

RELIABILITY FOR ALL TIMES

2020

INTEGRATED
ANNUAL REPORT




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ABOUT THE REPORT

This Report contains an overview of performance results and achievements of “Samruk-Energy” JSC group of companies for 2020, as well as a description of plans for 2021.

The integrated annual report on “Samruk-Energy” JSC operating results consists of two volumes: non-financial and financial parts.

The content of non-financial part of the Report is formed taking into account the requirements of Standards and Principles of the Global Reporting Initiative (GRI), the GRI Electricity Industry (Electric utility, EU) protocol, the reporting requirements of the UN Global Compact, the Corporate Governance Code as well as the International Financial Reporting Standards. The non-financial part of the Report considers the aspects that are most important from the point of view of sustainable development of “Samruk-Energy” JSC (vol. 1).

The audited consolidated financial statement of the Company for 2019 as of December 31, 2019 and for 2020 as of December 31, 2020 are the result of an independent audit by PricewaterhouseCoopers LLP (vol. 2).

When forming this Report, the information provided was preliminarily analyzed and disclosed in such a way that stakeholders had the opportunity to assess the degree of reliability of its content.

The data presented in the Report referring to the future are based on forecast information, anticipated performance results should not and cannot be considered as the most likely or typical scenario. Forecast statements are only valid on the date of the release of the Report (learn more about the Report on page 145).

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Online version of the Annual Report
“Samruk-Energy” JSC in HTML
<http://ar2020.samruk-energy.kz/>

MESSAGE OF THE CHAIRMAN OF “SAMRUK-ENERGY” JSC BOARD OF DIRECTORS



Dear reader!

The 2020 is particularly important in the chronicles of the company's existence. This is the time when the entire power holding company together with the country was passing a serious test of maturity, resilience, and expertise. The coronavirus pandemic has made major adjustments in everyday life our citizens. Notwithstanding such situation “Samruk-Energy” JSC power engineers have gone through the difficult trial with honor and in the midst of the epidemic ensured not only the regular operation of all its power plants and coal mining facilities, but also maintained the growth of indicators.

“Samruk-Energy” JSC bolstered its financial stability in 2020. According to the annual operating results, the company entered the “green” zone of credit risk, which is illustrative of its stable financial standing despite a considerable change in the economic environment, including the impact of COVID-19 pandemic. To enter the “green” zone, the company's management implemented a broad range of activities on reducing the level of debt burden and mitigating currency risks. Structured efforts on debt management from 2017 to 2020 enabled to reduce the debt by 94.5 bn tenge in balance sheet terms, which makes it possible to accomplish

the targets of financial stability ratios set by the shareholder. Following the work conducted, the international rating agency Fitch Ratings confirmed the long-term ratings of “Samruk-Energy” JSC at “BB” level, the Outlook Stable, and raised the company's credit rating on a standalone basis from «b» to «b+».

In 2020, the company conducted a large-scale optimization of operating and capital expenditures (totaling 18 bn tenge), which allowed creating a certain “cushion” and ensure the maintenance of financial stability. It is worth noting that optimization activities were performed in line with “Samruk-Kazyna” JSC instructions. Last year, the companies that are part of “Samruk-Kazyna” JSC structure were assigned a wide range of tasks and given certain instructions, including the reduction of costs that do not directly affect operations.

This year, “Samruk-Energy” JSC completed or launched vital projects that actually create a vision of future Kazakhstan's energy sector.

The implementation of pivotal project at “Bogatyr” open-pit mine – cyclical-and-continuous method has commenced. The deployment of continuous production line will allow producing coal at a depth of more than 200 meters and will increase the capacity of Bogatyr open pit mine up to 40 mln tons of coal per year. The program for comprehensive retrofit of “Shardarinsk HPP” was completed. Investments in the project amounted to 38 bn tenge. The construction of two wind power plants in Almaty and Akmola regions has been launched.

Next year will require from us the same responsible and dedicated work, high proficiency, readiness to use advanced technologies and up-to-date approaches in addressing key challenges. The company's long-term plans include the implementation of significant projects involving rehabilitation and construction of power units at “Ekibastuz SDPP”, improvement of environmental conditions in southern regions of the country, and development of renewable energy sources.

In conclusion, I would like to note that “Samruk-Energy” JSC always commit itself to the course set by the country's leadership and “Samruk-Kazyna” JSC. In the meantime, a special consideration is given to environmental, energy security issues and development in accordance with present-day trends and challenges. I am confident that the company will fully accomplish all the tasks assigned to it.

**Akchulakov
Bolat Uralovich**

MESSAGE OF THE CHAIRMAN OF THE MANAGEMENT BOARD OF “SAMRUK-ENERGY” JSC



Dear reader!

“Samruk-Energy” JSC is a key element of national energy system of Kazakhstan and is of backbone strategic importance for the country’s economy. The share of the Holding company’s group in Kazakhstan’s electricity production made over 29% at year-end 2020. “Samruk-Energy” JSC increased electricity production to 31.4 bln kWh, which is 4% higher than 2019 figures.

Our coal mining company “Bogatyr Komir” LLP sold 43.3 mln tons in 2020, which is 4% higher than the plan. Circa 860 mln.kWh electricity was exported to the energy system of Central Asia.

In 2020, “Ekibastuz SDPP-1” was included in the list of power plants, which plans to enter into an

investment agreement for modernization and reconstruction with the Republic of Kazakhstan Ministry of Energy. This important event will ensure a return on investment for the project through the capacity market mechanism. The implementation of the project will restore the plant’s design capacity of over 4,000 MW. The project on expansion of “Ekibastuz SDPP-2” including construction of power unit No. 3 is underway.

“Samruk-Energy” JSC actively supports the initiative on development of renewable energy sources. At year-end 2020, electricity output by the group’s renewable energy facilities amounted to about 336 mln kWh, thereby providing a 10% share of the company in the renewable energy market. “Samruk-Energy” JSC pays special attention to the development of hydropower industry. In 2020, we completed a program for comprehensive retrofit of “Shardarinsk HPP”, by increasing the installed capacity from 100 MW to 126 MW. The project is of great importance for providing power-hungry Turkestan region with electricity and allows increasing the efficiency of water resources use in the region.

The international agency Fitch affirmed the company’s long-term ratings at BB with a Stable Outlook, and has also raised its standalone rating from “b” to “b+”.

In 2020, the global issued driven by COVID-19 pandemic also impacted “Samruk-Energy” JSC companies. Despite this, the company secured the regular operation of all its power plants and coal mining facilities in a challenging

epidemiological situation. Emergency mode demonstrated the expertise of Kazakhstani power engineers and evidenced high mobilization capacities of the industry. The energy of the company’s working days, the joy of the successes achieved and the commitment to achieve new goals set stand behind the data presented in this Report. In conclusion, I would like to express my sincere gratitude to our power engineers, partners, shareholders, employees of “Samruk-Energy” JSC and all its SA for joint and productive work for the sake of development of the Republic of Kazakhstan power industry!

**Yessimkhanov
Sungat Kuatovich**

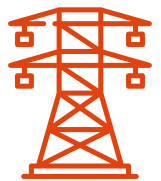
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43.3

COAL PRODUCTION
VOLUME IN 2020 (MLN TONS)



31.4

ELECTRICITY PRODUCTION
VOLUME IN 2020 (BN. KWH)



ABOUT THE COMPANY

RELIABILITY
FOR ALL TIMES

"Samruk-Energy" JSC holding company, which manages energy assets in the Republic of Kazakhstan, was established on May 10, 2007 to implement a long-term state policy on retrofit of existing and commissioning of new generating facilities (for more details, please visit the Company's website www.samruk-energy.kz).

The core businesses of "Samruk-Energy" JSC group of companies are production of electricity, heat and hot water using coal, hydrocarbons and water resources and sale of electricity to the public and industrial enterprises, transportation and distribution of electricity in grid, construction and operation of hydropower plants and thermal power plants, renewable energy facilities, coal mining, as well as rental of property complexes of hydropower plants.

"Samruk-Energy" JSC group of companies include the largest generating companies, including plants of national importance, such as "Ekibastuz SDPP-1" and "SDPP-2", hydropower plants in the southern regions of the country – "Shardarinsk" and "Moynak HPP", the largest coal mining enterprise in Kazakhstan "Bogatyr Komir" LLP, renewable energy generating facilities – wind and solar power plants, as well as regional distribution network and a sales company.

"SAMRUK-ENERGY" JSC GROUP OF COMPANIES

To fully implement its mission and meet requirements of the shareholder and other concerned parties (subsidiaries and affiliates, employees, partners, etc.), the Company has developed and maintained a system for management of subsidiaries and affiliates.

The management system of "Samruk-Energy" JSC and its subsidiaries and affiliates is based on the following management principles:

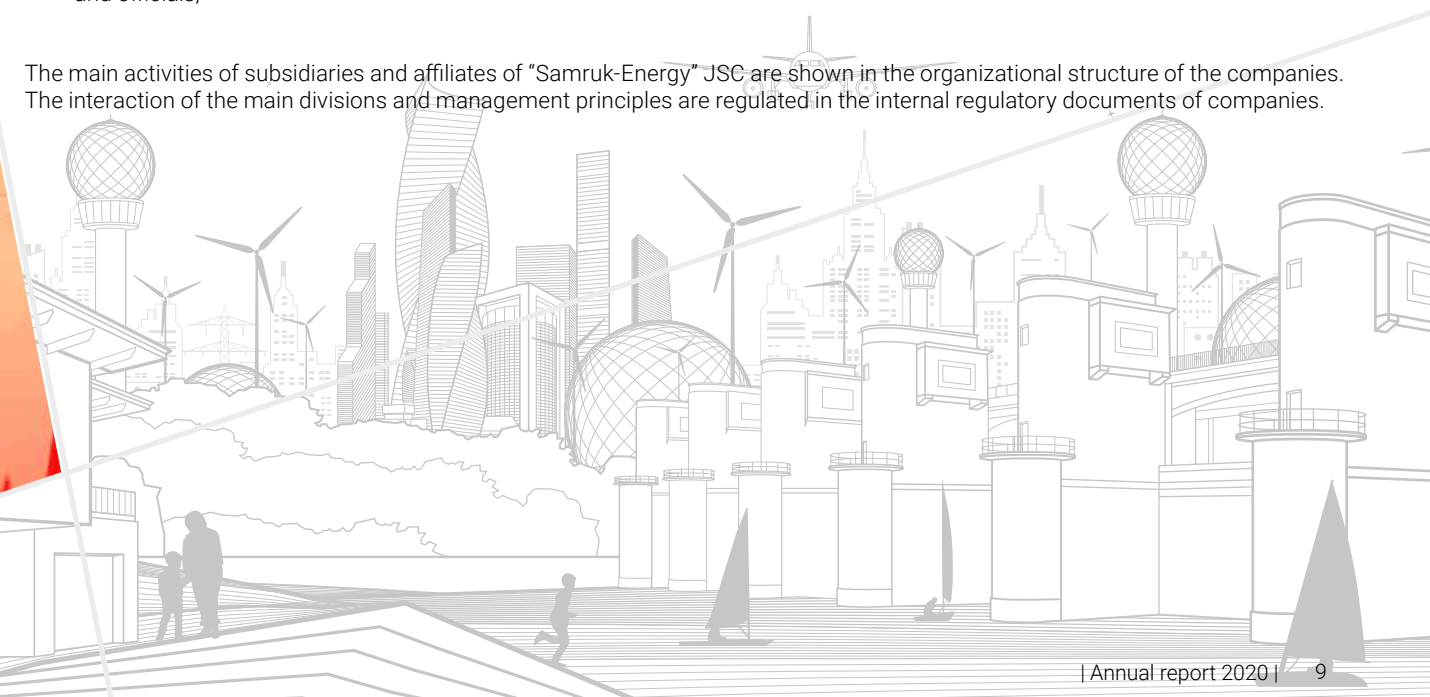


1) a clear delineation of competencies and powers of the bodies of subsidiaries and affiliates (of a shareholder (of a participant)), the Board of Directors / Supervisory Board, executive body), employees and officials;

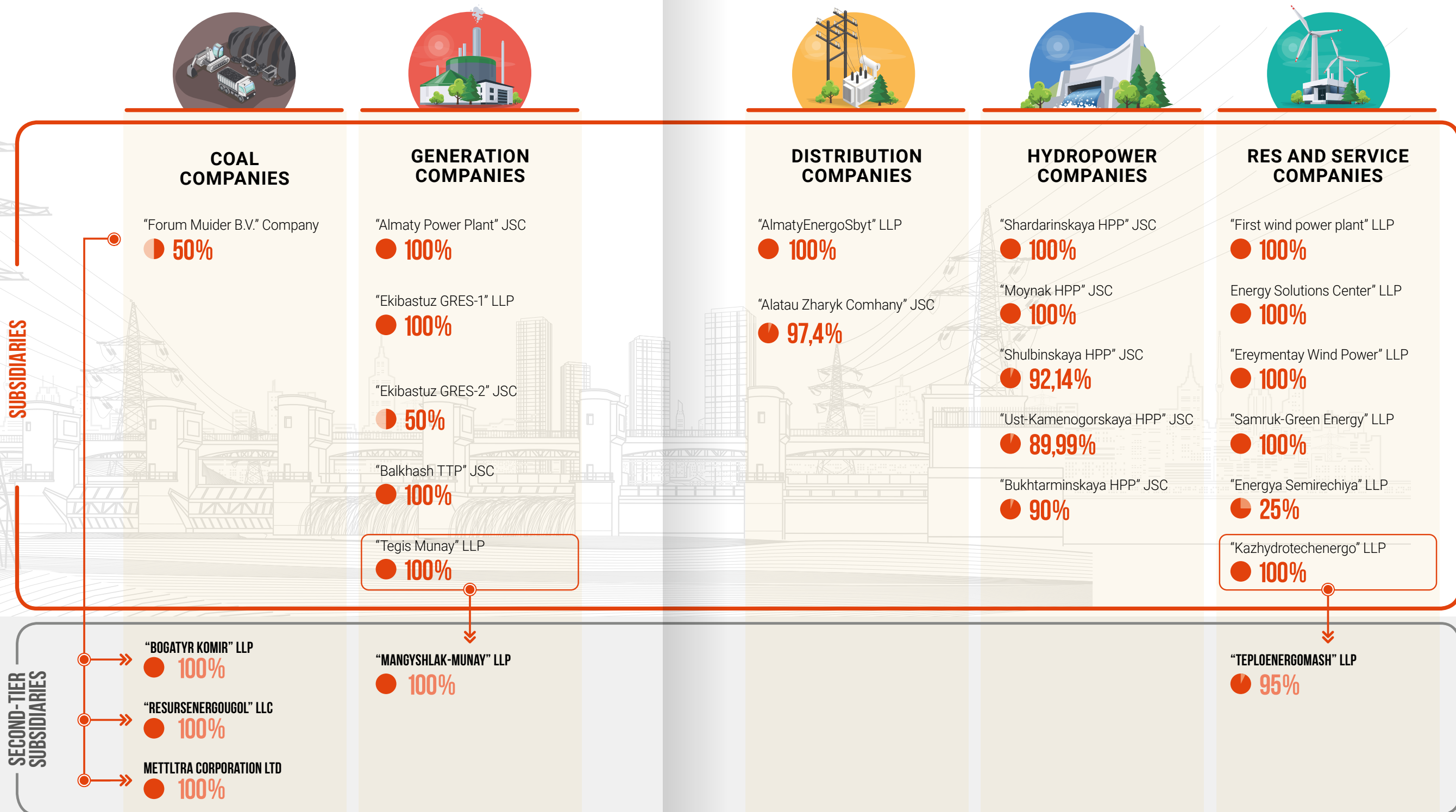


2) a clear delineation of responsibility of the bodies of subsidiaries and affiliates (of a shareholder (of a participant)), the Board of Directors/Supervisory Board, executive body), employees and officials.

The main activities of subsidiaries and affiliates of "Samruk-Energy" JSC are shown in the organizational structure of the companies. The interaction of the main divisions and management principles are regulated in the internal regulatory documents of companies.



STRUCTURE OF ASSETS





GENERATING COMPANIES



THERMAL POWER PLANTS

“Almaty Power Plants” JSC (“Samruk-Energy” JSC – 100%)

“Almaty Power Plants” JSC (“APP” JSC) is power-producing organization engaged in production of heat and electricity in Almaty city and Almaty region. “APP” JSC provides the population, industrial and agricultural enterprises with electricity and heat and is a heat producing natural monopoly entity.

To date, the heat and electricity generated covers about 70% of the needs of Almaty city and Almaty region.

The structure of “APP” JSC includes the following production units – CHP-1 named after B.Orazbayev; CHP-2 named after A.Zhakutov; CHP-3; Kapshagay HPP named after Sh.Chokin; Cascade of Almaty HPP; Western Thermal Complex (WTC); Center for receiving and discharge of fuel (CRDF), Industrial repair enterprise (IRE) “Energoremont”.

Location: Republic of Kazakhstan, Almaty c., Dostyk ave., 7

Chairman of the Management Board: Kirkinbayev Y.A.

A supply chain of the entity

Production of electricity and heat for their transmission to consumers.

The direct production of heat and electricity starts with the supply of energy resources (fuel, water) to the energy equipment of energy sources. In power equipment, energy of energy resources (fuel, water) is converted into a final product – electricity and heat. Part of the generated electricity and heat is consumed by energy sources for their own needs, the rest of the generated energy is sold on the basis of contracts for the sale of electricity and heat. Almaty region is the market for electricity and heat sale.

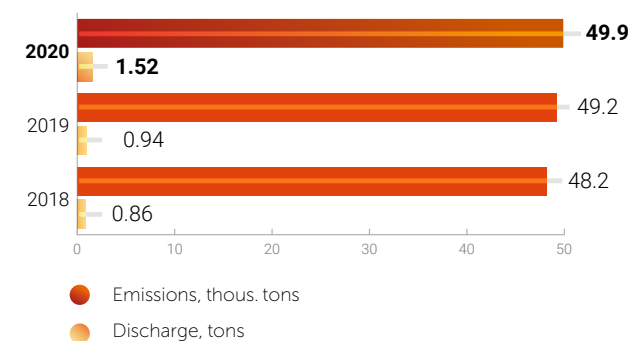
Financial performance

Indicator	Measurement unit	2018	2019	2020
Net income/loss	mln tenge	(1,620)	4,073	5,685
EBITDA	mln tenge	11,147	14,326	17,457
EBITDA Margin	%	17	22	23

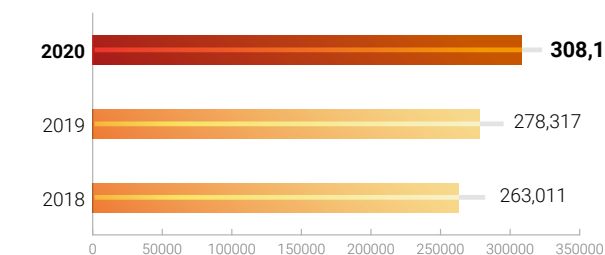
Results of operating activities

Indicator	Measurement unit	2018	2019	2020
Installed electric capacity	MW	1,235.7	1,235.7	1,235.7
Electricity production volume	mln kWh	5,599	5,397	5,335
Electricity sales volume	mln kWh	4,892	4,726	4,689
Heat production volume	thous. Gcal	5,617	5,024	5,596
Heat sales volume	thous. Gcal	5,527	4,980	5,564
Main consumers	“AlmatyEnergoSbyt” LLP, “Alatau Zharyk Company” JSC, “KazFerroStal” LLP, “Almaty International Airport” JSC, “KTZh – Almaty Electricity Supply Distance” NC JSC, “Kaz Electro” LLP, “Almaty Heating Networks” LLP, “INTA 2006”, “Kuat” LLP, “Asyl Tas” SC LLP, “Greenhouse Complex of “GRES” LLP, “Sholpanbekova K.I.”, “Heating networks” LLP, “Volna” LLP.			

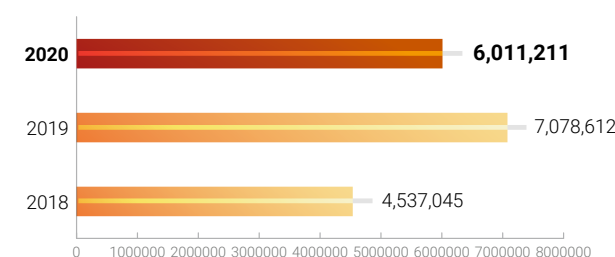
Environmental performance, thous. tons



Social indicators, average wage



The amount of utilized investments, thous. tenge



Full information is available on the company's website: www.ales.kz



“Ekibastuz SDPP-1” LPP named after Bulat Nurzhanov (“Samruk-Energy” JSC – 100%)

“Ekibastuz SDPP-1” LLP is a thermal power plant with an installed capacity of 4000 MW, located on the northern shore of Lake Zhengeldy, 16 km north of Ekibastuz Pavlodar region. The enterprise is the largest thermal power plant in the Republic of Kazakhstan, operating on solid fuel, and the main energy-producing enterprise in the region. Being the largest power plant in Kazakhstan, “Ekibastuz SDPP-1” LLP is also one of the largest coal-fired power plants in the world with a current available capacity of 3,500 MW. The complex consists of eight 500 MW power units.

Location: Republic of Kazakhstan, Pavlodar region, Ekibastuz c., Industrial zone GRES-1, building 2.

Director General: Kopenov Y.K.

A supply chain of the entity

The entity provides electricity to the northern, eastern, and southern regions of Kazakhstan, part of the electricity (20%) is exported to Russia.

Production of electricity and heat for their transmission to consumers. Electricity is supplied from the busbars of the plant, with the exception of exports (on the border of the RK-RF).

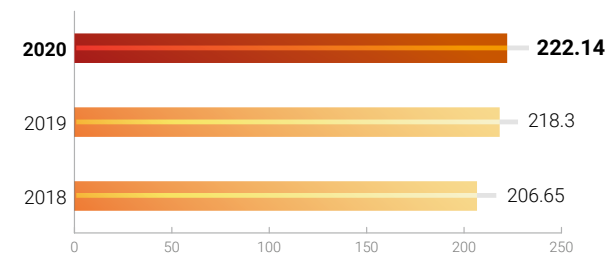
Financial performance

Indicator	Measurement unit	2018	2019	2020
Net income/loss	mln tenge	18,072	6,406	4,754
EBITDA	mln tenge	58,979	47,870	43,851
EBITDA Margin	%	47	44	36

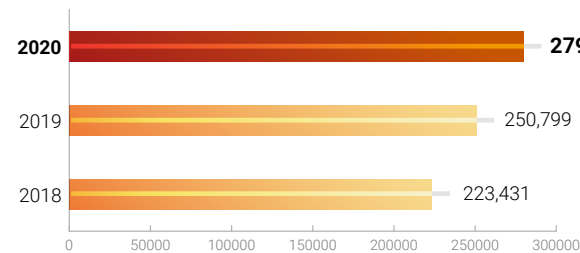
Results of operating activities

Indicator	Measurement unit	2018	2019	2020
Installed electric capacity,	MW	3,500	3,500	3,500
Electricity production volume	mln kWh	19,122	18,301	19,466
Electricity sales volume	mln kWh	18,340	17,642	19,001
Heat production volume	Gcal	59,9	132.3	155,4
Major consumers	“Bogatyr Komir” LLP, “Energopotok” LLP, “Ontustik Zharyk” LLP, “AlmatyEnergoSbyt” LLP, “Temirzholenergo” LLP, “Kazfosfat” LLP, “Zhetysu Energotrade” LLP, “Tau-Ken Temir” LLP, “Kazminerals Bozshchakol” LLP, “KEGOC” JSC.			

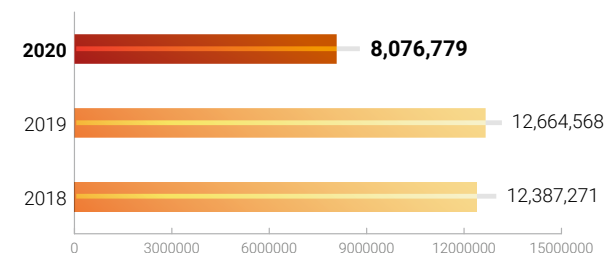
Environmental performance, thous. tons



Social indicators, average wage



The amount of utilized investments, thous. tons



Full information is available on the company's website: www.gres1.kz



“Ekibastuz SDPP-2 Plant” JSC (“Samruk-Energy” JSC – 50%, “Samruk-Kazyna” JSC – 50%)

“Ekibastuz SDPP-2 Plant” JSC is the thermal power plant in Ekibastuz city of Pavlodar region, Kazakhstan with an installed capacity of 1,000 MW.

On December 27, 2018, an agreement for the sale and purchase of 50% of shares in authorized capital of “ESDPP-2 Plant” JSC was signed between “Samruk-Kazyna” JSC (the Fund) and “Inter RAO” PJSC (IRAO) (hereinafter referred to as the Transaction).

All activities related to closing of the Deal were completed on December 13, 2019, and in accordance with the Register of Holders of Securities, as of December 14, 2019, “Samruk-Kazyna” JSC ownership right for 50% of shares was registered.

Thus, currently the shareholders of “ESDPP-2 Plant” JSC are “Samruk-Energy” JSC – 50% and “Samruk-Kazyna” JSC – 50%.

Location: Republic of Kazakhstan, Pavlodar region, Ekibastuz c., Solnechnyi village, ABK, room 32

Chairman of the Management Board: Dauren Sagidulla

A supply chain of the entity

Electricity produced by “Ekibastuz SDPP-2 Plant” JSC is supplied to the consumer from the station's busbar. The Buyer independently, at his own expense, without the participation of the Seller, ensures the reception and transmission of electricity from the supply point to consumption points, through networks of an inter-regional and, where necessary regional level.

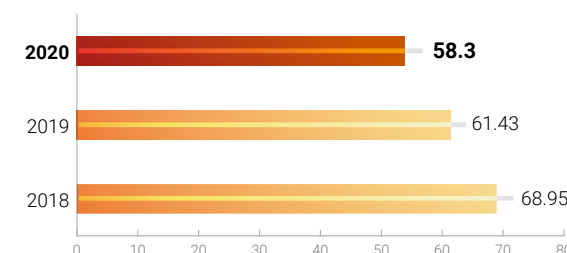
Financial performance

Indicator	Measurement unit	2018	2019	2020
Net income/loss	mln tenge	(6,823)	(3,063)	(3,706)
EBITDA	mln tenge	16,250	17,170	19,843
EBITDA margin	%	42	42	43

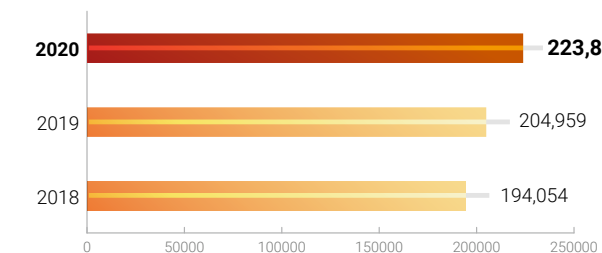
Results of operating activities

Indicator	Measurement unit	2018	2019	2020
Installed electric capacity	MW	1,000	1,000	1,000
electricity production volume	mln kWh	5,436.5	4,928.5	4,974
electricity sales volume	mln kWh	5,161	4,689.5	4,809
volume of heat sales	thous. Gcal	78,622	82.8	66.9
Major consumers	“Transenergo” JSC, “APCC” JSC, “TNC Kazchrome” JSC, “LOTOS-Aktobe” LLP, “Goar” LLP, “ZHBI-25 Plant” LLP, “AS Gas-Logistic” LLP, “Stroydetal” LLP, “Aktobe Stroy Kombinat” LLP, “Production Association “KSM” LLP, “Aktobeenergossnab” LLP, “Energossistema” LLP, “Akbulak” JSC, “Transenergo” JSC.			

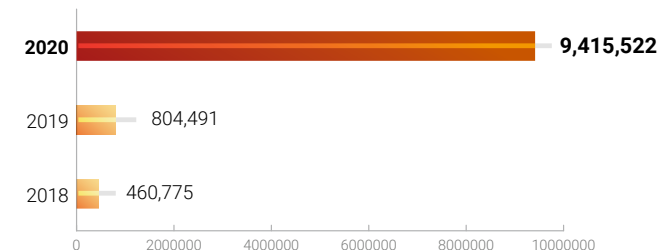
Environmental performance, thous. tons



Social indicators, average wage



The amount of utilized investments (50%), thous. tons



Full information is available on the company's website: www.gres2.kz



HYDROPOWER PLANTS AND RENEWABLE ENERGY SOURCES

“Shardarinsk HPP” JSC (“Samruk-Energy” JSC – 100%)

Shardarinsk hydropower plant, located in the middle reaches of Syr Darya river, is a closing hydropower plant of the Naryn-Syrdara cascade.

The purpose of the Shardarinsk HPP is to enhance the coordination of activities for the operation of water and energy facility of Naryn-Syrdarya cascade, to improve energy supply in South Kazakhstan.

At a hydroelectric power plant, the mechanical energy of moving masses of water is converted into electricity using hydraulic turbines and hydrogenerators, which are placed together with numerous auxiliary equipment in the building of the hydropower plant.

Location: Republic of Kazakhstan, South Kazakhstan region, Shardara c., Elmuratova st., 13

Chairman of the Management Board: Berlibayev A.A.

A supply chain of the entity

“Shardarinsk HPP” JSC generates electricity and is an energy-producing organization. For transportation over long distances and to reduce losses (to save materials) the generator voltage of 10 kV increases to 110 kV through a step-up transformer. Electricity is transmitted to the grids of “Ontustik Zharyk Transit” LLP, energy transmission organization, through 110 kV the switchgear. Electricity is then transferred to energy supplying organizations, which in turn supplies electricity to consumers.

Financial performance

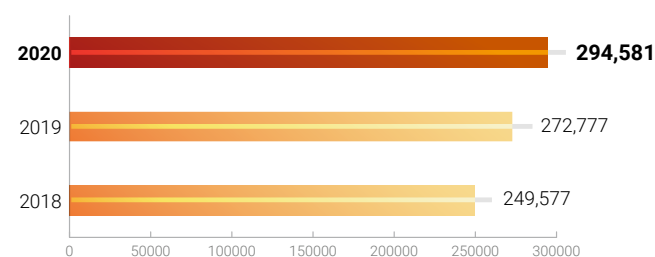
Indicator	Measurement unit	2018	2019	2020
Net income/loss	mln tenge	1,526	(692)	612
EBITDA	mln tenge	2,174	909	4,739
EBITDA Margin	%	66	40	70

Results of operating activities

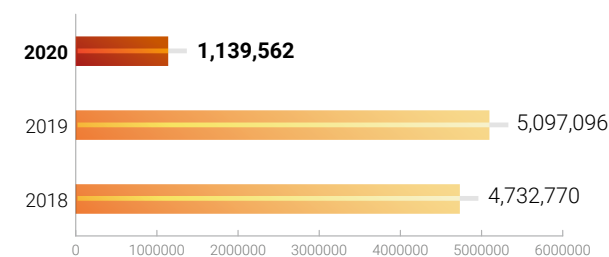
Indicator	Measurement unit	2018	2019	2020
Installed electric capacity	MW	100/50 MW from 01.03.2018	50/63MW * from 27.05.2019	63/126 MW *from 25.02.2020
Electricity production volumes	mln kWh	348.7	464.8	513.5
Electricity sales volumes	mln kWh	344.6	466.2	521.3
Major consumers	“Energopotok” LLP, “Kazsbytgroup” LLP, “Energosnab XXI” LLP, “Yugenergoimpuls” LLP, “Garant Energo” LLP	“Ontustik Zharyk” LLP, “Energosnab XXI” LLP, “Yugenergoimpuls” LLP, “Garant Energo” LLP	“Ontustik Zharyk Transit” LLP, “Yugenergoimpuls” LLP, “Garant Energo” LLP	“Ontustik Zharyk Transit” LLP, “Yugenergoimpuls” LLP, “Garant Energo” LLP

* the decrease will be until completion of hydraulic units retrofit.

Social indicators, average wage



The amount of utilized investments, thous. tenge



Full information is available on the company's website: www.sharges.kz



“Moynak HPP” JSC (“Samruk-Energy” JSC – 100%)

A 300 MW Moynak HPP was built as part of the State program for accelerated industrial and innovative development and in accordance with the Program for the Development of the RK Power Industry until 2030. It is located on the Sharyn River in Kegen district of Almaty region. This is one of the breakthrough projects that today successfully addresses the issues related to narrow the deficit of electricity in the southern zone of Kazakhstan's UES (Almaty, Zhambyl, Kyzylorda and Turkestan regions), covering peak loads and regulating capacity in the power system. Designed average annual electricity production of an enterprise is 1,027 bn kWh. State-of-the-art technological equipment used at the plant provides maximum automation and stability

of the electricity production process. The plant is equipped with the latest hydraulic units with high technical parameters and efficiency.

Location: Republic of Kazakhstan, Almaty region, Kegen district, Zhylyysai rural district, village Moynak, 81

Chairman of the Management Board: Asylov A.N.

A supply chain of the entity

“Moynak HPP” JSC generates electricity and is an energy-producing organization. Electricity is supplied from energy sources through 110 kV grids to consumers in the volumes agreed in concluded agreements.

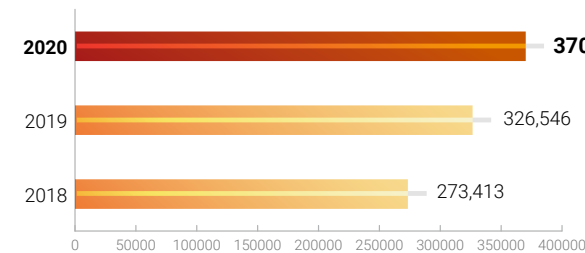
Financial performance

Indicator	Measurement unit	2018	2019	2020
Net income/loss	mln tenge	(5,296)	186	8,923
EBITDA	mln tenge	8,060	7,386	17,462
EBITDA Margin	%	79	75	85

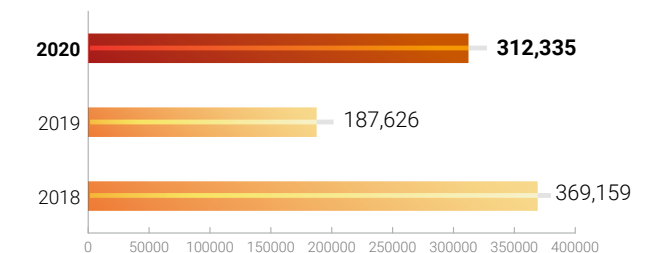
Results of operating activities

Indicator	Measurement unit	2018	2019	2020
Installed electric capacity	MW	300	300	300
Electricity production volume	mln kWh	1,036	951	929
Electricity sales volume	mln kWh	1,034	952	944
Major consumers	“Zhetisuenergotrade” LLP, “AlmatyEnergoSbyt” LLP			

Social indicators, average wage



The amount of utilized investments, thous. tenge



Full information is available on the company's website: www.moynak.kz





“Ust-Kamenogorsk HPP” JSC (“Samruk-Energy” JSC – 89.99%)

In October 2017, the concession agreement with AES Suntry Power Limited was terminated and the assets were transferred to the republican ownership of the Republic of Kazakhstan.

Core business: organizational and management activities.

Location: corporate seat: the Republic of Kazakhstan, Ust-Kamenogorsk, Ablaketka vill., Location of the executive body: Ust-Kamenogorsk c., 27, Kazakhstan st.

“Bukhtarminsk HPP” JSC (“Samruk-Energy” JSC – 90%)

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

The installed capacity of hydropower plants is 675 MW, the average annual production is 2.77 bln kWh. HPP covers peak loads in the power system of Kazakhstan. In 2002, Bukhtarminskaya dam was recognized as the best in the world, as the quality of concrete exceeds all expected parameters.

Core business: Rental and management of own property, rent of other machinery, equipment and supplies.

Location: the Republic of Kazakhstan, , East-Kazakhstan region, Zyrianovsky district, Serebryansk city, 5, Graftio street.

The Company is on lease

“Shulbinsk HPP” JSC (“Samruk-Energy” JSC – 92.14%)

In October 2017, the concession agreement with AES Suntry Power Limited was terminated and the assets were transferred to the republican ownership of the Republic of Kazakhstan.

Core business: organizational and management activities.

Location: registered address: the Republic of Kazakhstan, Ust-Kamenogorsk c., Ablaketka village. Location of the executive body: Ust-Kamenogorsk c., 27, Kazakhstan street.

“First Wind Power Plant” LLP (“Samruk-Energy” JSC- 100%)

“First Wind Power Plant” LLP is the first project in Kazakhstan in the field of development of alternative energy sources, which went through all stages of preparation in accordance with the current legislation of the Republic of Kazakhstan on support for renewable energy sources and was put into operation on August 14, 2015.

The wind farm of the company is located in Akmola region, nearby Ereymentau city, consists of 22 wind turbines with a unit capacity of 2.05 MW working safely for the environment. Since commissioning, the power plant has generated over 920 mln kWh of electricity. During this time, the rotating

blades of 85-meter structures generated electricity for more than 13 bln tenge. 100% of all generated electricity goes to the National Power Grid of Kazakhstan – “KEGOC” JSC.

Location: Republic of Kazakhstan, Nur-Sultan c., Kabanbay batyra ave., 15A

Director General: Yeskhozhin R.K.

A supply chain of the entity

Production of electricity using renewable energy sources and its sale to the “Settlement and financial center for the support of renewable energy sources” LLP.

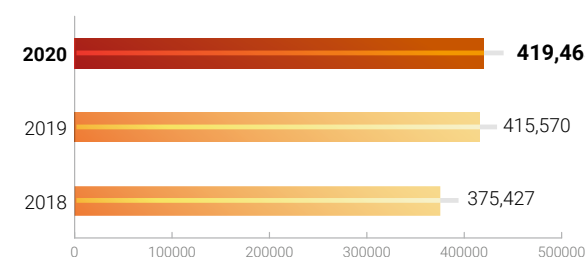
Financial performance

Indicator	Measurement unit	2018	2019	2020
Net income/loss	mln tenge	436	1,017	1,880
EBITDA	mln tenge	3,201	3,532	3,842
EBITDA Margin	%	72	77	76

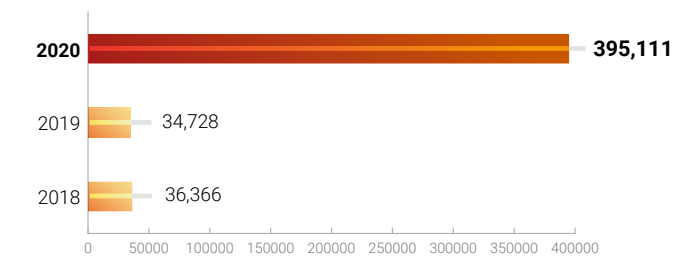
Results of operating activities

Indicator	Measurement unit	2018	2019	2020
Installed electric capacity	MW	45	45	45
Electricity production volume	mln kWh	158	153	159.36
Electricity sales volume	mln kWh	157	152	159.1

Social indicators, average wage



The amount of utilized investments, thous. tenge



Full information is available on the company's website: www.pves.kz





“Ereymtau Wind Power” LLP (“Samruk-Energy” JSC – 100%)

The main activity of “Ereymtau Wind Power” LLP is the implementation of “Construction of 50 MW wind power plant near Ereymtau c.” project and further production of electricity.

The project will consist of a maximum of 20 wind turbines, bases for cranes adjacent to each turbine, internal roads, an internal power grid, an electrical substation including control room and connection to power grid.

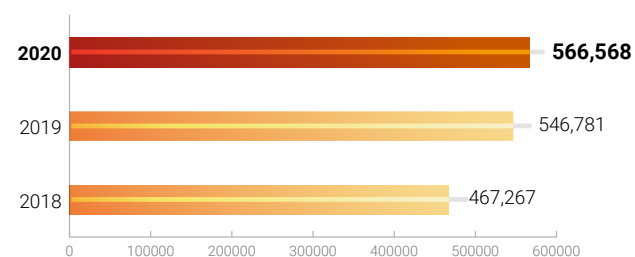
Location: Republic of Kazakhstan, Nur-Sultan c., Kabanbay batyr ave., 15a, block B.

Director General: Zhanabayev B.K.

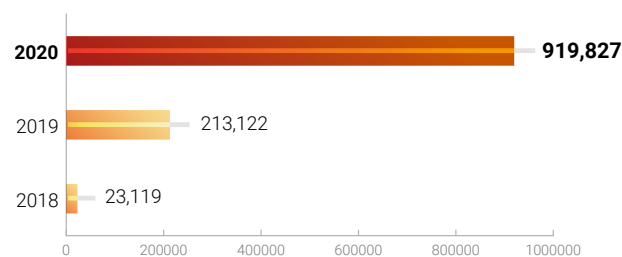
Financial performance

Indicator	Measurement unit	2018	2019	2020
Net income	thous. tenge	(167)	(179)	(89)
EBITDA	thous. tenge	(161)	(176)	(181)

Social indicators, average wage



The amount of utilized investments, thous. tenge



Full information is available on the company's website: www.ewp.kz



“Samruk-Green Energy” LLP (“Samruk-Energy” JSC – 100%)

“Samruk-Green Energy” LLP – delivers services for production of electricity using renewable energy sources. The company provides decentralized electricity supply to remote areas.

A 2 MW SPP has been a site for testing innovative renewable energy technologies since 2015, including the first industrial-scale energy storage technology EnergyPod in the CIS and Central Asia.

In 2020, the Partnership commissioned 5 MW wind power plant Shelek, which was built as part of intergovernmental agreement between PRC and the Republic of Kazakhstan.

Location: Republic of Kazakhstan, Almaty c., Zenkova st., 58, room 145

Director General: Bukenov T.Sh.

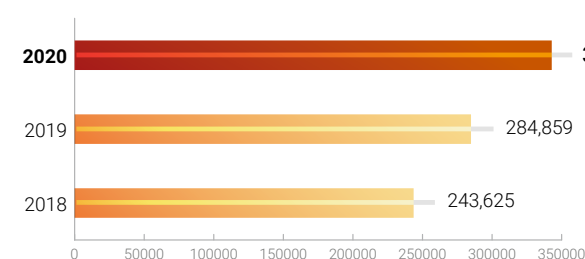
Financial performance

Indicator	Measurement unit	2018	2019	2020
Net income/loss	thous. tenge	(4)	(42)	(125)
EBITDA	thous. tenge	20	36	26
EBITDA Margin	%	14	23	11

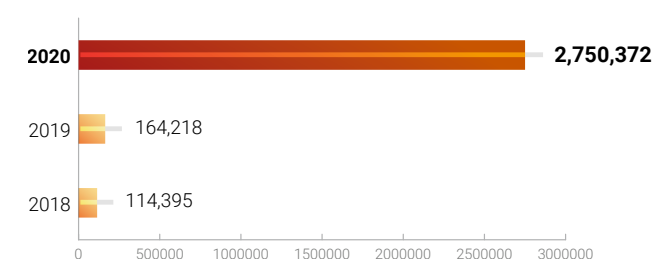
Results of operating activities

Indicator	Measurement unit	2018	2019	2020
Installed electric capacity	MW	2	2.4	7.4
Electricity production volume	mIn kWh	3,232	3,327	7,366
Electricity sales volume	mIn kWh	3,117	3,246	7,216

Social indicators, average wage



The amount of utilized investments, thous. tenge



Full information is available on the company's website: www.samruk-green.kz



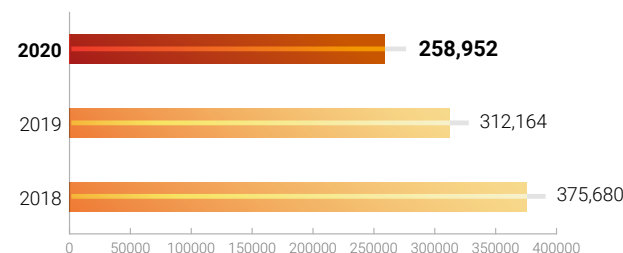
“Energiya Semirechya” LLP (“Samruk-Energy” JSC – 25%, Hydrochina Corporation – 50%; Powerchina Chengdu Engineering Corporation Limited – 15% and Powerchina Resources Limited – 10%)

“Energiya Semirechya” LLP is an enterprise established to provide services for production and sale of electricity, design and construction of facilities using renewable energy

Financial performance

Indicator	Measurement unit	2018	2019	2020
Net income	thous. tenge	(26)	21	(177)
EBITDA	thous. tenge	(83)	(123)	(97)

Social indicators, average wage

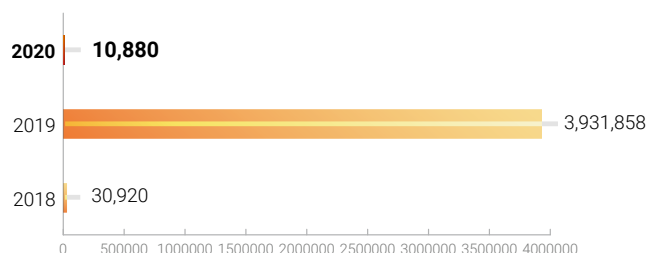


sources. The enterprise was established in 2009 in order to conduct activities in the construction of wind power plant with the capacity of 60 MW to 300 MW in Shelek corridor.

Location: Republic of Kazakhstan, Almaty region, Enbekshikazakh district, Baiseit village, Abay st. 92.

Director General: He Junwen

The amount of utilized investments, thous.tenge



Full information is available on the company's website: www.energy7.kz



“Kazhydrotechenergo” LLP (“Samruk-Energy” JSC- 100%)

“Kazhydrotechenergo” LLP implements projects on construction of four small hydropower plants (BAK-1, BAK-2, HPP-19, HPP-29) in Almaty region with total capacity of 60.8 MW.

The Partnership's activity is directed at engineering, building facilities using RES, independent technical devices and related to them facilities for production of electricity and (or)heat using RES.

Core business: production and sale of electricity using renewable energy sources

Location: Republic of Kazakhstan, Almaty c., Kunaev st., 21B, BC “Sat”, office No. 62A .

General Director: Bukhanov M.E.

“Teploenergomash” LLP (“Kazhydrotechenergo” LLP – 95%)

The main goal of “Teploenergomash” LLP is construction of two power plants on Big Almaty Channel with a total capacity of 12 MW. It is also planned to build hydropower plants 1, 2 at BAC and hydropower plants 19 on Shelek River in Enbekshikazakh district with a total capacity of 26 MW (Almaty region).

Core business: generation and sale of electricity using renewable energy sources

Location: Republic of Kazakhstan, Almaty c.13, Al-Farabi ave., BC “Nurly Tau”, c.1V, suite 505

Director General: Adilov Y.Kh.



MINING AND SERVICE COMPANIES



“Bogatyr Komir” LLP (Forum Muider B.V. – 100%)

“Bogatyr Komir” LLP is one of the largest enterprises in the world in terms of open-pit coal mining. “Bogatyr Komir” LLP accounts for 59 percent of all coal mined in the Ekibastuz coal basin and circa 39.5 percent of the total coal production in the RK.

“Bogatyr Komir” LLP approved coal reserves amount to circa 2.9 bln tons. Coal reserves at “Bogatyr Komir” LLP were approved up to minus 200 m horizon (depth from the surface is 400m). With the current capacity of the enterprise coal reserves will be enough for no less than 70 years of operations.

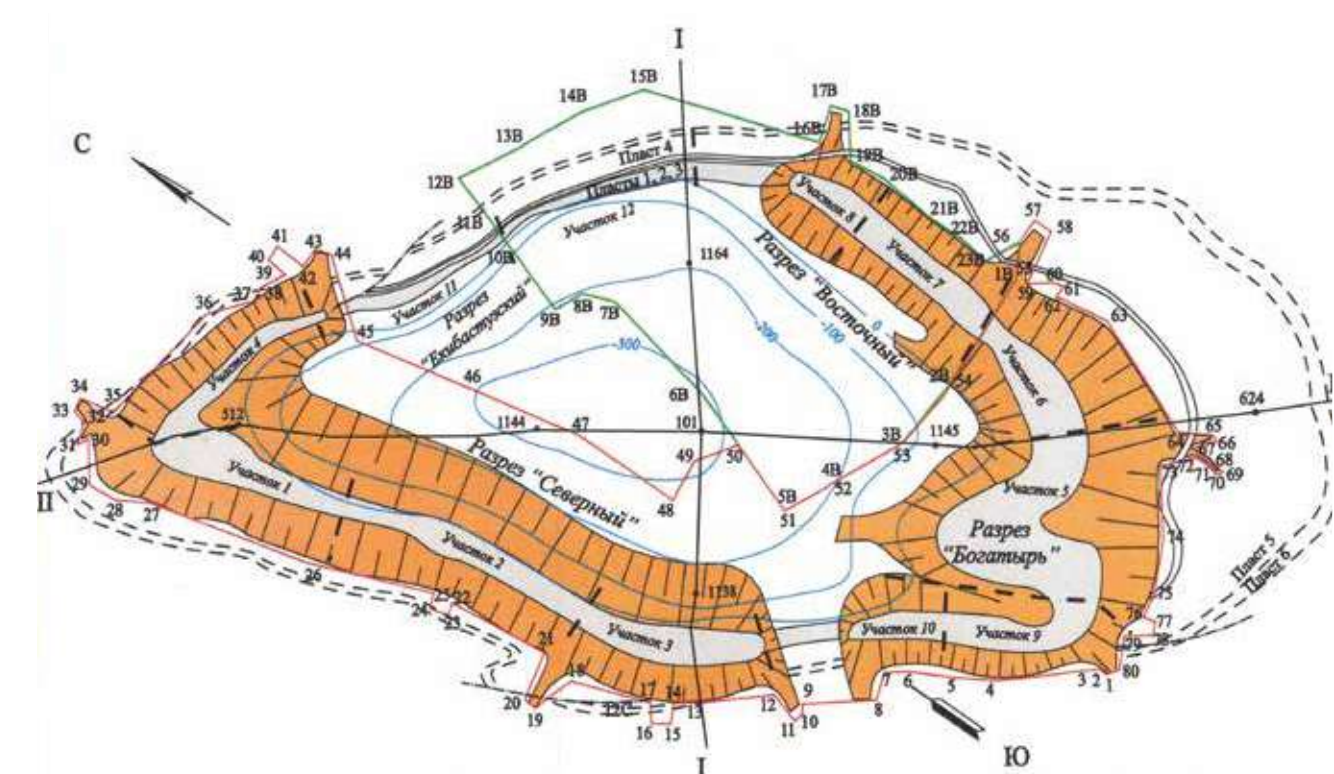
“Bogatyr” coal mine, commissioned in 1970, exploits coal reserves in the fields (sections) 5, 6, 9, 10. The depth of the coalmine reached 280 m from the surface (mark: the horizon is minus 80m according to the Baltic measurement system from the Baltic Sea level).

“Severny” coalmine, commissioned in 1954, coal is mined in the fields (sections) 1, 2, 3, 4. The depth of the mine reached 230 m from the surface (mark: the horizon is minus 30 m according to Baltic measurement system from Baltic sea level).

The main industrial layers of Ekibastuz field are layers 1, 2, 3, 4 with an average thickness of 160 m and a depth of up to 670 m. The total coal reserves of the field are more than 9 bn tons.

