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## Sustainability Guide of “Samruk-Energy” JSC SE-R-01/03

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## 1. Definitions and abbreviations

1. The following definitions and abbreviations are used in this Guide:

NPP	- Nuclear power plant;
Stakeholder engagement	- a set of mechanisms and procedures that ensure the right of stakeholders to be heard, accountability to them;
RES	- generation based on renewable energy sources: WPP, SPP, small HPP (up to 35 MW of installed capacity);
SA	- Subsidiaries and affiliates;
Interested parties/stakeholder	- individuals, legal entities, groups of individuals or legal entities that have direct or indirect influence, or may be affected by the activities of the organization, their products or services and related activities by virtue of statutory regulations, contracts concluded;
Interested parties/stakeholders map	- Image to clarify the provisions of the Company's stakeholders, or a graphical representation of stakeholder groups;
Company	- “Samruk-Energy” JSC group of companies;
KPI	- Key performance indicator;
CSP	- The Strategic Planning Committee of “Samruk-Energy” JSC Board of Directors
Materiality matrix	- Graphic scheme of the material aspects;
UN	- United Nations;
Supplier	- individuals, legal entities, groups of individuals or legal entities that supply goods / services (including contractors);
Guide	- Sustainability Guide;
Board of Directors	- “Samruk-Energy” JSC Board of Directors;
Media	- Mass media;
Socially responsible restructuring	- The Company's efforts to mitigate the negative effects of and compensation for the workers and the local population in the course of large-scale layoffs, delocalization and closures, job cuts, reorganization;
BU	- Business unit;
AA1000 standards	- a series of international standards on accountability, stakeholder engagement and verification;
Strategy	- “Samruk-Energy” JSC long-term development strategy;
Sustainable development	- combination and balance of aspects of activities whereby the use of natural resources, the direction of investment, the orientation of scientific and technological development, personal development and institutional changes are coordinated with each other and strengthen the present and future potential to meet human needs and aspirations;

<p>GRI G4 Fund NO<sub>x</sub> SO<sub>x</sub></p>	<ul style="list-style-type: none"> <li>- G4 Sustainability Reporting Guidelines;</li> <li>- “Samruk-Kazyna” JSC</li> <li>- Nitrogen oxides;</li> <li>- Sulfur oxides;</li> </ul>
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## 2. Purpose and Scope

2. This Sustainability Guide of “Samruk-Energy” JSC was developed in order to introduce a system of consistent and continuous adherence to the principles of sustainable development, elaborate effective stakeholder engagement system, confirm the Company's commitment to follow the standards in the area of sustainable development and ensure a long-term sustainable trend of improving key indicators, while balancing stakeholders interests.

3. The Guide is a basic document for improving the Company's performance in the area of sustainable development.

4. This Guide has been developed in accordance with the legislation of the Republic of Kazakhstan, the Reference Model for Sustainable Development for Samruk-Kazyna's portfolio companies, and the Company's internal documents, taking into account the practice of sustainable development in the Republic of Kazakhstan and the world. The provisions of this Guide are applied taking into account the specifics provided by the legislation of the Republic of Kazakhstan. Any changes and additions to this Guide are made as necessary, taking into account changes in key strategic directions, external and internal environment, as well as reevaluation of risks in the area of sustainable development.

5. This Guide applies to the Company (HO and SA, 100% of voting shares (ownership interests) of which belong to the HO on the basis of ownership or trust management), and recommended to SA, less than 100% of the voting shares (participatory interests) of which belong to the HO on the right of ownership or trust management, as well as to suppliers, investors, partners of the HO and other stakeholders.

## 3. Responsibility

6. The Board of Directors / Supervisory Board and the Strategic Planning Committee of the Company shall perform strategic management and control over:  
introduction of sustainable development system and provisions of this Guide;  
execution of the Plan of initiatives in the area of sustainable development (hereinafter - the Plan).

7. Chief executive officers (HO and SA) shall be responsible for:  
control, timely execution of the Plan, as well as the introduction of principles in the area of sustainable development;  
reliable disclosure of information;

compliance with the requirements of this Guide.

8. Chief executive officers of the HO and SA must:

ensure the development of an appropriate system for sustainable development and its introduction;

ensure the introduction of sustainable development principles.

9. The head of the BU in charge of the direction in the area of sustainable development shall be responsible for ensuring the management of this Guide.

10. BU of the HO and SA are responsible for meeting the requirements of this Guide within the scope of their competence.

11. The Managing Director of the HO responsible for the direction in the area of sustainable development shall be responsible for coordinating activities in the area of sustainable development.

12. Head of a BU of the HO who supervises the direction in the field of sustainable development shall carry out a full-scale inventory:

of existing policies, procedures and internal controls of the Company;

legislative requirements in the area of sustainable development.

13. Compliance Controller / Head of the Compliance Service of the HO shall be responsible for the process of internal communication with respect to ethical principles.

14. Press secretary of the HO/SA shall be responsible for external communications and public relations.

15. The Head of the Project Office of the HO / SA management shall be responsible for communication with the local communities on project implementation matters.

16. Heads of BU of HO and SA who supervise the direction in the area of sustainable development, shall be responsible for disclosing information on sustainable development within their competence.

## **4. Fundamentals of Sustainable Development**

### **4.1. Sustainable development concept**

17. The concept of sustainable development is in achieving the strategic objectives of an organization without compromising its sustainability in the long term, taking into account the interests of different stakeholders.

18. There is a so-called "triple bottom line concept" when companies take into account not only financial performance, but also the social and environmental aspects, which they subsequently report on.

19. The trend of transition to principles of doing business based on the concept of sustainable development promotes awareness of the need for companies to be transparent and accountable on all aspects of operations for a wide range of stakeholders.

Companies with an effective environmental management system, as a rule, achieve a significant improvement in operating results. They are able to make rational use of available

resources through introduction of new technologies. Back in 1995, the American economist Michael Porter found out that environmentally irresponsible behavior is a sign of the company’s operating inefficiency and ultimately leads to a decrease in its competitiveness.

It is also important that along with the improvement of financial results, the environmental activity also has a positive effect on the overall reputation of the company; it reflects the extent of its innovative development and quality of management. Although these indicators are intangible, they have a significant impact on market capitalization.

20. The systematic management of sustainable development allows setting the organization's priorities for sustainable development at the strategic level, and then drill them down to the program and project level;  
regularly assess the effectiveness of activities in this area based on the established priorities and indicators,  
prepare reports of different levels of details depending on the needs of users and to independently assure them when needed.

#### **4.2. Sustainable development policy**

21. Company's policy in the field of sustainable development implies wide application of aspects of sustainable development through the introduction of best practices in production, environmental initiatives, occupational health and safety and social services to ensure sustainable economic growth in the regions where the Company operates, at the same time keeping an optimal balance between the interests of stakeholders and the strategic objectives of the Company.

22. The principles of sustainable development should be introduced in the context of three levels:

Strategic integration - the principles of sustainable development are embedded in the Strategy (mission, values and strategic goals);

Operational integration - all corporate decisions are made by the Company's management relying upon the criteria of compliance with the principles and objectives in the field of sustainable development;

Cultural integration is implemented as part of training, posting articles on the corporate portal of the Company, as well as within the Code.

23. All information about the Company's principles, programs, reports and new projects in the social, economic and environmental areas is posted on the corporate website of the HO/SA in the section "sustainable development" as it appears.

24. The Company, in order to ensure clarity and transparency of its activities for all stakeholders, publishes annual reports on sustainable development in line with the international reporting standard GRI within the framework of the Company's Annual Report.

