

Agreed upon by
KEGOC Board of Directors
(Minutes No. 9 dated 29 December
2010)

Approved by
KEGOC Sole Shareholder (Order No.
36-п dated 17 May 2011)

Agreed upon by
KEGOC Management Board
(Minutes No. 23 dated 11 November
2010)

Amended by
KEGOC Sole Shareholder (Order
No.107-п dated 08 December 2014)

CORPORATE GOVERNANCE CODE
of
KAZAKHSTAN ELECTRICITY GRID OPERATING COMPANY
(KEGOC)
JOINT STOCK COMPANY

Astana, 2011

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INTRODUCTION

1. This document sets forth the Corporate Governance Code (hereinafter referred to as the “Code”) of the Kazakhstan Electricity Grid Operating Company (KEGOC) Joint Stock Company.
2. This Code aims to improve and systematize the corporate governance of Kazakhstan Electricity Grid Operating Company “KEGOC” (hereinafter referred to as the “Company”), provide more transparency in the Company’s governance and prove the immutable readiness of the Company to follow good corporate governance standards. In particular:

The Company shall be governed with adequate responsibility, accountability and efficiency to maximize the Company’s value and other benefits for the shareholders;

Information disclosure, transparency, effective risk management and internal control systems shall be provided in a proper manner.
3. The Code is a set of rules and recommendations that the Company shall follow during its operations in order to provide a high level of business ethics in relations within the Company and with other market participants.
4. The Code has been developed according to the Laws of the Republic of Kazakhstan and practices developing in Kazakhstan in terms of the corporate behaviour, ethics standards, needs and conditions of companies operating in capital markets at the current stage of their development, and internationally recognized corporate governance principles.
5. The Company shall follow the Laws of the Republic of Kazakhstan, the Company’s Charter and Code provisions in its operational activities. However, deviation from the provisions of this Code can be justified in certain circumstances, taking into account the individual features of the Company, its size, development stage and the nature of the risks and challenges that occur. A deviation is allowed only after a thorough analysis of similar circumstances and a review of allowing this type of deviation by the Board of Directors and the General Shareholders' Meeting.
6. The Company acknowledges that the corporate governance practice is not static. The Board of Directors will review the Code provisions from time to time in the light of the Laws of the Republic of Kazakhstan, recommendations and best practices applicable to corporate governance in terms of Kazakhstan and international companies, and submit relevant proposals for the General Shareholders' Meeting consideration, if required.

7. Officials and employees of the Company, based on the corresponding contracts with the Company, shall assume obligations inherent in the Code and shall follow its provisions within the Company and in relations with its subsidiaries and affiliates.

8. The following terms and definitions are used in the Code:

Director(s)	Member(s) of the Company Board of Directors
Official	Member of the Company Board of Directors or Management Board
Major shareholder	Shareholder or several shareholders acting on the basis of the agreement concluded among them and holding ten (10) per cent or more of the voting shares of the Company.
Concerned Party	Person whose rights, provided for by the Laws of the Republic of Kazakhstan and the Company's Charter, shall be observed in Company operations including investors (persons owning securities different from shares)
Laws	Set of regulatory legal acts of the Republic of Kazakhstan adopted in the established procedure
Code	Corporate Governance Code of the Company
Committee(s)	Committee(s) of the Board of Directors
Audit Committee	Audit Committee of the Board of Directors
Remuneration and Nomination Committee	Remuneration and Nomination Committee of the Board of Directors
Strategic Planning and Corporate Governance Committee	Strategic Planning and Corporate Governance Committee of the Board of Directors

Corporate Secretary	Corporate Secretary of the Company
Ombudsman	Person specially appointed by the Company and responsible for providing clarifications to the employees, Officials and all concerned parties regarding the provisions of the Code and the Company's internal documents aimed at implementation of the Code provisions
Corporate Conflict	Discrepancies and disputes between: <ul style="list-style-type: none"> 1) shareholders and bodies of the Company; or 2) bodies of the Company or their Employees; or 3) a body of the Company and Stakeholders of the Company relating to corporate governance at the Company which negatively influences the interests of shareholders and operations of the Company.
Independent Directors	Directors defined as Independent Directors in the Law of the Republic of Kazakhstan on Joint Stock Companies, and the Company's Charter
Management Board	Executive body of the Company
Board of Directors	Governing body of the Company
Material Corporate Actions	Events and transactions performed by the Company that may result in material changes in the Company's operations
Charter	Charter of the Company
9.	Terms used but not defined in the Code are applied with the meaning with which they are used in the Laws and the Charter.

CHAPTER 1. CORPORATE GOVERNANCE PRINCIPLES

1. DEFINITIONS AND PRINCIPLES

10. Corporate governance is a set of processes that ensure management and control of the Company's operations and cover the relations between the General Shareholders' Meeting, Board of Directors, Management Board and other bodies of the Company and Concerned Parties for the benefit of the shareholders.
11. The Company considers corporate governance to be a tool to improve the efficiency of the Company's operations; strengthen its reputation and reduce the cost of the attracted capital. The Company considers a proper corporate governance system to be its contribution to the rule of law in the Republic of Kazakhstan and a factor that identifies its place in the modern economy and society as a whole.
12. The Company's corporate governance is built on justice, honesty, responsibility, transparency, professionalism and competence. An effective corporate governance structure implies respect of the rights and interests of all parties involved in the Company's operations and contributes to the successful operation of the Company, including growth of its value and support of its financial stability and profitability.
13. Corporate governance principles stated herein aim to establish confidence in relations arising in connection with the Company's governance, and represent a basis for all rules and recommendations contained in successive parts of the Code.

The fundamental principles of the Code are as follows:

- Protection of the rights and interests of shareholders;
 - Effective Company management by the Board of Directors and Management Board;
 - Independence of Company operations;
 - Transparency and objectivity in disclosure of information about Company operations;
 - Legality and ethics;
 - Effective dividend policy;
 - Effective HR policy;
 - Environmental protection;
 - Policy on the regulation of corporate conflicts and conflicts of interest;
 - Responsibility.
14. The Company's corporate governance structure shall comply with the Laws and clearly state the segregation of competences and duties between the Company bodies.

15. Meeting the corporate governance principles stated in the Code shall facilitate the objective analysis of the Company's operations and help obtaining relevant recommendations and assessments from analysts, consultants and rating agencies, if required.

1.1 PROTECTION OF THE RIGHTS AND INTERESTS OF SHAREHOLDERS

16. The Company's corporate governance is based on the principle of protecting and respecting the shareholders' rights and interests and shall contribute to the Company's effective operations, including growth of the Company's assets and support of its financial stability and profitability.
17. Shareholders have rights provided for by the Laws, the Company's Charter and internal documents.
18. Corporate governance shall provide the shareholders with their rights associated with their involvement in the Company's governance. Shareholders shall have a right to request the state bodies to protect their rights and legal interests in cases where the actions of Company bodies violate the provisions of the Laws, the Charter and the Code.
19. The procedure of information exchange between the Company and the shareholders shall be governed by the Laws, Charter and internal documents of the Company.

