

2015

ANNUAL REPORT

VOLUME 1

Samruk-Energy JSC



2015

ANNUAL REPORT



Samruk-Energy JSC



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01

ABOUT THE REPORT

This integrated report (hereinafter – the Report) of Samruk-Energy JSC (hereinafter – the Company) 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, 2015. Consolidated financial statements of the Company for 2015 as of December 31, 2015 and for 2014 as of December 31, 2014 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 2015, however in order to compare and analyze the information in figures, we used the data for 2013 and 2014, 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 Group of Companies that covers the period from January 1 to December 31, 2010. The previous Integrated Annual Report was published in May 2015.

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.

02

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



**BEKTEMIROV KUANYSH
ABDUGALIYEVICH**

*Chairman of the Board of Directors
of Samruk-Energy JSC*

Dear readers

2015 was a year full of contrasting events which influenced a number of our decisions. In the context of the global economic recession, the management needed to respond in a timely manner. In a market environment of some stress – falling consumption, following an over-supply of power, demand for coal, and currency exchange corridor – stimulated the use of business reserves and capacity.

On behalf of the Company's Board of Directors, I would like to note the high points of our work during 2015. In order to improve the efficiency of the company's activities a number of actions to optimize operational and investment

costs were undertaken; as a result of which operational profit reached 46 bn. tenge, which is only 3% lower than the level in 2014. The consolidated total loss amounted to 77.8 bn. tenge, which is in part explained by the reflection of expenses based on currency difference.

The Board of Directors of Samruk-Energy JSC continue to aim at establishing an efficient operating holding and position as a leader in Kazakhstan's market, as set out in the Company's long term development strategy from 2015-2015. The company's mission is the creation of value for its shareholders, employees and the company, as a high-technology guarantor of power supply in Kazakhstan and as a Eurasian supplier, guided by the principles of environmental protection and lean production.

The company's main development focus is the construction of "green" energy facilities. Samruk-Energy JSC as the largest power supplier in Kazakhstan's market and plays a key role in implementing plans towards the creation of a low-carbon economy. Technology transformation in the Samruk-Energy Group of Companies will provide a ten-fold increase of RES share in generating capacity structure by 2025.

In the near future it is important to implement several large projects in hydro- and wind- generation development in Almaty, and to bring in additional investment. The Signal for new green energy facilities' appearance will be anticipated updates in energy legislation, which, it is hoped, will provide the required tariff level. We actively support the legislative process taking this direction.

Currently, through the instruction of the Government of Kazakhstan and the Samruk-Kazyna Fund, the company's assets are being privatized, which is part of the systematic work towards the liberalization of the economy. The final list of facilities to be privatized and transferred into private ownership is currently being defined. The eventual structure of the company's assets will allow for the continuation of work towards the company's IPO. About 20-25% of additional equity

issue will be proposed within the initial allocation in Kazakhstan's market.

Current economic trends serve to highlight the timely start of the Transformation program. Our trans-

In order to achieve the strategic aims, Samruk-Energy JSC shall implement the transformation program with transition to management on the operational holding principles.

formation program will increase the efficiency and competitiveness of Samruk-Energy JSC. The main task is to support the transition to the operational holding management model, to centralize company functions, to automate and introduce the world-leading practices in order to increase

the profitability of the company for its Shareholders. The successful experience and implementation of the company's implemented projects lead us to be certain that all the company's strategic goals will be achieved.



MESSAGE FROM THE CHAIRMAN OF THE MANAGEMENT BOARD



**SATKALIYEV ALMASSADAM
MAIDANOVICH**

*Chairman of the Management Board
of Samruk-Energy JSC*

Dear readers

According to the Development strategy of Samruk-Energy JSC and the Concept of transition of the Republic of Kazakhstan towards a “green economy”, the Company is increasing its stake in alternative energy sources. In 2015, a 45 MW capacity Ereymentau WP construction project (with possible increase up to 300 MW) was implemented. The project was first presented during a national teleconference setting out the results of the country’s industrial and innovative development program. The WP45 operation will reduce greenhouse emissions, by saving the consumption of 110 thousand tons of coal annually.

The purposeful work of Samruk-Energy JSC towards decreasing its environmental impact and in developing “clean” technologies development is highly regarded. On December 11, Samruk-Energy JSC was announced as the winner of the “Paryz” Presidential Prize 2015. This high award reflects our achievements in sustainable development, corporate governance improvement, OHS, and large-scale support of national producers.

Our heating plants have genuinely become cleaner and more environmentally friendly. Ash emissions from the Samruk Group of companies have decreased by over 3 times – to 36 thousand tons. Such results have come about as a result of modernization within the limited tariffs program – electricity filters were installed in all the units of Ekibastuz State district power plant-1 (SDPP-1) and SDPP-2, and the cleaning system of Almaty Thermal power plant-2 (TPP-2) was modernized.

The reconstruction of Shardarinsk HPP is being continued. A full technical upgrade of the hydroelectric power station, which has generated electrical power for fifty years, will allow it to increase its output by 26%. The works are being conducted without any suspension of the production process and will be completed in 2017.

*Samruk-Energy JSC
as the largest
power supplier in
Kazakhstan’s market
plays the key role
in implementing the
plans on low-carbon
economy creation.*

The investment program has been successfully implemented with the support of the Government and Shareholders. Units No.8 and No.2 of Ekibastuz SDPP-1 each with a capacity of 500MW have been restored and re-commissioned. Almaty Power Plants JSC completed the reconstruction of the boiler plant at Almaty TPP-2. Through the development programs of Almaty power grids by Alatau Zharyk Company JSC, the construction of substations Besagash, Mamyr, Yessentay, and Altay have been completed. The works on the reconstruction of TPP in Aktobe, and package boiler of st. No.8 of Almaty TPP-2 have been completed. The success of these projects has reduced losses and increased the reliability of electrical and heating supply.

On November 30 this year, on the eve of the celebration of the Republic of Kazakhstan's First President's Day, "Bogatyr-Komir" LLP celebrated its 45th anniversary of the start of industrial production of coal with its 1.5-billionth ton of coal. One of the main future priorities is cooperation in ongoing development of coal production with our Russian partners – Iner RAO OJSC and RUSAL UC.

In 2015, there was a decrease in production volumes and power consumption associated with slowing economic growth and the introduction of a floating rate of the national currency. In order to balance these factors, the shareholders and the company's Board of Directors provided medium term plans to reduce expenses and to optimize the investment program.

The world rating agency, Standard & Poor's, confirmed the long-term loan rating of Samruk-Energy JSC at BB level, and its short-term loan rating – at B+. The forecast for the ratings change is "Stable". The Evaluation is supported

by the strategic importance of Samruk-Energy JSC for the state, which is expressed by financial support, and the company's strong market position.

The company participated in the meetings of the Committee of Energy of the Presidium of "Atameken" National Chamber of Entrepreneurs, and the Coordination Board of KAZENERGY Association for energy field development. The working group engaged in development of the draft law of the Republic of Kazakhstan "On changing and amending some legislative acts of RK concerning electrical energy" worked to develop proposals on changing and amending the applicable legislation from 2016 onwards in the areas of the electrical power market, National operator functioning mechanisms, struc-

ture, functions and organizational issues of the market Council. Within the implementation of the state programs in 2016, the work on the internal market improvement will be continued.

In order to achieve the strategic goals, Samruk-Energy JSC has started to implement a transformation program. The best international experience has been studied, including the approaches and principles of asset management. Performance management systems and efficiency have been enhanced, and all business processes will operate effectively. The transformation of Samruk-Energy JSC will allow the creation of a new competitive, steady, and resilient holding and will fully allow the Company to realize its mission and strategic development.



03

KEY PERFORMANCE INDICATORS

25% of the total electricity generated in Kazakhstan

31,8% or 6 774 MW of total installed capacity of plants within the KUES

36% of coal mined in RK

70,111 thous. km – length of cable and overhead PTL 220-0,4 kV

PERFORMANCE INDICATORS

Наименование	Unit	2013	2014	2015	2016 (plan)	2017 (plan)
Electricity production volume	mIn kWh	28 587 *	28 216 *	22 318	23 259	26 059
Electricity sales volume	mIn kWh	8 133	8 605	8 414	8 758	9 135
Electricity transfer volume	mIn kWh	11 859	12 344	12 113,6	12 332,0	13 068
Heat production volume	thous. Gcal	6 792,5	7 561	6 907	7 359	7 987
Coal production volume	mIn tons	41,7	38,0	34,5	32,5	35,6

* Electricity production volume without taking into account Irtysh HPPs Cascade.

KEY FINANCIAL AND ECONOMIC INDICATORS

Наименование	Unit	2014 *	2015	2015 to 2014 deviation, %	2016 forecast	2017 forecast
Net income (loss) for the Group's Shareholders	bn. tenge	15,94	-77,83		6,25	41,71
Total income (loss) for the Group's Shareholders without exchange difference **	bn. tenge		29,01	182%	20,24	41,71
EBITDA	mIn tenge	76 129	84 895	112%	85 581	69 156
EBITDA Margin	%	34%	37%	109%	33%	57%

* In order to compare, the indicators of 2014 are recalculated taking into account the transfer of subsidiaries and affiliates on terminated activities into complete consolidation.

** Total income excluding the influence of expenses on exchange difference.

INDUSTRIAL AND INNOVATION INDICATORS

Name	Unit	2012	2013	2014	2015 * plan	2015 actl
Innovation and technological development rating	%	71	70	91,2	75	75,2

CORPORATE GOVERNANCE INDICATORS

Name	Unit	2011	2012	2013	2014	2015
Corporate governance rating	%	61,9	65	— *	73,5	81

* No independent evaluation of corporate governance rating was conducted in 2013.

SOCIAL INDICATORS

Name	Unit	2013	2014	2015
Degree of personnel engagement	%	63	65	65
Annual employee turnover	%	10,1	8,6	11,9
Number of accidents at work per thousand persons	units	0,48	0,17	0,5
Local share in the procurement of goods, works and services	%	74	76	74

STATE AWARDS IN 2015

LIST OF EMPLOYEES AWARDED BY THE STATE AWARDS IN SAMRUK-ENERGY JSC GROUP IN 2015

No.	Name	Award	Name of subsidiary
1	Moldabayev K.T. – First Deputy Chairman of the Management Board	“Kurmet” order	Samruk-Energy JSC
2	Mukhamed-Rakhimov N.T. – Chairman of the Management Board	“Yeren yenbegi ushin” medal	Almaty Power Plants JSC
3	Mishin I. G. – Deputy Head of Centralized repair Room	“Yeren yenbegi ushin” medal	Ekibastuz SDPP-2 JSC
4	Shakhtrina V.L. – Excavator operator of “Bogatyr” cut	“Yeren yenbegi ushin” medal	Bogatyr Komir LLP
5	Ulyadarov V.P. – Shift supervisor of Fuel and Transport ~1 workhouse	“Yeren yenbegi ushin” medal	Ekibastuz SDPP-1 LLP

04

ABOUT THE COMPANY



2015 year seriously tested the strength of Samruk-Energy group. The economic situation, under conditions of low oil prices and exchange rate fluctuations, became the catalyst for changes in the long-term development strategy of the company.



Samruk-Energy Joint-Stock Company was established on April 18, 2007 by the decision of the General Assembly of its founders to develop and implement a long-term government policy on the modernization of existing generating facilities and commissioning of new ones.

The main founders are Kazakhstan State Asset Management Holding Samruk JSC and KazTransGaz JSC. The Company was registered on May 10, 2007.

On November 03, 2008, as a result of reorganization due to the merging of Kazakhstan State Asset Management Holding Samruk JSC and Kazyna Sustainable Development Fund JSC, the Company's shareholder became the National Welfare Fund Samruk-Kazyna JSC, a legal successor of Kazakhstan State Asset Management Holding Samruk JSC.

At present, Samruk-Energy JSC is a holding company managing energy and coal enterprises in the territory of the Republic of Kazakhstan.

The Company's assets include the largest generating companies, including plants of national importance such as Ekibastuz SDPP-1 and SDPP-2, as well as other plants producing thermal and power energy in the Almaty Region and in Aktobe; the main hydraulic power plants of the Republic, parts of Irtysh cascade HPP and HPPs in the country's southern regions (Shardarinsk and Moynak HPPs) are represented. The Company's assets also include regional distribution networks and retail companies of the Almaty Region, Mangistau, East Kazakhstan Region, and Kazakhstan's biggest coal producer Bogatyr Komir LLP, which delivers coal to the Group's generating facilities and third parties operating in Kazakhstan and Russia.

MISSION, VISION AND VALUES

MISSION

Creation of the value for the shareholders, employees and the company, as high technology guarantee of power supply in Kazakhstan and Eurasian supplier, guided by the principles of environment protection and lean production.

VISION

Efficient operating energy holding of Eurasian importance – the leader of Kazakhstan's market.

VALUES

1. *Meritocracy*: justice and objectivity in evaluating contributions and achievements.
2. *Respect*: respect for other team members.
3. *Honesty*: honesty within the Company and toward its partners.
4. *Openness*: openness and transparency in contacts and cooperation with partners.
5. *Team spirit*: collective responsibility for achieving the highest performance results.
6. *Trust*: loyalty to a culture of mutual aid and trust.

PRINCIPLES OF WORK

Principle 1. Reliability and availability of energy sources

We strive to make energy sources reliable and available in order to meet the demand of the world's growing population. We wish to work on this task through cooperation with government agencies and civic society, which grant us licenses and powers to perform operations and ensure the legal and regulatory framework guaranteeing stable investments in the energy sector.

Principle 2. Efficient energy systems

Our objectives include efficient energy production, transmission and supply, promotion of efficient energy consumption management by consumers, reduction to zero of adverse impacts on the environment and the climate, and we always take into account the consequences of our activities for the next generations.

Principle 3. Responsible civil conduct

We strive to deepen our understanding of the company's needs and aspirations, be responsible corporate citizens and constructive partners interacting with civic society and governments inspired by cooperation and transparency.

Principle 4. Contribution to economic development

We contribute to economic growth, employment promotion and the introduction of innovations in companies we work in, that pay special attention to strengthening companies associated with energy sector performance.

Principle 5. Energy literacy improvement

We help improve energy literacy and implement a policy based on facts and development through accurate and unbiased information.



BUSINESS MODEL

Currently Samruk-Energy JSC is vertically integrated holding managing energy and coal enterprises in the territory of the Republic of Kazakhstan.

Priority activities and the main products:

- Electricity generation;
- Heat energy production;
- Electricity transmission and distribution;
- Electricity sale;
- Power-generating coal production;
- Renewable energy sources;
- Reduction of electricity loss in power grids;
- Minimization of negative impact on the environment;
- Reduction of specific fuel consumption, optimization of equipment operation modes;

- Operation of energy equipment in accordance with applicable regulatory requirements;
- Restoration, modernization and reconstruction of existing and construction of new generating facilities..

In 2015, electricity production in the Republic of Kazakhstan amounted to 90 796,6 mln kWh, that is 3138,6 mln kWh or 3,4 % lower, than in 2014 (93 935,2 mln kWh).

By this indicator, the Company holds the leading position and outstrip the largest electricity producers included in ERG structure (19 521 mln kWh) and Kazakhmys Energy (6 843 mln kWh).

The Company's power stations (ESDPP-1, ESDPP-2, APP, Aktobe CHP, Shardarinsk and Moynak HPP) produced 22 318 mln kWh or 25 % of electricity generated in Kazakhstan.

The largest Company's consumers were KEGOC JSC, AlmatyEnergoSbyt LLP, KazFosfat LLP, Temirzholenergo LLP, Kostanay Energy Center LLP, Ontustik Zharyk LLP, Kokshetau Energy Center LLP, Zhetysu Energy Trade LLP.

Electricity supply carried out to all the regions of the republic, excluding Western zone of KUES (due to the lack of electrical links).

Electricity supplies share of the Northern zone of UES was 12% of power consumption volume, Southern zone of KUES 67% of power consumption volume. Within this, the largest indicator of the supply volume share in power consumption among the regions is

in Almaty region (83%), Zhambyl region (65%), South Kazakhstan region (45%), Kostanay region (31%).

In order to cover the need in electricity in Kyrgyz Republic, the Company's power plants exported electricity in amount of 401 mln kWh.

BUSINESS MODEL



*Coal extraction
and sale*

Samruk-Energy JSC owns the Republic of Kazakhstan's largest coal mining company Bogatyr-Komir LLP (50%) and trading company Resursenergougol LLP, which exports to the Russian Federation. Most coal mined by the company is supplied to power plants of the Samruk-Energy JSC Group, other power plants of the Republic of Kazakhstan and Russian Federation, and local utility companies.



Generation

The Group of Companies owns 31,8% of available RK facilities. The group also includes generating assets such as ESDPP-1 LLP, ESDPP-2 LLP, APP JSC, Moynak HPP JSC, Aktobe CHP JSC, First Wind Power Plant LLP, Shardarinsk HPP JSC, New Light Energy LLP and other generating companies, accounting in total for over 25 % of total electricity generated in the Republic of Kazakhstan. Total electricity generated by Samruk-Energy JSC amounts to 22,3 billion kWh.



*Wholesale
market*

The electricity wholesale market is represented by generating companies of national importance, as well as large consumers, including: KEGOC JSC, AstanaErgoSbyt LLP, Kazfosfat LLP, AlmatyErgoSbyt LLP, Temirzholenergo LLP, Kostanay Energy Center LLP, Ontustik Zharyk LLP, Kokshetau Energy Center LLP, Bogatyr Komir LLP, Zhetysu Energy Trade LLP and other large consumers.



*Transmission,
distribution*

Electricity is transmitted and distributed primarily via main networks of KEGOC JSC and networks of regional energy companies (REC). Samruk-Energy JSC Group includes several regional distribution companies such as: AZhC JSC, EK REC JSC and MDPGC JSC.



*Retail
market*

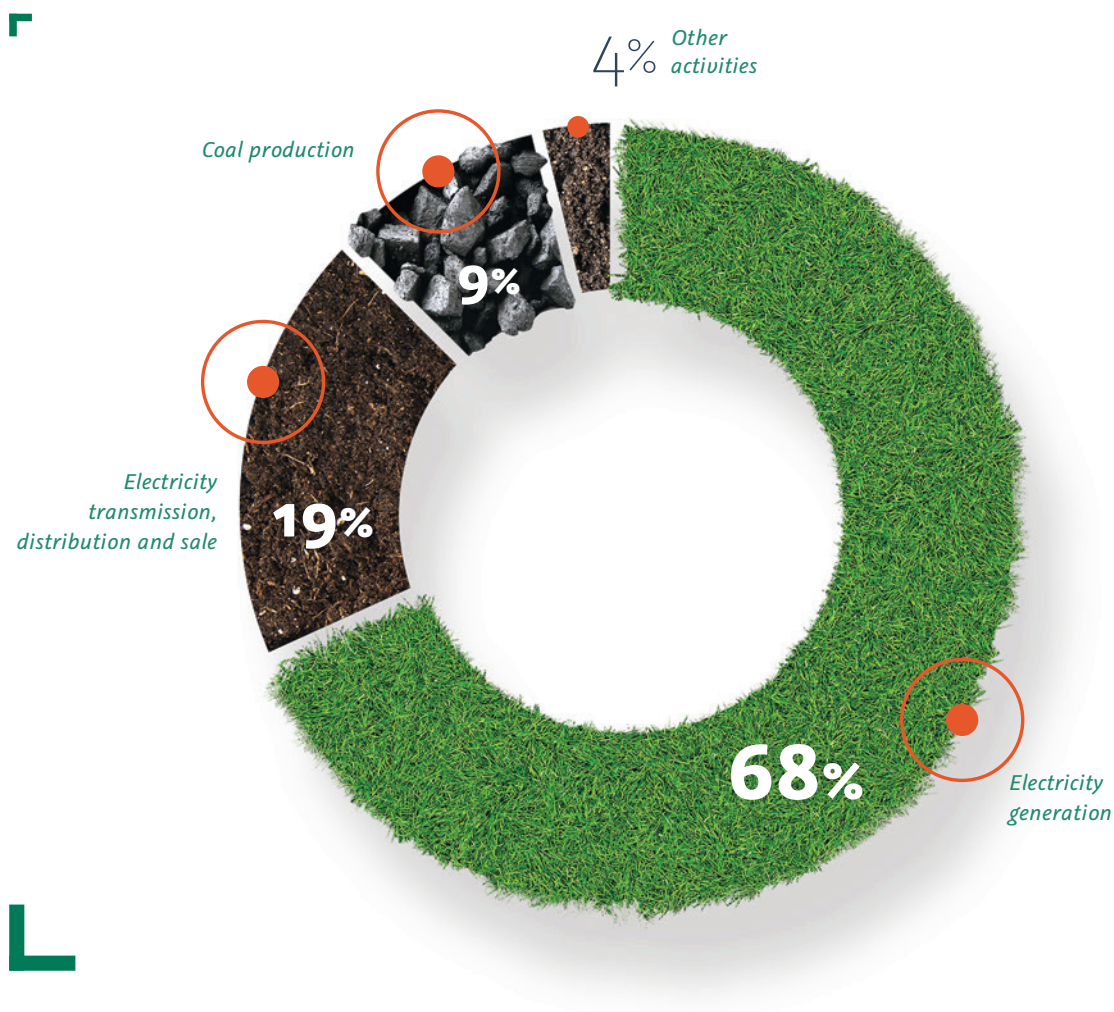
The electricity retail market is represented by energy-selling companies (ESC). ESCs sell electricity to the population, SMBs, and other public, industrial and institutional consumers. Under bilateral agreements, ESCs buy electricity from generating companies and sell it to retail consumers, having also signed bilateral agreements with them. The Samruk-Energy JSC Group includes two ESCs: AlmatyErgoSbyt LLP and Shygysenergotrade LLP.



Consumption

The number of personal accounts of household, industrial and institutional consumers of AlmatyErgoSbyt LLP and Shygysenergotrade LLP is 1 229 376, including: 1 182 705 personal accounts of household consumers, 2 763 of industrial consumers, 3 255 personal accounts of public consumers and 40 653 personal accounts of other consumers (including commercial ones).

OPERATIONAL PROFIT BY BUSINESS SEGMENTS



DEVELOPMENT STRATEGY

Within the transformation of Samruk-Kazyna National Welfare Fund JSC, as well as in connection with the changed market conditions and priorities of the Government of the Republic of Kazakhstan in the electric

power industry, the Company began to update its Long-term Development Strategy. Work on updating the strategy was held with the assistance of an international consulting firm Boston Consulting Group and was approved

on October 15, 2015 by the decision of the Board of Directors. Along with the Strategy the Roadmap for the Strategy implementation for 2015-2025 has been developed.

100 CONCRETE STEPS TO IMPLEMENT 5 INSTITUTIONAL REFORMS PROVIDE THE FRAMEWORKS FOR THE STRATEGY

50	Reorganization of electric power industry, introduction of a single purchasing agent
51	Expanding regional electricity network companies (REC)
52	Implementation of new electricity tariffs
59	Attracting strategic investors to the energy saving industry through the energy service contracts
62	Implementation of the “national champions” initiative with the focus on supporting specific companies
63	Development of two innovative clusters as a basis of a knowledge-based economy.
64	Development of the law “On commercialization of the results of science and (or) science and technical activities”
65	Further integration of Kazakhstan into the international transport and communication routes
70	Establishing the Astana International Financial Centre (AIFC) based on Astana Expo 2017 infrastructure and giving it a special status
71	Develop a strategy to ensure that the financial center provides specialized services to the capital markets
74	Increasing transparency of the subsoil use sector by introducing international reporting standards
75	Introducing a facilitated contracting method for all mineral resources

Direct involvement in implementation

Indirect involvement in implementation

STRATEGIC AREAS, OBJECTIVES AND TASKS BY 2025

In the process of accomplishing its mission and achieving the required results, the Company is working toward three strategic objectives of the first level:

1. Ensuring reliable and competitive energy resources supplies in the target markets.

2. Increasing the equity value.
3. Ensuring business social responsibility, sustainable development.

First level strategic objectives set the following targets for the existing business areas:

- traditional generation – high technology development, leadership

in the Republic of Kazakhstan and efficient monetization of the excess capacities for export;

- RES – active introduction and development of RES-generation technologies in the Republic of Kazakhstan;

- coal business – high technology coal business development, new growth points implementation;
- distribution and sales – sale of assets within the complex privatization plan for 2014-2016 in the Company's group.

**1) WITHIN THE BUSINESS AREA
“HIGH TECHNOLOGY DEVELOPMENT
IN TRADITIONAL GENERATION”,
THE SECOND LEVEL STRATEGIC GOALS ARE:**

- Sales, commercial optimization and trading function intensification based on the Trading House;
- Efficient implementation of the investment program (optimal balance of generating capacities);
- Ensuring the required production level of the existing capacities;
- Intensification of the integration function with the regulator;
- Development of new businesses and services, diversification in adjoining businesses to raise the sales and to increase the environmental efficiency;
- Development of supplementary distribution channels in the internal market;
- Development of supplementary distribution channels in the external market;
- Development of clean coal innovations and technologies, carbon capture and storage.

**2) WITHIN “RES GENERATION
DEVELOPMENT” BUSINESS AREA,
THE SECOND LEVEL STRATEGIC GOALS ARE:**

- Ensuring leadership on RES development in RK due to efficient implementation of the scheduled projects and defining new ones, ensuring the ambitious RES development;
- Development of electricity storage technologies.

**3) WITHIN “HIGH TECHNOLOGY COAL
BUSINESS DEVELOPMENT” BUSINESS AREA,
THE SECOND LEVEL STRATEGIC GOALS ARE:**

- Raw coal business development in RK;
- Raw coal business development in RF;
- Increasing the coal business operating efficiency;
- Development of high technology business areas on coal beds enrichment, development;
- Innovations and R & D development.

**4) WITHIN “DISTRIBUTION AND
MARKETING” BUSINESS AREA, THE SECOND
LEVEL STRATEGIC GOALS ARE:**

- Sale of assets on privatization plan.

**5) WITHIN “CORPORATE-WIDE
DEVELOPMENT”, THE SECOND LEVEL
STRATEGIC GOALS ARE:**

- Transition to the operating holding management principles with the partial centralization of functions in the corporate center;
- Implementation of the Company's transformation program;
- Protection of the interests of the shareholders and successful initial public offering;
- Fulfillment of the obligations on the social responsibility of business with the use of the best practices;
- Innovation development;
- Improving the process of investment planning and projects management.

BUSINESS TRANSFORMATION – KEY INSTRUMENT OF THE STRATEGY IMPLEMENTATION

The program officially started on July 4, 2015. The start meeting was conducted with participation of Shukeyev O.Ye., Chairman of the Management Board of Samruk-Kazyna NWF JSC, with the group of subsidiaries and affiliates of energy holding in the mode of teleconference.

The transformation project is conducted according to the methods of Samruk-Kazyna JSC Fund and consists of 3 key areas: People, Processes and Technologies.

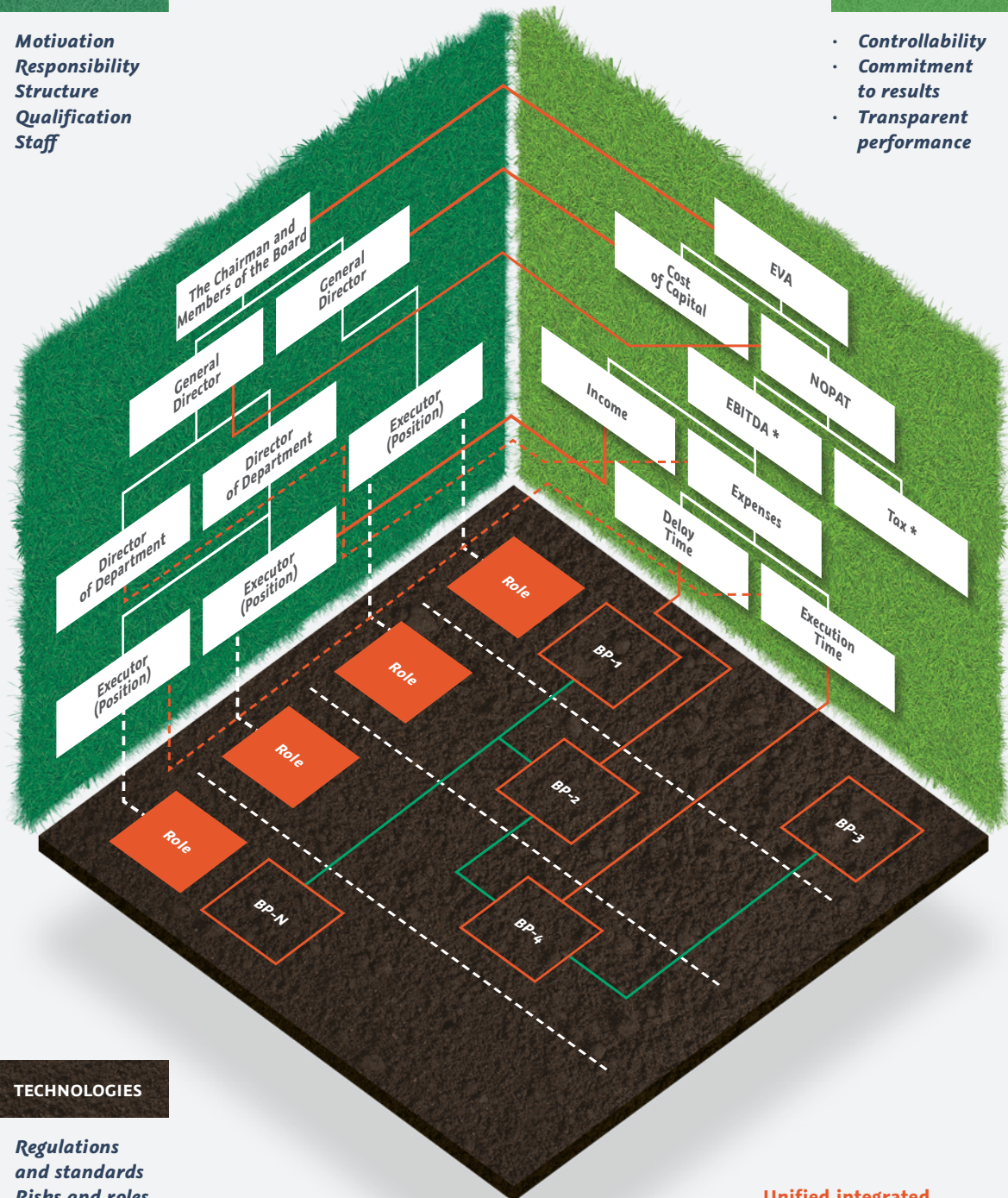


PEOPLE

- *Motivation*
- *Responsibility*
- *Structure*
- *Qualification*
- *Staff*

PROCESSES

- *Controllability*
- *Commitment to results*
- *Transparent performance*

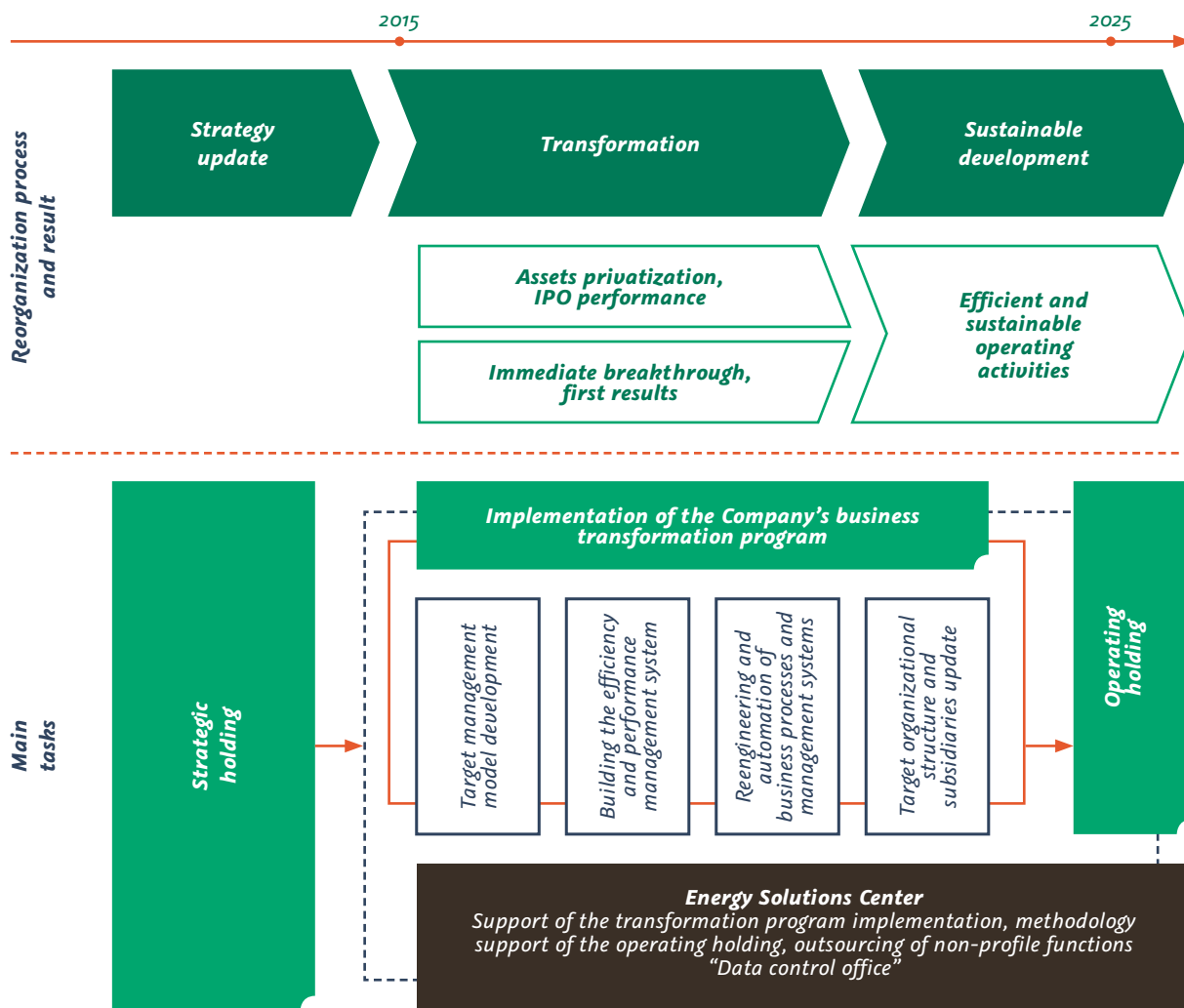


TECHNOLOGIES

- *Regulations and standards*
- *Risks and roles*
- *Automation*

BUSINESS TRANSFORMATION – KEY INSTRUMENT OF THE STRATEGY IMPLEMENTATION

TRANSFORMATION PROGRAM IMPLEMENTATION IS THE
KEY INSTRUMENT OF THE COMPANY'S STRATEGIC GOALS
ACHIEVEMENT



The main objective of the Transformation Program is creation of the competitive and sustainable company with the high level of corporate management, financial and operating efficiency with the use of the best world practices. These initiatives implementation will allow:

1. To increase the work performance by 40%.
2. To reach the positive values of the economic value added (EVA) by 2020.

The Company perceives its mission in adding value for the shareholders, employees and the company

in accordance with the principles of environmental protection and lean production. Samruk-Energy JSC transformation will allow to create a new competitive and sustainable holding and will allow the Company to implement its mission and development strategy in full.

NEW BUSINESSES DEVELOPMENT WITHIN THE TRANSFORMATION PROJECT

<i>Examples of directions for businesses diversification</i>		
<i>Increase of environmental efficiency, wastes utilization</i>	<i>Adjacent products/services sales growth, services development</i>	<i>Electricity sales growth, interaction and stimulation of new electricity intense production</i>
<p>Waste heat of power stations:</p> <ul style="list-style-type: none"> • greenhouse business development • fishery development <p>Ash and slag wastes as construction raw material:</p> <ul style="list-style-type: none"> • production of construction materials, use of cement in production • extraction of non-ferrous and ferrous metals concentrate • coal extraction from unburned carbon 	<p>Extension of the products/ services supply:</p> <ul style="list-style-type: none"> • distributed generation and energy efficiency programs • work on new supply schemes • involvement in the market balancing 	<p>Petrochemistry development:</p> <ul style="list-style-type: none"> • involvement in electricity intense production, for example PVC* • increase of FPR* use complexity <p>Non-ferrous metallurgy development:</p> <ul style="list-style-type: none"> • conclusion of contracts for supply to Bozshakol and Aktogay complexes • conclusion of contracts for supply on Tau-Ken Samruk projects • aluminum production development, use of RK bauxites resources

* FPR – Fuel and power resources, PVC – Polyvinyl chloride

KEY EVENTS IN 2015

MAIN RESULTS

IN 2015, THE COMPANY HAD THE FOLLOWING SIGNIFICANT EVENTS AND CHANGES IN BUSINESS.

<i>Date</i>	<i>Activity</i>
February 1	Reduction of electricity retail price of Ekibastuz SDPP-1 LLP and Ekibastuz SDPP-2 Plant JSC.
February 20	Decrease of Standard & Poor's ratings of the Company to "BB/B" and "kzA+", "Stable" forecast.
February 27	Briefing in CCS "On SPFIID projects implementation in energy and the Company's activities in 2014".
March 2	The Company reduced capital expenses planned for 2015 by 23%.
April 10	Reduction of the tariff of AlmatyEnergoSbyt LLP for the end consumers in Almaty city.
April 27	World Energy Council highly appreciated the activities of Kazakhstan National RES Committee, having awarded "IN GOOD STANDING" certificate.
May 18	50% of shares of T.I. Baturov Zhambyl SDPP JSC were sold.
May 19	Increase of the individual tariff of Moynak HPP JSC due to appreciation of the investment projects and costs.
May 22	Within AEF, the cooperation agreements on the Company's innovation technologies development were signed with Primus Power Corporation, with Stanford University, private research university, and the University of California, Berkeley.
June 20	Briefing at CCS "KAZENERGY Eurasian Forum: "New Energy horizons, prospects for cooperation and investments".
July 4	Start of the Company's Transformation Program.
August 14	Completion of construction/launch of the wind power plant First Wind Power Plant LLP.
September 17	The Company received the waiver (letter of consent) from the European Bank of Reconstruction and Development on financial covenant provided by the Loan Agreement on "Shardarinsk HPP modernization" project.
November 23	The Company paid off local bonds in amount of 3 bn. tenge.
December 2	The access is provided to the loan funds of EBRD and the first disbursement was made within the implementation of the project "Shardarinsk HPP modernization".
December 15	Approval of ratings at the level of "BB/B" and "kzA+" by the agency Standard & Poor's, the forecast is "Stable".
December 21	Approval of the individual tariff of Shardarinsk HPP JSC due to the price growth of equipment for the station modernization in 2015 in amount of 9,50 tenge/kWh. (with the growth to the applicable tariff by 211%). The tariff is approved for the period of from 2016 until 2022.
December 23	Approval of the company's rating at the level of "BBB" by Fitch Ratings agency, the forecast is "Stable".

INTERNATIONAL COOPERATION

In May 2015, within VIII Astana Economic Forum (hereinafter – AEF), the Agreement of strategic partnership was signed between the Company and Primus Power Corporation, which will allow to develop cooperation and potentially beneficial opportunities for business organization in the field of battery technologies in Kazakhstan. Within this cooperation, the pilot project is launched with EnergyPod energy accumulating system introduction, which will increase the reserve capacities and improve the energy system flexibility, to allocate supplementary facilities in densely populated areas, to increase the share of alternative and renewable energy sources.

Also within AEF, the Company and the US universities signed Memorandums of understanding, particularly, with the private research university “Stanford University”, within which the parties plan to establish the development of mutual cooperation in scientific research, educational and innovative activities and with University of California, Berkeley, within which the parties plan to establish cooperation on scientific researches and innovative technologies developments in the field of healthcare.

Within cooperation with the People's Republic of China, in 2015 the Company and Chinese enterprises signed several Memorandums and Agreements.

On January 21, 2015, the Company and the China International Water and Electric Corporation (hereinafter – CWE) signed the Memorandum of cooperation on implementation

of the project “WPP construction in Shelek corridor with the capacity of 60 MW with the possibility to be extended up to 300 MW”.

On March 20, 2015, The Company and Sinohydro Corporation Limited signed Memorandum of cooperation in the field of development of traditional and renewable energy sources, including the project “WP construction in the area of Ereymentau town III stage with the capacity of 205 MW”.

Within the visit of RK Prime Minister to PRC on March 27, 2015, the Company and CWE signed the Agreement on the implementation of the project “Construction of reregulating Kerbulak HPP on Ili river”.

On September 1, 2015, within the visit of RK President to PCR, the Company, China Development Bank and “Kazakhstan Bank of Development” JSC signed three-party agreement on organizing funds for the project “WPP construction in Shelek corridor with the capacity of 60 MW with the possible extension up to 300 MW”.

In October 2015, within participation in anniversary X Eurasian Forum of KAZENERGY Kazakhstan Association of Oil and Gas and Energy Complex, the Company presented Ereymentau wind power plant project with the capacity of 45 MW. The Company's stand was awarded with “Diploma of the Best Audience Choice”.

On November 3, 2015, the Head of the state visited Great Britain, within the official visit the constituent meeting of Kazakh-British Business Council and the second meeting of the UK-Kazakh Intergovernmental Commission

on trade-economic, scientific-technical and cultural cooperation were conducted. Within the Kazakh-British Business Council of the Company, 3 documents were signed:

1. Agreement between the Company and the European Bank of Reconstruction and Development on changes and amendments to the Loan agreement.
2. Memorandum of understanding between the Company and Enzen Global Ltd, which provides the long-term cooperation in order to develop and successfully use the models and applied management tools, aimed at increasing the operating activity efficiency in the field of energy generation and distribution, including in the field of renewable energy sources.
3. Memorandum of understanding between the Company and investment company Innovator Capital Limited (hereinafter – ICL), within which ICL assists in searching the partners on advanced technologies of high-ash coal production and enrichment, introduction of coal gasification technologies, CO₂ capture technology, technology of CO₂ transformation to highly-productive chemicals.



RESTRUCTURING ASSETS, REORGANIZING, PURCHASING AND CREATING NEW COMPANIES

1. EREYMENTAU WIND POWER LLP

In May 2015, according to the instructions of the shareholder on the reduction of management levels of the companies in Samruk-Kazyna JSC group, 99,9% participation share in the equity of Ereymentau Wind Power LLP is transferred to direct ownership of the Company. Further, 0,1% participation shares of Ereymentau Wind Power LLP were purchased from the second participant – Kalybayev Ye.T. (Sale and Purchase Agreement dated 21.07.2015).

Currently, the Company is the sole participant of Ereymentau Wind Power LLP.

2. FIRST WIND POWER PLANT LLP

In May 2015, according to the instructions of the shareholder on the reduction of the management levels of the companies in Samruk-Kazyna JSC

group, 99,994% participation share in the equity of First Wind Power Plant LLP was transferred to direct ownership of the Company.

By the Sale and Purchase Agreement dated 25.01.2016, 0,004% participation shares of First Wind Power Plant LLP are purchased from Nussupov D.K., the second LLP participant.

Currently, the Company is the sole participant of First Wind Power Plant LLP.

3. ENERGIA SEMIRECHYA LLP

In May 2015, according to the instructions of the shareholder on the reduction of the management levels of the companies in Samruk-Kazyna JSC group, 51% participation share in the equity of Energia Semirechya LLP was transferred to direct ownership of the Company to Samruk-Energy JSC party by the decision of the Board of Direc-

tors (Minutes No.03/15).

Currently, the participants are:

- Samruk-Energy JSC – 51%;
- Zhetisy Social and entrepreneurial corporation JSC – 49%.

4. NEW LIGHT ENERGY LLP

In May 2015, according to the instructions of the shareholder on the reduction of the management levels of the companies in Samruk-Kazyna JSC group, 99,9% participation share in the equity of New light Energy LLP was transferred to direct ownership of the Company to Samruk-Energy JSC party by the decision of the Board of Directors (Minutes No.03/15).

By the Sale and Purchase Agreement dated 22.05.2015, 0,1% participation shares of New light Energy LLP were purchased from Kalybayev Ye.T, second participant of LLP.

Within the business transforma-

tion, in the part of extracting separate non-profile functions, the management decided to create partnership-based service company to provide contractual administrative support services for the Company's Corporate Center. In March 2016, the partnership was reregistered into Energy Solutions Center LLP with changed goals and activities. Samruk-Energy is the sole participant of Energy Solutions Center LLP.

5. BALKHASH TPP JSC

By the Minutes of the Management Board No.3 dated April 1, 2015, the increase of the share of Samruk-Energy JSC in the equity of Balkhash TPP JSC to 50% - 1 share. By the end of 2015, the number of the Company's shares in BTPP JSC is 37,92423364%.

6. AKTOBE CHP JSC

In order to optimize the assets structure, 100% of shares in Akto-

be CHP JSC were transferred to the Company's ownership from AZhC JSC (Sale and purchase agreement dated 03.12.2015).