Confirmed coal reserves of “Bogatyr” and “Severny” coal mines of “Bogatyr Komir” LLP, mln tons

Total for “Bogatyr Komir” LLP		Incl. of “Bogatyr” mine (sections 5, 6, 9, 10)		Of “Severny” mine (sections 1, 2, 3, 4)	
Seam	Confirmed reserves	Seam	Confirmed reserves	Seam	Confirmed reserves
1	397.9	1	198.1	1	199.8
2	630.8	2	332.8	2	298.1
3	1,401.7	3	739.4	3	662.2
4	484.6	4	278.7	4	205.9
Total:	2,915.0	Total:	1,549.0	Total:	1,366.0



Location: Republic of Kazakhstan, Pavlodar region, Ekibastuz c., Stroitel'naya st., 23

Director General: Korsakov N.N.

A supply chain of the entity

“Bogatyr Komir” LLP extracts KSN grade (coking caking slightly metamorphosed) coal with an average calorific value of ~ 4,000 kcal / kg, ash content ~ 43%, moisture ~ 5%.

The entity supplies thermal coal to generating facilities of the RK domestic market and for export to the RF, as well as

the supply of household coal to the RK domestic market. Coal is sold to thermal power plants of the Republic of Kazakhstan under direct contracts for the supply of coal, to the power plants of the Russian Federation through a trader.

Household coal is sold through commodity exchanges in accordance with the Order of the Minister of National Economy of the Republic of Kazakhstan dated February 26, 2015 No. 142 “On approval of the list of commodities exchange and the minimum size of represented batches sold through commodity exchanges”.

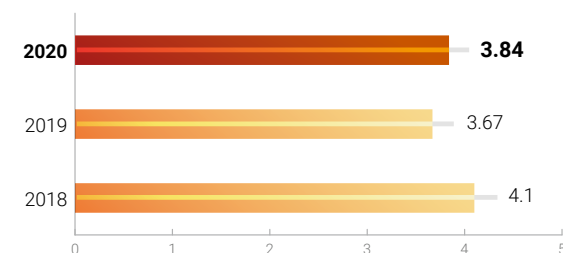
Financial performance

Indicator	Measurement unit	2018	2019	2020
Net income/loss	mln tenge	28,334	26,917	24,093
EBITDA	mln tenge	41,441	40,415	36,728
EBITDA Margin	%	45.5	43	36

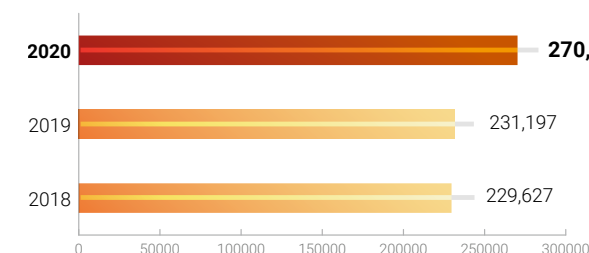
Results of operating activities

Indicator	Measurement unit	2018	2019	2020
Coal production volume	mln tons	44.9	44.8	43.3
The volume of coal sales in the RK	mln tons	35.6	33.8	33.4
to own PP	mln tons	18.1	17.5	17.8
third party PP	mln tons	15.9	16.3	15.6
Coal export volume	mln tons	9.6	10.9	10.1
Major consumers	“Ekibastuz SDPP-1” LLP, “Ekibastuz SDPP-2 Plant” JSC, Astana Energia” JSC CHP-1, CHP-2, “KaragandaEnerogcenter” LLP CHP-1, CHP-3, “SevKazEnergo” JSC CHP-2, Petropavlovsk CHP-2, “Pavlodarenergo CHP-2, 3, Refinsk SDPP, Troitskaya SDPP and Kurgansk CHP			

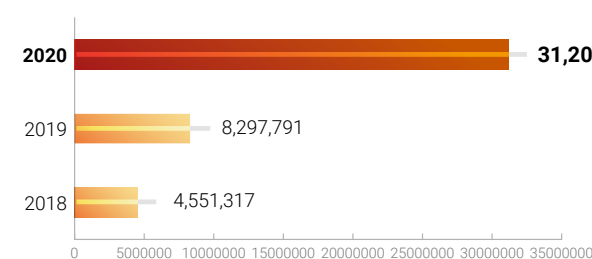
Environmental performance, thous. tons



Social indicators, average wage



The amount of utilized investments (50%), thous. tons



Full information is available on the company's website: www.bogatyr.kz



“Tegis Munay” LLP (“Samruk-Energy” JSC – 100%)

The purpose of “Tegis Munay” LLP business is to build ground infrastructure and equip the “Pridorozhnoe” deposit in the South Kazakhstan region of the Republic of Kazakhstan, to build a gas pipeline from “Pridorozhnoe” deposit to the Beineu – Bozoi – Shymkent gas pipeline, to produce, process and sell gas.

“Tegis Munay” LLP is an investment project of “Samruk-Energy” JSC, the profit is expected to be received from 2020–2021.

Location: Republic of Kazakhstan, Almaty c., Askarova st., 40

Director: *Uvakov K.A.*

“Mangyshlak Munay” LLP (“Tegis Munay” LLP – 100%)

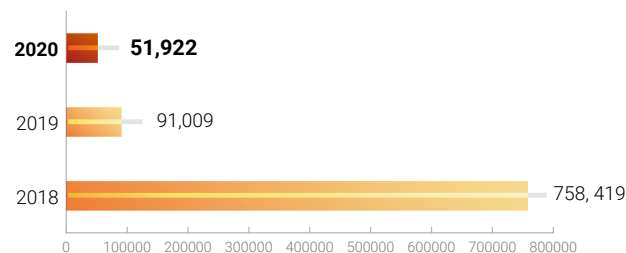
“Mangyshlak Munay” LLP, according to the Contract No. 4631-UVS-ME dated 30.07.2018 is the holder of the subsoil use right to conduct gas exploration at the Pridorozhnoe field in Turkestan region. The project involves the development of a gas field.

Its main task is the commercial exploitation of the field in order to make up the gas deficit in the region, create new jobs, develop infrastructure, and increase social assistance and tax deductions to the budget.

Location: Republic of Kazakhstan, Almaty c., microdistrict Rakhat, Askarova st., 40

Director: *Karakushikov Y.*

The amount of utilized investments, thous. tenge



Full information is available on the company's website: www.mangyshlak-munay.kz



“Energy Solutions Center” LLP (“Samruk-Energy” JSC – 100%)

“Energy Solutions Center” LLP is a service company for providing administrative support to “Samruk-Energy” JSC group of companies.

The list of services includes:

- IT infrastructure maintenance services;
- Services for the maintenance of Internet resources;
- Provision of transportation services;
- Real estate management services (rent, purchase, construction);

- Core business: special office services (staff outsourcing), IT services, transportation services.

Location: the Republic of Kazakhstan, Nur-Sultan c., Esil district, 15 A, Kabanbay batyr ave., block B.

Director General: *Abdullin A.M.*

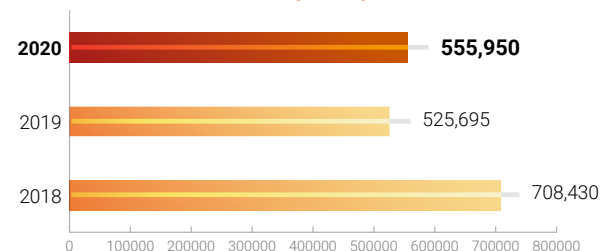
Full information is available on the company's website: www.e-s-center.kz



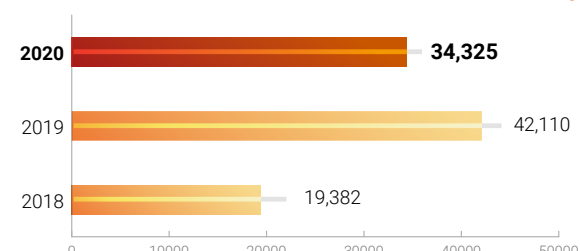
Financial performance

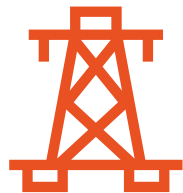
Indicator	Measurement unit	2018	2019	2020
Net income/loss	thous. tenge	89	3	27
EBITDA	thous. tenge	122	68	121
EBITDA Margin	%	13	6	9

Social indicators, average wage



The amount of utilized investments, thous. tenge





DISTRIBUTION AND SALES COMPANIES



“Alatau Zharyk Company” JSC (“Samruk-Energy” JSC – 97.4%, “AZhC” JSC – 2.6%)

“Alatau Zharyk Company” JSC is a large regional electricity grid company that provides electricity to 2.5 mln people in Almaty city and Almaty region, operates more than 30 thous.nd km of power grids, 208 35 kV and above substations, and 7,085 transformer substations. Grids are serviced by seven local power distribution zones (PDZ) in Almaty and ten PDZ in Almaty region, the service area is 102,382 sq. km. The primary task of “AZhC” JSC is a reliable and high-quality supply of electricity to the people.

In order to increase the reliability of energy supply in the Almaty region, 38 substations have been built and retrofitted since 2007–2018, an increase in transformer capacity amounted to 3,500 MVA.

Location: Republic of Kazakhstan, Almaty c., Manas street, 24B

Chairman of the Management Board: Umbetov M.A.

A supply chain of the entity

Regional electric grid companies performs the role of electricity transmission through power grids within its balance sheet attribution.

Power grid company “AZhC” JSC represents the main part of electric grids of the Almaty power center with grids of 220/110/35 / 6-10 / 0.4 kV voltage classes. It is located in the Almaty region and extends from the shores of Lake Balkhash in the north to the borders with Kyrgyzstan in the south and from the borders of the Zhambyl region in the west to the borders with China in the east.

Transmission of electricity from energy-producing organizations to the end user.

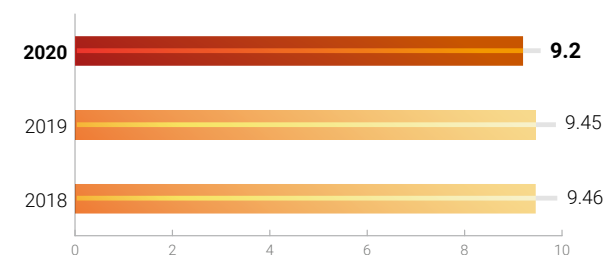
Financial performance

Indicators	Measurement unit	2018	2019	2020
Net income/loss	mln tenge	5,860	2,719	3,366
EBITDA	mln tenge	15,980	12,408	11,966
EBITDA Margin	%	40	33	29

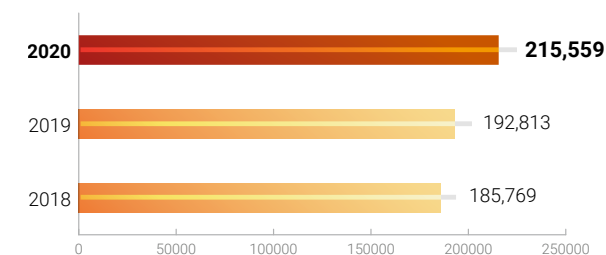
Results of operating activities

Description	Measurement unit	2018	2019	2020
PTL-220 kV	km	457.79	457.79	457.79
PTL-110 kV	km	2,898.21	2,881.76	2,880
PTL-35 kV	km	2,602.87	2,603.01	2,604.72
PTL-10 kV	km	10,854.8	10,903.46	10,951.46
PTL-6 kV	km	1,744.9	1,765.65	1,792.23
PTL-0.4 kV	km	10,972.05	11,659.81	11,771.74
SS-220 kV	pcs.	9	8	8
SS-110 kV	pcs.	95	95	95
SS-35 kV	pcs.	105	106	106
Electricity transmission	mln kWh	6,796	6,961	6,838
Number of consumers (commercial and others)	pcs.	21	21	21

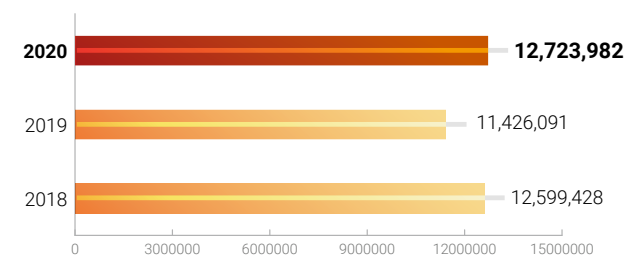
Environmental performance, thous. tons



Social indicators, average wage



The amount of utilized investments, thous.tenge



Full information is available on the company's website: www.azhk.kz



“AlmatyEnergoSbyt” LLP (“Samruk-Energy” JSC – 100%)

“AlmatyEnergoSbyt” LLP is an enterprise representing the interests of its consumers to all entities of the wholesale and retail electricity markets, in order to ensure uninterrupted power supply.

“AlmatyEnergoSbyt” LLP is a guarantee electricity supplier in Almaty city and Almaty region (Balkhash, Enbekshikazakh, Zhambyl, Ili, Karasai, Raiymbek, Talgar, Uygur districts and Kapshagai city).

As of December 31, 2020, there are more than 34 thous. nd corporate entities and circa 830 thous.nd household consumers among “AlmatyEnergoSbyt” LLP customers.

The main principle of the company is focus on customer. The structure of the partnership includes 17 district branches (district branch of power supply) and a Contact Center.

Customer satisfaction is growing annually and is close to 100%.

Location: Republic of Kazakhstan, Almaty c., Kozhamkulova st., 170A

Director General: Dzharlykasymov Y.T.

A supply chain of the entity

Purchase of electricity from energy transmission organizations and sale to the end consumer on the basis of public energy supply agreements. Electricity tariffs are set in accordance with the requirements of the Committee for regulation of natural monopolies.

Financial performance

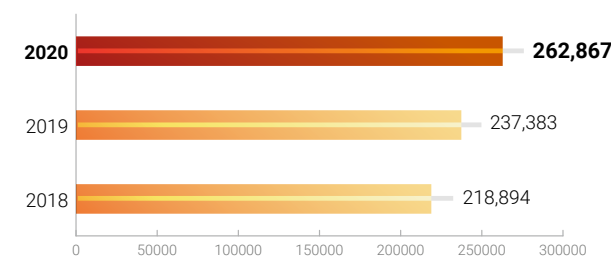
Indicator	Measurement unit	2018	2019	2020
Net income/loss	mln tenge	42	(1,185)	(4,035)
EBITDA	mln tenge	361	(1,499)	(4,796)
EBITDA Margin	%	0.37	(1.5)	(4.5)

Results of operating activities

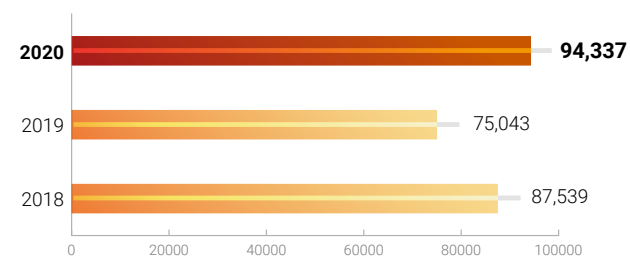
Indicator	Measurement unit	2018	2019	2020
Volume of electricity sale	mln kWh	5,904.3	6,218	6,055.5
Average electricity sale rate	tenge/kWh	16.42	16.11	17.67

Consumers groups	2018	2019	2020
Population	785,393	811,295	835,509
Commercial users, including:	31,632	32,939	34,171
- industrial consumers and similar to them consumers	1,932	1,934	1,952
- Budget organizations	1,234	1,228	1,295
- Other consumers	28,466	29,777	30,924
TOTAL:	817,025	844,234	869,680

Social indicators, average wage



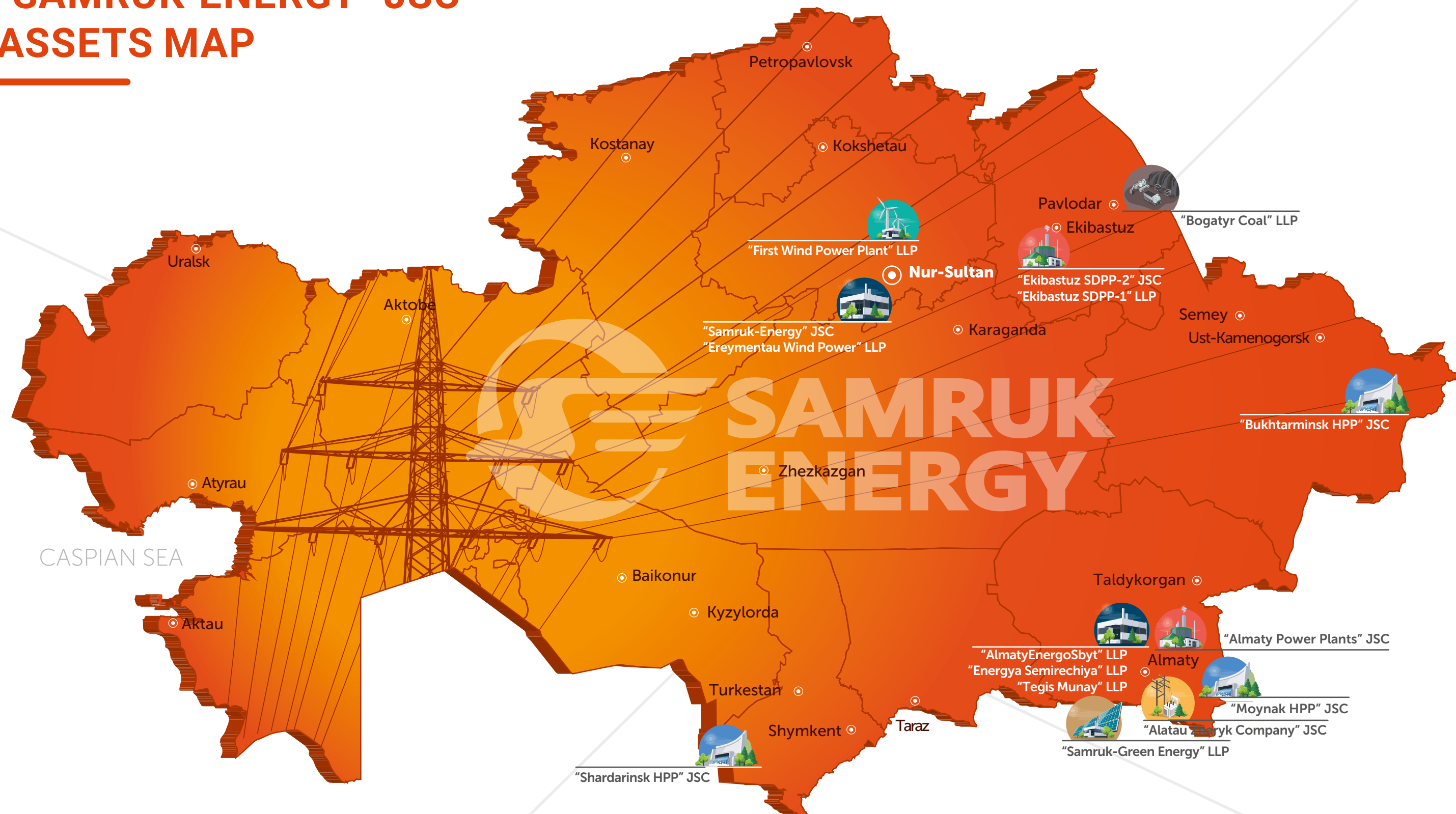
The amount of utilized investments, thous.tenge



Full information is available on the company's website: www.esalmaty.kz



“SAMRUK-ENERGY” JSC ASSETS MAP



BUSINESS MODEL



COAL MINING AND SALE

"Bogatyr-Komir" LLP, which is part of the Holding company supplies power-generating coal to generating facilities of the domestic market of the Republic of Kazakhstan and for export to the Russian Federation, as well as household coal to the domestic market of the Republic of Kazakhstan.

COAL PRODUCTION VOLUME (mln tons) **43.3**

of the volume of coal mined in Ekibastuz coal basin

64%

SHARE OF COAL VOLUME

of the total volume of coal mined in Kazakhstan

39.7%

EXPORT

The volume of coal exports to the Russian Federation amounted (thous. tons)

10,893



GENERATION

The group of companies of "Samruk-Energy" JSC comprises large generating assets "Ekibastuz State District Power Plant-1" LLP, "Ekibastuz State District Power Plant-2" JSC, "Almaty Power Plants" JSC, "Moynak HPP" JSC and "Shardarinsk HPP" JSC.

ELECTRICITY PRODUCTION VOLUME (mln. kWh)

31.4

SHARE OF ELECTRICITY PRODUCTION

by energy producing organizations of "Samruk-Energy" JSC

29.0%

RENEWABLE ENERGY SOURCES

Electricity production volume (mln. kWh)

335.8

by power plants of "Samruk-Energy" JSC in total electricity production of Kazakhstan's UES

10.8%

CAPACITY (MW)

TPP

5,328

HPP

825

RES (SPP and WPP)

47.4



TRANSMISSION, DISTRIBUTION

"Samruk-Energy" JSC group of companies includes regional distribution company "Alatau Zharyk Company" JSC

Capacity of substations (MVA)

9,781.97

The length of 220-0,4 kV overhead and cable transmissions lines

30,457

Number of substations

7,159

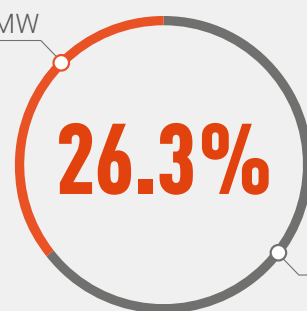
Electricity transmission volume (mln. kWh)

6,838

INSTALLED CAPACITY

"Samruk-Energy" JSC

6,200 MW



Kazakhstan
23,621 MW



SALE

WHOLESALE

Generating companies of national importance, as well as major consumers, including: "KEGOC" JSC, "AstanaEnergoSbyt" LLP, "Kazphosphate" LLP, "AlmatyEnergoSbyt" LLP, "Temirzholenergo" LLP, "ZhambylZharykSauda-2030" LLP, "AB Energo" LLP, "Energopotok" LLP, "Alatau Zharyk Company" JSC, "Bogatyr Komir" LLP, "Zhetysu Energotrade" LLP and others represent the wholesale electricity sales market.

RETAIL

"Samruk-Energy" JSC group includes energy sales company "AlmatyEnergoSbyt" LLP, which provides electricity to more than three million residents of Almaty region.

The total electricity sales volume (mln. kWh)

6,055.5

The volume of heat energy supply by heat and power producing company "Almaty Power Plants" JSC (mln. Gcal)

5.8

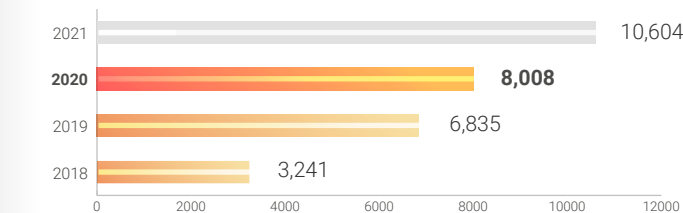
EXPORT

The volume of electricity export to Uzbekistan (mln. kWh)

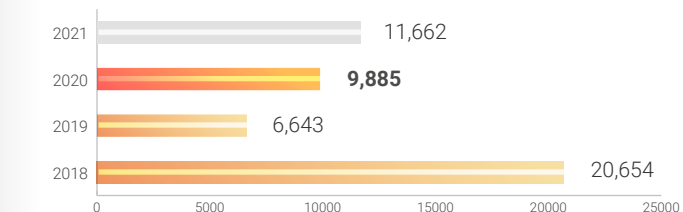
966.5

KEY FINANCIAL AND ECONOMIC FIGURES

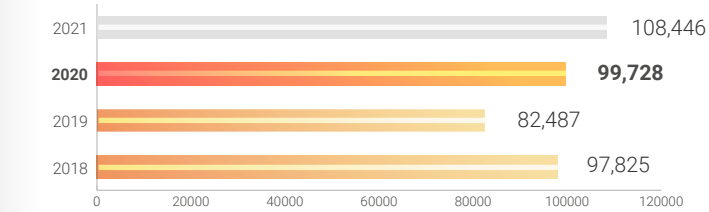
Net income/loss due to shareholders (mln tenge)



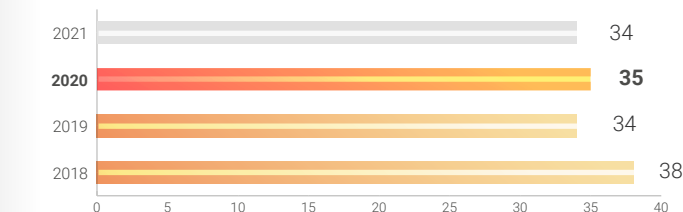
Net income, net of exchange rate difference, impairment and loss from sale of assets (mln tenge)



EBITDA (mln tenge)



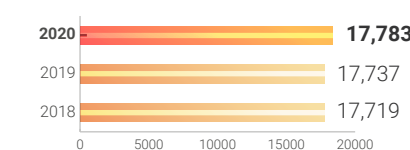
EBITDA Margin (%)



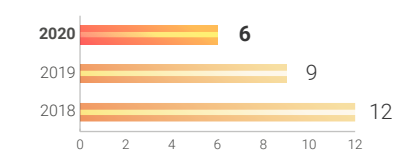
* 2020 includes forecast data

SOCIAL INDICATORS

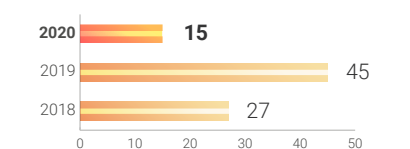
Average staff number, total (people)



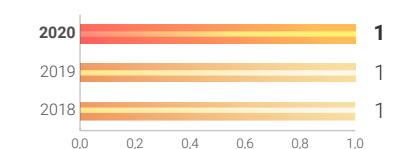
Annual staff turnover (%)



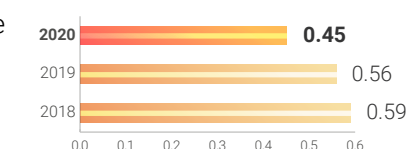
Expenses for training of 1 employee per year (Thous.)



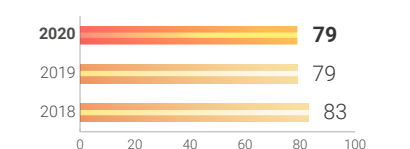
% of expenses for training of payroll (%)



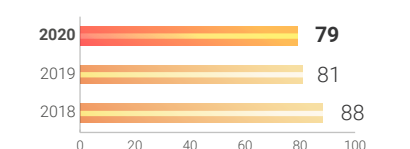
Number (ratio) of workplace accidents per thous.nd people (Number /1,000 people cond. unit.)



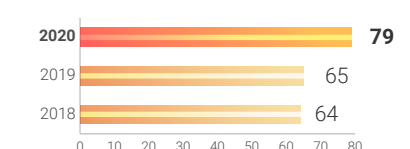
The share of local content in procurements (%)



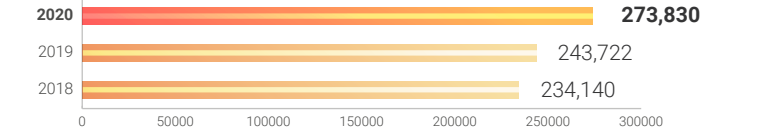
The share of local content in procurement (%)



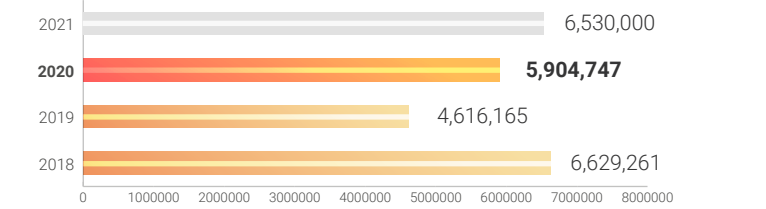
Social stability rating (%)



Average wage (thous. tenge)



Investments in environmental protection (thous. tenge)



“SAMRUK-ENERGY” JSC PRINCIPLES

PROFESSIONALISM



High professionalism of the Company's employees is a guarantee of its successful performance. Therefore, the Company strives to create all necessary conditions for comfortable work and unlock the potential of each employee, providing equal opportunities for personal and professional development. Each employee seeks to improve competence using the opportunities provided by the Company, as well as independently.

COMPLIANCE



Observance of rules allows us to remain a team of professionals united by common goals, a culture of behavior and traditions, and helps to maintain a good level of mutual understanding both within the Company and with business partners and customers.

SECURITY



We provide the world with energy and strive to do it safely.

RISK-BASED APPROACH



We recognize the importance of risk management as a key component of the corporate governance system and take all required actions aimed at the timely identification and mitigation of risks that may adversely affect the value and reputation of the Company.

SOCIAL RESPONSIBILITY



In our operations, we strive to protect the environment and respect the communities with which we interact. Our goals in the area of occupational health and safety and environmental protection, and general safety are the absence of accidents, harm to health and damage to the environment.

TRANSPARENCY



We are open to meetings, discussions and dialogue; we strive to build long-term cooperation with stakeholders, based on mutual interests, respect for rights and balance between the interests of the Company and stakeholders.

ҚҰАТ/ҚҰАТ/ENERGY

ҚАМҚОРЛЫҚ/ QAMQORLYQ/ MENTORSHIP



- We are always ready to help and support
- We act openly to build trust with colleagues and partners
- We are ready to mentorship, preserving and sharing experience

«ҮАДЕГЕ БЕІКТІК»/ ЫАДЕГЕ BERIKTIK/ RELIABILITY



- We are responsible for failure-free operation and quality work
- We are responsible for future generations and take care of the environment
- We are responsible for the widespread creation of safe, comfortable and competitive working conditions
- We are committed to our obligations

«АДАЛДЫҚ»/ADALDYQ/ JUSTICE



- We impartially assess a situation and act fairly at addressing any issues
- We apply equal requirements and provide equal opportunities
- We value opinions of others, providing the opportunity to speak and be heard

ТӘЖІРИБЕ/ТАЈІРІБЕ / EXPERTISE



- We treat assigned tasks with due diligence and enjoy our work
- We are professionals, we improve ourselves and achieve results
- We search for different views and apply miscellaneous methods

2020 KEY EVENTS

JANUARY

Substation 220/110/10 kV No. 10A "Kaskelen" was launched in Almaty region. The substation will allow providing consumers of Karasai and Zhambyl districts of Almaty region with electricity, and it will also supply electricity to new housing and administrative districts of Kaskelen and industrial enterprises located outside Almaty city.

JUNE

The international rating agency Fitch Ratings has affirmed "Samruk-Energy" JSC ratings at 'BB', the outlook is Stable, upgraded the senior unsecured rating from 'BB-' to 'BB', and also upgraded its stand-alone credit rating from "B" to "B +".

APRIL



The flagship of domestic power industry, one of the largest power plants in Kazakhstan – "Ekibastuz SDPP-1" marks the 40th anniversary.

AUGUST



- The implementation of two new RE projects has commenced – wind power plants in Almaty and Akmola regions: construction of 60 MW wind power plant in Shelek corridor including a possible increase in capacity up to 300 MW in Enbekshikazakh district of Almaty region and 50 MW wind power plant located in Yerementau city of Akmola region.
- "Ekibastuz SDPP-2 Plant" JSC, parity shareholders of which are "Samruk-Kazyna" JSC and "Samruk-Energy" JSC, refinanced all liabilities in foreign currencies for a total amount of circa 100 bn tenge. Thus, the plant completely mitigated currency risks, released collateral, and reduced associated costs.

SEPTEMBER

"Samruk-Energy" JSC accomplished Shardarinsk HPP complete retrofit program. As part of the project worth 38 bn tenge, all four hydropower units of the station were replaced. The construction was carried out by the Austrian-German company Andtitz Hydro GmbH. Large-scale reconstruction allowed increasing the capacity of the HPP from 100 to 126 MW. The new equipment will increase the service life of HPP up to 35–40 years, in addition, it will increase the reliability of the hydropower plant and reduce the accident rate.

NOVEMBER

- The world's largest coal mine "Bogatyr" in Ekibastuz marked its 50th anniversary. In 1985, as the open-pit coal mine with the highest capacity, it was listed into the Guinness Book of Records. "Bogatyr Komir" LLP accounts for 65% of all coal mined in Ekibastuz coal basin and 40% of the total coal production in Kazakhstan.
- N. Nogayev, the RK Minister of Energy, got acquainted with operations of city CHP-2 and CHP-3 during his business trip to Almaty city.
- "Samruk-Energy" JSC proceeded to necessary corporate procedures related to development of a feasibility study (FS) for Almaty CHP-3 reconstruction project.
- Preliminary research materials were sent to the Investment and Innovation Council and the Management Board of the company. Matters related to identifying funding sources are under discussion.

OCTOBER



- An important facility in the country's energy system – Kapshagay hydropower plant celebrated its 50th anniversary on October 1. Since the start of the HPP operation, the design capacity of which is 434 MW, it has generated circa 53,756 bn kWh of electricity, an average of 1.1 mln kWh per year.
- 5 MW Shelek wind power plant was put into operation in Almaty region, the project implemented under the intergovernmental agreement between the PRC and the Republic of Kazakhstan. The design capacity of the plant is 5 MW, the average annual output is about 15 mln kWh of electricity.
- Public hearings on discussing the project "Modernization of Almaty CHP-2 including mitigation of negative environmental impact" were held in Almaty; as part of the project, it is planned to transfer the main combined heat and power plant of southern metropolis from coal to gas. The hearings were held by means of videoconference with the participation of representatives of the project's feasibility study (FS) developers – "KazNIPiEnergoprom" JSC, the customer – "APP" JSC and the Green Economy Department of Almaty city Mayor's Office.

DECEMBER

"Samruk-Energy" JSC Board of Directors confirmed the financial stability of the Company and placed the Company into "green" zone of credit risk.



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DEVELOPMENT STRATEGY
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DEVELOPMENT STRATEGY

FOR 2018–2028



RELIABILITY FOR ALL TIMES

VISION

An efficient high-tech operating energy company – the leader of Kazakhstan power industry

MISSION

To create shareholder value, meet the growing demand through reliable supplies of energy resources, high-tech development, while relying on the principles of sustainable development

STRATEGY

The strategy is based on current positions of “Samruk-Energy” JSC considering key trends in the external environment and power industry

RESULTS OF ACCOMPLISHMENT OF KEY STRATEGIC TASKS

The Board of Directors approved “Samruk-Energy” JSC Development Strategy for 2018–2020 on August 28, 2018 (BOD Minutes No. 08/18).


While implementing the Strategy, “Samruk-Energy” JSC adheres to the principles of sustainable development set out in the United Nations Global Compact, “Samruk-Energy” JSC Sustainable Development Guidelines and “Samruk-Energy” JSC Corporate Governance Code.

Strategic objectives and tasks of the Company were set on the basis of PESTEL analysis, the study of macroeconomic and industry trends, as well as analysis of the internal environment.


KEY CHALLENGES

Today the Company faces a number of key external and internal challenges, which are a consequence of the current situation of the Company, the characteristics of the external environment and trends in its development.


Key external challenges




Capacity market
It is planned to ensure the construction of new and retrofit, reconstruction of existing facilities by attracting investments. Expectations on reducing the deterioration level of generating equipment for uninterrupted operation of existing power plants of “Samruk-Energy” JSC.




Establishment of the EEU common electricity market
As a result of the formation of the common electricity market of the EEU, the Republic of Kazakhstan will not only have simplified access to the markets of the member countries of the Union, but will also increase the openness of the domestic market for external electricity suppliers.




Decrease in coal sales volumes
The decrease in loading of own stations operating on Ekibastuz coal negatively affects coal sales volumes. The growth potential of Ekibastuz coal consumption by third-party consumers in Kazakhstan is little. The volumes of supplies to the Russian Federation are variable in nature and this is because of an increase in electricity consumption in the RF. At the same time, Russia continues pursuing its policy regarding the partial conversion of Russian coal-fired power plants to domestic producers’ coal or natural gas.



Toughening of environmental legislation requirements
Currently, there is a steady trend in the world to reduce the level of environmental pollution. The commitments made by the Republic of Kazakhstan, as an active participant in international relations in environmental field, and “Samruk-Energy” JSC, as an environmentally and socially responsible company, determine the need for a proactive response to trends in the field of environmental protection.



Changes in the regulatory environment for the development of RES
The mechanism of auction tenders for the construction of renewable energy facilities was introduced. Auction are held on the principle of reducing the price of electricity, starting from the established ceiling auction prices, for participation in which it is necessary to provide a collateral.



Business digitization
Currently, there is a trend in the world for digitization of production and operational processes, which contributes to optimization of time costs, increase of operational efficiency and development of analytical data obtained in automated mode.

Key internal challenges

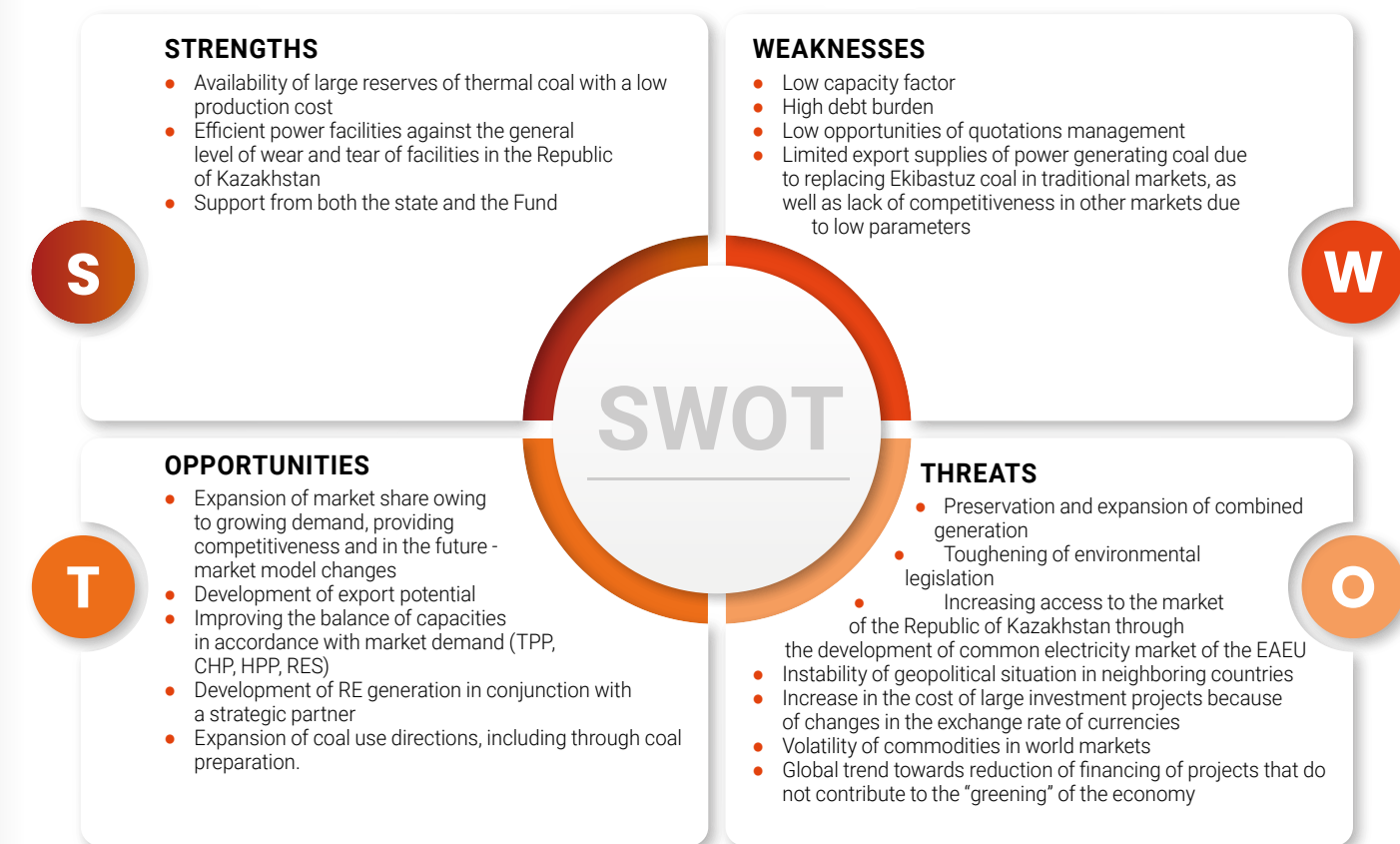


The need to ensure the sale of the Company's assets as part of a comprehensive privatization plan for 2016–2020 at a fair market price.



The need for significant improvement of the Company's operations

SWOT ANALYSIS OF “SAMRUK-ENERGY’S” JSC STANDING



Achievement of strategic KPI

No.	Description	2018 actual	2019 actual	2020 actual	2021 forecast	2022 forecast
1	Net income, bn tenge	3,241	6,835	8,008	10,604	56,829
2	Debt/EBITDA (ratio)	3.18	3.31	2.67	3.23	1.90
3	ROACE, %	2.99	3.43	3.60	3.98	9.53
4	Net asset value (NAV), bn KZT	385,304	392,073	400,623	403,255	460,084
5	Corporate governance rating	BB	–		BBB	
6	Electricity market in the RK, %	29.7	28.5	29.0	28.4	28.8
7	LTIFR*	0.28	0.33	0.27	0.36	0.33

*was included in the list of strategic KPI from 2019

In general, Strategic indicators of the Company tend to improve from 2018–2022. The main factors of growth are an increase in the volume of sales of electricity and capacity in the domestic market, obtaining individual tariffs for capacity,

reducing the unit consumption of fuel and water for process needs, reducing costs for fuel and energy conservation, as well as reducing the debt burden.

STRATEGIC OBJECTIVES			
<p>Ensuring reliable competitive energy supplies in the markets of presence</p>	<p>Increase of the value of share capital</p>	<p>Sustainable development</p>	
STRATEGIC INITIATIVES			
<p>Increase of profitability of sales</p>	<p>Improvement of the efficiency of activities</p>	<p>Effective implementation of the investment program</p>	<p>Corporate Governance and Sustainability</p>
OBJECTIVES			
Increase of sales of electricity and coal on the domestic market	Improvement of the operational efficiency of existing facilities	Implementation of investment projects	Implementation of sustainable development initiatives
<p>Ensuring the supply of electricity to consumers of the Fund's group of companies</p> <ul style="list-style-type: none"> the supply of electricity to consumers of the Fund's group of companies in the amount of 5.4 bn kWh was ensured 	<p>Implementation of measures to reduce the level of losses of electrical energy</p> <ul style="list-style-type: none"> ASCAPC and SCADA projects are implemented 	<p>Implementation of the project "Expansion and reconstruction of Ekibastuz SDPP-2 JSC with the installation of power unit No. 3"</p> <ul style="list-style-type: none"> The acceptance of the equipment was completed, and the adjustment of design and estimate documentation began. 	<p>Effective interaction with stakeholders</p> <ul style="list-style-type: none"> Integrated Annual Report on "Samruk-Energy" JSC operating results for 2019 was published-Energy» JSC for 2019 was published Comprehensive activities with the media are underway
<p>Ensuring the supply of electricity to energy-intensive industries (mining, DPC)</p> <ul style="list-style-type: none"> the supply of electricity to energy-intensive industries (mining, DPC) for 1.376 bn. kWh is provided 	<p>Innovative development and digitalization</p> <ul style="list-style-type: none"> Implementation of the project "Digital Power Plant" Implementation of the project "Digital Coal mine" 	<p>Implementation of the project "Expansion and reconstruction of the capacities of the Ekibastuz SDPP-1 (Reconstruction of unit No. 1)"</p> <ul style="list-style-type: none"> Design and estimate documentation corrected. Internal procedures are underway to conclude an investment agreement. 	<p>Improvement of the efficiency of corporate governance</p> <ul style="list-style-type: none"> The Action Plan to improve corporate governance is being successfully implemented.

OBJECTIVES			
Increase of sales of electricity and coal on the domestic market	Improvement of the operational efficiency of existing facilities	Implementation of investment projects	Implementation of sustainable development initiatives
<p>Coal sales, including by driving out competitors</p> <ul style="list-style-type: none"> 33.4 mln tons of coal sold in the Kazakhstan market. An increase due to over-planned deliveries to northern consumers in the Republic of Kazakhstan, as well as due to an increase in consumption by major energy producing organizations. 	<p>Implementation of the project "Boiler firing technology for burning high-ash coals of the Ekibastuz deposit (R&D)"</p> <ul style="list-style-type: none"> Experimental studies have been carried out on the combustion of high-ash Ekibastuz coal and its enrichment wastes on an complex fluidized bed installation and circulating fluidized bed. The data obtained confirming the possibility of efficient combustion. Technical proposals for the concept of industrial and power boilers have been developed. 	<p>Implementation of the project for the transition to a cyclical-and-continuous method of mining, transportation, blending and loading of coal at the Bogatyr open pit (CCM)</p> <ul style="list-style-type: none"> More than 80 % of the equipment was delivered and construction and installation works continued. 	<p>Human capital development</p> <ul style="list-style-type: none"> The following activities are being implemented: Leadership development; Corporate culture development; Development of HR competencies.
<p>Assessment of potential new directions for export of electricity and coal</p> <ul style="list-style-type: none"> As part of monitoring the needs of potential electricity and coal sales markets, an analysis of the markets of Turkey, Tajikistan, Pakistan, and the Republic of Belarus was carried out. 	<p>Increasing the financial stability of the Company</p> <ul style="list-style-type: none"> All financial covenants of the Company's creditors are respected. The international agency Fitch has affirmed the Company's long-term ratings at BB with a stable forecast as well as raised its standalone rating from "B" to "B +". 	<p>Implementation of the project "Construction of 50 wind farm near in the vicinity of Ereymentau city"</p> <ul style="list-style-type: none"> Construction and installation work have commenced 	
<p>Increase in sales of electricity and coal on foreign markets</p> <ul style="list-style-type: none"> 859 mln kWh of electricity was exported to the Republic of Uzbekistan and Kyrgyzstan. Coal exports to Russia amounted to 10 mln. tons 	<p>Implementation of the Company's transformation program</p> <ul style="list-style-type: none"> All planned activities on the Roadmap for the implementation of the Digital Transformation Program were completed on time. 	<p>Implementation of the project "Construction of 60 MW wind farm in Shelek corridor including a possible increase in capacity up to 300 MW"</p> <ul style="list-style-type: none"> The process of construction and installation work has begun, equipment is being supplied 	

TRANSFORMATION PROGRAM IMPLEMENTATION RESULTS

“Samruk-Energy” JSC continues implementation of Digital Transformation Program Projects and Activities Portfolio (portfolio) in 2020, which included 4 projects and 13 activities and obtaining net benefits until 2025 in the amount of 27.5 bn tenge.

Title of the project/activity	Status	2020 results
Introduction of ALFC (project)	<div> The implementation is underway</div>	<ul style="list-style-type: none">The equipment was partially delivered to “Ekibastuz SDPP-1” LLP and “MHPP” JSC stations and construction and installation works have commenced. The project is aimed at automating the frequency and power control in order to obtain an additional source of income through participation of regulation in a single dispatch control network. Expected benefits of the project 4.95 bn tenge over 2021–2025.
Integrated Planning System (IPS)	<div> The system has been introduced, the project is at the “Monitoring” stage</div>	<ul style="list-style-type: none">In 2020, the indicator unit consumption of equivalent fuel (UCEF) at “ESDPP-1” LLP was reduced by 13.51 g/kWh, at “ESDPP-2” JSC by 8.30 g/kWh, and costs for process water were reduced at “ESDPP-1” LLP. According to the 2020 results, net benefits of 1,04 bn tenge were obtained. The planned benefits of the project from 2020 to 2024 amount to 6 bn tenge.
Introduction of the new integrated safety management model (project)	<div> The implementation is underway</div>	<ul style="list-style-type: none">On December 15, 2020, the second wave of the project was successfully completed at “ESDPP-2 Plant” JSC and “FWPP” LLP. 6 new standards were introduced, KPI for responsible persons were established, more than 1,500 employees completed trainings, the involvement of employees OHS issues has increased, and job descriptions were updated.A single organizational structure of HSE office is available at SA of “Samruk-Energy” JSC (in which the project was implemented)By the end of 2021, it is planned to complete the implementation of the third wave – at “AZhC” JSC, “AIES” JSC, “SGE” LLP. As a part of implementation of the project, it is planned to achieve a reduction in injury rates by 30% within three years after the implementation of the project.
Introduction of information security management system (project)	<div> The implementation is underway, “Monitoring” phase</div>	<ul style="list-style-type: none">IT specialists of SA were trained in methods of solving information security problems, as regards countering cyber threats, registering information security incidents and vulnerabilities, and interacting with the Information Security Operations Center. The process of the Information Security Management System was launched at the Head Office and SA: “ESDPP-1” LLP, “ShHPP” JSC, “MHPP” JSC, “AIES” JSC, “AZhC” JSC, “ESDPP-2” JSC, “AES” LLP, “ESC” LLP by the Order on timing of entry into force.
The introduction of projects portfolio management (Initiative) includes 3 activities: <ul style="list-style-type: none">Updating and implementing targeted processes for managing business initiatives portfolioDevelopment / updating of methodological materials for management of business initiatives and investment projects portfolioCreation of office for programs / projects portfolio management	<div> Completed</div>	<ul style="list-style-type: none">The structure of the Company projects and activities portfolio (hereinafter – the Portfolio) was determined, a methodological basis for managing the Portfolio of projects and activities of the Company and its components was created, and a structural unit was appointed, which is responsible for creating, balancing and monitoring of the Company’s projects and activities portfolio. If earlier approaches to project management differed and there were several of them, now it is a part of one process.

Title of the project/activity	Status	2020 results
Leadership development	<div> The implementation is underway</div>	<ul style="list-style-type: none">Individual development plans for CEO, CEO-1 were developed and approved by the Board of Directors resolution.
Corporate culture development	<div> The implementation is underway</div>	<ul style="list-style-type: none">A contest for the best video about the company’s values was held, a concept for the work of change agents was developed.
Development of HR competencies	<div> The implementation is underway</div>	<ul style="list-style-type: none">The center of expertise was established and the position “HR business partner” was introduced.
Yellow Pages principles implementation	<div> Completed</div>	<ul style="list-style-type: none">A roadmap for bringing IT services into a competitive environment has been developed.
Reduction of IT costs	<div> Completed</div>	<ul style="list-style-type: none">Fixed IT operating costs reduction plan was executed.
Development of the methodology for managing the company’s procurement activities and conducting diagnostics	<div> Completed</div>	<ul style="list-style-type: none">The Rules for management of “Samruk-Energy” JSC procurement activities were developed and approved.

In 2020, the transformation team carried out activities with subsidiaries and affiliates, structural units of “Samruk-Energy” JSC on searching for ideas and proposals to improve business performance. The result of this work was the updated Portfolio of projects and activities, which was approved by the Board of Directors in December 2020. The Portfolio contains 7 projects and 12 activities with a budget of 3.5 bn tenge and projected benefits of 15.8 bn tenge.

The Portfolio includes such projects as: “Implementation of fuel oil free startup of boilers (Plasmatron)”; “Safe production”; Analyzing power losses in grids using data analytics. As well as activities: “Implementation of master data management process”; “Firing up of boilers at CHP-3 using gas”; “Advancement of continuous improvement process”; “Improvement of Corporate Governance System”; “Improvement of the RES electricity purchase model”; “Implementation of an automated medical examination system”; “Implementation of online services for “AES” LLP electricity consumers”; “Diagnostics of procurement activities for development of projects under “Suppliers” initiative.

