



Appendix No. 1
to the decision of the Board of
Directors of Samruk-Energy JSC
dated December 19, 2022
(Minutes of meeting No. 17/22)

Dividend policy of Samruk-Energy JSC in relation to subsidiaries

Astana



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1. Purpose and scope

1.1. This Dividend Policy of Samruk-Energy JSC in relation to subsidiaries (hereinafter referred to as the Dividend Policy) establishes the basis for the relationship of Samruk-Energy Joint-Stock Company with legal entities, more than fifty percent of voting shares (participatory interests) of which belong to Samruk-Energy JSC on the right of ownership or trust management (hereinafter - SDC) on the issues of payment of dividends on blocks of shares or shares in authorized capital owned by Samruk-Energy JSC.

1.2. The Dividend policy is mandatory for execution by all SDCs owned by Samruk-Energy JSC on the basis of ownership (participatory interest) or trust management.

2. Terms and abbreviations

Term	Definition
SDC	legal entities, more than fifty percent of voting shares (participatory interests) of which are owned by Samruk-Energy JSC on the right of ownership or trust management
Financial stability ratios	ratios determined by the Regulation on the management of debt obligations, approved by the Management Board of Samruk-Energy JSC dated August 13, 2018 (Minutes No. 15)
IFRS	International Financial Reporting Standards
Company	Joint Stock Company Samruk-Energy
Threshold values of financial stability ratios	values of financial stability ratios, which are set by Samruk-Energy JSC for SDCs in accordance with the Regulations on debt management, approved by the decision of the Board of Samruk-Energy JSC dated August 13, 2018 (Minutes No. 15)
Free cash flow (FCFF¹)	cash flow from operating activities, including dividends from associates and joint ventures, after deducting investment costs to maintain current activities
Fund	Joint Stock Company National Welfare Fund Samruk-Kazyna
Target values of financial stability ratios	values of financial stability ratios, which are set by Samruk-Energy JSC for SDCs in accordance with the Regulations on debt management, approved by the decision of the Board of Samruk-Energy JSC dated August 13, 2018 (Minutes No. 15)
Dividends	Part of the net profit of SDCs according to the financial statements for the reporting period, paid to the Company on its shares (participation interests) owned by the Company.

3. Responsibility

3.1. Preparation, coordination and implementation of all activities related to the payment of dividends are carried out by the executive body of the SDC.

3.2. Responsibility for the timely payment of dividends lies with the executive body of the SDC in accordance with the legislation of the Republic of Kazakhstan and the charter of the SDC.

¹Free cash flow (FCFF) defined as Free Cash flow to the Firm, in terms of settlements for energy producing enterprises, excludes income from individual tariffs for the service of maintaining the availability of electrical capacity (as received for the purposes of servicing the relevant loans), in an amount not exceeding payments under the relevant principal repayment.

4. Purpose and basic principles

4.1. The purpose of the Dividend Policy is to ensure the balance of interests of the Company and SDCs, as well as the predictability and transparency of the approach in determining the amount of dividends.

4.2. The main principles of the Dividend Policy are:

- 1) ensuring guaranteed payment of dividends to the Company in favor of the Company;
- 2) ensuring the financial stability of the Company and SDCs;
- 3) ensuring financing of the Company's activities, including financing of investment projects implemented at the expense of the Company's funds, as well as the acquisition of assets;
- 4) the need for subsidiaries and dependent companies to finance their investment activities;

4.3. The amount of dividends accrued by SDCs in favor of the Company must cover the Company's monetary need for financing:

- 1) its activities;
- 2) payment of dividends in favor of the Fund;
- 3) investment projects implemented at the expense of the Company.

5. The main approaches to determining the amount of dividend accrual

5.1. The amount of dividends payable in relation to SDCs is determined differentially depending on the degree of their maturity and financial and economic condition, determined on the basis of indicators of financial stability and liquidity, and the degree of need in this medium-term period to carry out investment activities with attraction of own funds.

5.2. SDCs may be paid additional dividends in addition to the main dividends in case of favorable market conditions. The amount of additional dividends should be justified taking into account the financial condition and plans of the SDC.

5.3. In accordance with the legislation of the Republic of Kazakhstan, this Dividend Policy and the charters of SDCs, the authorized bodies of SDCs prepare proposals for the payment of dividends for the past financial year and the amount of the dividend for the year.

5.4. The final decision on the amount of dividends is made by the general meeting of shareholders (sole shareholder) or by the person who owns all the voting shares of the SDC - joint-stock company, the sole participant (general meeting of participants) of the SDC - limited liability partnership.

The General Meeting of Shareholders (the Sole Shareholder), the General Meeting of Participants (the Sole Shareholder) has the right to decide on the payment of one-time (special) dividends to SDCs based on the results of a quarter, half a year, a financial year, or previous periods.

7.1. The calculation of the amount of dividends should be carried out on the basis of:

- data from the audited financial statements of SDCs,
- management accounting information (in the absence of the necessary data in the financial statements).

When calculating the amount of dividends from subjects of natural monopolies, the norms of the current antimonopoly legislation of the Republic of Kazakhstan are taken into account.

7.2. The amount of dividends offered for payment by SDCs is determined as follows:

- 1) from 50% to 100% of the Free Cash Flow of SDCs, subject to the SDCs meeting the target values of financial stability ratios. At the same time, SDCs have the right to reduce the amount of dividends payable by the amount of investments of SDCs approved by the Investment and Strategy Committee of the Fund and the Board of Directors of the Company;

- 2) 50% of the Free Cash Flow of SDCs if the SDCs comply with the threshold values of financial stability ratios, but violate the target values of financial stability ratios;

3) from 20% to 50% of the Free Cash Flow of SDCs in case of violation of the threshold values of financial stability ratios. In this case, according to the decision of the Company, a part of the Free Cash Flow of the SDC should be directed to repay the obligations of the SDC in order to bring the financial stability indicators of the SDC to the target values;

4) The Company has the right to take a decision on non-payment of dividends by SDCs in favor of the Company.

6. Final provisions

6.1. A SDC in which another shareholder/shareholders owns/owns a block of shares that allows, in accordance with the charter of the SDC, to block decisions of the General Meeting of Shareholders of the SDC on the issue of approving the dividend policy, has the right to have its own dividend policy approved by the General Meeting of Shareholders of the SDC.

6.2. Issues not regulated by this Dividend Policy are governed by the legislation of the Republic of Kazakhstan and other internal documents of the Company.

6.3. In case of changes in the legislation of the Republic of Kazakhstan and entry into conflict with certain provisions of this Dividend Policy, these provisions become invalid.

6.4. Until the relevant changes are made to this Dividend Policy, it is necessary to be guided by the laws and by-laws of the Republic of Kazakhstan.

7. Normative references

No.	Document's name
1	Law of the Republic of Kazakhstan On Joint Stock Companies;
2	Law of the Republic of Kazakhstan On Limited and Additional Liability Partnerships;
3	Dividend policy of Samruk-Kazyna JSC in relation to subsidiaries, approved by the decision of the Management Board of Samruk-Kazyna JSC dated August 26, 2021 (Minutes No. 36/21)
4	International Financial Reporting Standards