7. KARAGANDAGIPROSHAKHT AND K LLP

In July 2015, Samruk-Kazyna JSC transferred the share of Karagandagiproshakht and K LLP in amount of 90,0004% in the equity of the Company.

ASSET PRIVATIZATION

According to the Decree of RK Government No. 280 dated March 31, 2014 "On approval of the Complex privatization plan for 2014-2016", the sale of the several assets of quasi-public sector, including the assets of Samruk-Kazyna JSC, was provided. Within this Decree implementation, the following companies of Samruk-Energy JSC were subject to be sold:

- 100% shares of Aktobe CHP JSC;
- 100% shares of EK REC JSC, including 100% participation shares of Shygysenergotrade LLP;
- 75% + 1 share of MDPGC JSC;
- 100% shares of AZhC JSC;
- 100% shares of APP JSC;
- 100% participation shares of AlmatyEnergoby LLP;
- 100% participation shares of Tegis Munay LLP, including 100% participation shares of MangyshlakMunay LLP;
- 50% shares of Zhambyl SDPP JSC.

Assets valuation was performed by independent valuers, including:

- **Deloitte TCF LLP** in 2014 and 2015 performed valuation of the following assets: MDPGC JSC, Aktobe CHP JSC, EK REC JSC (including 100% participation shares of Shygysenergotrade LLP), T.I.Baturov ZhSDPP JSC;
- **KPMG Valuation LLP** in 2015 performed valuation of the following assets: APP JSC, AZhC JSC, AES LLP, TegisMunay LLP.

The said assets were sold through the open tender.

Notifications on the open two-stage tender were published in republican mass media (Kazakhstanskaya Pravda, Yegemen Kazakhstan).

During 2015, the shares/participation shares of the following companies were tendered:

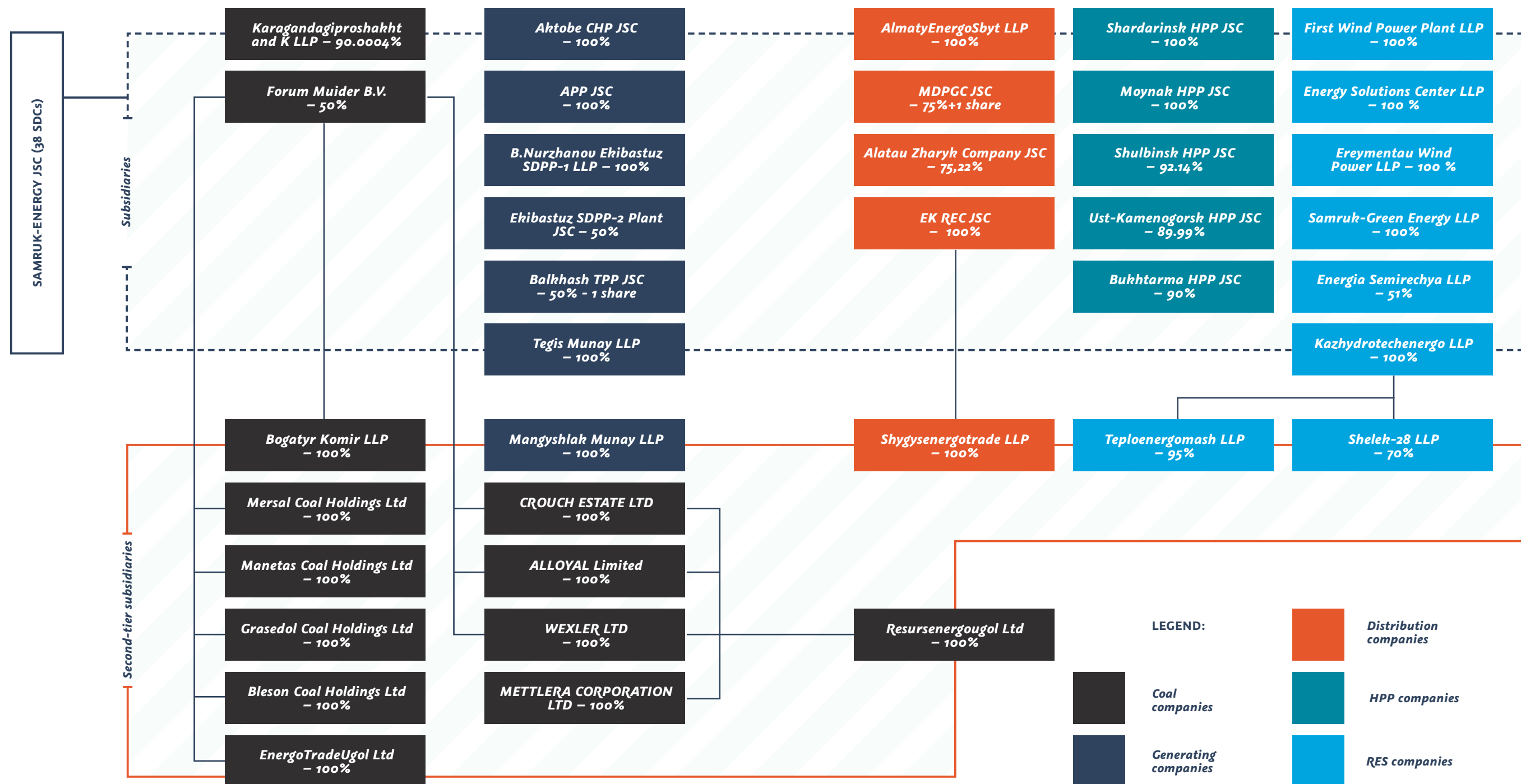
- MDPGC JSC (in accordance with the Decree, it was supposed to sale the part of the shares of MDPGC JSC through SPO on KASE platform);
- EK REC JSC;
- TegisMunay LLP, including MangyshlakMunay LLP.

PRIVATIZATION OUTCOMES FOR 2015

1. Shares of ZhSDPP JSC are sold and transferred to the new owner (second shareholder) according to the Sale and Purchase agreement No.KP-43 dated 31.03.15 (all the suspense conditions were performed and mutual payments were carried out).
2. Open two-stage tenders on the remaining assets sale have not taken place due to submission of not more than one application during the first stage.
3. Sale of the part of the shares of MDPGC JSC via SPO on KASE has not taken place due to the lack of the sufficient number of applications.

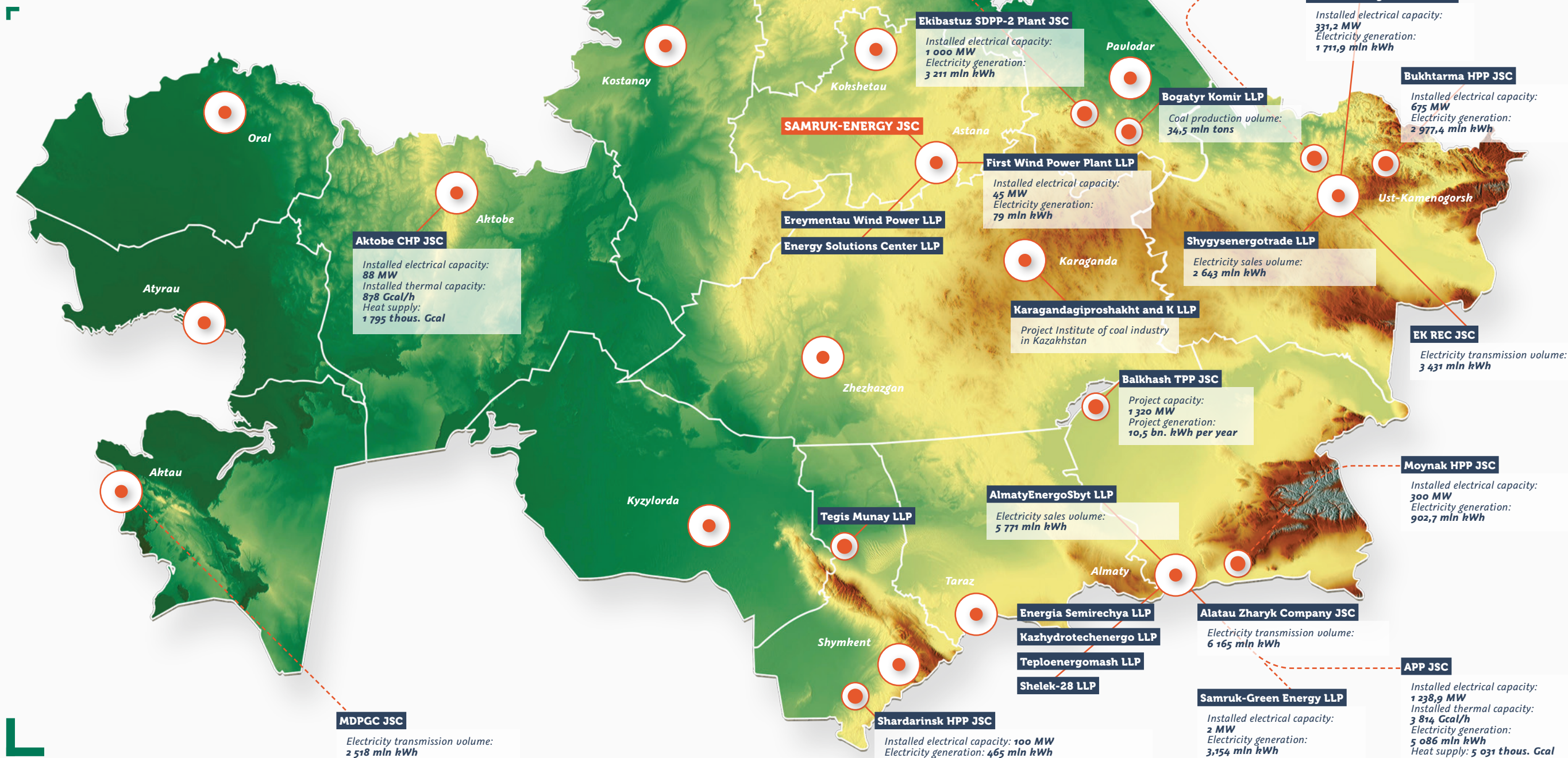


ASSETS STRUCTURE





MAP OF ASSETS OF SAMRUK-ENERGY JSC



05

MARKET OVERVIEW



The wholesale electricity market of the Republic of Kazakhstan comprises the following submarkets:

- *Decentralized electricity purchase and sale market.*
- *Centralized trade market.*
- *Balancing sale and purchase market of deviations from the contractual electricity delivery and consumption volumes.*

- *System and supplementary services market.*

Organizational structure of retail electricity market consists of three groups of economically independent subjects:

- *Power generation organizations.*
- *Regional Electricity Companies (RECs).*
- *Power supply companies.*

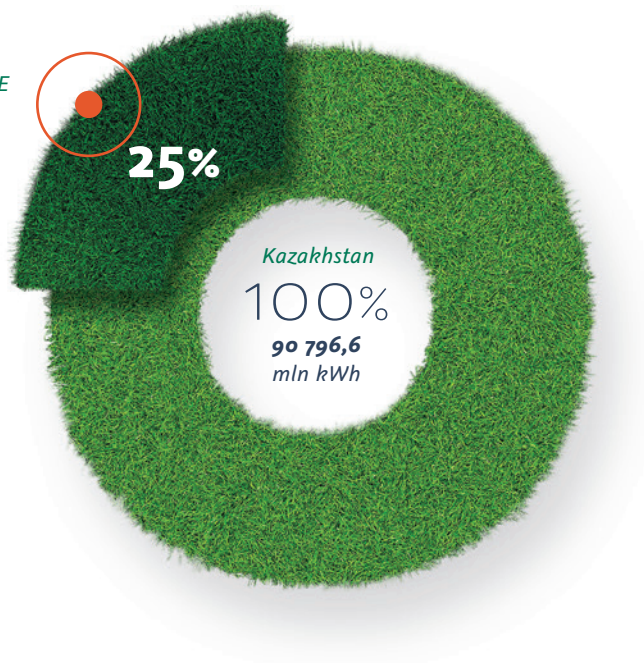
ELECTRICITY MARKET

ELECTRICITY GENERATION IN THE REPUBLIC OF KAZAKHSTAN BY TYPES OF PLANTS

<i>Electricity generation, mln kWh</i>	2013	2014	2015	2015 to 2014
TPP	77 622,0	78 772,9	74 091,7	-4 681,2
HPP	7 701,0	8 235,8	9 250,3	1 014,5
GTPP	6 645,8	6 915,9	7 279,5	363,6
WF	3,1	9,4	130,2	120,8
SPP	0,8	1,2	44,8	43,6
Total	91 972,7	93 935,2	90 796,6	-3 138,6

SHARE OF SAMRUK-ENERGY JSC GROUP OF COMPANIES IN THE OVERALL ELECTRICITY GENERATION IN THE REPUBLIC OF KAZAKHSTAN

Generation of SE
22 318 mln kWh



GEOGRAPHICALLY, THE RK ELECTRICITY MARKET IS DIVIDED INTO THREE ZONES:

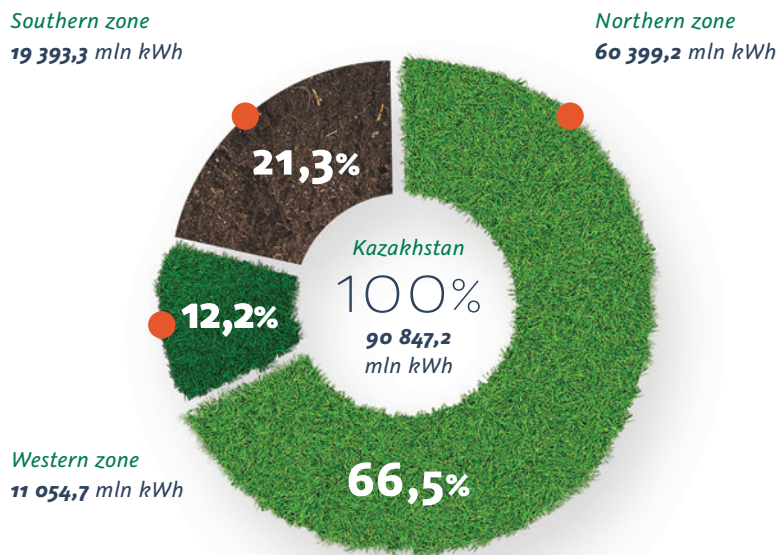
Northern zone: Akmola, Aktyubinsk, East-Kazakhstan, Karaganda, Kostanay, Pavlodar, North-Kazakhstan regions and Astana are included. 76,3% of Kazakhstan's total electric energy is produced in the northern zone. The most important coal deposits and water energy resources are located in the northern zone.

As a result, the northern zone is characterized by quite low costs of electricity production. Electricity surplus is supplied to the southern zone, where energy deficits are recorded, and exported to the Russian Federation.

Southern zone: Almaty, Zhambyl, Kyzyl-Orda, South-Kazakhstan regions and Almaty are included. Is characterized by the electricity deficit and high prices for electricity. The deficit is compensated by supplies from the northern zone and partly from the UES of the Central Asia.

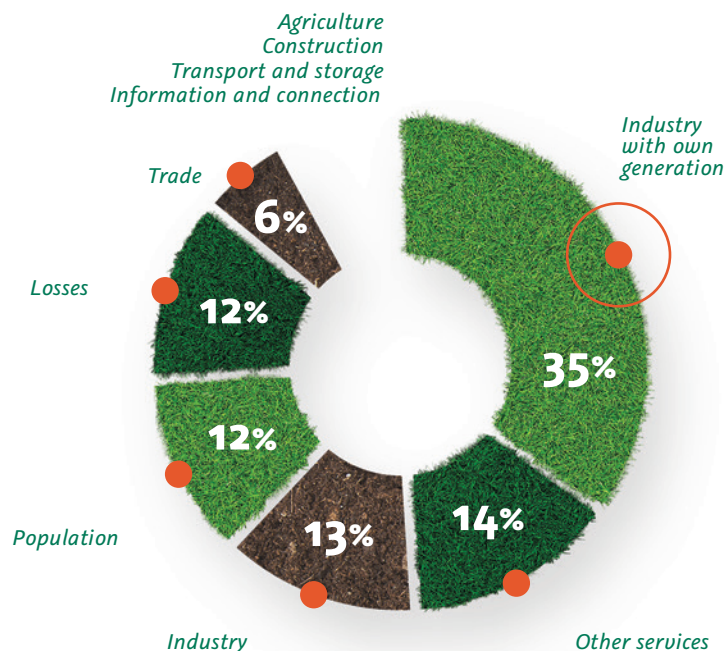
Western zone: Mangistau, Atyrau, and West-Kazakhstan regions are included. It has considerable deposits of hydrocarbons. However, this zone is characterized by an energy deficit and compensates it by supplies from the Russian Federation.

ELECTRICITY CONSUMPTION IN 2015 BY ZONES



* Source SO NDC of KEGOC JSC

CONSUMPTION STRUCTURE IN 2015 BY ECONOMIC SECTORS





COMPETITIVE ENVIRONMENT ON THE ELECTRICITY MARKET

The following energy generating companies were the largest competitors in the electricity wholesale market in 2015:

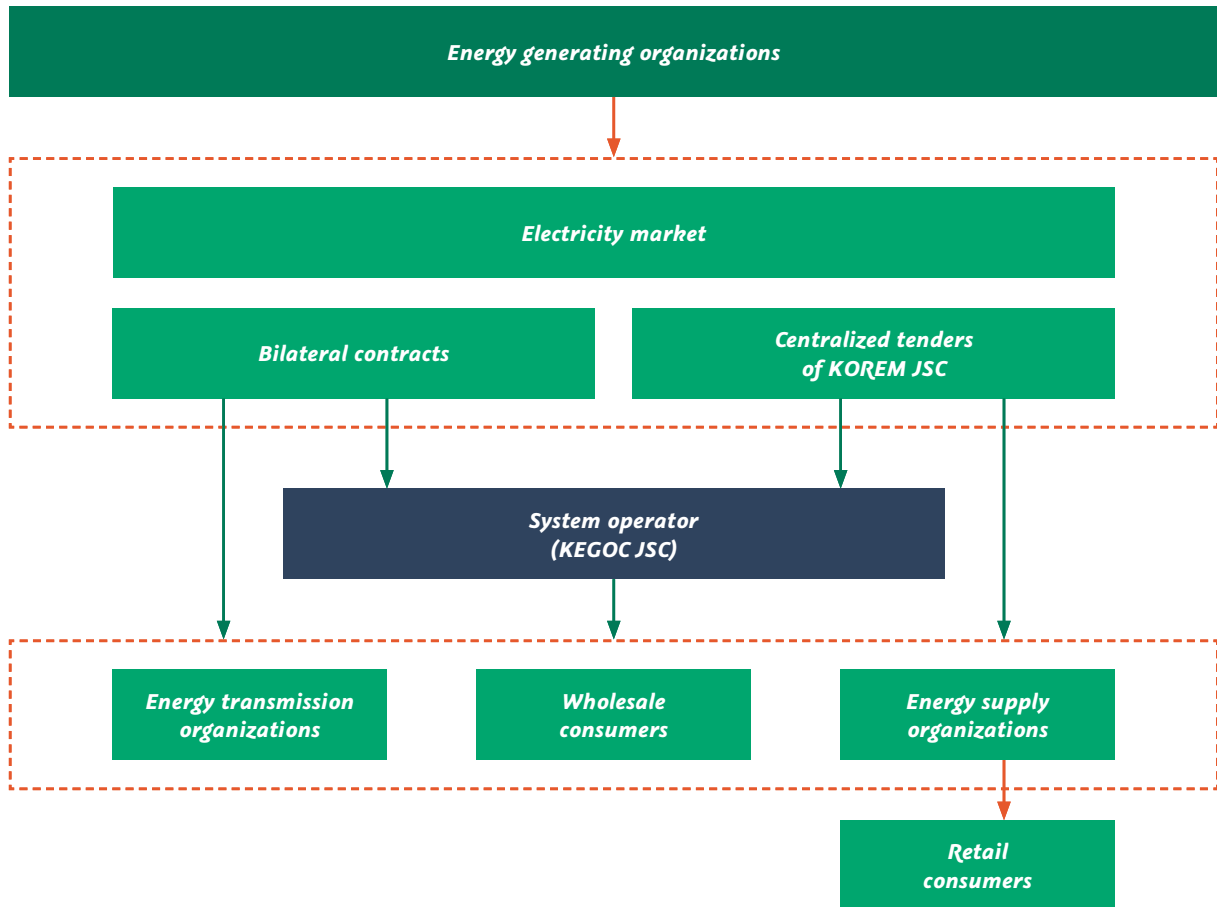
<i>Competitors</i>	<i>Quantity of electricity generation in 2015</i>	
	<i>Mln kWh</i>	<i>% of the output in the RK</i>
Eurasian Energy Corporation JSC	14 667,9	16,2%
Pavlodarenergo TPP-3	2 942,8	3,2%
Karaganda SDPP-2 (KazakhmysEnergy)	5 130,2	5,6%
Karaganda Energy Center TPP-3	3 488,2	3,8%

INSTALLED CAPACITIES OF MAJOR POWER PLANT OWNERS AND OPERATORS

<i>Competitors</i>	<i>MW</i>	<i>% of the output in the RK</i>
Samruk-Energy JSC	6 774	31,8%
ENRC	3 262	15,3%
AES	1 361	6,4%
MAEK Kazatomprom LLP	1 330	6,2%
Central Asian Electric Power Corporation JSC (CAEPCO)	1 141	5,36%
Kazakhmys Energy LLP	930	4,4%
Other	6 509,2	30,54%
Total	21 307,2	100%

MARKET MODEL

CURRENT MODEL OF THE ELECTRICITY MARKET



The electricity market comprises two levels: wholesale and retail. The wholesale electricity market of the Republic of Kazakhstan comprises the several submarkets:

- decentralized electricity purchase and sale market based on the Electricity sale and purchase agreements concluded by the market participants on prices and delivery terms, established by the agreement of the parties;
- centralized trade market on a single platform with tenders in order to conclude the contracts: short-term and forward;
- balancing sale and purchase market of deviations from the contractual electricity delivery and consumption volumes in the real-time mode. Currently the balancing market operates in the imitation mode;
- system and supplementary services market selling the services, required for ensuring the reliability of UES operation in the Republic of Kazakhstan and meeting the electricity quality standards.

PLANNED MODEL OF THE ELECTRICITY AND POWER MARKET

By the Resolution of the Government of the Republic of Kazakhstan No. 724 dated June 28, 2014, the Concept of fuel and energy complex development until 2030 was approved in the Republic of Kazakhstan.

On November 12, 2015, the Law of the Republic of Kazakhstan "On changing and amending some legislative acts of the Republic of Kazakhstan on electricity" (hereinafter – the Law) was approved. The Law was developed by the Ministry of Energy of RK with assistance of Kazakh electricity association, National chamber of Entrepreneurs of the Republic of Kazakhstan, KAZENER-

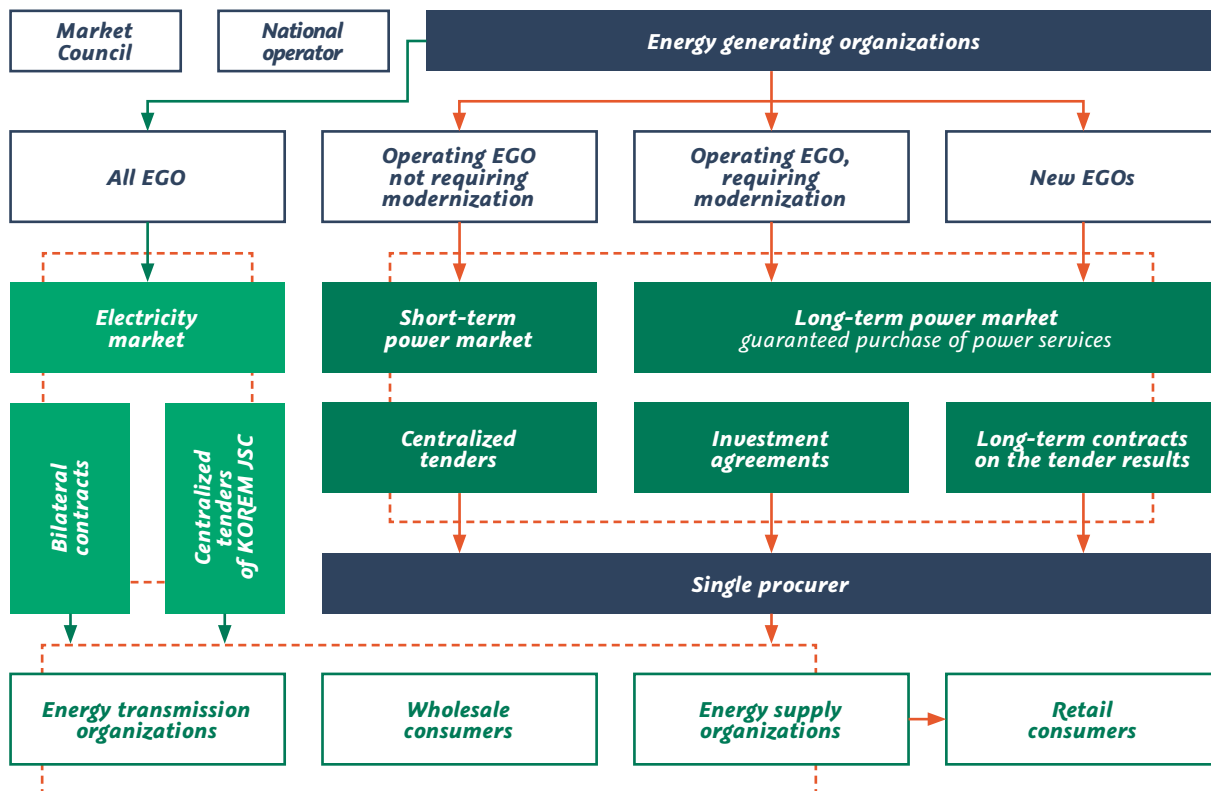
GY Association and energy enterprises in order to implement the 50th and 52th steps of the National Plan "100 specific steps on the implementation of five institutional reforms" and the approved Concept.

By the amendments, since January 1, 2019, the model of the Single Purchaser is introduced with the power market functioning aimed at creation of favorable conditions to attract the investments to electricity, construction of new generating facilities in the volume sufficient for meeting the demand for electricity, support of the required level of energy supply reliability and industrial export potential development.

Within the model it is supposed to operate the centralized electricity and

power trade (Single purchaser carries out the centralized power service purchase), balancing market and decentralized electricity purchase and sale market, allowing to conclude bilateral electricity sale and purchase contracts between the producers and consumers.

Electricity producing organizations tariffs will be divided to 2 components: electricity tariff and tariff for supplying the electrical capacity readiness. Tariffs for electricity will include the variable operational expenses. Tariffs for supporting the electrical capacity readiness will include the investment expenses. It is planned that the tariffs may be annually adjusted taking into account the need to provide investment attractiveness of the sector.



Also, by the Law, since January 1, 2016, the National operator performing centralized electricity/power import and export by conclusion of electricity sale and purchase agreements, as well as the market Council performing the monitoring and functioning of the electricity and power market.

In order to implement the provisions of the Law, the Order of the Ministry of Energy of the Republic of Kazakhstan No.682 dated December 3, 2015 approved the Rules of functioning of the market Council, according to which the market Council carries out the following functions:

1. monitors the electricity and power market functioning;
2. considers the investment programs;
3. introduces the proposals to the authorized body on improving the legislation of the Republic of Kazakhstan on electricity;
4. carries out other functions defined by the authorized body.

In order to implement the provisions of the Law, the Company took part in development of the Rules for the National Operator functioning (hereinafter – the Rules), approved by the Order of the Ministry of Energy of the Republic of Kazakhstan No. 689 dated December 3, 2015, registered in the Ministry of Justice of RK No. 12519 dated December 26, 2015.

According to the Rules, the National Operator carries out the following functions:

1. construction of the socially important electricity facilities, if the relevant state construction tender was failed;
2. centralized activities on sale and purchase of the exported and imported electricity;
3. participation in construction of energy facility outside the Republic of Kazakhstan according to the instruction of the government of the Republic of Kazakhstan.

The draft Order of the Ministry of Energy of the Republic of Kazakhstan on defining the Company by the National Operator is in the process of approval.

Assigning the National operator status to the Company will allow to solve several tasks:

- to provide guaranteed supplies to the internal market;
- highly efficient use of electricity export and import for the national economy;
- ensuring innovative development of power industry of RK;
- use of the National operator as a tool for implementing the state policy in the industry and protection from the influence of the adverse external environment.

Today, Kazakhstan has the export electricity potential not associated with the seasonal demand, and creation of the National operator in the field of import and export operations will allow him to be the strong player in negotiations, including within the total electricity market of Eurasian Economic Union (EEU).

Establishment of the general electricity market in EEU provides the mutual cooperation of the energy systems

of five countries-participants with conservation of the national electricity markets. Within the Agreement on EEU, it is supposed to implement the structural approach and harmonization of the regulatory legal provision of the member states. On May 8, 2015 in Moscow city, by the decision of the Higher Eurasian Economic Council (No.12), the Concept of the common electricity market in the EEU.

The concept provides the main formation objectives and tasks, functional structure, interaction directions between the subjects and participants of the common electricity market of the Union and the stages of its creation. By the Concept, the electricity trade in the common electricity market is performed by the following methods:

- on the free bilateral contracts between the members of the common electricity market;
- on the centralized tenders, including one day in advance, in the trading electronic system between the members of the common electricity market;
- regulation of hourly deviations of the actual net power flows of electricity from the planned values (balancing market).

Currently, the Program of forming the common electricity market of EEU is under development. Based on the approved Concept and formation of the common electricity market of EEU, the member states will develop and approve the International contract on forming the common electricity market of EEU.

New opportunities in this area are associated with the emergence of an additional export market to the RF and Belarus, as well as a possibility of supplying electricity to Central Asia and the Eurasian Economic Space.

COAL MARKET

KAZAKHSTAN'S COAL INDUSTRY

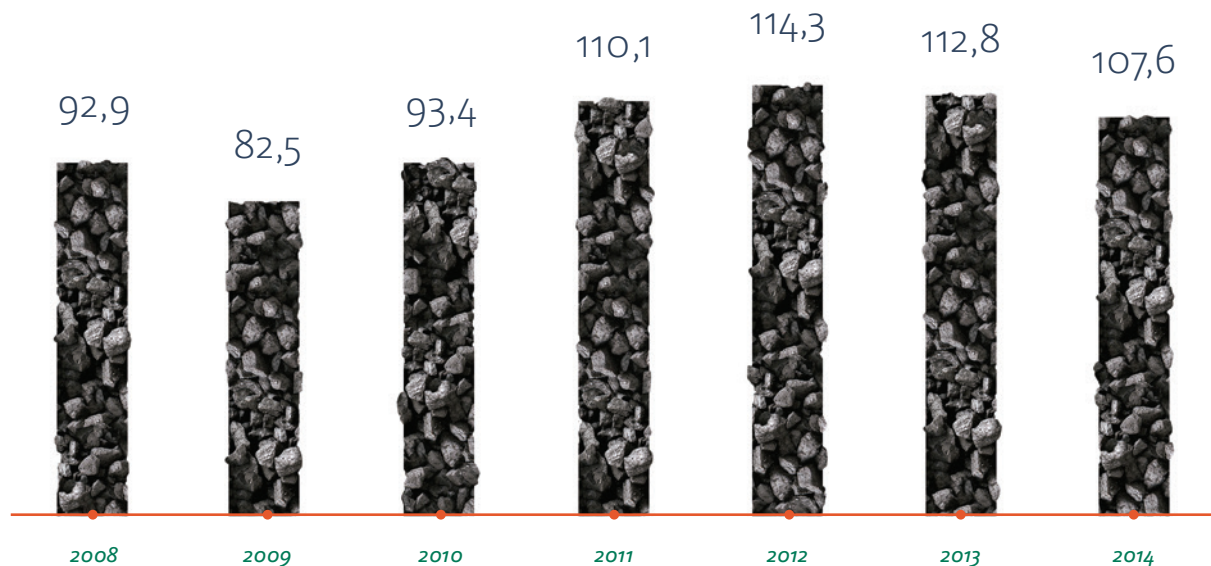
The coal industry is one of the most important resource industries in the Republic of Kazakhstan. Within the current structure of fuel generation, coal constitutes the main share – 74% or 51,0 mln tons of total consumption that is 1,6 tons less than in 2014. Ka-

zakhstan possesses all the main segments of the coal industry; however, energy coal mining and consumption are particularly developed.

As of 2015, the Republic of Kazakhstan holds the eighth place in the world on the volume of proved coal reserves (33,6 bn. tons or 4% of the global reserves).

Power-generating coal production in the Republic of Kazakhstan has been sustainably growing during the last years 2% in average, however in 2015-2040, slow reduction by 1% per year is expected.

POWER-GENERATING COAL PRODUCTION, MLN TONS



During 2015, 102,2 mln tons of coal were produced (excluding concentrate) or 95% against the similar indicator of 2014. Within this, 69 mln tons were supplied to the internal market, 29,2 mln tons – to the export (96% by 2014).

Reduction of the internal demand for coal is caused by the seasonality in order to prevent the storage of the large coal amounts in the warehouses

to prevent endogenous fires and loss of coal quality. Also, the internal demand for coal decreased due to the higher temperature in the autumn-winter in 2015.

Export reduction is associated with the decrease of the declared volumes at Russian power stations due to import substitution policy introduction in Russia.

The steam coal market in Kazakhstan is characterized by relative fragmentation: Bogatyr Komir LLP is a major player accounting for about 36% of total coal mined (Samruk-Energy and RUSAL), ENRC accounts for up to 30% of total extraction (Eastern, Shubarkol Komir), Kazakhmys accounts for 8%, Karazhyra – 6%, Angrensor-Energy – 5%, and others.

COAL IN THE ENERGY INDUSTRY

In 2015, coal sales volume for energy of the Republic of Kazakhstan produced by the coal producing companies was at the level of 49 236 thous. tons. Coal sale by Bogatyr Komir LLP was 22 252 thous. tons, that is about 45% of the total coal sales volume in the Republic of Kazakhstan. By this indicator, the Company holds the leading position and outstrips the largest coal

producing companies included in ERG structure (14 872 thous. tons) and Kazakhmys (6 691 thous. tons). The largest coal consumers of Bogatyr Komir LLP were Ekibastuz SDPP-1 LLP, Ekibastuz SDPP-2 Plant JSC, Karaganda EnergyCenter LLP, SevKazEnergo JSC. In 2015, coal export by the coal producing enterprises of the Republic of Kazakhstan to Russian Federation was at the level of 19 709 thous. tons, including the export volume of Bogatyr Komir

LLP was 10 587 thous. tons. The export share of Bogatyr Komir LLP was about 54% of the total export volume. The main coal consumers in Russian Federation were Reftinskaya SDPP, Troitsk SDPP, Serovsk SDPP, Verhne-Tagil'skaya SDPP, Kurgan TPP.

SALES IN 2015 AND PLAN FOR 2016, THOUS. TONS



REGULATORY ENVIRONMENT OF THE INDUSTRY

The authorized body (the Ministry of Energy of the Republic of Kazakhstan) to control the electricity based on the Law of the Republic of Kazakhstan No.588-II dated July 9, 2004 “On Electricity”:

- implements the state policy in electricity field;
- develops and approves the technical regulations in electricity fields;
- develops and approves the regulatory technical documents in electricity field;
- defines the functioning and organization features of the wholesale electricity market for the regions without connection to electricity on the territory of the Republic of Kazakhstan with a common electricity system of the Republic of Kazakhstan;
- carries out international cooperation in electricity field;
- develops and approves the promising scheme of electrical facilities allocation;
- carries out other functions according to the applicable legislation.

Services on electricity transfer and distribution is the natural monopolies environment and is regulated by the Law of the Republic of Kazakhstan No.272-I dated July 9, 1998 “On natural

monopolies and regulated markets”. The state body, carrying out control in natural monopolies and regulated markets, is the Committee on regulation of natural monopolies and protection of competition of the Ministry of National Economy of the Republic of Kazakhstan (hereinafter – CRNM and PC of MNE of RK).

CRNM and PC of MNE RK according to the Law of the Republic of Kazakhstan No.588-II “On electricity” dated July 9, 2004:

1. approves the electricity tariffs differentiation order by the day zone provided by the energy supplying organizations and (or) depending on the volumes of its consumption by the individuals;
2. concludes the investment contracts with energy producing organizations;
3. approves the individual tariff;
4. keeps, places and renews the register of organizations having license for performing activities on electricity purchase for electricity supply on the Internet resource;
5. controls the compliance with the requirements of the applicable law and introduces the obligatory instructions on eliminating the indicated violations;
6. develops, approves within its competences, the regulatory legal acts defined by this Law;

7. carries out other competences provided by this Law, other Laws of the Republic of Kazakhstan, acts 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 No.994 dated September 19, 2014 in the field of coal industry, develops the draft lists of soil sites having hydrocarbon crude, coal and uranium subject to be tendered.

By the Order of the acting Minister of Investment and development of the Republic of Kazakhstan No.67 dated October 15, 2014, the Committee of Geology and Subsoil Use of the Ministry of Investment and Development of the Republic of Kazakhstan carries out the following functions in the coal industry:

1. carries out state control of the study and use of subsoil;
2. within its competence carries out monitoring and control of fulfilling the contracts provisions by the subsoil users;
3. carries out the state monitoring of subsoil;
4. carries out other competences provided by the legislation of the Republic of Kazakhstan.

SWOT ANALYSIS OF THE COMPANY IN THE MARKET

According to the analysis of the internal and external environment, Table 1 shows the SWOT analysis determining Samruk-Energy potential and development outlook.

<i>Positive influence</i>	<i>Negative influence</i>
Strengths	Weaknesses
1. Availability of considerable energy coal reserves with low production cost	1. Low coefficient of using the established capacity
2. Efficient energy facilities of the total depreciation of facilities in Kazakhstan	2. High debt load
3. Support from the state and the Fund	3. Low opportunities of price offer management
Opportunities	Threats
1. Expanding the market share at the expense of the growing demand, competitiveness and in perspective – change of the market model	1. Saving and extending the linked generation
2. Export potential development in the Republic of Kazakhstan, incl. due to the National operator status	2. Increasing the gap between the demand and proposal of generating facilities
3. Optimization of the facilities balance in accordance with the market need (TPPs, HPPs, RES)	3. Tougher environmental requirements and government regulation
4. Extending the directions of using coal incl. due to enrichment	4. Increase of the access to the market of the Republic of Kazakhstan due to development of common electricity EEU market

STRENGTHS

The Company has the energy coal reserves, capable to maintain the activities of the Company and the external consumers in the long-term. Within this, the cost of the coal production is one of the lowest in the world. The efficient use of the available energy resources will allow to save the strategic competitiveness of the Company.

The implementation of the large-scale program of the Company's assets development as well as the relatively recent terms of generating facilities introduction define the high technology level of the applied equipment in high general facilities deterioration in the Republic of Kazakhstan. In the increase of the load level and continuation of the Company's investment program implementation, the Company may become the leader of the operating energy efficiency of the Republic of Kazakhstan.

Samruk-Energy JSC is one of the system-generating companies of the Republic of Kazakhstan and it is included in Samruk-Kazyna National Welfare Fund. Taking into account the role as an energy safety guarantor in the Republic of Kazakhstan, the Company has the strategic support from the state and the Fund.

WEAKNESSES

The environment and the model of electricity market functioning create the conditions of the low load of the Company's facilities. The low load of the facilities causes the decrease of technology and management efficiency of the Company's assets functioning, which in turn leads to increase of the electricity cost and decrease of its competitiveness.

The large amount of the provided investments of the Company led

to formation of the high level of the debt load, that increases the need of consistent performance of the production plan and increased facilities load. In current market rules, the major investment load is reflected in high tariffs, which leads to weakening of the Company's positions in the market. In future, with the introduction of the capacity market, this problem will reduce its relevance significantly. Debt optimization may also serve as one of the methods of the debt load reduction.

The large Company's stations are dominating market entities. In this connection, the Company in modern organizational structure does not have opportunity to provide flexible pricing policy, which decreases the opportunities on attracting the consumers of different categories. This problem can be solved only by reorganizing the Company's marketing function.

OPPORTUNITIES

Availability of competences on organization of the electricity export and potential receipt of the National operator status will allow the Company to significantly extend the export activities. Profitable economic and geographical position of the Republic of Kazakhstan and availability of efficient generating facilities combined with rich energy resources provide export potential as in traditional northern and in promising southern direction.

Due to increasing of the operating efficiency and, in future, changing the electricity market model, the Company may significantly extend the electricity marketing in the internal market. Increase of competitiveness and flexibility of marketing policy will allow to increase the market share due to its organic growth and due to the increase of the clients number – large electricity consumers, cooperation with which is performed on the long-term basis.

Parallel development of modern coal energy blocks, maneuver capacities, co-generation and energy of future (RES) will allow the Company to fix its position as the market leader. In turn, the Company's sustainability will be the basis of its further intensive development.

Modern coal technologies, first of all, the innovative methods of its enrichment will allow to extend the range of applicability of Ekibastuz coal and its potential monetization opportunities. Coal enrichment will increase the efficient radius of its supplies and will lead it to the international market of standardized product.

THREATS

Rules of the electricity market of the Republic of Kazakhstan do not restrict the opportunities of related generation development. Within this, the existing economic model defines high attractiveness of the related capacities content in the leading industrial companies. In future, the major largest industrial projects provide creation of own energy facilities that reduces the volume of free electricity market. Within this, in order to increase the generation efficiency, the industrial companies often try to sell the electricity excesses by the damping prices, this has an adverse influence on the market. In the long term, the difficulties of competing with the related facilities may decrease due to the introduction of two-level tariffs system, but the threat of saving the relatively small free market share will remain.

The economy growth rates reduction will lead to low electricity consumption growth rates. Within this, the implementation of the existing plan of generating capacities development will increase the annual average capacities excess. As a result, the competition will increase for the sales markets and the relevance of electricity sustainable export organization will rise.

The energy is sensible to changing the environmental legislation. It is particularly relevant for generation based on high-ash low-energy coal. Movement of the Republic of Kazakhstan by the way of intensive environmental modernization may lead to increasing the electricity production excesses.

As a result of formation of the EEU single electricity market, the Republic of Kazakhstan will get not only the simplified access to the markets of the member countries, but also will increase the internal market openness. Low electricity cost in common electricity systems of Siberia and Ural in Russia as well as in Kyrgyzstan during the summer period obliges the Company as the leading electricity producer and National operator to develop the approach to the export expansion restriction.

CONCLUSION

Kazakhstan electricity market has the growth potential, and the Company's positions in the market are successful for implementing this potential and increasing the shareholder value. The Company will have to implement a long-term strategy focused on electricity exports and the company's value growth by building and modernizing new plants and increasing profitability by means of establishing operating control over subsidiaries and affiliates and promoting a better regulatory environment.

06

PERFORMANCE RESULTS



Green energy generation by Samruk-Energy group exceeded 11% or 2,5 bn. kWh.

Totally in 2015, the group's enterprises generated 22,3 bn. kWh of electricity.

Coal generation by Bogatyr Komir LLP amounted to 34,4 mln tons of coal, 10,6 mln tons of which were exported to Russia.

Electricity transmission and marketing volumes amounted to 12,1 bn. kWh and 8,4 bn. kWh respectively.

PRODUCTION ACTIVITIES

KEY PERFORMANCE INDICATORS

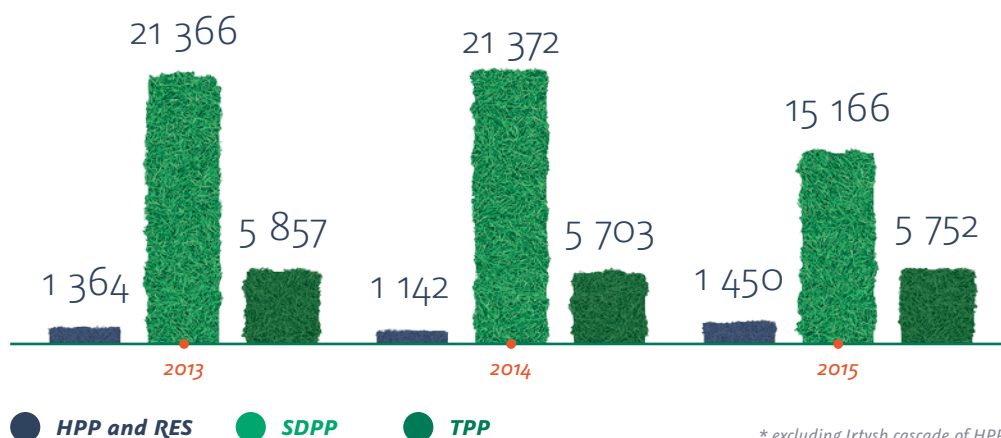
The amount of electric energy produced by the Samruk-Energy Group of companies in 2015 was 22,3 bn. kWh, that is 25% of the total electricity production in UES RK in 2015.