### **4.3. Sustainable development principles**

25. The principles of sustainable development are respect for stakeholders’ interests, respect for human rights, openness, accountability, transparency, lawfulness, ethical behavior, personal example, intolerance of corruption, inadmissibility of conflicts of interest, providing equal employment opportunities, non-discrimination, prevention of sexual harassment and others. A more detailed disclosure of the principles is reflected in the Corporate Governance Code of the HO.

### **4.4. Risks in the field of sustainable development**

26. Global factors of sustainable development may inevitably lead to constraints, difficulties and risks for business.

27. Environmental protection, occupational health and safety, interaction with the local population, infrastructure and social issues of the regions where a company operates - all this has a direct impact on long-term financial performance and sustainability.

28. The Company, by applying a risk-oriented approach in its operations, strives to achieve a sustainable increase in value and increase competitiveness in the long term.

To this end, the BU responsible for risk management together with heads of interested BU carries out an integrated risk assessment on an ongoing basis by using risk management tools and a systematic approach to sustainable development:

- 1) assessment of current and future risks associated with the effects of global factors of sustainable development;
- 2) forecasting of economic, social and demographic and ecological trends;
- 3) analysis of social, environmental and economic aspects of the Company's current impact on the region where it operates;
- 4) development of actions aimed at managing the Company's impact on the region of presence, risk mitigation and implementation of opportunities;
- 5) improving the risk culture in general, analyzing the effectiveness of risk management activities, identifying opportunities associated with current and future risks.

29. The BU of the HO responsible for sustainable development jointly with the Compliance Service of the HO forms, if necessary, updates the register of international and national legislative requirements for the Company and periodically, at least once a year, conducts an analysis of compliance with such requirements by SA.

30. The company analyzes key trends and risks in the context of of sustainable development components, studies the experience of countries in transition to a low-carbon economy, and meets regularly with experts on energy, ecology and climate change.

#### **Key trends and risks in the field of sustainable development for the Company**

<b>Economic aspect</b>		
<b>Trends</b>	<b>Risks</b>	<b>Opportunities</b>

Slowdown in electricity consumption growth rate	The deterioration of macroeconomic situation, the slowdown in demand for electricity; High planned rates of commissioning new capacities exceeding the actual growth in demand	Efficient use of the existing portfolio of assets, development of competences and trading based on the Company’s Trade House.
Increasing instability of economic system due to resource-extracting industries’ exposure to crises resulted from global price volatility	Increase in the likelihood of crises occurrence that hinder access to financing of new projects	Improvement of production efficiency, modernization of existing assets
Increasing energy conservation and increasing the energy efficiency of the economy	Reduced demand for electricity from conventional generation	The use of coal in combination with advanced clean coal technologies
Digitization of Kazakhstan’s economy	Activation of cybercrime	Improvement of production efficiency
Integration of international electricity markets (except for EEU)	Crowding out of a domestic market; reduction of export opportunities at pressure of export capacities of China, Turkmenistan, Tajikistan (summer period)	Access to markets with an attractive price level: Pakistan, Afghanistan, Uzbekistan, Tajikistan (winter period). The introduction of the new technologies to improve competitiveness
Development of the EEU concept towards the creation of a common electricity market	Increased competition from the countries of the EEU (pressure to lower prices) - crowding out of a domestic market and reducing export opportunities from Russia (Siberia and the Urals UES), Kyrgyzstan (summer period)	Improvement of market regulation system, incl. the adoption of market regulation mechanisms; simplification of access to markets with an attractive price level - Russia, Kyrgyzstan (winter period), Belarus; promoting the optimization of technologies in order to increase competitiveness
International isolation of Russia	Spreading of sanctions and isolation effect on Kazakhstan, currency fluctuations	Use of the geopolitical position of Kazakhstan for concluding profitable international agreements with Russia

**Environmental aspect**

<b>Trends</b>	<b>Risks</b>	<b>Opportunities</b>
Trend for economy decarbonisation	Deterioration of competitive positions of coal generation with regard to gas, HPP, NPP, RES	Obtaining loans on favorable terms for development of new projects (“clean coal”, underground gasification of coal, methane extraction, development of renewable energy sources); Improvement of quality of used fuel
Introduction of more stringent environmental regulations	Toughening of the maximum permissible concentration of harmful substances; Increase in the rates of payment for	Expansion of “green” technologies use

	emissions; Stricter requirements for water consumption – transition to recycling water supply, tightening of temperature regimes; Waste disposal expenditures	
Decrease in climate stability	Toughening of requirements for greenhouse gas emissions. Decrease in water availability of rivers is a threat to the effective operation of HPPs; increase in the cost of water; increase in drops of load patterns on power system, reduction in heat consumption	Expansion of “green” technologies use
Increase in environmental requirements of local communities	Environmental activity of mass media, incl. at the absence of sufficiently professional analysis, the creation of a negative image of the company	PR as a “green” leader and the company that manages natural resources in a responsible manner, enhance the loyalty of community
<b>Social aspect</b>		
Slowdown in population growth rate	Slowdown in demand for electricity	If feasible, development of export potential
Increase in demand for highly qualified specialists	Lack of qualified specialists, “outstripping” the increase in the cost of labor and the increase in the share of payroll in costs	Performance improvement; Improving the quality of production; Improving the quality of education and training of specialists
Reduction of attractiveness of job in the industrial sector	Increasing difficulty of filling the company’s vacancy, gender inequality	Strengthening cooperation with educational institutions, development of personnel reserve, continuity of positions within the company
Urbanization development	Threat to health and safety of the population, local communities	Spreading of urban lifestyles in rural communities including the increasing energy consumption by households
Development of social networks	Manipulation of public opinion, presentation of distorted unverified information (reputational risks, civil disorder)	A mean of informing a wide range of stakeholders

31. Risk management is an integral part of sustainable development. The company declares its responsibility to all stakeholders and undertakes to timely evaluate, control and manage sustainable development risks, while the definitions in the context of three components are considered broader for both internal and external stakeholders.

Thus, the definition of "social risks" includes not only responsibility to employees / shareholders of the Company, but also such concepts as health and safety of the population, livelihoods of local communities, social connectivity, cultural resources, vulnerable groups, gender equality, risks arising in the supply chain and associated with non-compliance with relevant labor standards regarding the rights of suppliers.

Ecological risks are presented not only as an impact on the environment at the local level, but also on climate change in general.

Economic risks are expanded and presented not only as an economic impact of the Company’s specific asset on the local community but also on the whole country.

32. The Company has adopted a zero level of risk tolerance in respect of fraud and corruption schemes. The Compliance Service of the HO conducts security checks of third parties in accordance with the following criteria groups:

1) affiliation testing - check intercrossing in the context of the following information: ownership structure of a third party and an affiliate of the company / employee of the company; ownership structure of a third party and politically significant persons;

2) checking the status of a third party in various lists and registers (lists of unreliable suppliers, bankrupt persons, bringing administrative/criminal action against officials, tax debts, lists of entities subject to international sanctions, etc.);

3) schemes that indicate a secret agreement between potential suppliers and organizations acting as clients (for example, different budgets, the participation of the same suppliers in the same tenders if one of the suppliers loses, etc.).

33. The security check procedure shall be applicable to all third parties<sup>1</sup>.

34. Sustainable development risks shall be analyzed by concerned BU with the assistance of the BU which is responsible for managing risks on a permanent basis at least once a year and as a result is reflected in the consolidated Risk Register of the Company.

## **5. Plan of initiatives in the field of sustainable development**

### **5.1. The process of identifying the initiatives in the field of sustainable development**

35. The process of identifying initiatives in the field of sustainable development has its own specifics for each organization, taking into account the geographical, cultural, legal features of operations, the ownership structure, type of business, the scale and nature of types of impact of SA.

