiliated consumers. Power units within affiliated generation are generally characterized by a high level of loading compared to power plants operating in the free market and have a guaranteed sales market. As an example, affiliated generation includes such holding companies as the Eurasian Group, Kazakhmys, Arcelor Mittal, Kazzinc, Kazakhstan Utilities Systems, Central Asian Fuel and Energy Corporation, Tarazenergo–2005. The share of such holdings in the total amount of electricity consumption (without the Western zone) is about 50%. The development of affiliated generation limits both equal access for consumers and the Company’s ability to expand sales.

Due to the above factors, there are prerequisites for changing the existing model of the electricity market with the development of a competitive environment for participants of electricity production and consumption.

3. Development of renewable energy sources.

The concept of the Republic of Kazakhstan transition to a “green economy” which was approved by the Decree of the President of the Republic of Kazakhstan dated May 30, 2013, implies an ambitious development of renewable generation in the Republic of Kazakhstan, assuming a share of renewable energy up to 10% in total electricity production in the country by 2030. This enabled RES market players to start a large-scale deployment of projects on construction of RES facilities. To date, there are 50 existing renewable energy facilities in the country with a total capacity of about 300 MW.

At the same time, the transition in 2015 to a free floating exchange rate of the national currency had a negative impact on the implementation of RES projects, due to their high dependence on foreign participation (equipment import, financing). This factor jeopardizes the achievement of challenges of Concept for transition to a “green economy”.

4. Decline in coal sales.

Despite the increasing mining potential and the growth of domestic consumption of Ekibastuz coal in the RK, the volumes of supplies to the Russian Federation continue to decline. Russian power plants’ replacement of Ekibastuz coals with Kuznets coals and a partial transfer of some Russian plants from coal to gas negatively affect the volume of coal sales in the export direction.

KEY INTERNAL CHALLENGES

1. Ensuring the adherence to principles of sustainable development, innovation, reduction of environmental pollution.

Currently, the world is experiencing a steady trend in the adherence to principles of sustainable development and reduction of environmental pollution. The commitments undertaken by the Republic of Kazakhstan as an active participant in international relations in the field of environment, and Samruk-Energy as an environmentally and socially responsible company, determine the need for a proactive response to trends in the field of environmental protection.

2. Implementation of the RK Government plan for privatization of the Company’s assets.

In the framework of comprehensive plan for privatization for 2014–2016, Samruk-Energy JSC group of companies plans to privatize some assets. To maintain the value of the Company it is necessary to take a number of actions to ensure the sale of these assets at fair market value.

3. The need to radically improve the overall performance.

The need to improve the overall performance of the company and increase the added economic value of the business

4. The high financial burden on the Company resulted from implementation of an ambitious investment program in all business directions.

The level of debt burden, the availability of low-income non-core assets increase the relevance of forming an investment program and target structure of the Company focused on the most attractive strategic type of activities.

The Company’s SWOT analysis based on operating environment, internal and external challenges analysis is presented in table 1

SWOT-analysis of Samruk-Energy’s state

| Strengths | Weaknesses |
|--|--|
| <ul style="list-style-type: none"> 1. Availability of large reserves of power generating coal with low cost of production 2. Effective generating capacities against overall level of wear and tear of capacities in the Republic of Kazakhstan 3. Support from the Government and the Fund | <ul style="list-style-type: none"> 1. Low utilization rate of installed capacity 2. High debt load 3. Low opportunities of quotations management |
| Opportunities | Threats |
| <ul style="list-style-type: none"> 1. Expansion of market share through growing demand, ensuring competitiveness and in the future – changing of a market model 2. Development of an export potential of the Republic of Kazakhstan 3. Optimization of balance of generating facilities according to market demand (thermal power plant, combined heat and power plant, hydroelectric power plant, RES) 4. Expansion of coal use directions including through enrichment | <ul style="list-style-type: none"> 1. Conservation and expansion of affiliated generation 2. Increase in demand and supply gap of the generating capacities 3. Excessive toughening of environmental legislation 4. Increase of access to the Republic of Kazakhstan market due to development of EAES uniform electrical power market |

The introduction of sustainable development principles by “Samruk-Energy” JSC group of companies is a fundamental factor in successful implementation of the strategy and minimizing the impact of external factors on the operations of “Samruk-Energy” JSC group of companies.

In 2016, the Company developed Sustainable Development Guideline which aims to systematize the processes of sustainable development both in the head office and in subsidiaries and affiliates. At this, our stakeholders (suppliers, shareholder, development institutions, NGOs, etc.) and members of the Board of Directors took a great part in its development.

In particular, numerous discussions were held with the Chairman of the Board of “Samruk-Energy” JSC and independent members of the Board of Directors, who focused on global trends in sustainable development, in order to properly understand the risks and opportunities for development of the group of companies as a whole.

Thus, in order to understand risks and opportunities in the field of sustainable development, a list describing three aspects of sustainable development was prepared.

| Economic aspect | | |
|---|---|---|
| Trends | Risks | Opportunities |
| Slowdown in electricity consumption | The deterioration of macroeconomic situation, the slowdown in demand for electricity; High planned rates of commissioning new capacities exceeding the actual growth in demand | Effective use of the existing assets portfolio |
| Increasing instability of economic system due to resource-extracting industries' exposure to crises resulted from global price volatility | Increase in the likelihood of crises occurrence that hinder access to financing of new projects | Improvement of production efficiency, modernization of existing assets |
| Increasing energy conservation and increasing the energy efficiency of the economy | Reduced demand for electricity from conventional generation | The use of coal in combination with advanced clean coal technologies |
| Environmental aspect | | |
| Trends | Risks | Opportunities |
| Trend for economy decarbonisation | Deterioration of competitive positions of coal generation with regard to gas, HPP, NPP, RES | Obtaining loans on favorable terms for development of new projects ("clean coal", underground gasification of coal, methane extraction, development of renewable energy sources); Improvement of quality of used fuel |
| Introduction of more stringent environmental regulations | Toughening of the maximum permissible concentration of harmful substances; Increase in the rates of payment for emissions; Stricter requirements for water consumption – transition to recycling water supply, tightening of temperature regimes; Waste disposal expenditures | Expansion of "green" technologies use |
| Increase in environmental requirements of local communities | Environmental activity of mass media, incl. at the absence of sufficiently professional analysis, the creation of a negative image of the company | PR as a "green" leader and the company that manages natural resources in a responsible manner, enhance the loyalty of community |
| Social aspect | | |
| Slowdown in population growth | Slowdown in demand for electricity | If feasible, development of export potential |
| Increase in demand for highly qualified specialists | Lack of qualified specialists, "outstripping" the increase in the cost of labor and the increase in the share of payroll in costs | Performance improvement; Improving the quality of production; Improving the quality of education and training of specialists |
| Reduction of attractiveness of job in the industrial sector | Increasing difficulty of filling the company's vacancy | Development of personnel reserve, continuity of positions within the company |

INTERACTION WITH STAKEHOLDERS

To demonstrate its commitment to the principles of corporate social responsibility, the Company joined the UN Global Compact on October 5, 2011 and today supports the Ten Principles of the UN Global Compact.

The Company has provided a Communication on the progress achieved since 2012, which is a statement about the continued support of the UN Global Compact principles and describes activities aimed at implementing the principles and their results.

Within the scope of its business, the Company is a member in the following national and international organizations/ associations:



The CIS Electric Power Council (hereinafter – CIS EPC). Participation as an observer since 2012. The Executive Committee is a permanent interstate coordinating body of the CIS Electric Power Council. Membership in the CIS EPC allows participating in the processes of integration of the CIS member states’ energy systems, including ensuring collective energy security; Provision of parallel operation of power systems; Creation of a common electric power market, involvement in preparation of international agreements in power sector; Technical regulations, unification and harmonization of laws and regulations in power industry, etc. The company can participate in public meetings, meetings of working groups, seminars conducted by the CIS EPC.



Kazakhstan Electricity Association (hereinafter – KEA). Membership since 2007. Membership in KEA allows exchanging information and participation in development of a regulatory legal framework in power sector, as well as conferences, seminars, forums and other events held under the auspices of the KEA.



KAZENERGY Association (since 2008). Membership in KAZENERGY Association allows participating in government initiatives and activities aimed at improving the investment climate in the Republic of Kazakhstan, in developing and implementing measures to increase production and scientific and technical potential; as well as the Company may receive assistance in legal, economic, organizational and management matters. The Company provides substantial financing for a variety of events hosted by KAZENERGY Association, including forums, the publication of national reports on the prospects for the development of the fuel and energy sector of the Republic of Kazakhstan.



World Energy Council (hereinafter – WEC). Membership since 2008. Satkaliyev A.M., “Samruk-Energy” JSC Chairman of the Board, is the Chairman of Kazakhstan National Committee of the Republic of Kazakhstan under WEC. Membership in WEC represents a program for a limited number of the world’s leading energy companies interested in working with WEC on projects and issues of a global and regional nature. The WEC program allows Samruk-Energy to participate in exclusive events and round tables that promote the development of cooperation with international organizations.

Coordination Electric Power Council of Central Asia (hereinafter – CEPC CA). Participation as an observer since 2014. Membership in CEPC CA contributes to strengthening business ties between the countries of Central Asia, provides an opportunity to participate in activities in power industry held by CEPC CA.



The National Chamber of Entrepreneurs of the Republic of Kazakhstan (hereinafter referred to as the RK NCE). Membership from 2013. Membership in the RK NCE helps to strengthen ties with

business environment, effective development of electricity business, including as part of improvement of RK regulatory framework.

Stakeholder engagement is an essential component in the Company's development towards sustainable development, which involves taking into account the views of stakeholders in the conduct of its operations with a view to manage risks in advance.

Also, it must be remembered that we are part of this world and any consequences of our actions and decisions are not limited to the perimeter of our Company. They, directly or indirectly, influence others. All this encourages us to join forces and provide those who are influenced by the Company's operations with an opportunity to be heard.

The basis of interaction with stakeholders is the identification of stakeholders that have a significant impact on the Company and the degree of stakeholders' dependence from the Company.

In accordance with best practices (the AA1000, GRI series standards), the principle of "involvement" is used in the area stakeholders engagement in order to build effective interaction. This principle takes into interests of all stakeholders at all stages of the Company's management. The principle of **"involvement"** is based on three main principles of interaction: **"materiality"** (correct assessment of importance of issues for stakeholders and organizations), **"completeness"** (understanding the materiality of the consequences of the company's operations) and **"response"** (demonstration of an appropriate response). Only adherence to each principle guarantees comprehensive, mutually beneficial and effective interaction with stakeholders.

На сегодняшний день основными заинтересованными сторонами Компании являются: местное население, сотрудники, акционеры и поставщики.

The company permanently interacts with its stakeholders in order to obtain feedback and take into account their opinions when formulating topics that are particularly important for them. Consolidated list of topics significant both for the Company and stakeholders forms a materiality matrix.

The results obtained by the Company from interaction with stakeholders are the foundation of an effective and precise policy in the field of sustainable development, in the framework of which the Company strives to widely apply the aspects of sustainable development through the introduction of best practices in production, environmental initiatives, safety and social areas to ensure economic growth in the areas where the Company operates, while maintaining an optimal balance between the interests of stakeholders and strategic objectives of the Company.

An action plan for implementation of sustainable development goals based on significant topics for both the Company and our stakeholders was developed; at present the plan fully meets the requirements of our stakeholders and includes a list of performance indicators IN COMPLIANCE WITH G4 SUSTAINABILITY REPORTING GUIDELINES.

ELECTRICITY MARKET

Power industry is of particular importance for the economy of the Republic of Kazakhstan, as key industries of the country, such as metallurgy, oil and gas production, are characterized by high energy intensity. Accordingly, the competitiveness of Kazakhstan's heavy industry and the quality of life of the population largely depend on reliable and high-quality power supply to consumers at affordable prices.

Electricity in Kazakhstan is mainly produced at thermal power plants – 87%, hydroelectric power plants account for about 12%, and the share of RES is insignificant and is about 1%.

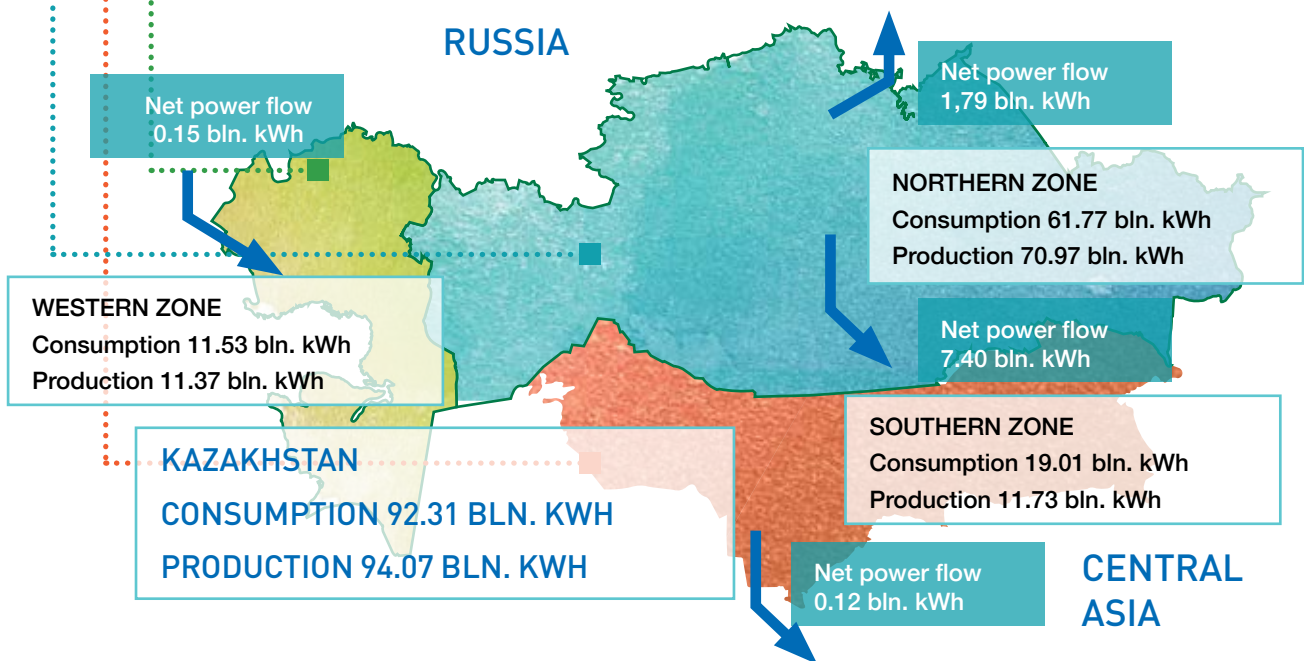
KAZAKHSTAN'S ELECTRICITY MARKET IS GEOGRAPHICALLY DIVIDED INTO THREE ZONES

The northern zone – is Akmola, Aktobe, East Kazakhstan, Karaganda, Kostanay, Pavlodar, North-Kazakhstan and Astana city. 75% of electricity of the RK total production is generated in the northern zone. Main coal deposits and water and energy resources are located in the northern zone.

As a consequence, the cost of electricity generation is quite low in the northern zone. Excess electricity is delivered to southern zone that suffers from power shortages and exported to the Russian Federation.

The southern zone – Almaty, Zhambyl, Kyzylorda, South-Kazakhstan regions and Almaty city. It is characterized by a shortage of electricity and a high level of electricity prices. The shortage is covered by supplies from the northern zone and partly from the Central Asian UPS.

The western zone – Mangistau, Atyrau, Western Kazakhstan. It has significant hydrocarbon reserves. Despite this, this zone experiences shortages of electricity and covers the deficit owing to supplies from the Russian Federation.



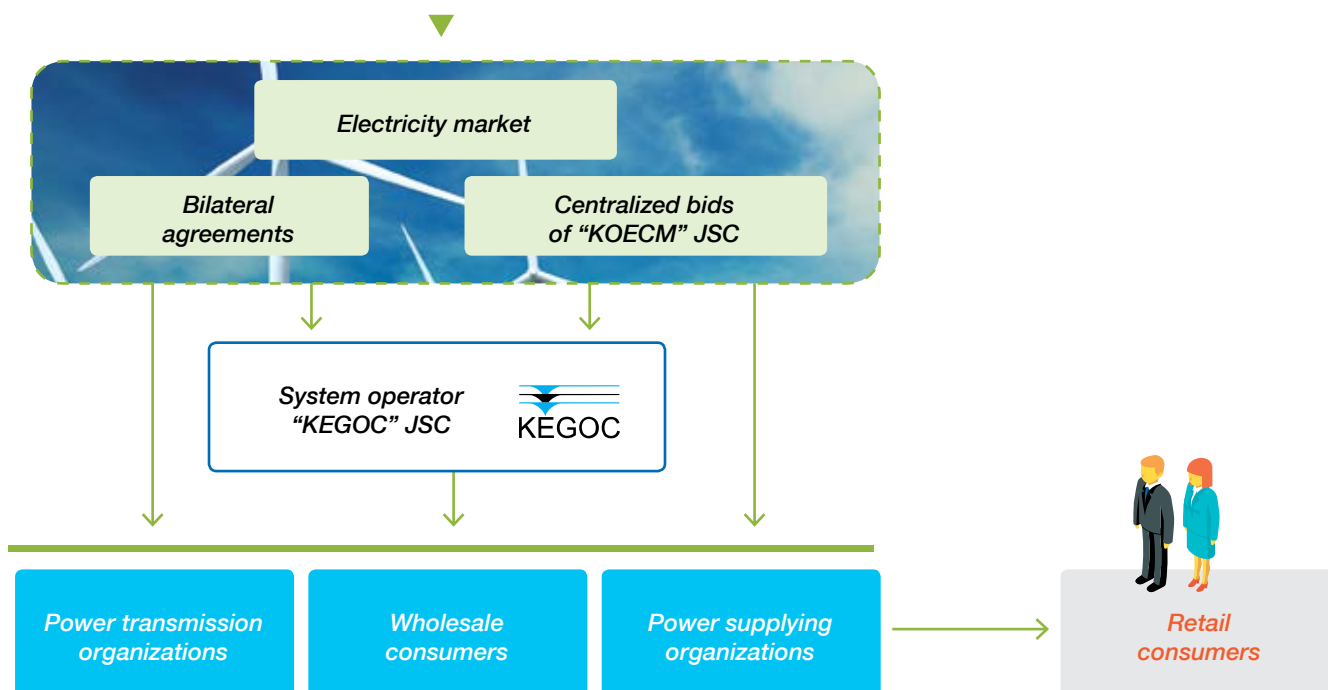
Electricity production in the Republic of Kazakhstan by types of power plants, mln.kWh

| Power plants | 2015 | 2016 | 2016/2015 | | Share in the RK, % |
|--------------|-----------------|-----------------|----------------|------------|--------------------|
| | | | +/- | % | |
| TPP incl. | 81,371.3 | 82,110.4 | 739.1 | 0.9 | 87.3 |
| GT TPP | 7,279.5 | 7,407.6 | 128.1 | 1.8 | 8 |
| HPP | 9,250.3 | 11,605.9 | 2,355.6 | 25.5 | 12.3 |
| WPP | 130.2 | 274.1 | 143.9 | 110.6 | 0.3 |
| SPP | 44.8 | 86.1 | 41.3 | 92.0 | 0.1 |
| Total | 90,796.6 | 94,076.5 | 3,279.9 | 3.6 | |

KAZAKHSTAN'S ELECTRICITY MARKET IS DIVIDED INTO WHOLESALE AND RETAIL SEGMENTS

The wholesale segment, limited to a minimum purchase of electricity in the amount of 1 MW, includes the following components: a decentralized market, participants of which purchase and sell electricity on mutually agreed terms; a centralized market, operated by "Kazakhstani Operator of Electricity and Capacity Market" JSC (KOECM); balancing the market to eliminate imbalances on a daily basis; as well as the market of system services, including power transmission and capacity reservation. The retail segment consists of energy transmission and energy supply organizations that supply electricity to retail consumers.

POWER PRODUCING ORGANIZATIONS



COMPETITIVE ENVIRONMENT IN POWER MARKET

The following energy producing organizations were the most powerful competitors in the wholesale electricity in 2016:

| Competitive companies | Electricity generation volume in 2016 | |
|--|---------------------------------------|---------------------------|
| | mln. kWh | % of generation in the RK |
| “Eurasian Group” LLP | 18,543.0 | 19.7% |
| “Kazakhmys Energy” LLP | 6,528.9 | 7.0% |
| “Kazakhstan Utility System” LLP | 4,385.6 | 4.7% |
| “Central Asian Energy Corporation” JSC | 7,036.80 | 7.5% |

Installed capacities by largest owners and operators of power plants

| | | | |
|------------------------|---------------|-----------|-------|
| “Samruk-Energy” JSC | 6,804 | MW | 30.9% |
| ERG | 3,262 | MW | 14.8% |
| AES | 1,481 | MW | 6.7% |
| “MAEK Kazatomprom” JSC | 1,330 | MW | 6.0% |
| “Kazakhmys Energy” LLP | 960 | MW | 4.4% |
| Others | 8,218 | MW | 37.3% |
| Total | 22,055 | MW | |

MARKET MODEL

The Republic of Kazakhstan Law “On making changes and additions to certain acts of the Republic of Kazakhstan on power industry matters” (hereinafter – the Law) was signed on November 12, 2015. The law was developed by the Ministry of Energy of the Republic of Kazakhstan with the participation of the Kazakhstan Electricity Association, the National Chamber of Entrepreneurs of the Republic of Kazakhstan, KAZENERGY association and energy enterprises in order to implement the 50-th and 52-nd steps of the National Plan “100 concrete steps to implement five institutional reforms” as well as approved Concept for Development of fuel and energy sector of the Republic of Kazakhstan until 2030.

According to amendments, the Unified Buyer model with operation of capacity market will be introduced from January 1, 2019. Its aims to create favorable conditions for attracting investments in power industry, building new generating facilities in an amount sufficient to satisfy the demand for electricity, maintain the required level of power supply reliability and development export potential of the industry.

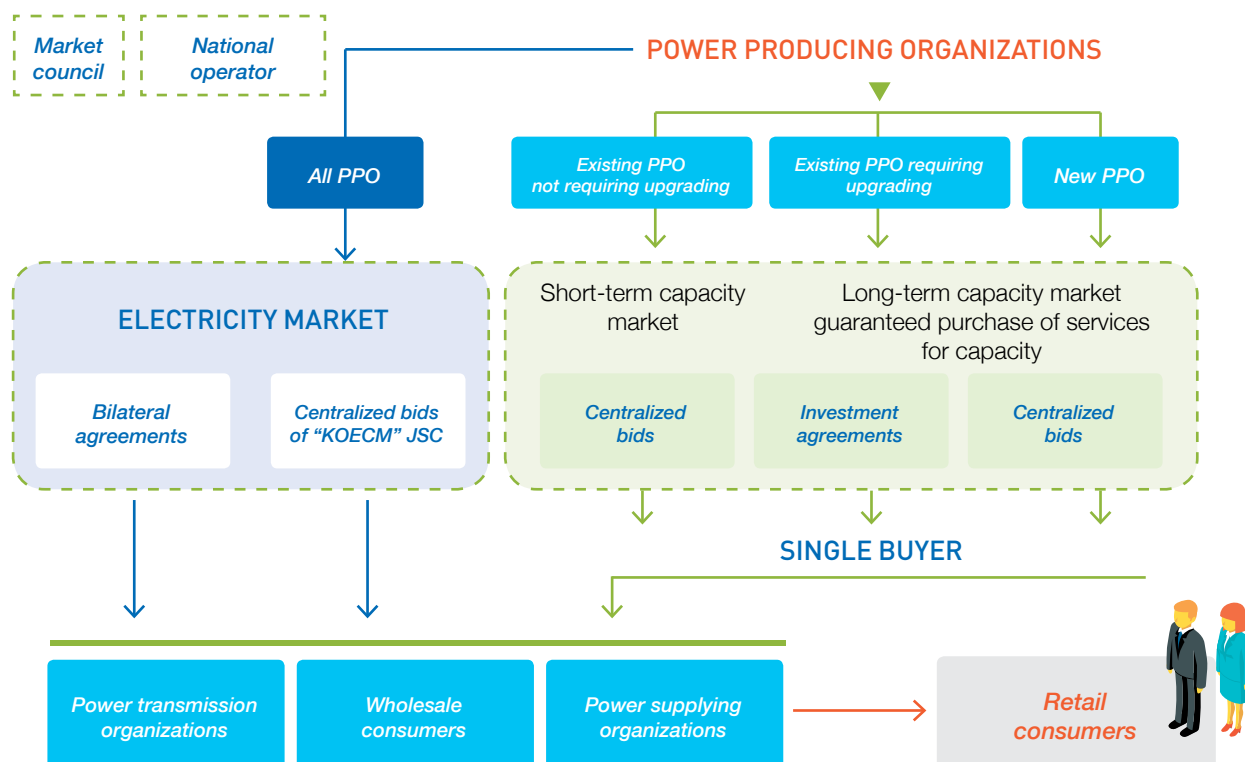
The model assumes the operation of electricity and capacity centralized trade markets (the Unified Buyer purchases services associated with capacity on a centralized basis), a balancing market and decentralized electricity trade market, which enable to execute bilateral contracts for purchase and sale of electricity between producers and consumers.

Tariffs of energy producing organizations will be divided into 2 components: the tariff for electricity and the tariff for maintaining the availability of capacity. Tariffs for electricity will include variable operating costs. Tariffs for maintaining the availability of capacity will include investment costs. Tariffs are planned to be adjusted annually so as to take into account the need to ensure the investment attractiveness of the industry.

According to the Law, the Market Council was established on January 1, 2016, which monitors the operation of electricity and capacity market. "Kazakhstan Electricity Association" ULE was appointed Market Council.

In order to implement provisions of the Law, the Rules for operation of the Market Council were approved by the Order of the Minister of Energy of the Republic of Kazakhstan dated December 3, 2015 No. 682, in accordance with which the Market Council performs the following functions:

1. Monitors the operation of electricity and capacity market;
2. Reviews investment programs;
3. Submits proposals on improvement of the RK legislation on power industry to the authorized body.
4. Performs other functions determined by the authorized body.



REALIZATION OF EXPORT POTENTIAL

The common electricity market of the Eurasian Economic Union (EEU) will be established on July 1, 2019, which provides for mutually beneficial cooperation of power systems of five member countries with preservation of national electricity markets. The Agreement on the EEU provides for further structured convergence and harmonization of regulatory and legal provisions of member states. The Concept for formation of Common Electricity Market of Eurasian Economic Union (CEM EEU) was approved on May 8, 2015 in Moscow city by the decision of Supreme Eurasian Economic Council (No. 12)

In order to implement the Concept, during 2016, the member states developed a draft program for formation of CEM EEU, which provides an action plan for introduction of the common market with development of relevant regulatory documents. At present, the Program for formation of the CEM EEU is at approval stage. Member states will develop and adopt an International Treaty on formation of the CEM EEU on the basis of approved Concept and the Program for Formation of the CEM EEU.

New opportunities in this area are connected with the emergence of an additional export market – Russia and Belarus, as well as the possibility of supplying electricity from Central Asia countries to the countries of Eurasian Economic Space

REGULATORY ENVIRONMENT OF THE INDUSTRY

The authorized body (the Ministry of Energy of the Republic of Kazakhstan) for the purpose of management in the power industry on the basis of Republic of Kazakhstan Law dated July 9, 2004 No. 588-II “On Power Industry”:

- implements the state policy in the power industry;
- develops and approves technical regulations in power industry;
- develops and approves technical guidance documents in power industry;
- determines special aspects of operation and organization of the wholesale electricity market for regions that do not have electrical connection throughout the territory of the Republic of Kazakhstan with the unified power system of the Republic of Kazakhstan;
- pursues international cooperation in power sector;
- develops and approves a prospective scheme for allocation of capacities;
- performs other functions in accordance with the current legislation.

Services for transmission and distribution of electricity is included in the scope of natural monopoly and regulated by the Law of the Republic of Kazakhstan d/d July 9, 1998 No. 272-I “On Natural Monopolies and Regulated Markets”. The state body that manages in natural monopolies’ directions and regulated markets is the Committee for Regulation of Natural Monopolies and Protection of Competition of the Republic of Kazakhstan Ministry of National Economy (hereinafter – CRNMPC RK MNE).

CRNMPC RK MNE in accordance with the RK Law dated July 9, 2004 No. 588-II “On Power Industry”:

1. Approves the procedure for differentiating energy tariffs by electricity supplying organizations by zones of the day and (or) depending on the volume of power consumption by individuals;
2. Concludes investment agreements with energy producing organizations;
3. Approves an individual tariff;
4. Maintains, places and updates each ten days a register of organizations that have a license to conduct activities for the purchase of electricity for power supply purposes on the Internet resource;
5. Controls over the compliance of energy supplying organizations with requirements of the current legislation, and issues binding instructions for eliminating the violations identified;
6. Within its competence, develops and approves regulations defined by the Law;
7. Exercises other powers determined by the Law, other laws of the Republic of Kazakhstan, decrees of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

The Ministry of Energy of the Republic of Kazakhstan, in accordance with the Regulation on the Ministry of Energy of the Republic of Kazakhstan, approved by the Government of the Republic of Kazakhstan on September 19, 2014, No. 994, in coal industry, develops draft lists of sites of subsurface resources containing hydrocarbons, coal and uranium to be tendered.

In accordance with the order of the Acting Minister for Investment and Development of the Republic of Kazakhstan dated October 15, 2014 No. 67, the Committee for Geology and Subsoil Use of the Republic of Kazakhstan Ministry of Investment and Development performs the following functions in the coal industry:

1. Exercises state control over the study and use of subsoil resources;
2. Within the limits of its competence, controls over the performance of contract terms by subsoil users;
3. Carries out state monitoring of subsoil resources;
4. Exercises other powers stipulated by the legislation of the Republic of Kazakhstan.

THE WORK OF TRADE HOUSE

ELECTRICITY

The Trade house was established in 2015 as part of “Samruk-Energy” JSC transformation program and ensures the centralization of SA sales functions (transition to an operating holding company). The main tasks are:

- Centralization of sale, trading and operations commercial optimization functions;
- Optimization of the load across all generating subsidiaries of the Company;
- Management of key clients in the Republic of Kazakhstan and creation of a competitive offer;
- Participation in development of proposals for adjusting the regulatory environment;
- Analysis of electricity and coal sales market.

In the context of deteriorating market conditions, capacity surplus, Samruk-Energy's Trade House successfully takes all possible actions to increase the electricity sales volumes of power plants which are a part of "Samruk-Energy" JSC:

1. The trade house directly **communicates with the electricity market** participants in Kazakhstan and neighboring countries, and also carries out commercial dispatching – distribution of volumes of electricity supplies to Kazakhstan's consumers by subsidiaries, based on the feasibility of subsidiaries and associated power plants' loading.
2. The trade house directly forms daily schedules of SAs, optimally distributing the stated volumes at power plants of SA. Thanks to which, the Trade House prevented unplanned shutdowns of power units (due to declared low volumes) of ESDPP-2 **in 2015 – 28 times, in 2016 – 36 times**, by redistributing volumes to this power plant.
3. During 12 months of 2016 the increase in electricity production compared to the same period of previous year across **Samruk-Energy group was 6.4%** (22.5 billion kWh). At the same time, this indicator for main competitors – **"Kazakhmys Energy" LLP was: -4.6%, ERG: -5%.**

| Nº | name | 12 months of 2015 | 12 months of 2016 | deviation | % |
|----------|--|-------------------|-------------------|----------------|-------------|
| 1 | "Samruk-Energy" JSC, total: | 21,141.97 | 22,485.1 | 1 343.1 | 6.4 |
| | "APP" JSC | 5,085.6 | 5,911.4 | 825.8 | 16.2 |
| | "Aktobe CHP" JSC | 666.4 | 905.7 | 239.3 | 35.9 |
| | "Ekibastuz SDPP-1" LLP | 10,728.6 | 9,037.3 | -1,691.3 | -15.8 |
| | "Ekibastuz SDPP-2" JSC | 3,211.0 | 4,976.1 | 1,765.2 | 55.0 |
| | "Shardarinsk HPP" JSC | 465.3 | 334.0 | -131.2 | -28.2 |
| | "Moynak HPP" JSC | 902.8 | 1,165.5 | 262.8 | 29.1 |
| | "Samruk-Green Energy" LLP | 3.2 | 3.2 | 0.1 | 2.3 |
| | "First Wind Power Plant" LLP | 79.2 | 151.8 | 72.5 | 91.6 |
| 2 | "Kazakhmys Energy" LLP, total | 6,843.0 | 6,528.9 | -314.1 | -4.6 |
| | Karaganda GRES-2 "Kazakhmys Energy" LLP | 5,130.2 | 4,403.4 | -726.8 | -14.2 |
| | Balkhash CHP "Kazakhmys Energy" LLP | 723.6 | 869.0 | 145.4 | 20.1 |
| | Zhezkazgan CHP "Kazakhmys Energy" LLP | 989.1 | 1,256.5 | 267.4 | 27.0 |
| 3 | ERG | 19,520.6 | 18,543.0 | -977.6 | -5.0 |
| | CHP of "Aluminum of Kazakhstan" JSC | 2,455.1 | 2,493.6 | 38.5 | 1.6 |
| | PP of "EEC" JSC | 14,668.0 | 13,868.9 | -799.1 | -5.4 |

| Nº | name | 12 months of 2015 | 12 months of 2016 | deviation | % |
|----------|---|-------------------|-------------------|----------------|--------------|
| | CHP of "SSOMPE" | 1,434.7 | 1,220.4 | -214.3 | -14.9 |
| | SPU-37 of PP AFP TNC "Kazchrome" | 239.5 | 237.3 | -2.2 | -0.9 |
| | GTU of PP AFP TNC "Kazchrome" | 723.4 | 722.8 | -0.6 | -0.1 |
| 4 | "Zhambyl SDPP" JSC | 2,872.8 | 2,466.0 | -406.8 | -14.2 |
| 5 | CHP-6 of MUS "Kyzylordateploelectrocenter" | 105.8 | 85.4 | -20.4 | -19.3 |
| 6 | Cogeneration GTPP of MUS "Kyzylordateploelectrocenter" | 197.1 | 107.5 | -89.6 | -45.4 |
| 7 | "Karaganda Energocenter" LLP, total | 3,595.0 | 4,385.6 | 790.6 | 22.0 |
| | CHP-1 "Karaganda Energocenter" LLP | 106.9 | 92.4 | -14.5 | -13.5 |
| | CHP-3 "Karaganda Energocenter" LLP | 3,488.2 | 4,293.2 | 805.0 | 23.1 |
| 8 | Irtys HPP, total | 6,564.4 | 7,819.2 | 1,254.8 | 19.1 |
| | Bukhtarminsk Hydropower complex of "Kazzinc" LLP | 2,977.4 | 3,708.0 | 730.6 | 24.5 |
| | "AES Ust-Kamenogorsk HPP" LLP | 1,711.9 | 1,881.6 | 169.7 | 9.9 |
| | "AES Shulbinsk HPP" LLP | 1,875.1 | 2,229.6 | 354.5 | 18.9 |
| 9 | CAEPCO | 6,529.4 | 7,036.8 | 507.4 | 7.8 |
| | CHP-2 "Pavlodarenergo" JSC | 711.2 | 635.9 | -75.3 | -10.6 |
| | CHP-3 "Pavlodarenergo" JSC | 2,942.8 | 3,105.7 | 162.9 | 5.5 |
| | Ekibastuz CHP "Pavlodarenergo" JSC | 66.2 | 87.3 | 21.1 | 31.8 |
| | PP CHP-2 "SEVKAZENERGO" LLP | 2,809.1 | 3,207.9 | 398.8 | 14.2 |

- The Trade house will on an ongoing basis resolve issues related to the electricity supply to consumers during emergency shutdowns of power units, **by substituting out-of-service facilities due to emergency** from other energy sources.
- With direct involvement of the Trade house, a flexible pricing policy in conditions of capacity surplus in the market and optimization of the load in respect of generating enterprises is implemented; ESDPP-1, ESDPP-2, Moynak HPP successfully sells electricity **at centralized auctions for all those wishing to purchase electricity**.



| No. | period | Mln.kWh |
|-----|--------|---------|
| 1 | 2014 | 0.379 |
| 2 | 2015 | 58.5 |
| 3 | 2016 | 3,019 |

Over 12 months of 2016 the volume of electricity sales at centralized auctions was **3,019 mln. kWh**, which is 51 times more than last year's figure (58.5 mln. kWh). Providers of electricity through auction were ESDPP-2 (1,731 mln. kWh), ESDPP-1 (1,038 mln. kWh) and "Moynak HPP" JSC (250 mln. kWh).

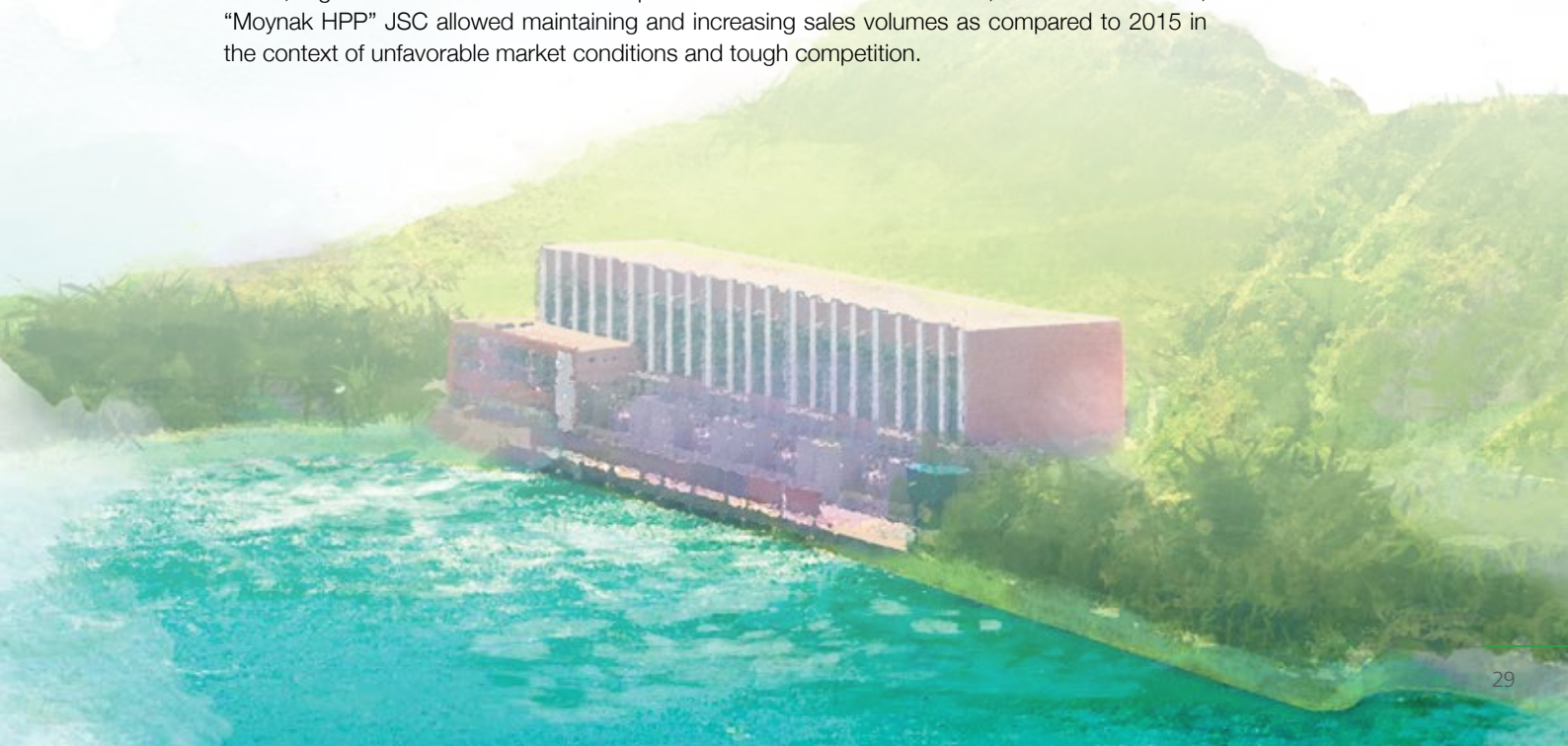
The sale of electricity through centralized auction allowed reducing idle discharges (217 mln. c.m of water) and increasing the profitability of MHPP, loading power units of SDPP-1 and SDPP-2, attracting consumers of KUS and CAEPCo groups. The supply of electricity through centralized auction (CA) continues daily.

The buyers of electricity at the centralized auction are: "EnergoKontrakt Plus" LLP, "Astanaenergobytt" LLP, "Energosnab XXI" LLP, "Ankil" LLP, "Electrodil" LLP, "Energokompani PV" LLP, "Ontustik Zharyk" LLP, "Kaz Elektro" LLP, "Kazenergocenter" LLP, "Temirzholenergo" LLP, "EnergoPromTechno" LLP, "Garantenergo" LLP, "EnergoKontaktPlus" LLP, "Promsnab-Astana" LLP, "Karaganda Energosbyt" LLP and others.

6. Owing to implementation of flexible pricing policy, the Trade House managed to achieve **an increase in the volume of electricity purchases from "Samruk-Energy" JSC energy sources by enterprises that are part of "Samruk-Kazyna" JSC.**

So, the share of electricity purchase by:

- **“Kazakhstan Temirzholy” JSC** from “Samruk-Energy” SA (SDPP-1,2) increased from 44% (data for 2015) up to 78% (data for 2016).
 - **“KEGOC” JSC** fully started making scheduled purchase of electricity from “Samruk-Energy” JSC SA (except for floods and snow-melt floods in the Irtysh cascade of HPPs). To date, **100%** of the declared volume of “KEGOC” JSC belongs to ESDPP-1.
 - Supply for enterprises of NAC “Kazatomprom” has increased from 99.7 mln. kWh (2015) to 180 mln. kWh (2016) or by 80%.
7. SDPP-1 and SDPP-2 concluded **188** electricity sale and purchase agreements with all wholesale market entities (excluding centralized trades for the day ahead and during the operating day), which is **71 agreements** more than in 2015. **The contractual volume is 26,928 mln. kWh, which is 11,565 mln. kWh higher than the sales plan of two plants (15,363 mln. kWh).**
 8. In 2016 SDPP-1 and SDPP-2 **attracted 38 entities of the wholesale market** (“Transitenergoservis” LLP, “Kazenergocenter” LLP, “Angrensero energo” LLP, “Samga Energo” LLP, “Petro Group” LLP, “ArcelorMittal Temirtau” JSC, “ACIG” JSC, “Energo contract plus”, “Karaganda Energosbyt” LLP, “Garantenergo” LLP, “Kyzylorda REC” JSC, etc.), which were supplied with 2.7 bln. kWh.
 9. In 2016, ESDPP-1 and ESDPP-2 sent about **560 quotations** for supply of electricity, incl. to retail market entities. About **196 meetings** regarding cooperation were held with wholesale market consumers during 12 months of 2016.
 10. Upon instructions of the Republic of Kazakhstan Government, “Samruk-Energy” JSC renders direct support to Kazakhstan producers by **providing discounts from the selling price of electricity** to large industrial enterprises. Contracts for 2016 were concluded with 13 entities for a volume of 8,175 billion kWh (discount amount –14.8 bln. KZT). 5.2 bln. kWh have been supplied to these entities in 2016 (discount amount –9.3 bln. KZT). A total of **33.8 bln. tenge discount was provided** between 2010–2016.
 11. With direct participation of the Trade House, ESDPP-2 concluded an agreement for supply of electricity to **the Russian Federation**, according to which, electricity exports has resumed since March 17, 2016. **1,858 bln. kWh** was exported in 2016.
 12. With direct involvement of the Trade house, an agreement for export of electricity to **Kyrgyzstan** was concluded between ESDPP-1 and “Power Plants” JSC. Export started on April 16 this year. The volume of exports was 133 million kWh. in the period from April to June 2016.
 13. Owing to export of electricity to Kyrgyzstan and Russia, the loading of of unused capacities at “Ekibastuz SDPP-1” LLP and “Plant Ekibastuz SDPP-2” JSC plants has increased substantially, which, together with the increase in the production volumes of “APP” JSC, “Aktobe CHP” JSC, “Moynak HPP” JSC allowed maintaining and increasing sales volumes as compared to 2015 in the context of unfavorable market conditions and tough competition.



2 THE PROGRAM OF ASSETS PRIVATIZATION





Kairat Maxutov

Managing Director for economy and finance of "Samruk-Energy" JSC

Today "Samruk-Energy" JSC is the largest diversified power holding company successfully integrated into international energy mix, forming a highly efficient power supply system as well as ensuring sustainable development of all sectors of Kazakhstan.

As is known, the work on transfer of some of the Company's assets to a competitive environment is underway. According to the Decree of the Government of the Republic of Kazakhstan dated December 30, 2015 No. 1141 "On some matters of privatization for 2016–2020" (hereinafter – the Decree), and also by the decision of "Samruk-Kazyna" JSC Management Board dated 20.01.2016, the assets of "Samruk-Energy" JSC group of companies were divided into lists:

The Company's assets included in No.1 List:

- "Aktobe CHP" JSC;
- "EK REC" JSC (which comprises "Shygysenergotrade" LLP);
- "MDPGC" JSC;
- "AZhC" JSC;
- "APP" JSC;
- "AlmatyEnergoSbyt" LLP;
- "Tegis Munay" LLP (which comprises "MangyshlakMunay" LLP).

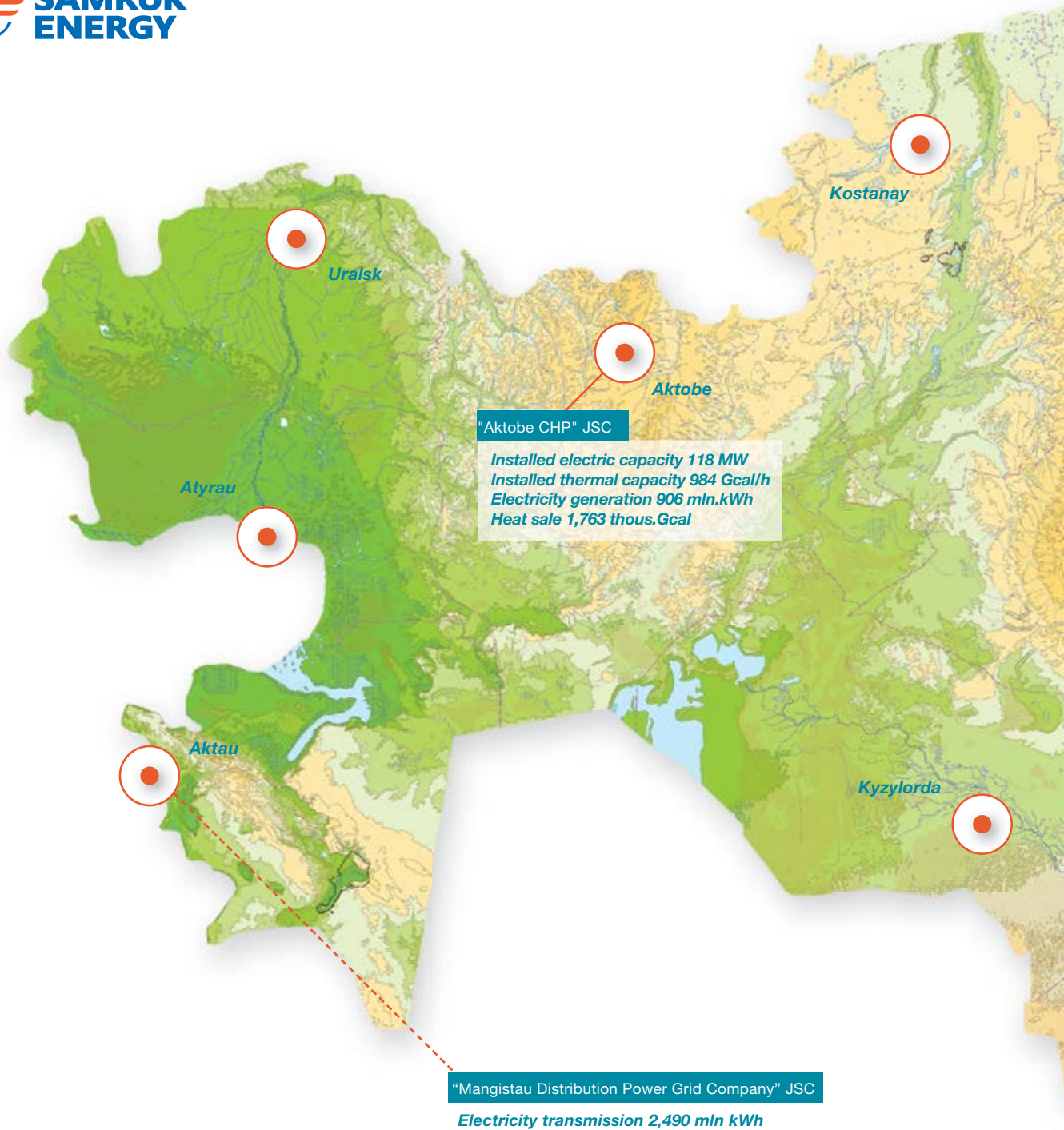
The Company's assets included in No.2 List:

- "Karagandagiproshakht and Co.";
- "Shelek-28" LLP

List No.1 – large assets of social and economic importance, possession and (or) use and (or) management of which will have an impact on the state of the Republic of Kazakhstan's national security, proposed for transfer to a competitive environment in priority manner.

Pursuant to the Uniform Rules for sale and restructuring of assets by "Samruk-Kazyna" JSC and organizations, more than fifty percent of voting stock (equity stake) of which directly or indirectly belongs to "Samruk-Kazyna" JSC, No.1

ASSET MAP

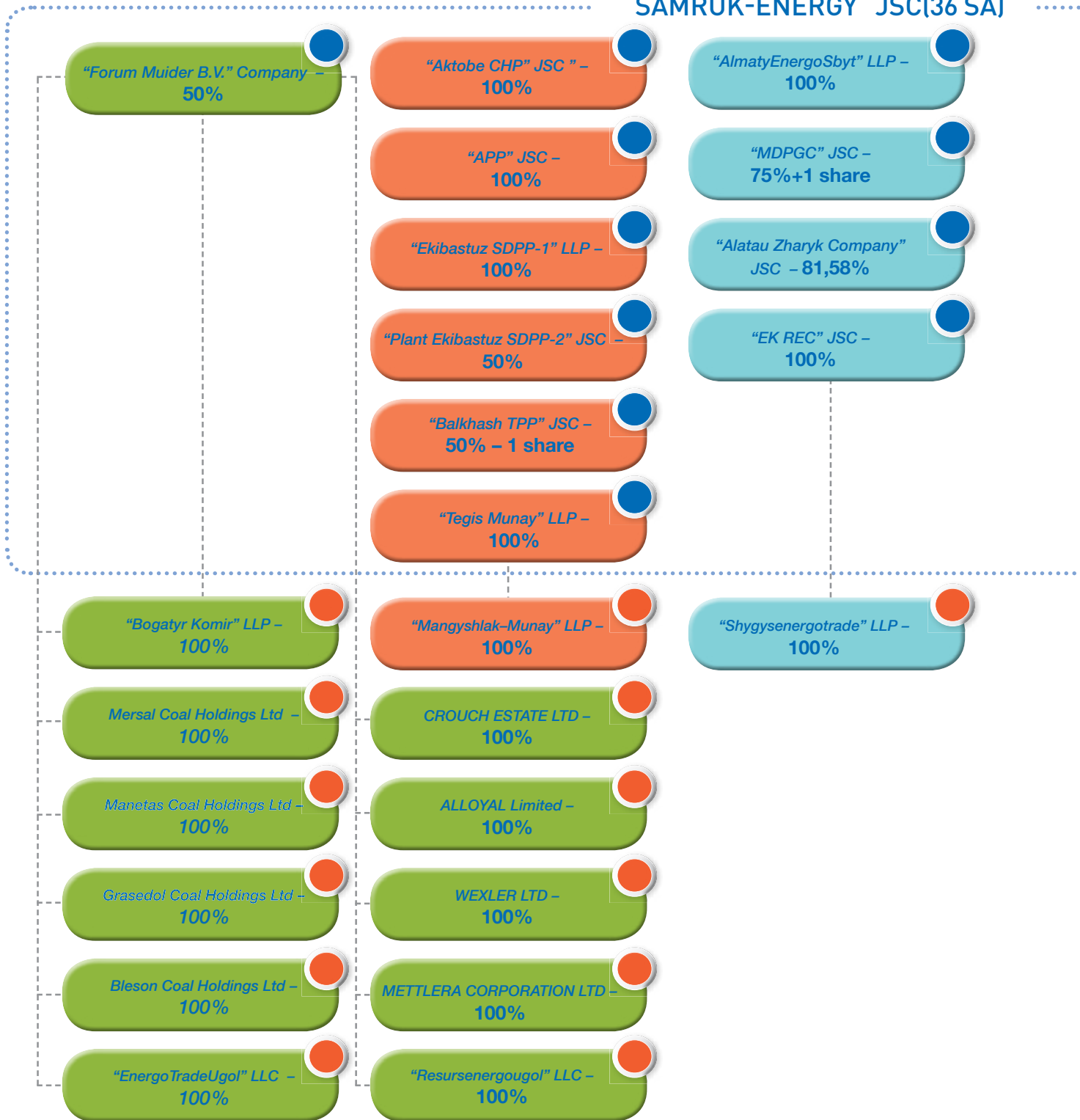


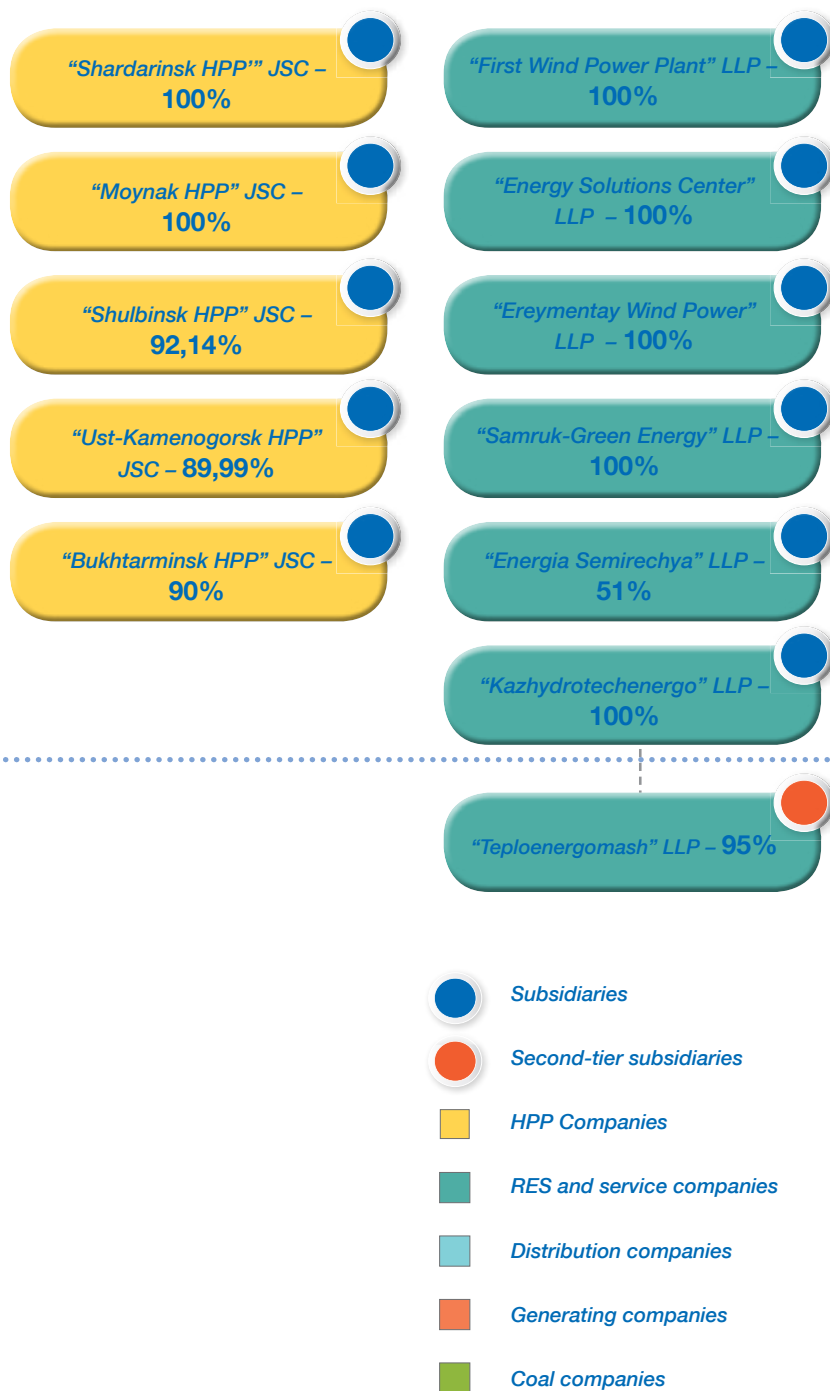


CURRENT ASSETS STRUCTURE



“SAMRUK-ENERGY” JSC(36 SA)





list's assets are privatized in accordance with recommendations of an independent Consultant.