The activity “Implementation of online services for “AES” LLP corporate entities was launched in 2020. Thanks to this activity, corporate entities of Almaty city and Almaty region will be able to receive all necessary information and make

calculations online. It is planned to transfer at least 15 thousand corporate entities to online service until 2025.

The activity (in pilot mode) “Implementation of an automated medical examination system” was completed at “AIES” JSC and “Ekibastuz SDPP-1” LLP. According to results of the activity, “AIES” JSC purchased a set of hardware and software, which allows employees to undergo an examination in one minute, get complete information about their current physical condition and obtain a permission to work.

According to the 2020 results, net benefits of Digital Transformation Program amounted to 4.42 bn tenge in 2020 with an annual plan of 3.31 bn tenge, execution was 133%. The Digital Transformation Program Roadmap, which includes key results for projects and activities, was fully implemented, 100%.

The Business Transformation Program will continue collecting and analyzing business initiatives for updating the Projects Portfolio.



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ELECTRICITY AND COAL MARKET OVERVIEW

**RELIABILITY
FOR ALL TIMES**

Power industry is regulated by government agencies.

The authorized body represented by the Ministry of Energy of the Republic of Kazakhstan manages power industry on the basis of the Republic of Kazakhstan Law No. 588 dated July 9, 2004 "On Power Industry".

The authorized body represented by the Ministry of Energy of the Republic of Kazakhstan manages renewable energy sources area on the basis of the Law of the Republic of Kazakhstan No. 165-IV dated July 4, 2009 "On Supporting the Use of Renewable Energy Sources".

The state body represented by the Committee for Regulation of Natural Monopolies, Protection of Competition and Consumer Rights of the Ministry of National Economy of the Republic of Kazakhstan implements the state policy in the areas of natural monopolies, including on regulated services for electricity transmission, heat production, transmission, distribution and supply in line with the Republic of Kazakhstan Law dated December 27, 2018 No. 204-VI "On Natural Monopolies".

The Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan is the state agency that manages coal industry in accordance with the Republic of Kazakhstan Code No. 125-VI dated December 27, 2017 "On subsurface and subsurface use".

ELECTRICITY BALANCE OF KAZAKHSTAN

The installed capacity of Kazakhstan's power plants in 2020 amounted to 23,547 MW, which is 611 MW more in comparison with the last year.

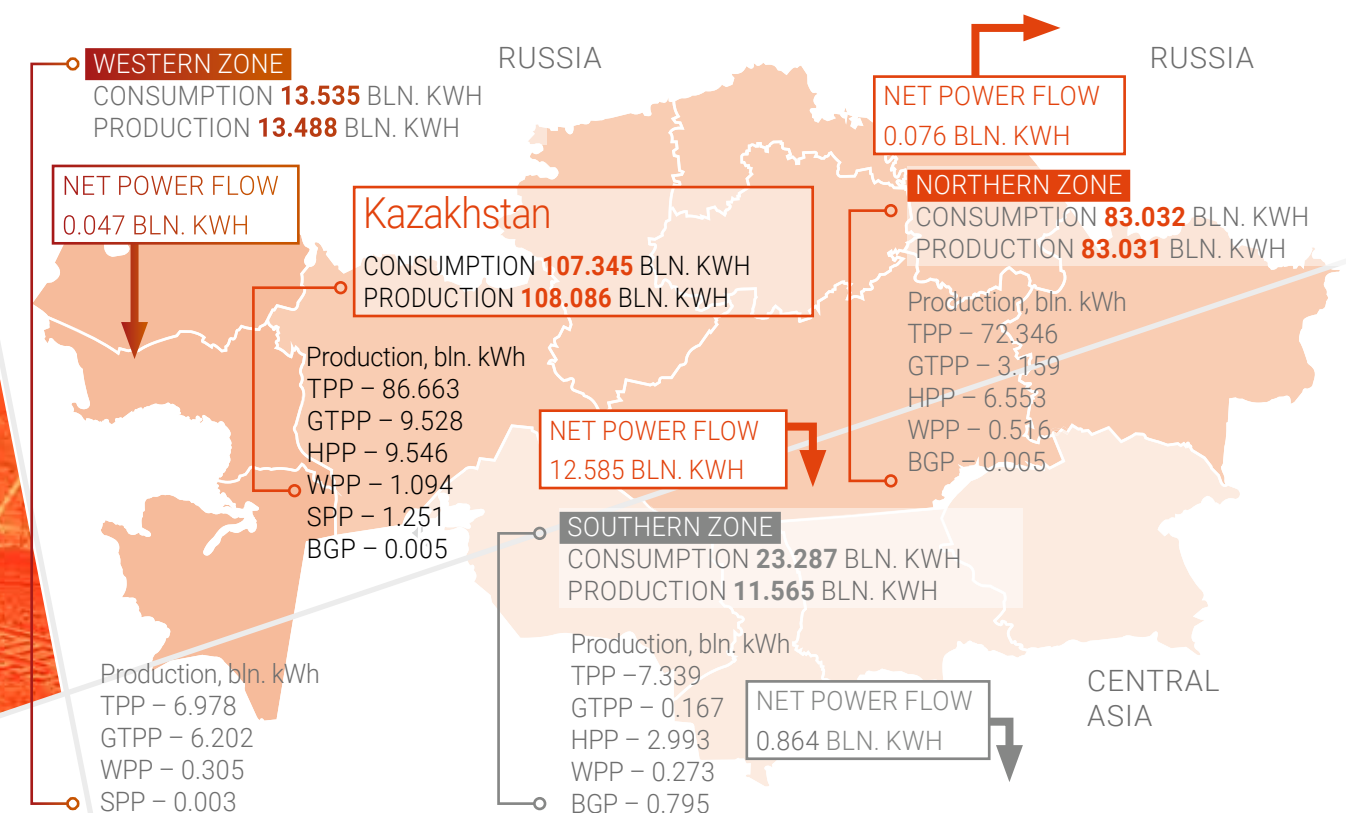
The available capacity of the RK power plants made 20,039.1 MW, which is 710 MW more than last year, incl. an increase in the Northern zone – 336.6 MW, the Western zone – 77.7 MW, the Southern zone – 296.4 MW.

Electricity was mainly produced at thermal power plants – 80.2%, the share of hydropower plants accounted for 8.8%, and the share of renewable energy sources was about 3%.

The northern zone produced 76.8% of electricity of the country's overall production. Main coal deposits and water and energy resources are located in the northern zone. Excess electricity is transferred to the southern zone experiencing power shortages and is exported to the Russian Federation.

The southern zone is characterized by a shortage of electricity covered owing to supplies from the northern zone, where the share of electricity generation was 10.7%.

The western zone – A significant share of electricity consumption is made by oil and gas companies with their own generating sources. There are no electrical connections of the West with the North and South of Kazakhstan through the territory of the country.





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According to the data from System Operator, Kazakhstan's power plants produced 108,086 mln kWh of electricity in 2020, which is 1.9% more than in the same period of 2019. Electricity production was available in all zones of Kazakhstan UES.

Electricity generation at Kazakhstan HPP and GTPP increased in comparison with the same period in 2019 by 707.6 mln kWh (0.8%) and 552.1 mln kWh (6.2%) respectively.

Electricity generation at HPP of Kazakhstan decreased by 439.1 mln kWh (4.4%). The operation mode of power plants was established according to water balance and hydrologic situation.

According to the System Operator, electricity consumption increased by 2% over time in 2020 in the republic

in comparison with the 2019 indicators. Thus, in the northern zone of the republic, consumption increased by 2%, in the southern zone by 3%, and in the western zone by 1%.

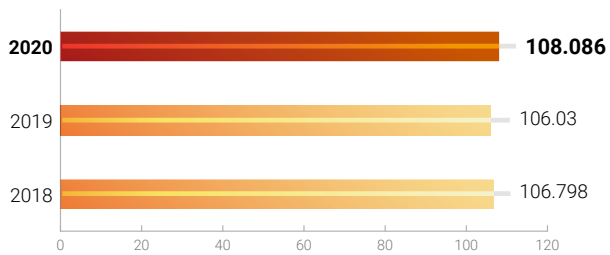
In 2020, in comparison with the same period in 2019, Pavlodar region shows the maximum increase in electricity consumption by 1,204.4 mln kWh (6%), Zhambyl region – by 475.6 mln kWh (11%), Karaganda region – by 470.3 mln kWh (3%), West Kazakhstan region – by 258.7 mln kWh (13%).

In the dynamics of electricity consumption, there was a 2% increase in comparison with the 2019 figures. So, in the northern zone of Kazakhstan, consumption increased by 2%, in the western zone by 1% and in the southern zone by 3%.

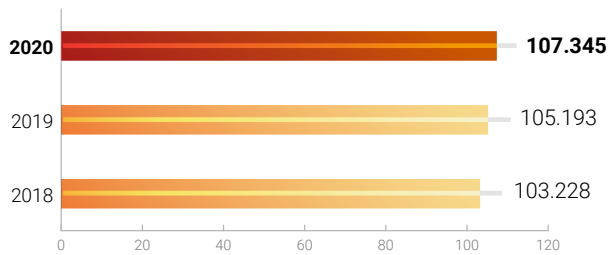
Electricity indicators across the Republic of Kazakhstan, mln kWh

No.	Indicators across the RK	2018	2019	Δ 2019/ 2018	2020	Δ 2020/ 2019
1.	Electricity consumption	103,228.3	105,193.1	2%	107,344.8	2%
2.	Electricity production, incl.:	106,797.1	106,029.8	0.9%	108,085.8	1.9%
	TPP	86,795.1	85,955	0.9%	86,662.6	0.8%
	GTPP	9,119.3	8,975.6	0.9%	9,527.7	6.2%
	HPP	10,343.0	9,984.9	0.9%	9,545.8	–4.4%
	WPP	400.5	701.9	75%	1,094.1	55.9%
	SPP	137.9	409.4	197%	1,250.7	205.5%
	Biogas plant	1.3	3	131%	4.9	63.3%
3.	Net power flow “+” shortage, “-” excess incl.:	–3,568.8	–836.7	23.4%	–741	88.5%
	Russia	–3,566	–3,057.8	–85.7%	123.1	–0.0004%
	Central Asia	–2.8	–962.4	–34,371%	–864.1	0.009%

POWER PRODUCTION BALANCE IN THE RK, bn.kWh



POWER CONSUMPTION BALANCE IN THE RK, bn.kWh



EXPORT AND IMPORT OF THE REPUBLIC OF KAZAKHSTAN ELECTRICITY

Russia has been the main export and import direction for the Republic of Kazakhstan electricity in January–December 2020 (exports to the RF – 1,105.9 mln kWh, imports from the RF – 1,240.6 mln kWh).

To “KEGOC” JSC – 1,065.6 bn kWh in order to balance electricity production and consumption.

During the reporting period 982.3 mln kWh electricity was imported from the RF in order to balance power production and consumption.

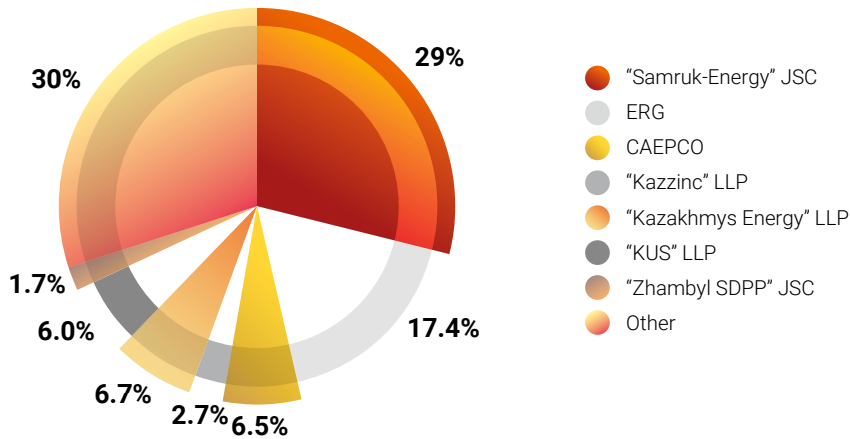
Export and import of the Republic of Kazakhstan electricity, mln kWh

Description	2018	2019	2020	Δ 2019/2018	
				mln. kWh	%
Kazakhstan's export	4,882.4	2,189.5	–1,968.7	2,405.6	–55.0
to Russia	4,876.3	1,273.6	–1,105.9	3,262.2	–74.7
ESDPP-1	3,758.0	0.0	0.0	3,247.1	–100.0
“SevKazEnergo” JSC	68.7	58.0	–40.3	28.9	–41.8
“KEL” LLP	0.0	0.05	–1,065.6	–13.8	1.3
“KEGOC” JSC (balancing market)	1,049.6	1,215.6	–862.8	–856.6	14,016.3
to UES of Central Asia	6.1	962.4	–806.6	–806.6	
ESDPP-1	0.0	966.6	–3.7	2.5	–40.1
“KEGOC” JSC for “NPS of Kyrgyzstan” OJSC	6.1	3.7	–52.5	–52.5	
Kazakhstan's import	1,313.6	1,415.0	1,555.4	238.9	18.1
from Russia	1,310.2	1,407.1	1,240.6	–72.6	–5.5
“INTER RAO” PJSC	291.7	268.4	258.3	–31.5	–10.9
“INTER RAO” PJSC (purchase agreement) (balancing market)	1,018.6	1,138.6	982.3	–41.1	–4.0
From UES of Central Asia	3.3	7.9	314.8	311.5	9,331.5
“NPS of Kyrgyzstan” OJSC for “KEGOC” JSC»	3.3	7.9	302.6	299.3	8,966.1
power flow “+” shortage, “-” excess	–3,568.8	–836.7	–741	95.7	88.5

COMPETITIVE ENVIRONMENT IN ELECTRICITY MARKET

The volume of electricity production by “Samruk-Energy” JSC competitive energy-producing organizations in 2020 amounted to 75.8 bn kWh, which is 1.2 bn kWh less than in 2019 (52.9 bn kWh).

Shares of electricity production by “Samruk-Energy” JSC major competitors in the wholesale market in 2020, bn kWh





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**ELECTRICITY AND COAL
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Attachments



Electricity production by Kazakhstan's major producers, mln kWh

No.	Description	2018	2019	2020	Deviation	Share in the RK, %
1	"Samruk-Energy" JSC	31,703	30,200.3	31,385.4	1,185.1	29
2	ERG	19,573.9	18,545.0	18,856.2	-176.1	17.4
3	CAEPCO	7,025.7	7,032.8	7,035.4	2.6	6.5
4	"Kazzinc" LLP	3,271.6	3,093.2	2,941.3	-151.9	2.7
5	"Kazakhmys Energy" LLP	6,437.0	7,443.6	7,267.5	-176.1	6.7
6	"KUS" LLP	6,376.8	6,645.4	6,445.7	-199.7	6.0
7	"Zhambyl SDPP" JSC	1,792.4	1,878.8	1,809.1	-69.7	1.7

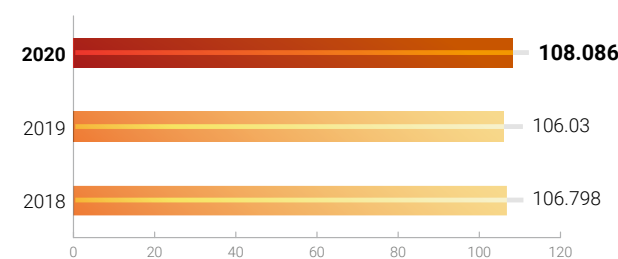
The volume of electricity production by "Samruk-Energy" JSC energy producing organizations in January–December 2020 amounted to 31,385.4 mln kWh or an increase by 3.9% compared to the same period in 2019.

However, this indicator of main competitors such as "Kazakhmys Energy" LLP was 6.7%, KUS – 6%, ERG – 17.4%.

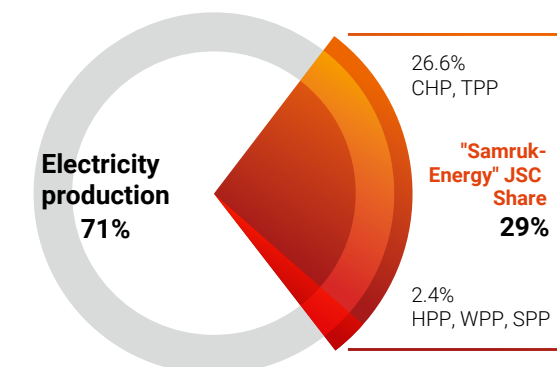
"SAMRUK-ENERGY" JSC IN ELECTRICITY PRODUCTION SECTOR

The volume of electricity production by energy-producing organizations of "Samruk-Energy" JSC in 2020 amounted to 31,385 bn kWh. The share of electricity generation by power plants of "Samruk-Energy" JSC amounted to 29% of the total electricity production in the Unified Energy System of Kazakhstan and in comparison with 2019 increased by 0.5%.

Electricity production over time by energy producing organizations of "Samruk- Energy" JSC, bn kWh



The Share of «Samruk-energy» JSC in the overall electricity production across the RK for 2020



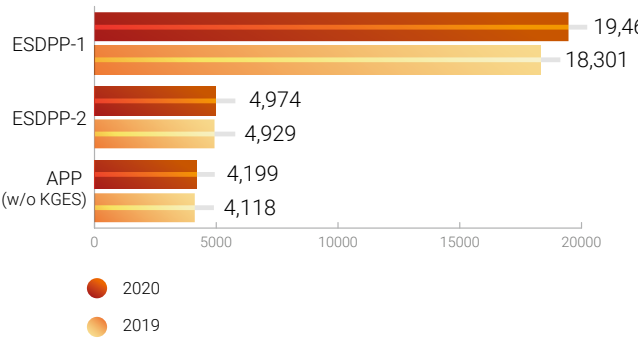
Operational KPI (broken down by producers)

Subsidiary and affiliate name	2018 (actual)	2019 (actual)	2020 (actual)	2020 deviation from 2019	2021 (forecast)	2022 (forecast)
Electricity production volume, mln.kWh						
"Almaty Power Plants" JSC	5,599.1	5 397.4	5,335.1	99%	5,343.0	5,343.0
"Ekibastuz SDPP-1" LLP	19,121.6	18,301.5	19,466.4	106%	19,295.7	20,172.3
"Ekibastuz SDPP-2 Plant" JSC	5,436.5	4,928.5	4,974.2	101%	5,818.9	5,819.0
"Shardara HPP" JSC	348.7	464.8	513.5	110%	596.0	596.0
"Moynak HPP" JSC	1,036.1	951.5	929.5	98%	906.0	906.0
"Samruk-Green Energy" LLP	3.2	3.3	7.4	221%	20.8	20.7
"FWPP" LLP	157.9	153.3	159.4	104%	166.5	166.5
"Ereymtau Wind Power", LLP						215.0
"Energiya Semirechiya", LLP					61.0	243.8
Total	31,703.1	30,200.3	31,385.4	104%	32,207.7	33,482.3
Electricity sales volume, mln.kWh1						
"Almaty Power Plants" JSC	4,891.7	4,725.4	4,689.1	99%	4,777.6	4,767.9
"Ekibastuz SDPP-1" LLP	18,340.0	17 642.5	19 001.0	108%	18,332.2	19 173.8
incl. export	3,758.0	966.6	859.2	89%	1,500.0	500.0
"Ekibastuz SDPP-2 Plant" JSC	5,160.8	4,689.5	4,809.3	103%	5,660.3	5,684.5
"Shardara HPP" JSC	344.6	466.2	521.3	112%	607.8	607.8
"Moynak HPP" JSC	1,034.4	952.3	943.7	99%	929.8	924.3
"Samruk-Green Energy" LLP	3.1	3.2	7.2	222%	20.0	19.9
"FWPP" LLP	157.5	152.9	159.1	104%	166.1	166.1
"Ereymtau Wind Power", LLP						212.9
"Energiya Semirechiya", LLP					54.4	217.7
Total	29,932.2	28,632.1	30,130.6	105%	30,548.0	31,774.8
Capacity sales volume, MW						
"Almaty Power Plants" JSC		817.4	872.1	107%	850.0	850.0
"Ekibastuz SDPP-1" LLP		501.9	1,556.4	310%	1,827.0	2,187.3
"Ekibastuz SDPP-2 Plant" JSC		846.8	743.3	88%	625.0	635.0
"Shardara HPP" JSC		41.6	57.2	137%	61.0	61.0
"Moynak HPP" JSC		280.9	285.7	102%	298.0	298.0
Total		2,488.6	3,514.7	141%	3,661.0	4,031.3
Electricity transmission volumes, mln kWh2						
"Alatau Zharyk Company" JSC	6,796.0	6,961.3	6,837.8	98%	6,880.0	6,887.0
Total	6,796.0	6,961.3	6,837.8	98%	6,880.0	6,887.0
Electricity sales volumes, mln kWh3						
"AlmatyEnergoSbyt" LLP	5,904.3	6,218.2	6,055.5	97%	6,100.0	6,106.0
Total	5,904.3	6,218.2	6,055.5	97%	6,100.0	6,106.0
Heat production volumes, thous. Gcal1						
"Almaty Power Plants" JSC	5,616.9	5,024.5	5,596.4	111%	5,198.5	5,198.5
"Ekibastuz SDPP-2 Plant" JSC	78.6	82.8	66.9	81%	76.0	76.0
"Ekibastuz SDPP-1" LLP	59.9	132.3	155.4	117%	307.3	307.3
Total	5,755.4	5,239.6	5,818.7	111%	5,581.8	5,581.8
Coal sales volumes, mln tons	45.2	44.7	43.4	97%	42.0	43.0

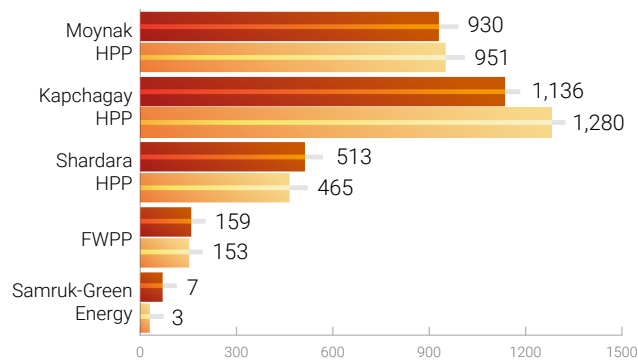
The volume of electricity production in 2020 amounted to 31,385.4 mln kWh (an increase of 1,185.1mln kWh or 4% compared with 2019).The main reason for the growth was the increase of production volumes by 1,164.9 mln kWh at “Ekibastuz SDPP-1” LLP.

The decrease in output of HPP by 116.6 mln kWh was driven by the decrease in water inflow at “Moynak HPP” JSC and “Kapshagay HPP” JSC, while the growth at “Shardarinsk HPP” JSC is driven by commissioning of hydraulic units No. 3.

Electricity production volumes at TPP, CHP, mln kWh



Electricity production volumes at HPP, WPP, SPP, mln kWh

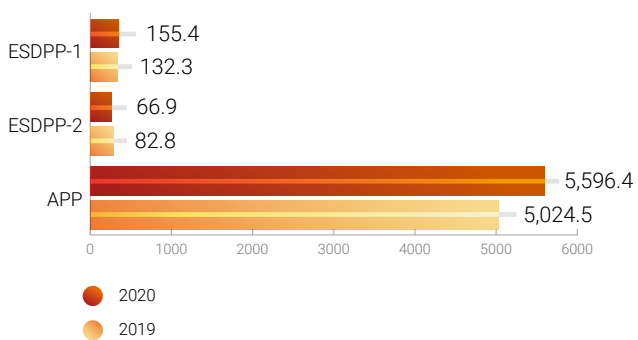


Forecast for the future period:

The volume of electricity production in the forecast for 2021 is projected with a gradual increase in relation to the actual figure of 2020. The increase in electricity production in 2022 by 1,274.6 mln kWh, mainly due to the growth in electricity production at “Ekibastuz SDPP-1” LLP.

Heat production volumes in 2020 amounted to 5,818.7 thous. Gcal; it increased as compared to the volume of 2019 (an increase of 579.1 thous. Gcal or 11%) mainly due to the growth in heat production by 572 thous. Gcal or 11% at “Almaty Power Plants” JSC.

Dynamics of changes in heat production volumes, thous. Gcal

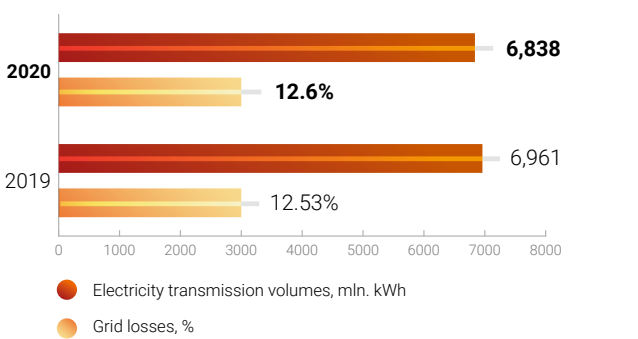


Forecast for the future period:

Heat production volumes in the plan for 2021 is expected to decrease by 4.1% against the actual figure of 2020 mainly due to the decline of heat production volumes at “Almaty Power Plants” JSC.

Electricity transmission volumes amounted to – 6,838 mln kWh, decreased as compared to 2019 volumes (a 124 mln kWh decrease). The decrease in the volume of electricity transmission at “Alatau Zharyk Company” JSC due to the decrease in consumption of Almaty region resulted from the emergency situation in the country because of COVID-19 pandemic.

Electricity transmission volumes and grid losses



Forecast for the future period:

The volume of transmission and distribution of electricity in 2021 is expected to increase by 1% compared with the actual figure of 2020.

The volume of electricity sales volume at power supply organizations for the reporting period amounted to 6,056 mln kWh, which is 163 mln kWh or 3% lower than actual figure of 2019. Decrease due to the termination of the work of enterprises of the city and region during the period of establishment of state of emergency in the Republic of Kazakhstan from March 2020.

Description	Actual 2018	Actual 2018	Deviation	%
Number of consumers, incl.:	844,234	869,680	25,546	103%
Population	811,295	835,509	24,214	103%
Corporate entities	32,939	34,171	1,332	104%
Sales volume, mln kWh	6,218	6,056	–163	97%

Forecast for the future period:

Electricity sales volume in the forecast for 2021 increases by 1% from the actual figure of 2020.

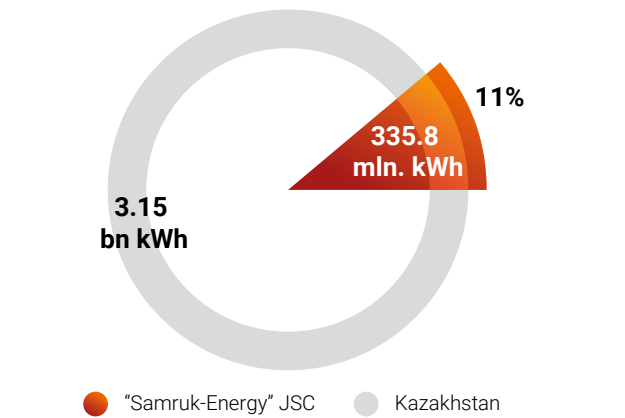
According to the Ministry of Energy of the Republic of Kazakhstan, the volume of electricity production by RES facilities in Kazakhstan in 2020 amounted to 3.15 bn kWh, or an increase of 76.2% compared to 2019.

At year-end 2020, 115 RE facilities operate in Kazakhstan.

In 2020 compared to 2019, large and small HPP show the decrease in production of electricity, while electricity production by wind power plants, solar power plants and biogas plants has increased.

In general, electricity production growth across the RK is connected with an increase in production by TPP and GTPP, as well as commissioning of new RE facilities. Electricity generation by “Samruk-Energy” JSC RES facilities (SPP, WPP, small HPP) in January-December 2020 amounted to 335.8 mln kWh or 10.8% of the total volume of electricity generated by RES facilities, which is 2% lower compared to the same period of 2019 (in January–December 2019, the generation of the Company’s RES amounted to 342.5 mln kWh, and the share of the Company’s RES was 17.8%).

The share of electricity production by “Samruk-Energy” JSC RE facilities in the RK



The share of the Company in the production of “clean” electricity (SPP, WPP, small and large hydropower plants) for January-December 2020 decreased by 21.7% (2,386.2 mln kWh) compared to the same period in 2019 (3,046.2 mln kWh).

No.	Description	2019		2020		Deviation 2020/2019	
		January-December	Share in the RK, %	January-December	Share in the RK, %	mln kWh	%
1	“Samruk-Energy” JSC production of “clean electricity” (RES + Major HPP)	3,046.2	32.0	2,386.2	27.1	–660.0	–21.7
2	“Samruk-Energy” JSC production of “clean electricity” (RES without major HPP), incl.:	342,5	17.8	335.8	10.8	–6.7	–2.0
	“APP” JSC Cascade of small HPP	190.9	9.9	165.6	5.3	–25.3	–13.3
	“Samruk-Green Energy” LLP 2 MW SPP	3.2	0.2	3.8	0.1	0.6	18.8
	“Samruk-Green Energy” LLP 5 MW Shelek WPP		0.0	3.5	0.3	3.5	
	“First Wind Power Plant” LLP 45 MW WPP	148.4	7.7	162.9	5.2	14.5	9.8

The decrease in electricity generation by “Samruk-Energy” JSC RES is connected with an increase in electricity production by other renewable energy facilities because of commissioning of new renewable energy facilities in Kazakhstan.

“SAMRUK-ENERGY” JSC PARTICIPATION IN THE CAPACITY MARKET

“Samruk-Energy” JSC power plants took part in the simulated trades of electric capacity held on the trading platform of “Kazakhstan Electricity and Power Market Operator” JSC (KEPMO) during 2020.

According to the results of centralized auction of capacity, which took place on November 18, 2020, the power plants of the Company sold 3,128.9 MW at a price of 590 thous. tenge / MW * month, incl.

- “ESDPP-1” LLP 1,653.91 MW
- “ESDPP-2 Plant” JSC 625 MW
- “APP” JSC 850 MW

According to the RK Law “On making changes and additions to certain legislative instruments of the RK regarding special economic and industrial zones, attracting investments, export development and promotion, as well as social security”, “Moynak HPP” JSC and “APP” JSC received individual tariffs for capacity.

The capacity volume was 61 MW for “Shardarinsk HPP” JSC and 298 MW for “Moynak HPP” JSC. Individual tariffs for capacity will ensure the return of borrowed funds used for the already constructed power plant (“MHPP” JSC), as well as refinancing of earlier received target loan for investment programs (“APP” JSC).

COAL MARKET

According to the BP Statistical Review of World Energy, as of 2020, Kazakhstan ranks eighth in the world in terms of proven coal reserves – 25.6 bn tons or 2.4% of the world total. According to the Statistics Committee of the RK MNE, the country’s coal production amounted to 109.2 mln tons of coal in 2020 (excluding coal concentrate) or 98% against the same indicator in 2019 (111 mln tons of coal).

Power generating coal market in Kazakhstan is relatively fragmented – the major players are “Bogatyr Komir” LLP (“Samruk-Energy” JSC and “RUSAL” UC), “EEC” JSC (ERG), “Shubarkol Komir” JSC (ERG), “Kazakhmys Corporation” LLP, “Karazhyra” JSC, “Angrensor Energy” LLP.

No.	Region	2017	2018	2019	2020	Δ, %
1	Pavlodar	62,467.9	70,325.2	68,364.9	67,049.9	98
2	Karaganda	35,909	34,987.3	34,217.1	33,614.6	98
3	East-Kazakhstan	6,867	8,290	8,157.7	8,388.8	103
Total across RK		105,964.9	113,703.4	111,083.2	109,227.6	98%

General scheme of coal sales



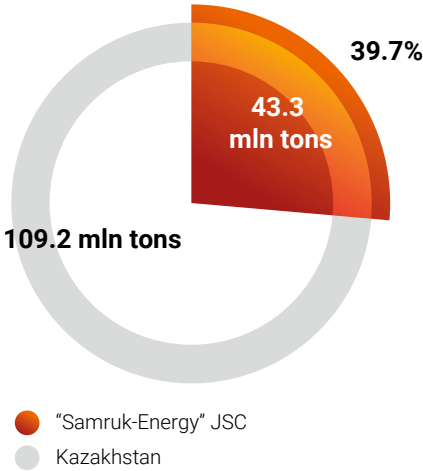
Power systems of Nur-Sultan, Almaty, Karaganda, Petropavlovsk, Pavlodar, Stepnogorsk cities and Ekibastuz SDPP-1, SDPP-2 are among the major consumers of “Bogatyr Komir” LLP in Kazakhstan.

To receive coal, the power plants of the Republic of Kazakhstan arrange the transportation of coal from Ekibastuz station (Bogatyr Komir, LLP) to the destination

station using their own resources; to this end they conclude contracts with various freight forwarding companies, which engage car owners (operators) to arrange transportation.

Following the results of transactions on the stock exchange, municipal coal is shipped in two ways: by railway and motor transport. Boiler houses in rural areas are the consumers; Ekibastuz coal is a fuel specified on their nameplates.

Coal mining



According to the 2020 results, the Company’s share amounted to 39.7% of the total coal mined in Kazakhstan and 64.6% of the volume of coal mined in the Ekibastuz coal basin.

In January–December 2020, “Bogatyr Komir” LLP produced 43,338 thous. tons of coal, which is 3.4% less than in corresponding period of 2019 (44,848 thous. tons).

43,436 thous. tons were sold in January–December 2020, including:

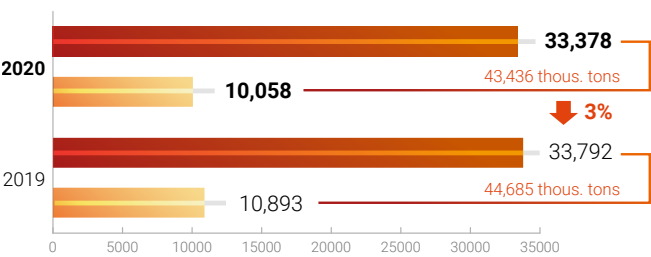
- 33,378 thous. tons to the domestic market of the RK, which is 1.2% less than in the corresponding period of 2019 (33,792 thous. tons);
- for export (RF) – 10,058 thous. tons, which is 7.7% less than for the corresponding period of 2019 (10,893 thous. tons).

Coal sales to consumers in 2019–2020

No.	Region	Volume of sales, thous.tons			Δ, % 2020/2019
		2018	2019	2020	
1	“APP” JSC	3,299	3,338	3,291	101.4
2	“Karaganda Energocenter” LLP	3,521	3,417	3,500	97.45
3	“Astana –Energia” JSC	3,640	3,779	3,837	106.5
4	“Pavlodarenergo” JSC PCHP-2,3	3,289	3,004	2,494	70.7
5	“Stepnogorsk CHP” LLP	984	986	950	96.4
6	“ESDPP-1” LLP	11,559	10,937	11,553	105.6
7	“ESDPP-2 Plant” JSC	3,285	3,203	3,007	93.9
8	“Bassel Group LLS» LLP	605	622	539	86.6
9	“SevKazEnergo” JSC	2,672	2,949	2,773	94.0
10	“Ekibastuzteploenergo” LLP	513	499	481	96.4
11	MUS based on the REM “Kokshetau Zhylu”	323	281	316	112.3
12	Household	1,519	775	637	82.2
Total for the domestic market of the RK		35,572	33,378	98.8	
13	Reftinsk GRES	9,564	10,893	10,058	92.3
Total for export to the RF		9,587	10,058	92.3	

According to the 2020 figures, compared to the same period in 2019, coal sales decreases by 2.8%.

BOGATYR KOMIR coal sales, thous. tons



Forecast for the future period:

Coal sales volume in the forecast for 2021 will decrease by 1,436 thous. tons or by 3% as compared to the actual figure of 2020 in connection with the implementation of the project for construction of cyclical-and-continuous method facilities at the Bogatyr open-pit mine. In the forecast for 2022, coal sales will increase by 2% or by 1,000 thous. tons against 2021.



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FINANCIAL AND ECONOMIC OVERVIEW OF THE COMPANY'S OPERATIONS

RELIABILITY FOR ALL TIMES

KEY FINANCIAL EVENTS

Date	Event
2020	<p>The news from China about the outbreak of the new virus appeared for the first time in December 2019. On March 11, 2020, the World Health Organization announced the new type of virus COVID-19 outbreak a pandemic. According to the decree of the President of the Republic of Kazakhstan dated March 15, 2020 No. 285 "On the establishment of a state of emergency in the Republic of Kazakhstan", a state of emergency was established across the country from March 16, 2020 through May 11, 2020.</p> <p>Most cities in Kazakhstan were quarantined, and operations of most industrial enterprises were suspended from March 30 to May 11, 2020.</p> <p>In response to the pandemic, the Kazakh authorities are taking numerous measures aimed at preventing the spread and exposure of COVID-19, such as travel bans, quarantines, restrictions on business, etc. These measures, among other things, seriously curtail business activity in Kazakhstan, have a negative impact upon and continue to adversely affect business, market participants, customers of the Company, as well as on the Kazakhstani and global economy for an unknown period of time.</p> <p>Along with that, on March 9, 2020, oil prices plummeted because of discrepancies between OPEC members and other major oil-producing countries, the price of Brent crude in March 2020 fell below \$25 per barrel. Since the beginning of 2020, tenge has depreciated against the US dollar by circa 10%.</p> <p>As of December 31, 2020, the price of Brent crude oil was USD 51.80 per barrel, with a further forecast increase in the price.</p> <p>Today, the situation is still developing. At this, no significant effect on proceeds and supplies of the Company was observed.</p> <p>Electricity output across the Group amounted to 31.4 bn kWh in 2020, which is 3% higher than the plan and the actual figure for the previous period by 4%. The main factor contributing to an increase in output compared to the last year is 2.3% growth of electricity consumption in the North and South of the Republic of Kazakhstan. Moreover, the Group's share in electricity generation in Kazakhstan in 2020 amounted to 29%, which is 2% higher than last year's figure.</p> <p>Revenue in 2020 amounted to 283 bn tenge, which is 16% higher than last year. The Group's EBITDA amounted to 99.7 bn tenge, which is 21% higher than the previous year's actual. The main driver for revenue and EBITDA growth compared to the previous year is an increase in electricity tariffs and production volumes.</p> <p>At the same time, it is hard to forecast the future outcome. The Company will continue to monitor the potential effect of the above-mentioned events and will take all necessary steps to prevent negative consequences for the business, just to name a few:</p> <p>the consequences of downtime / quarantine resulted from COVID-19 pandemic will lead to a slowdown in business activity in general, which may affect the financial performance of the Company in the future;</p> <p>as part of new agreements between OPEC members and other large oil-producing countries, Kazakhstan and Russia have committed to slash production under new agreements between OPEC members and other major oil producing countries;</p> <p>further devaluation of tenge against the US dollar will have a negative impact on the Company's financial performance.</p> <p>At the same time, the below mentioned event, which positively impacts the Company's financial stability, has occurred:</p> <p>The methodology for determining the fixed profit included in electricity tariff, with the entry into force from 2021, was approved by the Order of the RK ME No. 205 d/d May 22, 2020, which will allow obtaining profitability from the sale of electricity by EPO in addition to fully covering the cost of goods sold.</p>
January 1, 2020	<p>For subsidiaries and affiliates implementing large-scale investment programs, which includes debt financing, in 2019, Investment agreements were concluded with the Ministry of Energy of the Republic of Kazakhstan and individual tariffs for capacity were approved.</p> <p>- For "Almaty Power Plants" JSC and "Moynak HPP" JSC tariffs were put into effect from 01.01.2020, and for "Shardarinsk HPP" JSC tariffs were put into effect from 01.03.2020.</p>
January 30, 2020	<p>According to the Rules for admission to consideration of investment programs (MOE Order No. 416 on November 28, 2017), in order to conclude an investment agreement for the project "Restoration of 500 MW Power Unit No. 1", ESDPP-1 sent a corresponding investment program to the Market Council for consideration. Received a positive recommendation from the Market Council for further consideration of the investment program in the authorized body</p>
May 21, 2020	<p>Amendments have been made to the order of the Minister of Energy of the Republic of Kazakhstan dated March 2, 2015 No. 164 "On approval of the Rules for the centralized purchase and sale by the financial settlement center of electrical energy produced by facilities for the use of renewable energy sources, recalculation and redistribution by the financial settlement center center of the corresponding share of electricity to qualified conditional consumer based on the results of the calendar year "(hereinafter – the Rules). The changes will allow renewable energy facilities to extend once the terms specified in subparagraphs 1) and 2) of paragraph 106 of the Rules for a period not exceeding 1 calendar year, according to the request of the Applicant (in any form), within the framework of excluding non-fulfillment of obligations to FSCs LLP.</p>

Date	Event
May 22, 2020	By order of the Minister of Energy of the Republic of Kazakhstan dated May 22, 2020 No. 205, a new “Methodology for determining the fixed profit taken into account when approving the maximum tariffs for electricity, as well as the fixed profit for balancing taken into account when approving the maximum tariffs for balancing electricity” was approved. The methodology provides for a “transition period”, during which the fixed profit is calculated based on the cost of generating electricity in 2019 and is set at 11.79 %. A full transition to RAB-regulation will take place from 01.01.2021.
June 17, 2020	Changes were made to the order of the Minister of Energy of the Republic of Kazakhstan dated November 28, 2017 No. 416 “On approval of the Rules for admission to consideration, consideration and selection of investment programs.”, according to which the permissible volume of investments under investment agreements was increased from 10% to 30% (from 10 to 30 billion tenge), which contributes to the inflow of investments into the industry for modernization, expansion, reconstruction and (or) renewal of generating capacities.
June 18, 2020	The credit limit was increased to 38 bn. tenge by concluding an additional agreement to the agreement on the provision of a credit line between LLP “ESDPP-1” and JSC “Halyk Bank of Kazakhstan”
June 22, 2020	JSC “Shardara HPP” received a letter of consent (waiver) from the European Bank for Reconstruction and Development to cancel the current liquidity ratio indefinitely.
June 26, 2020	The international rating agency Fitch Ratings has affirmed the Company's long-term credit ratings in foreign and national currencies at BB, Outlook Stable; short-term foreign currency credit rating at “B”; national long-term rating at “A + (kaz)”, forecast “Stable”. The agency also raised the credit rating of the Company on an independent basis from “B” to “B +”, the priority unsecured ratings of the Company in foreign and national currency from “BB-” to “BB” and the national priority unsecured rating from “A- (kaz)” to “A + (kaz) ”.
June 29, 2020	<p>The Ministry of Energy of the Republic of Kazakhstan has published the maximum tariffs for electricity for stations with commissioning from 07/01/2020.</p> <p>For subsidiaries and dependent companies of JSC “ESDPP-2” and JSC “Almaty Power Stations” the tariffs were approved with an increase of 18%., For LLP “ESDPP-1” the tariff growth was 0.7%. For JSC “Moynak HPP” the tariff is kept at the current level. And for “Shardara HPP” JSC the tariff was reduced by 7.1 %.</p> <p>Taking into account the growth of the maximum tariffs at the stations, subsidiaries and dependent companies – LLP “AlmatyEnergoSbyt” 07/24/2020 submitted to DKREM a notification application for approval of an increase in the electricity tariff from September 1, 2020. The projected tariff is 19.38 tenge / kWh (with an increase to the current one by 13.2%).</p>
August 19, 2020	JSC “ESDPP-2”, whose parity shareholders are JSC “Samruk-Kazyna” and JSC “Samruk-Energy”, refinanced all liabilities in foreign currencies for a total amount of about 100 billion tenge. Thus, the station fully neutralized currency risks, freed up collateral, and optimized associated costs.
August 27, 2020	The credit line of “ESDPP-1” LLP in SB Sberbank of Russia JSC was extended until September 29, 2021.
November 06, 2020	Tariffs approved for AZhK by order of DKREM in Almaty from 06.11. No. 126-OD for the period from 2021 to 2025. 2021 – 6.04 tenge/kWh; 2022 – 6.42 tenge/kWh; 2023 – 6.69 tenge/kWh; 2024 – 7.10 tenge/kWh; 2025 – 7.36 tenge/kWh
November 18, 2020	On the trading floor of KOREM JSC, centralized auctions for electric capacity for 2021 were held. Following the auction results, Samruk-Energy JSC sold 2,768 MW, incl. Almaty Power Stations – 490 MW, ESDPP-2 – 625 MW, ESDPP-1 – 1,653.91 MW.
12 months of 2020	The funds borrowed from EDB in the amount of 43 mln.tenge were disbursed to finance the project Cyclical-and-continuous method of “Bogatyr Komir” LLP and in the amount of 6,9 bn.tenge in order to finance the project Construction of 50 MW WPP in Ereymentau city.
December 03, 2020	According to the Rules for Admission to the Consideration of Investment Programs (Order of the Ministry of Energy of November 28, 2017 No. 416), the Ministry of Energy included in the list of power plants with which investment agreements will be concluded, ESDPP-1 with the project “Restoration of power unit No. 1 with a capacity of 500 MW”.
December 07, 2020	The President signed the Law of the Republic of Kazakhstan “On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Supporting the Use of Renewable Energy Sources and Electricity”, which was developed to stimulate the construction of flexible capacities, establish an end-to-end tariff for supporting renewable energy sources, as well as to improve the current legislation of the Republic of Kazakhstan in the field of renewable energy.
December 14, 2020	The Board of Directors has confirmed the financial stability of the Company by placing it in the “green” zone of credit risk.

MACROECONOMIC FACTORS

The past 2020 was burdened with unfavorable economic environment across the globe in connection with implications of COVID-19 virus spread, including in the Republic of Kazakhstan. According to an analytical report prepared by Halyk Finance, there has been a progressive improvement in the economic situation in the 4th quarter of 2020 owing to the growth of global oil prices, easing of quarantine measures, double-digit growth in nominal wages and businesses adapting to restrictions.

By the end of 2020, Kazakhstan’s economy showed improvement in key indicators with a minimum decline in GDP for the year at the level of 2.1 % y/y. In general, GDP reduced by 2.6% y/y in 2020, while the economy was gripped by recession for the first time in the last two decades.

According to data from the Statistics Committee under the RK MNE, in the 4th quarter of 2020, inflation peaked up to 2,6 % over the year, along with this the annual inflation substantially exceeded the indicators of recent years. Inflationary pressures were triggered by the weakening of the national currency, increased government spending (24% of GDP vs. 20% of GDP

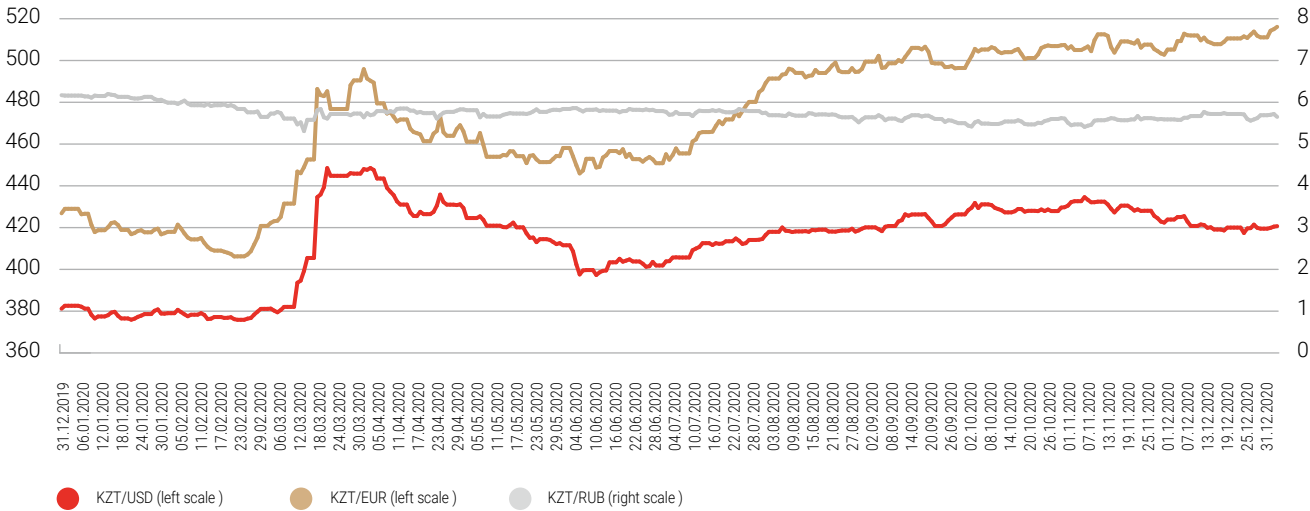
in 2019), an increase in regulated tariffs (+ 3.5% versus –2.7% in 2019) and fever in the food market.

During the year, the regulatory authorities pursued an active policy in the foreign exchange market due to deteriorating foreign economic environment, which helped to keep currency rate from falling even further. The national currency weakened by 10.4 % to 420.71 tenge/USD over the year, strengthened by 2.0% the 4th quarter of 2020. The growth of oil quotations by 26.5 % to \$51.8 per barrel has been the main driver for stabilization of the national currency rate in the 4th quarter.

In December, the regulator maintained the base rate at 9%, while reducing the liquidity management corridor from +/- 1.5% to +/- 1%. The main parameters of the base rate reached the pre-crisis level, at which inflation was at the level of 5.3–5.4%. At that time, the regulator determined monetary conditions as neutral. Now, when inflation is set at the level of 7.4–7.5%, and the rate corresponds to the pre-crisis level, such monetary conditions can be described as incentive (source Halyk Finance).

Dynamics of currency exchange rates:

	31.12.2019	31.12.2020	%
KZT/USD	381.18	420.71	110
KZT/EUR	426.85	516.13	121
KZT/RUB	6.17	5.65	92



PRINCIPLES OF ACCOUNTING POLICY

The Company's operations in 2020 in electric power and coal sectors were carried out in accordance with the approved plans.

For the purposes of a single approach to preparing a report on business and financial performance, "Samruk-Energy" JSC group of companies uses the equity method in consolidation. In addition, in accordance with existing accounting policies, fixed assets and intangible assets are reported at initial cost, that is, without taking into account revaluation. Subsidiaries are included in the consolidated financial statements using the acquisition method. Acquired identifiable assets, as well as liabilities and contingent liabilities received at a business

combination are stated at fair value at the date of acquisition, irrespective of the amount of the non-controlling interest.

Based on the foregoing, when using the equity method in the consolidated balance sheet, turnovers of such large companies as "Ekibastuzs SDPP-2 Plant" JSC, coal assets company Forum Muider B.V., 50% of interest of which belong to "Samruk-Energy" JSC were excluded.

When forming the consolidated financial result of "Samruk-Energy" JSC, the share of profit on these companies is presented in the item "share of profit / loss of organizations accounted for using the equity method and impairment of investments".