1.2. (1) PRINCIPLES OF THE BOARD OF DIRECTORS' OPERATIONS

20. The Board of Directors' operation is based on the principles of observance of legal rights and implementation of the interests of the shareholders and the Company to the maximum extent, and soundness, efficiency, activity, good faith, honesty, responsibility and accuracy.
21. The Directors shall act efficiently being fully informed, with good faith and in the interests of the shareholders and the Company.
22. In its operation, the Board of Directors shall ensure transparency with respect to the shareholders.
23. No person (nor a group of persons) shall have privileges not stipulated by the Laws in the decision-making process of the Board of Directors. The Chairman of the Board of Directors and the Chairman of the Management Board shall not be the same person.
24. The responsibilities of the Chairman of the Board of Directors and the Chairman of the Management Board shall be clearly divided according to

the Laws and stated in the Company's Charter, Code and internal documents.

25. The jurisdictions of the Board of Directors and the Management Board shall be separated and stated in the Charter, Code, Regulations on the Board of Directors and the Management Board.
26. The Chairman of the Board of Directors shall manage the Board of Directors, ensure its effective operation in all aspects of its responsibilities and prepare, using the established procedure, a meeting agenda to be approved by the Board of Directors. The Chairman of the Board of Directors shall, in co-operation with the Corporate Secretary, ensure timely provision of reliable and clear information to the Directors. The Chairman of the Board of Directors shall ensure effective communication with the shareholders. The Chairman of the Board of Directors shall also ensure the effective contribution of the Directors to the Board of Directors' operation, particularly the constructive relationship between the Directors and the Management Board.
27. The Independent Directors shall comprise at least one third of the total number of Directors on the Board. The characteristic feature of an Independent Director is his/her independence from the shareholders and the Officials.
28. The system of performance assessment and fair remuneration of the Directors shall stimulate their work for the benefit of the shareholders and the Company.

1.2. (2) PRINCIPLES OF THE MANAGEMENT BOARD'S OPERATION

29. The Management Board is a collegial executive body of the Company. The Management Board is headed by the Chairman of Management Board. The current activity of the Company is managed by the Management Board.
30. No person (nor a group of persons) shall have privileges other than stipulated by the Laws for the Management Board's decision-making.
31. The main principles of the Management Board's operation are regularity, efficiency and responsibility.
32. The Management Board's operation is built on the principle of meeting the legal rights and interests of the shareholders as far as possible and being completely accountable to the General Shareholders' Meeting and the Board of Directors.

1.3. INDEPENDENCE OF COMPANY OPERATIONS

33. The Company operations are carried out for the purpose of achieving best compliance with the shareholders' rights and interests according to the Laws, the Charter and the Code.
34. The Company carries out its operations independently.
35. Transactions and relations between the Company and the shareholders shall be implemented under the Laws.

1.4. TRANSPARENCY AND OBJECTIVITY IN DISCLOSURE OF INFORMATION ON THE COMPANY OPERATIONS

36. For the purpose of reasonable decision-making by the General Shareholders' Meeting and to inform the Concerned Parties about the Company's operations, the Company shall ensure timely disclosure to the shareholders and Concerned Parties of reliable information on the Company, including its financial standing, economic indicators, performance results, and ownership and governance structure.
37. Disclosure and/or publishing of any information about the Company shall be made in compliance with the Laws on commercial and other secret information protected by the Laws.

1.5. LEGALITY AND ETHICS

38. The Company shall act in compliance with the Laws, generally accepted principles of business ethics, the Charter, provisions of the Code, internal documents of the Company and its contractual obligations.
39. The relationships between the shareholders, members of the Board of Directors and the Management Board shall be built on mutual trust, respect, accountability and control.

1.6 EFFECTIVE DIVIDEND POLICY

40. The Company shall follow the Laws and the internal document of the Company in defining the Company dividend policy.
41. One of the main principles of the dividend policy is to ensure a simple and transparent mechanism for determining the dividend amounts and conditions for their payment.
42. The Company dividend policy shall be sufficiently transparent and available for review by the shareholders, potential investors and the public of the Republic of Kazakhstan.

1.7. EFFECTIVE HUMAN RESOURCES POLICY

43. The Corporate governance in the Company shall protect the Company's employees' rights as provided by the Laws and shall be aimed at developing the partnership between the Company and its employees in solving social issues and regulating labour conditions.
44. One of the main points of the human resources policy is to retain working places where possible, depending on the Company's performance indicators, improve labour conditions in the Company and comply with the social protection provisions for Company employees.
45. The Company shall select employees based on transparent tender procedures in accordance with the internal documents of the Company.
46. Corporate governance shall encourage a favourable and creative atmosphere in the labour collective and support improvement of the Company employees' qualifications.

The Company shall provide for all employees equal opportunities for career growth and has an efficient employee's remuneration system.

Each employee in the Company shall comply with the provisions of the Labour Code of the Republic of Kazakhstan, labour agreement, the Charter, the Code and internal documents of the Company.

1.8. ENVIRONMENTAL PROTECTION

47. In its operations, the Company shall follow as far as possible the principle of treating the environment carefully and reasonably according to the Laws.
48. The Company shall prepare an internal document determining the Company policy on environment.

1.9. CORPORATE CONFLICT AND INTEREST CONFLICT SETTLEMENT

49. The Company Officials and employees shall perform their professional functions efficiently for the benefit of the Company and the shareholders, avoiding corporate conflicts and interest conflicts.
50. Where a corporate conflict and interest conflict exist (occur), the Company officials and employees shall inform the Corporate Secretary or the Ombudsman of the existing (occurring) corporate conflict and interest conflict as soon as possible to ensure due and proper settlement of the corporate conflicts and interest conflicts.
51. The Company Officials along with the employees shall ensure their

operations comply fully with the Laws, provisions of the Charter, the Code, internal documents of the Company, ethical standards and generally accepted standards of business ethics.

1.9. (1) POLICY ON CORPORATE CONFLICT SETTLEMENT

52. The efficiency of corporate conflict prevention and settlement requires, first of all, complete and early disclosure of such corporate conflicts if they occur or may occur in the Company, and clearly co-ordinated actions by all the Company bodies.
53. In order to ensure an objective assessment of corporate conflict and establish conditions for effective settlement of the corporate conflict, the persons whose interests are affected or may be affected by the corporate conflict shall not participate in its settlement.
54. The Board of Directors shall approve and review from time to time the policy and rules for corporate conflict settlement so that decisions, to the maximum extent, meet the interests of the Company and the shareholders, and be legal and justified.
55. In case of corporate conflict, the parties thereto shall seek to resolve them through negotiations to ensure the effective protection of the rights of both the shareholders and the business reputation of the Company.
56. If it is not possible to settle corporate conflicts through negotiations, they shall be settled in compliance with the Laws and internal documents of the Company.
57. The Chairman of the Management Board, on behalf of the Company, shall settle corporate conflicts, providing that such conflicts do not relate to the jurisdiction of the Board of Directors.
58. The Board of Directors shall settle corporate conflicts within its jurisdiction. In this case, the Corporate Secretary shall ensure the Board of Directors is aware of the essence of the corporate conflict and shall be a mediator in corporate conflict settlement.
59. The Board of Directors shall review individual corporate conflicts that relate to the jurisdiction of the Management Board, if action (a failure to act) of the Management Board or the decisions made by the Management Board did not result in conflict settlement.

