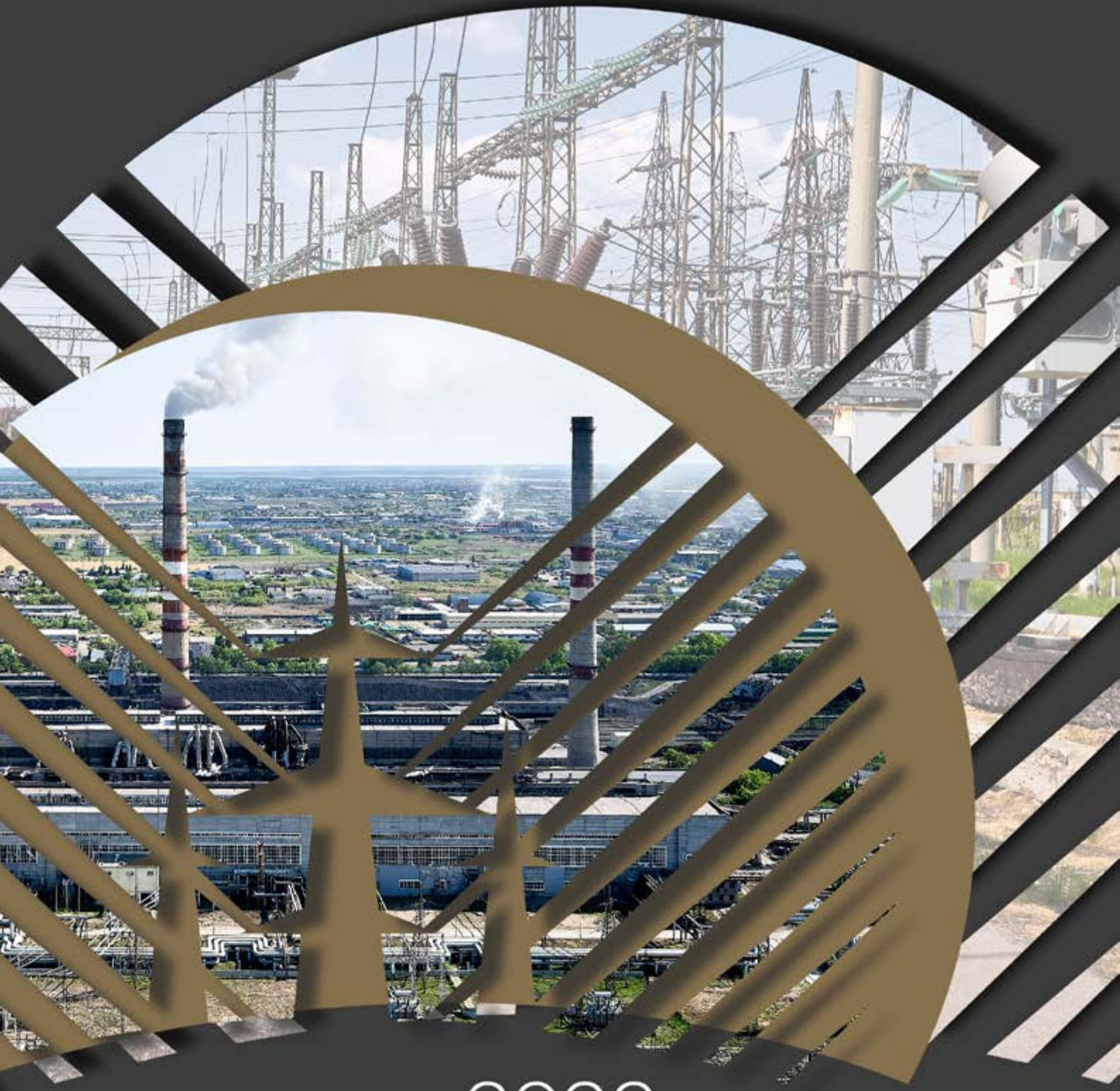
ANNUAL REPORT

THE BEST POWER ENGINEERS WORK HERE

SEVKAZENERGO



2023

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Behind the formal term **«human capital»** lies the vast number of human destinies linked to the history of our Company**.**

SEVKAZENERGO JSC is made up of specialists who come to work every day to make the lives of thousands of people better, warmer, brighter.

Take a closer look at their faces! These are the best people in their profession and they work here!

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MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

GRI 2-22, 203-2

SDG

Aware of its responsibilities to consumers, employees and shareholders, the Company is committed to a policy of openness and transparency and to digitalisation in the provision of services.

The Company's strategy focuses on the development of human capital, innovation and automation. The Company is improving the energy complex, modernising equipment and increasing production efficiency. Thanks to investments the energy efficiency of the Group's resources.

Comfortable working conditions for employees, the introduction of modern technologies and the strengthening of the team spirit in the Company create a reliable basis for a high-quality energy supply for the people of the region.

With the rapid economic development of the Republic of Kazakhstan and the associated increase in demand for electricity, SEVKAZENERGO JSC faces a difficult task of meeting the growing energy needs of the region's economy.

The 2023 results confirm the Company's readiness for new challenges and its confidence in a successful future for its customers, employees and shareholders.

Chairman of the Board of Directors of SEVKAZENERGO JSC

ALEXANDER NIGAY

LETTER OF THE GENERAL DIRECTOR OF SEVKAZENERGO JSC

GRI 2-22, 203-2

SDG

DEAR PARTNERS AND COLLAGUES!

We present to your attention the report on the activities of SEVKAZENERGO JSC for 2023. The past year was a time of serious challenges for us, which we overcame with honor thanks to the coordinated work of the entire team.

Despite the difficult conditions, the Company demonstrates stable results and confidently looks to the future. In 2023, we successfully implemented a number of large-scale projects aimed at modernising production capacities and increasing the reliability of energy supply in the region.

Key achievements:

- Equipment modernisation: major repairs of four boiler units and one turbo unit at Petropavlovsk CHPP-2 have been completed, and reconstruction of boiler unit № 2 has begun.
- In Petropavlovsk, a long-term development plan is being implemented with active construction in the microdistricts of Bereke, Zaysan, Kopay, and Zhas Orken. With the construction of apartment buildings, an increase in the volume of consumed thermal energy is predicted. In order to avoid a deficit, the station has begun reconstructing turbo unit № 1 with the installation of a heat extraction unit on it, as well as boiler units. As a result, the thermal capacity of the station will increase to 90 Gcal/h.
- Reconstruction of electrical networks: measures were taken to reconstruct 0.4 kV overhead power lines in three districts of the region with a length of approximately 19.9 km; 35 kV switchgear in the Yesil and Mamlyut districts; 4.71 km of cable lines and 4.023 km of 10 kV overhead lines in the regional center; two 10/0.4 kV transformer substation buildings were reconstructed in the city of Petropavlovsk. This made it possible to improve the quality of power supply and reduce electricity losses.
- Improving the reliability of heat supply: the second stage of the project to reconstruct heating main № 3 on Satpayev Street in Petropavlovsk has been completed — this has improved the quality and reliability of heat and hot water supply services provided to consumers living in the station area.
- Production indicators: in 2023, the volume of electric energy generation by Petropavlovsk CHPP-2 amounted to 2,308.559 million kWh, this figure increased by 43.84% compared to 12 months of 2022 (1,604.954 million kWh); the volume of thermal energy production in 2023 amounted to 1,829,436 thousand Gcal and increased by 2.49% compared to 2022 (1,785,036 thousand Gcal), which shows the effectiveness of the measures taken..
- SEVKAZENERGO JSC pays great attention to social responsibility. We continue to invest in personnel development, improving the qualifications of employees and creating comfortable working conditions.
- We are actively involved in the implementation of the PROFENERGY project, aimed at attracting graduates of specialised specialties to work in the enterprises of the Company group.

We have even more ambitious goals in our plans for next year. We will continue to modernise production facilities, expand and reconstruct networks and implement innovative technologies. The Company is also implementing a major project to build a new chimney.

We believe 2024 will be a year of glorious victories and achievements.

We will continue to modernise production capacities, expand and reconstruct networks and introduce innovative technologies.

General Director of SEVKAZENERGO JSC

ANATOLY KAZANOVSKY

SEVKAZENERGO

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MAIN PRODUCTION CHARACTERISTICS

SEVKAZENERGO Joint-Stock Company (SEVKAZENERGO JSC) is a vertically integrated company that includes enterprises of the North Kazakhstan region for the generation, transportation and sale of electric and heat power.

The Company actively introduces the best global practices and operates in accordance with international standards in the area of production, environmental protection, occupational health and social area.

The Company is registered by the Integrated Securities Registrar JSC, State Registration Certificate 1678-1910-02-AO issued on 11 January 2012 by the Department of Justice of Almaty.

KEY INFORMATION

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KEY RESOURCES

SEVKAZENERGO JSC supplies electric power of its own production to **165,928 consumers** in the North Kazakhstan region, heat power to **78,087 consumers** in Petropavlovsk, as well as more than **6,000** industrial and agricultural enterprises in the region.

Electric power generation in 2023 amounted to

2,308.559

million kW/h

The volume of sold heat power in 2023 is

1,818.524

thousand Gcal

Electric power generated by SEVKAZENERGO JSC is supplied to the markets of the northern, central, eastern and southern regions of Kazakhstan; in the future, it is possible to export electric power to the Russian Federation, in particular to the Kurgan and Omsk regions.

The length of power transmission lines of North Kazakhstan Regional Electric Distribution Company JSC is approximately

13,021.43

km

SEVKAZENERGO is comprised of:

SEVKAZENERGO

- Petropavlovsk CHPP-2;
- North Kazakhstan Regional Electric Distribution Company JSC (electric networks of the North Kazakhstan region);
- Petropavlovsk Heating Networks LLP (heat networks of Petropavlovsk);
- Sevkazenergosbyt LLP

Length of power lines

Types of power transmission lines	Length of power lines, km
220 kV	84.84
110 kV	1,380.64
35 kV	2,849.43
6-10 kV	4,379.28
0,4 kV	4,327.24

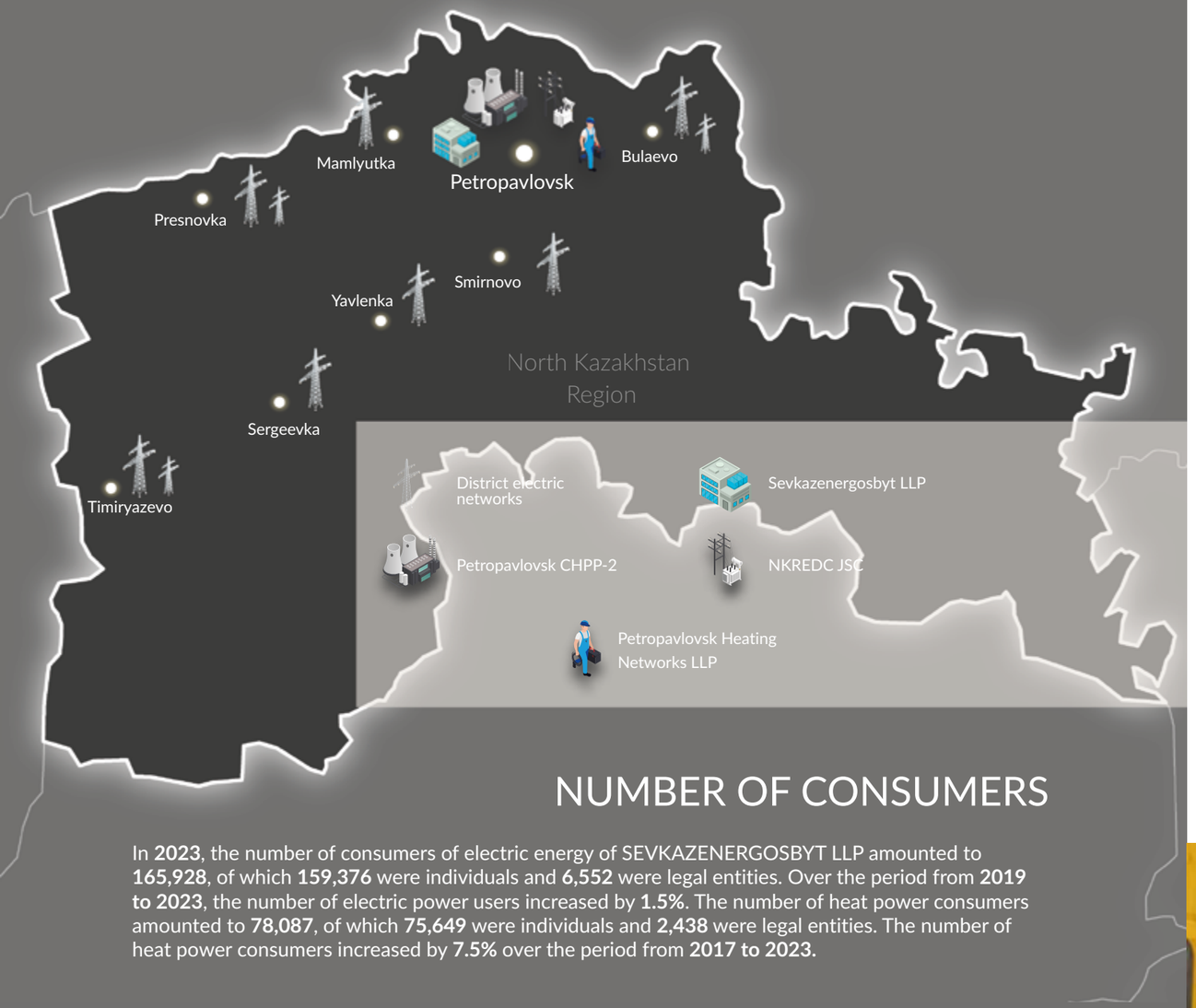
Number of substations by type

Types of substations	Quantity, units
220 kV	4
110 kV	36
35 kV	121
6-10 kV	2,180

The total length of heating networks of Petropavlovsk Heat Networks LLP is 229.26 km.

The company actively implements the principles of corporate governance, optimises business processes and improves practices in accordance with international standards in the field of production, health protection and social sphere.

GEOGRAPHY OF THE COMPANY'S ACTIVITIES



NUMBER OF CONSUMERS

In **2023**, the number of consumers of electric energy of SEVKAZENERGOSBYT LLP amounted to **165,928**, of which **159,376** were individuals and **6,552** were legal entities. Over the period from **2019 to 2023**, the number of electric power users increased by **1.5%**. The number of heat power consumers amounted to **78,087**, of which **75,649** were individuals and **2,438** were legal entities. The number of heat power consumers increased by **7.5%** over the period from **2017 to 2023.**

	2019		2020		2021		2022		2023	
	electric power	heat power	electric power	heat power	electric power	heat power	electric power	heat power	electric power	heat power
Sevkaz Energosbyt LLP	164,112	74,139	164,761	75,110	164,367	75,450	164,929	76,551	165,928	78,087
legal entities	6,183	2,304	6,225	2,324	6,294	2,358	6,400	2,390	6,552	2,438
individuals	157,929	71,835	158,536	72,786	158,073	73,092	158,529	74,161	159,376	75,649

IMS CERTIFICATES

The Integrated Management System (IMS) makes it possible to organise all business processes in the Company as efficiently as possible. The advantages of implementing an integrated management system are the ability to configure the work of the enterprise as stable, high-quality, and reliable. SEVKAZENERGO JSC, NKREDC JSC, Petropavlovsk Heating Networks LLP have ISO 9001 (quality), ISO 14001 (environment) and ISO 45001 (occupational health and safety) certificates.

Ser. №	Standard	Certificate Reg. №	Validity period
SEVKAZENERGO JSC			
16	ISO 14001:2015	01 104 2026502	from 10.09.2020 to 09.09.2023
17	ISO 9001:2015	01 100 2026502	from 10.09.2020 to 09.09.2023
18	ISO 45001:2018	01 213 2026502	from 07.10.2020 to 06.10.2023
NKREDC JSC			
19	ISO 14001:2015	01 104 1518811	from 28.06.2021 to 27.06.2024
20	ISO 9001:2015	01 100 1518811	from 28.06.2021 to 27.06.2024
21	ISO 45001:2018	01 213 1518811	from 28.06.2021 to 27.06.2024
Petropavlovsk Heating Networks LLP			
22	ISO 14001:2015	01 104 2026503	from 07.07.2021 to 06.07.2024
23	ISO 9001:2015	01 100 2026503	from 02.12.2020 to 01.12.2023
24	ISO 45001:2018	01 213 2026503	from 07.07.2021 to 06.07.2024
Sevkazenergosbyt LLP			
25	ISO 9001:2015	01 100 151 88 04	from 09.09.2021 to 08.09.2024

KEY PERFORMANCE INDICATORS FOR 2023

SDG

Energy production and sales

Electricity generation by Petropavlovsk CHPP-2 for 2019-2023, million kW/h

Electric power generation, million kW/h

2019	2020	2021	2022	2023
3,473	3,331	2,703	1,605	2,308

Share in Kazakhstan's electric power generation, %

2019	2020	2021	2022	2023
3.2	3.1	2.4	1.4	2. 1

In the 12 months of 2023, the volume of electricity generated by Petropavlovsk CHPP-2 amounted to 2,308.559 million kWh. This figure increased by 43.84% compared to the 12 months of 2022 (1,604.954 million kWh). Over the period from 2017 to 2023, electricity generation decreased by 28.44%.

The volume of thermal energy production for the 12 months of 2023 amounted to 1,829,436 thousand Gcal and increased by 2.49% compared to the 12 months of 2022 (1,785,036 thousand Gcal). The increase in the indicator is due to the earlier end of the heating season in 2022. For the period from 2017 to 2023, the production of thermal energy increased by 7.78%.

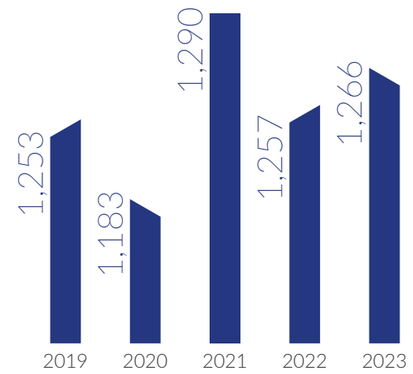
Heat power transportation, thousand Gcal

2019	2020	2021	2022	2023
1,831	1,725	1,910	1,785	1,829

Transportation and distribution of thermal and electrical energy

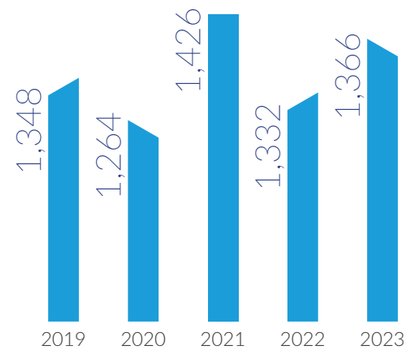
The volume of transportation and distribution of electric energy by SEVKAZENERGO JSC for 12 months of 2023 amounted to 1,266 million kW/h and increased by 0.7% compared to 12 months of 2022. For the period from 2017 to 2023, this figure increased by 2.5%.

Volume of transportation and distribution electric power, million kW/h



The volume of transportation and distribution of thermal energy for 12 months of 2023 amounted to 1,366 thousand Gcal and increased by 2.5% compared to 12 months of 2022. For the period from 2017 to 2022, this figure increased by 10.43%.

Heat power transportation, thousand Gcal



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"The most important thing in our profession is to maintain strict control over the correctness of switching operations with the installation of necessary grounding when equipment that was under the operational control and management of the Central Dispatch Service dispatcher is taken out for repair, in accordance with the requirements of the industrial safety standards.

YAKOV KUKHARENKO

CDS dispatcher

15 years of work experience

Average retail tariffs for consumers

The average selling tariff for electricity for consumers on January 1, 2023 remained at 21.32 tenge/kW/h, and from September 11, 2023, it changed to 23.67 tenge/kW/h.
Over the period from 2019 to 2023, the electricity tariff increased by 59%.

	01.01.19	10.01.20	15.08.20	20.01.21	01.05.21	05.08.21	01.01.22	01.01.23	11.09.23	01.01.24
Electricity tariff, tenge/kW/h	14.87	15.92	17.19	18.19	20.2	21.32	21.32	21.32	23.67	23.67

The average selling tariff for thermal energy for consumers on January 1, 2023 remained at 6,680.11 tenge/Gcal, and from August 1, 2023, it changed to 7,140.18 tenge/Gcal.
Over the period from 2019 to 2023, the tariff for thermal energy increased by 35%.

	01.01.19	01.01.20	01.02.21	01.01.22	01.01.23	01.08.23.	01.01.24
Thermal energy tariff, tenge/Gcal	5,275.32	5,705.25	6,280.2	6,680.11	6,680.11	7,140.18	8,280.37

Sales volume, net profit

Sales volume:

Year	Volume of sales, (billion tenge)
2019	37.9
2020	39.9
2021	41.3
2022	35.9
2023	53.04

Net profit:

Year	Net profit (billion tenge)
2019	3.7
2020	0.08
2021	15.3
2022	(11.6)
2023	2.2

EBITDA

Year	EBITDA (billion tenge)
2019	12.5
2020	10.2
2021	22.1
2022	10.4*
2023	15.1

EBITDA Margin

Year	EBITDA margin, %
2019	32.9
2020	25.6
2021	53.5
2022	29.0*
2023	28.0

*- excluding impairment of fixed assets

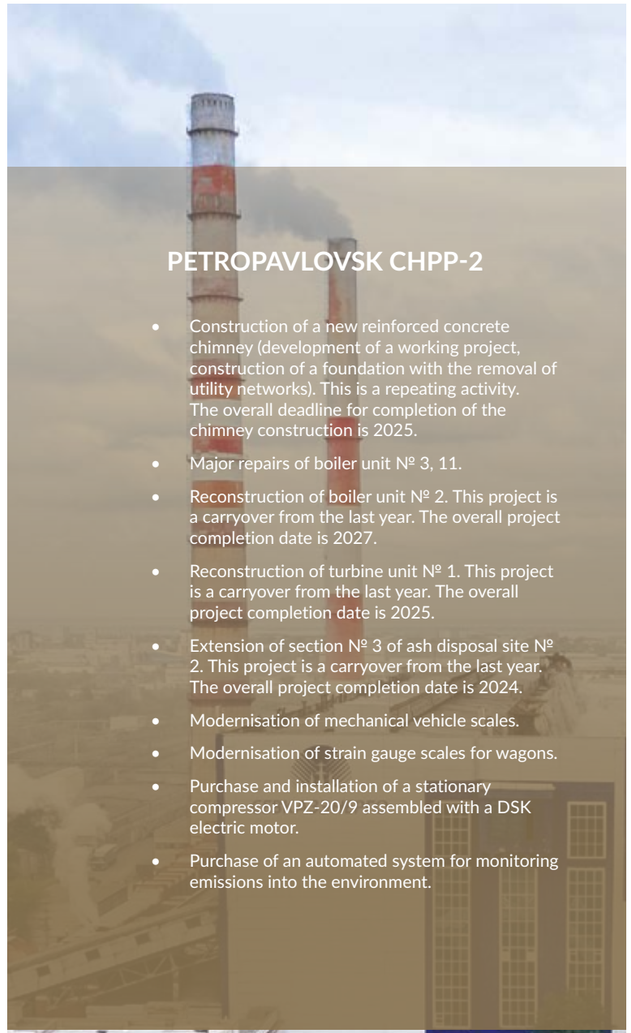
Assets

Year	Current assets, billion tenge	Non-current assets, billion tenge
2019	14	101
2020	23	101
2021	18	115
2022	9	118
2023	13	114

Investment volume

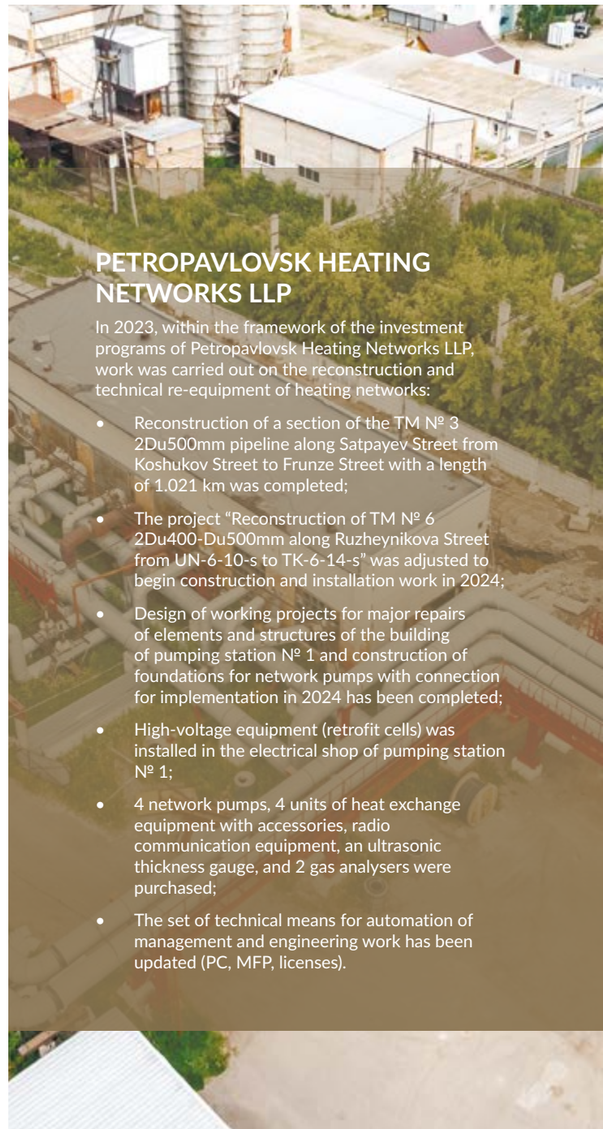
Year	bln tenge
2019	5.3
2020	5.9
2021	4.7
2022	6.8
2023	11.4

The main types of work completed:



PETROPAVLOVSK CHPP-2

- Construction of a new reinforced concrete chimney (development of a working project, construction of a foundation with the removal of utility networks). This is a repeating activity. The overall deadline for completion of the chimney construction is 2025.
- Major repairs of boiler unit № 3, 11.
- Reconstruction of boiler unit № 2. This project is a carryover from the last year. The overall project completion date is 2027.
- Reconstruction of turbine unit № 1. This project is a carryover from the last year. The overall project completion date is 2025.
- Extension of section № 3 of ash disposal site № 2. This project is a carryover from the last year. The overall project completion date is 2024.
- Modernisation of mechanical vehicle scales.
- Modernisation of strain gauge scales for wagons.
- Purchase and installation of a stationary compressor VPZ-20/9 assembled with a DSK electric motor.
- Purchase of an automated system for monitoring emissions into the environment.



PETROPAVLOVSK HEATING NETWORKS LLP

In 2023, within the framework of the investment programs of Petropavlovsk Heating Networks LLP, work was carried out on the reconstruction and technical re-equipment of heating networks:

- Reconstruction of a section of the TM № 3 2Du500mm pipeline along Satpayev Street from Koshukov Street to Frunze Street with a length of 1.021 km was completed;
- The project "Reconstruction of TM № 6 2Du400-Du500mm along Ruzheynikova Street from UN-6-10-s to TK-6-14-s" was adjusted to begin construction and installation work in 2024;
- Design of working projects for major repairs of elements and structures of the building of pumping station № 1 and construction of foundations for network pumps with connection for implementation in 2024 has been completed;
- High-voltage equipment (retrofit cells) was installed in the electrical shop of pumping station № 1;
- 4 network pumps, 4 units of heat exchange equipment with accessories, radio communication equipment, an ultrasonic thickness gauge, and 2 gas analysers were purchased;
- The set of technical means for automation of management and engineering work has been updated (PC, MFP, licenses).

> What are my responsibilities? Organising the work, calculating what materials and equipment are needed, documentation, organising the work process according to safety regulations. Working with people. It is not easy to find the right approach to each employee, but I manage. It is important to pay attention to every detail in the work, there must be no unimportant things in the work.