FINANCIAL AND ECONOMIC INDICATORS

Nº	Indicator, mln tenge	2018 (actual)	2019 (actual)	2020 (actual)	2021 (forecast)	2022 (forecast)
1	Income from sales of goods and services delivered	260,400	243,722	283,010	321,775	389,336
1.1.	Electricity production	185,355	169,369	207,917	235,138	294,007
1.2.	Sale of electricity by energy supplying organizations	96,955	100,171	106,911	122,925	136,896
1.3.	Heat production	21,674	16,781	19,202	18,124	20,518
1.4.	Transmission and distribution of electricity	40,020	38,028	40,685	45,339	49,035
1.5.	Sale of chemically purified water	1,824	1,515	1,626	1,744	1,797
1.6.	Lease	3,542	3,925	4,041	3,778	3,779
1.7.	other	1,597	2,555	3,181	4,005	5,678
2	Cost of goods sold	(188,356)	(195,891)	(225,185)	(258,257)	(277,718)
2.1.	Cost of electricity production	(129,110)	(130,934)	(156,182)	(179,822)	(197,127)
2.2.	Cost of electricity sales by energy supplying organizations	(95,938)	(101,280)	(111,195)	(124,062)	(135,831)
2.3.	Cost of heat production	(20,023)	(16,338)	(18,804)	(19,558)	(20,337)
2.4.	Cost of electricity transmission	(30,068)	(32,543)	(54,365)	(39,756)	(42,579)
2.5.	Cost of sale of chemically purified water	(1,736)	(1,356)	(1,679)	(1,917)	(1,913)
2.6.	Cost of other types of core business	(640)	(832)	(946)	(1,124)	(1,065)
	Amortization of fixed and intangible assets	(52,364)	(54,223)	(57,331)	(60,354)	(65,898)
3	Gross profit	72,044	47,832	57,826	63,518	111,618
4	Financing income	2,333	2,377	2,916	534	421
5	Other income (1) (4)	5,347	5,376	4,637	282	261

Nº	Indicator, mln tenge	2018 (actual)	2019 (actual)	2020 (actual)	2021 (forecast)	2022 (forecast)
6	Expenses for sale of products and services	(14,340)	(7,999)	(10,202)	(12,467)	(10,458)
7	General and administrative expenses	(13,018)	(12,710)	(15,826)	(13,532)	(13,498)
8	Operating profit	44,686	27,123	31,798	37,518	87,662
9	Earnings before amortization, interest and CIT (EBITDA)	97,825	82,487	99,728	108,446	170,443
10	Finance costs (2) (3) (4)	(33,129)	(32,319)	(31,025)	(32,327)	(32,370)
11	Other expenses from non-core operations (4)	(16,549)	(1,920)	(4,061)	(95)	(98)
12	Share of profit / loss of organizations accounted for using the equity method and investments impairment	9,752	11,191	9,474	9,660	15,956
13	Profit (loss) from discontinued operations	-1,584	0	0	0	0
	Profit (loss) from disposal of subsidiaries	287	0	0	0	0
14	Profit (loss) before tax	11,143	11,829	13,739	15,572	71,834
15	Corporate income tax expenses	(7,718)	(4,717)	(5,655)	(4,671)	(14,707)
16	Total profit before minority interest	3,425	7,111	8,083	10,901	57,127
17	Minority interest	184	276	76	297	297
18	Total profit attributable to the Group's Shareholders	3,241	6,835	8,008	10,604	56,829

(1) in FS forex gains for 2018 were reported in "other income" section

(2) in FS forex loss for 2018 was reported in "finance costs" section

(3) in FS forex gain for 2019 was reported in "financial income" section

(4) in FS forex gain for 2020 was reported in "other income" section

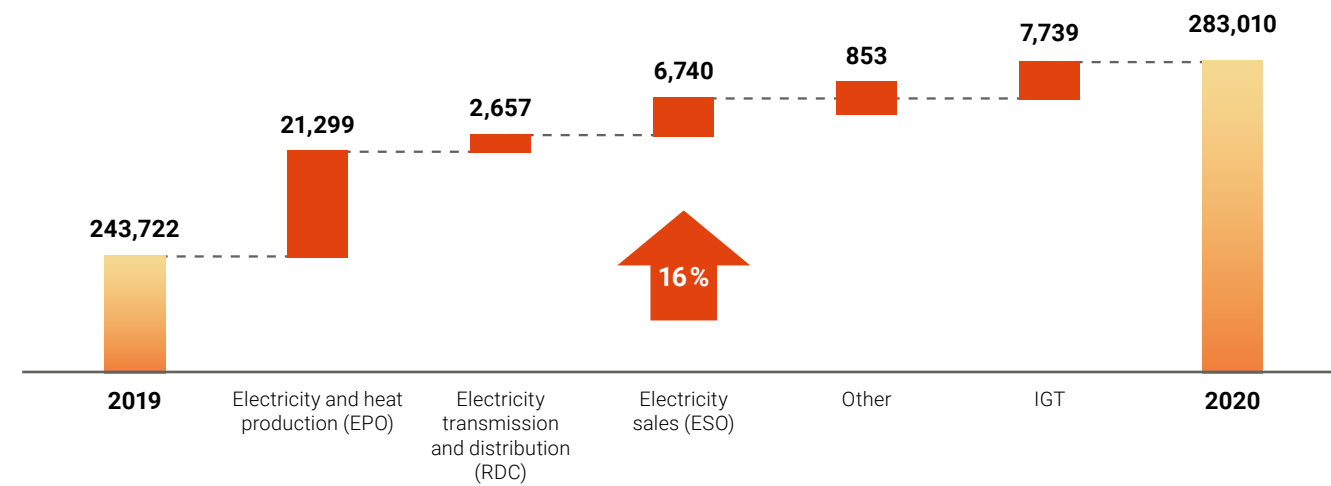
(5) in FS forex loss for 2020 was reported in "financial costs" section

(6) in FS impairment loss (NET) was recognized in "other expenses" item

Note: interpretation of income and cogs was presented with a breakdown by types of activities (not by segments) and was mentioned without elimination.



Revenues from sales of products and services provided across “Samruk-Energy” JSC group of Companies in 2020 amounted to 283,010 mln tenge:



Consolidated revenue increased in the electricity production segment due to the growth of tariffs and volumes of electricity sales. The main increase was made by “Almaty Power Plants” JCS due to the growth of tariff for electricity, also by “Ekibastuz SDPP-1” LLP due to the increase in electricity sales volumes by 1,466 mln kWh.

The increase in revenue for electricity transmission is associated with a growth in the tariff for electricity transmission of “Alatau Zharyk Kompany” JSC from 5.46 tenge/kWh to 5.95 tenge/kWh.

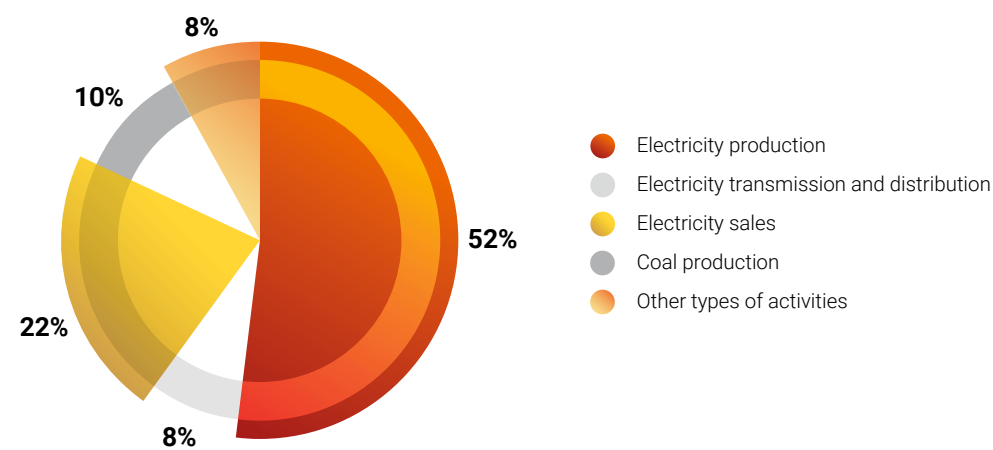
In the sales segment, revenue growth is associated with a growth in the electricity sales of “AlmatyEnergoSbyt” LLP from 16.11 tenge/kWh to 17.66 tenge/kWh.

Forecast for future period:

in the forecast for 2021, revenue from sales is planned at 321,775 mln tenge, which is 38,765 mln tenge or 14% higher than 2020 actual figure. The increase was caused by growth of tariff for electricity transmission and production of electricity and also by growth of electricity sales volumes.

Revenue increases in the forecast for 2021 compared to the forecast for 2020, this is because of growth of revenues from electricity production mainly owing to “Ekibastuz SDPP-1” LLP. Also, the growth in revenues from electricity transmission and sales are expected because of an increase in volumes and tariffs.

Structure of 2020 income by main types of activity



Revenues from sales of products and services rendered detailed per producer

Indicator, mln.tenge	2018 (actual)	2019 (actual)	2020 (actual)	2021 (forecast)	2022 (forecast)
Income from sales of products and services rendered	260,400	243,722	283,010	321,775	389,336
“ESDPP-1” LLP	125,598	108,017	123,478	142,526	192,854
“AlmatyEnergoSbyt” LLP	96,955	100,171	106,911	122,925	136,896
“Almaty Power Plants” JSC	65,542	64,047	74,481	79,768	86,198
“Alatau Zharyk Company” JSC	40,258	38,167	40,819	45,440	49,139
“Moynak HPP” JSC	10,217	9,883	20,520	20,863	20,819
“FWPP” LLP	4,460	4,592	5,031	5,514	5,734
“Shardarinsk HPP” JSC	3,318	2,279	6,761	8,405	9,657
“Bukhtarminsk HPP” JSC	3,541	3,924	4,040	3,778	3,779
“Ereymenau Wind Power” LLP					4,827
“Energy Solution center” LLP	937	1,105	1,287	1,457	1,407
«Samruk Green Energy» LLP	141	158	236	377	399
Intercompany turnover (elimination)	−90,566	−88,621	−100,554	−109,278	−122,372

The major share in the Company's operating income comes from “Ekibastuz SDPP-1” LLP, “Almaty Power Plants” JSC, “Alatau Zharyk Company” JSC, “AlmatyEnergoSbyt” LLP.

At the same time, at consolidation of revenues, intercompany turnover mainly in respect of energy producing and distribution companies is excluded from total amount.

Cost of goods and services

Indicator, mln.tenge	2018 (actual)	2019 (actual)	2020 (actual)	2021 (forecast)	2022 (forecast)
Fuel	56,768	52,340	59,109	61,957	69,252
Remuneration of labor and related expenses	25,231	26,775	29,394	31,040	32,326
Cost of purchased electricity	10,178	13,673	22,865	39,442	40,458
Maintaining the availability of electric capacity		7,692	10,094	9,725	10,003
Depreciation of property, plant and equipment and amortization of intangible assets	52,364	54,227	57,331	60,354	65,898
Maintenance & repair	6,344	6,879	8,520	10,860	11,469
Services for electricity transmission and other services	10,019	10,331	11,494	11,664	12,099
Materials	1,773	1,844	1,713	2,071	2,311
Water supply	4,664	3,962	4,847	5,799	6,436
Grid losses	193	193	2	4	4
Taxes other than income tax	4,876	4,586	4,589	5,717	6,431
Emission charges	4,036	4,338	4,731	5,208	5,413
Outsourced services	8,219	5,383	6,003	10,984	12,066
Other	3,690	3,668	4,492	3,433	3,552
TOTAL	188,356	195,891	225,185	258,257	277,718

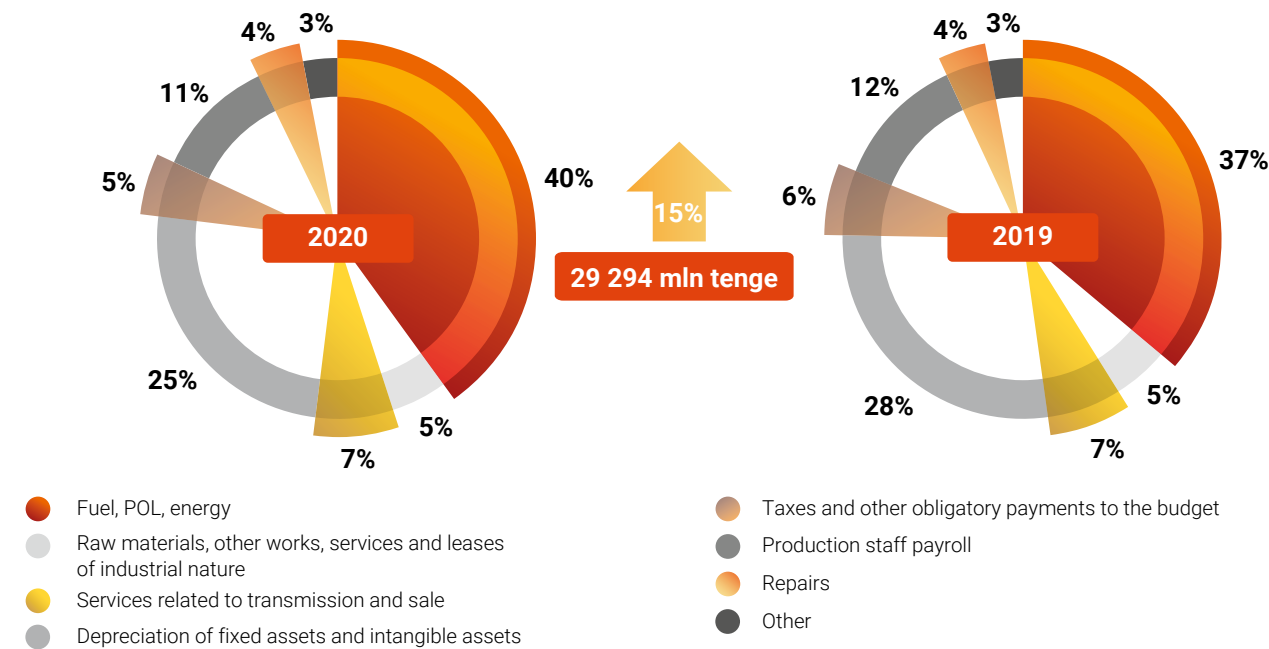
(1) in FS emission charges for 2018–2020 were recorded “Taxes other than income tax” item



According to results of 2020, **Cost of goods sold** amounted to 225,185 mln tenge, which is 15% higher than 2019 actual figure. The increase in costs is mainly due to the increase in coal costs (increase in the price of coal and production volumes) and the cost of purchased electricity from SFC

RES LLP (increase in tariffs and purchase volumes). There is also an increase in expenses due to the growth in prices for goods and services, and an increase in depreciation (mainly at “Ekibastuz SDPP-1” LLP).

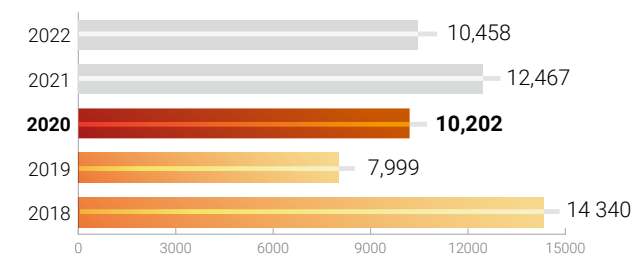
The structure of cost of goods sold by main types of activity



In the forecast for 2021, the increase in sales costs in comparison with the fact of 2020 is 22% due to an increase in electricity exports from 859 mln kWh to 1,500 mln kWh.

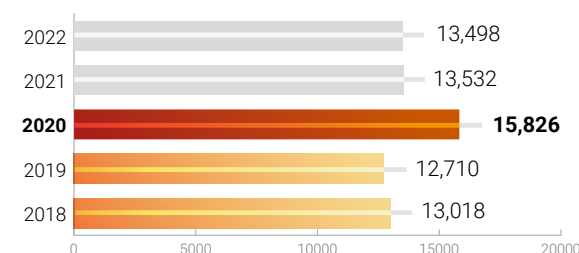
Forecast for the future period: in the forecast for 2021, cost increases due to an increase in production and sales, as well as due to an increase in prices for goods and services. The increase in expenses in the forecast for 2022 is due to higher prices for goods and services.

Sales costs, mln tenge



Sales costs in 2020 increased by 2,203 mln tenge compared with 2019 and amounted to 10,202 mln tenge. This deviation is caused by the increase in prices for the services of KEGOC JCS.

Administrative expenses, mln tenge

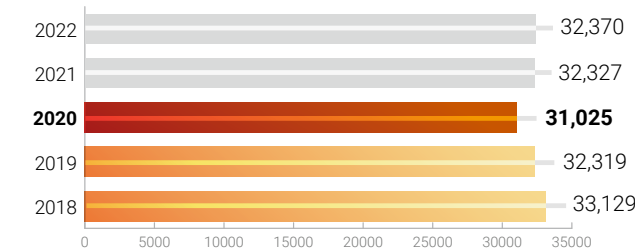


At the end of 2020, administrative expenses amounted to 15,826 mln tenge, which is 3,116 mln tenge or 25% higher in comparison with the same period in 2019. The increase is mainly due to additional taxes on VAT and the accrual of penalties for “BHPP” JCS as a result of a comprehensive audit by the Department of State Revenues in East Kazakhstan for the period from 01.01.2014 until 31.12.2018.

At the same time, the decrease in the costs of the UAR, excluding the costs of the BHPP, amounted to 1% (143 million tenge).

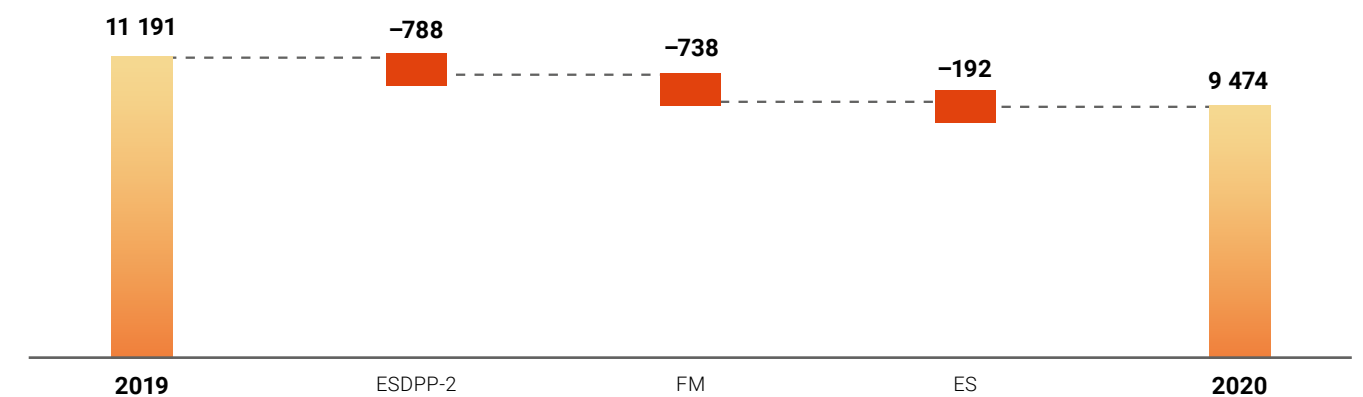
Forecast for the future period: Administrative expenses in the forecast for 2021 are lower than in 2020 and amount to 13,532 mln tenge. The decrease is mainly due to lower tax expenses.

Finance costs, mln tenge



According to 2020 results, finance costs amounted to 31,025 mln tenge, which is 1,294 mln tenge lower than 2019

Share of profits of joint ventures and associates



Share income for 2020 amounted to 9,474 mln tenge, the decrease of 1,718 mln tenge compared to the same period.

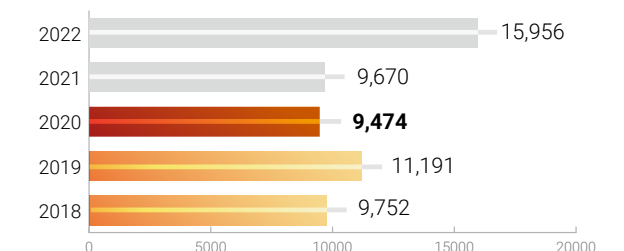
The main changes occurred with respect to the following assets:

- “Ekibastuz SDPP-2 Plant” JSC – increase in loss by (788) mln tenge in comparison with the previous year was caused because of the below factors:
 - increase in financing costs by (795) mln tenge.
 - increase in expenses on exchange rate differences in the amount of (366) mln tenge.

actual figure. Finance costs decreased mainly due to mainly due to reduction of interest expenses in connection with long-term loan repayments.

Forecast for the future period: in the forecast for 2020–2021, financing costs increase due to additional borrowings from subsidiaries and affiliates in order to replenish working capital.

Share of profits of joint ventures and associates and impairment of investments, mln.tenge



TARIFF POLICY

The laws of the Republic of Kazakhstan “On Electricity”, “On Natural Monopolies and Regulated Markets” and “On Competition” govern the operations of the Group’s subsidiaries and joint ventures, which are natural monopoly and regulated markets entities and entities with a dominant position in a competitive market. Tariff regulation, depending on the type of energy companies, falls within the competence of the Committee on Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of Kazakhstan (hereinafter – the Committee) or industry-specific ministry – the Ministry of Energy (hereinafter – ME).

Tariffs for electricity for energy-producing organizations (hereinafter – EPO) for the period from 2016–2018, were set at the level previously approved for 2015, marginal tariffs for stations.

Based on the Concept for the Development of the Fuel and energy sector (FES) of Kazakhstan until 2030, adopted in 2014, the Capacity Market was introduced in 2019 as an effective mechanism for providing the industry with a sufficient level of investment, which will have a favorable effect on the market in the long term.

During 2019 taking into account the introduction of a capacity market for energy-producing organizations, the following have been formed:

- marginal tariffs for capacity, including the costs of investment projects and repayment of the main debt (for credit funds raised for the implementation of investment projects);

- marginal tariffs for electricity, including the costs of operating expenses and fixed profit. By order of the Minister of Energy of the Republic of Kazakhstan dated May 22, 2020 No. 205 “Methodology for determining the fixed profit, taken into account when approving the maximum tariffs for electricity, as well as the fixed profit for balancing, taken into account when approving the maximum tariffs for balancing electricity” was approved

Tariffs for the supply of electric energy produced by renewable energy sources are fixed and approved by the Government of the Republic of Kazakhstan depending on renewable energy technology (separately for wind, solar and other sources) and are subject to annual indexation. At the same time, Financial Settlement center acts as a buyer, and the energy-producing organization acts as a seller.

Tariffs for the transmission and distribution of electricity for energy transmission companies, for the production of heat energy and tariffs for energy supply (ESO) are regulated by the Committee on Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of the Republic of Kazakhstan. Regulation and control by the Committee is carried out in strict accordance with legislative and regulatory acts.

Social and political issues significantly influence tariff decisions. Economic, social and other policies of the Government of the Republic of Kazakhstan may have a significant impact on the Group's operations.

TARIFF STATE REGULATION OF SPECIES COMPANY ACTIVITIES

Weighted average tariffs for electricity generation

#	Description	2018 Actual	2019 Actual	2020 Actual	2021 Forecast	2022 Forecast
1	“Ekibastuz SDPP-1” LLP	6.85	6.07	6.44	7.67	9.87
	average weighted tariffs, tenge/kWh					
	Export tariff, tenge/kWh					
	RK tariff, tenge/kWh					
	including electricity tariff, kWh, tenge/kWh					
2	“Ekibastuz SDPP-2 Plant” JSC	7.53	8.70	9.64	9.91	9.95
	average weighted tariffs, tenge/kWh					
	Electricity tariff, tenge/kWh					
	Capacity tariff, thous.tenge/MW*month					
3	“Almaty Power Plants” JSC	8.60	9.66	11.41	12.54	13.40
	average weighted tariffs, tenge/kWh					
	Electricity tariff, tenge/kWh					

#	Description	2018 Actual	2019 Actual	2020 Actual	2021 Forecast	2022 Forecast
	Average weighted capacity tariff, thous. tenge/MW*month			875	883	820
	Capacity tariff, thous.tenge/MW*month		590	590	590	614
	Individual capacity tariff, thous.tenge/MW*month			4,169	4,169	3,139
4	“Shardara HPP” JSC	9.50	4.86	12.95	13.81	15.87
	average weighted tariffs, tenge/kWh					
	Electricity tariff, tenge/kWh.					
	Capacity tariff, thous.tenge/MW*month					
5	“Moynak HPP” JSC	9.51	10.02	21.33	21.88	21.94
	average weighted tariffs, tenge/kWh					
	Electricity tariff, tenge/kWh					
	Capacity tariff, thous.tenge/MW*month					
6	“Samruk-Green Energy” LLP, tenge/kWh	45.11	48.54	32.73	18.88	20.00
7	“First Wind Power Plant” LLP, tenge/kWh	28.31	30.03	31.62	33.20	34.53
8	«Ereymantau Wind Power» LLP, tenge/kWh					22.68
9	“Energiya Semirechiya”, LLP, tenge/kWh				22.68	23.59

The following tariffs were in effect during the reporting period:

From January 1, 2019, the electric capacity market began to function in the Republic of Kazakhstan. The income received by electricity producers is divided into two components – income from the sale of electricity (allocated to cover current expenses) and income from the provision of services to maintain readiness of electricity capacity (allocated to repay the main debt and investments). The unified marginal tariff for the service of maintaining the availability of electric capacity for all EPOs in the amount of 590 thous. tenge /MW*month was approved. Electricity tariffs approved for the period 2020–2025. However, the approved tariffs do not provide for profitability and indexation by year. Moreover, according to paragraph 2 of Article 12-1 of the Law of the Republic of Kazakhstan “On the Electric Power Industry”, if necessary, electricity tariffs are adjusted annually.

With the introduction of the capacity market, the weighted average tariffs for electricity in 2020 for stations increased, taking into account the commissioning adjusted tariff caps and the introduction of individual capacity tariffs from July 1, 2020.

In connection with the approval of the Ministry of Energy of the Republic of Kazakhstan of deficit tariffs for stations, in accordance with the Regulations, the EPO submitted applications to the Ministry of Energy of the Republic of Kazakhstan for adjusting the ceiling tariffs for electricity. As a result, from July 1, 2020 the Ministry of Energy of the Republic of Kazakhstan approved the following maximum electricity tariffs.

For “Ekibastuz SDPP-1” LLP, the tariff increased slightly – 5.80 tenge/kWh. A significant increase in tariffs for the “Ekibastuz SDPP-2” JCS and “Almaty Power Plants” JCS as made in the amount of 18.4% and 18.4%, respectively, due to an increase in costs. For “Moynak HPP” JCS, the tariff has been kept at the current level. The tariff for “Shardara HPP” JCS was reduced by 7.1 % and amounted to 8.10 tenge / kWh. (at the previously approved tariff of 8.72 tenge / kWh).

EPO name	Approved by ME RK		Dev	
	From October 01, 2019	From July 01, 2020	(+,-)	in %
“Ekibastuz SDPP-1” LLP	5.76	5.80	0.04	0.7 %
“Ekibastuz SDPP-2” JCS	7.73	9.13	1.4	18.1 %
“Almaty Power Plant” JCS	8.70	10.30	1.6	18.4 %
“Moynak HPP” JCS	12.02	12.02	0	0 %
“Shardara HPP” JCS	8.72	8.10	−0.62	−7.1 %

For 2020 work has been carried out with the Ministry of Energy of the Republic of Kazakhstan on the approval of investment tariffs for stations implementing large-scale investment

projects – “Moynak HPP” JCS, “Shardara HPP” JCS and “Almaty Power Plant” JCS.

EPO name	Volume	Individual tariff	Period
“Almaty Power Plant” JCS	69.5 MW	4,168.60	2020–2024
“Moynak HPP” JCS	298 MW	2,563.67	2020–2026
“Shardara HPP” JCS	61 MW	4,069.3	2020–2028

On 30.01.2020 an application by “Ekibastuz SDPP-1” LLP was submitted to the Market Council (KEA) for the approval of an individual tariff for the implementation of the project “Restoration of power unit No. 1 with the installation of new electrostatic precipitators.

of an individual tariff for the implementation of the project “Expansion and reconstruction of EPS-2 with the installation of power unit No. 3”. After receiving the approval of the Market Council, the application will be sent for consideration to the Ministry of Economy of the Republic of Kazakhstan.

On 28.02.2021 “Ekibastuz SDPP-1” LLP concluded an investment agreement with the Ministry of Energy of the Republic of Kazakhstan for modernization, reconstruction, expansion and renewal for the Restoration of power unit No. 1 with a tariff setting of 1,199 thous. nd tenge/MW*month for the period 2025–2031 based on the volume of services 476.6 MW.

From 2021 onward, electricity and capacity tariffs are projected taking into account the consumer price index.

26.01.2021 an application by Ekibastuz SDPP-2” JCS was submitted to the Market Council (KEA) for the approval

Tariffs for the supply of electrical energy produced by facilities for the use of renewable energy sources are fixed and approved by the Government of the Republic of Kazakhstan, depending on the renewable energy technology (separately for wind, solar and other sources) and are subject to annual indexation.

Tariffs for heat production, tenge/Gcal

Company name	2018 Actual	2019 Actual	2020 Actual	2021 Forecast	2022 Forecast
“Almaty Power Plants” JSC	3,917	3,354	3,441	3,467	3,929
“Ekibastuz SDPP-2 Plant” JSC	816	809	697	867	902
“Ekibastuz SDPP-1” LLP	446	572	367	496	496

The legislation envisages the approval of long-term (5+ years) ceiling tariff levels for organizations producing heat, with the inclusion of the investment component and annual cost indexation. The Committee for the Regulation of Natural Monopolies and the Protection of Competition approves

ceiling tariffs. However, an increase in tariffs is made no more than once a year and there are risks that tariffs remain unchanged in case a power plant’s costs grow for objective reasons.

Tariffs for electricity transmission services, tenge/kWh

Company name	2018 Actual	2019 Actual	2020 Actual	2021 Forecast	2022 Forecast
“Alatau Zharyk Company” JSC	5.89	5.46	5.95	6.04	6.42

For “Alatau Zharyk Company”, JSC which is also a subject of a natural monopoly, maximum long-term tariffs have been approved on the basis of tariff estimates with the inclusion of an investment component for 2016–2020 for regional energy transmission companies (RECs), if necessary, are adjusted by the authorized body.

In July 2020, AZHK submitted an application and order of DKREM in Almaty dated 06.11. No. 126-OD approved the maximum long-term tariffs for the period from 2021 to 2025.

Period	2021	2022	2023	2024	2025
Approved tariff	6.04	6.42	6.69	7.10	7.36

The increase (adjustment) of tariffs is made no more than once a year, in cases of growth in the costs of RES for objective reasons (acceptance of ownerless networks

and equipment on the balance sheet, etc.). There are also risks of maintaining tariffs without increasing.

Tariffs for selling electricity by ESO, tenge/kWh

Company name	2018 Actual	2019 Actual	2020 Actual	2021 Forecast	2022 Forecast
“AlmatyEnergoSbyt” LLP	16.42	16.11	17.66	20.15	22.42

The energy supply company “AlmatyEnergoSbyt” LLP is a subject of a socially significant market and is also subject to regulation by the authorized body. The tariff calculation includes operating, financial and investment components. There are risks of artificial containment of tariff growth

by the Regulator in order to maintain social stability of the population in the regions. For ESO, differentiation is maintained for individuals according to consumption norms, for legal entities, electricity is supplied at average selling rates.

Coal sale price, tenge/tons

Company name	2018 Actual	2019 Actual	2020 Actual	2021 Forecast	2022 Forecast
“Bogatyr Komir” LLP	2,013	2,120	2,311	2,348	2,587

Coal mining tariffs of “Bogatyr Komir” LLP are approved independently by a price list for the RK consumers for 3 consumer groups (power sector at KTZh connecting station,

power sector at the coal collecting station, public utility needs). Regulation is performed on the basis of the Entrepreneur Code of CRNM PC under MNE.

LIQUIDITY AND FINANCIAL SUSTAINABILITY INDICATORS

Fulfillment of external lenders’ covenants:

Covenant	Standard	2019 Actual	2020 Actual	Note
Debt/EBITDA (EBRD, ADB)	No more than 3,5	3.31	2.96	Is met
EBITDA/interest (EBRD, ABD)	No less than 3	3.34	3.76	Is met
Debt/Equity (EDB and KDB)	No more than 2	0.56	0.54	Is met

Description	2018 Actual	2019 Actual	2020 Actual	2021 Forecast	2022 Forecast
Debt/EBITDA	3.18	3.31	2.96	3,18	1,77
Debt/Equity	0.65	0.56	0.54	0,58	0,50
Current liquidity	1.04	0.70	0.75	0,75	1.30

At the end of 2020, “Samruk-Energy” JSC (hereinafter referred to as the Company) complied with financial and non-financial covenants of creditors, which are recorded on a semi-annual basis.

At the end of 2020, “Samruk-Energy” JSC reached the target indicators for financial stability ratios provided by the shareholder.



Debt reduction

At the end of 12 months of 2020, the consolidated debt of the Company amounted to 325.4 billion tenge, the decrease in debt for the reporting period compared to the results of 2019 (338 bn tenge) amounted to 12.6 billion tenge.

Debt reduction in 2020 is associated with scheduled debt repayments and early repayment of debts in the amount of 17.8 bn tenge.

As part of mitigating of currency risks, the Company carried out the following activities in 2019–2020:

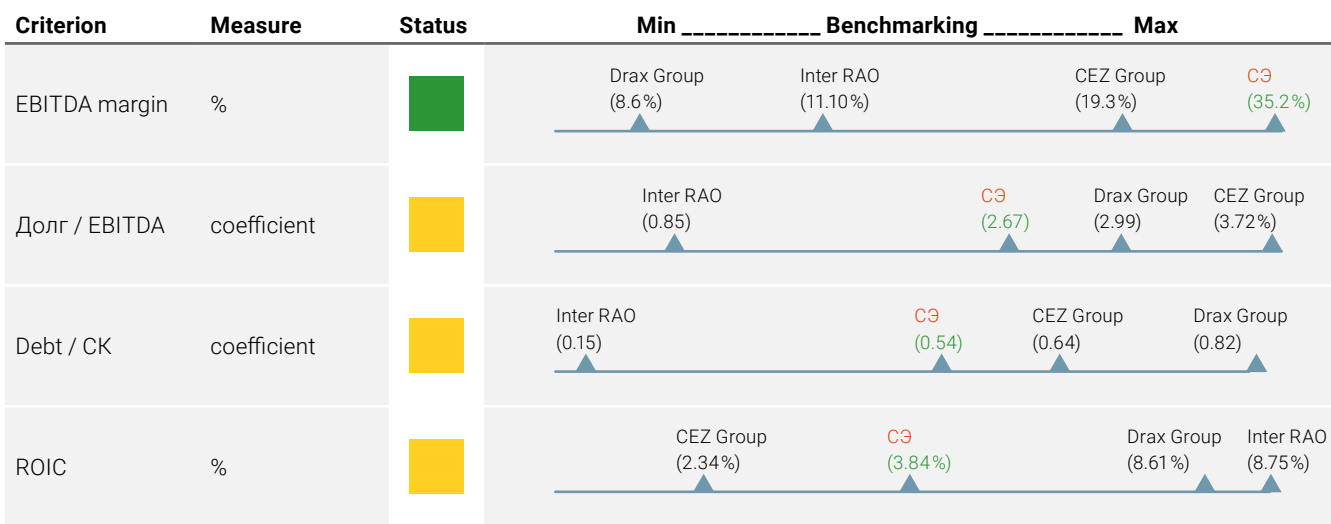
Refinancing of foreign currency liabilities in tenge – “Moynak HPP” JCS in the amount of 148 mln US dollars, “Ekibastuz SDPP-2” JCS in the amount of about 100 billion tenge. As a result, the share of foreign currency liabilities in the loan portfolio was reduced to 1.5%.

Due to the systematic work on debt management for the period from 2017 to 2020, Samruk-Energy reduced its debt by an estimated 94,5 billion tenge in balance terms, which is in line with the target indicators of financial soundness ratios set by the shareholder.

Interest expense optimization

At the same time, by the end of 2020, a decrease in expenses of about 1.3 billion tenge was achieved for remuneration due to planned and early repayment of debt, refinancing of foreign currency obligations and a decrease in interest rates on existing loans of the Group.

Benchmarking results:



Better than average peers Corresponds to the average indicator by analogues Worse than average peers

Credit Rating (Fitch Ratings)

At the end of 2020, the long-term ratings of “Samruk-Energy” JSC from the international rating agency Fitch Ratings were kept at the BB level, the forecast is Stable. At the same time, Fitch Ratings raised the senior unsecured rating of Samruk-Energy JSC from “BB-” to “BB”, and also raised its stand-alone credit rating from “b” to “b +”.

Deals

Information about material, major deals is disclosed in Financial statements of “Samruk-Energy” JSC (Volume 2).

Fines

The total amount of significant fines across “Samruk-Energy” JSC group of companies is 1,703.31 thous. tenge.

The authorized state agencies (labor inspection, workplace safety, fire safety, energy supervision and control, sanitary and epidemiological supervision) checked for compliance with legislative requirements and issued 25 prescriptions without imposing financial sanctions.

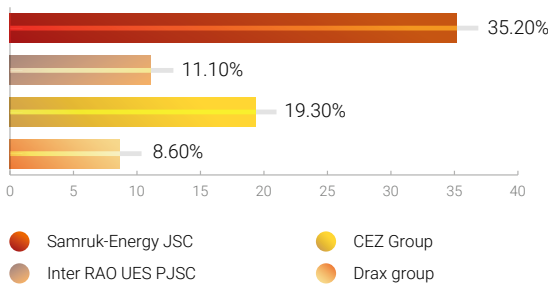
Cases associated with hindering competition and violation of antimonopoly legislation were not reported during the reporting year.

Significant fines in money terms and the total number of non-monetary sanctions imposed for non-compliance with environmental laws and regulations are listed in the Environment section.

Comparative analysis (benchmarking)

Benchmarking is one of the important elements of control of “Samruk-Energy” JSC. The purpose of the benchmarking is to compare the operating and financial performance with foreign companies – counterparts to identify the strengths and weaknesses of “Samruk-Energy” JSC. The companies selected for the comparative analysis are the leading electricity holdings in their respective countries. The scale of the companies in terms of capitalization is higher than “Samruk-Energy” JSC, since the compared companies operate in countries where electricity market is significantly

EBITDA margin за 2020 г.



Source: ru.investing.com

At present, in comparison with foreign peer companies, “Samruk-Energy” JSC is inferior in respect to certain indicators.

Financial stability indicators show that “Samruk-Energy” JSC fully uses available financial leverage.

At the same time, Samruk-Energy surpasses its peers in terms of **EBITDA margin**. This indicator indicates a high profitability of sales. In terms of **ROIC** (return on long-term invested capital) Samruk-Energy is at the level of European peers. At the same time, according to this indicator, Samruk-Energy is significantly inferior to the Russian holding, the specificity of whose activities is identical due to the similarity of the economic conditions of activity, which indicates the need to increase the efficiency (profitability, return) of investments.

It is worth noting that, in contrast to public companies-analogues, Samruk-Energy JSC belongs to the Government of the Republic of Kazakhstan, and therefore, the Company is a conductor of state policy in the field of electric power. In this regard, as well as with a high degree of deterioration of the energy sector, socially significant investment projects have been implemented since 2009 (aimed at the reliability

Country	Aaverage tariff for 1 kWh	In tenge/kWh	Average exchange rate for 2020
Republic of Kazakhstan	17.66 tenge	17.66 tenge/kWh	
Russia Federation	4.15 ruble	23.84 tenge/kWh	5.74 tenge/ruble
Czech Republic	0.18 euro	86.86 tenge/kWh	471.81 tenge/euro
Great Britain	0.22 euro	103.94 tenge/kWh	

Source: Eurostat, Rosstat

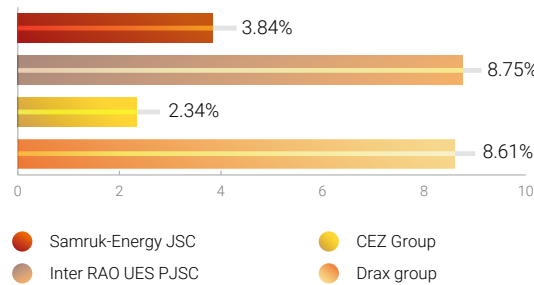
higher in terms of capital employed and cash flows. For benchmarking the following indicators were used:

- EBITDA margin;
- Return on invested capital (ROIC);
- Ratio of the share of borrowed funds (Debt / Equity)
- Debt / EBITDA

For benchmarking, data from the following analog companies were used:

- Inter RAO UES PJSC (Russia);
- CEZ Group (Czech Republic);
- Drax Group (Great Britain).

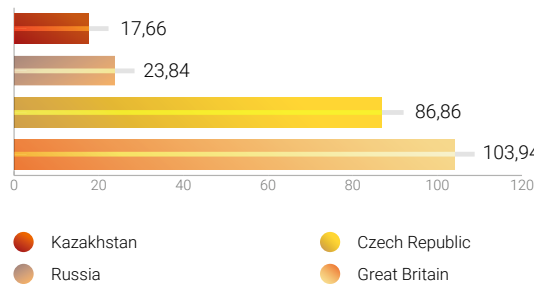
Return on Invested Capital (ROIC) за 2020 г.



and uninterrupted operation of the energy system of the Republic of Kazakhstan), which led to a significant increase in invested capital and, accordingly, reduced the rate of return on investment.

An additional factor affecting the indicators of return on investment is the low level of electricity tariffs in the Republic of Kazakhstan in comparison with countries of similar companies.

Average electricity rate in 2020, tenge/kWh





About the Company



Development Strategy for 2018–2028



Electricity and coal market overview



Financial and economic report



INVESTMENT ACTIVITY



Procurement management



Corporate governance structure



Sustainable development



Attachments



INVESTMENT ACTIVITY MANAGEMENT

REALITY FOR ALL TIMES

INVESTMENT ACTIVITY MANAGEMENT

The company applies a portfolio approach to selection, assessment and management of projects and assets, which enable it to efficiently allocate financial, technical, technological, human, and other resources in investments with an acceptable risk level.

Portfolio management of investment projects includes a set of activities, such as planning individual programs and projects, determining the amount of equity available for investment, prioritizing projects depending on amount of available resources, risk balancing, return and time horizon, as well as project indicators revision.

The Company's key tool for management of investment projects portfolio are:

1) Development Strategy and Development Plan of “Samruk-Energy” JSC group of companies, as well as targeting of task-oriented KPI across “Samruk-Energy” JSC group of companies.

As an operating energy company, the Company manages its portfolio of investment projects based on KPI developed within implementation of the Company's Development Strategy. The KPI system provides a link between the Company's strategic goals, its SA, operating and investment activities and the management system.

2) Assessment of the impact of the external environment and megatrends on the value of investment projects portfolio.

The company evaluates the impact of external factors on the state of investment project portfolio by simulating changes in macroeconomic indicators, such as the price of commodities, foreign exchange rate, inflation rate, etc. Scenario analysis allows obtaining the information on how the cost of investment projects portfolio changes depending on external circumstances.

2) Modeling investment decisions and assessing their impact.

The Company fairly assesses the total cost of investment projects portfolio and assets of the Company and individual values of each investment in the investment project, as well as evaluates the impact of individual projects on the “Samruk-Energy” JSC portfolio.

In-depth and regular monitoring of key investment indicators is essential for development of recommendations by Recommendation body and making timely decisions by the Company's management. The Company conducts proper monitoring of investment projects for prompt adoption of corrective measures.

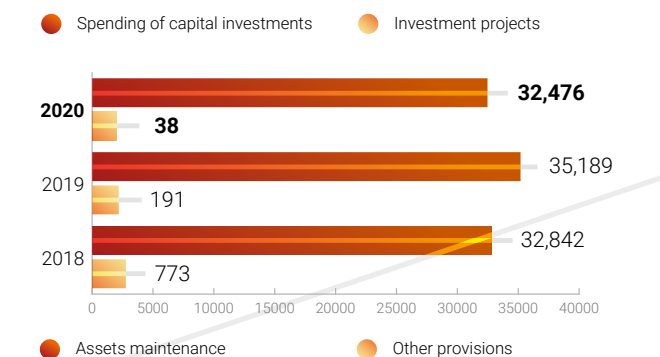
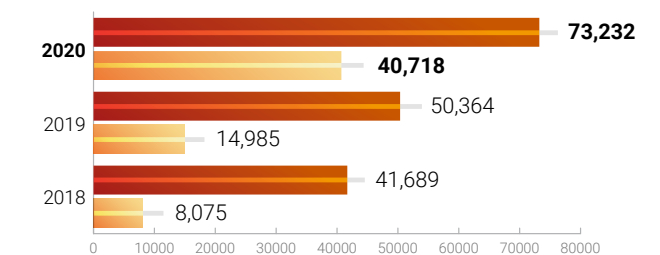
To fulfill its obligations and increase the value of its assets in the long term, the Company promotes responsible investment. As part of the Development Strategy and the Corporate Governance Code, the Company took

the initiative to introduce and integrate sustainability principles in the Company's operations.

In assessing the ESG, the Company is guided by the provisions of the Corporate Governance Code and the best-in-class international standards recognized by the international community, such as the UN Sustainable Development Goals, the Global Reporting Initiative, IFC and EBRD Environmental and Social Standards, the UN Principles for Responsible Investment, etc.

The company adheres to the following key principles directly related to investments:

- incorporating ESG criteria in the investment analysis and decision making process;
- compliance with the Republic of Kazakhstan legislation and proper use of confidential information;
- preparation of annual reports, including financial statements, reports on sustainable development, including ESG factors, in accordance with generally recognized international or national auditing standards;
- availability of formal risk identification, assessment and management system.



The investment program is financed using own funds, debt financing of international financial organizations and second-tier banks of the Republic of Kazakhstan.

The investment program is financed, mln tenge

	2018 actual	2019 actual	2020 actual
TOTAL	41,689	50,364	73,232
own	35,342	42,836	35,129
borrowed	6,211	7,528	35,122
State budget funds	137	–	2,982

Analysis of capital expenditures (according to the spending method), mln tenge

No.	SA	2018 actual	2019 actual	2020 actual	2021 forecast	2022 forecast
	TOTAL	41,689	50,364	73,232	127,393	126,110
1	Investment projects, incl.:	8,075	14,985	40,718	78,233	89,590
1.1	Rehabilitation of Power unit#1 with installation of new ESP	2,156	4,953	1,890	22,384	35,009
1.2	Expansion and reconstruction of Ekibastuz SDPP-2 with installation of power unit No. 3	0	0	8,322	14,527	43,955
1.3	Transition to cyclical-and-continuous method of mining, transportation, blending and loading of coal at the “Bogatyr” open-pit coal mine of Ekibastuz coal deposit	113	553	25,504	14,553	6,665
1.4	Construction of SS “Kokozek”	0	0	20	1,000	1,911
1.5	Reconstruction of 220/110/10kV SS No.7 AKhBK	0	0	0	261	500
1.6	Retrofit of Shardarinsk HPP	4,482	5,059	1,134	0	0
1.7	Reconstruction of heating main of Almaty CHP-2 – WHC	0	0	35	116	233
1.8	Upgrading of CHP-3 including mitigation of negative environmental impact. Feasibility study development and passing expert review	0	0	0	358	0
1.9	Construction of 5 MW WPP in the vicinity of Shelek village of Almaty region	45	1	2,254	0	0
1.10	Construction of a 60 MW wind power plant in Shelek corridor including a possible increase in capacity to 300 MW	0	3,917	11	4,898	0
1.11	Construction of 50MW Ereymentau WPP	21	200	913	18,890	0
1.12	Construction of a gas turbine power plant based on Pridorozhnoe gas field	758	91	52	976	659
1.13	Other projects	500	209	583	271	659
2	Maintenance of production assets	31,534	34,596	31,787	45,012	36,017
2.1	“Bogatyr Komir” LLP (50%)	4,242	7,658	5,547	7,982	6,767
2.2	“Ekibastuz SDPP-2 Plant” JSC (50%)	439	798	1 050	2 074	1,183
2.3	“Ekibastuz SDPP-1” LLP	10,238	7,711	6,187	15,868	13,754
2.4	“Alatau Zharyk Company” JSC	11,501	11,124	12,646	10,386	8,187
2.5	“Almaty Power Plants” JSC	4,411	6,991	5,616	7,682	3,726
2.6	“Moynak HPP” JSC	369	168	307	500	2,134
2.7	“Shardarinsk HPP” JSC	251	38	6	10	10
2.8	“Almaty EnergoSbyt” LLP	75	75	94	89	64
2.9	“Samruk-Green Energy” LLP	1	0	3	28	15
2.10	“First Wind Power Plant” LLP	8	33	332	391	133
2.11	“Erementau Wind Power” LLP	0	0	0	0	45
3	Maintenance of administrative assets	1,307	592	690	2,241	503
4	Others	773	191	38	1,907	0

“Bogatyr Komir” LLP, “Ekibastuz SDPP-1 named after Bulat Nurzhanov” LLP, “Alatau Zharyk Company” JSC and “Almaty Power Plants” JSC account for the main share of capital expenditures for maintenance of production assets and other fixed assets. At year-end 2020, expenditures for maintenance of production assets covered major and regular comprehensive repairs of power units of “Ekibastuz SDPP-1 named after Bulat Nurzhanov” LLP, as well as reconstruction of distribution power grids, construction and reconstruction of transmission lines and substations, and other costs for repair of production assets and other fixed assets of “Alatau

Zharyk Company” JSC. Capital expenditures of production nature of “Bogatyr Komir” LLP and “Almaty Power Plants” JSC were used to purchase fixed assets that are directly involved in operations and for carrying out major overhauls.

Capital expenditures of an administrative nature and other investments were planned for purchasing fixed assets and intangible assets that do not directly influence production activities, as well as for activities aimed at implementing “Samruk-Energy” JSC Transformation program.

INVESTMENT PROJECTS

At year-end 2020, the project “Modernization of Shardarinsk HPP” was completed.

The Project involved the replacement of obsolete and worn-out equipment to improve performance and operational safety of the plant, which enabled to increase the installed capacity to 126 MW and produce an additional 57 mln kWh of electricity per year.

The certificate of acceptance of the power facility into operation was signed in August 2020.

The Company continues implementation of 7 investment projects available in the portfolio of investment projects, which will allow covering Kazakhstan’s shortage in electricity and electric capacity by increasing the installed capacity of existing stations and creating new capacities.

The project “Transition to cyclical-and-continuous method (CCM) for extraction, transportation, blending and loading of coal at “Bogatyr” open-pit coal mine of Ekibastuz coal field”

CCM project assumes a step-by-step transition of the “Bogatyr” mine to the cyclical-continous technology of coal mining and delivery by conveyor transport to the blending warehouses with subsequent loading on the surface loading units. The need to implement the project is related to the achievement of the depth of mine works, at which the use of rail transport becomes less effective.

The implementation of the project will allow increasing the production capacity of “Bogatyr” open-pit coal mine from 32 to 40 mln tons of coal per year, improving labor productivity, reducing cost of coal mining and upgrading premises and equipment relating to transportation and unloading of coal.

More than 80% of equipment was delivered and construction and installation works were continued in 2020.

The project “Development of the gas field “Pridorozhnoe”

The project provides for the construction of infrastructure for the production of natural gas for sale to domestic and foreign markets. The project also plans to build a high-pressure gas pipeline from Pridorozhnoe field to the Beineu – Bozoy – Shymkent gas pipeline.

The aim of the project is to cover the deficit of gas demand in the South Kazakhstan region of the Republic of Kazakhstan, with the maximum annual gas production amounting to about 290 million m³.

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

The project provides for construction of power unit No. 3 with an increase in the installed capacity of the plant by 636 MW and the production of an additional 4.8 billion kWh of electricity per year.

The further implementation of the project was approved by the resolution of “ESDPP-2” JSC Board of Directors in 2020. Also in 2020, the acceptance of the equipment stored in the warehouse was completed and the design and estimate documentation adjustment has commenced.