1.9. (2) POLICY ON INTEREST CONFLICT SETTLEMENT

60. Interest conflict shall refer to a situation where the personal interest of the Company Official or employee impacts or may impact the impartial

fulfilment of his/her official duties.

61. All Company Officials and employees shall act so as to prevent situations where an interest conflict may occur, either with regard to himself/herself (or persons related to each other), or others.
62. The main principles of interest conflict prevention shall be stipulated in the Company Business Ethics Code, which shall be approved by the Board of Directors.

1.10. RESPONSIBILITY

63. The Company shall acknowledge and respect the rights of all Concerned Parties and endeavour to co-operate with such persons for the purpose of its development and ensuring its financial stability.
64. The Concerned Parties shall have an opportunity to be compensated for violation of their rights in cases provided for by the Laws.
65. If the Concerned Party is involved in the corporate governance process, the latter shall have an access to significant, adequate and reliable information on a timely and regular basis.
66. The Concerned Parties shall have the opportunity to freely inform the Board of Directors of illegal and unethical actions performed by the bodies of the Company, employees and Officials of the Company and their rights shall not be derogated by doing so.

2. INTERNAL DOCUMENTS OF THE COMPANY

67. The specific structure, procedures and practice of corporate governance shall be regulated by the Charter, the Code and internal documents of the Company including documents on:
 - the Board of Directors;
 - the Management Board;
 - the Committees;
 - the Corporate Secretary;
 - the internal control;
 - the risk management;
 - the information disclosure.
68. The above documents shall be developed according to the Laws, the Charter, and the Code and internationally recognized corporate governance principles.

3. GENERAL STRUCTURE OF CORPORATE GOVERNANCE

69. The allocation of jurisdictions between the Company bodies shall be clearly stated and shall guarantee compliance and protection of legal rights and interests of the shareholders.
70. The Company bodies shall have the powers and resources to fulfil their obligations in a qualitative, professional and objective way. Their governance shall be efficient, timely, transparent and completely explicable.
71. The Company bodies include:
- The General Shareholders' Meeting - the superior body of the Company;
 - The Board of Directors – the managing body responsible for general governance of its operations and control over the Management Board operation;
 - The Management Board – the collegial executive body governing the daily operations of the Company;
 - The Internal Audit Service – a body to control the financial and economic operation of the Company, assess the matters of internal control, risk management and compliance with corporate governance documents, and recommend improvements of the Company's operations.
72. The Corporate Secretary shall ensure the compliance of the Company bodies and Officials with procedures ensuring the rights and interests of the shareholders and compliance of the Company with the Laws, with regulations on corporate governance, provisions of the Charter, the Code and other internal documents of the Company. The Corporate Secretary shall also support effective information exchange between the Company bodies and perform the functions of an advisor for the members of the Board of Directors and the Management Board of the Company in terms of corporate governance issues.
73. The Company and branches and affiliates shall co-operate under the approved corporate procedures through relevant bodies of the Company and its branches and affiliates.

CHAPTER 1-1. GENERAL SHAREHOLDERS' MEETING

1. Organization General Shareholders' Meeting

- 73-1. Organization and a procedure for conducting a General Shareholders' Meeting shall meet the following requirements:
- 1) fair and equal attitude to all shareholders;
 - 2) accessibility of participation at a general meeting for all shareholders;
 - 3) submission of a full scope of information;

- 4) simplicity and transparency of conducting a General Shareholders' meeting.
- 73-2. Advising of conveying a General Shareholders' meeting shall ensure timely notification of all shareholders. Ways of advising can be different, including the Company's web-site.
- 73-3. Agenda issues shall be as clear as possible and exclude an opportunity of their different interpretation. Issues with the wording "miscellaneous", "others", "other", etc. shall be excluded from the agenda. At the General Shareholders' Meeting the Company shall suggest an individual solution on every specific issue.
- 73-4. The voting process at a General Shareholders' Meeting shall be as simple as possible and convenient for shareholders with the use of all possible ways of voting.
- 73-5. The Major Shareholder's rights to make proposals to the agenda in accordance with the established procedure as well as demand conveying an extraordinary General Shareholders' Meeting shall be easy to implement with clear explanation of such requests.

2. Conducting a General Shareholders' Meeting

- 73-6. A procedure for conducting a General Shareholders' Meeting shall provide to all shareholders an equal opportunity to implement their rights of participation at a General Shareholders' Meeting. Shareholders can vote personally or through a representative at a General Shareholders' meeting in presentia.
- 73-7. The General meeting regulations shall be based on reasonable sufficiency and opportunity of wide discussion of agenda issues and adopting justified resolutions on them.
- 73-8. The Chairman of the Board of Directors shall ensure that all Officials, heads of Internal Audit Service and structural divisions of the Company are present at a General Shareholders' meeting.
- 73-9. The time for registration of the participants and the time for holding a General Shareholders' meeting shall be sufficient to register, to calculate the number of the participants of a General meeting and to determine the presence of its quorum.
- 73-10. The Chairman of the General Shareholders' meeting shall make every effort to enable the shareholders receive answers to all significant questions

directly at the General Shareholders' Meeting. If questions are complicated or cannot be answered immediately, the person(s) to whom the questions are addressed shall provide written answers to the questions in the shortest possible time after the General Shareholders' Meeting.

73-11. The procedure for collection and counting of votes shall be as simple as possible and transparent.

73-12. The date and time of holding a General Shareholders' Meeting shall be fixed so as to the majority of shareholders eligible to take part in the meeting could attend the meeting. The General Shareholders' Meeting shall be held in the city (or other populated locality), where of the Company Management Board is is situated.

CHAPTER 2. PROPER PRACTICE OF THE BOARD OF DIRECTORS AND MANAGEMENT BOARD OPERATION

74. The Company believes that a professional and independent Board of Directors is an important element of effective corporate governance. The Management Board also plays a crucial role in Company governance. Effective co-operation between the two bodies and explicit division of their powers are key factors in ensuring proper corporate governance practice.

1. BOARD OF DIRECTORS

1.1 FUNCTIONS OF THE BOARD OF DIRECTORS

75. The Board of Directors shall perform its functions based on the Laws, the Charter, the Code, Regulations on the Board of Directors and other internal documents of the Company.

76. The Board of Directors shall approve the Company's development strategy.

77. The Board of Directors shall objectively assess compliance with the Company's approved development strategy, taking into account the market situation, financial standing of the Company and other factors influencing the financial and economic operation of the Company.

78. The jurisdiction of the Board of Directors include approval of internal procedures of the Company on risk management, compliance therewith, and efficiency and improvement analysis of such procedures. These procedures shall provide for the timely notification to the Board of Directors of significant weaknesses in the risk management system.

79. The Board of Directors shall review, as required but not less than once a year, the efficiency of the Company's internal control system and report the results to the shareholders.