In this respect, "Samruk-Energy" JSC engaged "KPMG Tax and Advisory" LLP as an Independent Consultant in regard to No.1 List companies; the independent consultant is responsible for supporting all activities related to assets privatization, including: pre-sale diagnostics, cost analysis /assessment of market value, making recommendations regarding conditions for sale of assets, completion of deals.

According to recommendations of the independent consultant, the State Committee for modernization of economy determined an open two-stage tender for sale of companies: "Tegis Munay" LLP (which comprises "Mangyshlak Munay" LLP), "Aktobe CHP" JSC; "East Kazakhstan Regional Energy Company" JSC (which comprises "Shygysenergotrade" LLP); "Mangistau Distribution Power Grid Company" JSC.

In this connection, the Company published notices on sale of these companies in November 2016. No.2 List Companies include assets offered for sale in a competitive environment in a simplified manner, through an electronic auction on the trading platform www.gosreestr.kz.

Bids for the sale of 90, 0004% of equity stake in "Karagandagiproshakht and K" LLP and 70% stake in "Shelek-28" LLP were successfully held on June 30, 2016.

We plan to pursue the implementation of privatization program in 2017.

3. ENVIRONMENTAL SAFETY MANAGEMENT



Serik Tutebayev

Managing Director for production
and asset management
of “Samruk-Energy” JSC



Being one of the largest power companies in Kazakhstan, “Samruk-Energy” JSC realizes the significant role of the environmental aspect in the sustainable development of the company. The protection of the environment and the rational use of resources play an important role in operations of the Company and its subsidiaries and affiliates.

Environmental safety is one of the key principles that “Samruk-Energy” JSC adheres to from the moment of its existence. During implementation of our production activities, we have always sought and strive to minimize the negative impact on all components of the environment.

Taking into account the existing experience and specifics of the technologies used, available fuels, peculiarities of our climate, as well as a number of other stimulating and sometimes restraining factors, we have developed an environmental policy as an integrated long-term program that is part of the company’s long-term development strategy.

Of course, in direction of protecting the environment, first of all, we adhere to current Kazakhstani legislative requirements and regulations, and we also strive to meet even more stringent standards of developed countries (for example, according to ash emissions, we already meet European standards, Balkhash TPP project corresponds to the best world technologies in terms of fuel use efficiency and environmental parameters).

Main achievements in the environmental field is reduction of emissions to the environment according to specific indicators by 3% as compared to 2015, which is a logical and expected result of optimizing the use of fuel and energy resources, implementing energy and material-saving and a number of environmental measures.

The company plans to consistently pursue the reduction of production activities impact on the environment through the introduction of new technologies and the use of renewable energy sources, energy efficiency, energy and resource saving and in terms of improving the mechanisms for regulating the industry, it is planned to construct facilities-sources using “clean” energy.

An innovative project on construction of the first 2 MW industrial solar power plant in Kapshagay with production of “clean” electricity of about 3, 6 million kWh/year was successfully implemented in 2013.

A State Committee Certificate on commissioning of 45 MW wind power plant in Ereymentau city was signed on August 14, 2015; the plant in addition to ensuring an annual production of abt. 170 mln. kWh will also save from burning of abt. 110 thous. tons of coal per year and will reduce greenhouse gas emissions associated with this.

In addition, the Company implements a comprehensive program of environmental protection measures. Electrostatic precipitators were installed at all power units of Ekibastuz SDPP-1 and SDPP-2, which allowed reducing ash emissions by more than 3 times – the plants reduced the amount of emissions from 108 to 36 thousand tons due to the increase in ash collection rate up to 99.4–99.6%. A combined ash and slag removal system was commissioned at Almaty CHP-2 in 2015.

Priority development directions and objectives of the Company operations in the environmental area are reflected in the long-term Development Strategy and the Environmental Policy of the Company.

In accordance with the current legislation of the Republic of Kazakhstan, each subsidiary and affiliate of “Samruk-Energy” JSC has an action plan for environmental protection approved by the authorized body, the execution of which is an obligatory condition for special environmental management.

The action plan includes the following aspects:

- protection of ambient air;
- activities on dust suppression of the ash dump;
- protection and rational use of water resources;
- introduction of management systems and the best safe technologies;
- scientific research, survey and other works;
- environmental training and propaganda.

“Samruk-Energy” JSC conventional energy generation is carried out by burning such fuels as coal, fuel oil and gas. By the end of 2016, conventional generation accounted for 92.5% of electricity of the company’s group total output, while in 2016 there was an increase in electricity production using gas. Thus, CHP-1 of “APP” JSC completely switched to gas and gas turbine “Aktobe CHP” JSC increased production.

As regards renewable energy sources, in 2016, electricity generation by hydropower plants has increased by 12% (6.8% of the total output of “Samruk-Energy” JSC) and by 88% at renewable energy facilities (0.7% of the total output of “Samruk-Energy” JSC).

Consumed materials by mass or volume for 2016

| Indicator | Measurement unit | Volume |
|-----------|------------------|------------|
| Coal | tons | 11,834,484 |
| Fuel oil | tons | 19,894 |
| Gas | tons | 794,806 |

Water consumption is strictly in accordance with the current legislation, i.e. Samruk-Energy companies withdraw water in accordance with available licenses. Water is used to recharge reservoirs, cooling the steam, irrigate ash beaches, maintain water level in ash dumps, and also the water mass is used as a source of energy in hydropower plants.

Total amount of water withdrawn broken down by sources for 2016

| Indicator | Measurement unit | Volume |
|---|------------------|-----------|
| Total amount of water withdrawn | thous. cub. m | 9,671,594 |
| From surface water bodies | thous. cub. m | 9,619,606 |
| From underground sources | thous. cub. m | 6,817 |
| Waste water from other organizations | thous. cub. m | 406 |
| From municipal and other water supply systems | thous. cub. m | 44,765 |

The Company has sought to reduce the consumption of water resources not only for environmental, but also economic reasons, for which all large enterprises introduced water recycling systems.

Percentage and total volume of water recycled and reused for 2016

| Indicator | Measurement unit | Volume |
|-------------------------------------|------------------|-----------|
| Total amount of water withdrawn | thous. cub. m | 9,671,594 |
| Volume of water withdrawn by HPP | thous. cub. m | 9,497,020 |
| Volume of reused and recycled water | thous. cub. m | 2,921,806 |

Implementation of a comprehensive environmental protection program resulted in a reduction in the specific air pollutant emissions per 1 kWh of electricity by 3% compared to 2015.

Specific emissions of CO and SO_x decreased by 2 and 3% respectively. Specific NO_x emissions decreased by almost 5%.

We continue to observe a positive trend in reducing ash emissions after the commissioning of new generation electrostatic precipitators at all power units of Ekibastuz SDPP-1 and SDPP-2, as well as wet ash collection emulsifiers at the plants of "APP" JSC. Gross ash emissions from 2009 to 2016 decreased more than 3 times and by 7% compared to 2015, which was also owing to "APP" JSC CHP-1 transition to gas.

Emissions of NO_x, SO₂ and other significant pollutants into the atmosphere for 2016

| Item | Measurement unit | Volume |
|-------------------------------------|------------------|-----------|
| NO _x | tons | 54,700 |
| SO ₂ | tons | 132,900 |
| CO | tons | 2,800 |
| Particulate matters | tons | 28,000 |
| Persistent organic pollutants (POP) | tons | - |
| Volatile organic compounds (VOC) | tons | 115.4 |
| CO ₂ * | thous. tons | 24,150.66 |

At industrial facilities of the Company, no wastewater is discharged into natural objects. As wastewater storage facilities, artificial structures are constructed in such a way as to prevent a negative impact on groundwater.

Considering the fact that circulating water systems are used in the Company's SA, the volume of waste water is insignificant (less than 1% of the volume of water withdrawn). Waste water before the discharge into the storage tanks undergoes the necessary cleaning up to the required parameters. Part of the wastewater is supplied directly to municipal sewerage network, after which they are cleaned at municipal sewage treatment plants.

Total volume of discharge for 2016

| No. | Indicator | Value | Measurement unit |
|-----|-------------------|------------|------------------|
| 1. | Wastewater volume | 64 842 095 | m ³ |

The Republic of Kazakhstan Environmental Code provides for environmental inspections on the part of the state, which may result in fines for violating the requirements of the law. In 2016, Environmental Department of Pavlodar region of the Committee for Environmental Regulation, Control and State Inspection in the Oil and Gas Industry of the Ministry of Energy of the Republic of Kazakhstan imposed penalty on ESDPP-2 for late fulfillment of environmental permits' conditions, in terms of upgrading of the air purification system with refurbishment of dust exhausting plants, the violation was due to the lack of timely funding, the amount of fines was about 10.5 mln. tenge. However, dust exhausting plants were repaired during the year.

Non-financial sanctions against the Company's facilities were not applied; there are no disputes on environmental issues.

Monetary value of significant fines and the total number of non-financial sanctions imposed for non-compliance with environmental laws and regulations

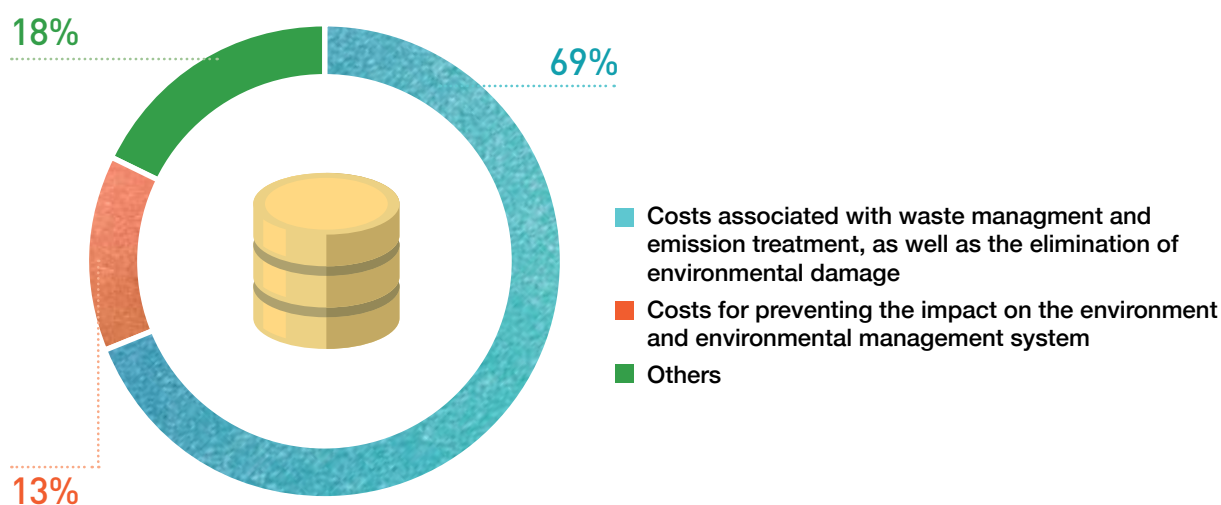
| Nº | Indicator | Value | Measurement unit | Comments |
|----|---|------------|---------------------|---|
| 1. | Significant fines | 10,587.442 | thous. tenge | 2016 |
| 2. | Non-financial sanctions | 0 | number of incidents | Non-financial sanctions were not applied |
| 3. | Cases using dispute resolution mechanisms | 0 | thous. tenge | there were no cases using dispute resolution mechanisms |

In 2016, expenses and investments in environmental protection across “Samruk-Energy” JSC group of companies amounted to 1,197 bln. tenge.

Total costs and investments in Environmental protection for 2016

| | Measurement unit | Amount |
|--|------------------|---------------|
| Total | tenge | 1,197,259,178 |
| Costs associated with waste management and emission treatment as well as elimination of environmental damage | tenge | 825,732,793 |
| Cost for preventing the impact on the environment and environmental management system | tenge | 160,383,409 |
| Others | tenge | 211,142,976 |

Costs and investments, %



ENERGY EFFICIENCY

As part of work on energy conservation and increasing energy efficiency conducted by the Government of the Republic of Kazakhstan, the Company developed a program for energy conservation and

energy efficiency improvement in 2014.

The purpose of this program is to develop measures for rational and economically feasible use of fuel and energy resources based on application of innovation technologies:

- Reduction of energy resources consumption in production of electricity and heat, electricity transmission, coal mining to the level of the best world companies;
- Increasing reliability of energy supply to consumers;
- Elimination of capacity disruptions in power plants;
- Increasing the efficiency of fuel use in power plants.

In order to implement the Republic of Kazakhstan Law “On energy conservation and energy-Efficiency “ adopted in 2012, energy audits were conducted in all “Samruk-Energy” JSC subsidiaries which are entities of the State Energy Register involving specialized accredited organizations.

ENERGY CONSUMPTION WITHIN THE ORGANIZATION

The total fuel consumption including by its types as well as the total consumption of electricity and heat as compared to 2014 base year tends to decrease.

| consumption within the organization | 2014 | 2015 | 2016 |
|--|-------------------|-------------------|-------------------|
| total fuel consumption GJ incl. | 272,647,655 | 225,442,732 | 225,465,590 |
| coal | 244,351,115 | 199,102,699 | 196,063,183 |
| gas | 24,743,764 | 23,641,748 | 27,328,296 |
| fuel oil | 2,005,872 | 1,325,095 | 803,006 |
| petroleum | 290,512 | 267,532 | 255,918 |
| diesel | 1,256,393 | 1,105,657 | 1,015,186 |
| total electricity consumption, mln. kWh | 3,904 | 3,542 | 3,486 |
| total heat consumption, GJ | 3,673,402 | 3,004,929 | 2,734,682 |
| total energy consumption, GJ | 17,726,580 | 15,755,664 | 15,282,502 |



ENERGY INTENSITY

Volumes of fuel and energy resources consumption expressed in tons of reference fuel for electricity and heat produced, electricity transmitted, coal mined in monetary value were used in calculating this indicator. The calculation takes into account the fuel, electricity and heat consumed within the organization.

Compared to the base year of 2014, energy intensity decreased by 3 t.r.f./mln. tenge in 2015, in 2016 - by 4 t.r.f./mln. tenge

| Energy intensity | 2014 | 2015 | 2016 |
|-----------------------|------|------|------|
| ton of reference fuel | 32 | 29 | 28 |

REDUCING THE ENERGY USE

As compared to the base year of 2014, energy consumption decreased by 49,175,839 GJ in 2015 and by 49,626,143 GJ in 2016. The decrease resulted in execution of action plans for energy conservation and energy efficiency improvement, as well as a general reduction in the volume of electricity production due to a decrease in volumes of consumer market.

| title of an indicator | 2014 | 2015 | 2016 |
|-----------------------------------|-------------|-------------|-------------|
| total fuel consumption, GJ | 272,647,655 | 225,442,732 | 225,465,590 |
| total energy consumption, GJ | 17,726,580 | 15,755,664 | 15,282,502 |
| total fuel/energy consumption, GJ | 290,374,235 | 241,198,396 | 240,748,092 |

4. GREEN ENERGY



Across “Samruk-Energy” JSC group of companies the share of clean electricity generated without burning coal and gas in the total production volume reached 15.7% in 2016. According to the development strategy, “Samruk-Energy” JSC sets a goal to achieve leadership positions with a share of renewable energy sources in the company’s capacity structure up to 10% (more than 850 MW) by 2025. The company intends to consistently reduce the impact on the environment, including through an increase in the share of alternative energy sources. With the support of the European Bank for Reconstruction and Development (EBRD), the capacities of Ereymentau wind farm will be increased to 95 MW. Modernization of Shardarinsk HPP is underway.

Modernization of Shardarinsk HPP (the project is included in the SPIID and the Industrialization Map) involves the replacement of obsolete and worn-out equipment to increase the plant’s productivity and safety, which will enable to increase the installed capacity to 126 MW and produce an additional 57 million kWh per year.

The project “Construction of 50 MW wind farm in the vicinity of Ereymentau city” is implemented as part of expanding capacities in the field of renewable energy sources. The plant will produce more than 180 million kWh of electricity per year. In addition, the construction of the plant will ensure the optimal structure of generating facilities, taking into account the reduction in the total consumption of fuel and energy resources, minimizing the negative impact on the environment, as well as reducing greenhouse gas emissions.

Samruk-Energy’s investment program is aimed at modernization, reconstruction and construction of generating facilities, acquisition and expansion of interest in energy companies, as well as ensuring reliable energy supply and meeting the needs for electricity and heat.

Utilization in relation to investment program across “Samruk-Energy” JSC group of companies for 2016 at the plan of 91,825,7 million tenge was 79,061 million tenge (or 86% of the plan), of which the amount of utilization in regard to investment projects is 41,810, 1 million tenge, at a plan of 41,366.5 million tenge (or 101% of the plan).

The portfolio of investment projects of the Company includes 12 projects under implementation (including 4 projects implemented in the framework of SPIID and the Industrialization Map).

The company widely uses such tools as loans and bonds to attract financial resources, and also raises funds from the State budget to finance socially significant projects. At the same time, the Company uses both internal and external sources of finance such as the European Bank for Reconstruction and Development, the Eurasian Development Bank, etc.

The Concept for transition of the Republic of Kazakhstan to green economy sets the task of reducing the energy intensity of GDP and ensuring efficient and environmentally responsible use of energy and fuel and energy resources. The issues of energy efficiency and decarbonization are closely interrelated. Reducing greenhouse gas emissions is a logical consequence of introducing energy-efficient innovative technologies.

INNOVATIONS IN RENEWABLE ENERGY SOURCES

In general, in order to effectively implement the potential of renewable energy sources it is required:

- Improvement of legislation about supporting RES;
- Creation of Kazakhstan's intellectual energy system (hereinafter – "KIES").

Creation of a highly efficient and technologically intelligent power system will allow improving the population's quality of life, gaining the benefit from existing advantages and addressing all global challenges:

- energy security and reservation;
- use of transit and export potential;
- use of renewable energy potential;
- full coverage of the Republic of Kazakhstan territory - solving the issue of remoteness of fuel and energy resources (hereinafter – FER) and generating facilities from industries and population;
- optimization of power industry structure taking into account the available reserves of FER;
- environmental compatibility, energy efficiency.

There is a worldwide trend towards reducing the cost of electricity from RES and at the same time increase in the cost of electricity produced from conventional sources with due regard to constant increase in fuel prices, the need to implement actions aimed at reducing the burden on the environment. The Company's long-term plans include the implementation of projects in the field of renewable energy.

BRIEFLY ABOUT OUR COMPANIES

“MOYNAK HPP” JSC [“SAMRUK-ENERGY” JSC – 100%]

Moynak hydropower plant was commissioned in 2012. The complex of Moynak HPP facilities with regulated Bestubinsk reservoir is a waterworks facility with pressure intake system, located 150 km east of Almaty in the upper reaches of Charyn River. The main purpose of Moynak HPP is to use HPP as maneuverable power source to cover peak loads in South Kazakhstan region. The hydropower plant was built in Raimbek district of Almaty region. The installed capacity of Moynak plant is 300 MW, two 150 MW hydro turbines. Modern process equipment used at the plant ensures maximum automation and trouble-free power generation process. According to the project, hydro power plant may produce up to 1,027 million kilowatt hours of electricity per year. Water consumption for electricity generation is 870, 7 cubic meters of water. The total volume of the reservoir at flood-control storage level (FCSL) is 240 million m³; the useful capacity is 200 million m³. 300 MW Moynak HPP is the fifth largest hydro power plant in Kazakhstan and the country's first generating power facility.



www.moynak.kz



1. **Main product:** electricity
2. **Core business:** production and sale of electricity
3. **Location:** the Republic of Kazakhstan, 050008, Almaty region, Raimbek district, Zhylysay r/a, Moynak HPP
4. **Number of commercial consumers:**
 - “AlmatyEnergoSbyt” LLP
 - “ZhetysuEnergTrade” LLP
5. **Organization Supply Chain:**
Electricity is supplied from power sources via 110 kV lines to consumers in volumes in accordance with concluded contracts.
6. **Operating results for 2016:**

| Indicator | 2014 actual | 2015 actual | 2016 actual | 2017 plan |
|----------------------------------|-------------|-------------|-------------|-----------|
| Installed electric capacity, MW | 300 | 300 | 300 | 300 |
| Electricity generation, mln. kWh | 577 | 903 | 1,166 | 906 |

7. **Headcount:** 127 persons.
8. **Company website:** www.moynak.kz
9. **The main significant events and achievements and performance results of the group of companies:**
2016 ended with a positive financial result of 4,739,920 thousand tenge.
10. **Infrastructure development, modernization:** Modernization of workers' settlement of “Moynak HPP” JSC, arrangement of a sports facility (football ground, volleyball court).



“SHARDARINSK HPP” JSC (“SAMRUK-ENERGY” JSC – 100%)

“Shardarinsk HPP” JSC is a large power producing organization in the South-Kazakhstan region, the core business line of which is production of electricity and its sale. Shardarinsk hydropower plant located in the South Kazakhstan region is the last dam of the cascade of dams on the Syr Darya River, flowing into the Aral Sea. The purpose of establishing “Shardarinsk HPP” JSC is to strengthen the coordination of activities on the operation of water and energy complex of the Naryn-Syrdarya cascade, and optimization of energy supply in Southern Kazakhstan. At the hydroelectric power plant, the mechanical energy of the moving masses of water is converted into electrical energy with the help of hydraulic turbines and hydro generators placed together with numerous auxiliary equipments in the buildings of the

www.sharges.kz



HPP. Over the years of operation of Shardarinsk HPP, commissioned in 1967, the maximum amount of electricity produced in floods in 1969 was 648.1 million kW / h. This record figure was beaten in 2010: Shardarinsk HPP which still operates on old equipment, thanks to the smooth operation of the plant and professionalism of employees of Shardarinsk HPP, the plant produced a record volume of 670 million kWh of electricity by the end of 2010.

At present, “Shardarinsk HPP” JSC is upgrading and reconstructing the existing hydropower plant’s equipment using modern technologies, which will subsequently create exceptionally favorable conditions for further growth in the Company’s electricity production and profitability.

1. **Main product:** electricity
2. **Location:** Republic of Kazakhstan, South-Kazakhstan region, Shardara city, 13, Elmuratov street
3. **Number of commercial consumers:**
 - “Energosnab XXI” LLP
 - “Ontustik-Zharyk” LLP
 - “Energopotok” LLP
 - “Ontustik Zharyk Transit” LLP
 - “Kazsbytgrupp” LLP
 - “Kommunalservis” SU
 - “Nauryz” SPK
 - “Yugenergoimpuls” LLP

4. **Core business:** production and sale of electricity

5. **The organization’s supply chain.**

Electricity is supplied from power sources via 110 kV lines to consumers in volumes in accordance with concluded contracts.

6. **The total value of assets (thousand tenge)** – 21,821,230 thousand tenge

7. **Operating results for 2016:**

| Indicator | 2014 actual | 2015 actual | 2016 actual | 2017 plan |
|----------------------------------|-------------|-------------|-------------|-----------|
| Installed electric capacity, MW | 100 | 100 | 100 | 100 |
| Electricity generation, mln. kWh | 565 | 465 | 334 | 320 |

8. **Headcount:** 158 persons

9. **Company website:** <http://www.sharges.kz>

Main significant events and achievements and performance results of the group of companies: 2016 ended with a positive financial result of 1,375,900 thousand tenge.

10. **The main significant events and achievements and performance results of the group of companies:** 2016 ended with a positive financial result 1 375 900 thous.tenge

11. **Infrastructure development, modernization:** The project “Modernization of Shardarinsk HPP” is implemented.

“BUKHTARMINSK HPP” JSC (“SAMRUK-ENERGY” JSC – 90%)

Bukhtarminsk HPP is located 15 km below the mouth of Bukhtarma river, 350 km from the source of Irtysh River from Zaysan lake. Backwater formed by Bukhtarminsk HPP dam closes natural levels of Zaysan lake by 5–6 meters, forming a reservoir with capacity of 49,6 bcm. and surface area – 5490 sq.km.

The establishment of Bukhtarminsk hydropower plant solves many issues of energy sector, transport and fisheries. The working conditions of water transport after the construction of the hydroelectric power plant have improved dramatically due to the formation of a deep-sea track at a distance of 500 km and the passage of regulated flow through waterworks facility.

Bukhtarminsk HPP is a very cost-efficient hydropower plant both in terms of the specific volume of work and in terms of cost parameters of electricity production.

The so-called “hard concrete” was used for the first time in the USSR during the construction of hydraulic structures of Bukhtarminsk HPP, specially designed technology was used for laying of the concrete. In 2002, samples of concrete were taken from 60 different points and sent for analysis to two independent laboratories. The analysis results showed that the strength of concrete increased in comparison with the period of construction. Also in 2002 Bukhtarminsk dam was recognized as the best in the world, as the quality of concrete exceeds all expected parameters.

1. **Main product:** electricity
2. **Location:** the Republic of Kazakhstan, 070825, East-Kazakhstan region, Zyrianovsky district, Serebryansk city, 5, Graftio street.
3. **Number of personal accounts of commercial consumers:** no
4. **Core business:**
Lease of property (concession)
5. **Organization Supply Chain:** No
6. **The main significant events and achievements and performance results of the group of companies:**
2016 ended with a positive financial result: according to the results of 2016, the total profit of Bukhtarminsk HPP JSC amounted to KZT 2 975 136 thousand tenge, thus exceeding the planned figure by 5%
7. **Headcount:** 10 persons
8. **Company website:** www.bges.kz.



www.bges.kz





“SHULBINSK HPP” JSC (“SAMRUK-ENERGY” JSC – 92,14%)

Shulbinsk HPP is located in the middle reaches of Irtys River, 70 km upwards of Semey city. Construction of hydropower plant began in 1976, it launched the first hydraulic unit into operation on December 23, 1987, and the last of six hydraulic units was put into operation on December 19, 1994.

The capacity of hydropower plant’s facilities is designed to pass under normal headwater level of 240 m maximum flood with a probability of exceeding 1% – 7,770 m³/s, with a maximum headwater level 243 m 0.01% probability – 8,770 m³/s

1. **Main product:** electricity
2. **Core business:**
 - Organizational and management;
 - Commercial;
 - Other activities not prohibited by the Law of the Republic of Kazakhstan “On joint-stock companies”.
3. **Location:** Semey c., Shulbinsk vill. (ShHPP). Location of the executive bodies (UKHPP, ShHPP) – Ust-Kamenogorsk, 27, Kazakhstan street.



“UST-KAMENOGORSK HPP” JSC (“SAMRUK-ENERGY” JSC – 89,99%)

More than 40% of hydropower plants are concentrated in the east of the Republic of Kazakhstan on the Irtys River. The first of Irtys cascades is Ust-Kamenogorsk Hydropower Plant. Currently, the plant located in the northeast suburb of Ust-Kamenogorsk, has four turbines (82,8 MW) with installed capacity of 315 MW. At an average, the plant’s long-term output is 1 580 million kWh, and in the low water year – 1 200 million kWh. Ust-Kamenogorsk HPP fulfills all its investment obligations and systematically implements a long-term program for modernization and reconstruction of fixed assets. Implementation of investment programs of Ust-Kamenogorsk HPP is aimed at improving the reliability and safety of operation of the

main and auxiliary equipment, complex of hydraulic structures, and also to increase the efficiency of managing the operating modes of hydraulic units with ensuring the optimal choice of operating parameters.

1. **Main product:** electricity
3. **Core business:** Organizational, managerial and commercial activities.
2. **Location:** registered addresses: Ust-Kamenogorsk, Ablaketka village. Location of the executive bodies Ust-Kamenogorsk city, 27, Kazakhstan str.

“ENERGIA SEMIRECHIA” LLP (“SAMRUK-ENERGY” JSC – 51%)

“Energia Semirechia” LLP is a joint venture, which was established to build wind power plants (WPP) with a capacity from 60 MW to 300 MW in Shelek corridor of Enbekshikazakh district of Almaty region. Current participants of “Energia Semirechia” LLP are: “Samruk-Energy” JSC – 51%, ZENITH GLOBAL FZE – 49%.

“Energia Semirechia” Limited Liability Partnership was established on November 2, 2009 and provides services on production and sale of electricity, design and construction of facilities using renewable sources of energy, design and construction of facilities.

Almaty region has the most unique sites for potential wind farm construction in the world. These are Jungar Gates and Shelek corridor being the world’s promising wind farm construction sites owing to their wind characteristics. Free sites on Jungar Gates allow WPP to develop a general capacity of more than 1,000 MW. State-of-the-art technologies of wind turbine production allows building wind farms at competitive prices compared with traditional sources whilst receiving high-quality product – electricity corresponding to parameters acceptable for regional and national grid operators. It is expected that construction of new generating facilities including small hydropower plants and wind power plants (WPP) of Almaty region will largely cover the existing power shortage in the region.

1. **Main product:** electricity
2. **Core business:** generation and sale of electricity using renewable energy sources
3. **Location:** the Republic of Kazakhstan, 050060, Almaty c., 75v/7, Al-Farabi str.
4. **Headcount:** 9 persons.
5. **Company website:** www.Energy7.kz



www.Energy7.kz





“SAMRUK GREEN ENERGY” LLP (“SAMRUK-ENERGY” JSC – 100%)

“Samruk-Green Energy” Limited Liability Partnership was established on January 25, 2012. It provides services on production of electricity, engineering and construction of facilities using renewable energy sources. “Samruk-Green Energy” LLP comprises 2 MW solar power plants in Kapshagay c. The possibility of decentralized provision of electricity for remote areas.

- 1. Main product:** electricity.
- 2. Core business:** production and sale of electricity using renewable energy sources.
- 3. Location:** 050010, the Republic of Kazakhstan, Almaty, 181 “B”, Kunaev str. 7th floor, office No. 704.

www.samruk-green.kz



4. Number of commercial consumers:

Electricity is purchased in full volume by “SFC” LLP.

5. Total value of assets (thousand tenge): 1,169,560 thousand tenge

6. Operating results for 2016:

| Indicator | 2014 actual | 2015 actual | 2016 actual | 2017plan |
|-----------------------------|-------------|-------------|-------------|----------|
| Installed capacity, MW | 2 | 2 | 2 | 2 |
| Electricity generation, kWh | 0,4 | 3 | 3 | 3 |

7. Headcount: 11 persons.

8. Company website: <http://www.samruk-green.kz>

9. Organization supply Chain:

- Electricity is supplied from power sources via 10 kV lines to consumers in volumes in accordance with concluded contracts.
- The main significant events and achievements and performance results of the group of companies:
 - On March 11, 2016, as part of implementation of the Strategic Partnership Agreement signed between “Samruk-Energy” JSC and the American company “Primus Power”. Later the first energy-storage system EnergyCell (G1) was launched at the 2MW Solar Power Plant in Kapshagay.
 - Memorandums of cooperation with technical universities of Almaty city (KBTU, AUPET, KazNU) were signed, within the framework of which the Partnership conducts paid internships and practice for students and graduate students.
 - November 23, 2016, a state act for a land of 500 hectares was received for the project “Construction of solar power plant 50 MW “Solar Park” in the area of Kapshagay city.

10. Infrastructure development, modernization: Increased installed capacity of existing solar power plant. Recovery and maintenance of solar power plants.

“FIRST WIND POWER PLANT” LLP (“SAMRUK-ENERGY” JSC – 100%)

To implement the project in the field of renewable energy sources, “First wind power plant” LLP was established on June 27, 2011 under the registration number 40481–1901-TOO. Limited Liability Partnership “FWPP” provides services in generation of electricity, design and construction of facilities using renewable energy sources, design and construction of facilities. It is a dynamically developing enterprise, created for construction of wind power plants. The working commission of 45 MW WPP signed the Act on August 14, 2015 in the framework of project “Construction of 45 MW wind power plant near Ereymentau city (Akmola region) including a potential expansion up to 300 MW”.



www.pves.kz



1. **Main product:** electricity.
2. **Core business:** production and sale of electricity using renewable energy sources.
3. **Location:** the Republic of Kazakhstan, 010000, Astana, Esil district, 15a, Orynbor str., (As of 01.03.2017 – Astana, Esil District, Kerey Street, Zhanibek Khandar, No. 12A.)
4. **Number of commercial consumers:**
Electricity is purchased in full volume by “SFC” LLP.
5. **Operating results for 2016:**

| Indicator | 2014 actual | 2015 actual | 2016 actual | 2017 plan |
|----------------------------------|-------------|-------------|-------------|-----------|
| Installed capacity, MW | 45 | 45 | 45 | 45 |
| Electricity generation, mln. kWh | - | 79 | 152 | 172 |

6. **Headcount:** 20 persons
7. **Company website:** <http://www.pves.kz>





“EREYMENTAU WIND POWER” LLP (“SAMRUK-ENERGY” JSC – 100%)

«Ereymentau Wind Power» LLP was established on November 24, 2011. The core business of «Ereymentau Wind Power» LLP is production of electricity using renewable energy sources. Currently, “EWP” LLP is implementing the project «Construction of 50 MW wind power plant in Ereymentau area including the possible increase in capacity up to 300 MW».

1. **Main product:** electricity
2. **Core business:** production and sale of electricity using renewable energy sources
3. **Location:** (as of 01.03.2017) - the Republic of Kazakhstan, 010000, Astana city, Esil district, Kerey, Zhanibek khandar street No.12 “A”, 3rd floor.
4. **Headcount:** 16 persons.
5. **Company website:** www.ewp.kz

www.ewp.kz



“KAZHYDROTECHENERGO” LLP (“SAMRUK-ENERGY” JSC – 100%)

In the framework of direction “Social Responsibility” the environmental protection is a priority (implementation of “green economy” strategy), in this connection the acquisition of “Kazhydrotechenergo” LLP is one of “Samruk-Energy” JSC priorities. The Partnership’s activity includes engineering, building facilities using renewable energy sources, independent technical devices and related to them facilities for production of electricity and (or) heat using renewable energy sources (projects – construction of 7 small hydropower plants by Kazhydrotechenergo).

“Kazhydrotechenergo” LLP is a company engaged in development of seven small hydropower plants in southern Kazakhstan with total capacity of 108 MW.

1. **Main product:** electricity
2. **Core business:** production and sale of electricity using renewable energy sources
3. **Location:** Almaty c., the Republic of Kazakhstan, 188, Dostyk street, “Kulan” BC, suite 904
4. **Headcount:** 3 persons.
5. **Company website:** www.kgte.kz

www.kgte.kz



“TEPLOENERGOMASH” LLP (“KAZHYDROTECHENERGO” LLP – 95%)

“Teploenergomash” LLP plans to build two power plants on Big Almaty Channel with a total capacity of 12 MW. It is also planned to create a 19–22 HPP cascade on Shelek river of Enbekshikazakh area with total capacity of 60,8 MW (Almaty region).

Participants of “Teploenergomash” LLP are – 95% “Kazhydrotechenergo” LLP, 5% – an individual.

- 1. Main product:** electricity
- 2. Core business:** generation and sale of electricity using renewable energy sources

The main events and achievements and performance results of the group of companies:

- 3. Location:** the RK, Almaty c.13, Al-Farabi ave., BC “Nurly Tau”, k.1V, suite 504



5. CONVENTIONAL POWER INDUSTRY



Serik Tutebayev

Managing Director for production
and asset management
of “Samruk-Energy” JSC



Company assets comprises the largest generating companies, including power plants of national significance like Ekibastuz SDPP-1 and SDPP-2, as well as power plants producing heat and electricity in Almaty region and Aktobe city.

The Company’s long-term development strategy involves addressing the challenge of decarbonization of the Republic of Kazakhstan economy and optimization of the operation of generating capacities through technological efficiency provided by development of competences in research and development.

Taking into account the pace of economic development against the background of natural depreciation and the retirement of service life, it is already necessary to build power plants, including maneuverable sources in the south of the country. So, according to the System Operator, as of January 1, 2016, about 60% of the total installed capacity of power plants is over 30 years old. In addition, the service life of about 44% of the total number of installed equipment in the Unified Energy System of the Republic of Kazakhstan has been exhausted. Within five years, about 14% of the total number of installed equipment will exhaust their service life.

Construction of the first module of Balkhash TPP with a capacity of 1,320 MW launched in September 2012 in the presence of Heads of State of the Republic of Kazakhstan and the Republic of Korea (the project is included in the SPIID and the Industrialization Map). The project will produce more than 10 billion kWh of electricity per year and cover Kazakhstan’s deficit in electricity and capacity.

INCREASE IN ENERGY EFFICIENCY

In respect to fuel and energy sector, the main direction of increasing energy efficiency is construction of new highly efficient power plants and power grid facilities in place of those that have exhausted their service life, as well as modernization and technical re-equipment of existing power plants.

The basis of the country's power industry is coal generation. The low cost of coal extracted by open cast mining, as well as huge reserves determine the high importance of coal generation for Kazakhstan's power industry and the need to develop clean coal technologies.

Fuel for main generating sources of "Samruk-Energy" JSC is coal from the Ekibastuz deposit, the ash content of which reaches 50% for dry weight.

To ensure efficient and environmentally responsible use of fuel and energy resources, it is planned to conduct research work "Development of the technology of boiler units' furnace equipment of for combustion of high-ash coals of Ekibastuz deposit' coal seam No.3 and depleted coal /by-products of coal"

In order to conduct this research work, it is planned to create a research laboratory on the territory of PI "Nazarbayev University Research and Innovation System"

The work involves the creation of an experimental installation for burning of high-ash coal. A process model of gas-dynamic processes of the FB (fluidized bed) or the CFB (circulating fluidized bed) industrial installation and the technical and economic analysis of construction of the TPP with FBB or CFBB will be developed based on results of the work.

Presumably, the combustion of solid fuel in the fluidized bed will allow complete combustion of fuels, without burning out into the gas space above the fluidized bed and entrainment of significant amounts of heat with unnecessarily superheated flue gases. The work is expected to result in significant reduction of fuel consumption and harmful emissions into the atmosphere compared to conventional coal combustion. It is expected to conduct the work in 2016-2019.

The following projects were completed in 2016:

- The project on construction and replacement of turbine unit No. 3 at Aktobe CHP worth 3.5 bn. tenge was completed in May. Modernization increased the available capacity of CHP from 88 to 118 MW with additional generation of electricity in the amount of up to 240 million kWh per year.
- The reconstruction of the boiler unit of Almaty CHP-2 st. No.8 completed in September. The project is aimed at covering the expected increase in heat loads, providing the Universiade 2017 facilities with heat and increasing the installed heat capacity to 1,414 Gcal/h, 450 million kWh electricity generation by Almaty CHP-2.
- The modernization of 500 kV outdoor switchgear at Ekibastuz SDPP-1 was completed in November in order to improve reliability by replacing obsolete equipment (switches, transformers, disconnectors).

“Expansion and reconstruction of Ekibastuz SDPP-2 with installation of power unit No. 3”

The project on expansion and reconstruction of Ekibastuz SDPP-2 with installation of power unit No. 3 (the project is included in SPIID and the Industrialization Map) implies an increase in the installed capacity of the plant by 636 MW and production of an additional 4.8 billion kWh of electricity per year.

“Modernization and expansion of capacity of Ekibastuz SDPP-1”

The project of Modernization and Capacity Expansion of Ekibastuz SDPP-1 (the project is included in SPIID and the Industrialization Map) provides for the restoration of units No. 8, No. 2 and No. 1 at Ekibastuz SDPP-1 and, accordingly, an increase in the available capacity of the plant by 1 500 MW. The restoration of Unit No. 8 was completed in 2012. The restoration of Unit No. 2 was completed in 2014.

These projects actually complete the ceiling tariffs program adopted by the Government in 2009 and ensured the creation of the required margin of safety.

The gap between the installed and available capacity has been reduced by more than 64%, or 1 584 MW over 6 years (from 2,462 to 878 MW). The environmental effect of upgrading the holding company’s generating facilities is expressed in a threefold decrease in ash emissions – from 108 to 36 thousand tons per year.

BRIEFLY ABOUT OUR COMPANIES

“EKIBASTUZ SDPP-1 NAMED AFTER B. NURZHANOV” LLP [“SAMRUK-ENERGY” JSC – 100%]

“Ekibastuz SDPP-1 named after Bulat Nurzhanov” Limited Liability Partnership is a thermal power plant with an installed capacity of 4,000 MW located on the northern shore of Zhengeldy lake, 16 km north of Ekibastuz City, Pavlodar Region. The Company is the largest thermal power plant in the territory Republic of Kazakhstan operating on solid fuel and the main power producing enterprise in the region.

As the largest power plant in Kazakhstan, Ekibastuz SDPP-1 is also one of the largest coal-fired power plants in the world with a current installed capacity of 3,500 MW. Today, five of the eight power units are in constant operation and can generate 2500 MW. About 20% of the electricity produced at the plant is supplied to Russia; the rest is distributed in the energy market of Kazakhstan.

1. Main product: electricity.

2. Main consumers:

- “Bogatyr Komir” LLP,
- “Energopotok” LLP,
- “Ontustik Zharyk” LLP,
- “Almatyenergosbyt” LLP,
- “Temirzholenergo” LLP,
- “Kazphosphate” LLP,



www.gres1.kz



- “Zhetysu Energotrade” LLP,
- “Tau-Ken Temir” LLP,
- “Kazmineralz Bozshakol” LLP,
- “KEGOC” JSC.

3. Operating results for 2016:

| Indicator | 2014 actual | 2015 actual | 2016 actual | 2017 plan |
|----------------------------------|-------------|-------------|-------------|-----------|
| Installed electric capacity, MW | 4,000 | 4,000 | 4,000 | 4,000 |
| Electricity generation, mln. kWh | 14,096 | 10,729 | 9,037 | 11,138 |

Electricity generation over 12 months of 2016 compared to the plan reduced by 19% (2,137,685 thous. kWh) and amounted to 9,037,315 thous. kWh, as a result of a decrease in commercial demand in the domestic market. The sale of electricity for export to Kyrgyzstan was not envisaged by the plan and partially compensates for the decrease in sales within the country (electricity was supplied to Kyrgyzstan in the second quarter of 2016)

- Profit before tax for 12 months of 2016 amounted to 7,193,737 tenge (38% of the plan). The actual EBITDA for the current reporting period is 34,138,188 thous. tenge (71% of the plan).
- Total development costs (investments) – actual financing for January-December 2016 was 31 185 183 thous. tenge. These funds are used to finance projects on restoration of the plant’s design capacity, as well as to carry out planned capital repairs of existing equipment.

4. Headcount of “SDPP-1” LLP for 2016 was 1,404 people.

5. Company website: www.gres1.kz

6. Major significant events and achievements and performance results

“Ekibastuz SDPP-1 named after Bulat Nurzhanov” LLP took part in the republican contest “Paryz” in the nomination “Best Collective Agreement”. “Ekibastuz SDPP-1 named after Bulat Nurzhanov” LLP became a silver prize winner in the category “Best collective agreement” in the area of large businesses out of 89 enterprises of the republic who applied for participation in the contest “Best Collective Agreement”. The project “Upgrading and reconstruction of 500 kV OS” was implemented in 2016. This will improve the reliability of operation of the Republic of Kazakhstan power system and extend the service life of the open switchgear for 30 years.“

“PLANT EKIBASTUZ SDPP-2” JSC (“SAMRUK-ENERGY” JSC – 50%, PJSC “INTER RAO” – 50%)

“Plant Ekibastuz SDPP-2” JSC (ESDPP-2) is a Kazakh-Russian joint energy company, represents the interests of two largest participants of the Russian and Kazakh energy markets: “INTER RAO UES” JSC (Russia) and “Samruk-Energy” JSC (Kazakhstan), each holds 50% of shares. Ekibastuz SDPP-2 is a thermal power plant in Ekibastuz city. ESDPP-2 generates electricity from high-ash Ekibastuz coal by two 500 MW power units and has an installed capacity of 1000 MW. Two of its power units produce about 12% of all electricity produced in the republic. The stack of Ekibastuz SDPP-2 is the highest stack in the world; its height is 420 m. In 2007-2009, the plant installed Alstom’s high-performance electrostatic precipitators. This allowed to significantly reducing plant emissions into the atmosphere, which, in turn, significantly improved the ecological situation in Pavlodar region.



www.gres2.kz



1. Main product: electricity.

2. Main consumers:

- “Temirzholenergo” LLP,
- “Inter RAO” PJSC,
- “Almaty Energo Sbyt” LLP.

3. Operating results for 2016:

| Indicator | 2014 actual | 2015 actual | 2016 actual | 2017 plan |
|----------------------------------|-------------|-------------|-------------|-----------|
| Installed electric capacity | 1 000 | 1 000 | 1 000 | 1 000 |
| Electricity generation, mln. kWh | 4 755 | 3 211 | 4 976 | 5 459 |

4,976 million kWh of electricity was produced in 2016 with planned 4 945 mln. kWh, a 101% execution of the plan.

The actual headcount is 1488 people, 60% of the total number of personnel reside in “Solnechny” village.

4. Headcount: 1,505 persons.

5. Company website: www.gres2.kz

6. The main significant events and achievements and performance results of the group of companies.

Based on the results of monitoring of the social situation in the staff, the social stability rating increased by 4% compared to the previous period.

“Plant Ekibastuz SDPP-2” JSC has been selling electricity to “Inter RAO” PJSC since March 17, 2016, on terms DAF border of the Republic of Kazakhstan and the Russian Federation. The volume of exports to the Russian Federation amounted to 1 858 million kW / h in 2016.



“AKTOBE CHP” JSC (“SAMRUK-ENERGY” JSC – 100%)

“Aktobe CHP” JSC is a large natural monopoly, which produces heat and electricity in Aktyubinsk region and is the only source of centralized heat supply for the population of Aktobe city. Main business directions of “Aktobe CHP” JSC are to create high-tech power production with delivery of high-quality thermal and electric energy. The goal of Aktobe Thermal Power Plant is an uninterrupted supply of electricity and heat to consumers, taking into account the careful attitude to nature and ensuring maximum efficiency in energy production. The main production processes at Aktobe TPP are conversion of fuel energy into heat (combustion of fuel in boilers). The main fuel is natural gas and associated petroleum gas.

www.aktobetec.kz



1. Main products: heat and electricity

2. Number of personal accounts of commercial consumers:

- “Transenergo” JSC
- “APCC” JSC
- “TNC Kazkhrom” JSC
- “Lotos-Aktobe” LLP
- “Goar” LLP
- “Zavod ZHBI-25” LLP
- “AS Gas-Logistic” LLP
- “Stroydetal” LLP
- “Aktobe Stroy Kombinat” LLP
- “Production Association” KSM “LLP
- “Aktobeenergostab” LLP
- “Energosystem” LLP
- “Akbulak” JSC
- “Transenergo” JSC

3. Brief information about the Company’s subsidiaries and affiliates:

Operating results for 2016:

| Indicator | 2014 actual | 2015 actual | 2016 actual | 2017 forecast |
|------------------------------------|-------------|-------------|-------------|---------------|
| Installed electric capacity, MW | 88 | 88 | 118 | 118 |
| Installed thermal capacity, Gcal/h | 878 | 878 | 984 | 984 |
| Electricity generation, mln. kWh | 667 | 666 | 906 | 900 |
| Heat sale, thous. Gcal | 1,868 | 1,795 | 1,763 | 1,813 |

- heat produced – 1,763,478 Gcal, of which 1,757,142 Gcal were sold, with planned 1,827,072 Gcal, the decrease is due to the low temperature of 2015–2016 and 2016–2017 heating season.
- electricity produced – 905 708 thousand kWh, of which 781 707 thous. kWh were sold, with planned 745 642 thous. kWh, the increase is due to commissioning of TG-3 in condensing mode.

Based on sold volumes of marketable products according to the approved tariffs and other revenues, the total income was 8 410 978 thous. tenge with planned 8 958 346 thous. tenge, reduction is mainly due to the planned revenue from thermal energy calculated according to tariffs submitted to an Authorized body.

Actual expenses incurred, including CIT – 8,014,355 thous. tenge with planned 8,152,226 thous. tenge, reduction is mainly due to actual expenses incurred for water supply and repair.

The total profit of 2016 amounted to 396,622 thous. tenge with planned 806,120 thous. tenge, a downward trend is mainly because of short-received income from thermal energy.

4. Headcount: 642 people.

5. Company website: www.aktobetec.kz

6. The main significant events and achievements and performance results of the group of companies.

A major investment project “Replacement of TG-3” has been completed. The turbine unit was put into operation in March 2016. Commissioning of turbine unit of st. No.3 allowed increasing the installed electric capacity to 118 MW.

petroleum gas.

“ALMATY POWER PLANTS” JSC (“SAMRUK-ENERGY” JSC – 100%)

“Almaty Power Plants” JSC (“APP” JSC) is an energy producing organization engaged in production of heat and electricity in Almaty city and Almaty region. “APP” JSC provides electricity and heat to about 70% of consumers in the Almaty region, is a natural monopoly in heat production and a market entity that has a dominant position in electricity production. Currently, “Almaty thermal networks” LLP has 854.906 km of main, distribution and district networks, the heating zone occupies the territory of the city which is 128,952 m². “Almaty Thermal Networks” LLP is a powerful heating enterprise that is the basis of life sustenance of the southern capital of Kazakhstan, creating comfortable conditions in residential buildings, public, cultural and other institutions. The active policy of “Almaty Thermal Networks” on improvement of the quality of services and constant customer orientation resulted in a 12.3% decrease in the wear and tear of heat communications in the city over the last five years.



www.ales.kz



1. Main product: heat and electricity

2. Number of personal accounts of commercial consumers:

- “AlmatyEnergoSbyt” LLP
- “Alatau Zharyk Company” JSC
- “KazFerroStal” LLP
- “International Airport of Almaty” JSC
- “NC” KTZh “ JSC - Almaty distance of electricity supply
- “Kaz Electro” LLP
- “Almaty Thermal Networks” LLP
- “INTA 2006” LLP
- “Kuat” LLP
- “Asyl Tas” SK” LLP
- “Greenhouse complex” GRES “ LLP
- “Sholpanbekova K.I.” PU
- “Thermal Networks” LLP
- “Volna” LLP

3. Operating results for 2016:

| Indicator | 2014 actual | 2015 actual | 2016 actual | 2017 plan |
|------------------------------------|-------------|-------------|-------------|-----------|
| Installed electricity capacity, MW | 1,238.9 | 1,238.9 | 1,238.9 | 1,238.9 |
| Installed thermal capacity, Gcal/h | 3,814 | 3,814 | 3,814 | 4,049 |
| Electricity generation, mln. kWh | 5,036 | 5,086 | 5,911 | 5,130 |
| Heat sale, thous. Gcal | 5,580 | 5,031 | 4,971 | 5,333 |

Operating income for the reporting period amounted to 60.7 bln. tenge with the approved plan 53.2 bln. tenge a 114% execution.

Owing to implementing activities aimed at improvement of energy efficiency, the volume of electricity sales increased by 1.032 million kWh in comparison with the approved plan, as a result of which revenues from production of electricity increased by 8.9 bln. tenge.

4. Headcount: 3,209 people.

5. Company website: www.ales.kz

6. The main significant events and achievements and performance results of of the group of companies

2016 ended with a positive financial result, which became possible owing to a well-coordinated work of the staff and the Company’s implementation of a set of technical activities to improve energy efficiency, which allowed increasing the amount of electricity produced by “APP” JSC by 991 million kWh or 20% of the approved plan.

The ceremony of commissioning of boiler No.8 was held On September 21, 2016 as part of reconstruction and expansion of Almaty CHP-2, which resulted in an increase in the installed thermal capacity by 238 Gcal from 1,176 Gcal / h to 1,414 Gcal / h.