The project: Reconstruction and expansion of the capacity of Ekibastuz SDPP-1 (Restoration of power unit No. 1).

The project involves the restoration of 500 MW power unit No. 1 at Ekibastuz SDPP-1 to meet the growing demand for electricity.

The design and estimate documentation was adjusted in 2020 to clarify the estimated cost of the project. For the payback of the project, an investment application for conclusion of an investment agreement was sent to the Market Council.



The project “Construction of a 50 MW wind power plant in the vicinity oof Ereymentau city”

The project provides for construction of a 50 MW wind power plant near Ereymentau city. The implementation of the project will allow for the additional production of more than 215 mln kWh of electricity per year. The project aims to use renewable energy sources to reduce the level of use of hydrocarbon energy carriers in production of electricity.

Construction and installation works have commenced in 2020.

The project “Construction of a 60 WPP in Shelek corridor with possible increase in capacity up to 300 MW”

The project involves the construction of a 60 MW wind power plant in Shelek corridor of Almaty region, Enbekshikazakh district including a possible expansion of capacity up to 300 MW. The project implementation will allow producing additional 225.7 mln kWh of electricity per year. The project aims to use renewable energy sources to reduce the level of use of hydrocarbon energy resources in electricity production.

The project’s design and estimate documentation was developed in 2019, construction and installation works have commenced in 2020, the equipment delivery is underway.

Project “Modernization of Almaty CHP-2 including mitigating negative environmental impact”

The project is implemented in accordance with the instructions of the First President of the Republic of Kazakhstan – Elbasy. The main goal of the project is to reduce the negative impact on the environment of Almaty city and Almaty region by transferring CHP-2 to gas. The implementation of the project will ensure the reduction of emissions of harmful substances from CHP-2 into the atmosphere from 38.3 to 6.8 thous. tons / year.

The preliminary results of the feasibility study (hereinafter – the FS) of the Project developed by “KazNIPiEnergoprom Institute” JSC were published through Facebook social network for discussion with the public and stakeholders from May to July 2020, under conditions of COVID-19 pandemic.

On October 30, 2020, public hearings were held in the video-conference mode to discuss the draft “Preliminary Environmental Impact Assessment” for the feasibility study of the Project.

In December 2020, the Project’s FS was submitted to Republican State Enterprise on the right of economic management “State non-departmental expert review of projects.”

Project “Reconstruction of Almaty CHP-3”

As part of the project, the works on development of the Project’s preliminary feasibility study were completed. Currently, tender procedures for procurement of services



for development of a feasibility study (hereinafter – the feasibility study) of the project are underway.

The Project’s FS involves consideration of using gas turbine technologies (GTU and CCGT) with an installed capacity of up to 450 MW with the ability to control capacity.

The work on the development of the feasibility study of the project is planned to be completed by the end of December 2021, considering the receipt of the conclusion of Gosexpertiza RSE.

Projects scheduled for completion in 2021

It is planned to complete the construction of 50 MW wind power plant in the vicinity of Ereymentau city. The implementation of the project will make it possible to additionally produce more than 215 mln kWh of electricity annually.

It is planned to complete works under “Construction of 60 MW wind power plant in Shelek corridor including a possible increase in capacity up to 300 MW” project.



About
the Company



Development Strategy
for 2018–2028



Electricity and coal market
overview



Financial and economic
report



Investment
activity



PROCUREMENT
MANAGEMENT



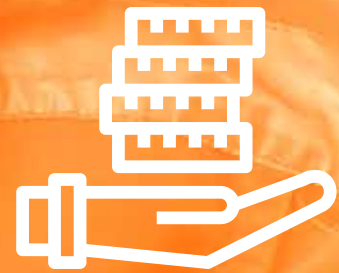
Corporate
governance structure



Sustainable
development



Attachments



PROCUREMENT MANAGEMENT

RELIABILITY
FOR ALL TIMES

PROCUREMENT MANAGEMENT

Procurement activity methodology

On December 26, 2018, the Republic of Kazakhstan Law No. 202-VI "On making changes and additions to certain pieces of legislation of the Republic of Kazakhstan on public procurements and procurements of quasi-public sector entities" was signed, changes and additions related to the procurement system will come into force on January 1, 2020.

The main goal of the transition to the new procurement model is the introduction of an integrated procurement management system at the Fund's group of companies; the system focuses on improving the competitiveness and market value of companies that are part of the Holding company.

The new procedure and standard involve processes such as planning and carrying out procurements, development of procurement strategies, managing and developing suppliers, and managing supply and inventory.

As part of the transition to the new procurement model, "Samruk-Energy" JSC Management Board approved the Rules for management of procurement activity of "Samruk-Energy" JSC and organizations where "Samruk-Energy" JSC directly or indirectly holds their fifty or more percent of voting shares (equity stake) on the right of ownership or trust management.

The Program of support for upgrading the existing and creating the new production facilities for 2014–2022 (phase-out of imports)

To implement strategic tasks on promoting the development of national economy, which were set by the Head of State and the Government of the Republic of Kazakhstan, "Samruk-Kazyna" JSC is carrying out an extensive work together with the "Atameken" National Chamber of Entrepreneurs of the Republic of Kazakhstan to create new competitive domestic production facilities in the field of processing industries.

To achieve this objective, the Fund implements the program of support for upgrading the existing and creating the new production facilities for 2014–2022 (import substitution) (hereinafter – the Program), aimed at import substitution of goods purchased by the Fund's group on an ongoing basis.

The program involves the conclusion of long-term contracts for the procurement of goods (off take contracts). As part of the Program implementation, 16 off-take contracts totaling 97.6 mln tenge were signed in 2020 across "Samruk-Energy" JSC group of companies.

CATEGORY PROCUREMENT MANAGEMENT

The process of category procurement management involves the improvement of procurement activities.

The concept of category procurement management is based on a decrease in the total cost of ownership indicator, i.e. cutting costs of GWS categories throughout the entire life cycle of its ownership, and not just direct purchase costs, which allows choosing the most up-to-date and cost-effective solutions. Changes that are being introduced in procurement activities contribute to lowering of procurement prices, improving the quality of purchased goods, works and services, and promote domestic producers.

Procurement category strategies were developed in 2020 for the categories "Pipes", "Electric lighting equipment", the categories of previous periods, such as "Metal rolling", "Tires", "Coal transportation", were updated. As of today, during the implementation period, the procurement category group developed 11 procurement category strategies during the introduction and the actual economic effect is 3.78 bn tenge.

The task to develop and approve 24 procurement category strategies by 2022 was set. The potential economic effect from the implementation of procurement category strategies is estimated at 5.8 bn tenge by the end of 2022.

Information on the share of local content in procurements in 2018–2020, mln tenge *

	2018 actual		2019 actual		2020 actual	
	The total amount of actually supplied GWS	% LC	The total amount of actually supplied GWS	% LC	The total amount of actually supplied GWS	% LC
Goods	152,323.77	83	159,847.19	80	168,776.88	79
W/S	153,420.06	88	159,365.72	87	104,660/70	79

*Note: "Samruk-Kazyna Contract" LLP data

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ISO 9001

A RECERTIFICATION AUDIT
WAS CONDUCTED IN 2020



BB - Rating

CORPORATE GOVERNANCE

AN INDEPENDENT DIAGNOSTIC
WAS CONDUCTED IN 2018



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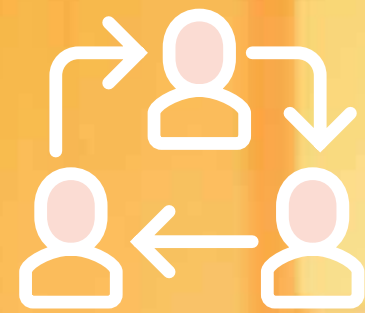
CORPORATE GOVERNANCE STRUCTURE



Sustainable development



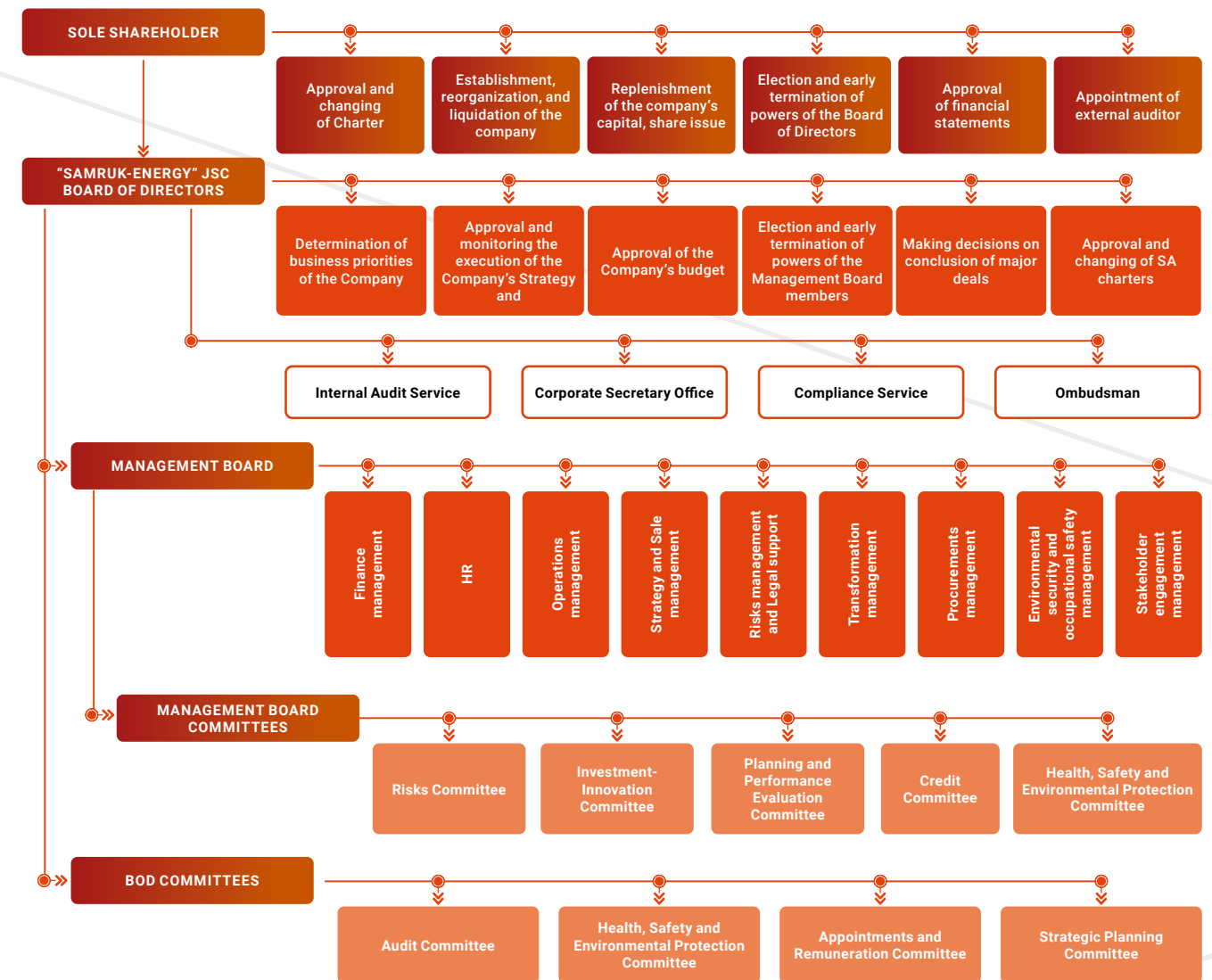
Attachments



CORPORATE GOVERNANCE

RELIABILITY FOR ALL TIMES

CORPORATE GOVERNANCE STRUCTURE



The Company fully recognizes the importance of effective corporate governance, therefore, an appropriate corporate governance is one of strategic objectives of "Samruk-Energy" JSC.

The corporate governance system of the Company is built on the basis of requirements of the Republic of Kazakhstan law, the principles and provisions of the Corporate Governance Code of "Samruk-Kazyna" JSC, internal regulatory documents of the Company, considering developing corporate governance practice in Kazakhstan and across the globe. The current corporate governance system of the Company ensures a clear delineation of powers and responsibilities between management bodies, officials and employees of the Company, adherence to the hierarchy of the procedure for considering issues and making decisions, as well as compliance with legislation and internal documents of the Company.

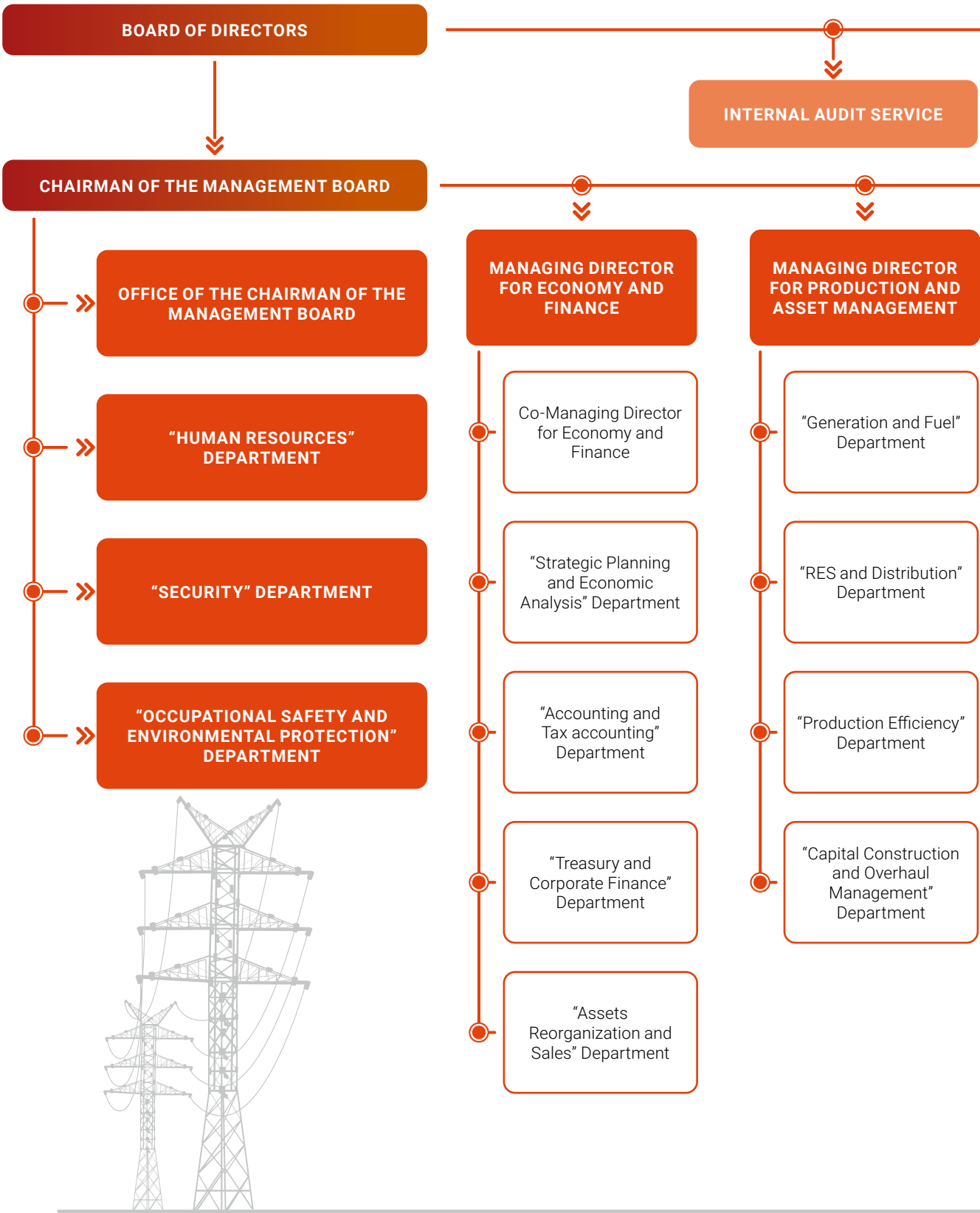
"Samruk-Energy" JSC operations are effective because of properly structured corporate governance processes at each of the levels, which ensure increased transparency, control and delineation of powers, and allow avoiding various risks by timely response.

To improve corporate governance, the Company has an Action Plan for improvement of corporate governance of the Company for 2019–2021 (hereinafter – CGI Plan), which was created using the recommendations of an external independent evaluation.

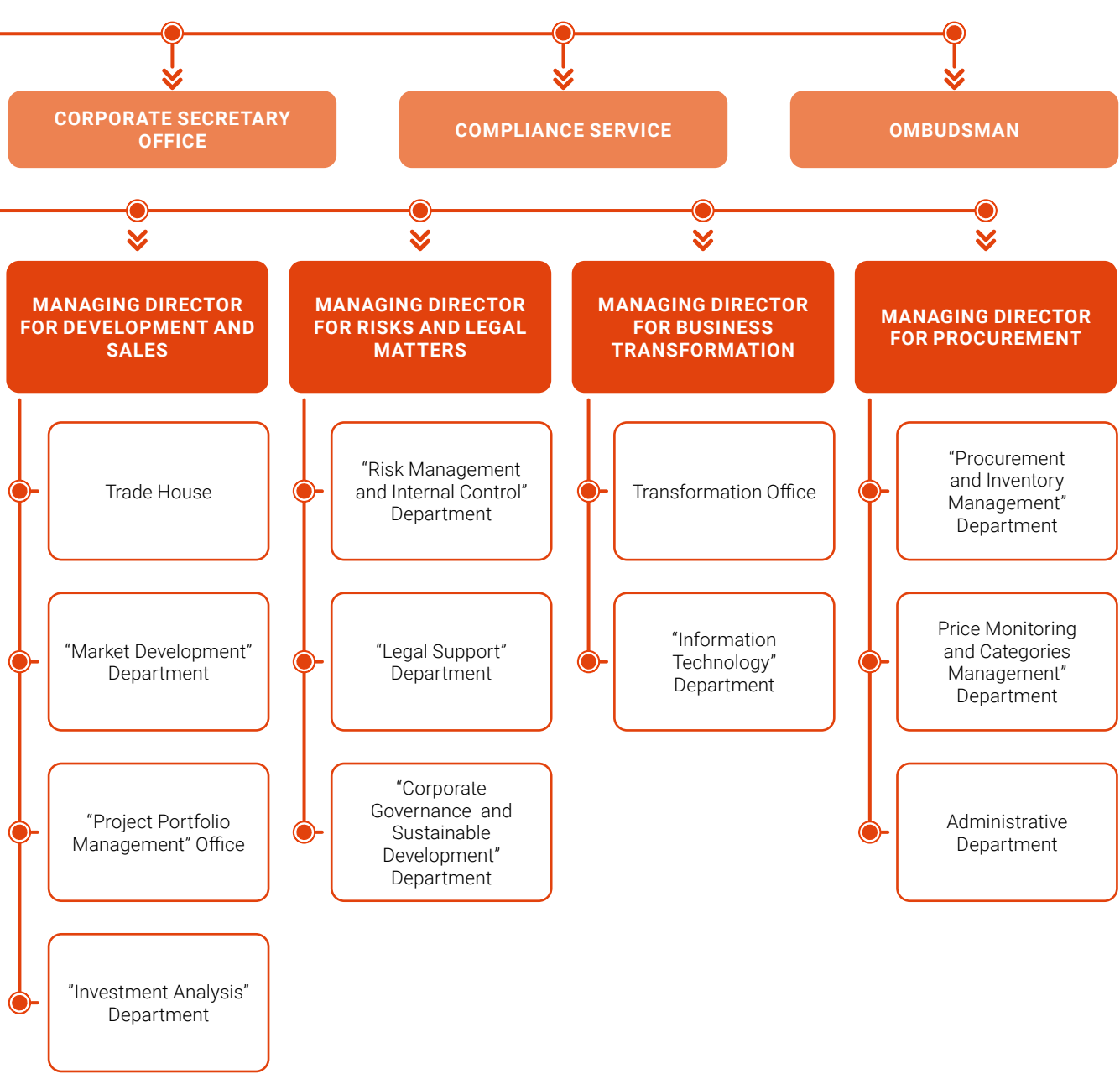
CGI Plan is monitored every quarter, the level of its achievement was included into KPI tree.

According to the 2020 results, the implementation of CGI Plan amounted to 86%.

ORGANIZATIONAL STRUCTURE OF



"SAMRUK-ENERGY" JSC



The following changes were made to the organizational structure of the Company in 2020:

For the purposes of implementation of the Head of State to reduce the number of companies, as well as in pursuance of the order, the Chairman of the Management Board of "Samruk-Kazyna" JSC dated May 15, 2020 No. 39-r on the need to revise the organizational structures of companies, the new organizational structure was approved, with the entry into force from April 1, 2021 by the decision of the Company's Board of Directors dated December 14, 2020 (Minutes No. 12/20):

- The total headcount of the Company reduced by 19 units (from 194 to 175 units);
- The number of structural units reduced by 4 units (from 31 to 27 units);
- The number of CEO-2 level employees (directors, executives, advisers) reduced from 37 to 29;
- The number of CEO-3 level employees (heads of departments) was completely reduced from 13 to 0.

The following changes were made in 2021:

The position of Deputy Chairman of the Management Board was introduced by the decision of the Board of Directors dated May 4, 2021 (Minutes No. 05/21).

Compliance with the principles and provisions of the Corporate Governance Code

In 2020, the Company evaluated and analyzed the actual compliance of the Company’s current operations with principles and provisions of the Code, the results of which show that the Company has ensured compliance with the basic principles and provisions of the Code. At year-end 2020, 59 provisions out of 64 provisions of the Code complied, 5 provisions partially complied. Inconsistencies are presented in the sections “Government as a shareholder of the Fund” and “Effectiveness of the Board of Directors and the Executive Body”:

1. Item 2 of Chapter 1 “Government as the shareholder of the Fund” according to which Companies should seek to simplify the structure of their assets and their legal forms to the maximum. So, the Company’s group includes subsidiaries of various corporate forms: both joint-stock companies and limited liability partnerships.

Due to the implementation of activities on the sale of the Company for the purpose of the execution of the RK Government decree dated December 30, 2015 No. 1141 “On some matters of privatization for 2016–2020,” as well as the decisions made by the State Commission for the Modernization of the Economy of the Republic of Kazakhstan and authorized bodies of the Fund in this connection, on issues relating to the approval of the method and strategy of sale of the Company, including the perimeter of companies included in the group of the Company as part of the privatization of the Company as a whole, at present, changing/simplification of the structure of “Samruk-Energy” JSC group of companies and corporate forms of subsidiaries and affiliates of “Samruk-Energy” JSC is not expected.

2. Item 15 of Chapter 1 “Government as the shareholder of the Fund” according to which, an ombudsman is appointed in order to comply with the principles of business ethics and effective management of social and labor disputes arising at a company, who at least once a year submits a report on the results of the work performed to the Appointment and Remuneration Committee and the Audit Committee of the Board of Directors of a company, which in turn evaluate his performance results. Thus, to comply with the principles of business ethics and effective addressing of social and labor disputes arising at a Company, on August 23, 2019, the Board of Directors of the Company (Minutes No. 07/17) elected and appointed Bekbas O.T. Ombudsman. – Chairman of the Public Association “Samruk-Energy Local Trade Union” with a term of office until August 23, 2020. As of December 31, 2020, the term of office of the Ombudsman of the Company expired, the decision on the election of a new Ombudsman was not made. Also, the Ombudsman’s reports were not submitted to the Board of Directors, the Appointment and Remuneration Committee and the Audit Committee throughout the 2020.

3. Item 5 of Chapter 5 “Effectiveness of the Board of Directors and the Executive Body”, according to which it is necessary to ensure diversity in the composition of the Board of Directors in terms of experience, personal characteristics, and gender composition. The current composition of the Board of Directors provides diversity in the required skills, knowledge, and competencies, but does not provide diversity in terms of gender.

4. Item 13 of Chapter 5 “Effectiveness of the Board of Directors and the Executive Body”, according to which the Board of Directors, committees and members of the Board of Directors of a company should be assessed on an annual basis through a structured process approved by the Board of Directors of a company. The Company did not evaluate the Board of Directors performance in 2019 due to the planned independent diagnostics of corporate governance by “Samruk-Kazyna” JSC. However, according to “Samruk-Kazyna” JSC letter dated September 17, 2020 (No. 20-07-50.8 / 5050), the diagnostics of corporate governance was postponed to 2021. In this regard, a self-assessment of performance for 2019–2020 will be conducted in 1–2 quarters of 2021.

5. Item 18 of Chapter 5 “Effectiveness of the Board of Directors and Executive Body”, according to which the Board of Directors elects the head and members of the executive body, sets the terms of office, the amount of wages, conditions of their labor remuneration, and terminates the powers of the head and members of the executive body. In accordance with the Charter and internal documents of the Company, the Board of Directors determines the size, term of office of the Management Board, elects members of the Management Board, early terminates their powers (except for the Chairman of the Management Board). The matter of appointment (election) and early termination of powers of the Company’s Chairman of the Management Board pertains to the competence of the Sole Shareholder. The Corporate Governance Code was approved by the decision of “Samruk-Kazyna” JSC Management Board, and accordingly it is regulated by the Sole Shareholder.

The company, recognizing the importance of adhering to national and international corporate governance standards, plans to continue to develop the corporate governance system on a regular basis to maintain a high level of trust of all stakeholders and ensure sustainable business development.

Please follow the link <https://www.samruk-energy.kz/en/shareholder/other-statements> to learn more about the report on compliance of corporate governance practices with principles and provisions of the Corporate Governance Code.

SHAREHOLDER

The Sole shareholder “Samruk-Kazyna” JSC holds 100% of “Samruk-Energy” JSC shares (www.sk.kz).

The relationship with the Sole Shareholder involves ensuring protection and respect for its rights and legitimate interests and is based on honesty, accountability, responsibility and transparency.

The Sole Shareholder ensures the management of the Company by setting priorities and strategic directions of business.

The rights of the Sole Shareholder are exercised in accordance with the Law of the Republic of Kazakhstan “On joint-stock company” and “Samruk-Energy” JSC Charter. The rights of shareholders include, but are not limited to timely receipt of information sufficient for making a decision, in the manner prescribed by the legislation of the Republic of Kazakhstan, the charter and internal documents of the Company in the field of information disclosure; voting on issues of their competence; participation in determining the number of members, the term of office of the Board of Directors, election of its members and termination of their powers, as well as determining the amount and terms of payment of remuneration; receiving dividends based on a clear and transparent dividend policy. The Sole Shareholder ensures the management of the Company by setting priorities and strategic directions of business.

Equity holding structure

Pursuant to the decision of the Board of Directors of “Samruk-Energy” JSC dated 09.06.2020, in 2020 “Samruk-Energy” JSC placed 125 shares by exercising the right of pre-emptive purchase by the Sole Shareholder of “Samruk-Energy” JSC in the prescribed manner.

The amount of dividends paid in line with Resolutions of the Sole Shareholder

Period	Amount
2020 (according to the 2019 results)	3,066,231,000
2019 (according to the 2018 results)	2,041,000,000
2018 (according to the 2017 results)	2,041,000,000

As of December 31, 2020, the number of authorized securities reached 8,602,187 pieces. The number of placed securities is 5,601,812 pieces. The nominal value of one ordinary share as of December 31, 2020 amounted to 10,000 tenge.

The carrying value of one ordinary share as at December 31, 2020 amounted to 86,397 tenge.

Earnings per share was 1,429 tenge.

Dividend policy

The Company has the Dividend Policy of “Samruk-Kazyna” JSC in relation to subsidiaries, approved by the resolution of “Samruk-Kazyna” JSC Management Board dated October 2, 2012 (Minutes No. 39/12).

Dividend policy is based on the following principles:

- 1) meeting interests of the Sole Shareholder;
- 2) increase in the long-term value of the Company;
- 3) ensuring the financial stability of the Company;
- 4) providing financing of the Company’s activities, including financing of investment projects implemented by using the Company’s funds;
- 5) transparency of the mechanism for determining the amount of dividends;
- 6) the balance of short-term (income generation) and long-term (development of the Company) interests of the Sole Shareholder.

Dividends are calculated based on the amount of a company’s net income reported in the annual audited financial statements of the Company, compiled in accordance with the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting and international financial reporting standards.



THE BOARD OF DIRECTORS

The Board of Directors provides strategic management of the Company and controls over the performance of an executive body.

The Board always considers its obligations to the Company in accordance with the Legislation and the Corporate Governance Code, in particular the obligation to contribute to the success of a business when making decisions that, in its opinion, are in the best interests of shareholders and the long-term sustainable development of the Company.

A high-quality Board of Directors is the key to a successful implementation of our Strategy, therefore, balance is an important requirement for the composition of the Board, not only in terms of the number of directors, but also in terms of experience, variety of skills, knowledge and thinking styles.

Diversity in terms of experience and personal characteristics is secured in the composition of the Board of Directors, however, due to the absence of women on the Board of Directors, the gender composition of the Board is not diverse.

In 2020, the number of members of the Board of Directors consisted of 5 people, including 2 independent directors, which will help to ensure the independence of decisions made and fair treatment of all stakeholders and in accordance with the interests of the Company.

The main criterion for the selection of Independent Directors is to have sufficient professionalism and autonomy to make unbiased decisions free from the influence of any parties. Independent directors actively share their experience and knowledge to apply the best international practice standards at the Company. Independent directors chairs the committees of the board of directors and bring in international management experience.

Independent Directors actively participate in the discussion of issues where a conflict of interests is possible (preparation of financial and non-financial statements, conclusion of interested-party transactions, nomination of candidates to the executive body, establishment of remuneration to members of the executive body). "Samruk-Energy" JSC Independent Director monitors the possible loss of independence status.

According to the 2020 results, the Independent Directors of the Company fully met the independence criteria.

COMPOSITION OF THE COMPANY'S BOARD OF DIRECTORS



AKCHULAKOV Bolat Uralovich

Chairman of "Samruk-Energy" JSC Board of Directors, representative of the Shareholder's interests

Citizenship:
the Republic of Kazakhstan

Date of birth: April 9, 1971

Date of first election: April 26, 2021

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

Managing Director for Assets Management at "Samruk-Kazyna" JSC.

Expert in strategic and corporate governance, economics, finance, law, and audit.

YESSIMKHANOV Sungat Kuatovich

Member of the Board of Directors, Chairman of the Board

Citizenship:
the Republic of Kazakhstan

Date of birth: November 30, 1973

Date of first election: April 12, 2021

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

Expert in power industry, strategic planning, corporate governance, finance, market development and law.

KRAVCHENKO Andrey Nikolaevich

Member of the Board of Directors

Citizenship:
the Republic of Kazakhstan

Date of birth: July 19, 1966

Date of first election: April 26, 2021

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

Managing Director for Legal Support and Risks – member of the Management Board of "Samruk-Kazyna" JSC.

An expert in strategic planning, corporate governance, finance, market development and law.

Andreas STOERZEL

Senior Independent Director of "Samruk-Energy" JSC Board of Directors

Citizenship:
Federal Republic of Germany

Date of birth: October 12, 1963

Date of election: June 24, 2019

Does not hold the company's, suppliers' or competitors' shares

Chairman of the Strategic Planning Committee, Chairman of the Audit Committee; member of the Appointment and Remuneration Committee, member of the Health, Safety and Environmental Protection Committee.

Expert in corporate management, business development, strategy, finance, investments, merger and acquisition.

Combining jobs and membership in the BOD:

- From 2020 – Executive Director, NEOM, Saudi Arabia
- From 2019 to 2020 – Vice-President Business Development, Grid & Infrastructure, Innogy SE, Germany
- From 2014 to 2018 – Chief Executive Officer, Innogy Middle East & North Africa, Dubai, UAE

Joaquin Galindo VELEZ

Independent Director of "Samruk-Energy" JSC Board of Directors

Citizenship:
Kingdom of Spain

Year of birth: August 27, 1957

Date of election: June 24, 2019

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

Chairman of Health, Safety and Environmental Protection Committee; Chairman of the Appointment and Remuneration Committee; member of the Audit Committee; member of the Strategic Planning Committee.

Expert in Strategy, Business Development, Generation and Engineering & Construction.

You may learn about full resume of each Board member on the website: www.samruk-energy.kz

Yessimkhanov Sungat Kuatovich was elected the member of “Samruk-Energy” JSC Board of Directors by the resolution of “Samruk-Kazyna” JSC Management Board dated April 12, 2021 (Minutes No. 13/21).

Akchulakov Bolat Uralovich was elected the member of “Samruk-Energy” JSC Board of Directors and its Chairman by the resolution of “Samruk-Kazyna” JSC Management Board dated April 26, 2021 (Minutes No. 17/21).

Kravchenko Andrey Nikolayevich was elected the member of “Samruk-Energy” JSC Board of Directors by the resolution of “Samruk-Kazyna” JSC Management Board dated April 26, 2021 (Minutes No. 17/21).

The powers of Zhamiyev Almat Kunzholovich, “Samruk-Energy” JSC Board of Directors member were terminated by the resolution of “Samruk-Kazyna” JSC Management Board dated April 26, 2021 (Minutes No. 17/21).

The powers of Luca Sutera, the member of “Samruk-Energy” JSC Board of Directors were expired in June 2020 by the resolution of “Samruk-Kazyna” JSC Management Board dated June 24, 2019.

In line with the best international corporate governance practice, in 2021, the Company carried out a self-assessment of the Board of Directors performance. Self-assessment was performed by concerned structural units of the Company in reliance on the Methodology for performance appraisal of the Board of Directors and its Committees that was approved by the Board of Directors of the Company, developed on the basis of the Methodology for diagnosing corporate governance, as well as leading practices in corporate governance.

According to the methodology, the assessment technology included questioning of all members of the Board of Directors and Committees of the Board of Directors.

The result of the Board of Directors’ performance appraisal revealed directions for further development of corporate governance practices. In particular, the main directions were determined as: personnel development, management of subsidiaries, organization of the work of the Board of Directors, training of members of the Board of Directors.

Following the appraisal conducted, the Plan of actions aimed at eliminating weaknesses was presented to improve performance of the Board of Directors and corporate governance of the Company in general.

The overall rating of the assessment was 6 (AA) out of a possible 7 (AAA), which means:

The Board of Directors of the Company meets, in all material respects, almost all of the established criteria, and that there is a confirmation about the effective performance of the Board of Directors.

The result of the Board of Directors’ performance appraisal revealed directions for further development of corporate

governance practices. In particular, the main directions were determined as: personnel development, management of subsidiaries, organization of the work of the Board of Directors, training of members of the Board of Directors.

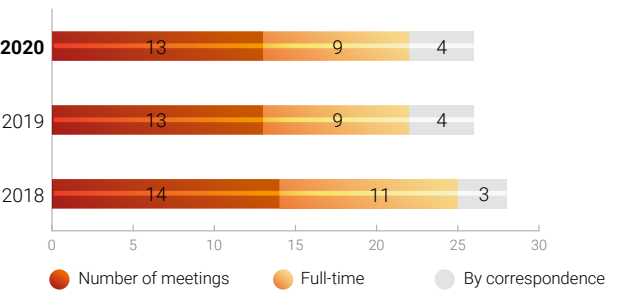
Following the appraisal conducted, the Action plan for development of the Board of Directors for 2021–2022 was approved.

For maintaining business continuity and advanced renewal of the Board of Directors composition, the Company has a Succession Plan of “Samruk-Energy” JSC Board of Directors, which includes, among other things, an Action Plan for its implementation.

The procedure for nomination and selection of candidates for members of the Board of Directors, its committees, as well as criteria used in the nomination and selection, taking into account diversity factors, including but not limited to independence, professional qualifications and experience, is carried out in accordance with the Regulations on the Board of Directors, the RK Law “On joint-stock companies”, the Corporate Governance Code. These documents govern the procedures used by the Board of Directors to prevent and manage conflicts of interest.

The Company approved an induction program for newly elected members of the Board of Directors, which allows a newly elected member of the Board to learn more about his rights and obligations, key aspects of the Company’s operations and documents, including those related to the greatest risks.

Board of Directors meetings



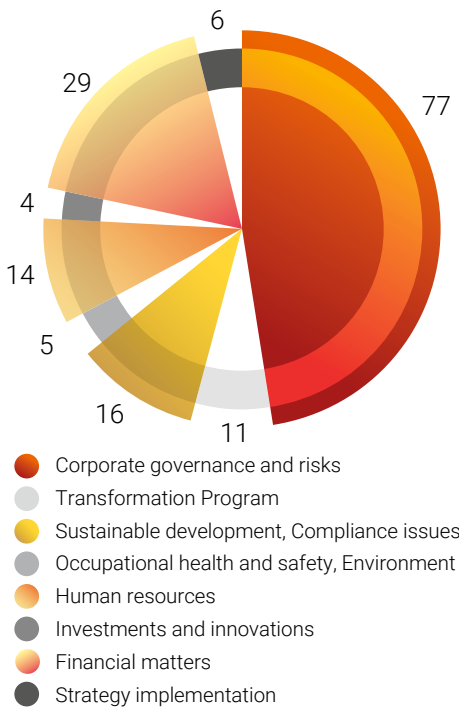
Attendance of Board of Directors members

	2018	2019	2020
General statistics	95%	100%	100%
Karymsakov Beibit Yerkinovich	–	100%	100%
Luca Sutera*	100%	100%	–
Andreas Stoerzel	100%	100%	100%
Joaquin Galindo Velez	100%	100%	100%
Zhamiev Almat Kunzholovich	–	100%	100%
Zhulamanov Bakitzhan Tolevzhanovich	100%	100%	100%

* until June 24, 2020 (authority expiration date)

In 2020, the Company’s Board of Directors considered 162 items. The procedure for informing the Board of Directors about critical financial and non-financial issues is managed in accordance with the current legislation and internal regulations. According to the results of 2020, there were no such cases.

Matters on which the Board of Directors made decisions



Remuneration of the Board of Directors members

Independent directors receive annual fixed remuneration for performing their duties as members of the Company’s Board of Directors.

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 “Samruk-Energy” JSC Board of Directors held outside the place of the permanent residency of an independent director.

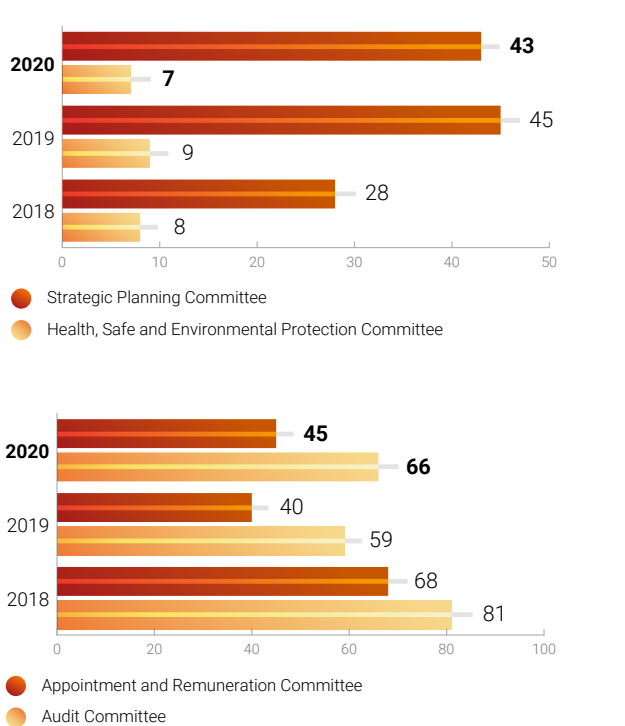
In total, remuneration to independent directors for 2020 amounted to 187,707 US dollars or 76,937,592 tenge.

The Board of Directors Committees

The Board delegates authority to its committees to carry out certain tasks on its behalf, so that it can perform its roles effectively and give an appropriate attention to more in-depth study and quality study of issues and decisions taken.

The Company has Committees under the Board of Directors: the Audit Committee, the Appointment and Remuneration Committee and the Strategic Planning Committee, as well Health, Safety and Environmental Protection Committee. The Report on performance results of the Board of Directors Committees

The number of items considered at the meetings broken down by Committees



The Audit Committee

The purpose of the Committee’s activities is to assist the Board of Directors for in-depth study of issues to establish an effective system of control over the financial and economic activities of the Company, including the completeness and reliability of financial statements, control over the reliability and efficiency of internal control and risk management systems, and the execution of documents in areas of corporate governance, monitoring the independence of external and internal audit, as well as the process

of ensuring compliance with the legislation of the Republic of Kazakhstan.

The Committee’s composition:

- Andreas Stoerzel – Senior Independent Director, Chairman of the Committee;
- Joaquin Galindo – Independent Director, member of the Committee.

Number of the audit committee meetings

	2018	2019	2020
Number of meetings	12	8	8
In presentia	12	8	8
In absentia	0	0	0
Attendance of the Committee members with voting rights	100 %	100 %	100 %
The number of items considered in 2020			66

Main items considered

Meetings with the executive body regarding the preparation of financial statements, meetings with external auditors were held. The issues of the work of the Internal Audit Service, Compliance Service and Risk Management and Internal Control Department were considered.

and remuneration of members of the Board of Directors, the Management Board, the Corporate Secretary, and other employees in accordance with the internal regulatory documents of the Company.

The Committee’s composition:

- Joaquin Galindo – Independent Director, Chairman of the Committee;
- Andreas Stoerzel – Senior Independent Director, member of the Committee.

Number of meetings of the Appointment and Remuneration Committee

	2018	2019	2020
Number of meetings	12	8	9
In presentia	12	8	9
In absentia	0	0	0
Attendance of the Committee members with voting rights	100 %	100 %	100 %
The number of items considered in 2020			45

Main items considered

During the reporting period **the Board of Directors was provided with recommendations on the election** of members of the Supervisory Boards / Boards of Directors across “Samruk-Energy” JSC group. Recommendations on the appointment of the Managing Director for Economy and Finance of the Company, on the approval of the job description and evaluation (Job description) of the Managing Director for Risks and Legal Affairs, and on the approval of the new version of the organizational structure of the Company were given.

Actual values of key performance indicators of the Management Board members, Head of the Internal Audit Service and Corporate Secretary of “Samruk-Energy” JSC, motivational KPI of members of the Management Board, Head of Internal Audit Service and Corporate Secretary of “Samruk-Energy” JSC **were considered.**

The Strategic Planning Committee

The aim of the Committee is to provide recommendations to the Council on the development of priority areas of activity (development), strategic goals (development strategies) of the Company, the implementation of a sustainable development management system, including labor and environmental issues, the implementation of investment projects, the Company’s master plan and events that

contribute to improving the efficiency of the Company in the long term.

The Committee’s composition:

- Andreas Stoerzel – Senior Independent Director, Chairman of the Committee;
- Joaquin Galindo – Independent Director, member of the Committee.

Number of the Strategic Planning Committee meetings

	2018	2019	2020
Number of meetings	10	8	8
In present	10	8	8
In absentia	0	0	0
Attendance of the Committee members with voting rights	100 %	100 %	100 %
Number of items considered in 2019			43

Main items considered

Consideration of the following Reports every quarter: on the implementation of the Action Plan for improving corporate governance and the introduction of the Corporate Governance Code of “Samruk-Energy” JSC, on the consideration of the Action Plan for the implementation of the Company’s Development Strategy for 2018–2028, on the implementation of the Development Plan of the Company, on the use of investments in the investment projects of the Company, on the progress of the Company’s Digital Transformation Program.

Consideration of the Company’s Materiality Matrix, project on major repair of power unit No.4 of Ekibastuz SDPP-1 worth more than 1 bn tenge, the list of non-strategic assets (divestments) subject to withdrawal at the Company level, stakeholder engagement and feedback mechanism report for 2019.

Health, Safety and Environmental Protection Committee

The aim of the Committee is to ensure the Company’s performance improvement by preparing recommendations, assessment, analysis and effective work on occupational health and safety, and environmental protection issues to the Board of Directors.

The Committee’s composition:

- Joaquin Galindo – Independent Director, Chairman of the Committee;
- Andreas Stoerzel – Senior Independent Director, member of the Committee.

Number of Health, Safety and Environmental Protection Committee meetings

	2018	2019	2020
Number of meetings	4	4	4
In present	4	4	4
In absentia	0	0	0
Attendance of the Committee members with voting rights	100 %	100 %	100 %
The number of items considered in 2020			7

Main items considered

Consideration of the Report on the work performed in the field of occupational health and safety and workplace injuries on a quarterly basis.

Consideration of the Concept of unified automated system for registration of occupation health and safety related incidents and violations.

THE EXECUTIVE BODY

Day-to-day operations of the Company are managed by a joint executive body represented by the Management Board.

The Management Board, by interacting in a collaborative way with the Board of Directors and all stakeholders, ensures compliance with the Company’s performance, development strategy, development plan and decisions made by the Sole Shareholder and the Managing Body.

The chairman and members of the executive body have sufficient knowledge, skills and experience to perform their roles, as well as have spotless business and personal reputation.

Composition of the Management Board

- 1. Yessimkhanov S.K.
- 2. Zhatkanbay R.K.
- 3. Tutebayev S.S.
- 4. Ryskulov A.K.

Powers of Amirkhanov M.A., the member of the Management Board were terminated by the resolution of the Board of Directors dated February 28, 2020 (Minutes No. 02/20).

Karagaishiev R.K. was elected as the member of “Samruk-Energy” JSC Management Board by the resolution of the Board of Directors dated March 27, 2020 (Minutes No. 03/20).

Powers of Zhulamanov B.T., the Chairman of the Management Board were terminated by the resolution of “Samruk-Kazyna” SWF” JSC Management Board dated April 7, 2021 (Minutes No. 12/21).

Powers of Uldanov M.A., the member of the Management Board were terminated by the resolution of “Samruk-Energy” JSC Board of Directors dated May 5, 2021 (Minutes No. 05/21).

Yessimkhanov S.K. was appointed the Chairman of the Management Board by the resolution of “Samruk-Kazyna” JSC company dated April 12, 2021 (Minutes No. 13/21)



YESSIMKHANOV Sungat Kuatovich

Chairman of the Management Board

Born on November 30, 1973

Citizenship:
the Republic of Kazakhstan

He is the chief executive officer of the Company and carries out general management of the executive body of the Company.

ZHATKANBAY Ruslan Kazbekuly

Deputy Chairman
of the Management Board, member
of the Management Board

Was born on April 30, 1978

Citizenship:
the Republic of Kazakhstan

As part of approved strategic priorities of “Samruk-Energy” JSC, he works toward the improvement of Kazakhstan’s electricity market model, manages procurement processes, provides marketing and administrative support, coordinates legal support in compliance with the RK legislation, the Charter and the Development Strategy of the Company in order to ensure effective use of funds and increase the profitability of “Samruk-Energy” JSC

TUTEBAYEV Serik Suinbekovich

Managing Director for Production
and Asset Management, member
of the Management Board

Born on May 27, 1958

Citizenship:
the Republic of Kazakhstan

Coordinates and supervises activities across “Samruk-Energy” JSC group of companies: production and technical of the group of companies, coordination and control over the targeted use of state budget funds by the company’s group and the quality and timeliness of the performance of scope of work; addresses issues related to the Program for retrofit and technical re-equipment of existing production and capital construction; control over the timely conduct of the tariff campaign at “Samruk-Energy” JSC group of companies, controls the activities in the field of energy conservation and energy efficiency.

RYSKULOV Aidar Kairatovich

Managing Director for Economy
and Finance, member
of the Management Board

Born on September 20, 1981

Citizenship:
the Republic of Kazakhstan

He coordinates the Company’s operations in financial and economic matters, asset and liability management, fund raising, accounting and reporting issues, monitors the implementation of the Development Strategy

You may learn more about resume on the website:
www.samruk-energy.kz

THE MANAGEMENT BOARD PERFORMANCE

The number of meetings of “Samruk-Energy” JSC Management Board

	2018	2019	2020
Number of meetings	30	39	35
The share of in-person meetings	100%	100%	100%
Attendance	84%	99.74%	92.3%
The number of items considered	381	418	504

Main items considered

The following was done across “Samruk-Energy” JSC group of companies: internal regulatory documents, the total number of employees, organizational structure, staff list and wages schemes of employees of the group of companies were approved, the issues related to investment projects, changing the amount of the authorized capital and amending the charters of subsidiaries and affiliates were considered, as well as determining the voting position by representatives of “Samruk-Energy” JSC in subsidiaries and affiliates, etc.

Management Board, the “Rules for performance evaluation and remuneration of executive and management employees of “Samruk-Energy” JSC are in effect.

The rules are based on the following principles:

- interrelation of remuneration with the implementation of tasks that meet the interests of the Company and its shareholders,
- simplicity and transparency of principles of setting the remuneration amount
- the dependence of the amount of remuneration on the Company and employees performance

Remuneration of the Management Board members

To determine the conditions and procedure for performance evaluation and payment of remuneration to the Company’s

The Board of Directors evaluates the head and members of the executive body. The main evaluation criterion is the achievement of KPI set.

In thousands of Kazakhstani Tenge

	2020	2019
Key management compensation	210,832	139,906
Total key management compensation	210,832	139,906

Key management personnel compensation represents the salaries, bonuses and other short-term employee benefits.

Key management personnel as at 31 December 2020 include 5 persons (31 December 2019: 5 persons).

The Management Board Committees

There are advisory bodies under the Management Board, which were established to provide the Management Board members with expert assistance in tackling the most complex issues.

All committees report to the Company’s Management Board and act within the competence provided to them by the Management Board in accordance with the provisions on these bodies.

The Risks Committee

The Committee assists the Board in making decisions in the field of risk management and internal control of the Company, prepares recommendations and proposals for organizing and maintaining an effective risk management system, internal control, ensuring their functioning and development of processes designed to identify, measure, monitor and control risks. The Committee is also preparing proposals for monitoring the coordination of work in these areas.

The composition of the Committee:

- **Chairman of the Committee** – Managing Director for Risks and Legal Affairs;
- **Deputy Chairman of the Committee** – Managing Director for Business Transformation.
- **Members of the Committee** – Managing Director for Development and Sales; Managing Director for Economy and Finance; Managing Director for Production and Asset Management; Managing Director for Procurement; Financial controller; Director of “Risk management and internal control” department; Head of the Internal Audit Service (without voting right); Head of Compliance Service (without voting right).

2020 Report

Number of meeting	4
Number of items considered	10
Key items	<ul style="list-style-type: none">• On preliminary approval of the Risk Management Report with description and analysis of key risks, as well as information on the implementation of plans and programs for mitigating “Samruk-Energy” JSC risks for the 4th quarter of 2019, 1st, 2nd and 3rd quarters of 2020;• On preliminary approval of the consolidated Risk Register, the consolidated Risk Map, Key Risks Management Action Plan with determination of tolerance levels for each key risk, Passports of “Samruk-Energy” JSC Key Risk Indicators for 2021.• On preliminary approval of risk appetite of “Samruk-Energy” JSC for 2021.• On consideration of the Report on execution of the Department’s Work Plan for 2020.• On consideration of the Report on execution of 2020 Work Plan of the Committee for Risks and approval of the Work Plan of the Risk Committee for 2021.• On approval of the Department’s Work Plan for 2021.

The Committee for Planning and Performance Evaluation

The main goal of the Committee is to improve performance of “Samruk-Energy” JSC group of companies, including optimizing the structure of their assets and costs, monitoring of KPI, reviewing development plans and financial statements.