DYNAMICS OF ACHIEVED RESULTS BY KEY INDICATORS FOR THREE YEARS, PLANS FOR THE NEXT YEAR

Name	Unit	2013	2014	2015	2016 (plan)
Electricity production*	mln kWh	33 497	28 217*	22 318	23 259
Amount of sold electricity	mln kWh	8 133	8 605	8 414	8 758
Amount of electricity transmission	mln kWh	11 859	12 344	12 113,6	12 332
Amount of heat energy production	thous. Gcal	6 783	7 551	6 907	7 359
Amount of coal extraction	mln tons	41,7	38	34,5	32,5

* Total of Samruk-Energy JSC

PRODUCTION BROKEN DOWN INTO TYPES OF ENERGY RESOURCES, GWH



* excluding Irtysh cascade of HPPs

ELECTRICITY PRODUCTION BROKEN DOWN INTO AFFILIATES AND SUBSIDIARIES, MLN KWH

<i>Affiliate/subsidiary</i>	2013	2014	2015	2016 (plan)
ESDPP-1 LLP	13 492	14 096	10 729	11 175
ESDPP-2 JSC	6 280	4 755	3 211	4 945
APP JSC	5 228	5 036	5 086	4 920
Aktobe CHP JSC	628	667	666	872
Shardarinsk HPP JSC	465	565	465	265
Moynak HPP JSC	899	577	903	906
FWPP LLP	-	-	79	172
Samruk-GreenEnergy JSC SPP 2 MW in Kapshagay	-	0,4	3,15	3,4
ZhSDPP JSC	1 594	2 520	1 176*	-
Total	28 587	28 216	22 318**	23 259

* ZhSDPP JSC was included in Samruk-Energy JSC until May 15, 2016

** excluding Irtysh HPP cascade

INDUSTRIAL (INSTALLED) CAPACITIES, MW

<i>Name</i>	2013	2014	2015	2016 (plan)
ESDPP-1 LLP	4 000	4 000	4 000	4 000
ESDPP-2 JSC	1 000	1 000	1 000	1 000
ZHSDPP JSC	1 230	1 230	-	-
APP JSC	1 239	1 239	1 239	1 239
Aktobe CHP JSC	88	88	88	118
Shardarinsk HPP JSC	100	100	100	100
Moynak HPP JSC	300	300	300	300
Samruk-GreenEnergy LLP SPP 2 MW in Kapshagay	-	2	2	2
First Wind Power Plant LLP	-	-	45	45
Total on all the types of power stations	7 957	7 959	6 774	6 804

The established capacity of power stations was 6 774 MW, that is 31,8% of the total established capacity of power station of KUES.

THERMAL ENERGY PRODUCTION, THOUS. GCAL

Name	2013	2014	2015	2016 (plan)
APP JSC	4 960	5 580	5 031	5 449
Aktobe CHP LLP	1 760	1 868	1 795	1 834
ESDPP-2 JSC	63	103	81	76
Total	6 783	7 551	6 907	7 359

THE LENGTH OF AERIAL AND CABLE POWER LINES

Total length of PTL is 0,4 – 220 kV – 70 111 km, incl.:

- Aerial PTLs – 63 741 km;
- Cable PTLs – 6 370 km.

DATA ON SUBSTATIONS WITH THE VOLTAGE OF 220 KV AND LOWER

- Number of substations with the voltage of 35 kV and more – 579 units, transformer capacity – 12 463 MVA;

- Number of substations with the voltage of 6-10/0,4 kV – 13 956 units, transformer capacity – 3 932 MVA.

THE LENGTH OF POWER SUPPLY LINES AND DISTRIBUTION LINES*, KM

Type of lines	Length of lines of more than 35 kV			Length of lines of less than 35 kV		
	2013	2014	2015	2013	2014	2015
Overhead (OHL)	18 865	18 767	18 813	44 789	44 947	44 929
Underground (UG)	197	218	235	6 008	6 020	6 134
Total	19 062	18 985	19 048	50 797	50 967	51 063

* 2013-2015 years taking into account EK REC JSC

NUMBER OF HOUSEHOLD, INDUSTRIAL, INSTITUTIONAL AND COMMERCIAL CONSUMERS (BY EP), PERSONAL ACCOUNTS

Name	2013	2014	2015
Household consumers	1 168 280	1 182 705	1 214 357
Industrial consumers	3 273	2 763	2 661
Budgetary consumers	3 506	3 255	3 294
Other consumers (incl. commercial)	38 531	40 653	42 264
Total	1 213 590	1 229 376	1 262 576

LABOUR PRODUCTIVITY

<i>Indicator</i>	<i>Unit</i>	<i>2014</i>	<i>2015</i>	<i>2016 (plan)</i>
Labour productivity on coal production	ton/person	5 544	5 235	4 736
Labour productivity on electricity production	thous. kWh/person	3 740	3 191	3 285
Labour productivity on electricity transmission	thous. kWh/person	1 648	1 601	1 594

**IMPLEMENTATION
OF EXPORT POTENTIAL****VOLUME OF SUPPLIES (MLN KWH)**

<i>Counterparty</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016 (plan)</i>
Russian Federation (represented by Inter RAO JSC)	2 452	1 862	-	-
Kyrgyz Republic, incl.	-	118,7	400,7	-
ZHSDPP JSC	-	118,7	293,2	-
ESDPP-1 LLP	-	-	107,5	-
Coal sale to Russian Federation, mln tons	13,5	11,3	10,6	9,2

Supplies to Russia were delivered by Ekibastuz SDPP-1 LLP.

On November 21, 2014, power supplies to the RF were suspended due to the sudden depreciation of the Russian ruble against the Kazakh tenge and the decline in electricity prices in the RF market, which made power supplies non-profitable.

Supplies can be resumed in case of changes in the ruble exchange rate and electricity prices in the RF market, thus permitting profitable exports.

Since December 2014 until April 2015, electricity was exported from Zhambyl SDPP JSC and ESDPP-1 LLP to Kyrgyz Republic.

POWER-GENERATING COAL EXPORT

Power stations designed for Kazakh coal for Russian power stations provide stable demand. Kazakh coal import varies depending on the total coal consumption in Russia.

Energy development in Russian Federation provides the gradual transition from consuming Ekibastuz coal by Ural power stations to Kuznetsky coal. Increase of Kazakhstan power coal consumption volume in Russia is unlikely due to the excess of Kazakh power coal in the local market. Within this, there is the risk of import refusal in the long-term. The service life of many power stations is over 40 years,

and by 2030 it will reach 60-80 years, within this their capacities are likely to be partially taken out from service.

Reduction of Bogatyr Komir LLP coal supplies is provided by the following reasons:

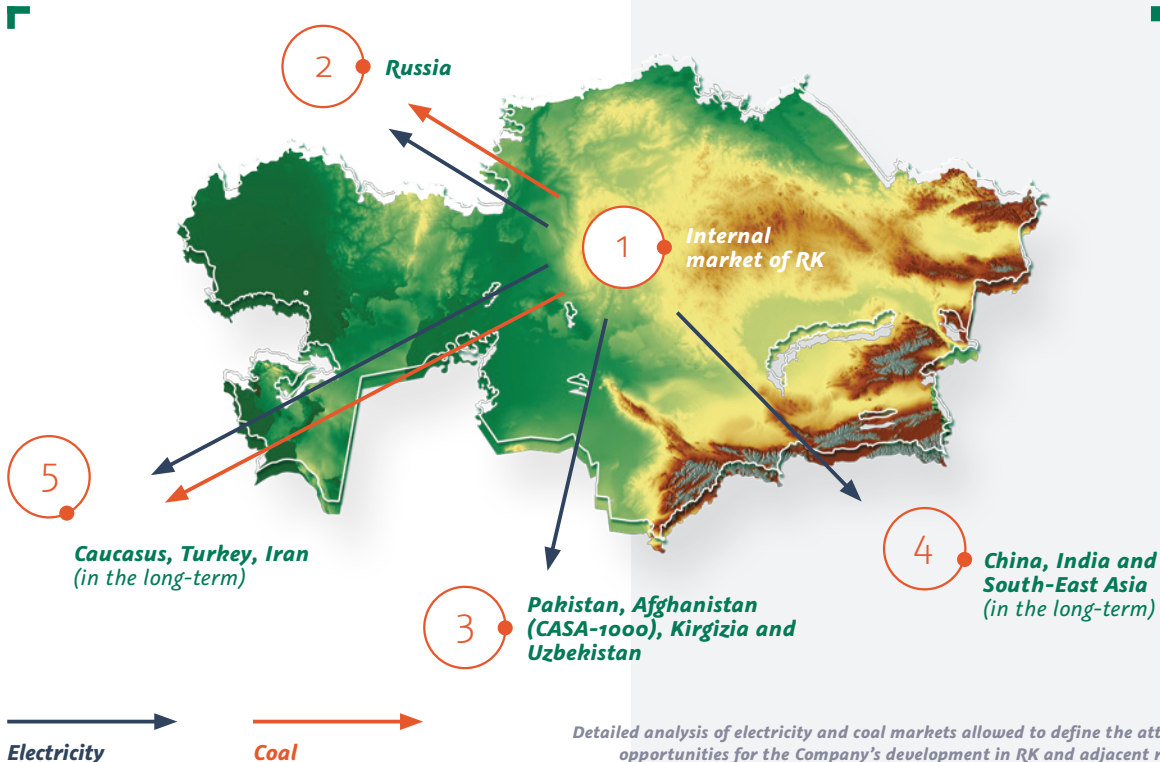
1. reduction of demand for power coal due to the reduction of the consumption volumes by power stations in RF;
2. In 2015, transition of several companies to gas (Nizhneturinskaya SDPP – volume of substituted coal is 300 thous. tons; Krasnogorskaya TPP – volume of the substituted coal is 300 thous. tons);
3. competition from Kazakhstan coal producing companies (Angrenskoye LLP and On Olzha LLP).

RF power stations – Bogatyr Komir LLP coal consumers, which reduced the consumption of the declared mounts of this enterprise in 2015:

1. Reftinskaya SDPP (-951,0 thous. tons);
2. Troitskaya SDPP (-472,0 thous. tons).

Within the implementation of the development strategy, it is supposed to perform detailed analysis of electricity and coal markets, which will allow to define the attractive target markets for development.

POTENTIAL TARGET MARKETS OF THE COMPANY



INFORMATION ABOUT SUBSIDIARIES AND AFFILIATES

GENERATING COMPANIES



www.gres1-ekibastuz.kz

B.NURZHANOV EKIBASTUZ SDPP-1 LLP

Indicator	2015 (actl.)	2016 (plan)
Installed electrical capacity, MW	4 000	4 000
Electricity generation, mln kWh	10 729	11 175

B.Nurzhanov Ekibastuz SDPP-1 Limited Liability Partnership is the legal entity established and performing the activities in accordance with the legislation of the Republic of Kazakhstan.

Location: Republic of Kazakhstan, Pavlodar region, Ekibastuz city.

The sole participant of Ekibastuz SDPP-1 for 01.01.2016 is the Company - 100% participation share in the shared capital.

Electricity sales markets in Kazakhstan: Northern and Southern zones.

Ekibastuz SDPP-1, together with electricity supplies to Kazakhstan consumers, supplied power to energy system of Russia and Kyrgyz Republic. In 2015, electricity was not supplied to RF due to the drastic reduction of Russian ruble against Kazakhstan tenge and the electricity prices in RF market.

In March-April 2015, ESDPP-1 delivered supplies to Kyrgyz Republic in the volume of 107,5 mln kWh.

Large clients: KEGOC JSC, Kazfosfat LLP, Temirzholenergo LLP, Kostanay Energy Center LLP, Almatyenergosbyt LLP.



www.gres2.kz

EKIBASTUZ SDPP-2 PLANT JSC

Indicator	2015 (actl.)	2016 (plan)
Installed electricity capacity, MW	1 000	1 000
Electricity generation, mln kWh	3 211	4 945

Ekibastuz SDPP-2 Plant JSC is the legal entity established in accordance with the legislation of the Republic of Kazakhstan. In its activities, it is guided by the applicable law of the Republic of Kazakhstan and the Charter of Ekibastuz SDPP-2 Plant JSC.

Location: Republic of Kazakhstan, Pavlodar region, Solnechnyi village.

The shareholders of Ekibastuz SDPP-2 JSC are:

1. **Inter RAO OJSC** (Russia) – 50% of shares;
2. **Samruk-Energy JSC** – 50% of shares.

Large clients: KEGOC JSC, Temirzholenergo LLP, Almatyenergosbyt LLP.

Electricity sales markets in Kazakhstan: Northern and Southern zones.



www.ales.kz

ALMATY POWER PLANTS JSC

Indicator	2015 (actl.)	2016 (plan)
Installed electrical capacity, MW	1 238,9	1 238,9
Installed heating capacity, Gcal/h	3 814	3 814
Electricity generation, mln kWh	5 086	4 920
Heating supply, thous. Gcal	5 031	5 449

Almaty Power Plants JSC (hereinafter – APP JSC) is the legal entity established in accordance with the legislation of the Republic of Kazakhstan. Within its activities, APP JSC is governed by the applicable legislation of the Republic of Kazakhstan and the Charter of APP JSC.

Location: Republic of Kazakhstan, Almaty city.

Shareholder of APP JSC is **Samruk-Energy JSC** – 100% shares.

APP JSC includes:

- Almaty TPP-1;
- Almaty TPP-2;
- Almaty TPP-3;
- Kapshagay HPP;
- Eastern heat complex;

- Almaty series of hydroelectric plants;
- Energoremont PRP;
- Fuel acceptance and discharge center.

Electricity and heat energy sale market for APP JSC is Almaty region.

To optimize Samruk-Energy JSC assets management structure, 100% of APP shares were transferred to direct ownership of the Company. Grounds: decision of the Company's Board of Directors (minutes No. 77 dated September 9, 2013).

Large clients: AlmatyEnergoSbyt LLP, Alatau Zharyk Company JSC, Almaty Su Holding MUS, Almaty fuel networks LLP (Almaty).



www.aktobetec.kz

AKTOBE CHP JSC

<i>Indicator</i>	<i>2015 (actl.)</i>	<i>2016 (forecast)</i>
Installed electrical capacity, MW	88	118
Installed heat capacity, Gcal/h	878	984
Electricity generation, mln kWh	666	871
Heat supply, thous. Gcal	1 795	1 833,5

Aktobe CHP Joint Stock Company is the legal entity and carries out its activities in accordance with the applicable legislation of the Republic of Kazakhstan and the Company's charter.

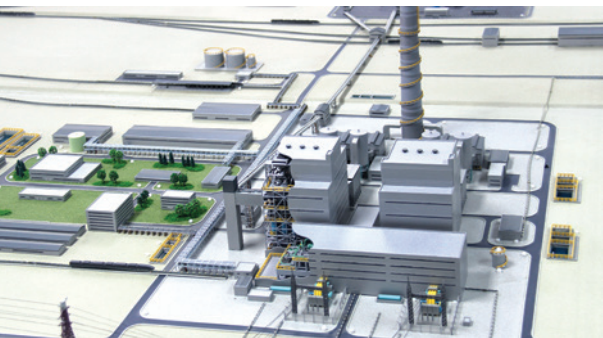
Location: Republic of Kazakhstan, Aktobe city.

In order to optimize the structure of **Samruk-Energy JSC** assets management, 100% of shares of Aktobe

CHP JSC were transferred to direct ownership of the Company. Grounds: decision of the Board of Director of Samruk-Energy JSC (Minutes No.07/15 dated November 20, 2015).

Aktobe CHP JSC supplies electricity and heat for Aktobe city.

Large clients: Energosistema LLP, Aktobeenergосnab LLP, AZKhs JSC, Akbulak JSC, Transenergo JSC.



www.btes.kz

BALKHASH TPP JSC (UNDER CONSTRUCTION)

The Balkhash Thermal Power Plant Joint Stock Company (hereinafter referred to as – Balkhash TPP JSC) is a legal entity under legislation of the Republic of Kazakhstan and carries out its activity in accordance with current legal acts of the Republic of Kazakhstan and also Articles of Association and internal documents of Balkhash TPP JSC.

Location: Republic of Kazakhstan, Almaty region, Zhambyl district, Ulken village.

Shareholders of Balkhash TPP JSC are (as of December 31, 2015):

1. **Samruk-Energy JSC** – 37,92423364% plus one share;
2. **SAMSUNG C&T CORPORATION** (South Korea) – 62,07576636% minus one share.

A two-block module with capacity of 1 320 MW is being constructed in order to cover the power deficit in RK by means of generating 10.5 billion kWh a year. Terms of implementation: 2010-2018.

HYDROELECTRIC POWER STATIONS AND RENEWABLE ENERGY SOURCES



www.moynak.kz

MOYNAK HPP JSC

Indicator	2015
Installed electrical capacity, MW	300
Electricity generation, mln kWh	902,7

Moynak HPP is located on the Charyn River in the Almaty Region and has a capacity of 300 MW. Moynak HPP is the fifth hydro power plant in Kazakhstan in terms of its size and capacity and is the first generating power facility of the country to be put into operation during Republic of Kazakhstan's independence years.

Moynak HPP JSC was commissioned in December 2012.

A purchase transaction with a 49% interest in Moynak HPP JSC was concluded in 2014; **Samruk-Energy JSC** is its sole shareholder.

Moynak HPP is one of the three HPPs among CIS countries that has level difference about 500 meters, and tunnel diameter – up to 5,5 meters.



www.bges.kz

BUKHTARMA HPP JSC

Indicator	2015
Installed electrical capacity, MW	675
Electricity generation, mln kWh	2 977,4

Bukhtarma HPP JSC was founded by decree No. 1053 of the East-Kazakhstan Territorial Committee on State Property Management dated December 19, 1996 "On establishing Bukhtarma HPP JSC", spun off from the structure of re-organized Altayenergy JSC.

In accordance with Decree No. 1020 of the Government of the Republic of Kazakhstan dated October 24, 2006 "On transferring state holdings of shares of some joint stock companies to the authorized capital stock of Kazakhstan holding of state assets manage-

ment Samruk Joint Stock Company"; on December 28, 2006, the state block of shares of Bukhtarma HPP JSC was transferred as payment to the authorized stock capital of Samruk Holding JSC. On January 4, 2008, Samruk-Energy JSC became the owner of the state block of shares in Bukhtarma HPP JSC.

Bukhtarma HPP is situated 15 km below the mouth of the Bukhtarma River, 350 km away from the source of the Irtysh River. Backwater created by the BHPP dam covers the natural levels of the Zaysan Lake by 5-6 me-



www.aes-group.kz

ters, which form a water reservoir of 49.6 bln cubic meters. The surface area measures 5,490 sq. meters.

The major shareholder of Bukhtar-ma HPP JSC is **Samruk-Energy JSC** – 90% of the shares.

UST-KAMENOGORSK HPP JSC

Indicator	2015
Installed electrical capacity, MW	331,2
Electricity generation, mln kWh	1 711,9

Today, Ust-Kamenogorsk HPP, situated in the north-eastern suburb of Ust-Kamenogorsk, has four turbines (82.8 MW each).

The composition of HPP constructions:

- Concrete water drainage dam with a crest length of 92 meters, blind

concrete dams with a length of 300 meters;

- Appurtenance HPP building with a length of 129 meters;
- One-chambered shipping lock.

The major shareholder of Ust-Kamenogorsk HPP JSC is **Samruk-Energy JSC** with 89.9% of the shares.



www.aes-group.kz

SHULBINSK HPP JSC

Indicator	2015
Installed electrical capacity, MW	702
Electricity generation, mln kWh	1 875,1

Shulbinsk HPP is situated in the middle course of the Irtysh River, 70 km upstream from the City of Semey. The construction of the hydro power plant was launched in 1976; the first hydroelectric generator was launched for industrial operation on December 23, 1987 and the final generator of the six was launched on December 19, 1994.

At normal headwater level, the hydraulic performance of the hydroelectric complex is estimated to admit 240 meters of maximum flood with possi-

ble excess of 1% – 7,700 m³/second; at maximum headwater level – 243 meters with 0.01% provision – 8,770 m³/second.

Shulbinsk HPP consists of:

- HPP building;
- Ground dam;
- Shipping lock;
- Water reservoir;
- Connecting structures;
- 220 kV open distribution device.

Samruk-Energy JSC is the major shareholder of Shulbinsk HPP JSC: 92.14% shares.



www.sharges.kz

SHARDARINSK HPP JSC

Indicator	2015
Installed electrical capacity, MW	100
Electricity generation, mln kWh	465

Shardarinsk HPP is situated in the middle course of Syrdarya River and is a closing HPP of Naryn-Syrdarya series of electric plants.

The power site of Shardarinsk HPP is situated at Zhaushikum elevation where the riverside lowering narrows by 5 km. The Shardarinsk Hydroelectric Complex has a seasonally regu-

lated water reservoir; it was designed and built as a complex, and one of its functions is the irrigation of precious agricultural lands situated along the banks of the middle and lower course of the river.

The sole shareholder of Shardarinsk HPP JSC is **Samruk-Energy JSC** with 100% of shares.



www.samruk-green.kz

SAMRUK-GREEN ENERGY LLP

Indicator	2015
Installed electrical capacity, MW	2
Electricity generation, mln kWh	3,154

Samruk-Green Energy LLP was founded on January 25, 2012 to implement projects in the sphere of renewable energy sources and is a dynamically developing enterprise, acting in this sphere.

The sole member of Samruk-Green Energy LLP is **Samruk-Energy JSC** with 100% of participation share.

The key business lines of Samruk-Green Energy LLP are aimed at achieving the following strategic targets:

- designing and building facilities for renewable energy sources, inde-

pendent technical devices and facilities interrelated with them;

- generating and selling electric and heat energy through renewable energy sources;
- providing system operability (operation) for electric power transmission, generated through renewable energy sources, from the generation site to distribution networks;
- organizing and providing consulting services, participating in scientific research and designing works in the sphere of renewable energy sources.



www.energy7.kz

Electricity is generated at the SPP by 7,995 solar panels, 70% of which were installed on fixed structures and 30% on sun-tracking structures (track-

ers); 178 inverting devices are used at the SPP to convert the direct current generated by solar panels into an alternating one.

ENERGIYA SEMIRECHYA LLP

Energiya Semirechya LLP is a joint venture that was established to construct a wind farm with a capacity of 60 MW to 300 MW in the Shelek corridor of the Enbekshikazakh District in the Almaty Region.

Location: Republic of Kazakhstan. Almaty city.

The members of Energiya Semirechya LLP are:

1. **Samruk-Energy JSC** – 51%;
2. **National Company Social-entrepreneur corporation Zhetisu JSC** – 49%.



www.pves.kz

FIRST WIND POWER PLANT LLP

Indicator	2015
Installed electrical capacity, MW	45
Electricity generation, mln kWh	79

First Wind Power Plant LLP was founded on June 27, 2011.

First Wind Power Plant LLP is a dynamic enterprise operating in the sphere of energy generation with utilization of renewable energy sources. It was founded to implement projects in the sphere of renewable energy sources, namely the construction of wind farms.

First Wind Power Plant LLP is directly implementing the construction project of WP in Ereymentau, with a capacity of 45 MW (stage 1).

The sole shareholder of First Wind Power Plant LLP is **Samruk-Energy JSC**.



EREYMENTAU WIND POWER LLP

Ereymentau Wind Power LLP was created on November 24, 2011. The main activity of the Partnership is electricity generation with the use of renewable energy sources.

Currently, EWP LLP is implementing the project "Construction of wind power station in Ereymentau area with the capacity of 50 MW with possible in-

crease up to 300 MW". The agreement on funding this project was signed by the European Bank for Reconstruction and Development (EBRD).

The sole participant of Ereymentau Wind Power LLP is Samruk-Energy JSC.



KAZHYDROTECHENERGO LLP

Kazhydrotechenergo LLP was acquired on March 31, 2014 by Samruk-Energy JSC to implement energy projects in the territory of the Almaty Region. Work is being carried out to build four hydro power plants on the Shelek River and the big Almaty Channel with a total capacity of 60 MW, including:

HPP 29 - 34,8 MW, HPP 19 - 14 MW, HPP 1, 2 on the Big Almaty Channel - 12 MW.

Location: Republic of Kazakhstan. Almaty city.

The sole shareholder of Kazhydrotechenergo LLP is **Samruk-Energy JSC**.

MINING AND SERVICE COMPANIES



www.bogatyr.kz

BOGATYR KOMIR LLP

Bogatyr Komir is the biggest coal mining enterprise in Kazakhstan: the company's share in coal mining in the country reaches 45%.

The Sole Member of Bogatyr Komir LLP is **Forum Muider B.V.**, a joint venture of the Company with **UC RUS-AL** with equal shares of ownership 50%/50%, registered in the Netherlands and operating as a holding company.

At present, the designed capacity of Bogatyr Komir strip mine is 42 million tons of coal a year (Bogatyr strip mine – 32 million tons, Severny strip mine – 10 million tons).

The volume of the coal produced in 2015 amounted to 34,5 million tons. Bogatyr Komir supplies coal on market terms for generating facilities of the Group and third parties, situated both in Kazakhstan and in Russia. Bogatyr Komir coal strip mines are situated 35 km from Ekibastuz SDPP-1 and 53 km from Ekibastuz SDPP-2 (distance by railway), which allows the Group to minimize the costs of coal transportation. Most of the coal power plants in Kazakhstan use the coal grade produced by Bogatyr Komir.



TEGIS MUNAY LLP

Tegis Munay LLP is mainly involved with organizing geological exploration.

In accordance with the decision of the Board of Directors of Samruk-Energy JSC dated December 22, 2011 and under the interest purchase and sale agreement dated October 30, 2012, the **Company** acquired 100% of the participation shares in the authorized stock

capital of Tegis Munay LLP, which also included a 100% participatory interest in the authorized stock capital of MANGYSHLAK-MUNAY LLP.



MANGYSHLAK-MUNAY LLP

100% of shares belongs to **Tegis Munay LLP**.

MANGYSHLAK-MUNAY LLP owns the contract on subsoil use and implements the project on gas exploration, production at Pridorozhnoye field in SKR. Is included in the list of companies for sale.

Location: Republic of Kazakhstan, Almaty city.

DISTRIBUTION AND SALES COMPANIES



www.azhk.kz

ALATAU ZHARYK COMPANY JSC

Alatau Zharyk Company JSC is one of the largest regional electricity network companies in the south of the republic that specializes in electric power transmission for the population and the industrial and agricultural enterprises located in its activity zone – the City of Almaty and the Almaty Region. The area enjoying AZhC JSC services territorially spreads from Balkhash Lake to the Chinese border.

The sole shareholder of Alatau Zharyk Company JSC is **Samruk-Energy JSC**.

The balance property of AZhC JSC includes power networks of the fol-

lowing voltage classes: 220-110-35-10-6-0.4 kV.

AZhC JSC owns transmission lines with a total length of 29,225 km, including:

- 220 kV cable lines – 40,1 km; 110 kV – 129,5 km;
- Power networks with voltage of 35 kV and length of 2,589 km;
- Overhead and cable lines with voltage of 6-10 kV and total length of 12,426.4 km;
- Transmission lines with voltage of 0.4 kV and total length of 10,887 km;

- The number of sub-stations with voltage of 35-220 kV is 209 units with cumulative transformer power of 6,941 MVA;
- The number of transformer sub-stations with voltage of 6-10/0.4 kV is 6,995 units with cu-

mulative 2,325 MVA.

The construction of 220 kV ring around the City of Almaty was completed in December 2013.

In 2015, the volume of power transmission was 6 165 mln kWh (in 2014 – 6 235 mln kWh).



www.mrek.kz

MANGISTAU DISTRIBUTION POWER GRID COMPANY JSC

The Mangistau Distribution Power Grid Company JSC is a natural monopoly entity that provides power transmission and distribution to consumers of Mangistau Region of the Republic of Kazakhstan, except for Aktau city. Mangistau Distribution Power Grid Company JSC dominates the market for power transmission and distribution in Mangistau Region.

The biggest shareholder of the Mangistau Distribution Power Grid Company JSC is **Samruk-Energy JSC** – 75% + 1 share.

90% of power transported via networks of the Mangistau Distribution Power Grid Company JSC is consumed by oil producing companies located in Mangistau Region (Mangistaumu-

naygaz JSC, NC KazMunayGaz JSC, Karazhanbasmunay JSC and others).

The Company includes:

- overhead transmission lines with voltage of 220 kV and length of 665.1 km; 110 kV – 2,316.4 km; 35 kV – 948.7 km; 6-10 kV – 1,638 km; 0.4 kV – 601.8 km; cable lines with 6-0.4 voltage and the total length of 7.52;
- 57 electricity substations with voltage of 35 kV and higher, with installed capacity of 1,956.4 MVA;
- 432 transformer substations with voltage of 6-10 kV and installed capacity of 75.563 MVA.

Electricity transmitted in 2015 – 2 518 mln kWh.



www.ekrec.kz

EAST-KAZAKHSTAN REGIONAL ENERGY COMPANY JSC

East-Kazakhstan Regional Energy Company Joint Stock Company is one of the largest regional distribution companies in Kazakhstan and a natural monopoly entity of the East-Kazakhstan Region.

In 2012, the company was transferred to the trust management of Samruk-Energy JSC. In March 2013, the share block in East-Kazakhstan Regional Energy Company JSC was transferred to Samruk-Energy JSC.

The East-Kazakhstan Regional Energy Company JSC is mainly engaged

in the transmission and distribution of electric power. The area covered by company services totals 283,300 square kilometers.

The total length of the company's networks reaches 34,556 km.

The company includes:

- overhead transmission lines with voltage of 220 kV and length of 143.8 km; 110 kV – 4,777.25 km; 35 kV – 4,268.43 km; 6-10 kV – 12,952 km; 0.4 kV – 10,688.14 km;
- cable transmission lines with voltage of 10-6-0.4 kV – 1,722.96 km;



www.esalmaty.kz

- 313 substations with voltage of 35 kV and higher, with installed capacity of 3,472.11 MVA;
- 6,513 transformer substations with voltage of 6-10/0.4 kV, installed capacity of 1,499 MVA.

- Zaysan HPP – installed capacity of 2 MW (seasonal work mode).
The volume of power transmission in 2015 reached 3,431 mln kWh.

ALMATYENERGOSBYT LLP

AlmatyEnergoSbyt Limited Liability Partnership was founded in June 2006 as an energy-providing company in accordance with the Law on electric power industry.

The sole member of AlmatyEnergoSbyt is **Samruk-Energy JSC** – 100% of participation share.

AES LLP is the biggest power supplier in the territory of Kazakhstan; it ensures power supplies to more than 2.6 million people and 24 thousand enterprises of the City of Almaty and the Almaty Region. The main task of the Partnership is reliable and stable provision of power to consumers of the City of Almaty and eight administrative districts of the Almaty Region.

As an entity in the wholesale and retail power market, AES LLP carries out the following functions:

- Purchasing power from energy generating organizations and selling it to final retail consumers;
- Executing operative orders of the Regional Network Company on maintaining supply and consumption modes;

- Concluding contracts on power supply to consumers;
- Paying the services of a system operator, REC and EGO on electricity transmission;
- Controlling compliance of final consumers with terms of payment for supplied power and power consumption modes that were defined by contracts.

One of the main activity directions of AlmatyEnergoSbyt is the improvement of service quality provided to power consumers.

The volume of realized electric energy in 2015 was 5,771 mln kWh.



www.shygys.kz

SHYGYSENERGOTRADE LLP

Shygysenergotrade LLP was founded in 2004 as a subsidiary of the East-Kazakhstan Regional Energy Company JSC.

ShET LLP is an energy providing company that sells purchased power to 496 thousand consumers in East Kazakhstan.

The share of ShET LLP on the East-Kazakhstan regional power market amounts to 43%. Consumers of

ShET LLP in the East-Kazakhstan Region are connected to the networks of EK REC JSC, Kazzinc JSC and other energy transmission organizations. The total number of ETO in EKR amounts to 15 companies.

The average price of power sold in 2015 was 9,422 tenge per 1 kWh.

The volume of sales for the entire year reached 2,643 mln kWh.

FINANCIAL RESULTS

APPROACHES TO PRESENTING THE RESULTS

The Company's operations in 2015 in the power and coal industries were carried out according to the approved plans.

Equity method is used by the 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 SDPP-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 37.92.

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 considered according to the participation share method".

According to the approved Development Plan for 2015, the assets subject to privatization were accounted in the terminated activities. Actually, in 2015 these assets (Aktobe CHP JSC, MDPGC JSC, EK REC JSC, ShET LLP) are shown in the main activities.

KEY RESULTS

As a result of financial and business activities over the reporting period, the company recorded **the loss of (-77.8) billion tenge**, whereas the fact for 2013 totaled 15.9 billion tenge. The decline is caused by the reflection of costs by the currency difference in amount of 106.9 bn. tenge due to the decrease of tenge's exchange rate. Without taking

into account the influence of costs on the currency difference, the final profit is 29,01 bn. tenge. By the approved Development plan, the profit in 2016 is planned to be 6.25 bn. tenge, in 2017 – at the level of 41.7 bn. tenge

The Company's development plan for 2016-2020 provides the following assets implementation – AZhC JSC, APP JSC, Almatyenergosbyt LLP, Tegis Munay LLP and Mangyshlak Munay, EK REC JSC, Shygysenergotrade LLP, MDPGC JSC, Aktobe CHP JSC, Shelek-28 LLP and Karagandagiproshakht and K LLP in connection with which these assets in the forecast for 2017 are referred to the terminated activities.

The positive dynamics of other key financial and economic parameters are recorded. For example, the **EBITDA** margin totaled 84,9 bn. tenge in 2015 actl.: 76,1 bn. tenge. The **EBITDA** growth is associated with the fact that in 2015 SDPP-1 LLP is recorded in the consolidated data in 100% share, was included in 100% share since April 1, 2014. In the 2016 forecast, the indicator

is planned in amount of 85,6 bn. tenges, the insignificant growth of which compared with 2015 is generally associated with improvement of **EBITDA** indicator of ESDPP-1 LLP, Aktobe CHP JSC, FWPP LLP, MDPGC JSC and MHPP JSC. The decrease of **EBITDA** indicator

in 2017 up to 69,2 bn. tenges is associated with referring the privatized subsidiaries and affiliates to the terminated activities.

In 2015, **EBITDA margin** indicator was 37% with 34% in 2014. The indicator growth is caused by more efficient

management operation, in decreasing the total implementation volumes, the costs optimization program is performed.

KEY OPERATIONAL AND FINANCIAL INDICATORS

Name	Unit	2014*	2015	2015 to 2014	2016	2017
		actl.	actl.	deviation, %	forecast	forecast
Net income	bn. tenges	15,94	-77,83		6,25	41,71
Net income excluding currency difference**	bn. tenges		29,01	182%	20,24	41,71
EBITDA	bn. tenges	76 129	84 895	112%	85 581	69 156
EBITDA Margin	%	34%	37%	109%	33%	57%

* For correlation, 2014 indicators are recalculated taking into account the SAs transfer to complete consolidation on the terminated operation.

** The total profit excluding the costs influence by the currency difference.



PERFORMANCE MANAGEMENT ANALYSIS (MD&A)

OPERATIONAL AND FINANCIAL INDICATORS

PRODUCTION KPI (BY PRODUCERS)

<i>Subsidiaries and affiliates</i>	2014	2015	Deviation 2015 to 2014	2016 (forecast)	2017 (forecast)
Electricity production volume, mln kWh					
APP JSC	5 036	5 086	101%	4 920	5 130
Aktobe CHP JSC	667	666	100%	871	871
Ekibastuz SDPP-1 LLP	14 096	10 729	76%	11 175	13 410
Plant Ekibastuz SDPP-2 JSC	4 755	3 211	68%	4 945	5 192
ZhSDPP JSC (actl. until the asset implementation moment - until May 15, 2015)	2 521	1 176	47%	-	-
Shardarinsk HPP JSC	565	465	82%	265	374
Moynak HPP JSC	577	903	156%	906	906
Samruk-Green Energy LLP	0,4	3,2	788%	3,4	4,1
First Wind Power Plant LLP	-	79		172	172
Total	28 216	22 318	79%	23 259	26 059

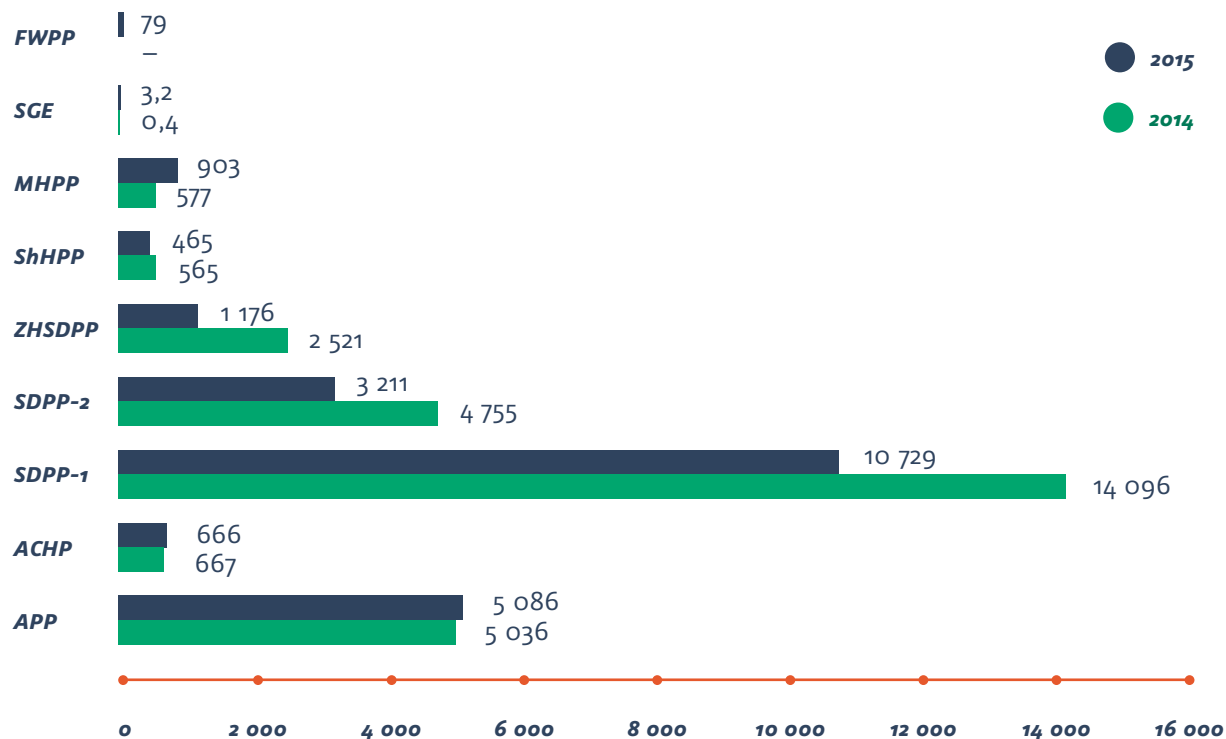
<i>Subsidiaries and affiliates</i>	2014	2015	Deviation 2015 to 2014	2016 (forecast)	2017 (forecast)
Electricity transmission volume, mln kWh					
AZhC JSC	6 235	6 165	99%	6 350	6 696
EK REC JSC	3 391	3 431	101%	3 466	3 751
MDPGC JSC	2 718	2 518	93%	2 517	2 621
Total	12 344	12 114	98%	12 332	13 068
Electricity sales volume, mln kWh					
AlmatyEnergoSbyt LLP	5 946	5 771	97%	5 947	6 226
Shygysenergotrade LLP	2 659	2 643	99%	2 811	2 910
Total	8 605	8 414	98%	8 758	9 135
Heat production volume, thous. Gcal					
Almaty Power Plants JSC	5 580	5 031	90%	5 449	6 078
Aktobe CHP JSC	1 868	1 795	96%	1 834	1 834
Plant Ekibastuz SDPP-2 JSC	103	81	79%	76	76
ZHSDPP JSC (actl. until the asset implementation volume – until May 15, 2015)	10	5,318	53%		
Total	7 561	6 913	91%	7 359	7 987
Coal sales volume, mln tons	38,1	33,9	89%	32,5	35,7

21% decrease (or by 5 898,4 mln kWh) **of the electricity production volumes** in 2015 against the volumes in 2014 is caused by the decrease of electricity generation by the following power plants:

- for SDPP-2 JSC and SDPP-1 LLP is caused by the decrease of electricity sales in RK market;
- for Shardarinsk HPP JSC due to the lack of water in Syrdarya river and Shardarinsk reservoir;
- for ZhSDPP by 53% (or by 1 345 kWh) due to the asset sale in May 2015.

Within this, in August 2015, First Wind Power Plant LLP was commissioned, its generation volume was amounted to 79,2 mln kWh.

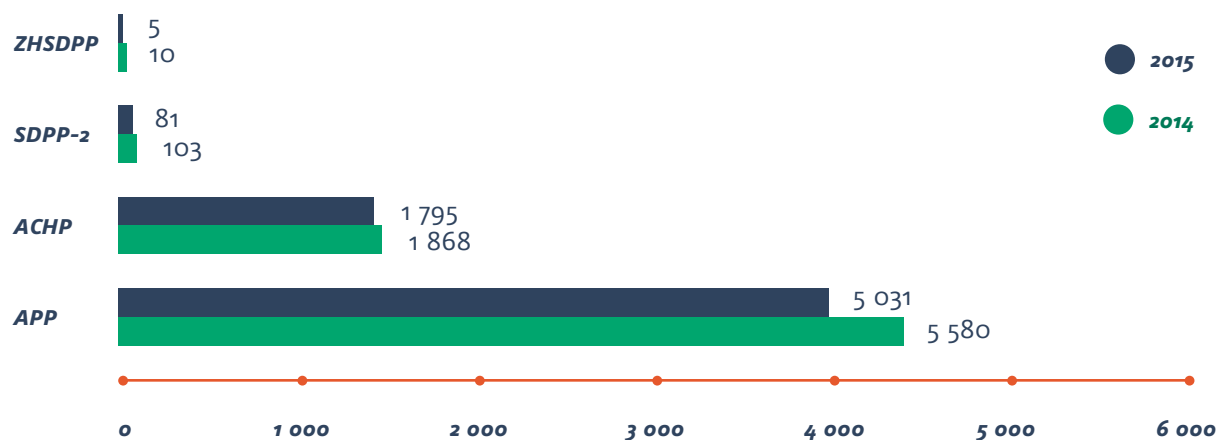
DYNAMIC OF CHANGING THE ELECTRICITY PRODUCTION VOLUMES FOR 2014-2015, MLN KWH



8% (648 thous. Gcal) decrease of the **heat production volumes** in 2015 is caused by the decrease of the heating

load due to higher temperature of the outside air compared with the climatological temperatures.

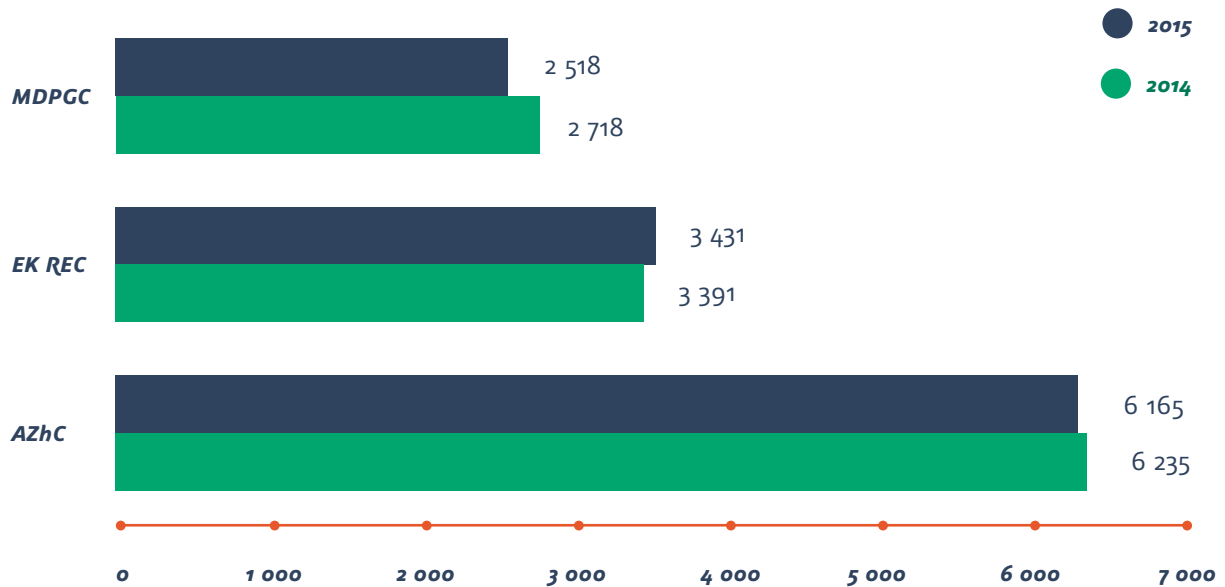
DYNAMIC OF CHANGING THE HEAT PRODUCTION VOLUMES, THOUS. GCAL



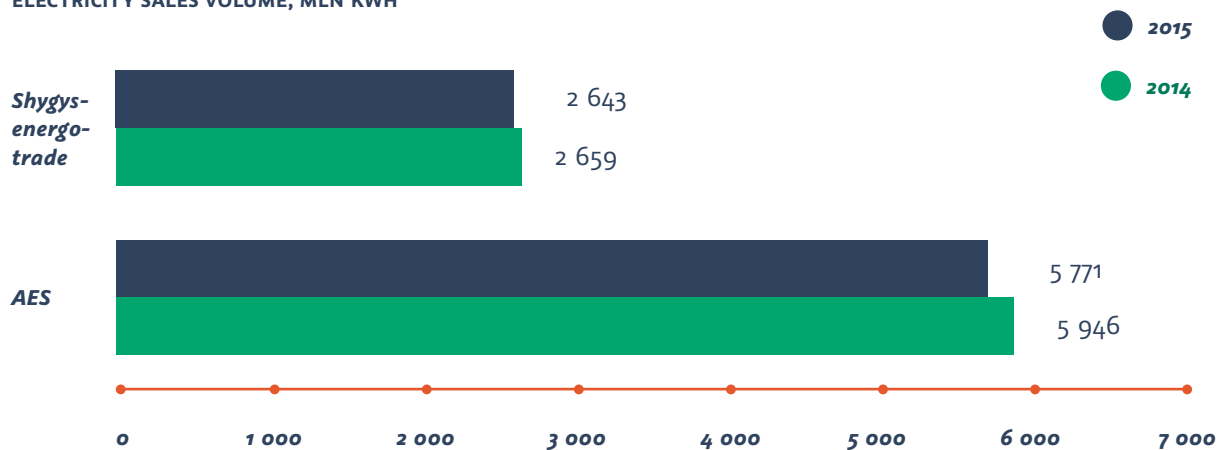
2% (or 230,5 mln kWh) decrease of **electricity transmission volumes** by power supply organizations by 2% or

191,4 mln kWh against the actual result in 2014 is caused by warm weather conditions.