RAUSHAN KSHUKOVA

master of the thermal insulation section of the repair unit
15 years working with the Company

NORTH-KAZAKHSTAN REDC JSC

In 2023, within the framework of the investment programs of NKREDC JSC, work was carried out on the construction, reconstruction and technical re-equipment of electrical networks:

- Measures were taken to reconstruct 0.4 kV overhead power lines in Kyzylzhar, Akkayn districts and M. Zhumabayev district with a length of approximately 19.9 km using SIP technology;
- Reconstruction of the 35 kV outdoor switchgear at the 110/35/10 kV substation in the village of Pokrovka, Yesil district, North Kazakhstan region and the 35 kV outdoor switchgear at the 110/35/10 kV Liteynaya substation in the Mamlyutsky district was completed;
- Two 110 kV switchgear units were purchased and replaced at the 220/110/35/10 kV Kiyaly substation in the Akkayn district;
- The 6.3 MVA power transformer of the 35/10 kV “Workers village” substation was replaced with a 10 MVA one;
- Non-insulated entrance doors were replaced, seals and curtains were installed on the gates of the industrial buildings of the central base of NKREDC JSC;
- Roofs (attic floors) of buildings are insulated;
- Reconstruction of 4.71 km of cable lines in the city of Petropavlovsk was completed;
- Reconstruction of 4,023 km of 10 kV overhead lines in the city of Petropavlovsk was completed;
- Reconstruction of 2 buildings of 10/0.4 kV transformer substation in Petropavlovsk was completed;
- Repairs were carried out on 6 roofs of 10/0.4 kV substation buildings in the city of Petropavlovsk;
- Repair and restoration of 198 metal fences of 10/0.4 kV transformer substations in the North Kazakhstan region and the city of Petropavlovsk was completed;
- Power equipment was purchased for replacement at 10/0.4 kV substations in the city and region (9 10/0.4 KTPN with a capacity of 160 kVA, 250 kVA, 400 kVA, 83 power transformers with a capacity from 25 kVA to 400 kVA);
- Special vehicles (oil tanker) were purchased;
- Electrical measuring instruments and diagnostic equipment were purchased;
- The set of technical means for automation of management and engineering work has been updated (PC, MFP, licenses).

Key Events and Achievements in 2023

January

SEVKAZENERGO JSC attended a meeting of the Public Council of the North Kazakhstan region on the subject of the heating season and planned measures to improve the quality and reliability of the Petropavlovsk CHPP-2.

Meeting of the Council for the Protection of Entrepreneurs' Rights of the National Chamber of Entrepreneurs of Kazakhstan "Atameken" to consider the issue of the appeal of SP RISK and other entrepreneurs on disagreement with the amount of payment for the use of thermal energy, calculated by the energy supply company Sevkazenergosbyt LLP.

February

Round table with a group of entrepreneurs to develop a common position on heating charges.

The annual Spartakiad among physical culture teams of the SEVKAZENERGO JSC group of companies has opened.

March

A meeting was held between Aydarbek Saparov, the Akim of the North Kazakhstan region, and Sergey Kan, the member of the Board of Directors of CAEPCO JSC. During the meeting, they discussed the program for the modernisation of CHPP-2 and heating networks.

April

Public hearings were held on the report on the implementation of the tariff estimation and investment program for 2022 of Petropavlovsk CHPP-2 of SEVKAZENERGO JSC, North-Kazakhstan EDC JSC, Petropavlovsk Heating Networks LLP, and Sevkazenergosbyt LLP.

A press conference on the activities of the Petropavlovsk CHPP-2 of SEVKAZENERGO JSC in the field of environmental protection was held at the communications centre.

Employees of Petropavlovsk Heating Networks LLP joined a citywide tree planting initiative in Victory Park.

May

A briefing for representatives of the republican media (Khabar and Zhibek Zholy) was held at the Petropavlovsk CHPP-2 on pouring concrete for the chimney foundation.

June

Akim of the North Kazakhstan region Aydarbek Saparov visited the Petropavlovsk CHPP-2.
A briefing for representatives of the regional media was held at the site of the reconstruction of the Satpayev Street heating main No. 3 (MTRK, Kazakhstan).
Public hearings were held on the application of SEVKAZENERGO JSC, NKREDC JSC, Petropavlovsk Heating Networks LLP, Sevkazenergosbyt LLP for approval of the tariff and tariff estimate for the regulated service for the production of heat power, transmission and distribution of heat and electric power, and the supply surcharge.
As part of the PROFENERGY programme, a student Olympics was held.
Minister of Energy of the Republic of Kazakhstan Almasadam Satkaliyev visited Petropavlovsk CHPP-2

2023 — 2024

July

Public hearings were held on the work of Petropavlovsk CHPP-2 of SEVKAZENERGO JSC, NKREDC JSC, Petropavlovsk Heating Networks LLP, and Sevkazenergosbyt LLP.

August

Press tours were held at Petropavlovsk CHPP-2, sites of NKREDC JSC, Petropavlovsk Heating Networks LLP, and Sevkazenergosbyt LLP.
The team of SEVKAZENERGO JSC took second place in the Spartakiad dedicated to the 15th anniversary of CAEPCO JSC. An award ceremony was held for employees of the SEVKAZENERGO group of companies in honour of the 15th anniversary of CAEPCO JSC.

September

Gauez Nurmukhambetov, Akim of North-Kazakhstan region, visited Petropavlovsk CHPP-2.

October

Gauez Nurmukhambetov, Akim of North-Kazakhstan region, held a meeting with Sergey Kan, the Chairman of the Board of Directors of CAEPCO JSC.

The fitter for repairing fuel supply equipment at the fuel and transport shop of Petropavlovsk CHPP-2 Manarbek Nazarov received the Order of Glory of Hard Work.

November

Orazbek Bekbas, Chairman of the Kazakhstan Industry Trade Union of Power Engineers, visited Petropavlovsk CHPP-2.

December

Akim of North-Kazakhstan region Gauez Nurmukhambetov visited Petropavlovsk CHPP-2.

SEVKAZENERGO

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COMPANY OVERVIEW

GRI 2-1, 2-2, 2-3, 2-6

SDG

BUSINESS PROFILE

SEVKAZENERGO JSC was registered by the Department of Justice of the North Kazakhstan Region № 10660-1948AO dated July 13, 2009.

As of April 1, 2023, the sole shareholder of the Company is Central Asian Electric Power Corporation JSC, which owns 100% of the share capital.

The Company holds shares in the paid-up authorised capital of Petropavlovsk Heating Networks LLP (100%), Sevkazenergosbyt LLP (100%), and North Kazakhstan Regional Electric Distribution Company JSC (100%).

Legal address of the Company:
Republic of Kazakhstan, North Kazakhstan Region, Petropavlovsk, Zhambyl St. 215.

The main activities of the Company are:

- Production of electrical and thermal energy;
- Repair of pipelines operating under pressure of 0.7 kg/cm^2;
- Ensuring the readiness to bear the load in the entire range of operating power and electricity generation, including its transmission to the Unified Energy System of the Republic, as well as the transit transmission of electricity in accordance with the operating mode;
- Implementation of technical and organisational measures aimed at reducing harmful impacts on the natural environment;
- Operation, repair and maintenance of electrical and power equipment;
- Repair and operation of boilers, turbines, pressure vessels and pipelines;
- Operation, repair and maintenance of steam and hot water boilers, pressure vessels, boiler auxiliaries, oxygen and nitrogen cylinders, steam and hot water pipelines under pressure turbines, turbine auxiliaries, diagnostics, commissioning, modernisation and reconstruction.

SUBSIDIARIES

Petropavlovsk CHPP-2

Legal address: Petropavlovsk, Gashek st, 28.

The main activity of Petropavlovsk CHPP-2 is represented by production of heat and electric power. The installed capacity of the plant as of 31 December 2023 is 541 MW for electric power, 713 Gcal/hr for heat power. The station consists of the following workshops: fuel and transport, boiler, turbine, electric, chemical.

Auxiliary workshops: thermal automation and measurement workshop, oxygen station, repair and construction area. The station operates in parallel with the power system of the Republic of Kazakhstan on the 220 kV overhead line: 2711, 2721 and 110 kV overhead line “Siberia”, there are open switchgears of 35/110/220 kV with seven coupling transformers.

Electricity is supplied at the boundary of the balance sheet ownership of the networks of CHPP-2 of SEVKAZENERGO JSC through the electric networks of North Kazakhstan Regional Electric Distribution Company JSC and KEGOS JSC. The main type of fuel at PCHPP-2 of SEVKAZENERGO JSC is coal from the Ekibastuz basin brand KSN-300. Fuel oil of the M-100 brand is used as a startup fuel.

North Kazakhstan Regional Electric Distribution Company JSC

Legal address: Petropavlovsk, Shazhimbayev st, 144.

North Kazakhstan Regional Electric Distribution Company JSC (NK REDC JSC) is an energy transmission organisation and operates in the area of natural monopolies, providing regulated services for the transmission of electric power through electric networks.

The number of settlements served is 382, including 4 cities. The Company serves 0.4/220 kV electric networks located in the northern part of the North Kazakhstan region and located on the balance sheet of the joint stock Company. NKREDC JSC consists of 8 electric grid districts, the Southern Section of Main Networks and Substations, and the City Electric Grid Department, which corresponds to the number of rural administrative districts of the Company’s coverage area.

North Kazakhstan Regional Electric Distribution Company JSC transfers electric power produced by Petropavlovsk CHPP-2 of SEVKAZENERGO JSC to consumers of the North Kazakhstan region, the South Ural Railway and the Russian Federation.

The majority of enterprises in the North Kazakhstan region are connected to NKREDC JSC’s electricity networks, where approximately 6,000 enterprises of various forms of ownership and 165,837 NKREDC JSC consumers are concentrated. In order to increase the level of availability of services to the consumers of NKREDC JSC, a customer service centre was opened in September 2012, where the following services are provided: approval of land plots and easements; issuance of technical specifications for connection to electricity and heat supply; connection/disconnection to/from electricity supply; sealing of meters; other advisory and operational services.

Petropavlovsk Heating Networks LLP

Legal address: Petropavlovsk, Stroitelnaya st, 23.

The main activity of Petropavlovsk Heating Networks LLP is the transfer of heat energy from Petropavlovsk CHPP-2 of SEVKAZENERGO JSC to consumers, maintenance of the equipment of the heating networks in a technically sound condition, and ensuring a stable heat supply to Petropavlovsk.

In addition, the Company is modernising the city’s main and distribution networks and is constantly researching and implementing new energy-efficient technologies that meet modern requirements for the quality of heat supply.

The total length of heating networks owned by Petropavlovsk Heating Networks LLP is 229.26 km, of which the length of distribution networks is 148.1 km, and the length of main networks is 81.16 km.

As of 1 January 2024, the wear rate of heating network equipment is 77.54%, including 82.74% for main heating networks and 68.07% for distribution networks. T

he total installed (design) capacity of pumping stations, including heating stations, in 2023 was 12,691 kW/h. Petropavlovsk Heating Networks LLP has services for operation and maintenance of equipment, labour protection, and safety to carry out heat transfer activities.

Sevkazenergosbyt LLP

Legal address: Petropavlovsk, Zhumabayev st, 66

Sevkazenergosbyt LLP is an organisation that provides electric and heat power supply to consumers in Petropavlovsk and the North Kazakhstan region based on concluded contracts.

The main activity is the reliable and uninterrupted supply of energy resources in quantities that meet the needs of the population. The total number of electricity consumers of Sevkazenergosbyt LLP as of 31 December 2023 was 165,928, and the total number of heat consumers was 78,087.

There are 3 customer service points for accepting payments in the regional centre and 12 points in the districts of the region. Agreements have been concluded with 6 banks and Kazpost JSC for the acceptance of payments, as well as for the provision of services through terminals and Internet portals of banks. Service centre № 1 for consumer services, located at: st. Zhumabayev st, 66, has been operating since December 2013, which allows us to provide high quality and prompt service to the Company’s customers.

HISTORY

1961

Petropavlovsk CHPP-2 was put into operation.

1963

Petropavlovsk enterprise of electric networks was organised by order of **District Administration Tselinenergo.**

1965

Petropavlovsk department of heating networks Tselinenergo was **established on the basis of the shop of heating networks of CHPP-2.**

1999

AccessEnergo PCHPP-2 LLP was registered with the justice authorities of the North Kazakhstan region

2007

Central-Asian Power Energy Company JSC (CAPEC JSC) becomes the owner of the region's energy complex, which later became a shareholder of Central Asian Electric Power Corporation JSC (CAEPCO JSC).

2009

SEVKAZENERGO JSC was established in the organisational legal form of a joint stock Company as a result of transformation and is the legal successor of all rights and obligations of AccessEnergo PCHPP-2 LLP. **As part of the investment campaign of North Kazakhstan Regional Electric Distribution Company JSC**, equipment was reconstructed and modernised at 37 10-220 kV substations, and 92.4 km of power transmission lines were reconstructed, aimed at increasing the reliability of power supply to consumers.

2010

A "Consumer Service Center" was created on the basis of North Kazakhstan Regional Electric Distribution Company JSC for prompt interaction of consumers with the energy transmission organisation on the "single window" principle.

As part of the investment campaign, reconstruction and modernisation of equipment was carried out at 20 10-220 kV substations, and reconstruction of 99.29 km of power transmission lines was also carried out, **aimed at increasing the reliability of electricity supply to consumers.**

2011

As part of the investment campaign of **North Kazakhstan Regional Electric Distribution Company JSC**, reconstruction and modernisation of equipment at 13 10-220 kV substations was carried out, and 38.46 km of power transmission lines were reconstructed, aimed at increasing the reliability of power supply to consumers.

2012

Petropavlovsk CHPP-2 has modernised boiler units № 6 and № 7 with an increase in the steam capacity of the station by 100 tons of steam per hour. As part of the investment campaign of North Kazakhstan Regional Electric Distribution Company JSC, reconstruction and modernisation of equipment at 20 10-220 kV substations was carried out, and 61.913 km of power transmission lines were reconstructed, aimed at increasing the reliability of power supply to consumers.

2013

At Petropavlovsk CHPP, the project for reconstruction and modernisation of turbine generator unit № 4 was completed, and reconstruction of turbo unit № 6 was carried out. The implementation of two projects allowed to increase the installed electric capacity by 54 MW. A contact center was created on the basis of Sevkazenergosbyt LLP, which allows promptly servicing consumer calls.

As part of the investment campaign **of North Kazakhstan Regional Electric Distribution Company JSC** reconstruction and modernisation of equipment at 23 10-220 kV substations was carried out, and 117.846 km of power transmission lines were reconstructed, aimed at increasing the reliability of power supply to consumers.

2014

A new boiler unit at № 8 was installed. As a result, the steam capacity at Petropavlovsk CHPP-2 was increased by 270 t/h.

As part of the North Kazakhstan Regional Electricity Distribution Company JSC's investment campaign, equipment in 22 10-220 kV substations was reconstructed and modernised, and 73,026 km of transmission lines were reconstructed to increase the reliability of power supply to consumers.

2015

Turbo unit № 1 of Petropavlovsk CHPP-2 was put into operation, which made it possible to increase the installed electric capacity of the turbine by 21 MW.

Turbo unit № 7 of Petropavlovsk CHPP-2 was reconstructed, which made it possible to increase the installed and available capacity of the turbine by 24 MW.

On the basis of Sevkazenergosbyt LLP, a unified information and and Settlement Centre has been created for the purpose of including charges for services of third parties in the Single Payment Document and accepting payments for utilities and housing, operational and other technology-related services (except for financial services) of third parties. As part of the investment campaign of North Kazakhstan Regional Electric Distribution Company JSC, reconstruction and modernisation of equipment was carried out at 20 10-220 kV substations, and 72.65 km of power transmission lines were reconstructed, aimed at increasing the reliability of power supply to consumers.

2016

A new turbo unit № 5 of Petropavlovsk CHPP-2 was put into operation with an increase in electric capacity by 62 MW. After reconstruction, boiler unit № 12 was put into operation with an increase in steam capacity by 50 t/h. **The installed capacity of the station increased to 541 MW.**

The PROFENERGY project was implemented with the aim of raising the educational level of the Company and working with young specialists. Cooperation with educational institutions has been established and active efforts are being made to attract young specialists to work in the Company. As part of the North Kazakhstan Regional Electric Distribution Company JSC's investment campaign, equipment in 25 10-110 kV substations was reconstructed and modernised, and 61.66 km of transmission lines were reconstructed to improve the reliability of power supply to consumers.

2017

Sevkazenergosbyt LLP has implemented the Voice Mail function in the contact center.

As part of the North Kazakhstan Regional Electric Distribution Company JSC's investment campaign, equipment in 21 10-110 kV substations was reconstructed and modernised, and 100.494 km of transmission lines were reconstructed to increase the reliability of power supply to consumers.

2018

At Petropavlovsk CHPP-2, a new 7 AT autotransformer was put into operation.

North Kazakhstan Regional Electric Distribution Company JSC reconstructed the Central Dispatch Service with the installation of an electronic map of the connection diagrams of the region's substations.

As part of the investment campaign of North Kazakhstan Regional Electric Distribution Company JSC, equipment was reconstructed and modernised at 13 10-110 kV substations, and 105 km of power transmission lines were reconstructed, aimed at increasing the reliability of power supply to consumers.

On the official website of SEVKAZENERGO JSC there is an electronic map with information on the availability of free capacities in the substations of the North Kazakhstan Regional Electric Distribution Company JSC, where the consumer can independently determine the free capacity with the nearest connection point.

2019

A new 6 AT autotransformer was put into operation at Petropavlovsk CHPP-2.

North Kazakhstan Regional Electric Distribution Company JSC has implemented a web portal that allows consumers to submit online applications for obtaining, cancelling and extending technical specifications online.

As part of the investment campaign, North Kazakhstan Regional Electric Distribution Company JSC reconstructed and modernised equipment at 11 10-110 kV substations, and reconstructed 86.304 km of power transmission lines aimed at increasing the reliability of power supply to consumers.

Reconstruction and re-equipment of the central dispatching office of Petropavlovsk Heating Networks LLP.

2020

Equipment was purchased for the accreditation of the metal labouratory of Petropavlovsk CHPP-2.

As part of the North Kazakhstan Regional Electricity Distribution Company JSC's investment campaign, four 10-110 kV substations were reconstructed and upgraded, and 18 km of power lines were reconstructed to increase the reliability of power supply to consumers.

2021

The CHPP defrosting device was put into operation.

On the website of SEVKAZENERGO JSC, the "Electronic Office" of North Kazakhstan Regional Electric Distribution Company JSC was put into operation; consumers can leave requests to the Company without visiting the Consumer Service Center.

As part of the investment campaign, the equipment of the 110/10 kV substation was reconstructed and modernised, and 10.78 km of power lines were reconstructed to increase the reliability of power supply to consumers.

2022

North Kazakhstan Regional Electric Distribution Company JSC completed the construction of 52 km of the 110 kV Novomikhaylovka-Liteynaya power line.

As part of the North Kazakhstan Regional Electric Distribution Company JSC's investment campaign, equipment at the 35/10 kV substation was reconstructed and modernised, and 66.177 km of transmission lines were reconstructed to increase the reliability of power supply to consumers.

Sevkazenergosbyt LLP has implemented a project to to introduce a mobile application for the personal account service. The application improved the process of data exchange between the Company and the consumer.

Petropavlovsk Heating Networks LLP carried out scheduled repairs of trunk and distribution networks with pipe replacement.

2023

Reconstruction of boiler unit st. №2 of Petropavlovsk CHPP-2 has begun.

Reconstruction of turbo unit st. №1 of Petropavlovsk CHPP-2 has begun, during which the equipment will be converted to a cogeneration mode.

MISSION, VISION

MISSION

The Company's mission is to improve the quality of life of the population and create conditions for the economic development of the North Kazakhstan region. This goal is achieved by providing high-quality energy supply services to the population, industrial enterprises, budget and commercial organisations in the North Kazakhstan region and Petropavlovsk. The quality of the services provided implies reliable and uninterrupted power supply in compliance with all technical requirements and a high level of customer service.

The basis of efficiency is represented by the Company's employees. Their high professionalism, teamwork and results-oriented approach make it possible to move forward successfully.

VISION

SEVKAZENERGO JSC is an energy Company located in the North Kazakhstan region, the activities of which cover the entire life cycle of heat and electric power produced: generation, transportation and sale.

SEVKAZENERGO JSC is a subsidiary of the vertically integrated energy holding Company Central Asian Electric Power Corporation JSC. Relationships are based on respect and mutual responsibility with partners, customers and suppliers.

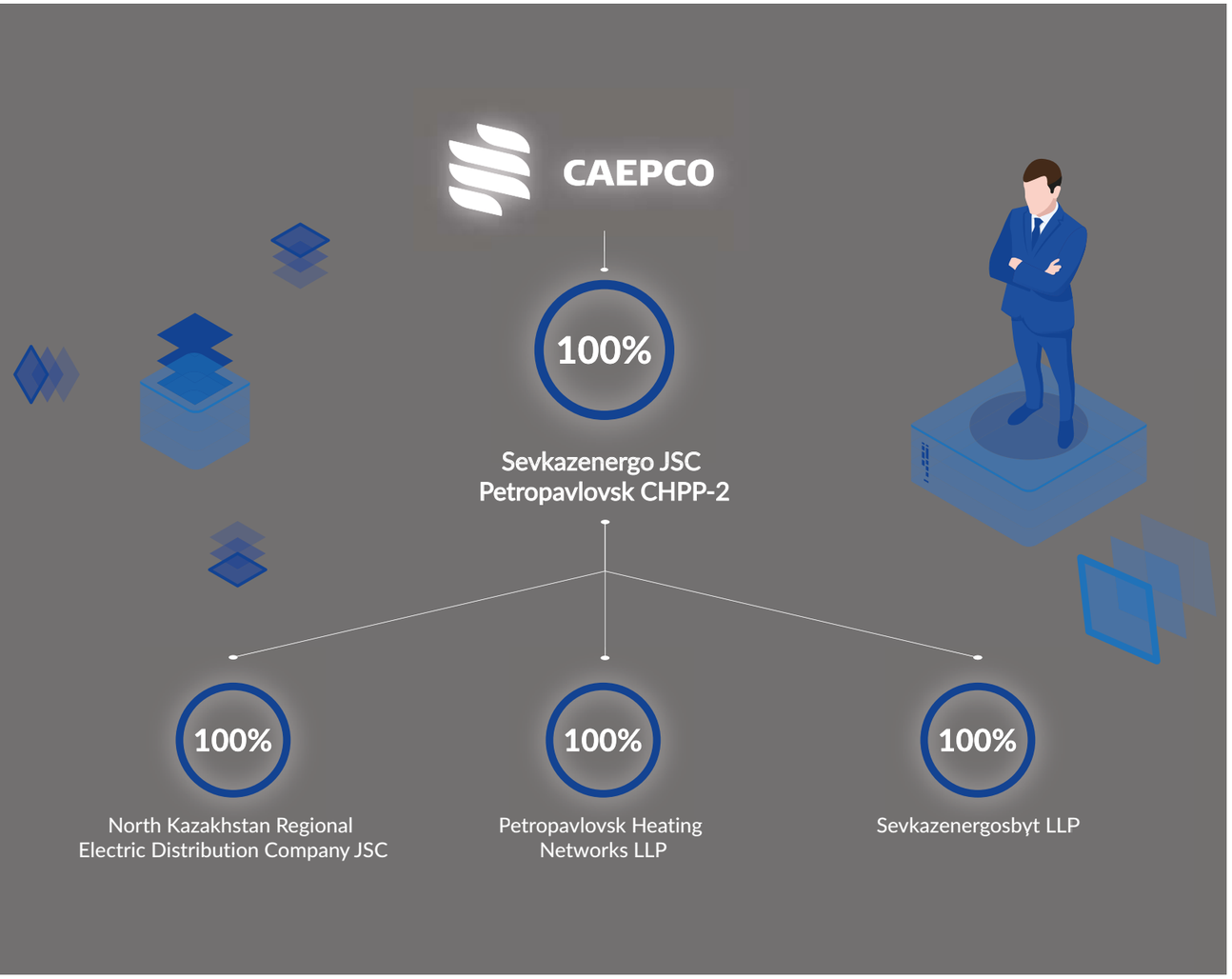
VALUES

- Respect for the personal rights and interests of employees, the requirements of customers and the conditions of cooperation set by our partners and society.
- Objectivity, proposing remuneration according to the results achieved and providing equal rights for professional growth.
- Integrity in relationships and providing information necessary for our work.
- Efficiency, as the sustainable achievement of the best possible results in everything we do.
- Courage to resist the unacceptable and to take responsibility for the consequences of decisions taken.
- Prudence, which is expressed in the attempt to protect people from any harm or threat to health and the environment.
- Trust in employees, which allows us to delegate authority and hold people accountable for decisions and how they are implemented.

INDUSTRY POSITION

- The joint stock Company has a monopoly position in the region in which it operates on the market for the production and distribution of heat and electricity.
- A differentiated portfolio of customers and stable demand among different types of customers.
- A vertically integrated Company is a full cycle of providing heat and electric power from production to distribution to the final consumer.
- Experience gained from equity participation with international and Kazakh shareholders.
- Focus on implementation of advanced technological solutions and progressive development policy of the Company.
- Existing reliable communication with partners and divisions of the Company.

BUSINESS MODEL



DEVELOPMENT STRATEGY

GRI 2-22

SDG

Strategic goal for the Company

— Building a vertically integrated private power Company rendering its consumers consistent and reliable services through synergy of generation, distribution, transmission and guaranteed sales of both electric power and heat.

The main strategic objectives of SEVKAZENERGO JSC and the status of their implementation in 2023

Target tasks	2023 progress
As a result of implementation of the investment program, by 2023, the wear of the generating equipment (turbine generators) of the stations will be reduced from 86.10% to 57.55%. depreciation in 2009 was 86.10% depreciation in 2023 was 57.55%.	The depreciation of the generating equipment of the station (boilers and turbine units) amounted to 55.78% at the end of 2023, i.e. the strong growth caused by the operation of the equipment was limited compared to the previous year.
Growth in installed electric capacity is 161 MW or 42.37% (in 2009 - 380 MW, in 2023 - 541 MW).	The share of updated production assets, including the plant's generation equipment and communication transformers, was 61.54%.
Decrease in installed heat capacity by 146 Gcal/h or 17% (in 2009 - 859 Gcal/h, in 2023 - 713 Gcal/h)	The installed electric capacity is 541 MW. The installed thermal capacity is 713 Gcal/h. An increase in electricity production of 703.605 million kWh (43.84%) compared to 2023, in 2023 production will be 2,308.559 million kWh.
Decrease in electric power generation is 68.696 million kWh or 2.89% (in 2009 - 2,377.255 million kWh, in 2023 - 2,308.559 million kWh), the decrease in volume is due to a shortage of steam from the KA due to the resistance of sections of the pressurised gas tract of the boiler unit st. № 1-5, 6, 7, 12, connected and operating through chimney № 2 after the collapse of chimney № 1. Reduction of heat production by 80.669 thousand Gcal or 4.22% (in 2009 - 1.910.105 thousand Gcal, in 2023 - 1.829.436 thousand Gcal).	Heat production increased by 44,400 thousand Gcal (2.49%) compared to 2022, reaching 1,829,436 thousand Gcal in 2023.

SEVKAZENERGO

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MARKET ANALYSIS

GRI 2-6

SDG

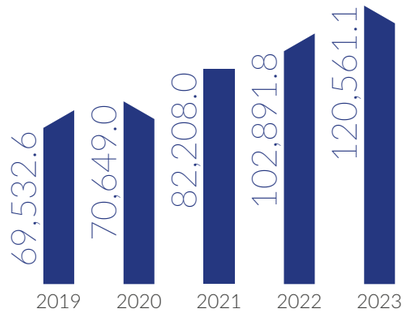
Economic review

Kazakhstan's gross domestic product (GDP) amounted to 120.6 trillion tenge in 2023, an increase of 5.1% compared to the previous year. The main contributors to GDP growth were trade (1.87 percentage points), industry (1.21 percentage points) and construction (0.7 percentage points). The industrial sector was supported by oil production growth and a favourable situation in external export markets, while trade growth was ensured by stable domestic demand and consumer confidence.

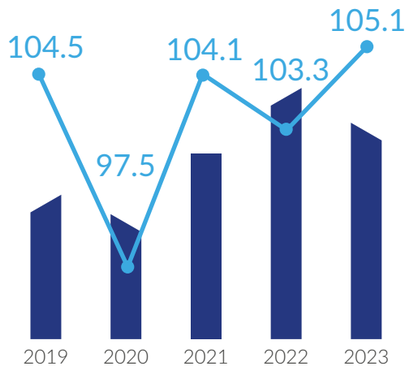
In 2023, industrial production grew by 4.4%. The mining industry grew by 4.9%, due to an increase in the production of crude oil, natural gas and other minerals. In manufacturing, growth reached 4%.

In particular, light industry (12.2 %) and mechanical engineering (28.2 %) recorded significant growth. Production in the supply of electricity, gas, steam, hot water and air conditioning rose by 5.4%. Industrial production grew in 16 regions of the Republic. The largest increases in industrial production were recorded in the North Kazakhstan (14.4%), Akmola (11.9%) and Atyrau (11.2%) regions. Decreases were recorded in the regions of Aktobe, Karaganda, Ulytau and Mangistau.