To determine the list of sustainable development initiatives, a wide range of topics should be considered, including the development strategy, business model of the organization, significant topics from the point of view of sustainable development of the organization and stakeholders, the matrix of materiality and risks of the organization in terms of the three components (economic, environmental and social risks).

All initiatives are prioritized based on the importance of a particular initiative for all key stakeholders.

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<sup>1</sup> Requirements for security check of third parties are described in greater detail in the Reference Model of the Fund for compliance business function.

## **5.2. Planning of activities on implementation of initiatives in the field of sustainable development**

36. Once sustainable development initiatives are identified, a plan for their implementation should be developed and executed. The plan outlines medium-term or long-term activities on implementing sustainable development initiatives. The plan includes the following:

- 1) a description of sustainable development initiatives and the objectives of the Plan;
- 2) an indication of the relationship of the Plan with the strategic objectives of the Company;
- 3) an indication of measurable and achievable goals in the medium and long term and the timing of achievement;
- 4) an indication of the evaluation methods of the effectiveness of the Plan, taking into account strategic objectives and key performance indicators;
- 5) distribution of responsibilities for the implementation of the Plan;
- 6) content of events;
- 7) an approximate estimate of expenses for implementation of activities and sources of funding (if applicable).

## **5.3. Key performance indicators in the field of sustainable development**

37. KPIs in the field of sustainable development should be integrated into the system of long-term, medium-term planning and KPI system of the HO.

When developing KPIs, each SA must take into account the specifics of its operations and, accordingly, place emphasis and set thresholds. All KPIs of SA are set in agreement with the BU responsible for the sustainable development of the Company.

Examples of KPIs in the field of sustainable development

1) Economic component:

Company's share in the electricity market in the Republic of Kazakhstan (%).

2) The ecological component:

Reduction of consumption and use of electricity at production site / reducing energy demand in the production of products or services;

Reducing greenhouse gas emissions.

3) Social component:

Zero mortality at the workplace;

Reduction of work-related injuries (number of cases);

Social stability rating (%);

Gender diversity (%);

Staff turnover (%).

#### **5.4. Execution, monitoring and the report on execution of the Plan of initiatives in the field of sustainable development**

38. The reporting periods for execution of the Plan of Sustainable Development Initiatives (hereinafter - the Plan) shall be twelve months of the calendar year.

The involved BU annually monitor the implementation of Action Plan’s initiatives, following which the results of the Plan implementation are sent to the Unit in charge of sustainable development.

The deadline for submitting the report on the KPI / Action Plan for the year shall not be later than the second quarter following the reporting period.

The results of the execution of the Plan should contain factors affecting the performance of the Plan’s indicators, detailed explanations of the deviations from the Plan, information on measures aimed at increasing the unreached indicators and measures, as well as on the existing risks of not achieving the Plan’s indicators and measures in the expected forecast for the current year.

39. The BU responsible for sustainable development shall submit results of monitoring the implementation of the Plan based on the results of the reporting year to the Board of Directors/ Supervisory Board of the Company for its approval. After considering results of the reports on execution of the Plan by the Board of Directors/ Supervisory Board of the Company at year end, the BU responsible for sustainable development shall place the consolidated report at the HO/SA corporate website in Russian, Kazakh and English as a separate report or as part of the Company's Annual Report.

### **6. Corporate communications policy**

40. Interaction with stakeholders is important for operations of any organization.

41. The purpose of interaction with stakeholders is to choose the strategic development of the Company and ways to improve its performance, as well as to assist it in achieving a level of sustainable development which brings a benefit to everyone and the Company and its stakeholders and society, since they have the ability to know, define and analyze:

- needs, expectations and opinions of internal and external stakeholders;
- difficulties and perspectives from the perspective of stakeholders;
- the most significant issues that concern internal and external stakeholders.

42. The Company's corporate communications policy can be applied to all types of stakeholder engagement, including:

- functional interaction;
- interaction on specific issues (for example, on the protection of human rights);
- interaction across an organization.

43. The provisions of this policy can be applied to both internal and external interaction, as well as for the relationship between them.

44. The Company's corporate communications policy is intended to inform stakeholders about the Company's methods of work, and in turn, stakeholders may identify and evaluate the quality of interaction with an organization, based on clear principles and related criteria, and comment on this matter.

45. The Company's interaction with stakeholders is based on the following principles:

respect and consideration of interests, opinions and preferences of stakeholders;

providing stakeholders with information on a regular and timely basis;

responsible fulfillment of obligations assumed.

46. Each BU shall independently determine the frequency, degree and methods of interaction with stakeholders. The degree of effectiveness of the management system for interaction with stakeholders is an important factor for creating long-term value, achieving strategic goals and forming a positive reputation for the Company.

47. The basis for interaction with stakeholders is the identification of stakeholders that have a significant impact on the Company and the degree of stakeholders dependence on the Company, development of a materiality matrix and the Stakeholder Engagement Plan and/or Stakeholder Communications Plan.

48. In accordance with best practices in the area of stakeholder engagement (AA1000, GRI standards), the principle of "inclusiveness" is used to build effective interaction.

This principle takes into account interests of all stakeholders at all stages of the management of the Company.

The principle of "inclusiveness" is based on three basic principles of interaction:

"Materiality" (correct assessment of significance of issues for stakeholders and an organization),

"Completeness" (understanding the significance of consequences of a company's operations);

"Response" (demonstration of an adequate response).

Only adherence to each principle guarantees comprehensive, mutually beneficial and effective interaction with stakeholders.

49. The stakeholder map shall be approved by the Board of Directors / Supervisory Board of the Company.

50. The below is a graphic illustration showing stakeholder engagement development, which includes five stages.

Figure 1. Development of stakeholder engagement



Source: From words to actions. Stakeholder engagement. Volume 2: The stakeholder engagement manual. Account Ability, the United Nations Environment and Stakeholder Research Associates, 2005. p.11.

## 6.1 Stakeholders Map

51. Stakeholders map is designed for systematization and visualization of information about Company’s environment in order to develop methods of engagement with each stakeholder.

### Stakeholder identification

52. The company determines the full list of potential stakeholders with whom it interacts in the course of its activities, with a description of the contributions of stakeholders and their interests. An example of the definition of a stakeholder map is provided below.

No.	Stakeholders	Contribution of stakeholders	Stakeholders’ interests
1	Shareholders (incl. investors)	Allocation of funds, replenishment of the authorized capital	Profit growth, timely payment of dividends, increase in the value of the Fund