ELECTRICITY TRANSMISSION VOLUMES, MLN KWH



ELECTRICITY SALES VOLUME, MLN KWH



11% (or by 4,2 mln tons) decrease of **coal sales volumes** is caused by decline in demand of RF consumers, SDPP-1 LLP and SDPP-2 JSC.

Forecast for the future period:

Electricity production volumes in the forecast for 2016-2017, are forecast with the gradual growth against the actual value of 2015. In 2016, electricity production volumes increase by 941 mln kWh is mainly planned due to Ekibastuz SDPP-2 JSC and Ekibastuz SDPP-1 LLP.

Heat production volumes planned for 2016-2017 are forecast with 6-15% growth against the actual value of 2015 mainly due to the increase of the heat production volumes of Almaty Power Plants JSC.

In 2016, the electricity transmission and distribution volumes are expected to grow due to the growth of applications from the consumers of AZhC JSC and EK REC JSC.

Coal sales volume forecast for 2016 is decreasing by 1,4 mln tons or by 4% against the actual value of 2015 due to the decrease of the forecast coal consumption by the key consumers of RF and RK.

In the forecast for 2017, the coal sales volume is increasing by 10% or by 3,2 mln tons by 2016. The coal production and sale for 2015-2016 are provided taking into account the forecast electricity generation volumes in RK and RF.

ON COSTS REDUCTION

The Company taking into account the forecasts on the economic situation in 2015, prepared several measures: adjusted the development plan, in which the current expenses are reduced and investment costs are optimized.

By the results of the activities, in 2015, the current expenses will be optimized in the Company's group for the amount of 13 002 mln tenges and the investment costs – for the amount of 34 394 bn. tenges.

Name	Plan for 2016		
	Plan approved on 20.11.2015	Adjusted plan	Changes in thous. tenges
Cost	91 862	86 415	-5 446
Total and administrative costs	2 229	2 018	-211
Financial costs	19 967	15 221	-4 746
Other costs	59	15	-44
TOTAL	114 117	103 670	-10 447
Joint ventures 50%			
Cost	8 647	7 746	-901
Total and administrative costs	679	490	-189
Transportation and sales costs	1 510	1 496	-14
TOTAL on the joint ventures 50%	10 836	9 732	-1 105
TOTAL on all the companies	124 953	113 401	-11 551

FORECAST FOR THE FUTURE PERIOD

For leveling the tenge rate against the dollar, the plan for 2016 provides optimization of costs in amount of

11 551 mln tenges. Including the costs reduction excluding the joint ventures in amount of 10 447 mln tenges (4% of the total costs). For the joint ventures, the reduction is planned by 1 105 mln tenges.

FINANCIAL AND ECONOMIC INDICATORS

№ n/n	Indicator, mln tenge	2014⁽¹⁾	2015	2016 (forecast)	2017 (forecast)
1	Income from sales of products and services rendered	221 150	228 865	255 685	121 292
1.1.	Electricity production	119 747	131 849	139 917	116 862
1.2.	Electricity sales by electricity suppliers	111 264	115 946	126 607	0
1.3.	Heat production	16 565	15 747	18 799	0
1.4.	Electricity transmission and distribution	50 518	52 096	57 179	0
1.5.	Chemically treated water sales	1 792	1 671	1 692	0
1.6.	Building and installation, repair works	0	0	0	0
1.7.	Lease	2 050	2 565	3 535	3 536
1.8.	Others	20 879	1 113	1 588	894
2	Net cost of sales of products and services rendered	157 207	165 932	198 704	72 277
2.1.	Net cost of electricity production	68 792	86 445	102 292	71 673
2.2.	Net cost of electricity sales by electricity suppliers	110 770	115 357	125 339	0
2.3.	Net costs of heat production	16 605	15 370	17 902	0
2.4.	Net cost of electricity transmission	39 512	38 919	44 067	0
2.5.	Net cost of chemically treated water sales	1 742	1 645	1 719	0
2.6.	Net cost of building and installation, repair works	0	0	0	0
2.7.	Net cost of other core activities	7	111	845	604
2.8.	Amortization of fixed assets and intangible assets	27 401	37 648	45 104	31 866

FINANCIAL AND ECONOMIC INDICATORS (CONTINUED)

Nº n/n	Indicator, mln tenges	2014 ⁽¹⁾	2015	2016 (forecast)	2017 (forecast)
3	Gross profit	63 943	62 933	56 981	49 014
4	Financing income ⁽³⁾	3 682	2 729	257	1 759
5	Other incomes ⁽²⁾	70 647	4 028	913	155
6	Costs related to sales of products and services rendered	2 516	3 029	3 153	3 916
7	General and administrative costs	13 891	13 940	14 673	8 841
8	Financial expenses ⁽⁴⁾	24 018	23 412	22 037	22 200
10	Other expenses from non-core activities ⁽²⁾	86 500	93 175	12 295	44
11	Share in profit/loss of organizations, considered by equity method	12 958	-10 173	7 817	6 410
12	Profit (loss) from ceasing of activities	0	2 469	0	27 197
13	Corporate income tax expenditures	11 055	5 875	6 902	7 597
14	Minority interest	-2 696	390	658	225
15	Total income for the Group's Shareholders	15 947	-77 835	6 249	41 714

(1) For comparison, 2014 indicators are recalculated taking into account the reflection of the result of transition from terminated activities;

(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 2014 is reflected in "financial incomes" section;

(4) In the audit report of 2015, the loss from the currency difference is reflected in "financial incomes" clause.

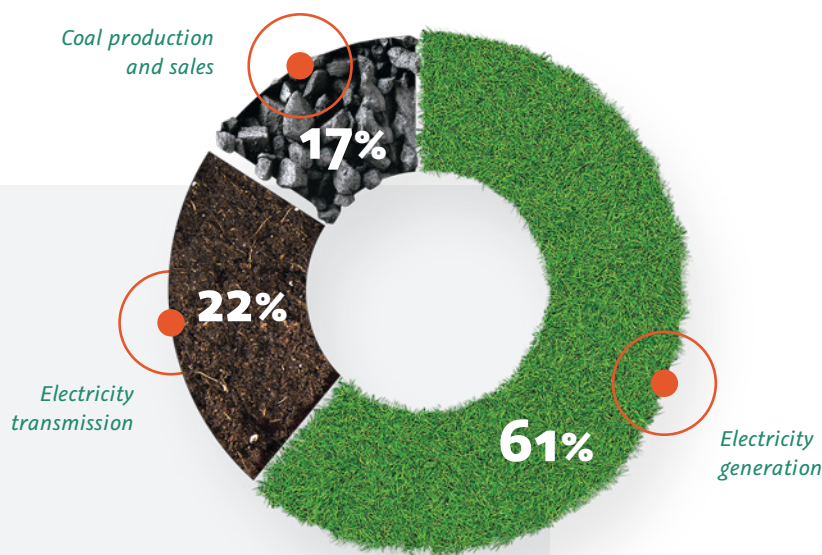
Note: Incomes and net cost by types of activities is provided without taking into account elimination.

Income from sales of products and provision of services by producers in the Company's Group in 2015 are amounted to 228 865 mln tenges. The increase by 3,5 % compared with the similar period of the last year is mainly associated with the growth of the tariffs for all types of the Company's activities.

Significant incomes share is formed at the expense of the electricity sales incomes by the power generation companies, the production volume of which was over 22,3 bn. kWh in 2015.

Also, the incomes from the electricity sales by the power generation companies, the sales volume of which was over 8,4 bn. kWh in 2015, and from the electricity transmission and distribution services form the major share of incomes in amount of 12,1 bn. kWh.

2015 INCOMES STRUCTURE BY THE MAIN TYPES OF ACTIVITIES



FORECAST FOR THE FUTURE PERIOD

In the 2016 forecast, the income from sales is planned in amount of 255 685 mln tenge with the growth by 12% by 2015 due to the increase of electricity production, transfer and sales volumes and heat production.

INCOME FROM SALES OF PRODUCTS AND PROVISION OF SERVICES BY PRODUCERS

<i>Index, mln tenges</i>	2014*	2015	2016 (forecast)	2017 (forecast)
Income from sales of products sales and services rendered	221 150	228 865	255 685	121 292
Samruk-Energy JSC	20 399	16 040	17 117	21 710
Green Energy LLP	15	109	137	189
Bukhtarma HPP JSC	2 048	2 564	3 535	3 536
Shardarinsk HPP JSC	2 422	2 085	2 485	3 499
Moynak HPP JSC	4 264	8 023	8 752	9 480
AlmatyEnergoSbyt LLP	85 042	88 215	95 565	
MDPGC JSC	8 655	8 986	10 342	
AZhC JSC	31 431	32 662	34 218	
APP JSC	51 909	53 175	53 240	
Aktobe CHP JSC	5 710	6 109	8 926	
EK REC JSC	10 905	11 178	12 963	
Shygysenergotrade LLP	26 222	27 731	31 042	
ESDPP-1 LLP	73 792	78 249	83 249	99 806
FWPP LLP	-	1 741	3 850	4 119
Tegis Munay LLP	-			
Karagandagiproshakht and K LLP		160	350	
Energy Solutions Center			664	663
Intra-group sales (elimination)	-101 664	-108 162	-110 748	-21 710

* For comparison, 2014 indicators are recalculated taking into account the reflection of the result of transition from terminated activities.

A major portion of income from the Company's core activities comes from AlmatyEnergoSbyt LLP, SDPP-1 LLP, APP JSC and AZhC JSC and Shygysener-

gotrade LLP. However, turnover within the group is excluded from the total amount in consolidation.

NET COST OF PRODUCTS AND PROVISION OF SERVICES

<i>Index, mln tenges</i>	2014 ⁽¹⁾	2015	2016 (forecast)	2017 (forecast)
Fuel ⁽²⁾	37 302	38 844	41 145	19 630
Labor remuneration and related expenses	23 800	23 039	28 367	3 912
Cost of acquired electricity ⁽²⁾	28 105	19 946	27 633	3 045
Depreciation of fixed assets and amortization of intangible assets	27 401	37 648	45 104	31 866
Repairs and maintenance	4 873	4 993	9 057	3 510
Power transmission services and other services	8 691	11 198	12 357	43
Materials	5 321	5 424	2 731	394
Water supply	4 438	4 456	5 247	2 119
Losses in networks	4 659	4 260	4 809	0
Taxes, other than income tax	5 714	6 354	7 155	4 337
Services of third-party organizations	2 174	3 105	6 286	476
Other	4 729	6 665	8 813	2 945
TOTAL	157 207	165 932	198 704	72 277

(1) For comparison, 2014 indicators are recalculated taking into account the reflection of the result of transition from terminated activities.

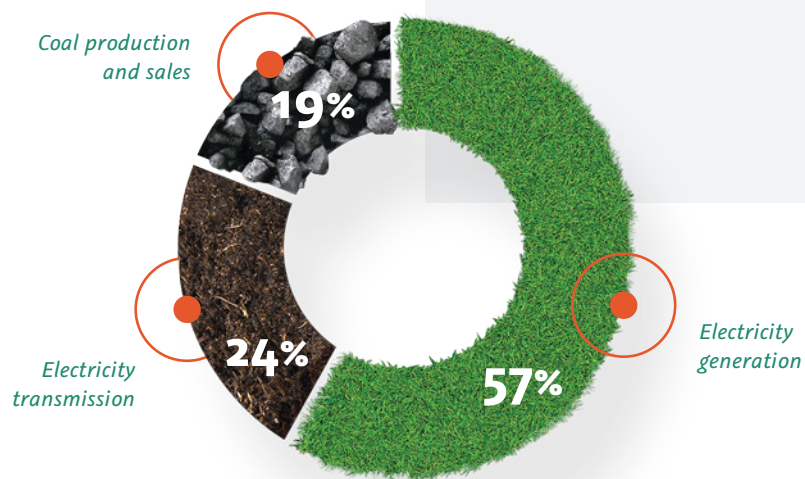
(2) Article "Cost of purchased electricity" provides the expenses on the purchased electricity of the following subsidiaries and affiliates: AES, ShET, APP, ATPP, MHPP, ShrHPP, SDPP-1. Financial statements on this article for 2014 and 2015 provide expenses of AES (the remaining subsidiaries and affiliates are given in the fuel line). By the same reason, data on the article "Fuel" differ from the data provided in financial statements..

The cost on the results of 2015 was 165 932 mln tenges, that is 5,5% above the actual value in 2014. The main growth was due to the tariffs growth for service on electricity transmission, for services on capacity regulation, for

services of balancing electricity production and consumption of KEGOC, as well as in connection with taking into account the data on SDPP-1 LLP in 100% share since April 1, 2014. In addition, the net cost growth was influ-

enced by the amortization expenses as a result of revaluing the main funds of SDPP-1 LLP, as well as implementation of the investment programs in all subsidiaries and affiliates.

NET COST STRUCTURE BY THE MAIN TYPES OF ACTIVITIES



FORECAST FOR THE FUTURE PERIOD

In 2016, the net cost of the sold products and rendered services will increase by 32 772 mln tenges (19,7%). The main growth is connected with

increase of the costs on amortization due to the assets modernization. And the growth is associated with the annual growth of salary of employees taking into account the inflation rate and growth of prices for the purchased fuel and services rendered by the third

party organizations. In the forecast for 2017, the expenses on the net cost are reduced due to the exclusion of the assets to be sold.

SALES COSTS

Index, mln tenges	2014*	2015	2016 (forecast)	2017 (forecast)
Labor remuneration and social costs to personnel related to the sales process	99	111	109	21
Taxes, other than income tax	-	-	-	-
Other work and services related to sales	2 406	2 906	3 033	3 895
Business trip expenses	2,8	2	2	0
Other sales expenses	8	10	9	0
TOTAL	2 516	3 029	3 153	3 916

* For comparison, 2014 indicators are recalculated taking into account the reflection of the result of transition from terminated activities.

Sales costs on the results of 2015 raised by 613 mln tenges given that in 2014, the expenses of ESDPP-1 LLP are taken into account since April.

In 2016 forecast, the growth of sales costs by 4% is planned within the indexation, in 2017, the significant growth is provided by the growth costs

for dispatch and balancing organization services for the electricity generation-consumption by ESDPP-1 LLP due to the growth of electricity volumes generation.

ADMINISTRATIVE EXPENSES

<i>Index, mln tenges</i>	2014 *	2015	2016 (forecast)	2017 (forecast)
Labor remuneration and related expenses	5 870	5 802	5 605	2 959
Consulting and other professional services	921	1 129	1 549	714
Taxes, other than income tax	650	620	374	17
Lease expenses	599	745	769	412
Depreciation of fixed assets and amortization of intangible assets	1 192	1 283	1 322	1 033
Business and representation expenses	276	297	267	195
Bank fees	153	219	156	19
Communication expenses	111	150	167	92
Other	4 119	3 695	4 464	3 400
Total	13 891	13 940	14 673	8 841

* For comparison, 2014 indicators are recalculated taking into account the reflection of the result of transition from terminated activities.

According to 2015 results, the administrative expenses were 13 940 mln tenges, which complies to the actual costs level in 2014.

FORECAST FOR THE FUTURE PERIOD

In the 2016 forecast, administrative expenses rise by 5% against the actual results of 2015 mainly due to inclusion

of the expenses for “Business transformation” program implementation. In 2017 forecast, the administrative expenses will reduce due to the exclusion of the assets to be sold.

FINANCIAL COSTS

<i>Index, mln tenges</i>	2014 ⁽¹⁾	2015	2016 (forecast)	2017 (forecast)
Expenses for loan fees	20 724	20 289	15 818	16 606
Other financial expenses	3 294	3 123	6 219	5 594
TOTAL ⁽²⁾	24 018	23 412	22 037	22 200

(1) For comparison, 2014 indicators are recalculated taking into account the reflection of the result of transition from terminated activities.

(2) the audit report for 2015 show financial costs together with the foreign exchange loss.

Financial expenses by 2015 results were 23 412 mln tenges, that is lower than the actual value in 2014. Decrease was mainly on CC due to capitalization of the part of the loan received from the Fund for ESDPP-1 purchase.

FORECAST FOR THE FUTURE PERIOD

In 2016 forecast, the financial costs are taken into account in accordance with reconsidered financing conditions

on the existing loans and taking into account the currency rates change.

LIQUIDITY AND FINANCIAL STABILITY RATIOS

<i>Name</i>	2014 *	2015	2016 (forecast)	2017 (forecast)
Debt/EBITDA	4,25	4,84	5,3	3,59
Debt/Own equity	1,08	0,85	0,94	0,38
Current liquidity	1,4	1,01	0,9	2,04

In general, changes in key financial and production indicators had the following impact on liquidity and financial stability ratios.

The **Debt/EBITDA** ratio in 2015 was 4.84, i.e. within the Covenant established by the Fund in amount of 5.0.

Within the activities on complying with the Company's covenants, in 2015, the Company conducted several

negotiations with the European Bank of Reconstruction and Development to discuss the possibility to provide the letter of consent (Waiver) on the covenant Debt/EBITDA. By the result of performed operations, on September 17, 2015, the Company received the letter of consent for increasing the ratio of Debt/EBITDA from 4,5 to 5 in 2015.

In order to provide financial stabil-

ity and complying with the Company's covenants in unstable economic situation and high volatility of financial market, during 2015 the Company carried out strict monitoring of funding attraction in the group. As a result of such activities, the Company managed to meet the financial covenants, to reduce the debt load and to improve the financial sustainability.

By 2015 results, the Company ensured compliance with the covenant Debt/EBITDA with the value of 4,84, when normal value is 5 (as per Waiver from EBRD for 2015).

Debt/EBITDA indicator on the project for 2016 is planned in amount of 5,29. Change of the indicator is associated with the increase of the debt by 10% compared with 2015. The debt growth is provided by the exchange rate growth on currency loans due to the application of USD rate in the plan at the level of 360 tenges (actual value is 340 tenges) and funding of the investment projects: Ereymentau WP construction with the capacity of 50 MW and modernization of Sharda-rinsk HPP. In 2017, this indicator will improve up to 3,59 in connection with Eurobonds repayment.

Financial leverage (Debt/Own equity) index in 2015 amounted to 0,85, change of the indicator compared with the actual value for the similar period (1,08) is provided by the decrease of own equity by 10 529 mln tenges due to reduction of undistributed profits at the expense of the debt in 2015 (– 77 835) mln tenges and increase of the loan equity by 86 977 mln tenges.

In 2016-2017, this index is planned to be improved, by 2017 is forecast as 0,38, that is associated with Eurobonds repayment.

The **current liquidity** ratio in 2015 in amount of 1,39 compared with the similar period has insignificant decrease, however it remains within the established norms. Until 2017, this indicator will improve up to 2,04.

TARIFF POLICY

Tariff regulation, depending on the type of energy companies activities, belongs to the competence of the Committee on regulation of natural monopolies and Protection of Competition of the Ministry of National Economy of RK or the industrial ministry – the Ministry of Energy.

TARIFFS IN THE REPORTING PERIOD

For electricity generating organizations (EGO) – ceiling tariffs approved for the period of 2009-2015, providing the investment component according to a “tariffs in exchange for investments”. The supposed capacity market introduction for EGO is transferred to 2019 (by the order of the Ministry of Energy No. 160 dated 27.02.2015 amended as of 30.11.2015) and the tariffs for the period of 2016-2018 are remained at the level of the ceiling electricity tariffs for 2015. Ceiling elect-

ricity tariffs and the ceiling tariffs for the service on supporting the electrical capacity readiness are approved for the period of 2019-2025 (by the order of the Minister of Energy No.465 dated 03.07.2015 amended as of 30.11.2015). In the reporting period, in connection with changes in investment program and stations modernization, the individual tariff was increased to the level of 9,50 tenge/kWh (with the growth by 28,4%) since May 2015 for Moynak HPP JSC and the individual tariff for Sharda-rinsk HPP JSC was approved at the level of 9,50 tenge (with the growth by 211%), with the introduction of the tariff since January 1, 2016.



TARIFFS FOR ELECTRICITY GENERATION

<i>Name</i>	<i>Unit</i>	<i>2014 (actl.)</i>	<i>2015 (actl.)</i>	<i>2016 (plan)</i>	<i>2017 (plan)</i>
Ekibastuz SDPP-1 LLP	tenge/kWh	7,12	7,73	7,80	7,81
Ekibastuz SDPP-2 JSC	tenge/kWh	8,00	8,66	8,65	8,65
APP JSC	tenge/kWh	8,20	8,60	8,60	8,60
Aktobe CHP JSC	tenge/kWh	7,00	7,29	7,30	7,30
Shardarinsk HPP JSC	tenge/kWh	4,30	4,50	9,50	9,50
Moynak HPP JSC	tenge/kWh	7,40	8,74	9,50	10,30
ZhSDPP JSC	tenge/kWh	8,50	8,70		
Samruk-Green Energy LLP	tenge/kWh	34,61	34,61	37,03	39,62
First Wind Power Plant LLP	tenge/kWh		22,68	22,68	24,27

For heat energy generation by energy generation organizations – APP and Aktobe CHP, the tariffs in 2015 were approved as EM (extraordinary measures), due to the growth of prices for the strategic products: gas and its transportation. In 2016, for APP and

Aktobe CHP in order to perform the requirements of the legislation, the limited long-term tariffs will be approved for the period of 2016-2020 with inclusion of the investments components into the tariffs.

TARIFFS FOR HEAT ENERGY GENERATION

<i>Name</i>	<i>Unit</i>	<i>2014 (actl.)</i>	<i>2015 (actl.)</i>	<i>2016 (plan)</i>	<i>2017 (plan)</i>
APP JSC	tenge/kWh	2 638	2 806	2 814	3 472
Aktobe CHP JSC	tenge/kWh	946	1 167	1 907	2 754
Ekibastuz SDPP-2 JSC	tenge/kWh	705	686	677	680
ZHSDPP JSC	tenge/kWh	1 050	1 050		

For the regional electricity companies (RECs) in 2015, the tariffs on benchmarking methodology (comparative analysis) were applied. For 2016-

2020, the limited long-term tariffs are approved on the basis of the provided tariff estimates.

TARIFFS FOR ELECTRICITY TRANSMISSION SERVICES

Name	Unit	2014 (actl.)	2015 (actl.)	2016 (plan)	2017 (plan)
AZhC JSC	tenge/kWh	5,00	5,21	5,35	5,62
EK REC JSC	tenge/kWh	3,17	3,26	3,76	3,82
MDPGC JSC	tenge/kWh	3,18	3,57	4,11	4,32

For energy supply organizations (ESO) in the reporting period, the tariffs were adjusted and reduced in May 2015 due to the reduction of the tariffs for services of KEGOC JSC and

change of the structure of the tariffs purchased from the stations. In the established order, the application was submitted and the tariff for 2016 was approved.

TARIFFS FOR ESO ELECTRICITY SALES

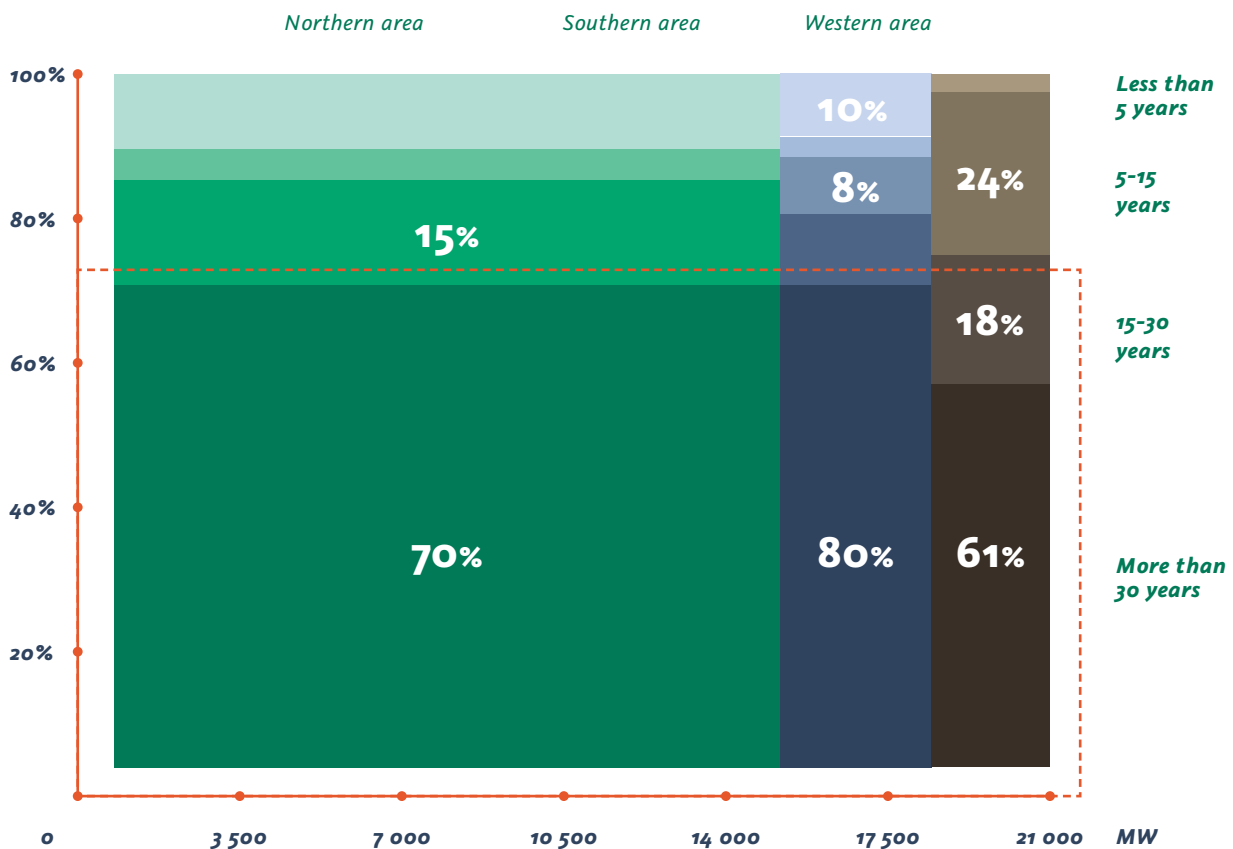
Name	Unit	2014 (actl.)	2015 (actl.)	2016 (plan)	2017 (plan)
AlmatyEnergoSbyt LLP	tenge/kWh	14,30	15,29	16,07	17,07
Shygysenergotrade LLP	tenge/kWh	9,86	10,49	11,04	11,23



INVESTMENT ACTIVITIES

COMPANY INVESTMENT PROGRAM FOR 2015

SHARE OF THE POWER UNIT AGE GROUP IN INSTALLED CAPACITY



Most facilities are represented by power units older than 30 years

The Company's investment program is aimed at modernizing, re-constructing and building industrial facilities, acquiring and expanding the

ownership share in energy companies, ensuring reliable energy supply and satisfying demand for electricity and heat.

Total planned investments amount for 2015 is 95 995,6 mln tenges. Over 12 months of 2015 with the planned 95 995,6 mln tenges, the actual de-

velopment of the capital investments was 89 720,3 mln tenge (or 93% of the plan), the development amount of which on the investment projects is 46 872,6 mln tenge, with the plan of 51 449,1 mln tenge (or 91% of the plan).

In 2015, the Company finished several investment projects:

1. In March 2015, the 4-th stage of reconstruction of combined ash and slag removal system of Almaty TPP-

2 was completed. On April 2, 2015, the acceptance commission Certificate was received.

2. Construction of the wind power plant was completed in the area of Ereymentau town with the capacity of 45 MW was completed. On August 14, 2015 the acceptance commission Certificate was received.

The Company's investment portfolio consists of 13 investment pro-

jects. The implementation of which will allow to cover Kazakhstan's deficit in power and electrical capacity by increasing the capacity of existing stations and creating new capacities. Four projects are executed within the framework of the SP FIID and Industrial Development Map. Below, the list of Samruk-Energy Group of Companies' main projects under implementation is provided.

PROJECTS FOR BUILDING AND MODERNIZING GENERATING FACILITIES

BALKHASH TPP CONSTRUCTION

In September 2012, the construction of the first module of Balkhash TPP of 1,320 MW capacity was launched in the presence of the Heads of the Republic of Kazakhstan and the Republic of Korea (the project has been included in the SP FIID and the Industrial Development Map). The project will allow the plant to generate more than 10 bln kWh per year. It is planned to complete the construction of the plant by 2018.

MODERNIZATION OF SHARDARINSK HPP

The modernization of Shardarinsk HPP (the project has been included in the SP FIID and the Industrial Development Map) plans the replacement of morally and physically obsolete equipment in order to increase the performance and safety of plant operations, which will allow the plant to increase the capacity up to 126 MW and generate an extra 57 mln kWh per year. It is planned to complete the modernization in 2017.

MODIFICATION AND EXPANSION OF EKIBASTUZ SDPP-2 WITH INSTALLATION OF POWER BLOCK NO. 3

The project for the Modification and Expansion of Ekibastuz SDPP-2 with installation of power block No. 3 (the project has been included in the SP FIID and the Map of Industrial Development) is conducted in order to increase plant capacity by 636 MW, which will lead to the generation of about 4.8 billion kWh of extra power per year.

MODERNIZATION AND EXPANSION OF EKIBASTUZ SDPP-1 CAPACITY

The project for the Modification and Expansion of Ekibastuz SDPP-1 capacity (the project has been included in the SP FIID and the Industrial Development Map) plans to restore blocks No. 8, No. 2, No. 1 and increase existing plant capacity by 1,500 mW respectively. The restoration of block No. 8 was completed in 2012. The restoration of block No. 2 was completed in 2014. The restoration of block No.1 is planned to be completed in 2020.

WP CONSTRUCTION IN THE EREYMENTAU AREA WITH A CAPACITY OF 50 MW AND POSSIBLE UPGRADE TO 300 MW

This project is implemented as part of the expansion of facilities in the field of renewable energy sources. The plant will generate over 180 mln kWh of electricity per year. Construction will make it possible to organize an optimal structure of generating facilities, taking into account the decline in total consumption of fuel and energy resources, minimize negative environmental impact and curb greenhouse gas emissions. Construction is expected to be completed in 2018.

TRANSFER OF THE FLOW OF KENSU RIVER IN BESTYUBINSKOYE RESERVOIR OF MOYNAK HPP

The transfer of the part of the flow of Kensu river to Bestyubinskoye reservoir is necessary to increase the electricity generation at Moynak HPP. According to water energy calculations, in the transfer the electricity generation at Moynak HPP will increase by 102 mln kWh in average. The commissioning is planned in 2020.

INFRASTRUCTURE RECONSTRUCTION AND MODERNIZATION PROJECTS

500 KV OUTDOOR SWITCHGEAR MODERNIZATION AT EKIBASTUZ SDPP-1

The project is implemented as part of the company's core operations and projects aimed at improving the reliability of Kazakhstan's energy systems as a result of its modernization and quality of energy supplies to consumers. Project implementation helps prevent system defaults due to 500 kV outdoor switchgear equipment breakdown and ensures the reliability of generated electricity release and power transmission to Kazakhstan and Russia. Project is planned to be completed in 2016.

CONSTRUCTION OF THE TURKSIB 110/10 KV SUBSTATION

The construction project for the Turksib 110/10 kV substation with an 80 MVA transformer capacity for the purpose of supplying reliable and continuing electricity is under implementation in order to respond to growing loads in the northern part of Almaty. Commissioning is scheduled for 2017.

ELECTRICITY GRIDS DEVELOPMENT IN KARASAY DISTRICT WITH CONSTRUCTION OF 110/10 KV SHAMALGAN (USHKONYR) SS AND 110/10 KV SHAMALGAN STATION WITH THE TRANSFER OF LOADS FROM THE NEIGHBORING 35/10 KV SS

Providing uninterrupted, reliable and sustainable electricity supply for the residents of Karasay and Zhambyl districts of Almaty region. Ensuring the reliable operation of 110/35 kV power

systems of Karasay and Zhambyl districts of Almaty region. Reduction of technical electricity losses by 409,97 kWh/year. Commissioning is planned in 2018.

RECONSTRUCTION AND EXTENSION OF ALMATY TPP-2. PHASE 3. PLANT NO. 8 BOILER UNIT

The project will make it possible to respond to the anticipated growth of heat loads and supply heat to the Universiade-2017 facilities, the industrial zone and housing development under the Available Housing – 2020 Program. Additionally generate 450 mln kWh annually. Project completion is scheduled for 2016.

AKTOBE CHP RECONSTRUCTION AND MODERNIZATION

The project provides the replacement of turbine unit of station No.3 due to the exhaustion of the existing equipment life. The project implementation will allow to increase the installed capacity of the plant from 88 MW to 117 MW. On December 29, 2015, the technical launch of turbine unit of station No.3 on the project Aktope CHP reconstruction and modernization was performed. The acceptance commission certificate is planned to be received in the 2-nd quarter of 2016.

PROJECT FOR THE IMPROVEMENT OF COAL MINING TECHNOLOGY

SWITCHING OVER TO A CYCLICAL- AND-CONTINUOUS METHOD OF COAL MINING AT THE BOGATYR SECTION

The project implies gradually switching over to a continuous method of delivering coal to the surface with the help of conveyors and its further averaging on loading complexes in order to achieve a critical excavation depth for using railway transport. Project implementation will make it possible to:

- increase the volume of coal mining from 42 mln tons annually to 49 mln tons in the Bogatyr section;
- improve labor productivity by 25%;
- replace obsolete fixed assets relating to coal shipping, crushing and transportation.

The project is planned to be completed in 2021. In December 2014, Bogatyr Komir LLP and Thyssen Krupp signed a contract on engineering and delivery of equipment, supervised installation and start-up works.

LOW-PROFITABLE SOCIAL PROJECTS

According to recorded order No.01-7:16 of Republic of Kazakhstan President N.A. Nazarbayev dated November 27, 2013 and minutes No. 21-p of Samruk-Kazyna JSC dated November 28, 2013, the Company and the Astana Akimat were ordered to build a kindergarten for 240 children in the city of Astana. The construction is planned to be completed in 2016.

INTERIM RESULTS OF INVESTMENT ACTIVITIES

Over a period of 2009–2015, the amount of financing according to the investment policy of Samruk-Energy JSC aimed at creating new assets, and ensuring the reconstruction, technical re-equipment and maintenance of the production level and current assets, environmental protection measures will total about 500 bn. tenge, including 413.5 bn. tenge from 2009 to 2014. There are considerable results in the upgrade and reconstruction of existing facilities:

- gaps between the installed and available capacities were reduced by 1,151 MW (reduced from 2,647 MW to 1,496 MW), excluding unit No. 2 of ESDPP-1 (including ESDPP-1 by 704 MW, ESDPP-2 by 104.6 MW, ZHSDPP by 38.3 MW, APP by 288 MW, SharHPP by 5 MW and Aktobe CHP by 11 MW);
- electricity consumption for in-house needs dropped by 0.73% (consumption for in-house needs declined from 7.93% to 7.2%);
- the coefficient of installed capacity use rose by 8.2% (from 32.3% to 40.5%);
- increase in ash collection coefficients reduced emissions of harmful substances into the environment by 140 thousand tons annually (emissions dropped from 237.3 thous. tons to 147.3 thous. tons);
- labor productivity rose by 2.1 mln tenge/person (from 6.7 to 8.8 mln tenge/person).

SOURCES OF FINANCING INVESTMENT PROJECTS

In order to attract financing resources, the Company widely uses instruments such as credits and bonds, and borrows monetary funds from the Republican Budget in order to finance socially significant projects. Herewith, the Company uses both internal and external sources of financing, such as the European Bank for Reconstruction and Development, the Eurasian Development Bank etc.

On August 24, 2012, the Loan agreement was concluded between the European Bank for Reconstruction and Development and Shardarinsk HPP JSC to finance the Project “Shardarinsk HPP modernization”. Within this agreement, on December 02, 2015, the access to the credit funds of the Bank was open and the first development of the loan funds was performed.

On April 29, 2013, the Eurasian Bank of Development and First Wind Power Plant LLP concluded the Loan agreement to finance the project “Construction of wind power plant with the capacity of 45 MW at Ereymentau” for amount of 14 167 mln tenge, during 2015, 2 686 mln tenge were utilized.

A credit agreement was signed **on November 27, 2014** between Ereymentau Wind Power LLP, EBRD and the Clean Technology Fund to finance the project “Construction of a 50 MW WF in the Ereymentau area with possible upgrade to 300 MW”.

On September 01, 2015, within the visit of the President of RK to PRC, the Agreement on funding organization on the project “Construction of wind power station in Shelek corridor with the capacity of 60 MW with the possible extraction to 300 MW” was signed between Samruk-Energy, CDB and DBK.



INNOVATIVE ACTIVITIES, IMPROVING ENERGY EFFICIENCY AND ENERGY SAVING

As part of the RK Government's policy to save energy and improve energy efficiency, Samruk-Energy JSC developed an Energy Saving and Energy Efficiency Improvement Program in 2014.

The purpose of this Program is to take measures aimed at reasonable and economically feasible utilization of fuel and energy resources by using innovative technologies:

- reducing the cost for power and heat production and transmission, and for the consumption of energy resources, to the level of the world's best companies;
- improving the reliability of energy supplies to consumers;
- eliminating power gaps in power plants;
- improving efficient use of fuel in power plants.

Pursuant to the Law of the Republic of Kazakhstan "On Energy Saving and Energy Efficiency" adopted in 2012, energy audits of all the subsidiaries of Samruk-Energy, included in the state energy register, are planned to be conducted by 2016 by engaging specialized certified organizations.

INNOVATIVE ACTIVITIES IN RES FIELD

On the whole level, the following is necessary to efficiently implement the potential for Renewable Energy Sources (RES):

- Improvement of legislation on support for RES;
- Establishing a Competent Body for the purpose of determining the need for RES;
- Establishing the Kazakhstan Intellectual Power System (hereinafter, KIPS).

A highly efficient and technological intellectual power plant will help increase living standards, gain benefits from available advantages and respond to all global challenges:

- Energy safety and reserving;
- Use of transit and exporting potential;
- Use of RES potential (wind power plants, solar power plants, small hydro power plants, etc.);
- Full cover of the Republic of Kazakhstan territory – a solution to the problem of remoteness of fuel and power resources (hereinafter, FPR) and generating sources from the industry and population;
- Optimization of the energy structure taking into account available FRP reserves;

- Ecological compatibility of energy, energy efficiency, and energy saving;
- Innovation and scientific development;
- Increase in the added value of Kazakhstan's economy;
- Increase of the state's role in the energy industry.

KIPS will allow the country to integrate into the global Super Grid System of Europe, Russia and China, initiated by the World Energy Council (hereinafter, WEC).

The world tends to decrease of power costs from RES and simultaneously increase costs of power produced by traditional sources, taking into account constantly rising fuel prices. It is necessary to implement measures aimed at reducing the environmental impact.

In a medium-term plan, the Samruk-Energy Group of Companies plans to implement the following projects in the green energy field:

- Construction of a wind farm (WF) in the Shelek Corridor with a 60 MW capacity and possible expansion up to 300 MW, employment during operation – 14 persons, production of more than 226 mln kWh of energy per year;

- Development of the energy potential of the Shelek Region and redirection of the Kensu River to the Bestyubinsk water reservoir, phase 1 – construction of small HPPs (HPP-1, 2, 19, 29) and the Kensu River redirection; the total installed capacity of small HPPs: 60 MW, with a power production of 220.3 mln kWh per year; employment in the period of construction: 970 people; in the period of operation: 71 people; the Kensu River redirection will help increase electricity generation at Moynak HPP by 100 mln kWh annually.

INNOVATIVE ACTIVITIES IN THE FIELD OF COAL AND GAS GENERATION

The company has set itself the task to promote efficient and environmentally friendly coal technology in the power generation, modern methods for fumes treatment and technologies for collecting and storing carbon dioxide.

Coal generation

The development of coal generation implies applying the following clean coal technologies, which allows to increase the Efficiency Factor of power plants and reduce fuel consumption and specific emissions of greenhouse gases (carbon dioxide) and harmful substances (ash, nitrogen oxides and sulfur):

1. Increase of steam parameters in a steam-power cycle.
2. Implementation of modern methods for ash collection and methods for decreasing nitrogen oxides and sulfur emission levels.
3. Utilization of bottom ash – usage in construction and road industry.

The Company executes and plans to implement the following projects in this sector:

- Construction of the 3rd power unit at Ekibastuz SDPP-2 with a 636 MW capacity and higher vapor parameters: temperature – 566 °C and pressure – 24 MPa. The term of completion is planned to be transferred from 2017 to 2024.

- Construction of Balkhash TPP with a capacity of 1,320 MW, higher steam parameters and a dry integrated system of ash and sulfur treatment based on a bag filter. Implementation time: 2010- 2018.
- Introduction of MEEP technology (Moving Electrode Electrostatic Precipitator) made by Mitsubishi Hitachi Power Systems Environmental Solutions. In 2015, the technology developer continued to study the possibility of introducing MEEP technology at Ekibastuz SDPP-1 (study term – 2014-2016). Reconstruction of one of the existing electric filters by adding an additional MEEP section will be considered according to research results.
- Utilization of ash and slag wastes of Ekibastuz SDPP-1. In 2015, the agreement was concluded with contractors of KazAvtoZhol NC JSC for the release of the ash and slag wastes of ESDPP-1 to be used in construction of road Astana-Pavlodar. By the results of 2015, 35 thousand tons of ash and slag wastes were released.



GAS GENERATION

Gas generation implies using a steam gas cycle characterized by a high efficiency ratio and low emissions of carbon dioxide and other harmful substances.

The following project is planned to be implemented:

- Construction of a gas turbine power plant (GTPP) based on the Pridorozhnoe gas field. The project implies developing a gas field and further extracting gas to supply fuel to a 175.6 MW GTPP planned to be built for additional power supplies to Kyzyl-Orda and South Kazakhstan Regions. Project implementation time: 2011-2019.

INNOVATIVE ACTIVITIES IN THE FIELD OF POWER TRANSFER, DISTRIBUTION AND SALES

State-of-the-art equipment is used in electric networks as part of the implementation of investment projects:

- new generation power transformers characterized by lower electricity losses and equipped with devices preventing fire and explosions;
- 110-220 kV SDS (complete distribution devices with SF6 gas insulation), which considerably reduce the occupied surface, fire threat, and operational expenses;

- devices for relay protection, automatics and telemechanics are based on using modern microprocessing equipment;
- installation of an 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 to connect consumers;
- gradual introduction of an automatic system for commercial power consumption accounting (ASCP-CA);
- 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;
- bare wire replacement at the 0.4 kV OL with self-supporting insulated wires (SSIW) so as to reduce commercial losses and operational expenses;
- replacement of 6-10 kV oil switches with vacuum switches to improve fire safety and reduce operational expenses;
- use of composite wires at 110 kV OL to increase capacity;
- introduction of billing systems by energy providers to make settlements with consumers automatic;
- development of a feasibility study for technical means of compensating reactive power in order to evaluate possibilities of optimizing network operation modes by reactive power and voltage levels.