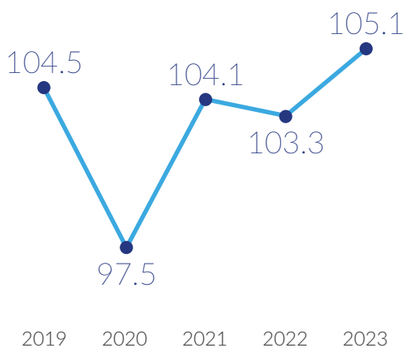
Gross Domestic Product Dynamics, billion tenge



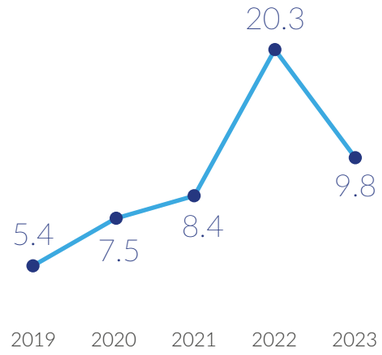
Dynamics of industrial production



Gross Domestic Product Index in % of the previous year



Consumer Price Index in the Republic of Kazakhstan, %



Energy sector overview

222 power plants generate electricity in Kazakhstan. As of 1 January 2024, the total installed capacity of power plants in the country is 24,641.9 MW, and the available capacity is 20,428.4 MW. In 2023, there was an increase in electricity consumption due to growth in industrial production, while there was a slight decrease in generation, leading to an increase in the electricity deficit.

An important change in the energy industry in 2023 was the introduction of a single purchaser of electricity and

a balancing market for electricity in real time from July

1, 2023. The market switched to a centralised purchase and sale of planned volumes of electricity. All electricity produced will be sold to the single purchaser. At the same time, the balancing market for electricity ensures the settlement of imbalances in the Unified Energy System of Kazakhstan. All wholesale market entities are required to participate

in the balancing market. The new mechanism is designed to smooth out imbalances in electricity production and consumption and to adjust tariffs.

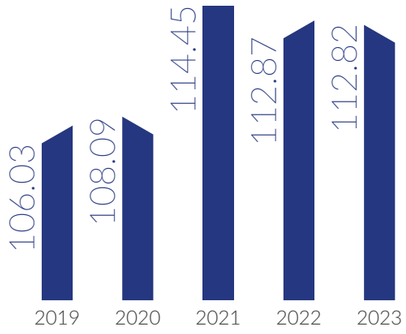
Production

According to the system operator KEGOC JSC, electricity production in 2023 amounted to 112.8 billion kWh, which is approximately the same as in 2022.

Growth was observed in the Northern zone of the Unified Energy System of Kazakhstan - by 1%. It accounts for approximately 53% of electricity production in Kazakhstan. Production decreased in the Western and Southern zones of the Unified Energy System.

Thermal power plants produced 87.4 billion kWh of electricity for the year, down 1.4%, or more than 77% of the total. At the same time, there was a significant increase in electricity generation from renewable sources.

Electric power generation in the Republic of Kazakhstan, billion kW/h

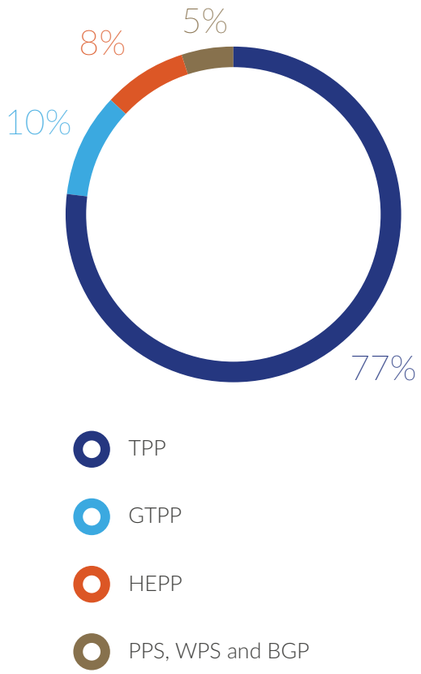


My job is to manage and organise the Company's office work rocesses, as well as assigning and coordinating the work of secretaries and monitoring their activities. The most difficult thing is to maintain a positive attitude and efficiency in difficult situations. The most important thing is to be responsible for the documentation of all the Company's activities.

IRINA KOZOREZOVA

Head of the Secretariat

15 years of work experience



Electric power production by generation types, billion kW/h

Generation type	2021	2022	2023	Change
CHPP	91.16	88.62	87.36	-1%
GTPP	10.70	10.94	11.02	1%
HEPP	9.18	9.19	8.75	-5%
PPS, WPS and BGP	3.40	4.12	5.69	38%

Electric power production by zones, billion kW/h

Zone of the Unified Economic Community of the Republic of Kazakhstan	2021	2022	2023	Change
Northern	87.78	83.91	84.43	1%
Southern	12.18	14.44	14.05	-3%
Western	14.49	14.52	14.34	-1%

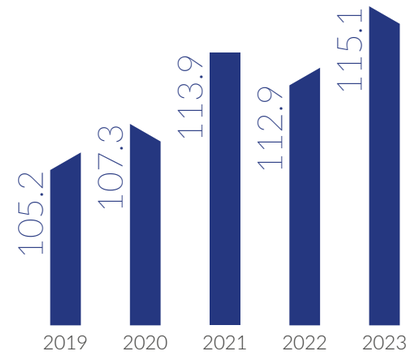
In 2023, the share of SEVKAZENERGO JSC in the total electricity generation in the country increased by 0.8% compared to 2022 and amounted to 2.1%.

Consumption

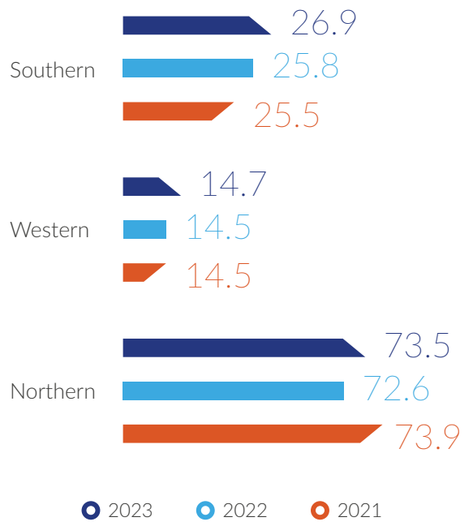
The growth of electricity consumption in 2023 amounted to 1.88%, the volume reached 115.1 billion kWh. The growth was observed in all zones of the Unified Energy System of Kazakhstan, especially in the northern and southern zones, where consumption increased by 1.2% and 4.2%, respectively. This means that with some decrease in generation, there was an increase in electricity consumption. In the end, the electricity deficit amounted to 1,519 MW and was covered by imports from the Russian Federation.

According to KEGOC JSC, the forecast balance of electric power for 2024–2030 is expected to result in a deficit of electric power of up to 6.2 GW.

Electric power consumption in the Republic of Kazakhstan, billion kW/h



Electric power consumption by zones, billion kW/h



THE BEST POWER ENGINEERS WORK HERE

My responsibilities include maintaining the overhead power line in good working order to ensure a high quality and uninterrupted power supply. Carrying out planned major repairs to prevent emergency situations, as well as a monthly planned inspection of the overhead line according to the approved schedule.
In our profession, it is very important to carry out timely maintenance on overhead power lines that pass through forests and waters where there is no access for a team vehicle and special equipment. When carrying out emergency and planned work, it is necessary to monitor the implementation of all technical and organisational measures of the teams present at the workplace, in accordance with the standards of industrial safety and the rules of technical operations, in order to prevent accidents.

AIBYN NAIKIN

Electrician for operation of distribution networks of the 10-0.4 kV overhead line service in the city of Ufa Hydroelectric Power Station

15 years of work experience

SEVKAZENERGO

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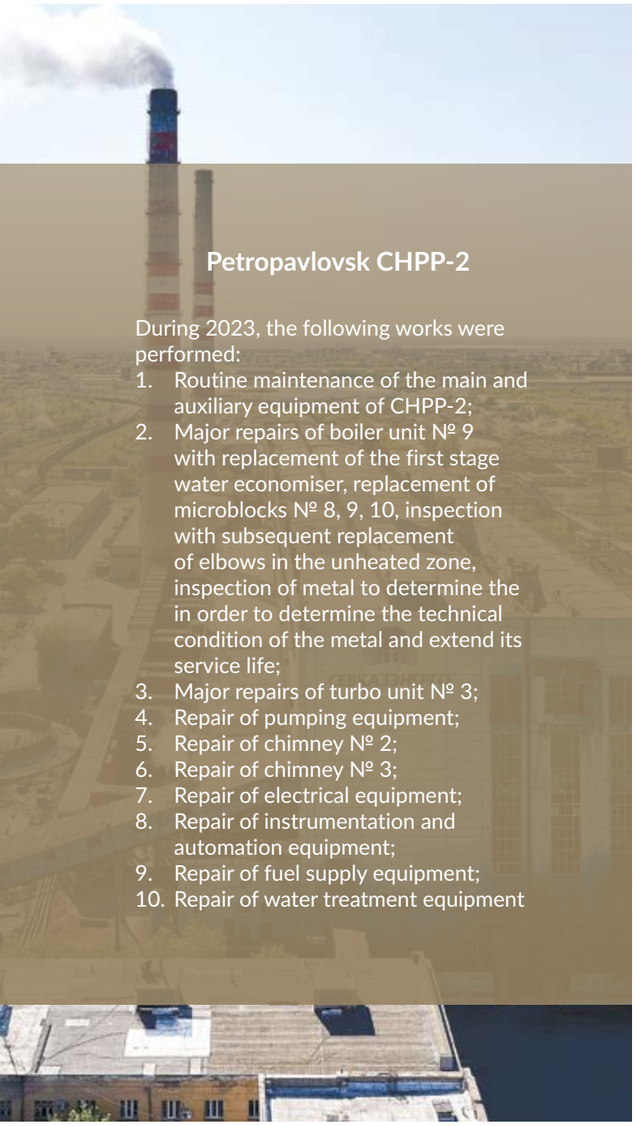
OPERATING RESULTS

SDG



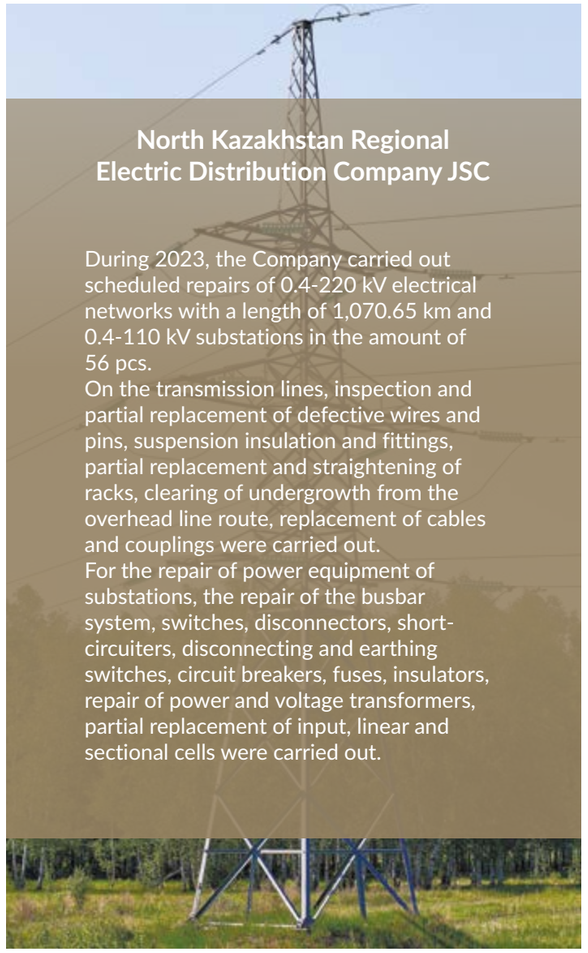
Petropavlovsk CHPP-2

During 2023, the following works were performed:

1. Routine maintenance of the main and auxiliary equipment of CHPP-2;
2. Major repairs of boiler unit № 9 with replacement of the first stage water economiser, replacement of microblocks № 8, 9, 10, inspection with subsequent replacement of elbows in the unheated zone, inspection of metal to determine the in order to determine the technical condition of the metal and extend its service life;
3. Major repairs of turbo unit № 3;
4. Repair of pumping equipment;
5. Repair of chimney № 2;
6. Repair of chimney № 3;
7. Repair of electrical equipment;
8. Repair of instrumentation and automation equipment;
9. Repair of fuel supply equipment;
10. Repair of water treatment equipment

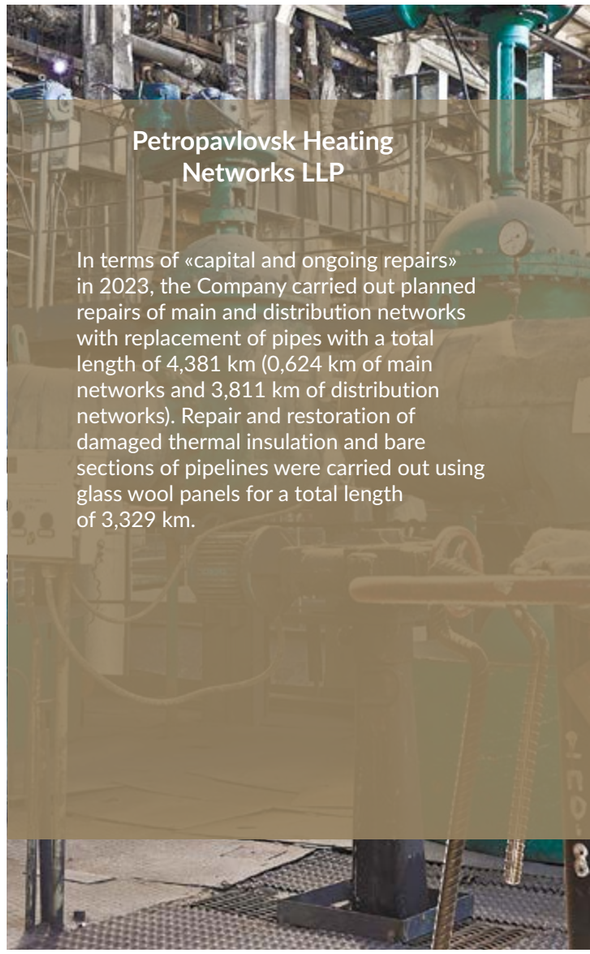
Sevkazenergosbyt LLP

The process of implementation of the «City Services Portal» project was initiated by signing a memorandum of cooperation with the State Institution «Petropavlovsk City Situation Centre» of the State Institution «Apparatus of the Akhim of the City of Petropavlovsk». «Apparatus of the Akim of the city of Petropavlovsk». The project combines all city services on a single platform based on the «single window» principle, which will minimise the number of visits of consumers to the service centres of Sevkazenergosbyt LLP. The project was successfully launched in January 2024. The work of the interdepartmental commission to improve the quality of services and create comfortable conditions for consumers has been resumed.



North Kazakhstan Regional Electric Distribution Company JSC

During 2023, the Company carried out scheduled repairs of 0.4-220 kV electrical networks with a length of 1,070.65 km and 0.4-110 kV substations in the amount of 56 pcs.
On the transmission lines, inspection and partial replacement of defective wires and pins, suspension insulation and fittings, partial replacement and straightening of racks, clearing of undergrowth from the overhead line route, replacement of cables and couplings were carried out.
For the repair of power equipment of substations, the repair of the busbar system, switches, disconnectors, short-circuiters, disconnecting and earthing switches, circuit breakers, fuses, insulators, repair of power and voltage transformers, partial replacement of input, linear and sectional cells were carried out.



Petropavlovsk Heating Networks LLP

In terms of «capital and ongoing repairs» in 2023, the Company carried out planned repairs of main and distribution networks with replacement of pipes with a total length of 4,381 km (0,624 km of main networks and 3,811 km of distribution networks). Repair and restoration of damaged thermal insulation and bare sections of pipelines were carried out using glass wool panels for a total length of 3,329 km.

RESULTS OF THE INVESTMENT PROGRAM IN 2023

GRI 203-1

In 2023, investments were aimed at the modernisation, renovation and repair of the main production assets.

The main projects of the investment program implemented in 2023: Construction of a new reinforced concrete chimney, H=180m, CHPP-2 of SEVKAZENERGO JSC, Petropavlovsk.

As part of this activity, the construction design was completed and the project examination was passed.

Work has begun on the construction of a new reinforced concrete chimney, 180 meters high: utility networks were removed from the construction area, the chimney foundation was installed, and a part of the common flue gas duct of boiler units № 1-4 was built for connection to the new chimney.

The project is scheduled for completion in 2025. Major repairs of boiler units: Within the framework of this section, major repairs were carried out on the boiler units, which led to an increase in the cost of fixed assets. st. №3,11, which made it possible to extend their service life after exhausting their park resources, with the ability to bear thermal and electrical loads; these measures also reduced the accident rate, which leads to a decrease in the number of boiler firings and fuel oil consumption.

Reconstruction of boiler unit № 2. Rollover project.

The overall completion date of the project is 2027.

In 2023, the implementation of the project for the reconstruction of boiler unit type TP-46A № 2 was launched with an increase in steam capacity to 240 t/h. Reconstruction of heating unit №1. Rollover project. The overall completion date of the project is 2025.

In 2023, an agreement was signed for the purchase of equipment and spare parts. This equipment is specific and requires long-term manufacturing at the plant.

Under the agreement, an advance payment was made to the Supplier in 2023 to start manufacturing. The delivery of inventory items and the execution of work are scheduled for the 3rd-4th quarter of 2024.

Construction of enclosing dams of section № 3 of ash disposal site № 2 of Petropavlovsk CHPP-2 of SEVKAZENERGO JSC, stage II.

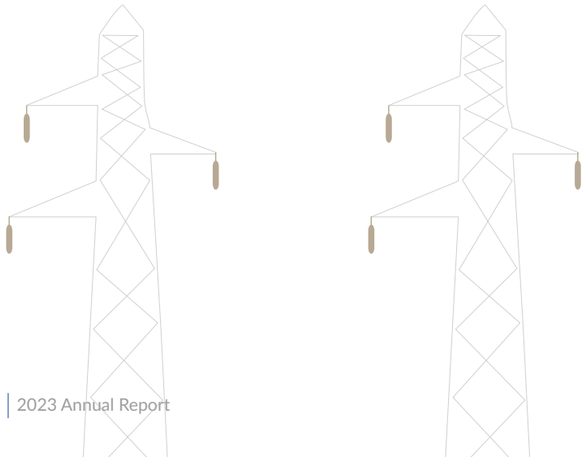
The project aimed at increasing the capacity of the operating section № 3 of ash dump № 2 was continued in order to avoid the risk of its overflow and emergency shutdown of Petropavlovsk CHPP-2 due to the impossibility of storing ash and slag.

Purchase of a stationary compressor VPZ-20/9 assembled with an electric motor DSK. In 2023, a new stationary compressor VPZ-20/9 assembled with an electric motor DSK was installed to replace the failed one. Modernisation of the VTV-D strain gauge wagon scales.

The strain gauge wagon scales, for which the verification period had expired and there was a large weighing error, were modernised. The existing scale software was obsolete and no longer had updates.

In case of failure of one of the modules, CHPP-2 would not be able to weigh coal. Modernisation of RS 60 C 13 mechanical truck scales. The mechanical truck scales, which had expired verification period, had a large weighing error, and significant metal production along the lever system, were modernised. Installation of an automated system for monitoring emissions to the environment at CHPP-2 of SEVKAZENERGO JSC (chimneys № 3).

As part of the implementation of the requirements of the Environmental Code of the Republic of Kazakhstan, from January 1, 2023, automated monitoring systems for emissions into the environment must be implemented at category 1 enterprises. In 2023, an agreement was concluded for the supply of the SGK-510 information and measuring system in January 2024.



PROCESS AUTOMATION

ASCAE

Information on the implementation of the Automated System for Commercial Accounting of Electricity of the Retail Electricity Market (REM) and the Wholesale Electricity Market (WEM) in the Company:

The technical project of the ASCAE of the wholesale electricity market of North Kazakhstan Regional Electric Distribution Company JSC was approved on September 13, 2005.

From 2009 to 2018, due to the investment program, equipment was installed at 46 substations of the city and the region, 551 metering points were connected to the ASCAE of the WEM, including 24 metering points along the border of the JSC, 821.59 million tenge with VAT were spent.

The implementation of the project for the introduction of the ASCAE of the retail electricity market in North Kazakhstan Regional Electric Distribution Company JSC began in 2011.

As of 01.01.2024, 30,214 metering points were included in the ASCAE REM using own and borrowed funds. At the expense of consumers, ASCAE REM was installed at 5,999 metering points, which means that 36,213 electric energy metering points were included in the ASCAE REM.

The total amount of funds utilised amounted to 1,724.28 million tenge.

ASCAE REM is a three-level hierarchical information-measuring and computing network with distributed information processing.

This network combines the following layers:

- The first level is primary dimensions. Data from consumer electricity meters on existing 0.4 kV power lines is sent to the USPD installed on the 0.4 kV side of the TP, RP, KTP. Data transmission takes place using PLC technology.
- The second level is the collection, storage and processing of ASCAE information in the Data Acquisition and Transmission Devices (PLC hub). Data from the PLC hub is transmitted via the GSM/GPRS communication channel to the central data processing server.
- The third level is the main center for collecting and storing information on EMCOS.

This software allows you to: view data from counters in real time, export it to MS Excel, save data in files of various formats, change the way graphs are displayed, print graphs.

View events that occurred, configure the system, and view archives.

ASCAE REM is a solution to the problems of increasing the accuracy of electricity metering, monitoring the quality of electricity, detecting and locating of electricity, detecting and localizing losses, identifying theft, ensuring «transparency» of the electricity distribution process, reducing labor costs for collecting and processing data on electricity consumption.

Through the implementation of a series of measures, including the replacement of a bare wire with a self-supporting insulated wire, the replacement of inputs, the removal of metering devices to the balance sheet section boundary, and the introduction of ASCAE, a reduction in electric power losses is achieved.

Further deployment of ASCAE is considered inappropriate by JSC due to the high cost of project implementation, the additional costs for maintenance and servicing of ASCAE not included in the tariff estimate, the long payback period of the project, and the lack of economic impact.

ASCAHE

As a result of the implementation of the Automatic System for Control and Accounting of Heat Energy (ASCAHE) project, 1376 modems have been installed. The introduction of metering devices increases the accuracy and reliability of data and calculations between suppliers and consumers according to current and future tariff systems, and also reveals the actual state of heat consumption in everyday life. ASCAHE increases the efficiency of data collection for heat energy accounting in order to control consumption and reduce delays in payment for heat energy consumed. The system makes it possible to quickly identify losses and unaccounted consumption of thermal energy in order to immediately take measures to prevent them and save thermal energy in the municipal sector.

TEZIS

Since November 2017, an automated control system for the process of technological connection to electric networks has been put into pilot operation.

The system is aimed at increasing the transparency of the process of registration of technical specifications for connecting consumers to electric networks.

The great advantage of the system is the intermediate control, which makes it possible to determine at what stage and which of the participants in the process have the documents. The system will provide effective support to the operational activities of enterprises, organise accounting and control in the process of issuing technical specifications, coordinate design and estimate documentation and prepare documents for the consumer.

As part of the PTC Automated Process Control System project, the time for connecting consumers has been reduced, and the entire process of connecting new consumers to infrastructure facilities has been simplified and optimised.

SCADA

North Kazakhstan Regional Electric Distribution Company JSC supports the trend of developing automated systems for managing production funds and assets. As part of the project to create the structure of the automated dispatch control with the SCADA system replaced the outdated mnemonic device with a new one (video wall).

Ellipse

SEVKAZENERGO JSC has launched an automated system for the management of production resources and assets based on the Ellipse 8 system (Ellipse ERP system) throughout the Company.

The unified Ellipse system allows to plan and perform maintenance and repair work, including:

- automate work to eliminate possible failures and emergency operations;
- reduce the number of failures and emergency operations by optimally predicting the timelines of work and scheduled

Mobility

Since 2018, NKREDC JSC has been piloting the Mobility mobile application, which is fully integrated with the Ellipse Automated Control System, allowing for the remote execution of work tasks, organizing the inventory and monitoring of equipment, and providing operational access to historical and regulatory data. As part of the Mobility project, a mobile application was created for employees involved in equipment maintenance and repair to perform operational maintenance and repair of infrastructure facilities in the field.

WORKING WITH CONSUMERS

Implementation of services

The main functions of Sevkazenergosbyt LLP are:

- sale of electrical and thermal energy on the basis of concluded contracts;
- settlements with consumers for the electrical and thermal energy they consume.

Analysis of the implementation of electric and heat power of Power Supply Organisation for 2023

Power supply organisation indicators	Volume	Amount
Electricity sales:	thousand kW/h	thousand tenge with VAT
Sevkazenergosbyt LLP	893,074	19,732,899
legal entities	566,283	14,971,135
individuals	326,791	4,761,764
Thermal energy sales	thousand Gcal	thousand tenge with VAT
Sevkazenergosbyt LLP	1,365.7	9,653,220
legal entities	500.5	6,398,564
individuals	865.2	3,254,656

Organisation of customer service works. Project implementation.

A payment system through second-tier banks, the Internet, ATMs and POS terminals has been established for the convenience of consumers. Agreements have been signed with second-tier banks, Kazpost JSC, AstanaPlat LLP and QIWI Kazakhstan LLP to accept payments from the population. Household consumers can also make payments using ERC receipts without bank commissions.

Contact center

The contact center for customer service operates by phone on the basis of the Service Center. The contact center of Sevkazenergosbyt LLP receives calls daily from 8:00 to 20:00. Every month, it handles more than 33,000 incoming calls on issues related to energy, water, sewerage, garbage collection, intercom and apartment maintenance fees. It also takes meter readings and provides information on planned and emergency power outages. The interactive voice response system provides information on standard questions.

In addition, by calling a single Contact Center number, the consumer can always get comprehensive information from the operator about the reasons for the outage and the timeframe for repair. In the event of an emergency, the Contact Center operators send requests to the relevant dispatching services of the energy transmission organizations for further work, based on the information provided by the consumer.

The introduction of this function in the Contact Center for servicing consumer calls on energy supply issues has significantly reduced the load on consumer calls to the relevant dispatch services of the Company. In order to improve the quality of customer service, quality control is carried out by monitoring requests in electronic form.

Let's consider the interactive voice response scheme: after dialing the CC number, the consumer hears a bilingual greeting, selects the language of the information and then listens to the answer. By calling the multi-channel telephone number 500 666, the consumer listens to the information he needs or selects the operator's answer.

If all operators are busy, the call is put on hold. As soon as operator is available, the call is transferred to him/her; if necessary, the call can be transferred to the carrier or the Contact Center manager.

The Contact Center allows you to quickly service calls coming to a multi-channel phone both automatically and by talking to an operator.

In 2023, the Contact Center operators serviced more than 315 thousand calls on issues of completed billing, receipt of meter readings, as well as on issues of planned and emergency power outages, information about which is available to the operators through online communication with the dispatch services of the Energy Transmission Organisations.

On average, Contact Center employees handle 1,832 calls per weekday, with a maximum of 2,884 calls (in June).

At the same time, calls are recorded in order to control the quality of service.

In 2017, the Voice Mail feature was implemented and launched, giving consumers the ability to leave a voice message without waiting for an operator to respond. 578 requests were received via voice mail.

The official website of SEVKAZENERGO JSC has a Feedback section, through which 1,836 requests were received from consumers in 2023. Consumers are given the opportunity to send a request or inquiry, thus the consumer does not need to personally contact the Service Centers.

In order to improve the quality and efficiency of customer service, the Correspondence section is functioning in the Personal Account service. In 2023, 670 requests were received through this service.

The Personal Account service is available to all consumers of Petropavlovsk and non-household consumers of the region's districts, allowing them to independently familiarise themselves with charges and debts, generate invoices for payment, and enter meter readings. In addition, household consumers can use the tariff calculator to pre-calculate the amount to be paid, and the Personal Account service also has a function for correspondence with the consumer. To date, 5,620 household consumers and 4,390 legal entities have access to the Personal Account. In 2023, work was carried out to improve and expand the capabilities of the Personal Account service for household consumers of the region's districts, at the moment, 562 consumers are successfully using the service. At the moment, these are consumers of the Kyzylzhar, Akkayn and Yesil districts of the North Kazakhstan region. It is planned to gradually provide access to all districts of the region.

The service allows you to receive information about an individual personal account, independently generate statements of charges and payment amounts of consumers, and leave a request in the Correspondence section..