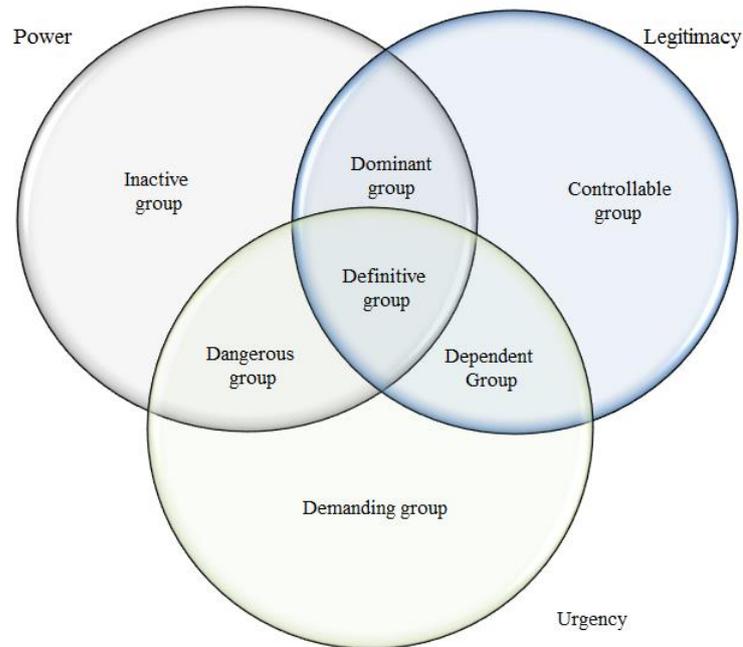
2	Subsidiaries and affiliates	Compliance with shareholders interests	Assistance in dealing with government agencies, commercial interests
3	Employees	Human resources Loyalty	High wages, decent working conditions, professional development, career growth
4	Trade union	Promoting social stability, regulating labor relations and settlement of a dispute	Observance and protection of employees' rights
5	Partners	Joint implementation of projects Transfer of technologies, competences and innovations	Commercial interests
6	Consumers	Company loyalty Financial resources generated by way of purchasing goods and services	Commercial interests
7	Government agencies	State regulation	Tax revenues, economic growth, solving social problems
8	Competitors	Opportunities for future development	Increasing the share of market presence
9	Financial institutions	International Grants Concessional financing of projects Credit lines	Timely payment of principal and interest, return on investment. Placement of free cash in deposit accounts, special accounts maintenance, participation in the implementation of the Company's programs
10	Suppliers	Efficiency of supply chain and value chain	Commercial interests
11	Population	Support in the place of business	Employment opportunities, solving social problems, transparency of the Company's operations, environmental protection
12	Public associations	Encouraging the application of high standards in operations Loyalty and cooperation	Achievement of goals and tasks of public associations
13	Mass media	Effective cooperation Favorable public opinion	Publications and information on the Company's activities, commercial interests
14	Affiliates	Mutual cooperation	Commercial interests

### **Evaluation of stakeholders' significance**

53. The next step is an initial ranking of stakeholders in terms of importance for the Company according to Mitchell, Agle and Wood model.

54. The model is based on three factors (Figure 2): Power (the power of influence of a stakeholder on the company), legitimacy (legitimacy to give instructions) and urgency (the minimum required speed of response to stakeholder requests).

Figure 2. Mitchell, Agle and Wood model



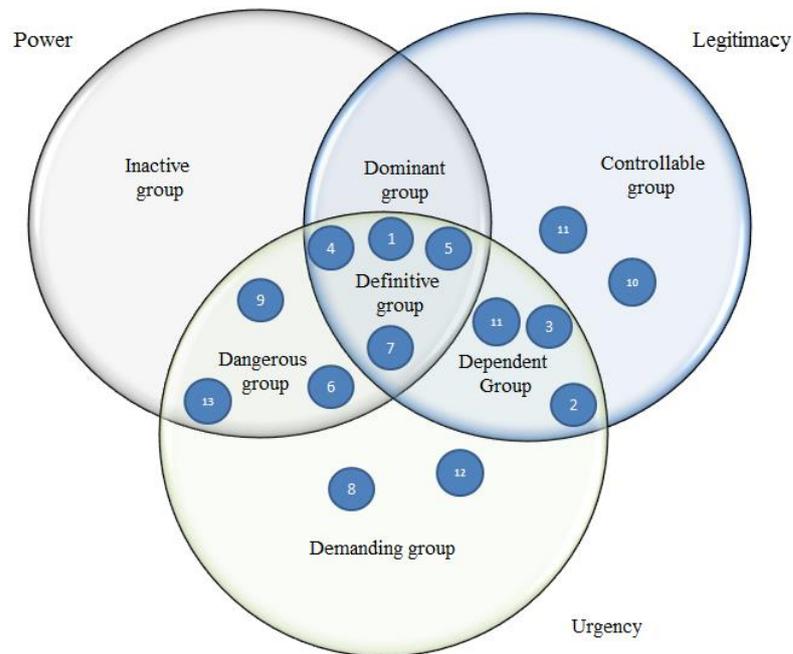
55. The latent category of stakeholders includes dormant group (has a power factor), discretionary (has a legitimacy factor of requirements) and demanding (has a factor of urgency). Since the organization is always limited in resources (financial, temporary, organizational, etc.) available for interaction with stakeholders, no actions are required in relation to the latent category. Category of expectant stakeholders includes the dominant group (that possesses power and legitimacy factors), dependent (that has legitimacy and urgency factors) and dangerous (that has power and urgency factors). The most significant for the Company is a definitive group of stakeholders that has all three factors. The requirements of this stakeholders’ category must be met first.

56. Below is a table of classification of stakeholders according to Mitchell, Agle and Wood model (figure 3)

No	Stakeholders	Stakeholders’ attributes			Classification group
		Power	Legitimacy	Urgency	
1	Shareholders	+	+	+	Definitive group
2	Subsidiaries and affiliates	-	+	+	Dependent group
3	Employees	-	+	+	Dependent group

4	Trade unions	+	+	+	Definitive group
5	Partners	+	+	+	Definitive group
6	Consumers	+	-	+	Dangerous group
7	Government agencies	+	+	+	Definitive group
8	Competitors	-	-	+	Demanding group
9	Financial institutions including development institutions	+	-	+	Dangerous group
10	Suppliers	-	+	-	Controllable group
11	Population	-	+	+	Dependent group
12	Public associations	-	-	+	Demanding group
13	Mass media	+	-	+	Dangerous group
14	Affiliated entities	-	+	-	Controllable group

Figure 3. Mitchell, Agle and Wood model



57. Thus, stakeholders that are significant for the Company are those who are, according to the expert analysis of the Company’s employees, in the following areas: the definitive, dangerous, dependent with a breakdown into internal and external.

Internal - includes stakeholders that have a direct and significant impact on the decisions taken by the Company or are under the influence of these decisions.

External - include stakeholders who have an indirect influence on the decisions made

by the Company.

Stakeholders	Stakeholders attributes			Classification group
	Power	Legitimacy	Urgency	
<b>Closest circle</b>				
Shareholders	+	+	+	Definitive group
Employees	-	+	+	Dependent group
Trade unions	+	+	+	Definitive group
<b>Outside circle</b>				
Partners	+	+	+	Definitive group
Government agencies	+	+	+	Definitive group
Financial institutions including development institutions	+	-	+	Dangerous group
Suppliers	-	+	+	Controllable group
Population	-	+	+	Dependent group
Mass media	+	-	+	Dangerous group
Consumers	+	-	+	Dangerous group

### **Assessment of impact and importance of stakeholders**

58. The importance is the contribution of stakeholders to the Company’s performance. It is determined by how the needs, problem solution and interests of each stakeholder can influence on performance results of the Company.

59. Impact is the power of stakeholder’s impact on the company, its ability to influence the Company's operations, persons who make decisions on key issues of the Company.

60. The importance degree of stakeholder influence is evaluated by two parameters X / Y, where:

X = -5 ÷ +5 (in increments of 1 or smaller) - characterizes the degree of support / countering the Company’s activities by a stakeholder and ranges from -5 (extreme counter) to 5 (the highest level of support);

Y = 0 ÷ 5 (in increments of 1 or smaller) - characterizes the degree of stakeholder influence on the Company's operations and ranges from 0 to 5.

D = (± X + Y) - the parameter of stakeholder’s importance.

Stakeholders	Attributes			
	Support degree (X)	Power of influence (Y)	Importance degree D = (±X + Y)	The degree of the Company’s influence on stakeholders (from 0 to 3)
<b>Closest circle</b>				
Shareholders	+5	5	10	2
Employees	+2	3	5	3
Trade unions	+1	5	6	1
<b>Outside circle</b>				
Partners	+2	2	4	1
Government agencies	+3	3	6	1
Financial institutions including development institutions	+1	3	4	1
Suppliers	+2	2	4	2
Population	+2	2	4	3
Mass media	+2	5	7	1
Consumers	+1	5	6	1

61. Next, the Company's Stakeholder map is formed, where the X-axis reflects the degree of the Company's influence on stakeholders, and on the Y-axis - the importance of the stakeholders to the Company. Circle size - shows the level of the Company’s stakeholder engagement: the smallest circle size shows a limited level of engagement, Engagement level increases along with increase of circle size. In addition, circles need to be differentiated in 2 colors, broken down into outer and inner circles.