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



07

CORPORATE MANAGEMENT



Corporate management of Samruk-Energy JSC represents the set of processes ensuring management and control of the Company's activities and the relationships system between the executive body, Board of Directors, Sole shareholder and stakeholders. The authorities competences and decision-making procedure are defined and established by the Charter.

In accordance with the Company's Charter approved by the Sole shareholder on February 16, 2013, the bodies of the Company are as follows:

1. Superior body – General meeting of the shareholders.
2. Governing body – Board of Directors.
3. Executive body – Board.
4. Internal Audit Service.

CORPORATE MANAGEMENT STRUCTURE OF SAMRUK-ENERGY JSC



INFORMATION ON SHAREHOLDERS

On 29 August 2012 by Decree No.1103 of the Government of the Republic of Kazakhstan, shares of the Company belonging to KazTransGaz JSC were transmitted to the National Welfare Fund Samruk-Kazyna. At this moment, the sole shareholder of the Company is National Welfare Fund Samruk-Kazyna JSC.

The Fund participates in managing the Company through the shareholder's functions implementation and via the Board of Directors in the manner

defined by the Charter and the Corporate Governance Code. The Fund's position on the individual issues is communicated through the Fund's representatives in the Company's Board of Directors. The Sole shareholder annually submits the expectations of the shareholder for the forthcoming financial year to the Chairman of the Board of Directors.

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BOARD OF DIRECTORS

The Board of Directors provides strategic management of the Company and controls the Company's executive body operations. The Board of Directors is responsible to the shareholder for the efficient management, growth

of the long-term cost, sustainable development and functioning 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 four directors. The members of the Board of Directors are elected by the Sole Shareholder.

MEMBERS OF THE BOARD OF DIRECTORS



**BEKTEMIROV KUANYSH
ABDUGALIYEVICH**

*General Director for Asset Management
of National Welfare Fund Samruk-
Kazyna JSC, Chairman of the Board
of Directors of Samruk-Energy JSC*

Date of first election: 31.01.2012 (Minutes of the Board of National Welfare Fund Samruk-Kazyna JSC No. 08/12 dated January 31, 2012).

Was reelected as the Chairman of the Board of Directors on June 15, 2015. (Minutes of the Board of National Welfare Fund Samruk-Kazyna JSC No. 26/15 dated 15.06.2015).

EMPLOYMENT HISTORY:

- In 1993 – graduated from Al-Farabi Kazakh State University, physical scientist.
- 2004 – graduated from Kazakh National Agrarian University, electrical engineer.
- 2009-2010 – Deputy, First Deputy Director General of Kazgidromet RSE.
- 2011-2012 – Director General of Astanaenergokonstrakt.
- Since January, 2012 – Managing Director of National Welfare Fund Samruk-Kazyna JSC.
- Since 2014 – General Director for Asset Management at NWF 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 towards the progress of the RK electric energy sphere", the award pin "Honorable Powerman of the Republic of Kazakhstan, and the anniversary medal dedicated to the 10th anniversary of Astana.

Holds no shares in suppliers and competitors.



**SPITSYN ANATOLY
TIKHONOVICH**

Vice-President of the Russian Academy of Natural Sciences, Doctor of Economics, professor, active member of the Presidium of the Russian Academy of Natural Sciences (RANS), member of the Union of Architects of the USSR and the RF, first Vice-President of the International Academy of Investments, Director of the Institute for Strategic Studies of Integrated Problems of the EurAsES, independent Director of the Board of Directors, Chairman of the Strategic Planning Committee, member of the Appointment and Remuneration Committee, member of the Audit Committee of Samruk-Energy JSC

Date of first election: On 08.05.2012 by the decision of the Board of National Welfare Fund Samruk-Kazyna JSC (minutes No. 21/12) he was elected to be a member of the Board of Directors.

Was reelected as an independent director on June 15, 2015 (Minutes of the Board of National Welfare Fund Samruk-Kazyna JSC No. 26/15 dated 15.06.2015).

EMPLOYMENT HISTORY:

- 1962 – graduated from the Odessa Civil Engineering Institute, civil engineer.
- 1972 – postgraduate student of the Academy of Natural Sciences.
- 2009 – Special course at the University of Washington (USA).
- At the moment, Mr. Spitsyn is professor of economics and finances of the social sector of the Russian Presidential Academy of National Economy and Public Administration, Director of the Institute for Strategic Studies of Integrated Problems under the Eurasian Economic Community.

Holds no shares in suppliers and competitors.



**LUCA
SUTERA**

Senior Vice President and Financial Director (CFO) at Global & Water Division. Member of the Board of Nebras Power (Qatar State International Energy Company), independent Director, Chairman of the Audit Committee, member of the Appointment and Award Committee and the Strategic Planning Committee

Date of first election: On 08.05.2012 by decision of the Board of National Welfare Fund Samruk-Kazyna JSC (minutes No. 21/12), he was elected independent member of the Board of Directors.

Was reelected as an independent director on June 15, 2015 (Minutes of the Board of National Welfare Fund Samruk-Kazyna JSC No. 26/15 dated 15.06.2015).

EMPLOYMENT HISTORY:

- 1996 – graduated from L. Bocconi University of Milan, earned a Master's Degree in Business Administration, major in Finances.
- 2012 – completed the Global Executive MBA International Program (Strategic Planning) at the Madrid Business School IE.
- Since April 2011, Mr. Sutera has been a member of the Russian Association of Independent Directors.
- In April 2014, he became a member of the British Institute of Directors (IoD).
- Luca Sutera holds an international accounting degree (CPA UK).
- He holds the International Diploma for Members of Boards of Directors issued by the British Institute of Directors (Dip. IoD).
- He has more than 17 years of work experience in the energy sector.

Holds no shares in suppliers and competitors.



**SATKALIYEV ALMASSADAM
MAIDANOVICH**

Chairman of the Company Board, member of the Board of Directors of Samruk-Energy JSC

Date of first election: 04.07.2007 (Order No. 79-p of the Chairman of the Board of Samruk Holding JSC dated July 4, 2007). On 15.06.2011 by decree of the Board of National Welfare Fund Samruk-Kazyna JSC (minutes No. 26/11), he was elected member of the Board of Directors and the Chairman of the Board of Directors.

Was elected member of the Board of Directors on June 15, 2015.

EMPLOYMENT HISTORY:

- Graduated from Al-Farabi Kazakh State University in 1992, mechanical engineer, mathematician – application engineer.
- In 2002 defended a thesis to obtain Ph.D. in Economics.
- In 2013 – graduated the International Public Service and Administration Institute of RF Presidential Academy of National Economy and Public Administration, Master of Economics.
- In 2015 – graduated Executive MBA Program of Nazarbayev University High School of Business (joint program with Duke University's Fuqua School of Business).
- In 2015 – defended a thesis for the degree of the Doctor of Economics.
- Academician of Kazakhstan Academy of Natural Sciences (2015).
- Since December, 2009 – Chairman of the Board of KEGOC JSC.
- Since May, 2011 – Managing Director of National Welfare Fund Samruk-Kazyna JSC.
- Since January, 2012 – Chairman of the Board of Samruk-Energy JSC.

Holds no shares in suppliers and competitors.

SELECTION CRITERIA FOR THE BOARD OF DIRECTORS

The Company has approved the Rules for selection and remuneration for the members of the Board of Directors at Samruk-Energy JSC. The members of the Board of Directors are elected on the basis of clear and transparent procedures taking into account the competences, skills, achievements, business reputation and professional expertise of the candidates. In reelection of individual members of the Board of Directors or all of its members for the new term, their contribution to the performance of the Company's Board of Directors is taken into account.

The Chairman of the Board of Directors is elected by the decision of the sole shareholder. Candidates search and selection process is performed by the Fund jointly with the chairman of the Board of Directors and chairman of the Nomination and Remuneration Committee of the Company's Board of Directors.

Participation of the members of Governments, state bodies officials in the Company's Board of Directors is not allowed.

The Board of Directors and its committees should follow the balance of skills, experience and knowledge, ensuring the adoption of independent, objective and effective solutions for the benefit of the organization and the shareholder, and ensuring the long-term value growth and sustainable development of the Company. The Board of Directors should comprise individuals with excellent business and personal reputation.

As of 31 December 2015, the Board of Directors included:

- An expert in economics, finances and audit – Mr. Luca Sutera, Vice-President of the Group and Financial Director (CFO) of the Global Power & Water Division. Member of the Board of Nebras Power (Qatar State International Energy Company);
- An expert in corporate social responsibility – Mr. Almassadam Maidanovich Satkaliyev, Chairman of the Board.

INDEPENDENCE CRITERIA FOR MEMBERS OF THE BOARD OF DIRECTORS

In accordance with the Law concerning JSC, the number of independent directors shall not be less than one third of the total members of the Board of Directors.

Independence criteria are defined by the legislation of the Republic of Kazakhstan, by the Charter and by the Provision on the Board of Directors of the Company under which:

An independent director is a member of the Company's Board of Directors, who:

1. is not and, during five years preceding his/her election to the Company's Board of Directors, was not employed by the Company or the Company's affiliates;
2. is not and, during five years preceding his/her election to the Company's Board of Directors, was not a family member (parent, brother, sister, son, daughter), spouse, or relevant (brother, sister, parent, son or daughter of the spouse) of a Company employee;
3. is not an affiliate entity of a non-profit organization receiving funds from the Company or the Company's affiliates;
4. provides no paid services to the Company or the Company's affiliates;
5. is not an official of a legal entity at which the Company employee is a member of the Board of Directors;
6. is not and, during five years preceding his/her election to the Company's Board of Directors, was not an affiliate entity or an employee of an organization conducting or having conducted an audit of the Company or an employee of the said organization's affiliates;
7. is not a person that may determine decisions adopted by the Company or a close relative, heir, legal successor, representative that may determine decisions adopted by the Company;
8. is not an affiliate entity of the Company's shareholder;
9. is not a person appointed or elected, holding any position at a legislative, executive, administrative, or judicial authority of a foreign state, and a person fulfilling any public function for a foreign state;
10. has not been a member of the Company's Board of Directors over seven (7) years;
11. meets other criteria approved by the General Assembly of Shareholders.

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

	2015	2014	2013	2012
Number of meetings of the Board of Directors				
Number of meetings	8	11	13	13
By personal attendance	8	9	11	8
In absentia	0	2	2	5
Attendance of the members of the Board of Directors				
Bektemirov Kuanysh Abdugaliyevich	100%	100%	100%	100%
Satkaliyev Almassadam Maidanovich	100%	100%	100%	100%
Luca Sutera	100%	100%	92%	92%
Spitsyn Anatoly Tikhonovich	100%	100%	92%	100%

In 2015, the Board of Directors held 8 meetings by personal attendance. 141 issues were discussed at those meetings.

In particular, the following issues were considered:

1. Approval of the Company's Development Plan for 2015-2019 taking into account the adjustments.
2. Approval of the Rules for evaluating activities and remuneration of the Company's managing and administrative staff in new edition.
3. On the sale of 50% shares package of T.I. Baturov Zhambyl SDPP JSC.
4. On defining the term of the members of the Board of the Company and on electing its members.
5. On preliminary agreement of the changes and amendments to the Company's Charter.
6. Evaluation results of performing the social responsibility plan of the Company for 2014.
7. On Approval of the Program of continuity of the members of the Company's Board and other employees for 2015-2020 in accordance with the list approved by the decision of the Company's Board of Directors.
8. On approval of the Roadmap of the Company Transformation Program implementation.
9. On consideration of the report on the course of works on actualization of the Company's development strategy for 2015-2025.
10. On purchasing 100% of shares of Aktobe CHP JSC by the Company.
11. Transparency of the Company and efficiency of information disclosure process. Report on reputational audit for 2015.
12. Review of the self-valuation results of the Company for meeting the current practice with the provisions of the new Corporate Management Code (Gap-analysis).

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

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 partic-

ipating 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.

ACCRUAL OF ANNUAL FIXED REMUNERATION AND FOR PARTICIPATION IN MEETINGS IN PRESENTIA OF THE COMMITTEES, TAXES INCLUDED

	Annual remuneration	Remuneration for meetings in presentia	Total
<i>Luca Sutera</i>	9 959 164 tenge	9 292 276 tenge	19 251 440 tenge
<i>Spitsyn Anatoly Tikhonovich</i>	9 959 164 tenge	9 292 276 tenge	19 251 440 tenge

HOLDING CONCURRENT POSITIONS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHAIRMAN OF THE BOARD

For the purpose of delimitating powers and preventing a conflict of interests, positions of the Chairman of the Board of Directors and the Chairman of the Board may not be held at the same time pursuant to the Charter and internal regulations.

In 2015, Kuanysh Abdugalievich Bektemirov was employed as the Chairman of the Board of Directors at Samruk-Energy JSC and Almassadam Maidanovich Satkaliyev was employed as the Chairman of the Board.

Committees of the Board of Directors

In order to support the activity of the Board of Directors, the Company established the following committees responsible for examining issues and

making recommendations for certain issues within the framework of their functional duties:

- 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 EXAMINED ISSUES AT MEETINGS BY COMMITTEES

	2015	2014	2013	2012
<i>Audit Committee</i>	45	47	31	38
<i>Appointment and Remuneration Committee</i>	28	32	28	29
<i>Strategic Planning Committee</i>	15	15	8	10

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 issues of internal and external audit, internal control system and risk management.

FUNDAMENTAL ISSUES EXAMINED AT MEETINGS OF THE AUDIT COMMITTEE IN 2015

1. Prior approval of the annual consolidated financial report of Samruk-Energy JSC.

2. On appointments and setting salaries for the employees of the Internal audit service of Samruk-Energy JSC.
3. On prior approval of the annual audit plan and budget of the Internal audit service of Samruk-Energy JSC.
4. Report of the internal audit service of Samruk-Energy JSC and valuation of its activities efficiency for the quarters and for the year.
5. On prior approval of the Consolidated Register and Risk Map, Action Plan on the key risks management with the definition of tolerance levels for each key risk, Key risk indicators

Passports of Samruk-Kazyna JSC.

6. Evaluation of independence and objectiveness of the external audit of Samruk-Energy JSC.

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS HAS THE FOLLOWING MEMBERS:

- Luca Sutera – Independent Director, member of the Nomination and Remuneration Committee.
- Spitsyn Anatoly Tikhonovich – Independent Director, member of the Audit Committee and Nomination and Remuneration Committee.

NUMBER OF MEETINGS OF THE AUDIT COMMITTEE

	2015	2014	2013	2012
<i>Number of meetings</i>	10	10	10	10
<i>By personal attendance</i>	10	10	10	8
<i>In absentia</i>	0	0	0	2
<i>Attendance of the Committee's eligible members</i>	100%	100%	100%	100%

NOMINATION AND REMUNERATION COMMITTEE

Nomination 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 rates and terms of salary payment 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 NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD OF DIRECTORS HAS THE FOLLOWING MEMBERS:

- Spitsyn Anatoly Tikhonovich – Independent Director, Chairman of the Nomination and Remuneration Committee, member of the Strategic Planning Committee, member of the Audit Committee.
- Luca Sutera – Independent Director, member of the Nomination and Remuneration Committee.

NUMBER OF MEETINGS OF THE NOMINATION AND REMUNERATION COMMITTEE

	2015	2014	2013	2012
<i>Number of meetings</i>	9	9	10	6
<i>By personal attendance</i>	9	9	10	6
<i>In absentia</i>	0	0	0	0
<i>Attendance of the Committee's eligible members</i>	100%	100%	100%	100%

**FUNDAMENTAL ISSUES
EXAMINED AT MEETINGS
OF THE NOMINATION AND
REMUNERATION COMMITTEE:**

1. Determination of the number of members of the Management Board of Samruk-Energy JSC, election of the member of the Management Board of Samruk-Energy, determination of the time period of their powers and remuneration.
2. Recommendations to the Sole Shareholder on the members of the Board of Directors of Samruk-Energy JSC.
3. Recommendations on approval of remuneration for the Board's Chairman and members, Internal audit service employees, Corpo-

rate Secretary of Samruk-Energy JSC.

4. Determination of criteria for the members of the Management Board of Samruk-Energy JSC and heads of subsidiaries and affiliates of Samruk-Energy JSC.
5. Recommendations to the members of the Board of Directors on "Approval of the Rules for selection and remuneration of the members of the Board of Directors of Samruk-Energy JSC.

STRATEGIC PLANNING COMMITTEE

The Strategic Planning Committee is an advisory and consultative body of the Board of Directors and was estab-

lished for recommendations on strategic issues of the Company's activities.

**THE STRATEGIC PLANNING
COMMITTEE OF THE BOARD OF
DIRECTORS HAS THE FOLLOWING
MEMBERS:**

- Spitsyn Anatoly Tikhonovich - Independent Director, Chairman of the Strategic Planning Committee, member of the Appointment and Remuneration Committee.
- Luca Sutera - Independent Director, member of the Strategic Planning Committee.

NUMBER OF MEETINGS OF THE STRATEGIC PLANNING COMMITTEE

	2015	2014	2013	2012
<i>Number of meetings</i>	9	8	6	2
<i>By personal attendance</i>	9	8	6	2
<i>In absentia</i>	0	0	0	0
<i>Attendance of the Committee's eligible members</i>	100%	100%	100%	100%

FUNDAMENTAL ISSUES EXAMINED AT MEETINGS OF THE STRATEGIC PLANNING COMMITTEE:

1. Approval of the Technical Specification of the purchased services on development of the strategic analysis of external, internal environment and interaction with the stakeholders in transformation of business of Samruk-Energy JSC.
2. Approval of the report on execution of the Implementation Plan for the Development Strategy of Samruk-Energy JSC for 2012-2022 by the results of 2014.
3. Refined financial model to the long-term development strategy of Samruk-Energy JSC is taken into consideration given the comments of Samruk-Kazyna NWF JSC.
4. Report on the progress of work on actualization of the Development Strategy of Samruk-Energy JSC for 2015-2025 is taken into consideration.
5. The long-term development strategy of Samruk-Energy JSC for 2015-2025 and the Roadmap on the implementation of the long-term development strategy of Samruk-Energy JSC for 2015-2025 is preliminarily approved.

EVALUATION OF THE ACTIVITIES OF THE BOARD OF DIRECTORS

In 2016, in accordance with the best international practice of the corporate management, the regular independent evaluation of the activities of the Board of Directors was performed. The evaluation was performed with involvement of the independent advisor, which corresponds to the most advanced requirements on providing the efficiency and transparency of the corporate management. The independent advisor selected ARG Group Ltd,

which is one of the leading companies in Kazakhstan in the field of strategic consulting and corporate management for the national holdings and business sector. During the period since 2013, ARG Group Ltd provided consulting services for the Company in the field of management systems and supervisory audit of the corporate management system, and the project on accompanying the transformations was implemented in the Fund to improve business processes.

The evaluation was performed on the basis of the approved evaluation method for the activities of the Board of Directors, and taking into account the requirements of the Company's Corporate Management Code and the best world corporate management practice, in particular, OECD corporate management principles and the UK corporate management Code. The evaluation included the analysis of the activities of the Board of Directors for 2015, the historical analysis of the evaluation results from 2012 through

2014, surveying all the members of the Board of Directors and interview conducted by the independent advisor with the Chairman of the Board of Directors, members of the Board of Directors, Chairman of the Management Board and the Corporate Secretary.

The independent evaluation results demonstrated the certain growth of the quality and the efficiency of work of the Board of Directors, which is approved, including, by the growth of the Company's corporate management rating. To plan the further development of the practice of the Company's corporate management, such priority areas of development as participation of the Board of Directors in continuity system development, strengthening of the progressive role of the Chairman of the Board of Directors in applying the best world practices of improving the operation of the Board of Directors were defined in optimal distribution of powers between the Shareholder and the Board of Directors.



INTERNAL AUDIT SERVICE

1. MISSION, PERSONNEL, FUNCTIONS.

The Internal Audit Service assists the Board of Directors and the Executive Body in the performance of their duties aimed at achieving the Company's strategic goals and its subsidiaries and affiliates.

The main purpose of the Service is to provide the Board of Directors with independent and objective guarantees and consultations aimed at improving the risk management, internal control and corporate Company's governance systems and its subsidiaries and affiliates.

The Director and employees of the Internal Audit Service are appointed by the Board of Directors. The Internal Audit Service is supervised by the Audit Committee of the Board of Directors.

In 2015, actual personnel of the Internal Audit Service amounted to 7 persons. The Internal Audit Service performs its activities on the basis of international professional standards for internal audit.

The main functions of the Internal Audit Service include:

- assessing risks, the adequacy and efficiency of internal control over risks in the field of corporate governance, operational (production and financial) activities of the Company and its subsidiaries and affiliates, and also their information systems;
- assessing (diagnosing), in accordance with established procedure, the corporate governance system of the Company, its subsidiaries and affiliates, including introducing and complying with corporate governance principles that meet the ethical standards and values of

the Company and its subsidiaries and affiliates;

- controlling compliance with the requirements of the Republic of Kazakhstan laws, international treaties, Company's internal documents and its subsidiaries and affiliates, executing instructions of competent and controlling bodies, decisions of the bodies of the Company and its subsidiaries and affiliates, as well as assessing systems created for the purposes of conforming to the above requirements;
- assessing the adequacy of measures taken by the units of the Company and its subsidiaries and affiliates to ensure accomplishment of their tasks within the framework of the strategic objectives of the Company, its subsidiaries and affiliates.

2. PLAN IMPLEMENTATION WITHIN THE ACCOUNTING PERIOD.

Within the accounting year, the Internal Audit Service performed 29 scheduled and 8 out-of-schedule audit tasks. By the results of examinations, the Internal audit service issued the relevant recommendations aimed at improving the internal control, risk management and corporate management systems.

3. EVALUATION OF THE IAS AND THE ACTIVITIES OF THE DIRECTOR.

The Board of Directors performs quarterly and annual evaluation of the established efficiency of the Service and its director.

The Service efficiency and its director are established taking into account the Company's strategic goals.

4. IAS PERFORMANCE EVALUATION RESULTS.

The activity of the Service for the quarters and by the results of 2015 was evaluated as efficient by the Board of Directors.

In 2015, the advisors of KPMG Tax and Advisory LLP performed independent evaluation of the activities of the Internal Audit Service.

As a result, the activity of the Internal Audit Service was evaluated as 100% "Complying" with the International professional internal audit standards and the best international practice.



**SEIDIGALIYEVA AKMARAL
KAKIMOVNA**

Head of Internal Audit Service

Holds the international internal auditor certificate CIA, Diploma of the Institute of Audit and Management IFA (Dip-IFA), international certificate CAP EICPA.

MANAGEMENT BOARD

The management of the Company's current activities is performed by a collegial body in the form of the Management Board headed by the Chairman of the Board. The activity of the Management Board is focused on maximum safeguarding of shareholder's interests, as well as the performance of tasks of the Company and the implementation of its strategy.

Working organization of the Management Board, procedures for its convocation and meetings, procedures for making decisions are determined by the Provision on the Management Board approved by the Board of Directors on March 20, 2015 (redrafted).

The fundamental principles of the Board's activity are: honesty, integrity, intelligence, diligence, regularity.

The Board's activity is built on the basis of safeguarding shareholder's interests and is completely accountable to the shareholder and to the Board of Directors.

The Management Board holds regular meetings in presentia in the form of voting.

In order to efficiently select candidates for management and administrative positions, arrange and secure them and improve professional qualifications, the Company has a list of qualification criteria and requirements

for the above category of staff and candidates for members of the Company's Board.

Qualification criteria include requirements for educational attainment, work experience in the relevant field, work experience at management positions, as well as requirements for professional knowledge and skills needed to perform specific official duties, knowledge of legislative and other regulatory documents governing the Company's production and business, financial and economic activities, knowledge of the challenges, strategy and priorities of the Company's technical, economic and social development.

AS OF DECEMBER 31, 2015 THE MANAGEMENT BOARD INCLUDES:

<i>Name</i>	<i>Position</i>
<i>Sathaliyev Almassadam Maidanovich</i>	Chairman of the Management Board
<i>Moldabayev Kanysh Tanirbergenovich</i>	First Deputy Chairman of the Management Board
<i>Maksutov Kairat Berikovich</i>	Deputy Chairman of the Management Board
<i>Ogay Aleksey Vladimirovich</i>	Deputy Chairman of the Management Board
<i>Salimzhuarov Gani Galiollauly</i>	Head of the Distribution and SALES Division, HPP and RES
<i>Lee Valery Konstantinovich</i>	Chief Director of Human Resource Management
<i>Shunayeva Saltanat Amangossouna</i>	Chief Investment Director
<i>Auezova Mira Zhaksylykouna</i>	Chief Director of the Legal Department

On 26.02.2016, the Board of Directors of Samruk-Energy JSC defined the new list of members of the Management Board of the Company since 01.03.2016 (Minutes of the BD No.01/16).

In 2015 18 Board meetings in presentia were held and 356 issues were considered. All decisions were unanimously approved by the Board members.



**SATKALIYEV ALMASSADAM
MAIDANOVICH**

*Chairman of the Company Board,
Doctor of Economics,
Honored power engineer of CIS*

Was born on October 31, 1970.

CITIZENSHIP:

Republic of Kazakhstan.

EMPLOYMENT HISTORY:

- 1997-2001 – manager, Head of clearing department, Head of project management department, managing director, Vice-President of Economy in NOTC KazTransOil JSC.
- 2001-2006 – Financial Director, Vice-President of Economy, the First Vice-President of KEGOC JSC.
- May – December 2006 – Director of electric power asset management of 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 – the First Vice-President of Kazakhstan Company for electricity management “KEGOC” JSC.
- From December 2009 – Board Chairman KEGOC JSC.
- From June 2011 – Managing Director of National Welfare Fund Samruk-Kazyna JSC.
- From January 2012 – The Chairman of the Company Board.



**MOLDABAYEV KANYSH
TANIRBERGENOVICH**

*Managing Director
for strategy and sales*

Was born on October 23, 1963.

CITIZENSHIP:

Republic of Kazakhstan.

EMPLOYMENT HISTORY:

- In 1987 – graduated Pavlodar industrial institute, electric engineer.
- In 2002 – graduated Karaganda State Technic University, economist and a lawyer.
- In 2004 – graduated State Academy under the President of Republic of Kazakhstan, Civil Service Manager.
- 1987-1997 – electrician, master, dispatcher, Chief Engineer, Head, Bayanaul area of electrical networks.
- 1997-1999 – President of joint stock company Bayanaul area of electrical networks.
- 1999-2004 – Deputy mayor of the region, Akimat of Bayanaul district of Pavlodar region.
- 2004-2007 – Head of the Electricity Department, Ministry of Energy and Mineral Resources.
- 2007-2009 – Branch Director “Severnye MES”, KEGOC JSC.
- 2009-2011 – Director of development department, KEGOC JSC.
- 2011-2012 – Director of industrial assets management, National Welfare Fund Samruk-Kazyna JSC.

- From March 2012 – Managing Director for Company Development, Deputy Chairman of Board of Company.
- From February 2015 – First Deputy Chairman of Board of Company.
- From 1 March 2016 – Managing Director for strategy and sales of Company.



**MAKSUTOV KAIRAT
BERIKOVICH**

*Managing Director
for economy and finance*

Was born on May 16, 1970.

CITIZENSHIP:

Republic of Kazakhstan.

EMPLOYMENT HISTORY:

- In 1991 graduated Karaganda cooperative institute of Kazpotreb-soyuz, economist-auditor.
- 1991-1992 – inspector of Office of accounting and control of the Karaganda Regional Consumer Union.
- 1992-1997 – leading specialist of the department of investments and innovations, head of the department of international payments and foreign exchange operations, the deputy director of the Karaganda branch of «Igilik-Bank»;
- 1997-1999 – Zhairam-Atasu special economic zone, deputy Chairman of Administrative Council SEZ. Deputy mayor in Karazhamal town;
- 1999-2004 – Deputy Director. Director of Karaganda branch Alfa-Bank JSC.
- 2004-2009 – Vice-president of economy and finance in mining industrial holding “Gefest”.
- 2009-2012 – Deputy Chairman of economy and finance of Company.
- 2012-2013 – Managing Director, Managing Director for Company Development.
- From November 2013 – Deputy Chairman of Board of Company.
- From 1 March 2016 – Managing Director for economy and finance of Company.





**TYUTEBAYEV SERIK
SUINBEKOVICH**

*Managing Director
for production and asset management*

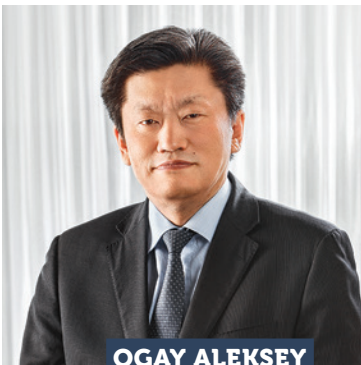
Was born on May 27, 1958.

CITIZENSHIP:

Republic of Kazakhstan.

EMPLOYMENT HISTORY:

- In 1981 – graduated Almaty energy institute, Engineer – thermal power engineer.
- In 2000 – graduated Almaty Energy Institute, specializing in economics and management at the enterprises of fuel and energy complex.
- 1981-1983 – assistant to Supervisor at testing and commissioning enterprise “SredAzEnergoMontazh”.
- 1983-1984 – engineer at occupational health and the environment department of the Almaty Energy University.
- 1984-1998 – engine operator-inspector of turbine equipment of turbine shop, senior engine operator of turbine department of turbine shop, shift supervisor of turbine shop, shift supervisor of ACHP-2 turbine shop, chief engineer, Managing Director at Almaty Power Consolidated JSC.
- 2007-2010 – Managing Director of Almaty Power Plants JSC, CHP No2.
- 2010-2011 – Deputy Chairman Almaty Power Plants JSC.
- 2011-2013 – Head of the Office of Energy and Public Utilities of Almaty.
- 2013-2014 – Deputy Chairman of production in SEVKAZENERGO JSC.
- From January 2014 – Managing of division «Generation».
- From March 2016 – Managing Director for production and asset management of Company.



**OGAY ALEKSEY
VLADIMIROVICH**

*Managing Director
for business transformation*

Was born on December 1, 1970.

CITIZENSHIP:

Republic of Kazakhstan.

EMPLOYMENT HISTORY:

- In 1995 graduated Almaty energy institute, electrical engineer.
- 1995-1998 – researcher at "Laboratory for studying issues of Kazakhstan FEC".
- 1998-2002 – specialist, leading specialist, chief specialist of economic department KEGOC JSC.
- 2002-2006 – Head of Economic Planning Department of analysis and economic analysis KEGOC JSC.
- June 2006 – December 2006 – Chief expert, KEGOC JSC Group, Samruk Holding JSC.
- 2006-2008 – Chief expert, Group for managing of energy assets Samruk Holding JSC.
- September 2008 – November 2008 – Deputy Director for managing of power assets Samruk Holding JSC.

- 2008-2011 – Chief expert of power assets management National Welfare Fund Samruk-Kazyna JSC.
- 2011-2014 – Director of power assets management National Welfare Fund Samruk-Kazyna JSC.
- 2014-2015 – Deputy Chief Director of assets management National Welfare Fund Samruk-Kazyna JSC.
- From February 2015 – Deputy Chairman of Board of Company.
- From 1 March 2016 – Managing Director for business transformation of Company.



**ABDYGULOV MURAT
KENESOVICH**

*Managing Director
for procurements and
administrative matters*

Was born on February 11, 1980.

CITIZENSHIP:

Republic of Kazakhstan.

EMPLOYMENT HISTORY:

- In 2001 – graduated al-Farabi Kazakh National University, majoring in Law.
- In 2003 – graduated al-Farabi Kazakh National University obtained Master's degree in law.
- 2001-2002 – Chief specialist of Zhetysu district court, Almaty.
- From January 2003 – Assistant to deputy of the Senate of the Parliament of the Republic of Kazakhstan Committee on Legislation and Law Reform.
- 2004-2005 – Assistant to First Vice-Minister of Justice.
- 2005-2006 – Director of Law Department in KazPetroil LLP.
- 2006-2007 – Chief Specialist of contracts in Kazakhstancaspi-shelf JSC.
- 2007-2008 – Head of law department at Interstroy HC LLP.
- 2008-2009 – Head of contracts preparation section of technical conditions department at Almaty Power Consolidated JSC.
- 2009-2010 – Head of Administration for technical conditions at Alatau Zharyk Company JSC.
- 2010-2012 – Deputy Director of Administration for Service to Astana Diplomatic Corps JSC, Ministry of Foreign Affairs of the RK, Almaty, Kazakhstan.
- 2012-2014 – Commercial Director for procurements, Managing Director for procurements at Almaty Power Plants JSC.
- From May 2014 – Chief of Staff, Chief Commercial Officer of Company.
- From March 2016 – Managing Director for procurements and administrative matters of Company.

NUMBER OF MEETINGS OF THE MANAGEMENT BOARD

	2015	2014	2013
<i>Number of meetings</i>	18	19	12
<i>Share of meetings in presentia</i>	100%	100%	100%
<i>Number of issues considered</i>	356	331	234

SELECTION CRITERIA FOR MEMBERS OF THE BOARD

The number of members, term of power, election of members of the Board, as well as the appointment of the Chairman of the Board upon condition of coordinating the appointment of the Chairman of the Board by the shareholder are determined under the sole jurisdiction of the Board of Directors.

In case of election and appointment of a member of the Board, the Board of Directors follows Company by-laws that determine the requirements for applicants and the procedure of their elections.

Applicants for Board membership shall have the experience, knowledge and qualification needed for due performance of their responsibilities, have a positive reputation and win majority of directors' approvals.

The selection and appointment of applicants are performed on the basis of the most transparent and distinct procedures established by the Board of Directors.

EFFICIENCY OF THE BOARD

THE LIST OF MOTIVATIONAL KEY PERFORMANCE INDICATORS FOR 2015

<i>Indicators</i>	2015			
	<i>Unit</i>	<i>Threshold</i>	<i>Goal</i>	<i>Challenge</i>
Corporate KPIs				
Consolidated net income in Samruk-Energy JSC group of companies	mIn tenges	25 289	26 553	27 818
Work performance (incomes from the main activity/payroll budget)	coefficient	8,65	9,1	9,5

THE LIST OF MOTIVATIONAL KEY PERFORMANCE INDICATORS FOR 2015 (CONTINUED)

Indicators	2015			
	Unit	Threshold	Goal	Challenge
Corporate KPIs				
Rating of social stability in Samruk-Energy JSC group of companies	%	64	67	70
ROACE in Samruk-Energy JSC group of companies	%	4,9	5,1	5,4
Debt/equity	%	0,95	0,90	0,86
Functional KPIs				
Execution of the Action Plan according to the expectation of the sole shareholder	%	90	100	-
Implementation of the Company's Transformation Program	%	90	95	100
Monitoring of investments utilization	%	90	100	-
Execution of the Action Plans on assets implementation	%	90	95	100
Reduction of the number of accidents by thous. people	%	15	20	25
Execution of the Action Plan on the implementation of the Company's Development Strategy	%	90	100	-
Degree of investment program implementation	%	90	95	100
Ensure the reduction of costs on investments	mln tenge	28 146	28 990	29 553
Ensuring the reduction of the number of companies in the group within the Transformation Program implementation	units	8	10	12

THE LIST OF MOTIVATIONAL KEY PERFORMANCE INDICATORS FOR 2015 (CONTINUED)

Indicators	2015			
	Unit	Threshold	Goal	Challenge
Functional KPIs				
Degree of the staff involvement	%	63	64	65
Execution of the Company's Transformation Roadmap in the part of managing human resources	%	90%	95%	100%
Execution of the Spending plan for the staff training	%	90%	95%	100%
EBIT/Costs on the interest payoff	coefficient	2,00	2,06	2,10
Ensure the reduction of costs for current activities	mln tenges	9 411	9 693	9 882
Rating of the corporate management	%	75	77	80
Degree of fulfillment of recommendations of external auditors	%	100	-	-
Work performance on electricity produced by HPP	thous. kWh/person	4 430	4 562	4 651
Level of electricity loss (per unit) in power grids of RECs	%	12,42	12,01	11,80
Number of technological disturbances on the supervised activity	units	1 831	1 739	1 648
Rating of innovative and technological development	%	-	100	-

EXECUTION OF STRATEGIC KPIs

Name of KPI	Unit	2015		% exec.
		Plan	Actl.	
Production indicators				
Capacity factor (CF)	%	39,0	37,6	96%
Financial indicators				
EVA	mln tenges	-41 172	-42 469	97%
Extended dividends	mln tenges	16 109	14 279	89%
Debt/Equity	ratio	0,91	0,85	93%
Social indicators				
Social stability rating	%	64	72	110%
Corporate governance indicators				
Corporate governance rating	%	75	81	102%

PRODUCTION KPIs

The decline in «Capacity factor» by 4% of the plan is due to a decrease in power generation by ESDPP-1 LLP and ESDPP-2 JSC in connection with a reduction in the consumption of electricity by production enterprises in connection with the crisis in the economy.

FINANCIAL KPIs

EVA index was (-42 469) mln tenges while the plan was (-41 172) mln tenges, a slight deviation from the plan constituted 3%.

Debt/Equity ratio was 0.85 while 0.91 planned. Improvement is mainly

due to the capitalization of the second part of the loan from the Fund for the acquisition of ESDPP-1.

SOCIAL KPIs

Social stability rating of production personnel by the Group of Companies in 2015 was characterized by positive dynamics and increased from 69% in 2014 to 72%. So, in a number of subsidiaries of the Company there is a significant increase in social stability, for example, MDEGC JSC (from 67% to 89%), Bogatyr Komir LLP (from 59% to 64%), ESDPP-2 (from 59% to 63%), AlmatyEnergoSbyt LLP (from 73% to 79%), APP JSC (from 83% to 86%, Alatau Zharyk Company JSC (from 73% to 79%).

At the same time, this positive trend was recorded in 8 companies out of 12. The decline of this index occurred in Shardarinsk HPP JSC (from 81% to 74%), EK REC JSC (from 71% to 68%), Shygysenergotrade LLP (from 78% to 75%), but the index is still «above average». It should also be noted that in 2015 as well as in 2014, the two companies are in the rank of «high», in 2015 11 companies out of 12 reached the above average level.

CORPORATE GOVERNANCE KPIs

As a result of an independent diagnostic system of corporate governance, conducted by the PWC, a corporate governance rating in 2015 significant-

ly increased in relation to 2014 and amounted to 81%. This figure has led the company to the first place among 100% of Samruk-Kazyna PC JSC, and to the second place among all the PC Fund.

MEASURES TO INCORPORATE THE OPINION OF THE BOARD OF DIRECTORS IN RELATION TO THE COMPANY

While performing its managing functions in the Company, the Board of Directors determines strategic goals and priority development fields, and sets the main guidelines for the Company activities.

The Board, in turn, carries out all the decisions and instructions of the Board of Directors.

The opinion of the Board of Directors is also taken into account when considering the issues of the Company's investment-innovative activities given that one of the members of the Board of Directors is a member of an advisory and consultative body.

COMMITTEES OF THE BOARD

Today, the following advisory and consultative bodies operate under the Board:

- Risk and Management Committee.
- Planning and Performance Appraisal Committee.
- Credit Committee.
- Strategic Planning Committee.
- Investment and Innovations Council.

All committees are accountable for the Board and act within the framework of jurisdiction granted by the Board in accordance with the provisions on these bodies.

RISK AND MANAGEMENT COMMITTEE

Purpose – to contribute to the Board in making decisions in the field of risk management and the management system.

Regulatory document – the Provision on the Risk and Management Committee was approved by the decision of the Board of the Company on April 2, 2013.

Chairman of the Committee – Chairman of the Board.

Deputy Chairman – Managing Director for Corporate Management.

Members of the Committee – Head of the Generation Division, Head of the Distribution and SALES Division, HPP and RES, Head of the Fuel and Service Division, Financial Director, Chief Investment Director, Head for Staff, Head for Business Transformation, Head for Strategy, Head for Safety, Health and Environmental Protection, Head for Corporate Development, Head of the Internal Audit Service (non-voting).

	<i>Total</i>	<i>By personal attendance</i>	<i>Via web conferencing</i>
Number of meetings	7	7	0
Number of issues considered	22		
Key issues considered by the Committee	Prior approval of the report on risk management with a description and analysis of key risks as well as information on the implementation of plans and programs to minimize the risks of the Company on a quarterly basis.		
	Approval of action plans for the improvement of the corporate risk management system and internal control system on an annual basis.		
	Approval of risk management bylaws.		
	Approval of Risk appetite, Register and Risk Cards, Key risk indicators, Plan for managing key risks and tolerance levels of the Company on an annual basis.		
	Consideration of issues to improve CMS.		

PLANNING AND PERFORMANCE APPRAISAL COMMITTEE

Purpose – to improve the efficiency of Company activities and activities of its SC, including optimization of their assets and expenditure structures.

Regulatory document – the Provision on the Committee was approved by the Board of the Company on April 18, 2011.

Chairman of the Committee – Deputy Chairman of the Board.

Deputies of the Chairman – Deputies of the Chairman of the Board.

Members of the Committee – members of the Board, managing directors supervising strategic and investment issues, directors of departments responsible for production, strategy, economics and budgeting, financing, investments, treasury, human resources and procurement.

	Total	By personal attendance	Via web conferencing
Number of meetings	45	26	19
Number of issues considered	71		
Key issues considered by the Committee	Consideration of development plans for the SC of the Company for 2016-2020, inclusive of amendments.		
	Consideration of development plans for the SC of the Company for 2016-2020.		
	Approval of amendments for the development plan of the Company's Corporate Center for 2015.		

CREDIT COMMITTEE

Purpose – to ensure timely and quality adoption of decisions on issues associated with the granting of credits (loans), financial aid, and issues of guarantees, minimization of risks.

Regulatory document – the Provision on the Committee was approved by the Board of the Company on 19 November 2015 (new edition).

Chairman of the Credit Committee – Deputy Chairman of the Board (CFO).

Members of the Committee:

- Financial Director/FD.
- Chief Investment Director/CID.
- Chief Risk Officer/CRO.
- Chief Commercial Director/CCD.
- Chief Business Transformation Officer/CBTO.
- Head of the Distribution and SALES Division, HPP and RES.

- Head of the Generation Division / HoD.
- Head of Fuel and Service Division/ HoD.

The working body of the Credit Committee is the Company's corporate finance department.

CFD issues	Total	By personal attendance	Via web conferencing
Number of meetings	22	22	0
Number of issues considered	23		
Key issues considered by the Committee	On conclusion of interested-party transactions.		
	On the financing of the project "Construction of a wind power plant of 45 MW in Ereymentau area".		
	Restructuring SDPP -1 deal (reduced rate from 9% to 1%).		

STRATEGIC PLANNING COMMITTEE

Purpose – to prepare suggestions to the Board of Directors concerning the development of priority areas, strategic goals (development strategies) of the Company, including the development of measures contributing to efficiency improvement with regard to the Company activities and activities of its SC in the long term.

Regulatory document – the Provision on the Strategic Planning Committee was approved on April 2, 2013.

Chairman – First Deputy Chairman of the Board.

Deputy Chairman – Managing Director for Strategy.

Members of the Committee – Managing Director for Corporate Management, Managing Director for Economics and Finance, Managing Director for Production, Managing Director for Development, Head of the Generation Division, Head of the HPP and RES Division, Head of the Fuel, Logistics and Service Division, Head of the Distribution and SALES Division, Director of the Department for Strategic Development, Director of the Department for Project Management.

INVESTMENT AND INNOVATIONS COUNCIL

Purpose – to improve the investment efficiency and innovative activity and increase local content in the Company and its SC.

Regulatory document – the Provision on the Council was approved by the Board of the Company on October 10, 2011.

Chairman – Chairman of the Board.

Deputy Chairman – Advisor to the Chairman of the Board.

Members of the Council – members of the Board, chief directors supervising production, assets and project management, finances and economics, representatives of the SC of the Company, a member of the Board of Directors and independent experts.

	<i>Total</i>	<i>By personal attendance</i>	<i>Via web conferencing</i>
<i>Number of meetings</i>	7	4	3
<i>Number of issues considered</i>	14		
<i>Key issues considered by the Council</i>	Approval of the project realization by the results of the FS, "Expansion of CHP-1, APP JSC" with the installation of new energy source based on gas turbine technology.		
	Approval of changes in the main parameters of the "Construction of a wind power station with capacity of 45 MW" project at Yereimentau site.		
	Approval of the investment phase of the "Kensu River water yield transfer into Bestyubinsk Reservoir of Moynak HPP" project according to the result of the FS.		
	Approval of the development of research on the topic: "Enrichment of the Ekibastuz coal mine".		
	Acquisition of 49% stake in Energia Semirechya LLP.		

CORPORATE GOVERNANCE CODE

The Corporate Governance Code №239 was approved by the Government of the Republic of Kazakhstan on April 15, 2015. Scope of the Code apply to the Fund and the organizations, whose more than fifty percent of shares (stake) belong to the Fund directly or indirectly. The Corporate Governance Code was approved by the decision of the Board of Directors on May 27, 2015 for Samruk-Energy JSC.