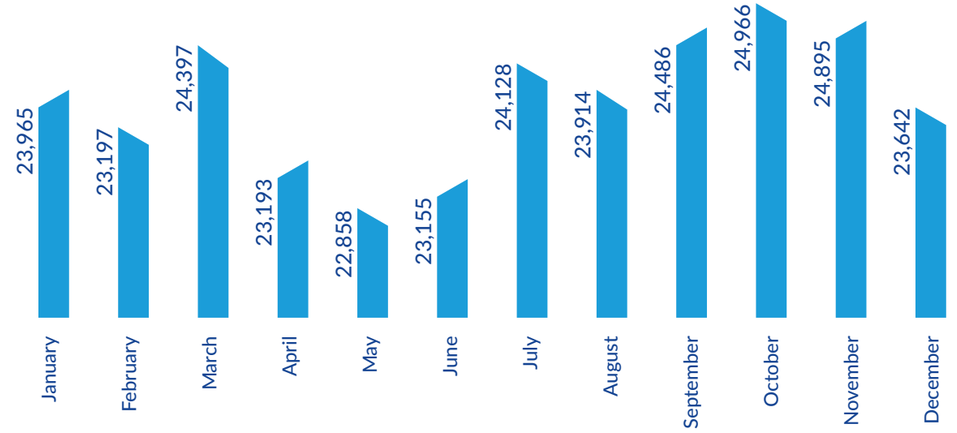
More than 275 UIPC service providers have already received access to the Personal Account service.

In 2024, it is planned to introduce additional functions that will allow you to get the necessary information about the activities of the UIPC online.

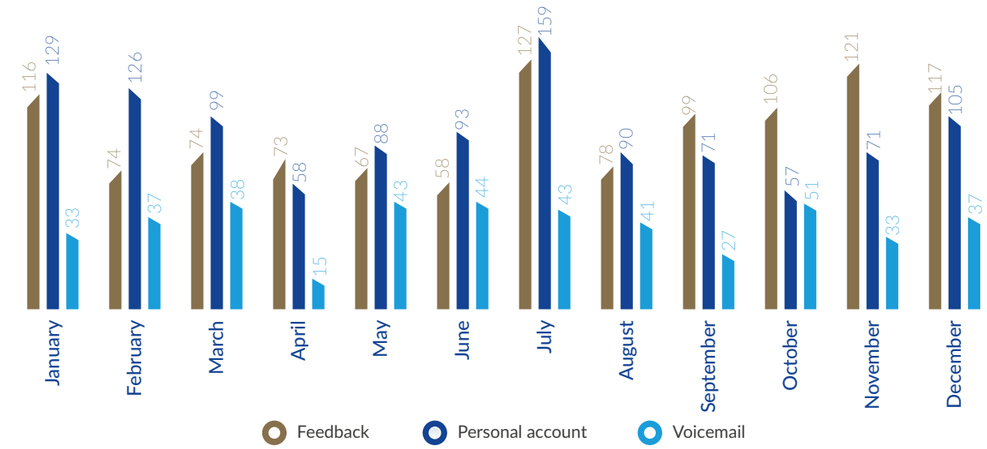
The main features of the Contact Center:

- A single multi-channel phone number for obtaining information on all energy supply issues, UIPC;
- Handling incoming calls;
- Servicing similar customer requests automatically via IVR (interactive voice response system);
- Receiving readings from heat and electric energy meters;
- Providing consumers with comprehensive information on energy and heat supply issues. Provide information on the status of the personal account (balance, accrual, payment) for both energy supply and services under the UIPC;
- Information about the termination of heat and electricity supply, water supply;
- Voice mail
- Monitoring the quality of customer service by recording telephone conversations and pressing telephone buttons when evaluating the operator's work;
- Notification of debts of legal entities via e-mail;
- Quality assessment in the "Personal Account" service on the website of SEVKAZENERGO JSC;
- The Personal Account service is available to UIPC service providers and consumers in the Kyzylzhar and Akkayn districts of the North Kazakhstan region; it is planned to gradually provide access to other districts of the North Kazakhstan region;
- Improvement of the Company's image through interactive services (Feedback, Personal Account service, UIPC website).

Contact Center Incoming Call Schedule for 2023



Statistics of requests received by the Contact Center via interactive service for 2023



Department of work with consumers and UIPC

In December 2023, the process of implementation of the project «City Services Portal» was started by signing a memorandum on cooperation with the Municipal Public Institution «Petropavlovsk Situation Center» of the Municipal Public Institution «Apparatus of the Akim of the City of Petropavlovsk».

The information system «City Services Portal» combines all city services on one platform. This is the provision of utilities for individuals and legal entities on the principle of «single window», which will minimize consumer visits directly to the service centers of Sevkazenergosbyt LLP.

The list of services provided through the information system in the city of Petropavlovsk:

1. Issuing a certificate of no debt;
2. Changing the full name of the owner on the personal account of the Subscriber when providing services for the supply of heat energy to natural persons;
3. Changing the number of inhabitants on the personal account of the Subscriber in the case of providing services for the supply of heat energy to natural persons;
4. Changing the occupied area of a dwelling when providing services for the supply of heat energy to natural persons;
5. Submitting an request to open a personal account for heat energy;
6. Recalculating the amount paid for utilities;
7. Accepting of written requests;
8. Registering the hot water meters for individuals;
9. Terminating the contract for electric and heat energy in connection with demolition.

Since January 2024, the project has been successfully launched, 10% of services are provided via the information system.

The plan for 2024 is to minimise face-to-face customer service, and increase service via the city services portal by 70%. Issues of integration with the databases of the Government for Citizens JSC and automation of the contact center and chatbots of the ANER IP of the MINTA Company are under consideration.

SOCIAL PARTNERSHIP

GRI 413-1

SDG

When selling electric energy, a differentiated tariff is applied to single pensioners by age, disabled persons, WWII veterans and persons equivalent to them.

University graduates are given the opportunity to undergo industrial and pre-graduation practice in energy supply organisations.

The personnel is interested in the reliability of the power supply organisation and financial stability; the availability of social programs; labour safety; material and moral incentives for labour activity.

ANALYSIS OF ACCOUNTS RECEIVABLE

The problem of managing accounts receivable is most acute in utilities.

Accounts receivable are evaluated in the context of:

1. Total amount of all accounts receivable in dynamics for each reporting period. It reflects the dynamics of the total amount of funds in each service provided.
2. The total amount of all overdue accounts receivable in dynamics for each reporting period. It reflects the volume of potential risk.
3. Turnover of all accounts receivable in dynamics. It reflects the efficiency of work with consumers.

From general to specific.

Stage one. A general analysis of the receivables is made, a general idea is formed for all categories of consumers. The reasons for the current situation are determined.

Stage two. A specific action plan is developed, which is taken under control (responsible persons, deadlines, results).

Detailed analysis and control of receivables is carried out by categories of consumers, regions, types of services and individual consumers. During the analysis, the receivables are divided into total and overdue, broken down by period of origin.

Name of energy sales organisation	Work with accounts receivable in 2023, thousand tenge with VAT					
	Accounts receivable as of 01/01/2023			Accounts receivable collection coefficient, %	Written executive orders in 2023	Initiation of enforcement proceedings in 2023
	General	More than 1 month	Over 3 months	Averaged over the year		
Sevkazenergosbyt LLP	3,240,953	417,122	174,401	84	437,246	90,381

Work on accounts receivable management is aimed at reducing the amount of overdue receivables.
Total receivables increased by 6.4% compared to 2022

Indicators

Accounts receivable collection rate.

The rate shows how much accounts receivable are collected during the reporting period.

Accounts receivable collection. Management methods.

The management methods for working with accounts receivable are as follows:

Interaction with consumers occurs from the moment of delivery of single payment documents for the consumed goods.

The next steps of interaction, the purpose of which is to encourage consumers-debtors to pay off their debts, are voice automatic notifications, SMS messages, sending electronic messages, delivering notifications and claims, sending applications for disconnection to energy transmission organisations.

Representatives of energy transmission organisations regularly disconnect consumers for debt.

Effective methods of returning accounts receivable in relation to malicious defaulters are judicial and enforcement proceedings. Taking all of the listed measures helps to increase the return of overdue accounts receivable.

Restriction of the consumption mode, as a failure to fulfill the terms of the contract by the consumer, in terms of payment for the services provided:

Name of the power supply organisation	Number of notifications issued		Number of shutdowns performed	
	Electric power	Heat power	Electric power	Heat power
Sevkazenergosbyt LLP	134,459	1,843	1,501	

PURCHASING ACTIVITIES

SDG

Building an effective procurement operation is one of the most important ways for a Company to improve its operational efficiency. The main priorities of the SEVKAZENERGO Group of Companies in the area of procurement are to ensure transparency in procurement, as well as holding tenders, increasing the number of procurement participants in order to achieve maximum economic effect and reduce costs.

Since 2017, transformation processes have begun in the procurement service of the entire Group of Companies to improve the efficiency and transparency of procurement activities. During the year, projects were developed aimed at automating procurement processes, improving the procurement planning system, developing category procurement strategies, optimizing the processes of inventory accounting, storing and issuing inventory items, implementing a KPI system, and other areas.

By the end of 2023, the following tasks were completed:

- use in work of the implemented system for monitoring procurement processes, which made it possible to most effectively plan and control all processes;
- achieving complete transparency of procurement procedures through the publication of announcements of planned purchases, protocols of the results of completed purchases on the electronic trading platform of EurasianTek LLP, which allowed to attract new sellers of goods on mutually beneficial terms;
- cash savings achieved through efficient procurement processes ensured that unplanned needs were fully funded without the need for additional sources.

The key priorities in procurement activities for 2023 were:

- increasing the transparency of procurement activities;
- increasing commercial efficiency;
- implementation of an effective procurement planning system;
- transfer to an electronic form of procurement;
- automation of procurement processes;
- implementation of an effective system of internal and external reporting on procurement activities;
- improving the efficiency of reporting systems for internal clients;
- increasing the efficiency of processes for accounting of warehouse stocks, storage and issuance of inventory items.

Information on purchase volumes for 2023 for the SEVKAZENERGO JSC group of Companies

Type of regulated service	Total purchase amount	Including:			
		Purchases based on results competition,	Single source procurement, in tenge		Purchases by request for price offers, in tenge
			On the grounds of being purchased from only one source	After the tender and request for price proposals were declared invalid	
SEVKAZENERGO JSC					
	Inventories				
Services for the production, transmission, distribution and (or) supply of heat energy	8,525,322,167.23	101,051,588.00	833,307,933.16	7,373,052,730.73	217,909,915.34
	Works, services				
	23,467,738,125.95	21,098,046.85	2,509,714,041.17	20,894,848,631.93	42,077,406.00
	Total				
	31,993,060,293.18	122,149,634.85	3,343,021,974.33	28,267,901,362.66	259,987,321.34
North Kazakhstan Regional Electric Distribution Company JSC					
	Inventories				
Services for the transmission of electric energy	4,004,496,532.74	304,453,441.46	52,035,393.18	3,507,309,900.20	140,697,797.90
	Works, services				
	2,496,115,787.65	344,499,951.04	132,575,202.44	1,990,113,359.80	28,927,274.37
	Total				
	6,500,612,320.39	648,953,392.50	184,610,595.62	5,497,423,260.00	169,625,072.27
Petropavlovsk Heating Networks LLP					
	Inventories				
Services for the transmission and distribution of heat energy	1,823,050,699.58	16,875,331.72	798,480,703.78	936,513,625.08	71,181,039.00
	Works, services				
	571,875,356.93		9,527,188.45	536,527,177.51	25,820,990.97
	Total				
	2,394,926,056.51	16,875,331.72	808,007,892.23	1,473,040,802.59	97,002,029.97
Sevkazenergosbyt LLP					
	Inventories				
Services for supplying heat energy to inventory items	8,022,471,662.01		7,973,104,721.19	20,176,947.00	29,189,993.82
	Works, services				
	4,340,749,712.62		4,274,581,023.69	49,332,358.74	16,836,330.19
	Total				
	12,363,221,374.63		12,247,685,744.88	69,509,305.74	46,026,324.01

FINANCIAL AND ECONOMIC INDICATORS

GRI 201-1

SDG

The Company's consolidated financial statements for 2023 have been prepared in accordance with International Financial Reporting Standards. The accounting policies are the same for all of the Company's subsidiaries.

The Company's key financial and economic indicators demonstrate the effectiveness and efficiency of operational and financial activities, as well as the implementation of the main directions of the Company's strategic development.

Indicators	2021	2022	2023
Income from core activities	41,306	35,878	53,039
Cost including expenses for the period	(34,933)	(36,118)	(49,005)
Profit from operations	6,374	(240)	4,034
Total EBITDA for the year	22,101	7,440*	15,056
Total EBITDA for the year, margin in %	53.5	20.7	28
Income tax expenses	(2,940)	127	(613)
Net profit for the year	15,335	(11,589)	2,172
Assets	137,476	127,335	127,368
Equity	70,029	57,250	59,897
Capital expenditures on property, fixed assets	4,753	6,810	9,449

Income from sales of products/services

Based on the results of 2023, the Company produced electricity and heat, taking into account the transmission and sale of energy, for a total of 53,039 million tenge, or 48% more in comparison with the results of 2022, which is due to the increase in the volume of commodity sales and tariffs for electricity and heat. The dominant factors influencing the level of income from the implementation of 2023 in comparison with the previous period are the following:

1. Income from the sale of electricity increased compared to 2022 by 16,643 million tenge, or 60% due to an increase in generation by 59% and an increase in tariff:

Including:

- Electricity production increased by 13,260 million tenge or 87% compared to 2022 due to an increase in volume by 732,397 thousand kWh or 57% and an increase in tariffs;
- Electricity transmission via REDC increased by 995 million tenge or 17% compared to 2022 due to an increase in transmission volume by 31,926 thousand kWh or 3% and an increase in tariffs;
- Revenue from the capacity market increased by 932 million tenge or 54% due to stable generation; reduction factors were not applied;
- Revenue from electricity supply for 2023 amounted to 6,343 million tenge.

2. Revenue from the sale of thermal energy, taking into account the sales margin, increased by 490 million tenge or 6% due to an increase in volume by 39 thousand Gcal or 3% and an increase in tariff.

Cost of sales

The cost of electric power and fuel sold in 2023 amounted to 49,005 million tenge, which is 12,887 million tenge (36%) more than in 2022. In the structure of the Company's cost price, the specific weight (40%) is occupied by Fuel. The increase in this item (coal) was by 5,449 million tenge, or 69%, including -2,614 million tenge due to an increase in coal consumption by 33% and an increase in the price of fuel by 2,835 million tenge, or 27%. Depreciation charges decreased by 12 million tenge due to the revaluation of fixed assets. Labour costs increased by 778 million tenge, or 15% due to an increase in wages. The cost of purchasing electricity from renewable energy sources decreased by 253 million tenge or 11% due to the introduction of the centralised purchase and sale model of electricity - the Single Purchaser from July 1, 2023 and amounted to 4,985 million tenge for the power supply organisation. The changes also affected the exclusion of costs for the transmission and distribution of energy through the networks of KEGOC JSC, and the inclusion of services for the use of the National Power Grid from July 1, 2023 in connection with the introduction of a single purchaser of electricity. The tariff for the use of the national electric grid is 1.651 tenge from July 1, 2023 and from October 1, 2023 1.943 tenge per 1 kW/h excluding VAT, in accordance with the order of 03.07.2023 № 92. Also, due to changes in legislation, additional costs have been introduced for the purchase of electric energy intended to cover imbalances in the implementation of the approved hourly daily schedule of production and consumption of electric energy by the system operator and amount to 578 million tenge at the end of 2023.

EBITDA dynamics

The total EBITDA for 2023 is 15.056 million tenge, which is 4.668 million tenge or 45% more than in 2022. The main factors behind the increase in the operating efficiency indicator are the increase in electricity generation by 44% and thermal energy supply by 2%, as well as the increase in electricity and thermal energy tariffs.

Total EBITDA for the year, million tenge

2020	10,244
2021	22,101
2022	10,388
2023	15,056

EBITDA by operating segments

Operating EBITDA was selected as the main indicator for evaluating the Company's production activities. This indicator does not take into account other income, financial income, non-monetary component of foreign exchange liabilities, depreciation and amortization, non-recurring or non-permanent items that do not affect the basic production activities of the Company. The Company's operating EBITDA for 2023 amounted to 11,763 million tenge, which is an increase of 4,268 million tenge or 57% compared to 2022. In the structure of the operating EBITDA indicator, the leading (primary) marginal segment is the production of electricity and heat (10,588 million tenge), where there is an increase of 5,917 million tenge, or 127%, compared to 2022, due to an increase in the commercial supply of electricity and heat, as well as an increase in tariffs.

Net income/loss dynamics

Operating income for the year amounted to 4,035 million tenge, due to a 44% increase in power generation and a 2% increase in heat supply. Net financial expenses increased by 33 million tenge, or 1.2%. Income tax expense increased by 740 million tenge.

*Total EBITDA excluding impairment loss on fixed assets

Operating results review

The financial and economic indicators by section for 2023, thousand tenge

Indicators	Production of electric power and heat	Electric power transmission and distribution	Energy transmission and distribution	Sale of electric power and heat	Elimination	Total
Income from core activities	37,566,972	6,780,960	4,063,523	26,447,717	(21,820,125)	53,039,047
Price	(31,009,231)	(6,409,655)	(3,544,354)	(26,329,773)	21,692,371	(45,600,642)
Gross profit	6,557,741	371,305	519,169	117,944	(127,754)	7,438,405
Expenses for the period	(2,081,105)	(446,810)	(213,868)	(701,741)	39,620	(3,403,904)
Profit from operations	4,476,636	(75,505)	305,301	(583,797)	(88,134)	4,034,501
Finance expenses, net	(1,916,090)	(633,816)	(903,278)	81,207	560,012	(2,811,965)
Other income	10,451	95,444	893,865	69,289	6,733	1,075,782
Profit (loss) from exchange rate	1,531	447,848	14,131	-	-	463,510
Income tax expenses	(508,818)	27,185	(127,991)	75,363	(79,115)	(613,376)
Net profit for the year	2,063,710	(138,844)	182,028	(357,938)	399,496	2,148,452
Revaluation of fixed assets	-	-	23,510	-	-	23,510
Total	2,063,710	(138,844)	205,538	(357,938)	399,496	2,171,962
Operating EBITDA by section	10,599,559	859,325	929,531	(543,794)	(81,329)	11,763,292

Assets and liabilities

The Company's total assets as of 31 December 2023 amounted to 127.368 million tenge

Assets, millions of tenge	Current assets	Long-term assets	
2019	13.973	101.322	115.295
2020	22.522	101.446	123.998
2021	17.957	119.519	137.476
2022	9.483	117.852	127.335
2023	13.586	113.782	127.368

As of 31 December 2023, the cost of fixed assets amounted to **108.846 million tenge**, or 85% of the value of all assets. In 2023, fixed assets were acquired for a total amount of **9.449 million tenge**, and allocated to unfinished construction as part of a large-scale investment program.

Liabilities, millions of tenge	Equity	Long-term liabilities	Current liabilities	
2019	58.443	18.307	38.545	115.295
2020	55.587	27.233	41.178	123.998
2021	70.030	37.390	30.056	137.476
2022	57.251	21.907	48.177	127.335
2023	59.897	29.891	37.580	127.368

The declared authorised capital of the Company is **143.9 million ordinary shares**. As of 31 December 2022, the value of fully paid ordinary shares amounted to **16,292 million tenge.** The total financial debt as of the end of the reporting year amounted to **30,370 million tenge**, while the Company maintains financial stability.

THE BEST POWER ENGINEERS WORK HERE

An important part of my work is organising the process of purchasing and selling heat and electricity to residential and non- residential consumers. This includes Sevkazenergosbyt LLP on the basis of concluded contracts, consumers living and operating in Petropavlovsk and the districts of the North Kazakhstan region;

Defining and coordinating the work of the department in the input of information received from energy transmission organisations and consumers, resolving administrative issues within the limits of its competence;

implementing control over the maintenance of the billing system database on energy consumption by all categories of consumers based on the actual volume of energy transmission;

participating in the improvement of existing software for the sale of electricity and heat to all categories of consumers in accordance with regulatory legal acts;

participating in meetings of supervisory authorities on issues of improving regulatory legal acts;

overseeing timely generation and printing of unified payment documents, generation and uploading of electronic invoices in the information system (www.esf.gov.kz), for consumers of the city and districts of the region.

The most difficult part is maintaining a balance between the interests of consumers, broadcasters and suppliers. The most important thing is to remain human in all circumstances, to understand the problems of consumers, to explain and, if possible, to simplify processes that hinder communication.

GALINA LITVINENKO

Head of the Sales Department of Sevkazenergobyt LLP
14 years of work experience

SEVKAZENERGO

THE BEST POWER ENGINEERS WORK HERE

DEVELOPMENT PROSPECTS OVERVIEW

GRI 2-22

SDG

PLANS FOR THE RECONSTRUCTION AND MODERNISATION OF THE EQUIPMENT FOR 2024

Plans for the repair fund of Petropavlovsk CHPP-2 for 2024

As part of the 2024 investment program, it is planned to continue a series of equipment modernization measures aimed at increasing power generation, reducing physical wear and tear of the Petropavlovsk CHPP-2 equipment, reducing losses in power and heat transmission, and improving environmental parameters.

Main directions of planned work:

1. The construction of a new reinforced concrete chimney. The implementation of the activity is due to the collapse and decommissioning of chimney № 1.
2. The construction of the enclosing dams of section 3 of the ash dump № 2 of Petropavlovsk CHPP-2 of SEVKAZENERGO JSC, stage 2. The activity is aimed at increasing the capacity of section № 3 of ash dump № 2 by 3.9 million m^3.
3. Major repairs of boiler unit №9 resulting in an increase in the cost of fixed assets. The purpose of this measure is to extend the life of elements that have exhausted the park resource, allowing them to carry heat and electrical loads according to the production plan.
4. Installation of an automated system for monitoring emissions to the environment at CHPP-2 of SEVKAZENERGO JSC (chimneys № 3). In accordance with the requirement of the Environmental Code of the Republic of Kazakhstan, from 01.01.2023, first category facilities are required to install ASM at the main emission sources.
5. The reconstruction of boiler unit № 2. This is a repeating activity. The overall project completion date is 2027. In 2023, the project for the reconstruction of boiler unit type TP-46A, st. № 2, was launched.
6. The reconstruction of turbine generator № 1, with the installation of a heating selection on it. The implementation of this measure will increase the thermal capacity of the station to 90 Gcal/h.
7. Major repairs of turbo units № 3, 6, leading to an increase in the cost of fixed assets, the implementation of which will extend the fleet resource, as well as reduce the wear of turbo units.
8. The development of a working project for the reconstruction of part of the common flue gas duct of CHPP-2. The implementation of the activity is conditioned by the commissioning of a new chimney and the switching of boiler units st. № 8,12 to chimney № 3.
9. The installation of an additional start-up reducing and cooling device at Petropavlovsk CHPP-2. As part of the implementation of the investment program of SEVKAZENERGO JSC, it is planned to install an additional start-up reducing and cooling device at Petropavlovsk CHPP-2. The start-up reduction and cooling plant is designed to use steam when starting up boilers. Reduced steam after the reduction and cooling plant is used for heating of network water in the main boilers of the network installations of turbine generators № 6 and № 7 (STU-6 and STU-7). The existing start-up reduction and cooling plant 9.81/0.12 MPa has a maximum capacity of 30 t/h. After the modernization of the boiler units of the 2nd stage of the boiler shop, when the boiler units № 6, 7, 8, 12 started to have the capacity of 270 t/h (compared to 220 t/h before the modernization), the capacity of the existing start-up reduction and cooling plant was no longer sufficient to ensure a reliable and stable operation of these boilers. The installation of an additional start-up reduction and cooling system at Petropavlovsk CHPP-2 is connected with the need to ensure a reliable and stable start-up mode of the boilers.
10. Reconstruction of fuel supply with replacement of toothed disc and hammer crushers. As part of the project for reconstruction of the fuel supply of the Petropavlovsk CHPP-2, it is planned to replace 4 crushers in order to ensure reliable and uninterrupted operation of the fuel supply line. Replacement of the crushers will improve the quality of crushing of coal supplied to the boiler shop, reduce wear of metal structures of the fuel transport shop equipment and, accordingly, reduce consumables for preparing dust for boiler operation (grinding balls, hammer crusher beaters), and also increase the service life of dust preparation equipment.

Petropavlovsk Heating Networks LLP

The investment program of Petropavlovsk Heating Networks LLP for 2024 provides for the following activities:

1. «Reconstruction of heating mains № 3 2DN500mm along Satpayev Street from TK-6-19 to TK-315g». The contractor Construction Management Energostroy LLP has completed the work on the project in full. The project implementation period is from 2022 to 2024. The total length of the section to be reconstructed is 1.510 km. In 2022, 0.189 km were completed, in 2023 - 1.021 km, in 2024 - 0.300 km. In 2024, the pipeline section along Frunze Street from Vorovsky Street to Satpayev Street will be reconstructed.
2. "The reconstruction of heating main № 6 2DN400500mm along Ruzheynikov Street from UN-6-10-s to TK6-14-s". Project implementation period is from 2022 to 2026. The total length of the reconstructed pipeline will be 1,666 meters, of which about 440 meters are planned to be replaced in 2024.
3. "Major repairs of pumping station № 1", postponed from 2023 to 2024, will be completed.

NKREDC JSC

As part of the investment program in 2024, it is planned to continue a series of activities to modernise equipment aimed at reducing wear and tear and losses in power transmission and improving the environmental indicators of operations.

In 2024, NKREDC JSC intends to allocate 3.452 billion tenge to implement the activities related to the Investment Program.

It is planned to be completed in 2024 as a part of the investment programs of NKREDC JSC:

- Construction, reconstruction and technical re-equipment of 35-110 kV electrical networks in the length of 158.63 km;
- Reconstruction of 6 substations of 35 kV and above.

SOUND DEVELOPMENT FORECASTS FOR THE NEXT THREE YEARS

Within the investment programs for 2024-2026, the following main activities are planned at the CHPP:

Petropavlovsk CHPP-2:

- The reconstruction of boiler unit № 2;
- The reconstruction of turbo unit № 1;
- The reconstruction of the thermal power distribution scheme;
- The replacement of peak (1 unit) and main (2 units) boilers of boiler unit № 6;
- The construction of a new reinforced concrete chimney;
- The reconstruction of the common flue gas duct (in order to switch boiler units to a new chimney and chimney № 3);
- The dismantling of chimney № 2;
- The extension of the protective dams of section № 3 of ash dump № 2 (stage III);
- The construction of ash dump № 4;
- The reconstruction of the 2nd lift pumping station;
- The reconstruction of fuel supply system of Petropavlovsk CHPP-2;
- The reconstruction of 220 kV switchgear;
- Major repairs of buildings and facilities.

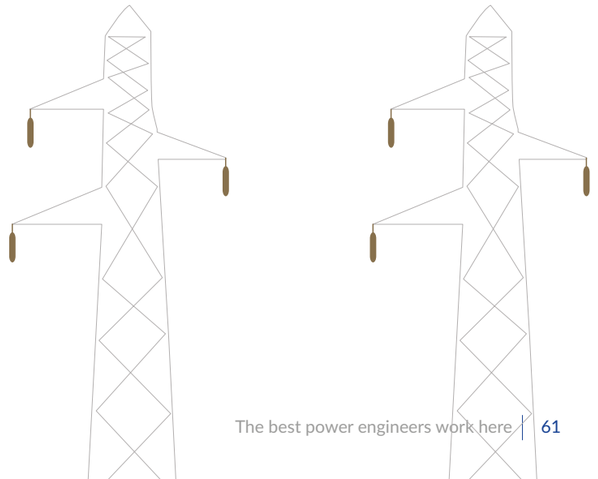
Petropavlovsk Heating Networks LLP:

The investment program of Petropavlovsk Heating Networks LLP for 2024 provides for the following activities:

1. "The reconstruction of heating main № 3 2DN500mm along Satpayev Street from TK-6-19 to TK-3-15g". The project implementation period is 2022-2024. The total length of the section to be reconstructed is 1.510 km. In 2022, 0.189 km were completed, in 2023 - 1.021 km, in 2024 0.300 km will be replaced. In 2024, the pipeline section along Frunze Street from Vorovsky Street to Satpayev Street will be reconstructed.
2. "The reconstruction of heating main №6 2DN400-500mm along. Ruzheynikov Street from UN-6-10-s to TK-6-14-s". Project implementation period is from 2024 to 2026. The total length of the reconstructed pipeline will be 1.666 km, of which about 0.440 km are planned to be replaced in 2024.
3. "Major repairs of pumping station № 1", postponed from 2023 to 2024, will be completed.