“BALKHASH TPP” JSC (UNDER CONSTRUCTION)

(“SAMRUK-ENERGY” JSC – 50% – 1 SHARE, SAMSUNG C & T CORPORATION 50% +1 SHARE)

In accordance with the Republic of Kazakhstan Power Industry Development Program until 2030, a decision on building of 3,000 MW Balkhash TPP with the possibility of increasing up to 4,000 MW (the Project) was made in 2007. The site for construction of Balkhash TPP by “Samruk-Energy” JSC is located 200 km south of Balkhash city, on the territory of Almaty region in Ulken village on the site of supposed construction of the South-Kazakhstan State District Power Plant (SK SDPP). The rationale for the need to build a Balkhash TPP is determined by the shortage of electricity and capacity in the Southern Zone, where more than 40% of Kazakhstan’s population lives.

“Balkhash TPP” JSC shareholders are:

1. “Samruk-Energy” JSC – 50% minus 1 share of the total number of placed shares;
2. Samsung C&T Corporation (South Korea) – 50% plus 1 share of the total number of placed shares.

A two-unit module with a capacity of 1,320 MW is constructed to cover the electricity shortage in the RK by generating 10.5 billion kWh per year. **Implementation period: 2010–2020.**

1. **Headcount:** 43 people.
2. **Company website:** www.btes.kz



6. TRANSMISSION AND DISTRIBUTION OF ELECTRICITY



INNOVATION ACTIVITY IN POWER TRANSMISSION

Innovation technology, equipment and materials are used in power grids in the course of investment projects implementation

- new generation power transformers characterized by lower electricity losses and equipped with devices preventing fire and explosions;
- 110-220 kV SDS which considerably reduce the occupied surface, fire threat, and operational expenses
- devices for relay protection, automatics and telemechanics are based on using modern micro processing equipment;
- information management, collection, and processing system (SCADA) permitting to reduce the time for recording and eliminating emergencies, making prompt switches in electrical networks, which helps considerably reduce the cost for visits of emergency teams for connecting consumers;
- automatic system for commercial power consumption accounting (ASCPCA);
- 35-110-220 kV cable lines with insulation from cross-linked polyethylene characterized by high reliability, huge capacity, low losses, safety and low operational expenses;
- self-supporting insulated wires (SSIW) at 0.4 kV HV line that enables reducing commercial losses and operational expenses;
- 6-10 kV vacuum switches in order to improve fire safety and reduce operational expenses;
- wires produced by using composite materials for 110 kV HV line to increase transmission capacity;

All together, these measures contribute to the stage-by-stage implementation of highly integrated, intellectual system-forming and new generation distribution power grids (Smart Grid), the dynamic control of power grids and improvement of safety and cost saving.

PROJECTS ON RECONSTRUCTION AND MODERNIZATION OF INFRASTRUCTURE

Construction of 110/10 kV SS “Turksib”

For reliable and uninterrupted power supply to the growing loads in the northern part of Almaty, a project on construction of a 110/10 kV “Turksib” substation with a transformer capacity of 80 MVA is implemented.

“Development of power networks in Karasai district with construction of 110 / 10kV Substation “Shamalgan” (Ushkonyr) and 110 / 10kV SS “Shamalgan Station” with transfer of loads from nearby 35 / 10kV substations”

The project assumes an increase in the reliability of power supply to consumers in Karasai and Zhambyl districts of the Almaty region, as well as a reduction in electricity losses in power grids.

Transfer of load of 220 kV SS Gorny Gigant to 220 kV SS Yermensay through 110 kV grids with subsequent dismantling of SS Gorny Gigant

The project is implemented to improve the reliability of electricity supply to consumers.



“ALATAU ZHARYK COMPANY” JSC (“SAMRUK-ENERGY” JSC – 81.58%)

“Alatau Zharyk Company” JSC is the largest power system in the south of the Republic of Kazakhstan, included in the Republican section of the state natural monopoly entities register. “AZhC” JSC is engaged in transmission and distribution of electricity to residents of Almaty and Almaty region. To date, the electricity is used by the entire population of this region – 2,5 million people. It is located in the Almaty region and stretches from the shores of Balkhash Lake to the borders with China. Service area is 102 232 sq.km.

www.azhk.kz



1. Cores business: Transmission and distribution of electricity

2. Location: the Republic of Kazakhstan, 050008, Almaty c., 24 “b”, Manas str.

3. The list of major consumers:

- “AESbyt” LLP
- “Kaz Electro” LLP
- “Su zhelisi” MUS on REM
- “Bastau” MUS on REM
- “Tospa Su” MUS on REM
- “APP” JSC
- “MaA” JSC
- “KazFerroSteel” LLP
- AMPN of “KEGOC” JSC
- “MHPP” JSC
- “KTZh NC” JSC

4. Organization supply chain:

Transmission of electricity from EPO to the end user.

5. The main significant events and achievements and results of activity of the group of companies:

Works on transfer of existing 6kV grids of PS–22A, 50A, 100A to 10kV voltage from 10kV PTL of SS–150A “Almaly” and from newly built substations “Medeu” and “Shymbulak” are underway, works on transfer of load from SS 19A to the newly constructed SS “Mamyr”, as well as works on

transferring part of the load of the existing substation No. 4A to the newly constructed 110 / 10–10 kV “Alatau” substation are conducted. The effect from implementation of projects is elimination of the double transformation and reduction of losses in “AZhC” JSC power grids, as well as the increase in transmission capacity of 10kV distribution networks by eliminating the 35kV voltage class, transfer of 6kV power grids to a higher voltage 10kV.

6. Operating results for 2016:

| Indicator | 2014 actual | 2015 actual | 2016 actual | 2017 plan |
|------------------------------------|-------------|-------------|-------------|-----------|
| Electricity transmission, mln. kWh | 6,235 | 6,165 | 6,252 | 6,257 |

7. **Headcount:** 3 939 people

8. **Company website:** www.azhk.kz

9. **Development of infrastructure, modernization:** In 2016, grids with a total length of 383.84 km were reconstructed including the replacement and installation of additional TS in the amount of 138 pcs. Of them: in Almaty: – 220.3 km of grids and TSs 82 pcs. and across the Almaty region – 163, 54 km of grids and TS 56 pcs. The central and upper levels of ASCAPC were put into commercial operation; the number of installed metering devices was 13,982 pieces. (Total since the beginning of the project – 91,578 pieces).





“MANGISTAU DISTRIBUTION POWER GRID COMPANY” JSC (“SAMRUK-ENERGY” JSC – 75% + 1 SHARE)

“Mangistau Distribution Power Grid Company” JSC is one of the largest enterprises of Kazakhstan’s western region, which occupies a dominant position in the market of delivering services for electricity transmission and distribution in Mangistau region. Ninety percent of the electricity transported through the “MDPGC” JSC grids is consumed by the largest oil-producing companies in the region. “MDPGC” JSC is a natural monopoly entity and transfers and distributes electricity produced by “MAEK-Kazatomprom” LLP through power grids belonging to it to industrial, social facilities and the population of Mangistau region (except Aktau c.) on a contractual basis.

www.mrek.kz



1. Core business: Transmission and distribution of electricity

2. Location: the Republic of Kazakhstan, 130 000, Mangistau region, Aktau c., poultry farm district.

3. The list of large consumers:

- “Ozenmunaygas” JSC
- “Mangistaumunaygas” JSC
- “Karazhanbasmunay” JSC
- “Kazakh Gas Processing Plant” LLP
- WB of “KazTransOil” JSC
- The branch of “Buzachi Operating Ltd” (Buzachi Operating Ltd)
- “National Company “Aktau International Sea Trade Port” JSC
- “Karakudukmunay” LLP

4. The organization’s supply chain.

Transmission of electricity from EPO to the end user.

5. Operating results for 2016:

| Indicator | 2014 actual | 2015 actual | 2016 actual | 2017 plan |
|------------------------------------|-------------|-------------|-------------|-----------|
| Electricity transmission, mln. kWh | 2,718 | 2,518 | 2,490 | 2,554 |

6. Headcount: 667 people

7. Company website: www.mrek.kz

8. Infrastructure development, modernization: the work of the new “Regional Dispatch Center” was presented on April 8, 2016, which provides more efficient management and guarantees high reliability of the entire power sector of Mangistau region (except Aktau c.).

“EAST KAZAKHSTAN REGIONAL ENERGY COMPANY” JSC [“SAMRUK-ENERGY” JSC – 100%]

The length of “East Kazakhstan Regional Energy Company” JSC grids is 34,552.14 km. Service area – 283,300 square kilometers. The company transfers electricity to 15 districts, 10 cities, 872 rural areas and villages of East Kazakhstan region of the Republic of Kazakhstan. It is the largest natural monopoly entity in electricity transmission and distribution in the East Kazakhstan region.

1. **Core business:** Transmission and distribution of electricity
2. **Location:** the Republic of Kazakhstan, 070000, Ust-Kamenogorsk, 10, Bazhov str.
3. **The list of major consumers:**
 - “Shygysenergotrade” LLP
 - “Uzen” LLP
 - “UK TMK” JSC
 - “Temirzholenergo” LLP

4. **Organization’s supply chain:**

Transmission of electricity from EPO to the end user.

5. **The main significant events and achievements and performance results of the group of companies:**

In order to develop the company, “EK REC” JSC conducted works as part of investment program for the amount of 3,476.3 mln. tenge in 2016. These funds were used for construction, modernization, reconstruction and repair of lines and electrical equipment.

Owing to the investment program, the company also introduces an automated system for commercial metering of electricity and replaces the usual bare wire with a self-supporting insulated one. All these steps improve the quality of energy supply, which directly influences the comfort of consumers.

6. **Operating results for 2016:**

| Indicator | 2014 actual | 2015 actual | 2016 actual | 2017 plan |
|------------------------------------|-------------|-------------|-------------|-----------|
| Electricity transmission, mln. kWh | 3,391 | 3,431 | 3,375 | 3,566 |

7. **Headcount: 3 129 people**

8. **Company website:** www.ekrec.kz

9. **Infrastructure development, modernization:** The works on modernization and reconstruction of equipment in the amount of 64 substations were conducted in 2016, as well as 4-level ASCAPC systems were developed and implemented, the number of installed MD was 33 433 pcs.



www.ekrec.kz





“ALMATYENERGOSBYT” LLP (“SAMRUK-ENERGY” JSC – 100%)

“Almatyenergosbyt” LLP is a part of power complex of Almaty and Almaty region. The tasks of this organization include supply of electricity to Almaty city and Almaty region from various producers, conclusion of contracts and the sale of electricity to consumers. It supplies electricity to 2.6 million residents and 24,000 businesses in Almaty city and Almaty region.

1. Core business: Purchase of electricity from energy producing organization and its sale to retail consumers.

2. Location: the Republic of Kazakhstan, 050026, Almaty c., Almaty district, 172/173, Aiteke Bi str.

3. Number of business consumers:

The total number of consumers is 781,734.

4. Organization’s supply chain:

Purchase of electricity from EPO and sale to an end user.

5. The main significant events and achievements and performance results of the group of companies:

2016 ended with a positive financial result of 856 698 thous. tenge.

6. Operating results for 2016:

| Indicator | 2014 actual | 2015 actual | 2016 actual | 2017 plan |
|----------------------------|-------------|-------------|-------------|-----------|
| Electricity sale, mln. kWh | 5,946 | 5,771 | 5,767 | 5,789 |

7. Headcount: 530 people.

8. Company website: www.esalmaty.kz

www.esalmaty.kz



“SHYGYSENERGOTRADE” LLP (“EK REC” JSC – 100%)

“Shygysenergotrade” LLP, a subsidiary of “East Kazakhstan Regional Energy Company” JSC is a supplier of electricity for 283,300 km² to more than 498 271 consumers in the East Kazakhstan region. At present, the company supplies electricity to 10 cities, 15 districts, 30 villages and 870 other settlements in the territory of East Kazakhstan, the share of which is 43%

- 1. Core business:** Purchase of electricity from energy producing organization and its sale to retail consumers.
- 2. Location:** the Republic of Kazakhstan, 070004, East-Kazakhstan region, Ust-Kamenogorsk c., 16 No.94, E.P. Slavsky embankment str.
- 3. Number of personal accounts of commercial consumers:**
The total number of consumers is 498,275.
- 4. The organization’s supply chain.**
Purchase of electricity from EPO and sale to an end user.
- 5. The main significant events and achievements and performance results of the group of companies:**
Transition to the platform 1C 8.3, integration of accounting systems with portals of state tax authorities for work with electronic invoices, “Personal account” on the website www.shygys.kz, “Personal Account” for mobile devices based on Android and iOS was updated.
- 6. Operating results for 2016:**

| Indicator | 2014 actual | 2015 actual | 2016 actual | 2017 plan |
|----------------------------|-------------|-------------|-------------|-----------|
| Electricity sale, mln. kWh | 2,707 | 2,643 | 2,671 | 2,629 |

- 7. Headcount:** 242 people
- 8. Company website:** www.shygys.kz



www.esalmaty.kz



7. COAL MINING

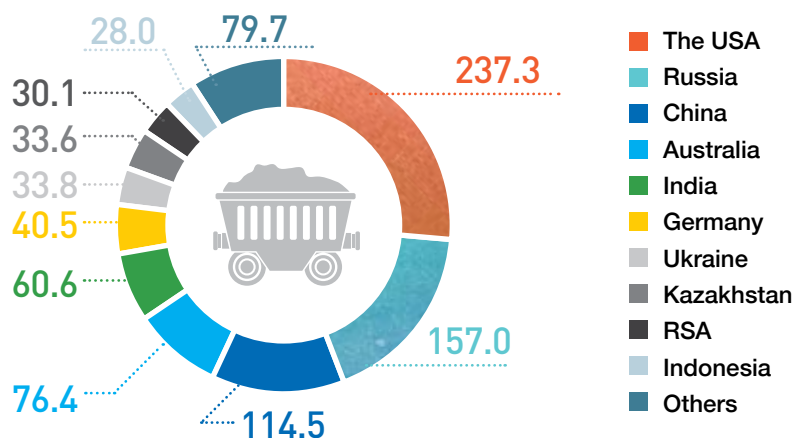


The coal industry of Kazakhstan is one of the largest sectors of the country's economy. In terms of coal reserves, Kazakhstan is among the top ten leading countries, coming just behind China, the United States, Russia, Australia, India, South Africa, and Ukraine. The state balance accounted for reserves at 49 fields and amount to 33.6 billion tons, including stone reserves – 21.5 billion tons, brown coal – 12.1 billion tons. Most of the coal deposits are concentrated in the Central (Karaganda and Ekibastuz coal basins, as well as the Shubarkol field) and Northern Kazakhstan (Turgai coal basin).

The Republic of Kazakhstan is among the ten largest coal producers in the world market, and among the CIS countries it is the third largest in terms of reserves, the second – in extraction and the first place – in coal production per capita.

According to the BP Statistical Review of World Energy, as of 2016, Kazakhstan ranks eighth in the world in terms of proven coal reserves. (33.6 billion tons or 3.8% of the world total).

The volume of proven coal reserves, bln. tons



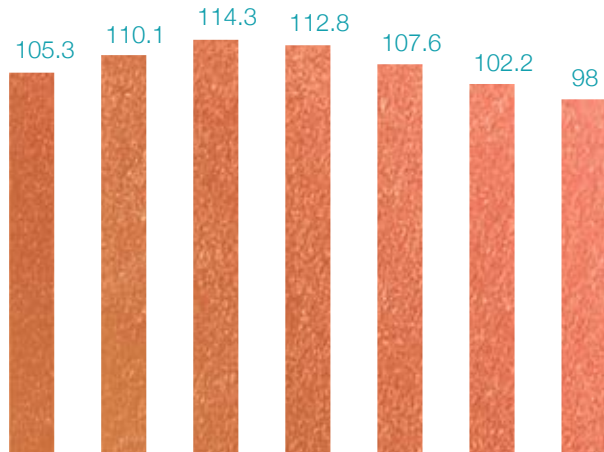
| Ranking | State name | The volume of proven coal reserves, bln. tons | Share in the world |
|---------|--------------|---|--------------------|
| 1 | The USA | 237.3 | 26.6% |
| 2 | Russia | 157.0 | 17.6% |
| 3 | China | 114.5 | 12.8% |
| 4 | Australia | 76.4 | 8.6% |
| 5 | India | 60.6 | 6.8% |
| 6 | Germany | 40.5 | 4.5% |
| 7 | Ukraine | 33.8 | 3.8% |
| 8 | Kazakhstan | 33.6 | 3.8% |
| 9 | RSA | 30.1 | 3.4% |
| 10 | Indonesia | 28.0 | 3.1% |
| | Others | 79.7 | 9.0% |
| | Total | 891.5 | 100% |

Today, the country's coal industry provides production of 74% of electricity in Kazakhstan, a 100% load of coke-chemical production, fully satisfies the needs in the fuel of public utilities sector and the population.

In coal mining in the Republic of Kazakhstan, in the period starting from 2013, there is a reduction up to 5% per year. According to the National Report of KAZENERGY-2015, after 2020, partial replacement of coal by other sources of energy (natural gas and nuclear capacities) is expected. By 2030 the share of coal in the energy sector is expected to decrease to 50% (from the current 66%) and almost to 40% in 2040.

According to the Statistics Committee of the Ministry of Energy of the Republic of Kazakhstan, the volume of coal production for 2016 amounted to **98.0 mln. tons** (96.5% against the plan). At the same time, 71.8 million tons were delivered to the domestic market, 26.2 million tons for export (90% against 2015). The plan for 2017 is **100.0 mln. tons**, of which 30 mln. tons for export, for domestic market – 70 mln. tons.

Coal extraction, mln. tons



According to current data, coal exports in 2016 amounted to **26.2 mln. tons**, which is **3.0 million tons** less than in 2015 (29.2 mln. tons).

World trends in the transition to a “green economy” affect the volume of solid fuel consumption.

Today, coal production capacities in our country are significantly ahead of demand in the domestic market. Increasing its capacity can only be expected in the long term by commissioning new coal-fired power plants.

But given the world trends, as well as the transition of Kazakhstan to a green economy, there is an urgent need for

the development of coal chemistry. This direction can provide a quality change in consumer properties of products and accordingly increase its market price, and most importantly – will allow going beyond steam coal market.

EXPORT OF STEAM COAL

Export of steam coal to Russia account for main share of total exports from Kazakhstan (84% of the total 26.2 million tons). The Russian Federation power plants specifically designed for Kazakhstani coal ensure the basic demand. The volume of imports of Kazakh coal varies depending on the total consumption of coal in Russia, but the share of its use in Russian coal generation has been declining lately and is about 20%.

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------|-------|-------|-------|-------|-------|------|
| mining | 110.1 | 114.3 | 112.8 | 107.6 | 102.2 | 98.0 |
| coal export | 33.6 | 32.8 | 32.9 | 30.4 | 29.2 | 26.2 |
| including | | | | | | |
| The Russian Federation | 29.8 | 29.4 | 27.7 | 24.4 | 22.0 | 22.0 |
| at RF power plant | 27.7 | 27.6 | 24.9 | 21.1 | 19.0 | |

The list of coal mining companies in the Republic of Kazakhstan that supply coal to 12 power plants of the Russian Federation:

1. “Bogatyr Komir” LLP (coal brand CCSM);
2. “EEK” JSC (coal brand CCSM);
3. “Angrenor-Energo” LLP (coal brand CCSM);
4. “Maikuben-West” LLP (coal brand B3, D);
5. “On-Olzha” LLP (coal brand B3).

Development of the Russian Federation power industry assumes a gradual transfer of Ural power plants’ consumption from Ekibastuz coal to Kuznetsk coal. The increase in export volumes of Ekibastuz coals in Russian direction is not expected due to adoption of a program for the development of the Russian coal industry for the period up to 2030, by the order of the Russian government. According to this program, Russian power plants plan to replace the consumption of Kazakh (Ekibastuz) coals with Kuznetsk coal as well as the transition of individual Russian power plants to gas is planned.

On April 4, 2016 an Indicative forecast of Kazakh coal consumption by Russian power generating companies for 2016–2022 was signed between the Ministry of Energy of the Republic of Kazakhstan and the Ministry of Energy of the Russian Federation. According to this forecast, exports to Russia in 2016 will be about 22.0 mln. tons, in 2017 – about 19.8 mln., in 2018 – 20.8 mln., in 2019 – 20.7 mln., in 2020 – 20.2 mln., in 2021 – 21.0 mln., in 2022 – 20.5 mln. tons.

According to the plans of Russian generating companies, partial reduction of capacities operating on Kazakh coal is planned in the medium term. The service life of many power plants already exceeds 40 years, and by 2030 will reach the bar 60–80 years, yet their capacities are likely to be partially decommissioned.

Power plants of Russian Federation, which reduced consumption from the declared volumes for 2016:

1. Reftinsk GRES (-337.0 thous. tons);
2. Troitsk GRES (-30.0 thous. tons);
3. Serovsk GRES (-315.0 thous. tons);
4. Omsk TPP-4,5 (-1 038,5 thous. tons);
5. South-Ural GRES (-581.2 thous. tons)

In just 12 months of 2014 coal exports to Russia decreased by 3.8 mln. tons compared to the same period in 2013.

REGULATORY ENVIRONMENT OF THE INDUSTRY

The authorized body represented by the Ministry of Energy of the Republic of Kazakhstan manages power industry on the basis of the Republic of Kazakhstan Law dated July 9, 2004 No. 588-II "On Power Industry". Electricity production sector is regulated by this legislative act.

Services for transmission and distribution of electricity fall within natural monopolies and are regulated by the Law of the Republic of Kazakhstan d/d July 9, 1998, No. 272-I "On Natural Monopolies". The state body managing in the area of natural monopolies is the Committee for Regulation of Natural Monopolies and Protection of Competition of the Republic of Kazakhstan Ministry of National Economy.

In accordance with the order of the Acting Minister for Investment and Development of the Republic of Kazakhstan dated October 15, 2014 No. 67, the Committee for Geology and Subsoil Use of the Ministry of Investment and Development of the Republic of Kazakhstan performs the following functions in the coal industry:

1. Exercises state control over the study and use of subsoil;
2. Within the limits of its competence, monitors and controls over the performance of contract terms by subsoil users;
3. Carries out state monitoring of subsoil;
4. Exercises other powers set out in the legislation of the Republic of Kazakhstan.

BOGATYR KOMIR LLP

Steam coal market in Kazakhstan is relatively fragmented – the largest player that provides about 34% of the total production is Bogatyr Komir LLP. Main products – Coal "Bogatyr Komir" mined by open pit method, belongs to the brand CCSM (coking, low-caking, low-metamorphosed) and is intended for pulverized combustion at thermal power plants of Kazakhstan and Russia, and partially used for domestic needs (ST RK 1383–2005)

The only participant of "Bogatyr Komir" LLP is **Forum Muider B.V.**, which is a joint venture with 50–50% ownership of "Samruk-Energy" JSC with United Company RUSAL which is registered in the Netherlands and is a holding company.

1. Supply Chain organization

The major share of produced steam coal goes to the needs of power industry of the Republic of Kazakhstan and for export (51% and 31% respectively), the rest is for public utilities and industrial enterprises (13% and 5% respectively).

2. Number of personal accounts of commercial consumers in Kazakhstan:

- "Ekibastuz SDPP-1" LLP
- "Station Ekibastuz SDPP-2" JSC
- "APP" JSC
- "Astana-Energia" JSC
- "SevKazEnergo" JSC
- "Karaganda EnergoCenter" LLP
- SE on the REM "Kokshetau Zhylu"
- "Pavlodarenergo" JSC PTPP-2,3
- "Pavlodarenergo" JSC ETPP
- "Bassel Group LLS" LLP
- "Stepnogorsk TPP" LLP
- "Bassel Group LLS" LLP

In Russia:

- Reftinsk GRES – branch of "Enel OGK-5" OJSC
- Troitsk GRES – branch of "OGK-2" OJSC
- Serovsk GRES – branch of "OGK-2" OJSC

"Bogatyr Komir" LLP independently sells coal to consumers in Kazakhstan, In RF it sells through "Resursenergougol" LLC.

3. The total value of the asset (KZT thousand): 54,743,839 thousand tenge.

The total industrial reserves of the company are about 3 billion tons of coal.

| Indicator | 2014 actual | 2015 actual | 2016 actual | 2017 forecast |
|-------------------------|-------------|-------------|-------------|---------------|
| Coal mining (mln. tons) | 38.0 | 34.5 | 35.1 | 33.9 |

Over 12 months of 2016 "Bogatyr Komir" LLP extracted 35,05 mln. tons of coal (planned targets were exceeded by 7.8%), 35.08 mln. tons were sent to consumers (planned sales figures were exceeded by 7.8%).

4. Headcount: 6,843 persons

5. Company website: www.bogatyr.kz

Execution of the 2016 coal sales plan by “Bogatyr Komir” LLP

| Consumer name | Year | | | | |
|---------------------------------|---------------|---------------|---------------|-------------------|-------------------|
| | 2015 | 2016 | | in % against 2015 | in % against 2016 |
| | actual | plan | actual | | |
| “APP” JSC | 3,081 | 2,900 | 2,964 | 96.2% | 102.2% |
| “Karaganda Energocenter” LLP | 3,159 | 3,000 | 3,219 | 101.9% | 107.3% |
| “Astana Energia” JSC | 2,935 | 2,800 | 2,923 | 99.6% | 104.4% |
| “Pavlodarenergo” JSC PTPP–2,3 | | | 2,409 | | |
| “Stepnogorsk TPP” LLC | 971 | 850 | 952 | 98.1% | 112.0% |
| “Ekibastuz SDPP-1” LLP | 6,799 | 7,000 | 5,557 | 81.7% | 79.4% |
| “Station Ekibastuz SDPP-2” JSC | 1,712 | 2,500 | 2,961 | 172.9% | 118.4% |
| “Bassel Group LLS” LLC | 391 | 300 | 535 | 136.8% | 178.3% |
| “SevKazEnergo” JSC | 2,441 | 2,400 | 2,668 | 109.3% | 111.2% |
| “Pavlodarenergo” JSC ETPP | 496 | 500 | 474 | 95.5% | 94.8% |
| SE on the REM “Kokshetau Zhylu” | 267 | 250 | 263 | 98.5% | 105.2% |
| Municipal utility | 1,083 | 800 | 929 | 85.8% | 116.1% |
| Kazakhstan: | 23,335 | 23,300 | 25,854 | 110.8% | 111.0% |
| Reftinsk GRES, OGK–5 | 8,549 | 8,000 | 8,337 | 97.5% | 104.2% |
| Verkhnetagilsk GRES, OGK–1 | 615 | 0 | | | |
| Serovsk GRES, OGK–2 | 757 | 600 | 285 | 37.6% | 47.5% |
| Troitsk GRES, OGK–2 | 528 | 600 | 569 | 107.8% | 94.8% |
| Kurgansk CHP | 138 | 0 | 37 | 26.9% | |
| Russia: | 10,587 | 9,200 | 9,228 | 87.2% | 100.3% |
| TOTAL: | 33,923 | 32,500 | 35,082 | 103.4% | 107.9% |



8. MANAGEMENT DISCUSSION AND ANALYSIS



Kairat Maxutov

Managing Director
for Economy and Finance
“Samruk-Energy” JSC



The Company's operations in 2016 in the power and coal industries were carried out according to the approved plans.

Equity method is used by “Samruk-Energy” JSC Group of Companies in consolidation for the purposes of establishing a single approach to the preparation of the results of financial and business operations. Moreover, according to the applicable accounting policy, fixed and intangible assets are recognized at their initial value, i.e. without taking into account revaluation.

Given the aforesaid, applying equity method in the consolidated balance sheet excludes major companies' turnovers, including “SESDPP-2” JSC, Forum Muider B.V., a coal assets company, in which Samruk-Energy JSC holds a 50% interest. Moreover, the shared profit reflects the financial result of “Balkhash TPP” JSC associated company by the ownership share of 49,99%.

In the process of forming the consolidated financial result of the Company, the profit share of those companies is recognized in the item “share of profit/loss of organizations accounted for using the equity method of accounting”.

According to the approved Development Plan for 2016, the assets subject to privatization “Aktobe CHP” JSC, “MDPGC” JSC, “Shygysenergotrade” LLP, “TM” LLP, “MM” LLP accounted in core operations.

On November 23, 2016, the Company's Board of Directors approved a plan for privatization of a number of subsidiaries in accordance with the Government Decree on the privatization of assets. As of December 31, 2016, all assets and liabilities of “Aktobe CHP” JSC, “EKREC” JSC, “Shygysenergotrade” LLP, “MDPGC” LLP, “TM” LLP, “MM” LLP were included in the disposal group.

Key financial and economic figures

| Description | Measurement unit | 2015 | 2016 | 2017 | 2018 |
|--|------------------|--------|--------|----------|----------|
| | | actual | actual | forecast | forecast |
| Net income | Bln.tenge | -77.83 | 17.76 | 10.39 | 19.32 |
| Net income excluding currency difference | Bln.tenge | 29.01 | | | |
| EBITDA | Mln.tenge | 76,496 | 71,581 | 74,171 | 97,603 |
| EBITDA Margin | % | 42% | 39% | 36% | 39% |

* Total profit without taking into account the impact of exchange rate differences.

As a result of financial and economic activities over the reporting period, the company received a **profit of** 17.7 billion tenge, while an actual loss for 2015 was (-77.8) billion tenge.

In 2015 foreign exchange losses in the amount of 106,9 bln. tenge pertaining to currency loans of the Head office (the Company) and “Moynak HPP” JSC, “Ekibastuz SDPP-2” JSC, “Bogatyr Komir” LLP were reflected in 2015 due to the decrease in the tenge exchange rate.

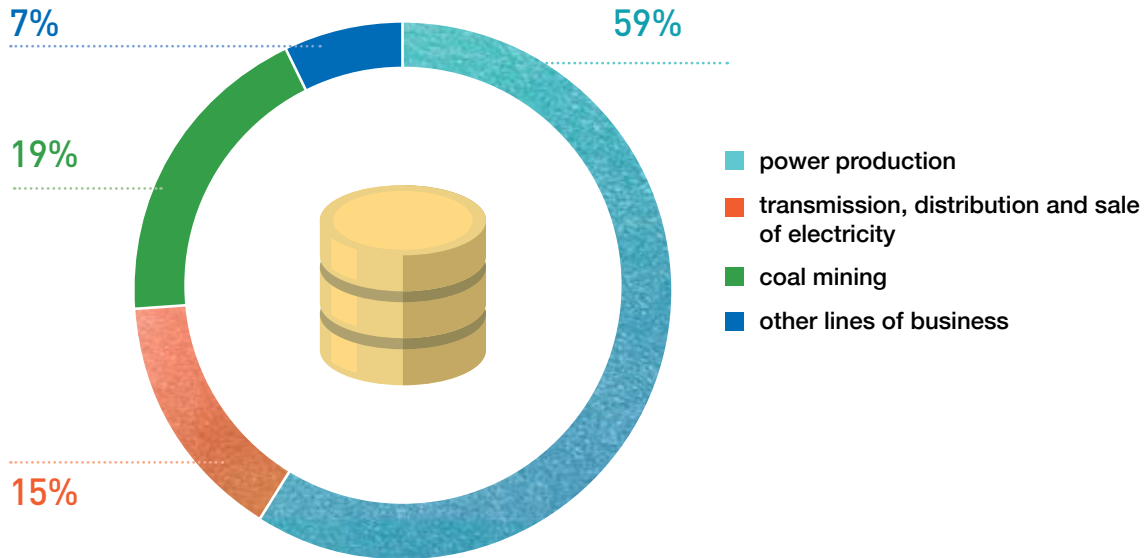
Compared to the result of 2015, without taking into account the impact of foreign exchange losses, the decrease was due to the reduction in operating profit of “SDPP-1” LLP resulted from a decrease in sales volumes and tariffs associated with economic downturn. In accordance with the approved Development Plan, profit in 2017 is planned at 10, 39 bln. tenge, in 2018 at 19.32 bln. tenge.

The Company’s Development Plan for 2017–2021 provides for the sale of the following assets- “Tegis Munay” LLP, “Mangyshlak Munay” LLP, “EKREC” JSC, “Shygysenergotrade” LLP, “MDPGC” LLP, “Aktobe CHP” JSC – in the forecast for 2017 they are referred to discontinued operations, and assets of “AZhC” JSC, “APP” JSC, “Almatyenergosbyt” LLP are expected to be sold in 2019.

EBITDA amounted to 71,6 billion tenge in 2016, while the fact in 2015 was 76,5 billion tenge. The decrease in sales volumes and tariffs has negatively affected the operating profit of “SDPP-1” LLP in 2016, which in turn affected the EBITDA. In the forecast for 2017, the indicator is adjusted to 74.1 billion tenge, the growth of which compared to 2016 is mainly due to the increase in electricity sales volumes of “ESDPP-1” LLP. It is planned to further increase “ESDPP-1” LLP sales volumes in the forecast for 201, owing to its export potential.

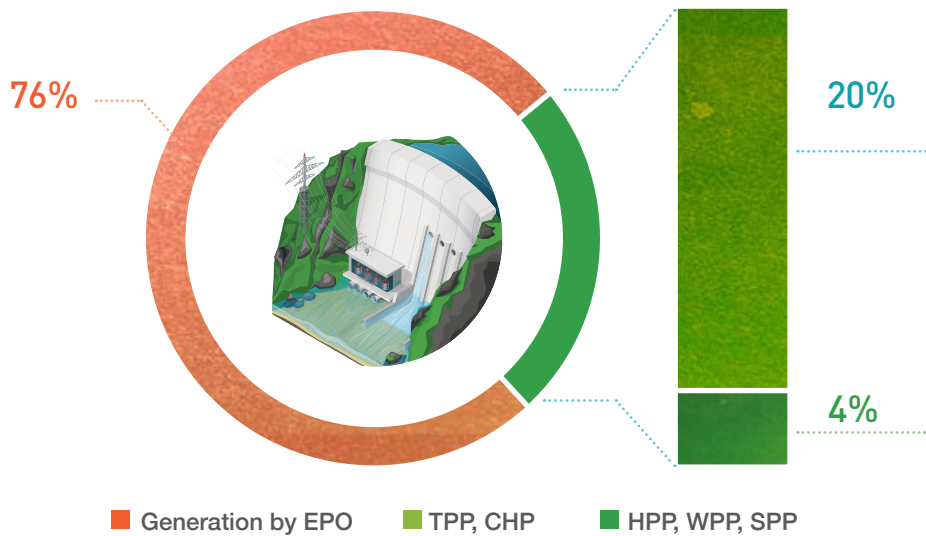
EBITDA margin also tends to slightly decrease by 2016 (39%) and gradual adjustment in the future by years.

Operating profit by business segments



OPERATIONAL AND FINANCIAL INDICATORS

Share of "Samruk-Energy" JSC in total power generation across the RK for 2016



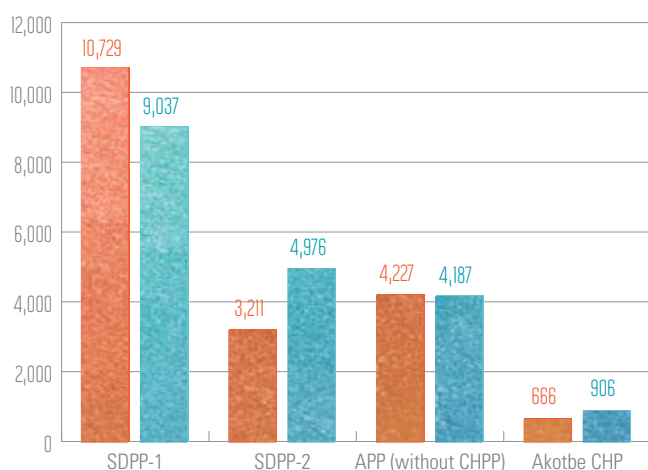
The share of "Samruk-Energy" JSC in total power generation in the Republic of Kazakhstan in 2016 was 24%, compared to 2015 the share grew by 1%.

Production KPI (broken down by producers)

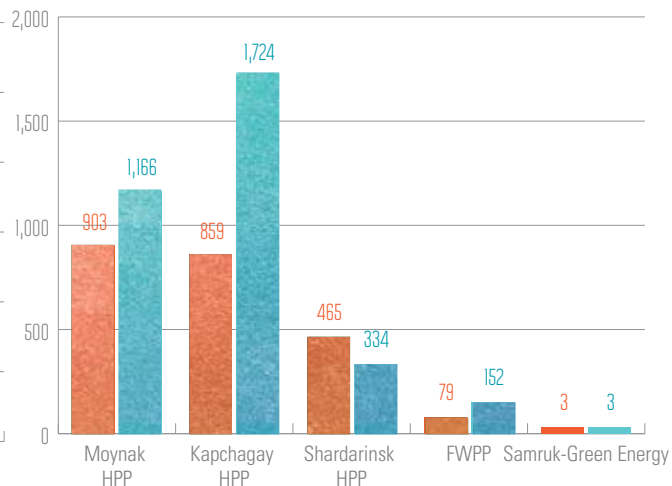
| Subsidiary and affiliate name | 2015 | 2016 | Deviation 2016 to 2015, % | 2017 (forecast) | 2018 (forecast) |
|---|---------------|---------------|---------------------------|-----------------|-----------------|
| Volumes of electricity production, million kWh | | | | | |
| “APP” JSC | 5,086 | 5,911 | 116% | 5,130 | 5,130 |
| “Aktobe CHP” JSC | 666 | 906 | 136% | 900 | |
| “Ekibastuz SDPP-1” LLP | 10,729 | 9,037 | 84% | 11,138 | 14,700 |
| “Station Ekibastuz SDPP-2” JSC | 3,211 | 4,976 | 155% | 5,459 | 5,100 |
| “ZhSDPP” JSC (actl.until the sale of the asset – before May 15, 2015) | 1,176 | | 0% | | |
| “Shardarinsk HPP” JSC | 465 | 334 | 72% | 320 | 378 |
| “Moynak HPP” JSC | 903 | 1,166 | 129% | 906 | 906 |
| “Samruk-Green Energy” LLP | 3.2 | 3.2 | 101% | 3.3 | 3.2 |
| “First Wind Power Plant” LLP | 79 | 152 | 192% | 172 | 172 |
| Total | 22,318 | 22,485 | 101% | 24,029 | 26,389 |
| Electricity transmission volumes, mln. kWh | | | | | |
| “AZhC” JSC | 6,165 | 6,252 | 101% | 6,257 | 6,889 |
| “EK REC” JSC | 3,431 | 3,375 | 98% | 3,566 | |
| “MDPGC” JSC | 2,518 | 2,490 | 99% | 2,554 | |
| Total | 12,114 | 12,118 | 100% | 12,377 | 6,889 |
| Electricity sales volumes, mln. kWh | | | | | |
| “AlmatyEnergoSbyt” LLP | 5 771 | 5 767 | 100% | 5 789 | 6 410 |
| “Shygysenergotrade” LLP | 2 643 | 2 671 | 101% | 2 629 | |
| Total | 8 414 | 8 438 | 100% | 8 418 | 6 410 |
| Heat production volumes, thous. Gcal | | | | | |
| “Almaty Power Plants” JSC | 5,031 | 4,971 | 99% | 5,333 | 5,333 |
| “Aktobe CHP” JSC | 1,795 | 1,763 | 98% | 1,815 | |
| “Station Ekibastuz SDPP-2” JSC | 81 | 71 | 87% | 76 | 76 |
| “ZhSDPP” JSC (actl.until the sale of the asset – before May 15, 2015) | 5.3 | | 0% | | |
| Total | 6,913 | 6,805 | 98% | 7,223 | 5,409 |
| Coal sales volumes, mln. tons | | | | | |
| | 33.9 | 35.1 | 103% | 33.9 | 36.1 |

Electricity production volumes in 2016 have increased by 1% compared to the volume of 2015 (taking into account the volumes of “ZHSDPP” JSC). The main increase in volumes occurred as a result of electricity exports by “ESDPP-2” JSC to Russia in the amount of 1,859 mln. kWh, and also due to an increase in the output by 1,128 million kWh by Moynak and Kapchagay HPPs, “APP” JSC due to growth of water inflow.

Electricity generation volumes (mln. kWh) at CHP, TPP



Electricity generation volumes (mln. kWh) at CHP, TPP



■ 2015 ■ 2016

OTHER PRODUCTION FIGURES

ICUF (Installed capacity utilization factor)

In 2016 the installed capacity across all energy producing plants was at the level of 2015 except for Akotbe CHP, the increase in installed capacity was due to the introduction of turbo generator No. 3.

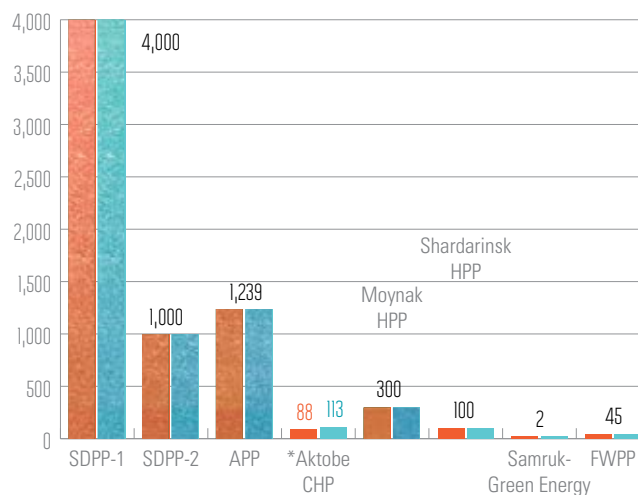
The decrease in the ESDPP-1 ICUF is due to crisis phenomena in the economy of large industrial enterprises' consumption, the purchase of electricity from lower-tariff energy sources (HPPs) due to the abnormal increase in water inflow in 2016.

Despite the decrease in the ESDPP-1 ICUF owing to the operation of the power units in the optimal mode, a higher degree of HPH use resulted in the **reduction of SCEF** from 371 g / kWh to 370 g-kWh.

The growth of ICUF at ESDPP-2 is due to an increase in the sales of electricity for export. The SCEF decreased from 394 g / kWh to 393 g / kWh due to the growth of the ICUF.

The growth of APP ICUF is due to the increase in the output of Kapchagay HPP due to the increase in water inflow. **The decrease in SCEF** is due to the increase in the share of CHPP-2 in the generation of electricity by TPP which has lower specific fuel consumption for electricity sale.

Installed capacity (MW)

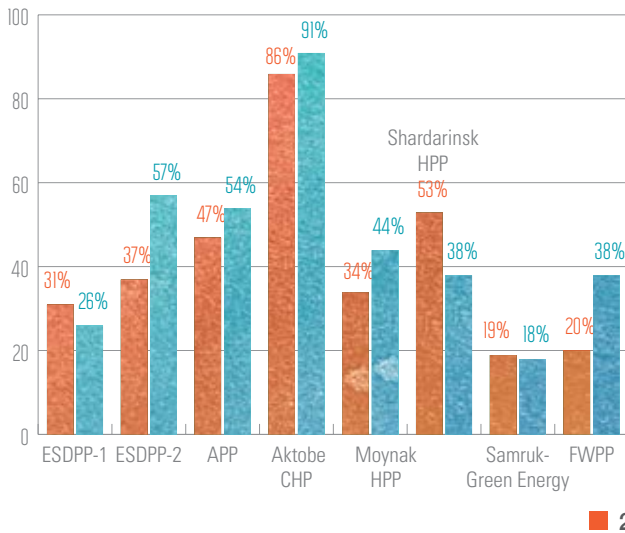


■ Installed capacity 2015
■ Installed capacity 2016

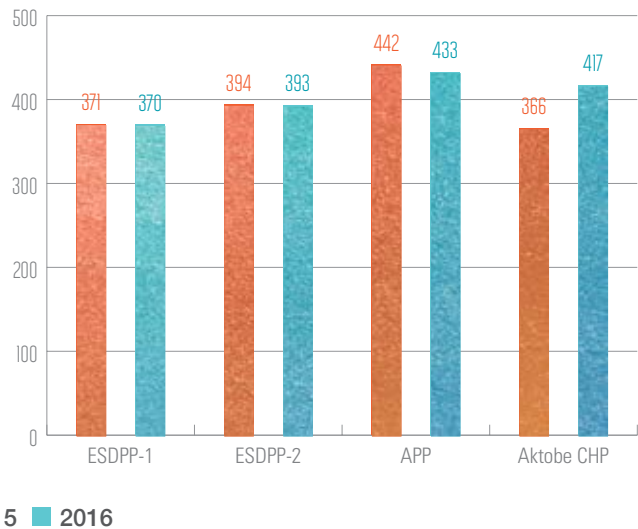
The growth of **Aktobe CHP ICUF** occurred due to the input of the turbogenerator No. 3.

The increase in **SCEF** is associated with the operation of the turbogenerator No. 3 in the condensing mode.

Installed capacity utilization factor (%)

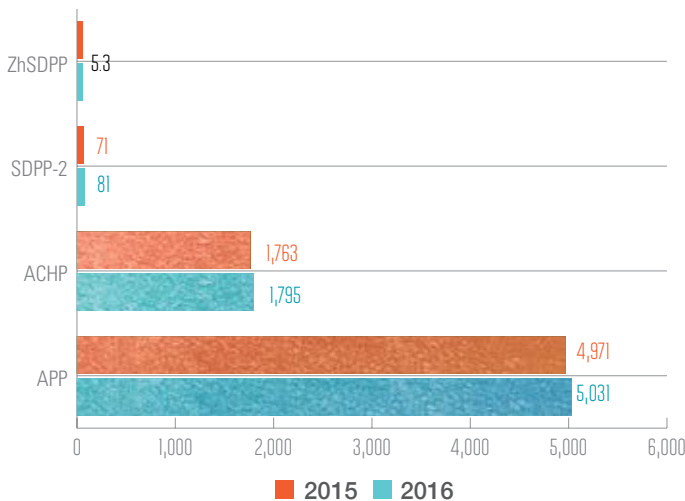


Specific consumption of equivalent fuel for electricity sale (g/kWh)



The decrease in **heat production volumes** in 2016 by 2% (by 108 thousand Gcal) was caused by reduction of the heating load due to the higher temperature of the ambient air compared to climatic temperatures.

Dynamics of changes in the heat production volumes, thous. Gcal

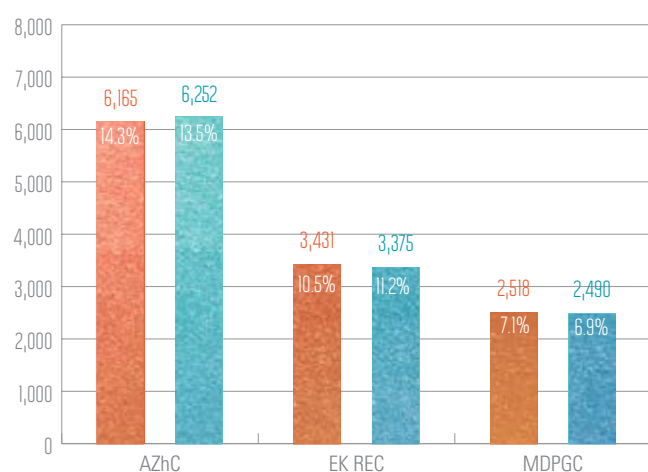


Electricity transmission volumes amounted to 12,117.6 mln. kWh, with an insignificant increase to the level of 2015 volumes –12,113.6 mln. tenge (an increase by 4 mln. kWh).

Losses in grids are reduced owing to implementation of activities on the modernization of grids and ASCAPC in AZhC and MDPGC by 0.8% and 0.2%, respectively. However, at the EC REC losses were increased by 0.7% due to a decrease in transmission volumes by 56 million kWh. In general, the level of losses across all RECs is below the established standard of CRNM PC.

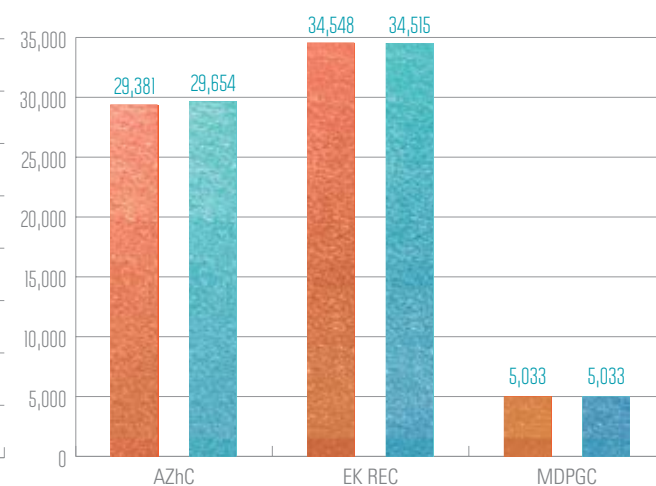
According to the results of 2016, the total length of power transmission lines was 69 203 km, which is by 0.4% or 240 km higher than the same period.

Electricity transmission volumes (mln. kWh) and losses in grids (in %)



■ Electricity transmission volumes 2015
■ Electricity transmission volumes 2016

length of power transmission lines (km)



■ 2015 ■ 2016

Mainly the increase in the length of the lines occurred owing to AZhC:

- implementation of 2016 investment program
- reconstruction of existing grids
- acceptance of power grids of third party organizations to the balance of AZhC

The total volume of electricity sales by ESO for the reporting period amounted to 8,438 million kWh, which is almost at the level of 2015 (growth of 0.3%).

Despite the increase in the number of consumers, the volume of consumption remains without significant changes for the following reasons:

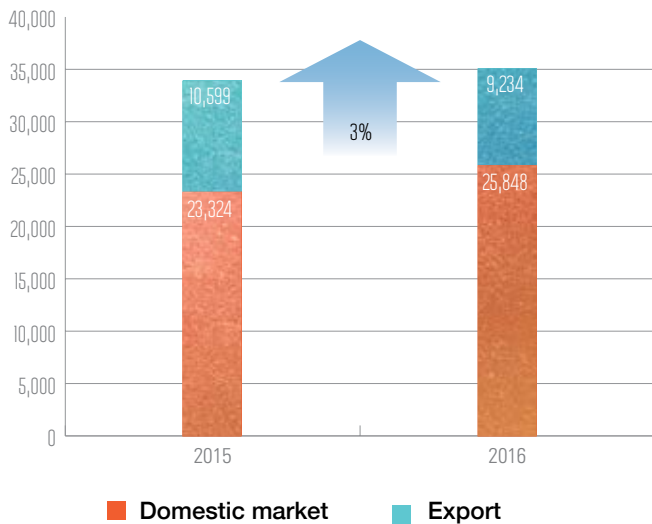
AES – in respect of industry category, the decline in 2016 compared with facts of 2015 was 2.7% or 21.97 million kWh due to a slowdown in production growth in industries and service sector; an increase in the average monthly temperature and the transition of consumers to another power supply organization. This decrease is compensated by the increase in the category “population”, the actual increase in 2016 compared with 2015 was 1.4% or 26.9 million kWh.

ShET – The decrease in consumption occurred in respect of legal entities, mainly in the state-financed organizations and in construction area.

| Description | 2015 | 2016 | Deviat | % |
|-----------------------------------|----------------|----------------|---------------|----------|
| AlmatyEnergoSbyt | | | | |
| Number of consumers, incl: | 765,373 | 781,734 | 16,361 | 2 |
| <i>population</i> | <i>737,813</i> | <i>752,711</i> | <i>14,898</i> | <i>2</i> |
| <i>legal entities</i> | <i>27,560</i> | <i>29,023</i> | <i>1,463</i> | <i>5</i> |
| Sales volume, mln. kWh | 5,771 | 5,767 | -4 | 0 |

| Description | 2015 | 2016 | Deviat | % |
|-----------------------------------|----------------|----------------|--------------|----------|
| ShygysEnergoTrade | | | | |
| Number of consumers, incl: | 496,147 | 498,271 | 2,124 | 0 |
| <i>population</i> | 475,633 | 477,677 | 2,044 | 0 |
| <i>legal entities</i> | 20,514 | 20,594 | 80 | 0 |
| Sales volume, mln. kWh | 2,643 | 2,671 | 28 | 1 |

Coal sales by bogatyr komir, thous. tons



The increase in the **volume of coal sales** by 3% (or by 1.2 mln. tons) is due to the increase in demand of consumers from RF, “SDPP-1” LLP and “SDPP-2” JSC.

The stripping ratio for 2016 was 0,696 m³ / ton, at 0,700 m³ / ton in the same period.

Forecast for the future period:

The volume of electricity production in the forecast for 2017–2018 is projected with a gradual increase in relation to the fact of 2016. The increase in electricity production in 2017 by 1 544 million kWh is planned mainly due power plants of “Ekibastuz SDPP-2” JSC and “Ekibastuz SDPP-1” LLP due to export potential.

In the forecast for 2018, electricity production volumes increase by 10% or 2,360 million kWh in comparison with the plan of 2017.

The volume of heat production in the plan for 2017 is projected with an increase by 6% against the fact of 2016 mainly owing to an increase in the heat production by “Almaty Power Plants” JSC and a 25% decrease against the plan for 2017 due to the sale of “Aktobe CHP” JSC.

Electricity transmission and distribution volumes are expected to grow in 2017 due to the growth in MDPGC, EK REC consumers demand and a decrease in 2018 in connection with sale of these assets.

The volume of electricity sales in the forecast for 2017 is expected at the level of 2016 fact. In the forecast for 2018 electricity sales reduces by 2,009 mln. kWh or 24% due to the sale of “Shygysenergotrade” LLP.

The volume of coal sales in the forecast for 2017 reduces by 1.2 million tons or 3% below than the fact of 2016.

The volume of coal sales in the forecast for 2018 increases by 6% or by 2.2 mln. tons by 2017. The volumes of coal production and sales for 2017–2018 provided taking into account the forecasted volumes of electricity production in the RK and RF.

ABOUT COST REDUCTION

As part of activities implemented to determine the potential for increasing the value of the company, “Samruk-Energy” JSC together with “Samruk-Kazyna” Fund developed 10 cost optimization initiatives. The following initiatives in the approved Development Plan for 2017–2021 for the amount of 102.8 billion are expected to be implemented, including:

- Reducing the consumption of specific fuel and water for technological needs in the amount of 19.1 bln. tenge;
- Optimization of expenses for FER –energy saving in the amount of 4.2 bln. tenge;
- Optimization of expenses for current repairs in the amount of 2.5 bln. tenge;
- Optimization of administrative expenses in the amount of 1.2 bln. tenge;
- Optimization of capital expenditures for maintenance of production assets- in the amount of 49.2 bln. tenge;
- Optimization of current expenses by 10.1 bln. tenge at implementation of the Integrated Planning System project
- Optimization of current expenses by 8.4 bln. tenge at implementation of the project “Unified Project Management System”
- Optimization of current expenses by 8.1 bln. tenge as a result of the project “Introduction of the new maintenance and repair management model”.