The Code puts the emphasis on the important principles of good corpo-

rate governance, such as sustainable development, shareholder rights and equitable treatment of shareholders, professional board of directors and executive body, risk management and internal control, transparency. The Code clarifies the role of the Government and specificity of the Fund management, determines the management model and the division of responsibilities between the Fund and the Organization.

The Company carried out a comparative analysis of the current compliance with the new Corporate Governance Code (hereinafter «Gap-analysis»), based on which the Company's Board of Directors approved the Medium-term program to improve corporate governance for 2016-2020.

MECHANISMS WITH WHICH SHAREHOLDERS AND EMPLOYEES CAN DIRECT THE ACTIVITIES OF THE SUPREME GOVERNING BODY OR PROVIDE RECOMMENDATIONS

Interaction between the members of the Board of Directors is regulated by the Interaction Procedure concerning the activity of representatives of National Welfare Fund Samruk-Kazyna JSC within the Boards of Directors and supervisory councils of the Sam-

ruk-Kazyna JSC Group of Companies (approved by the decision of the Board of Samruk-Kazyna JSC dated September 3, 2010, Minutes № 53/10).

Special mechanisms to help employees give recommendations to members of the Board of Directors are

not applied within the Company. However, the management system has no limitations as to relaying opinions and concerns of employees to the Board of Directors.

INTERCONNECTION OF REMUNERATION OF THE BOARD MEMBERS AND THE BOARD OF DIRECTORS TO PERFORMANCE

Remuneration payment for Board members is on the basis of approved KPIs. According to the results of evaluation of approved KPIs the rate and amount of remuneration payments for each member of the Board is determined, taking into account the planned amount on the basis of the calendar year results. An additional condition for payment of remuneration is the presence of the consolidated profit for the period.

Payment of remuneration to independent members of the Board of Directors is based on the mechanisms set out in the employment contracts. In accordance with the employment contract for each of the independent member of the Board of Directors, fixed fee for participation in Board meetings is determined, as well as a variable portion, paid for membership in the committees of the Board of Directors. In particular, the members of

the Board of Directors are not paid in case of participation in less than half of all meetings, and in case of deterioration of financial and economic indicators of the Company or not achieving their goals and KPIs on the results of their evaluation.

PERFORMANCE GOALS MONITORING PROCEDURES

Procedures for overseeing economic, environmental and social performance of the Company, as well as monitoring the implementation of the strategic goals will be implemented by the Company through the execution of:

- Action Plan for the implementation of the Development Strategy of Samruk-Energy JSC for 2015-2025, on a long term basis.
- Development Plan of Samruk-Energy JSC until 2020 on a monthly, quarterly and annual basis.

PRECAUTIONARY PRINCIPLE

The Company adheres to the 15th Precautionary Principle set in the Declaration, approved at the UN Conference on environment and development, which was held in Rio-de-Janeiro on June 3-4, 1992.

Within the framework of further environmental protection, the Government of the Republic of Kazakhstan approved Decision № 1232 dated December 14, 2007 confirming the Technical Regulation "Requirements for emissions generated by combustion of various types of fuel in boiler units of thermal stations", which came into force on January 1, 2013.

The Company is aware of certain environmental damage caused by its activities, so it implements measures contributing to emission reduction. To make the goals conformant to the

requirements of the Technical Regulation, the Company strives to reduce emissions and has started installing smoke filters, which allow the Company to reduce environmental pollution considerably.

The Company, as the largest multi-energy holding, intends to achieve an optimal balance for fuels for electricity generation, and therefore, will diversify its energy portfolio. Considering all these factors, the company's strategy is focused on the development of innovative technological capabilities. In particular, it is planned to increase the share of renewable energy, modernization of existing and construction of new generating capacity, based on clean coal technologies. Emphasis will be placed on increasing the efficiency and minimizing the

environmental impact - reducing the emissions of ash, sulfur and nitrogen oxides. The deployment of environmentally friendly technologies is necessary for modern energy to begin the transition to qualitatively new future decisions.

PARTICIPATION IN CHARTERS AND INITIATIVES

Many problems of the contemporary world, such as climate change, environmental pollution, poverty and others, cover all sides of people's lives and relate to all countries of the world.

The Company being one of the largest organizations in the Republic of Kazakhstan, accepts the major part of the responsibility for the solution of these problems.

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

Since 2012, the Company has started to provide information on progress achieved, which served as a statement about undeviating support for the United Nations Global Compact principles and describing measures focused on compliance with its principles and their results.

In July 2015 the Company entered into the World Energy Council's program (hereinafter - WEC) «Future Energy Leaders» through participation in working groups of World Energy Trilemma, Climate Change, as well as other research initiatives (WEC National Deep Dive) developed specifically for

young professionals. The youth wing of the WEC is based on international experience in the development of human resource capacity of the global energy industry, promoting the development of new ways of thinking and sustainable energy future.

MEMBERSHIP IN ASSOCIATIONS AND/OR NATIONAL AND INTERNATIONAL ORGANIZATIONS INVOLVED IN THE PROTECTION OF INTERESTS

The Company is a member of the following associations/organizations:

1. KAZENERGY Kazakh Association of Oil, Gas and Energy Organizations.
2. CIS Electric Energy Council.
3. Kazakh Electric Energy Association.
4. World Energy Council.
5. National Chamber of Entrepreneurs of Kazakhstan.
6. Coordinating Electric Power Council of Central Asia.

OMBUDSMAN: MANAGEMENT OF CONFLICTS

The prevention of conflicts of interest is strictly observed by all employees irrespective of their status and occupation and covers all aspects of the Company activities, starting from personnel recruitment to procurement. Deliberate acts focused on the violation of requirements of the Code for Business Conduct and Corporate Management are considered by the Company as a disciplinary offence which can lead to prosecution set forth by the legislation of the Republic of Kazakhstan.

In order to keep its employees informed, the Company developed the Code for Business Conduct, regulating a policy in the sphere of conflicts of interests. A standard contract contains employees' duties related to the compliance with the provisions of the Code for Business Conduct and the Code for Corporate Management.

In order to ensure the observation of requirements of the Code for Business Conduct, Samruk-Energy JSC established a hot line and e-mail address; this information can be found on the web-site and in the office of Samruk-Energy JSC. The Company has a mailbox for complaints, applications and suggestions as well.

Regarding the clarification of requirements of the Code and/or any ethical issues, as well as violations of

Code requirements, corruption and other illegal actions, the officials and employees of the Company, business partners and interested parties have a right to appeal to:

- the direct supervisor;
- the Ombudsman;
- the Internal Audit Service;
- the Corporate Secretary Service (violations of principles of business ethics are examined by the Board of Directors);
- the organizational unit responsible for the safety of the Company's management.

By decision of the Board of Directors, Samruk-Energy JSC appointed an Ombudsman whose basic functions include collecting information on non-observation and/or violations of Code provisions, statutory provisions of the Republic of Kazakhstan and other by-laws of the Company, arranging consultations with Company employees and Company officials regarding Code provisions, and initiating resolution of disputes regarding violations of Code provisions and direct participation.

Examples of the Code for Business Conduct and the Code for Corporate Management's provision observance include discussion of a remuneration amount for the executive body within the Board of Directors where the Chairman of the Board is absent when the amount of his/her remuneration and other additional bonuses are determined.

Responsibility for monitoring the observance of provisions of the Code for Corporate Management by employees is assigned to the Corporate Management Department. In particular, to eliminate conflicts of interests, the Company established a list of affiliates of the Fund's Group of

Companies, which is brought to the members of the Board of Directors and the Management Board of the Company and published on the internal intranet portal of the Company.

In 2015, no cases of conflicts of interest were registered in the Samruk-Energy Group of Companies.

Responsibility for monitoring the observance of provisions of the Code for Corporate Management by employees is assigned to the Corporate Management Department.

08

RISK**MANAGEMENT****AND QUALITY****CONTROL**

Risk management is an integral component of the Company's activities and is aimed at identification, evaluation and monitoring of all significant risks, as well as at taking measures on reducing the level of risks which may have an adverse impact on the cost and reputation.

1. PRINCIPLES OF RISK MANAGEMENT PROCESS

The basic principles of risk management in the Company are:

1. Integrity - consideration of the elements of the total risk of the Company in the context of corporate risk management system.
2. Openness - a ban on the consideration of corporate risk management system as a stand-alone or isolated.
3. Structural properties - comprehensive risk management system has a clear structure.
4. Awareness - risk management is accompanied by the presence of objective, reliable and relevant information.
5. Continuity - risk management process is carried out on an ongoing basis.
6. Cyclicity - the risk management process is a constantly recurring built cycle of its main components.

2. ORGANIZATION OF THE RISK MANAGEMENT SYSTEM

The Company realizes the importance of risk management as a key component of the corporate governance system aimed at modern identification and management of potential risks, which can have a negative impact on the Company's financial stability and reputation.

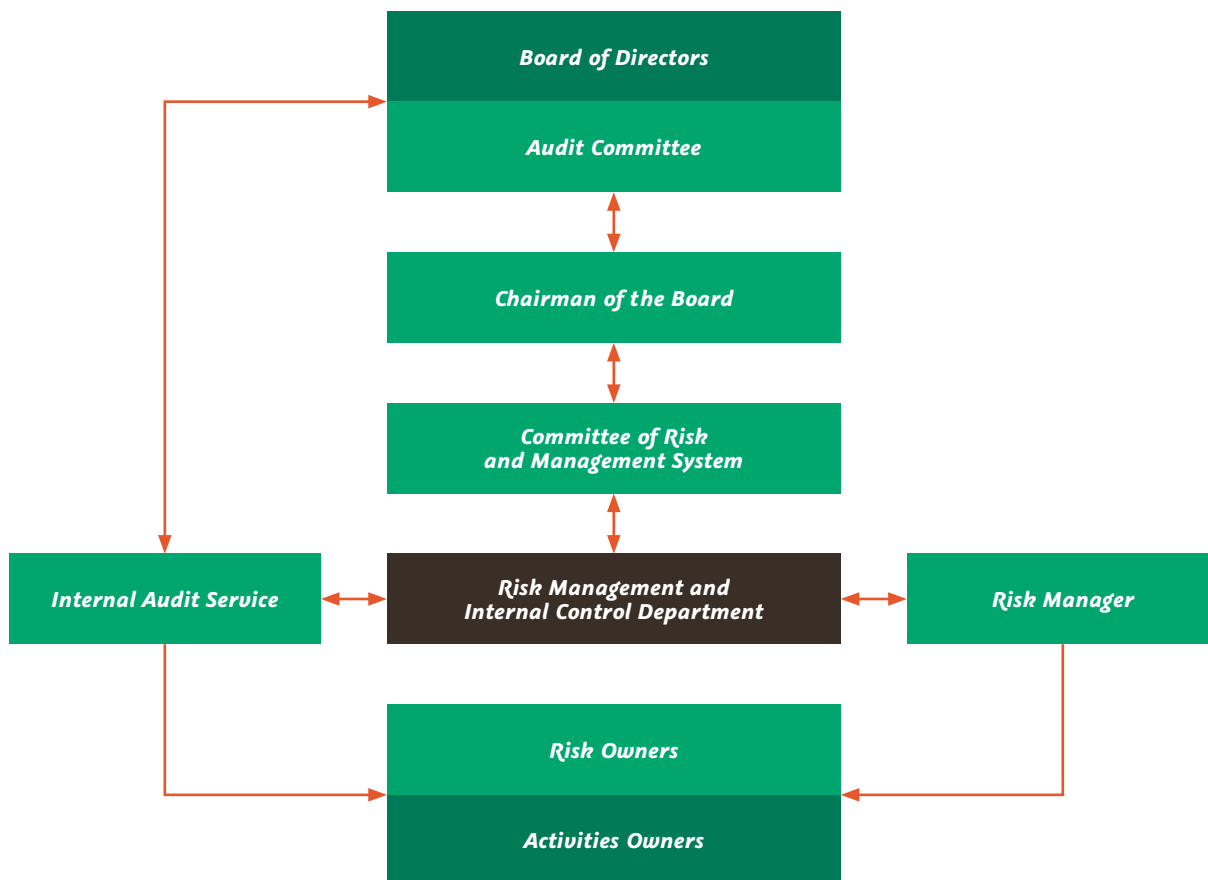
Risks are managed within the context of certain targets and tasks to be achieved by the Company group, which arise from the approved strategies and development plans. The Board of Directors plays a key role in supervising the operations of the risk management system at the Company. In November 2015 the Company's

Board of Directors approved the next year register, risk map, an action plan for the management of key risks, key risks - indicators and risk - appetite. Implementing the concept and policy of the Sole Shareholder on risk management in the group of companies of the Company, the regulations in the field of risk management are reviewed and updated.

The Group of Companies regularly informs all the parties involved in the risk management process about existing risks, and measures taken to minimize them in the form of reports on risk management, describing and analyzing the key risks.

To analyze and evaluate the functioning of the corporate risk management system (hereinafter - CRMS), the Internal Audit Service carried out an independent evaluation of CRMS. The final score was 80.01%. According to the results of an independent evaluation, the Company approved an Action Plan for 2016 to further improve the CRMS.

STRUCTURE OF THE RISK MANAGEMENT SYSTEM OF SAMRUK-ENERGY JSC GROUP



3. ORGANIZATION OF THE INTERNAL CONTROL SYSTEM

The Company's internal control system is an integral part of the corporate governance system and is aimed at providing reasonable assurance in achieving the Company's strategic and operational goals.

In April 2015 the Company's Board of Directors approved the updated Risks and Controls Matrix of the processes of accounting and financial reporting of the Company. In the group

of companies of the Company Risks and Controls Matrix are reviewed and updated, as well as regulations in the area of ICS.

To analyze and evaluate the functioning of the internal control system (hereinafter - ICS), the Internal Audit Service carried out an independent assessment of ICS of the Company. The final score was 87.7%. According to the results of an independent evaluation, the Company approved an Action Plan for 2016 to further improve the ICS.

4. THE MAIN RISKS AND THE WAYS TO CONTROL THEM

According to the Risk Management Policy, the Company emphasizes the following risks:

- Strategic.
- Operational.
- Financial.
- Legal.

Which are shown on the risk card, regarding each risk importance:



- Red zone – risks are critical for the Company.



- Orange zone – risks are very likely to occur or have a considerable potential impact on the Company's financial stability.



- Yellow zone – the risks are of medium probability or have the medium potential impact on the financial stability of the Company.



- Green zone – risks have low probability of occurrence and (or) do not have a significant impact on the financial stability of the Company.

KEY RISKS IMPACTING IMPLEMENTATION OF BUSINESS STRATEGIES

Risk	Risk description	Key risk management measures
STRATEGIC RISKS (risks associated with Company strategy)		
<p>Workplace accidents damaging the health and life of personnel during the execution of their official duties</p>	<p>External risk factors: accidents, natural disasters; poor-quality installation and maintenance of the equipment by involved contractors; malice or intentional acts from third parties.</p> <p>Internal risk factors: failure to comply with the LA and IRD in labour protection by employees of the Company and its SC; lack of adequate management control over the safety of the personnel; utilization of worn-out equipment.</p>	<ol style="list-style-type: none"> 1. Ensuring the development of Action plans in the SC for the prevention of accidents for 2016 and subsequent monthly monitoring of its implementation. 2. Implementation of the scheduled and unscheduled exit checks of the SC for compliance with the LA and IRD in labour protection. 3. Control over the execution of the activities referred to in the acts of the investigation of accidents. 4. The imposition of disciplinary sanctions on the heads of the SC, admitted the fact of accidents occurrence.

KEY RISKS IMPACTING IMPLEMENTATION OF BUSINESS STRATEGIES (CONTINUED)

Risk	Risk description	Key risk management measures
STRATEGIC RISKS (risks associated with Company strategy)		
Ongoing / prospective investment projects risks	<p>External risk factors: devaluation of the national currency; the volatility of national currency; violation of the terms of contracts by suppliers and contractors; accidents and natural disasters; force majeure; bureaucratic delays and government agencies interference; conservation of projects on behalf of the parent organizations; changes in the current legislation.</p> <p>Internal risk factors: the duration of corporate procedures during the coordination of the project documents; poor quality of construction documents and feasibility study of the project; lack of liquidity.</p>	<ol style="list-style-type: none"> 1. Continuous monitoring of implemented investment projects of Samruk-Energy JSC. 2. Monitoring of the implementation of investment projects through automated databases: <ul style="list-style-type: none"> • The database of Samruk-Kazyna JSC. • Project Office of Ministry for Investments and Development of the RK. 3. Formation of weekly information and presentations of Samruk-Energy projects. 4. Monitoring of capital investments of Samruk-Energy JSC. 5. Work with the state authorities of RK to obtain the necessary tariff levels sufficient for the realization of investment projects. 6. Work with state authorities of RK to obtain support for the implementation of investment projects.
The risk of failure to implement the plan of coal selling	<p>External risk factors: decline in coal demand, including from consumers in the Russian Federation; transition of consumers to use other types of fuel (gas); uncompetitive coal prices; major accidents and force major in coal production.</p> <p>Internal risk factors: poor marketing; staff turnover.</p>	<ol style="list-style-type: none"> 1. The development of additional distribution channels in the domestic and foreign markets, retention of existing customers. 2. Implementation of measures aimed at reducing the cost of coal. 3. Monitoring the implementation plan for coal selling and performing annual maintenance program.

KEY RISKS IMPACTING IMPLEMENTATION OF BUSINESS STRATEGIES (CONTINUED)

Risk	Risk description	Key risk management measures
STRATEGIC RISKS (risks associated with Company strategy)		
<p><i>The risk of failure to implement the plan of electricity selling</i></p>	<p>External risk factors: decline in demand due to financial and economic crisis; loss of customers as a result of competition in the market; natural calamities and disasters.</p> <p>Internal risk factors: technological failures; reduction in available capacity due to the moral and physical wear and tear; staff turnover; poor marketing.</p>	<ol style="list-style-type: none"> 1. The development of additional distribution channels in the domestic and foreign market of wholesale and retail sale of electric energy, retention of existing customers. 2. Control of execution of capital, current advanced repairs within the schedule time. 3. Monitoring of the implementation plan for the electricity selling and of annual maintenance program performance. 4. Provision of technical readiness to bear the specified electrical loads.
<p><i>The risk of failure to implement the transformation program</i></p>	<p>External risk factors: the absence of the necessary changes in legislation; discrepancy with consultants and a shareholder in view of the process of the transformation program implementation.</p> <p>Internal risk factors: non-involvement of staff and managers; staff's resistance to the planned changes; lack of resources to implement the program; incorrect calculation of efficiency in Stage 2.</p>	<ol style="list-style-type: none"> 1. The active involvement of heads at all levels in the implementation of the business transformation program. 2. Implementation of the activities included in the approved Roadmap of transformation program. 3. Provision of reports on the implementation of the Roadmap of transformation program for the management. 4. Use of the methodology and reference models of the Central Team of transformation. Engagement of consultants. 5. Conducting training for the transformation project team.

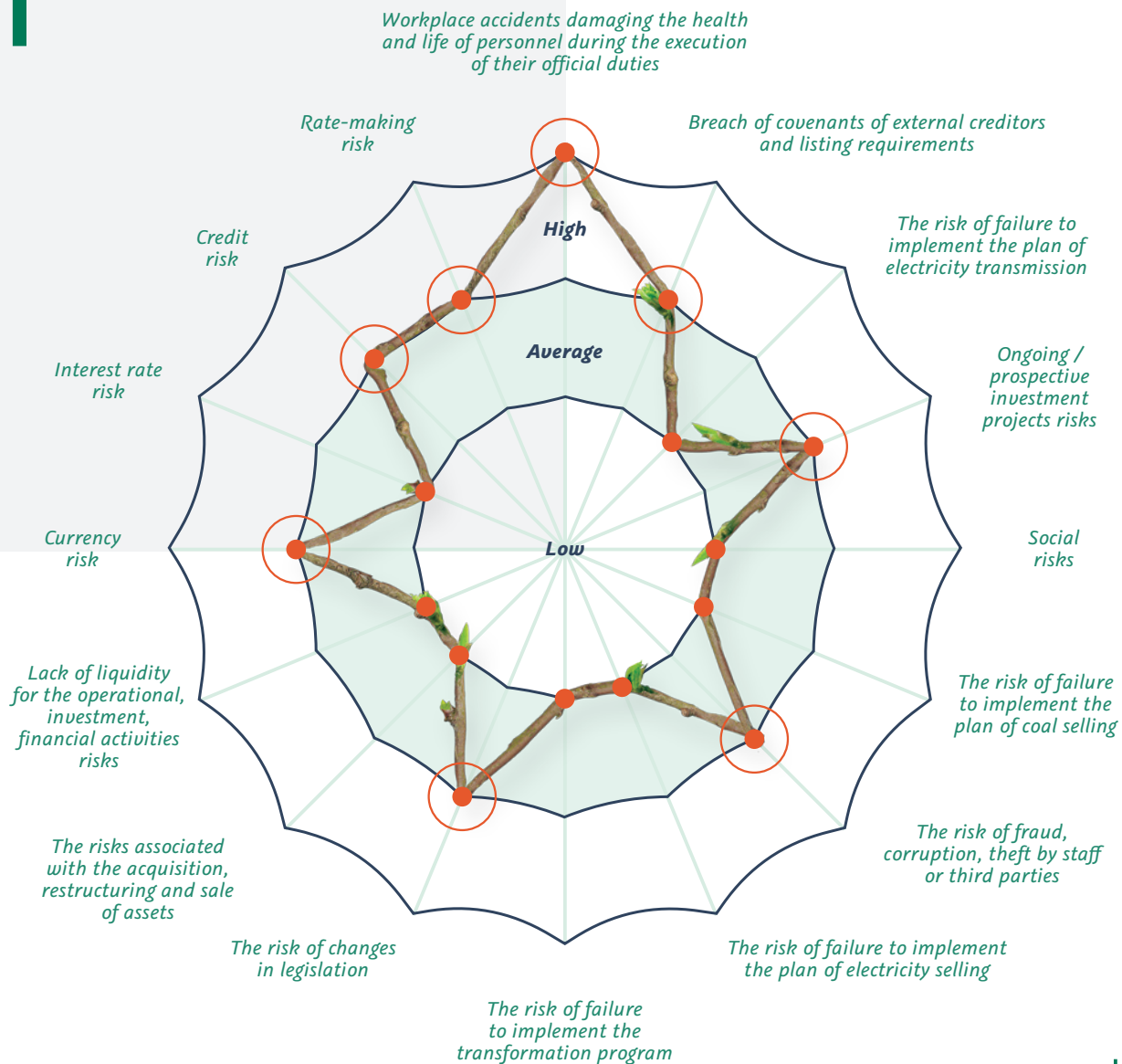
KEY RISKS IMPACTING IMPLEMENTATION OF BUSINESS STRATEGIES (CONTINUED)

	<i>Risk</i>	<i>Risk description</i>	<i>Key risk management measures</i>
FINANCIAL RISKS (risks related to financial activities)			
	Currency risk	<p>External risk factors: deterioration of macroeconomic indicators; devaluation of the national currency.</p> <p>Internal risk factors: a significant amount of foreign currency liabilities. High investment burden and, as a consequence, a high level of foreign currency debt.</p>	<ol style="list-style-type: none"> 1. Development and approval of the «Regulations of risks hedging». 2. Compliance with the conditions for the contracts in national currency. 3. The establishment of limits for open foreign currency positions and VaR. 4. Monitoring of the open currency position.
	Credit risk	<p>External risk factors: defaulted banks of counterparties; deterioration of financial and economic situation in the country.</p> <p>Internal risk factors: allocation of funds in the second-tier banks with low credit ratings; the acquisition of securities of unreliable companies; failure to comply with the Company's internal credit policies.</p>	<ol style="list-style-type: none"> 1. Diversification of invested temporarily free funds in financial instruments in accordance with the requirements of the basic parameters of the Treasury portfolio. 2. Examination of the counterparty's risk on placement of the IRR. 3. Constraint satisfaction for counterparty banks.
	Rate-making risk	<p>External risk factors: denial of rates increase by CRNMPC NME (containment of rates growth); introduction of compensatory and differential rate by CRNMPC NME; reduction of rates at the legislative level; changes in legislation.</p> <p>Internal risk factors: non-observance of rates policy.</p>	<ol style="list-style-type: none"> 1. Qualitative preparation of the entity's rates campaign on the improvement (agreement) of rates. 2. Timely adjustment of rates estimate and investment programs in CRNMPC NME, in order to avoid introduction of compensatory (dis-counted) rates for the SC. 3. Rates policy monitoring; weekly report on the issues of the SC rates policy. 4. Submission of proposals regarding the need to make appropriate changes in the legislation of Kazakhstan on regulation of rates of natural monopolies, regulated markets and competitive market.

KEY RISKS IMPACTING IMPLEMENTATION OF BUSINESS STRATEGIES (CONTINUED)

Risk	Risk description	Key risk management measures
FINANCIAL RISKS (risks related to financial activities)		
Breach of covenants of external creditors and listing requirements	<p>External risk factors: the devaluation of the national currency, the decline in oil and uranium prices. Changes in geopolitical conditions (e.g., sanctions against partners).</p> <p>Internal risk factors: failure to comply with conditions of credit agreements; improper planning of income and expenditure part of budget.</p>	<ol style="list-style-type: none"> 1. Implementation of monitoring of compliance with the covenants under the Policy for financial stability and debt management (financial and non-financial). 2. Formation of a report on the debt and financial stability. 3. Timely implementation of measures aimed at obtaining the consent letters from the contractors (under the threat of covenant infringements) (letter of waiver).
OPERATIONAL RISKS		
Risk of production accidents and disasters	<p>External risk factors: natural disasters; intent of third parties, including terrorist attacks.</p> <p>Internal risk factors: the intent of employees; low qualification requirements for the security of the organization; missing or inadequate capacity and intra-facility mode; failure to comply with the mode of operation of the production equipment.</p>	<ol style="list-style-type: none"> 1. Timely delivery of equipment trouble-shooting to determine the technical condition. 2. Timely delivery of required equipment repair. 3. Strengthening the protection of industrial facilities. 4. The conclusion of contracts with security agencies for guarding production facilities.

PROBABILITY OF RISK REALIZATION



In connection with the implementation of «Currency risk» due to significant tenge depreciation in 2015, «Ongoing / prospective investment

projects risks» and «Breach of covenants of external creditors and listing requirements» migrated into the Company's risk critical zone. To minimize

the above risks, the following measures have been taken in the Group of Companies:

- Optimization of investment programs.
- Compliance with the covenants monitoring.
- An active interaction with the creditors.
- Approvement of the Company's limits on open currency positions and VaR.
- Development of «Regulations of risks hedging» of the Company.
- Regular monitoring of contracts, with a view to conclude contracts in the national currency if possible.

QUALITY MANAGEMENT

Corporate Management System (hereinafter – CMS) is a system of standards, implemented in the organization in order to reach the level of production, which corresponds to international standards. CMS is an integral part of the Company's management system to ensure the stability of the quality of products or services. Methodologically, CMS is a system of measures aimed at the Company's service quality management.

In accordance with the Policy of Samruk-Energy JSC (hereinafter - the Company) in the field of corporate management system (Minutes of the Board №17 dated 29.07.2011), the Management Board of the Company made a strategic decision to implement the CMS in accordance with the requirements of international standard ISO 9001:2008 «Quality Management System. Requirements», and it guarantees to ensure compliance with applicable legal and regulatory requirements on an ongoing basis.

In accordance with the international standards ISO 9001:2008 and the Approved decision of the Management Board PR №17 dated 28.11.2014, the «Guidelines for corporate management system», in November 2015

the Company successfully passed the External Supervisory Audit for compliance with the CMS requirements of ISO 9001:2008. The certification audit was conducted by TUV Rheinland - the international certification body - with the scope in terms of the corporate management of energy assets services.

According to the results of the audit, positive aspects of the development and functioning of CMS in the Company were noted:

- Company's management desire to improve and evolve the developed CMS. A Chairman of the Risk Committee and Management System, at whose meetings the questions of efficiency of CMS are discussed, is a Chairman of the Management Board;
- the work on the implementation of a balanced scorecard;
- risk management model is developed and widely used, which allows the Company to minimize the loss. A permanent work on its analysis is conducted;
- organization of the audits for the reputation of the Company and its subsidiaries in order to assess the perception of the Company by end users;
- a detailed set of measures confirmed by relevant documents has been developed, to ensure the staff qualifications (selection, testing, personnel reserve, etc.). The system of evaluation of staff training is worked through and used in practice;
- online project management system is being introduced in a test mode;
- high level of staff competence and commitment to the improvement of the CMS.

CMS has built a clear distribution of functionality for each business activity, which provides an increase in operational control and centralization of

key decision-making processes in the group of companies of the Company at the corporate center level.

The Company's employees also assessed CMS in accordance with the approved decision of the Board of Samruk-Energy JSC, PR №6 dated 29.04.2014, the «Rules of the organization and carrying out of corporate management system analysis.» In May 2015, a «Report on the functioning of the Corporate Management System (hereinafter CMS) in accordance with the requirements of ISO 9001:2008 at Samruk-Energy JSC in 2014» was approved by the Representative of the management system manual. Analysis of the CMS by senior management is held to regularly assess the compliance of the CMS with ISO 9001:2008 requirements, as well as to research opportunities for improvement. In this analysis each process of the Company was assessed, the relevant decisions have been taken according to the results.

Improvement of management systems based on international standards is an important factor of dynamic development and strengthening of positions in the energy market of the country.

09

SUSTAINABLE DEVELOPMENT



Success of Samruk-Energy JSC in reduction of environmental impact and “clean” technologies development received evaluation at the state level. Our company received Grand Prix of “Paryz” Presidential Prize 2015, awarded by the Head of the state Nursultan Nazarbayev for achievements in the field of environmental and social responsibility.

ENVIRONMENTAL FACTORS

ENVIRONMENTAL PROTECTION

1. Quality management system in the area of environmental protection.

As one of the biggest energy companies in Kazakhstan, Samruk-Energy JSC recognizes its important role in sustainable development processes for the community. Environmental protection and reasonable use of resources play a significant role in the activities of the Company and its subsidiaries and affiliates. Priority directions for developing and achieving goals in the sphere of environmental protection are reflected in the Company's long-term Development Strategy and Environmental Policy.

The Company plans to gradually reduce the environmental impact of production activity by using new technologies and renewable energy sources.

Brief information on the management approach to each environmental aspect is provided below.

2. Efficient use of materials, energy, water, conservation of biodiversity, including:

G4-EN1. MATERIALS USED BY WEIGHT OR VOLUME

Through an operation process, the Samruk-Energy Group of Companies acquires natural resources that are used for further conversion into electrical or heat energy. Apart from natural resources, the Samruk-Energy Group of Companies also uses less con-

siderable quantities of chemical products, lubricants and liquid coolants.

In particular, certain subsidiaries and affiliates of the Samruk-Energy Group of Companies continue to use equipment that contains polychlorinated biphenyls (hereinafter, PCB). PCBs are used as dielectric liquids in transformers, condensers and other electrical equipment, which threaten human health. In order to prevent PCB intoxication risk, the Republic of Kazakhstan signed the Stockholm Persistent Organic Pollutant (hereinafter, POP) Convention. Under this document, the Republic of Kazakhstan as a signatory of the Convention will implement the following measures:

- banning exports, imports and production of POP-containing substances in the Republic of Kazakhstan;
- stopping to use equipments containing POP (i.e. transformers, condensers or other recipients containing liquid residues of substances) by 2025;
- taking measures to reduce unintentional emissions of POP;
- making efforts to develop appropriate strategies aimed at identifying areas contaminated with POP;
- informing society of the effects of POP hazards on human health and the environment.

In order to minimize the effect of used materials on the environment, the Samruk-Energy Group of Companies plans to use more renewable energy sources, in particular, solar and

wind energy, which will make it possible to reduce harmful emissions to the atmosphere.

The above measures under the Convention will contribute to improving the environmental situation, which will generally have a positive impact on the Republic of Kazakhstan citizens' health conditions.

G4-EN8. TOTAL WATER WITHDRAWAL BY SOURCE

Water in the Samruk-Energy Group of Companies is first of all used for cooling electric equipment, circulating

systems and auxiliary technological processes of reverse water supply at hydroelectric plants, thermal stations and public regional electric stations. A small part of drawn water evaporates during the technological process. After use in production processes and mechanical, physical-and-chemical and biological treatment, most of the water returns to the natural environment.

Local authorized bodies for water resources and environment regulate water intake, in particular special attention is paid to the water level in the ecosystems of regions where sub-

sidiaries and affiliates are located. Reducing water loss volumes used in the technological process is a prior strategy in the medium term.

G4-EN9. WATER SOURCES SIGNIFICANTLY AFFECTED BY WITHDRAWAL OF WATER

The Samruk-Energy Group of Companies does not have a significant impact on water sources. The water is used repeatedly and without harmful emissions.

EN10. PART AND TOTAL VOLUME OF REUSABLE WATER

Part and total volume of reusable water		
	Unit	Volume
Total volume of water intake	thous. m³	60 887 587
The volume of reusable water	thous. m³	76 883
The part of reusable water	%	1

G4-EN11. BIODIVERSITY

The Samruk-Energy Group of Companies strives to minimize impact of its activity on flora and fauna. Special attention is paid to regions where energy assets of the Samruk-Energy Group of Companies are located in the national parks or reserves.

At the moment, the Samruk-Energy Group of Companies has no developed regulating documents in the field of biodiversity management. Irrespective to the absence of any documents on biodiversity management, the Samruk-Energy Group of Companies is aware of the importance of introducing energy-saving production processes and implementing new tech-

nologies that contribute to the safety of animal and plant life. Taking into account the increasing importance of sustainable development in the world and Kazakhstan, the Samruk-Energy Group of Companies plans to improve control and management of biodiversity in the regions where it operates.

The Samruk-Energy Group of Companies owns production facilities that are leased or managed and located in protected areas and areas of high biodiversity value outside of its frontiers or adjacent to such territories.

In the Ile-Alatau Natural Park, 48.4 ha of lands are leased under industrial facilities of the series of HPP of APP JSC.

G4-EN12. DESCRIPTION OF CONSIDERABLE EFFECTS OF ACTIVITIES, PRODUCTS AND SERVICES ON THE BIODIVERSITY OF PROTECTED NATURAL TERRITORIES AND TERRITORIES WITH A HIGH VALUE OF BIODIVERSITY, WHICH ARE SITUATED OUTSIDE PROTECTED NATURAL TERRITORIES

The industrial assets of Samruk-Energy JSC have no essential impact on the biodiversity of protected natural territories and territories with a high value of biodiversity, which are situated outside the protected natural territories.

G4-EN14. TOTAL NUMBER OF IUCN RED LIST SPECIES AND NATIONAL CONSERVATION LIST SPECIES WITH HABITATS IN AREAS AFFECTED BY OPERATIONS, BY LEVEL OF EXTINCTION RISK

There are no species included in the red list of the IUCN and the national list of protected species in the territory of Samruk-Energy JSC.

3. Prevention of unauthorized and excessive emissions, waste.

There were no unauthorized or excessive waste emissions in 2015.

G4-EN15. DIRECT GREENHOUSE EMISSIONS (SCOPE 1)

In the Republic of Kazakhstan, carbon dioxide (CO₂) is currently a regulated greenhouse gas emitted into the atmosphere as a result of activities of the Samruk-Energy Group of Companies; it is generated by heat and electricity production and coal extraction. There is no doubt that the growth of the production level of the Samruk-Energy Group of Companies implies an increase in the greenhouse gas emissions.

There are no CO₂ emissions resulting from biomass burning or decomposition.

According to the National Plan for distribution of quotas of greenhouse gas emissions for 2014-2015, 2011-2012 were chosen as basic years. In the basic year, emissions totaled 33 799 290 tons; no reduction in the greenhouse gas emissions is planned for 2015.

The Samruk-Energy Group of Companies did not produce excessive greenhouse gas emissions set by the National Plan for the period of 2015.

In addition, no records of greenhouse intensity are kept due to a lack of requirements in environmental legislation.

G4-EN21. EMISSIONS OF NITROGEN OXIDES (NO_x), SULFUR OXIDES (SO_x) AND OTHER SIGNIFICANT EMISSIONS

<i>Emissions of nitrogen oxides (NO_x), sulfur oxides (SO_x) and other significant pollutants</i>			
	2013	2014	2015
NO _x , tons	63 995	63 127	53 000
SO _x , tons	181 993	143 994	125 800
Persistent organic pollutants (CO ₃), tons	No data	0,00000004	-
Volatile organic compounds (VOC), tons	45 142	120	107
Hazardous air pollutants, tons	-	-	1,6
Emissions from fugitive sources, tons	-	-	9 329
Solid particles, tons	60 847	39 767	30 100
Other standard categories of emissions into the atmosphere used in regulatory acts, tons	45 740	128 151	57 498

G4-EN23. TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD

The most typical manufacturing wastes of the Samruk-Energy Group of Companies are ash, coal combustion slag, transformer oils, utilized mercury-vapor lamps and electric batteries.

Currently, the Samruk-Energy Group of Companies does not have a common approach to waste management.

According to the hazard level, all waste (production and utility) is classified into:

- Green – index G (non-hazardous).
- Amber – index A (hazardous).
- Red – index R (hazardous).

Mercury-containing waste (used luminescent lamps) is the most toxic and hazardous and refers to the “amber” hazardous level to be delivered to a specialized enterprise for demercuration.

In the waste management process, the SC of Samruk-Energy JSC follow the Republic of Kazakhstan Environmental Code and Waste Handling Regulations (WHR). Certificates have been developed for hazardous waste. Depending on the type, generated waste is classified under production:

- used transformer oil, oiled rags, metal scrap, poly-chlorinated biphenyl-containing removed condensers (PCD), mercury-containing lamps, production and building waste, etc.;
- under utility: solid household waste generated in vital processes.

Used mercury lamps, used batteries are sent for disposal in accordance with existing agreements with specialized organizations.

Waste oil, transformer oil is reused at the plant after regeneration in the oil filtering equipment.

Used insulators, electronic scrap, construction waste is disposed in the industrial landfills by contractors for coupons for the acceptance of waste.

Color and black scrap is rented under contracts of sale of goods.

Solid waste is transported to landfills in accordance with established terms of contracts.

Mercury-containing waste (used luminescent lamps) is the most toxic and hazardous and to be delivered to a specialized enterprise for demercuration.

G4-EN24. TOTAL NUMBER AND VOLUME OF IMPORTANT SPILLS

No spills were recorded in the group of companies in 2015.

G4-EN25. WEIGHT OF TRANSPORTED, IMPORTED, EXPORTED OR PROCESSED WASTE DEFINED TO BE HAZARDOUS ACCORDING TO ANNEXES I, II, III, AND VIII TO THE BASEL CONVENTION AND PERCENTAGE OF INTERNATIONAL WASTE TRANSPORTATION

No international transported, imported, exported or processed waste was recorded in the group of companies.

G4-EN26. IDENTITY, SIZE, PROTECTED STATUS, AND BIODIVERSITY VALUE OF WATER BODIES AND RELATED HABITATS SIGNIFICANTLY AFFECTED BY THE ORGANIZATION'S DISCHARGES OF WATER AND RUNOFF

Environmental security and reasonable use of natural resources, including water resources, are of greatest importance in the operations of the Samruk-Energy Group of Companies.

Reduced water intake and discharge needed for the normal operation of a power plant is a priority measure aimed at gradually reducing discharge into the Republic of Kazakhstan ecosystem.

Before being discharged into the Republic of Kazakhstan water sources, discharges from generating plants are analyzed to find out whether they surpass the maximum allowable quantities of pollutants in waste water. According to the results of conducted analyses, all emissions by the Samruk-Energy Group of Companies are conformant to the requirements of the Republic of Kazakhstan Environmental Legislation.

G4-EN29. MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-FINANCIAL SANCTIONS FOR NONCOMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

In 2015 the Samruk-Energy Group of Companies did not have any significant fines and non-monetary sanctions for noncompliance with environmental laws and regulations.

G4-EN30. SIGNIFICANT ENVIRONMENTAL IMPACT OF PRODUCTS AND OTHER GOODS AND MATERIALS THAT ARE USED IN THE ORGANIZATION'S OPERATIONS AND WORKFORCE TRANSPORTATION

The main products and services of the Samruk-Energy Group of Companies include electricity and heat generation, electricity distribution and transportation, coal extraction, and reconstruction and modernization of power assets. The key objective is to maintain the achieved level of provided services and products and further improve quality and parameters by applying western standards of products and services in the field of electricity and coal mining.

As a result, the Samruk-Energy Group of Companies complies with all the requirements for quality and parameters of products and services offered in the Republic of Kazakhstan.

The priority of the Samruk-Energy Group of Companies is to minimize greenhouse gas emissions generated by subsidiaries and affiliates. Greenhouse gas emissions generated by the use of vehicles to transport staff and fuel are insignificant as compared to the emissions generated by electric or heat energy. When transporting the electric energy, there are no processes resulting in emission of pollutants and discharge into water bodies.

The Company does not have any significant environmental impacts of transporting products and other goods and materials used for the organization work as well as of transporting labor.

4. Total environment-related expenses and investments by type.

G4-EN31. TOTAL ENVIRONMENT-RELATED EXPENDITURES AND INVESTMENTS BY TYPE

In 2015, total environment-related expenses and investments of the Samruk-Energy Group of Companies amounted to approximately 1,035 billion tenges.

The Samruk-Energy Group of Companies strives to improve energy efficiency. Priority measures in this process include the improvement and modernization of obsolete electrical equipment, improved efficiency of production, transportation and electricity and heat distribution and promotion of better consumption of electricity and heat among the population.

For these purposes, the Samruk-Energy Group of Companies carries out the following work operations:

1. In ESDPP-1 LLP:
 - Reconstruction of the ash collection system with the installation of a new generation of precipitators at the power units №1 and №2.
 - Adjustment of the combustion mode after the installation of low-emission burners in the boiler st. №2.
 - Installation of low-emission turbulent burners in the boiler st. №1.
2. In Bogatyr-Komir LLP:
 - Repair of aspiration systems on drilling machines.

All subsidiaries and affiliates of the Samruk-Energy JSC, which are users of natural resources, also annually perform an action plan for environmental protection. The action plan includes the following aspects:

- air protection;
- actions aimed at ash dump dust suppression;
- protection and rational use of water resources;
- implementation of management systems and the best sound technology;
- scientific research, exploration and other work;
- environmental education and promotion.

In general, the Samruk-Energy Group of Companies takes all necessary measures to improve the state of the environment. Special attention is paid to the construction of renewable energy sources, particularly wind and solar power stations.

SOCIAL FACTORS

1. PERSONNEL MANAGEMENT

Stable development and business efficiency is primarily merit and a result of daily work of employees.

Recognizing that highly qualified and loyal staff is the key to successful business, the Company, in the framework of the Development Strategy and Transformation Program, focuses on building an effective human resource management system, seeking to attract the best staff, provides them with comfortable working conditions and high level of social protection, and constantly promotes raising the professional level of employees.

The Company makes every effort to ensure that the best professional and personal qualities of employees are revealed during the operation.

Policy in the field of personnel management is reflected in the current Personnel policies and regulations on training, recruitment, evaluation and adaptation of personnel, as well as in the Code of Ethics, which is an important tool for the development of corporate culture in the Company. These documents promote the Company's employees understanding of the importance of their actions compliance with the Company's mission, accepted principles of corporate governance and business ethics, as well as they contribute to effective interaction with stakeholders by applying the best practices of business conduct.

2. PERSONNEL STRUCTURE

As of 2015, the headcount of the Group of Companies totaled 22,650 people.

The structure of the number of personnel at the end of 2015 contains 8.3% of administrative staff. The ratio of men and women was as follows: women - 27% (6189 persons); men - 73% (16 461 people).

The average age of the personnel of the Group of Companies at the end of 2015 was 41.

The share of young workers aged under 30 accounted for 23.2% (5 265 people).

The number of employees with higher education is 34% of the total staff of the Group of Companies.

The proportion of senior management in the total number of personnel of the Group of Companies was 0.3%.

Senior management age amounted to: 1.6% - under 30, 56.5% - from 30 to 50, 41.9% - over 50.

The average work experience in the energy sector across the Company is 11.8 years.

Total turnover in the Group of Companies (for all kinds of reasons) reached 11.6% in 2015, which is 0.8% lower than in 2014 (12.4% in 2014).

During the reporting period the Group of Companies hired 2300 new employees.

In order to ensure personnel quality, the Group of Companies implements procedures for a competitive recruitment of applicants for vacancies, based on the principles of openness and transparency.

Competitive selection procedure is expected to conduct the testing of candidates to identify the level of knowledge of Kazakh and English languages, the definition of professional knowledge, as well as conducting interviews and an interview with the Competition Commission.

In this case, the right of priority for filling in vacancies belongs to workers who meet the requirements for the candidates.