NKREDC JSC

- The reconstruction of 35-110 kV switchgear at 110/35/10 kV substations in Petropavlovsk and districts of the region;
- The reconstruction of 10 kV switchgear at 110/10 kV substations № 5 in Petropavlovsk, 110/35/10 kV Presnovka substation in Zhambyl district, 110/35/10 kV Novomikhailovka substation in Mamlyut district;
- The reconstruction of the 35 kV Timiryazevo-B. Khmelnitsky power line - 10 km;
- The replacement of insulation on 35-110 kV overhead lines - 40,000 pcs;
- The reconstruction of power equipment of substation 220/110/35/10 kV - 4 substations;
- The reconstruction and technical re-equipment of 0.4 kV electric networks of 150.0 km;
- The reconstruction of equipment and buildings of 10/0.4 kV substations in Petropavlovsk - 15 units;
- The creation of an automated dispatch control structure with a “SKADA” system in the operational dispatch service in the city of Petropavlovsk; Implementation of energy saving and energy efficiency measures.
- The acquisition of fixed assets (special vehicles, electrical measuring instruments).



SEVKAZENERGO

THE BEST POWER ENGINEERS WORK HERE

CORPORATE GOVERNANCE

GRI 2-9

SDG

SEVKAZENERGO JSC operates an efficient and transparent corporate governance system that meets Kazakhstan and the international standards. The Corporate governance contributes to increased transparency, asset growth, and financial stability of the Company.

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the supreme governing body of the Company. Shareholders of the Company may make proposals for the agenda of the Annual General Meeting, nominate candidates for the Board and the Committees and call meetings of the Board.

PERFORMANCE OF THE GENERAL MEETING OF SHAREHOLDERS

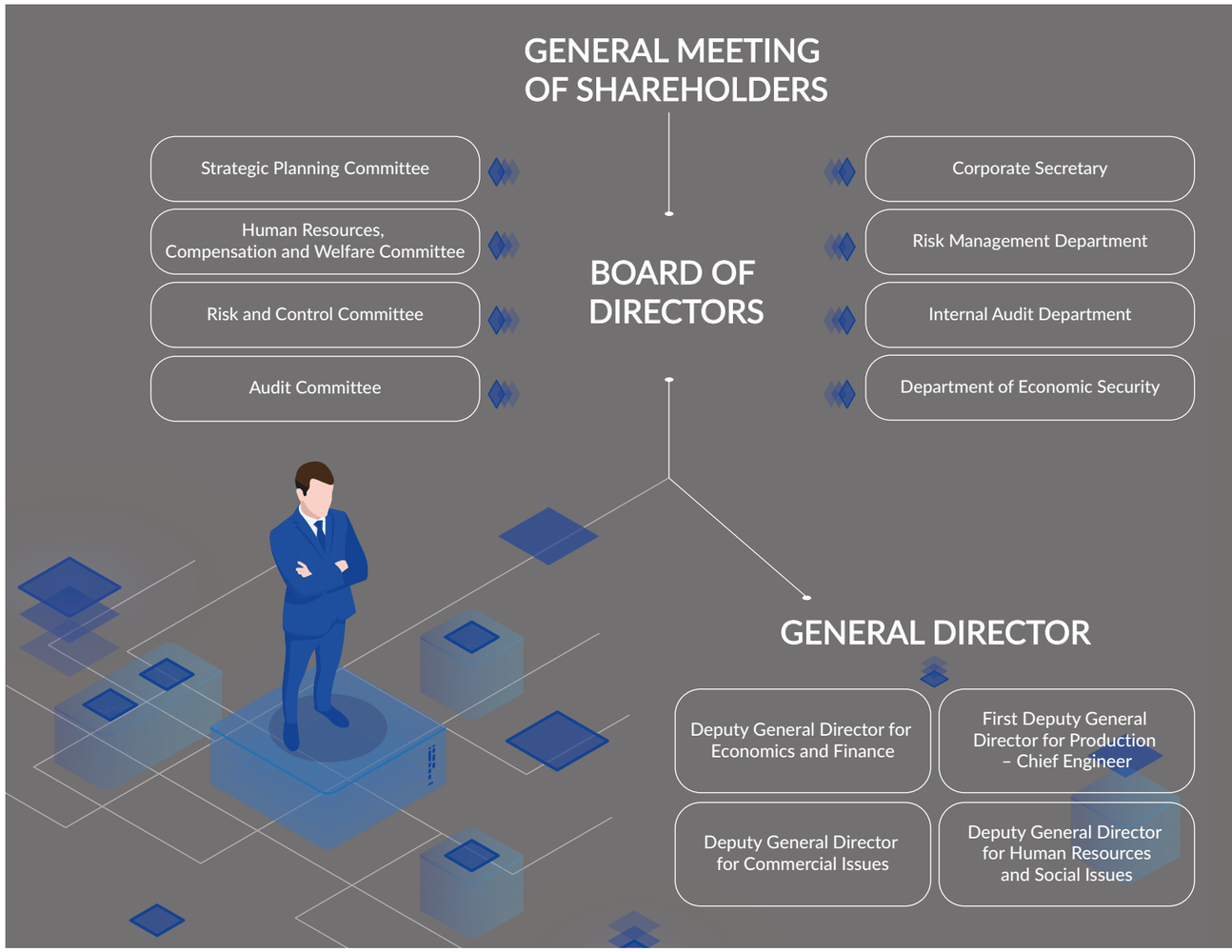
The decisions referred to the competence of the General Meeting of Shareholders of SEVKAZENERGO JSC were adopted by the Board of Directors of CAEPCO JSC on the following issues in 2023:

- decision on election of members of the Board of Directors, determination of their term of office;
- decision to approve SEVKAZENERGO's conclusion of a major interested-party transaction with VTB Group;
- decision on approval of the annual consolidated financial statements and the procedure for distribution of SEVKAZENERGO's net income for fiscal year 2022;
- a decision on determining an audit organisation to conduct an audit of the financial statements for 2023.

ORGANISATIONAL STRUCTURE

GRI 2-9

SDG



SHARE CAPITAL STRUCTURE

Central-Asian Electric Power Corporation JSC is the sole shareholder with 100% of the shares.

According to the financial statements, the authorised capital of the Company amounts to 16,292 million tenge as at 31 December 2023.

100%

Central Asian Electric Power Corporation JSC

INFORMATION ON DIVIDENDS

The Company's policy regardingon the accrual, declaration procedure, amount, form and terms of payment of dividends is defined in the Charter and Regulations on the Dividend Policy of Central Asian Electric Power Corporation JSC, which SEVKAZENERGO JSC joined on the basis of the decision of the Company's Board of Directors dated 6 August 6, 2020 (Minutes № 6).

The main principles of the Company's dividend policy are as follows:

- balance of interests of the Company and its shareholders in determining the amount of dividend payments;
- increasing the investment attractiveness, financial stability, capitalisation and liquidity of the Company;
- ensuring market return on invested capital.
- respect and strict observance of the rights of shareholders, increasing their well-being.

The Company intends to allocate a certain portion of its net profit to pay dividends in the amount that allows the Company to keep enough funds for its development.

The decision on payment of annual dividends is made by the Board of Directors of CAEPCO JSC on the recommendation of the Company's Board of Directors. If there are unforeseen negative circumstances for the Company, the Board of Directors is obliged to recommend to the shareholder (CAEPCO JSC) not to make a decision to pay (declare) dividends.

In 2023, the Board of Directors of CAEPCO JSC decided not to pay dividends to the shareholders of SEVKAZENERGO JSC for the 2022 financial year.

BOARD OF DIRECTORS

GRI 2-10,2-11,2-12, 2-13, 2-17

SDG

The Board of Directors of SEVKAZENERGO JSC exercises General Management of the Company's activities, with the exception of resolving issues referred by the Charter and the Law "On Joint Stock Companies" to the exclusive competence of the General Meeting of Shareholders (GMA). The Board of Directors forms and controls the Company's executive body. The Board's principles for the achievement of the objectives of its activities are as follows:

- peer-review decision making with thorough discussion of issues using reliable and complete information on the Company's activities in accordance with the highest business standards;
- inadmissibility of restrictions on the legitimate interests and rights of shareholders to participate in the management of the Company, receive dividends, reports and information on the Company;
- ensuring a balance of interests of shareholders of the Company and maximum objectivity of decisions made by the Board of Directors in the best interests of shareholders;
- providing the Company's shareholders with reliable and timely information.

In addition, the Board of Directors of SEVKAZENERGO JSC makes decisions on issues related to the competence of the General Meeting of Shareholders (participants) of the following legal entities: North Kazakhstan Regional Electric Distribution Company JSC, Petropavlovsk Heating Networks LLP, Sevkazenergosbyt LLP, 100% of the shares (shares in the authorised capital) of which belongs to SEVKAZENERGO JSC. The Board of Directors of North Kazakhstan Regional Electric Distribution Company JSC (a subsidiary of SEVKAZENERGO JSC) also manages the electric grid Company. The amount of remuneration to members of the Board of Directors is determined by a resolution of the General Meeting of Shareholders of the Company.

The independent members of the Board of Directors of SEVKAZENERGO JSC meet the following criteria:

- they are not affiliated with SEVKAZENERGO JSC and have not been affiliated with SEVKAZENERGO JSC for three years prior to their election to the Board of Directors;
- they are not affiliated in relation to the affiliated persons of SEVKAZENERGO JSC;
- they are not subordinated to officials of SEVKAZENERGO JSC or entities of persons affiliated with SEVKAZENERGO JSC and were not subordinated to such persons for three years prior to their election to the Board of Directors;
- they are not government employees;
- they are not representatives of the shareholders at the meetings of the bodies of SEVKAZENERGO JSC and were not such representatives for three years prior to their election to the Board of Directors;
- they do not participate in the audit of SEVKAZENERGO JSC as auditors working for an audit Company, they did not participate in such an audit for three years prior to their election to the Board of Directors.

Selection and appointment

GRI 2-10

The members of the Board of Directors of SEVKAZENERGO JSC are elected by the decision of the Board of Directors of CAEPCO JSC. The number of members of the Board of Directors of SEVKAZENERGO JSC must be at least three persons, of which at least thirty percent of the Board of Directors must be Independent Directors.

Only an individual can be a member of the Board of Directors of SEVKAZENERGO JSC and is elected from among the shareholders of individuals or persons proposed (recommended) for election to the Board of Directors as representatives of shareholders' interests. In addition, a person who is not a shareholder of the Company and is not proposed (recommended) for election to the Board of Directors as a representative of the shareholder interests may be elected as a member of the Board of Directors, and the number of such persons should not exceed fifty percent of the Board of Directors.

The General Director of SEVKAZENERGO JSC may also be elected as a member of the Board of Directors, but may not be elected Chairman of the Board of Directors. The Chairman of the Board of Directors of SEVKAZENERGO JSC is elected from among its members by a majority vote of the total number of members of the Board of Directors by open voting. The term of office of the members of the Board of Directors is established by the General Meeting of shareholders. The term of office of the Board of Directors expires at the time of the General Meeting of shareholders, at which a new Board of Directors is elected.

Persons elected to the Board of Directors may be re-elected for an unlimited number of terms. A candidate who meets the criteria of independence in accordance with the requirements of the Law of the Republic of Kazakhstan "On Joint-Stock Companies" may be elected as an independent director, namely:

- A person, who has not been an employee of the Company or a member of the Company's executive body for the last 5 years;
- A person, who does not receive remuneration from the Company or a related party, except for performing the functions of a member of the Board of Directors;
- A person, who does not own more than 10% of the Company's shares and is not a member of the executive body or the Board of Directors of another Company that owns more than 10% of the Company, unless the Companies and the Company are members of the same Group of Companies.

My job is to organise the process of taking control readings from consumers of electric energy.

Organising work on disconnecting consumers for debts at the request of the energy supply Company, with subsequent reconnection after payment of the debt. We check previously disconnected consumers for unauthorised connections.

We develop organisational and technical measures aimed to minimize/reduce commercial losses. We check the connection schemes of commercial meters of consumers. We issue notices / orders to consumers to bring the systems of commercial metering devices into compliance with the requirements of the regulations.

The most difficult and important part of our job is to organise the work processes in such a way that not a single consumer in the area of responsibility of the Department of City Electrical Networks is left without an electricity meter.

RASUL ISKAKOV

Deputy Head of the Department of City Electrical Networks

15 years of work experience

COMPOSITION OF THE BOARD OF DIRECTORS

GRI 2-11, 202-2

Members of the Board of Directors of joint-stock companies as of April 15, 2024.

Name, legal form	Members of the Board of Directors	Position	Date of election / expiry of powers
SEVKAZENERGO JSC	Alexander Nigay	Chairman of the Board of Directors	18.01.2024–17.01.2026
	Sergey Li	Member of the Board of Directors	18.01.2024–17.01.2026
	Oleg Perfilov	Member of the Board of Directors	18.01.2024–17.01.2026
	Anatoly Kazanovsky	Member of the Board of Directors	18.01.2024–17.01.2026
	Lim Lei Ling	Independent Director	18.01.2024–17.01.2026
	Tan Levin	Independent Director	18.01.2024–17.01.2026
North Kazakhstan Regional Electric Distribution Company JSC	Bagdat Oral	Chairman of the Board of Directors	23.10.2023–22.10.2025
	Anatoly Kazanovsky	Member of the Board of Directors	18.09.2023–22.10.2025
	Lim Lei Ling	Member of the Board of Directors	24.07.2023–22.10.2025

NIGAY
ALEXANDER

Chairman of the Board of Directors

- **15.01.2018 –** until now, PAVLODARENERGO JSC/Chairman of the Board of Directors;
- **15.01.2018 –** until now, Akmola Power Distribution Company JSC/Member of the Board of Directors;
- **15.01.2018 –** until now, CAEPCO JSC/Member of the Board of Directors;

LI
SERGEY

Member of the Board of Directors

- **13.04.2021 –** until now, SEVKAZENERGO JSC/ Member of the Board of Directors;
- **13.04.2021 –** until now, PAVLODARENERGO JSC/ Member of the Board of Directors;
- **March 2021 –** until now, CAEPCO JSC/ Deputy Chairman of the Management Board for economics and finance;

LIM
LEI LING

Member of the Board of Directors (Independent Director)

- **17.04.2023 -** until now, PAVLODARENERGO JSC / Member of the Board of Directors, Independent Director;

PERFILOV
OLEG

Member of the Board of Directors

- **31.08.2023 –** until now, CAEPCO JSC/ Deputy Chairman of the Management Board for production;
- **01.09.2023 –** until now, PAVLODARENERGO JSC/Member of the Board of Directors;

KAZANOVSKY
ANATOLY

Member of the Board of Directors

- **01.09.2023 -** until now, SEVKAZENERGO JSC/ Member of the Board of Directors;
- **18.09.2023 -** until now, North Kazakhstan Regional Electric Distribution Company JSC / Member of the Board of Directors;

TAN
LEVIN

Member of the Board of Directors

- **March 2024 –** until now, CAEPCO JSC/Chairman of the Board of Directors;
- **17.06.2022 –** until now, PAVLODARENERGO JSC/ Member of the Board of Directors, Independent Director;
- **17.06.2022 –** until now, Akmola Regional Electric Distribution Company JSC / Member of the Board of Directors, Independent Director;

I oversee the operation of the turbine shop equipment to ensure that it operates reliably, economically, and within the specified load of the turbine unit.
As a steam turbine operator, it is important for me to prevent equipment failures, switch turbine units correctly and in a timely manner, and control the startup and shutdown of serviced turbine shop equipment.

MAXIM BUNIN

steam turbine operator in the turbine shop
11 years of work experience

Activities of the Board of Directors

In 2023, the Board of Directors held 12 meetings.

The Board of Directors focused on the following key issues:

- on reelection of the Chairman of the Board of Directors of the Company and determination of the composition of the Committees of the Board of Directors
- on execution of related-party transactions by SEVKAZENERGO JSC;
- conclusion of a transaction by SEVKAZENERGO JSC that increases the Company's liabilities by ten percent or more of its equity;
- on the provision of property by the Company as collateral;
- approval of major related-party transactions by NK REDC JSC;
- about preliminary approval of the annual consolidated financial statements of SEVKAZENERGO JSC for 2022;
- approval of internal regulatory documents of structural divisions accountable to the Board of Directors;
- approval of the financial statements of North Kazakhstan Regional Electric Distribution Company JSC for 2022;
- on early termination of the powers of the General Director and election of a new General Director of the Company;
- on the extension of powers and changes in the composition of the Board of Directors of North Kazakhstan Regional Electric Distribution Company JSC;
- election of members of the Supervisory Board of Sevkazenergosbyt LLP and determination of their term of office;
- extension of the powers of employees who report to the Board of Directors.

Work of the Board of Directors	2019	2020	2021	2022	2023
meetings in presentia	12	11	8	2	2
meetings in absentia	4	3	6	12	10

PERFORMANCE OF THE COMMITTEES OF THE BOARD OF DIRECTORS

GRI 2-12, 2-13

Name	Tasks	Composition	Results of activities
Strategic Planning Committee	• advises and recommendations to the Board of Directors of the Company in determining the Company's priority areas of activity, its development strategy, preparing the Company's budget and planning the Company's financial and economic activities; • identification of existing problems in the field of planning and budgeting of the Company's activities.	Tan Levin, Chairman Members: Oleg Vladimirovich Perfilov, Anatoly Antonovich Kazanovsky	No Committee meetings were held in 2023.
Risi and control committee	• development and submission of recommendations to the Board of Directors for making managerial decisions in the field of the Company's internal control and risk management system; • introduction of modern methods to improve the quality management system and internal control system in the Company; • supervision of the timely and full implementation of action plans to improve the RMS and ICS; • implementation of effective programs for testing the effectiveness of RMS and ICS.	Tan Levin, Chairman Members: Kazanovsky Anatoly Antonovich, Kan Anton Vladislavovich, Gorkayev Igor Leonidovich, Saudenov Arman Khazi-Akbarovich	In 2023, 1 meetings of the Committee were held
Audit Committee	• development and provision of recommendations to the Board of Directors for making managerial decisions in the area of financial reporting and internal audit of the Company; • introduction of modern methods to improve risk-based internal audit; • control over time and full implementation of corrective action plans for internal audit.	Tan Levin, Chairman Members: Kazanovsky Anatoly Antonovich, Li Sergey Valerievich	No Committee meetings were held in 2023.
Personnel, remuneration and social affairs committee	• advice and development of recommendations to the Board of Directors on human resources and social issues; • development of mechanisms for interaction between the Board of Directors and the Company's structural divisions	Lim Lei Ling - Chairman. Members: Anel Zhumabekova, Anatoly Antonovich Kazanovsky, Natalya Valerievna Konstantinova.	In 2023, 1 meetings of the Committee were held

EXECUTIVE BODY

Name, legal form	Sole Executive Body	Position	Date of election / expiry of powers
SEVKAZENERGO JSC	Kazanovsky Anatoly Antonovich	General Director	07.08.2023–06.08.2025
North Kazakhstan Regional Electric Distribution Company JSC	Chekulaev Alexander Igorevich	General Director	07.08.2023–06.08.2025
Petropavlovsk Heating Networks LLP	Kholosha Vitaly Vitalievich	Acting General Director	06.12.2023–05.12.2024
Sevkazenergosbyt LLP	Magauiya Sagandykov	General Director	01.02.2024–31.01.2026

In SEVKAZENERGO JSC, the General Director is the sole executive body. The General Director manages the Company's day-to-day operations, executes decisions of the Board of Directors and the General Meeting of Shareholders. The amount of remuneration to the executive body is determined by the decision of the Board of Directors of SEVKAZENERGO JSC.

Period of work (date, month, year)	Place of work	Position
16.10.2015 – 06.08.2023	North Kazakhstan Regional Electric Distribution Company JSC Petropavlovsk city	General Director
07.08.2023 – present	SEVKAZENERGO JSC	General Director

Base	Type of award
Decision of the Kazakhstan Electric Power Association dated 15.11.2018 (certificate dated November 15, 2018 № 1849).	"Honorary Power Engineer of the Kazakhstan Electric Power Association"
Decree of the President of the Republic of Kazakhstan Tokayev K.K. (certificate dated August 20, 2020 № 5486).	Jubilee Medal "25 years of the Constitution of Kazakhstan"

ANATOLY KAZANOVSKY

General Director
SEVKAZENERGO JSC

REMUNERATION POLICY

GRI 2-19

The amount of remuneration to members of the Board of Directors is determined by a resolution of the General Meeting of Shareholders of the Company. The amount of remuneration paid to the members of the Board of Directors may consist of two parts:

- fixed remuneration;
- additional remuneration, which may be paid depending on the results of the Company's work and the assessment of the contribution of each member of the Board of Directors to their achievement, as well as for participation in the work of Committees of the Board of Directors.

The total amount of remuneration paid to members of the Company's Board of Directors in 2023 is 85,488,938 tenge. The amount of remuneration to the executive body is determined by the decision of the Board of Directors of SEVKAZENERGO JSC and for 2023 is 24,440,222 tenge.

The Company's policy regarding the accrual, declaration procedure, amount, form and terms of payment of dividends is defined in the Charter and Regulations on the Dividend Policy of Central Asian Electric Power Corporation JSC, which SEVKAZENERGO JSC joined on the basis of the decision of the Company's Board of Directors dated 08/06/2020 (Minutes № 6).

COMPLIANCE WITH THE MAIN PRINCIPLES OF THE CORPORATE GOVERNANCE CODE IN 2023

GRI 2-23, 2-24

SDG

The main principles of the Corporate Governance Code are as follows	Information on compliance with principles	Comments
Fairness Equal treatment of all shareholders regardless of their share in capital and location and the ability to effectively protect their rights.	Observed	Corporate governance at SEVKAZENERGO JSC is observed based on the principle of protecting and respecting the rights and legitimate interests of the Company's shareholders, including contributing to the growth of assets and maintaining the Company's financial stability and profitability.
Accountability Accountability of the Company's Board of Directors to shareholders, executive bodies to the Company's Board of Directors, and employees to the executive management (General Director of the Company). This principle ensures accountability and separation of powers of the Company's management bodies, as well as full accountability of the Company to shareholders, which is carried out by timely and complete provision of reliable information to the Company's shareholders regarding the current financial situation of the Company, achieved economic indicators, performance results, and the Company's management structure.	Observed	This principle of the Corporate Governance Code is complied with by implementing the organizational structure of the Company in accordance with the Charter and the Law of the Republic of Kazakhstan «On Joint-Stock Companies». In addition, the principle of accountability is reflected in each management body/structural division regulation, which makes it possible to distinguish the powers of the Company's management bodies and ensures full accountability of the Company to the shareholders.

The main principles of the Corporate Governance Code are as follows	Information on compliance with principles	Comments
Responsibility Responsibility of the Company towards its shareholders, employees, customers and partners, close cooperation with them in order to increase the Company's assets, stability and reliability. This principle defines ethical standards for shareholders and employees of the Company, and also provides for the responsibility of the Company's officials in the event of illegal, culpable (intentional or negligent) actions or omissions as defined by the applicable legislation.	Observed	In 2011, the Company adopted the Code of Business Ethics, which combines standards for regulating business relationships in four areas: • Business and professional ethics • Organisational ethics • Corporate governance • Social responsibility of the Company The Code of Business Ethics is a set of rules and principles that guide all employees of the Company in applying the principles of business ethics in the workplace. An Action Plan for interaction with stakeholders has also been developed and adopted, on the basis of which the Company submits an annual report on the implementation of the Plan.
Transparency Timely disclosure of reliable information on all material facts relating to the Company's operations, including its financial position, results of operations, ownership and management structure, to the extent required by law and the Company's internal documents, and ensuring free access to such information for all stakeholders by publishing it in easily accessible public sources in accordance with the procedure required by law and the Company's internal documents.	Observed	The main objectives of the Company to comply with the principle of transparency are: • Provide timely information on all material matters relating to the Company; • Ensure that public information about the Company is available to all stakeholders; • Increase the level of openness and trust in the relationship between the Company and its stakeholders; • Improve corporate governance in the Company; • Create a positive image of the Company.
Environmental protection and social responsibility The Company ensures a careful and rational attitude towards the environment in the course of its activities and bears social responsibility towards society.	Observed	SEVKAZENERGO JSC has developed and adopted an Environmental and Social Action Plan, which regulates the Company's policy in the field of environmental protection and social responsibility of the Company.
Efficiency The General Director and the Board of Directors of the Company are obliged to ensure the reasonable and conscientious management of the Company, to ensure stable growth of its financial indicators, to increase the shareholders' participation, as well as to establish an effective personnel policy, to improve the skills of the Company's employees, motivation of the work force and social security, and to protect the interests of the employees.	Observed	The principle of efficiency is regulated by the Regulations on the General Director. The General Director is the sole executive body of the Company that manages its day-to-day operations and implements the strategy defined by the Board of Directors and Shareholders. The objectives of the Board of Directors are to ensure the existence of a well-thought-out, long-term strategy, to increase the Company's assets, to ensure the implementation of effective activities, to safeguard the rights and legitimate interests of shareholders, and to exercise control over the executive body.
Control Control over the financial and economic activities of the Company in order to protect the rights and legitimate interests of its shareholders, supervision of senior managers over subordinate managers in accordance with the policies and procedures approved by the Company's Board of Directors, as well as effective use of the work of internal and external auditors, together with the establishment of an effective system of risk-based internal control..	Observed	The control over the Company's financial and economic activities is exercised by the General Director of SEVKAZENERGO JSC in accordance with the provisions stipulated in the Company's internal documents. The Company also has an Audit Committee and a Risk and Control Committee, which are advisory bodies of the Board of Directors of SEVKAZENERGO JSC, in order to assist the Board of Directors in monitoring decisions and processes made, ensuring the reliability of financial statements and functioning of adequate internal control and risk management systems.

CORPORATE GOVERNANCE COMPLIANCE REPORT

GRI 2-22

SDG

In 2023, the Company's corporate governance practice is fully complied with the provisions of the Corporate Governance Code.

The corporate governance system of SEVKAZENERGO JSC regulates the process of interaction between the management bodies, internal control of the Company, shareholders and other stakeholders and is aimed at ensuring a balance of interests of all these parties.

The corporate governance system is regulated by the Company's internal documents and is summarised in the Corporate Governance Code. The Code fully complies with the requirements of the legislation of the Republic of Kazakhstan "On Joint-Stock Companies": the document was drafted taking into account the existing international experience in the field of corporate governance and recommendations on the application of corporate governance principles by Kazakhstan joint-stock companies.

Compliance with the principles of the Corporate Governance Code is aimed at developing and implementing norms and traditions of corporate behavior that meet international standards and contribute to the creation of a positive image of the Company in the eyes of its shareholders, customers and employees in the daily practice of the Company's activities, to achieve the full exercise of shareholders' rights and increase their awareness of the Company's activities, as well as to control and reduce risks, maintain sustainable growth of the Company's financial indicators and successful implementation of its statutory activities.

CONFLICT OF INTERESTS

GRI 2-15

SDG

Conflicts of interest are regulated in the Code of Corporate Ethics for Personnel of the SEVKAZENERGO Group of Companies. This document regulates the responsibilities of employees, abuse of official position, activities of employees inside and outside the Company. Minimization of conflicts of interest is one of the main principles of fraud and corruption in the Anti-Fraud and Anti- Corruption Policy. This principle states that the Company will reduce conflicts of interest by an effective division of powers and responsibilities through the development of a transparent organizational structure. The activities of the members of the Board of Directors are governed by the relevant Regulations. Pursuant to section 6.2.3 of these Regulations, the members of the Board of Directors are required to monitor and, if possible, eliminate potential conflicts of interest at the level of officers and shareholders, including the misuse of the Company's property and the abuse of ownership in transactions with related parties.

Stakeholder in relation to the Corporation	Stakeholders' interest in the Corporation	The form of the stakeholder's dialogue with the Corporation	Completed works in 2023
Shareholders	• Implementation of strategic objectives • Economic profit/performance • Corporate governance rating; • Funds for development and receiving dividends; • Net asset value • Implementation of social programs • Transparency of business processes	• Resolutions of the General Meeting of Shareholders • Decisions of the Board of Directors • Corporate website • Annual report • Discussions, business meetings	12 meetings of the Board of Directors were held. Meetings and activities were held to improve all forms of corporate governance.

INFORMATION POLICY

GRI 2-16

SDG

The information policy of SEVKAZENERGO JSC is a set of actions, measures and regulations that allow to manage the process of dissemination of corporate information, the perception of a single vision of the Company among the target audience.