## 6.2. Materiality matrix

62. Identification and ranking of significant (both for the Company and stakeholders) issues and topics is performed as part of stakeholder analysis.

63. Determination of significant topics and issues allows to effectively interact with stakeholders based on a clear understanding of their priorities.

The stages of determining the essential topics and issues are described below.

<b>Stage</b>	<b>Tasks</b>	<b>Methodology</b>
1. Identification of significant topics	Consideration of all important topics from the perspective of sustainable development for the electricity sector, and highlighting potentially worthy topics for inclusion in the Report	Analysis of GRI, ISO 26000 standards Analysis of advanced reports of peer companies (RWE, Enel, EoN, Engie, Iberdrola, DTEK, InterRAO)
2. Determination of key aspects	Conduct an analysis of identified topics in order to find out if they are relevant for stakeholders and the Company	Questioning of internal and external stakeholders
3. Validation	Evaluation of identified topics by experts with the participation of the Company's management in order to find out if they are complete and well-balanced	Consultations with experts in the area of sustainable development Conducting joint discussions with company officials
4. Graphical scheme of significant topics (Matrix of Materiality)	Graphical display following the analysis of identified significant topics	A visual description of significant topics list

64. As a result of the joint work of the Company's management and representatives of stakeholders, a “materiality matrix” is formed, which gives a visual representation of sustainable development topics that are relevant to the Company and stakeholders and formed taking into account the recommendations of GRI standards as well as using the developed stakeholder questionnaire (see annex 1). The materiality matrix of the Company includes topics that have received an assessment of significance above 4 (four) points for the Company and stakeholders. If necessary, on the basis of joint consultations with experts and the Company's management, the threshold score may be revised in order to more fully disclose information.

### **6.3. Stakeholder Engagement Plan**

65. Stakeholder engagement is an inseparable element in the activities of any organization. In order to conduct an effective dialogue with stakeholders, the Company develops Stakeholders Engagement Plan (SEP). SA develops Stakeholders Communication Plan as well as the SEP for each new major investment project in the event of their implementation.

66. SEP is reviewed on an ongoing basis and is updated at least once a year.

67. The objectives of SEP are:

- 1) to set the framework for identifying, analyzing, presentation, prioritizing and interacting with stakeholders at the local, regional and national levels;
- 2) to provide a strategic SEP that meets international standards and ensures a process of regular, open and transparent stakeholder engagement;
- 3) to ensure the proper identification and involvement of all stakeholders, including vulnerable groups;
- 4) to determine functions and responsibilities when executing SEP, including

monitoring and responding to feedback and complaints from stakeholders;

5) to control over SEP implementation process and its execution results;

6) to identify and address critical issues, mitigate social and environmental risks and increase social benefits;

7) to provide a basis for creating effective, long-term relations with stakeholders in the form of dialogue and bilateral information exchange in order to build confidence and minimize business risks;

8) to identify the mechanism for the exchange of information, the collection and analysis of feedback and recommendations from stakeholders, the resolution of issues raised by stakeholders, and the provision of reporting;

9) to assist the Company in understanding stakeholders expectations;

10) to provide stakeholders with an opportunity to participate in the assessment of the project's impact and development of appropriate risk mitigation measures for major capital projects;

11) to guide on documenting the interaction, monitoring of stakeholders, as well as guidance on the provision of reporting and monitoring of SEP execution.

68. Monitoring of the SEP is carried out on a regular basis by the Company and by each SA implementing a major investment project, but not less than 1 time per year, and is approved by the Board of Directors / Supervisory Board of the Company within 2 months following the reporting period. SA on a regular basis monitor the implementation of the Communication Plan and, by the end of the year, submit it for approval to the Board of Directors / Supervisory Board of the SA no later than 2 months following the reporting period.

### **Minimum requirements for development of SEP**

69. SEP must included the following: (but not limited to):

Structure of SEP;

General information and description of the project;

Principles of interaction with stakeholder;

Requirements for interaction with stakeholders;

Regulatory and legal requirements of the Republic of Kazakhstan;

Requirements of international financial organizations;

Identification and analysis of stakeholders;

Stakeholder engagement plan/program;

The mechanism for filing and reviewing complaints;

Monitoring and reporting.

### **6.4. The mechanism for filing complaints and proposals**

70. Supporting mutually beneficial relations with external and internal stakeholders is paramount for the Company.

71. The Company intends to facilitate more prompt and effective resolution of individual and collective complaints through the introduction of the mechanism for submitting complaints and proposals (hereinafter referred to as the "Mechanism").

72. The mechanism makes it possible to involve decision-makers of an appropriate level in addressing issues raised, and to use an understandable and transparent process, free of charge and without harassment of applicants. The company guarantees protection from retaliation and harassment of anyone who faithfully leaves a message. Any alleged retaliatory measures or prosecution should be reported to the Fund's or the HO Compliance Service to ensure prompt and proper response.

73. The mechanism allows:

timely responding and resolve conflict situations;

analyzing and taking precautionary measures with respect to the concerns of external stakeholders, the public and individual citizens;

strengthening the reputation of the Company and maintain its credibility as a socially responsible company.

### **The Procedure for submitting complaints/proposals**

74. It is very important for the Company that all external and internal stakeholders be heard. The company values its reputation and insists on compliance of its employees and stakeholders with the highest standards of ethics and fair practice and all laws.

75. All stakeholders may report any happened or alleged facts of theft, fraud, corruption, violations of the basic principles of doing business, the Code of Conduct or the provisions of the Republic of Kazakhstan legislation as follows:

Send a message online on the Company's website at the following link <http://survey.deloitte-hotline.com/s3/sk-ru> or by e-mail: [sk.hotline@deloitte.kz](mailto:sk.hotline@deloitte.kz);

Call the number: 8 800 080 19 94.

76. These types of communication work 24 hours a day, 7 days a week. An independent company processes all messages received. The messages received through the hot line are sent to the responsible employees of the Company's HO who can provide professional and confidential consideration. For the most efficient processing of the message, it is suggested to leave the contact information, and there is an option to preserve anonymity. If a stakeholder prefers not to disclose his name when submitting a message, personal information will not be collected on the hotline and will not be sent to the Fund and further along the chain. Telephone calls to the hotline are not monitored and conversations are not recorded.

77. However, providing more detailed information and supporting documents will make it possible to review appeals effectively in the shortest possible time. Taking into account this fact, it is recommended that the following information be reflected in your appeal:

What happened?

Where and when did the incident occur?

Under what circumstances did you become aware of the incident?

Who was involved in the incident?

Is the incident over, or is it ongoing?

What supporting documents can you provide? (for example, contracts, correspondence, photographs, etc.)

Other additional information.

78. The hotline is available for both internal and external stakeholders.

### **The procedure for processing complaints**

79. An external independent company shall receive and process all information in order to ensure confidentiality. This company shall draft a report on incoming appeals daily and send it to the Fund's compliance service. Employees of the Fund's Compliance Service shall analyze appeals and send them to the Company's CEO and Compliance Service (and further, if necessary, to the relevant head of the contractor's department) for review and confirmation of the facts.

80. The timing for consideration of appeals depends on many factors, including the completeness and accuracy of the information indicated in the message, on the availability of supporting documents, and on the type of violation. In case of non-confidential reporting, a complainant receives a written response from the Compliance Service of the HO based on the results of inspection performed. In case of confidential reporting, a complainant receives a written response from an independent company that registered an incoming complaint.