80. The Board of Directors and the Corporate Secretary shall be responsible for maintaining a dialogue with the shareholders. The Chairman of the Board of Directors and the Corporate Secretary shall ensure that the point of view of shareholders is brought to the notice of the Board of Directors as a whole.
81. All Directors shall act efficiently and make the decisions objectively for the benefit of the Company and its shareholders, based on all necessary information. Each Director shall bear responsibility in accordance with the Laws to the Company and shareholder for harm caused by its actions (failures to act) and damages born by the Company.
82. Each Director shall take part in all meetings of the Board of Directors and Committees of which he/she is a member. Exemptions from this provision shall be allowed in cases stipulated in the Regulations on the Board of Directors.
83. The Board of Directors shall grant consent to working and/or holding position(s) in other organizations by the members of the Board of Directors (except for Independent Directors and members of the Board of Directors, who are also the government officers), members of the Management Board, Corporate Secretary, head of internal audit service and other employees, who shall be nominated or whose nomination shall be approved by the Board of Directors.
84. The Board of Directors shall assess performance of the Board of Directors and its individual Directors, the Management Board, the Chairman of the Management Board and members of the Management Board, and the Internal Audit Service and its Chairman in accordance with internal documents.

1.2. ESTABLISHMENT OF THE BOARD OF DIRECTORS

85. The structure of the Board of Directors shall ensure a fair and objective representation of interests and protection of rights of the shareholders.
86. The size and term of office of the Board of Directors, election of its members and early termination of their office shall be determined by the General Shareholders' Meeting. The number of members in the Board of Directors shall be at least six and the number of the Independent Directors shall comprise at least one third of the total.
87. It is recommended that Directors are elected for a term not exceeding three years. Any term on the Board of Directors of more than six years successively (for example, two three-year terms) requires special consideration based on the requirement of qualitative update of the Board of Directors' membership. The same person may not be elected to the Board of

Directors for more than nine years successively (for example, three three-year terms). In exceptional cases, election for a term of more than nine years is permitted, but such a person on the Board of Directors shall be re-elected annually.

88. New Directors shall be elected according to the Laws and the transparent procedure.
89. The General Shareholders' Meeting shall be provided with sufficient data on candidates for Directors, including personal information, information on interrelations of the candidate and the Company (affiliation, co-operation, etc.) and any other relevant information that enables the General Shareholders' Meeting to make an informed decision on elections.
90. The candidates for Directors and the Directors shall have adequate work experience, knowledge, qualifications, positive achievements and an impeccable reputation in business and the sector, which would be essential for performing their duties and carrying out the effective work of the whole Board of Directors for the benefit of the shareholders and the Company.
91. A person may not be a Director when:
 - having a conviction outstanding or not cancelled in due course of the Laws of the Republic of Kazakhstan;
 - having held previously the position of Chairman of the Board of Directors, Chief Executive (Chairman of the Management Board), Deputy Chief Executive (Deputy Chairman of the Management Board), Chief Accountant of other legal entity for the period not more than one year prior to making a decision on forced liquidation or forced redemption of shares, or on temporary suspension of another legal entity declared a bankrupt under the established procedures. This requirement is applicable within five years after the date of making a decision on forced liquidation or forced redemption of shares, or temporary suspension of another legal entity declared a bankrupt under established procedures.
92. The conditions for the election of Directors shall be transparent. The conditions for the election of Directors shall specify the term of office and amount of time required for the performance of their duties.

The Board of Directors shall provide newly elected Directors with necessary information to fulfil their official duties.

93. The Board of Directors shall arrange relevant training for selected Directors to properly fulfil the position and regularly improve Directors' knowledge and skills as required for their work within the Board of Directors.

94. Relations between Independent Directors and the Company shall be contract based in accordance with the Laws, Code and internal documents of the Company.

The contracts' validity period is one year and can be extended on the same or other terms for the period of one year, but for no more than three years.

The contracts shall include rights, obligations, responsibilities of parties and other conditions including the Independent Director's obligation to comply with the Code and allocate enough time to perform functions, not to disclose any of the internal information of the Company upon termination of its operations for a period defined by the Board of Directors and other such obligations as required by the status and functions of Independent Directors (in terms of timely notification of independence loss , etc.).

The General Shareholders' Meeting may approve a model Independent Director Contract.

95. The procedure for election and termination of a Director's office, review by Directors of the Company's internal documents and operations when taking the office, procedure for voluntary abdication, procedure for convening and holding meetings of the Board of Directors and other issues relating to the Board of Directors' operation shall be determined in the Laws, Charter, Code and Regulations on the Board of Directors and other internal documents of the Company.
96. The Board of Directors, in the annual performance report to be submitted to the shareholders as a part of the annual report of the Company, shall specify each Director that is considered Independent by the Board of Directors. The Board of Directors shall define whether the Director was Independent in decision-making, and specify the reasons for considering the Director to be Independent based on the Director independence criteria given in the Laws and the relationships and circumstances that could impact the independence of the Director, such as that the Director:
- is an affiliated person of the Company or has been an affiliated person in three years preceding his/her election to the Board of Directors (except for the case of its holding the position of the Company's Independent Director);
 - is an affiliated person to the Company's affiliated persons;
 - is subordinated to the Company's officials and organisations - the Company's affiliated persons and has not been subordinated to theses persons in three years preceding his/her election to the Board of Directors;
 - is an auditor of the Company or has not been an auditor in three years preceding his/her election to the Board of Directors;

- takes part in the audit of the Company as an auditor working for an auditing organisation or has taken a part in such audit in three years preceding his/her election to the Board of Directors;
- is a civil servant.

1.3. STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

97. In order to review the most important issues and prepare recommendations to the Board of Directors, the following Committees can be established in the Company:
- Audit Committee;
 - Nomination and Remuneration Committee;
 - Strategic Planning and Corporate Governance Committee;
 - other Committees at the discretion of the Board of Directors.
98. The Committees are established in order to support the effective implementation of the Board of Directors' functions.
99. The operations of the Committees shall be governed by the Laws, Charter, Code and internal documents of the Company approved by the Board of Directors and containing provisions on membership, competence, method of electing the Committee members, work procedures of the Committees and the rights and obligations of their members. The Shareholders are entitled to review the Regulations on the Committees.
100. The Committees' members shall be elected by the Board of Directors out of the Directors, one of which shall be appointed the Chairman of the Committee. If necessary, the Committee may include experts without the right of vote and with necessary professional expertise relevant for the operation of the particular Committee. The terms of office of the Committee members shall coincide with their terms of office as Directors. The Chairman of the Management Board may not be the Chairman of a Committee.
101. Only the Chairman of the Committee, its members and secretary of the Committee have the right attend the meetings of the Committees. Other people are allowed to be present at the meetings of the Committees only if invited by the respective Committee.
102. The Board of Directors and Committees shall prepare the plan of their work annually and their meetings shall be held regularly. The minutes of the meetings of a Committee shall be submitted to the Board of Directors. The annual progress report of the Board of Directors shall contain a separate section on the Committees' work.

103. The Board of Directors may demand the Committee to report on the Committees' ongoing operations at any time during the year. The time required for the preparation and submission of such a report shall be determined by the Board of Directors.

AUDIT COMMITTEE

104. The Audit Committee shall consist of at least three Directors, two of which shall be Independent Directors. The Chairman of the Audit Committee shall be elected from the list of Independent Directors – the Audit Committee members.

At least one member of the Audit Committee shall have a long work experience with the corresponding education in accounting and preparation of financial statements and/or finances and/or audit.

105. The operation of the Audit Committee shall be aimed at assisting the Board of Directors in such issues as external and internal audit, financial statements, internal control and risk management and compliance with the Laws as well as other issues on the instructions of the Board of Directors.