The main objectives of information disclosure are as follows:

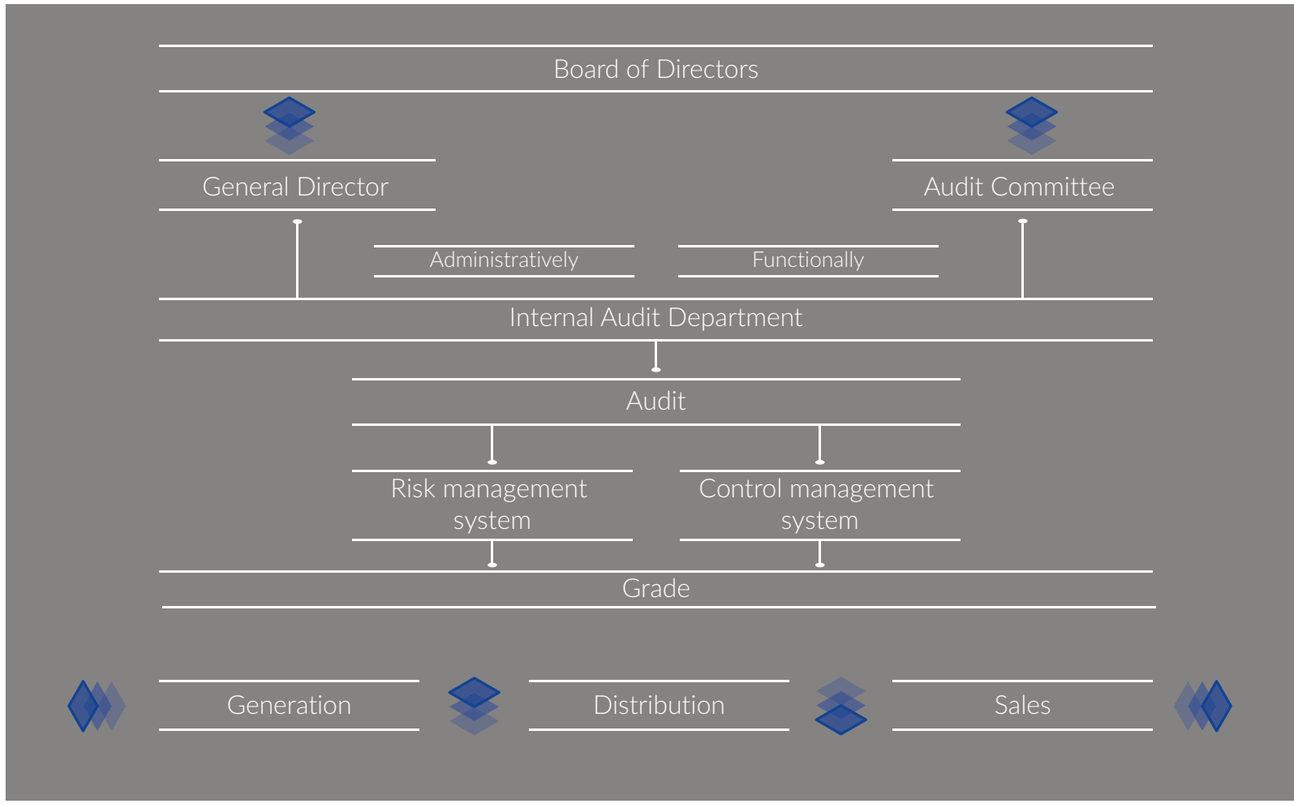
- Providing timely information on all material matters relating to the Company in order to comply with the legal rights of shareholders, investors and other stakeholders to receive information necessary to make informed decisions or take other actions that may affect the financial and economic activities of the Company, as well as other information that contributes to the most complete understanding of the Company's activities.
- Ensuring the availability of public information about the Company for all stakeholders.
- Increasing the level of openness and trust in relations between the Corporation and shareholders, potential investors, market participants, government agencies and other stakeholders.
- Improving the corporate governance of SEVKAZENERGO JSC;
- Creating a positive image of the Company.

INTERNAL CONTROL AND AUDIT

GRI 2-25, 2-26

SEVKAZENERGO (the Company) has established internal control mechanisms to improve business processes and increase the efficiency of decisions made. The Company has a functioning internal control system that provides sufficient confidence in the effectiveness of control in operating activities, compliance with laws and regulations.

SEVKAZENERGO JSC has an Internal Audit Department (IAD). The independence and objectivity of the Internal Audit Department's activities is ensured by its subordination and accountability to the Company's Board of Directors and is supervised by the Audit Committee, which monitors decisions and processes taken to ensure the reliability of financial statements and coordinate internal control and risk management systems.



UVA carries out its work in accordance with the annual work plan approved by the Board of Directors, providing the Board and the Audit Committee with an annual report and a 9-month report on the work performed.

In 2023, IAD conducted inspections in SEVKAZENERGO JSC and its subsidiaries on the following topics:

1. Evaluation of the effectiveness of the financial management system of the business process "Accounting of fixed assets".
2. Evaluation of the business process "Investment program planning" by the IMS.
3. Audit of accounting of costs for repair/construction of fixed assets.
4. Evaluation of the effectiveness of measures to implement recommendations provided by the Internal Audit Department of CAEPCO JSC (IAD), the Internal Audit Department of SEVKAZENERGO JSC and the external auditor.

The Management's activities are carried out in accordance with the International Professional Standards of Internal Auditing (ISA) developed by the Institute of Internal Auditors Inc., as well as in accordance with the current legislation of the Republic of Kazakhstan and the Code of Ethics of Internal Auditors of SEVKAZENERGO JSC. Internal auditors adhere to the following principles in their work: integrity, objectivity, confidentiality, professional competence.

The activities of the IAD are unified with the requirements of the Internal Audit Department of CAEPCO JSC and comply with the audit methodology and practice.

EXTERNAL AUDIT

GRI 2-25, 2-26

Deloitte LLP is the audit firm that conducts an external audit of the financial statements of SEVKAZENERGO JSC group.

The contract with the Company for rendering of audit services is concluded on January 25, 2024.

SEVKAZENERGO

THE BEST POWER ENGINEERS WORK HERE

RISK MANAGEMENT

GRI 2-25

CORPORATE RISK MANAGEMENT SYSTEM

SEVKAZENERGO JSC group of companies has a functioning corporate risk management system (RMS).

The Risk Management Policy approved and implemented by SEVKAZENERGO JSC establishes the Group's attitude to risks, general principles of development and functioning of the RMS, its goals and objectives, the main approaches to the organisation, implementation and control of risk management processes. In 2022, the Board of Directors of CAEPCO JSC approved the Strategy for the Development and Improvement of the Risk Management and Internal Control System applicable to the SEVKAZENERGO JSC Group of Companies.

As part of the implementation of the adopted Development Strategy, based on the principles of the COSO concept «Enterprise Risk Management. Integration with Strategy and Performance», as well as the ISO 31000-2018 standard «Risk Management. Principles and Guidelines», the Risk Management Policy in the Group of Companies was updated and approved by the decision of the Board of Directors of CAEPCO JSC. SEVKAZENERGO JSC joined the risk management policy by the decision of the Board of Directors.

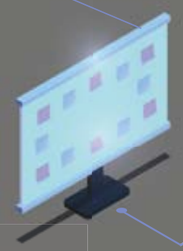
The Risk Management Policy implemented by SEVKAZENERGO JSC establishes the attitude of the group of companies to risks, general principles of development and operation of the RMS, its goals and objectives, the main approaches to the organisation, implementation and control of risk management processes.

The main objectives of the Company in the area of risk management are represented by timely identification, assessment and reduction of the negative impact of risks that pose a threat to the effective implementation of economic activities and the reputation, health of employees, the environment, the property interests of shareholders and investors, as well as the implementation of favorable opportunities to ensure sustainable continuous operation and development, reasonable confidence in achieving the strategic and operational goals set for SEVKAZENERGO JSC.

In order to determine the level of risk impact on the activities of SEVKAZENERGO, the level of risk materiality is determined by expert assessment of the probability and consequences of the risk, as well as by quantitative assessment using mathematical methods for calculating the probability and consequences of the risk.

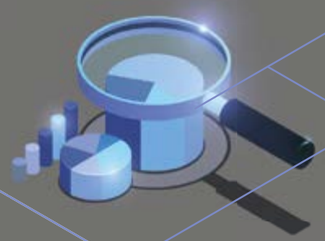
CREATING AND PROTECTING BUSINESS VALUE

Risk management contributes to achieving goals and improving performance, including in areas such as human health and safety, environmental protection, business continuity, compliance, service quality, project management, business performance, group governance and reputation



INTEGRATION

Risk management is an integral part of all processes, including strategic planning, project and change management, and business continuity management, which helps the Company's management make informed choices, prioritise actions, and distinguish between alternative courses of action.



USING THE BEST AVAILABLE INFORMATION

The input data for the risk management process are based on such sources of information as historical data, experience, stakeholder feedback, observations, forecasts, expert assessments. This takes into account possible limitations/errors in the data used or the results of modeling/forecasting, as well as differences of opinion among experts.

COMMUNICATION AND COORDINATION

risk management is consistent with the current external and internal environment in which the Company seeks to achieve its objectives.

ADAPTABILITY

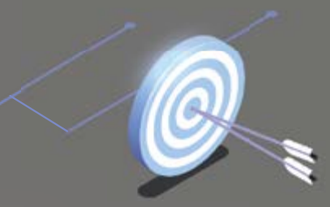
risk management responds to ongoing changes. In response to external and internal activities, changes in the corporate environment and knowledge, risks are monitored and reviewed, new risks appear, some risks change, others disappear, new approaches and methods are developed and implemented in order to continuously improve the risk management system in the Group of Companies.

RESPONSIBILITY AND FUNCTIONALITY

Management assumes authority and responsibility for ensuring access to the necessary resources to support those accountable and responsible for risk management; promotes risk culture in the Company. The Board of Directors plays an oversight role, determining whether the necessary risk management processes are in place and whether these processes are adequate and effective.

ENGAGEMENT

appropriate and timely involvement of stakeholders, particularly decision-makers at all levels of the Company, ensures that risk management remains relevant and up-to-date. This allows stakeholders to be properly represented and to be confident that their views are taken into account in the process of establishing risk criteria

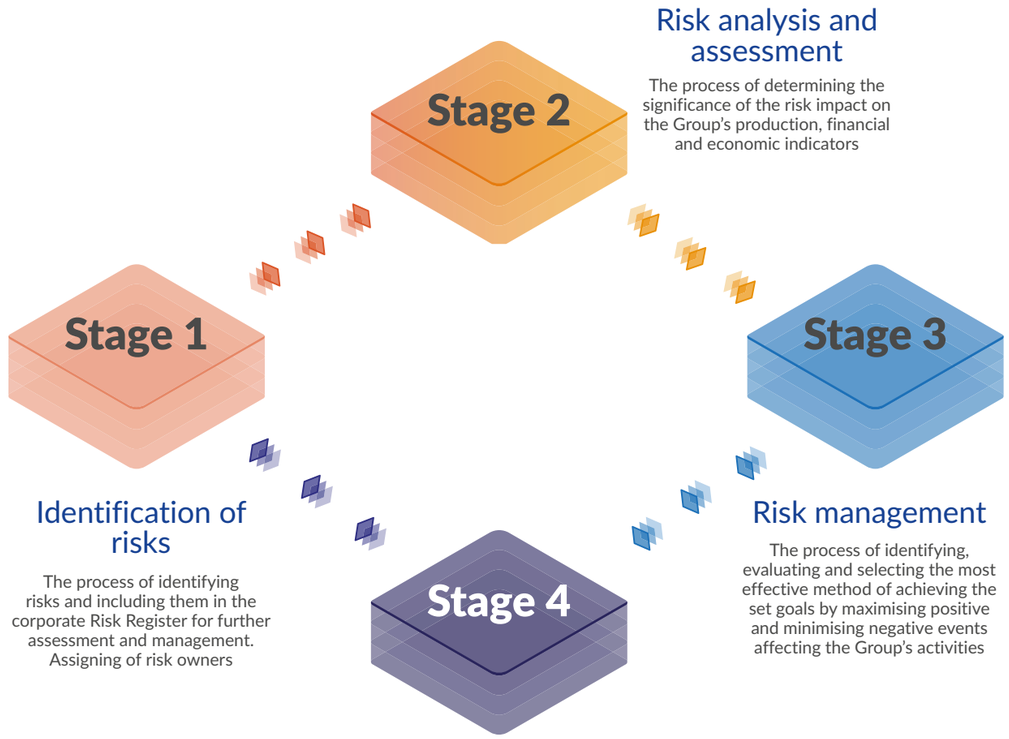


PRIORITY

The group of companies takes the necessary measures primarily in relation to risks that are critical to its activities.

THE MAIN STAGES OF THE RISK MANAGEMENT PROCESS

The allocation of responsibilities among the participants of the RMS and the nature of their interaction is regulated by internal regulatory documents approved by the Board of Directors of the Company



Identification of risks

The process of identifying risks and including them in the corporate Risk Register for further assessment and management. Assigning of risk owners

Risk analysis and assessment

The process of determining the significance of the risk impact on the Group's production, financial and economic indicators

Risk management

The process of identifying, evaluating and selecting the most effective method of achieving the set goals by maximising positive and minimising negative events affecting the Group's activities

Process for monitoring

Process aimed at monitoring Risk management action plan (regularity, timeliness and quality of implementation of activities)

MAIN RMS PARTICIPANTS

Risk and control committee

- Preliminary review and approval:
  - Internal audit reports on RMS efficiency
  - Acceptable risk level (risk appetite)
  - Risk Register
  - Risk management reports
  - Internal RMS documents
- Timely informing of the Board of Directors about risks and preparing proposals for improving RMS

Audit Committee

- Preliminary review and approval of internal audit reports on the effectiveness of the ICS

Internal Audit Department

functional subordination
Audit committee

- Independent evaluation of the efficiency and monitoring of the current condition of RMS and ICS.
- Recommendations for improving RMS and ICS efficiency improvement.
- Informing the Executive Body and the Board of Directors about the status of RMS and ICS based on the results of the conducted audits.

Risk Management Unit

functional subordination to the audit committee

- Coordination of actions of all RMS participants
- Coordination and methodological support of risk management processes
- Critical risk analysis and aggregation of information about key risks
- Organisation of the risk identification and assessment process (development/updating of the Corporate Risk Register and the Critical Risk Register)
- Collection and analysis of information on implementation of RMS measures
- Monitoring and analysis of Key Risk Indicators
- Providing all stakeholders (Executive Body, Audit Committee, Board of Directors) with information about risks

BOARD OF DIRECTORS

- Defining the strategy for RMS development
- Goal-setting, approval of principles and approaches to RMS organisation
- Making decisions on critical risk management
- Approval:
  - Acceptable risk level for shareholders (risk appetite)
  - Risk management performance indicators
  - Risk Register
- Review and approval of key risk management reports
- Approval of internal RMS documents

General Director

- Ensuring functioning of the RMS, including:
  - Adopting and approving necessary decisions for the functioning of the RMS
- Resolving cross-functional risk management tasks (performed by multiple structural divisions)
- Assigning risk owners

Risk Owners

- Timely identification and assessment of risks
- Making proposals on risk management methods
- Timely development and organisation of implementation of risk management measures
- Risk monitoring

Performers of control procedures and risk management measures

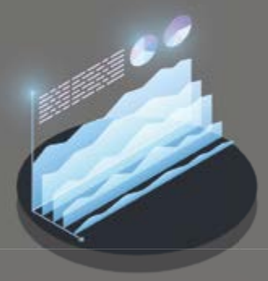
- Assistance to the risk owner in the development of risk management measures
- Execution of control procedures for timely mitigation of risks
- Timely and full implementation of risk management measures

Group of enterprises SEVKAZENERGO JSC strives to meet the standards and best risk management practices, increases the risk management culture and continuously improves risk management processes.

Risk appetite

Risk appetite is the maximum permissible level of risks that a group of companies considers acceptable for itself and seeks to maintain in order to achieve its objectives.

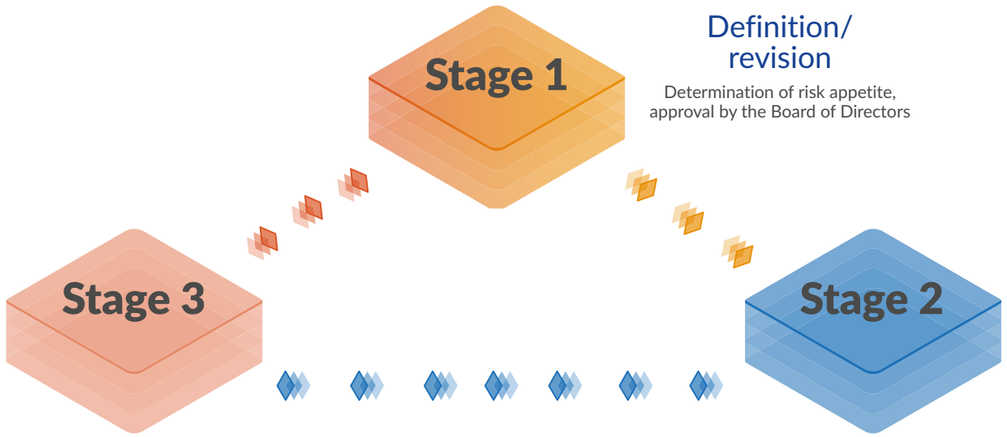
Risk management is integrated with the strategic management of the group of companies in accordance with the Methodology for Determining and Monitoring Risk Appetite approved by the Board of Directors of the Company.



RISK IS APPETITE

is an additional management tool that defines the framework for conducting operational, financial and investment activities at an acceptable level of risk, compliance with which provides a reasonable guarantee of confidence in achieving the strategic goals of the group of enterprises

The process of determining, managing and monitoring risk appetite



The Risk Appetite Statement was adopted by the decision of the Board of Directors of SEVKAZENERGO JSC. The approach to the Risk Appetite Statement is based on close integration of risk management with strategic management.

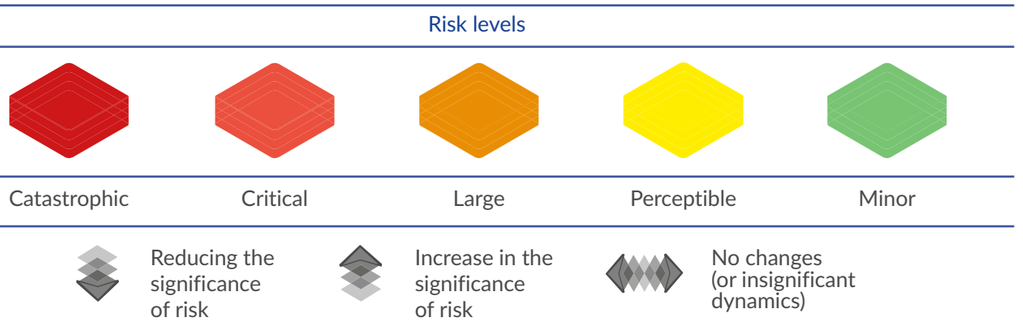
Selected excerpts from the Risk Appetite Statement

Risk group	Risk appetite targets
Human resource risks	The Group strives to ensure that the level of staff turnover does not exceed the established limit.
	The Group strives to ensure that the staffing level is not lower than the established limit.
	The Group considers it unacceptable that there is a gap in the wages of its employees from the average wage in the industry in the region in which the subsidiary operates, and seeks to close this gap by increasing wages.
Commercial risks	The Group has zero tolerance for losses resulting from excess waste in the transportation of thermal energy and strives to ensure the implementation of a comprehensive set of organisational and technical measures aimed at their reduction (elimination).
Technological risks	The risk of equipment failure due to poor quality and/or incomplete execution of repair and/or investment programs is not tolerated by the Group.
	The Group considers it unacceptable to violate the deadlines (schedules) for the performance of activities for the maintenance and repair of equipment/buildings/structures, and other activities aimed at preparing for accident-free passage during the fall-winter period.
Project risks	The Group considers it unacceptable to violate the deadlines (schedules) for the implementation of investment program activities aimed at timely replacement of generation capacities, power transmission and distribution facilities, and main production buildings and structures that have reached the end of their service life.
	The Group has a zero-tolerance policy and considers it unacceptable to implement investment projects without a comprehensive risk assessment and project approval process in accordance with the requirements of corporate documents.
Professional risks	The Group recognizes its responsibility to ensure accident-free production operations and safe working conditions and has zero tolerance for risks that could result in occupational injuries to the Group's employees, contractors and visitors
Credit risks and financial stability	The Group declares its willingness to accept a low risk in the achievement of its strategic objectives, expressed in the form of a decrease in revenues, measured by the downward deviation of the EBITDA indicator from the business plan.
	The Group incurs risks in its operating and investing activities, as well as in other types of activities, that do not result in a breach of the covenants contained in its credit agreements with financial institutions
	In the retail electricity and heat markets, the Group has zero tolerance for risks that could lead to an increase in overdue receivables.
Reputational risks	The Group recognises that reputation is important and therefore avoids any risks in its activities that could jeopardise its reputation and lead to loss of trust from key stakeholders
Environmental risks	The Group has zero tolerance for risks that may have a significant negative impact on the environment and lead to exceeding the limits and requirements established by the environmental legislation of the Republic of Kazakhstan. In order to prevent possible negative impacts, the Group undertakes obligations and takes all necessary measures to ensure environmental protection, conservation and restoration of natural resources.
Legal and compliance risks	The Group adheres to the principle of non-acceptance of corruption in any form or manifestation in the conduct of its operations, investments and other activities.
	The Group maintains a high level of compliance with laws and regulations, as well as a high level of corporate governance. The Group has a low risk appetite (preference is given to risk reduction) for any violations of laws and regulations of the Republic of Kazakhstan.
	The Group considers any form of corporate fraud, dishonesty or bribery to be unacceptable, regardless of the amount of damage caused, and takes active measures to combat fraud in its operations.

ANALYSIS OF KEY RISKS THAT HAVE A SIGNIFICANT IMPACT ON THE ACTIVITIES AND RESPONSE MEASURES

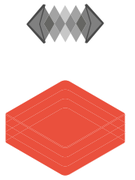
Based on the results of updating the Corporate Risk Register and the Risk Map, carried out in accordance with the approved Risk Management Policy, 58 risks were identified in 2023 that affect the Group's activities as a whole.

The priority of risks is determined on the basis of their impact on the key financial, environmental and social aspects of the activities of SEVKAZENERGO JSC Group, taking into account the strategic goals, development priorities and mission of the Company.



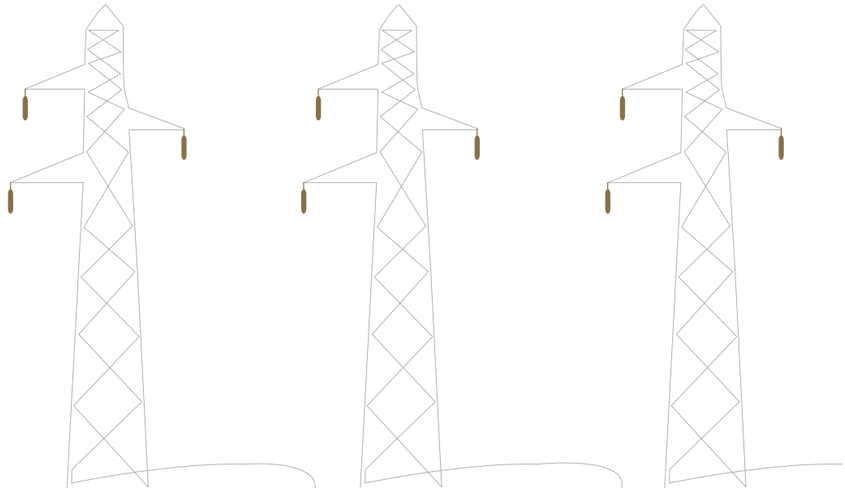
The name of the key risk and the dynamics of the significance of the risk for the year	Risk Description and Key Risk Factors	Risk Management Approach
Area: strategic risks		
Failure to timely replace generating and grid equipment, buildings and facilities retired due to their service life	The relevance of the risk is due to the high level of physical and moral deterioration of the main and auxiliary equipment of the generating enterprise Petropavlovsk CHPP-2, as well as the equipment of electric and heating networks, which may lead to a reduction in the volume of generation/ transmission of electric energy and the inability to provide consumers with sufficient thermal energy. The risk has decreased from catastrophic to critical, since the shareholders' own funds were used to carry out restoration work and eliminate the consequences of a major accident at SEVKAZENERGO JSC in 2022. However, despite this, and the emergence of additional sources of financing for the modernisation of fixed assets of the Group's enterprises in 2023 within the framework of the Tariff in Exchange for Investments program launched in the Republic of Kazakhstan, a more significant effect from investments should be expected only in 2024. **KEY RISK FACTORS:** 1. Actual wear and depletion of the resource of the main generating/network equipment, buildings and structures; 2. Unsatisfactory growth rates of reconstruction, modernisation and new construction; 3. Inefficient model of investment financing of energy enterprises; 4. Limited own financial resources; 5. The inability to attract significant credit resources within the framework of the current structure of the industry and the model of regulating tariffs for heat and electric power; 6. Adoption of unfavorable tariff decisions regarding the production of electric and heat power by the authorised body.	Within the framework of managing this risk, the Group carries out the following activities: 1. Include reconstruction/new construction measures in investment programs for timely replacement of disposed equipment; 2. Determine job priority on reconstruction/ new construction, taking into account the significance of equipment for reliable supply of consumers with heat and electric power in sufficient volume; 3. Attract additional sources of financing for implementation of reconstruction/new construction works to replace the disposed equipment. 4. Conclude investment agreements (within the framework of the electricity market) with the authorized body for modernization and reconstruction of equipment. Also, as part of the implementation of the Address of the President of the Republic of Kazakhstan dated September 1, 2022, the Government of the Republic of Kazakhstan, together with interested ministries, developed a completely new concept for regulating the sphere of natural monopolies - "Tariff in exchange for investments". As part of the implementation of this reform, in February 2023, the First Deputy Prime Minister of the Republic of Kazakhstan approved the Roadmap for the transition to a new tariff policy. As expected, within the framework of the program, energy enterprises of the Republic of Kazakhstan (entities of natural monopolies and socially significant markets), including enterprises of the SEVKAZENERGO JSC group, will have the opportunity to reconstruct, modernise and expand existing assets, and thereby increase the reliability of equipment and ensure the reduction of depreciation of generating capacities, electrical and heating networks.
Non-fulfillment of the investment program/Failure to meet implementation deadlines and/or increase in the cost of investment projects	The volume and timeliness of implementation of investment programs directly affect the generation/transmission of electric energy and provision of consumers with thermal energy. The key risk event for the Group companies in 2023 was the failure to implement planned measures for the construction of a new chimney at CHPP-2 of SEVKAZENERGO JSC. The risks of non-fulfillment of contractual obligations by the contractor were realised due to poor quality of work, which led to the need to dismantle the erected part of the chimney. Also, the measures of investment programs for other enterprises of the group were not fully implemented. Failure to implement the planned investment programs may lead to the introduction of compensatory tariffs by the authorised body (DCRNM). **KEY RISK FACTORS:** 1. Failure to meet delivery deadlines for inventory items 2. Non-fulfillment of contractual obligations by project contractors and material suppliers. 3. Lack of funding due to a decrease in production volumes. 4. Increase in prices for purchased goods and services, including due to the difficult macroeconomic situation;	Measures taken to manage the risk and prevent the introduction of a compensating tariff by the authorised body: 1. Coordination of the postponement of implementation of Investment programs measures with the authorised body. To eliminate the consequences of the realised risk and minimise risks in the future, the Group of Companies is implementing the following measures: 1. Independent assessment of the technical and financial viability of the contractor in the performance of significant work of the investment program; 2. A wide selection of candidates for the most important contract work, including potential foreign contractors; 3. Organisation of proper technical and author supervision with the involvement of the customer's management in the technical and financial control of the contractor during the performance of construction and installation works. When concluding contracts for work on significant objects of the investment program, the advisability of forming financial and/or property security will be considered advances paid to the contractor.
Introduction of a temporary compensatory tariff		
Adoption of unfavorable tariff decisions by the authorised body (tariff underfunding)	After a long period of moderating tariff growth, the State has moved to a gradual increase in tariffs for the production, transmission and sale of electric and thermal energy, which is caused by the catastrophic wear and tear of energy and network equipment in the industry, the low rate of renewal of production assets and a sharp increase in accidents. As a result, starting Since mid-2022, this risk has begun to decrease. The risk has ceased to be significant, since the trend towards increasing tariffs continues in 2023. **KEY RISK FACTORS:** 1. Imperfection of legislation; 2. Lack of tariff policy; 3. Changes in legislation regarding maximum tariffs; 4. Possibility of "freezing" tariffs; Refusal to approve tariffs (restraining inflation through tariffs for end consumers).	As part of the management of these risks, a set of measures is carried out: 1. Participation in the working commissions of the DKREM of the Ministry of National Economy of the Republic of Kazakhstan. 2. Timely and economically justified submission of applications for changes in tariffs, including adjustments to current tariffs in connection with the increase in the cost of strategic resources and the level of wages in the industry. In 2023, in a timely manner and taking into account the justifications of SEVKAZENERGO JSC, the Ministry of Energy of the Republic of Kazakhstan reviewed and approved the maximum tariffs for the production of electricity energy. According to the updated Rules for the formation of tariffs in the Republic of Kazakhstan and on the basis of the program "Tariff in exchange for investments", tariffs for enterprises - subjects of natural monopolies were increased.