81. The Compliance Service of the HO shall register all complaints in a separate complaint database indicating:

registration number;

the date of registration;

the main point or nature of complaint / proposition;

date of sending of receipt acknowledgement;

the date of review completion;

the result of consideration of a complaint / proposal;

proposed solutions;

notification of satisfaction of a complaint from the applicant or the reason why the complaint was not satisfied.

82. Compliance Service of the HO shall ensure the dissemination of information on the procedure for filing and reviewing complaints among local residents and employees at all facilities of the Company and other public places (including corporate website and mass media, if necessary).

### **Improving the efficiency of stakeholder engagement**

83. In order to increase the efficiency of stakeholder engagement, the Company quarterly monitors complaints and appeals received through all communication channels.

Monitoring of complaints and appeals allows the Company to respond in a timely manner to areas in which there is a concern of stakeholders, and to take measures aimed at improving them.

84. BU responsible for sustainable development, at least once a year, forms and no later than 2 months following the reporting year, submits for approval to the Board of Directors of the Company a report on the effectiveness of interaction with stakeholders, containing conclusions of quarterly monitoring and recommendations for improving the interaction process.

85. Quarterly accounting of complaints and appeals is carried out in the database of complaints and appeals specially created for these purposes.

## **7. Policy in the field of corporate social and environmental responsibility**

86. The Company being aware of social and environmental responsibility of business, in order to provide the society with maximum benefits from its operations, accepts voluntary obligations for responsible participation in the life of the Company's employees, the population in the regions of the Company's operations and the society as a whole.

87. Taking into account the significant influence of the Company on the development of all sectors of the country's economy, on October 5, 2011 the Company joined the UN Global Compact, following the 10 principles of the Global Compact in its strategy and day-to-day activities, within its sphere of influence.

88. The Company made commitment to comply with the following principles:

1) In the field of respect for human rights: to support and respect the observance of human rights proclaimed by the international community; to ensure their non-involvement in violations of human rights.

2) In the field of labor relations: to support freedom of association and the recognition in practice of the right to collective bargaining; to advocate the abolition of all forms of forced labor; advocate the complete elimination of child labor; to advocate the elimination of discrimination in the field of labor and employment.

3) In the field of environmental protection: to promote the prevention of negative environmental impacts; to take initiatives aimed at increasing responsibility for the state of the environment; promote the development and dissemination of environmentally sound technologies.

4) In the field of combating corruption: to combat all forms of corruption, including extortion and bribery.

89. The Company shall undertake to be socially responsible for the restructuring of its divisions and controlled entities:

in case of mass release of workers, in addition to compliance with the law, strive to take all measures for the maximum possible employment of the workers released;

inform in advance about the Company's plans to reduce jobs, finance retraining of employees, create new jobs.

### **7.1. Labor remuneration and motivation policy**

90. The company shall observe the following labor remuneration and motivation policy:

- 1) The unity of labor remuneration and motivation policy in the applicable standards and mechanisms of remuneration for the Company's employees;
- 2) The establishment of a minimum guaranteed wage levels for all employees of the Company at a level exceeding minimum wage established by law, assuming the necessity to meet basic needs and providing a certain income considering local conditions;
- 3) Wage indexation based on the consumer price index;
- 4) Periodic salary increases due to better performance;
- 5) The use of flexible bonus payment systems for the purpose of account of the individual labor contribution of an employee;
- 6) Fairness and unity of labor remuneration and motivation of employees and its competitiveness at the republican level;
- 7) Confer corporate and industry awards.

### **7.2. Training**

91. The Company shall implement the program for training and development of employees to perform current and future business processes in accordance with individual employee development plans, career plans of employees who are in the Company's personnel reserve;

92. The Company shall cooperate with educational organizations of the Republic of Kazakhstan to improve the level of graduates' training.

### **7.3. Policy in relation to young employees**

93. The company declares its intention to attract and retain young, talented employees, create jobs for young employees, develop a mentoring institute, train gifted school graduates in higher educational institutions of the Republic of Kazakhstan, near and far abroad according to majors of power sector.

### **7.4. Equal opportunity and gender equality**

94. On March 7, 2019, the HO signed a statement in support of Women Empowerment Principles, developed within the UN-Women Partnership and the United Nations Global Compact.

The company aims to develop human rights policies and focus on key issues related to promoting gender equality in the workplace, empowering women.

95. The signing of this statement demonstrates the Company's commitment to the principles of gender equality, as a key element of sustainable development, and the

conviction that organizations that provide equal opportunities for women and men are more successful and achieve better results.

96. The company is guided by the following principles:

- 1) Formation at the management level of the company of the active support of measures to ensure gender equality;
- 2) Fair treatment of women and men at work; respect and support for human rights and non-discrimination;
- 3) Ensuring health, safety and well-being for all workers - men and women;
- 4) Promoting education, professional development and professional growth of women;
- 5) In the field of business development, supply chain and sales, the use of practices that promote the empowerment of women;
- 6) Promoting equality through local community initiatives;
- 7) Assessing results and informing the public about progress towards achieving gender equality.

### **7.5. Wellness, sports and recreation organization**

97. The Company implements the following activities for the purpose of health improvement, sports and recreation organization:

- 1) Provision of additional days to the paid annual leave for length of service.
- 2) Organization of leisure to employees at the corporate level;
- 3) To include in the budget the funds for reimbursement of employees expenditures for sports and recreational activities;
- 4) Carrying out sports and recreation activities and the development of mass sports among the employees and their families, providing them with access to sports infrastructure, organizing training and competitions;
- 5) Conduct a systematic propaganda of healthy lifestyle among employees in the corporate media;
- 6) Annual allocation of funds for holding of cultural events, purchase of New Year's gifts, purchase of gifts to the Power Engineers' Day;
- 7) Organization of events for school children's rest during summer vacations in health resorts of the Republic of Kazakhstan;
- 8) Partial reimbursement of cost of vouchers for health resorts and children's healthcare centers for disabled children and orphans of the Company's employees.

### **7.6 Corporate Social Security and Insurance**

98. The Company implements the following activities for the purpose of corporate social security and insurance:

- 1) Providing employees with medical care as part of voluntary health insurance;
- 2) Payment of one-time allowance at birth and / or adoption of a child;

- 3) Provision of financial assistance to anniversaries (50, 60, 70 years);
- 4) Provision of financial assistance to employees at marriage registration;
- 5) Provision of financial assistance in the event of death of an immediate family member;
- 6) Provision of charitable assistance to families of died employees with underage children (once a year, by 1 September until the child turns 18);
- 7) Provision of medical assistance to employees as part of voluntary health insurance

### **7.7 Social support of non-working retired employees and employees with disabilities**

99. The Company in order to provide unemployed retiree and employees with disabilities with social support, implements the following activities:

- 1) One-time payment to a retiring employee;
- 2) Provision of financial assistance to the Company’s retired employees on the occasion of national and state holidays of the Republic of Kazakhstan and the Power Engineers' Day;
- 3) Invitation to non-working retired employees of the Company for holidays and celebrations held by the Company to provide moral and psychological support;
- 4) Payment of , to the extent possible, financial assistance to employees with disabilities (who became disabled during employment with the Company and left job) for medical care, additional food, purchase of medicines, training for another profession, if a disabled person needs these types of assistance and not receiving them free of charge.