NOMINATION AND REMUNERATION COMMITTEE

106. The Nomination and Remuneration Committee shall consist of at least three Directors, two of which shall be Independent Directors. The Chairman of the Nomination and Remuneration Committee shall be elected by the Board of Directors from Independent Directors.

107. The Nomination and Remuneration Committee shall be established to develop and submit recommendations to the Board of Directors relating to the issues as follows:

- engagement of the qualified specialists to the Board of Directors, the Management Board and other positions in the Company, which shall be nominated and approved by the Board of Directors in accordance with the internal documents of the Company;
- preparation of proposals to the General Shareholders' Meeting about remuneration of the Directors and to the Board of Directors about remuneration of the Management Board members and the Corporate Secretary.

108. When considering remuneration to the above-mentioned categories of persons, the Nomination and Remuneration Committee shall take into account their official duty performance, and/or key indicators of the Company's operations approved by the General Shareholders' Meeting

and/or the Board of Directors and the labour payment in other companies that are similar in their type and range of operation. It is also necessary to take into account the risk of a remuneration increase without a respective improvement of the Company's operations.

109. In cases where Independent Directors, the Management Board members and other Company employees are involved in advisory operations or giving assistance to the Nomination and Remuneration Committee, the latter should identify and prevent conflicts of interest. No one shall be involved in the determination of his/her own remuneration.

STRATEGIC PLANNING AND CORPORATE GOVERNANCE COMMITTEE

110. The Strategic Planning and Corporate Governance Committee shall consist of at least three Directors. The Chairman of the Strategic Planning and Corporate Governance Committee shall be elected by the Board of Directors. If necessary, the Committee may include the experts without the right of vote and with the necessary professional knowledge for the work in the Committee.
111. The Strategic Planning and Corporate Governance Committee shall prepare recommendations and proposals relating to elaboration and implementation of the Company's Development Strategy as well as increase in corporate governance level in the Company.

1.4. ORGANIZING THE OPERATIONS OF THE BOARD OF DIRECTORS

112. The operations of the Board of Directors shall be based on the principles of reasonableness, efficiency, activeness, good faith, honesty and responsibility.
113. Meetings of the Board of Directors shall be held in accordance with a plan prepared annually at the beginning of the term of office on the basis of the principles of reasonableness, efficiency and regularity. The Board of Directors shall hold meetings at least six times a year.
114. The Board of Directors shall develop and follow the internal procedures for the preparation and holding of the meetings of the Board of Directors. These procedures shall regulate all necessary operational parameters of the meetings of the Board of Directors.
115. The Board of Directors shall keep detailed minutes of its meetings where the discussion of all issues shall be duly recorded. The minutes shall be signed by the Directors and the Corporate Secretary and include vote results for each member. The Company shall keep a shorthand report that reflects the

taking of decisions by the Board of Directors.

116. Meetings of the Board of Directors can be held in presentia or in absentia with justification for the selected form of the meeting; however, the number of meetings in absentia shall be minimized. Certain issues from the predefined list of the most critical issues shall be considered at the meetings in presentia of the Board of Directors only.
117. A form of meetings of the Board of Directors in presentia is more efficient. Reviews and decision-making on particularly important issues concerning the operations of the Company shall be carried out at the meetings of the Board of Directors in presentia. A list of such issues shall be determined by the internal documents of the Company.
118. Exceptionally, a combination of both meeting forms of the Board of Directors is possible, when it is not possible for one or several Directors to be present personally at the meeting of the Board of Directors. The quorum to hold the meetings of the Board of Directors shall not be less than a half of members of the Board of Directors and may be acknowledged including the absent members of the Board of Directors who participate in discussion and vote on agenda issues using technical communications (video-conference, conference-call and others) or who cast their votes in a written form.
119. A Director who has an interest in an issue considered by the Board of Directors shall not participate in the voting on this issue, and a corresponding note shall be made in the minutes of the meeting of the Board of Directors.
120. The Company shall disclose information on the remuneration to Directors in accordance with the Laws.
121. Directors shall be informed of the Company's standing and efficiently interact with the Company's bodies, officials and employees.
122. The Board of Directors shall define the expiry date for non-disclosure of internal (confidential) information about the Company by the Directors upon termination of their terms of office as members of the Board of Directors.
123. The annual report of the Board of Directors, included in the annual report of the Company and submitted to the shareholders in the manner and at the times fixed by the shareholders, shall contain but not be limited to the following information:
 - membership of the Board of Directors, including the Chairman of the Board of Directors and Independent Directors, and election criteria for Independent Directors, the Chairman of the Management Board and Committees' members;

- the number of meetings of the Board of Directors and its Committees, as well as attendance by each member of the Board of Directors at the meetings of the Board of Directors and the Committee of which he/she is a member;
- reports on the Committees' work relating to the implementation of their functions, including reasons for the rejection of some proposals and/or recommendations of the Committees by the Board of Directors;
- a progress report of the Board of Directors, including full information relating to the issues that shall be settled by the Board of Directors, as well as the issues for which the decisions were delegated to the Chairman of the Management Board;
- an evaluation of the Company's position and development prospects;
- an evaluation of the operation of the Board of Directors, the Committees, some Directors, the Management Board, the Internal Audit Service and its manager;
- measures taken by the Board of Directors to take account of the opinions of the shareholders regarding the Company (through direct communication and briefings);
- fundamental principles of remuneration to the members of the Management Board and the Board of Directors;
- the most important decisions taken by the Board of Directors and Management Board.

1.5. ASSESSMENT OF THE BOARD OF DIRECTORS' PERFORMANCE

124. The Board of Directors' performance shall be assessed by the General Shareholders' Meeting.
125. The Board of Directors annually shall make an official and overall performance assessment of its work and work of each of the Directors, Committees, Internal Audit Service and its head, and its results shall be discussed at the meeting of the Board of Directors. None of the Directors shall be involved in the assessment of his/her own performance.
126. Based on the Board of Directors' performance, the General Shareholders' Meeting may take decision to elect new members to the Board of Directors and/or the dismiss Directors from their office.

1.6 INFORMATION AND QUALIFICATION UPGRADE

127. The Board of Directors shall be provided in the proper manner with timely quality information which enables the Board to fulfil its duties. All

Directors shall officially assume their appointments as Directors and regularly improve their professional knowledge and skills.

128. The Chairman of the Board of Directors and Corporate Secretary shall be responsible for the timely receipt of reliable information from the Directors. The Management Board and the Internal Audit Service shall provide such information and the Directors may request the submission of explanations and clarifications where necessary.
129. The Chairman of the Board of Directors shall provide re-elected Directors with efficient induction in accordance with the induction programme.
130. The Board of Directors and its Committees shall have the right to use, in the established manner, the services of external experts and consultants to the extent of the funds provided in the Company development plan/budget.
131. The Board of Directors shall be provided with the necessary resources for the complete fulfilment of its functions.