The committee’s composition:

- **Chairman of the Committee** – Managing Director for Economy and Finance
- **Deputy Chairman of the Committee** – Managing Director for Development and Sales
- **Committee members** – Managing Director for Production and Asset Management, Managing Director for Business Transformation, Managing Director for Procurement, Managing Director for Risks and Legal Affairs, Head of “Financial Control” Department, Head of “Price Monitoring and Category management” Department, the auditor of the Internal Audit Service (without voting right)

2020 report

Number of meetings	10
Number of items considered	11
Key items	Obtaining the approval for adjustments to the budget of the Head Office and SA within the approved indicators of the Annual budget for the first calendar year.

The Investment and Innovation Council

The Council helps to increase the efficiency of investment and innovation activities at “Samruk-Energy” JSC group of companies.

For these purposes, the Council develops recommendations on issues of investment and innovation activities, the implementation of certain phases of the stages

of the pre-investment and investment project, development of recommendations on the transition to the next stage; acquisition and alienation by the Company of shares (equity stakes) of other legal entities, including within the framework of the implementation of the priority right to acquire the right of subsoil use of an object related to the right of subsoil use, the merger of the “Samruk-Energy” JSC group of companies with third-party legal entities, establishment of legal entities as part of investment projects.

The Committee’s composition:

- **Chairman of the Committee** – Chairman of the Management Board;
 - **Deputy Chairman of the Committee** – Managing Director for Production and Asset Management.
 - **The Committee members** – Managing Director for Development and Sales; Managing Director for Economy and Finance; Managing Director for Business
- Transformation; Managing Director for Procurement; Managing Director for Risk and Legal Affairs; Head of the Project Office; Head of the Company’s Compliance Service – as an expert without the right to vote; Chief auditor of the Internal Audit Service of the Company – as an expert without voting right.

2020 report	
Number of meetings	8
Number of items considered	10
Key items	On certain matters regarding implementation of the pre-investment stage of the investment project “Gasification of Almaty Energy Complex. Reconstruction of Almaty CHP-3”.
	On approval of adjustment of the feasibility study for the project “Construction of the counter-regulating Kerbulak hydro power plant on the Ili River” and the land management project.

The Credit Committee

The main objectives of the Credit Committee are to ensure timely and high-quality decision-making on issues related to attracting, providing loans, financial assistance and issuing guarantees, minimizing risks, with developing recommendations for the effective management of the structure of assets and liabilities of “Samruk-Energy” JSC.

The Committee’s composition:

- **Chairman of the Committee** – Managing Director for Economy and Finance;
- **Committee members** – Managing Director for Production and Asset Management, Managing Director for Risks and Legal Affairs; Director of Treasury and Corporate Finance Department; Director of Risk Management and Internal Control Department; Head of the Project Office; Financial Controller;
- **Independent expert** – Head of Compliance Service.

2020 report	
Number of meetings	6
Number of items considered	7
Key items	Matters related to obtaining/providing loans and financial assistance, placing free funds of “Samruk-Energy” JSC on deposits in second-tier banks were considered.

Health, Safety and Environmental Protection Committee

The aim of the Committee is to ensure effective work in resolving issues related to occupational safety and environmental protection of the Company by providing appropriate recommendations on the assessment of the effectiveness of policies and systems for identifying and managing risks related to occupational safety and environmental protection; analysis of all fatal accidents, as well as serious incidents, and the measures taken as a result of such cases and incidents; studying the results of any independent audits in the field of labor and environmental protection, reviewing any strategies and action plans developed in response to the questions raised and, if possible, providing the Board of Directors with recommendations regarding these issues.

The Committee’s composition:

- **Chairman of the Committee** – Chairman of the Management Board;
- **Deputy Chairman of the Committee** – Director of “Occupational health and safety and environmental protection” department.
- **Committee members** – Director of “Generation and Fuel” Department; Director of “RES and Distribution” department; director of “Corporate governance and sustainable development” department, senior manager of “Occupational health and safety and environmental protection” department;

2020 Report	
Number of meetings	4
Number of items considered	5
Key items	Consideration of Reports on the work performed in the area of occupational health and safety, workplace injury and environmental protection.
	Consideration of the annual report on the Committee’s performance.

COMPLIANCE

Hot line:
Telephone: 8 800 080 47 47
Website: www.sk-hotline.kz
e-mail: mail@sk-hotline.kz

The Compliance Service regularly monitors situations for conflicts of interest; 1 potential conflict of interest was settled in 2020.

The Company maintains high standards of business ethics, transparency and legality that are independent of business customs and other business conditions in a particular jurisdiction.

Fighting Corruption

The Company has created its approach based on the following principles:

- Active involvement and support by management in the development of a compliance system. The Company’s Board of Directors regularly reviews reports on the implementation of the compliance program.
- The Company regularly conducts activities aimed at identifying and further updating of corruption risks.
- The Company develops and implements anti-corruption procedures that meet the level and nature of the identified risks, improves and updates internal policies and procedures.
- The Company implements and supports a training program for employees on principles and standards of compliance with anti-corruption legislation.
- The Company monitors the effectiveness of the implemented procedures to prevent corruption.
- To reduce the risk of the Company’s involvement in corruption activities, the Company developed Due Diligence procedures for both counterparties and individuals.

A single “hot line” operates at the Company, which is serviced by the Center for Social Interaction and Communication through the Nysana information system, whereby a multi-channel call-center, available to employees of all subsidiaries and affiliates across Kazakhstan, operate.

According to the results of the survey, it was found that – 86% of those who were questioned trust the work of “hot line”, and satisfaction with the work amounted to 70%.

Addressing conflicts of interest

To create an effective system for managing conflicts of interest, as well as determining requirements for the behavior of employees, compliance with which allows reducing risks of decision-making under the influence of personal interests and relationships at the Company, several measures are being taken.

The Policy for Settlement of Corporate Conflicts and Conflict of Interest of “Samruk-Energy” JSC has been available at “Samruk-Energy” JSC since 2018, under which executives and employees from heads of departments to those who hold higher positions, complete declaration on absence of conflict of interest.

Preliminarily, in order to eliminate corruption risks and conflicts of interest during the recruitment process, candidates for vacant positions at “Samruk-Energy” JSC and senior positions at subsidiaries and affiliates (according to the list of positions) are checked for affiliation with officials of “Samruk-Kazyna” JSC group of companies.

To create an anti-corruption culture and zero tolerance for any forms of bribery and corruption, training events for clarifying the requirements, adopted compliance policies and anti-corruption legislation are held for “Samruk-Energy” JSC group employees regularly.

All employees of “Samruk-Energy” JSC Group of Companies learned about the requirements of the Code of Conduct, the Anti-Fraud and Corruption Policy and employees were tested.

As part of anti-corruption activities, the following activities were carried out in 2020:

On October 6, 2020, the Head of State signed the Law No. 365-VI “On Amendments and Additions to Certain Laws and Regulations of the Republic of Kazakhstan on Anti-Corruption Issues.”

To bring in line with requirements of the law, the Action Plan for implementation of requirements of the RK Law “On Combating Corruption” dated November 18, 2015 No. 410-V 3PK was developed at “Samruk-Energy” JSC and subsidiaries and affiliates and was approved by the resolution of the Board of Directors.

Training

Name	Total	Administrative and management staff	Production staff	Training Actual
“Samruk-Energy” JSC	195	195	0	100%
“AlmatyEnergoSbyt” LLP	565	57	508	100%
“Moynak HPP” JSC	116	19	97	100%
“Shardarinsk HPP” JSC	137	18	119	100%
“Ekibastuz SDPP-2” JSC	1,504	107	1,340	100%
“Alatau Zharyk Company” JSC	3,922	168	3,754	100%
“APP” JSC	3,158	220	2,938	100%
“Ekibastuz SDPP-1” LLP	1,422	142	1,280	100%
“Bogatyr Komir” LLP	6,584	490	5,993	100%
“Samruk-Green Energy” LLP	24	10	14	100%
“Mangyshlak Munay” LLP	22	11	11	100%
“FWPP” LLP	26	11	15	100%
“Energia Semirechya” LLP	21	21	–	100%
“Bukhtarminsk HPP” JSC	10	10	–	100%
“Tegis Munay” LLP	3	3	–	
“Ereymentau Wind Power” LLP	16	15	–	100%
“Kazhydrotechenergo” LLP	1	1		100%
“Energy Solutions Center” LLP	57	21	36	100%
TOTAL	17,783	1,520	16,105	100%

The Company employees are tested for knowledge of requirements of anti-corruption legislation and internal documents every year.

In 2020, the Company’s Compliance Service of the Company conducted 10 compliance inspections on cases involving calls to the “hotline” and detected violations of internal regulatory documents and legislation requirements at subsidiaries and affiliates.

In order to create a corporate compliance culture, “Samruk-Energy” JSC held a meeting with the management of the Head Office (offline) and subsidiaries and affiliates (online) with representatives of the Anti-Corruption Agency of the Republic of Kazakhstan on November 12, 2020. The meeting clarified the new requirements of the legislation on gifts and the expansion of anti-corruption entities.

As a result of inspections, subsidiaries and affiliates took actions on mitigating risks, as well as measures on taking disciplinary actions against executives and responsible employees.

According to the 2020 results, no corruption offenses in the actions of the head of a subsidiary were reported across the group of companies.

OMBUDSMAN

Email address: o.bekbas@samruk-energy.kz
Telephone: +7 (7172) 69-23-56

Acting as an independent party, the Ombudsman contributes to the establishment and development of corporate values and culture, high standards of professional conduct and business ethics at the Company.

The Ombudsman tasks include:

- 1) assistance in the settlement of labor disputes, conflicts, problematic social and labor issues as well as helping employees in observing the principles of business ethics;
- 2) assistance in increasing the rating and image of the supervised Company, early prevention and settlement of disputes and conflicts;
- 3) ensuring informal communications between officials and employees of the Company, timely identification

of problems and ways for improvement based on such communication, preparation of propositions for improving policies and procedures of the Company;

- 4) the Ombudsman submits problematic issues that are systemic in nature and require taking appropriate decisions (comprehensive actions), effective propositions for their resolution to the Board of Directors/Supervisory Board, and if available, to the Audit Committee under the Board of Directors/Supervisory Board.

According to the 2020 results, the Ombudsman received 20 different verbal appeals. All persons who submitted an appeal received comprehensive answers. Appeals and responses to them do not have a negative impact on the social stability of the Company as a whole. No case of appeal to the Ombudsman regarding discrimination on racial, religious, national, gender, age, political and other grounds was recorded. Respectively, in this regard, there were no written appeals.

THE AUDIT OF OPERATIONS

The Internal Audit Service

The Internal Audit Service helps the Company to achieve strategic goals and tasks by providing independent, objective guarantees and advice aimed at improving risk management, internal control and corporate governance systems at the Company.

The mission of the Service is to provide the Board of Directors and the Executive Board with necessary assistance in performing their responsibilities to achieve strategic goals across “Samruk-Energy” JSC group of companies.

The new head of the IAS was appointed in March 2020 – Kasymbekov Bekzhan Beisenovich. The head of the IAS holds bachelor’s degree from the Almaty University of Energy and Communications. Holds master’s degree from Lancaster University (Great Britain, scholarship from the state program “Bolashak”). He has various international professional certificates, including Dip ICFM (DipCPIA), the International Institute of Financial Managers of Great Britain, EXIN International Institute (ITIL). Over the years, he worked at international audit companies (Ernst & Young, PricewaterhouseCoopers), at the internal audit service of “Baiterek” National Management Holding Company” JSC, etc.

In 2020, 20 scheduled audit assignments were completed across “Samruk-Energy” JSC (the Company) Group in accordance with the Annual Audit Plan:

- Audit of the efficiency of procurement process across the Company’s group;
- Assessment of achievement of digital transformation program goals across the Company’s group;
- Evaluation of achievement of executives KPI across the Company’s group;
- IT audit, assessment of human resource management processes, etc.

All audit engagements were performed in accordance with the International Standards for the Professional Practice of Internal Auditing. Recommendations, which are based on results of audits conducted, were made to improve internal control, risk management and corporate governance systems.

The priority of audit assignments was determined by selecting the processes with the highest available risks, as well as with priority requests for auditing from the Sole Shareholder and the Board of Directors of “Samruk-Energy” JSC.

As part of improvement of the Company’s corporate governance system, in 2020 IAS continued working on the implementation of action plans for:

- The IAS strategic development plan;
- Quality Assurance and Improvement Program;
- A three-year plan for the transition to audits based on testing internal controls.

Moreover, the IAS monitors the implementation of recommendations of external auditors and evaluates the effectiveness of actions aimed at implementing the IAS recommendations on a quarterly basis.

In the 4th quarter of 2020, an external performance appraisal of the IAS was conducted by an independent company “KPMG Tax and Advisory” LLP. Based on the results of the IAS, it meets the requirements of international standards.

At year-end 2020, the Board of Directors evaluated the IAS performance as “EFFECTIVE”.

Quality management system audit

The Company has introduced corporate governance system in line with international standard ISO 9001:2015.

Focusing on the needs and expectations of stakeholders, “Samruk-Energy” JSC ensures effective management of the Company’s operations.

To confirm the compliance of the corporate governance system with ISO 9001:2015 international standard requirements, the Company passes external audit every year. It is conducted in compliance with the TÜV NORD CERT procedures with confirmation of the scope of management system as regards services for corporate management of energy assets.

In 2020, an external recertification audit confirmed compliance with the international standard ISO 9001 at “Samruk-Energy” JSC. The experts from the international independent company “TUV Nord” conducted the procedure.

The external audit of the Company

The Company’s audit organization is selected in line with the Rules for selection of an audit organization for “Samruk-Kazyna” JSC and organizations, more than fifty percent of voting shares (equity stake) of which are directly or indirectly held by “Samruk-Kazyna” JSC under ownership or trust management, approved by the decision of “Samruk-Kazyna” JSC Management Board.

Quality and cost of services are the main criteria determining the choice of an audit organization.

PricewaterhouseCoopers (“PwC”) network of firms has been the external auditor of the Company since 2012.

PwC holds a leading position in the provision of audit and consulting services: the audit clients include almost half of the companies entered into the FTSE 100 and Fortune 500 ratings.

To improve the quality of services delivered to fuel and energy industry enterprises in different countries of the world, the Global Energy Center was established as part of PwC firm, with more than 4,000 professionals.

Visit www.pwc.kz for more information.

According to “Samruk-Energy” JSC Policy in engaging audit organizations services, the Company applies the principle of rotation of a partner bearing the main responsibility for the audit, every five years. Baurzhan Burkhanbekov was the partner who had main responsibility for the audit in 2016–2017. Dana Inkarbekova has been the partner since 2018.

Furthermore, there are special conditions at “Samruk-Energy” JSC group of companies relating to hiring of audit organizations’ employees. Therefore, in the event of expected appointment of an audit organization employee who participated in the compulsory audit of the Company as an employee of an audit organization within two years preceding the date of his/her appointment (election) to the Company as a member of the Management Board, managing director and chief auditor, it is required to obtain a preliminary approval of the Audit Committee in order to avoid conflicts of interest.

PwC conducts audit at the following SA of the Company:

Company	Type of activity	Period
“Samruk-Energy” JSC	Holding company	2008–2010, 2012 – to present
“Ekibastuz SDPP-1” named after “Bulat Nurzhanov” LLP	Production of electricity and heat using coal at the power plant located in Pavlodar region	2013 – to present
“Alatau Zharyk Company” JSC	Services for power distribution, technical distribution of power in Almaty city and Almaty region	2010, 2012 – to present
“Almaty Power Plants” JSC	Electricity and heat production for Almaty and Almaty region	2010, 2012 – to present
“AlmatyEnergoSbyt” LLP	Sale of electricity in Almaty city and Almaty region	2008–2010, 2012 – to present
“Shardarinsk” HPP	Electricity production	2007
“Moynak HPP” JSC	Construction of hydropower plant on Charyn river	2008, 2012 – to present
“Ekibastuz SDPP-2 Plant” JSC	Electricity and heat production on the basis of coal extracted from “Bogatyr” and “Severny” open-pit coal mines	2005–2009
“Bogatyr Komir” LLP	Extraction of coal by open pit mining at Bogatyr and Severny coal mines	2008–2010, 2012 – to present

Fees paid to the audit firm for auditing services for 2020

Services	“Samruk-Energy” JSC	“Samruk-Energy” JSC group of companies
Audit for 2020	32,364,000 tenge	168,200,597 tenge

PWC did not provide services unrelated to financial statements audit during 2020.

RISK MANAGEMENT

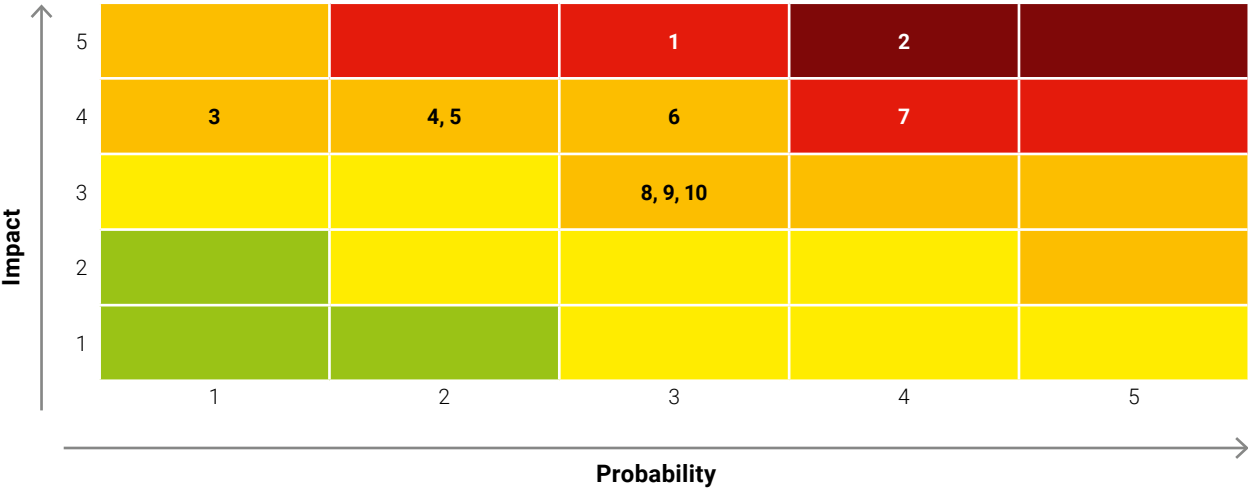
Corporate risk management and internal control system effectively perform its roles and is regularly improved at the Company.

The Board of Directors sets the Company’s risk appetite both in quantity and quality terms every year; the risk appetite includes restrictions on core activities, and compliance with such restrictions is monitored every quarter.

The Risk Register, the Risk Map, KRI (key risk indicators) and the Action Plan for managing key risks are prepared

annually and submitted to the Company’s Board of Directors for approval. After considering the results of performed work on identification of “Samruk-Energy” JSC group’s risks for 2020, 33 risks involved in operations of “Samruk-Energy” JSC group of companies were identified and assessed, KPI thresholds were updated, risk owners updated risk factors and activities aimed at their mitigation. According to the results of revaluation, 10 risks were included into the key zone of the Risk Map for 2020 (in 2019 – 13 key risks):

RISK MAP



№	Risk description
1	The risk of workplace accidents that caused damage to the health and life of employees in the
2	Risks of ongoing/future investment projects and investment programs of "Samruk-Energy" JSC
3	The risk of industrial accidents and disasters
4	The risk of failure to fulfill the electricity sales plan
5	The risk of tariff setting
6	The risk of human resources of the Company's group
7	The risk associated with implementation of Digital Transformation Program
8	Foreign exchange risk
9	Credit risk
10	The risk of violation of covenants of external creditors and listing requirements

As we have seen from the experience, risks, which needs to be assessed and prevented, arise in any types of business.

Today, various solutions that aim to improve risk management systems, are available, one of which was adopted by "Samruk-Energy" JSC.

Works on implementation of the project "Introduction of the new risk management model" have commenced since November 2018; the project is an important part of corporate governance, and consists of 3 integrated subsystems subject to the following changes:

- risk management system (system improvement);
- internal control system (refinement of the system in terms of design assessment and testing of the operational efficiency of control procedures);
- business continuity support system (system implementation).

At year-end 2020, as part of implementation of the project "Introduction of the new risk management model" (the Project), a number of activities have been carried out in stages, such as:

- subsidiaries and affiliates that are key in the implementation of the Project were identified;

- the plan for implementation of the Project was determined, which outlines the activities for "Samruk-Energy" JSC and its key subsidiaries and affiliates;
- the processes that are involved in the implementation of the Project (production and IT processes) have been identified;
- people responsible for ensuring the continuity of operations as part of the Project were appointed at "Samruk-Energy" JSC and its SA selected for 2020 ("Ekibastuz SDPP-1 named after Nurzhanov" LLP, "Almaty Power Plants" JSC, "Moynak Hydropower Plant" JSC, "Shardarinsk hydropower plant" JSC);
- the processes identified at subsidiaries and affiliates chosen for 2020 ("Ekibastuz SDPP-1 named after Nurzhanov" LLP, "Almaty Power Plants" JSC, "Moynak Hydropower Plant" JSC, "Shardarinsk Hydropower Plant" JSC), were allocated into criticality groups;
- internal regulatory documents have been developed (Internal control arrangement and implementation rules, business continuity rules) at subsidiaries and affiliates chosen for 2020 ("Ekibastuz SDPP-1 named after Nurzhanov" LLP, "Almaty Power Plants" JSC, "Moynak Hydropower Plant" JSC, "Shardarinsk Hydropower Plant" JSC);

Key changes in 2020 (key risks mitigation, pandemic)

The risk of non-fulfillment/untimely update of the Company's development strategy (increase by probability - transition to key zone)
<ul style="list-style-type: none">• the impact of the emergency state in Kazakhstan due to a pandemic and other diseases that threaten the life and health of citizens of Kazakhstan.• measures: in accordance with the established quarantine requirements
Risks of ongoing/ future investment projects and investment programs of SA (without changes)
<ul style="list-style-type: none">• The main deviation in the underspending with regard to investment projects occurred at "Bogatyr Komir" LLP because of lengthy tender procedures for rocurement of construction and installation work on the flow complex.• Actions: the contract was concluded, works are underway.
The risk of workplace accidents that caused damage to the health and life of employees in the performance of their duties (increase)
<ul style="list-style-type: none">• 8 work-related accidents have been recorded since the beginning of 2020.• Actions: in accordance with the work plan "Occupational health and safety and environmental protection" department.
Foreign exchange risk (reduction by probability)
<ul style="list-style-type: none">• reduction of currency commitments.• Actions: monitoring changes in foreign exchange quotations, activities on refinancing of current loan.
Credit risk (without chnages)
<ul style="list-style-type: none">• Unstable situation in second tier banks• Actions: monitoring of compliance with limits on counterparty banks, as well as regular evaluation of STB stability
The risk of violation of covenants of external creditors and listing requirements (without changes)
<ul style="list-style-type: none">• Actions: monitoring compliance with covenants, as well as financial sustainability ratios, actions aimed at reducing the level of debt burden and interest payments
The risk of failure to fulfill the electricity sales plan (without changes)
<ul style="list-style-type: none">• Actions: daily participation in preparation of daily schedules of electricity supply to the wholesale market and participation in centralized auctions, attracting consumers of Kazakhstani wholesale market
The risk associated with transformation program implementation (decrease by impact and probability)
<ul style="list-style-type: none">• reformation of projects portfolio• Actions: monitoring the execution of the Roadmap.
The risk of occupational accidents and disasters (without changes)
<ul style="list-style-type: none">• Actions: conducting major and current repairs, periodic inspections of equipment's technical condition, provision of briefings and accident preventing training for operating staff of an enterprise
The risk of tariff setting (without changes)
<ul style="list-style-type: none">• obtaining individual tariffs for electric capacity by subsidiaries• Actions: monitoring the tariff policy of SA, the work on obtaining of necessary tariff levels in the authorized bodies, participation in working groups on legislation amendments.
The risk of human resources of the Company's group (without changes)
<ul style="list-style-type: none">• Actions: Personnel reserve relations, cooperation with educational organizations on training of specialists in priority areas for power and coal sectors, arrange workshops and and trainings for the Company's employees, introducing the principles of meritocracy, motivation system development.

- Business continuity plans and business continuity recovery plans were developed at "Samruk-Energy" JSC and its subsidiaries and affiliates chosen for 2020 ("Ekibastuz SDPP-1 named after Nurzhanov" LLP, "Almaty Power Plants" JSC, "Moynak Hydropower Plant" JSC, "Shardarinsk Hydropower Plant" JSC);
- Draft Methodology for testing the internal control system was developed on the basis of existing Rules for arrangement and implementation of internal control for key subsidiaries and affiliates as part of the Project implementation;

- Draft Methodology for testing the business continuity management system was developed on the basis of existing Business Continuity Rules for key subsidiaries and affiliates as part of the Project implementation;
- trial testing of internal control and business continuity management systems was conducted at "Ekibastuz SDPP-1 named after Nurzhanov" LLP;
- awareness raising activities were held regularly during the reporting period as part of the Project activities;
- inspections of the Project implementation activities were carried out (off-premise).

SUSTAINABLE DEVELOPMENT REPORT

Sustainable development management	109
Stakeholder engagement	113
“Economic” category	115
“Environmental” category	122
“Social” category	132



79%

SOCIAL STABILITY RATING 2020



5 904 747

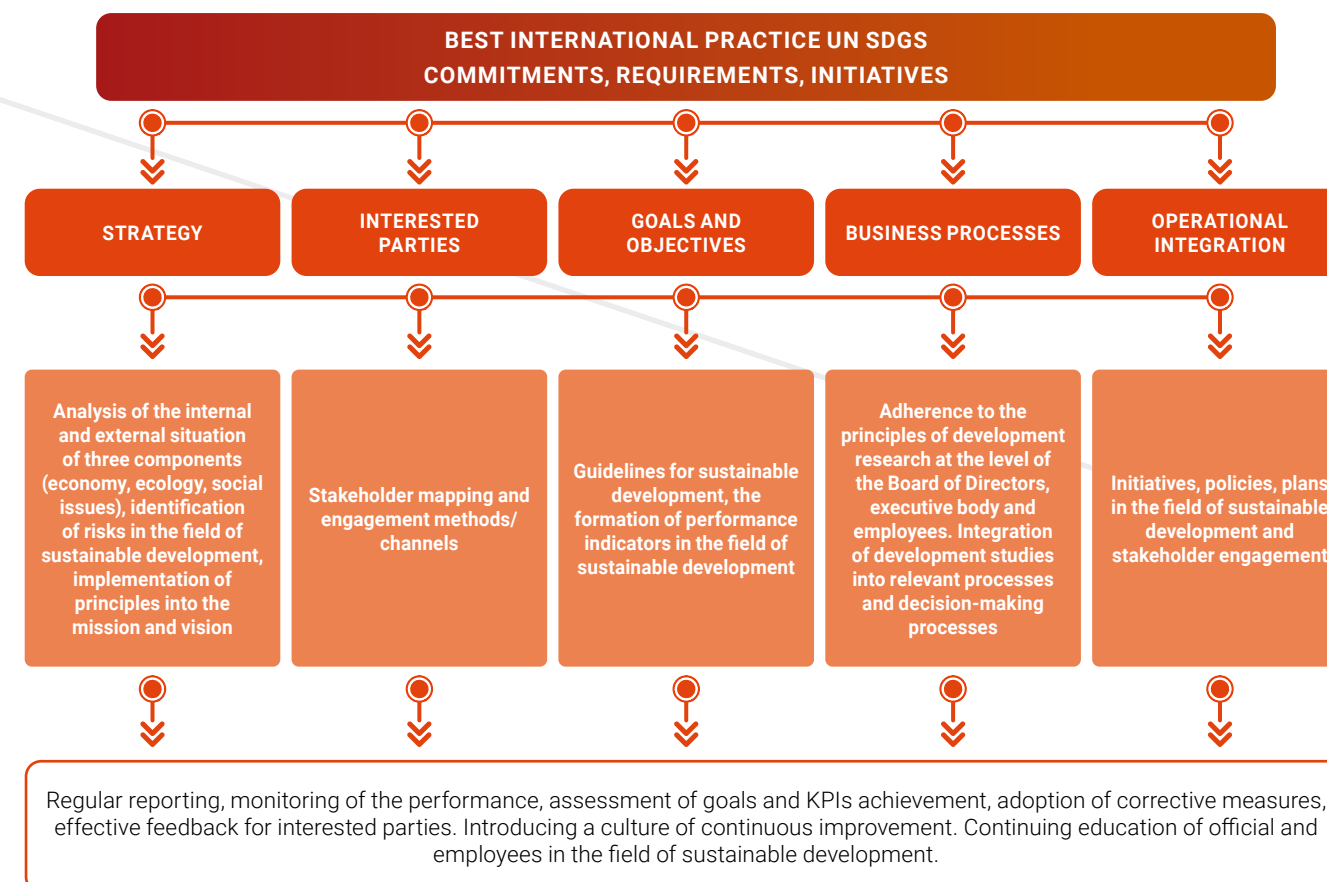
INVESTMENTS IN ENVIRONMENTAL
PROTECTION IN 2020
(THOUSAND TENGE)



SUSTAINABLE DEVELOPMENT

RELIABILITY FOR ALL TIMES

SUSTAINABLE DEVELOPMENT MANAGEMENT



The principles of sustainable development are implemented in the context of three levels:

- 1. Strategic integration** – the principles of sustainable development are incorporated into the Strategy (for more details, see the “Strategy” section);
- 2. Operational integration** – all corporate decisions are made by the Company’s management based on the criteria of compliance with the principles and goals of sustainable development;
- 3. Cultural integration** is implemented as part of conducting training at the Company, posting articles on the corporate

portal of the Company, as well as within the Code of Conduct (for more details, see the section “Social Aspect”).

You may learn more about key trends and risks in the field of sustainable development of the Company at the link <https://www.samruk-energy.kz/ru/shareholders-and-investors/annual-reports-on-the-results-of-the-company-s-activities>.

“Samruk-Energy” JSC, integrating the principles of sustainable development in its business, declares its commitment to the 17 Sustainable Development Goals. The company is aware that the environmental and social issues that reflect each of the SDGs are relevant and affect any organization.





About
the Company



Development Strategy
for 2018–2028



Electricity and coal market
overview



Financial and economic
report



Investment
activity



Procurement
management



Corporate
governance structure



**SUSTAINABLE
DEVELOPMENT**



Attachments



“Samruk-Energy” JSC, in its operations, seeks to contribute to the achievement of the following UN sustainable development goals:



Goal 1: End poverty in all its forms everywhere



Goal 2: End hunger, achieve food security and improve nutrition, and promote sustainable agriculture.

According to data from UN, the number of people living in extreme poverty has declined globally, from 36% in 1990 to 10% in 2015, the crisis resulted in COVID-19 risks reducing to zero the decades of progress in the fight against poverty. “Samruk-Energy” JSC group of companies strives to preserve jobs and index wages (according to the results of 2020, indexation averaged 7.5%). In 2020, the average salary of employees in the Company’s group increased in relation to the same indicator by 12% (for more details, see the section “Social aspect”).

The company seeks to ensure uninterrupted power supply to all regions where it operates, including in remote areas and settlements, for the possibility of sustainable farm management by local population.

“Samruk-Energy” JSC, being a socially responsible company, strives to pay attention to the social well-being of the regions where subsidiaries are located. An active cooperation with “Samruk-Kazyna Trust” Corporate Fund on the possibility of obtaining support and implementing charity programs in the regions of subsidiaries’ location has started in 2019.

In 2020, the Company worked on identifying relevant existing social issues. Following the works performed, applications for receiving social assistance were submitted to “Samruk-Kazyna Trust” Corporate Fund. In particular, because of active work with local executive bodies “Samruk-Energy” JSC subsidiaries (“APP” JSC, “Samruk-Green Energy” LLP, “Ekibastuz SDPP-1” LLP, “FWPP” LLP) identified a list of acute social issues in the regions where they operate, as well as a list

of non-profit organizations that can initiate and implement projects to address these issues.

Every year the Company implements several social initiatives to help people with disabilities, the poor, retired employees, and patients suffering from cancer (for more details, see “Social aspect” section)



Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

The specific nature of power industry requires constant continuous training and reskilling for admission to work and maintaining a high level of expertise. “Samruk-Energy” JSC group of companies strives to constantly develop and train employees. Staff training and development is a key success factor in ensuring economical, trouble-free and efficient operation of equipment and the company as a whole. “Samruk-Energy” JSC cooperates with leading domestic universities, certification of personnel according to internationally recognized training programs remains one of the priority areas in training (for more details, see “Social aspect” section)



Goal 5: Achieve gender equality and empower all women and girls.



Goal 10: Reduce inequality within and among countries.

“Samruk-Energy” JSC supports 7 Principles for the Empowerment of Women developed as part of UN-Women partnership and the United Nations Global Compact. This document assumes a commitment to the principles of gender equality as a key element of sustainable development, as well as a conviction that companies that provide women and men with equal opportunities are more successful and achieve better results.

The Covid-19 pandemic and imposing of quarantine measures have changed the lifestyle and work of “Samruk-

Energy” JSC group of companies. The scheduled round tables on promoting equal opportunities with students of Almaty University of Energy and Communications named after Gumarbek Daukeev and the SUE “Almaty State College of Energy and Electronic Technologies” were postponed until improvement of the country’s sanitary and epidemiological situation as a whole.

At the same time, the European Bank for Reconstruction and Development (EBRD) launched the Program for supporting renewable energy sources and promotion of gender equality in Kazakhstan in August 2020. The program aims to promote the economic opportunities of women in the renewable energy sector (RES) of Kazakhstan, in close cooperation with the Government of the Republic of Kazakhstan, renewable energy sector enterprises. As part of the EBRD Program for supporting renewable energy sources (RES) and promotion of gender equality in Kazakhstan, subsidiaries of RES sector of “Samruk-Energy” JSC group of companies participated at the meeting; the meeting will contribute to the preparation of the report on results of basic assessment of women employment and entrepreneurship in RES. The roadmap for increasing the participation of women in Kazakhstan’s RES sector will be developed in 2021 based on the report. Reducing inequality and ensuring that no one is left behind is an integral part of sustainable development goals accomplishment.



Goal 7: Ensure access to affordable, reliable, sustainable, and modern energy for all.

The company makes every effort to ensure that energy becomes more sustainable and affordable, paying close attention to the development of “clean” energy (RES).

“Samruk-Energy” JSC energy producing organizations’ electricity output in 2020 amounted to 31,385 bn kWh. Electricity generation by “Samruk-Energy” JSC RE facilities (SPP, WPP, small HPP) in January-December 2020 amounted to 335.8 mln kWh.

In 2020, “Samruk-Energy” JSC group of companies started the implementation of two new RE projects – wind power plants in Almaty and Akmola regions: the construction of 60 MW wind power plant in Shelek corridor with possible increase in capacity up to 300 MW in Enbekshikazakh district of Almaty region and 50 MW wind power plant located in the vicinity of Ereymentau city of Akmola region.

Along with that, “Samruk-Energy” JSC accomplished Shardarinsk HPP complete retrofit program. Large-scale reconstruction that aimed at replacement of all four hydroelectric units enabled to increase the capacity of the HPP from 100 to 126 MW. The new equipment will increase the service life of the hydropower plant to 35–40 years, increase the reliability of the hydropower plant and reduce the accident rate.

In 2020, 5 MW Shelek wind power plant was commissioned in Almaty region, implemented under the intergovernmental agreement between the PRC and the Republic of Kazakhstan. The design capacity of the plant is 5 MW, the average annual output is about 15 mln kWh of electricity.



Goal 8: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

“Samruk-Energy” JSC is one of major employers in the Republic of Kazakhstan. As of December 31, 2020, the headcount of “Samruk-Energy” JSC group of companies amounted to 17,783 people.

The share of full-time employees in the reporting period was 100%. The ratio of the minimum wage for women to the minimum wage for men is 100% (to learn more about this, visit “Financial and Economic Reporting” and “Social Aspect” sections).



Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.

Inclusive and sustainable industrialization, along with innovation, play an essential role in deployment and promotion of new technologies, facilitating international trade and ensuring the efficient use of resources.

“Samruk-Energy” JSC implements a number of projects:

- Project SKE.03.01P “Introduction of automatic load and frequency control”
- “Business Loss Analysis Using Data Analytics” Project.
- Project “Implementation of a pilot automated medical examination system”

The research work “Development of technology of furnace devices of boiler units for firing high-ash coal from seam No. 3 of Ekibastuz coal deposit and depleted coal by-products” was carried out.

A joint research laboratory “Clean Coal Technologies” was established on the territory of PI “Nazarbayev University Research and Innovation System”.



Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels.

The company adheres to high standards of business ethics, transparency, and legality, independent from business customs and other business practices in a particular jurisdiction. (to learn more, visit “Compliance” and “Stakeholders engagement” sections).



Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development.

The Company, in its operations, is a member in the following national and international organizations, associations / organizations:



The CIS Electric Power Council (hereinafter – CIS EPC).

Observer since 2012. Membership in the CIS EPC allows participating in the processes of integration of the CIS member states' energy systems, including ensuring collective energy security; Provision of parallel operation of power systems; Creation of a common electric power market, involvement in preparation of international agreements in power sector; Technical regulations, unification and harmonization of laws and regulations in power industry, etc.



Kazakhstan Electricity Association (hereinafter – KEA).

Membership since 2011. Membership in KEA allows exchanging information and participation in development of a regulatory legal framework in power sector, as well as conferences, seminars and other events.



KAZENERGY Association.

Member of the Association since 2009. Membership in KAZENERGY Association allows participating in government initiatives and activities aimed at improving the RK investment climate, in developing and implementing measures to increase production and scientific and technical potential; as well as the Company may receive assistance in legal, economic, organizational and management matters.



The National Chamber of Entrepreneurs of the Republic of Kazakhstan (hereinafter referred to as the RK NCE).

Membership in the RK NCE since 2013. Membership in the RK NCE helps to strengthen ties with business environment, effective development of electricity business, including as part of improvement of RK regulatory framework.



UN Global Compact.

Membership since 2011. In the context of joining the UN Global Compact, the Company declares its commitment to following the ten principles of the Global Compact in its strategy and day-to-day operations.

As part of above-mentioned Sustainable Development Goals, the Company implements sustainable development initiatives in the below areas:

- the introduction of high ethical standards and building a corporate culture based on trust;
- introduction of sustainable development principles and application of a risk-based approach in the practice of project management at all investment stages: assessment and management of the impact on the social, environmental and economic areas (forced relocation, biodiversity, cultural heritage, etc.) in accordance with Sustainable development guidelines of the Company;
- an increase in financial sustainability;
- facilitate responsible procurement based on principles of fair and free competition, mutual benefit, transparency and full responsibility for the commitments made, as well as the introduction of requirements for suppliers to comply with ethical standards and guidelines for suppliers of the Company, set out in the Guidelines for sustainable development of the Company;
- improving the safety culture through the involvement of employees in occupational safety management system and increasing the effectiveness of control over the occupational health and safety management system through application of international standards;
- increasing the level of social responsibility, following the principles of the UN Global Compact, investment in human assets;

- ensuring environmental sustainability, including the search and implementation of technologies, which are considered as the best from an environmental and economic point of view, streamlining of production processes, implementation of projects using renewable energy sources, identification and prevention of potential emergencies.

The report on the implementation of Sustainable Development Initiatives Plan for 2020 has been posted on the corporate website of the Company: <https://www.samruk-energy.kz/ru/sustainability>

“Samruk-Energy” JSC has been an active participant of the UN Global Compact since 2011 and has followed the 10 principles of the UN Global Compact in its strategy and daily operations.

In view of joining to the UN Global Compact, the Company annually publishes Progress Report, which it posts on <https://www.unglobalcompact.org/> and on the corporate website <https://www.samruk-energy.kz/ru/sustainability/soobshchenie-o-dostignutom-progresse-v-2019-godu-ao-samruk-energo>.

All information about the principles, programs of the Company, reports and new projects in the social, economic and environmental areas is posted as they appear on the corporate website in the section <https://www.samruk-energy.kz/ru/sustainability>.

STAKEHOLDER ENGAGEMENT

Value	Areas of interest	Interaction platform
SHAREHOLDERS		
<input checked="" type="checkbox"/> Share capital	<input checked="" type="checkbox"/> Performance	<input checked="" type="checkbox"/> Management Reporting
<input checked="" type="checkbox"/> Strategic direction and orientation	<input checked="" type="checkbox"/> Introduction of a development strategy	<input checked="" type="checkbox"/> Meetings and negotiations
<input checked="" type="checkbox"/> Enhancing transparency and disclosure standards and practice	<input checked="" type="checkbox"/> Dividends	<input checked="" type="checkbox"/> Annual report
	<input checked="" type="checkbox"/> Transparency of disclosure	<input checked="" type="checkbox"/> Website
		<input checked="" type="checkbox"/> Correspondence and inquiries
		<input checked="" type="checkbox"/> Exhibitions, forums and presentations
SUBSIDIARIES AND AFFILIATES		
<input checked="" type="checkbox"/> Strategic resources and possibilities	<input checked="" type="checkbox"/> Introduction of advanced methods and standards	<input checked="" type="checkbox"/> Meetings,
<input checked="" type="checkbox"/> Opportunities for future development	<input checked="" type="checkbox"/> Methodological support in the areas of development	<input checked="" type="checkbox"/> Forums, round tables and summits
		<input checked="" type="checkbox"/> Website
		<input checked="" type="checkbox"/> Working groups
		<input checked="" type="checkbox"/> Creation of cultural corporate events
EMPLOYEES		
<input checked="" type="checkbox"/> Human resources development	<input checked="" type="checkbox"/> Wage	<input checked="" type="checkbox"/> Internal meetings
<input checked="" type="checkbox"/> Labor relations based on cooperation	<input checked="" type="checkbox"/> Employee benefits	<input checked="" type="checkbox"/> Website
<input checked="" type="checkbox"/> Loyalty to the company	<input checked="" type="checkbox"/> Safe working conditions	<input checked="" type="checkbox"/> Trainings and seminars
	<input checked="" type="checkbox"/> Professional growth	<input checked="" type="checkbox"/> Corporate events
		<input checked="" type="checkbox"/> Corporate media
		<input checked="" type="checkbox"/> Surveys and questionnaires
		<input checked="" type="checkbox"/> Meetings of the Management Board and Board of Directors
STATE AGENCIES, FINANCIAL INSTITUTIONS		
<input checked="" type="checkbox"/> Macroeconomic and social policy	<input checked="" type="checkbox"/> Tax and social security contributions	<input checked="" type="checkbox"/> Involvement in the activities of government agencies
<input checked="" type="checkbox"/> Lobbying opportunities	<input checked="" type="checkbox"/> Local employment	<input checked="" type="checkbox"/> Correspondence and inquiries
	<input checked="" type="checkbox"/> Investments in projects that influence the population	<input checked="" type="checkbox"/> Reporting
	<input checked="" type="checkbox"/> Social stability rating	<input checked="" type="checkbox"/> A dialogue with state authorities regarding legislative and regulatory regulation
POPULATION, CONSUMERS		
<input checked="" type="checkbox"/> Workforce stability and conflict resolution	<input checked="" type="checkbox"/> Community's approval	<input checked="" type="checkbox"/> Annual report
<input checked="" type="checkbox"/> Mutual support and adaptation	<input checked="" type="checkbox"/> Reputation and loyalty	<input checked="" type="checkbox"/> Media publications
	<input checked="" type="checkbox"/> Regional development	<input checked="" type="checkbox"/> Meetings with representatives of local communities
	<input checked="" type="checkbox"/> Providing uninterrupted heat and power supply	<input checked="" type="checkbox"/> Public hearing
	<input checked="" type="checkbox"/> Quality service	<input checked="" type="checkbox"/> Website
		<input checked="" type="checkbox"/> Media publications
		<input checked="" type="checkbox"/> Development of social projects
		<input checked="" type="checkbox"/> Stakeholder Engagement Plan
PARTNERS, SUPPLIERS		
<input checked="" type="checkbox"/> Efficient supply chain and value chain	<input checked="" type="checkbox"/> Transparency of procurements	<input checked="" type="checkbox"/> Website
<input checked="" type="checkbox"/> Joint development, development and problem solving	<input checked="" type="checkbox"/> Ethical business practices	<input checked="" type="checkbox"/> Annual report
<input checked="" type="checkbox"/> Voluntary application of standards		<input checked="" type="checkbox"/> Conferences and meetings and negotiations
		<input checked="" type="checkbox"/> Consideration of supplier claims
		<input checked="" type="checkbox"/> Signing partnership agreements
MASS MEDIA		
<input checked="" type="checkbox"/> Transparency and disclosure	<input checked="" type="checkbox"/> Transparency and disclosure	<input checked="" type="checkbox"/> Press releases, press conferences, briefings, round tables
<input checked="" type="checkbox"/> Constructive cooperation	<input checked="" type="checkbox"/> Reputation Rating	<input checked="" type="checkbox"/> Annual report
		<input checked="" type="checkbox"/> Website
TRADE UNIONS		
<input checked="" type="checkbox"/> Effective communication with internal stakeholders	<input checked="" type="checkbox"/> Labor relations based on cooperation	<input checked="" type="checkbox"/> Collective bargaining
<input checked="" type="checkbox"/> Social guarantees	<input checked="" type="checkbox"/> Social stability rating	<input checked="" type="checkbox"/> Providing benefits and social guarantees

To enhance stakeholder’s engagement, the Company annually develops Engagement Plan. The report on the Stakeholder Engagement Plan and on the work of stakeholder feedback mechanisms with recommendations for improvement are annually communicated to the Board of Directors.

According to the 2020 results, activities of the Stakeholder Engagement Plan were fully implemented.

Stakeholder feedback mechanism

It is essential for the Company that all both external and internal stakeholders are heard.

“Samruk-Energy” JSC has the following stakeholders feedback tools that guarantee protection against retaliation and prosecution of anyone who honestly leaves a message.

- 24/7 hotline
Telephone: 8-800-080-47-47, nysana.cscs.kz,
e-mail: mail@sk-hotline.kz

- Feedback form on the corporate website <https://www.samruk-energy.kz/ru/feedback-all>.
- The “Feedback” form for the category of persons associated with ongoing investment projects, where local communities, contractors, or persons related to the project can express their opinion <https://www.samruk-energy.kz/ru/obrat>
- Feedback for shareholders and investors. Investor questionnaire <https://www.samruk-energy.kz/ru/shareholder/independent-registrar>
- Requests, enquiries with leaving contact details on the website <https://www.samruk-energy.kz/ru/company/contact>
- Ombudsman
By email: o.bekbas@samruk-energy.kz
By phone: 8/7172/69-23-56

The Company monitors all incoming requests, which allows the Company to study the concerns of all stakeholders, identify systemic issues, and determine the effectiveness of existing mechanisms for interacting with stakeholders for further response.

Inquiries statistics*

No.	Source	Number		
		2018	2019	2020
1	Hot line	33	29	46
2	Administrative support office, among them:	9,773	10,297	9,741
	From state agencies	456	445	298
	From the Shareholder	537	617	596
	Inquiries and complaints	45	38	72
3	Directly to the Security Service	6	6	2
4	Feedback form on the website	1	4	6
5	Ombudsmen	39	28	36
6	Trade unions	26	28	29
7	Courts and supervision agencies	25	10	10
8	Written inquiries to the head	–	5	2
TOTAL		175	148	203

* inquiries that are not related to “Samruk-Energy” JSC group of companies current operations were consolidated

Mentioned appeals were analyzed in terms of the aspects concerned, the identification of regions with the highest number of appeals, the category of persons who sent their appeals to the group of companies, statistics about appeals and analysis of complaints. Each complaint was assigned a category.

In 2020, stakeholders were interested in issues of payment and remuneration, dismissal, and employment.

Responses to all incoming inquires of the Company were provided in a timely manner. Answers were provided in ways convenient for stakeholders. Confidentiality and anonymity of appeals remained. The facts of harassment were not reported.

Conclusions based on stakeholder inquiries were communicated to the Board of Directors of the Company, which prepared recommendations and developed actions aimed at the improvement of stakeholder engagement quality.



“ECONOMIC” CATEGORY

“CREATED AND DISTRIBUTED ECONOMIC VALUE” ASPECT

Economic performance of the Company is shown in created and distributed economic value table.

production, transmission and sale, as well as from the sale of coal and obtained remuneration.

The created economic value present the main sources of the Company’s income, namely, income from electricity

The created value is distributed between suppliers and contractors, employees of the Company, shareholders and lenders, the state, as well as local communities.

Distributed economic value

Payments to suppliers and contractors	Operating expenses – payments to counterparties for materials, product components, equipment and services, rental payments etc.
Payments to employees	Payroll, social taxes and contributions, pension and insurance payments, expenses for medical services for employees and other forms of employee support
Payments to capital suppliers	Dividends to all categories shareholders and interest paid to lenders
Payments to the Government	Tax payments
Investments to local communities	Donations to charitable and non-governmental organizations and research institutions, expenses for supporting public infrastructure, as well as direct funding for social programs, cultural and educational activities

According to results of 2020, the created economic value amounted to 382 bln tenge and the distributed economic value amounted to 313 bln tenge, as a result, the undistributed economic value amounted to 69 bln tenge. According

to the approved Development Plan for 2021–2025, the created and distributed economic value is planned to be increased in 2021 and 2022.

Economic value, mln tenge

Indicator*	2018	2019	2020	2021	2022
	Actual	Actual	Actual	Forecast	Forecast
Created economic value	352,681	337,794	382,199	447,167	523,658
Sales proceeds	351,100	336,233	380,990	446,568	523,369
Interest received	1,581	1,561	1,209	599	289
Distributed economic value	272,860	275,649	312,894	361,369	374,656
Payments to suppliers and contractors	161,571	161,556	194,357	239,696	252,203
Payments to employees	37,210	39,589	43,700	44,554	46,452
Payments to capital suppliers	34,047	32,369	32,571	33,984	30,645
Payments to the government	39,617	41,882	42,152	42,994	45,221
Undistributed economic value	79,822	62,145	69,305	85,798	149,002

* Previously indicators were calculated on an accrual basis. In order to exclude non-cash transactions and depreciation, current indicators were calculated using the data of the cash flow statement. Ownership interests in joint ventures were taken into account in the figures.

FINANCIAL ASPECTS AND OTHER RISKS AND OPPORTUNITIES FOR THE ORGANIZATION’S OPERATIONS RELATED TO CLIMATE CHANGE

Discussions over climate change issue continue across the globe for more than several decades. The United Nations Framework Convention on Climate Change (UNFCCC) signed in 1992 by more than 180 countries, confirms the international community’s concern about this issue.

Relying on experts’ opinion, Samruk-Energy takes climate risk into account in defining the context of the organization and SWOT analysis when developing an energy transition strategy. To be fair one must mention that global decarbonization trends largely shaped by developed countries as opportunities, are more risks and challenges for emerging markets.

On the one hand, protraction in following global development trends results in social costs associated with man-made impact on the environment and restricting access to state-of-the-art technologies and financial resources, but on the other hand, forcing the transition can lead to a loss of economic competitiveness, de-industrialization, and rise of electricity prices, job cuts in traditional industries, not to mention the problems associated with the need to ensure the reliability of energy supply.