### **7.8 Industrial safety, occupational health and safety**

100. The Company shall be directly responsible for creating safe and healthy working conditions for its employees, as well as for informing, training, supervising and advising its employees on health and safety issues. The Company recognizes the importance of early prevention or mitigation of adverse impacts on the health and safety of employees, contractors and the public. Therefore, the BU responsible for occupational health and safety (further referred as OHS) carries out the following work (but not limited to):

- 1) analysis of hazards and risks for individual occupations and jobs;
- 2) assessment of potential impacts and risks caused by hazardous natural phenomena, such as earthquakes, landslides or floods;
- 3) provision of personal protective equipment, clarification of the requirements for the use of individual protective equipment, and ensuring the use of personal protective equipment;
- 4) safety training for all personnel, that take into account the dangers and risks of their work;
- 5) the development of an accident investigation program, the recording of incidents, including: the total number of hours worked, serious injuries, lost time and

incidents that could lead to injuries, etc.;

- 6) development of a medical examination program for employees;
- 7) ensuring the introduction of a system for issuing work permits, covering both employees and contractors, for hazardous tasks, such as working in confined spaces;
- 8) development and implementation of procedures "blocking and installing warning signs";
- 9) hazard monitoring at the workplace;
- 10) placement of safety signs (fire safety, emergency response, noise, smoking, etc.), where necessary;
- 11) development of action plans in case of emergencies, major industrial accidents.

101. In cases of an accident, injury and illness, the BU responsible for occupational health and safety shall be obliged to study, document, analyze the results and take measures to prevent recurrence and, if required by law, notify the relevant authorities and cooperate with them.

102. The BU responsible for occupational health and safety shall conduct regular monitoring of firefighting system / equipment as required, including fire extinguishers in HO and all SA, provide appropriate training for personnel.

103. The Company shall identify and evaluate project risks and adverse effects on the health and safety of population groups in the areas where SA operate, and shall develop protective, preventive measures and mitigation measures commensurate with impacts and risks. The Company shall cooperate with relevant authorities and other stakeholders, as appropriate, on mitigation measures and plans.

### **7.9. Safety of facilities in accordance with voluntary principles on security and human rights**

104. The Company recognizes the importance of ensuring and managing the safety of its production facilities, in connection with this the Security Service of the Company shall take the following actions:

- 1) identification and assessment of security risks associated with political, economic, civil or social factors;
- 2) consultations with local communities on the impact of security measures on them;
- 3) control over private security services providers in order to fulfill their obligations on ensuring security in line with the voluntary principles of security and human rights. Where necessary, the Company shall engage private security service providers among the local population.
- 4) equipping with a video surveillance system, burglar and fire alarm, lighting, IT security;
- 5) ensuring the maintenance of the rule of law, including the protection of human rights and the prevention of actions that threaten the Company's personnel and facilities;
- 6) the Company's compliance with the following safety ensuring criteria: (a) persons who were involved in human rights violations in the past shall not be hired to

provide security services for the Company; (b) force is applied by the Security Service only when it is strictly necessary and proportionate to the threat. In cases where physical force is applied, such incidents shall be reported to the relevant authorities and the head of the security service of the Company's HO. In case of use of force, medical assistance must be provided to injured, including offenders.

### **7.10 Social investments projects**

105. Company needs to develop, periodically update and publish the Company's Social Investment Projects in the "Sustainable Development" section on the corporate website, which should contain information on community development, goals, methodology, target dates. The development of the social investment program might include the following procedures:

- an assessment of the expected impact on the social environment;

- liasing with an expert team of environmentalists (and all other evaluation teams) so that management plans include social aspects of the impact on ecology and biodiversity (in case of development of ecological projects);

- development of basic social indicators that are appropriate to decision making and documenting of social changes (i.e. collection of data on key social factors to record the condition prior to impact);

- definition of changes and their introduction into the project, implementation of measures aimed at reducing social consequences;

- identification of stakeholders, description of their interests, relationships and potential mutual impact;

- assistance to involved communities in understanding the social impact of the proposed project;

- Increase in local content and volume of purchases of goods and services from local suppliers;

- monitoring of social issues;

- development and implementation of social investment programs with the support of SC-Trust;

- identification of issues and / or obligations related to the control over social impacts.

### **7.11 Guidelines for suppliers**

106. Being a Company that adheres to high standards of ethical conduct, responsible for ensuring that any areas of its business segments do not directly or indirectly infringe upon human rights, for the purpose of strengthening relations with Suppliers, the Company developed guidelines for Suppliers (hereinafter referred to as "SG").

107. SG are based on the belief that corporate social responsibility is crucial in securing long-term commercial success and should be available in relationships and actions that we do in the market, in the workplace and in society.

The Company expects that Suppliers, in turn, will ensure the understanding and fulfillment of the requirements set forth in these SP:

1) The Company shall support the hiring of Suppliers on fair terms that are consistent with the commitment to respect for human rights in the workplace.

2) The Company and Suppliers shall avoid the occurrence of situations that result in a conflict of interest.

3) The Company shall abide by employment and labor laws, including those relating to working hours, remuneration and representation of third parties.

4) The Supplier shall comply with all applicable to it laws, rules and other standards, and the requirements related to the production and sale of its products, when carrying out supplies and delivering services to the Company.

5) The Company expects that Suppliers will evaluate their employees based on their ability to perform the work assigned to them, and not because of their physical and / or personal qualities or beliefs, by implementing the principle of excluding discrimination based on race, color, sex, religious beliefs, political beliefs, national origin or sexual orientation.

6) The Company expects that Suppliers will provide their employees with a safe workplace, and implement procedures that minimize the risk of accidents occurrence, causing harm to health.

7) The Company expects that when conducting business, Suppliers will not use child labor, nor will they tolerate physical or other unlawful abuse of the right or harassment of employees, or use of various forms of forced labor in any of Supplier’s activities.

8) The Company expects that Suppliers will pay fair and competitive remuneration to their employees in full compliance with the applicable law, and will offer them opportunities to develop skills and capabilities.

9) The Company expects that Suppliers will respect employees’ right to appoint a third party to represent their interests and bargain collectively in accordance with current law relating to such Supplier.

10) The Company expects that the Suppliers will ensure protection of the environment, as a minimum, comply with requirements of environmental protection legislation and other regulations adopted in the Republic of Kazakhstan.

11) Employees of the Company shall be prohibited from accepting any gifts from Suppliers, except for business courtesies that are reasonable and acceptable under certain circumstances in accordance with the Law on Combating Corruption of the Republic of Kazakhstan.

12) The Supplier and the Company shall maintain reliable reporting on all matters relating to the supplier's business relationship.

108. The BU of the Company responsible for interaction with the Suppliers shall maintain and timely update Suppliers database containing the following information:

- 1) the name and address of a Supplier;
- 2) the type of services provided;
- 3) address and data of contact persons;

- 4) the name and position of the hiring employee;
- 5) whether the information provided was verified;
- 6) schedule of audits;
- 7) management of a contractor;
- 8) the place of work / services provided;
- 9) any other information necessary for supervising a contractor.

### **7.12 Acquisition of land, forced relocation and economic displacement**

109. The Company is wholly based on principles of respect for human rights and freedom and, in particular, the right to adequate housing and the continuous improvement of living conditions. In this regard, the Company seeks to prevent, or, if it is unavoidable, to minimize involuntary resettlement by considering alternative options for maintaining the Company's projects. Otherwise, the Company shall offer compensation for loss of property and other assistance to all relocated persons and groups of the population in the event of an economic opportunity of the Company.

### **7.13. Project management**

110. The introduction of sustainable development principles in project management practice shall serve as a tool for implementing the value-oriented strategy of the Company. The company, while not undermining the economic nature of operation, shall seek to take into account the aspects of sustainable development throughout all stages of the project: from idea to operation.

111. The Company shall strive to ensure that its investments contribute to the development of production and economic base in the regions where it operates, nature conservation and exercising the right to work.