FINANCIAL AND ECONOMIC FIGURES

| No. | Indicator, mln. tenge | 2015 ¹ | 2016 | 2017 (forecast) | 2018 (forecast) |
|----------|--|-------------------|----------------|--------------------|--------------------|
| 1 | Income from sales of products and services provided | 183,822 | 181,310 | 204,388 | 249,871 |
| 1.1. | Electricity generation | 127,828 | 124,085 | 133,367 | 164,936 |
| 1.2. | Sale of electricity by energy supplying organizations | 88,215 | 90,284 | 94,392 | 106,363 |
| 1.3. | Heat production | 13,659 | 13,991 | 17,161 | 18,833 |
| 1.4. | Electricity transmission and distribution | 32,095 | 33,448 | 36,477 | 41,609 |
| 1.5. | Chemically treated water sales | 1,671 | 1,662 | 1,671 | 1,693 |
| 1.6. | Building and installation, repair works | 0 | 0 | 0 | 0 |
| 1.7. | Lease | 2,565 | 3,504 | 3,536 | 3,535 |
| 1.8. | Others | 950 | 778 | 763 | 931 |
| 2 | Net cost of sales of products and services rendered | 128,695 | 136,127 | 157,070 | 180,252 |
| 2.1. | Net cost of electricity production | 83,000 | 91,658 | 99,437 | 111,506 |
| 2.2. | Net cost of electricity by energy supplying organizations | 88,066 | 88,644 | 93,304 | 105,285 |
| 2.3. | Net cost of heat production | 13,430 | 13,699 | 16,674 | 17,973 |
| 2.4. | Net cost of electricity transmission | 25,375 | 26,506 | 28,812 | 31,650 |
| 2.5. | Net cost of chemically treated water sales | 1,645 | 1,614 | 1,666 | 1,703 |
| 2.6. | Net cost of building and installation, repair works | 0 | 0 | 0 | 0 |
| 2.7. | Net cost of other core operations | 111 | 215 | 10 | 11 |
| | <i>Depreciation of fixed assets and intangible assets</i> | <i>35,290</i> | <i>41,053</i> | <i>43,144</i> | <i>45,089</i> |

| No. | Indicator, mln. tenge | 2015 ¹ | 2016 | 2017 (forecast) | 2018 (forecast) |
|-----------|---|-------------------|---------------|--------------------|--------------------|
| 3 | Gross profit | 55,127 | 45,184 | 47,318 | 69,619 |
| 4 | Finance income ³ | 2,876 | 3,396 | 0 | 1 |
| 5 | Other income ² | 3,703 | 6,061 | 459 | 460 |
| 6 | Costs related to sales of products and services provided | 2,919 | 3,017 | 4,550 | 5,984 |
| 7 | General and administrative expenses | 12,199 | 12,826 | 12,824 | 12,216 |
| 8 | Interest expenses ⁴ | 22,164 | 19,218 | 25,791 | 25,699 |
| 10 | Other expenses from non-core operations ² | 93,088 | 2,056 | 176 | 415 |
| 11 | Share of profit / loss of organizations accounted for using the equity method | -10,173 | 4,895 | 3,610 | 3,356 |
| 12 | Profit (loss) from discontinued operations | 5,975 | 2,494 | 7,337 | 0 |
| 13 | Corporate income tax expenditures | 4,583 | 6,521 | 4,750 | 9,569 |
| 14 | Minority interest | 390 | 632 | 240 | 232 |
| 15 | Total profit attributable to the Group's Shareholders | -77,835 | 17,759 | 10,393 | 19,321 |

¹ For comparison, 2014 indicators are recalculated taking into account the reflection of the result of transition from discontinued operations;

² In the audit report of 2015, the income from "impairment loss compensation" is separated from other incomes, and the impairment loss is divided from the other costs to the separate line "Impairment losses" (net);

³ In the audit report, the currency difference balance of 2016 is reflected in "financial income" section;

⁴ In the audit report of 2015, foreign exchange losses are reflected in "financial income" item.

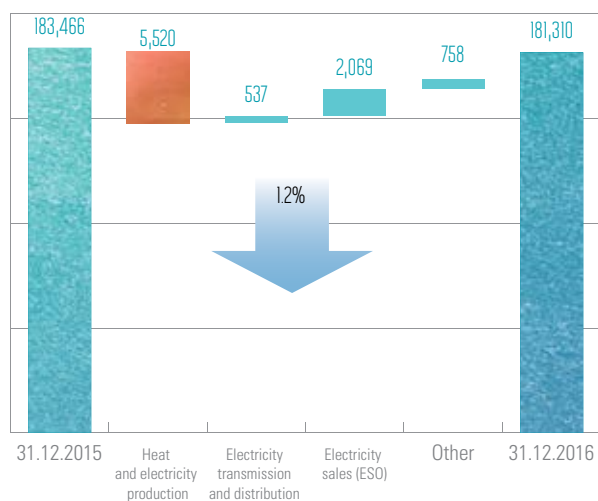
Note: Incomes and net cost by types of activities is provided without taking into account elimination.

Income from sales of products and services provided across "Samruk-Energy" JSC Group of Companies in 2016 amounted to 181,310 mln. tenge. The decrease by 1.2% compared to the same period last year is mainly due to a decrease in revenue from electricity generation.

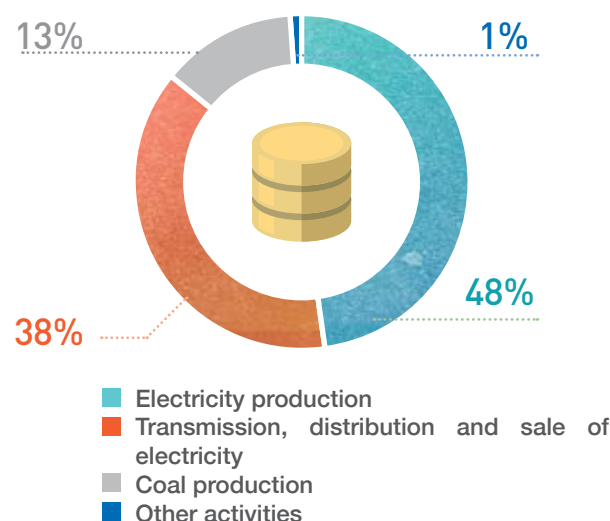
A significant share of revenues is made up of revenues from the sale of electricity by energy producing companies, production volumes of which amounted to more than 22.5 bln. kWh in 2016

Also, a large share in revenues is occupied by revenues from the sale of electricity by energy supplying organizations, sales of which amounted to more than 8.4 billion kWh in 2016, and from the provision of electricity transmission and distribution services in the amount of 12.1 billion kWh.

Consolidated revenue, mln. tenge



Structure of income for 2016 by core activities



Forecast for the future period: the sales revenue in the forecast for 2017 is planned in the amount of 204 388 mln. tenge with growth by 13% by 2016 due to the increase in volumes of electricity production, transmission and heat production.

Income from sales of products and provision of services broken down by producers

| Indicator, mln. tenge | 2015 actual | 2016 actual | 2017 (forecast) | 2018 (forecast) |
|--|----------------|----------------|-----------------|-----------------|
| Income from sales of products and services provided | 183,822 | 181,310 | 204,388 | 249,871 |
| “Samruk-Energy” JSC | 16,040 | 8,417 | 29,937 | 34,859 |
| “Green Energy” LLP | 109 | 113 | 116 | 121 |
| “Bukhtarminsk HPP” JSC | 2,564 | 3,503 | 3,536 | 3,535 |
| “Shardarinsk HPP” JSC | 2,085 | 3,157 | 2,988 | 3,528 |
| “Moynak HPP” JSC | 8,023 | 9,919 | 8,669 | 8,678 |
| “AlmatyEnergoSbyt” LLP | 88,215 | 90,284 | 94,392 | 106,363 |
| “AZhC” JSC | 32,662 | 33,848 | 36,709 | 41,965 |
| “APP” JSC | 53,175 | 60,761 | 56,552 | 58,233 |
| “ESDPP-1” LLP | 78,249 | 62,729 | 79,905 | 110,687 |
| “FWPP” LLP | 1,741 | 3,435 | 4,500 | 4,790 |
| “Karagandagiproshakht and K” LLP | 160 | 0 | 0 | 0 |
| Energy Solution center | | 334 | 0 | 0 |
| Intercompany balance (elimination) | -99,201 | -95,190 | -112,915 | -122,889 |

The main share in the Company's operating income is made up of “SDPP-1” LLP, C “APP” JSC, “AZhC” JSC, “AlmatyEnergoSbyt” LLP. At the same time, intercompany balances are excluded mainly in respect of energy sales companies at consolidation of revenues from the total amount.

Net cost of products and provision of services

| Indicator, mln. tenge | 2015 actual | 2016 actual | 2017 plan | 2018 plan |
|--|----------------|----------------|----------------|----------------|
| Fuel | 32,906 | 31,524 | 38,244 | 42,838 |
| Depreciation of fixed assets and amortization of intangible assets | 35,290 | 41,053 | 43,144 | 45,089 |
| Labor remuneration and related expenses | 20,377 | 22,334 | 20,110 | 21,234 |
| Cost of purchased electricity | 5,349 | 4,822 | 10,164 | 17,094 |
| Power transmission services and other services | 9,158 | 10,051 | 9,247 | 12,178 |
| Repair and maintenance | 4,835 | 3,951 | 6,776 | 8,922 |
| Taxes except for income tax | 5,770 | 5,955 | 9,515 | 11,039 |
| Water for process needs | 3,933 | 3,835 | 4,438 | 4,898 |
| Materials | 4,414 | 4,843 | 1,015 | 1,278 |
| Thrid party organizations services | 3,970 | 4,896 | 10,806 | 11,525 |
| other | 2,693 | 2,863 | 3,612 | 4,156 |
| TOTAL | 128,695 | 136,127 | 157,070 | 180,252 |

The net cost of as of year-end 2016 amounted to 136,127 mln. tenge, which is 6% higher than the fact of 2015. However, the net cost excluding controlled expenses (depreciation and taxes) for 2016 amounted to 86,944 mln. tenge, a slight increase in comparison with last year by 1,172 mln. tenge or by 1%.

The main changes occurred in the following types of expenditures:

Fuel, OL, energy:

The decrease in fuel costs is due to a decrease in production volumes of SDPP-1 by (–2,035) mln. tenge (or 16% compared to the fact of 2015) due to a decrease in demand. Also, the decrease is due to the increase in ICB between AES and APP taking into account the growth in the output of APP owing to Kapchagay HPP (- KZT2,073 million). At the same time, the expenses for purchasing electricity from RES (+ 919) million tenge are growing. The increase in prices for gas, coal, transportation led to an increase in fuel costs for APP by (+ 1 015) million tenge.

Repairs:

Reduction of repair works in connection with conducted surveys on the actual need for repairs and, accordingly, a change in the schedule of repair work with a shift to the right (EGRES–1, APP).

Transmission and sale related services:

The increase in expenditures for KEGOC services is due to the annual increase in tariffs (transmission services tariff growth by 7%, dispatching services tariff increase by 27%), as well as an increase in the output of Kapchagay HPP of “APP” JSC due to the high water content of the water reservoir in 2016 (in the case of production at other CHP, KEGOC services are not added to an ultimate consumer).

Labor costs for production personnel:

The increase is due to annual indexation under the collective agreement of subsidiaries and affiliates.

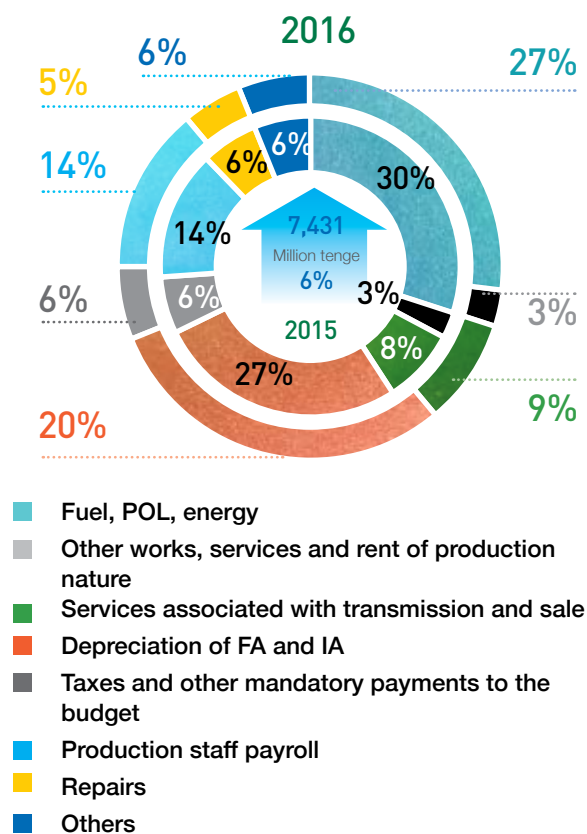
Other production works, services and lease:

Increase in respect of the item “Maintenance of production equipment” is connected with conclusion of the agreement for SS–220/35 kV substation “WPP Ereymentau1” maintenance with “FWPP” LLP in 2016.

Other:

Increase in costs for raw materials and supplies (chemical agents and beaters) at “SDPP-1” LLP, due to replacement of materials on filters of the regenerator. Also in comparison with 2015 there was a rise in price of purchased services and materials.

Forecast for the future period: In the forecast for 2017, the cost of sales and services rendered increases by 20 943 mln. tenge (15%). The main increase is associated with an increase in fuel costs, due to the increase in electricity production and the annual increase in prices for purchased fuel, depreciation due to assets upgrading and purchased electricity from renewable energy sources. And also growth is connected with an annual increase in staff salaries taking into account the inflation factor and an increase in prices for services rendered by third-party organizations. In the forecast for 2018, expenses for net cost are also increasing due to the above reasons.

Net cost structure by core business lines*Sales cost*

| Indicator, mln. tenge | 2015 | 2016 | 2017 (forecast) | 2018 (forecast) |
|---|--------------|--------------|-----------------|-----------------|
| The costs of labor and social benefits of personnel associated with sales process | 12 | 13 | 13 | 14 |
| Taxes other than income tax | 1 | 1 | 2 | 2 |
| Other services and works associated with sales | 2,906 | 3,003 | 4,536 | 5,969 |
| Other sales costs | 0.03 | 0.04 | 0.05 | 0.05 |
| TOTAL | 2,919 | 3,017 | 4,550 | 5,984 |

According to results of 2016, sales costs increased by 98 mln. tenge in connection with “ESDPP-1” LLP electricity export to Kyrgyzstan.

In the forecast for 2017, the increase in sales costs compared to the fact of 2016 will be 51%, a significant increase is due to an increase in the cost of dispatching services and the organization of balancing the electricity production and consumption by “ESDPP-1” LLP due to increased volumes of electricity generation and export of electricity to Kyrgyzstan.

Administrative expenses

| Indicator, mln. tenge | 2015 actual | 2016 actual | 2017 actual | 2018 actual |
|--|---------------|---------------|---------------|---------------|
| Remuneration of labor and related expenses | 4,300 | 4,712 | 5,004 | 5,291 |
| Consulting and other professional services | 1,019 | 1,615 | 1,323 | 779 |
| Taxes other than income tax | 893 | 1,024 | 725 | 784 |
| Rent expenses | 653 | 628 | 479 | 290 |
| Depreciation of fixed assets and amortization of intangible assets | 1,196 | 1,187 | 1,083 | 1,095 |
| Business trip and representation expenses | 245 | 221 | 248 | 262 |
| Bank services | 190 | 185 | 135 | 142 |
| Communication expenses | 115 | 119 | 160 | 170 |
| other | 3,588 | 3,134 | 3,666 | 3,402 |
| Total | 12,199 | 12,826 | 12,824 | 12,216 |

Administrative expenses for the end of 2016 amounted to 12 826 mln. tenge, which is higher than the fact of 2015 by 628 mln. tenge or 5%, due to the annual indexation of wages under the collective agreement of SA, as well as an increase in consulting expenses in 2016 related to transformation project.

Forecast for the future period:

In the forecast for 2017 administrative expenses remain at the level of 2016 and amount to 12 824 mln. tenge.

In the forecast for 2018 administrative expenses will decrease due to the exclusion of assets intended for sale.

Interest expenses

| Indicator, mln. tenge | 2015 | 2016 | 2017 (forecast) | 2018 (forecast) |
|------------------------------|--------|--------|-----------------|-----------------|
| Borrowing costs ¹ | 22,165 | 19,218 | 25,791 | 25,699 |

¹ In the audit report of 2015 financial expenses are shown together with a foreign exchange loss.

According to results of 2016 interest expenses amounted to 19,218 mln. tenge, which is lower than the actual value for 2015. The decrease was mainly in HO and Moynak HPP due to the strengthening of the national currency from 340.01 tenge / US dollar as of December 31, 2015, drop in exchange rate as of December 31, 2016 the rate was 333,29 tenge / US dollar.

Forecast for the future period:

In the forecast until 2017 interest expenses grows taking into account the increase in the interest rate on the bonded (in US dollars) loan of the HO taking into account the refinancing of the currency loan into a loan in national currency.

Share of profits of joint ventures and associated companies

| Indicator, mln. tenge | 2015 actual | 2016 actual | 2017 plan | 2018 plan |
|---|----------------|--------------|--------------|--------------|
| Share of profit of joint ventures and associated companies | -10,173 | 4,895 | 3,610 | 3,356 |
| Forum Muider | 5,058 | 6,020 | 5,051 | 6,497 |
| “Ekibastus SDPP-2” JSC | -12,768 | 788 | -1,442 | -3,141 |
| “Balkhash TPP” LLP | -2,463 | -1,913 | 0 | 0 |

The shared profit for the year ended 31 December 2016 was 4,895 mln. tenge, increased by 6,15,068 mln. tenge compared to the same period.

The main changes occurred in the following assets:

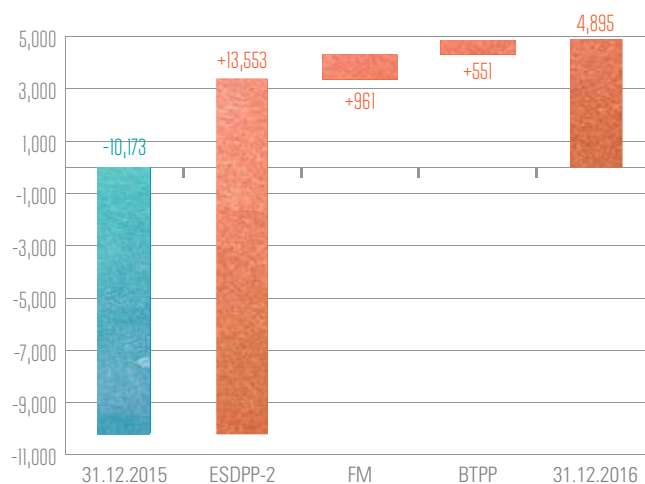
ESDPP-2 – an increase by 13 553 mln. tenge compared to the previous year is due to the following factors:

- an increase in income from core operations by 2 809 mln. tenge, owing to the increase in electricity generation, revenue growth by 7 480 mln. tenge in connection with exports to the Russian Federation, and a decrease in revenues due to reduction in the weighted average tariff by 4 671 mln. tenge taking into account the low tariff for electricity exports to the Russian Federation;
- reflection in 2015 of the negative exchange rate difference under the project “Expansion and reconstruction of Ekibastuz SDPP-2 with installation of the power unit st. No.3” according to the loan agreement in the amount of 18 883 mln. tenge.

Forum Muider – a 961 mln. tenge increase was mainly due to the absence of foreign exchange losses in 2016 compared to 2015, reduction in interest expenses and lowering of depreciation for revaluation to fair value (adjustment at the consolidation level).

Balkhash TPP – reduction in BTTP loss by 551 million tenge is due to the positive exchange rate difference for 2016.

In the plan for 2017–2018 the decrease in profits from companies accounted for under the equity method is mainly due to the increase in interest expenses of “Ekibastuz SDPP-2” JSC.

Dynamics of increase in shared profit, mln. tenge

Profit (loss) from discontinued operations

| Indicator, mln. tenge | 2015 actual | 2016 actual | 2017 plan |
|--|--------------|--------------|--------------|
| Profit from discontinued operations | 5,975 | 2,494 | 7,337 |
| “MDPGC” JSC | 978 | 1,533 | 862 |
| “Aktobe CHP” JSC | 348 | 397 | 391 |
| “East Kazakhstan REC” JSC | 1,965 | 1,502 | 1,509 |
| “Shygysenergotrade” LLP | 169 | -941 | 1,669 |
| “Tegis Munay” LLP | -201 | -28 | -28 |
| “Mangyshlak Munay” LLP | -22 | -187 | -157 |
| Income from sale of ZhSDPP | 2,469 | 0 | 0 |
| Intercompany balance (elimination) | 267 | 218 | 3,091 |

According to the results of the year assets intended for sale including “Tegis Munay” LLP, “Mangyshlak Munay” LLP, “EK REC” JSC, “Shygysenergotrade” LLP, “MDPGC” JSC, “Aktobe CHP” JSC were shown in the profit from discontinued operations in 2016. For comparability purposes, the year 2015 was retrospectively recalculated taking into account the classification of these assets as assets subject to sale. The decrease in 2016 is due to the fact that in 2015 the profit from the sale of “ZhSDPP” LLP for 2 469 mln. tenge was reflected, as well as due to a decrease in profit in respect of “Shygysenergotrade” LLP in 2016 by 1,110 mln. tenge in connection with insufficiency of tariff level. The increase in profit in 2017 was due to the increase in profit in respect to “Shygysenergotrade” LLP by 2,610 mln. tenge in connection with planned tariff increase to 12,151 tenge/ kWh, as well as due to the inclusion of depreciation of assets intended for sale into discontinued profit.

LIQUIDITY AND FINANCIAL SUSTAINABILITY INDICATORS

Performance of covenants from external creditors

| Covenant | Standard | 2016 actual | Deviation | Notes |
|--|-------------------|-------------|-----------|--|
| Debt/EBITDA (EBRD) | Not more than 4.5 | 5.4 | 0.90 | The established limit is exceeded, but the Company received a letter-consent (waiver) for this covenant for 2016 from the EBRD |
| EBITDA/interest (EBRD Shardarinsk HPP) | Not less than 3 | 3.77 | 0.77 | Observed |
| Debt/Equity (KDB) | Not more than 1 | 0.75 | 0.25 | Observed |
| Consolidated adjusted EBITDA / Net consolidated financial payments (Eurobonds) | Not less than 3 | 5.05 | 2.05 | Observed |

| Description | 2015 | 2016 | 2017 (forecast) | 2018 (forecast) |
|-------------------|------|------|--------------------|--------------------|
| Debt/EBITDA | 5.26 | 5.41 | 4.78 | 3.35 |
| Debt/equity | 0.83 | 0.75 | 0.68 | 0.69 |
| Current liquidity | 1.39 | 0.66 | 1.56 | 0.76 |

In general, the change in key financial and operating figures as follows influenced the liquidity and financial stability figures.

The debt / EBITDA indicator for 2016 was 5.41, which exceeds the covenant established by the European Bank for Reconstruction and Development, that is not more than 4.5, under the Loan agreement with Shardarinsk HPP, where the Company is a co-borrower.

As part of activities on meeting the covenant, in 2016, after a series of negotiations with the EBRD, the Company received a letter of consent (Waiver) to exceed the set value for the covenant Debt / EBITDA for the first half and the end of 2016 without specifying a threshold.

In order to ensure financial stability and compliance with the Company's covenant in the conditions of unstable economic situation and volatility of financial market, the Company regularly monitored the attraction of funding across the group during 2016. As a result of actions taken, the Company managed to ensure compliance with financial covenants, reduce the debt burden and improve financial stability.

The **debt / EBITDA** indicator is planned at 4.78 in 2017. The change in the indicator was due to an increase in EBITDA by 3.6% and a decrease in debt by 8.5% compared to 2016. The reduction in debt is due to the refinancing of the Company's Eurobonds. In 2018 this indicator improves up to 3.35 due to repayment of Eurobonds.

The **financial leverage ratio (Debt/Equity)** was 0.75 in 2016, the decrease in the indicator compared to the fact for the same period (by 0.08) was due to the increase in equity capital by 34,076 mln. tenge due to the increase in retained earnings owing to 2016 profit in the amount of 17,759 mln. tenge and a decrease in the borrowed capital by 15,111 mln. tenge in respect of Head office including payment of principal on short-term loans and a decrease in the principal debt on Eurobonds due to the depreciation of the US dollar and in respect of "MHPP" JSC owing to reduction in US dollar exchange rate as well as the repayment of principal.

This indicator is planned to improve to the level of 0.68 in 2017, the indicator is projected to increase to 0.69 by the end of 2018, which is due to a decrease in equity capital in connection with the sale of assets.

Current liquidity indicator for 2016 was 0.66, a decline is observed in comparison with the same period due to the allocation of the current portion of the long-term loan on Eurobonds to short-term obligations, this indicator improves to 0.76 until 2018.



Actions to improve financial stability taken by “Samruk-Energy” group of companies

- Debt disposal of assets sold as part of privatization – 1–3Q of 2017;
- Securing an additional funding from loan institutions for refinancing of Eurobonds – 1–3 of 2017;
- Refinancing of internal bonded loans of the group (“APP” JSC, “AZhC” JSC) – 1–3 of 2017;
- Obtaining a letter of consent (waiver) from the European Bank for Reconstruction and Development (EBRD) for the covenant Debt / EBITDA, EBITDA / Interest of the Company for 2017 – not earlier than 3rd–4th quarter of 2017;
- the Company’s Eurobonds repayment- 4th quarter of 2017;
- Attracting funds through IPO and debt repayment in 2019–2020;
- Reduction of investment and running costs in 2017–2021

These actions will ensure the performance of financial covenants and financial stability of the company as a whole.

PERFORMANCE OF “SAMRUK-ENERGY” JSC STRATEGIC KPI

| KPI name | Measurement unit | 2015 | 2016 | 2017 | 2018 |
|---------------------------------|--------------------|----------|--------|--------|--------|
| | | actual * | actual | plan | plan |
| Financial performance | | | | | |
| Net profit | mln. tenge | -77,835 | 17,759 | 10,393 | 19,321 |
| Debt/EBITDA | not more than 5.0 | 5.26 | 5.41 | 4.78 | 3.35 |
| Debt/Equity | not more than 0.75 | 0.83 | 0.75 | 0.68 | 0,69 |
| EBITDA | mln. tenge | 76,496 | 71,581 | 74,171 | 97,603 |
| Free funds for dividend payment | mln. tenge | | 24,201 | 24,232 | 57,793 |
| Social indicators | | | | | |
| Social stability rating | % | 72 | 72 | | |

* As of December 31, 2016, all assets and liabilities of EK REC, SHET, MDPGC, Aktobe CHP, Tegis-Munay, Mangyshlak-Munayi were included in the disposal group intended for sale, and therefore, for comparative purposes, the year 2015 was recalculated and presented in compliance with the presentation of the current year.

Strategic indicator **Net profit** in 2016 amounted to 17,759 mln. tenge, while the actual loss for the previous 2015 was (-77,835mln. tenge, the deviation is due to the reflection of exchange rate differences of 106.9 bln. tenge in 2015. Excluding the impact of exchange rate differences, the decrease in net profit in 2016 is due to a decrease in sales volumes and tariffs in “Ekibastuz SDPP-1” LLP which is associated with crisis phenomena in the economy. The net profit in 2017 is planned at 10,393 mln. tenge, the decrease is explained by the growth of “Ekibastuz SDPP-1” LLP expenses for services in the transmission of electricity sold for export, as well as due to the increase in the cost of refinancing of the Head office’s bonded loan. The net profit is projected to reach 19,321 mln. tenge in 2018.

The **Debt / EBITDA** indicator according to the fact of 2016 was 5.41 at 5.26 in 2015, a 3% increase. The deterioration is mainly due to a 6% decrease in EBITDA because of a decrease in electricity sales volumes at SDPP-1 at a 4% decrease of debt. The figure is improves to 3.35 by 2018 due to the annual debt repayment and EBITDA growth owing to the increase in electricity sales volumes.

The **Debt / Equity** ratio was 0.75 in 2016 at 0.83 in 2015. The change in the indicator is mainly due to the decrease in loans due to the decrease in the cost of foreign currency loans (a decrease in the dollar / tenge rate), as well as due to repayment of the principal debt under loans. In the plan for 2017–2018, the Debt / equity ratio is 0.68–0.69 due to the annual repayment of loans.

The indicator **“Free funds for development and dividends”** reflects the degree of availability of own funds at the company for investing in new projects as well as for paying dividends to shareholders. This indicator in 2016 amounted to 24,201 mln. tenge and in the forecast for 2017 will remain at the level of 2016. The indicator is expected to significantly improve to 57,793 mln. tenge in 2018, which is connected with the increase in operating flows owing to the growth in electricity generation volumes, as well as owing to a decrease in investments for maintenance of assets due to the planned sale of several subsidiaries of the Company in 2017.

The **“Social stability rating”** is determined on the basis of results of sociological survey of employees and a comparative analysis of the company’s social indicators, a survey is conducted during the research. Social stability index is defined as weighted average arithmetic value of the Social Sentiment Index and the Social Development Index.

The rating of social stability is a strategic KPI for “Samruk-Kazyna” JSC. A rating of 63% (medium level) was determined across “Samruk-Energy” JSC group of companies in 2013, in 2014 – 69% (above the average), in 2015 – 72% (above the average), in 2016 remained at the level of 2015 at a rate of 72%.

TARIFF POLICY

Tariff regulation depending on the business type of energy companies falls under the competence of the Committee for Regulation of Natural Monopolies and Competition Protection of the Republic of Kazakhstan Ministry of National Economy or Industry-specific ministry – the Ministry of Energy.

The following tariffs were in effect during the reporting period:

- **for energy producing organizations** (EPO), tariffs for 2016–2018 were maintained at the level of 2015 ceiling tariffs. The prospective introduction of the capacity market for EPO was postponed from 2016 to 2019 (by the order of the Minister of Energy d/d February 27, 2015 No.160 with amendments as of November 30, 2015). Ceiling tariffs for electricity and ceiling tariffs for the service on maintaining the availability of capacity for 2019–2025 were approved (Order of the Minister of Energy d/d 03.07.2015 No. 465 with amendments as of November 30, 2015). In the reporting period due to changes in the investment program and modernization of power plants, an individual tariff for “Moynak HPP” JSC to the level of 9.50 tenge / kWh was increased and an individual tariff for “Shardarinsk HPP” JSC at 9,50 tenge was approved with putting into force from January 1, 2016.

Weighted average tariffs for electricity generation

| Name | Measur.unit | 2015 actual | 2016 actual | 2017 plan | 2018 plan |
|------------------------------|-------------|-------------|-------------|-----------|-----------|
| “Ekibastuz SDPP-1” LLP | tenge/kWh | 7.73 | 7.33 | 7.51 | 7.85 |
| “Ekibastuz SDPP-2” JSC | tenge/kWh | 8.66 | 6.68 | 7.23 | 7.18 |
| “APP” JSC | tenge/kWh | 8.60 | 8.60 | 8.60 | 8.60 |
| “Aktobe CHP” JSC | tenge/kWh | 7.29 | 7.30 | 7.30 | 7.30 |
| “Shardarinsk HPP” JSC | tenge/kWh | 4.50 | 9.50 | 9.50 | 9.50 |
| “Moynak HPP” JSC | tenge/kWh | 8.74 | 8.25 | 9.50 | 9.50 |
| “ZhSDPP” JSC | tenge/kWh | 8.70 | | | |
| “Samruk-Green Energy” LLP | tenge/kWh | 34.61 | 36.13 | 37.03 | 39.25 |
| “First Wind Power Plant” LLP | tenge/kWh | 22.68 | 22.68 | 24.27 | 25.72 |

- for heat production by energy producing organizations, in compliance with the requirements of the legislation, a ceiling long-term tariff with putting into effect from 01.04.2016 for a term until 2020 was approved for “Aktobe CHP” JSC. In the reporting period tariffs as an ERM were approved for “APP” JSC due to the growth of prices for a strategic commodity: gas and its transportation; long-

term ceiling tariffs were also approved with putting into effect from 01.04.2017 until 2021. Ceiling long-term tariffs were approved with the inclusion of investment components in tariffs.

Tariffs for heat production

| Name | Measurement unit | 2015 actual | 2016 actual | 2017 plan | 2018 plan |
|------------------------|------------------|-------------|-------------|-----------|-----------|
| “APP” JSC | tenge/kWh | 2,732 | 2,872 | 3,539 | 3,767 |
| “Aktobe CHP” JSC | tenge/kWh | 1,167 | 1,532 | 1,959 | 2,212 |
| “Ekibastuz SDPP-2” JSC | tenge/kWh | 686 | 683 | 708 | 708 |
| “ZhSDPP” JSC | tenge/kWh | 1,050 | | | |

- for regional **power transmission companies** (RPTC), ceiling long-term tariffs for the term until 2020 based on submitted tariff estimates were approved in 2016. Tariffs include investment programs for grid companies.

Tariffs for power transmission services

| Name | Measurement unit | 2015 actual | 2016 actual | 2017 Plan | 2018 Plan |
|--------------|------------------|-------------|-------------|-----------|-----------|
| “AZhC” JSC | tenge/kWh | 5.21 | 5.35 | 5.83 | 6.04 |
| “EK REC” JSC | tenge/kWh | 3.26 | 3.76 | 3.82 | 4.00 |
| “MDPGC” JSC | tenge/kWh | 3.57 | 4.16 | 4.50 | 4.40 |

- In the reporting period tariffs for **energy supplying organizations** (ESO) were approved by CRNM PC.

Tariffs for electricity sale by ESO

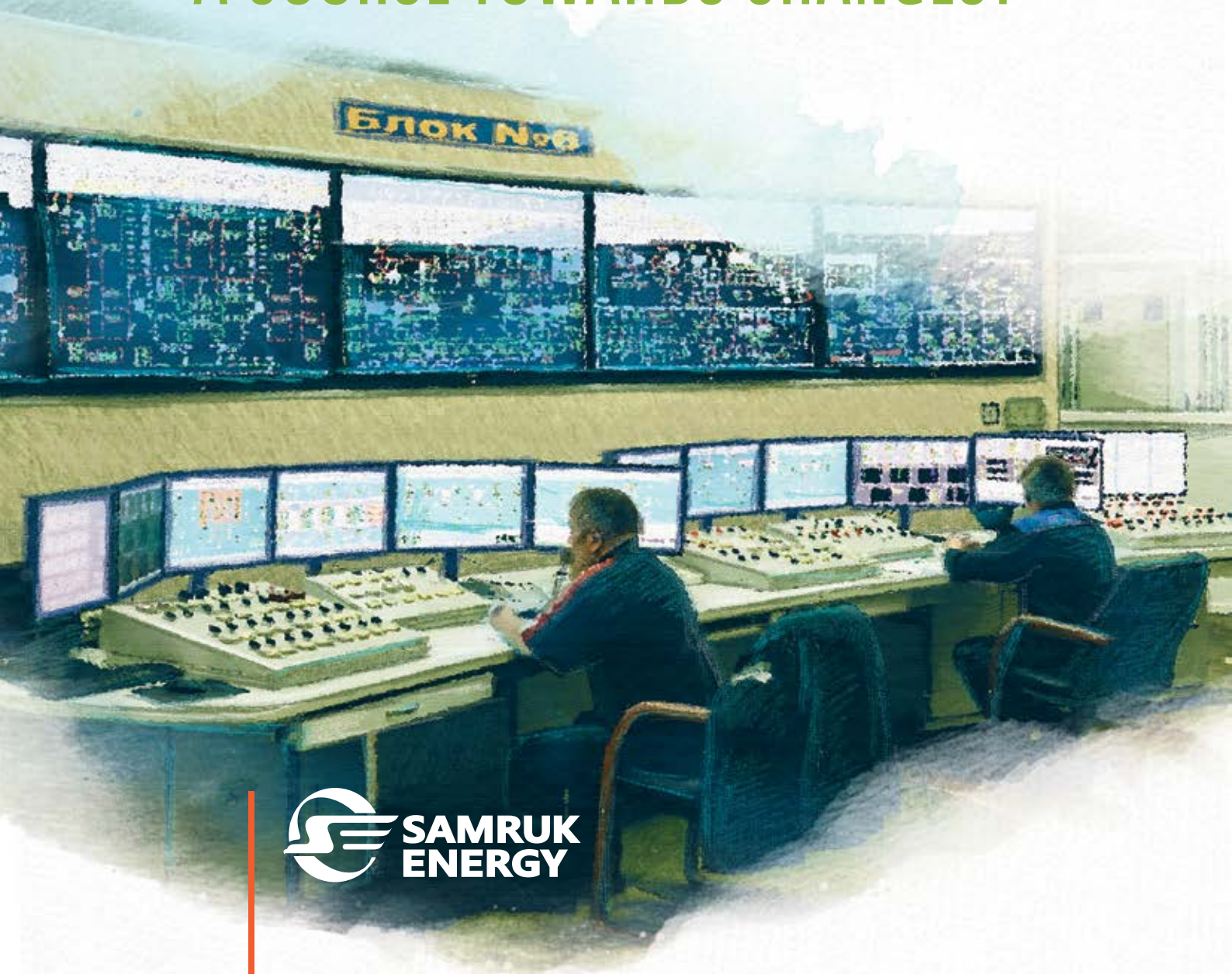
| Name | Measurement unit | 2015 actual | 2016 actual | 2017 Plan | 2018 Plan |
|-------------------------|------------------|-------------|-------------|-----------|-----------|
| “AlmatyEnergoSbyt” LLP | tenge/kWh | 15.29 | 15.66 | 16.36 | 16.59 |
| “ShygysEnergoTrade” LLP | tenge/kWh | 10.49 | 10.48 | 11.11 | 11.84 |

INDIRECT ECONOMIC IMPACT

According to results of 2016 productivity in the electricity generation sector increased by 2.3% in comparison with 2015 and amounted to 3,267 thousand kWh / person, which is connected with the growth of electricity production volumes. It is planned to increase the indicator to 3,345 thousand kWh / person in 2017, to 4,110 thousand kWh / person by 2018. Labor productivity in electricity transmission in 2016 remained at the level of 2015 – 1602 thousand kWh / person, in 2017 it is projected at 1,600 thousand kWh / person, and in 2018 it is planned to increase by 9.3%.

| Indicator | Measurement unit | 2015 | 2016 | 2017 plan | 2018 plan |
|--|-------------------|-------|-------|-----------|-----------|
| Labor productivity in coal extraction | tons/person | 5,117 | 5,592 | 5,731 | 5,209 |
| Labor productivity in electricity generation | thous./kWh/person | 3,191 | 3,267 | 3,345 | 4,110 |
| Labor productivity in electricity transmission | thous. kWh/person | 1,601 | 1,602 | 1,600 | 1,749 |

9. BUSINESS TRANSFORMATION — A COURSE TOWARDS CHANGES!



Alexey Ogay

Managing Director
for Business Transformation
of “Samruk-Energy” JSC



The modern market changes rapidly and poses new challenges for business. The Company's task is to timely pick up on long-term trends in the market in which it operates and take actions aimed at increasing the competitiveness and value of the Company.

For Samruk-Energy the reporting year was the year of defining the contours of the renewed Company based on the best international management practice. Main directions:

- improving the company's operating performance and increasing workforce productivity;
- focus on core business, on strategic assets, disposal of non-core assets;
- increasing the Company's long-term value, realizing new opportunities for traditional sectors of the economy;
- sustainable development and social responsibility of business.

“Samruk-Energy” JSC new operational model is aimed at introducing mechanisms of operational involvement and active management of subsidiaries. The key component in implementing Transformation program is people.

We are doing our utmost to reduce, standardize and “straighten up” business processes, eliminate overlapping and bureaucracy, provide the management of all levels with reliable and timely information for making effective management decisions. Automation is one of the tools to improve the efficiency of business processes. To this end, a new IT strategy was developed, which is aimed at staged construction of the Company's digital energy platform.

Transformation program is well underway and is switching to the practical stage. The benefits and effect from implementing Transformation Program's projects will greatly influence the effectiveness of the company's investment and operational activities in the nearest years. I strongly believe that the competence and involvement of each employee will enable to achieve the Company's strategic goals focus on increasing its efficiency and competitiveness.

KEY RESULTS OF “SAMRUK-ENERGY” JSC TRANSFORMATION PROGRAM FOR 2016

Tasks set to the Shareholder of “Samruk-Energy” JSC for 2016 as part of Transformation program were successfully implemented by the Company.



KEY RESULTS

CP-1 Reference models were received and its adaptation has started.
CP-2 Data management office of the company was created

CP-3 An updated model of sponsorship was introduced.

CP-4 The adaptation of the Fund's reference models has been completed.
CP-5 Development of target values of management practices (OHI) was completed.

CP-6 Launching of the new procurement model
CP-7 The remainder of inventories after projects were released
CP-8 Unified directories of 1st priority enterprises were created (materials, services, suppliers, customers).

CP-9 The transition to the target organizational structure and the new operating model was completed.

CP-10 category procurement management was introduced.
CP-11 The introduction of pilot project management system (UPMS) was completed.

CP-12 production and financial modeling system (IFS) was introduced.
CP-13 The transfer of IT services to the Infrastructure Operator was completed.
CP-14 Transition to the service model for provision of software licenses.

CP-15 The Budget for 2017 was developed on the basis of KPI tree.

CP-16 Project management system (JPMS) was diagnosed and its development was completed.
CP-17 Unified directories of the second priority enterprises were created (items, bank accounts, types of expenses, personnel, repair facilities, etc.)

CP-18 Automated corporate processes were introduced.
CP-19 Execution of the action plan for introduction of the principle of meritocracy.
CP-20 Reduction of legal entities was completed (according to the List No. 2 - 10 companies).

BENEFITS FOR THE COMPANY

CP-1 Complete synchronization with the Fund's requirements.
Saving 50% of the time and budget for development (up to 200-250 mln. tenge).
CP-2 Creation of competence center for increasing the expertise in data management and determining the responsibility for preparing quality data necessary for automation of business processes.

CP-3 Savings owing to decrease in payments for sponsorship (up to 200 mln. tenge).

CP-4 The target operating model and business processes of the company are based on standard processes, developed according to examples of best practices.
CP-5 The contours of corporate culture have been defined for introduction of the target operating model.

CP-6 Improving the efficiency of procurement. Ensuring control and transparency. Creation and development of suppliers.
Centralization of procurement.
CP-7 Benefits up to 4 bln. tenge at a time.
CP-8 Improving the quality of information obtained from information systems, increasing the transparency of business processes of logistics and customer relations management.

CP-9 Simplified management levels

CP-10 Improving the entire supply chain management, as well as interrelated processes.
CP-11 Improving manageability of project implementation.

CP-12 Increasing the accuracy of production and financial figures' forecasting
CP-13 Reducing the cost of operating the IT infrastructure.
CP-14 Optimization of expenses for software licensing.

CP-15 Budget compliance with new approaches adopted in the Fund's group of companies

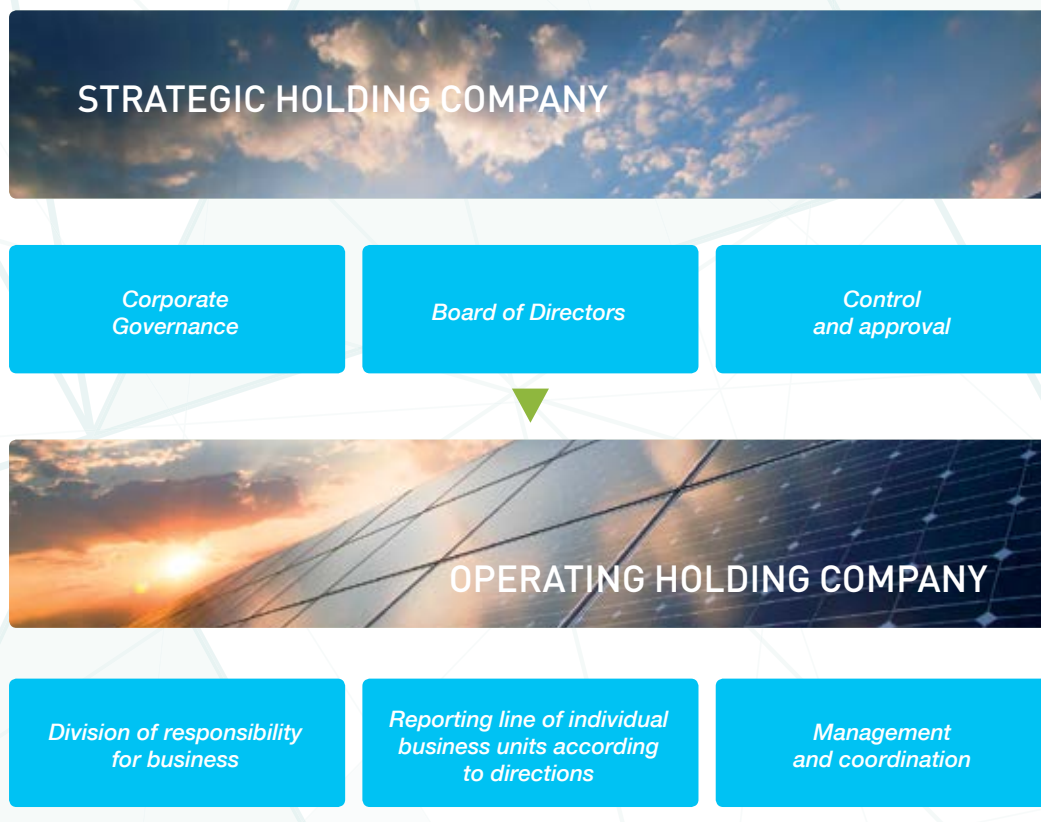
CP-16 Improving the manageability of project implementation. A single effective approach to project management.
CP-17 Filling in automated templates of corporate processes with data in sufficient volume and quality to ensure the launch of new information systems in a timely manner.

CP-18 Improving the efficiency of corporate processes by creating an integrated information environment.
CP-19 Improving the quality of company management.
CP-20 Simplified management structure.

- The green color indicates tasks for which the approach is provided by the Fund
- The black color indicates tasks for which the approach is provided by the Company
- CP – control point

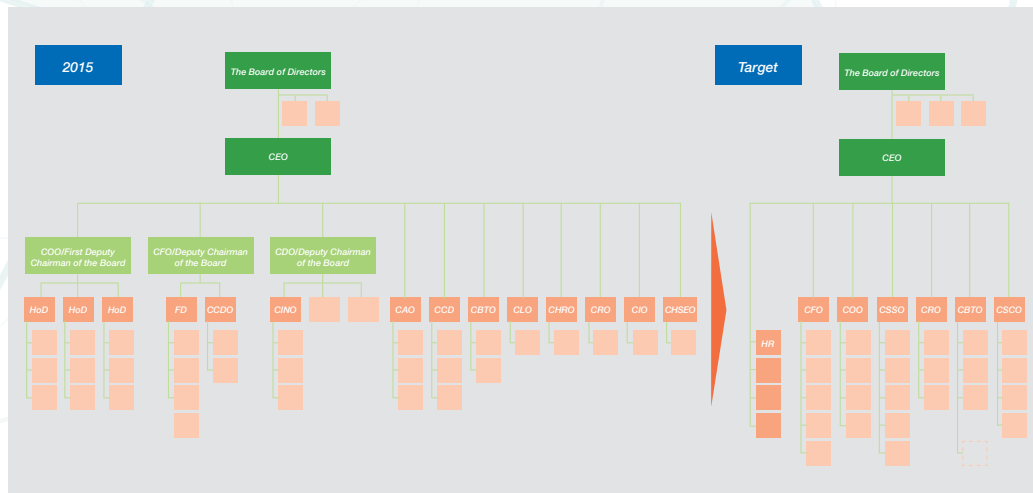
DEVELOPMENT OF TARGET MANAGEMENT MODEL

The new operating model of “Samruk-Energy” JSC was approved during the reporting year, which provides for a gradual transition from a strategic holding to an operating one. Upon completion of the Program for sale (privatization) of the Company’s assets and taking into account the target ownership share of assets, 3 assets were allocated for operational management – “Ekibastuz SDPP-1” LLP, “Moynak HPP” JSC and “Shardarinsk HPP” JSC.



UPDATING OF TARGET ORGANIZATIONAL STRUCTURE OF THE HEAD OFFICE

The new organizational structure of the Head Office was approved in autumn 2016. The competencies of all business lines have been significantly strengthened in the new organizational structure, in accordance with the developed target business processes, in particular, centralization of commercial function, the strengthening of project management function, the change in management of production and repairs. One of requirements for transition to the new organizational structure is introduction of a single approach to selection and deployment of staff based on the principle of meritocracy (Job matching).



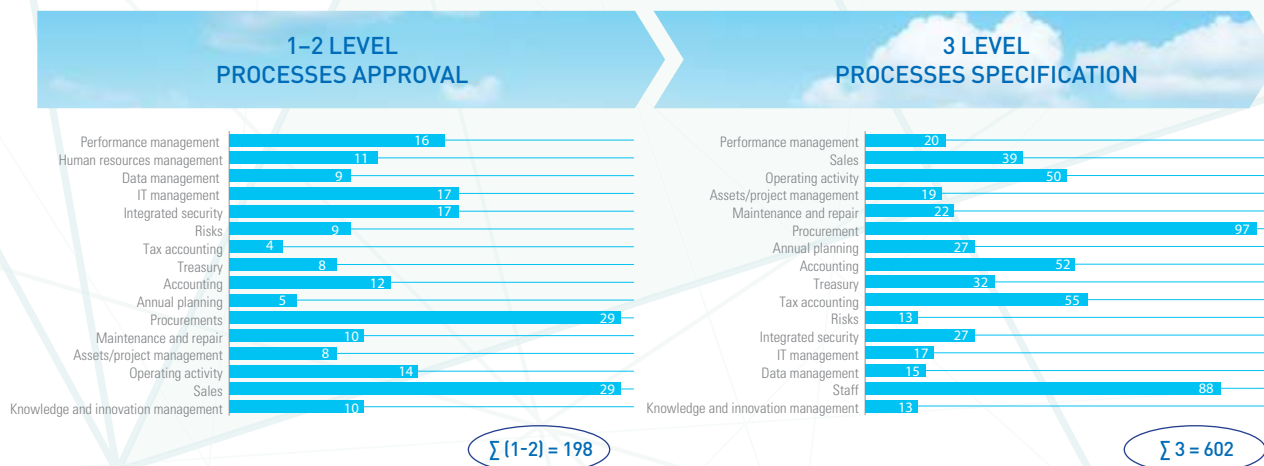
DEVELOPMENT OF PERFORMANCE AND KPI MANAGEMENT SYSTEM

The process of performance and KPI management was developed in 2016. 1st level KPI were set, the value tree was developed and cascading of KPI was conducted. KPI tree for 2017 was digitized in accordance with the approved Business Plan of the Company.



REENGINEERING AND AUTOMATION OF BUSINESS PROCESSES AND MANAGEMENT SYSTEMS

The Company developed the process model of processes map, designed and harmonized 800 processes in ARIS system during the reporting period. The reference models of “Samruk-Kazyna” JSC for corporate processes were applied as a basis in the development of processes.



198 processes were designed and approved

602 processes were designed and approved

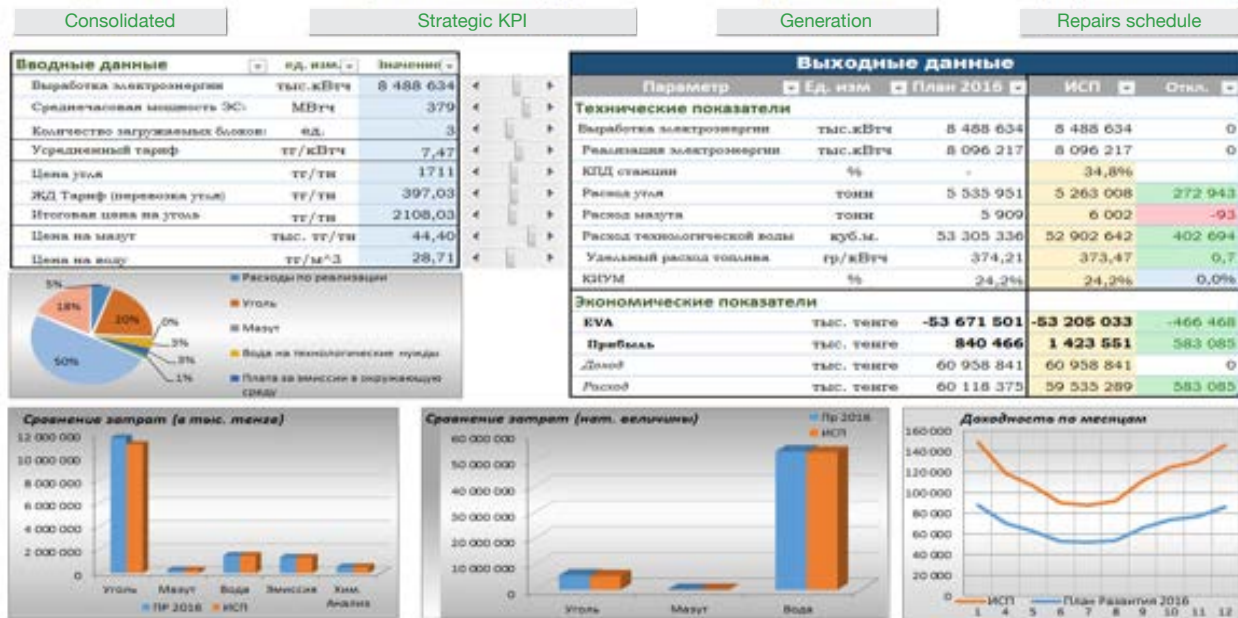
ENSURING “QUICK WINS”, THE FIRST RESULTS OF SPECIAL PROJECTS “INTEGRATED PLANNING SYSTEM”

В 2016 г. создан центр компетенций ТОО «Energy Solutions center», в которое переданы все аутсорсинговые функции группы компании, в том числе Офис управления данными и Техническая поддержка ИТ.