The name of the key risk and the dynamics of the significance of the risk for the year	Risk Description and Key Risk Factors	Risk Management Approach
Area: operating risks		
Loss of qualified / key personnel 	The Group's activities largely depend on key qualified employees, and the lack of a sufficient number of qualified personnel, in particular in the production and technical area, leads to risks associated with a shortage of personnel. Competition in Kazakhstan and the near abroad in the area of personnel is increasing due to the limited number and simultaneous growth of demand for qualified specialists in the labour market. **KEY RISK FACTORS:** 1. The uncompetitive level of wages of employees of the energy industry, due to the current tariff regulation, as a result, the low attractiveness of this area; 2. High internal and external migration of the population; 3. Low level of training of qualified personnel for the energy industry by educational institutions. According to the results of 2023, compared to 2022, a slight decrease in the staff turnover rate is observed in the SEVKAZENERGO JSC Group as a whole, which is associated with an increase in the level of wages. Taking into account the emergence of the "Tariff in exchange for investments" program, according to expert estimates, the risk has decreased to the level of large on the Holding's risk map.	As part of the management of these risks, a set of measures is carried out: 1. Increase of the wage fund in the tariff estimates of the Group of Companies while protecting tariffs for the next period; 2. Optimisation of management and production processes, staffing levels in order to identify the reserves of the wage fund with the subsequent distribution and allocation of the released funds to increase wages, primarily to crucial and key production personnel; 3. Continuing of implementing PROFENERGY project in the following areas: 4. External succession pipeline through attracting students, graduates of higher and secondary specialised educational institutions; 5. Improving the educational level of employees; 6. Development of the mentoring Institute; 7. Material and non-material incentives for qualified employees. Since July 2023, the Ministry of Energy of the Republic of Kazakhstan has launched an updated program "Tariff in exchange for investments". As part of the implementation of this program, in the period 2023-2029, there will be a gradual increase in tariffs of natural monopoly entities to ensure not only accelerated modernisation of fixed assets, but also an increase in employee salaries. In addition, the Tariff Formation Rules in the Republic of Kazakhstan for natural monopoly entities now provide the opportunity to annually apply to the authorised body for an increase in tariffs in order to bring the average salary of employees to the level of the average in the industry in the relevant region. It is expected that this measure will have a positive impact on the attractiveness of the energy sector for young professionals and will lead to a decrease in the outflow of qualified personnel in the industry
Lack of staff (understaffing)		

The name of the key risk and the dynamics of the significance of the risk for the year	Risk Description and Key Risk Factors	Risk Management Approach
Area: operating risks		
Injury/ accident 	In 2023, the risk, according to expert assessments, remains in the critical risk zone. One fatal accident involving a Company employee was recorded. The risk is significant and relevant for the Company **KEY RISK FACTORS:** 1. Violation of technological requirements stipulated by the rules and regulations on labour protection and safety by employees while working; 2. Unsatisfactory knowledge of instructions, requirements for safety and labour protection of individual employees; 3. Unsatisfactory organisation of work performance; 4. Actual wear and depletion of the resource of the main generating/network equipment, buildings and structures.	Within the framework of risk minimisation, a set of measures aimed at preventing industrial injuries is carried out on an ongoing basis, including: • Strict control over the technical condition of equipment, buildings, structures and vehicles; • Minimisation of harmful and dangerous production factors; • Risk assessment; • Constant monitoring of safety in work performance; • Providing employees with workwear and personal protective equipment; • Training and testing of employees' knowledge on occupational safety and health and industrial safety; • Investigations and in-depth analysis of accidents that have occurred in order to avoid their recurrence in the future; • Conducting behavioral security audits to find out the reasons for violations of security requirements; • Implementing Lockout/Tagout (LOTO) procedures for equipment to ensure safety during equipment repairs and to prevent inadvertent or accidental start-up; • Provision of personnel with five-point safety harnesses for safe work at heights; • Use of helmet-mounted or tablet-based video recorders in electrical grid companies to record personnel work permits and ensure safety during equipment changes; • Gradual transition to the use of suits for electrical personnel made of thermal protective fabric to protect against electric arcs.

The name of the key risk and the dynamics of the significance of the risk for the year	Risk Description and Key Risk Factors	Risk Management Approach
Area: operating risks		
Excess heat energy losses	Based on the results of 2023, compared to 2022, the Group's heat transmission enterprises continue to experience a critical level of excess heat energy losses. This risk is significant for the Group and remains subject to continuous monitoring. **KEY RISK FACTORS:** 1. High level of wear of heating networks; 2. Technological violations and accidents on heating mains; 3. Irrational mode of operation of heating networks (to ensure hydraulic and temperature conditions at heating unit of end users); 4. Lack of metering devices on the heating networks of domestic consumers; 5. Non-compliance of the heat consumption rate of the housing stock with the actual heat consumption (multi-storey residential buildings); 6. Unpaid losses of thermal energy in "abandoned"/consumer heating networks, etc.; Joint laying of thermal energy pipelines with cold water supply pipelines.	Within the framework of risk minimisation, a set of measures aimed at reducing excess losses is implemented on an ongoing basis: 1. Restoration of the destroyed / missing thermal insulation of pipelines; 2. Performing annual capital and ongoing repairs of heating networks; 3. Reconstruction of heating networks using pre- insulated pipelines (foamed polyurethane technology); 4. Installation of design throttling devices on elevator heating units of consumers; 5. Identification and suppression of the facts of unauthorised consumption of heat power 6. Interaction with authorised state bodies in order to increase the rate of heat consumption of the housing stock to the level of actual heat consumption.
Technological failures in equipment operation (accidents)	The risk of technological disruptions is classified as a major risk for the Group. Physical and moral obsolescence of generating and network equipment inevitably leads to the occurrence of emergency failures. The consequences of emergency failures are: • reduction of electricity generation volumes; • failure to deliver the volume (non-fulfilment of obligations) under the contract to maintain the availability of electrical capacity; • decrease in the quality of heat supply to consumers. **KEY RISK FACTORS:** 1. High wear and depletion of the main generating/ network equipment resource; 2. Limited financial resources, as a result - low growth rates of reconstruction and modernisation of equipment, insufficient repair programs.	As part of the management of this risk, a set of measures is carried out by the Group: 1. Performing a complex of maintenance and repair works for equipment, buildings and structures; 2. Incorporating reconstruction/ modernisation/ new construction measures in investment programs for timely replacement of worn-out equipment; 3. Determining job priority on repair/ reconstruction/new construction, taking into account the significance of equipment for reliable supply of consumers with heat and electric power in sufficient volume. To normalise the operation of the equipment: 1. New tariffs for the generation of electric energy at SEVKAZENERGO JSC have been approved, which made it possible to plan the implementation of an expanded volume of capital and current repairs of the main and auxiliary equipment as part of the 2024 repair campaigns. 2. An expanded scope of investment activities is being implemented within the framework of the program "Tariff in exchange for investments for SEM from July 2023".

The name of the key risk and the dynamics of the significance of the risk for the year	Risk Description and Key Risk Factors	Risk Management Approach
Area: financial risks		
Formation of overdue accounts receivable in the retail/wholesale market of electricity and heat energy	Based on the results of 2023, there is a slight increase in the share of overdue receivables (more than 3 months) in the total amount of receivables, but their value is within the Group's risk appetite. The risk is relevant and under constant control. **KEY RISK FACTORS:** 1. Non-compliance with the terms of contracts regarding the implementation of timely and full payment for energy supply services by consumers of heat and electric power due to: • low payment discipline; • deterioration of key macroeconomic indicators. 2. Inadequacy of the legislative framework regarding the possibility of carrying out transactions for the purchase and sale of residential real estate without paying off debts for energy supply services; 3. Untimely renegotiation of energy supply contracts in case of change of homeowners.	As part of managing this risk, the energy sales organisation of the SEVKAZENERGO JSC group of enterprises carries out a set of measures on an ongoing basis: • Consumers are notified of the amount due; • In the event of late payment for energy services, disconnect the power supply; • Debt repayment plans are established in the facilities; • Debt collection work shall be carried out in order to recover debts and penalties from non-paying consumers for late payment of services; • Deize the debtors' property; • Debtors are visited with the presence of bailiffs for inventory and seizure of property; • The information about utility payments due from employees is sent to Company addresses; • The debtor's departure from the territory of the Republic of Kazakhstan is restricted; • Collection is carried out through the debtor's source of financing (deduction from wages and pension contributions); • The method of collection is changed, according to which the debtor's property (apartment or vehicle) is evaluated for sale at auction. For receivables that are unlikely to be collected, the energy sales organizations establish an allowance for doubtful accounts.



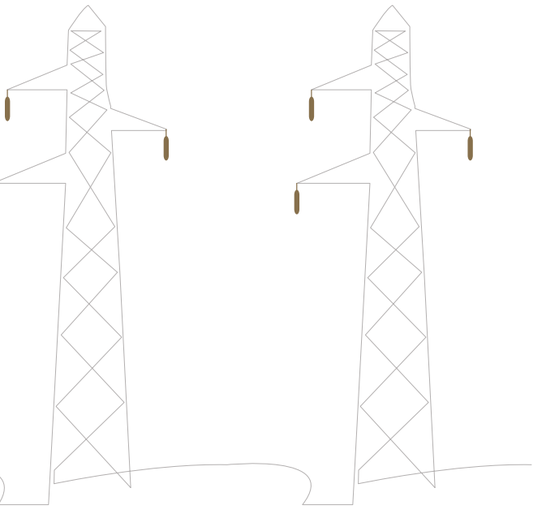
INTERNAL CONTROL STANDARDS

SEVKAZENERGO JSC Group has implemented an internal control system (ICS), which is a set of policies, processes, procedures, standards of conduct and actions combined into a single continuous process. The ICS is part of the management process carried out by the Board of Directors, the Executive Body of SEVKAZENERGO JSC, all executive bodies of subsidiaries, control bodies and employees.

The management at all levels of management creates an effective control environment by:

- Forming an understanding of the need for and implementation of internal control procedures among the employees of the Group;
- Maintaining a high level of corporate culture and demonstrating the principles of integrity and competence;
- Improving the professionalism and competence of employees;
- Ensuring effective interaction of structural divisions and employees;
- Ensuring effective distribution of powers and responsibilities;
- Formation of fraud prevention mechanisms;
- Organisation of the activities of internal control bodies.

The ICS is aimed at ensuring the achievement of the goals of the Company and minimising risks in its operational and investment activities, the reliability of all types of reporting, compliance with the requirements of legislative acts and internal corporate requirements. The Company strives to ensure that all its activities are adequately controlled in order to reduce risks. Control procedures are implemented at all levels of management.



The group of companies has three levels of internal control system:

OPERATIONAL

It is applied to the main business goals of a group of enterprises, including productivity, profitability, and resource safety.

FINANCIAL

It refers to the preparation of reliable published financial statements, including interim, condensed financial statements, as well as certain data extracted from these reports (for example, income data), published openly.

CONSISTENCY CONTROL

It is related to ensuring compliance with the laws and regulations governing the activities of the organisation.

IMPROVEMENT OF THE RMS AND ICS

In 2023, the Company continued to implement and improve the risk-oriented approach to business management. Coordination and methodological support for the functioning and improvement of the RMS is carried out by the Risk Management Unit, which performs the following tasks:

- Coordination of risk management and internal control processes;
- Development of methodological and internal regulatory documents in the area of ensuring internal control and risk management processes;
- Organisation of training of employees of the group of companies in internal control and risk management;
- Analysis of the corporate Risk Register and the Risk Map of SEVKAZENERGO group of companies and development of proposals for response and reallocation of resources related to the management of relevant risks;
- Preparation of consolidated risk management reports;
- Implementation of operating control over the processes of internal control and risk management of the divisions of the group of companies in accordance with the established procedure.

During the year, the Risk Management Unit carries out its work in accordance with the annual work plan approved by the Board of Directors:

- Updating of the corporate risk register and risk map of the SEVKAZENERGO Group of Companies and analysis of critical risks;
- Organizing training of the Group's employees in the area of internal control and risk management;
- Identification and assessment of risks, analysis and testing of the effectiveness of the ICS organisation in business processes:
  - "Procurement management for goods, works and services",
  - "Information Technology Management".

THE BEST POWER ENGINEERS WORK HERE

One of the difficulties of my work is the analysis of the execution of filed claims/ applications for execution of a writ of execution for household consumers with a large number of claims on a personal account of debtors and the analysis of the received funds by types of energy and legal costs.

The work requires high concentration.

SVETLANA CHOVAN

Analyst
15 years of work experience

THE PLAN FOR THE DEVELOPMENT OF RMS AND ICS FOR 2024

- Updating the Risk Register and Risk Map of the SEVKAZENERGO JSC Group and analysis of critical risks;
- Conducting training in risk management and internal control system for key employees of divisions and senior employees of the SEVKAZENERGO JSC group of companies;
- Identification and assessment of risks, analysis and testing of the effectiveness of the ICS organisation in business processes
    - "Information Technology Management"
    - "Management of energy purchase and sale"
    - "Energy production"
    - "Legal Support Management"
    - "PR Management"
- Development and integration of the system of Key Performance Indicators (KPIs) of business processes and the system of Key Risk Indicators (KRI);
- Conducting an assessment of corruption risks in order to identify areas of activity, business processes of the Group of Companies, during the implementation of which there is a possibility of employees committing corruption and fraudulent actions.
- Organisation of work to improve the approaches and principles of process management of the Group of Companies.
- Updating of internal regulatory documents in risk management and internal control.

RISKS OF SUSTAINABLE DEVELOPMENT

The activities of the group of companies are associated with risks in the area of sustainable development. SEVKAZENERGO Group of Companies makes every effort to ensure that its activities comply with the fundamental principles of the United Nations Global Compact on Human Rights, labour relations, environmental protection and anti-corruption. The Group shares the UN Sustainable Development Goals and contributes to their achievement, including through timely identification, assessment and response to risks.

CLIMATE CHANGE RISKS

The risks associated with climate change and the resulting tightening of environmental and climate regulations are critical and one of the highest priorities in the formation of plans and strategies for the development of SEVKAZENERGO Group.

To date, international environmental and climate standards and the legislation of the Republic of Kazakhstan in the area of environmental protection oblige the Group to take immediate measures to manage this group of risks. Kazakhstan ratified the Paris Climate Agreement in 2015, thus confirming its commitment to the global fight against climate change. As part of its commitments to reduce greenhouse gas emissions, the country is implementing carbon quotas for key industries, including energy producing organizations. SEVKAZENERGO JSC is fully responsible for reducing greenhouse gas emissions, but notes that carbon quotas are associated with the following issues and risks for the Group as a whole, such as:

- Formation of a quota deficit for energy-producing enterprises with their own specific CO 2 emission factors, which are higher than the approved benchmarks;
- Withdrawal of part of the limit of quotas distributed free of charge from companies that have allowed a decrease in production compared to the baseline;
- Approval in 2023 of the Updated National Contribution of the Republic of Kazakhstan to the Global Response to Climate Change, according to which, starting in 2026, it is planned to increase the amount of reduction in freely distributed quotas by 2.25-5.1% annually, launch an auction for the primary sale of carbon quotas to quota-based installations with a fixed price, tighten benchmarks for quota-exempt sectors of the economy;
- It is not possible to cover the costs of purchasing quotas at the expense of tariffs (costs are not included in the tariffs of energy producing companies);
- The probability of the absence/shortage of free quotas in the sales market due to the reduction of free allocated quotas and the lack of effective, functioning mechanisms for the implementation of projects aimed at the reduction of greenhouse gas emissions and their absorption.

In 2021, a new Environmental Code of the Republic of Kazakhstan will come into force, which will motivate enterprises that are sources of pollution (which largely includes coal-fired cogeneration) to reduce their environmental impact through economic (high-cost) incentive mechanisms.

These include:

- The need to implement best available techniques (BAT). Meanwhile, the costs of implementing BAT (which, according to preliminary simplified calculations of the required investments and additional operating costs associated with the implementation of BAT, may amount to several tens of billions of tenge for each CHPP over the next 10-15 years) are not taken into account in either electricity or heat tariffs. Thus, the existing system of tariff setting for energy generated by power plants does not allow the implementation of the most promising and environmentally efficient technologies due to the lack of payback;
- The need for automated monitoring of emissions to the environment;
- The need for facilities of the first category (which include almost all of the Group's CHPs) to provide financial security for the fulfilment of their obligations to eliminate the consequences of the operation. According to preliminary forecast estimates, the minimum amount of liquidation of the consequences will be several tens of billions of tenge. At the same time, the sources and mechanisms of financing the fulfillment of obligations to eliminate the consequences of operation for energy producing enterprises, the tariffs of which are strictly regulated, are not defined by law.

At the same time, it is planned to increase the administrative fines for non-compliance with the requirements of the Environmental Code, to tighten the sanctions for repeated violations, including the statute of limitations and the period of recurrence. If the Company does not switch to BAT, the rates of payment for emissions into the environment will increase by a factor of 2 from 2025, by a factor of 4 from 2028 and by a factor of 8 from 2031.

Compliance with all modern environmental and climate standards (within the framework of decarbonisation of the economy of the Republic of Kazakhstan) at the Group's generating facilities represents a financial risk that may entail serious financial costs. Fulfilment of obligations on large-scale implementation of expensive BAT implementation projects and reduction of greenhouse gas emissions will require significant costs and, as a result, may have a significant negative impact on the financial position and results of the Group's operations as a whole. However, the Group understands that the new Environmental Code poses not only new challenges for the energy industry, but also suggests new opportunities aimed at reducing air emissions and improving the energy and environmental efficiency of SEVKAZENERGO JSC Group. Taking this into account, SEVKAZENERGO JSC, together with major participants in the energy market of the Republic of Kazakhstan, communicates with authorised government agencies, relevant ministries and other stakeholders to develop mechanisms for implementing the requirements of the Environmental Code.

Thus, as a result of meetings of working groups from representatives of the industry and government agencies in early 2024, the First Deputy Prime Minister of the Republic of Kazakhstan instructed the Ministry of Energy and Natural Resources of the Republic of Kazakhstan to work out the issue of amending the legislation to postpone for 5 years the requirements for the formation of financial support for the liquidation of first-category facilities and to develop an alternative to financial support, postponing the deadline for the requirements for the implementation of BAT from 2025 to 2031 for life support facilities included in the TOP-50, as well as to work out and submit agreed decisions on the inclusion of costs for the implementation of BAT by existing energy producing organisations within the framework of using the capacity market mechanism.

HEALTH AND SAFETY RISKS FOR EMPLOYEES

One of the fundamental principles of the corporate policy of the SEVKAZENERGO Group of Companies is that its main asset is employees. Risks of accidents resulting from violations of labour protection, industrial and fire safety requirements during production activities are included in the Company's list of significant risks.

SEVKAZENERGO JSC Group has special requirements for ensuring the safety of its employees' activities and working conditions: priority training is given to employees in occupational health and safety rules and techniques for safe performance of work at power facilities.

The Company's strategic priority in the area of occupational health and safety is the continuous improvement of processes that ensure the safe performance of work, which is inextricably linked with the adaptation of the best international practices in the area of industrial safety. Measures aimed at preventing accidents and injuries are aimed at achieving the strategic goal of zero accidents.

ANTI-CORRUPTION MANAGEMENT

GRI 205-2, 205-3

SEVKAZENERGO JSC Group has an Anti-Corruption and Fraud Policy approved by the Board of Directors, which is the fundamental internal regulatory document of the Holding and its subsidiaries in this area.

The Policy, among other things, determines modeling of a single ethical standard by the top management of the Group for rejection of corruption in all its forms and manifestations.

The main principles of the Policy are represented by maintaining a high level of corporate governance, intolerance to corruption and fraud, proper risk assessment, minimising conflicts of interest based on an effective distribution of powers and responsibilities by building a transparent organisational structure.

Important elements of strengthening this area are represented by creation and implementation of an effective strategy that ensures anti-corruption and fraud, as well as prompt response to emerging events of this nature.

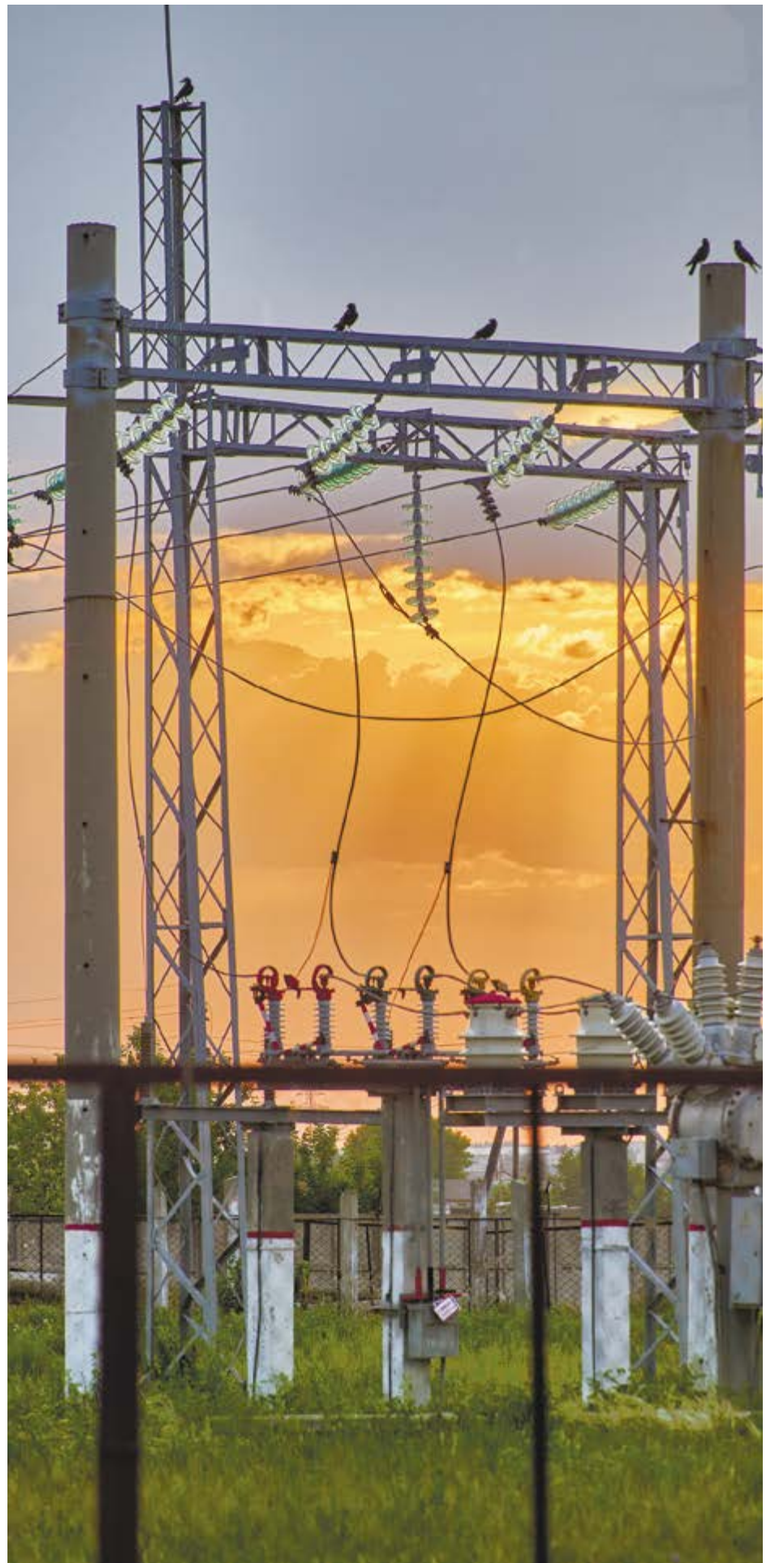
The Group is developing an appropriate corporate culture and a negative attitude towards all forms of corruption and fraud. The policy highlights the methods and procedures used to combat fraud and corruption, in particular, to identify and assess such facts, conduct official investigations and bring to justice all identified cases of illegal actions.

SEVKAZENERGO JSC Group has developed and operates feedback channels (hotline, telephone and mail services) for legal entities and individuals (including employees of the Group) to contact and report on the emerging or known facts of corruption and fraudulent actions.

Work to increase the transparency of activities is ongoing. In order to inform the Group's business partners about the existing requirements and principles of the Anti-Corruption and Anti-Fraud Policy, the approved standard forms of contracts concluded by the Company and its subsidiaries for the purchase of goods, works and services include certain sections that also reflect communication channels in the event of corruption.

In accordance with internal procedures, all newly hired employees are required to familiarize themselves with the requirements of the Anti-Corruption and Fraud Policy and to sign a written acknowledgement of compliance with these requirements.

No cases of corruption or fraud were detected during the year under review.



"My job is to organize the maintenance and repair of the equipment assigned to the workshop, which ensures the reliable and trouble-free operation of TAI equipment. The most difficult and important thing in our job is to ensure quality work in accordance with the technical documentation.

NIKOLAY KUZNETSOV

Instrumentation and automation engineer Thermal automation and measurement workshops,

14-year work experience with the Company

SEVKAZENERGO

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SUSTAINABLE DEVELOPMENT

GRI 2-27, 2-29, 301, 302, 303, 304, 305, 306, 307, 401, 402, 404, 405, 406, 403, 413, 415, 418

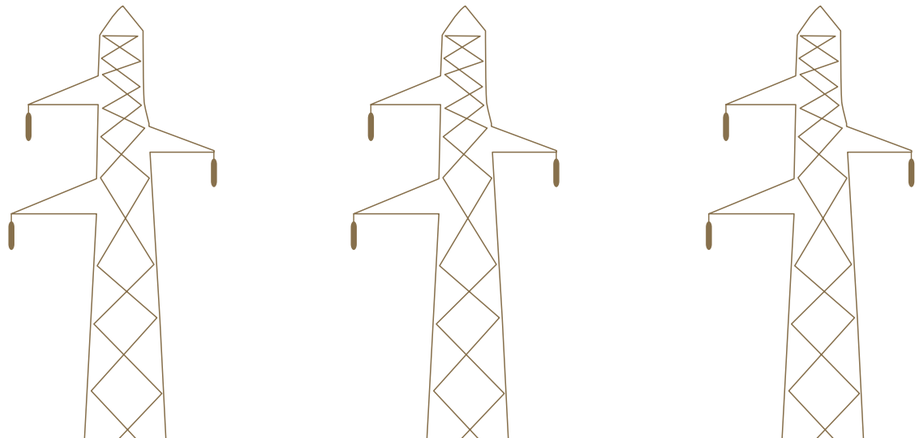
SDG

INTERACTION WITH STAKEHOLDERS

Interaction with stakeholders is an important element of the sustainable development system. The principle of their identification and selection is determined by the regional aspect. Ensuring sustainable development and achieving the Company's strategic goals is achieved by observing the interests and responsible behavior towards all stakeholders.

The Company conducts a dialogue with stakeholders in the following areas:

Social responsibility	Environmental safety	Occupational safety and health at work	Economic security
Employees	Non-Governmental Organisations (NGOs)	Employees	Shareholders
Public authorities and regulatory authorities	Public authorities and regulatory authorities	Suppliers, contractors	Local communities
Local communities	Local communities	Trade union	
Educational institutions			



Stakeholder Engagement Process

INTERACTION PROCESS	SPECTRUM OF PROBLEMS RAISED
Employee	
his is done through internal Company newspapers and Internet sites. There are electronic mailboxes for employee inquiries and a helpline. Employees are welcomed by the Company's management. Labor disputes are resolved by conciliation committees with the participation of employer and employee representatives.	• Ensuring occupational safety and health; • Informing employees about the Corporation's activities; • Promoting professional development; • Providing social assistance and support; • Implementing the collective bargaining agreement;
Local communities, consumers	
The Company has systematised work with consumer requests, establishing «feedback», which is carried out through Internet sites and e-mail. Public hearings, round tables and other activities are held. Comments on issues raised are posted on social networks, official Company accounts, and city groups.	• Examination of tariff applications and their approval for monopolistically regulated activities; • Implementation of the investment program; • The level of quality of services provided to consumers, monitoring the fulfillment of consumer requirements.
Public authorities and regulatory authorities	
Requests from government and regulatory agencies are processed: some are responded to, while others are for information only. Company employees participate in in specialized meetings and conferences. Meetings of official delegations are held.	• Reducing the negative impact of enterprises' activities on the city and region; • Ensuring preparation for the heating season; • Fulfilling obligations to invest; • Complying with legal requirements, including those related to environmental protection.
Suppliers, contractors, customers	
Tenders are organised and conducted, meetings are held with contractors and clients. Feedback is provided on the Company's corporate websites.	• Forming a mutually beneficial partnership; • Ensuring transparency in the conduct of tenders.
Educational institutions	
Meetings are held with representatives of educational institutions of specialised specialties. Employees of the Company take part in the work of examination commissions, qualification commissions, and in the process of accreditation of educational programs.	• Recruitment of personnel for enterprises; • Internship and employment of graduates.
Mass media	
Each year, Group companies hold press tours, media briefings and press conferences, issue press releases and respond promptly to requests for information. Work in social networks is underway.	• Formation of cooperation; • Information on the implementation of the investment program for the modernisation and renewal of assets; • Compliance with environmental regulations; • Implementation of social projects.
Non-governmental organisations (NGOs)	
NGO representatives are regularly invited to participate in press tours and public hearings held throughout the year. The Company's employees take part in open meetings with representatives of small and medium-sized businesses. Meetings are held with managers who support socially disadvantaged groups and with representatives of consumer protection organizations.	• Assistance in solving environmental and social issues.
Trade union	
Union interaction is carried out by organizing meetings and handling requests during the activity.	• Implementation of the collective agreement; • Assistance in organising leisure and recreation activities for employees.
Shareholders	
Interaction is conducted during meetings of shareholders.	• Economic efficiency and generation of financial results; • Compliance with the principles of sustainable development in the course of the Group's operational activities.