### **Pre-investment period**

112. The Company shall adhere to main provisions of the precautionary principle. Prior to launch of new projects and facilities, the Company shall conduct the following procedures:

- 1) social and environmental impact assessment and risk analysis in the following areas: (PO, BU responsible for risk management of the Company):
  - a) health and safety of local population;
  - b) well-being of vulnerable groups;
  - c) gender equality;
  - d) forced relocation;
  - e) impact on indigenous peoples;
  - f) access to socially important institutions (hospitals, schools, markets, etc.);
  - g) economic activity of the region;

- h) cultural heritage;
  - i) resource efficiency, prevention and control of environmental pollution;
  - j) climate change risk (for major projects);
  - k) biological diversity (minimum 1 year of data collection for each wind power plant).
- 2) Development of actions aimed at reducing the impact, for each project (PO, BU responsible for risk management of the Company).
- 3) Development and introduction of "incidental finding" procedure which will be used during performance of all construction works in order to take necessary actions in case of revealing archaeological finds (PO).
- 4) Develop and implement an emergency response plan (fires, floods, spills of hazardous substances, severe injuries or deaths, or other events that may occur during the project lifetime) together with responsible authorities and local communities. Conduct trainings and exercises on a regular basis (BU responsible for OHS of the HO).
- 5) The development of SEP with a description of stakeholders, methods of interaction with them and a feedback mechanism (see SEP section, PO for the development of SEP of SA).
- 6) Development of a non-technical resume (on the Company's website) and / or leaflets for communities for each new construction project, including: project description, EIA process, environmental and social benefits / impacts, mitigation measures and contact information for communication (PO).

### **Investment period**

113. The Company shall:

- 1) monitor the use of funds in accordance with the schedule and volumes in accordance with the Investment Policy of the HO and the Rules for evaluating the effectiveness, preparation, formation and monitoring of the implementation of the Company's investment programs;
- 2) monitor the compliance with the environmental legislation of the Republic of Kazakhstan and other internal environmental standards of the project (BU responsible for environmental protection of the Company).
- 3) monitor Suppliers' compliance with SG (BU responsible for liaising with Suppliers of the Company);
- 4) monitor the implementation of the project's SEP (PO).

### **Post investment period**

114. If, in the case of an investment, a legal entity is established, the HO shall send obligations for introduction of sustainable development system to this organization.

115. If a project is implemented at existing subsidiaries and affiliates, the BU responsible for the sustainable development of such an organization shall carry out the

activities set out in the Initiative Implementation Plan, SEP and other in-house regulations of SA.

### **7.14 Environmental responsibility**

116. Environmental protection and the rational use of resources play an important role in the Company's operations. To manage the environmental aspect, the Company created an environmental management system (EMS), which is an integral part of the corporate governance system and an essential part of the non-financial risk management system. The Company's EMS shall be constantly assessed for compliance with the best world practices with the involvement of independent international consultants and gradually improved. The ISO 14001 "Environmental Management" standard shall be implemented at all SA that are engaged in production activities.

117. The Company identified the following priority areas of development in the environmental field in accordance with the Strategy and Environmental Policy of HO:

- 1) EIA of any planned business;
- 2) Step-by-step reduction in the impact of production activities on the environment through the introduction of new technologies and the use of renewable energy sources;
- 3) The introduction of international standards for environmental management;
- 4) Openness and accessibility of environmental information, immediately inform all stakeholders about occurred accidents, their environmental consequences and measures for their elimination;
- 5) Training of staff about environmental awareness programs;
- 6) Insurance of high environmental risks;
- 7) Development of a waste management program and chemicals;
- 8) International cooperation in the use of environmentally friendly and energy efficient technologies, as well as assistance in research on the impact of energy facilities on the environment and climate change.

### **Emissions**

#### 118. Greenhouse gases

The Company recognizes the importance of combating both causes and consequences of climate change in the regions where it operates.

The Company focuses on reduction of environmental impact. The company seeks to minimize greenhouse gas emissions using clean coal technologies, renewable energy sources, etc.

#### 119. Pollutants.

The main pollutants of the Company are nitrogen oxides, sulfur oxides, carbon monoxide, fly ash. In order to reduce the specific emission of pollutants per unit of output, the Company implements a comprehensive program of environmental measures such as (but not limited to):

- 1) installation of advanced electrostatic precipitators, new generation emulsifiers with a high ash removal rate;
- 2) installation of low-emission turbulent burners;
- 3) timely repair and retrofit of equipment
- 4) dust suppression of ash beaches;
- 5) reduction of volumes of storage of overburden rocks on external waste dumps;
- 6) blasting operations in watered wells;
- 7) dust suppression during excavation of coal in the faces, use of mine water for dust suppression on roads within open-pit mine
- 8) improvement and greening of the area where the company operates.

### **Water**

120. The Company shall seek to minimize the consumption of water or reuse it.

### **Waste**

121. The Company shall strive to prevent or minimize the generation of hazardous and non-hazardous wastes, to reduce their harm and to dispose in environmental friendly manner.

### **Conservation of biological diversity and sustainable management of natural resources**

122. The Company shall perform the following actions for preservation of biological diversity and sustainable management of natural resources:

- 1) Prior to construction, the Company shall develop mitigation / environmental protection plans in the areas where the presence of protected species of animals / birds / fish was determined after EIA development.
- 2) The Company shall conduct environmental studies on the habitat of birds and bats (local and migratory) for all new wind power plants, in addition, shall provide for the development of activities aimed at protecting vulnerable species as part of project solutions.
- 3) Shall support the monitoring system after the completion of the construction of hydro and wind power plants to assess post-construction impacts and, if required, shall develop measures to limit such impact.
- 4) The Company shall conduct an environmental monitoring assessment at each current and future location of the HPP, to verify the biological effectiveness of wastewater treatment (the impact of sewage on water quality (temperature, dissolved oxygen, etc.), to maintain the conservation of fish populations, to support spawning, incubation, cultivation and passage of fish.
- 5) Shall maintain minimum water consumption for all new HPP construction projects and for large capacity extensions, all existing HPPs, to ensure that there is no loss of biodiversity and no negative impact on the end users of water.

### **8. Referenced codes and standards**

123. This Guide was developed taking into account the requirements of the following documents:

- 1) Charter of the Company;
- 2) Reference model for sustainable development for “Samruk-Kazyna” JSC portfolio companies;
- 3) Long-term development strategy of the Company;
- 4) Corporate Governance Code of the Company;
- 5) Company’s Code of Conduct;
- 6) Proactive informing policy of “Samruk Kazyna” JSC;
- 7) Environmental policy of the HO;
- 8) Rules for management of internal regulatory documents of the HO;
- 9) Instruction on maintenance of safety of the official and commercial information in the HO;
- 10) Investment Policy of the HO;
- 11) Regulations for evaluating the effectiveness, preparation, formation and monitoring of the implementation of the HO's investment programs;
- 12) The Guide for Development of Local Communities of the International Council for Mining and Metals (ICMM) (<http://www.icmm.com/publications/pdfs/4080.pdf>);
- 13) International standards AA1000: SES, AS, APS;
- 14) Sustainability Reporting Guidelines (GRI Standards: 101,102, 103, 200,300, 400 and etc).

### **9. Forms of documents and records**

124. Forms indicated in the table below is an integral part of the Guide:

<b>No.</b>	<b>Title of the form of a document/ records</b>	<b>ID of a document/record</b>	<b>Information about person in charge</b>	<b>Place of storage of a document/ record</b>	<b>Period of storage of a document / record</b>
1	The questionnaire	FR 01 SE-R-01/03	BU employees	CGandSDD	Permanently

### The questionnaire

**Full name:** (voluntary information)

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**Company:** (voluntary information. If you are an employee of a company, association, you may write “an individual”)

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Please grade the following aspects according to five-point grading scale  
(1 – not important, 5- very important)

Substantive topics	Degree of importance				
	1	2	3	4	5