“Release of remainder of inventory after projects”. Remainder of inventories in the amount of 7,456 bln. tenge were identified following the results of taking inventory; of which, inventories for the amount of 4.9 bln. tenge were used and disposed in operations in 2015–2016.

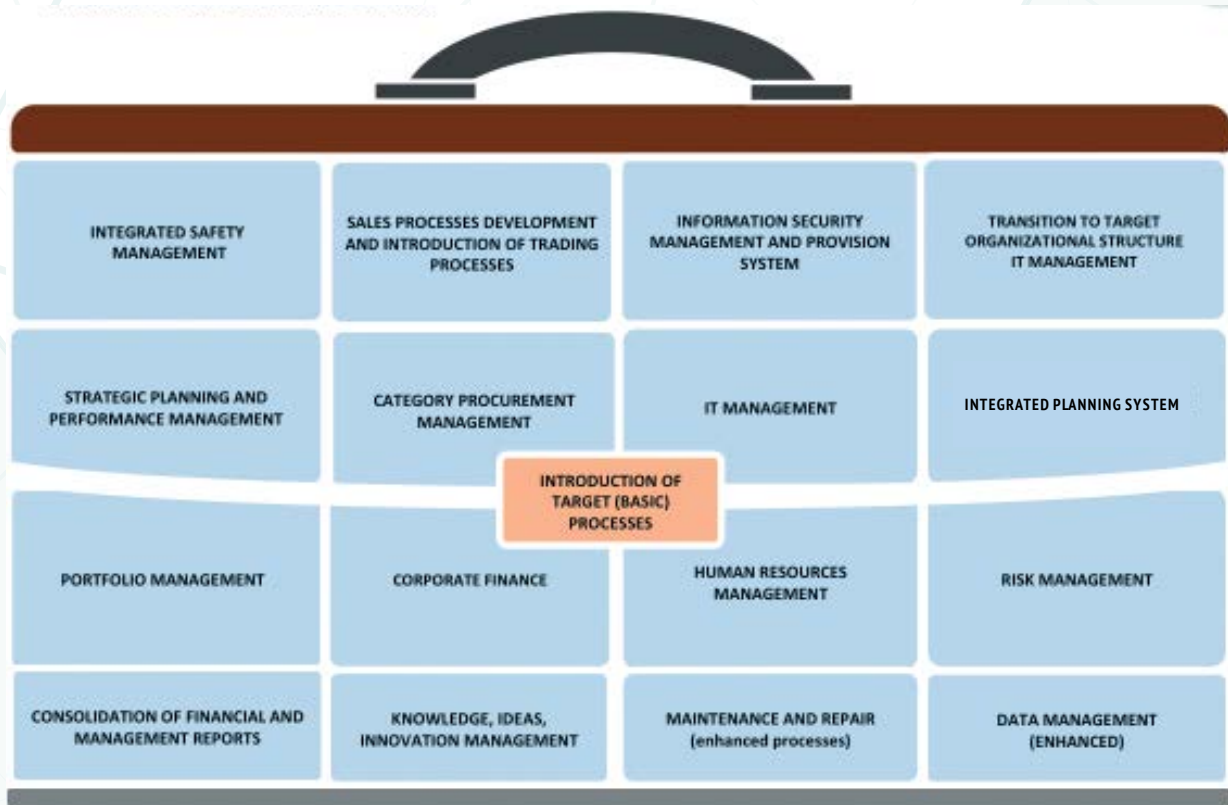
“Creation of unified directories of I priority enterprises (materials, services, suppliers, customers). A unified directory with 87,000 unique records was created through processing primary 217,000 records.

Special project «Integrated Planning System» (IPS). This is a planning and modeling system (tool) designed to set goals for the medium term and to find the optimal scenario for the Company’s development through balancing production, technological, economic and financial indicators. A prototype was prepared on the basis of “Ekibastuz SDPP-1” LLP and all necessary preparatory work in order to provide the prototype with data and algorithms was performed.



MAIN RESULT OF TRANSFORMATION PROGRAM IMPLEMENTATION FOR 2016

The main result of Transformation Program implementation for 2016 is formation of projects portfolio which includes 12 corporate reference, 4 sector-based business processes and one project relating to organizational structure of the Company.



SPONSORS

A Sponsor from among the Company's executives was appointed for each project in order to ensure successful implementation of projects portfolio and assignment of responsibility.



**MOLDABAYEV
KANYSH TANIRBERGENOVICH**

- Introduction of the new model of strategic planning and performance management
- Portfolio Management
- The development of sales processes and introduction of new trading processes



**TUTEBAYEV
SERIK SUINBEKOVICH**

- Integrated Planning System
- Maintenance and repair
- Introduction of new processes of managing ideas, knowledge and innovations
- Introduction of the new model for managing integrated security



**MAXUTOV
KAIRAT BERIKOVICH**

- Consolidation of financial and management reports
- Introduction of the new corporate finance model
- Implementation of the new model of strategic planning and performance management



**SATKALIYEV
ALMASSADAM MAIDANOVICH**



**ABDYGULOV
MURAT KENESOVICH**

- Category procurement management



**ABYLKASYMOV
ALMAZ ERASYLOVICH**

- Introduction of the new personnel management model



**OGAY
ALEXEY VLADIMIROVICH**

- Introduction of target (basic) processes
- Introduction of the new model of IT management
- Introduction of information security management and provision system (IS MPS)
- Transition to the target organizational structure
- Introduction of the new risk management model
- Introduction of the new data management model

10. PROCUREMENT AND INVENTORY MANAGEMENT



Murat Abdygulov
Managing Director
for Procurement
of the “Samruk-Energy” JSC



Physical resources are provided in accordance with the Company’s development plan which is prepared using business units’ requests based on business needs.

Procurement procedures in the Company are conducted in line with the Rules for Procurement of goods, works and services by “SWF “Samruk-Kazyna” JSC and organizations, fifty or more percent of voting stock (equity stake) of which are directly or indirectly belong to “Samruk-Kazyna” JSC on the right of ownership or trust management, approved by the Decision of the Board of Directors of “Samruk-Kazyna” JSC No. 126 dated January 28, 2016 (hereinafter – the Fund’s Procurement Rules).

According to the Fund’s Procurement Rules, procurement procedures are conducted in the Electronic Procurement Information System hosted on the website <http://tender.sk.kz>. A supplier is selected on the basis of results of a tender conducted, the request for quotations and from a single source.

The share of local content in procurement of goods, works and services is monitored on the portal of the Fund’s authorized body in charge of procurement affairs – “The map of monitoring Kazakhstani content in procurement” on the website <http://www.kmks.kz>.

As part of the study of suppliers’ market and commodity prices, the Company has developed prices catalog for “Samruk-Energy” JSC group of companies, which enabled achieving the following results:

1. Determination of fair market value of goods purchased by the Samruk-Energy group of companies;
2. Optimization of planned expenditures;
3. Identification and standardization of USIC GWS codes, according to the format of “Samruk-Kazyna” JSC;
4. The database of suppliers was formed;
5. A list of goods imported for the entire group of “Samruk-Energy” JSC was formed (to reduce the timing of price adjustments at fluctuation of exchange rates).



This project gave an independent assessment of cost ranges for the purchased goods. The structured grouping of purchased goods enabled to analyze the cost of similar goods and their interchangeability. The territorial association allowed getting reduction in cost of batch of goods. As a result, the project made it possible to achieve an economic effect in the form of cost reduction or provision of market conditions for goods purchased.

In order to develop domestic producers market, the Company continues to include the submission of report on local content into obligations of suppliers, thereby monitoring the share of local content and supporting domestic producers.

The share of local content in purchases 2014-2016 in mln.tenge*

| | actual 2014 | | | actual 2015 | | | actual 2016 | | |
|--------------|---------------------------------------|-------------------|-----------|---------------------------------------|-------------------|-----------|---------------------------------------|-------------------|-----------|
| | Ttal amount of actually delivered GWS | Amount of LC | % of LC | Ttal amount of actually delivered GWS | Amount of LC | % of LC | Ttal amount of actually delivered GWS | Amount of LC | % of LC |
| Goods | 157 966,73 | 125 853,12 | 80 | 134 371,84 | 112 279,78 | 84 | 118 986,63 | 109 439,26 | 92 |
| Works | 99 769,40 | 49 652,59 | 50 | 99 091,02 | 37 149,45 | 37 | 90 117,93 | 37 815,31 | 42 |
| Services | 99 018,10 | 97 399,44 | 98 | 92 663,07 | 91 230,50 | 98 | 92 910,12 | 90 793,51 | 98 |
| Total | 356 754,23 | 272 905,15 | 76 | 326 125,92 | 240 659,73 | 74 | 302 014,67 | 238 048,07 | 79 |

* Note: data of "Samruk-Kazyna Contract" LLP

"Samruk-Energy" JSC group of companies executed long-term contracts with such companies as "Semipalatinsk Plant of Oils" LLP, "Pavlodar Pipeline Valves Plant" LLP, "Tynys" JSC, "HighIndustrialLubricants & LiquidsCorporation" LLP (HILL), "KAZELEKTROMASH" LLP, "Kazcentrelectroprovod" LLP, "Zharyk Electromechanical Plant" LLP, "ATI-KAZAKHSTAN" LLP, "KagazShahary SEZ" LLP, DOC Co.LTD, "Kazenergokabel" JSC, "NUR-STROY LTD" LLP, "ECOprom Pavlodar" LLP, "ZhersuMetal" JSC, "EnergoPromStroyservis" LLP, "Semipalatinsk Shoe Factory" LLP, "Kentaу Transformer Plant" LLP, "Asia Prom Invest" LLP, "Graphics-M" LLP, "SEMIPALATINSK METALWARE FACTORY" LLP, and also with organization "Atyrau Training and Production Enterprise of the Kazakh Society of the Deaf"

| Indicator | Measurement unit | 2014 | 2015 | 2016 |
|---|-------------------|------------|------------|------------|
| The volume of long-term procurements | | 99 | 465 | 73 |
| incl. commodity items | | 40 | 231.345 | 2.176 |
| incl. purchase from DCP | | 11 | 231.321 | 2.154 |
| Annual Procurement Plan | bln. tenge | 277 | 213 | 178 |
| incl. commodity items | | 152 | 121 | 93 |
| incl.purchase from DCP | | 134 | 102 | 71 |

According to the Company's profile, intercompany purchases for such items as electricity, coal, fuel and lubricants, services for transmission, distribution and balancing of electricity account for a significant volume of procurements (45% of the total volume of purchases in 2014, respectively 46% in 2015 and 37% in 2016).

Goods are purchased on DDP terms, i.e. a supplier is responsible for delivery to the specified place in the buyer's country. All risks, shipping costs (taxes, duties, etc.), responsibility for damage and loss

of goods, including duties and other payments paid upon import, are borne by the supplier up to this point, including for customs clearance.

The project “Category Procurement Management” is implemented in order to optimize the Company’s procurement activities.

The idea of “Category procurement management” project is to combine purchased goods similar in technical and other properties into a category.

Management of a category implies the search for additional value, increasing the economic effect, estimating the total cost of ownership and reducing costs throughout the supply chain. Introduced changes will enable to reduce procurement prices, improve the quality of purchased goods, works and services, develop local producers, reduce stock balances and transport costs.

At the end of 2016, procurement category group was established, which applied this tool in “POL” pilot category as an example with the involvement of external consulting. Procurement category group developed “POL” strategy based on results of works conducted.

In addition, the development of procurement category strategies of second and third waves, approved in the List of categories of the Company is scheduled for 2017.

The list of categories is formed on the basis of an analysis of the volume of costs and importance of goods, works and services for production of final product that generates revenue.

Generally speaking, all necessary actions to optimize procurement activities, develop local producers and achieve strategic goals are taken across the Company’s group.

11. CORPORATE GOVERNANCE STRUCTURE



INFORMATION ABOUT SHAREHOLDERS

Sovereign Wealth Fund “Samruk-Kazyna” JSC holds 100% of “Samruk-Energy” JSC shares (5,601,687 shares).

Sovereign Wealth Fund “Samruk-Kazyna” JSC – the Fund, the sole shareholder of which is the Government of the Republic of Kazakhstan.

The Fund was established in 2008 by the Decree of the Republic of Kazakhstan President and represents a commercial structure – an investment holding, the mission of which is to enhance national welfare of the Republic of Kazakhstan and support the modernization of the national economy through effective management of portfolio companies – to increase their long-term value and sustainable development, and also through catalytic investment in the development of priority sectors of the national economy.

The Fund participates in managing the Company through the shareholder’s functions performance and via the Board of Directors in the manner defined by the Charter and the Corporate Governance Code. The Fund’s position in respect of individual matters is communicated through the Fund’s representatives in the Company’s Board of Directors. The Sole shareholder annually sends the expectations of the shareholder for the forthcoming financial year to the Chairman of the Board of Directors.



www.sk.kz



THE BOARD OF DIRECTORS

The Board of Directors provides strategic management of the Company and controls over performance of the Company’s executive body. The Board of Directors is responsible to the shareholder for the efficient management, growth of the long-term cost, sustainable development and operation of the entire Samruk-Energy group of companies and makes decisions associated with the management of the group. The Board of Directors performs its functions according to the Charter, Corporate Governance Code and legislation of the Republic of Kazakhstan. The Board of Directors consists of seven directors.

The members of the Company’s Board of Directors are elected by the General Meeting of Shareholders/ Sole Shareholder.

COMPOSITION OF THE BOARD OF DIRECTORS:

The Board of Directors as of 31.12.2016:

- Bektemirov Kuanysh Abdugaliyevich – Chairman of the BOD
- Spitsyn Anatoly Tikhonovich
- Andreas Stoerzel
- Luca Sutera
- Satkaliyev Almassadam Maidanovich

The following persons were appointed to the Board of Directors by the decision of “Samruk-Kazyna” JSC dated January 28, 2017, Minutes No. 03/17:

- Rakhmetov Nurlan Kusainovich
- Joaquin Galindo Velez



Bektemirov Kuanysh Abdugaliyevich

Chairman of the Board of Directors of “Samruk-Energy” JSC

Citizenship: the Republic of Kazakhstan

Date of birth: May 24, 1970

Date of first election: May 8, 2012

Reelected: July 05, 2016

Does not hold the company’s as well as suppliers and competitors’ shares.

Managing Director at “Samruk-Kazyna” JSC, has many years of experience in management of enterprises of the Republic’s power industry

Graduated from Al-Farabi Kazakh State University in 1993, physical scientist.

Graduated from Kazakh National Agrarian University in 2004, electrical engineer

Graduated from Nazarbayev University Graduate School of Business under Executive MBA program in 2016.

Since January, 2012 – Managing Director at Sovereign Wealth Fund “Samruk-Kazyna” JSC

Since 2014 – Senior Director for Asset Management at SWF “Samruk-Kazyna” JSC.

In 2003 he was elected as Maslikhat Deputy of Taldykorgan, awarded the merit certificate of the Minister of Energy and Mineral Resources “For contribution to the development of the RK power sector”, the award pin “Honorable Power engineer of the Republic of Kazakhstan” and the anniversary medal dedicated to the 10th anniversary of Astana.

Combining jobs and membership in the BOD:

- Chairman of “KEGOC” JSC Board of Directors
- Chairman “National Mining Company “Tau-Ken Samruk” JSC Board of Directors
- Member of “Kazatomprom” JSC Board of Directors



Rakhmetov Nurlan Kusainovich

Member of the Board of Directors, representative of the Shareholder interests

Citizenship: the Republic of Kazakhstan

Date of birth: September 24, 1965

Date of first election: January 28, 2017

Does not hold the company’s as well as suppliers and competitors’ shares

Managing Director for RK Government Relations at “Samruk-Kazyna” JSC, has many years of experience in financial management of leading companies of the Republic, was vice-minister of state revenues of the Republic of Kazakhstan, vice-minister of finance of the Republic of Kazakhstan

He graduated from M.V. Lomonosov Moscow State University in 1987. Candidate of physical and mathematical sciences.

Holds Global Executive MBA Diploma (IE Business School, Madrid)

Since November 2008 – Managing Director at “Samruk-Kazyna” JSC.

From May 2011 to March 2014 – Managing Director – Member of the Management Board of “Samruk-Kazyna” JSC.

From March 2014 to January 2016 – financial director – member of the Management Board of “Samruk-Kazyna” JSC.

Since January 2016 – managing director for the RK Government relations

Combining jobs and membership in the BOD: from October 2012 to March 2016 – was a member of “KazMunaiGas” JSC Board of Directors



Luca Sutera

Senior Independent Director of “Samruk-Energy” JSC Board of Directors

Nationality: Citizen of the Italian Republic

Date of birth: July 7, 1971

Date of first election: May 8, 2012

Date of election as Senior Independent Director from 14.10. 2016.

Reelected: July 5, 2016

Does not hold the company's as well as suppliers and competitors' shares.

Chairman of the Audit Committee, member of the Appointment and Remuneration Committee, member of the Strategic Planning Committee

Group Chief Financial Officer, Member of the Executive Board at Nebras Power (Qatar Sovereign International Power Company), has 19 years of experience in economics and finance in energy sector.

Holds Master's Degree in Business Economics, specialization in finance, received in “L.Bocconi” University (Milan), as well as Global Executive MBA received in “I.E. Business School” (Madrid)

Luca Sutera holds CPA international certification (Certified Public Accountant), and is also the holder of international certification for board of directors members from the British Institute of Directors (Chartered Director IoD).

From August 2015, Group Chief Financial Officer at Nebras Power, Qatar Sovereign International Power Company. The main activity of the company is to manage and invest globally in electricity assets.

From March 2011 to July 2015, Mr. Sutera was the Group Vice President and Chief Financial Officer of power division of Abu Dhabi National Energy Company (TAQA).

TAQA is a global energy company. The main activity of the company TAQA consists of two business directions:

- oil & gas exploration and production in the Middle East, North America and Northern Europe.
- power generation in the Middle East, North and West Africa, India and the United States, the total installed capacity is 17 500 MW.

In addition, during his career Mr. Sutera served as a board member of several electricity companies in Europe, Russia, Africa, India

From April 2011, Luka Sutera is a member of the Russian Association of Independent Directors.

From April 2014, Luca Sutera is a member of the British Institute of Directors (IoD)



Spitsyn Anatoly Tikhonovich

Independent Director of “Samruk-Energy” JSC Board of Directors

Citizenship: the Russian Federation

Date of birth: May 24, 1939

Date of first election: May 8, 2012

Reelected: July 5, 2016

Does not hold the company’s as well as suppliers and competitors’ shares

Chairman of the Appointment and Remuneration Committee, member of the Audit Committee, member of the Strategic Planning Committee

Vice President of the Russian Academy of Natural Sciences, First Vice President of the International Academy of Investments, Director of the Institute for Strategic Studies of EurAsEC Integration Problems, Independent Director “KEGOC” JSC.

He has 33 years of experience in economics, finance and management.

Doctor of Economics, Professor, Member of the Presidium of the Russian Academy of Natural Sciences (RANS), a member of the Union of Architects of the USSR and the Russian Federation.

Honored Power Engineer of the Republic of Kazakhstan, a member of the Union of Architects of the USSR and the Russian Federation, winner of the contest for the best research of the III Astana International Economic Forum. He was elected Honorary Professor of the Eurasian Club of Scientists, Kazakhstan National Academy of Natural Sciences, Kazakh National University.

He is the author of more than 170 scientific publications, 12 individual and 14 collective monographs.

Currently, he is a professor of economics and finance of the public sector of the Russian Academy of National Economy and Public Administration under the President of the Russian Federation, Director of the Institute for Strategic Studies of Integration Problems of the Eurasian Economic Community.

He was awarded three Orders of the Red Banner of Labor (1976, 1981, 1986), the RK Order “Dostyk” (Friendship) (2014), the Order “Professional of Russia”, the Order of the Russian Academy of Natural Sciences “Knight of Science and Art”, the Medal of Honor “ For Achievements in Economics “named after VV Leontiev, 7 state and 12 public medals.



Andreas Stoerzel

Independent Director of “Samruk-Energy” JSC Board of Directors

Citizenship: the Germany

Date of birth: October 12, 1963

Date of first election: July 5, 2016

Does not hold the company’s as well as suppliers and competitors’ shares

Chairman of the Strategic Planning Committee, member of the Appointment and Remuneration Committee, member of the Audit Committee

Chief Executive Officer of RWE New Energy, Dubai, United Arab Emirates.

He is an expert of RES, has many years of experience in management of power companies in Europe, led strategic projects, was a management consultant.

He holds a Master's Degree in Business Administration, Open University, Newcastle upon Tyne, Great Britain, Ph.D. in Geophysics, Wyoming University, Laramie, USA, and holds Diploma in Geophysics from Goethe University, Frankfurt am Main, Germany.

From 2014 – to present, CEO, RWE New Energy Ltd, Dubai, UAE

From 2012 to 2014 CEO, RWE Middle East Ltd, Dubai, United Arab Emirates.



Joaquin Galindo Velez

Independent Director of “Samruk-Energy” JSC Board of Directors

Citizenship: the Spain

Date of birth: August 27, 1957

Date of first election: January 28, 2017

Does not hold the company's as well as suppliers and competitors' shares

Member of the Strategic Planning Committee, member of the Appointment and Remuneration Committee, member of the Audit Committee.

Chief Executive Officer of the leader generation company (16,000 MW) in LATAM, with operations in Argentina, Brazil, Colombia, Chile and Peru.

Graduated from Seville Engineering School – Industrial engineer, holds Bachelor's degree in business and economics by UNED university, Madrid, as well as MBA by Deusto Business School, Bilbao c.

2006–2008 – Chief Executive Officer of the third electrical company (7,000 MW) in Italy that operates hydroelectric, natural gas and coal power plants.

2004–2006 – Chief Executive Officer of the second electrical company (3,000 MW) in France that owns coal fired power plants.



Satkaliyev Almassadam Maidanovich

Member of “Samruk-Energy” JSC Board of Directors

Citizenship: the Republic of Kazakhstan

Date of birth: October 31, 1970

Date of first election: May 8, 2012

Reelected: July 5, 2016

Does not hold the company's as well as suppliers and competitors' shares

Member of “Samruk-Energy” JSC Board of Directors, Chairman of the Board of the Company. He has 24 years of experience in the management of energy companies in Kazakhstan

He graduated from Al-Farabi Kazakh National University in 1992, mechanical engineer, applied mathematician.

Doctor of Economic Sciences. Honored Power Engineer of the CIS.

Graduated from the International Institute of Public Service and Management of the Russian Academy of National Economy and Public Service under the President of the Russian Federation in 2013, Master of Economics

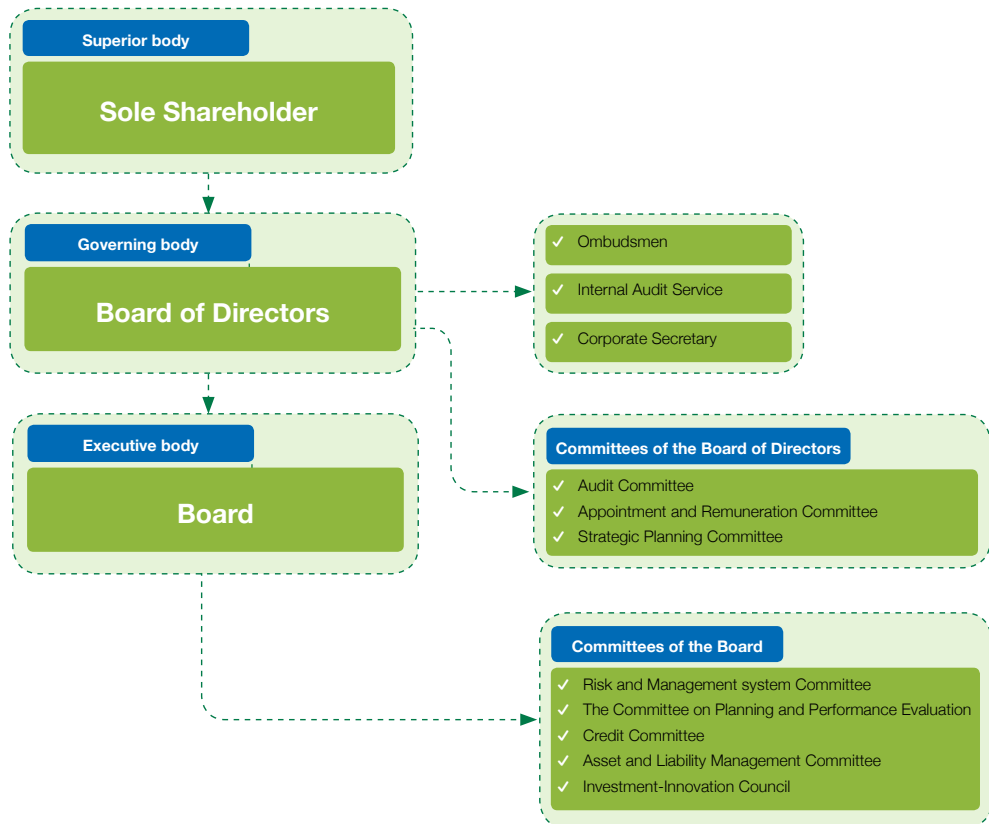
In 2014 he graduated from Nazarbayev University Graduate School of Business upon Executive MBA program

In 2016 – Graduated from Stanford Graduate School of Business under the Stanford Executive Program (Stanford Program for Executive Personnel).

From June 2011 – Managing Director at “Sovereign Wealth Fund “Samruk-Kazyna” JSC

From January 2012 – Chairman of the Board of “Samruk-Energy” JSC.

CORPORATE GOVERNANCE STRUCTURE OF “SAMRUK-ENERGY” JSC



CRITERIA FOR SELECTION TO THE BOARD OF DIRECTORS

To date, the Company has approved the Rules for selection and remuneration of members of “Samruk-Energy” JSC Board of Directors. “Sovereign Wealth Fund “Samruk-Kazyna” JSC continuous work aimed at improving the corporate governance system creates the prerequisites not only for enhancing the internal regulatory framework from year to year in accordance with best practices, but also for improving the efficiency of the Company’s business processes.

The Board of Directors includes:

- Experts in economics, finance and audit – Luca Sutera, Rakhmetov N.K.;
- Expert in RES – Andreas Stoerzel;
- Expert in generation and engineering – Joaquin Galindo Velez
- Expert in corporate social responsibility – Satkalyiev Almassadam Maidanovich, Chairman of the Board, directly supervises Human Resources Department and matters related to sponsorship and charity.

The Company’s independent directors fully met independence criteria over the reporting period

Number of the Board of Directors’ meetings

| | 2016 | 2015 | 2014 |
|--------------------|------|------|------|
| Number of meetings | 11 | 8 | 11 |
| In person | 7 | 8 | 9 |
| In absentia | 4 | 0 | 2 |

Attendance of the Board of Directors’ meetings

| | 2016 | 2015 | 2014 |
|-----------------------------------|------|------|------|
| Bektemirov Kuanysh Abdugaliyevich | 100% | 100% | 100% |
| Satkaliyev Almassadam Maidanovich | 100% | 100% | 100% |
| Luca Sutera | 100% | 100% | 100% |
| Spitsyn Anatoly Tikhonovich | 100% | 100% | 100% |
| Andreas Stoerzel | 100% | | |

In 2016, the Company’s Board of Directors held 11 meetings, including 7 meetings in person, 4 meetings in absentia. 165 items were considered as part of the meetings.

In particular, the following items were considered:

1. About actions on implementation of the decree of the Republic of Kazakhstan Government No. 1,141 d/d December 30, 2015 “On some matters of privatization for 2016–2020”
2. On preliminary approval of amendments to the Company’s Charter.
3. On approval of the Rules for provision of social support to the Company’s employees.
4. On approval of the Company’s Rules for hedging risks.
5. On updating the Roadmap for implementing the Company’s long-term Development Strategy for 2015–2025 and approval of the Roadmap for implementing the Company’s long-term Development Strategy for 2016.
6. Evaluation of the effectiveness of implementing activities in the field of corporate social responsibility.
7. On consideration of the current implementation status of the Company’s Business Transformation Program.

8. On approval of Induction Program for the newly elected Board of Directors members of the Company in the new edition.
9. On the approval of the Company's Occupational health and safety policy in the new edition.
10. On approval of the Company's Development Plan for 2017–2022.
11. On approval of the Company's Environmental Policy in the new edition.
12. On evaluation of CEO–1 level executives (candidates) compliance with qualification requirements for the new organizational structure's positions (Job matching).
13. On approval of job descriptions of the Management Board members, evaluation of positions and wages scheme of the Chairman and members of the Management Board, employees of the Internal Audit Service, Corporate Secretary of the Company.
14. On approval of the Company's anti fraud and corruption policy.
15. On election of the Senior Independent Director.
16. On conducting independent evaluation of the Board of Directors by an external expert ("ARG Group" LLP), which has resulted in the approval of the Action Plan for implementation of recommendations regarding the performance improvement of the Company's Board of Directors.

REMUNERATION OF THE BOARD OF DIRECTORS MEMBERS

The representatives of the Sole shareholder and the Chairman of the Board as members of the Board of Directors receive no remuneration.

Independent directors receive annual fixed remuneration for performing their duties as members of the Company's Board of Directors and additional remuneration for participating in each meeting in presentia of the Committee of the Company's Board of Directors as members of the committee.

If an independent director participates in less than half of the meetings in presentia and meetings in absentia of the Board of Directors within the accounting period, excluding cases of absence at meetings in presentia due to illness, vacation or business trips, fixed remuneration will not be paid.

An independent director is reimbursed for expenses (transport, accommodation and daily allowance) related to departure for meetings of the Board of Directors and committees of the Board of Directors held outside the place of his/ her permanent residency.

Remuneration to independent directors for 2016 (as of 31.12.2016)

| | Annual fixed remuneration | Remuneration for attending in present meetings | Total |
|-----------------------------|---------------------------|--|------------|
| Stoerzel Andreas | 8,284,849 | 2,777,417 | 11,062,266 |
| Sutera Luca | 14,347,201 | 9,607,877 | 23,955,078 |
| Spitsyn Anatoly Tikhonovich | 14,347,201 | 9,607,877 | 23,955,078 |

THE BOARD OF DIRECTORS COMMITTEES

In order to support the activity of the Board of Directors, the Company established the following committees responsible for considering the items and making recommendations for certain items within the scope of their responsibilities:

- Audit Committee.
- Appointment and Remuneration Committee.
- Strategic Planning Committee.

In accordance with the Provisions on committees under the Board of Directors, each committee presents an annual progress report to the Board of Directors.

Number of items considered at meetings by committees

| | 2016 | 2015 | 2014 |
|--|------|------|------|
| The Audit Committee | 43 | 33 | 47 |
| The Appointment and Remuneration Committee | 37 | 28 | 32 |
| The Strategic Planning Committee | 19 | 15 | 15 |

The Audit Committee

The Audit Committee is an advisory and consultative body of the Board of Directors and was established for an analysis and preparation of recommendations on items of internal and external audit, internal control system and risk management.

The Audit Committee of the Board of Directors was established with the following composition:

- Luca Sutera – Senior Independent Director, Chairman of the Audit Committee;
- Spitsyn Anatoly Tikhonovich – independent director, member of the Audit Committee and the Appointment and Remuneration Committee;
- Andreas Stoerzel – independent director, member of the Audit Committee.

Number of the Audit Committee meetings

| | 2016 | 2015 | 2014 |
|--|------|------|------|
| Number of meetings | 8 | 10 | 10 |
| In presentia | 8 | 10 | 10 |
| In absentia | 0 | 0 | 0 |
| Attendance of the Committee members with voting rights | 100% | 100% | 100% |

The main items considered at the meetings of the Audit Committee:

1. On discussion of significant adjustments in “Samruk-Energy” JSC consolidated financial statements for 2015.
2. On the recommendation of “Samruk-Energy” JSC external auditor for 2016–2018.
3. Evaluation of the independence and impartiality of “Samruk-Energy” JSC external auditor.
4. On introducing changes to the Methodology for evaluating the effectiveness of the corporate risk management system of “Samruk-Energy” JSC.

5. On approval of “Samruk-Energy” JSC Rules for hedging risks.
6. On preliminary approval of making changes and additions to the Policy on notification of alleged violations at “Samruk-Energy” JSC.
7. On preliminary approval of “Samruk-Energy” JSC Policy in engaging the services of audit organizations in the new edition.
8. Preliminary approval of the Program for development of accounting personnel of “Samruk-Energy” JSC and its subsidiaries for 2014–2020 in the new edition
9. On preliminary approval of engagement of “PricewaterhouseCoopers” LLP as a financial adviser.

Appointment and Remuneration Committee

Appointment and Remuneration Committee is an advisory and consultative body of the Board of Directors and was established to give recommendations on appointing the members of the Board of Directors, to determine the amounts and terms of salary and bonus payment to members of the Board of Directors, members of the Board and the Corporate Secretary, as well as the qualification criteria for the Board of Directors, members of the Board and the Corporate Secretary.

The Appointment and Remuneration Committee of the Board of Directors was established with the following composition:

- Spitsyn Anatoly Tikhonovich – independent director, Chairman of the Appointment and Remuneration Committee, member of the Strategic Planning Committee;
- Andreas Stoerzel is an independent director, a member of the Appointment and Remuneration Committee.
- Luca Sutera – Senior independent director, member of the Appointment and Remuneration Committee.

Number of meetings of the Appointment and Remuneration Committee

| | 2016 | 2015 | 2014 |
|--|------|------|------|
| Number of meetings | 11 | 9 | 9 |
| In present | 11 | 9 | 9 |
| In absentia | 0 | 0 | 0 |
| Attendance of the Committee members with voting rights | 100% | 100% | 100% |

The main items considered at the meetings of the Appointment and Remuneration Committee:

1. On certain matters of “Samruk-Energy” JSC Management Board.
2. On approval of the wages scheme of the Chairman and members of the Management Board, employees of the Internal Audit Service and Corporate Secretary of “Samruk-Energy” JSC.
3. Consideration of the motivational KPI of the members of the Management Board, the Internal Audit Service Head and the Corporate Secretary of “Samruk-Energy” JSC for 2016.
4. On providing recommendations to the Sole Shareholder regarding the composition of “Samruk-Energy” JSC Board of Directors.
5. Consideration of results of evaluating the effectiveness of the remuneration policy of the Company’s Management Board members.

6. On preliminary consideration of the assessment of CEO-1 level executives (candidates) compliance with qualification requirements for the new organizational structure positions (Job matching).
7. On preliminary consideration of job descriptions of the Management Board members, evaluation of jobs and wages scheme of the Chairman and members of the Management Board, employees of the Internal Audit Service, Corporate Secretary of the Company.
8. Evaluating the effectiveness of the succession planning process for key positions of the Company for 2016.
9. Consideration of results of evaluation of the effectiveness of remuneration policy of Company's Board of Directors members.
10. On providing recommendations to the Sole Shareholder concerning remuneration of independent directors of the Company's Board of Directors.

The Strategic Planning Committee

The Strategic Planning Committee is a consultative and advisory body of the Board of Directors and was established to provide recommendations on strategic issues of the Company's activities.

The Strategic Planning Committee of the Board of Directors is composed of the following members:

- Andreas Stoerzel - independent director, Chairman of the Strategic Planning Committee;
- Spitsyn Anatoly Tikhonovich - independent director, member of the Strategic Planning Committee;
- Luca Sutera - Senior independent director, member of the Strategic Planning Committee.

Number of the Strategic Planning Committee meetings

| | 2014 | 2015 | 2016 |
|--|------|------|------|
| Number of meetings | 8 | 9 | 6 |
| In present | 8 | 9 | 6 |
| In absentia | 0 | 0 | 0 |
| Attendance of the Committee members with voting rights | 100% | 100% | 100% |

The main items discussed at the meetings of the Strategic Planning Committee:

1. On preliminary consideration of the Roadmap for implementation of the Company's long-term Development Strategy for 2015–2025 in the new edition and the Roadmap for implementation of the Company's long-term Development Strategy for 2016.
2. On approval of the results of the feasibility study of "Diversion of the Kensu River flow to the Bestyubinsk Reservoir of the Moynak HPP" project.
3. On adjustment of the feasibility study for "Construction of 60 MW wind power plant in Shelek corridor with the prospect of expansion to 300 MW" project.
4. On approval of the implementation of the investment phase of "Transfer of the load of 220/110 / 10kV SS # 131A "Gorny Gigant" to 220/110 / 10kV substation No. 160A" Yermensay " via 110kV grids with subsequent dismantling of SS-131A" project
5. On approval of the postponement of the implementation of "Modernization and Reconstruction of Ekibastuz SDPP-1. Restoration of the power unit No.1 " project.
6. On preliminary consideration of the Guidelines in the field of sustainable development of the Company.

INFORMATION ABOUT COMPLIANCE OF THE 2016/NONCOMPLIANCE OF THE CORPORATE GOVERNANCE CODE

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|---|--|--|
|-----|---|--|--|

1. Government as the Shareholder of the Fund

| | | | |
|---|--|----------|--|
| 2 | <p>The Government of the Republic of Kazakhstan is the Sole Shareholder of the Fund.</p> <p>The main strategic objective of the Fund and Organizations is the growth of long-term value and Sustainable development of the Fund and Organizations that is reflected in the Development Strategy of the Fund and the Companies. All decisions and actions must conform to the Development Strategy.</p> <p>The optimal assets structure must be designed in the Fund and Companies. The Fund and the Companies should seek to simplify as much as possible the structure of their assets and their organizational and legal forms.</p> <p>Organizations perform their activities within its core (main) activities. Implementation of new activities is permitted if there is no competition in this market or participation of the Fund and Organizations will contribute to the development of small and medium-sized businesses.</p> <p>It is recommended to have and keep the controlling share (interest) in the Organizations of the Fund.</p> | Complied | <p>The Board of directors approved on October 15, 2015 the Long-term development strategy of Samruk-Energy JSC for the period till 2025 with the following strategic objectives: ensuring reliable and competitive supply of energy resources in the markets of presence; ensuring social responsibility of business, sustainable development; increase in the cost of the share capital. All decisions and actions correspond with the Strategy. In order to monitor the implementation of the Strategy the Board of directors and Board of the Company hold strategic sessions during which the main activities, tasks, problematic issues, risks correcting measures are discussed. Investment activity of the Company is carried out within the framework of the Strategy implementation.</p> <p>The Company's investment activities are carried out within the framework of the Strategy implementation.</p> <p>The group of companies includes the Company's subsidiaries and dependent companies of various organizational – legal forms: the joint-stock companies and limited liability partnerships.</p> <p>Concerning providing optimum structure of Company's assets and their legal forms, regarding reorganization of joint-stock companies in the limited liability companies: at this stage Society sells 5 joint-stock companies according to the resolution of the government of the Republic of Kazakhstan of December 30, 2015 No. 1141 «About some questions of privatization for 2016–2020»; JSC Moynak HPP JSC and Shardarinsk HPP JSC have the long-term credit agreements attracted within implementation of investment projects, the change of legal form in the limited liability companies will lead to emergence of risk of presentation of the early requirement, possible loss of the first-class state guarantees, that can lead to rise in price of cost of loan, toughening of the existing covenant package and other terms of credit, and emergence of additional expenses on involvement of consultants within reapproval of the existing credit and mortgage documentation. In this regard, coordination with creditors about of changes of legal form of data of the companies into limited liability partnership, will be expedient, after optimization of a debt portfolio or after full repayment of the existing loans.</p> <p>According to the long-term strategy, the Company carries out the activity within the primary (profile) activity, development of new kinds of activity is planned in the form of joint ventures</p> |
|---|--|----------|--|

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|--|--|--|
| 5 | <p>The Government provides to the Fund and Organizations the full operating self-sufficiency and does not allow interference by the Government and government agencies in the operational (current) activities of the Fund and Organizations, except for cases provided by laws, acts and orders of President of the Republic of Kazakhstan. The Fund's Management Board and Chief Executive officer (CEO) of the Fund, authorities of the Organizations are fully autonomous and independent at decision-making and implementation of any action within their competence.</p> | Complied | <p>In 2016 and until the approval of the Report there were no facts of direct intervention in Company's operational activity from the Government and public authorities. All decisions on strategic and operating activities issues were accepted by the Board of directors and Board independently, considering at the same time the state program and normative documents.</p> |
| 8 | <p>Investment activity of the Fund or Organization is constructed on market principles, in accordance with the Development strategy of the Fund or Organization and oriented to growth of the value and optimal assets structure. Distribution of net income to the Government as the Sole Shareholder has made in the form of dividends on the basis of a formalized and transparent dividend policy. Cases of implementation by the Fund or Organization of low-profit and socially significant projects should be disclosed in the annual report of the Fund or Organization by identifying the sources of funding for such projects.</p> | Complied | <p>The development strategy of Samruk-Energy JSC, approved by the Board of Directors, contains a portfolio of investment projects implemented to fulfill the Company's mission in the economy of the State. Information on the Company's investment activities is detailed in the Annual Reports.</p> |
| 14 | <p>The Fund and Organizations are committed to the maintenance of highest ethical standards and to the implementation of appropriate procedures to ensure the continued application of these standards by all employees and partners of the Funds and Organizations. Notifications on possible infringement should be sent directly to the IAS or the Board of Directors of the Fund or Organization. Executive body and all of its structural units of the Fund and the Organization, including security, should not prevent the transmission of notifications of alleged violations to the IAS and the Board of Directors.</p> | Complied | <p>The Board of directors on 31.03.2017 approved the Code of corporate business ethics as the uniform corporate standard for Samruk-Energy group of companies in which are established the high ethical standards and standards of behavior of all interested parties (stakeholders) regulating the main fields of relationship. All members of Company's team (officials and employees) adhere to high ethical standards, and familiar with the provisions and observe requirements of the Code of corporate business ethics. Boards of directors / the Supervisory boards of dependent companies approve the updated code in the organizations. The BoD has provided existence of the mechanism for collecting and confidential consideration of data on violation of the Company's Policy by the organization of «the hot line» at Audit Committee. By means of the requisites published on the website of the Company, stakeholders can notify through IAS to Audit Committee on estimated violations of the law, etc. At the same time confidentiality of addressed remains. Besides, in Group of companies there was created the institute of the Ombudsman which can address concerning violation of the Code of business ethics. The Board of directors periodically receives reports on the arrived messages (complaints), about accepted actions, etc.</p> |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|--|--|---|
| 15 | <p>The Ombudsman is appointed in order to comply with the principles of business ethics and optimal regulation of social and labor disputes arising in the Fund and Organizations.</p> <p>A candidate for the position of Ombudsman should have an impeccable reputation, high authority and have the ability in making impartial decisions.</p> <p>The Ombudsman is appointed by the Board of Directors of the Fund and shall be reelected every two years. The role of the Ombudsman is to advise employees who referred to him, participants of labor disputes and conflict. The Ombudsman assists them in developing a mutually constructive and workable solution based on compliance with the laws of the Republic of Kazakhstan (including confidentiality if necessary), in solving the problem of social and labor questions of workers and the Fund and Organizations, as well as in complying with the principles of business ethics by employees of the Fund and Organizations.</p> <p>The Ombudsman shall submit to the relevant authorities and an official of the Fund and/or the organizations identified problematic issues which are systemic in nature and require appropriate solutions (integrated measures), puts forward constructive suggestions for their solution.</p> <p>The Ombudsman at least once a year submits a report on the results of the work to the Nomination and Remuneration Committee and the Audit Committee of the Board of Directors of the Fund, which evaluate the results of its activities.</p> <p>The Board of Directors of the Fund assesses the performance of the Ombudsman and makes a decision on the extension or termination of office of the incumbent Ombudsman.</p> <p>Place of work, working conditions of the Ombudsman are determined by the decision of the Fund's Management Board.</p> | Complied | <p>For the purpose of respect the principles of business ethics and optimum regulation of the social and labor disputes arising in the Company, on October 15, 2015 the Board of directors of the Company (Minutes of meeting No. 06/15) elected and assigned Bekbas O. T. – the chairman of the Central Committee of OO “Kazakhstan Branch Labor Union of Power Engineering Specialists” as the Ombudsman of Company, who has faultless business reputation, high authority and the ability to make impartial decisions..</p> <p>On October 20, 2015 The BoD (Minutes of meeting No. 07/15) approved the Regulations on the Company's Ombudsman of JSC Samruk-Energy in the new edition. The new Regulations clearly define the tasks, functions, rights and duties of the Ombudsman.</p> <p>The Ombudsman sends a report on the work done to the members of the Board of Directors on a quarterly basis. The report of the Ombudsman is published in the annual report of the Company.</p> |

2. Corporate governance system in the Fund and Organizations

| | | | |
|---|--|----------|---|
| 1 | <p>The role of the Fund as a National Holding Company.</p> <p>The corporate governance system in the Fund and Organizations provides due governance and control over the operations of the Fund and Organizations and ensure growth of the long-term value and Sustainable development.</p> <p>The Fund as a national managing holding plays the role of a strategic holding in respect to its Companies. The efficiency, operability and transparency should be the basis for the corporate governance.</p> | Complied | <p>The shareholder sends letters of expectation to the Chairman of the Board of Directors of JSC Samruk-Energy, which are communicated to the Board of Directors. In accordance with the Company's Charter, the Board of Directors determines the directions of the Company's activities, approves the Development Strategy and the medium-term development plan for 5 years, including for realization of the expectations of a major shareholder. The Board ensures implementation of the Strategy, development plans and achievement of the approved strategic efficiency, reporting periodically to the Board of Directors.</p> |
|---|--|----------|---|

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|---|--|--|
| 2 | Corporate governance system is a set of processes which provides control and monitor the activities of the Fund and Organizations as well as the system of relationship between the Executive Body, Board of Directors, shareholders and stakeholders. Competence of authorities and decision-making procedures should be clearly defined and enshrined in the charter. | Complied | <p>In the Company, the corporate governance system provides:</p> <ol style="list-style-type: none"> 1) compliance with the hierarchy of the order of consideration of issues and decision-making: all issues submitted for consideration by the Board of Directors are carefully considered by the relevant specialized Committees of the Board of Directors; 2) a clear delineation of powers and responsibilities between the Board of Directors, the Management Board, officers and employees: the competence, authority and responsibility of the bodies are determined by the Charter, the Regulations on the Board of Directors and the Management Board; By order of the Chairman of the Board «On the distribution of duties and authorities», the areas of responsibility of the members of the Management Board of «Samruk-Energy» JSC are clearly delineated; The structural divisions of the Company carry out their activities on the basis of the Regulations on the subdivisions; Job descriptions have been developed for each position. 3) the Board of Directors and the Management Board make decisions in a timely and qualitative manner; 4) compliance with the legislation and internal documents of the Board of Directors and the Management Board. |
| 3 | The Fund interacts in management of Companies by implementing the functions of the Shareholder/ Participant, as well as thought the Board of Directors/Supervisory Board in accordance with order that is defined in charters of the Companies and this Code. The Fund annually directs to the Chairman of the Board of Directors and representatives of the Fund in Board of Directors of the Company the expectations of the shareholder for the coming financial year. The Fund in the format of the Annual General Meeting of Shareholders shall meet with the members of the Board of Directors/Supervisory Board of the Companies all voting shares of which are owned by the Fund. | Complied | <p>Samruk-Kazyna JSC, being the sole shareholder of the Company, participates in the management of the Company by sending letters of expectation to a major shareholder, through participation in the Board of Directors of its representatives. The Board of Directors consists of two representatives of the shareholder, the presence of four independent directors ensures the adoption of well-considered independent decisions.</p> |
| 4 | Fund based on discussions with the Companies forms a uniform policies for the Companies, approves methodological guidelines and corporate standards for the Organizations. The decision to use corporate standards in the field of internal audit and internal control system that are approved by the Fund in the Organization will be accepted the by the Board of Directors Organization taking into account insurance of compliance with these standards, the specifics of the Organizations. | Complied | |
| 6 | Distribution of net income to the Government as the Sole Shareholder is in the form of dividends on the basis of a formalized and transparent dividend policy. | Complied | The Company is guided by dividend policy of Samruk-Kazyna JSC in relation to its affiliated organizations – the document in which the most transparent procedures of definition and payment of dividends are formalized. Other redistributions, except as dividends to shareholders, aren't provided. |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|--|--|--|
| 7 | <p>The governance of Organizations is implemented by the authorities of the Organizations in accordance with the competences and procedures specified by the charter of the Organizations. This principle also applies to Organizations with several shareholders (participants).</p> | Complied | <p>Company's bodies are the following:</p> <ol style="list-style-type: none"> 1) the supreme body – the Sole Shareholder; 2) the management body – the Board of Directors; 3) the collegial executive body – the Board, headed by the Chairman of the Management Board <p>Competences of each Body and Chairmen of the BoD and the Board are defined by the Charter of Samruk-Energy JSC, and also the relevant provisions. There is no duplication of functions of Company's Bodies.</p> |
| 8 | <p>The Fund, Organizations and their officials shall be responsible for the growth of long-term value and the Sustainable development of the Fund and the organizations, and respectively for the decisions and actions/inactions taken in the order established by the laws of the Republic of Kazakhstan and internal documents.</p> <p>The key element of performance evaluation of the Fund, the Organizations and Executive Body is the KPI system. The Fund, through its representatives on the Board of Directors/ Supervisory Board submits to the Companies its expectations, in terms of KPI. The list and targets KPI's of the Company are approved by the Board of Directors/Supervisory Board of the Company. In order to achieve the KPI, the Companies shall develop an appropriate Development Plans that should be approved by the decision of the Board of Directors/ Supervisory Board.</p> <p>The achievement of KPIs of the Fund and Organizations is assessed annually by comparison with approved Development plan. This assessment has the impact on the payment system of the year-end remuneration to the CEO and members of Executive Body, taken into account in their re-election and may be the basis for their early removal.</p> | Complied | <p>The Company's development strategy defines strategic goals, including «Ensuring the social responsibility of business, sustainable development» and «Increasing the cost of share capital», as well as indicators of their achievement. To implement the Strategy, a medium-term Development Plan has been developed, which ensures the effective implementation of the Strategy. The evaluation of the activities of the members of the Management Board is carried out using motivational efficiency, responsibility for implementation of which is fixed by the decision of the Board of Directors for the specific position of the executive officer, contributes to the achievement of the Company's performance targets characterizing the efficiency of its financial and economic activities and the extent to which the strategic goals are achieved. The values of the indicators affect the remuneration of the members of the Management Board, are taken into account when they are reelected, and may be grounds for their removal from office early.</p> |
| 9 | <p>The Board of Directors of the Holding company must ensure the effectiveness of governance, the growth of long-term value and Sustainable development in all legal entities within its group. Results of effective management in the group of Holding Company must be an increase of operational efficiency, improvement of reporting, improved standards of corporate culture and ethics, greater openness and transparency, risk reduction, proper system of internal control.</p> | Complied | <p>In accordance with the Charter, the Board of Directors of Samruk-Energy JSC approved a unified Long-term strategy for the development of the Samruk-Energy group of companies, approved the Samruk-Energy Sustainable Development Guidance, takes decisions on activities, approves documents regulating the management of subsidiaries Organizations, and develops policies regarding the appointment of officials in subsidiaries. The Company has approved the Regulation on working with subsidiaries, which regulates the interaction of the corporate center and the work of the BoD / SB of subsidiaries. The Charters of dependent companies differentiate the powers and competences of Bodies. The Company defines common policies in the main areas of activity for the whole Group, while affiliated companies, as independent organizations, can develop their GNI for additions / detailing (in the areas of planning, risk management, etc.).</p> |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|---|--|--|
|-----|---|--|--|

3. Sustainable Development

| | | | |
|---|--|----------|--|
| | <p>The Fund and the Organizations recognize the importance of their impact on the economy, environment and society and seeking to growth of the long-term value should ensure their sustainable development in the long run observing a balance of the interests of stakeholders. This principle of responsible, thoughtful and rational interaction with stakeholders will contribute to the successful development of the Fund and Organizations.</p> | Complied | |
| | <p>The Fund and Organizations should aim at the growth of the long-term value while ensuring their Sustainable Development and observe a balance of the Stakeholders' interests. The activities in the field of Sustainable Development should correspond to the best international practice.</p> | Complied | <p>The development strategy defines strategic goals, including «Ensuring the social responsibility of businesses and sustainable development», which include tasks to increase the Company's long-term value, environmental protection, labor safety, personnel management, and also determine the efficiency in these areas. The roadmap for implementing the Strategy includes activities aimed at achieving these goals and values, the planned Efficiency. The Company annually approves the Register and Risk Map, which provides preventive and reactive measures to prevent the implementation of risks in three aspects of sustainable development. The Board of Directors has approved the Samruk-Energy Sustainable Development Management Board, in accordance with which the Board of Directors determines, revises and approves the general principles of the Group's activities in the field of sustainable development, ensures the formation of an appropriate system in the field of Sustainable Development and its implementation. The Board ensures the implementation of the goals, objectives and achievement of indicators in the field of sustainable development, as determined by the Board of Directors. All employees and officials at all levels contribute to Sustainable Development. The Board provides a thorough, in-depth and thoughtful analysis of the internal and external situation in three components: economic, environmental and social, on the basis of which it ensures the formation of appropriate plans, programs for the implementation of goals, objectives and achievement of indicators determined by the Board of Directors.</p> |
| 3 | <p>The Fund and Organizations should ensure the consistency of their economic, environmental and social goals for Sustainable Development in the long term which includes, inter alia, the growth of long-term value for shareholders and investors. Sustainable development of the Fund and Organizations covers the following three fields: economic, environmental and social. The economic component should direct the activities of the Fund and the Organization for the growth of long-term value, ensuring the interests of shareholders and investors, increase in efficiency, increase in investment in the development of more advanced technologies, increasing productivity. The environmental component should ensure minimization of impact on biological and physical natural systems, the optimal use of scarce resources, the use of ecofriendly, energy and material-saving technologies, creation of environmentally friendly products, minimization, recycling and disposal of waste.</p> <p>Continuation ►</p> | Complied | |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|--|--|--|
| 3 | <p>The social component of Sustainable development is focused on the principles of social responsibility, which among other things include: ensuring the safety and preservation of the health of employees, fare remuneration and respect of the employees' rights, staff development, the implementation of social programs for staff, creating new jobs, sponsorship and charity, ecological and educational actions.</p> <p>The Fund and Organizations should conduct a review of its activities and the risks for these three aspects and strive to avoid or reduce the negative impact of its performance on the Stakeholders.</p> | Complied | |
| 4 | <p>Principles in area of Sustainable development are flowing: openness, accountability, transparency, ethics, respect of Stakeholders' interest, justice, observance of human rights, intolerance to corruption, the inadmissibility of conflict of interests, personal example.</p> | Complied | |
| 5 | <p>The Fund and Organizations should design the management system in the field of Sustainable development, which includes but is not limited to, the following elements:</p> <ol style="list-style-type: none"> 1) commitment to the principles of Sustainable development at the level of the Board of Directors, the Executive Body and employees; 2) analysis of the internal and external situation on three components (economic, environmental and social issues); 3) identification of risks in the field of sustainable development in social, economic and environmental spheres; 4) construction of maps of stakeholders; 5) defining the objectives and KPI in the field of Sustainable development, the development of an action plan and identification of responsible persons; 6) the integration of Sustainable development into key processes, including risk management, planning, human resources management, investment, accounting, operations, and others, as well as development strategy and decision-making processes; 7) training of officials and employees in the field of Sustainable development; 8) regular monitoring and evaluation of activities in the field of Sustainable development, assessment of the achievement of objectives and KPI, the adoption of corrective measures, the introduction of a culture of continuous improvement. <p>The Board of Directors and the Executive Body of the Fund and Organizations should ensure the formation of a proper system in the field of Sustainable development and its implementation. All employees and officials at all levels contribute to Sustainable development.</p> <p>Holding companies are responsible for implementing the principles of Sustainable development in the whole group.</p> | Partially complied | <p>The BoD has approved the sustainable development Guidelines, containing the following elements:</p> <ol style="list-style-type: none"> 1) Sustainable development policy; 2) Analysis of the internal and external situation in three components (economy, ecology, social issues); 3) Risks in the field of sustainable development in social, economic and environmental spheres; 4) Stakeholder map; 5) Action plan for the implementation of sustainable development goals with the definition of terms and responsible units. Also, the leaders of the year 2017 took into account the goals for sustainable development, with the exception of the Efficiency of the environmental aspect. 6) Advanced training of officials and employees in the field of sustainable development is planned for 2017 year 7) Implementation, monitoring and reporting on the implementation of the Action Plan; 8) Importance matrix. |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|--|--|--|---|
| 6 | <p>The Fund and Companies annually publish report on Sustainable development in order to provide the clarity and transparency of their operations for stakeholders with a view to ensuring the protection of information that constitutes a business, commercial or any other legally protected secrets. The report on Sustainable development is approved by the Board of Directors.</p> | Complied | <p>To ensure transparency of its activities in the field of sustainable development for stakeholders, Samruk-Energy JSC annually develops and publishes an integrated (hereinafter – the Report). The development of the Report ensures the protection of information constituting official, commercial and other secrets protected by law. The report is a consolidated information on the results of the Company's activities for the year, as well as information on sustainable development. In preparing the report, the Company is guided by generally accepted international standards: the International Standard for Integrated Reporting (IIRC), the Sustainability Reporting Standards of the Global Reporting Initiative (GRI); Standards of series AA1000. The report is approved by the Board of Directors and communicated to the interested parties by posting on the corporate website and providing on paper and electronic media.</p> |
| 7 | <p>The Fund and Organizations should strive to encourage and facilitate the application of the principles of Sustainable development by Business partners.</p> | Complied | <p>In 2016, standard contracts with suppliers of goods, works and services include requirements for compliance with legislation in the field of ecology, occupational safety, health protection, labor relations, and anti-corruption legislation. In addition, the requirements are included to comply with the Company's internal rules for occupational safety, health, fire safety and environmental protection during work and entry into the territory of the Company's entities.</p> |
| 4. Shareholders' (participants') rights and fair treatment of all shareholders (participants) | | | |
| 1 | <p>Observance of the rights of Shareholders (Participants) is a fundamental condition for attracting investment to the Fund and Organizations. The Organization should ensure the rights of Shareholders (Participants). In the presence of several Shareholders (Participants) in the Organization all shareholders must be treated equally.</p> | Complied | <p>The shareholder has an opportunity to obtain information on Company necessary for adoption of the relevant decision, taking into account requirements of confidentiality and disclosure of information of the Organization. In Company's regulating documents (Regulations on work with dependent organizations of Fund, the Politician of information security, Information policy) is defined the order of providing information and on direct inquiries of the interested structural divisions of Fund</p> |
| 2 | <p>Rights, responsibilities and competence of the Shareholders (Participants) are determined by the law and the constituent documents and are written in them. Shareholder (Participants) rights include, but are not limited to:</p> <ul style="list-style-type: none"> - getting information sufficient for decision-making in the order established by the laws of the Republic of Kazakhstan, charter and internal documents of the Organization in the field of information disclosure; - participation at the Annual General Meeting of Shareholders (participants) and voting on matters within competence; <p>Continuation ►</p> | Complied | <p>According to Company's Charter the Sole Shareholder shall be entitled to:</p> <ol style="list-style-type: none"> 1) participate in the Company's management as set forth in the Laws of the RK and this Chapter; 2) receive dividends; 3) receive information on the Company's activity, including review of financial accountability of the Company as prescribed by the Sole Shareholder and/or this Charter; 4) receive from the registrar of the Company or nominee holder the statements confirming his securities ownership; 5) elect members of the Company's Board of Directors; 6) contest in the courts the resolutions made by the Company bodies; 7) receive information on the Company's activity with respect to affiliated organizations, including confidential information within the term established in inquiry and no later than thirty days from the date of inquiry receipt; 8) have a portion of property in case of the Company's liquidation; <p>Continuation ►</p> |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|--|--|--|
| 2 | <ul style="list-style-type: none"> - participation in determination of the composition and terms of office of the Board of Directors (Supervisory Board and Executive Body), the election of its members and early dissolution, as well as determining the amount and terms of remuneration; - receiving dividends in the amounts and dates to be determined by the Annual General Meeting of Shareholders (Participants) on the basis of the clear and transparent dividend policy. | Complied | <ol style="list-style-type: none"> 9) have a priority right to purchase shares or other Company's securities convertible into its shares as set forth in the Laws of the Republic of Kazakhstan; 10) propose to the Board of Directors the inclusion of additional matters for consideration by the Sole Shareholder in accordance with the Laws of the RK; 11) demand the convening of a meeting of the Board of Directors; 12) demand, at his own expense, auditing of the Company by an auditing organization; 13) send written requests to the Company on its activity and receive well grounded replies within the timeframe established by the request or no later than within thirty days from the moment the request is received; 14) receive compensation for violation of his rights as prescribed by the Laws of the RK; 15) discuss with Company's representatives the issues of observance of fundamental rights of the Sole Shareholder and issues of corporate governance policy; 16) seize the law courts on his own behalf in cases as prescribed by the Laws of the RK, with demand of compensation of losses to the Company by its officials, refunding profit (benefit) to the Company by its officials or affiliated persons, received as a result of resolutions on making major transactions (transaction offer) or transaction, that one is interested in. |

5. Effectiveness of the Board of Directors and Executive Body

The Board of Directors is the governing body accountable to the annual general meetings of shareholders, which provides strategic managing of the Organization and supervision of the Executive Body. The Board of Directors ensures implementation of all provisions of this Code.