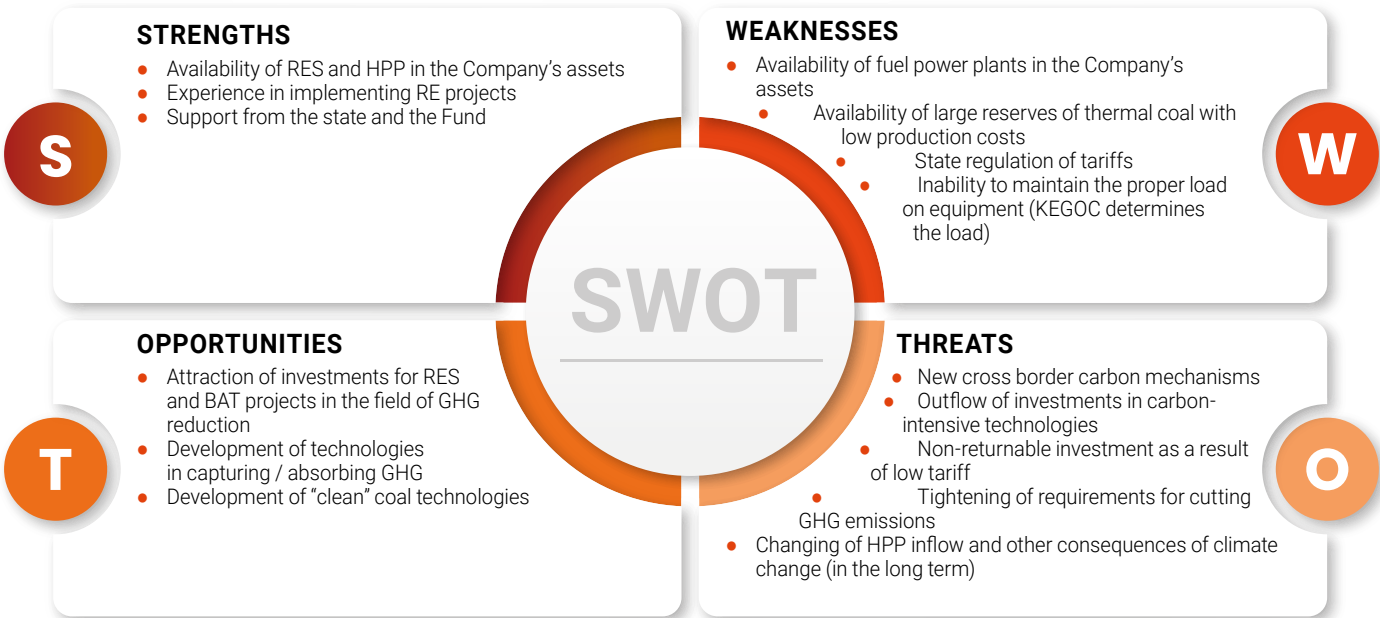
Guided by principles of sustainable development, to maintain an optimal balance between the economic accessibility

of electricity, security of supply and environmental and social sustainability, Samruk-Energy prefers a well-considered and gradual energy transition, whereby renewable energy sources will be used along with conventional ones, considering that this direction is well-targeted path for development of fuel and energy sector of Kazakhstan.

At the same time, the existing experience in the implementation of projects in the field of alternative energy sources indicates the presence of several issues that need to be addressed at the state level.

The main directions and goals for reducing the carbon intensity of the Company’s processes and products are described in the long-term Development Strategy and Environmental Policy of the Company. Thus, considerable attention at the Company is paid to the development of RES and HPP, energy management systems were introduced everywhere, comprehensive programs were developed to improve energy efficiency and energy conservation, and a serious project on gasification of Almaty power plants is planned to be implemented. EPA regulate the Company’s highest emitting subsidiaries through the national greenhouse gas emissions trading system, which was created to achieve the national contribution declared in the Paris Agreement of –15% by 2030 from the 1990 level.

SWOT ANALYSIS OF SAMRUK-ENERGY STANDING WITH REGARD TO CLIMATE CHANGE ISSUE



“INNOVATIVE DEVELOPMENT AND DIGITIZATION” ASPECT

Innovative development

The Company’s development strategy provides for the provision of reliable competitive supplies of energy resources in the markets where it operates through the deployment of innovative technologies that increase the efficiency and environmental friendliness of coal generation sources.

The research “Development of the technology of furnace devices for boiler units for firing high-ash coal from Ekibastuz deposit’s layer No.3 and depleted coal/coal by-products” was conducted in collaboration with Nazarbayev University. The research execution period is 2018–2020.

In order to conduct research work, a joint research laboratory “Clean Coal Technologies” was established at the premises of the “Nazarbayev University Research and Innovation System” PI.

- The following works were performed in 2020:
- Pre-commissioning activities and experimental studies on combustion, air and steam-air gasification of high-ash Ekibastuz coal, carbonaceous rocks and coal by-products was conducted in superadiabatic combustion mode (AGSS).
 - Continuation of experimental studies on firing of high-ash Ekibastuz coal by-products on combined unit of fluidized bed and circulating fluidized bed (CU FB CFB).
 - Experimental research on air, steam-air and steam-oxygen gasification of high-ash Ekibastuz coal and its by-products at atmospheric pressure in CB and CFB was conducted.
 - Mathematical model was developed and calculations for steam-oxygen gasification of high-ash Ekibastuz coal were made.
 - Development of technical proposals for the concept of industrial and power boilers with FB and CFB for firing high-ash Ekibastuz coals and its by-products.

- The outcome:
- The data confirming the possibility of efficient combustion of high-ash coal by-products in the FB and CFB were obtained;
 - The data on the influence and improvement of operating conditions of the boiler were obtained; such conditions ensure the best environmental performance (minimization of sulfur and nitrogen oxides emissions) when firing high-ash coal by-products in FB and CFB;
 - Data regarding the influence of Ekibastuz coal ash content on the gasification process were obtained;
 - Data on the influence of operating factors on the process of air, steam-air and steam-oxygen gasification were obtained;
 - A comparative analysis of FB and CFB furnaces was conducted in order to select the most preferable technology for firing high-ash Ekibastuz coal and its by-products depending on the ash content of coal waste;
 - Final report with proposals on using high-ash Ekibastuz coal and its by-products for power production was released.

To improve technical and economic indicators when firing high-ash coals at thermal power plants of the Company, the possibility of introducing the technology fuel oil free startup of boiler system (plasma-fuel system) was explored. The project implementation will allow solving the following tasks:

- The implementation of the project will solve the following problems:
- stabilization of the combustion of a pulverized coal torch at reduced loads of boiler units;
 - elimination of fuel oil consumption in the flame combustion of low-grade coals;
 - elimination of the negative effects of co-firing of coal and fuel oil in one furnace volume, which lead to a decrease in the efficiency and reliability of the boiler.

This technology has been successfully applied in the People’s Republic of China, the Russian Federation, Indonesia, etc. at power units from 200 to 1,000 MW.

The project implementation was approved by the resolution of “Samruk-Energy” JSC Board of Directors at the meeting on December 14, 2020.

Digitization

Using the potential of digital technologies will allow the Company to boost productivity, safety at work and reduce the cost of production of goods and the delivery of services, which in turn will contribute to the implementation of the strategic initiative “Improving the efficiency of operations”.

- The Company aims to ensure digitization by incorporating digital principles into corporate strategy, business model, activities and culture:
1. Business orientation
 2. Partnerships with business
 3. Search for best practices
 4. Timely implementation of projects with agreed budget
 5. Automation of processes
 6. Transition to digital format

Project SKE.03.01P “Implementation of automatic frequency and power control”

The project is being implemented for the first time in the EEC and is a joint project with “KEGOC” JSC, implemented under the Digital Kazakhstan state program.

Due to the ALFC, “KEGOC” JSC will regulate and control the power of the stations of the “Samruk-Energy” JSC group of companies within the specified limits, i.e influence directly on power units / hydraulic units (decrease or increase of power) in real time when the circuit-mode situation in the power system changes.

Phase 1 – “Conceptual Design” was completed in 2020. At the moment, the implementation of phase 2 – “Implementation” has begun. Within the framework of Phase 2 – “Implementation”, the development of design and estimate documentation has been completed and construction and installation work is underway.

“Business Loss Analysis Using Data Analytics” Project.

It is implemented in “AZhC” JSC and allows to store and manage large amounts of data on electricity consumers, as well as search for anomalies in order to identify possible commercial losses. In 2020, as part of the initiation of the project, a technical specification was developed, as well as marketing of prices.

An on-site examination was carried out, as well as analysis of more than 28 thous.nd electricity consumers of “AZhC” JSC using a data analytics system.

Project “Implementation of a pilot automated medical examination system”

In order to increase the level of safety of working personnel and the entire enterprise as a whole, and also to increase the efficiency of the medical examination procedure, the event “Implementation of the pilot of an automated medical examination system” was initiated at “Ekibastuz GRES-1” LLP and at TPP-3 of “APP” JSC.

Two complexes of hardware and software were installed, tests were carried out.

- Target-oriented tools of the Program:
- setting targets for energy conservation and energy efficiency for SA;
 - continuous monitoring of the achievement of specified targets through energy-economic analysis in line with the developed methodology for calculating key energy efficiency indicators;
 - development, implementation and improvement of the energy management system at “Samruk-Energy” JSC group of companies;
 - implementation of organizational and technical activities on energy conservation and energy efficiency in compliance with the approved action plans for energy conservation and energy efficiency across “Samruk-Energy” JSC group of companies;
 - carrying out standard activities aimed at energy conservation and energy efficiency at “Samruk-Energy” JSC group;
 - creation of an integrated system for automated metering of energy resources consumption.

As part of the ongoing work on energy conservation and improvement of energy efficiency, 62 measures aimed at reduction of fuel and energy resources consumption were implemented during the last year, which allowed saving 406 thous.nd tons of standard fuel across “Samruk-Energy” JSC group of companies.

“ENERGY EFFICIENCY” ASPECT

Energy

The Company’s energy policy places a priority on energy conservation and improvement of energy efficiency, which contributes to reduction of energy consumption and minimization of the environmental impact.

The Head office of the Company consolidates and analyzes data on energy consumption and key energy efficiency indicators across “Samruk-Energy” JSC group of companies, compares it with past periods and identifies opportunities for improvement.

The Company’s activities in the field of energy conservation and energy efficiency are based on the methodology of international standard ISO 50001 “Energy management systems”.

The Company has the program for energy conservation and improvement of energy efficiency for 2015–2025. This program is a key instrument for planning and implementing activities in the field of energy conservation and energy efficiency.

The Program aims to develop measures for wise and economically feasible use of fuel and energy resources.

A 10.5% decrease in power consumption of the gross marketable product of “Samruk-Energy” JSC group of companies in 2025 compared to the base 2014 is the expected effect from the program implementation.

Energy consumption within the organization

The total energy consumption has a steady decline during the period under review 2018–2020 in relation to the base 2014 (17.7 mln GJ).

In the reporting year, 13.9 mln. GJ of energy was consumed, including 2.6 mln GJ from renewable energy sources. In general, over the years, there is a positive trend towards

an increase in energy consumption from RES, which is driven by the growth of RES share in the country’s electricity production.

At year-end 2020, the growth of fuel consumption (coal and gas) was resulted in an increase in electricity production at ESDPP-1 and the growth of heat output at Almaty Power Plants.

The growth of fuel consumption the organization (coal and gas)

Consumption within the organization	2018	2019	2020
Total fuel consumption, mln GJ, incl:	310.5	291.2	306.3
Coal	298.1	279.9	291.8
Gas	10.0	9.2	12.0
Fuel oil	1.2	0.8	0.9
Petroleum	0.2	0.2	0.2
Diesel	1.2	1.2	1.2
Electricity consumption, mln GJ	11.8	11.3	11.5
incl. from RES	1.0	1.3	2.6
Heat consumption, mln GJ	2.7	2.6	2.4
incl. from RES	–	–	–
Total energy consumption, mln GJ	14.5	14.0	13.9
incl from RES	1.0	1.3	2.6

Energy intensity

The volumes of consumption of fuel and energy resources within the organization, as well as volumes of electricity and heat produced, electricity transmitted and coal mined were used in this indicator.

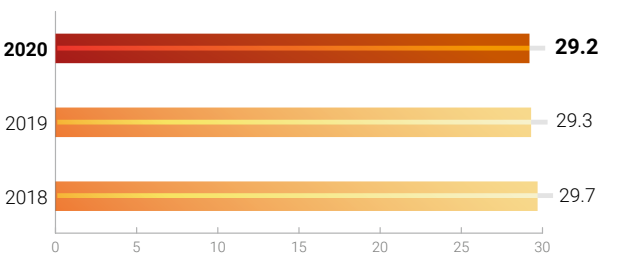
According to the 2020 results, the energy intensity of the gross commodity product across “Samruk-Energy” JSC group of companies amounted to 29, 2 t.s.f / mln tenge and decreased compared to the previous year figure.

Heat consumption also decreased in relation to the base year (3.7 mln GJ), and so in relation to the last year and amounted to 2.4 mln GJ.

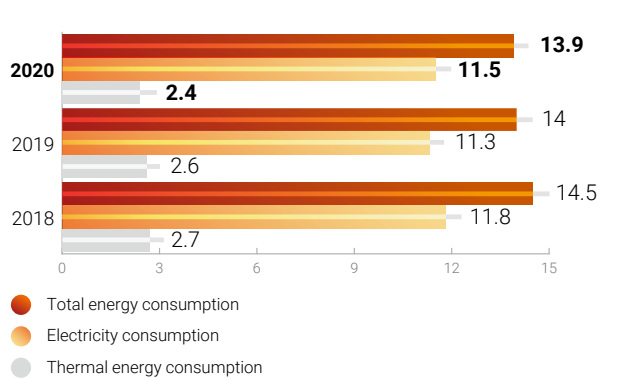
In general, there is a trend towards reduction in total energy consumption over the years in relation to the base year 2014 (17.7 mln GJ).

The reduction in total energy consumption was driven by reduction of energy use for power plant needs.

Energy intensity, mln.tenge



Total energy consumption, mln GJ



The reduction of energy consumption

Electricity consumption has decreased in relation to base year (14.0 mln GJ), it slightly increased in comparison with the last year and was 11.5 mln GJ.



About
the Company



Development Strategy
for 2018–2028



Electricity and coal market
overview



Financial and economic
report



Investment
activity



Procurement
management



Corporate
governance structure



**SUSTAINABLE
DEVELOPMENT**



Attachments



**SAMRUK
ENERGY**

ASPECT “MATERIALS USED”

The products of “Samruk-Energy” JSC are thermal and electric energy, as well as thermal coal.

The regulation of this industry is carried out by state bodies represented by the Ministry of Energy of the Republic of Kazakhstan and the Committee for the Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan.

Electricity and heat were produced using fossil fuels. Chemical reactions occurring during the combustion of coal,

gas and fuel oil lead to the natural formation of a number of substances, which, in the absence of appropriate control, can lead to a loss of the required quality of the environment. For such control, Kazakhstan has a system of state regulation in the form of environmental and natural resource law (for more details, see the section “Environmental Category”).

The company does not carry out any marketing communications regarding the manufactured product, including advertising and promotion.

List of materials used in our facilities in the manufacture of products.

In the production of electricity:	Measurement unit	Materials used		
		volume		
		2018	2019	2020
Coal	tons.	17,619,007	16,565,570	16,652,949
Fuel oil	tons.	15,010	15,746	19,925
Gas	thous. m³	35,928	38,472	46,370

In the production of heat:	Measurement unit	Materials used		
		volume		
		2018	2019	2020
Coal	tons.	839,883	764,291	1,446,269
Fuel oil	tons.	14,031	2,358	1,740
Gas	thous. m³	251,620	226,580	284,914

For auxiliary needs in the production of both types of products:	Measurement unit	Materials used		
		Volume		
		2018	2019	2020
Petroleum	t.n.f	3,588	3,570	3,656
Diesel fuel	t.n.f	25,210	28,586	34,662

“Samruk-Energy” JSC products are heat and electricity, as well as thermal coal, respectively, the requirements for environmental labeling and packaging are not applicable to manufactured products.



ASPECT “INFORMATION POLICY AND SECURITY”

As part of improving stakeholder engagement, there is a Communication Strategy at “Samruk-Energy” JSC, which involves a single approach to corporate communications, determines the target audience, communication principles, media planning, anti-crisis response, internal and external PR tools and external positioning of the Company.

The mission of the Communication Strategy: To ensure a positive image of the Company by offering target audiences complete, most transparent and relevant information about operating results.

Vision of the Communication Strategy: A well-established communication channels, which enable to raise the Company to the level of a leader of public opinion and influence regarding the development of Kazakhstan’s power sector.

Moreover, there is an Information Policy at the Company that determines the principles, procedure, timeframe, list and methods of disclosing information, types of information, stakeholder engagement, including cooperation with shareholders and investors, measures for protection of information, monitoring and quality control of disclosed information.

The primary aim of information security is “Samruk-Energy” JSC information and data protection, as well as its supporting infrastructure from any accidental or malicious actions. Any hacker attack threatens to damage data and information, as well as its owners or supporting infrastructure. The tasks of ensuring information security are set out in the Company’s Information Security Policy, monitoring and control, forecasting and preventing such incidences, as well as minimizing damage from their implementation.

No confidential information leakage was admitted in 2020. Monitoring of user actions made when using personal computers showed a significant decrease in violations of “Samruk-Energy” JSC internal regulatory documents on information security in comparison with previous years.

In 2017, the project “Introduction of the system for management and ensuring information security” was launched as part of Transformation Program.



“ENVIRONMENTAL” CATEGORY

ASPECT “COMPLIANCE WITH REQUIREMENTS”

Explanation of the essential topic and its boundaries

Being the largest electricity holding company in Kazakhstan, “Samruk-Energy” JSC is aware of the importance of the environmental aspect in a sustainable development of the company. Environmental protection and efficient use of resources play an important role in operations of the Company and its subsidiaries and affiliates.

The RK Environmental Code classifies primary production activities of “Samruk-Energy” JSC subsidiaries as special nature management, and these activities are regulated by the relevant requirements and standards. Thus, each subsidiary and affiliate of “Samruk-Energy” JSC is responsible for its environmental footprint within the obtained environmental permit and other conditions of special nature management.

The RK environmental legislation encourages nature users to reduce their impact on the environment using economic incentive mechanisms. So, the new Environmental Code of the Republic of Kazakhstan was approved on 02.01.2021, whereby the “polluter pays” principle was revised and significantly strengthened.

Of course, in environmental protection, we, first off, adhere to existing legislative requirements and norms in Kazakhstan, but at the same time we strive to comply with more stringent standards of developed countries, consistently implementing a number of energy-saving, material-saving and environmental protection measures.

Management approach

Taking into account the existing experience and specific features of technologies used, the available types of fuel, peculiarities of our climate, as well as a number of other motivating and sometimes constraining factors common to sustainable development concept, we have developed an environmental policy as a comprehensive long-term program, which is part of the Company’s Development Strategy.

To manage environmental safety – as part of comprehensive occupational safety – an environmental management system (EMS) has been established at “Samruk-Energy” JSC group of companies, which is a component of corporate governance system and an essential part of non-financial risk management system. EMS at “Samruk-Energy” JSC

is constantly assessed for compliance with the best world practices with the involvement of independent international consultants and is improved step by step. All subsidiaries and affiliates of the Company engaged in production activities have implemented the ISO 14001 “Environmental Management” standard.

In accordance with the approved Long-Term Strategy, the Company plans to seek to reduce the impact of production activities on the environment by modernizing existing technologies and using renewable energy sources.

As preventive measures, a continuous environmental assessment of the effectiveness of production processes is conducted through industrial environmental monitoring. The monitoring is based on measuring and calculating the rate of emissions into the environment, harmful production factors. Industrial environmental monitoring is carried out with the involvement of independent laboratories accredited in the manner established by the RK legislation in the field of technical regulation. Atmospheric air, surface and underground waters, soils are the objects of industrial monitoring.

In addition, in case of emergencies, compulsory environmental insurance and liquidation funds are provided in accordance with the requirements of the Republic of Kazakhstan legislation.

Assessment of management approach

Particular attention is paid to the new technologies: RES development, oil fuel-free start-up and other energy-efficient technologies.

The Company has successfully implemented several investment projects in RES and HPP sector since 2013: 300 MW “Moynak HPP” JSC, 45 MW First wind power plant, 2 MW solar power plant, retrofit of “Shardarinsk HPP” JSC with an increase in capacity to 126 MW.

Given the large reserves of coal in Kazakhstan and its attractiveness in terms of price, it is feasible to support the development of innovative technologies to improve its environmental characteristics. To this end, the Company established the Clean Coal Technologies research laboratory together with “Nazarbayev University AEO”.

Moreover, the Company implements a comprehensive environmental protection activities program, which provided the following results at the end of 2020:

- lack of emergency spills and other types of emissions;
- the share of “clean” energy production – RES and HPP – 8.7% of the total output of the company’s group;
- among the group of companies, the specific emission of pollutants per 1 kWh of production decreased by 3.8% compared to 2019. For 3 years (2018–2020), there has been a positive trend in reducing the specific emissions of nitrogen oxides by 4% and dust by 1.5%;
- the specific indicator of ash and slag waste formation decreased by almost 10% over 3 years (2018–2020) in the fuel generation sector.

At the end of 2020, a mandatory environmental audit at the enterprises of the “Samruk-Energy” JSC group was not carried out due to the lack of grounds established by law, which include significant damage to the environment, reorganization or bankruptcy of legal entities-users of natural resources engaged in environmentally hazardous economic and other activities.

To prevent damage to the environment, the legislation involves environmental inspections, which may result in imposing fines for violating legislation requirements. 5 inspections were carried out in 2020 – 2 times at “SDPP-1” LLP, “SDPP-2” JSC – 2 times, “APP” JSC and “Bogatyr Komir” LLP. Some violations of requirements of legislative acts were revealed, the amount of fines amounted to 14.45 mln tenge. All fines were paid in full. Corrective activities were carried out.

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

	Measurement unit	Amount		
		2018	2019	2020
The sum of money of significant fines	thous. tenge	721.5	4,751	14,448
number of cases when non-financial sanctions were applied	–	0	0	20
Cases filed through dispute resolution mechanisms	–	–	–	3

Analysis of the inspection materials showed that violations of the law are allowed not on the main equipment, but on auxiliary processes, for example, at the FTD, in coal warehouses, as well as on industrial sites for earthwork during small construction operations and for the low culture of line personnel when handling consumer waste.

In 2020, 3 applications of individuals and legal entities with complaints on the topic of environmental protection were recorded. All cases were reviewed and processed in accordance with the internal complaints mechanism.

- protection of atmospheric air;
- reduction of greenhouse gases;
- reclamation of ash dumps;
- waste management;
- protection and efficient use of water resources;
- implementation of management systems and the best safe technologies;
- R&D and other works;
- environmental training and advocacy.

In line with existing law of the RK, “Samruk-Energy” JSC group of companies have an environmental protection action plan agreed with the authorized body, the implementation of which is mandatory requirement for special environmental management.

Total expenditures and investments in environmental protection broken down by types

The Company implements a comprehensive environmental protection activities program covering such aspects as:

	Measurement unit	Amount		
		2018	2019	2020
* costs associated with waste management and cleaning of emissions, discharges, as well as the elimination of environmental damage	thous. tenge	6,556,645	4,242,256	5,604,706
** expenses for the prevention of environmental impact and environmental management system		72,616	373,908	286,567

ASPECT “WATER AND WASTE WATER”

Explanation of the essential topic and its boundaries

Water is a unique substance and an essential component of all living creatures on Earth. Along with that, water is used in many processes in production of goods necessary for human life.

Historically the water has played a great role in power industry: at “Samruk-Energy” JSC group of companies, water is used not only as a driving force for hydro and steam turbines, but also for feeding reservoirs and compensating for losses in other processes, to irrigate ash beaches, to maintain the water level in ash dumps, and for public living needs of employees.

“Samruk-Energy” JSC objectives regarding water resources protection is to minimize the impact, including:

- decrease in the volume of fresh water consumption;
- increase in the share of reused water;
- reduction of wastewater discharges and concentrations of harmful substances in wastewater

Considering that “Samruk-Energy” JSC’s portfolio includes hydropower and thermal power plants, we classify interaction with water into water use and water consumption, respectively. At the same time, 98% of the volume of water withdrawn is classified as water use at HPPs, and 2% – as water consumption. “Samruk-Energy” JSC group of companies does not consume water in regions that experience water shortage.

Management approach Interaction with water as natural resource

Interaction with water resources at “Samruk-Energy” JSC SA is regulated and managed in accordance with the current legislation of the RK. Subsidiaries of “Samruk-Energy” JSC withdraw water in volumes determined by production needs in accordance with the developed projects and regulations that are agreed with authorized state agencies.

Thus, the main sources of water for technological needs are: Sharyn River and Bestyubinsk Reservoir (Moinak Hydropower Plant), the Syrdarya river and Shardara reservoir (Shardarinsk Hydropower plant), channel named after K. Satpayev (“Ekibastuz SDPP named after Bulat Nurzhanov” LLP, “Ekibastuz SDPP-2 Plant” JSC), Shidertinsky channel (“Ekibastuz SDPP-2 Plant” JSC), Big Almaty Lake and the basin of Big Almaty Lake (Cascade of HPP), Kapshagay Reservoir (Kapshagay HPP).

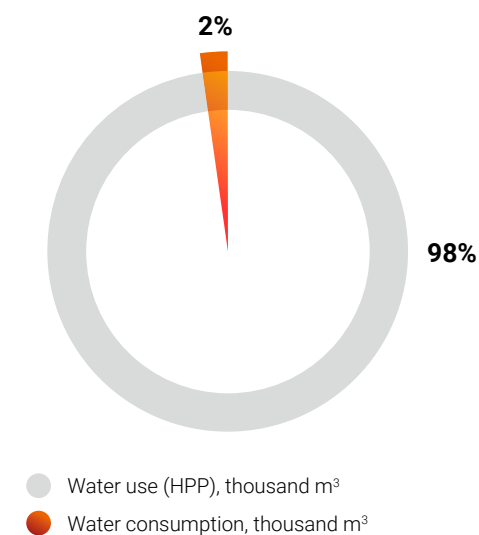
To save water, reverse water supply systems with a bulk reservoir-cooler and once-through hydraulic ash removal systems are used at Ekibastuz stations and Almaty power plants use recirculating water supply systems with cooling towers as well as reuse wastewater from ash dumps.

Water discharge related impact management

Wastewater of production enterprises of “Samruk-Energy” JSC group of companies consists of industrial and domestic wastewater. The main volume of wastewater is industrial wastes; they are not discharged into natural sites. They are used as hydrotransport to remove ash and slag waste to ash dumps. Permissible standards for content of pollutants in wastewater and their volume are established by law. Before being discharged, wastewater is properly treated to the approved sanitary and hygienic standards.

Moreover, to avoid environmental damage, analytical monitoring of processes of changing water and temperature regimes of groundwater through a network of observation wells, repair of equipment and pipelines of HAH system is carried out on a regular basis.

Water intake



ASSESSMENT OF THE MANAGEMENT APPROACH

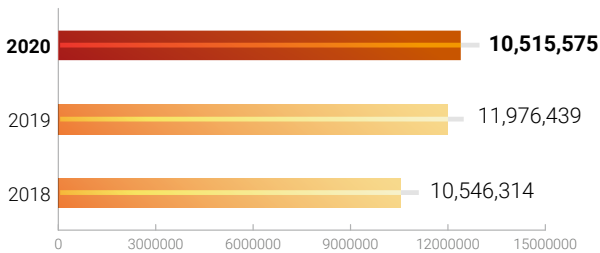
Subject disclosure:

All areas Megaliters				Areas experiencing water shortage	
2018		2019	2020		
WATER INTAKE					
The volume of water taken by sources					
from surface water sources (total)	10,498,150	11,924,598	10,473,288	no	
fresh water (≤1,000 mg /l of total dissolved solid)	10,498,150	11,924,598	10,473,288	no	
other water (> 1,000 mg /l of total dissolved solid)	0	0	0	no	
from underground sources (total)	7,341	6,630	6,061	no	
fresh water (≤1,000 mg /l of total dissolved solid)	0	0	0	no	
other water (> 1,000 mg /l of total dissolved solid)	7,341	6,630	6,061	no	
sea water (total)	0	0	0	no	
fresh water (≤1,000 mg /l of total dissolved solid)	0	0	0	no	
other water (> 1,000 mg /l of total dissolved solid)	0	0	0	no	
stratal water (total)	0	0	0	no	
fresh water (≤1,000 mg /l of total dissolved solid)	0	0	0	no	
other water (> 1,000 mg /l of total dissolved solid)	0	0	0	no	
from public and other water supply systems	40,577	44,917	36,227	no	
fresh water (≤1,000 mg /l of total dissolved solid)	40,577	44,917	36,227	no	
other water (> 1,000 mg /l of total dissolved solid)	0	0	0	no	
Total water volume from public and other water supply systems					
surface	40,577	44,917	36,227	no	
underground	0	0	0	no	
sea	0	0	0	no	
stratal	0	0	0	no	
The total amount of water taken	10,546,314	11,976,439	10,515,575	no	
DISCHARGE					
Discharge by types					
Surface	77,001.4	73,751.3	75,313	no	
Underground	0	0	0	no	
Sea	0	0	0	no	
Public and other water supply systems	0	0	0	no	
Volume of wastewater given for use to other organizations	0	0	0	no	
Total discharge	77,001.4	73,751.3	75,313	no	
Wastewater according to treatment level					
Without purification				no	
Before fishery requirements	Required level of purification			no	
Before cultural and household requirements	Required level of purification			no	
Other	MPD norms	77,001.4	73,751.3	75,313	no

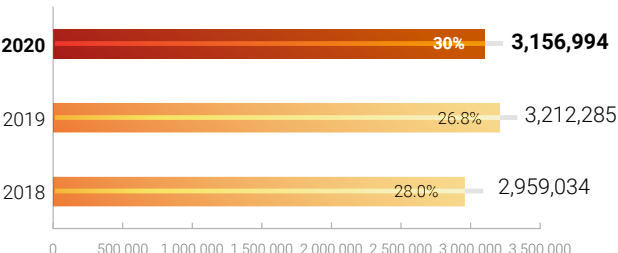
	All areas Megaliters			Areas experiencing water shortage
	2018	2019	2020	
WATER CONSUMPTION				
Total water consumption	201,229	198,438	197,838	no
WATER USE				
Total water consumption	10,345,085	11,778,000	10,317,737	no
ВОДОЭФФЕКТИВНОСТЬ ПРОИЗВОДСТВА				
	All areas m³/kWh			
The volume of water withdrawn per unit of output	0.333	0.396	0.335	no

The share and total volume of recycled and reused water for the reporting period:

Total volume of water withdrawn, thous. m³



The volume of recycled and reused water, thous. m³



ASPECT “BIODIVERSITY”

Explanation of the essential topic and its boundaries

Given that the portfolio of “Samruk-Energy” JSC includes hydropower plants, renewable energy sources and RECs, the Company evaluates the “Biodiversity” aspect as significant in relation to these assets. However, we believe that fuel stations of “Samruk-Energy” JSC and coal mines of “Bogatyr Komir” LLP do not have a direct negative impact on wild vegetation and animals because they are located within settlements or in industrial areas, as well as taking into account that the scarcity of biodiversity of the construction site was considered as an environmental solution during the design of these production facilities.

Thus, “Samruk-Energy” JSC subsidiaries’ operations may have a negative impact on the ornithological fauna, fish fauna and other freshwater ecosystems, as well as on the flora and fauna of coastal zones within zones of impact of “Shardarinsk HPP” JSC, “Moynak HPP” JSC, Cascade of HPP, Kapshagay HPP, as well as “FWPP” LLP and “AZhC” JSC.

Management approach

At planning production activities, an environmental impact assessment including on the flora and fauna is performed at “Samruk-Energy” JSC group to minimize adverse effect on biodiversity. The EIA procedure is regulated by the legislation of the Republic of Kazakhstan. Monitoring of the impact on the flora and fauna during further operation of enterprises is also regulated.

Evaluation of management approach

At the stage of design, FWPP made provisions to reduce the environmental impact of wind power plants – given that light pollution leads to disruption of the biorhythms of living creatures, nighttime wind turbine lighting is minimized up to the use of only sidelights.

At “AZhC” JSC, to minimize the cases of death of birds on overhead lines from electric shock, lines are reconstructed by equipping with insulated wires.

In order to minimize the death of fish on water turbines, all hydropower plants are equipped with fish protection devices. In addition, based on the recommendation of Kazakh Research Institute of Fisheries, as a fish protection measure, the surface of the water at night is illuminated by spotlights near the water intake in front of the turbine water conduits, thus light spots scare the fish. The movement of fish occurs through bends for idle spillway (IS). To reduce the impact on water and terrestrial (coastal) ecosystems, the operating modes of hydropower plants are agreed with the Committee for Water Resources of the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan, mayor

administrations, as well as with the management of SPNR (for example, in the case of Moynak HPP).

Visual field observations were introduced at HPP and WPP to monitor the impact on the plant and animal world.

Protected and rehabilitated habitats

In 2020, “Samruk-Energy” JSC did not operate in territories that have any special sanitary or environmental regime or the status of specially protected natural territories.

Location with respect to a protected area or area of high biodiversity value outside protected areas	Type of operations	The value of biodiversity, characterized by a feature of a protected area or area with high biodiversity value outside the protected area.	Territory management status / class
“FWPP” LLP (Ereymenau city, Akmolinsk region)			
Buyratau State National Natural Park is 45 km away	Electricity production	There are 2 species of birds included in the Red Book of Kazakhstan in Ereymenau mountains (imperial eagle and steppe eagle). However, clusters of birds were found in lowlands and forest plantations along highways and railways, which in turn are located away from the wind turbines installed at the WPP. Cases of collision with the wind turbine blades since the facility was commissioned were not reported.	Natural park
Moynak HPP (Almaty region)			
The Charyn National Park is located downstream of the Charyn River at about 55 km away from the Moynak Hydro power plant	Electricity production	“Moynak HPP” JSC cooperates with UNDP experts in Kazakhstan on the project for preservation of relic aspen grove, which is located downstream of the Charyn River.	Natural park

ASPECT “EMISSIONS”



Explanation of the essential topic and its boundaries

For “Samruk-Energy” JSC, the aspect of the impact on air from production activities of its TPPs is the most significant in comparison with other environmental aspects. This is logical, because the majority of electricity produced by the Company’s group (in 2020 – 91.3%) is generated using fossil fuels, resulting in origination of flue gases that pollute the atmospheric air. At the same time, because of chemical reactions that occur during fuel combustion, greenhouse gases are released into the air, affecting climate change.

Management approach to reducing greenhouse gas emissions

Kazakhstan ratified the Paris Agreement in 2015, thus reaffirming its commitment to the global fight against climate change. “Samruk-Energy” JSC takes climate change seriously. The main directions and goals for reducing the carbon intensity of processes and products are described in the long-term Development Strategy and the Environmental Policy of the Company. Thus, the strategic goals of the Company include the development of renewable energy and hydropower plants, energy management systems have been introduced everywhere, comprehensive programs on increasing energy efficiency and energy conservation were developed. As part of supporting RES, conditional consumers of “Samruk-Energy” JSC group purchased 765 mln kWh of “green” energy in 2020. Expenditures for purchase of electricity from RES across the group amounted to circa 28 bn tenge, which is twice the volume of 2019 (378 million kWh).

In addition, such subsidiaries of “Samruk-Energy” JSC as “Ekibastuz SDPP-1” LLP, “Ekibastuz SDPP-2 Plant” JSC,

“APP” JSC and “Bogatyr Komir” LLP are facilities that were set quotas and have obligations to reduce GHG emissions as part of the national GHG emissions trading system.

Management Approach to emissions of significant pollutants

The main sources of pollutant emissions in the Company are 1st category fuel stations. Significant substances common to TPP are nitrogen oxides, sulfur oxides, carbon monoxide, dust (ash).

The efficiency and correctness of environmental decisions taken during the design of stations is confirmed by the years of their operation. The choice of construction site for Ekibastuz stations of national importance is not a coincidence – proximity to the fuel source has been provided, which minimizes the negative impact of coal transportation, and most preferable conditions for dispersion of pollutants such as the height of the chimneys, the location that considers the topography and wind pattern, remoteness from residential areas were ensured.

Taking into account the opinion of the public and authorized bodies, gasification of CHP-2, 3 is planned at Almaty stations located in urban agglomeration in addition to the CHP-1 and WHC already converted to gas.

Emissions into the air are strictly regulated by environmental legislation. Air pollutant emissions are produced in volumes determined by production processes in accordance with the developed projects and standards, which are agreed with authorized state agencies and specified in special permits.

To minimize ash emissions, ash collecting technologies are used – at Ekibastuz state district power plants these are electrostatic precipitators, and at Almaty TPPs – new generation emulsifiers. To suppress the production of other gases, low-emission burners are used, the modes are regulated thanks to the high pressure heaters and 4th steam extraction.

Permanent industrial environmental monitoring of compliance with the standards for maximum permissible emissions is carried out and reports are submitted to the regulatory body on a regular basis.

Evaluation of management approach

According to the 2020 results, the volume of electricity production by renewable energy sources (RES) of the group amounted to about 336 mln kWh, thus Samruk-Energy share in RES market was about 10%.

Shardarinsk HPP complete retrofit program was finished in 2020 – the reconstruction increased the capacity of the HPP from 100 MW to 126 MW, which will provide an additional increase in the share of “clean” energy.

The decision on gasification of Almaty CHP-2 was taken in 2020, which will enable to improve the environmental situation in the southern metropolis. At the same time, it is planned to implement the project on reconstruction of Almaty CHP-3 with an increase in the installed capacity to 450 MW.

- According to the 2020 results, the following was achieved across the group of companies:
- lack of emergency situations that resulted in environmental damage;
 - the share of “clean” energy production – RES and HPP – 8.7% of the total output of the company’s group;
 - unit emission of CO2 in comparison with 2019 is owing to the reduction of unit consumption of fuel equivalent (UCFE);
 - unit emission of pollutants into air has reduced by 3.5% in comparison with 2019 indicator owing to an increase in share of generation using RES and share of production by HPP, gas-fired CHP-1, as well as GRES-1, environmental performance of which is better than of other coal-fired power plants of “Samruk-Energy” JSC group of companies;
 - reduction of unit emission of SO2 across the group of companies (g / kW * h) by 6%, unit emission of NO by 3% compared to with similar indicators of 2019.

Direct greenhouse gas emissions

	Measurement unit	volume		
		2018	2019	2020
Carbon dioxide	thous. tons	33,744	31,593	33,413.98
Methane		351.98	353,850	341.6
Nitrogen oxide		0,293	0,275	0,296

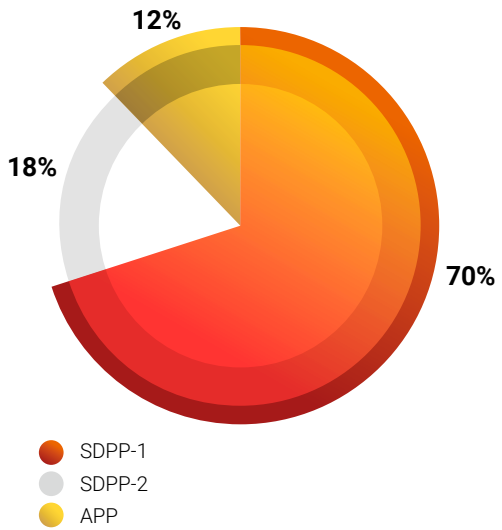
Methodologies: Guidelines for National Greenhouse Gas Inventories, IPCC, 2006; Guidelines for evaluation of greenhouse gas emissions from thermal power plants and boiler houses, Astana, 2010, Appendix 9 to Order No. 280-p of the RK MEPWR dated 05.11.2010.

The Republic of Kazakhstan law does not require a mandatory assessment of indirect greenhouse gas emissions, however, we suppose that the indicated volumes of greenhouse gas emissions contain 95% of total greenhouse gas emissions, including indirect (Scope 1 and 2) of “Samruk-Energy” JSC group of companies, since when calculating direct emissions, SA auxiliary power is taken into account.

Emissions of ozone depleting substances (ODS) and other emissions

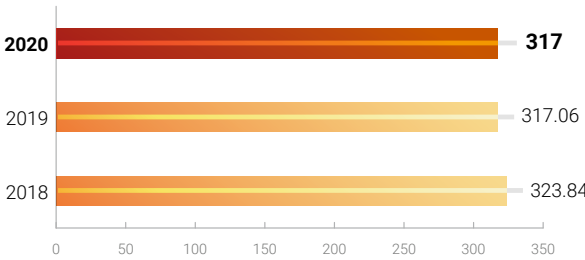
	Measurement unit	volume		
		2018	2019	2020
Production volume of ODS	–	–	–	–
Import volume of ODS		–	–	–
Export volume of ODS		–	–	–
Persistent Organic Pollutants		–	–	–
Volatile organic compounds	tons	297,2	261,6	261,4

SA input into aggregate emissions of the Company «Generation» sector 2020

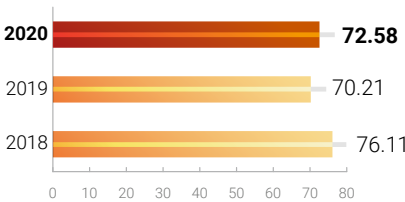


Pollutant emissions, thous. tons

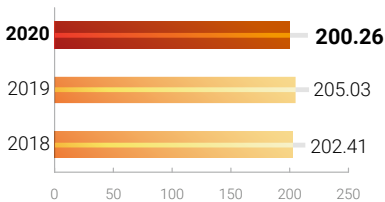
Volume of gross emissions across «Samruk-Energy» JSC group fo companies



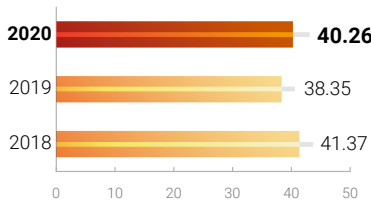
NO_x



SO₂



Ash



ASPECT “WASTE”

Explanation of the essential topic and its boundaries

The production process is bound to waste generation, and when managing those wastes “Samruk-Energy” JSC group of companies strive to comply with environmental, sanitary and epidemiological requirements and standards in the field of treatment of certain types of waste. Taking into account the specifics of operations of “Samruk-Energy” JSC large enterprises, production wastes are classified as large-tonnage – ash and slag waste at TPP and overburden at “Bogatyr Komir” LLP coal mine. These types of waste are non-hazardous and make up most of the total waste. Other types of waste are classified as consumption waste. Measures regarding them involve separate collection and further transfer of these wastes for recycling or disposal.

Management approach

As required by Kazakhstan environmental legislation, the volumes of waste disposal are controlled. As regards the consumer waste, there are requirements for separate collection and temporary storage in specially equipped places, as well as types of waste that are not acceptable for burial at landfills are determined.

Thus, the types of waste, which are suitable for reuse and classifying as secondary raw materials followed by transfer to corporate entities and individuals, are determined. At “Samruk-Energy” JSC group of companies such wastes include waste paper, cardboard and paper waste, plastic and plastic waste, mercury-containing lamps, scrap of non-ferrous and ferrous metals, electronic and electrical equipment, batteries, tires and their fragments and other hazardous waste.

The total mass of waste by type and method of treatment

		Measurement unit	Mass		
			2018	2019	2020
1	Total waste produced, incl	thous. tons	79,435.9	75.476	97,513.5
2	Hazardous		18.8	20	21.3
3	Non-hazardous		79,417.13	75.456	97,492.2

*real-time data

Evaluation of management approach

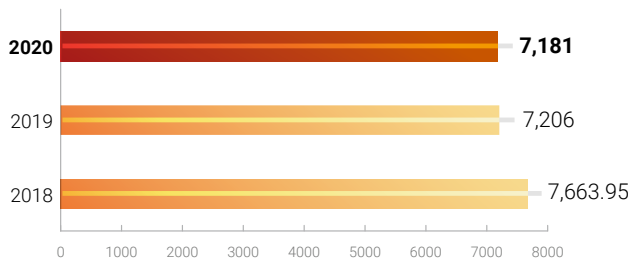
Production waste across “Samruk-Energy” JSC group is disposed in the most secure way.

To mitigate the negative impact of “Bogatyr Komir” LLP on adjacent territories, the works on reducing the volume of overburden disposal at external dumps, for this purpose, the projects on using the internal mined-out space of “Severny” and “Bogatyr” open-pit mines as internal. For preventing oxidative processes and prevent spontaneous combustion of coal-bearing rock stored in dumps, measures on isolating dumps with inert rocks and compacting the roof of dumps are taken.

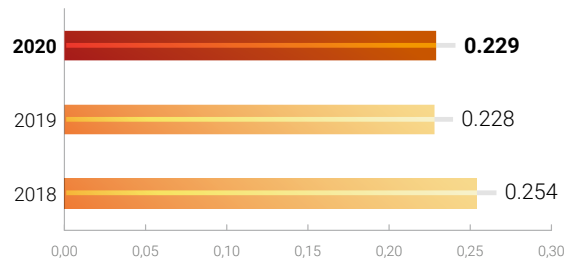
Ash and slag waste of TPP are buried in ash dumps, dust suppression works are carried out as well, at SDPP – under the edge of the water, and at Almaty stations – using a unique combined technology with topping a layer of soil and planting of perennial and shrubs. Reclamation of depleted parts of ash dumps is carried out annually. Overall, the development of hydropower plants and renewable energy facilities also contributes to the reduction of ash and slag waste per unit of production.

At the same time, ash and slag disposal also belongs to production waste management activities – they are used in construction of roads in Pavlodar region. About 10 thous.nd tons of dry ash were disposed in 2020. However, the demand for ash and slag as a raw material is low.

Ash and slag waste, thous. tons



Per unit indicator of ash and slag generation by sector Fuel generation, kg of ASW/kWh



“SOCIAL” CATEGORY

The Company recognizing the social responsibility of business, in order to ensure maximum benefits to society from its operations, accepts voluntary commitments for the responsible participation in the lives of the Company’s employees, the population in the regions where the Company operates and society as a whole.

Human resources management is one of the priority areas in the Company’s business and human resources are managed on the basis of the Personnel Policy of “Samruk-Energy” JSC for 2018–2028.

Personnel Policy’s mission

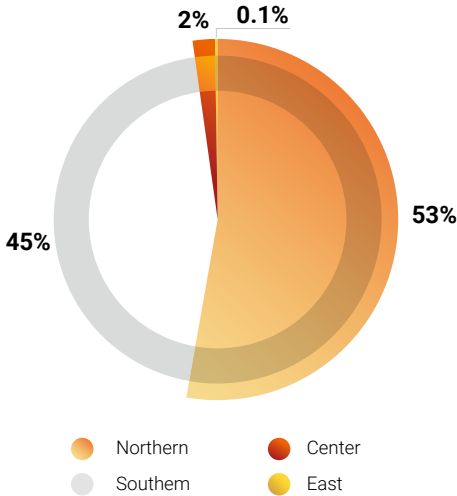
To pool efforts of human resources for the achievement of strategic goals of the Company in the long term and providing a competitive advantage in the market

Personnel Policy’s vision

A single effective corporate culture aligned to the values of each employee, which contributes to the growth of human potential and dynamic sustainable business development.

The strategic role of the HR function is expressed primarily in the planning of labor resources for the future in quantitative and qualitative terms.

Total workforce by region for 2020



The Company pays special attention to managing the planning and providing labor resources by managing the organizational structure and number of employees, managing the quality and competences system, and recruiting and selecting personnel.

“Samruk-Energy” JSC is one of the largest employers in the Republic of Kazakhstan. As of December 31, 2020, the Company’s headcount amounted to 17,783 people.

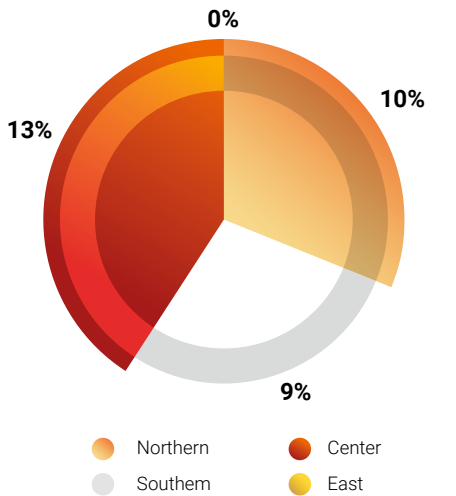
“Samruk-Energy” JSC group’s personnel structure has remained stable over the past years. The average length of service of employees – 12 years.

The company strictly complies with existing legislation, in the event of other significant changes related to activities, including in the event of termination of the employment contract, it notifies employees in writing at least one month in advance.

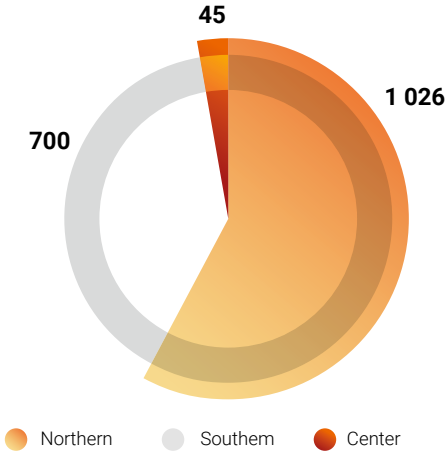
The share of full-time employees in the reporting period was 100%.

The share of top managers in significant regions of operation, hired from among the representatives of the local population, reached 100% in the reporting period.

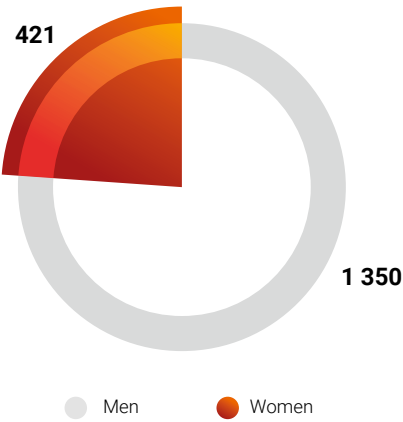
Staff turnover by regions for 2020



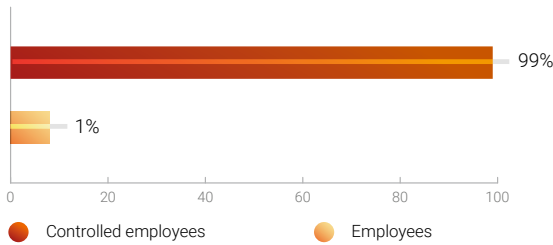
Newly hired employees by regions for 2020



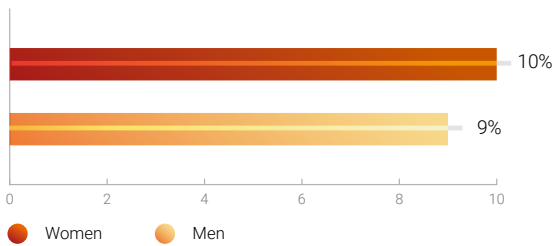
Newly hired employees by gender for 2020



Total workforce by employment type for 2020



Staff turnover by gender for 2020



Staff profile

No.	Indicator	Employees	Share
1.	Total headcount (list-based at the end of 2020)	17,783	
2.	Gender	17,783	
2.1.	Men	13,184	74%
2.2.	Women	4,599	26%
3.	Age groups (average age of employees – 38 years)	17,783	
3.1.	under 30 years	2,975	17%
3.2.	from 30 to 50 years	9,452	53%
3.3.	over 50 years	5,356	30%



In connection with the production specifics of the Company’s operations, male employees are involved in the main production areas, whose share of the total staff in 2020 was 74 %.