1.7. REMUNERATION

132. Determination of remuneration size and conditions for the members of the Board of Directors shall be the exclusive jurisdiction of the General Shareholders' Meeting.
133. The amount of remuneration shall be sufficient to involve, retain and motivate Directors and their efficient operations.
134. A transparent Director remuneration policy shall be in place in the Company. The amount of remuneration to the Directors shall be equivalent to the time that they spend and the quality of their performance.
135. The conditions of the Directors' remuneration shall be reflected in their engagement contracts and, if necessary, in the internal document of the Company.
136. The members of the Board of Directors who are civil servants shall not be remunerated according to the Law 'On Civil Service' of the Republic of Kazakhstan.
137. Should the Chairman of the Management Board be elected as a member of the Board of Directors, he/she shall not be remunerated for work on the Board of Directors.

2. MANAGEMENT BOARD

138. The Management Board must execute the decisions of the General Shareholders' Meeting and the Board of Directors.

139. The Management Board may make decisions on any issues of the Company's operations that are not referred by the Laws, Charter, Code and internal documents of the Company to the jurisdiction of the General Shareholders' Meeting and Board of Directors.
140. The Management Board shall be responsible for information disclosure and coverage of the Company's operations in accordance with the Laws and shall ensure protection and safety of internal (confidential) information.
141. The Management Board shall be responsible for the allocation of financial and human resources to implement the objectives set by the General Shareholders' Meeting and the Board of Directors.
142. The Management Board shall create an atmosphere facilitating the interest of the Company's employees in the efficient work of the Company and shall seek to ensure that each employee appreciates his/her work for the Company and realizes that his/her remuneration depends on the work results of the Company as a whole.
143. Operating procedures of the Management Board shall be determined by the Laws, Charter, Code and internal documents of the Company.

2.1 FORMATION OF THE MANAGEMENT BOARD

144. The Management Board's membership and term of office shall be determined by the Board of Directors in accordance with the Laws and the Company's Charter.
145. The Chairman of the Management Board may propose to the Board of Directors the candidates for election to the Management Board. The Chairman of the Management Board shall not propose to the Board of Directors any candidate more than twice for the same vacant position on the Management Board.
146. If the Board of Directors rejects a candidate proposed by the Chairman of the Management Board for the same vacant position on the Management Board for the second time, the right to propose the candidate for this position shall be assigned to the Chairman of the Board of Directors.
147. The candidates for positions on the Management Board shall have the experience, knowledge and qualifications necessary for the proper fulfilment of the duties entrusted to them, have a good reputation and receive the approval from the majority of the Directors.
148. The Management Board members shall be selected and approved using the most transparent and accurate procedures determined by the Board of Directors.

149. The relationship between the Company and the Management Board members shall be contract-based. The contracts shall contain the rights, obligations and responsibilities of the parties and other essential conditions, as well as the obligation of compliance of the Management Board members with the provisions of the Code. The Board of Directors can approve the model contract with the members of the Management Board. The labour contract with the Chairman of the Company on behalf of the Company shall be signed by the Chairman of the Board of Directors. The labour contract with other members of the Management Board shall be signed by the Chairman of the Management Board.

2.2 WORK PROCEDURE OF THE MANAGEMENT BOARD

150. The Management Board shall hold meetings regularly. The Management Board members shall receive information on agenda issues in good time. Also, the Management Board shall hold its meetings both in presentia and in absentia. The work procedure of the Management Board shall be governed by the Regulations on the Management Board.

2.3. REMUNERATION AND PERFORMANCE ASSESSMENT

151. The remuneration for the Chairman and members of the Management Board shall be determined by the Board of Directors upon the recommendation of the Nomination and Remuneration Committee.
152. The remuneration for the Management Board members shall include constant and variable components, where the latter depends on key performance indicators of the Management Board members and is connected to their qualification level and personal contribution to the results of the Company's operations.
153. The policy of remuneration to the Management Board members shall be transparent. The remuneration shall stimulate high-quality performance by the Management Board members.
154. The Board of Directors annually shall assess the performance of the Management Board, the Chairman and members of the Management Board.

3. INTERACTION BETWEEN THE BOARD OF DIRECTORS AND THE MANAGEMENT BOARD. CORPORATE SECRETARY

155. Efficient corporate governance shall require an open dialogue between the Board of Directors and the Management Board. For this purpose, the Company shall have a document regulating the procedure for submission of periodic reports (information) to the Board of Directors by the Management Board. The Corporate Secretary shall be a key player in the organization of

this process.

156. The Corporate Secretary shall fulfil his/her duties on a regular basis in a full-time capacity. The Corporate Secretary shall have qualifications allowing the bodies to fulfil the requirements of the Laws related to corporate governance and the internal documents of the Company, providing secure, smooth co-ordination between the bodies of the Company in accordance with the provisions of the Laws, Charter, Code and other internal documents of the Company, as well as informing officials of the Company of new trends in corporate governance development.

The Corporate Secretary shall be responsible for the Board of Directors to follow proper meeting and decision-making procedure.

157. The Corporate Secretary shall draft the meeting agenda for the Board of Directors in the established order. The content of the agenda submitted for review by the Board of Directors shall be agreed upon with the Chairman of the Board of Directors. The Corporate Secretary shall ensure timely receipt of reliable and precise information by the Directors, and provide efficient communication with the shareholders.
158. The Corporate Secretary shall ensure that requests from the shareholders are duly reviewed by the Company's bodies and the corporate conflicts concerning the violation of the shareholders' rights are settled. The Corporate Secretary shall monitor the timely reviewing of such requests by the Company's bodies.
159. The Corporate Secretary shall timely provide the Board of Directors, its Committees and the Management Board with reliable and complete information, ensure exchange of information between the Company's bodies, as well as assist during inductions for the Director positions.
160. The Corporate Secretary shall be responsible for arranging consultations relating to all corporate governance matters for all Directors.
161. The status, function and duties of the Corporate Secretary shall be determined by the Laws, Charter, Code and the internal documents of the Company.
162. The decisions on nomination and the term of office, early termination of office, and the official salary size and remuneration conditions of the Corporate Secretary shall be in jurisdiction of the Board of Directors.

CHAPTER 3. CO-OPERATION WITH THE SHAREHOLDERS

The Shareholders shall have the right to participate in the management of the Company and have a share in the Company's profit. Their rights shall be

governed by the Laws, the Charter, the Code and the internal documents of the Company.

1. ENSURING THE SHAREHOLDERS' RIGHTS

163. The Company shall ensure the realization of the fundamental rights of the shareholders in the procedure established by the Laws and Charter, including:
- the right of ownership, use and disposal of the Company's Shares;
 - the right to make written requests to the Company with regard to its operation and receive substantiated answers;
 - the right to participate in the Company management and elect the Board of Directors;
 - the right of share in the Company's profit (dividends);
 - the right of share in the Company's assets in the case of its liquidation.
164. The Company shall ensure the realization of the shareholders' rights to make key corporate governance decisions.
165. The Company shall, in a timely manner, fully inform its shareholders about operations of the Company impacting the shareholders' interests according to the procedure provided in the Charter and internal documents of the Company.
166. The Board of Directors and the Management Board must justify the proposed change in the Company's operations and propose the specific policy for the preservation and protection of the shareholders' rights.
167. The Company shall provide the shareholders with reliable information on its financial and operational operations and its results in accordance with the Laws, Charter and the internal documents of the Company.
168. A dialogue shall be maintained with the shareholders based on a mutual understanding of the goals. The Board of Directors shall be generally responsible for a satisfactory dialogue maintained with the shareholders. The Corporate Secretary shall ensure such a dialogue takes place.
169. The shareholders shall have the opportunity to be compensated for violation of their rights as prescribed by the Laws.
170. The Company's officials shall not participate in decision-making on the issues where they have direct or indirect (via third parties) interest. The existence of such interest shall be brought to the notice of the Chairman of the Board of Directors as soon as possible.
171. Information and materials submitted to the General Shareholders' Meeting

shall completely disclose the issues to be considered by the General Shareholders' Meeting, and shall be well structured with respect to the agenda issues, provide answers to all questions of interest and allow making reasonable decisions. The procedures for the submission and review of these materials shall be as straightforward and easy as possible. The Corporate Secretary shall ensure that the requested information is submitted to the shareholders.