Executive body accountable to the Board of Directors, it manages the daily operations of the Organization and ensure its compliance with the strategy, development plans and decisions approved by the Annual General Meeting of Shareholders and the Board of Directors.

The Board of Directors and the Executive Body shall interact in a spirit of collaboration, act in the interests of the Organization, and make decisions based on the principles of sustainable development and equitable treatment of all shareholders.

The Board of Directors and the Executive Body shall ensure the growth of long-term value and sustainable development of the Fund or Organization.

Complied

According to the Charter and the Provision on the Board of directors, the BoD is governing body, performing the general management of Company's activity, accountable to the Sole shareholder. The Board is accountable to the Board of directors, performs management of daily activity and provides realization of strategy, the development plan and the decisions made by the Sole shareholder and the Board of directors. The Board of directors and Board interact in the spirit of cooperation, act for the benefit of the organization and make decisions on the basis of the principles of sustainable development and the fair attitude towards all shareholders.

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|---|--|---|
| 2 | <p>The Board of Directors shall have an authority which is sufficient for governance of the Organization and controlling the activities of the Executive Body. The Board of Directors carries out its functions under the charter and pays special attention to the following issues:</p> <ol style="list-style-type: none"> 1) definition of the development strategies (directions and results); 2) setting and monitoring of KPIs (key performance indicators) of Development plan; 3) organization and supervision of the effective functioning of the system of risk management and internal control; 4) approval and monitoring the effective implementation of major investment projects and other key strategic projects within the competencies of the Board of Directors; 5) election, remuneration, succession planning and control over supervision of the activities of CEO and members of the Executive Body; 6) Corporate governance and ethics; 7) compliance with the provisions of this Code in the Organization and corporate standards of the Fund in the field of business ethics (Business Ethics Code). | Complied | <p>The following issues fall within the exclusive competence of the Board of Directors:</p> <ol style="list-style-type: none"> 1) outline priority areas of the Company's activity; 2) approval of the Company's development strategy, the Company's development plan, and monitoring implementation of realization of the Company's development strategy, implementation of the Company's development plan; 3) approval of the budget of the Company for the first calendar year planned by the development plan (business plan) for Company of the period and also regulation of processes of his formation, the statement, adjustment and monitoring of execution; 4) approval of key motivating performance indicators for the members of the Company's Management Board and Corporate Secretary (according to the recommendations of the Appointment and Remuneration Committee of the Board of Directors of the Company), employees and the Head of the Internal Audit Service of the Company and its targets (according to the recommendations of the Committee on the Audit of the Board of Directors of the Company), as well as monitoring implementation of its achievements; 11) determination of quantitative composition, terms of powers of the Management Board of the Company, election of its members and early termination of their powers, as well as appointment and early termination of the powers of the Chairman of the Management Board, upon agreement of the Sole Shareholder of the Company the appointment and early termination of the powers of the Chairman of the Management Board in accordance with subparagraph 23) of paragraph 1 of the Article 9 of the Charter; 12) salary adjustment and determination of terms of labor remuneration of the Chairman and the members of the Company's Board of Directors; 19) effectiveness appraisal of the Company's Corporate Governance, approval of amendments in the system of the Company's Corporate Governance on the issues in the competence of the Company's Board of Directors or proposal preparation to the Company's Sole Shareholder on the issues of the Company's Corporate Governance, in the competence of the Company's Sole Shareholder; 20) recommendations preparation to the Sole Shareholder regarding qualification and independence criteria to the members of the Company's Board of Directors; 21) recommendations preparation to the Sole Shareholder on amount, procedure of determination and terms of remuneration to the members of the Board of Directors; 23) approval of the Company's Code of Business Ethics as well as providing of following of its regulations; 24) approval of the Company's Risk Management policy; 26) approval of the Company's External Audit policy; 27) approval of the sustainable development documents, report and action plan for sustainable development activities; 28) approval of the Company's Ecology, Labor Protection and Security policy; 34) approval of the provision on the Management Board of the Company; 36) approval of the Company's common risk-appetite, tolerance levels in respect of every Company's key risk and determination of limits for risk level and approval of key risk indicators; 37) approval of the Company's register and risks maps; 38) increase in the Company's liabilities by the amount making ten or more percent of its equity capital; |

Continuation ►

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|---|--|--|
| 2 | | Complied | <p>39) approval of procedure and forms of presentation to the Company's Board of Directors management reports on realization of the Company's development strategy and plan, achievements of key indicators of the Company's activity and its designations, on the Company's key risks and its management effectiveness;</p> <p>46) approval of essential terms of contracts between the Company and members of the Company's Management Board and other employees in accordance with the list, approved by the Company's Board of Directors;</p> <p>47) approval of the appraisal indicators of the members of the Company's Management Board and other employees activity in accordance with the list, approved by the Company's Board of Directors;</p> <p>48) appraisal of the activity of the members of the Company's Management Board and other employees in accordance with the list, approved by the Company's Board of Directors;</p> <p>49) approval of the Succession Planning Program of the members of the Company's Management Board, and other employees in accordance with the list approved by the Company's Board of Directors;</p> <p>51) decision-making on the purchase (alienation) by the Company of ten and more percent of shares (participation shares in the authorized capital) of other legal entities;</p> <p>52) decision-making on the Company's participation in establishment of other organizations;</p> <p>54-9) company's participation in establishment or activity of other legal entities or cessation of membership (ownership) other legal entities through granting (receiving) part or several parts of assets amounting in the aggregate to twenty-five and more percents of the total assets owned by a company;</p> <p>56) decision-making on concluding major transactions and transactions, that the Company has an interest in, except for transactions, that were concluded by the Management Board of the Company on the basis of the procedure, determined by the Board of Directors of «Samruk-Kazyna» JSC in accordance with the Law of the RK «On National Welfare Fund» (transactions which size is equal belong to the category of large deals or exceeds 10% of the general size of cost of assets of Society). Large deal the transaction or set of the interconnected transactions as a result of which it is got or alienated by Society (it can be acquired or it is aloof) property which cost makes ten and more percent from the general size of book value of assets of Society admits;</p> <p>62) consideration of quarterly reports on risk management of the division of the Company with the description and analysis of the key risks of the Company, as well as information on the implementation of plans and programs to minimize the risks of the Company;</p> <p>63) approval of the performance indicators of risk management system and internal control of the Company</p> <p>64) determination of the procedure and terms of receiving information on the Company's activity to the members of the Board of Directors, including financial one</p> |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|---|--|---|
| 3 | <p>Members of the Board of Directors shall properly achieve their duties and ensure growth of the long-term value and Sustainable Development of the Organization. The Board of Directors of Organization is accountable to shareholders. This accountability implemented thought mechanism of annual general meetings of shareholders.</p> | Complied | <p>According to the Regulations on the Board of Directors, the decisions of the Sole Shareholder, taken within its competence, are mandatory for the Board of Directors. The Board of Directors reports annually on its activities by providing the Company's Annual Report for the past year.</p> <p>In the annual report of the Board of Directors on the work done submitted for approval to the General Meeting of Shareholders, as part of the annual report, information on:</p> <ol style="list-style-type: none"> 1) the composition of the Board of Directors, the criteria for selecting independent directors, the Chairman of the Management Board and members of the committees; 2) information about each director; 3) the number of meetings of the Board of Directors and its committees, as well as visits by each director to meetings; 4) a report on the work of the committees on the performance of their functions; 5) consideration of information on the work of the Board of Directors; 6) evaluation of the Company's position and prospects for its development; 7) the process of assessing the activities of the Board of Directors; 8) the adopted measures for the Board of Directors to take into account the views of the Shareholder in relation to the Company. |
| 4 | <p>The Board of Directors and its committees should have a balance of skills, experience and knowledge to ensure independent, objective and effective decisions in the interests of the Organization and with regard to equitable treatment of all shareholders and principles of the Sustainable Development.</p> | Complied | <p>The Board of Directors is formed in the number of seven members, of which four are independent directors: A. Spitsyn, L. Sutura, A. Storzel, Joaquin Galindo Velez. Independent directors are specialists in finance, accounting, auditing, engineering, strategic management, energy including the development of green energy. Also, in 2017 the director was elected: N. Rakhmetov is a representative of the shareholder, who has deep knowledge in the sphere of economy and finance, management.</p> <p>The Chairman of the Board of Directors is K. Bektemirov, who has an impeccable reputation, who has skills and experience in management, in the industry, which effectively manages the Board of Directors (according to the Board of Directors' performance evaluations).</p> |
| 5 | <p>It is necessary to provide a variety of experience, personal characteristics and gender composition in the composition of the Board of Directors. The Board of Directors shall consist of independent directors, in an amount sufficient to ensure the independence of decision-making and equitable treatment of all shareholders. Recommended number of independent directors on the Board of Directors of the Company is in the amounts up to fifty percent of the total number of Board members.</p> | Partially complied | <p>In the Board of directors there is no variety on gender structure</p> |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|---|--|---|
| 6 | <p>The Annual General Meeting of Shareholders shall elect the members of the Board of Directors on the basis of clear and transparent procedures taking into account competencies, skills, achievements, reputation and professional experience of the candidates. The re-election of individual members of the Board of Directors or its whole composition for the new term their contribution to the effectiveness of the Board of Directors of the Organization is taken into account. In the Companies, all the voting shares of which are owned by the Fund, the following features on the process of election of members of the Board of Directors are exist:</p> <ol style="list-style-type: none"> 1) Chairman of the Board of Directors elected by the decision of the Sole shareholder. If the Fund's representative is elected as Chairman, the Board of Directors elects the Senior Independent Director among independent directors; 2) The process of search and selection of candidates for the Board of Directors is carried out by the Fund jointly with the Chairman of the Board of Directors and the Chairman of the Nomination and Remuneration Committee of the Board of Directors of the Company. <p>Participation of members of the Government, public officials in the Board of Directors of the Organization is not allowed. The term of office of the Board of Directors members coincides with the term of office of whole Board of Directors and shall expire at the time of the decision by the general meeting of shareholders to elect new Board of Directors.</p> <p>Members of the Board of Directors are elected for the period of up to 3 years thereafter, subject to satisfactory performance may be re-elected for another period of up to 3 years. Any period of election to the Board of Directors for a period of more than 6 years in a row (for example, two 3-year term) shall be subject to special consideration in view of the necessary update the qualitative composition of the Board of Directors.</p> <p>Independent director cannot be elected to the Board of Directors for a period of more than 9 years. In exceptional cases, the election for more than 9 years is allowed, the election of independent director to the Board of Directors shall take place each year with a detailed explanation of the need to elect a member of the Board of Directors and the influence of this factor on the independence of the decision.</p> <p>No one shall be involved into decision making related to his (her) own nomination, election and reelection.</p> | Complied | <p>In compliance with the Company's Charter definition of quantitative structure, a term of office of the Board of directors, election of BoD's members and the early termination of their powers is within the exclusive competence of the Only shareholder.</p> <p>Only the physical person can be the Board member.</p> <p>The chairman of the board of directors is Bektemirov K. A. – Sole shareholder representative; Luka Sutera is the senior independent director, he is elected at July 5 2016.</p> <p>According to the Provision on the Board of directors, members are elected for the term of no more than 3 (three) years, in the subsequent, on condition of satisfactory results of activity, there can be a re-election for the term up to 3 (three) years. Any term of election in structure of the Board of directors for the term of more than 6 (six) years in a row (for example, 2 (two) three-year terms) is subject to special consideration taking into account need of high-quality updating of structure of the Board of directors.</p> <p>The independent director can't be elected in structure of the Board of directors more than 9 (nine) years in a row. Election for the term of more than 9 (nine) years is in exceptional cases allowed. The term of office of board members coincides with a term of office of all Board of directors.</p> <p>Any person doesn't participate in decision-making, connected with own appointment, election and re-election.</p> <p>As a part of the Board of directors of JSC Samruk-Energy there are no representatives of the Government and public authorities.</p> |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|--|--|--|
| 7 | The Board of Directors approves the induction program for newly elected members of the Board of Directors and a professional development program for each member of the Board of Directors. Corporate Secretary shall ensure the implementation of this program. | Complied | The Company has an induction program for newly elected members of the Board of Directors. In addition, in order to implement a mechanism for monitoring the implementation of this program, in 2016 it was updated with a view to formalizing this procedure. The Corporate Secretary ensured the passage of the Induction Program by elected new members of the Board of Directors. |
| 8 | Chairman of the Board of Directors is responsible for overall management of the Board of Directors, ensuring the full and effective performance of its activities and in establishing a constructive dialogue with members of the Board of Directors, shareholders and the Executive Body. | Complied | <p>In accordance with the Regulations on the Board of Directors, the Chairman of the Board of Directors is responsible for the overall management of the Board of Directors, ensures full and effective implementation by the Board of Directors of its main functions and constructive dialogue between the members of the Board of Directors, shareholder and the Management Board.</p> <p>Chairman of the Board of Directors:</p> <ul style="list-style-type: none"> - has responsibility for the management of the Board of Directors, ensures its effective activity in all aspects of its responsibilities, ensures effective communication with the shareholder; - will be responsible for ensuring an appropriate dialogue with the shareholder; - ensures the effective contribution of the members of the Board of Directors to the activities of the Board of Directors, and constructive relations between members of the Board of Directors and the Management Board; - provides effective interaction with the shareholder, as well as bringing the shareholder's perspective to the Board of Directors as a whole. <p>Based on the results of an independent evaluation of the Board of Directors conducted in 2015 by an independent audit company, it was concluded that the Chairman of the Board of Directors:</p> <ul style="list-style-type: none"> - is an experienced person with extensive experience in the energy sector; - has a professional and personal authority, which makes it easy to coordinate the work of the members of the Board of Directors; - provides the necessary level of interaction with the shareholder. |
| 9 | The role and functions of the Chairman of the Board of Directors and CEO of the Executive Body shall be clearly separated and fixed in the charter of the Organization, Regulations of the Board of Directors and Executive body. | Complied | The role and functions of the chairman of the Board of Directors and the head of the executive body are clearly delineated by the Charter, the Regulations on the Board of Directors and the Regulation on the Management Board of Samruk-Energy JSC. |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|---|--|--|
| 10 | <p>The level of remuneration of Board of Directors members should be sufficient to attract, retain and motivate each member of the Board of Directors at the level required for the successful management of the Fund and the Organization. The establishment of the remuneration for member of the Board of Directors should be made in accordance with the methodology developed by the Fund. Additionally the expected positive effect to the Organization of participation in the Board of Directors of particular member should be taken into account. In Organizations with several shareholders the relevant rules of the remuneration of members of the Board of Directors are developed based on the methodology of the Fund and approved by the Annual General Meeting of Shareholders. The Nomination and Remuneration Committee submits its proposals related to size of the remuneration of candidates for independent directors. No one shall be involved into decision making related to his (her) own remuneration.</p> | Complied | <p>The remuneration is paid only to independent directors and consists of the following components:</p> <ul style="list-style-type: none"> - fixed remuneration - additional remuneration for participation in full-time meetings of committees of the Board of Directors <p>In the case of the participation of an independent director in less than half of all meetings of the Board of Directors held in person during the reporting period (without valid reasons), a fixed remuneration is not paid.</p> <p>The member of the Board of Directors is also compensated for the expenses related to the visit to the meetings of the Board of Directors.</p> <p>According to the Regulations on the Appointment and Remuneration Committee of the Board of Directors, the Committee compares the level and effectiveness of the directors' remuneration policy, and provides recommendations to the Board of Directors. No person participates in making decisions related to their own remuneration.</p> |
| 11 | <p>Committees of the Board of Directors promote deep and careful consideration of matters within the competence of the Board of Directors and increase in the quality of made decisions, in particular in areas such as audit, risk management, proper and effective application of the Rules of procurement of goods, works and services of the Fund and the Organization, appointment and remuneration members of the Board of Directors and the Executive Body, Sustainable development, including security and safety of work and the environment. The existence of committees shall not relieve the Board of Directors from liability for the decisions taken within the jurisdiction of the Board of Directors.</p> | Complied | <p>All issues submitted for consideration by the Board of Directors are carefully preliminarily considered by specialized committees. Committees of the Board of Directors are consultative and advisory bodies, all proposals worked out by the Committees are recommendations. The Board of Directors makes a final decision on the issues to be taken, the members of the Board of Directors are responsible for the decisions they have taken. When purchasing goods, works and services, the Company is guided by the Fund's Purchase Rules approved by the Board of Directors of Samruk-Kazyna JSC</p> |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|--|--|---|
| 12 | <p>The preparation and conduction of meetings of the Board of Directors should promote maximum effectiveness of its activities. In order to perform their duties, members of the Board of Directors shall have access to the complete, relevant and timely information. The Board of Directors meets regularly to perform its functions effectively. Board of Directors meeting held in accordance with the work plan approved before the start of the calendar year. Meetings of the Board of Directors and its committees is carried out by a full-time or part-time (absentia meeting) forms of voting, the number of meetings with voting in absentia should be minimized.</p> <p>Consideration and adoption of decisions on important and strategic character is only at meetings of the Board of Directors with voting. In special cases a combination of both forms the meeting of the Board of Directors and its committees might be possible.</p> <p>Meetings of the Board of Directors and its committees properly minutes by Corporate Secretary by indicating sufficient outcome of the discussions and decisions.</p> | Complied | <p>Materials and information on the upcoming meeting of the Board of Directors in advance (10 days prior to the meeting) are sent by the corporate secretary to the members of the Board of Directors.</p> <p>The Board of Directors approves the Work Plan indicating the expected dates of the meetings for the coming year. All meetings of the Board of Directors and its Committees are detailed by the Corporate Secretary and the Secretary of the Audit Committee.</p> |
| 13 | <p>The Board of Directors, committees and members of the Board of Directors shall be assessed on an annual basis as part of a structured and approved process that is approved by the Board of Directors of the Organization. This process should follow the methodology of the Fund. At the same time at least once in every three years assessment is carried out by involving an independent professional organization.</p> | Complied | <p>Annually, the Board of Directors conducts a self-evaluation of the activities of the Board of Directors, its Committees, the Chairman and members of the Board of Directors, IAS, and the Corporate Secretary by questionnaire in accordance with relevant rules developed on the basis of the Fund's methodology. In 2015, in accordance with the Code of Corporate Governance, an independent evaluation was carried out by an external audit organization. The evaluation was conducted through interviews, as well as using the questionnaire method. Based on the analysis of the responses received, the audit organization proposed recommendations on increasing the effectiveness of the Board of Directors, Committees, IAS, and Corporate Secretary. The conclusions of the evaluation were reviewed by the Board of Directors and measures are taken to improve the management of the Company.</p> |
| 14 | <p>Assessment should identify the contribution of the Board of Directors and each of its members in the growth of long-term value and sustainable development of Organizations, as well as to identify trends and recommend measures for improvement. The assessment results are taken into account in the re-election or termination of office of the members of the Board of Directors.</p> | Complied | |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|--|--|--|
| 15 | <p>For the efficient organization of the Board of Directors' operations and the interaction of the Board of Directors, Executive Body with the shareholders, the Board of Directors appoints the Corporate Secretary. The Board of Directors decides on the appointment of the Corporate Secretary, determines the term of office, functions and procedures of operations, the size of the salary and terms of remuneration, shall decides on the establishment of the service (the secretariat) and Corporate Secretary, determines the budget of this service. The Corporate Secretary is accountable to the Board of Directors of the Fund and independent from the Executive Body of the Fund. The main duties of the Corporate Secretary include assistance in a timely and quality corporate decision-making by the Board of Directors, the Sole Shareholder, acting as advisor to the Board of Directors on all matters of their activities and the application of the provisions of this Code, as well as monitoring the implementation of this Code and participation in improving corporate governance in Funds and Organizations. The Corporate Secretary also prepares a report on compliance with the principles and provisions of this Code, which should be included in the annual report of the Fund. This report must contain a list of principles and provisions of this Code which are not observed with giving of corresponding explanations for it.</p> | Complied | <p>According to the Charter and internal documents, the BoD makes the decision on appointment of the Corporate secretary, determines the term of his powers, functions and an order of activity, the size of an official salary and condition of remuneration. The Corporate secretary is completely accountable to the BoD. The corporate secretary of JSC Samruk-Energy has been appointed in 2009, exercises control of preparation and holding meetings of the Board of Directors of the Company, ensuring formation of materials for a meeting of the BoD, conducting control of ensuring access to them. For performance by the Corporate secretary of the functions, in the Company is created the Service of the corporate secretary. Fundamental obligations of the Corporate secretary – assistance in timely and high-quality adoption of corporate decisions by the BoD, the Sole shareholder, performance of a role of the adviser for BoD members for all questions of their activity. Changes and additions regarding addition of functions of the Corporate secretary, by implementation of monitoring of implementation of the Code of corporate management, participation in improvement of corporate governance, preparation of the report on respect for the principles and provisions of the Code which is included the Annual report are made to the Provision on the Corporate secretary.</p> |
| 16 | <p>The collegial Executive Body establishes in the Companies, in the rest of the Organization, and in case of creation of the Company – a joint venture Executive Body may be collegial or individual body at the discretion of the sole shareholders (participants). The CEO and members of the Executive Body should have high professional and personal characteristics, and have an impeccable reputation and follow high ethical standards.</p> | Complied | <p>The Management Board is the collegial executive body of the Company and manages its current activities. The board consists of six people. All of them have highly professional skills and experience in management in finance, law, engineering, energy, corporate governance, procurement, have an impeccable reputation and high experience.. The functions and duties of Board members are accurately defined by the Charter, the Regulations on the Management Board, the Order «About Distribution of Duties and Powers».</p> |
| 17 | <p>Executive body accountable to the Board of Directors and supervises the daily activities of the Organization. It is responsible for implementation of the strategy, development plan and the decisions taken by the Board of Directors and the Annual general meeting of shareholders.</p> | Complied | <p>The Management Board manages the day-to-day activities, reports to the Board of Directors, is responsible for the implementation of the strategy, the Development Plan, the investment plan, as well as for the implementation of decisions taken by the Sole Shareholder and the Board of Directors.</p> |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|---|--|--|
| 18 | <p>The Board of Directors elects the CEO and members of the Executive Body, defines the terms of reference, the size of the salary, the terms of their remuneration. The Nomination and Remuneration Committee of the Board of Directors of the Organization plays a key role in the search and selection of candidates for the Executive Body, the determination of their remuneration.</p> <p>The CEO of the Executive Body makes suggestions on candidates for election to the collegial Executive Body to the consideration of the nomination and remuneration of the Board of Directors. In case of rejection by the Board of Directors of the candidate proposed by the CEO of the Executive Body, on the same vacant position in the Executive Body for the second time, the right to make proposals for candidates for the vacant post goes to the Board of Directors.</p> <p>In the Companies' 100% of shares (interest) of which are owned by the Fund, the candidacy for the post of CEO of Executive Body previously agreed by the Board of Directors of the Fund.</p> <p>The Board of Directors may at any time terminate the powers of the CEO and members of the Executive Body.</p> <p>It is recommended to choose the CEO and members of the Executive body for the period of up to three years. The terms of office of the CEO and members of the Management Board coincide with the term of office of the Management Board as a whole.</p> | Complied | <p>According to the Charter and internal documents the Board of directors defines quantitative structure, a term of office of Board, elects the Chairman and board members, ahead of schedule stops their powers, approves rules of compensation and awarding, the scheme of official salaries, and also determines the sizes of official salaries of the Chairman of the Board, Board members, approves motivational efficiency of Board members. When electing board members the Board of directors follows the provisions of internal documents of the Company defining qualification requirements to candidates and the procedure of their election. Workers of IAS can't be elected to Board. Offers on candidates for election for board for consideration to the Board of directors are submitted by the Chairman of the Board. The chairman of the Board has the right to submit for consideration of the Board of directors of the offer on the candidate recommended for election for the same vacant post in Board no more than two times. Selection and election of board members is made on the basis of the most transparent and accurate procedures determined by the Board of directors. The Board of directors can stop powers of the head and members of executive body at any time. According to the Provision on Board and the Code the Board has to be elected for a period of 3 years.</p> |
| 19 | <p>The Candidature for the CEO of the Company agreed with the President or the Administration of the President of the Republic of Kazakhstan in the case of the inclusion of the Company in the relevant list, approved by the Decree of the President of the Republic of Kazakhstan. In this case, the company has the following search and the election order of members of the Board of Directors:</p> <ol style="list-style-type: none"> 1) Nomination and Remuneration Committee of the Board of Directors determines the requirements for the competence and skills of the candidates for the post of CEO of Executive Body, ways to find candidates (either by themselves or with the assistance of the recruiting organization); 2) Nomination and Remuneration Committee of the Board of Directors carries out the search and selection of candidates, conducts interviews and makes a ranked shortlist of candidates; <p>Continuation ►</p> | Complied | |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|---|--|--|
| 19 | <p>3) Fund's Management Board agrees on the candidacy of CEO of the Executive Body and shall send to the ranked list of candidates of the Nomination and Remuneration Committee of the Board of Directors of the Fund;</p> <p>4) Nomination and Remuneration Committee of Fund's Board of Directors considers and directs candidacy from the ranked list of candidates signed by the Chairman of the Board of Directors of the Fund (the Prime Minister of the Republic of Kazakhstan) to the President of the Republic of Kazakhstan:</p> <p>5) Agreed candidacy by the President of the Republic of Kazakhstan or the head of the Presidential Administration of the Republic of Kazakhstan appoints by the Board of Directors of the Company as CEO of the Executive Body of the Company.</p> | Complied | <p>The decree of the President No. 828 from 3/28/2002 year, regulates an order of approval of candidate to a position of the Head of Company.</p> <p>Regulations on Board and on NR Committee define requirements to competences and skills for candidates for a position of the Head of Executive body, ways of search of candidates (independently or with involvement of the recruiting organization), implementation of search and selection of candidates, holding an interview and makes the ranged short list of candidates.</p> <p>By the law on Fund it is fixed – the Board of Fund approves the candidacy to a position of the head of Executive body and directs with Nomination and Remuneration Committee of the BoD of Fund ranged by the list of candidates; Fund considers Nomination and Remuneration Committee of the Board of directors and signed by the Chairman of the board of directors of Fund (the Prime minister of the Republic of Kazakhstan) sends the candidate with the ranged list of candidates to the President of the Republic of Kazakhstan.</p> |
| 20 | <p>The CEO and members of the Executive Body are assessed by the Board of Directors. The main criterion of assessment is the achievement of KPIs. Motivational KPIs of the CEO and members of the Executive Body are approved by the Board of Directors. The CEO makes suggestions regarding motivational KPIs of the Executive Body to the Board of Directors. The assessment results have an impact on the amount of remuneration, promotion, re-election (appointment) or early termination of powers.</p> | Complied | <p>According to the Charter and internal documents of Company the Board of directors approves rules of compensation and awarding, the scheme of official salaries, and also determines the sizes of official salaries of the Chairman of the Board, Board members, approves KPIs of Board members. Monitoring of execution of efficiency is carried out by the Board of directors for determination of amount of remuneration, encouragement, re-election (appointment) or the early termination of powers of board members.</p> |
| 21 | <p>In the cases of violations of the Business Ethics Code by the members of the Executive Body, the CEO of the Executive Body shall notify the Board of Directors.</p> <p>Member of the Executive Body who committed violations of norms of the Business Ethics Code cannot be a member of the Executive body of any other Organization.</p> | Complied | <p>In 2016 there were no cases of violation of standards of the Code of business ethics by Board members of Samruk-Energy JSC.</p> |
| 22 | <p>In the event of a corporate conflict participants are seeking for ways to resolve them through negotiations in order to ensure effective protection of the interests of Organizations and Stakeholders.</p> <p>The effectiveness of the prevention and settlement of corporate conflicts involves, above all, the maximally complete and speedy identification of such conflicts and precise coordination of all authorities of the Organization.</p> <p>Corporate conflicts with the assistance of the Corporate Secretary of the Board of Directors considered by Chairman of Board of Directors of the Organization. In the cases that involve the Chairman of the Board of Directors in the corporate conflicts, such cases are considered by the Nominating and Remuneration Committee.</p> | Complied | <p>The Company has developed mechanisms for resolving corporate conflicts reflected in the internal document «Policy on the settlement of corporate conflicts in Samruk-Energy JSC, which establishes the procedure and procedures for resolving corporate conflicts between their participants. This document is applied by all structural divisions of the Company, including SDCs and is included in the documentation of the IMS.</p> <p>The Company's policy for the settlement of Corporate conflicts is based on the fact that the order of their settlement must ensure compliance with and protection of shareholder rights, as well as protection of the property interests and business reputation of the Company. The competence of the Company's management bodies for the examination of corporate conflicts is delineated, depending on whether the issue of a corporate conflict belongs to the competence of a particular body. The Board of Directors reviews corporate conflicts, the subject of which is the action (inaction) of the Management Board, the Chairman of the Management Board, other employees of the Company to whom the relevant powers were delegated or decisions taken by them. The Board of Directors participates in the settlement of Corporate conflicts. If the Corporate Conflict can not be regulated by the Chairman of the Management Board, its settlement shall be referred to the Board of Directors for consideration. At the end of 2016, corporate conflicts were not identified.</p> |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|---|--|--|
|-----|---|--|--|

6. Risk management, internal control and audit

| | | | |
|---|--|----------|--|
| 1 | <p>The efficiently functioning system of risk management and internal control should be established in the Fund and Organizations. The system is aimed at assurance of reasonable trust in achievement of strategic and operating objectives by the Fund and Organizations. The Board of Directors and Executive Body should ensure the introduction of proper culture of risk management in the Fund and Organizations. Risk management and internal control system of the Fund and Organizations is a set of organizational policies, procedures, norms of conduct and actions, methods and mechanisms of management that are established by the Board of Directors/Supervisory Board and Executive board of the Fund and Organizations, to ensure:</p> <ol style="list-style-type: none"> 1) optimal balance between growth of the company's value, profitability and risk inherent to them; 2) efficiency of financial and economic activity and achievement of financial sustainability of the company; 3) soundness of assets and effective use of the resources of the company; 4) completeness, reliability and accuracy of financial and managerial reporting; 5) compliance with the requirements of legislation of the Republic of Kazakhstan and internal documents; 6) appropriate internal controls to ensure the prevention of fraud and to provide effective support for business processes and performance analysis. <p>The Board of Directors and the Executive Body should ensure the implementation of appropriate risk management culture in the Fund and Organizations. Implementation and operation of risk management and internal control system in the Fund and the Organization must have a clear regulatory framework based on best practices (COSO) and methodology (policy) of the Fund.</p> | Complied | <p>The Company has an effectively functioning risk management and internal control system aimed at providing reasonable confidence in achieving strategic and operational goals, and is a set of organizational policies, procedures, standards of conduct and actions, management methods and mechanisms created by the Board of Directors and the Executive Body. The Board of Directors approved regulatory documents governing the process of risk management and internal control. Annually, the Board of Directors approves the Risk Map, Risk Register, Risk-Appetite and Tolerance Levels, Action Plan for minimizing key risks, key risk indicators. It holds quarterly meetings devoted to risk management issues, considers risk migration on the risk map, information on the risks that have been realized, revises risk mitigation plans and approves risk reports. Thus, the set of measures taken for the system of risk management and internal control is aimed at ensuring:</p> <ul style="list-style-type: none"> - the optimal balance between the growth of the value of the organization, profitability and accompanied by their risks; - the efficiency of financial and economic activities and the achievement of financial stability of the company; - safety of assets and effective use of company resources; - completeness, reliability and reliability of financial and management reporting; - compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents; - Proper internal controls to prevent fraud and ensure effective support for the operation of core and supporting business processes and performance analysis. <p>The Board of Directors and the Executive Body ensured the introduction of a culture of good risk management. The normative documents on risk management and internal control approved by the Board of Directors developed on the basis of best practice (COSO) and methodology (policy) of Samruk-Kazyna JSC (Risk Management Policy, Rules for Identification and Risk Assessment, Regulations on Internal Control System Etc.) The executive body continuously ensures the implementation of the norms and requirements for the risk management and internal control process prescribed in the approved regulatory documents. In order to strengthen the role of the risk management system And internal control as an integral part of the Company's corporate culture, the Committee on Risks and Quality Management was established under the Executive Body.</p> |
|---|--|----------|--|

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|---|--|--|
| 2 | <p>The Board of Directors/Supervisory Board of the Fund and Organizations must define the principles and approaches to the organization of the risk management and internal control system based on the tasks of this system and taking into account best practices, work and methodology of the Fund in the field of risk management and internal control.</p> | Complied | <p>The Board of Directors determines the principles and approaches to the organization of the risk management and internal control system, which are prescribed in the Risk Management Policy and the Regulation on the Internal Control System.</p> <p>The Board of Directors approved the main principles:</p> <ul style="list-style-type: none"> ■ risk management systems: <ul style="list-style-type: none"> – involvement of the Company's management in risk management; continuous improvement of the risk management system; continuity of training and exchange of knowledge in the field of risk management by company employees; – Openness and honesty in reporting and escalating risks. ■ Internal control systems: integrity; complexity; continuity of functioning; a responsibility; segregation of duties; reporting of participants in the internal control system; unity of methodological basis; Appropriate approval and approval of operations; timeliness of reporting on any significant deficiencies and weaknesses in control; Continuous development and improvement. <p>The structure of the risk management system in the Company's Group is represented by risk management at several levels with the involvement of the following bodies and divisions of the Company: the Board of Directors, the Audit Committee under the Board of Directors, the Management Board, the Risk Committee under the Management Board, the structural division responsible for risk management, structural units. Structural units, in the person of each employee identify risks, conduct risk assessment, determine the level of tolerance.</p> |
| 3 | <p>The Executive Bodies of the Fund and Organizations should insure the development and support of effective function of the risk management and internal control system. The risk management process should be integrated with the planning processes (strategy and development plans, the annual budget) and operation's evaluation of the Organization (management accounting). Each officials of the Fund or Organization ensure appropriate consideration of risks in decision making. Executive Body of the Fund or Organization should ensure implementation of risk management procedures by employees, who have appropriate qualifications and experience.</p> | Complied | <p>The Executive body has provided creation and maintenance of functioning of an effective control system of risks and internal control. Process of management of risks is integrated with processes of planning and an assessment of results of activity. In the Development plan for Company, f.1p-2 information on the realized risks and the performed actions which have influenced achievement of efficiency is opened. In the Development plan for 2015-2019, f.1p-3 information on possible risks, and the planned actions for risk management, is opened by the efficiency influencing achievement. Monthly in the administrative reporting under execution of the Development plan, information on the actions directed to minimization of risks reveals. Officials of Company provide appropriate consideration of risks at decision-making. The development plan is coordinated with all structural divisions and top managers of Company. Responsibility for introduction of the procedure of risk management in Company is conferred on workers with the 5th summer experience and more, having the corresponding qualification, periodically trained. The Risk management Unit manager has the International certificate in the field of CRMA risk management</p> |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|--|--|---|
| 4 | <p>The system of risk management and internal control of the Fund and the Organizations must be based on a strong culture – led by the Executive body - of risk management that provides mandatory procedures for the identification, assessment and monitoring of all significant risks and takes timely and appropriate measures to reduce the risks that may affect the achievement of strategic objectives, implementation of operational targets, and the company's reputation.</p> <p>The procedures on risk management must ensure that when the new risks are occurred, they are quickly identified and ownership is assigned to them. In case of any unforeseen changes in the competitive or economic environment of the Fund and Organizations an urgent reassessment of the risk map and its compliance with risk appetite should be done.</p> | Complied | <p>The Company's control system of risks and internal control is based on the high culture of a risk management which is carried out by Executive body. In Company, according to Rules of identification and an assessment of risks the procedure of identification, an assessment and monitoring of all essential risks is carried out. The Plan of measures on risk management which can negatively influence achievement of strategic objectives, realization of operational tasks and reputation of the company is developed and approved. The culture of a risk management takes root since the beginning of training of again accepted workers and is supported by periodic training of all workers through internal and external trainings and seminars. The result of identification and an assessment of risks is presented in the register and the map of risks. Timely and adequate measures are provided in the Plan of measures on minimization of risks where executives for decrease in level of risks are also fixed. For achievement of strategic and reputation efficiency risks are identified and key risk indicators which at an early stage signal about possible risks are provided.</p> <p>The one from functions of owners of risks of business processes, according to Rules of identification and an assessment of risks, is providing operational information about the implemented risk or threat of realization of risk. This function allows to provide quick response to new risks, their accurate identification and definition of owners of risk. On the basis of operational information and timely identification in Company urgent reevaluation of the card of risks and its compliance risk appetite is carried out. Migration of risks is reflected in the card of risks. The strategy of Company is actualized on a periodic basis.</p> |
| 5 | <p>The Fund and Organizations should develop, approve, formalize and document control procedures in three key areas: operating activities, preparation of financial statements and compliance with laws of the Republic of Kazakhstan and internal documents.</p> | Complied | <p>Control procedures are described in the Matrix of risks and control, and also Policies of usage of charges, etc. are provided in Rules of planning, coordination and implementation of payments, Rules of interaction of structural divisions on process of management of purchases, the Instruction for ensuring safety of confidential information, the Regulations of an assessment, realization and monitoring of investment projects, Rules of development, coordination, the statement, adjustment, execution and monitoring of execution of Development plans, Corporate accounting policies, tax accounting policies.</p> |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|--|--|--|
| 6 | <p>Transparent principles and approaches in the field of risk management and internal control, the practice of training employees and officials about the risk management system, as well as the process of documentation and timely communication of necessary information to official should be established in the Fund and Organizations.</p> | Complied | <p>The Company introduced the transparent principles and approaches in the field of risk management and internal control. The internal documents, regulating process of management of risks and internal control, are posted on the website and on the internal portal of Company, along with the register and the map of risks. Training of workers and officials about a control system of risks it is carried out regularly, and also at acceptance for work of newcomers of workers. Documenting of process is reflected in results of testing. Results of testing in due time are brought to the attention of officials.</p> |
| 7 | <p>The Board of Directors/Supervisory Board of the Fund and Organizations are required to take relevant actions in order to ensure that existing risk management and internal control system complies with principles and approaches to its arrangement defined by the Board of Directors/Supervisory Board and works effectively. Risks reports should be receive and fully discussed by the Board of Directors at least once in the quarter.</p> | Complied | <p>The Board of Directors approved the Methodology for the evaluation of the corporate risk management system and internal control that determines the methods for assessing the functioning of the corporate risk management system and approaches to their organization and effective functioning established by the Board of Directors. Risk reports are submitted to meetings of the Board of Directors on a quarterly basis. Extracts from the meeting of the Board of Directors on approval of risk reports, as well as recordings of meetings, indicate the discussion of properly and fully in-house risk reports.(Minutes of the Board of Directors: No. 03/16 from 25.03.16, No. 05/16 from 24.05.16, No. 06/16 from 26.08.16, No. 11/16 from 12.12.16.)</p> |
| 8 | <p>The IAS must be established in the Fund and Organizations for a systematic independent evaluation of the reliability and effectiveness of risk management and internal control system as well as corporate governance practices.</p> | Complied | <p>The IAS is created by the decision of the BoD. The mission of the IAS is to provide the necessary assistance to the Board of Directors and the Executive Body in the performance of their duties in achieving the Company's strategic goals. The main objective of the IAS is to provide the Board of Directors with independent and objective information designed to ensure effective management of the Company by introducing a systematic approach to the improvement of risk management systems, internal control and corporate governance..</p> |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|---|--|---|
| 9 | <p>The internal audit in the Fund and Organizations should be carried out by establishment of a separate structural unit IAS (In Organizations in the form of limited partnerships the internal audit function may be assigned to the Audit Commission/auditor in the absence of other mechanisms (for example, the implementation of the internal audit of the IAS of higher authority within the annual audit plan, or under the authority established by the Board of Directors). At that, the purpose, functions and tasks of the Audit Commission/Auditor, the order of its interaction with the bodies of the Organization should be established taking into account the principles set out in this Code in relation to the internal audit service). The goals, authority and responsibility of the IAS, qualification requirements (requirements for the professionalism of internal auditors) must be defined in the internal document of company (the Regulation on the IAS). Regulation on the IAS must be developed and approved in accordance with International professional standards of internal audit and corporate standards of the Fund in area of internal audit. The responsibility of the Organization's Board of Directors is to insure full compliance of the Regulation on IAS with the specific business needs of Organizations.</p> | | <p>Provision about IAS definite purposes, powers and responsibility of IAS, qualification requirements. The provision about IAS completely conforms to the International professional standards. The Regulation on IAS fully meets the specific business needs of Samruk-Energy JSC</p> |
| 10 | <p>In order to ensure the independence and objectivity of the internal audit IAS organizationally and functionally should be subordinated to the Board of Directors. The Board of Directors make decisions on approval of action plans and strategies of IAS, budget of the IAS, determines the composition of the IAS, size and terms of salary payments, remuneration of its staff.</p> | Complied | <p>Organizational subordination and the functional accountability of IAS to the BoD is reached by the following conditions:</p> <ol style="list-style-type: none"> 1) the approval by the BoD (preliminary consideration by Audit Committee) of situation and others the politician in the field of internal audit, regulating the purposes, tasks, functions and an order of activity of IAS; 2) the approval by the BoD (preliminary consideration by Audit Committee) risk – the focused annual auditor plan; 3) granting to the Board of directors (Audit Committee) quarterly and annual report on implementation of the annual auditor plan and other information on activity of internal audit; 4) approval by BoD (preliminary consideration by Audit Committee) of decisions on appointment, dismissal, remuneration of the head and employees of division of internal audit; 5) approval by the BoD (Audit Committee) of the budget of IAS; 6) consideration by the BoD (Audit Committee) of essential restrictions of powers of IAS or other restrictions capable is negative to influence implementation of internal audit |
| 11 | <p>The Head of IAS should develops internal documents regulating activities of the unit based on corporate standards of the Fund in the field of internal audit and ensures their review and approval by the audit committee and Board of Directors.</p> | Complied | <p>The head of IAS has developed the internal documents regulating activity of IAS (Situation, Policy of the organization of internal audit, the Program of a guarantee and quality, etc.) on the basis of methodical support of Fund, the specified documents are considered and approved by Audit Committee and Light of directors.</p> |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|------------------------|--|--|--|
| 12 | The Internal Audit Service operates on the basis of a risk-oriented annual audit plan approved by the Board of Directors. The results of the audit reports and key detection should be quarterly submitted to the Board of Directors. | Complied | IAS carries out the activity on a basis of a risk-oriented annual audit plan, approved annually by the Board of Directors and revised as necessary. |
| 13 | In carrying out its activities the IAS should assess the effectiveness of the internal control and risk management systems, assess corporate governance with the use of common standards of activities in the area of internal audit and corporate standards and recommendations of the Fund in the field of evaluation of corporate governance, effectiveness of internal control and risk management. | Complied | The IAS periodically evaluates the effectiveness of the internal control system and the risk management system, evaluates corporate governance using generally accepted standards of internal audit and corporate standards, and is guided by the Fund's methodology for assessing corporate governance, assessing the effectiveness of internal control and risk management. |
| 14 | The Head of the IAS must develop and maintain the warranty and quality assurance program that covers all activities of the internal audit and provides the obligation to carry out internal and external evaluation of the IAS performance. Evaluation of the effectiveness of the IAS, its Head and staff is carried out by the Board of Directors on basis of the consideration of IAS's reports, compliance with deadlines of annual audit plan and reporting, assessment reporting conformity to requirements of standards and internal regulations of the IAS. | Complied | The head of IAS has developed a guarantee and quality improvement Program approved by the Audit Committee, covering all kinds of internal audit activities of, and IAS providing obligatory carrying out an internal and external assessment of activity. The head of Service of internal audit bears full responsibility for the Program which covers all activity of Service of internal audit, including advisory. At the end of the year, the BoD assesses the effectiveness of IAS |
| 7. Transparency | | | |
| 1 | In order to observe interests of the stakeholders the Fund and the Organizations timely and fairly disclose information on all important aspects of its activities, including the financial condition, results of operations, ownership and management structure. | Complied | The website of the Company discloses all information in accordance with the legislation of the Republic of Kazakhstan and the Exchange Listing Rules affecting the interests of stakeholders. All information is placed on time. |
| 2 | The Fund and Organizations disclose in timely manner information prescribed by law of the Republic of Kazakhstan and internal documents. Internal documents determining the principles and approaches to disclose and protection of the information as well as a list of information to be disclosed to the Stakeholders should be approved in the Fund and Organizations. The Fund and Organizations determine the order of assignment of the information to the categories of access, terms of storage and use of information, including set of people who has right of free access to information of commercial and official secret and take measures to protect its confidentiality. | Complied | The Company approved normative documents regulating principles and approaches to information disclosure and protection. The Company has the following: Information policy, which defines principles and approaches to information disclosure, The list of information that is disclosed to the Interested Parties The rules for the preparation and posting of information on the Company's website, where reporting formats, officials and functional units responsible for the disclosure and provision of information are provided. Information Security Policy, Instruction on securing the confidentiality of confidential information in Samruk-Energy JSC |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|--|--|--|
| 3 | <p>The Fund, Company and Organizations shares or interest bearing obligations of which are listed at a recognized Stock Exchange should post on its Internet website on a timely basis audited annual financial statements that is prepared in compliance with IFRS and also financial statements prepared in accordance with IFRS for the first quarter, for six months and the first nine months of the reporting period. In addition to primary forms of the financial statements it is encouraged to disclose additional information about the financial condition of the Fund, Companies and Organizations, shares or interest bearing obligations of which are listed at the Stock Exchange.</p> | Complied | <p>The Company's website in the «Shareholder» section contains audited annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and financial statements prepared in accordance with IFRS for the first quarter, for the six months and for the first nine months of the reporting Period. All these reports are posted on time, in accordance with the established deadlines.</p> |
| 4 | <p>The Fund and the Organizations should carry out the audit of the financial statement on annual basis through attraction of the independent and qualified auditor which as a third-party entity provides objective assurance to the Stakeholders about authenticity of the financial statement and its compliance with IFRS. Norms in part of audited statements are applied, if an audit of annual financial statement is prescribed by legislation of the Republic of Kazakhstan and/or internal documents of the Organization.</p> | Complied | <p>The Company annually audits annual and semi-annual financial statements through the involvement of an independent and qualified auditor. The external auditor of the Company «PricewaterhouseCoopers» LLP meets the following criteria: high level of qualification of specialists of the audit organization; Experience in both Kazakhstan and international markets; Knowledge of the industry's business; Positive reputation, both on the Kazakhstani and international markets; Compliance with the auditing organization of the International Standards of Auditing, the legislation of the Republic of Kazakhstan in the field of auditing, the Code of Ethics for Professional Accountants of the International Federation of Accountants; Effectiveness of work to identify gaps and provide recommendations for improving internal controls on the financial reporting process.</p> |
| 5 | <p>The Fund, Companies and Organizations shares or interest bearing obligations of which are listed at the Stock Exchange should prepare an annual report in compliance with the provisions of this Code and best practice of information disclosure. The annual report is approved by the Board of Directors.</p> | Complied | <p>Annually the Company prepares the Annual Report, which is one of the key sources of information for the shareholder and other interested parties. Annual reports of Samruk-Energy JSC for several years receive prizes at the Republican Competition of RAEX annual reports (Expert RA Kazakhstan), supported by the Kazakhstan Stock Exchange. So, in 2016 the Company became the winner in the nominations «The best report of the non-financial sector», the nominee «Best interactive annual report» among 137 companies. The annual report of the Company was included in the top five annual reports of Kazakhstan companies.</p> |

| No. | PRINCIPLES OF CORPORATE GOVERNANCE CODE | Compliance /Non-compliance/ Partially compliance | Information on observance / not observance of provisions of the Code |
|-----|---|--|---|
| 6 | Internet website should be well structured, easy for navigation and contain information that is necessary for Stakeholders to understand the activities of the Fund and Organizations | Complied | <p>The official site of the company www.samruk-energy.kz, was created using a modern interface, with convenient navigation on the site and on individual pages («usability»).</p> <p>The topic of the sections of the site complies with all requirements of the Corporate Update Code and accepted standards. Materials are posted in the state, Russian and English languages. The rules for the preparation and placement of information on the Company's website provide for the responsibility of individuals from among the structural units for the completeness and relevance of information posted on the website relating to the activities of the Company. Information is updated on a regular basis; monthly responsible persons of structural divisions monitor the assigned departments for updating and updating the content. The site is the first and one of the main sources of receipt by the stakeholders of the Company of the necessary information on the main activities of Samruk-Energy JSC</p> |

THE MANAGEMENT BOARD

The Company's day-to-day operations are managed by a collegiate body in the form of a Management Board headed by the Chairman of the Board. The activities of the Board are aimed at observance of shareholders' interests to the greatest possible extent, as well as fulfilling objectives of the Company and implementing its strategy.