“Samruk-Energy” JSC supports 7 Principles for the Empowerment of Women, developed through a partnership between UN-Women and the United Nations Global Compact, was signed. This document assumes adherence to the principles of gender equality as a key element of sustainable development, as well as the conviction that companies that provide women and men with equal opportunities are more successful and achieve better results. To achieve this goal, the Company has adopted the Action Plan.

During the reporting period, 272 employees were granted parental leave across “Samruk-Energy” JSC group. Of these, 252 are women and 20 are men. In the reporting year, 172 employees continued their work, including 163 women and 9 men.

In 2020, the employee turnover rate was 6%. The main reasons are the prospect of getting a higher salary elsewhere and the lack of career and professional development and training.

Because of specifics of its operations, “Samruk-Energy” JSC has no risk of using child and forced labor, as well as performance of hazardous work by young employees.

Safety and labor protection

The company, guided by the principles of sustainable development, pursues a policy to reduce industrial injuries and improve working conditions for employees.

In accordance with the Action Plan for the management of health and safety issues in the Company’s group for 2020

and the Company’s Health and Safety Policy, all subsidiaries and dependent companies have developed and approved labor protection work plans, carried out a set of organizational and preventive measures.

To provide employees with security assurances, the Company will continue to develop its social protection program (medical insurance, life insurance, pension provisions, accident insurance, etc.), improve working and living conditions.

As required by law, the Company also pays sick leave, medical insurance, insurance of an employee against accidents when performing job responsibilities, annual medical examination of employees and financial assistance in case of workplace injury. In line with p. 2 of article 17 of the Republic of Kazakhstan Law “On compulsory insurance of an employee against accidents when performing job responsibilities”, “Samruk-Energy” JSC group of companies concludes life and health insurance contracts for employees engaged in high injury rate jobs.

Throughout the group of companies, in accordance with Article 203 of the Labor Code of the Republic of Kazakhstan, there are production councils (formerly committees) for labor safety and protection. It consists of representatives of the employer, representatives of workers, including technical inspectors for labor protection on a parity basis.

The international standard “Occupational Health and Safety Management System OHSAS-18001” has been introduced.

All subsidiaries and affiliates of the Company have certified their workplaces for working conditions. In accordance with the certification of workplaces, workplaces with harmful and hazardous working conditions have been identified. At the same time, all employees are provided with appropriate benefits, including personal protective equipment and overalls in accordance with the legislation of the Republic of Kazakhstan.

In accordance with article 185 of the Labor Code of the Republic of Kazakhstan, workers employed in jobs associated with increased danger, machines and mechanisms, undergo pre-shift and post-shift medical examination.

On a regular basis, “Samruk-Energy” JSC group of companies carries out vaccinations for its employees, and also uses other forms of maintaining immunity in order to prevent diseases.

The Company has introduced the practice of conducting planned and unscheduled (sudden) inspections to comply with the requirements of international standards, regulatory legal acts of the Republic of Kazakhstan, internal regulatory documents of the Company in the field of occupational safety and health. During the reporting period, 9 scheduled inspections, 3 unscheduled (sudden inspections) were carried out.

Injury description	2018	2019	2020
Chemical burn, thermal burn	1	2	–
Bruise	1	1	1
Traumatic amputation	–	–	1
Electric injury (thermal burn)	–	1	1
Fracture	5	5	1
Combined injuries (fracture, bruises, tears of internal organs)	1	–	4
Eye injury	–	–	–
Traumatic brain injury, brain concussion	2	2	–
Total	10	11	8

Indicators for 2020	
LTIFR	0.27
FIFR	0
LDR	230.15
Lost days ratio	816
Missed days ratio	158,852
Occupational morbidity rate	no

Fire safety

All entities that are part of “Samruk-Energy” JSC group of companies are provided with primary fire extinguishing equipment: portable and mobile fire extinguishers, equipped with fire hydrants, provided with boxes with powder composition (sand), as well as fire-resistant fabrics (felt, etc.).

Supervisory government bodies, employees representatives of “Samruk-Energy” JSC, as well as labor protection specialists of an enterprise monitor the availability of fire-fighting equipment during scheduled and unscheduled inspections.

In 2020, 1 case of fire was recorded at the facilities of enterprises belonging to “Samruk-Energy” JSC group of companies. On June 25, 2020, at “Ekibastuz GRES-1” LLP, during hot work inside the cabin of the overhead crane, glowing particles of welding hail hit the combustible polymer heaters, which resulted in the ignition of the insulation

Registration, the procedure for reporting and accounting of industrial accidents was carried out in accordance with Chapter 20 of the Labor Code of the Republic of Kazakhstan “Investigation and accounting of work related accidents” and other regulatory legal acts of the Republic of Kazakhstan.

In accordance with the corporate standard “Incident accounting and investigation”, the practice of conducting internal investigations of accidents has been introduced in order to determine the root (system) causes. In accordance with the above corporate standard, investigations of incidents that did not lead to accidents are conducted.

Despite the large number of preventive and corrective measures implemented, 8 accidents related to work were registered in 2020: 7 of them were with a severe outcome, 1 with an easy outcome.

Injury description	2018	2019	2020
Chemical burn, thermal burn	1	2	–
Bruise	1	1	1
Traumatic amputation	–	–	1
Electric injury (thermal burn)	–	1	1
Fracture	5	5	1
Combined injuries (fracture, bruises, tears of internal organs)	1	–	4
Eye injury	–	–	–
Traumatic brain injury, brain concussion	2	2	–
Total	10	11	8

Indicators for 2020	
LTIFR	0.27
FIFR	0
LDR	230.15
Lost days ratio	816
Missed days ratio	158,852
Occupational morbidity rate	no

of the overhead crane cabin. Reason: Failure to comply with fire safety measures in the production of welding and other hot work. There are no casualties.

Measures taken to avoid accidents at work

The following measures are taken in order to reduce workplace injury rate across “Samruk-Energy” JSC group of companies:

- 1. All employees are informed about circumstances and causes of accidents.
- 2. All production personnel receive unplanned instructions (in case of accident occurrence)
- 3. Unscheduled test of employees for OR, occupational safety rules knowledge is held at business units at which an accident took place.
- 4. Occupational safety days with participation of CEOs of companies are organized on a monthly basis. Actions



aimed at elimination of identified violations are taken according to the results of the occupational safety days.

- 5. Occupational health and safety services organize comprehensive inspections of equipment, buildings, facilities and workplaces. Action plans with deadlines and persons in charge based on results of comprehensive inspections are developed.
- 6. All production personnel are trained according to the Rules for training, instruction, and testing of employees' knowledge of occupational safety.
- 7. Seminars and meetings with engineers and technicians of structural subdivisions authorized to give assignments, manage and perform works are held prior to the repair campaign; such workshops cover practical trainings on the correct access for teams to perform works and prepare work orders.
- 8. At least once every five years, enterprises undergo assessment of workplaces with respect to working conditions.
- 9. Equipment that exhausted its service life and posing a serious threat to production personnel is replaced according to the schedule.
- 10. The practice of conducting leadership behavioral safety audits is being introduced.
- 11. The maps / registers of risks at workplaces are updated, and additional trainings on identification of hazards and risk assessment for staff are held.

Motivation and remuneration

The company adheres to the following policy of remuneration and motivation:

- setting a minimum guaranteed level of remuneration in the Company for all employees at a level exceeding the legislatively established minimum amount of remuneration, taking into account the need to meet basic living needs and provide a certain income, taking into account local conditions;

- wage indexation based on the consumer price index;
- periodic increase in wages resulting from better performance;
- the use of flexible bonus systems for complete consideration of an individual labor contribution of an employee;
- the objectivity and unity of the system of payment and motivation of workers and its competitiveness at the national level;
- rewarding with corporate and industry awards.

The average salary of employees at "Samruk-Energy" JSC group of companies in 2020 increased in relation to the same indicator by **12%** – from **243,722** tenge to **273,628** tenge. The growth of the average salary of production staff amounted to **14%** – from **225,632** tenge to **256,611** tenge, administrative staff amounted to **4%** – from **450,171** tenge to **467,305** tenge.

The minimum wage across the group of companies is 135,526 tenge. The ratio of the minimum wage for women to the minimum wage for men is 100%. The wage is set based on the salary scheme and the tariff rate.

In order to increase the content of wages and compensate for inflationary processes, as well as in accordance with the concluded Collective Agreements at "Samruk-Energy" JSC group of companies, the indexation of wages was carried out by an average of **7.5%** in 2020.

In order to motivate employees, "Samruk-Energy" JSC, in recognition of merit, develops types of non-material motivation and forms of indirect additional financial remuneration – social protection programs for employees and additional benefits.

The Company, in accordance with the Collective Agreement, provides for: overtime pay, pay for work on holidays and weekends, at night, allowances and surcharges, pay for employees engaged in heavy work, work with harmful

(especially harmful), dangerous working conditions, additional paid annual leave, financial assistance in connection with the birth of a child, financial assistance for the wedding and one-time bonus in connection with the anniversary (50, 60 and 70 years). According to the Collective Agreement, upon termination of the employment contract, employees are paid a compensation payment in the amount of 3 wages in connection with retirement.

Employees who combine work with education in educational institutions are also provided with additional leave for the period of examination or adjustment sessions, the preparation and protection of the graduation project (work), and the passing of final exams.

To motivate and encourage employees across "Samruk-Energy" JSC group of companies, the honoring of distinguished employees with state, departmental and industry awards from the CIS Electric Energy Council, Kazakhstan Association of Oil and Gas and Energy Sector Organizations "KAZENERGY", "Kazakhstan Electricity Association" ALE, "Samruk-Kazyna" JSC, etc was held as part of the corporate culture development.

According to the results of 2020, 22 employees were awarded the badge "Enbek sinirgen energetic", the Order "Enbek Danky" of III degree, "Kurmet" Order of the RK, "Eren enbegi ushin" medal, "KAZENERGY" medal – 4, the Medal of the MED "Elektr energetika salasyna koskan ulesi ushin", badge of the RK Ministry of Energy "Kurmetti energetic", jubilee medal "Kazakhstan Konstitutsiyasyna 25 zhyl", jubilee medal "Kazakhstan Konstitutsiyasyna 25 zhyl".

Development and career growth

The specifics of power industry requires constant continuous training and retraining of personnel for admission to work and maintaining a high level of professionalism. "Samruk-Energy" JSC group strives to constantly develop and train employees. Personnel training and development are a key success factor in ensuring economical, trouble-free and efficient operation of the equipment and the company as a whole.

The main directions of staff development of the Company's group:

- Leadership Development Program;
- Operation of coal-fired boiler / steam turbines of thermal power plants;
- "Project Management", "Situational Leadership" trainings;
- Master's programs (BA, Ms);
- Corporate English language and state language courses;
- Seminars, trainings and conferences on the functional orientation of employees' occupation.

In 2020, employees completed health and safety training for responsible persons; in accordance with the RK Law "On Civil Protection"; they also completed training in workplace safety and basics of fire safety", "Legislation in the field of energy conservation and energy efficiency". Energy management in production. Management of energy conservation programs development and implementation. "Energy conservation and energy efficiency improvement", "The Role of risk management and internal control system in corporate governance" and "Corporate Governance and Sustainable Development".

In addition, as part of the implementation of the mandatory Leadership program, 100% of CEO completed trainings; CEO-1 – 92%; CEO-2 – 91%.

For CEO-1, the trainings "People Management", "Change Management", "Public Speaking", "Strategic Management", "Coaching Skills" and "Digital Skills" were conducted. For CEO-2, the trainings "People Management", "Change Management", "Strategic Management", "Coaching Skills" and "Digital Skills" were held.

According to the Digital Transformation Program (a roadmap for the Culture of High Performance Initiative), the thresholds for the percentage of executives who completed leadership programs trainings were achieved.

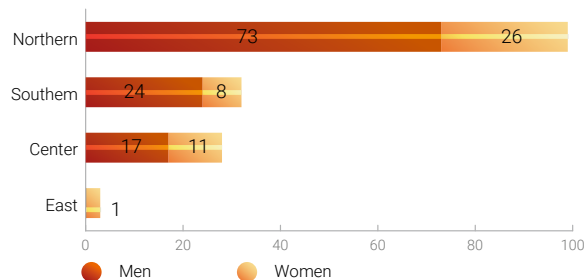


Average hours of training per employee per annum, by category of employees

Personnel category	Total headcount as of the end of 2020		Number of training hours for 2020		Average training hours per employee/year
	men	women	men	women	
Top management	60	6	1,289	129	21
Executives, specialists	3,247	2,091	37,144	23,914	11
workers, employees	9,877	2,502	662,331	167,779	67

Personnel category	Total headcount as of the end of 2019		Number of training hours for 2019		Average training hours per employee/year
	men	women	men	women	
Top management	56	7	1,627	203	29
Executives, specialists	3,218	2,105	35,323	23,106	11
workers, employees	9,800	2,513	591,253	151,614	60

Average number of training hours per employee per year, by region



In line with existing Rules for performance appraisal of the Company's employees, the following assessment is carried out:

- a comprehensive (final) assessment of goals and competencies, which includes: self-assessment, review meetings, a review of skills, potential, assessment and providing employees with guidelines to improve performance and development opportunities.
- an interim review of employees performance, which is carried out on a quarterly basis, in order to monitor the degree of achievement of goals for the reporting period.

The performance of 94% of administrative and management staff was evaluated, of which 95% are men and 94% are women.

To maintain and unravel competitiveness, proactively respond to external and internal challenges, build the potential of promising, highly professional and involved employees, educate own executive staff, the Company develops a system of succession and talent management.

"Samruk-Energy" JSC group of companies creates a single personnel reserve for occupying key positions and introduces selection and appointment procedures from the talent pool based on the principles of objectivity, transparency and fairness, voluntariness, and efficiency.

The process of formation and development of the personnel reserve is closely integrated with the annual employees' performance appraisal, based on which a talent map is created and individual development plans (IDP) of succession pool members are prepared, involved mentoring, internship programs and a succession program are developed.

As part of the development of corporate governance, "Samruk-Energy" JSC Board of Directors and company management bodies pay a great deal of attention to the preparation and implementation of a plan for succession to senior positions.

Social stability and development of corporate culture

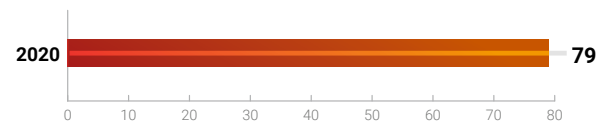
The annual measurement of indicators of social stability and employee involvement allows taking timely measures on increasing employee loyalty and trust, social welfare, and employee involvement, improving working conditions and processes associated with staff work, developing communication systems and informing about any changes.

In 2020, the methodology for determining the engagement index and social stability rating was updated. The purpose of updating the methodology is to increase the practical significance of results and the value of recommendations to ensure social stability in a team.

In connection with the current epidemiological situation in the Republic of Kazakhstan, in 2020 the study was conducted by telephone survey within Samruk Research Services platform.

According to the research results for 2020, the Social Stability Index across the Company's group was 79%*.

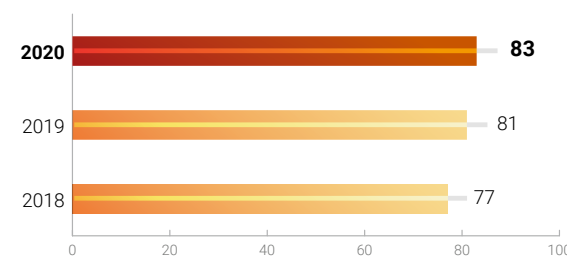
The share of engaged production employees across the Company's group



* Comparison in dynamics by the SRS indicator will be possible from 2021

The indicator of the survey of **administrative and management staff engagement** across the Company's group in 2020 amounted to 83%, which shows an increase of 2% compared to 2019*.

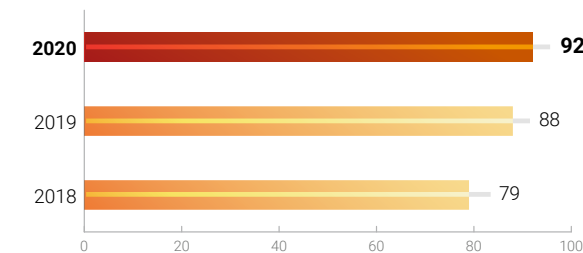
The share of engaged administrative and management staff across the Company's group



* To conduct a comparative analysis with the results of previous years, the engagement index for 2018 and 2019 was recalculated according to the example of the 2020 methodology.

The indicator of the survey of the Company's (Head office) **administrative and management staff** in 2020 was 92% and is in the positive zone. Compared to 2019*, the share of employees involved increased by 4%.

The share of engaged employees of the Company



* To conduct a comparative analysis with the results of previous years, the engagement index for 2018 and 2019 was recalculated according to the example of the 2020 methodology.

Conciliation committees are formed and operate in the "Samruk-Energy" JSC group of companies, consisting of representatives from the employer and representatives of trade union workers, whose main function is explanatory work among employees, complaints and appeals consideration procedures.

"Samruk-Energy" JSC group of companies strives to provide a competitive social package, the availability of which allows attracting qualified employees. Compensation and benefits are designed to improve the welfare and level of social protection of employees and their families. The number of social payments and benefits provided to employees of the Company's Group in accordance with signed collective agreements include:

- financial assistance for health care provided at vacation, for the birth of a child;
- financial assistance for burial (an employee and immediate relatives), for the treatment of retired employees, for emergency situations, etc.
- financial assistance in connection with loss of income (registration of maternity leave or leave due to the adoption of a newborn child);
- voluntary health insurance;
- health resort treatment
- a one-time incentive payment in connection with employees anniversary celebration (50, 60 and 70 years);
- expenses for holding festive, cultural and sports events;
- payment of loans;
- allowance for injury and loss of primary income earner;
- New Year's gifts to children, etc.

Social guarantees and benefits for 2020 were provided in accordance with the Collective Agreement in the amount of 2,228,698 thous. tenge.

Share of employees under collective bargaining agreement

No.	Indicator	Value (2020)	Measurement unit
1.	Total number of employees (headcount) as of the end of 2020	17,783	people
2.	Including employees under collective bargaining agreement for 2020:	15,567	people
3.	Share of total employees under collective bargaining agreements:	88%	%

The Company implements the following activities for health improvement, and recreation organization:

- 1) the provision of additional days to paid annual labor leave for years of employment;

- 2) regular promotion of healthy lifestyle among employees using corporate media;
- 3) partial compensation for the cost of trips to health camps and children's health centers for children with disabilities and orphans for employees of the Company.

Payments and benefits provided to full-time employees which are not provided to employees who work under conditions of temporary or part-time employment, broken down by core activities

No.	Indicator	For full-time employees	For employees with part-time or temporary employment
1.	Payments and benefits to employees		
1.1.	Life insurance	Provided	Provided
1.2.	Healthcare (medical insurance)	Provided	Provided
1.3.	Compensation for disability	Provided	Provided
1.4.	Maternity/paternity leave	Provided	Provided
1.5.	Granting pension (one-time payment upon retirement)	Provided	Not provided
1.6.	Transfer of company shares into ownership	Not provided	Not provided
1.7.	Other (health resorts treatment, financial assistance in connection with the birth of a child, financial assistance for the treatment of family members, financial assistance for rehabilitation)	Provided	Provided

Young employees’ policy

The Company is fully engaged in increasing youth involvement, aimed at creating an active life position of the young generation, patriotic education, social support of youth and providing the Company with highly competent specialists in the future.

The objectives of this area are:

- creation and development of the Youth Council under the management of the Company from among the youth assets of companies.
- interaction with youth public associations;
- participation of young specialists in scientific and practical conferences, forums, competitions and other events;
- the work with specialized educational organizations within cooperation on matters like training, search and selection of best graduates, organization of internships for students, participation in the improvement of curricula and the development of dual training, the development of scholarship programs, etc.;
- development of social support programs for young professionals, young families;
- development of adaptation systems, internships, mentoring, training, career and professional planning in relation to young specialists.

Every year this youth movement strengthens its position. Young active members of the Company participate in work-related and social life. There are many creative talents among them who are involved in organizing corporate events.

In 2020, young specialists implemented several activities to fully support the volunteer movement.

In the beginning of 2020, the Youth Asset of the Company's group provided charitable assistance to the families of employees who faced difficulties resulted in COVID-19 pandemic.

As part of the "Young in Soul" volunteer project, volunteers took part in distributing food baskets to the elderly, veterans and the disabled.

As part of the project "Taza Kazakhstan – Contribution to nature conservation" volunteers held an eco-cleanup day in Kazakhstan regions.

On the eve of the New Year, the youth activists turned the wishes of children suffering from cancer into reality with the help of "Magic Christmas Tree" charity event.

The company declares its intention to attract and retain young, talented workers, create jobs for young workers, develop a mentoring institute, and educate gifted school graduates at universities of Kazakhstan, near and far abroad in power industry majors.

As part of implementation of "Jas Orken" program, "Samruk-Energy" JSC group of companies accepted 4 young specialists and 5 trainees for the internship as part of implementation of "Digital Summer" program.

All young specialists for the period of rotation are given access to take an electronic adaptation course.

With the support of "Samruk-Energy" JSC, Almaty University of Energy and Communications held the Republican Olympiad in Physics and Mathematics.

Human rights

As regards observance of human rights, the Company conducts its business in strict compliance with the legislation, recognizes the importance and value of fundamental human rights and freedoms proclaimed by the UN, including freedom of association, recognition of the right to collective bargaining, labor rights, the right to a healthy environment, health protection. No cases of discrimination against employees were reported during the reporting year.

The principles of human rights observance are set out in the Code of Business Conduct of "Samruk-Energy" JSC.

Moreover, as part of its interactions with its suppliers and contractors, the Company requires compliance with labor laws, including compliance with health and safety requirements. The relevant requirements are included in the standard contracts of the Company and SA with suppliers.

Employees have the right to collective bargaining in the context of current legislation through permanent Conciliation Commissions, Committees for the settlement of social and labor conflicts.

The recruitment at "Samruk-Energy" JSC is carried out in accordance with the Rules for the competitive selection of personnel for vacant positions and the adaptation of new employees at "Samruk-Energy" JSC using the elements of testing and by complying with principles of transparency and meritocracy, taking into account professionalism, personal qualities of a candidate and his compliance with the qualification requirements and competencies for the position, as well as the principles of fair and equal treatment of employees. "Samruk-Energy" JSC provides maximum assistance in preventing any form of discrimination, the use of child and forced labor, as well as the selection and promotion of personnel solely based on professional skills and knowledge.

12 trade union organizations comprising 15,567 members operate at "Samruk-Energy" JSC in order to regulate and protect the professional, economic and social labor rights and professional interests of "Samruk-Energy" JSC employees.

"Samruk-Energy" JSC trade union assist in protection of interests of employees – members of the Company's trade union in terms of compliance with labor laws, established social guarantees and compliance with contract provisions.

The company establishes dialogues with stakeholders on various aspects of its operations. In particular, to obtain information on concerns and complaints, a mechanism for submitting and reviewing complaints was developed using the feedback system on "Samruk-Energy" JSC external website – a written request or a telephone call to the "hot line".

Thus, 67 appeals were registered across the Company in 2020, and all of them were settled during the reporting period. The Company registered 73 complaints in the same period of 2019.

There were no confirmed cases of discrimination against employees in the group of companies of "Samruk-Energy" JSC based on the results of 2020.

Number of complaints about the practice of labor relations filed, processed and settled through formal grievance mechanisms

No.	Indicator	Value
1.	The total number of complaints about the practice of labor relations filed through formal grievance mechanisms during 2020, among them	67
1.1.	Processed during the reporting period	67
1.2.	Settled during the reporting period	67
2.	Indicate the total number of complaints about the practice of labor relations filed before the beginning of the reporting period and settled during the reporting period	

Presentation of health and safety issues in formal agreements with trade unions

No.	Indicator	Value
1.	Do official agreements (global or local) with trade unions address health and safety issues	yes
2.	If yes, information on the extent to which health and safety issues are covered by local agreements signed by an organization. Local level agreements usually address issues such as:	
2.1.	Individual protection means	yes
2.2.	Joint health and safety committees with participation of representatives of management and employees	yes
2.3.	Participation of employees’ representatives in health and safety inspections, audits and accident investigations	yes
2.4.	Education and training	yes
2.5.	Grievance mechanism	yes
2.6.	The right to refuse dangerous work	yes
2.7.	Periodical inspections	yes
3.	If yes, information on the extent to which health and safety issues are covered by local agreements signed by an organization. Local level agreements usually address issues such as:	
3.1.	Compliance with recommendations of the International Labor Organization (ILO)	yes
3.2.	Actions or mechanisms for solving issues	yes
3.3.	Obligations regarding target performance standards or the level of practical approaches applied	yes

Implementation of social programs and interaction with local communities

“Samruk-Energy” JSC, being a socially responsible company, strives to pay attention to the social well-being of the regions where subsidiaries are located.

In 2020, “Samruk-Energy” JSC was involved in active interaction with the “Samruk-Kazyna Trust”Corporate Fund on the implementation of social programs aimed at solving socially significant issues in the regions of “Samruk-Energy” JSC presence.

Thus, as the result of interaction of subsidiaries of “Samruk-Energy” JSC (“APP” JSC, “Samruk-Green Energy” LLP, “Ekibastuz GRES-1” LLP, “First Wind Power Plant” LLP) with local executive bodies, a list of social problems was identified as well as a list of non-profit organizations capable of initiating and implementing projects within the framework of solving these problems.





About the Company



Development Strategy for 2018–2028



Electricity and coal market overview



Financial and economic report



Investment activity



Procurement management



Corporate governance structure



Sustainable development



ATTACHMENTS



ATTACHMENT

ABOUT THE REPORT

The Company applied the following approaches and principles in preparation of the Report.

Stakeholder Engagement and Materiality

"Samruk-Energy" JSC stakeholder engagement is based on the principle of "Inclusion" and is based on the Company's readiness to invest in the development, in the future of its customers and employees, partners and suppliers, ensuring sustainable development of both the Company and local communities, making social investments in areas significant for the territory of the Company's presence, readiness to develop interaction with all persons for an appropriate and flexible response to external and internal challenges (for more details, see the section "Sustainable Development").

Considering the principle of "transparency" as part of stakeholder engagement, every year, the Company checks the balance and completeness of the information disclosed in the annual report after the release of the annual report, and also identifies topics and aspects that have a significant impact on the Company's operations and its stakeholders, and which should be taken into account when building the structure of the annual report for the next reporting cycle, which includes: determination of a list of significant topics; survey of external and internal stakeholders; creation of a materiality matrix based on annual results.

Completeness, materiality, balance of identified significant aspects were studied using stakeholder survey results and the Company's Materiality matrix for 2021 was created based on such survey.

The analysis based on the 2020 results showed that as before topics such as business digitization, tariff regulation and financial stability of the company, effective investment activities, risk management, energy efficiency, compliance with environmental legislation, ensuring occupational safety for employees and contractors, reducing emissions of greenhouse gases and other pollutants, workplace injuries, etc remain important for the Company and its stakeholders.

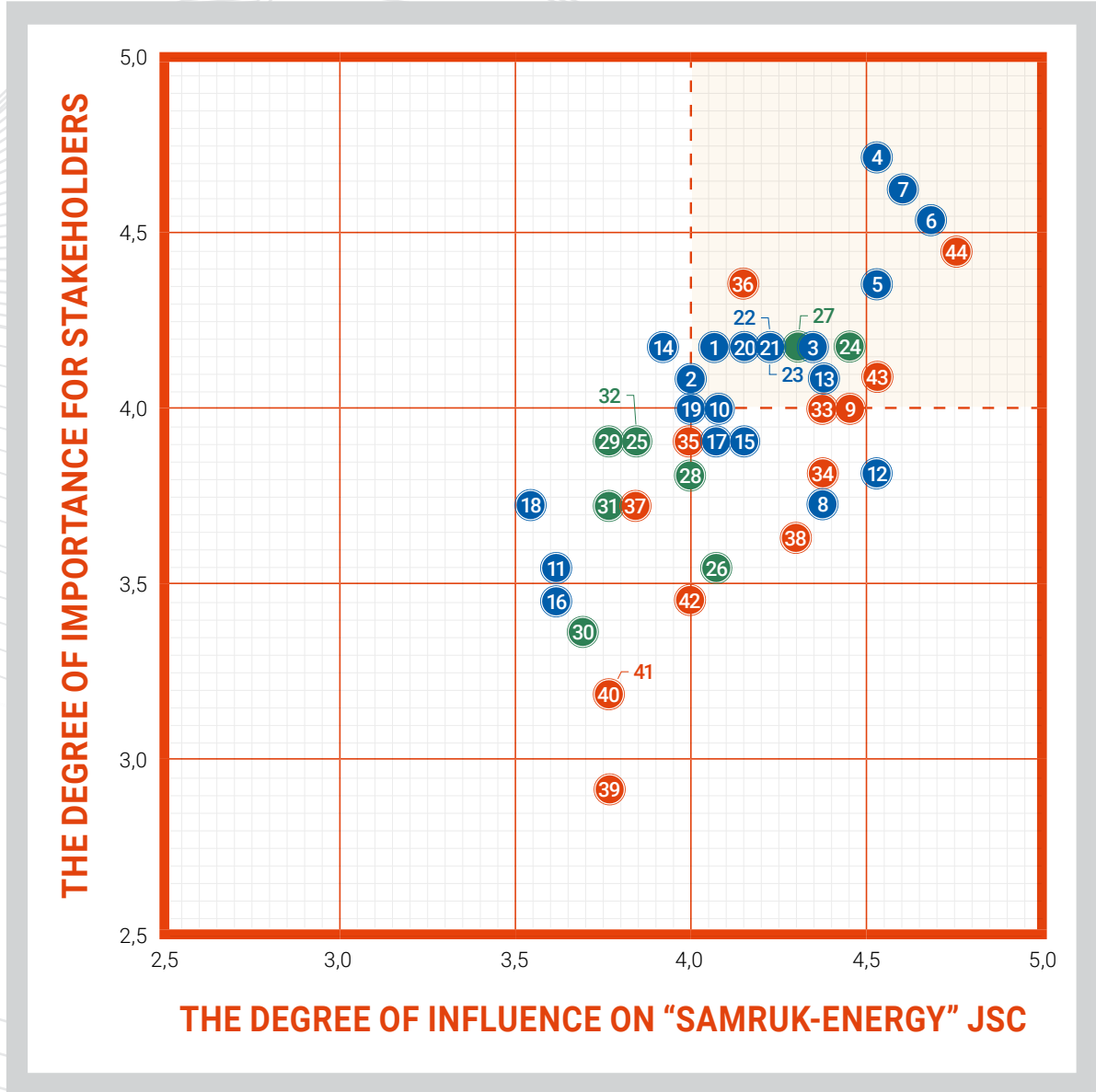
The materiality matrix was reviewed and approved by the Board of Directors on December 15, 2020. (Minutes No. 13/20).



RELIABILITY FOR ALL TIMES

«SAMRUK-ENERGY» JSC

2020 MATERIALITY MATRIX



THE LIST OF SUBSTANTIAL TOPICS IN 2020

1 Business digitization	23 Reduction of energy consumption
2 Ensuring the information security of the Company	24 Reduction of greenhouse gas emissions and other pollutants (NOX, SOX, ozone-depleting and other significant pollutants)
3 Prevention and liquidation of natural disasters and emergency situations during operations	25 Total environmental expenditures and investments (broken down by types)
4 The Company's contribution to the country's economy (including created and distributed economic value)	26 Efficient use of materials, energy and water.
5 Tariff regulation	27 Compliance with environmental laws and regulations
6 Financial stability	28 Waste management
7 Effective investment activity	29 Sources of water, which are considerably affected by water withdrawal of an organization
8 Business management during pandemic	30 Share and total volume of reusable water
9 Implementation of social programs and cooperation with local communities	31 Water bodies, which are significantly affected by discharges of an organization and its territory's surface run-off
10 Social responsibility in procurements and the share of expenditures for local suppliers in significant regions of operation (including the development of the share of local content)	32 Biodiversity conservation
11 Procurements categories management	33 Fair remuneration and social support for employees
12 Combating all forms of corruption, including extortion and bribery	34 Corporate culture and business ethics
13 Timely risk identification and quality risk management	35 Youth policy
14 Compliance risk management and the Company's compliance culture	36 Professional and personal growth of staff
15 Improvement of business reputation and stakeholder engagement	37 Staff recruitment
16 International cooperation	38 Diversity and equal opportunity, including gender equality
17 Corporate conflicts and conflict of interests	39 Grievance mechanism
18 Audit of quality management system	40 Elimination of all forms of forced labor
19 Business transformation	41 Eliminating discrimination in labor and employment
20 Principles and approaches to "Samruk-Energy" JSC interaction with subsidiaries and affiliates	42 Support and respect the protection of internationally proclaimed human rights
21 Investments in renewable energy sources	43 Improving the efficiency of occupational safety management system
22 Energy efficiency	44 Workplace injury rate

The Context of Sustainable Development

The report provides information on the Company’s contribution to the economic, environmental, social aspects.

Completeness

The indicators and content of the Report are sufficient to reflect the significant impact of the Company on the economy, the environment and society during the reporting period.

Balance

This Report shows the positive and negative aspects of the Company’s results for the reporting year. Certain indicators were disclosed in 3-year dynamics.

Comparability

Stakeholders using this Report can compare the information provided on the Company’s financial and operating performance with the results for previous periods and its objectives.

The report was prepared in accordance with GRI Standards, which allows stakeholders to compare the Company’s operations with those of other companies.

Accuracy

The information provided in the Report is accurate enough and detailed so that stakeholders can evaluate the results of the Company’s operations for the reporting period. Information is expressed both in quality descriptions and in figures.

Timeliness

The report is provided on an annual basis within the shortest possible time after the approval of the audited financial statements and no later than July 30, which allows assuming that the information reflected in this Report is relevant. The report is posted on the company’s website in Kazakh, Russian and English, simultaneously for all stakeholders.

Clarity

The information in the Report is set out in an understandable and accessible form to the interested parties.

Reliability

In preparing this Report, the information provided was preliminarily analyzed and disclosed in such a way that stakeholders could check this report and assess the degree of reliability of its content.

Data sources are official reporting forms, which are submitted to government agencies every year. A number of indicators are collected and calculated in accordance with the forms of internal reporting, which are checked by responsible representatives of companies during internal audit procedures.

Production, social and environmental indicators presented in the Company Report were calculated, collected and consolidated in accordance with principles of reporting and recommendations of Sustainability Reporting Guidelines and the Company’s corporate governance procedures. The probability of an error in figures for each category of indicators in the area of sustainable development is minimized. Ratios and specific values are supplemented by absolute values. Figures were indicated by using generally accepted system of measurement units and are calculated using standard coefficients.

The report provides all stakeholders with an overview of operations results and achievements of “Samruk-Energy” group of companies from January 1 to December 31, 2020 in electronic, paper form or online. The date of publication of previous Integrated Annual Report of the Company – August 5, 2020. The late approval of the Report is connected with limited measures resulted in coronavirus pandemic.

Limitation of the scope and boundaries of the Report

The audited consolidated financial statements of the Company for 2020 as of December 31, 2020 and as of 31 December 31, 2019, specified in this Report are the result of an independent audit of “PricewaterhouseCoopers” LLP (“PwC”).

This Report provides information on financial and operating results and sustainable development. Qualitative and quantitative information were presented for 2020, in order to compare and analyze information in indicators, data for 2019 and 2018 were used, where applicable.

The Company determined the Report scope in accordance with GRI Standards.

For single approach to preparation of the report about financial and operating performance of “Samruk-Energy” JSC group of companies, equity participation method is applied in the consolidation. Moreover, in accordance with the current accounting policy, fixed assets and intangible assets are recorded at historical cost, i.e., without considering revaluation. Subsidiaries are included in the consolidated financial statements using the acquisition method. Purchased identifiable assets and liabilities and contingent liabilities received in a business combination are measured at fair value at the acquisition date, regardless of the size of the non-controlling interest.

Turnover of such large companies as “Ekibastuz SDPP-2 Plant” JSC, the company of coal assets ForumMuiderB.V. where “Samruk-Energy” JSC holds 50%, is excluded when using the equity method in the consolidated balance sheet.

When consolidated financial performance of “Samruk-Energy” JSC is formed, the share of profit of these companies is shown in the item “share of profit / loss of organizations accounted for using the equity method and investment impairment”.

The indicators of the following subsidiaries and affiliates of “Samruk-Energy” JSC were used in the audited consolidated financial statements of the Company for 2020:

Name of the company	Nature of business	% voting right	Interest	Country of registration
Subsidiaries:				
“Alatau Zharyk Company” JSC	Transmission and distribution of electricity across Almaty city and Almaty region	100%	100%	Kazakhstan
“Almaty Power Plants” JSC	Production of electricity and heat and hot water in Almaty city and Almaty region	100%	100%	Kazakhstan
“AlmatyEnergoSbyt” LLP	Electricity sale throughout Almaty city and Almaty region	100%	100%	Kazakhstan
“Shardarinsk HPP” JSC	Electricity production at hydropower plant in the Southern Kazakhstan	100%	100%	Kazakhstan
“Moynak HPP” JSC	Electricity production at hydropower plant in Almaty region	100%	100%	Kazakhstan
“Ekibastuz SDPP-1 named after Bulat Nurzhanov” LLP plant	Coal-based production of electricity and heat	100%	100%	Kazakhstan
“Bukhtarminsk HPP” JSC	Is the owner of leased out Bukhtarminsk hydropower plant	90%	90%	Kazakhstan
“Ust-Kamenogorsk HPP” JSC	Since the transfer of hydropower plant to lease, this company does not operate	89.99%	89.99%	Kazakhstan
“Shulbinsk HPP” JSC	Since the transfer of hydropower plant to lease, this company does not operate	92.14%	92.14%	Kazakhstan
“Samruk-Green Energy” LLP	Development of renewable energy	100%	100%	Kazakhstan
“First Wind Power Plant” LLP	Production of electricity at wind power plant	100%	100%	Kazakhstan
“Kazhydrotechenergo” LLP	Implementation of RE projects	100%	100%	Kazakhstan
“Teploenergomash” LLP	Implementation of RE projects	95%	95%	Kazakhstan
“Energy Solutions” LLP	Transportation and other services	100%	100%	Kazakhstan
“Tegis Munay” LLP and “Mangyshlak Munay” LLP	Exploration and development of gas field	100%	100%	Kazakhstan

TABLE OF REPORT’S COMPLIANCE WITH GRI GUIDELINES

GRI Standard	No.	Content	Page no.	Assurance
General elements of the report				
GRI 102: General disclosures 2016				
	102-1	Name of the organization	9	not applicable
	102-2	Activities, brands, products and services	9, 10, 32	not applicable
	102-3	Location of headquarters	31, 159	not applicable
	102-4	Location of operations	31, 12-30	not applicable
	102-5	Ownership and legal form	9	not applicable
	102-6	Markets served	9, 32, 12-30	not applicable
	102-7	Scale of the organization	9, 10, 32, 12-30	not available
	102-8	Information on employees and other workers	132-133	not available
	102-9	Supply chain	12-30, 79	not available
	102-10	Significant changes to the organization and its supply chain	2-5, 36-37, 57-58, t.2	PWC
	102-11	Precautionary principle or approach	99-100, 112, 142	not available
	102-12	External initiatives	110-112, 134	not available
	102-13	Membership in associations	112	not available
	102-14	Statement from senior decision-maker	2-5	not applicable
	102-15	Key impacts, risks and opportunities	40-45, 59, 104-105, 109, 116	not available
	102-16	Values, principles, standards and norms of behavior	34-35, 99-101, 142-143, 132, 139	not available
	102-17	Mechanisms for advice and concerns about ethics	99-101, 114, 141-142	not available
	102-18	Governance structure	9, 83, 84-85	not available
	102-19	Delegating authority	83, 84-85, 89-99	not available
	102-20	Executive-level responsibility for economic, environmental and social topics	88-89, 94-95	not applicable
	102-21	Consulting stakeholders on economic, environmental and social topics	88-89, 94-95, 99, 101, 112-114	not available
	102-22	Composition of the highest governance body and its committees	88-99	not available
	102-23	Chair of the highest governance body	88	not available
	102-24	Nominating and selecting the highest governance body	88,90, 94,96	not applicable
	102-26	Role of highest governance body in setting purpose, values, and strategy	83, 91, 96	not applicable
	102-31	Review of economic, environmental and social topics	109-141	not available
	102-35	Remuneration policies	91, 96	not available

	102-36	Process of determining remuneration	91, 96	not available
	102-40	List of stakeholder groups	113	not available
	102-41	Collective bargaining agreements	134, 140	not available
	102-42	Identifying and selecting stakeholders	112, 113	not available
	102-43	Approach to stakeholder engagement	113, 145	not available
	102-44	Key topics and concerns raised	114, 99-101, 145-147	not available
	102-45	Entities included in the consolidated financial statements	149, t.2	PWC
	102-46	Defining report content and topic boundaries	1, 145-149	not available
	102-47	List of material topics	146-147	not available
	102-48	Restatements of information	t.2	PWC
	102-49	Changes in reporting	148	not available
	102-50	Reporting period	148	not applicable
	102-51	Date of most recent report	148	not applicable
	102-52	Reporting cycle	148	not applicable
	102-53	Contact point for questions regarding the report	159	not applicable
	102-54	Claims of reporting in accordance with the GRI Standards	1, 148	not available
	102-55	GRI content index	150	not available
	102-56	External assurance	150-153	not available
Specific topics				
GRI 200: Economic topics 2016				
Economic performance				
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	147	not available
	103-2	The management approach and its components	115-116	not available
	103-3	Evaluation of the management approach	115-116	not available
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	115	not available
	201-2	Financial aspects and other risks and opportunities For the organization’s operations related to climate change	116	not available
Market presence				
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	147	not available
	103-2	The management approach and its components	132	not available

	103-3	Evaluation of the management approach	132-136	not available
GRI 202: Market presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	137	not available
	202-2	Proportion of senior management hired from the local community	132	not available
	Procurement practices			
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	147	not available
	103-2	The management approach and its components	79	not available
	103-3	Evaluation of the management approach	79	not available
GRI 204: Indirect economic impact	204-1	Proportion of spending on local suppliers	79	not available
Anti-corruption				
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	147,99	not available
	103-2	The management approach and its components	99	not available
	103-3	Evaluation of the management approach	100	not available
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	100	not available
	205-2	Communication and training about anti-corruption policies and procedures	199-100	not available
	205-3	Confirmed incidents of corruption and actions taken	100	not available
GRI 300: Environmental topics 2016				
Materials				
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	147	not available
	103-2	The management approach and its components	120	not available
	103-3	Evaluation of the management approach	120	not available
GRI 301: Materials 2016	301-1	Materials used by weight or volume	120	not available
Energy				
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	147	not available

	103-2	The management approach and its components	118	not available
	103-3	Evaluation of the management approach	118-119	not available
GRI 302: Energy 2016	302-1	Energy consumption within the organization	118	not available
	302-3	Energy intensity	119	not available
	302-4	Reduction of energy consumption	119	not available
Water and effluents				
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	147, 124	not available
	103-2	The management approach and its components	124	not available
	103-3	Evaluation of the management approach	124	not available
GRI 303: Water and effluents 2018	303-2	Water sources significantly affected by organization's water withdrawal	125-126	not available
	303-3	Water recycled and reused	126	not available
Biodiversity				
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	147, 126	not available
	103-2	The management approach and its components	126	not available
	103-3	Evaluation of the management approach	126	not available
GRI 304: Biodiversity 2016	304-2	Significant impacts of activities, products, and services on biodiversity	127	not available
Emissions				
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	147,128	not available
	103-2	The management approach and its components	128	not available
	103-3	Evaluation of the management approach	128	not available
GRI 305: Emissions 2016	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	129-130	not available

Effluents and waste				
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	147, 130	not available
	103-2	The management approach and its components	130	not available
	103-3	Evaluation of the management approach	131	not available
GRI 306: Effluents and wastes 2016	306-2	Waste	131	not available
Environmental compliance				
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	147, 122	not available
	103-2	The management approach and its components	122	not available
	103-3	Evaluation of the management approach	122	not available
GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations	123	not available
GRI 400: Social aspects 2016				
Employment				
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	147,132	not available
	103-2	The management approach and its components	131	not available
	103-3	Evaluation of the management approach	140,139	not available
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	133	not available
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	140	not available
Occupational Health and Safety				
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	147, 135	not available
	103-2	The management approach and its components	135, 136	not available
	103-3	Evaluation of the management approach	134, 136	not available
GRI 403: Occupational Health and Safety 2018	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	135	not available

	403-9	Work-related injuries	135	not available
Training and education				
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	147,132	not available
	103-2	The management approach and its components	132	not available
	103-3	Evaluation of the management approach	137	not available
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	138	not available
	404-3	Percentage of employees receiving regular performance and career development reviews	138	not available
Non-discrimination				
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	147, 132	not available
	103-2	The management approach and its components	134, 99, 100	not available
	103-3	Evaluation of the management approach	134, 99, 101	not available
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	99,101, 141	not available

ABBREVIATIONS AND DEFINITIONS USED

ADB	Asian Development Bank
AZhC	“Alatau Zharyk Company” JSC
JSC	Joint-stock company
“EK REC” JSC	“East-Kazakhstan Regional Energy Company” JSC
“CAEPCO” JSC	“Central-Asian Electric Power Corporation” JSC
“APP” JSC	“Almaty Power Plants” JSC
“KEPMO” JSC	“ Kazakhstani Electricity and Power Market Operator” JSC
“MDPGC” JSC	Mangistau Distribution Power Grid Company” JSC
“SSGPO” JSC	“Sokolov-Sarbai Mining Production Association” JSC
AMS	Administrative and management staff
NPP	Nuclear Power Plant
BAO	Big Almaty lake
Benchmarking	The analysis method, which “Samruk-Energy” JSC uses to compare its operations with the practices of other companies in order to make changes that will enhance its competitiveness
BK	“Bogatyr Komir” LLP
Incl.	Including
RES	Renewable energy sources
WPP	Wind power plant
PUC	Public utility company
SPAIID	State Program for Accelerated Industrial and Innovative Development of the Republic of Kazakhstan
“Samruk-Energy” JSC group of companies	Subsidiaries and affiliates of “Samruk-Energy” JSC
SDPP	State District Power Plant
GTPP	Gas turbine power plant
HPP	Hydropower plant
DF	Diesel fuel
EBRD	European Bank for Reconstruction and Development
EEC, EurAsEc	Eurasian Economic Community
ECCAA	Eurasian Council of Certified Accountants and Auditors
EEC	European Economic Community
UES RK	Unified Energy System of the RK
Pollutants	Pollutants

ASW volume	Ash and slag waste volume
PRC	People's Republic of China
Company	“Samruk-Energy” JSC holding company registered in the Republic of Kazakhstan that manages its subsidiaries and affiliates
KPI	Key performance indicators, indicators (indicators) that describe the efficiency of the Company's operations, allowing to evaluate the performance of the Company as a whole, as well as its executives
CMS	Corporate Management System
CCSM	Coking caking slightly metamorphosed
HO	Head office (Samruk-Energy JSC)
VOC	Volatile organic compounds
PTL	Power transmission lines
RK MINT	Republic of Kazakhstan Ministry of Industry and New Technologies
RK MNE	Ministry of National Economy of the RK
IFRS	International Financial Reporting Standards
BAT	Best Available Technique
NPG	National Power Grid
UAE	United Arab Emirates
UC	United Company
LLC	Limited Liability Company
UN	United Nations
SPNA	Specially Protected Natural Areas
UPS	Unified Power System
ALE	Association of Legal Entities
PJSC	Public Joint-stock Company
GHG	Greenhouse gases
MPE	Maximum permissible emissions
MPD	Maximum permissible discharges
Procurement plan	The list of purchased goods, works and services with indication of name, measurement unit, volumes, terms, and also the maximum amounts to be used for purchase of each type of goods, works and services
Development Plan indicators	Indicators that describe production and operating and financial activities. Indicators have quantitative meaning to be approved as part of the Development plan and which meet the results of operations over accounting and planning periods
FSR	Fire safety regulations
UNDP	United Nations Development Program
SR	Safety regulations

LTA	Loading and transportation administration
TOR	Technical Operation Rules
PCB	Polychlorinated biphenyl
RANS	Russian Academy of Natural Sciences
Risk	Exposure to uncertainty related to events or actions which can affect the achievement of set goals and tasks
RK	The Republic of Kazakhstan
RF, Russia	The Russian Federation
IAS	Internal Audit Service
BOD	Board of Directors
EIW	Equipped with insulated wired
CIS	Commonwealth of Independent States
POP	Persistent Organic Pollutants
USSR	Union of Soviet Socialist Republics
Strategy	“Samruk-Energy” JSC Long-term Development Strategy
Business units of the Company	Business units of the Company responsible for certain activity and which are reflected in the Company’s organizational structure (department, services)
PMS	Performance Management System
USA	The United States of America
SEZ PIT	Special Economic Zone Park of Information Technologies
EMS	Environmental Management System
SPP	Solar Power Plant
TNC	Transnational company
LLP	Limited Liability Partnership
“AES” LLP	“AlmatyEnergoSbyt” LLP
“KUS” LLP	“Kazakhstan Utility Systems” LLP
“FWPP” LLP	“First Wind Power Plant” LLP
TPP	Thermal Power Plant
CHP	Combined heat and power
SFC	Specific fuel consumption
DAP	Dry ash plant
Fund	“Samruk-Kazyna” Sovereign Wealth Fund Joint-stock Company
SharHPP	Shardarinsk HPP
ESDPP-1	“Ekibastuz SDPP-1 named after B.Nurzhanov” LLP

ESDPP-2	“Ekibastuz SDPP-2 Plant” JSC
ETO	Energy Transmission Organization
ESO	Energy Supplying Organization
CAP	Certified Accounting Practitioner
CASA-1000	Central Asia-South Asia Energy Project
CO2	Carbon dioxide
CPA	Certified Public Accountant
DiPCPIA	Certified Professional Internal Auditor Diploma
DipPIA	Professional Internal Auditor Diploma
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization (operating income before expenses for using loans, paying taxes, depreciation and amortization)
EBITDA margin	EBITDA profitability, EBITDA to revenue ratio
ERG	“Eurasian Resources Group” LLP
GRI	Global reporting initiative
FIFR	Frequency rate of fatal occupational accidents
IFA (DipIFA)	Diploma of the International Institute of Auditing and Management
IoD UK	Institute of Directors, United Kingdom
ISO	International Organization for Standardization
KEGOC	Kazakhstan Electricity Grid Operating Company” Joint-stock Company
LTIFR	Lost Time Injury Frequency Rate, the number of lost time injuries occurring in a workplace per 1 million hours worked.
NAV	Net asset value
NOx	Collective name of nitrogen oxides NO and NO2
PESTEL-analysis	Tool used by marketers to identify political, economic, social, technological, environmental and legal factors that have an impact on a company’s business
SO2	Sulfur oxide
SWOT	Analysis of positive and negative effects of external and internal environmental factors
Measurement units	
%	Percent
GWh	Gigawatt per hours
GJ	Gigajoule
Gcal	Gigacalorie
kV	Kilovolt
kVh	Kilowatt per hour

Km	Kilometer
m	Meter
m³	Cubic meter
MVA	Megavolt-ampere
MW	Megawatt
Mln	Million
Bln.	Billion
Thous.	Thousand
El.,elec.	Electricity

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When using an information contained in the annual report, a reference to it is obligatory.