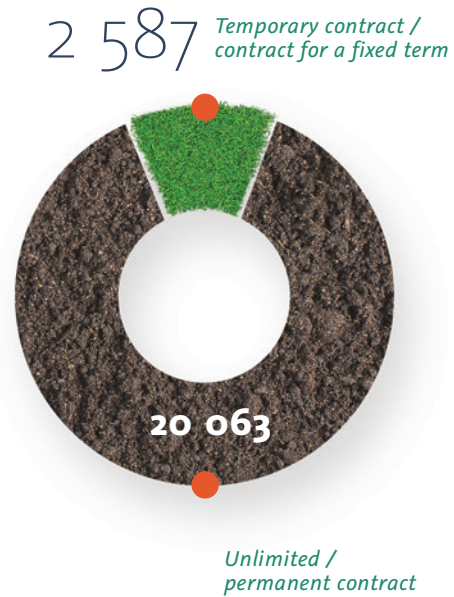
Thus, this year the Group of Companies opened 460 vacancies, 419 of which were closed by means of competitive selection of candidates.

In order to improve corporate governance efficiency, the Company approves and appoints candidates for management and administration positions of the Company's subsidiaries by the Boards of Directors of subsidiaries / the Company and the Company's Board of Directors.

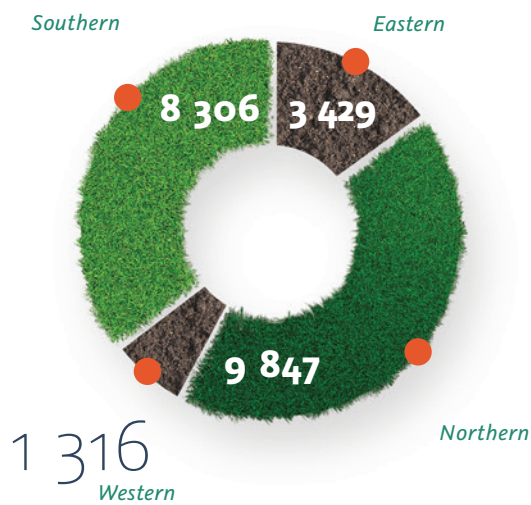
**TOTAL WORKFORCE BY EMPLOYMENT TYPE
FOR 2015**



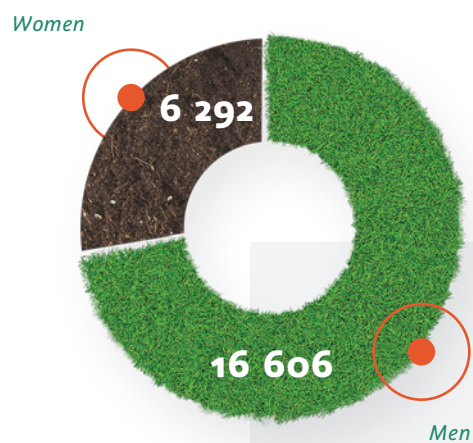
**TOTAL NUMBER OF EMPLOYEES BY TYPE
OF EMPLOYMENT CONTRACT FOR 2015**



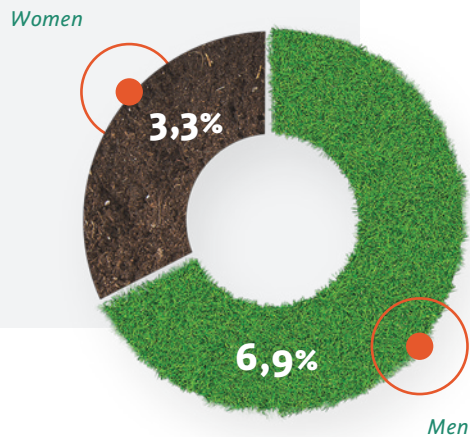
**TOTAL WORKFORCE BY REGION
FOR 2015**



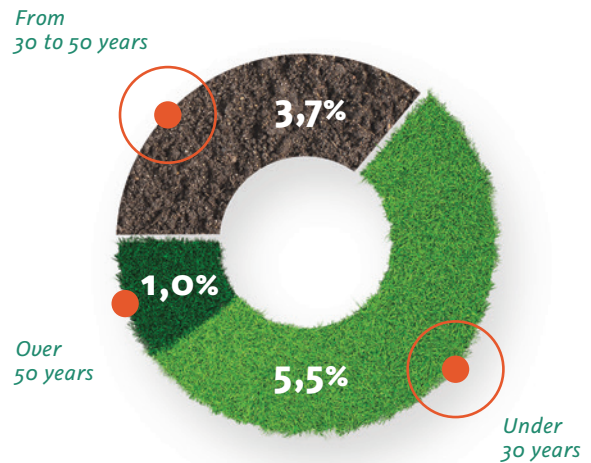
TOTAL WORKFORCE BY GENDER



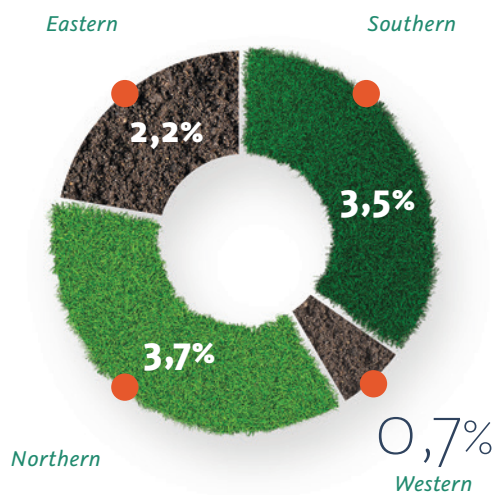
**NEWLY HIRED EMPLOYEES BY GENDER
IN 2015**



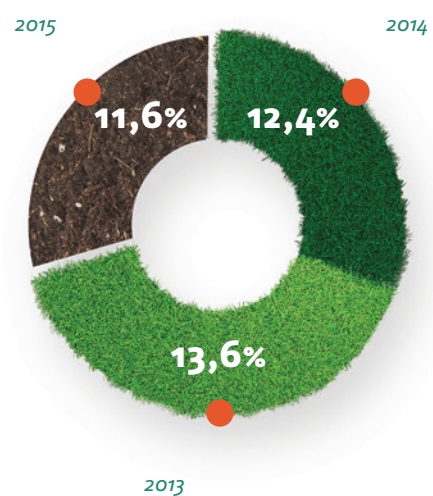
**NEWLY HIRED EMPLOYEES BY AGE
FOR 2015**



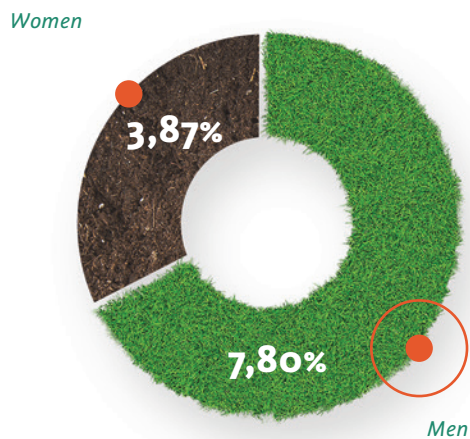
**NEWLY HIRED EMPLOYEES BY REGION
FOR 2015**



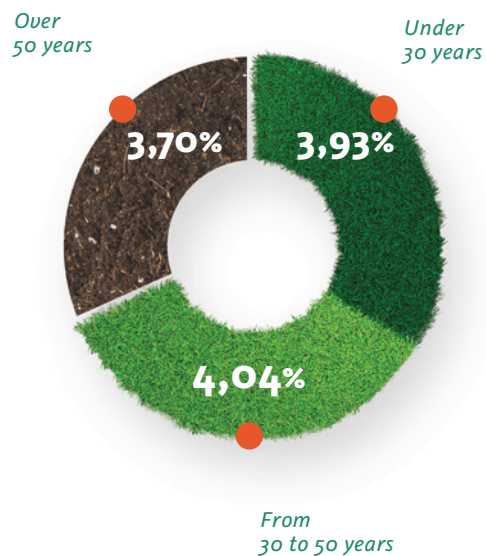
**THE DATA
ON STAFF TURNOVER**



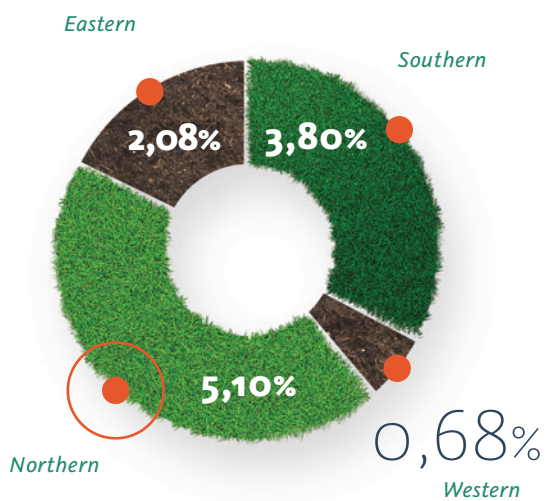
**STAFF TURNOVER BY GENDER
IN 2015**



**STAFF TURNOVER BY AGE
FOR 2015**



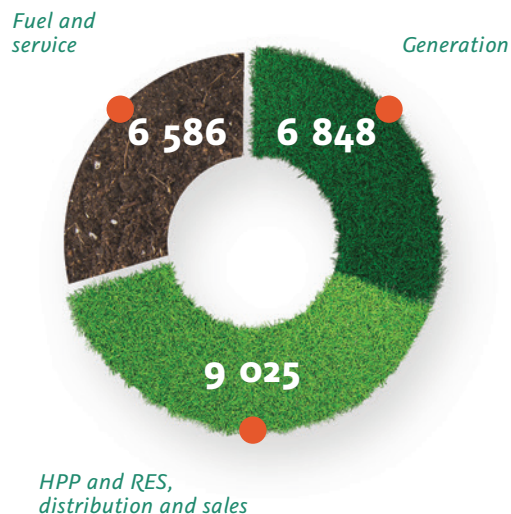
**STAFF TURNOVER BY REGION
FOR 2015**



**HEADCOUNT OF THE SAMRUK-ENERGY GROUP
OF COMPANIES BY CATEGORIES**

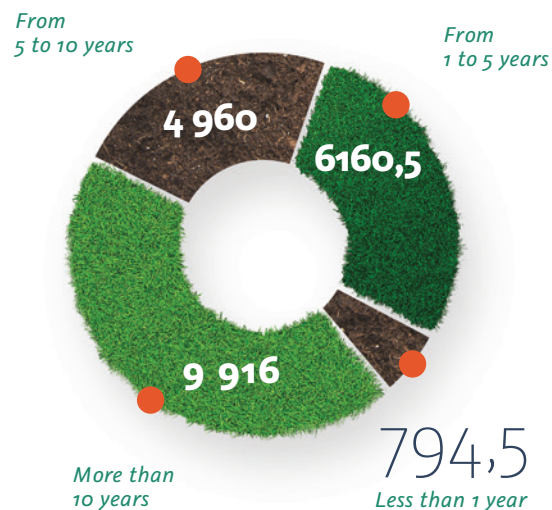


HEADCOUNT OF THE SAMRUK-ENERGY GROUP OF COMPANIES BY KINDS OF ACTIVITY



* excluding CC of the Samruk-Energy JSC

DATA ON THE LENGTH OF SERVICE OF THE SAMRUK-ENERGY GROUP STAFF



LA12: COMPANY PERSONNEL BY GENDER, AGE GROUP AND SPECIFYING REPRESENTATION OF MINORITIES

Nº	Indicator	Employees	Share
1.	Gender	22 650	-
1.1.	Men	16 461	72,7%
1.2.	Women	6 189	27,3%
2.	Minority groups (racial / ethnic, religious, disabled)	22 650	-
2.1.	Kazakhs	12 552	55,4%
2.2.	Russians	7 407	32,7%
2.3.	Ukrainians	876	3,9%
2.4.	Uigurs	352	1,6%
2.5.	Tatars	413	1,8%
2.6.	Germans	359	1,6%
2.7.	Belorussians	153	0,7%
2.8.	Koreans	82	0,4%
2.9.	Other	456	2,0%
3.	Age groups	22 650	-
3.1.	Under 30 years	5 265	23,2%
3.2.	From 30 to 50 years	10 388	45,9%
3.3.	Over 50 years	6 997	30,9%

LA12: COMPANY MANAGEMENT STAFF BY GENDER, AGE GROUP AND SPECIFYING REPRESENTATION OF MINORITIES

Nº	Indicator	Share
1.	Gender	-
1.1.	Men	93,5%
1.2.	Women	6,5%
2.	Minority groups (racial / ethnic, religious, disabled)	-
2.1.	Kazakhs	82,3%
2.2.	Russians	9,7%
2.3.	Ukrainians	1,6%
2.4.	Uigurs	0,0%
2.5.	Tatars	0,0%
2.6.	Germans	0,0%
2.7.	Belorussians	1,6%
2.8.	Koreans	4,8%
2.9.	Other	0,0%
3.	Age groups	-
3.1.	Under 30 years	1,6%
3.2.	From 30 to 50 years	56,5%
3.3.	Over 50 years	41,9%

3. PERSONNEL TRAINING

Personnel Management Policy is based on the provisions of the business strategy, which defines the long-term and short-term goals of the Company, the way to achieve them, and key performance indicators. The personnel policy emphasis is on improving the quality of human resources, long-term planning of staff, strengthening the qualification requirements and professional standards, modernization of training centers and the dual training system. Particular attention is paid to the formation of a personnel reserve and succession planning for executive positions. There is a growing link between evaluation activities, promotion of employees and motivation system.

One of the main directions in human resources management policy is the development of the Company's

personnel, improving their qualifications, development of managerial skills, the acquisition of new knowledge in the industry.

Thus, in the framework of the Transformation Roadmap in 2015, educational activities aimed at developing leaders in the transformation, project management, situational leadership and the creation of effective teams became the priority areas of employees development.

Thus, this year Adizes methodology «Sindag» courses for managers were organized, as well as «Leadership Transformation» training on the modular program.

Employees of the Group of Companies that are members of the Business Transformation team, were trained on the basics of modeling in the ARIS system and Cobit 5 and Meeting New certification program.

Also, in accordance with the Company's Transformation Roadmap in the 1st half of 2015 individual development plans for employees of the Company were developed for 2015-2016 in the new format on the principle of 70/20/10, involving the implementation of 70% of learning activities at the workplace through projects, new areas responsibility, 20% through counseling and mentoring and 10% through external training.

In order to implement the initiatives of the Samruk-Kazyna JSC to increase the skill level of employees of financial and economic bloc, a priority in the further training of employees in the Group of Companies is certification of employees of financial and economic bloc.

Thus, the percentage of certified staff of FEB of the Group of Companies in the current year amounted to 52%

and meet the Fund's requirements to ensure 50% of certified employees by the end of 2015.

In order to continuously improve the professional level of employees, training on the basis of their own training centers at Almaty Power Grids JSC, Almaty Zharyk Company JSC, Bogatyr Komir LLP is implemented in the Group of Companies, involving internal and external trainers, as well as at the workplace training allowing to carry out accumulation, systematization, preservation and transfer of knowledge within the Group of Companies for the improvement of production processes and mastering of new technologies.

To improve employees' level of English proficiency, the Company implemented language courses both in groups and individually.

The subsidiaries of the Company successfully implemented courses of the state language.

In addition, the Company pays special attention to the development of its management and administrative staff, making plans for staff to participate in technical trainings, seminars, training courses, conferences and forums, taking into account the requirements and strategic development outlook of the Company.

As part of the annual events, the heads visited the Eurasian Business Forum Society, the Astana Economic Forum, the China Energy Week as part of the Russian delegation in Shanghai, as well as the Conference of the European Confederation of Institutes of Internal Audit in Paris and others.

Thus, in 2015 14,866 employees were trained, the total cost was more

than 377 700 thousand tenges, investments in training and development of the staff for the Group of Companies was 0.9%.

In order to efficiently achieve Company objectives, the Samruk-Energy Group of Companies introduced a system of personnel performance evaluation.

The Company in 2015, in accordance with the Transformation Roadmap, improved the system of evaluation of employees, which provides the procedure for the annual performance evaluation based on the model of Leadership competencies, elimination of final ratings and the distribution of workers along the Talent map (9 box).

Assessment of efficiency by KPI is applied for supervisory and managerial employees of the Company and its subsidiaries.

LA9: AVERAGE HOURS OF TRAINING PER EMPLOYEE PER ANNUM, BY CATEGORY OF EMPLOYEES

<i>Nº</i>	<i>Personnel category</i>	<i>Total number as of the end of 2015</i>	<i>Number of training hours for 2015</i>	<i>Average training hours per employee per annum</i>
1.	Top management	85	2 521	29,6
2.	Office and management personnel	1 661	27 482	16,5
3.	Production personnel	20 441	1 025 944	50,1
4.	Maintenance personnel	630	2 202	3,5
<i>Nº</i>	<i>Personnel category</i>	<i>Total number as of the end of 2014</i>	<i>Number of training hours for 2014</i>	<i>Average training hours per employee per annum</i>
1.	Top management	87	1 534	17,63
2.	Office and management personnel	1 735	22 980	13,24
3.	Production personnel	21 117	931 550	44,11
4.	Maintenance personnel	630	2 202	3,50

LA11: SHARE OF PERSONNEL FOR WHOM REGULAR PERFORMANCE AND CAREER DEVELOPMENT EVALUATIONS ARE HELD

Nº	Indicator	Value, people
1.	Total number of personnel (headcount) at the end of 2015	22 650
2.	Number of personnel whose performance was officially evaluated, including:	1 008
2.1.	Men	532
2.2.	Women	476
3.	Share of personnel whose performance was officially evaluated	4%
3.1.	Men	2%
3.2.	Women	2%

4. PERSONNEL RESERVE FORMATION

The basis for the sustainable development of the Company is the availability of personnel reserve for key positions, which ensures continuity of operations management.

Detection, selection and promotion system of promising employees of the Company is based on the assessment of professional and personal competencies, their potential for growth and development, feedback by the method of 360 degrees from supervisors, colleagues, customers (internal) and subordinates.

Thus, in the first quarter of 2015, the following programs, based on the results of the evaluation of candidates,

some potential ratings, their career plans, were developed and approved in the prescribed manner:

- Succession program for key positions in the Company for 2015-2020 (except for the succession plan of posts approved by the Board of Directors of Samruk-Energy JSC).
- Succession program for members of the Management Board and other employees for 2015-2020, according to the list approved by the Board of Directors.

This year, according to the career plans, 13 succession candidates were assigned to the opened key vacancies of the Company, 1 succession candidate was transferred to the SC of the Company.

For acquaintance with members of the personnel reserve, reviewing and evaluating their career plans, bringing to them the vision and strategy of the Company's development, the main directions of transformation and possible improvements of efficiency of activity of the Company, regular meetings of members of the Board of Directors and Chairman of the Management Board with members of personnel reserve are held.

In addition, the subsidiaries of the Company also implemented measures for the formation of personnel reserve and succession planning. The number of personnel reserve of the Group of Companies amounted to 684 at the end of 2015.

Indicators	Unit	2015	Including CC
Turnover among succession candidates	%	3,6%	0%
The number of vacancies for positions the personnel reserve is formed for	unit	91	13
The percentage of vacancies filled with workers, members of the personnel reserve	%	61,5%	100%
The number of succession candidates, left for the organizations, not part of the Group of Companies	people	25	0
Total number of succession candidates	people	684	27
The number of vacancies filled by succession candidates	unit	56	13

5. WORK WITH YOUNG PEOPLE AND MENTORING INSTITUTE DEVELOPMENT

The priority direction of the Group of Companies' activities in the field of human resource development is the implementation of youth policy, which emphasizes the social adaptation of young people, creation of conditions and opportunities for successful and effective self-realization of young workers to develop their professional capacities, promotion of physical culture and sports.

Youth non-governmental organizations and youth movements were created within the Group of Companies; their key areas of activities include the creation of socio-economic, legal and organizational conditions and guarantees for spiritual, cultural, educational and professional attitudes and physical development of young people, and the opportunity to discover their own creative potential.

In total, 12 youth organizations involving 4,676 people carry out their activities within the Group of Companies. One of the largest and existing youth organizations are: the United Youth Movement (UYM) Bogatyr Komir LLP, the Council of the youth movement East-Kazakhstan Energy Distribution Company JSC, and ZharkynBolashak youth organization Almaty Power Plants JSC.

In order to improve the quality of training young qualified specialists with engineering and vocational education, and reduce the gap between theories learned by students at an educational institution and industrial and labor market requirements, the Group of Companies carried out purposeful work aimed at the implementation of measures for introduction and development of the dual training, social partnership with relevant education organizations.

A quadripartite agreement on the training of specialists with technical and vocational education by the dual system of training between Almaty State Power and Electronic Technology College SME, Almaty Department of Education SE, Entrepreneurs Chamber and AlmatyEnergSbyt LLP was signed in AlmatyEnergSbyt LLP with the term of the contract for 2015-2018.

25 students of Almaty State Power and Electronic Technology College SME study in Almaty Power Plants JSC for 3 working professions, who completed theoretical training in the department of training of the personnel in the first six months of 2015, and since September have been trained in the production departments.

East-Kazakhstan Energy Distribution Company JSC signed a contract with the Ust-Kamenogorsk polytechnic college for training 2 students by the dual system.

Contracts on dual training system are signed in Plant Ekibastuz SDPP-2 JSC with Ekibastuz Engineering and Technical Institute, as well as with the Ekibastuz Mining and Technical College named after K. Pshembaev.

Bogatyr Komir LLP stayed with the same social partner in 2015 which was the Ekibastuz Mining and Technical College named after K. Pshembaev. In accordance with the plan of measures realization, the project was closed in June and 15 students got dual training in «turner» and «electric and gas welder» professions.

In order to promote the professions of electric power industry sphere, the Company together with the Almaty University of Energy and Communication CJSC in November, 2015 held Republican Competition in physical and mathematical disciplines among future power industry workers. In accordance with the Regulations of the competition, the winners were award-

ed with grants and scholarships of the Company. 50 candidates participated in the competition. At the end of the competition, 2 (two) candidates from among the students of graduating classes were awarded with grants covering the payment of the entire course of training in the field of electrical / heat energy, 2 (two) candidates from among students of 2-3 courses of full-time study of education organizations of RK were awarded with scholarships from the Company covering payment of scholarships for one academic year.

In addition, on the basis of the Group of Companies in order to create good conditions for the efficient adaptation and retaining of young workers among the Company's personnel, mentorship programs are functioning in which every intern is assigned to a mentor who helps to master the features of the profession, advises on complex issues, monitors the work and gives an assessment of its quality.

In order to promote the continuity of generations and popularize a power engineer profession, it has become a traditional event in the Company for honoring labor dynasties. In May of this year the Company organized a meeting of 7 labor dynasties in Astana, whose working experience ranged from 50 to 170 years. The meeting was covered on the websites and bulletin boards of subsidiaries.

6. LABOR MOTIVATION AND REMUNERATION

The remuneration system in the Company maintains its values and culture and is focused on constant growth of productivity, motivation to professional growth and development.

Remuneration in the Group of Companies is based on the principles of internal equity and external competitiveness of remuneration, evalua-

tion of the individual contribution of each employee's performance.

The Company, being socially responsible, fulfills all the commitments made in the area of remuneration.

The Company pays special attention to personnel's determination to achieve high production results, their interest in professional and career growth within the Company. The Company tries to ensure the personnel's high motivation, guaranteeing good remuneration.

The Group of Companies complies with the minimum standard of salaries payable to workers carrying out heavy operations, works involving harmful (particularly harmful) and hazardous labor conditions based on the minimum amount of the monthly salaries set forth by the Republic of Kazakhstan law on the republican budget for the relevant year, and increasing industry-specific coefficients.

In accordance with the conclusion of Collective Agreements, the annual indexation of employees' salaries is conducted in the Group of Companies.

The average salary of the Group of Companies' employees increased by 7% in 2015 - from 154,357 tenge to 164 490 tenge. Growth of average wages of production personnel amounted to 6.2% - from 141,566 to 150,312 tenge, the salary of administrative staff increased by 7% - from 302,353 tenge to 325,199 tenge.

Company employees receive extra pay for combining professions (positions), expanding zones of services or increasing the scope of performed works within the approved labor remuneration fund; differentiated perks in addition to rates and salaries are granted for high professional skills and qualification, or performance of particularly important work.

The Company, its subsidiaries and affiliates monitor, on an annual basis, the labor market in the areas of their operation and, according to data received, adjust their personnel's salaries. In 2015, the minimum wages and salaries paid by the Company amounted to 65,060 tenge, a 7% increase year on year. According to the Republic of

Kazakhstan Law "On the Republic of Kazakhstan Republican Budget", minimum salaries for 2015 are set at 21,364 tenge.

In 2015, the Company in the framework of the Transformation Roadmap and in order to improve the wage system, a project was realized to assess the positions of administrative and management employees of the Company and the implementation of payment system based on grading according to HayGroup methodology.

The project carried out job evaluation and analysis of the current practice of the remuneration of managerial and administrative employees of the Company, taking into account the competitiveness with the external market, in comparison with the similar levels of posts of general industry market of the Republic of Kazakhstan, the Russian Federation referential market.

In 2016, a graded labor payment system for administrative staff will be introduced in all the subsidiaries of the Company.

EC5: RATIO OF INITIAL LEVEL SALARIES AND ESTABLISHED MINIMUM SALARIES IN IMPORTANT REGIONS OF THE ORGANIZATION'S OPERATIONS

Nº	Indicator	Value (2015)	Unit
1.	Minimum salary	21,364	thous. tenge
2.	Salary of an initial level employee in important regions of the organization's operations	106,13	thous. tenge
2.1.	Men	104,39	
2.2.	Women	107,88	
3.	Ratio	497%	%
3.1.	Men	489%	
3.2.	Women	505%	

SOCIAL RESPONSIBILITY

In the context of increasing demands for openness in business, the role of business in society development, corporate social responsibility has a special place in the Company's development strategy.

Aware of its responsibility to contribute to the sustainable development of society, the Company voluntarily commits itself to socially responsible behavior to a wide range of stakeholders, who are influenced by its activities - investors, partners, employees, suppliers, public authorities, the general public and others.

The Company carries out environmental protection and energy saving, development of green technologies and the implementation of environmental standards, the local community support, charitable and sponsorship activities.

The strategy of corporate social responsibility within the company implements socially responsible measures concerning staff and issues related to investing in human capital, health, safety, labor motivation of personnel, development of programs to provide housing, sporting events, life insurance and health, promotion of trade unions, staff training.

Thus, in 2015, Samruk Energy JSC won the Grand Prix of the contest on social responsibility of business «Paryz» as the company that has reached high results in work and implementation of the principles of corporate social and environmental responsibility.

In order to assess the social well-being of the staff of the Group of Companies, the measurement of key attitudes indicators of workers and to identify problems and anxiety zones in the 3 quarter of 2015, Social Partnership Centre and the Samruk-Kazyna JSC Corporate University conducted a

study to identify social stability ranking or staff involvement.

Index of social stability rating is assigned to the strategic indicators of the Company's activities and it is determined by the KPIs of the heads of the Group of Companies.

Thus, the index of social stability rating of production personnel in the Group of Companies in 2015 was characterized by positive dynamics and increased from 69% in 2014 to 72% in 2015.

The degree of involvement of administrative staff also has a positive value in 2015 - 65%, as in 2014.

The results showed that the employees are highly satisfied with the main characteristics of the work. This applies to the atmosphere prevailing in the team - the relationship with colleagues, among whom there is a high level of confidence in the professionalism of colleagues, the relationship with the supervisor.

Employees' satisfaction is significantly influenced by provision of conditions where workers are interested in the work, they are satisfied with the level of autonomy at work, opportunities to take the initiative, as well as when there is an opportunity to learn something new at work - all these factors satisfy employees to a high degree.

The sub-indices of satisfaction with the selection and placement of staff and the possibility of discussions the quality of the work with the supervisor are marked in the stability zone. Employees of the Group of Companies are highly satisfied with good working conditions, prospects for professional and career growth. Just over a quarter of respondents (27%) marked good wages level.

Measures to preserve stability in the workforce, preventing dissent, the resolution of labor disputes, and the timely provision of information and

advocacy on issues of organization of labor and labor relations are conducted in accordance with the Action Plan to improve the ranking of social stability and the involvement of staff in the Group of Companies for 2015-2018.

The plan includes measures to improve pay and motivation, staff training and development, policy regarding young workers, housing policy, health care, labor safety, as well as control measures.

In February and March 2015 management and staff report back meetings on the results of activities in the field of corporate social responsibility were held in all work teams. In all the SC heads and of staff members' feedback is actively provided, the reception of citizens on personal matters on a regular basis is conducted.

All manufacturing SC created working groups on social stability for their outreach to work teams.

In the Group of Companies there are 13 collective agreements governing labor and other directly related matters and guaranteeing social benefits to employees.

The number of provided social payments and benefits to employees of the Group of Companies in 2015 included: employee accident insurance during the performance of labor (service) duties, one-time assistance for rehabilitation, sanatoria and health resorts treatment, payment of sick leave, medical insurance and treatment, material assistance when getting work-related injury, and others.

In addition, under collective agreements, the Samruk-Energy Group of Companies pays for overtime work, work during holidays and days off, night shift work, bonuses and perks, remuneration of workers carrying out heavy operations, works in harmful (particularly harmful), hazardous labor conditions; additional paid annual



leave, one-time incentive payment associated with an anniversary celebration (50, 60 years), continuous work experience in the power sector of 10 and more years.

Employees combining work and training at educational institutions are also granted additional leaves for examination periods or orientation sessions, preparation and defense of a diploma project and graduation examinations.

Thus, in 2015, social payments at the Group of Companies totaled 2,703,595 thousand tenge, the main share in the structure of which was spent on a lump sum for health improving holidays provision - 37%, the payment of loans for housing purchase for young workers - 3%, the cost of the festive, cultural and sporting events - 6%, sanatoria and health resorts treatment of workers - 7%, medical insurance - 6%, and others of the total amount of social payments.

Pursuant to the provisions of the President's Address to the Nation Kazakhstan-2050: Mangilik yel, on the creation of barrier-free environment for people with disabilities, and in accordance with the request of the Chairman of the Board of Samruk-Kazyna group of companies, among 189 people employed in 2015, 53 people have disability of the second group, 136 people – of the third group.

In addition, in 2015 the Group of Companies covered more than 1 630 people for the total sum of 87 million tenge by health insurance, more than 5 000 people in the Group of Companies are covered by medical services, production employees of the SC shall be medically examined every year, vaccinated against influenza. All manufacturing SC have medical professionals who provide first aid.

Subsidiaries of the Company, in order to improve the living conditions of workers, are implementing a program

to provide loans for the purchase of housing.

For instance, Bogatyr Komir LLP implements a loan-disbursing program for young workers for housing purchases to encourage personnel to stay with the Company. In 2015, housing was purchased by more than 13 young workers, totaling 75,707 thousand tenge.

In order to promote the development of mass sports and sports culture on 16-17 September, 2015 traditional III Games among employees of the Group of Companies for the Chairman's Cup were held. There were competitions in 5 kinds of sports: mini-football, volleyball, chess, table tennis and arm wrestling. The competition was attended by about 250 participants from 13 teams the Company's subsidiaries. Company's team took part in the 2nd Games of Samruk-Kazyna JSC and won an honorable 3rd place among 17 teams.

LA4: MINIMUM NOTICE PERIODS REGARDING OPERATIONAL CHANGES, INCLUDING WHETHER THESE ARE SPECIFIED IN COLLECTIVE AGREEMENTS

According to Item 2 of Article 48 of the Labor Code of the Republic of Kazakhstan, the Management, Company

and its SC inform an employee and/or his/her representatives in writing of the changes in labor conditions no later than one month beforehand. This item is stipulated in the labor contract and rigorously observed by each company of the Samruk-Energy Group of Companies.

G11: SHARE OF EMPLOYEES UNDER LABOR CONTRACTS

<i>Nº</i>	<i>Indicator</i>	<i>Value (2015)</i>	<i>Unit</i>
1.	Total employees (headcount) as of the end of 2015	22 650	people
2.	Including employees under labor contracts for 2015	21 825	people
3.	Share of total employees under labor contracts	96%	%

<i>Nº</i>	<i>Indicator</i>	<i>Share of full-time employees</i>	<i>Share of part-time or temporary employees</i>
1.	Benefits to employees		
1.1.	Life insurance	Provided	Provided
1.2.	Healthcare (medical insurance)	Provided	Provided
1.3.	Compensation for disability / invalidity	Provided	Provided
1.4.	Maternity/Paternity leave	Provided	Provided
1.5.	Granting pension (lump sum on retirement)	Provided	Not provided
1.6.	Transfer to ownership of the company's shares	Not provided	Not provided
1.7.	Other (sanatoria and 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

7. HUMAN RIGHTS

The main guarantor of social norms is Kazakhstan's Constitution, which enshrines the right to life, freedom, inviolability of dignity, freedom of speech and conscience, freedom of association, etc.

The Group of Companies voluntarily assume the obligation to prevent all forms of discrimination and forced labor, bearing in mind that every employee has an equal opportunity to exercise their employment rights, regardless of gender, race, nationality, origin, property, social or official status, attitude to religion and political beliefs.

Throughout 2015, the Samruk-Energy Group of Companies strictly complied with requirements prohibiting the labor of children under 18 in places with harmful and (or) hazardous labor conditions, and prevented any discrimination with respect to employees and business partners.

In accordance with the Constitution of the Republic of Kazakhstan, the Group of Companies realizes social rights, freedoms and responsibilities of women expressed in the provision of equal with men opportunities.

In 2015, the Samruk-Energy Group of Companies recorded no violation of the rights of local and minor peoples. The Company recognizes the principle of equal rights and opportunities. Employees have a right to freedom of association and collective negotiations under the effective laws.

Currently 16 trade unions are functioning in the Group of Companies; their members total more than 80% (more than 18 000 people) of the Company's employees.

In order to reduce the level of social tension, settle labor disputes and protect the rights of personnel, the Group of Companies set up an institution of mediators, whose number reached 423 people by the end of 2015; 5 of them have received the status of professional mediators based on interviews and testing conducted by the Social Partnership Center CF commission.

In addition, 34 appeals to the labor practices were registered in 2015 within the Company. Analysis of the appeals structure showed that 23 out of the 34 appeals were submitted for consideration in the work teams, 7 appeals to law enforcement agencies and 4 appeals to state bodies, which indicates the positive changes in the appeals

structure and the increased confidence of employees in the management and trade union bodies.

Along with the trade union organizations, the standing Commissions on Settlement of Social and Labor Disputes were established in the Samruk-Energy Group for management of social and labor relationships.

To register inner complaints of employees, the Samruk-Energy Group of Companies introduced hot lines, special complaint and application boxes, and personal blogs of the heads of organizations.

In addition, the Group of Companies is forming an ombudsman institution approved by the Ombudsman Regulation and the Codes of Business Ethics.

The Group of Companies currently has 13 ombudsmen.

LA16: NUMBER OF GRIEVANCES ABOUT LABOR PRACTICES FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

Nº	Indicator	Value
1.	Total number of complaints about labor relations submitted through official mechanisms for submitting complaints in 2015, including:	34
1.1.	processed during the reporting period	34
1.2.	settled during the reporting period	34
2	Specify the total number of complaints about labor relations submitted before the beginning of the reporting period and settled during the reporting period	-

LA8: HEALTHCARE AND SAFETY ISSUES IN OFFICIAL AGREEMENTS WITH TRADE UNIONS

Nº	Indicator	Value
1.	Do official agreements (global or local ones) with trade unions cover healthcare and safety issues?	Yes
2.	If positive, information about the extent to which healthcare and safety issues are covered by local agreements signed by the organization. Local agreements usually cover issues such as:	
2.1.	Individual protection equipment	Yes
2.2.	Joint committees on health and safety with participation of representatives of management staff and workers	Yes
2.3.	Participation of employee representatives in inspectorates for health and safety, audits and accident investigations	Yes
2.4.	Training and education	Yes
2.5.	Mechanism for submitting complaints	Yes
2.6.	Right to refuse to perform hazardous works	Yes
2.7.	Regular inspections	Yes
3.	If positive, information about the extent to which healthcare and safety issues are covered by local agreements signed by the organization. Global agreements usually cover issues such as:	
3.1.	Compliance with recommendations of the International Labor Organization (ILO)	Yes
3.2.	Measures and units for problem solution	Yes
3.3.	Obligations relevant to target performance standards or the level of applied practical approaches	Yes

**CORPORATE SOCIAL
RESPONSIBILITY INDICATORS**

In order to effectively implement the activities in the field of corporate social responsibility, the Company monitors the achievement of the objectives of the key performance indicators in the area of social responsibility.

Nº	Indicator	Unit	Fact 2014	Plan 2015	Fact 2015
1	Share of Samruk-Energy JSC in the RK total generation	%	30,0	26	24,6
2	Share of Samruk-Energy JSC in coal mined in the RK	%	35	33,7	35,6
3	Operating income	mln tenges	178 085	194 442	228 865
4	Share of investments in innovative projects in company revenue	%	14,8	12,6	5,3
5	Share of net profit from innovative projects in the company's total net profits	%	2,39	0,80	-11,9
6	Extent of damage caused by emergencies	mln tenges	14,04	6,30	4,12
7	Occupational and environmental protection expenses	mln tenges	1 430	5 547,68	7 937,99
8	Social stability rating	%	69	64	72
9	Personnel turnover	%	8,6	12,0	11,9
10	Involvement degree	%	65	65	65
11	Personnel headcount, total	people	18 203	18 754	18 169
12	Cost of training 1 employee per year	thous.	20,28	22,62	25,18
13	% of training costs from the labor compensation fund	%	1,13	1,30	0,9
14	Number of workplace accidents per thousand people	number / 1 000 people	0,2	Not planned	0,5
15	Costs for sponsorship and charitable donations	mln tenges	1 170,9	215,664	214,93
16	Accrued taxes and other obligatory charges	mln tenges	1 085,9	1 978,5	1 418,6
17	Share of the local content in goods, works and services	%	76,0	70	74

* These figures are presented in accordance with the Development Plan of the Samruk-Energy JSC

OCCUPATIONAL SAFETY

The aspect of Health and safety at the workplace

1. G4-LA5 PERCENTAGE OF TOTAL WORKFORCE REPRESENTED IN FORMAL JOINT MANAGEMENT–WORKER HEALTH AND SAFETY COMMITTEES THAT HELP MONITOR AND ADVISE ON OCCUPATIONAL HEALTH AND SAFETY PROGRAMS.

a. Specify the level at which, as a rule, each joint committee of management and employees on healthcare and safety functions in the organization.

Pursuant to Article 339 of the Republic of Kazakhstan Labor Code, all the subsidiary companies (SC) set up occupational safety committees (commissions) (OSCs). OSCs consist of representatives of the employer,

trade union, or other representatives authorized by employees on a parity basis.

b. Specify the percentage of workers represented in joint committees of management and employees on healthcare and safety.

Around 2.8% of the employees of the Company SC are represented in occupational safety committees.

2. G4-LA6 TYPES AND LEVEL OF INDUSTRIAL INJURIES, LEVEL OF OCCUPATIONAL DISEASES, COEFFICIENT OF LOST DAYS AND COEFFICIENT OF WORK ABSENCE, TOTAL NUMBER OF WORK-RELATED DEATHS, BY REGION AND GENDER.

a. Specify the data on the types of injuries, the coefficient of injuries (CI), the coefficient of occupational diseases (ODC), the coefficient of lost days (LDC),

the coefficient of work absence (CAW), as well as the number of work-related accidents with a fatal outcome for all staff, including freelancers.

In 2015 there was excess in the rate of production injuries (11 cases, one of which involved a group) in comparison with 2014 (4 cases), while there is general 30% reduction in the number of accidents relative to the average indicator of the previous 5 years (16 cases). One lethal case that took place in 2015 should be noted.

Type of injuries	2013	2014	2015
Chemical burn	1	-	-
Bruise	1	-	2
Traumatic amputation	1	-	1
Electrocution	4	1	4
Fracture	5	3	4
Combined trauma (fractures, bruises, tears of internal organs)	-	-	1
Total	12	4	12

Indicators	2013	2014	2015
Personal injuries coefficient (PIC)	0,06	0,02	0,07
Occupational disease coefficient (ODC)	0	0	0
Lost day coefficient (LDC)	6,24	1,0	4,7
Work absence coefficient (CAW)	9,8	20,5	9,2
Number of lethal accidents	0	1	1

*Notes:***Personal injuries coefficient (PIC):**

PIC = total number of traumas * 200,000 / Total number of hours worked.

Lost day coefficient (LDC):

LDC = total number of lost days * 200,000 / Total number hours worked.

Work absence coefficient (CAW):

CAW = total number of missed days (absence) for the period * 200,000 / Total number of days worked in the same period.

b. Specify the data on the system of rules used when register accidents at work and form the corresponding reporting.

Procedure of notification and registration of accidents at work was carried out in accordance with Chapter 37 of the Labour 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 le-

gal 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 in the form of «7-TPZ».

3. EMPLOYEES WITH HIGH TRAUMA RATE AND HIGH RISK OF OCCUPATIONAL DISEASES

a. Specify, whether the company has employees that are engaged into professional activity, connected with a high risk of injury or of certain diseases.

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 (Resolution of the Government of Kazakhstan № 1458 of December 5, 2011 «On approval of Rules of distribution of milk, preventive nutrition, spe-

cial clothes, special footwear and other personal protection equipment to workers, provision of collective protection equipment, ablution facilities and devices at the expense of the employer; norms of distributed milk at the expense of the employer; norms of preventive nutrition at the expense of the employer»).

SC	Number
Almaty Power Plants JSC	2 109
Aktobe CHP JSC	307
Plant ESDPP-2 JSC	1 101
Zhambyl SDPP JSC	379
ESDPP-1 LLP	926
Alatau Zharyk Company JSC	164
East-Kazakhstan Regional Energy Company JSC	744
Mangistau Distribution Power Grid Company JSC	25
Shardarinsk HPP JSC	119
Moynak HPP JSC	55
Bogatyr Komir LLP	5 929

All the SC of the Company have developed Action plans to improve the working conditions of employees working in harmful and hazardous working conditions.

MEASURES TAKEN TO REDUCE THE INDUSTRIAL TRAUMA RATE

The following measures are taken in order to reduce the industrial trauma rate in all the SC of the Company:

1. All workers are informed about circumstances and causes of accidents.
2. All production personnel receive unplanned instructions.
3. Knowledge of the TOR, SR, occupational safety rules, and guidelines on occupational safety of employees at whose subdivisions an accident took place is examined.
4. Occupational safety days are organized on a monthly basis with the participation of senior managers. Measures aimed at correcting identified violations are taken according to the results of the occupational safety days.
5. Security and occupational safety services organize comprehensive inspections of equipment, buildings, facilities and workplaces. Response plans are prepared based on the results of comprehensive inspections, including execution deadlines and responsible persons.
6. All production personnel are trained according to the Rules for training, instruction, and examination of employees' knowledge of occupational safety.
7. Before the repair campaign, all the SC 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. Works are certified at the companies according to labor conditions at least every five years.

9. Scheduled replacement of equipment exhausting its longevity resource and posing a serious threat to production personnel is carried out.
10. Practically all the SC 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 SC of the Company.
12. With the increasing number of accidents at work, an action plan for the reduction of occupational injuries for 2016 has been developed in Samruk-Energy JSC.

6. G4-LA8 COVERAGE OF HEALTHCARE AND SAFETY ISSUES IN OFFICIAL AGREEMENTS WITH TRADE UNIONS

a. Specify, whether formal agreements (global or local) with the trade unions affect health and safety issues.

Collective agreements between employers and employees represented by trade unions were signed at all the SC of the Company. The procedure for signing collective agreements is regulated by Chapter 31 of the Republic of Kazakhstan Labor Code (RK LC). The contents and structure of a collective agreement determined by Article 284 of the RK LC stipulates, in particular, "... creation of healthy and safe work and household conditions, amount of financing for occupational safety measures, healthcare improvement ...".

b. If positive, please specify the degree (percentage) to which various health and safety issues are covered by local and global agreements signed by the organization.

Collective agreements encompass 100% of employee healthcare and occupational safety.

7. G4-LA5-7 PROGRAMS FOR EDUCATION, TRAINING, CONSULTING, RISK PREVENTION AND MANAGEMENT TO ASSIST THE EMPLOYEES, THEIR FAMILIES AND PEOPLE'S REPRESENTATIVES WITH REGARD TO SEVERE DISEASES

The SC of the Company has no employees working in conditions with considerable or high risk of specific diseases. According to Order №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 and referral to profiled sanatoriums.

In accordance with the Article 312 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.

No work with respect to serious diseases is carried out with members of employees' families and representatives of the population.

8. POLICY AND REQUIREMENTS FOR HEALTHCARE AND SAFETY OF CONTRACTUAL AND SUBCONTRACTUAL EMPLOYEES

According to the recommendation of the Company's Working Group, all the SC 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 LLP named after Bulat Nurzhanov, 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 provi-

sion of access to carry out work on the territory of ESDPP-1 LLP.