The organization of work of the Company's Board, the procedure for convening and holding its meetings, the procedure for making decisions is determined by the Regulations on the Management Board approved by the Board of Directors on March 20, 2015.

The main principles of the Board are: honesty, conscientiousness, reasonableness, discretion, regularity.

The Board holds regular in present meetings.

In 2016, as part of transition to the new organizational structure of "Samruk-Energy" JSC and in accordance with requirements for improving management efficiency, distribution of strategic objectives, business processes, duties and responsibilities stipulated by the new organizational structure of the Company, the new qualification requirements for jobs of the Company's Board members were developed.

Candidates for the positions of the Chairman of the Board and Board members should have the experience, knowledge, skills and business reputation necessary for the proper performance of responsibilities assigned to them.

The qualification requirements developed for jobs of the Board members contribute to a more prompt and quality selection of management staff, succession planning, professionalism in making managerial decisions and improving the level of corporate governance.

The number of the Company's Board was determined in the amount of six members by the resolution of the Company's Board of Directors dated February 26, 2016:



Satkaliyev Almassadam Maidanovich

Chairman of the Board of the Company, Member of the Board of Directors.

Doctor of Economic Sciences. Honored Power Engineer of the CIS.
Born on October 31, 1970.

Citizenship: the Republic of Kazakhstan

Employment history of Satkaliyev Almassadam Maidanovich:

In 1992 – Graduated from Kazakh State University named after Al-Farabi, mechanical engineer, applied mathematician.

In 2013 – Graduated from International Institute of State service and management of the Russian Presidential Academy of National economy and public administration, Master of Economics.

In 2014 – graduated from Nazarbayev University Graduate Business School under Executive MBA program.

In 2016 – graduated from Stanford University's Graduate School of Business under Stanford Executive Program (Stanford program for executive staff).

From August 1992 – Director of “TaSSaT” LTD.

From September 1997 – manager, Head of clearing department at NOTC “KazTransOil” JSC.

From August 1998 – Vice President for economy, Managing Director of a Representative Office in Astana city, Head of Project Management Department at NOTC “KazTransOil” JSC.

From March 2001 – Chief Financial Officer, Vice – President for economy at “Kazakhstan Electricity Grid Operating Company” JSC.

From November 2003 – First Vice-President of Kazakhstan Electricity Grid Operating Company “KEGOC” JSC.

From May 2006 – Director – head of the group on “KEGOC” JSC at “Kazakhstan Holding for Management of State Assets “Samruk” JSC.

From December 2006 – Director for power assets management at “Kazakhstan Holding for Management of State Assets “Samruk” JSC.

From January 2007 – Deputy Minister of Energy and Mineral Resources of the Republic of Kazakhstan.

From September 2007 – President, from October 2008 – First-Vice President of “KEGOC” JSC.

From December 2009 – Chairman of the Board of “KEGOC” JSC.

From May 2011 – Managing director of “Samruk-Kazyna” Sovereign Wealth Fund” JSC.

From January 2012 – Chairman of the Board of the Company.



Maxutov Kairat Berikovich

Managing Director for economy and finance, Board member

Born on May 16, 1970

Citizenship: the Republic of Kazakhstan

Employment history of Maxutov Kairat Berikovich:

In 1991 he graduated from Karaganda cooperative institute of Kazpotrebsoyuz, economist-auditor.

1991–1992 – Inspector of accounting and control office of Karaganda Regional Consumer Union.

1992–1997 – Leading specialist on investments and innovations, head of international payments and foreign exchange operations department, deputy director of Karaganda branch of “Igilik Bank” AKB.

1997–1999 – Zhayrem-Atasuyskaya Special Economic Zone, Deputy Chairman of the Administrative Council of FEZ, Deputy Mayor of Karazhal city.

1999–2004 – Deputy Director, Director of Karaganda branch of “Alfa-Bank” SB JSC.

2004–2009 – Vice President for Economics and Finance of Mining and industrial holding company “Gefest”.

2009–2012 – Deputy Chairman of the Board on Finance and Economics of the Company.

2012–2013 – Managing Director, Managing Director for corporate governance of the Company

2013–2016 – Deputy Chairman of the Board of the Company

From March 2016 – Managing Director for economy and finance of the Company.



Moldabayev Kanysh Tanirbergenovich

Managing Director for strategy and sales, Board member

Born on October 23, 1963

Citizenship: the Republic of Kazakhstan

Employment history of Moldabayev Kanysh Tanirbergenovich:

In 1987 graduated from Pavlodar Industrial Institute, electrical engineer.

In 2002 graduated from the Karaganda State Technical University, major – economist- lawyer.

In 2004 graduated from the Academy of Public Administration under the President of the Republic of Kazakhstan, public service manager.

From 2016 to present – studying the “Doctorate of Business Administration” program of Russian Academy of National Economy and Public Service under the President of the RF.

1987–1997 – Electrical fitter, master, switchboard operator, chief engineer, Bayanaul district of power networks.

1997–1999 – President of the joint-stock company, Bayanaul district of power networks.

1999–2004 – Deputy District Akim, Akimat of Bayanaul area of Pavlodar region.

2004–2007 – Head of Administration for power industry, Ministry of Energy and Mineral Resources.
 2007–2009 – Director of “Northern MPN” Branch, “KEGOC” JSC.
 2009–2011 – Director of NPN Development department, “KEGOC” JSC.
 2011–2012 – Director for industrial assets management of “Sovereign Wealth Fund “Samruk-Kazyna” JSC.
 March 2012 – November 2012 – Director of Department for Innovation and technologic policy and development of the Company.
 2012–2014 – Managing Director for Development.
 2014–2015 – Deputy Chairman of the Board.
 2015–2016 – First Deputy Chairman of the Board of the Company.
 From March 2016 – Managing director for strategy and sales of the Company.



Ogay Alexey Vladimirovich

Managing Director for Business Transformation, Board member

Born on December 1, 1970

Citizenship: the Republic of Kazakhstan.

Employment history of Ogay Alexey Vladimirovich:

In 1995 graduated from Almaty Power Engineering Institute, electrical engineer.
 1995–1998 – Research fellow at “Laboratory for study of Kazakhstan FEC issues” LLP.
 1998–2002 – specialist, leading specialist, chief specialist of Economics Department at “KEGOC” JSC.
 2002–2006 – Head of economic analysis section of Planning and economic analysis department at “KEGOC” JSC.
 June 2006 – December 2006 – Chief expert, “KEGOC” JSC group, “Samruk” holding company” JSC.
 2006–2008 – Chief expert, Power assets management Group of “Samruk” holding company” JSC.
 September 2008 – November 2008 – Deputy Director for power assets management of “Samruk” holding company” JSC.
 2008–2011 – Chief expert of office of electric power assets at “Sovereign Wealth Fund “Samruk-Kazyna” JSC.
 2011–2014 – Director on electric power assets management at “Sovereign Wealth Fund “Samruk-Kazyna” JSC.
 2014–2015 – Deputy Chief Director on assets management at “Sovereign Wealth Fund “Samruk-Kazyna” JSC.
 2015–2016 – Deputy Chairman of the Board of the Company.
 From March 2016 – Managing director for business transformation of the Company.



Abdygulov Murat Kenesovich

Managing Director for procurement, Board member

Born on February 11, 1980.

Citizenship: the Republic of Kazakhstan

Employment history of Abdygulov Murat Kenesovich:

In 2001 – he graduated from Al-Farabi Kazakh National University, major in law.

In 2003 – he graduated from Al-Farabi Kazakh National University with obtaining a master's degree in Law.

2001–2002 – Chief specialist of Almaty city's Zhetysu district court.

From January 2003 – assistant to the deputy of the Senate of Parliament of the Republic of Kazakhstan Legislation and Law Reform Committee.

2004–2005 – Assistant to the First Vice-Minister of Justice.

2005–2006 – Director of Legal Department at “KazPetroil” LLP.

2006–2007 – Chief contract specialist at “KazakhstanKaspi-shelf” JSC.

2007–2008 – Head of legal department at “Interstroy NS” LLP.

2008–2009 – Head of contracts preparation unit of Technical conditions department at “Almaty Power Consolidated” JSC.

2009–2010 – Head of technical conditions office at “Alatau Zharyk Company” JSC.

2010–2012 – Deputy director of “Office for servicing Astana Diplomatic Corps “ under the Ministry of Foreign Affairs of the Republic of Kazakhstan in Almaty.

2012–2014 – Commercial Director on Procurements, Managing Director on maintenance of “Almaty Power Plants” JSC.

2014–2016 – Head of Staff, Chief Commercial Officer of the Company.

March 2016 – November 2016 – Managing Director for Procurement and Administrative matters of the Company.

From November 2016 – Managing Director for Procurement of the Company.



Tutebayev Serik Suinbekovich

Managing Director for Production and Asset management, Board member

Born on May 27, 1958

Citizenship: The Republic of Kazakhstan

Employment history of Tutebayev Serik Suinbekovich:

In 1981 – he graduated from Almaty Energy Institute, thermal power engineer.

In 2000 – he graduated from Almaty Energy Institute, major in economics and management at the enterprises of fuel and energy complex.

1981–1983 – assistant to the commissioning division supervisor at SredneAzErgoMontazh management.

1983–1984 – Engineer of Environmental protection and occupational safety department of Almaty Energy University.

1984–1998 – inspection engineer of turbine equipment of a turbine plant, senior engine operator of turbine department of turbine workshop, shift supervisor of turbine workshop, head of turbine shop of Almaty CHP-2, chief engineer, Managing Director of “Almaty Power Consolidated” JSC.

2007–2010 – Managing Director of “Almaty Power Plants” JSC CHP-2.

2010–2011 – Deputy Chairman of the Board of “Almaty Power Plants” JSC.

2011–2013 – Head of Almaty city energy and public utilities office.

2013–2014 – Deputy Chairman of the Board for production at “SEVKAZENERGO” JSC.

2014–2016 – Head of “Generation” division.

From March 2016 – Managing Director for production and assets management of the Company.

THE REPORT OF THE BOARD

27 meetings of the Company’s Board were held in 2016, 430 items were considered. All decisions were made by the members of the Board unanimously.

The Company’s Board adopted the following most important decisions:

- “On approval of the Program for sale and restructuring of “Samruk-Energy” JSC assets for 2016–2017”;
- “On approval of the Energy Conservation and Energy Efficiency Improvement Program at “Samruk-Energy” JSC group of companies for 2015–2025 in the new edition”;
- “Approval of the organizational structure and staff list of “Samruk-Energy” JSC”;
- “On approval of “Samruk-Energy” JSC Development Plan for 2017–2021”;
- “On certain matters of “Samruk-Energy” JSC assets privatization”;
- “On approval of “Samruk-Energy” JSC Charter in the new edition”;
- “Conducting evaluation of compliance of “Samruk-Energy” JSC employees with qualification requirements for the new organizational structure’s jobs (Job matching)”;
- “On approval of Plan for transition to the target organizational structure of “Samruk-Energy” JSC”

The number of the Company’s Board meetings

| | 2016 | 2015 | 2014 |
|--------------------------------|------|------|------|
| Number of meetings | 27 | 18 | 19 |
| Share of in present meetings | 100% | 100% | 100% |
| The number of considered items | 430 | 356 | 331 |

THE COMMITTEES OF THE COMPANY’S BOARD

Currently, the following advisory bodies operate under the Company’s Board:

- Committee for risks and management system
- Committee for Planning and Performance Evaluation
- Credit Committee.
- Investment and Innovation Council.
- Asset and Liability Management Committee

All committees report to the Company's Board and operate within the competence granted to them by the Board in accordance with provisions of these bodies.

Committee for risks and management system

The Committee is a permanent consulting body under the Company's Board and is established to coordinate the process of organizing the risk management system, internal control and the corporate governance system of the Company.

It is headed by the Company's Chairman of the Board.

2016 Report

| | |
|---|---|
| Number of meetings | 7 |
| The number of considered items | 19 |
| attendance, % | 94 |
| Key items | On preliminary approval of establishing Samruk-Energy's limits for open currency positions and VaR |
| | On approval of "Samruk-Energy" JSC Rules for hedging risks |
| | On preliminary approval of the Risk Management Report with description and analysis of key risks, as well as information on the implementation of plans and programs for mitigating "Samruk-Energy" JSC risks for the 4th quarter of 2015, 1st, 2nd and 3rd quarter of 2016 |
| | Preliminary approval of the Risk and Control Matrix for key business processes of "Samruk-Energy" JSC financial statements preparation in the new edition |
| | Preliminary approval of the Corporate Management System Policy in the new edition |
| | On considering the Report on functioning of Corporate Management System in accordance with ISO 9001: 2008 requirements at "Samruk-Energy" JSC for 2015 |
| | On preliminary approval of the consolidated Risk Register, the consolidated Risk Map, Key Risks Management Action Plan with determination of tolerance levels for each key risk, Passport of "Samruk-Energy" JSC Key Risk Indicators for 2017. On preliminary approval of risk appetite of "Samruk-Energy" JSC for 2017 |
| | On preliminary approval of performance criteria of "Samruk-Energy" JSC corporate risk management and internal control systems |
| | On consideration of reports on execution of plans for improvement of "Samruk-Energy" JSC corporate risk management and internal control systems for 2016 |
| On approval of the Plan for improving "Samruk-Energy" JSC corporate risk management system for 2017 and the Plan for improving "Samruk-Energy" JSC internal control system for 2017 | |

Committee for Planning and Performance evaluation

The main purpose of the Committee for Planning and Performance evaluation of “Samruk-Energy” JSC under the Company’s Board is to improve the performance of the Company and its subsidiaries and affiliates, including optimizing the structure of their assets and expenditures.

Managing Director for Economics and Finance is Chairman of the Committee.

2016 Report

| | |
|--------------------------------|--|
| Number of meetings | 16 |
| The number of considered items | 54 |
| Attendance, % | 100 |
| Key items | Consideration of adjusted development plans of the Company’s subsidiaries and affiliates for 2017–2021 |
| | Approval of adjustments to the development plan of the Company’s head office for 2016. |
| | Reports on implementation of the Company’s SA Development plans |

Investment and Innovation Council of “Samruk-Energy” JSC

Advisory body under the Company’s Board, the main goal of the Council is to increase the efficiency of investment and innovation activities, as well as to increase local content in the Company and its Subsidiaries and Affiliates.

Chairman of the Board of the Company is the Chairman of the Investment and Innovation Council.

2016 Report

| | |
|--------------------------------|---|
| Number of meetings | 9 |
| The number of considered items | 30 |
| Attendance, % | 85 |
| Key items | Carrying out the research work “Development of the technology of boiler units’ furnace installations for burning high-ash coals of bed No. 3 of Ekibastuz deposit and depleted coal / coal waste” |
| | Approval of the plan for introduction of system “Effective Production” (SEEP)” at the enterprises of “Samruk-Energy” JSC |
| | On possible sale of shares and equity stakes in certain subsidiaries and affiliates |

Asset and Liability Management Committee

The purpose of the Committee is to ensure timely and quality decision-making on matters related to preliminary approval of investment decision to place the Company's temporarily surplus funds (TSF). Placement of available funds and assets & liabilities management, mitigation of risks associated with approval of rising or lowering limits based on results of monitoring the structure of the Company's assets and liabilities, utilization of limits for counterparty banks as required by the Company and the Fund.

Managing Director for Economics and Finance is the Chairman of the Asset and Liability Management Committee.

2016 Report

| | |
|--------------------------------|--|
| Number of meetings | 16 |
| The number of items considered | 54 |
| Attendance, % | 100 |
| Key items | Consideration of adjusted development plans of the Company's subsidiaries and affiliates for 2017–2021 |
| | Approval of adjustments to the development plan of the Company's head office for 2016. |
| | Reports on execution of the Company's Development plans of the Company's subsidiaries and affiliates |

Credit committee of “Samruk-Energy” JSC

The Credit Committee is a permanent joint advisory body under “Samruk-Energy” JSC Board. The main objectives of the Credit Committee are implementation of “Samruk-Energy” JSC credit policy and debt and financial sustainability management policy of the Fund.

Managing Director for Economics and Finance is the Chairman of the Credit Committee.

2016 Report

| | |
|--------------------------------|--|
| Number of meetings | 17 |
| The number of items considered | 17 |
| Attendance, % | 87 |
| Key items | On concluding interested-party transactions |
| | Increase in liabilities of “Samruk-Energy” JSC by entering into a loan agreement with the European Bank for Reconstruction and Development |
| | On signing of loan agreements with second-tier banks |

Performance of “Samruk-Energy” JSC Board members is evaluated in compliance with Rules for performance evaluation and remuneration of the Company's executive staff approved by the decision of the Board of Directors on October 14, 2016 (Minutes No. 07/16) (hereinafter – the Rules).

The rules are based on principles of interconnection of remuneration with performance of objectives that meet the interests of the Company and its shareholders, the dependence of remuneration on the performance of executive staff.

The procedure for performance appraisal of executives is based on the choice of motivational KPI which includes corporate and functional, established depending on activity area of an employee.

Approval of executives' KPI maps as well as results of monitoring the achievement of KPI for the reporting year is assigned to the Company's Board of Directors after receiving recommendations of the Approval and Remuneration Committee.

INFORMATION ABOUT MATERIAL DEALS

A loan agreement between "Samruk-Energy" JSC and the European Bank for Reconstruction and Development was signed on December 9, 2016.

Under this agreement, the EBRD will provide a loan to the Company in tenge or rubles equivalent to 100 million Euros, which will be used to optimize the Company's assets on the balance sheet.

The signing of a loan agreement with the EBRD has a positive impact on the investment attractiveness of the Company and ensures the development of the power sector of the Republic of Kazakhstan. The company is aimed at long-term cooperation with the EBRD in the electricity sector and further development of mutually beneficial partnerships.

Information on "Samruk-Energy" JSC Board decisions about securing deals which are in line with interests of "Samruk-Energy" JSC for 2016 016.

| Ccounterparty name | Subject of a deal | Decision-making procedure | The date of decision on a deal |
|--|--|---------------------------|---------------------------------|
| "Samruk-Green Energy" LLP, "Energiya Semirechia" llp | Assignment of the right of demand under temporary financial assistance contracts executed between "Samruk-Green Energy" LLP and "Energiya Semirechia" LLP for the total amount of 252,514,301 (two hundred fifty two million five hundred fourteen thousand three hundred and one) tenge | "Samruk-Energy" JSC Board | Minutes No.3 dated 16.02.2016 |
| "Ekibastuz SDPP-1 named after B.Nurzhanov" LLP | Transfer of unused roof structure | "Samruk-Energy" JSC Board | Minutes No.5 dated 11.03.2016 |
| "Aktobe CHP" JSC | Postponement of financial assistance maturity date under contract No. FP-152 d/d August 19, 2015 | "Samruk-Energy" JSC Board | Minutes No. 7 dated 08.04.2016 |
| "APP" JSC | Loan agreement | "Samruk-Energy" JSC Board | Minutes No. 8 dated 25.04.2016 |
| "EK REC" JSC | Postponement of financial assistance maturity date under contract No. FP-28 d/d 04/03/2016 | "Samruk-Energy" JSC Board | Minutes No. 12 dated 29.06.2016 |

| Ccounterparty name | Subject of a deal | Decision-making procedure | The date of decision on a deal |
|-------------------------------|---|---------------------------|---------------------------------|
| “FWPP” LLP | Extension of grace period for repayment of interest under contract No. FP-112 dd 11.06.2015 | “Samruk-Energy” JSC Board | Minutes No.12 dated 29.06.2016 |
| “FWPP” LLP | Extension of grace period for repayment of interest under contract No. FP-112 dd 11.06.2015 | “Samruk-Energy” JSC Board | Minutes No.12 dated 29.06.2016 |
| “FWPP” LLP | Cancellation of provision of security for the loan under contract No.FP-169 d/d 10.09.2015 | “Samruk-Energy” JSC Board | Minutes No.12 dated 29.06.2016 |
| “FWPP” LLP | Cancellation of provision of security for the loan under contract No.FP-229 d/d 15.12.2015 | “Samruk-Energy” JSC Board | Minutes No.12 dated 29.06.2016 |
| “AZhC” JSC | Share purchase agreement | “Samruk-Energy” JSC Board | Minutes No. 12 dated 29.06.2016 |
| “Aktobe CHP” JSC | Postponement of financial assistance maturity date under contract No. FP-152 d/d 19.08.2015 | “Samruk-Energy” JSC Board | Minutes No.14 dated 10.08.2016 |
| “Energia Semirechia” LLP | Postponement of financial assistance maturity date under contract No. FP-130 d/d 20.07.2015 | “Samruk-Energy” JSC Board | Minutes No.14 dated 10.08.2016 |
| “AZhC” JSC | Agreement on purchase of “AZhC” JSC bonds | “Samruk-Energy” JSC Board | Minutes No.14 dated 10.08.2016 |
| “Energy Solutions Center” LLP | Transfer of car alarms into the ownership | “Samruk-Energy” JSC Board | Minutes No. 26 dated 26.12.2016 |
| “Aktobe CHP” JSC | Postponement of financial assistance maturity date under contract No. FP-152 d/d 19.08.2015 | “Samruk-Energy” JSC Board | Minutes No.26 dated 26.12.2016 |

INTERNAL AUDIT SERVICE



Seidigaliyeva Akmaral

the head of the Internal Audit Service of “Samruk-Energy” JSC.

She has been managing the Service since 2012. She is a member of the international Institute of Internal Auditors (IIA) and has CIA international certificate of internal auditor, IFA Diploma of the International Institute of Audit and Management (DiplFA), CAP ECCAA international certificate.

In the context of current economic situation when both the external and internal environment of the Company faces with a wide range of risks, we realize how the internal audit is important in achieving the Company’s strategic goals. Today, the Company’s internal audit is an effective tool intended to identify opportunities for improving the Company’s performance.

Our Internal Audit team consists of qualified experienced specialists.

The activity of the Internal Audit Service is based on the International Fundamentals of Professional Practice of Internal Audit and is recognized as compliant with International Professional Standards of Internal Audit.

By applying our skills and knowledge, we bring benefit to the Company through providing independent and objective guarantees and consultations aimed at enhancement of risk management, internal control and corporate governance systems in the Company and its subsidiaries and affiliates.

The Service functionally reports to the Board of Directors of the Company and to the Company’s Management Board administratively. The Audit Committee supervises the performance of the Service. The head and employees of the Service are appointed by the Board of Directors.

In 2016 the number of employees of the Service was 7.

Internal auditors pursue continuous professional development on an ongoing basis, thus, the Service employees have CIA international certificate of internal auditor, IFA diplomas of the International Institute of Audit and Management (DiplFA), CAP ECCAA international certificate, diplomas of the Institute of Financial Managers of Great Britain (DipPIA and DiPCPIA).

The main functions of the Internal Audit Service are:

- Assessment of risks, validity and effectiveness of internal control over risks in the area of corporate governance, operating (production and financial) activities of the Company and its SA, as well as their information systems;

- Evaluation (diagnostics) of the corporate governance system in the Company and its subsidiaries and affiliates in compliance with established procedures, including assessment of introduction and compliance with adopted principles of corporate governance, relevant ethical standards and values in the Company and its subsidiaries and affiliates;
- Verification of compliance with requirements of the Republic of Kazakhstan legislation, international agreements, internal regulations of the Company and its SA, as well as implementation of instructions of authorized and supervisory bodies, decisions of the Company's and its SA bodies, and evaluation of systems created to meet these requirements;
- Assessment of the adequacy of actions taken by business units of the Company and

its subsidiaries and affiliates to ensure the achievement of goals set to them as part of the Company and its subsidiaries and affiliates' strategic objectives.

Annual risk-oriented audit plans are reviewed and approved by the Board of Directors of the Company.

All scheduled audit engagements have been completed in full.

In performing its responsibilities, the Service has confirmed its independence from the influence of any persons to the Board of Directors.

KPI of the Service and its head are set taking into account strategic goals of the Company. The Board of Directors of the Company evaluates the performance of the Service as "effective".

Handling confidential inquiries mailbox of the Company

The Service is the body which is authorized to review, control over consideration of inquiries submitted to the Company's confidential inquiries

mailbox. In 2016, 45 inquiries were received and considered.

OPPORTUNITIES OR RISKS?



Luca Sutera

Senior Independent Director,
Chairman of the Audit Committee of the Board
of Directors “Samruk-Energy” JSC

Corporate risk management system (hereinafter – CRMS) is an integral part of the Company’s operations and is aimed at timely identification, assessment and monitoring of all significant risks as well as taking actions to reduce and/or minimizing internal and external factors that may adversely affect the objectives of the Company.

The Company recognizes the importance of three components of sustainable development: economic, social and environmental. Rapid deterioration of the environment, human and natural resources, as well as economic and social development have negative impacts on stable development of the Company’s group.

In line with the Long-term Development Strategy of “Samruk-Energy” JSC for 2015–2025, the Company adheres to the concept of sustainable development, the principles of which are enshrined in the United Nations Global Compact, analyzes the internal and external situation in three components (economy, environment, social issues) and identifies risks in sustainable

development in the social, economic and environmental realms.

The main factors that negatively affect the objectives of the Company’s operations within the framework of sustainable development are:

- 1) decline in the stability of global economic system, including a slowdown in the RK economy growth and as a consequence the transition to a conservative forecast of growth in electricity and coal consumption;
- 2) increase in volatility of global and regional currencies, in particular, weakening of the national currency which results in high cost of the Company’s investment program, as well as a decrease in the reliability of forecast activity;
- 3) slowdown in the growth of demand for electricity as a result of energy market saturation;
- 4) high competition in the electricity and coal markets;
- 5) unbalanced capital structure, which is reflected in high tariffs, thus resulting in

weakening of the Company's positions in the market;

- 6) the level of wear of the Company's power facilities, which may lead to occurrence of environmental risk, the risk of failure to execute the plan for electricity generation and the risk of accidents and disasters at work;
- 7) impossibility of maintaining a flexible pricing policy which reduces the potential for attracting consumers of various categories.

At the same time, the factor that negatively impact the Company's operations, for instance, weakening of the national currency's exchange rate has a direct effect on the investment program's cost increase and accordingly impact on the debt burden of the Company, can become an opportunity for the Company in the export direction by creating conditions for increasing the competitiveness of the Company. Or, strengthening the environmental regulation of the RK economy creates an opportunity for active development of RES. That is why it is so important to conduct timely and regular analysis of various internal and external factors that may entail risks and opportunities across the Company.

The Company manages its risks at all levels of the Company's group; CRMS is a single process, under which the Board of Directors, senior management and employees, each at its own level, are engaged in identifying potential events that may affect the Company's performance, as well as in managing these events within a risk level acceptable for shareholders.

The Company identified 11 key risks in 2016, evaluated the likelihood of their occurrence, the

scale of consequences, as well as the internal and external factors that affect them and developed the action plan for their management. In November 2016, the Board of Directors of the Company approved a risk register, a risk map and an action plan for managing key risks, key risk indicators and risk appetite for the next year.

In accordance with requirements of internal regulatory documents of the Company, all items submitted to the authorized bodies of the Company are subject to analysis by stakeholders, are also preliminarily considered by the Committees under the Board of Directors and the Management Board in order to facilitate the identification of economic, environmental and social impacts, risks and opportunities and their management by the Board of Directors and the Management Board, as well as materials attached to them contain information about significant risks that the Company may face in the event of a positive or negative decision by the relevant authorities on these items. The Company's Board of Directors controls over the status of CRMS in the Company and approves the indicators of CRMS performance in the Company.

CRMS is constantly improved, best practices of risk management, new regulatory requirements, experience and standard of risk management are taken into account, constant awareness of executive bodies about existing risks and their management is also ensured. In this vein there is a positive dynamics of CRMS development in the Company in relation to 2014 – 76.86%, to 2015 – 80.01%, in 2016, the CRMS of the Company complies 96.67% with the criteria of the Methodology for evaluation the effectiveness of the corporate risk management system.

12. HUMAN RESOURCES ARE OUR MAIN ASSET



Ust-Kamenogorsk HPP

In the context of globalization and unstable external environment, human resources have become one of the most important factors that have an influence on the success of development and achievement of an organization's goals.

High award – the Grand Prix of the presidential award for social responsibility of business “Paryz” received in 2015 demonstrated “Samruk-Energy” JSC achievements in the area of sustainable development. In 2016, the relay of prize-winners was continued by the company's subsidiary: “Ekibastuz SDPP-1 named after B. Nurzhanov” LLP became a silver medalist in the category “Best Collective Agreement” among large businesses.

“Samruk-Energy” JSC being one of the most attractive employers, takes measures to create favorable working conditions, offers its employees a decent salary, opportunities for development and career. To this end, the Company regularly organizes training events, implements talent management and motivation programs, and applies a transparent performance management system to determine the amount of additional remuneration and motivation.

STAFF COMPOSITION

To date, the Company is the largest diversified energy holding company that provides work for **22,230** people across Kazakhstan.

The regular labor force predominates in the structure of the Company group's staff number; their share in 2016 was **66.1%**.

7,706 people (34.7%) of the Company's group have higher professional education, of which **41%** majored in power engineering.

Employees who have worked in the industry for more than 10 years prevails in the Company's group, their share in 2016 was **43.9%** and corresponds to the level of 2015. In general, the average work experience in power industry across the Company's group is more than **11 years**.

The ratio of men and women is as follows: men – **73% (16,229 people)**, women – **27% (6,001 people)**.

Analysis of staff's age structure shows that the basis of the labor potential of the Company's group in 2016 was employees aged up to 50 years – **70.2%** of the total staff number, **29.8%** – employees aged 50 and above.

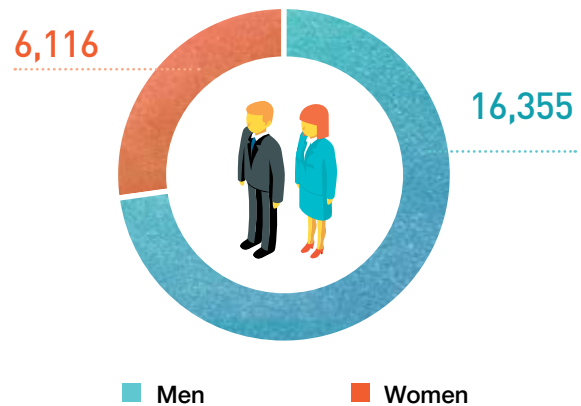
The ratio of employees by age categories in the group of the Company is stable and provides necessary occupational structure and succession.

The total staff turnover in the company's group (for all kinds of reasons) amounted to **2,911 people (13%)** in 2016 from the total number of headcount.

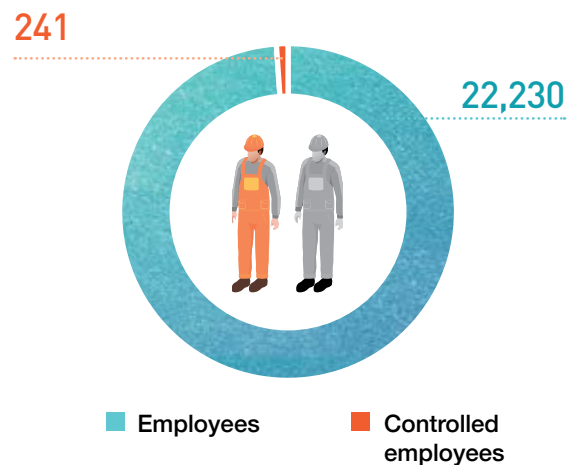
The number of newly hired employees in the Company's group is **2,454**. As part of competitive procedures, **258** vacancies out of **297** vacancies for administrative positions were filled through competitive selection.

The implementation of transparent procedures for competitive selection in the Company ensures equal rights for all candidates, regardless of their gender, race, age or religion, based only on their professional qualifications, thereby gaining the opportunity to hire the best talents and their knowledge.

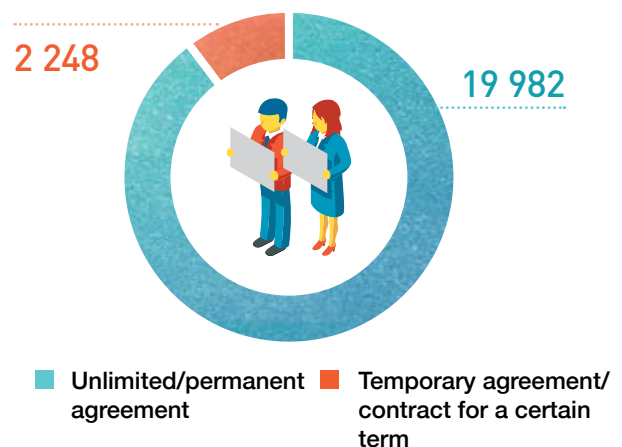
Total workforce by gender for 2016



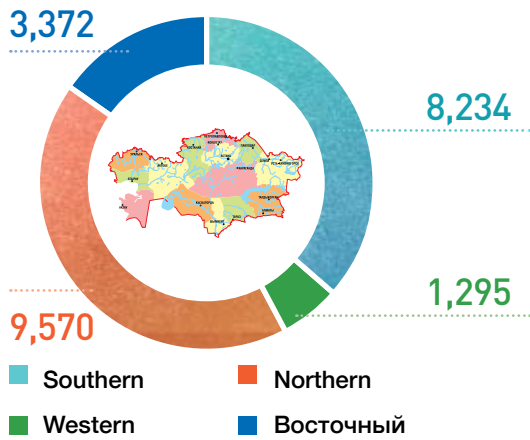
Total workforce by employment type for 2016



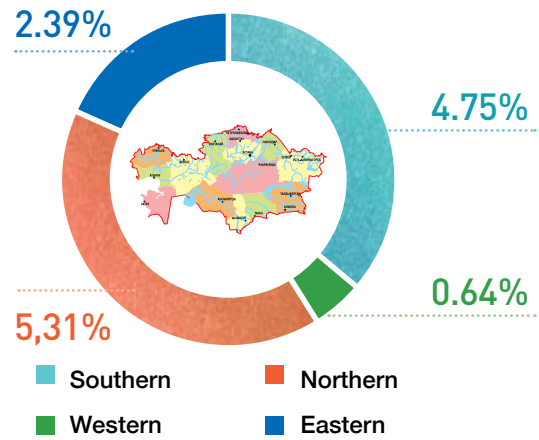
Total number of employees by type of employment contract for 2016



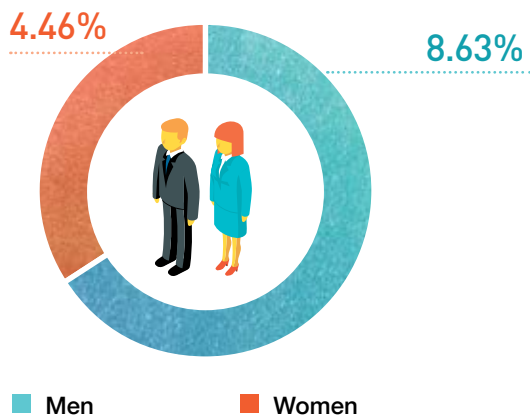
Total workforce by region for 2016



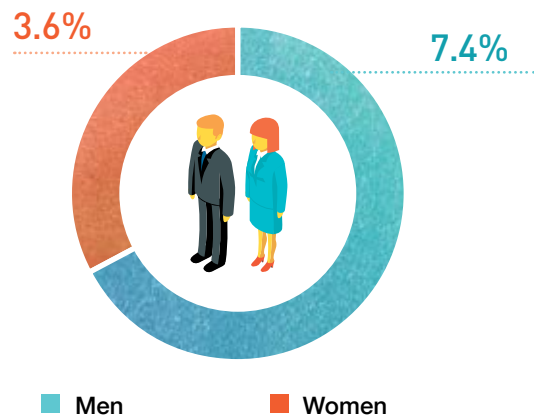
Staff turnover by region for 2016



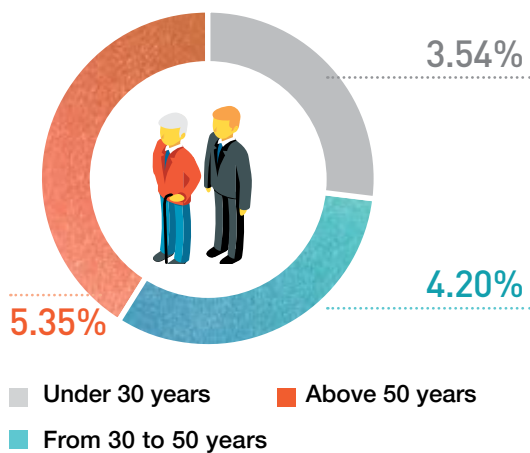
Staff turnover by gender for 2016



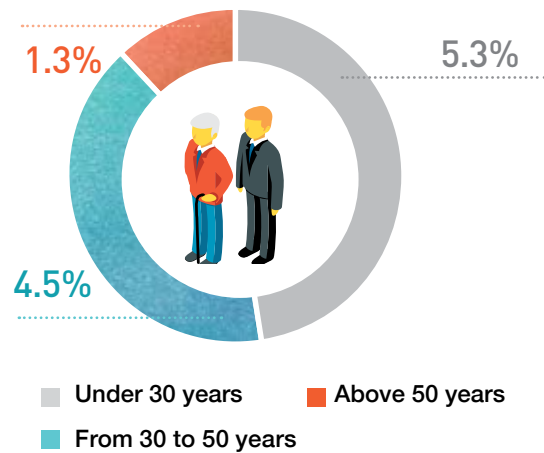
Newly hired employees by gender for 2016



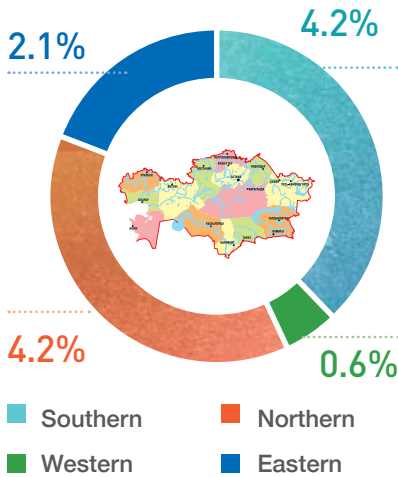
Staff turnover by age for 2016



Newly hired employees by age for 2016



Newly hired employees by region for 2016



The composition of the organization's employees, broken down by gender, age group and indicating minority representation

| No. | Indicator | Employees | Share, % |
|-----------|--|---------------|----------|
| 1. | Gender | 22,230 | - |
| 1.1. | Men | 16,229 | 73.0 |
| 1.2. | Women | 6,001 | 27.0 |
| 2. | Minority groups (racial / ethnic, religious, with disabilities) | 22,230 | - |
| 2.1. | Kazakh | 12,854 | 57.8 |
| 2.2. | Russians | 6,854 | 30.8 |
| 2.3. | Ukrainians | 813 | 3.7 |
| 2.4. | Uyghurs | 345 | 1.6 |
| 2.5. | Tatars | 399 | 1.8 |
| 2.6. | Germans | 329 | 1.5 |
| 2.7. | Byelorussians | 143 | 0.6 |
| 2.8. | Koreans | 74 | 0.3 |
| 2.9. | Others | 419 | 1.9 |
| 3. | Age groups | 22,230 | - |
| 3.1. | Under 30 year | 4,909 | 22.1 |
| 3.2. | From 30 to 50 years | 10,686 | 48.1 |
| 3.3. | Over 50 years | 6,635 | 29.8 |

DEVELOPMENT AND CAREER GROWTH

Training and development programs that cover all areas of business and personnel categories are implemented in the Company's group on a regular basis in order to ensure the necessary level of development of competencies and qualifications of personnel.

The principle of active learning has been introduced in the Company, where 70% of training is on-the-job training through projects, new areas of responsibility, special tasks, etc., 20% – training through consulting and mentoring, and only 10% – formal training through participation in seminars, trainings and courses. A key emphasis in the training process is placed on the continuity and consistency of training, as well as responsibility of each employee for personal self-development. The analysis of the need for training in the Company is built on the basis of annual employees' assessment results.

Over **14,900** people across the Company's group completed training in 2016, investments in training and development of personnel across the Company's group amounted to 0.8% of payroll.

As before, certification of personnel according to internationally recognized training programs remains a priority in training. So, this year the Company's employees completed training under certification programs in the field of occupational safety and health (NEBOSH IGC), on preparation of GRI /

G4 reports on sustainable development, on risk management ISO 31,000, on information security ISO 27001: 2013. ACCA, CIMA P1 / P2, CFA, DiplIFR training programs are implemented for the employees of financial and economic unit of the Company's group.

To improve the level of English and Kazakh language proficiency, languages courses both in groups and individually are carried out in the Company's group.

Professional training of employees in the Company's group is carried out without interruption from job through training and induction of newly hired employees by mentors, training in the workplace in the form of technical and special study sessions, special purpose courses, etc., as well as on the basis of own training centers of "Almaty Power Plants" JSC, "Almaty Zharyk Company " JSC," "Bogatyr Komir" LLP, which is aimed at obtaining of higher qualification and / or improving the level of knowledge and skills by employees.

"Moynak HPP" JSC established a training room with mock-ups of hydropower plant facilities clearly demonstrating the operation of all hydro units and other hydraulic equipment, video equipment for demonstrating and visual teaching the operation of hydropower plant as a whole. Training facility with personal computers for training of power unit operators is available at "Ekibastuz SDPP-1 named after B.Nurzhanov" LLP.

Mandatory training on occupational health and safety, fire safety is conducted annually for employees of the Company's group.

Average hours of training per employee per annum, by category of employees

| No. | Personnel category | Total headcount as of the end of 2016 | Number of training hours for 2016 | Average training hours per employee/year |
|-----|---------------------------------|---------------------------------------|-----------------------------------|--|
| 1. | Top management | 84 | 2,297 | 27.3 |
| 2. | Office and management personnel | 1,632 | 109,282 | 66.9 |
| 3. | Production personnel | 20,053 | 718,826 | 35.8 |
| 4. | Maintenance personnel | 461 | 5,972 | 12.9 |
| № | Personnel category | Total headcount as of the end of 2015 | Number of training hours for 2015 | Average training hours per employee/year |
| 1. | Top management | 85 | 2,521 | 29.6 |
| 2. | Office and management personnel | 1661 | 27,482 | 16.5 |
| 3. | Production personnel | 20,441 | 1,025,944 | 50.1 |
| 4. | Maintenance personnel | 463 | 3,300 | 7.12 |

DEALING WITH TALENTS

The Company implements activities for preparation and formation of the pool of talented employees who can, if necessary, occupy executive positions in the Company's group. The presence of talents pool is one of the resources that determine the successful development of the Company and competitiveness in modern conditions.

Talent management system is built on two approaches, including:

1. Planning successors to key positions of the Company (planning period – from 1 to 5 years), formation of career plans and individual development plans for the preparation of a candidate to fill a planned position;
2. Identification of high-potential and promising employees of the Company, their development in the workplace, which they now occupy, using them as agents of change and a resource for the development of the organization.

The main source for identifying high-potential and promising employees of the Company is the procedure for the final (annual) performance evaluation, which results in the formation of the Talent Map (9 box).

At the moment, the Company has developed and approved the Succession Program for key positions of the Company, as well as TOP-25 talented employees of the Company's group.

The Company pays great attention to the development and training of the personnel reserve. Meetings with members of the Board of Directors of the Company are held on an annual basis with a view to introduction, development and motivation of prospective employees of the Company. In the current year, 8 employees of the Company, members of the personnel reserve, completed long-term training under the MBA program (Master of Business Administration).

In addition, the Company's subsidiaries implements activities on creation of Human Resources Reserve and succession planning. The number of personnel reserve across the Company's group at the end of 2016 was **708** people.

PERSONEL ASSESSMENT

Various evaluation tools are used in the Company in order to assess the leadership potential of employees and their compliance with positions held. In 2016, the Company conducted a survey of CEO-1, CEO-2 level executives using the "360 degree" method. The assessment based on "360 degree" method was conducted by interviewing the employee's work environment through filling out an online questionnaire with his supervisor, subordinates, colleagues, and his own evaluation, developed on the basis of the Company's leadership competency model.

Managers were given feedback based on assessment results as well as key recommendations on strengths, weaknesses, and areas for development that require further improvement.

In addition, to improve the quality of staff selection and placement, to stimulate employees to improve the quality and performance, assessment of the Company's employees was carried out in 2016, within the framework of which the level of qualification, training and business qualities of employees was assessed.

Assessment activities aimed at identifying the compliance with positions held were also conducted in "East Kazakhstan Regional Energy Company" JSC, "Shygysenergotrade" LLP, "Station Ekibastuz SDPP-2" JSC, "AlmatyEnergoSbyt" LLP and "Almaty Power Plants" JSC.

The Company continues the implementation of Transformation Program, within the framework of which the new organizational structure of the Company was developed and approved in 2016; new qualification requirements to professional experience, knowledge, skills, competencies and skills for

all positions of the Company were developed according to the new structure. The requirements for a number of key positions have been significantly increased, including in terms of the availability of qualifications confirmed by international professional certificates or additional education in the field of management. These requirements were documented in the new job descriptions.

As part of the transition to the new organizational structure, the Company implements activities on assessment the compliance of the Company's CEO-1, CEO-2 level executives with requirements for the new organizational structure's positions (Job matching), which will ensure that employees successfully cope with new directions at work and forthcoming major challenges facing the Company.

WORKING WITH YOUNG PEOPLE

The Company pays special attention to working with young specialists, ensuring their effective work and career growth through accelerated adaptation and involvement in activities, development of professional and corporate competencies. In the reporting year, more than **4,900** young specialists have been employed with the Company's group. Youth nonprofit organizations and movements, institute of mentoring operate in the Company's group for adaptation of young people. To improve the quality of training of young specialists with technical and vocational education, the Company jointly with the Kazakhstan Association of Organizations of Oil and Gas and Energy Complex "Kazenergy" initiated a project on development a sectoral qualifications framework in energy sector.

The Company conducts activities on cooperation with educational organizations of the Republic of Kazakhstan. Thus, the implementation of activities for the development of dual training, social partnership with specialized educational organizations continues in the Company's group.

The Company together with Almaty University of Power Engineering and Telecommunications has been hosting the Republican Olympiad in Physics and Mathematics among future power engineers since 2015 for the purpose of providing future specialists with career guidance, promoting occupation of energy sector, identification of gifted youth, improvement of specialists' training quality, development of personnel potential for research, administrative and production activities.

The Olympiad is held among two categories of citizens: schoolchildren of graduating classes and 2nd-3rd year students of the Republic of Kazakhstan educational organizations which implement higher and postgraduate education programs, full-time education in such majors like "power engineering" and "thermal power".

Winners of the Olympiad receive scholarships and scholarship allowances from the Company.

CEOs of the Company's subsidiaries are members of various AUPET councils, including for the development of educational programs (development of curricula and programs, arrangement of internship, etc.).

Moreover, enterprises of the Company's group provide the students majoring in power industry disciplines with internships; activities on the review of graduation theses of graduating students are carried out.

MOTIVATION AND REMUNERATION

The main goal of the remuneration policy in the Company's group is to provide employees with competitive wages and the application of a transparent system of bonus payment to employees, which contributes to improving performance and financial incentives for employees to achieve high performance.

The average salary of employees across the Company's group for 2016 has increased as against to the same figure by 11% – from **162,633 tenge** to **181,300 tenge**. The growth of average salary of production personnel was 11% – from **150,129 tenge** to **165 055 tenge**, administrative personnel amounted to 11.9% from **309,584 tenge** to **346,449 tenge**.

Enterprises of the Company's group ensure observance of state guarantees in the field of labor remuneration established by the labor legislation of the Republic of Kazakhstan.

In order to increase the content of wages and compensate for inflationary processes, and in accordance with signed Collective Agreements, the Company's group indexed wages in the amount of 7% in 2016.

An important step and an effective tool in the way of achieving strategic goals is introduction of an integrated system of personnel performance management (SPM). The introduction of SPM allows improving the management system of the organization at all levels and its performance as well.

Performance management system has been operating in the Company since 2014 that allows the Company to simultaneously address several global tasks:

1. When planning work for the year and setting goals, the principle of cascading executives KPI and KPI processes is applied in relation to an employee, this influences on the level of employees loyalty through correspondence of an employee with an organization, its values, principles and objectives;
2. Identification of high-potential employees of the Company (HiPo) and planning of talent management system;
3. Development of a fair remuneration system for personnel by assessing the contribution of employees to the achievement of strategic objectives of the company;
4. Changing skills and attitudes of management staff through building a management system not by local assignments but by long-term goal-setting;
5. Creation of a corporate culture of constant improvement and achievement of high results of work.

As part of the implementation of the Company's Transformation Program, it is planned to introduce the performance appraisal in all of the Company's subsidiaries.

At present, across the Company's group, **4%** of employees of the group's total headcount have been covered by the performance evaluation system.

Percentage of employees who are subject to periodic performance and career development evaluations

| No. | Indicator | Value |
|------|---|--------|
| 1. | Total number of employees (headcount) at the end of 2016 | 22,230 |
| 2. | Number of employees who passed formal performance assessment, incl. | 947 |
| 2.1. | Men | 321 |
| 2.2. | Women | 626 |
| 3. | The share of employees who passed official performance assessment | 4% |
| 3.1. | Men | 1% |
| 3.2. | Women | 3% |

In order to increase the motivation of employees and build a transparent system of labor remuneration, the Company conducted activities on reassessment of jobs (grading), on analysis of established practice and benchmarking of the wage system, which resulted in revision of the employment conditions and wages of employees in the Company.

This system is built on the principle of compliance with internal equity and external competitiveness of remuneration and allowed to implement an accurate and as fair as possible way of measuring the contribution of each position to the performance of the company.

In addition, the Company participates in the labor market survey on an annual basis, which enables to analyze the competitiveness of the Company's wages with the external market.

Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation

| Nº | Indicator | Value (2016) | Measurement unit |
|------|---|--------------|------------------|
| 1. | Minimum wage | 24.5 | Thous. tenge |
| 2. | Wage of entry level employee in an organization in significant regions of operation | 122.7 | Thous. tenge |
| 2.1. | Men | 120.9 | |
| 2.2. | Women | 124.4 | |
| 3. | Ratio | 501% | % |
| 3.1. | Men | 493% | |
| 3.2. | Women | 508% | |

| Nº | Indicator | Value (2015) | Measurement unit |
|------|---|--------------|------------------|
| 1. | Minimum wage | 21.4 | Thous. tenge |
| 2. | Wage of entry level employee in an organization in significant regions of operation | 106.1 | Thous. tenge |
| 2.1. | Men | 104.4 | |
| 2.2. | Women | 107.9 | |

| Nº | Indicator | Value (2016) | Measurement unit |
|------|-----------|--------------|------------------|
| 3. | Ratio | 497% | % |
| 3.1. | Men | 489% | |
| 3.2. | Women | 505% | |

SOCIAL RESPONSIBILITY

Social responsibility is an integral part of the Company's development strategy, as we are aware of our contribution to social development. Projects of social corporate responsibility are aimed at providing safe and comfortable working conditions, professional development, solving housing problems and improving the quality of life of employees and their families, financial support for veterans and pensioners, and support for social communities.

In order to develop the principles of social partnership, occupational safety, achieve a higher level of ensuring labor rights of employees, the work on obtaining of Certificates of Trust is conducted in the Company's group.

In 2016, following the results of "Shardarinsk HPP" JSC, "Station Ekibastuz SDPP-2" JSC, "Aktobe CHP" JSC, "Shygysenergotrade" LLP inspection conducted by state labor inspectors operations, operations of these companies were recognized as meeting requirements of the labor legislation of the Republic of Kazakhstan and Certificates of Trust were issued.

Also, in 2016 "Ekibastuz SDPP-1 named after B.Nurzhanov" LLP won the second place in the nomination "The best collective agreement" in the area of large businesses in the national competition on social responsibility of business "Paryz".

The Company's group has introduced the system of regular monitoring of the social stability rating and the indicator of staff involvement providing for the identification of problems and alarming zones and timely response to them, including through the improvement of the social package of employees, cultural and professional events, the formation of a corporate culture and management of internal communications and etc.

In 2016, the social stability rating for the Company's group remained at the level of 2015 and amounted to 72%. The indicator is still at an "above average" level, which indicates an increased focus on social development issues, as well as a positive attitude and constructive approach to addressing the emerging issues of production personnel.

The survey of the involvement of office and management personnel in 2016 was characterized by positive dynamics and increased from **65% in 2015 to 68% in 2016**.

The most noticeable growth in indicators compared to 2015 is observed in employees' assessment as to how their career develops (from 64% to 100%), setting work objectives by direct supervisor upon agreement (from 66% to 83%), discussion of quality and performance outcomes with direct supervisor (from 58% to 71%), satisfaction with the way the Company is developing today (from 58% to 62%), the opportunity to develop new ideas, efficient proposals to implement them at work (from 24% to 38%).

In 2016, management and employees reporting meetings were held at all labor collectives as part of approved Action plan for improving social stability rating and involvement of personnel in the Company's group for 2016–2018; CEOs of subsidiaries and affiliates highlighted main operating results and activities in the field social responsibility, as well as outlined further development prospects at the meetings.