172. The shareholders can be provided with additional information on plans, achievements and problems of the Company's operations, as well as analytical studies and materials for other organizations relating to the Company's operations.

Disclosure requirements shall not put an extra administrative burden and unreasonable expenses on the Company.

173. If election of the Board of Directors' members is proposed for the consideration of the General Shareholders' Meeting, the information submitted on the candidates for these positions shall be as complete as possible.
174. The Company shall propose to the General Shareholders' Meeting an individual solution for each issue proposed for solution to the General Shareholders' Meeting.
175. The Chairman of the Board of Directors shall ensure that answers are given to questions from the shareholders.

2. PROTECTION OF THE SHAREHOLDERS' RIGHTS

176. The Company has a registration system for requests from the shareholders and the efficient settlement of corporate conflicts.
177. The register of the Company's shareholders shall be kept by an independent registrar. The Company shall select and appoint an independent registrar with all necessary technical facilities and an unblemished reputation to ensure the reliable and efficient registration of ownership rights with respect to shares and other securities of the Company.

3. DIVIDEND POLICY

178. The Board of Directors shall approve the dividend policy regulations that determine the principles and tools of the Company's dividend policy implementation. These regulations shall be approved by the General Shareholders' Meeting. The Regulations for dividend policy shall be disclosed at the official corporate site of the Company.
179. The dividend policy shall describe both the general tasks of the Company to

improve the shareholders' welfare and increase the Company's capital, and the specific rules of the dividend policy, which are based on regulatory legal Acts.

180. The dividend policy shall establish the procedure to determine the Company's net income for the payment of dividends, the procedure to calculate the dividend amounts, and the procedure to pay the dividends, including the timeframe, place and form of their payment. The receipt of dividends shall not be difficult or be a burdensome for the shareholders.
181. When considering payment of dividends, the current state of the Company shall be taken into account including short-, medium- and long-term plans.
182. The information about making the decision (about the announcement) to pay dividends shall be sufficient to acknowledge the conditions for payment of dividends and understand the procedure of their payment. However, special attention shall be given to issues relating to incomplete or delayed payment of dividends.

4. NON-ARMS LENGTH TRANSACTIONS

183. The Company shall not seek to conclude non-arms length transactions. Should the Company conclude such transactions, the Company shall disclose information on them.

5. CORPORATE ACTIONS

184. The corporate actions include but are not limited to reorganization of the Company, conclusion of major transactions by the Company, amendments to the Charter and a number of other issues, the decisions about which are crucially important to the Company.
185. When making decisions that can result in corporate actions, the Board of Directors and the Management Board are obliged to justify such actions for the shareholders and the Concerned Parties.
186. The Management Board shall elaborate and, after approval by the Board of Directors, follow the agreed policy relating to corporate actions of the Company. The policy shall particularly address the following issues:
 - determination of mechanisms and procedures for implementation of significant corporate actions;
 - preliminary approval and assessment of significant corporate actions to be implemented;
 - profound analysis and discussion of significant corporate actions.
187. The Company shall secure an opportunity for the shareholders to participate

in the solution of issues relating to corporate actions.

6. LIQUIDATION AND REORGANISATION OF THE COMPANY

188. In the case of the Company's voluntary liquidation/reorganisation, the Board of Directors, jointly with the Management Board, shall provide the shareholders and the Concerned Parties with the grounds for the Company's liquidation/reorganisation.

Decision on the Company's voluntary liquidation/reorganisation shall be made by the General Shareholders' Meeting.

CHAPTER 4. DISCLOSURE OF INFORMATION AND TRANSPARENCY

1. POLICY AND PRACTICE OF DISCLOSURE OF INFORMATION

189. Disclosure of information is crucially important to the shareholders and the Concerned Parties for assessing the Company's operation and maintaining confidence in the Company.
190. The Company shall publish the following information and publications in the mass media and on its website on the Internet: Annual Report of the Company, general information on the Company, main tasks, objectives and types of activities, information on equity, asset value, net profit and number of employees, public version of the Company's Development Strategy, Charter and internal documents regulating the activity of the Company's bodies, Corporate Governance Code, Code of Business Ethics, Risk Management Policy, Regulations on the Board of Directors' Committees, Regulations on Internal Audit Service, Regulations on Dividend Policy, Company's Organisational Structure, information on the members of the Board of Directors and Management Board, Remuneration policy for the members of the Board of Directors and Management Board, information on the procurement activities, information on the major transactions, annual calendar of corporate events, list and information on branches and affiliates.

The Company shall publish annual financial statements in the periodicals and on the Company's website on the Internet in accordance with the list and forms approved by the authorised body.

191. The information transparency of the Company shall be based on the internal documents of the Company.
192. The Company shall disclose information in a timely manner on all material facts of its operation, particularly on its financial state, plans and results of the operation, and information on its practice of corporate governance, and shall publish a calendar of corporate events and other relevant information.

2. PROTECTION OF INTERNAL INFORMATION

193. In disclosing information the Company shall take into account that information constituting commercial, official or other secret information protected by the Laws shall be protected. The Company shall define the conditions of access or receipt of such information with the view to strike a balance between transparency of the Company and prejudice to its interests.
194. The Company shall protect confidential information in accordance with the Laws and internal documents of the Company.
195. The Company shall elaborate on and apply an efficient system to manage the use of official and internal information. The Company shall establish appropriate procedures, systems and controls to identify, control and distribute internal information; the Company shall also take all necessary actions to ensure that the disclosed information is not the information which is deceitful or deliberately misleading.
196. The Company shall inform corresponding personnel, both inside and outside the Company, about introduced controls with regard to the Company's ability to disclose information about the Company and shall ensure that Directors and corresponding personnel of the Company are sufficiently prepared to be able to apply the policy of information disclosure.
197. The Company's employees may not disclose confidential internal (official) information during their employment. The Company shall fix the limitation period for non-disclosure of the said information after they terminate their employment with the Company.

3. FINANCIAL STATEMENTS. THE FINANCIAL AND ECONOMIC ACTIVITY CONTROL SYSTEM OF THE COMPANY

198. The Company shall prepare financial statements in accordance with the Laws and international financial reporting standards.
199. Preparation of the financial statements and conduction of audit shall be performed in the Company in accordance with the following principles:
 - completeness and accuracy;
 - accrual basis and going concern;
 - neutrality and independency;
 - professionalism and competence.
200. Annual financial statements of the Company shall be accompanied by the detailed notes, allowing the user of such statements to properly interpret data on the financial results of the Company's operation. Financial information shall be supplemented with comments and analytical evaluation of the

Company's management as well as the conclusion of the auditor.