9. PERCENTAGE OF CONTRACTUAL AND SUBCONTRACTUAL EMPLOYEES TRAINED ON OCCUPATIONAL SAFETY AND HEALTH

Permits for contractual employees to access workplaces to carry out work operations according to their contractual obligations are in compliance with the requirements for occupational safety rules. Orientation, and initial and target trainings are held during permitting the access; qualification certificates are checked with training on occupational safety and medical examination specification.

According to the mentioned above, 100% of the contractual employees workers completed proper occupational safety training.

CHARITY

The government tries to balance its business policy for social responsibility. In 2011, the Company joined the UN Global Compact and approved the corporate social responsibility strategy aimed at systematizing, improving and implementing social programs. In 2015, the shareholder reviewed and approved some sponsorship applications in the amount of 209 million tenge, charitable help in the amount of 5,931 million tenge. Based on the decisions of the Board of the Samruk-Kazyna Group of Companies, Samruk-Energy Group of Companies financed projects amounting to 215 million tenge. 144 million tenge was allocated to sports clubs and federations for the organization of activities and sporting events. Astana Arlans PSC won the first place in the 2015 WSB season. With the support of the Company, «KAZENERGY»

X Eurasian Forum was organized on high-level. The organizations of the veterans, the disabled, and orphanages were supported, a celebration of the 70th anniversary of the Victory in the Great Patriotic War was held in Serebryansk. Shardarinsk HPP JSC continued a long tradition of providing electricity benefits to veterans of GPW and Afghanistan war.

As the world practice shows, corporate social responsibility, including charity is one of the regular activities of any large company that emphasizes voluntary contribution to the development of society, improvement of the social and environmental spheres.

ECONOMIC FACTORS

DEVELOPMENT OF LOCAL CONTENT SHARE

MISSION TO DEVELOP LOCAL CONTENT SHARE

As part of implementing the state program on the local content share development (hereinafter, the LCS) approved by Republic of Kazakhstan Government Order dated October 29, 2010, in the process of modernizing the existing or putting into operation new generating facilities, the Company is expected to ensure the gradual development of local content share and the participation of national manufacturers (hereinafter, NM) in implementing production and promising power projects when creating new production facilities.

VISION OF LOCAL CONTENT SHARE

The Company views itself as a leader of national manufacturers in the energy sector in terms of presence and development of NM in the electric energy segment of the country's economy, including as part of work operations aimed at creating the foundation and implementation of the green economy strategy, RES development, energy improvement and resource efficiency of production facilities.



WAYS AND METHODS OF DEVELOPING LOCAL CONTENT SHARE

For the purpose of implementing a mission to develop the local content share and ensure NM participation in project implementation on all dialogue sites, the Company offers and takes several consistent measures to implement the program for the development of local content share:

- offers a list of imported goods;
- enters into long-term contracts;
- attracts Kazakh personnel for implementation of investment projects;
- attracts NM when modernizing existing power assets and building new ones;
- takes NM into account when conducting market research.

EXPECTED RESULTS

The implementation of the above measures will make it possible to improve NM competitiveness, engage business in the power sector in a more comprehensive and systematic way, and increase innovations and efficiency of the industry in general. Therefore, conditions will be created for organizing new production facilities, increasing the local content share when producing components for equipment to be supplied, receiving conditions for transferring technologies from the world's leading title holders and developing the segment for maintenance of equipment to be supplied. Some positive effects will include new jobs created as a result of the above measures and necessary conditions for improving the qualification of local personnel as regards to operation, maintenance and repairs of supplied and manufactured equipment. Problems of guaranteed product sales will be solved: long-term agreements with NM will be signed.

INFORMATION ABOUT THE NUMBER OF AGREEMENTS SIGNED WITH NATIONAL MANUFACTURERS IN 2014-2015

In 2014, the Company signed product agreements – 3,669 items worth 151,54 billion tenge, including NM – 766 items worth 136,63 billion tenge.

In 2015, the Company signed product agreements – 3,140 items worth 121 billion tenge, including NM – 835 items worth 110,57 billion tenge.

We see a positive trend in the concluded contracts with national manufacturers.

INFORMATION ABOUT THE NUMBER OF SIGNED LONG-TERM AGREEMENTS FOR 2014-2015

In 2014, the Company signed 63 long-term agreements with national manufacturers worth 2,48 billion tenge.

In 2015, the Company signed 87 long-term agreements with national manufacturers worth 214,45 billion tenge.

INFORMATION ABOUT THE LOCAL CONTENT SHARE IN PROCUREMENT OVER 2013-2015, THOUS. TENGES*

	2013 (fact)		
	Total amount of signed agreements	NM amount	% NM
Goods	166 114 048	123 164 229	74 %
Works	127 069 408	57 398 008	45%
Services	80 782 171	78 555 575	97%
Total	373 965 627	259 117 812	69%

PARTICIPATION IN REGIONAL EXHIBITIONS FOR DEVELOPING LOCAL CONTENT

Over the past year, the Company participated in the Dialogue Site for the development of domestic industry and the support of Kazakh producers organized by National Agency for the development of local content NAD-LoC JSC and the National Chamber of Entrepreneurs of the Republic of Kazakhstan in Astana, in the «State Order 2016» Action, annually conducted by the Almaty City Hall with participation of the mayor of Almaty and Chairman of the Board of Samruk-Kazyna NWF JSC. The Company also participated in meetings under the order of the First Deputy Prime – Minister of the Republic of Kazakhstan on measures to support industrial enterprises of Kazakhstan in Astana, Ust-Kamenogorsk,

Shymkent, Petropavlovsk, Pavlodar and Almaty. Participation in meetings with national manufacturers, organized by Samruk-Kazyna Contract LLP, National Agency for the development of local content NADLoC JSC, the National Chamber of Entrepreneurs of Kazakhstan.

INFORMATION ABOUT AGREEMENTS WITH NATIONAL MANUFACTURERS:

1. Kentau Transformer Plant Joint-Stock Company: product supplies: disconnect switches, transformers, cutouts and cutout drives worth 166 million tenge.
2. Asia Auto JSC: motor vehicles worth 73 million tenge.
3. Kazenergokabel JSC: cable products worth 122 million tenge.
4. Kaztsentrelectroprovod LLP: cables and wires, adapters, cabinets worth 34 million tenge.

	2014 (fact)			2015 (fact)		
	Total amount of actually supplied goods, works and services	NM amount	% NM	Total amount of actually supplied goods, works and services	NM amount	% NM
	157 966 728	125 853 121	80%	134 371 841	112 279 782	84%
	99 769 397	49 652 585	50%	99 091 016	37 149 447	37%
	99 018 102	97 399 442	98%	92 663 066	91 230 497	98%
	356 754 227	272 905 148	76%	326 125 923	240 659 726	74%

* Note: data of Samruk-Kazyna Contract LLP.

5. HighIndustrialLubricants&Liquid-sCorporation («HILL») LLP: product supplies: oil and lubricants worth 242 million tenge.
6. Orika-Kazakhstan JSC: product supplies: industrial explosives worth 453 million tenge.
7. Reinforced Concrete Plant LLP: product supplies: columns, foundation units, reinforced concrete elements worth 65 million tenge.
8. Kagaz Shahary SEZ LLP: product supplies: paper worth 2 million tenge.
9. Zhana Semey Shpal Zauyty JSC: product supplies: impregnated conversion beams worth 53 million tenge.
10. KAZELECTROMASH LLP: product supplies: cables and wires worth 204 million tenge.
11. KEMONT JSC: product supplies: transformer substation worth 7 million tenge.

We, as customers, show great interest in the issue of the new domestic products, as well as continue work on concluding long-term contracts with national manufacturers. This makes it possible to ensure stable demand for manufactured products, respectively, this creates the conditions for long-term investments in production.

In turn, investment projects, and projects for expanding facilities and modernizing production implemented by Samruk-Energy JSC, as well as current capital expenditures must encourage national manufacturers to expand their list of manufactured products.

PROCUREMENT MANAGEMENT:

a) Determining demand for material resources:

Demand for material resources is determined based on the Company's development plan, which is drawn up in accordance with requests of Company structural subdivisions given official and production needs.

6) Supplier choice:

Supplier choice is determined according to the results of tenders and request for prices from one source according to the Procurement Rules of the Fund.

8) Procurement process:

The procurement process at the Company is carried out according to the Rules for procuring goods, works and services of Samruk-Kazyna NWF JSC and organizations with fifty and more percentage of voting shares (interests) directly or indirectly owned by Samruk-Kazyna JSC or under fiduciary management approved by Decision № 80 of the Board of Directors of Samruk-Kazyna JSC dated May 26, 2012.

All procurements are recorded in the Electronic Procurement Information System on the www.tender.sk.kz

INDIRECT ECONOMIC EFFECT

The management staff and the Board of Directors of the Company pursue a specific goal – to create a stable company. The term “stable” also means efficient use of resources – both those of the Samruk-Energy Group of Companies and public ones.

For these purposes, certain enterprises implement integrated management systems, plants are technically reequipped, and requirements for personnel and suppliers are toughened. A lot of attention is paid to economic aspects, such as projects related to corporate social responsibility, improvement of the environmental situation, and financed from operating profits of the Samruk-Energy Group of Companies.

Given the above, all the aspects of sustainable development are analyzed by the management staff to find their economic efficiency. For example, labor productivity, used raw materials (environmental impact) and other aspects are taken into account when planning activities of the Samruk-Energy Group of Companies. Thus, power generation capacity by the end of 2015 decreased by 14.7% in comparison with 2014 and amounted to 3,191 thous.

KWh/person, which is associated with a reduction in the volume of electricity production. The indicator is expected to rise to 3,285 thousand kWh/person by 2016, to 3,681 thousand kWh/person by 2017, and to 7,242 thousand kWh/person by 2019.

The philosophy for sustainable development and efficiency exists in such aspects as charity, which would probably not be considered from the economic and scientific perspective. However, the effect and scale of changes concerned are taken into account when determining priority of social projects.

INTERACTION WITH SOCIETY

INTERACTION WITH INTERESTED PARTIES

The Company considers its interested parties as a group of persons or organizations impacting Company operations or impacted by Company activities. The table below shows the main interested parties.

<i>Interested parties</i>	<i>Issues</i>	<i>Interaction methods</i>
Shareholders	<ul style="list-style-type: none"> • Performance efficiency; • Dividends; • Information transparency and disclosure. 	<ul style="list-style-type: none"> • General meeting of shareholders; • Annual report; • Meetings and negotiations; • Website; • Correspondence and inquiries; • Exhibitions, forums and presentations.
Subsidiaries and affiliates	<ul style="list-style-type: none"> • Companies' profitability; • Reduction of harmful emissions; • Efficient use of water resources; • Use of advanced technologies. 	<ul style="list-style-type: none"> • Meetings; • Website; • Procurement; • Non-financial reports; • Official visits; • Round-table meetings, summits.
Employees	<ul style="list-style-type: none"> • Salary; • Social package; • Safe working conditions; • Professional development. 	<ul style="list-style-type: none"> • Opinions and wishes transferred through department heads; • Website; • Questionnaires and website; • Media; • Meetings of the Board.
Government authorities	<ul style="list-style-type: none"> • Industry-specific development programs; • Social issues; • Tariffs. 	<ul style="list-style-type: none"> • Participation in governmental working groups; • Interaction through industry-specific organizations; • Consultation with competent government authorities in the power sector.
Consumers	<ul style="list-style-type: none"> • Satisfaction of growing demand for electricity and heat; • Quality of provided services; • Energy efficiency. 	<ul style="list-style-type: none"> • Questionnaires and inquiries; • Media; • Website; • Non-financial report.
Banks and financial institutions	<ul style="list-style-type: none"> • Credit lines; • Bank accounts; • Cooperation in project implementation. 	<ul style="list-style-type: none"> • Website; • Correspondence and inquiries; • Exhibitions, forums and presentations; • Financial reports.
Other affiliates	<ul style="list-style-type: none"> • Discrimination prevention; • Respect for human rights; • Stable employment. 	<ul style="list-style-type: none"> • Non-financial reports; • Website.
Competitors	<ul style="list-style-type: none"> • Increase in industry efficiency; • Support at peak loads. 	<ul style="list-style-type: none"> • Interaction via industry-specific organizations.
Society, including the media	<ul style="list-style-type: none"> • Contribution to socio-economic development of regions of operations; • Efficiency of nature management; • Environmental protection. 	<ul style="list-style-type: none"> • Website; • Non-financial reports; • Press releases; • Corporate events; • Press conferences.
Suppliers	<ul style="list-style-type: none"> • Long-term cooperation; • Local content; • Reduction of harmful emissions. 	<ul style="list-style-type: none"> • Signed agreements and memorandums.
Partners	<ul style="list-style-type: none"> • Equipment reliability; • Company's development plans; • Compliance with contractual obligations. 	<ul style="list-style-type: none"> • Non-financial reports; • Official visits; • Business meetings; • Website; • Advertisements.

To interact with society and correspond to the principles of corporate social responsibility, the Samruk-Energy Group of Companies determined its priorities, according to which sponsorship and charitable assistance will be rendered.

The Company consolidated this in the Development Strategy and Strategy for Corporate Social Responsibility. Assistance criteria refer to the creation of new opportunities, which can be used by the maximum number of cities, towns and villages' residents, and the improvement of the population's standard of living.

The state pays special attention to a fair competition. The Agency for Protection of Competition and its regional offices regularly monitor the market in order to prevent collusion among manufacturers and unfair competition.

The Samruk-Energy Group of Companies is committed to conducting its business in accordance with international best practices. Increased market share and growing operating profit are achieved by implementing fair and competitive practices. In 2015, the Samruk-Energy Group of Companies received no reports about impediment to competition from the supervisory authority.

ANALYSIS OF BUSINESS UNITS AGAINST CORRUPTION-RELATED RISKS

As per Item 37 of the Action Plan for improving corporate governance in Samruk-Energy JSC approved by the decision of the Board of Directors dated March 28, 2013, a Counter Fraud and Corruption Policy was developed and approved in Samruk-Energy JSC.

The Policy was elaborated to form a uniform concept for the Company's employees and other persons about non-acceptance of fraud and corruption in any form and expression, and to minimize the risk of fraud and involvement of the Company in corruption.

The Policy sets guidelines for countering fraud and corruption and management basics for the prevention of fraud and corruption and their control, minimization and/or redress of fraudulent and corruption-related actions.

The Policy provisions are applied to the officers and employees of the Company and its subsidiaries, and to third parties – counterparties that work under contract (auditors, advisers, etc.).

In 2015, all employees of the Corporate Center and the SC were fully acquainted with the Counter Fraud and

Corruption Policy. The staff's knowledge of the Policy is tested annually.

Negative publications in the media about officials and workers of Samruk-Energy JSC, its SC with respect to any fraud and corruption facts are regularly monitored.

At the end of 2015, no cases of frauds and corruption were reported in the Samruk-Energy Group of Companies.

PRODUCTION LIABILITY

USER HEALTH AND SAFETY

In order to ensure technical regulation and improve user safety, GOST 13109-97 Electricity Quality Standards

in General Power Supply Systems was developed, where the requirements for electricity quality are specified. This state standard is binding upon the Samruk-Energy Group of Companies.



MARKING OF PRODUCTS AND SERVICES

The products of the Samruk-Energy Group of Companies are not marked.

MARKETING COMMUNICATIONS

Due to the monopolistic or dominant status, marketing communications are economically inadvisable for the Samruk-Energy Group of Companies.

USER PRIVACY

The Samruk-Energy Group of Companies gives priority to the privacy and security of information about clients. For these purposes, each company of the Samruk-Energy Group has determined a range of employees authorized to access data of users and clients of the company. Moreover, the client base is a strategic and trade secret for certain companies of the Samruk-Energy Group.

Information about the client database is disclosed to persons outside the Samruk-Energy

Group of Companies as required by authorized agencies of the Republic of Kazakhstan only.

For the accounting period, there were no cases of loss of client data among the companies of Samruk-Energy Group.

COMPLIANCE WITH REQUIREMENTS

The Samruk-Energy Group of Companies performs its activities under existing legislation. The Legal Department enforces all norms of existing legislation. The Legal Department regularly monitors the current and newly effective laws and technical regulations on power, environment, occupational safety and product quality.

The Samruk-Energy Group of Companies commits to compliance with legislative norms and requirements. This is confirmed by the companies of the Samruk-Energy Group which are currently installing smoke filters, which will prevent a large portion of particulate emissions from entering the atmosphere.

These actions are governed by the technical regulation effective as of 2013 in order to reduce negative environmental effects.

NON-COMPLIANCE WITH REGULATORY REQUIREMENTS AND VOLUNTARY CODES RELATING TO THE IMPACT OF PRODUCTS AND SERVICES ON HEALTH AND SAFETY

In the accounting period, no cases of non-compliance with requirements relating to the impact of products and services on health and safety were identified within the Samruk-Energy Group of Companies.

NON-COMPLIANCE WITH REGULATORY REQUIREMENTS AND VOLUNTARY CODES RELATING TO MARKETING COMMUNICATION

In 2015, the Samruk-Energy Group of Companies recorded no cases of non-compliance relating to product marketing and promotion.

COMPLAINTS RELATING TO VIOLATION OF USER PRIVACY

In the accounting period, no complaints relating to violation of user privacy or loss of user data were recorded within the Samruk-Energy Group of Companies.

10



INFORMATION ABOUT EXTERNAL AUDITING FIRM

By the Decision of the Board of Directors of Samruk-Energy JSC No.51 dated October 11, 2011, the Policy of Samruk-Energy JSC in engaging audit organization services was approved. The aim of such policy is to organize the efficient activities on engaging audit organizations (including non-audit services, provided by audit organizations), to introduce the unified procedure for their selection, to ensure the preservation of the independence status for the Company's auditors in providing audit and non-audit services and to avoid the conflict of interests.

CRITERIA FOR SELECTING AN EXTERNAL AUDITOR

The main criteria for selecting an auditing firm are:

- service quality;
- service cost.

The quality of services of the auditing firm is determined as follows:

- qualifications held by the auditing specialists;
- work experience both in Kazakhstan and international markets;
- prompt provision of services;
- knowledge of power and coal-mining industries..

INFORMATION ABOUT THE AUDITING FIRM

Since 2012, the Company's external auditor has been the PricewaterhouseCoopers Company (hereinafter – PwC).

PwC provides auditing services and tax and consulting services aimed at increasing the business value of their clients.

PwC is a leading firm which renders services to transnational oil, gas and power companies. Integrating the products and resources into a uniform practice focused on this industry enables PwC to provide quality services and enhance the value of client activity. PwC attracts global resources for

on-site work so that clients are able to take advantage of the knowledge and practice and introduce all this into daily activities.

More than 2,500 heat and power companies worldwide are listed as PwC clients for auditing.

PWC GLOBAL AUDIT CLIENTS IN THE 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
- RushHydro
- 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.

At present, personnel of PricewaterhouseCoopers in Kazakhstan consist of over 350 persons in Almaty and Astana and provide services to enviable number of national and international clients. Furthermore, the company actively operates in the Central Asian area: Baku (Azerbaijan), Erevan (Armenia), Tbilisi (Georgia), Bishkek (Kyrgyzstan), Tashkent (Uzbekistan), Ashkhabad (Turkmenistan) and Ulan-Bator (Mongolia). The company's

growth has been accompanied by an increase in the number of its clients in all economic sectors, including the fuel and energy sector, financial services, consumer and industrial goods, telecommunications and services.

Over the last 19 years, PwC has been the leading supplier of auditing and consulting services in the Kazakh power sector. PwC works with the largest Kazakhstan coal-mining and power companies, which received, over the

last few years and has been receiving today, auditing services with regard to financial statements prepared under IFRS. Some important PwC clients receiving auditing services in Kazakhstan are:

<i>Company</i>	<i>Activity</i>	<i>Period</i>
<i>Samruk-Energy JSC</i>	Holding company.	2008-2010, 2012-2015
<i>Alatau Zharyk Company JSC</i>	Power transportation, technical distribution of power in Almaty and the Almaty Region	2010, 2012-2015
<i>Almaty Power Plants JSC</i>	Electric and heat power generation in Almaty and the Almaty Region.	2010, 2012-2015
<i>AlmatyEnergSbyt LLP</i>	Sale of power in Almaty and the Almaty Region.	2008-2010, 2012-2015
<i>Shardarinsk HPP JSC</i>	Power generation.	2007
<i>Moynak HPP JSC</i>	Development of hydroelectric power plants close to the Charyn River.	2008-2010, 2012-2015
<i>Mangistau Distribution Power Grid Company JSC</i>	Power transportation, technical distribution of power for oil and other companies, and sale of power to remote country districts in Mangistau Region.	2008-2010, 2012-2015

Company	Activity	Period
Plant Ekibastuz SDPP-2 JSC	Electric and heat power generation based on coal extracted from Bogatyr and Severny coal strip mines.	2005-2009
Eurasian Energy Corporation JSC	Open coal mining in the Vostochny coal strip mine and power generation.	2005-2015
Bogatyr-Komir LLP	Open coal mining in Bogatyr and Severny coal strip mines.	2008-2010, 2012
Ust-Kamenogorsk HPP JSC	Generation, transfer and distribution of power in Ust-Kamenogorsk.	2006

The external auditor provides the following services to Samruk-Energy JSC:

1. Auditing consolidated and separate financial statements.
2. Automation of the planning and monitoring system.
Before PwC auditing services were provided by the KPMG network of companies.

FEES PAID TO THE AUDIT FIRM FOR AUDITING SERVICES AND SEPARATELY FOR SERVICES NOT ASSOCIATED WITH AUDITS OF FINANCIAL STATEMENTS IN 2015

Service	2015
Audit	32,339,059 tenge VAT included
Consulting	50,219,430 tenge VAT included
Training	7,358,272 tenge VAT included

EMPLOYMENT OF THE AUDIT FIRM'S PERSONNEL

Prior consent of the Audit Committee is required to prevent any conflicts of interest in case of planned appointment of an audit firm's employee having participated in the Company's obligatory audit as an audit firm's employee for two years preceding the date of his/her appointment (election) as a member of the Board, managing director or chief auditor.

CONCLUSION OF THE INDEPENDENT AUDITOR

On the third of March of 2016, the report of an independent auditor of PricewaterhouseCoopers LLP was provided on the fact that the consolidated financial statements of Samruk-Energy JSC reflect in all material respects the financial standing of the Company and its subsidiaries as of December 31, 2015, as well as its financial results and cash

flows over the year ended on the above date, pursuant to the International financial reporting standards (*you can read the full text of the Auditor's Report and the Audited financial statements in the second volume of this Report*).

11

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In thousands of Kazakhstan Tenge</i>	<i>Note</i>	<i>31 December 2015</i>	<i>31 December 2014 (restated) *</i>
ASSETS			
Non-current assets			
Property, plant and equipment	7	804,846,336	747,309,059
Investment property	10	774,702	882,542
Intangible assets	8	2,894,963	2,450,543
Exploration assets	9	13,520,805	11,448,375
Investments in joint ventures and associates	11	72,047,578	78,896,702
Other non-current assets	12	14,256,809	18,783,300
Total non-current assets		908,341,193	859,770,521
Current assets			
Inventories	13	13,777,955	13,053,789
Trade and other receivables	14	19,842,838	14,931,807
Other current assets	15	50,866,965	43,214,791
Income tax prepaid		1,534,371	1,579,015
Cash and cash equivalents	16	31,927,511	21,658,167
Total current assets		117,949,640	94,437,569
TOTAL ASSETS		1,026,290,833	954,208,090

* - Comparative information has been adjusted to reflect transfer from assets held for disposal (Note 2).

<i>In thousands of Kazakhstan Tenge</i>	<i>Note</i>	<i>31 December 2015</i>	<i>31 December 2014 (restated) *</i>
EQUITY			
Share capital	17	355,650,405	355,364,386
Other reserves	17	127,578,106	54,993,097
(Accumulated deficit)/Retained earnings		(3,236,425)	80,553,684
Equity attributable to the Group's equity holders		479,992,086	490,911,167
Non-controlling interest	30	2,528,351	2,138,284
TOTAL EQUITY		482,520,437	493,049,451
LIABILITIES			
Non-current liabilities			
Ash dump restoration provision		1,842,401	1,203,172
Employee benefit obligations	18	1,329,840	1,338,136
Borrowings	19	340,158,800	283,724,820
Other non-current liabilities	20	4,735,410	8,146,330
Deferred income tax liabilities	28	79,404,793	79,296,635
Total non-current liabilities		427,471,244	373,709,093
Current liabilities			
Ash dump restoration provision		120,147	95,968
Borrowings	19	70,844,582	40,301,262
Employee benefit obligations	18	122,689	93,644
Trade and other payables	21	43,220,687	45,397,259
Taxes payable and other payables to budget	28	1,524,428	1,408,623
Income tax payable	28	466,619	152,790
Total current liabilities		116,299,152	87,449,546
TOTAL LIABILITIES		543,770,396	461,158,639
TOTAL LIABILITIES AND EQUITY		1,026,290,833	954,208,090

* - Comparative information has been adjusted to reflect transfer from assets held for disposal (Note 2).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>In thousands of Kazakhstan Tenge</i>	<i>Note</i>	<i>2015</i>	<i>2014 (restated) *</i>
Revenue	22	228,865,079	221,150,337
Cost of sales	23	(165,931,725)	(157,207,085)
Gross profit		62,933,354	63,943,252
Selling expense		(3,029,040)	(2,516,167)
General and administrative expenses	25	(13,939,521)	(13,890,731)
Share in profit/(loss) of joint ventures and associates	11	(10,172,534)	12,957,577
Impairment of Goodwill		-	(75,875,134)
Impairment of assets	4	(3,590,229)	(2,785,110)
Finance income	26	2,728,571	8,710,222
Finance costs	27	(109,214,671)	(24,018,120)
Other income	24	1,994,642	58,978,315
Other expense		(1,749,618)	(1,198,607)
(Loss)/profit before income tax		(74,039,046)	24,305,497
Income tax expense	28	(5,875,162)	(11,054,902)
(Loss)/profit for the year from continuing operations		(79,914,208)	13,250,595
Profit for the year from discontinued operations	2	2,469,307	-
(Loss)/profit for the year		(77,444,901)	13,250,595
Other comprehensive loss			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of post-employment benefit obligations		3,106	(146,246)
Total comprehensive (loss)/income for the year		(77,441,795)	13,104,349
(Loss)/profit attributable to:			
Equity holders of the Group		(77,834,968)	15,946,974
Non-controlling interest		390,067	(2,696,379)
(Loss)/profit for the Year		(77,444,901)	13,250,595
Total comprehensive (loss)/income attributable to:			
Equity holders of the Group		(77,831,862)	15,800,727
Non-controlling interest		390,067	(2,696,378)
Total comprehensive (loss)/income for the year		(77,441,795)	13,104,349

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>In thousands of Kazakhstan Tenge</i>	<i>Note</i>	<i>Attributable to equity holders of the Group</i>				<i>Non- controlling interest</i>	<i>Total Equity</i>
		<i>Share capital</i>	<i>Other reserves</i>	<i>(Accumula- ted deficit)/ Re-tained earnings</i>	<i>Total</i>		
Balance at 1 January 2014		233,946,269	75,308,815	72,276,222	381,531,306	3,021,709	384,553,015
Profit for the year		-	-	15,946,974	15,946,974	(2,696,379)	13,250,595
Other comprehensive loss		-	(152,764)	-	(152,764)	-	(152,764)
Total comprehensive income/(losses)		-	(152,764)	15,946,974	15,794,210	(2,696,379)	13,097,831
Share issue	17	21,418,117	-	-	21,418,117	-	21,418,117
Acquisition of Moynak HPS	17	-	(20,162,954)	-	(20,162,954)	1,812,954	(18,350,000)
Gain from initial recognition of loan from Samruk-Kazyna		-	18,922,380	-	18,922,380	-	18,922,380
Derecognition of gain from initial recognition due to loan modification		100,000,000	(18,922,380)	501,093	81,578,713	-	81,578,713
Dividends		-	-	(8,170,605)	(8,170,605)	-	(8,170,605)
Balance at 31 December 2014		355,364,386	54,993,097	80,553,684	490,911,167	2,138,284	493,049,451
(Loss)/income for the year		-	-	(77,834,968)	(77,834,968)	390,067	(77,444,901)
Other comprehensive income		-	3,106	-	3,106	-	3,106
Total comprehensive (losses)/income		-	3,106	(77,834,968)	(77,831,862)	390,067	(77,441,795)
Share issue	17	286,019	-	-	286,019	-	286,019
Gain from initial recognition of loan from Samruk-Kazyna	17	-	72,581,903	-	72,581,903	-	72,581,903
Other distribution to shareholder	17	-	-	(1,174,068)	(1,174,068)	-	(1,174,068)
Dividends	17	-	-	(4,781,073)	(4,781,073)	-	(4,781,073)
Balance at 31 December 2015		355,650,405	127,578,106	(3,236,425)	479,992,086	2,528,351	482,520,437

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In thousands of Kazakhstan Tenge</i>	<i>Note</i>	<i>2015</i>	<i>2014 (restated) *</i>
Cash flows from operating activities			
(Loss)/profit before income tax of continued operations		(74,039,046)	24,305,497
Adjustments for:			
Depreciation and amortisation		38,954,690	28,715,622
Losses on disposal of property, plant and equipment		932,943	441,062
Reversal of provision for impairment of trade and other receivables		220,855	538,353
(Reversal)/charge of provision on obsolete and slow-moving inventories	23	(248,629)	881,417
Amortisation of income from connection of additional capacities		(364,926)	(379,358)
Current service cost and actuarial losses on employee benefits		-	(34,326)
Finance costs	27	109,214,671	24,018,120
Finance income	26	(2,728,571)	(8,710,222)
Share in loss/(profit) of joint ventures and associates	11	10,172,534	(12,957,577)
Gain of fair value measurement of previously held interest	24	-	(56,682,576)
Goodwill impairment		-	75,875,134
Impairment of property, plant and equipment	4	3,590,229	2,785,110
Others		3,108	(4,749)
Operating cash flows before working capital changes:		85,707,858	78,791,507
(Increase)/decrease in trade and other receivables and other current assets		(4,311,947)	2,981,160
(Increase)/decrease in inventories		(340,645)	168,327
Decrease in trade and other payables		(1,084,181)	(823,646)
Increase/(decrease) in employee benefits payable		344,374	(26,904)
Increase/(decrease) in taxes payable		3,081,703	(1,701,557)
Cash generated from operations		83,397,162	79,388,887
Income tax paid		(4,996,199)	(5,638,833)
Interest paid		(23,490,234)	(20,815,349)
Dividends received		5,726,955	5,771,472
Net cash from operating activities		60,637,684	58,706,177

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2).

<i>In thousands of Kazakhstan Tenge</i>	<i>Note</i>	<i>2015</i>	<i>2014 (restated) *</i>
Cash flows from investing activities			
Purchase of property, plant and equipment		(97,607,800)	(81,741,843)
Acquisition of intangible assets		(718,235)	(371,087)
Exploration and evaluation expenditures		(2,486,932)	(1,708,070)
Acquisition of subsidiary, net of cash acquired	32	78,386	(233,037,485)
Investment in Moynak HPS	17	-	(18,350,000)
Acquisition of share in associates	11	(8,906,910)	(6,059,620)
Interest income received		2,793,747	3,033,730
Proceeds from sale of Property, Plant and Equipment		370,396	45,500
Proceeds from sale of interest in joint ventures and associates		79,204	-
Withdrawal of bank deposits		14,412,555	40,320,274
Proceeds from loans provided		-	3,669,540
Proceeds from sale of Financial Assets		-	405,839
Withdrawal of restricted cash		1,346,767	397,379
Net cash used in investing activities		(90,638,822)	(293,395,843)
Cash flows from financing activities:			
Proceeds from issue of shares	17	-	21,418,117
Proceeds from issue of bonds		-	2,372,042
Proceeds from borrowings		142,510,049	233,614,123
Repayment of borrowings		(100,114,430)	(13,623,443)
Repayment of bonds		-	(10,820,032)
Dividends paid to shareholders		(4,781,073)	(8,170,605)
Dividends paid to non-controlling interest holders		(188,476)	(218,312)
Repayment of loans from customers		-	(616,518)
Other payments attributable to shareholders		(800,234)	-
Others		(3,770)	-
Net cash from financing activities		36,622,066	223,955,372
Foreign exchange effect on Cash and cash equivalents		3,648,416	17,150,465
Net increase in cash and cash equivalents		10,269,344	6,416,171
Cash and cash equivalents at the beginning of the year	16	21,658,167	15,241,996
Cash and cash equivalents at the year- end	16	31,927,511	21,658,167

* - Comparative information has been adjusted to reflect transfer from discontinued operations (Note 2).

ANNEXES

ANNEX 1. ACRONYMS

AES LLP	AlmatyEnergoSbyt LLP
APP	Almaty Power Plants JSC
AZhC	Alatau Zharyk Company JSC
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
CHP	Combined heat and power
CIS	Commonwealth of Independent States
CMS	Corporate management system
CO₂	Carbon dioxide
Company	Samruk-Energy JSC Holding Company registered in Kazakhstan manages its subsidiaries and associates
Company organization departments	Company subdivisions responsible for certain activity and which are reflected in the Company's organizational structure (departments, services)
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
DHRM	Department of Human Resource Management of the Company
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EP	Energy provider
ESDPP-1	B.Nurzhanov Ekibastuz SDPP-1 LLP
ESDPP-2	Ekibastuz SDPP-2 Plant JSC
FSR	Fire safety regulations
Fund	National Welfare Fund Samruk-Kazyna Joint-Stock Company
GRI	Global reporting initiative
GTPP	Gas turbine power plant
HPP	Hydraulic power plant
IMS	Integrated management system
ISO	International Organization for Standardization
JSC	Joint Stock Company
KEGOC	KEGOC JSC (Kazakhstan Electricity Grid Operating Company)
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
KUES	Kazakhstan Unified Energy System
LLP	Limited Liability Partnership

ANNEX 1. ACRONYMS (CONTINUED)

LTA	Loading and transportation administration
MPD	Maximum permissible discharges
MPE	Maximum permissible emissions
PCB	Polychlorinated biphenyl
PIT SEZ	Park of Information Technologies Special Economic Zone
POP	Persistent organic pollutants
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
PTL	Power transmission line
RES	Renewable Energy Sources
RF, Russia	Russian Federation
Risk	Exposure to uncertainty related to events or actions which can affect the achievement of set goals and tasks
RK	Republic of Kazakhstan
RK MINT	Republic of Kazakhstan Ministry of Industry and New Technologies
Samruk-Energy Group of Companies	Samruk-Energy JSC, its subsidiaries and associates and jointly controlled entities
SC	Subsidiary companies
SDPP	State district power plant
SP FIID	State Program of Forced Industrial-Innovative Development of the Republic of Kazakhstan
SPP	Solar power plant
SR	Safety regulations
Strategy	Long-term Development Strategy of Samruk-Energy JSC
SWOT	Analysis of the positive and negative effects of external and internal environment factors
TOR	Technical Operation Rules
TPP	Thermal power plant
UN	United Nations
WF	Wind Farm
WTO	World Trade Organization
ZHSDPP	Zhambyl SDPP JSC

UNITS OF MEASURE

<i>GWh</i>	Gigawatt per hour
<i>GJ</i>	Gigajoule
<i>Gcal</i>	Gigacalorie
<i>kV</i>	Kilovolt
<i>kWh</i>	Kilowatt per hour
<i>km</i>	Kilometer
<i>m</i>	Meter
<i>m³</i>	Cubic meter
<i>MVA</i>	Megavolt-ampere
<i>MW</i>	Megawatt
<i>mln</i>	Million
<i>thous.</i>	Thousand
<i>%</i>	Per cent

ANNEX 2. CORRESPONDENCE TABLE OF GRI MANAGEMENT REPORT

<i>GRI</i>	<i>Indicator name</i>	<i>Indicator disclosure</i>	<i>Page</i>
Strategy and Analysis			
1.1	Application from the most senior decision maker within the organization	+	06-09
1.2	Feature of key impacts, risks and opportunities	+	115-119
2.1	Name of organization	+	12
2.2	Main brands, types of products and/or services	+	13
2.3	Functional structure of the organization, including major units, operating companies, subsidiaries and joint ventures	+	adding pages between 26 and 27
2.4	Location of the organization's headquarters	+	175
2.5	Number of countries where the organization performs its activities, and name of countries where main business is conducted or which are of great importance in terms of sustainable development issues covered by the report	+	13
2.6	Nature of ownership and form of incorporation	+	13
2.7	Markets where the organization operates (including geographic breakdown, sectors to be served and categories of users and beneficiaries)	+	28-30, 35, 45
2.8	Scale of organization	+	15-16
2.9	Major changes in the scAPP, structure or ownership occurring in the accounting period	+	26-27
2.10	Awards obtained in the accounting period	+	11, 122

ANNEX 2. CORRESPONDENCE TABLE OF GRI MANAGEMENT REPORT (CONTINUED)

GRI	Indicator name	Indicator disclosure	Page
Strategy and Analysis			
3.1	Accounting period to which the provided information refers	+	04
3.2	Date of issue of the last report from the previous ones (if any issued)	+	04
3.3	Reporting cycle	+	04
3.4	Contact information for questions related to a report or its content	+	175
3.5	Procedure for defining report content	+	05
3.6	Report limits (i.e. countries, subdivisions, subsidiaries, leased capacities, joint ventures, suppliers)	+	05
3.7	Restrictions of the report scope or limits	+	05
3.8	Grounds to include the following data into the report: data on joint ventures, subsidiaries, lease of plants, transfer of a part of functions to external contractors and other organizational entities which can have a significant impact on consistency with previous reports and/or other organizations	+	05, 57
3.9	Methods of data and calculation measurement, including assumptions and techniques applied to prepare the Indicators and other information included in the report	+	05
3.10	Description of the meaning of any re-statements of information given in previous reports and grounds for such re-statements (i.e., merger / takeover, change in reporting periods, nature of business, assessment method)		
3.11	Major changes in previous reporting periods in terms of scope, limits or measurement methods applied in the report	+	05
3.12	Table indicating a location of Standard elements in the report	+	170-174
3.13	Policy and applied practical approaches with regard to external confirmation of the report	+	05
4.1	Organization management structure, including the main committees comprising the highest governing authority and responsible for particular tasks, for example, development of a strategy or general supervision of organization activity	+	83
4.2	Please indicate whether a chairman of the highest governing authority simultaneously acts as an executive manager of the company	+	90
4.3	For organizations which have a unitary Board of Directors, please indicate the number of independent members of the highest governing authority and/or of members which do not belong to the executive management of the company	+	85-86
4.4	Mechanisms which help the shareholders or employees of the organizations to coordinate activity of the highest governing authority or give recommendations	+	83, 107
4.5	Relation between payments to members of the highest governing authority, representatives of top management and senior managers (including termination allowances) and performance of the organization (including social and environmental results)	+	89, 107
4.6	Operating processes applied in the highest governing authority designed to avoid conflicts of interest	+	110
4.7	Procedures for the evaluation of qualification and competence of members of the highest governing authority to determine a strategy for arranging economic, environmental and social topics [sustainable development]	+	87, 100

ANNEX 2. CORRESPONDENCE TABLE OF GRI MANAGEMENT REPORT (CONTINUED)

<i>GRI</i>	<i>Indicator name</i>	<i>Indicator disclosure</i>	<i>Page</i>
Strategy and Analysis			
4.8	In-house developed statements on mission or values, Corporate Codes of Conduct and guidelines relevant in terms of economic, environmental and social effectiveness, and the degree of their implementation	+	14-15, 107
4.9	Procedures applied by the highest governing authority to supervise how the organization assesses its economic, environmental and social effectiveness and manages it, including the risks, opportunities and observance or compliance with international standards, Corporate Codes of Conduct and guidelines	+	108
4.10	Procedures for self-assessment of productivity by the highest governing authority, particularly with regard to economic, environmental and social performance of the organization	+	100-104
4.11	Explanation whether the organization applies a precautionary principle, and how	+	108
4.12	Economical, environmental and social charters, principles or other initiatives which the organization joined or which supports, developed by external parties	+	109
4.13	Membership in associations (for example, industry) and/or national and International organizations on protection of interests	+	109
4.14	List of the concerned parties with which the organization cooperated	+	154-156
4.15	Grounds for identification and selection of concerned parties intended for cooperation in the future	+	154-156
4.16	Approaches to cooperation with concerned parties, including frequency of cooperation by forms and concerned stakeholder groups	+	154-156
4.17	Key topics and interests raised or identified during cooperation with the stakeholders, and how the organization responded to these topics and interests, including through its reporting	+	154-156
EC	Management approach	+	57
EC1	Created and distributed direct economic value, including income, operating costs, payments to the employees, subsidies and other investments in communities, undistributed profits, payments to the suppliers of capital and states	+	57-74
EC5	Range of relations of standard initial level salary and fixed minimum salary in essential areas of the organization's activity	+	138
EC6	Policy, practical approaches to purchase from local suppliers and the share of such purchases in essential areas of the organization's activity	+	151-153
EC7	Procedures for recruitment of local population and the share of top managers employed from local population in essential areas of the organization's activity	+	128
EC8	Development and influence of investments in infrastructure and services rendered, primarily for the public good through business, natural or beneficent participation	+	79, 150-151
EC9	Understanding and description of essential indirect economical impacts, including the area of impact	+	154
EN	Management approach	+	123
EN1	Used materials with specification of mass or volume	+	123-124

ANNEX 2. CORRESPONDENCE TABLE OF GRI MANAGEMENT REPORT (CONTINUED)

GRI	Indicator name	Indicator disclosure	Page
Strategy and Analysis			
EN3	Direct use of energy with specification of prime sources	+	–
EN5	Energy saved due to reduced power consumption and increased energy efficiency	+	–
EN8	Total derived water by sources	+	124
EN10	Share and total volume of multiuse and reused water	+	124
EN11	Location and area of lands owned, leased, headed by the organization, and located in protected areas and areas with high biodiversity value outside or adjacent to such areas	+	124
EN20	Atmospheric emissions of NOx, SOx and other significant pollutants with specification of type and mass	+	–
EN21	Total volume of discharges with specification of the quality of waste water and receiving water body	+	125
LA	Management approach	+	128
LA1	Total labor force by employment type, labor contract and region	+	129-133
LA2	Total employees and turnover of employees by age group, gender and region	+	129-133
LA3	Payments and preferences provided for full-time employees, which are not provided for temporary or part-time employees by primary activity	+	143
LA4	Share of employees covered by labor contracts	+	142
LA5	Minimum period(s) of notification on considerable changes in activity of the operation and whether it is determined in a labor contract	+	142
LA7	Accident frequency rate, occupational disease rate, lost day and absence factors and total work-related fatal cases by regions	+	147-148
LA8	Existing programs of education, training, program consulting, risk prevention and control to assist the employees, their family members and population representatives with regard to severe diseases	+	133-134
LA10	Average training hours per one employee per annum by employee categories	+	134
LA12	Share of employees whose performance and career development are assessed regularly	+	134
LA13	Composition of the governing authorities and personnel of the organization by gender and age group with specification of minority representatives and other diversity index	+	133
HR	Management approach	+	140
HR4	Total cases of discrimination and undertaken actions	+	143-144
HR5	Activity under which the rights to freedom of association and collective negotiation can be at substantial risk, and actions undertaken to maintain these rights	+	143

ANNEX 2. CORRESPONDENCE TABLE OF GRI MANAGEMENT REPORT (CONTINUED)

<i>GRI</i>	<i>Indicator name</i>	<i>Indicator disclosure</i>	<i>Page</i>
Strategy and Analysis			
HR6	Activity under which there is a substantial risk of the child employment, and actions undertaken to liquidate child labor	+	143-150
HR7	Activity under which there is a substantial risk of forced or compulsory labor, and actions undertaken to liquidate forced or compulsory labor	+	143-150
HR9	Total violations which affect the rights of indigenous people and minorities, and actions undertaken	+	143-150
SO	Management approach	+	154-155
SO2	Share and total business units analyzed against corruption-related risks	+	156
PR	Management approach	+	156-157
PR2	Total non-compliances with regulatory requirements and voluntary codes relating to the impact of products and services on health and safety by types of consequences	+	156-157
PR7	Total non-compliances with regulatory requirements and voluntary codes relating to marketing communication, including advertising, product promotion and sponsorship by types of consequences	+	156-157
PR8	Total reasonable complaints concerning violations of user privacy and loss of consumer data	+	156-157
EU1	Project capacity by types of energy resources and control mode	+	41-43
EU2	Net produced capacity types of energy resources and control mode	+	41-43
EU3	Number of client accounts of domestic, business, institutional and commercial users	+	43
EU4	Length of aboveground and underground power lines and distribution lines by each control mode	+	43
EU16	Policy and requirements on health and safety of the employees of contractors and subcontractors	+	150
EU18	Share of employees of contractors and subcontractors trained on occupational safety and health	+	150
EU21	Emergency planning, action plan and training programs in case of natural disasters /emergencies and recovery work plans	+	148-149
EU25	Quantity of injuries and fatal cases among the population with participation of the Company assets, including judicial decisions, settlements and pending legal proceedings relating to diseases	+	147

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