Conciliation Committees were established and operates in the Company's group; they consist of representatives from the employer and representatives of employees whose main responsibility is to raise awareness among staff and procedures for handling complaints and inquiries.

The Company group strives to provide a competitive social package, the availability of which allows attracting qualified employees. Compensation and benefits are designed to improve the welfare and level of social protection of employees and their families.

The number of social payments and benefits provided to employees of the Company's Group in accordance with signed collective agreements include:

- financial assistance for health care provided at vacation, for the birth of a child;
- financial assistance for burial (an employee and immediate relatives), for the treatment of retired employees, for emergency situations, etc.
- financial assistance in connection with loss of income (registration of maternity leave or leave due to the adoption of a newborn child);
- voluntary medical insurance;
- health resort treatment
- a one-time incentive payment in connection with employees anniversary celebration (50, 60 and 70 years);
- expenses for holding festive, cultural and sports events;
- payment of loans;
- allowance for injury and loss of primary income earner;
- New Year's gifts to children, etc.

So, in 2016, across the Company's group, social payments were made in the amount of 3 082 651 thousand tenge. For the same period of 2015, social payments amounted to KZT2 703 595 thousand tenge. In the structure of payments, the main share is made up of expenses: a one-time allowance for healthcare when granting a leave – 39%, treatment of employees in health resorts – 6%, medical insurance – 6%, one-time benefit in connection with employees anniversary (50,60 and 70 years) 3%, financial assistance in connection with the birth of a child – 3%, expenditures for festive, cultural and sports events – 3%, etc. of the total amount of social payments.

The employer's obligations for social support of personnel under concluded collective agreements are performed in full.

As of the end of 2016, the percentage of coverage of the Company's group personnel by collective agreements amounted to **97%** of the total number of personnel.

In addition, in order to increase motivation and encourage for labor and professional merit, the employees of the Company's group were traditionally awarded the state, institutional and industry awards of the CIS Electric Power Council, Kazakhstan Association of oil, gas and energy sector organizations "Kazenergy", AEL "Kazakhstan Electric Power Association, "Samruk-Kazyna" JSC and others.

In order to promote continuity of generations and power engineer occupation, “Samruk-Energy” JSC celebrated the Day of Labor Dynasties in May 2016. In the framework of this event representatives of 10 labor dynasties from different regions of Kazakhstan were presented certificates of honor and memorable gifts.

On the occasion of International Children’s Day, regular Children’s Painting Contest was held at the initiative of “Samruk-Energy” JSC Local Trade Union from June 1 to August 10, 2016, and also 110 disabled children of the Company’s group were provided with financial aid for a total of 2 200 000 tenge.

The enterprises of the group of the Company take part in charitable actions, rendering assistance to pensioners, children from low-income and large families.

On the eve of the school year employees of “Station Ekibastuz SDPP-2” JSC provided sponsor assistance by providing pre-school uniforms and autumn clothes to children from low-income and large families. “Ekibastuz SDPP-1 named after B.Nurzhanov” LLP provided children from the city orphanage with financial aid for the purchase of sports uniforms, more than 120 children from low-income families were given packages with food in honor of the holiday “Kurban Ait” as well as vouchers for children’s health camps and free of charge visits to the pool during the school holidays for children from the socially disadvantaged population of Solnechny village.

On the eve of celebration of the 71th anniversary of the Great Victory Day, the entities of the Company’s group congratulated participants of the Great Patriotic War and home front workers. Thus, the PA “Local Trade Union of Samruk-Energy” presented gift baskets with groceries to the veterans of the Great Patriotic War, employees of the “East Kazakhstan Regional Energy Company” JSC took part in campaign “Military post office” as part of social and charitable project “Zhenis”, “Alatau” Zharyk Company “ JSC provided financial assistance, “Almaty Power Plants” JSC and “Moynak HPP” JSC congratulated veterans at their homes etc.

Traditional IV Sport contest among employees of “Samruk-Kazyna” JSC group of companies was completed in September 2016. According to the team event results, the Company’s team consisting of representatives of “Alatau Zharyk Company” JSC, “Bogatyr-Komir” LLP, “Ekibastuz SDPP-1 named after B.Nurzhanov” LLP and “Station Ekibastuz SDPP-2” JSC took 3rd place with 19 bronze and 3 silver medals.

In accordance with paragraph 2 of article 48 of the Labor Code of the Republic of Kazakhstan, the Management of the Company and its subsidiaries and affiliates notify the employee and / or his representatives in writing of changes in employment conditions not later than one month. This clause is specified in collective agreements and is strictly observed by each organization of “Samruk-Energy” JSC Group of Companies.

Share of employees under labor contracts

| No. | Indicator | Value (2016) | Measurement unit |
|-----|---|--------------|------------------|
| 1. | Total employees (headcount) as of the end of 2016 | 22,230 | people |
| 2. | Including employees under labor contracts for 2016: | 21,611 | people |
| 3. | Share of total employees under labor contracts: | 97% | % |

Payments and benefits provided to full-time employees which are not provided to employees who work under conditions of temporary or part-time employment, broken down by core activities

| No. | Indicator | For full-time employees | For employees with part-time or temporary employment |
|-----------|---|-------------------------|--|
| 1. | Payments and benefits to employees | | |
| 1.1. | Life insurance | Provided | Provided |
| 1.2. | Healthcare (medical insurance) | Provided | Provided |
| 1.3. | Compensation for disability | Provided | Provided |
| 1.4. | Maternity/paternity leave | Provided | Provided |
| 1.5. | Granting pension (one-time payment upon retirement) | Provided | Not provided |
| 1.6. | Transfer of company shares into ownership | Not provided | Not provided |
| 1.7. | Other (health resorts treatment, financial assistance in connection with the birth of a child, financial assistance for the treatment of family members, financial assistance for rehabilitation) | Provided | Provided |

CORPORATE SOCIAL RESPONSIBILITY INDICATORS

In order to effectively implement activities in the field of corporate social responsibility, the Company monitors the achievement of the set goals for key indicators of social responsibility activities.

| No. | KPI name | Measurement unit | 2015 Actual | 2016 Plan | 2016 Actual |
|-----|--|------------------|-------------|---------------------------|-------------|
| 1 | Share of "Samruk-Energy" JSC in total power generation across the Republic of Kazakhstan | % | 24.6 | No targets were available | 23.9 |
| 2 | "Samruk-Energy" JSC share in coal mining in the Republic of Kazakhstan | % | 35.6 | No targets were available | 35.8 |
| 3 | Operating income | mln. tenge | 228,865 | 255,685 | 181,310** |
| 4 | Share of investment in innovative projects in the company's revenue | % | 5.3 | 4.0 | 4.35 |
| 5 | Share of net profit from implementation of innovative projects in the company's total net profit | % | -11.9 | -8.0 | -6.87 |
| 6 | Amount of damage from emergency situations | mln. tenge | 4.12 | Not planned | 2.72 |
| 7 | Labor and environmental protection costs | mln. tenge | 7937.99 | 3 398.6 | 3 695.3 |
| 8 | Social stability rating | % | 72 | 64 | 72 |

| No. | KPI name | Measurement unit | 2015 Actual | 2016 Plan | 2016 Actual |
|-----|---|----------------------|-------------|---------------------------|-------------|
| 9 | Staff turnover | % | 11.9 | 10 | 13 |
| 10 | Degree of involvement | % | 65 | 65 | 68 |
| 11 | Average headcount, total | people | 18,169 | 18,597 | 17,962 |
| 12 | Training costs per employee per year | thous. | 25.18 | 23.66 | 25.51 |
| 13 | % of training costs of payroll | % | 0.9 | 1.3 | 1 |
| 14 | Number of accidents at work per thousand people | number./1000 persons | 0.5 | Not planned | 0.59 |
| 15 | Accrued taxes subject to payment and other obligatory contributions | mln. tenge | 1,418.6 | 17,813.3 | 15,795 |
| 16 | Share of local content in goods, works and services | % | 74 | No targets were available | 79% |

* These indicators are given in accordance with the Development Plan of "Samruk-Energy" joint-stock company

** Actual statements do not include the income of SA recognized in discontinued operations following the results of 2016 in financial statements

OCCUPATIONAL SAFETY

Production councils (formerly committees) for occupational health and safety were established as required by article 2013 of the Republic of Kazakhstan Labor Code, which directly report to the CEO of a company or to the person authorized by him. The council, on a parity basis, comprises representatives of the employer, representatives of employees, including technical labor inspectors.

An average of 2.8% of employees of the Company's subsidiaries and affiliates is represented in the official production councils for occupational health and safety with participation of representatives of management and employees.

In all subsidiaries and affiliates of the Company the certification of workplaces on working conditions has been held. In accordance with the certification, the workplaces with harmful and dangerous working conditions have been defined. At the same time, all employees are provided with the appropriate privileges, including personal protective equipment and protective clothing in compliance with the Order of the Minister of health and social development of the Republic of Kazakhstan dated December 28, 2015 No.1054 "On approval of Rules for distribution of milk, healthy and dietary meals, special clothes, special footwear and other personal protection equipment to workers, provision of collective protection equipment, sanitary facilities and amenities at the expense of the employer".

| Company SA | Number 2015 | Number 2016 |
|------------------------------|-------------|-------------|
| "Almaty Power Plants" JSC | 2,109 | 2,098 |
| "Aktobe CHP" JSC | 307 | 313 |
| "Plant Ekibastuz SDPP-2" JSC | 1,101 | 1,109 |
| "Ekibastuz SDPP-1" JSC | 926 | 902 |

| Company SA | Number 2015 | Number 2016 |
|---|-------------|-------------|
| “Alatau Zharyk Company” JSC | 164 | 141 |
| “East Kazakhstan Regional Energy Company” JSC | 744 | 164 |
| “Mangistau DPGC” JSC | 25 | 24 |
| “Shardarinsk HPP” JSC | 119 | 125 |
| “Moynak HPP” JSC | 55 | 81 |
| “Bogatyr Komir” LLP | 5,929 | 4,414 |

The SA of the Company has no employees working in conditions with considerable or high risk of specific diseases. According to Order No.175 dated February, 28 2015 of the Minister of National Economy of the Republic of Kazakhstan “On approval of the list of harmful industrial factors and professions due to which obligatory medical examinations are conducted” Rules of obligatory medical examinations”, approved by the order of acting Minister of National Economy of the Republic of Kazakhstan №128 dated February, 24, 2015, personnel of the Samruk-Energy Group of Companies undergo preliminary and regular medical examinations. Medical examinations are conducted by healthcare institutions holding licenses for medical evaluation of professional aptitude according to the health status. According to the results of preliminary and periodic medical examinations, the commission recommends a set of actions focused on promoting an employee’s health, particularly hospital examinations and treatment, rehabilitation treatment, health resort therapy. In accordance with the Article 185 of the Labor Code of the Republic of Kazakhstan a certain circle of workers undergoes daily pre-shift medical examination. The Group of Companies carries out the vaccination for their employees on a regular basis, and also it uses other forms of maintenance of immunity in order to prevent diseases.

«In accordance with article 185 of the Labor Code of the Republic of Kazakhstan, employees who work in conditions of increased danger as well as related with machines and mechanisms undergo pre-shift and post-shift medical examination”. On a regular basis, “Samruk-Energy” JSC group of companies conducts vaccinations for its employees, and also uses other forms of maintaining immunity in order to prevent diseases.

POLICY AND REQUIREMENTS FOR HEALTHCARE AND SAFETY OF CONTRACTUAL AND SUBCONTRACTUAL EMPLOYEES

According to the recommendation of the Company’s Working Group, all SA prepared internal regulatory documents with requirements for choosing contractors based on their compliance with the RK laws and regulations on occupational safety, industrial and fire safety, and contractual certificates of international standards in the field of quality, environmental safety, and occupational safety. For instance, a system of admission of employees of contractors and subcontractors on the territory of the enterprise has been developed and operates in “ESDPP-1 named after Bulat Nurzhanov” LLP, namely: enterprise standard STP 03.004.1.05.016-11 “Regulations on the organization of work of contractors on the premises.” In accordance with the above standard for all contractors and subcontractors, organizations are tested before starting work for compliance with the safety requirements; submit the documents to the service of the OSH, according to the “List of documents required for admission to the territory of “ESDPP-1” LLP, including a list of employees that have undergone a medical

examination. After verification of the documents, contractor sends lists of employees who are eligible to be heads, manufacturers and members of the maintenance brigade (including general and interim) to the service of occupational safety and health for the future issuing of directions for the company with the provision of access to carry out work on the territory of “ESDPP-1” LLP.

In 2016, there was an excess of industrial injuries (13 cases, two of them group) in comparison with 2015 (11 cases, one of them group), while in 2016 it was 20% lower than the average indicator of the previous 6 years (18 cases). It should be noted that in 2016 3 facts of fatal accidents were recorded.

In connection with the increase in the number of accidents at the plant, “Samruk-Energy” JSC developed an action plan for the prevention of occupational injuries in the group of companies of “Samruk-Energy” JSC for 2017.

| Type of injuries | 2013 | 2014 | 2015 | 2016 |
|---|-----------|----------|-----------|-----------|
| Chemical burn | 1 | – | – | – |
| Bruise | 1 | – | 2 | 1 |
| Traumatic amputation | 1 | – | 1 | – |
| Electric injury (thermal burn) | 4 | 1 | 4 | 4 |
| Fracture | 5 | 3 | 4 | 5 |
| Combined injuries (fracture, bruises, tears of internal organs) | – | – | 1 | 4 |
| Eye injury | – | – | – | 1 |
| Total | 12 | 4 | 12 | 15 |

| Indicators | 2013 | 2014 | 2015 | 2016 |
|---------------------------------|------|------|------|------|
| Accident frequency rate (AFR) | 0.06 | 0.02 | 0.07 | 0.08 |
| Occupational illness rate (OIR) | 0 | 0 | 0 | 0 |
| Lost day rate (LDR) | 6.24 | 1.0 | 4.7 | 0.3 |
| Work absence rate (WAR) | 9.8 | 20.5 | 9.2 | 10.1 |
| Number of fatal accidents | 0 | 1 | 1 | 3 |

Notes:

Accident frequency rate (AFR): $AFR = \text{total number of injuries} * 200,000 / \text{Total number of hours worked}$.

Lost day rate (LDR): $LDR = \text{total number of lost days} * 200,000 / \text{Total number hours worked}$.

Work absence rate (WAR): $WAR = \text{total number of missed days (absence) for the period} * 200,000 / \text{Total number of days worked in the same period}$.

Procedure of notification and registration of accidents at work was carried out in accordance with Chapter 20 of the Labor Code of the Republic of Kazakhstan (RK) “Investigation and registration of accidents and other damage to the health of workers, related to working activity” and other legal acts of the Republic of Kazakhstan. Monitoring report was formed monthly in the area of occupational health and safety and industrial injuries for the submission to the authorized state body of the Republic of Kazakhstan on labor. At the end of the year, the Agency of RK on statistics was provided with reports on injuries associated with working activities and occupational diseases according to the form “7-TPZ”.

ACTIONS TAKEN TO ELIMINATE WORKPLACE ACCIDENTS

The following measures are taken in order to reduce the industrial injury rate in all SA of the Company:

1. All employees are informed about circumstances and causes of accidents.
2. All production personnel receive unplanned instructions.
3. Unscheduled test of employees for OR, occupational safety rules knowledge is held at business units at which an accident took place.
4. Occupational safety days attended by CEOs of entities are organized on a monthly basis. Actions aimed at elimination of identified violations are taken according to the results of the occupational safety days.
5. Occupational health and safety services organize comprehensive inspections of equipment, buildings, facilities and workplaces. Action plans with deadlines and persons in charge based on results of comprehensive inspections are developed.
6. All production personnel are trained according to the Rules for training, instruction, and testing of employees' knowledge of occupational safety.
7. Before the repair campaign, all the SA hold seminars and meetings with engineers and technicians of structural subdivisions authorized to give assignments, manage and perform works, with practical trainings on the correct access for teams to perform works and formalize assignments.
8. At least once every five years, enterprises are certified for workplaces according to working conditions.
9. Scheduled replacement of equipment that exhausted its service life and posing a serious threat to production personnel is carried out.
10. All SA of the Company introduced the international standard "Healthcare and occupational safety management system OHSAS-18001".
11. Each case of work-connected injury is considered at meetings of boards of directors/supervisory boards of the Company's SA.
12. Four visiting meetings were organized and conducted with heads of SA and employees of SA responsible for occupational health and safety, including:
 - On May 19-20, 2016, a meeting was held with OHS Service heads at "Bogatyr Komir" LLP site;
 - On September 15-16, 2016 a meeting was held with OHS Service heads at "Ekibastuz SDPP-1 named after Bulat Nurzhanov" LLP site;
 - On May 13, 2016, a meeting on performance results for the first half of 2016 was held with CEO of subsidiaries and affiliates.
 - On November 17, 2016, a meeting was held with heads of "Bogatyr Komir" LLP business units.
- 5 corporate standards for the Company's group were developed as a result of organized and conducted on-site seminar-meetings jointly with specialists of SA in charge of occupational health and safety matters.
13. Republican professional competitions among teams of electricians for repair and operation of distribution grids with participation of Company's subsidiaries and affiliates were held at "Karasay" training ground of "AZhC" JSC. The winner of the competition was "AZhC" JSC.

In all of the Company's subsidiaries and affiliates, collective agreements have been concluded between employers and employees represented by trade unions. The procedure for concluding collective agreements is regulated by Chapter 14 of the Labor Code of the Republic of Kazakhstan (LC RK). The content and structure of the collective agreement, as defined in Article 157 of the LC of the RK, provides for: "... the creation of healthy and safe working and living conditions, the amount of funding for occupational health and safety measures, and the improvement of health protection ...".

Collective agreements have 100% coverage of employees' health and safety issues.

Contractor organizations' employees are admitted to workplaces for carrying out the work under contractual obligations in compliance with requirements of safety rules and labor protection standards. At the time of admission, introductory, initial and target briefings are conducted; the availability of qualification certificates with indication of training in occupational safety and health as well as medical examination is checked.

In accordance with the foregoing, the percentage of contractor employees who received relevant training in occupational safety and health is 100%.

13. HUMAN RIGHTS





Orazbek Bekbas

Ombudsman of “Samruk-Energy” JSC

Undoubtedly, our primary task is to conduct business in lawful manner, in accordance with current laws and regulations of the Republic of Kazakhstan and internal documents of the Company.

In order to comply with the principles of business ethics and effectively settle social and labor disputes arising in the Company, on October 15, 2015, the Board of Directors of the Company (Minutes No. 06/15) elected and appointed me as an Ombudsman of the Company.

The Ombudsman’s position provides for a fairly wide scope of activities. First of all, I am ready as a professional “assistant” who has a great life experience, who has worked for several decades in public administration, to consider request of any person and provide a reply to it, to clarify the circumstances of violation of the rights of the person who applied. I guarantee that all requests will be considered by me fairly, impartially, in a confidential manner and within deadlines established by legislation.

I sent full information about activities of the Ombudsman including feedback data to all employees and officials of the Company via internal corporate network (Microsoft Outlook, Intranet portal) in order to widely publicize the start of work of the newly elected Ombudsman. For the convenience of employees and officials of the Company’s group, the grievance mechanism and information on the Ombudsman are posted on the Company’s corporate website <http://www.samruk-energy.kz/ru/korporativnoe-upravlenie/ombudsman>.



In order to prevent any doubts about the correctness of actions, I handed out Memos to the Code on the theme “How to act when there are doubts about business ethics?” in the form of a desktop manual in the state and Russian languages to all the Company employees.

The result of my activities is various verbal requests from employees addressed to me, to which they received comprehensive replies. All requests and responses to them have no negative impact on the social stability of the Company as a whole. The register of incoming requests and replies to them was created in order to keep records. There is a separate office to ensure the privacy of its visitors. There were no recorded cases of addressing the Ombudsman regarding discrimination on racial, religious, national, sexual, age, political or other grounds. The Company recognizes the principle of equality of rights and opportunities. Also, employees have the right to freedom of association and collective bargaining within the framework of existing legislation.

As an Ombudsman I took part in various committees of the Company, including in the composition of assessment, disciplinary and competitive committee. In the course of the committee's work, following the results of 2016, there were no violations and non-compliance with provisions of the legislation of the Republic of Kazakhstan and internal regulatory documents of the Company, either by the officials of the Company or by employees.

In 2016, the Company registered 78 requests, of which 75 were settled during the reporting period, 3 requests are under consideration.

The above results confirm the important public role of the human rights institution of the Ombudsman in the Company. They demonstrate the strengthened comprehensive work of the Company's group aimed at protecting human rights. This, of course, is perceived both in the Company and outside it as a component of implementation of the Company's social policy as a guarantor of observance of rights and freedoms of employees of the Company's group.

I responsibly declare that for me the post of Ombudsman is first and foremost a great responsibility. I understand that I must justify the trust placed in me. It is my duty and primary responsibility to help everyone who needs help, support and advice. If the result of my work is overall maintenance and improvement of the business climate in the Company, this will be the main evaluation of my work.

I await your applications in any form convenient for you, always ready for dialogue and search for optimal solutions.



Each person is unique and brings value irrespective of gender, race, nationality, social and official position, and attitude to religion and political belief.

The Constitution of the Republic of Kazakhstan establishes human rights to life, liberty, inviolability of dignity, freedom of speech and conscience, freedom of association, etc.

During 2016 Samruk-Energy Group strictly complied with the requirements prohibiting the employment of persons under 18 in jobs involving harmful and (or) dangerous working conditions, as well as prevented any type of discrimination against employees and business partners.

In 2011, the Company entered into the UN Global Compact and today supports the Ten Principles of the UN Global Compact, moreover, approved the Corporate Social Responsibility Strategy, whose goal is to systematize, improve and implement social programs.

Thus, the Company supports and respects freedom of association of employees, as well as their right to collective bargaining. In addition, the Company recognizes the right of employees to elect their representatives, while ensuring that employee representatives are not discriminated against.

There are **17** trade union organizations in the Company's group, of which **87%** are employees of the Company's group. Trade union organizations ensure the protection of employees' labor and social rights through effective cooperation and direct dialogue with the employer.

Moreover, the entities of the Company's Group are committed to preventing any form of discrimination, bearing in mind that every employee has equal opportunities to exercise his labor rights without forced and child labor.

In accordance with the Constitution of the Republic of Kazakhstan, the Company exercises social rights, freedoms and duties of women, expressed in providing equal opportunities with men.

During 2016 Samruk-Energy Group prevented any type of discrimination against employees, business partners and violation of rights of minorities and indigenous people.

As of December 31, 2016 in order to create a barrier-free environment for people with disabilities in the group of companies, “Samruk-Energy” JSC employed 164 workers with disabilities.

The Institute of Mediators continues its activity in the Company’s group, some of which received the status of professional mediators of the CF “Social Partnership Center”. Mediators take actions to protect the rights of employees, and also consider complaints of citizens and facilitate the resolution of labor disputes.

Along with trade union organizations, as part of regulation of social and labor relations, the Company’s group established standing committees for settlement of social and labor disputes.

To register internal complaints of employees, hot-lines, special boxes for complaints and inquiries, personal blogs of heads of organizations have been created and operate in “Samruk-Energy” JSC group of companies.

Also, hotline telephone +7 (7172) 69–23–56 and e-mail trust@samruk-energy.kz successfully operate to receive written appeals on facts of unlawful actions of officials and other employees of the Company. The register of incoming requests and replies to them was created in order to keep records. There is a separate office to ensure the privacy of its visitors.

In 2016, the Anti-fraud and Corruption Policy of “Samruk-Energy” JSC was updated, with which 100% of the Company’s group employees were acquainted. Every year, the Company’s employees are tested for knowledge of the Policy, Code of Business Conduct. The Code is a management tool for development and effective interaction with stakeholders on the basis of compliance with ethical norms and norms of the legislation of the Republic of Kazakhstan.

The Policy on notification of alleged violations was approved by the decision of the Board of Directors of the Company dated August 28, 2014. According to the Policy, the IAS conducts review, monitoring and control over consideration of inquiries sent to the Company’s confidential mailbox.

Also, on the recommendation of the IAS, confidential mailbox was created across all the Company’s group in order to notify about alleged violations.

Negative publications on fraudulent and corrupt practices with respect to officials and employees of “Samruk-Energy” JSC group of companies are monitored in the media on a regular basis.

Number of complaints about the practice of labor relations filed, processed and settled through formal grievance mechanisms

| No. | Indicator | value |
|------|--|-------|
| 1. | The total number of complaints about the practice of labor relations filed through formal grievance mechanisms during 2016, among them | 78 |
| 1.1. | Processed during the reporting period | 78 |
| 1.2. | Settled during the reporting period | 75 |
| 2. | Indicate the total number of complaints about the practice of labor relations filed before the beginning of the reporting period and settled during the reporting period | 3 |

Presentation of health and safety issues in formal agreements with trade unions

| No. | Indicator | value |
|------|--|-------|
| 1. | Do official agreements (global or local) with trade unions address health and safety issues | Yes |
| 2. | If yes, information on the extent to which health and safety issues are covered by local agreements signed by an organization. Local level agreements usually address issues such as: | |
| 2.1. | Individual protection means | Yes |
| 2.2. | Joint health and safety committees with participation of representatives of management and employees | Yes |
| 2.3. | Participation of employees' representatives in health and safety inspections, audits and accident investigations | Yes |
| 2.4. | Education and training | Yes |
| 2.5. | Grievance mechanism | Yes |
| 2.6. | The right to refuse dangerous work | Yes |
| 2.7. | Periodical inspections | Yes |
| 3. | If yes, information on the extent to which health and safety issues are covered by local agreements signed by an organization. Local level agreements usually address issues such as: | Yes |
| 3.1. | Compliance with recommendations of the International Labor Organization (ILO) | Yes |
| 3.2. | Actions or mechanisms for solving issues | Yes |
| 3.3. | Commitments to target performance standards or the level of applied practical approaches | Yes |

14. AUDIT ORGANIZATION

INFORMATION ABOUT AN AUDIT ORGANIZATION

PricewaterhouseCoopers (hereinafter – PwC) network of companies has been the Company’s external auditor since 2012. Previously it was KPMG network of companies that provided audit services.

PwC provides “Samruk-Energy” JSC with the following services:

1. Audit of consolidated and separate financial statements;
2. Consulting services;
3. Training.

PwC network of companies provides audit, tax and consulting services, which are aimed at increasing the value of customers’ business. More than 223 468 people in 157 countries worldwide unite their ideas, experiences and solutions to develop new approaches and give customers practical advice. For more information, please visit www.pwc.kz.

PwC is a leading firm which delivers services to transnational power, oil and gas companies. Integration of products and resources into a single, industry-focused practice allows providing high quality services and add value to the customers operations. PwC engages global resources for on-site work so that customers can take advantage of knowledge and practice and introduce all this into daily activities.

At present PricewaterhouseCoopers Kazakhstan staff numbers over 400 persons in Almaty and Astana and provides services to a significant list of national and international clients. In addition, the company actively operates in the Central Asian region: in Baku (Azerbaijan), Yerevan (Armenia), Tbilisi (Georgia), Bishkek (Kyrgyzstan), Tashkent (Uzbekistan), Ashkhabad (Turkmenistan) and Ulan Bator (Mongolia). Along with the company, the number of its customers in all sectors of the economy, including the fuel and energy sector, financial services, consumer and industrial goods, telecommunications and service industry has also increased.

PwC’s world energy group specializes in providing consulting services to customers operating in every sector of energy market through a worldwide network of 4 000 energy professionals. PwC employees in Kazakhstan have experience in working with the most complex and technically difficult projects. These projects continue to work successfully – the obtained knowledge is used in work with customers of energy sector and other customers.

PwC provides services that combine professional knowledge, industry specificity, international best practices and an understanding of cultural differences. Throughout the world, PwC customers in the audit are more than 2500 heat and electricity companies, among them:

PwC Global audit clients in energy sector:

| | | |
|--|-----------------------------------|---------------------------|
| AGL Resources Inc. | Consolidated Edison Inc. | N.V. Nuon |
| Allegheny Energy, Inc. | Constellation Energy Group Inc. | National Fuel Gas Company |
| Ameren Corporation | DTE Energy Corporation | National Grid plc |
| American Water Works Company | E.ON AG | NSTAR |
| BG Group plc | Edison International | Pepco Holdings, Inc. |
| British Energy Plc | Enbridge Inc | Puget Energy, Inc. |
| Calpine Corporation | Energy Australia | RusHydro |
| Centrica plc | Exelon Corporation | RWE AG |
| China Power International Generation Company Limited | Federal Grid | Southern Union Company |
| CLP Holdings Limited | Huaneng Power International, Inc. | Southwest Gas Corporation |
| CMS Energy Corporation | Koc Holding A.S. | TECO Energy, Inc. |

As a firm with a leading position in the market of large, global corporations, PwC understands the preferences of the most complex and demanding customers in the field of global accounts management, mobilizing resources, and ensuring consistent interaction. Leadership of PwC is confirmed by the market share: PwC conducts an audit of the majority of Fortune Global 500 companies than any other firm of the “Big Four”.

Over the past 19 years, PwC has been a leading provider of audit and advisory services in the Kazakhstan energy sector. PwC works with the largest Kazakhstan mining and power companies which have received over the last few years or currently receive audit services for financial statements prepared in accordance with IFRS. PwC employees in Kazakhstan have experience in working with the most complex and technically difficult projects. These projects continue to work successfully – the obtained knowledge is used in work with customers of the energy industry and other customers.

The following companies are among the largest PwC audit clients in Kazakhstan:

| Company | Activity | Period |
|--|--|-------------------------|
| Samruk-Energy, JSC | Holding company | 2008–2010, 2012–2016 |
| Alatau Zharyk Company, JSC | Services for power distribution, technical distribution of power in Almaty and Almaty region | 2010, 2012– 2016 |
| Almaty Power Plants, JSC | Electricity and heat production for Almaty and Almaty region | 2010, 2012– 2016 |
| AlmatyEnergoSbyt, LLP | Sale of electricity in Almaty and Almaty region | 2008–2010, 2012–2016 |
| Shardarinsk HPP | Electricity production | 2007 |
| Moyinak HPP, JSC | Construction of hydropower plant on Charyn river | 2008, 2012– 2016 |
| Mangistau Distribution Power Grid Company, JSC | Services for electricity transportation, technical distribution of electricity for oil and other companies, as well as power sales services to remote rural areas of Mangistau region. | 2008–2010, 2012–2016 |

| Company | Activity | Period |
|--|---|----------------------|
| Plant Ekibastuz SDPP-2, JSC | Electricity and heat production on the basis of coal extracted from “Bogatyr” and “Severny” open-pit coal mines | 2005–2009 |
| East-Kazakhstan Regional Energy Company, JSC | Electricity transmission and distribution | 2012–2016 |
| Eurasian Energy Corporation, JSC | Open coal mining at Vostochny coal strip mine and power production | 2005–2016 |
| Bogatyr Komir, LLP | Open coal mining at “Bogatyr” and “Severny” coal strip mines | 2008–2010, 2012–2016 |
| MAEK – Kazatomprom, LLP | Electricity production | 2014–2016 |
| Almaty Water Holding company | Extraction, transportation, sale of cold water and waste water disposal in Almaty city | 2010–2012 |

Fees paid to the audit firm for auditing services and separately for services not associated with audit of financial statements for 2016

| Services | 2016 |
|------------|------------------|
| Audit | 25,360,563 tenge |
| Consulting | 86,949,633 tenge |
| Training | 5,684,984 tenge |

HIRING AN AUDIT FIRM'S EMPLOYEES TO THE COMPANY

In the event of expected appointment of an audit organization employee who participated in the compulsory audit of the Company as an employee of an audit organization within two years preceding the date of his/her appointment (election) to the Company as a member of the Management Board, managing director and chief auditor, it is required to obtain a preliminary approval of the Audit Committee in order to avoid conflicts of interest.

OPINION OF AN INDEPENDENT AUDITOR

In the opinion of the external auditor "PricewaterhouseCoopers" LLP, consolidated financial statements fairly present, in all material respects, financial standing of "Samruk-Energy" JSC and its subsidiaries as of December 31, 2016, as well as its financial results and cash flows for the year then ended in compliance with International Financial Reporting Standards.

ANNEX

ANNEX 1. ACRONYMS

| | |
|---|--|
| AZhC | Alatau Zharyk Company JSC |
| APP | Almaty Power Plants JSC |
| JSC | Joint Stock Company |
| Benchmarking | Method of analysis used by Samruk-Energy JSC to compare its activity to other companies in order to make specific changes which contribute to enhancing its competitiveness |
| RES | Renewable Energy Sources |
| WTO | World Trade Organization |
| WF | Wind Farm |
| SP FIID | State Program of Forced Industrial-Innovative Development of the Republic of Kazakhstan |
| Samruk-Energy Group of Companies | Samruk-Energy JSC, its subsidiaries and associates and jointly controlled entities |
| SDPP | State district power plant |
| GTPP | Gas turbine power plant |
| HPP | Hydraulic power plant |
| SC | Subsidiary companies |
| DHRM | Department of Human Resource Management of the Company |
| KUES | Kazakhstan Unified Energy System |
| ZHSDPP | Zhambyl SDPP named after T. Baturov JSC |
| IMS | Integrated management system |
| KIES | Kazakhstan intellectual energy system |
| KPI | Key performance indicators, measures which describe a certain level of operating efficiency of the Company and enable to assess the performance of the Company as a whole and its key personnel |
| CMS | Corporate management system |
| PTL | Power transmission line |
| RK MINT | Republic of Kazakhstan Ministry of Industry and New Technologies |
| Company | Samruk-Energy JSC Holding Company registered in Kazakhstan manages its subsidiaries and associates |
| UN | United Nations |
| MPE | Maximum permissible emissions |
| MPD | Maximum permissible discharges |
| Procurement Plan | Document executed according to set forms. It reflects a planned procurement of fee-paying goods, works and services by the Company, which are required for the operation and execution of charter-related activity |
| Development Plan indicators | Indicators which describe production and operating and financial activities. Indicators have quantitative meaning to be approved as part of the Development Plan and which meet the results of operations over accounting and planning periods |
| FSR | Fire safety regulations |
| SR | Safety regulations |
| LTA | Loading and transportation administration |
| TOR | Technical Operation Rules |

| | |
|---|---|
| PCB | Polychlorinated biphenyl |
| Risk | Exposure to uncertainty related to events or actions which can affect the achievement of set goals and tasks |
| RK | Republic of Kazakhstan |
| RF, Russia | Russian Federation |
| CIS | Commonwealth of Independent States |
| Startegy | Long-term Development Strategy of Samruk-Energy JSC |
| Company organization departments | Company subdivisions responsible for certain activity and which are reflected in the Company's organizational structure (departments, services) |
| PIT SEZ | Park of Information Technologies Special Economic Zone |
| SPP | Solar power plant |
| LLP | Limited Liability Partnership |
| AES LLP | AlmatyEnergoSbyt LLP |
| TPP | Thermal power plant |
| CHP | Combined heat and power |
| Fund | National Welfare Fund Samruk-Kazyna Joint-Stock Company |
| ESDPP-1 | Ekibastuz SDPP-1 named after Bulat Nurzhanov LLP |
| ESDPP-2 | Ekibastuz SDPP-2 Station JSC |
| EP | Energy provider |
| CO2 | Carbon dioxide |
| POP | Persistent organic pollutants |
| EBITDA | Earnings Before Interest, Tax, Depreciation and Amortization |
| EBITDA margin | IT'S NECESSARY TO TELL HOW TO COUNT THE INDICATOR FOR THE PREPARATION OF THE ANNUAL REPORT !!! |
| GRI | Global reporting initiative |
| ISO | International Organization for Standardization |
| KEGOC | KEGOC JSC (Kazakhstan Electricity Grid Operating Company) |
| SWOT | Analysis of the positive and negative effects of external and internal environment factors |
| Units of measure | |
| GWh | Gigawatt per hour |
| GJ | Gigajoule |
| Gcal | Gigacalorie |
| kV | Kilovolt |
| kWh | Kilowatt per hour |
| km | Kilometer |
| m | Meter |
| m3 | Cubic meter |
| MVA | Megavolt-ampere |
| MW | Megawatt |
| mln | Million |
| ths | Thousand |
| % | Per cent |

ANNEX 2. TABLE OF THE REPORT'S COMPLIANCE WITH GRI GUIDELINES

| GRI index | Indicator name | Coverage of an indicator | page |
|------------------------------|---|--------------------------|------|
| Strategy and Analysis | | | |
| G4-3 | Company name | + | |
| G4-4 | Main product | + | |
| G4-5 | Location of the company's headquarters | + | |
| G4-6 | The number of countries in which the company operates and the names of countries where the core operations are conducted or which are particularly significant in terms of sustainable development issues covered by the report | + | |
| G4-7 | Type of ownership and legal form | + | |
| G4-28 | Reporting period for which information is provided | + | |
| G4-29 | Date of publication of the previous sustainability report | + | |
| G4-30 | Reporting cycle | + | |
| G4-31 | A contact person to be contacted in case of any questions regarding this report or content | + | |
| G4-17 | a. Listing of all legal entities reporting of which were included in the consolidated financial statements or similar documents | + | |
| | b. Information regarding whether sustainability report lacks the information on any legal entity the reporting of which was included in the consolidated financial statements or similar documents | + | |
| G4-18 | a. Method for determining the content of the report and the Boundary of Aspect | + | |
| | b. Application of Principles for preparing reports in determining the content of a report | + | |
| G4-19 | List of all material Aspects identified in the process of determining the content of the report | + | |
| G4-20 | In Information on each significant Aspect of the Boundaries of Aspect within the organization, and in particular: whether this aspect is significant within the organization; If this Aspect is not significant for all legal entities within the organization (represented in G4-17), select one of the following two approaches and provide either: <ul style="list-style-type: none"> – a list of legal entities or groups of legal entities that are specified in G4-17 and for which this Aspect is not significant, or – a list of legal entities or groups of legal entities that are specified in G4-17 and for which this aspect is significant – information about all special restrictions regarding the Boundary of Aspect within the organization | + | |
| G4-21 | a. Description for each significant aspect of the Boundary of Aspect outside the organization, and in particular: whether this aspect is significant outside the organization; If this aspect is significant outside the organization, then legal entities, groups of legal entities or facilities for which this aspect is significant. Also indication of geographical area in which this aspect is significant for said legal entities; Information about all special restrictions with respect to the Boundary of Aspect outside the organization | + | |
| G4-22 | Information on consequences of all indicators' restatement published in previous reports and the reasons for this restatement | + | |
| G4-23 | Information on significant changes in the Coverage and Boundary of Aspects in comparison with previous reporting periods | + | |

| GRI index | Indicator name | Coverage of an indicator | page |
|-----------|--|--------------------------|------|
| G4-1 | Statement of the most senior executive who makes decisions in a company | + | |
| G4-9 | The scale of company (for the Company's group - in comparison for three years, changes for the last year) | + | |
| G4-12 | Company's supply chain | + | |
| G4-13 | All significant changes in the scope, structure or ownership of the organization or its supply chain that occurred during the reporting period, including: changes relating to business units or their location, including the opening, closing and expansion of enterprises; Changes in the structure of equity capital and other actions on formation, maintenance or changing of capital (for private sector organizations); Change of suppliers location, structure | + | |
| G4-8 | Markets in which a company operates (including geographic breakdown, served industries, and categories of consumers and beneficiaries) | | |
| G4-34 | Corporate governance structure | + | |
| G4-35 | Information about shareholders ownership structure, significant changes in structure, ownership | + | |
| | The procedure for delegating authority from a supreme body of corporate governance to top executives and other employees to address economic, environmental and social issues | + | |
| G4-36 | Does a company have an executive position or positions that assume responsibility for solving economic, environmental and social problems, and do the persons who hold the relevant posts report directly to the supreme body of corporate governance | + | |
| G4-37 | Procedures for holding consultations on economic, environmental and social issues between stakeholders and the supreme body of corporate governance of the reporting company. If the authority to conduct consultations is delegated, indicate to whom exactly and describe all the procedures for obtaining feedback of the supreme body of corporate governance | + | |
| | Key decisions of the reporting period made by the Sole Shareholder | + | |
| G4-38 | The composition of the supreme body of corporate governance and its committees, indicating: executive and non-executive members; Independent members; Term of office of a member of the corporate governance body; Number of other significant positions and responsibilities of each member of the governing body, and the nature of these obligations; gender; Participation of underrepresented social groups; Competences that are related to the economic, environmental and social impact of a company; representation of stakeholders | + | |
| G4-39 | whether the chairman of the supreme body of corporate governance also acts as the executive director (if yes, his responsibilities in managing a company and the reasons for such a combination of posts) | + | |
| G4-40 | The procedure for nominating and selecting candidates for membership in the supreme body of corporate governance and its committees, as well as the criteria used in nominating and selecting members of the highest governing body, indicating: whether the factor of diversity is taken into account and how; Whether the independence factor is taken into account, and how; Whether factors of professional qualification and experience in the field of economic, environmental and social problems are taken into account; Whether stakeholders are involved (including shareholders) and how. | + | |

| GRI index | Indicator name | Coverage of an indicator | page |
|-----------|--|--------------------------|------|
| G4-41 | Procedures for preventing conflicts of interest and managing them used by the supreme body of corporate governance. Indicate whether information on conflicts of interest is disclosed to stakeholders, including, at a minimum, information on: cross-membership in several boards of directors; Cross-ownership of shares with suppliers and other stakeholders; The existence of a controlling shareholder; affiliated persons. | + | |
| G4-42 | The role of the supreme body of corporate governance and top executives in development, approval and updating of the wording of a company's goals, its values and mission, as well as its strategies, policies and objectives with regard to economic, environmental and social impacts. | + | |
| G4-43 | Measures taken to develop and enhance the collective knowledge of members of the corporate governance's supreme body in connection with economic, environmental and social issues | + | |
| G4-44 | Procedures for performance appraisal of the supreme body of corporate governance from the perspective of its managing economic, environmental and social issues. Indicate whether such appraisal is independent and how often it is conducted. Indicate whether such appraisal is a self-assessment. B. Measures taken as a result of performance appraisal of corporate governance's supreme body from the perspective of management of economic, environmental and social issues solution, including, at a minimum, making changes in the composition of the governing bodies and the practice of a company | + | |
| G4-45 | The role of the supreme body of corporate governance in identifying economic, environmental and social impacts, risks and opportunities and managing them. Describe the role of the supreme body of corporate governance in ensuring compliance with due standards of conduct. Whether consultations with stakeholders are carried out to facilitate the identification of economic, environmental and social impacts, risks and opportunities and their management by the highest corporate governance body | + | |
| G4-46 | The role of the supreme body of corporate governance in analyzing the effectiveness of a company's methods of managing risks associated with economic, environmental and social issue | | |
| G4-47 | How often does the supreme body of corporate governance analyze economic, environmental and social impacts, risks and opportunities | + | |
| G4-48 | The supreme committee or position of a person who formally reviews and approves a company's sustainability report and ensures coverage of all relevant aspects | + | |
| G4-49 | The procedure for informing the supreme body of corporate governance about critical issues | + | |
| G4-50 | The nature and the total number of important issues brought to the attention of the supreme body of corporate governance, and describe the mechanism (mechanisms) that were used for their consideration and resolution | + | |

| GRI index | Indicator name | Coverage of an indicator | page |
|-----------|---|--------------------------|------|
| G4-51 | <p>Rules for remuneration of members of the supreme body of corporate governance, including such forms of remuneration as: fixed and variable wages, including:</p> <ul style="list-style-type: none"> - a reward for achieving certain results; - remuneration by company's shares; - bonus; - deferred or allotted shares; - bonuses or incentive payments when hiring; - payment upon termination of employment; - the return of the remuneration received; pension benefits, including the difference between pension plans and contribution rates for members of the supreme body of corporate governance, senior executives and all other employees. <p>B. Explanation of how the criteria for evaluating the activities specified in the rules for remuneration are correlated with the economic, environmental and social objectives of the supreme governing body and senior managers</p> | + | |
| G4-52 | The procedure for setting the amount of remuneration. Indicate whether remuneration consultants are involved in determining the amount of remuneration and whether they are independent of management. Describe all other relationships that the remuneration consultants maintain with a company | + | |
| G4-15 | Economic, environmental and social charters, principles or other initiatives that a company acceded to or supports | + | |
| G4-16 | Information on membership in associations (for example, industry associations) and / or national and international organizations for protection of interests in which a company: takes a place in the management bodies; participates in projects or committees; provides substantial funding beyond general membership fees; considers its membership as a strategic | + | |
| G4-24 | List of stakeholder groups with which a company interacts (stakeholder map) | + | |
| G4-25 | Principles for identifying and selecting stakeholders for interaction | + | |
| G4-26 | A company's approach to engagement with stakeholders, including the frequency of interaction by forms and stakeholder groups, and indicate whether any elements of interaction were specifically initiated as part of the process of preparing the report | + | |
| G4-27 | Key themes and concerns raised by stakeholders during interaction with a company, as well as how a company responded to these key topics and concerns, including through the preparation of its accounts. Please advise which stakeholder groups raised each of these topics or expressed each of these concerns | + | |
| G4-EC1 | Created and distributed direct economic value | + | |
| G4-EC2 | Financial aspects and other risks and opportunities for a company's operations related to climate change | + | |
| G4-СПМ | <p>General information about the approaches in the field of management.</p> <p>a. Why the Aspect is essential. Description of the impact that makes this aspect essential.</p> <p>b. Description of how a company manages this significant Aspect or related impacts.</p> <p>c. Description of evaluation of the approach in the field of management including:</p> <ul style="list-style-type: none"> - mechanisms for assessing the effectiveness of approach in the field of management; - the results of evaluating the approach in the field of management; - any changes in approach in the field of management | + | |

| GRI index | Indicator name | Coverage of an indicator | page |
|-----------|--|--------------------------|------|
| G4-EN1 | Effective use of materials, energy, water, biodiversity conservation, including: – consumed materials by weight or volume | + | |
| G4-EN10 | Percentage and total volume of water recycled and reused | + | |
| G4-EN8 | Total amount of water withdrawn broken down by sources | + | |
| G4-EN3 | Energy consumption within a company | + | |
| G4-EN5 | Energy intensity | + | |
| G4-EN6 | Reducing energy consumption | + | |
| G4-EU11 | Average efficiency of heat generation, broken down by type of energy used and regulation mode | + | |
| G4-EU12 | Losses in transmission and distribution of electricity, as a percentage of the volume of electricity supply | + | |
| G4-EN21 | Emissions of NOx, SOx and other significant pollutants into the atmosphere | + | |
| G4-EN22 | The total volume of discharges indicating the quality of the wastewater and the receiving facility | + | |
| G4-EN29 | The monetary value of significant fines and the total number of non-financial sanctions imposed for non-compliance with environmental laws and regulations | + | |
| G4-EN31 | Total costs and investments in environmental protection, broken down by types | + | |
| G4-10 | a. Total number of employees, broken down by contract of employment and gender. b. The total number of permanent employees by type of employment and gender c. The total workforce broken down by full-time employees and freelancers, and by gender. d. Total labor force by region and gender | + | |
| G4-11 | Percentage of all employees covered by collective bargaining agreements | + | |
| G4-LA1 | total number and percentage of newly hired employees, as well as the turnover of staff by age group, gender and region. T procedures for hiring the local population and the proportion of top managers hired from the local population in the significant regions where a company operates | + | |
| G4-LA2 | Benefits granted to full-time employees but not provided to employees who work under conditions of temporary or part-time employment, broken down by significant regions where a company operates | + | |
| G4-LA4 | The minimum period for notification of significant changes in operations of a company, as well as whether it is specified in a collective agreement | + | |
| G4-LA6 | General information on management approaches occupational injuries rate and types, the level of occupational diseases, lost day rate and absentee rate, as well as the total number of work-related deaths, by region and gender | + | |
| G4-LA8 | Reflection of health and safety issues in formal agreements with trade unions | + | |
| G4-EU18 | Percentage of employees of contractors and subcontractors who received relevant training in occupational safety and health | + | |
| G4-EU25 | The number of injuries and deaths involving a company's assets, including court decisions, settlements and pending court cases relating to diseases | + | |
| G4-LA9 | Personnel development Average annual number of hours of training per employee, disaggregated by gender and category of staff | + | |

| GRI index | Indicator name | Coverage of an indicator | page |
|-----------|---|--------------------------|------|
| G4-LA11 | Percentage of employees in respect of which periodic performance and career evaluations are carried out, disaggregated by gender and category of staff | + | |
| G4-LA12 | The composition of the governing bodies and main categories of a company's personnel, disaggregated by gender, age group, membership of minority groups and other grounds for diversity | + | |
| G4-LA16 | Number of complaints about the practice of labor relations filed, processed and settled through formal grievance mechanisms | + | |
| G4-HR3 | total number of cases of discrimination and corrective actions taken | + | |
| G4-EC5 | Ratio of standard entry-level wages of employees of different genders to established minimum wage in significant regions of a company's operations | + | |
| G4-EC6 | The proportion of senior managers in significant regions of a company's operations, hired from among the representatives of the local population | + | |
| G4-LA13 | The ratio of the base salary of men and women, broken down by categories of employees and by significant regions of operations | + | |
| G4-SO3 | Fight against corruption | + | |
| G4-SO4 | Information on policies and methods of combating corruption and training on them | + | |
| G4-56 | Values, principles, standards and standards of conduct of a company, such as codes of conduct and ethical codes | + | |
| G4-57 | Internal and external mechanisms for seeking advice on ethical and law-abiding behavior, as well as on issues related to demonstration of bad faith in a company, such as hotline or telephone counseling | + | |
| G4-58 | Internal and external mechanisms for reporting unethical or unlawful behavior, as well as problems related to dishonesty in a company such as informing the immediate supervisor, mechanisms for reporting misconduct or hotlines | + | |

ABOUT THE REPORT

This integrated report of “Samruk-Energy” JSC reflects material facts of the company’s performance. The Report provides all interested parties with a review of the results and achievements of Samruk-Energy Group of Companies’ activity in the period from January 1 to December 31, 2016. Consolidated financial statements of the Company for 2016 as of December 31, 2016 and for 2015 as of December 31, 2015 stated herein are the outcome of the audit conducted by an independent auditor – PricewaterhouseCoopers LLP (PwC).

This Report also provides information on the Company’s economic activities sustainable development and financial and operational results. Information and quantitative data are presented for 2016, however in order to compare and analyze the information in figures, we used the data for 2014 and 2015, where applicable.

The Company started issuing its non-financial reports in 2010. The Company’s first Annual Report of 2009 results was published in 2010.

In 2011, along with the Annual Report, the Company published the Report on Sustainable Development of “Samruk-Energy” JSC Group of Companies that covers the period from January 1 to December 31, 2010. The previous Integrated Annual Report was published in May 2016.

The Company plans to publish an Integrated Report on an annual basis.

PROCESS OF DETERMINING THE CONTENT OF THE REPORT

This Report has been prepared in accordance with the principles of the Global Reporting Initiative (hereinafter – GRI version G4) and Industry Protocol in the field of Electric Utility (Electric Utility, EU), reporting requirements of United Nations Global Compact and International Financial Reporting Standards. The table indicating the location of standard elements in the Report is attached to the Report (see Appendix 2: Table of Report’s Compliance with GRI Guidelines).

LIMITATION OF THE SCOPE AND BOUNDARIES OF THE REPORT

The Company is a management company, that does not perform production activities; therefore its impact on the environment is minimal. This Report contains consolidated information on Samruk-Energy Group of Companies (hereinafter, also the Group of Companies or the Holding), which consists of 38 subsidiaries and affiliates, for the purpose of full disclosure of sustainable development indicators. The following organizations are exceptions:

- Forum Muider B.V. – managing company, a joint with RUSAL CJSC (50% of SE);
- Mersal Coal Holdings Ltd, Manetas Coal Holdings Ltd, Grasedol Coal Holdings Ltd, Bleson Coal Holdings Ltd, GROUCH ESTATE Ltd, ALLOYAL Limited, WEXLER LTD, METTLERA CORPORATION LTD, EnergoTradeUgol OJSC, Resourceenergougol OJSC – subsidiaries of Forum Muider B.V.
- Bukhtarma HPP JSC, Shulbinsk HPP JSC and Ust-Kamenogorsk HPP JSC – the assets are on lease and concession;

DATA AND CALCULATION MEASUREMENT TECHNIQUES, INCLUDING ASSUMPTIONS AND TECHNIQUES USED TO PREPARE INDICES AND OTHER INFORMATION INCLUDED IN THE REPORT

Data resources are the official reporting forms presented annually for state statistics' authorities. Several indices are collected and calculated according to the internal reporting forms audited by the authorized representatives of companies within the internal audit procedures.

Calculation, collection and consolidation of production, social and environmental indicators presented in the Report of the Company were carried out in accordance with the reporting principles and recommendations of the Guide to reporting on sustainable development version 4 (Global reporting initiative, GRI G4) and the Company's corporate management procedures. The probability of discrepancies of quantitative data for each category of indicators on sustainable development is minimized. Dependencies and specific values are supplemented by absolute values. Quantitative data are reflected using a standard system of units and were calculated by using standard coefficients.

STATEMENTS CONCERNING THE FUTURE

Data in the Report associated with the future are based on the forecast information. Words including "believes", "assumes", "anticipates", "estimates", "intends", "plans", and indicators marked as "plan", and similar expressions refer to a forecast statement. Actual results may differ materially from the planned and target indicators, expected results, evaluations and intentions, contained in the forecast statements. Forecast statements are effective only as of the Report issue date. The Company does not guarantee the anticipated performance results presented in the forecast statements will in fact be achieved; thus, they must not and may not be considered as the most plausible or standardized scenario.

CONTACT INFORMATION

For any further questions on the report or its content,
please contact as follows:

Marat Mukhamedsaliev

Press secretary

Telephone: +7 (7172) 55-30-62

email: m.mukhamedsaliyev@samruk-energy.kz

Makpal Mukhamejanova

Director of the Corporate Governance Department

Telephone: +7 (7172) 55-30-05

email: m.mukhamejanova@samruk-energy.kz



Samruk-Energy Group of Companies

Central Governance Office

15 A Kabanbay Batyr Av.
Q Business Center, Block B
010000, Astana, Republic of Kazakhstan
Telephone: +7 (7172) 55-30-00, +7 (7172) 55-30-21
Fax: +7 (7172) 55-30-30
e-mail: info@samruk-energy.kz



www.samruk-energy.kz