201. The Board of Directors shall provide the shareholders with information on the results of the audited financial and economic operation of the Company. The responsibility of the Board of Directors for the submission of a weighted and comprehensible evaluation shall include intermediate and other public reports, and reports to regulatory authorities as well as information that are subject to mandatory submission in accordance with the requirements of the Laws, Charter, Code and internal documents of the Company.
202. In accordance with the Laws, if the financial statements of the Company distort its financial state, the Officials of the Company who have signed the financial statements shall be responsible to the third parties who bore the material damages due to that.

4. INTERNAL CONTROL AND INTERNAL AUDIT

203. The Company has separate jurisdictions for the bodies comprising the financial and economic activities control system of the Company, depending on their relation to the processes of elaboration, approval, application and assessment of the internal control system.
204. The Internal Audit Service shall be established in the Company to control the financial and economic activities of the Company, and assess internal control, risk management, execution of documents relating to corporate governance and consulting to improve operation of the Company. The Internal Audit Service employees may not be elected to the Board of Directors and the Management Board.
205. The Internal Audit Service shall be directly subordinate to the Board of Directors and shall report to the Board about operations of the Service. The Internal Audit Service shall be supervised by the Audit Committee. Tasks and functions of the Internal Audit Service, its rights and responsibilities shall be determined by the Regulation on the Internal Audit Service to be approved by the Board of Directors.
206. The Board of Directors (associated with the Audit Committee and the Internal Audit Service) is obliged to assess the efficiency of the internal control system of the Company at least once a year and shall report to the shareholders on conducting such an assessment. Such assessment shall cover full significant control including financial and operational control, and control over the observance and efficiency of the risk management system.
207. The Audit Committee in cooperation with the Internal Audit Service, shall examine the system using which the Company's employees can confidentially raise questions relating to potential non-compliance relating to financial statements or other issues.

The purpose of the Audit Committee and the Internal Audit Service is to establish a system to properly and independently examine such issues and take subsequently the corresponding measures.

208. The Audit Committee shall assess the efficiency of the Internal Audit Service's operations and give the corresponding recommendations to the Board of Directors.

5. EXTERNAL AUDIT

209. In order to receive independent opinion relating to accuracy and objectivity of preparation of financial statements, the Company shall audit annual year-end financial statements engaging an external auditor (auditing organization) in accordance with the requirements of the Laws.
210. The Audit Committee shall give recommendations to the Board of Directors relating to appointment, reappointment and removal of an auditing organization. If the Board of Directors does not accept a recommendation of the Audit Committee, the Audit Committee can include in annual report other documents containing recommendations on appointment, reappointment, clarification concerning such recommendation, and the Board of Directors shall note reasons why it assumed another position.
211. Recommendations of the Audit Committee shall be passed by the Board of Directors to the General Shareholders' Meeting to be taken into account when making decision relating to determination of auditing organization.
212. The Company shall periodically, at least once every five years, change the project partner responsible for audit.
213. The Management Board shall be responsible for completeness and accuracy of the submitted financial information.

CHAPTER 5. PRINCIPLES AND PRACTICE OF INTERACTION WITH SUBSIDIARIES AND RELATED PARTIES

214. The Company shall seek for balanced development of subsidiaries and related parties based on efficient mechanism of corporate governance.
215. In order to realise the rights of a shareholder the Company shall fulfil interaction with the subsidiaries and related parties in accordance with the requirements of the Laws, the Charter and internal documents of the Company and charters of the subsidiaries and related parties.
216. The main objectives of interaction of the Company with the subsidiaries and related parties are as follows:

- to secure sustainable financial development, profitable operation, improve investment attractiveness of the Company and the subsidiaries and related parties;
 - to protect rights and legally protected interests of the Company's shareholders and shareholders of the subsidiaries and related parties;
 - to harmonize relations between shareholders, officials and employees of the Company and the subsidiaries and related parties, to take systematic actions to prevent arising corporate conflicts between them and within the said groups;
 - to develop and implement co-ordinated and efficient development strategy and investment policy of the Company and the subsidiaries and related parties.
217. The main corporate governance principles and order of interaction between the Company and the branches and affiliates shall be implemented through the appropriate decisions of the bodies of the subsidiaries and related parties.
218. The corporate governance process in the subsidiaries and related parties shall be regulated by the following documents:
- Charter of the Company;
 - Corporate Governance Code;
 - Charters of the subsidiaries and related parties;
 - Other documents related to corporate governance procedures.

According to development of the corporate governance practice the Company will seek to develop the corporate governance principles with regard to the subsidiaries and related parties.

CHAPTER 6. CONCLUSION

219. The Company shall elaborate and adopt additional internal documents of the Company targeted at adaptation and application of this Code.

**Appendix 1
to KEGOC Corporate
Governance Code**

Approval Sheet

Position	Full name	Date	Signature
First Vice President	Serik Ospanov		<i>/Signed/</i>
Vice President – Operations	Bakvtzhan Kazhiyev		<i>/Signed/</i>
Vice President – Corporate Governance	Zhanabai Beksary		<i>/Signed/</i>
Managing Director – Legal Support and Security	Kairat Zhakipbayev		<i>/Signed/</i>
Managing Director – System Services and Logistics	Valery Li		<i>/Signed/</i>
Managing Director – NPG Development, Adviser on Corporate Development	Vladimir Ossochenko		<i>/Signed/</i>
Managing Director – Branches and Affiliates	Abat Akmurzin		<i>/Signed/</i>
Managing Director – Economics	Aibek Botabekov		<i>/Signed/</i>
Head of Internal Audit Service	Omirzhan Yessetov		<i>/Signed/</i>
Head of Legal Department	Mira Auezova		<i>/Signed/</i>
Head of Human Resources Department	Askerbek Kuanysbayev		<i>/Signed/</i>
Head of the Operations Department	Baurzhan Arystanov		<i>/Signed/</i>
Head of the Capital Construction Department	Yermakhambet Atakulov		<i>/Signed/</i>
Head of Accounting and Taxation Department	Dinara Mukanova		<i>/Signed/</i>
Head of Treasury Department	Nika Moldybayeva		<i>/Signed/</i>
Head of Planning and Economic	Serik		<i>/Signed/</i>

Analysis Department	Zhekseminov		
Head of System Services Department	Zhanibek Kuanyshbaev		<i>/Signed/</i>
Head of Procurement Department	Bolat Temirbekov		<i>/Signed/</i>
Head of Logistics Department	Daur Akhmettayev		<i>/Signed/</i>
Head of Relay Protection And Substation Automation Department	Adil Nurutdinov		<i>/Signed/</i>
Head of the National Power Grid Development Department	Kuanvsh Moldabayev		<i>/Signed/</i>
Head of Project Management Department	Sergey Katyshev		<i>/Signed/</i>
Head of Corporate Development Department	Yerbosvn Akhmetov		<i>/Signed/</i>
Head of Security Service	Ye. Alibekov		<i>/Signed/</i>
Acting Head of Technical control and occupational health service	Nurbol Appakov		<i>/Signed/</i>
Head of Documentation Management and Control Office	Kulvai Kezekeneva		<i>/Signed/</i>