ANTI-CORRUPTION MANAGEMENT

GRI 205-2

SDG

The Company has a Policy on Counteraction corruption and fraud (hereinafter referred to as the Policy), approved by the decision of the Board of Directors of SEVKAZENERGO JSC dated January 29, 2018. Anti-corruption and Fraud prevention in the Company is carried out in accordance with the following principles:

- Maintaining a high level of corporate management;
- Intolerance to corruption and fraud;
- Proper assessment of the risks of corruption and fraud;
- Minimisation of conflicts of interest.

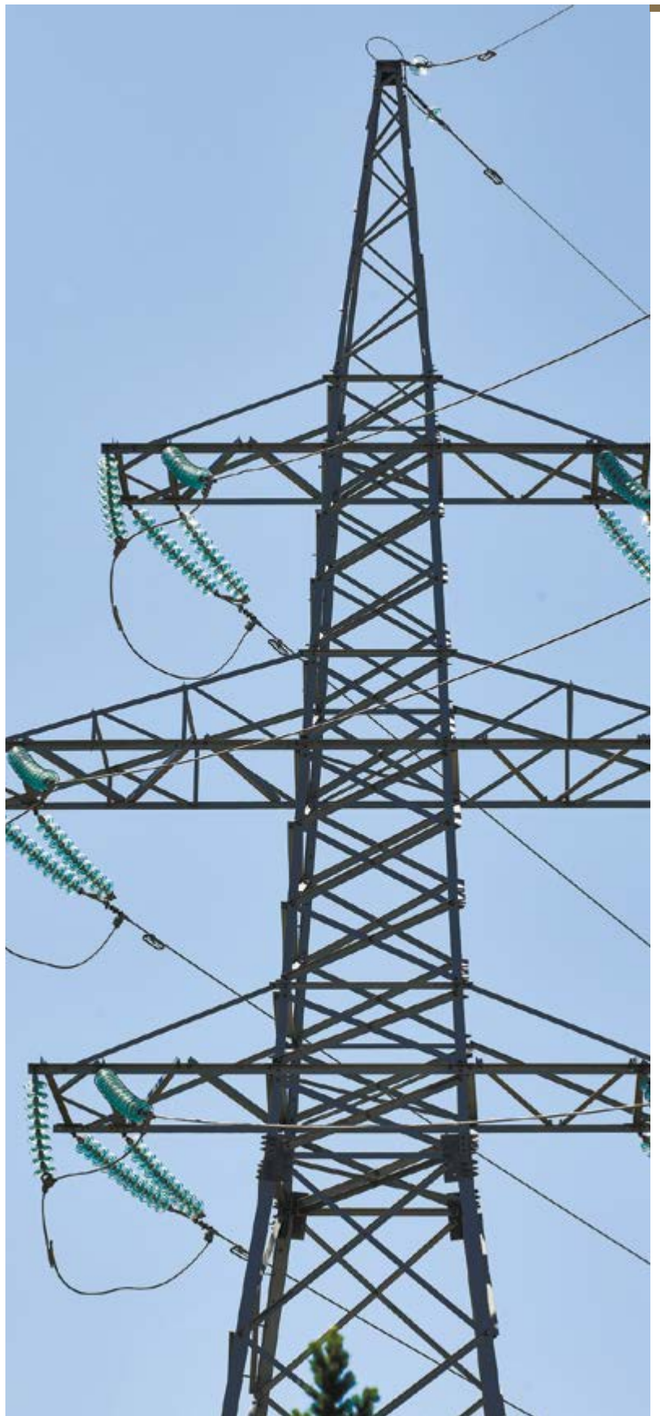
The main goals and objectives of the Anti-Corruption Company are: creation and implementation an effective strategy to combat corruption and fraud; the formation of the employees and bodies of the Company have the relevant culture of behavior and negative attitude towards everyone manifestations of corruption and fraud; minimising the risk of the Company and employees being involved in corruption and fraudulent activities; prompt response to emerging events of a corrupt and fraudulent nature.

SYSTEM ECOLOGICAL MANAGEMENT

SDG

The existence of a developed, successfully operating and certified in accordance with the standards of the ISO 14001 series environmental management system is the main indicator of systematic, effective work in the field of environmental protection, which contributes to the growth of the Company's competitiveness, increases the market value of its shares and creates a positive image in relations with external stakeholders.

In addition to the Environmental Management System, SEVKAZENERGO JSC also operates successfully Quality Management System (ISO 9001), Occupational Health and Safety Management System Labour (ISO 45001) and Energy Management System (ISO/CD 50001).



ECOLOGICAL POLICY

SDG

From 2009 to 2022, SEVKAZENERGO JSC will reduce ash emissions by 71.4%. In 2009-2014 all boiler units were equipped with titanium emulsifiers of the second generation. This made it possible to increase the level of flue gas cleaning and reduce the Company's expenses for environmental payments. At the end of 2008, before the start of the investment programs for the concentration of coal ash emissions in the atmosphere of the SEVKAZENERGO JSC enterprises was recorded at 1,093 mg/Nm3. According to the results of 2023 these figures amounted to 287.8 mg/m3.

In order to ensure the continuity of the technological cycle of the station and the storage of ash and slag waste for up to 25 years, specialists are carrying out the selection of land for the construction of a new ash dump.

Implementation of the Plan for interaction with stakeholders.

Total costs for environmental protection measures -

693,434,036 tenge

Air, discharges, fuels and lubricants –

457,279,806 tenge

Water Resources Protection –

55,227,859 tenge

Waste disposal –

121,558,992 tenge

Other expenses –

14,437,301 tenge

The Environmental and Social Action Plan has been implemented also within the framework of promoting the development of "green" technologies and the Environmental Code of the Republic of Kazakhstan, Chapter 20 "State regulation in the field of emissions and absorption greenhouse gases", a service was implemented to conduct an inventory of greenhouse gas emissions and its verification. The total cost was 3,628,001 tenge.

NATURE CONSERVATION MEASURES

To improve the efficiency of work in the field of security environment (EEP), SEVKAZENERGO JSC carries out environmental protection measures. Their goal is to reduce the level of impact of its activities on the environment environment, improve the environmental efficiency and safety of enterprises. These tasks were carried out 592,293 tenge including VAT.

Environmental protection measures:

- Reconstruction, major repairs of the main and auxiliary equipment in the generation, transmission and distribution of energy;
- Industrial waste management;
- Industrial environmental control.
- The «Environmental Impact Assessment» project is under development. The public will be familiarized with the materials at public hearings. To confirm compliance with environmental regulations. In accordance with the standards of the Republic of Kazakhstan, all projects undergo state examination in territorial supervisory bodies organs.

Costs for environmental protection measures*, million tenge

Expenses	Total expenses, million tenge		
	2021	2022	2023
SEVKAZENERGO JSC			
Investment costs	1,164.349	1,311.038	1,881.478
Expenses for major repairs of fixed assets for nature conservation purposes	257.756	869.242	216.203
Operating costs	70.070	100.115	130.260

More specific information about the environmental protection measures carried out is provided in the following sections.

MATERIALS USED

GRI 301-1

SDG

The products manufactured by SEVKAZENERGO JSC are thermal and electrical energy. Regulation of this industry is carried out by government agencies in on behalf of the Ministry of Energy of the Republic of Kazakhstan and Committee for the Regulation of Natural Monopolies Ministry of National Economy of the Republic Kazakhstan.

Environmental labeling and packaging requirements do not apply to manufactured products.

Electric and thermal energy were produced with using non-renewable types of fuel (Ekibastuz coal and M100 fuel oil).

CLIMATE CHANGE

GRI 201-2, 305-1

SDG

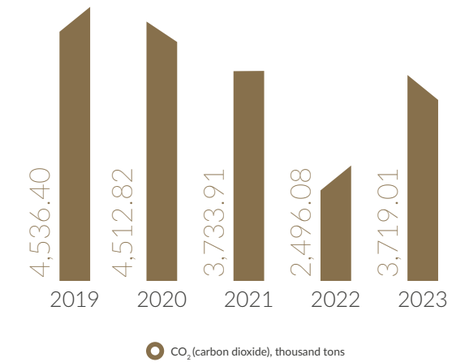
The Company has organised work to prepare for the inventory of greenhouse gas emissions and consumption of ozone-depleting substances.

A calculation method was used to monitor greenhouse gases. According to the regulatory guidelines documents, it ensures the accounting of emissions from normal (regular) production activities, special practice (commissioning, process shutdowns, repairs and maintenance) and emergency situations.

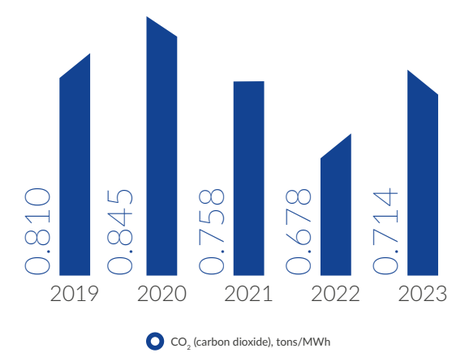
An additional tool for reducing emissions greenhouse gas emissions is a program of energy conservation and improvement of overall energy efficiency fuel. It is associated with an increase in the share of generation new power units, as well as the introduction of the ISO 50001 standard, Energy Management Systems, at enterprises management (energy A preliminary reduction of greenhouse gas emissions was achieved in 2023 by 286.5 thousand tons of CO2.

Gross greenhouse gas emissions from combustion fuel consumption in 2023 increased by 48.9% compared to 2022. The reason is the increase in coal consumption by 513.09 thousand tons.

Gross CO_2 emissions in 2019-2023, thousand tons.



Specific CO_2 emissions per unit energy produced in 2019–2023, tons/MWh.



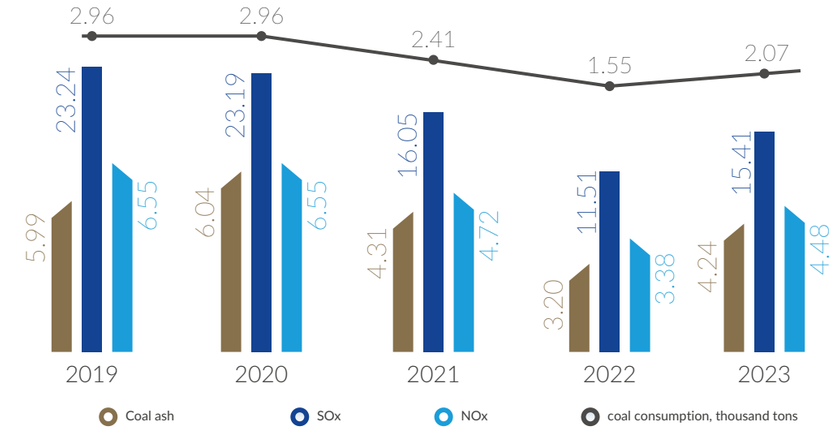
EMISSIONS INTO THE ATMOSPHERE

GRI 305-1

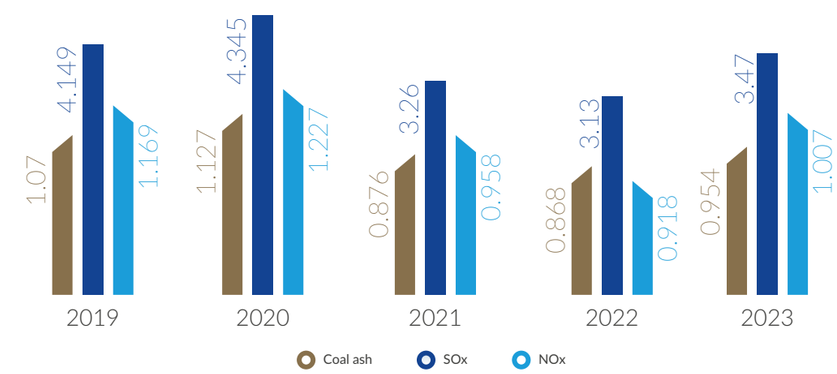
SDG

In 2023, the Company produced 2,308.559 million kWh of electric energy and 1,829.44 thousand Gcal of thermal energy. 2,070,280 thousand tons of Ekibastuz coal and 3.59 thousand tons of fuel oil were used for energy production. The sources of raw materials are non-renewable. If we compare the year 2023 with the year 2022, we can see that the total amount of pollutant emissions into the atmosphere by SEVKAZENERGO JSC has increased by 33.7% (from 18.39 thousand tons to 24.60 thousand tons, including other emissions). The main reason for this is the increase in electricity production by 43.8% (in 2022 - 1,604.9 million kWh, and in 2023 - 2,308.5 million kWh), an increase in thermal energy production by 2.5% (in 2022 - 1,785.03 million Gcal, and in 2023 - 1,829.44 million Gcal). In 2023, works will be carried out on the construction of the protective dam of the ash dump № 2, section № 3, construction of a new chimney.

Gross emissions of pollutants into the atmosphere in 2019-2023, thousand tons



Specific emissions of pollutants into the atmosphere in 2019-2023, kg/thousand kW/h



THE BEST POWER ENGINEERS WORK HERE

My job is to maintain reliable, uninterrupted and trouble-free operation of the entire water treatment plant and technological process of chemical water purification with replenishing steam boilers.

Starting and stopping equipment, switching in the circuit water treatment plant, performing flushing, regenerating filters, switching from working to backup equipment, while ensuring economical mode of operation of all serviced equipment is the most difficult and important part of my job.

GALINA AYUPOVA

wastewater treatment operator power plants of the Chemical plant
15 years of work experience

The most significant measures taken to protect atmospheric air:

- Restoration of heating surfaces that ensure effective cleaning, disposal, neutralisation, suppression and rendering harmless of pollutants substances in gases discharged from emission sources;
- Repair of worn-out elements of ash collection systems, air ducts, flues; installation automated monitoring system (AMS) to the chimney №3. It allows for real-time emission monitoring pollutants into the atmosphere;
- Extension of the protective dam of ash dump № 2 Section № 3.

ENERGY SAVING

GRI 302-1

SDG

The Company's activities in the field of energy conservation and energy efficiency improvements are carried out on based on the international standard ISO 50001 "Systems energy management". The Corporation's subsidiaries have an Energy Saving Program in place and improving energy efficiency.

The purpose of this program is to develop measures to improve the efficiency of fuel and energy consumption resources, including the organization of control and accounting.

As part of the work on energy saving and energy efficiency improvement in the year under review, measures were taken to reduce the consumption of fuel and energy resources. The following are among the most significant:

- Cleaning of boiler units and condensers turbine hydraulic pumping unit (HPU) CHPP-2 of SEVKAZENERGO JSC;
- Replacement of VZP cubes on boiler units № 4, 5, 9 CHPP-2 of SEVKAZENERGO JSC.

STATE ECOLOGICAL CONTROL

GRI 2-27

In 2022, a state audit was carried out environmental control by the Department of Ecology for North Kazakhstan Region. According to its results, 16 violations were identified for various facilities of SEVKAZENERGO JSC.

All instructions were fulfilled in full and on time, and damages were paid for.

The total amount was 4,747,650 tenge.

WATER RESOURCES

GRI 303-5

SDG

The use of water resources is an integral part of the production processes of enterprises and plays a key role in the process of cooling the equipment. The station uses recycled water, that is, a repeated system of technical water supply with a cooling pond of Lake Beloe (in the city of Petropavlovsk).

The Company's enterprises also have systems drinking water supply, storm and municipal sewerage. Water supply for domestic, drinking, fire-fighting needs and wastewater disposal is carried out centrally, at the expense of municipal water and sewerage systems networks under the contract.

All the water used by the Company is fresh water. Sensitive water sources are not used.

In 2023

232,797.9
THOUSAND M³ OF WATER

The main share is water circulating water supply systems. In the reporting period, the volume water disposal (discharge) amounted to

767.9 **THOUSAND M³**

The total amount of water used, broken down by sources, thousand m³

Indicator	2021	2022	2023
Total water used, including:	**212,069.7**	**184,692.6**	**232,797.9**
from surface water bodies	8,472.6	5,299.1	10,215.1
from third-party suppliers	131.4	100.4	96.5
water recycling (Lake B. Beloye)	199,599.8	179,393.5	222,486.3

Volumes of waste disposal, thousand m³

Indicator	2021	2022	2023
Total wastewater generated	**1,782.3**	**1,034.8**	**767.9**
Allocated to third parties	131.5	100.4	96.5
Discharged into surface water bodies	1,650.8	934.4	671.4

THE MOST SIGNIFICANT ENVIRONMENTAL PROTECTION MEASURES IMPLEMENTED IN 2023 AREAS OF WATER USE AND DRAINAGE:

- Modernisation of circulating water supply systems for industrial purposes, reused water, a system that excludes pollution and depletion of water resources of SEVKAZENERGO JSC
- Maintenance and repair of rotating screens at the central pumping station, ongoing repairs of artesian and drainage pumps of the coastal pumping station, pumps of the central pumping station, maintenance of the feed pump of the circulation pumps, cleaning of the outlet channel of SEVKAZENERGO JSC;
- Inspection of the underwater part of the central pumping station's antechambers stations, repair of feed pumps, artesian pump SEVKAZENERGO JSC
- Monitoring of quantitative and qualitative characteristics water (water analysis was carried out according to the approved schedule) SEVKAZENERGO JSC;
- Improving the quality of discharged water, increasing the efficiency of treatment facilities (cleaning was carried out installed permanently floating booms brand "Rubezh 45") SEVKAZENERGO JSC.

WASTE MANAGEMENT

GRI 306-1, 306-3

Ash and slag waste account for 99% of the total waste volume. They are stored in specially equipped flat-type hydraulic structures – ash dumps. Compliance with environmental legislation when creating a new container for storing ash and slag waste allows preventing environmental pollution and ensure stable operation of the thermal power plant.

In 2023, the total volume of education waste at Petropavlovsk CHPP-2 SEVKAZENERGO JSC compiled

866.57 THOUSAND TONS,

of which ash and slag waste –

864.82 THOUSAND TONS,

industrial and municipal –

1.61 THOUSAND TONS

The most significant waste management activities are:

- **Organisation of storage areas for waste generated during reconstruction and construction of energy facilities (equipment sites, arrangement of containers);**
- **Sale of ash and slag waste (microspheres) to reduce the volume of their formation;**
- **Separate collection of waste that cannot be placed in a solid waste landfill: waste paper and cardboard, plastic and glass waste.**

Total mass of waste generation, thousand tons

Indicator	2021	2022	2023
Ash and slag waste	940.5	651.3	864.82
Other types of waste	3.6	11.8	1.73

Waste by hazard level, thousand tons

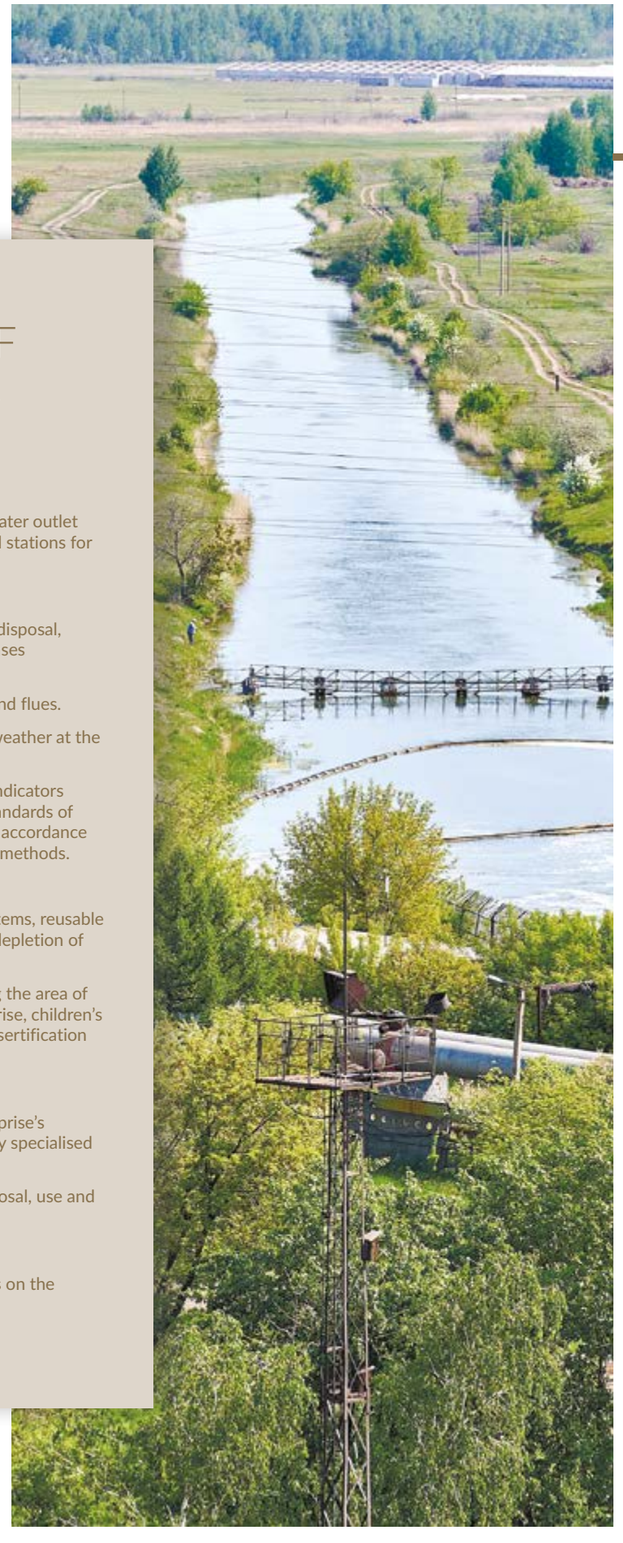
Indicator	2021	2022	2023
Waste generated:	**2,479.0**	**2,135.2**	**2,261.6**
Waste generated:	944.2	663.1	866.42
Non-hazardous waste	944.2	11.7	1.66
Hazardous waste	0.029	0.035	0.066

Waste by methods of handling, thousand tons

Indicator	2021	2022	2023
Waste generated	**944.2**	**663.1**	**866.57**
Including ash and slag waste	940.5	651.3	864.82
Waste used at the enterprise	-	-	-
Waste neutralised	0.693	-	-
Waste transferred to third parties organisations*	2.9	7.9	1.63
Placed waste on own enterprise facilities	940.6	655.8	864.94
Including ash and slag waste	940.5	651.3	864.82

THE GENERAL MEETING OF SHAREHOLDERS FOR 2024

1. Installation of an automated emission monitoring system for the water outlet into the Yesil River, maintenance and operation existing automated stations for industrial environmental monitoring in real time.
2. Reconstruction of the station's boiler units.
3. Restoration of heating surfaces of boiler units, providing cleaning, disposal, neutralisation, suppression and rendering harmless pollutants in gases discharged from emission sources.
4. Repair of worn-out elements of ash collection systems, air ducts, and flues.
5. Organisation of work to reduce the amount of dust during windy weather at the operating ash dump.
6. Execution of works on monitoring of quantitative and qualitative indicators of the enterprise's performance: control of compliance with the standards of maximum permissible emissions carried out at the main sources in accordance with the PEC program by an accredited laboratory of instrumental methods.
7. Construction of a new chimney.
8. Modernisation of water supply systems: hydraulic ash removal systems, reusable production systems water, a system that eliminates pollution and depletion of water resources.
9. Greening of territories of administrative-territorial units, increasing the area of green spaces and plantings on the territory and around the enterprise, children's institution, dormitories and vacated territories, lands subject to desertification and other unfavorable environmental factors.
10. Maintenance and care of green spaces.
11. Organisation of storage sites for waste generated during the enterprise's activities, organisation of timely removal and transfer to disposal by specialised organisations.
12. Implementation of technologies for collection, transportation, disposal, use and processing of ash and slag waste – microspheres.
13. Development of environmental projects.
14. Informing the public about the impact of the enterprise's activities on the environment.



HUMAN RESOURCES AND SOCIAL POLICY

GRI 2-7, 2-8, 404-1, 404-2, 405-1

SDG

Personnel management policy

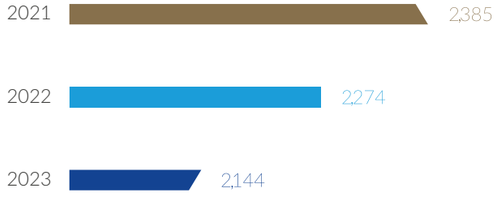
Personnel Management Policy of the Group of Companies SEVKAZENERGO is an integrated system interaction with employees to ensure and achieve the Company's strategic goals.

The goal of the human resources management policy is to create a Company with an effective management system that provides maximum opportunities to develop the potential of employees. The Company strengthens its personnel management policy by attracting professional employees of different levels, retaining highly qualified employees, providing continuous professional training and development of personnel, providing opportunities for professional growth of proactive young employees, creating personnel reserve and talent management.

Structure and headcount staff

The list of employees of the Company as of December 31, 2023 was 2,144 people. A decrease of 5.7% compared to 2022 due to understaffing due to the increasing outflow of workers to other industries and migration processes (travel within Kazakhstan and abroad).

Dynamics in change in headcount, persons



Distribution of headcount by the SEVKAZENERGO group of enterprises at the end of 2023

Company	Number of employees
SEVKAZENERGO JSC	736
North Kazakhstan Regional Electric Distribution Company JSC	951
Petropavlovsk Heating Networks LLP	241
Sevkazenergosbyt LLP	216
Total	**2,144**

Staff structure by category and gender

The structure of the Company's personnel by gender, in force features of the activity, is characterised by high proportion of men 57.7%.

Production personnel consists of the category "workers", in which men make up 67.2%.

Personnel category	Total		of them:			
			men		women	
	person	%	person	%	person	%
Headcount	2,144	100	1,237	57.7	907	42.3
Managers	350	16.3	240	68.6	110	31.4
Professionals/employees	741	34.6	289	39	452	61.0
Workers	1,053	49.1	708	67.2	345	32.8

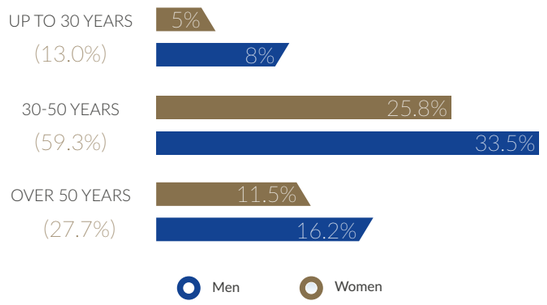
Personnel structure by gender and age

At the end of 2023, the majority of employees were the most experienced workers for work are aged 30-50 years (59.3%), which is 0.7% higher indicator for 2022. The share of workers under 30 years (13.0%) is 2.4% lower than the 2022 figure. The share of workers over 50 (27.7%) is 1.7% higher than in 2022.

Taking into account these indicators, in order to maintain an optimal balance of young and highly professional employees, the Company is implementing measures aimed at attracting young professionals and developing the Mentoring Institute to ensure continuity and transfer of professional knowledge and skills, and the gradual rejuvenation of personnel to achieve an optimal combination of young, proactive workers and experienced, highly professional employees.

AVERAGE AGE IN THE GROUP ENTERPRISES SEVKAZENERGO JSC COMPRISES
42

Age composition of personnel



THE BEST POWER ENGINEERS WORK HERE

My work includes the organization of work of subordinate personnel for timely cleaning of boiler equipment workshops, as well as the fulfillment of volume tasks.

In my opinion, the most difficult and important thing in my job is to make technically correct decisions in time.

IVAN SOKOLOV

Equipment repairman,
11 years of work experience

THE BEST POWER ENGINEERS WORK HERE

"My main tasks are: organizing the process of training and improvement of personnel qualifications from the formation of the budget of expenses for the coming year until the employee receives a document on the results of training; coordination of the process of adaptation of new employees; development and implementation of measures to attract young people to the Company specialists, as well as participation in the organization of festive, sports and socially significant activities for employees and their children. The most difficult thing about my job is the intense pace and the variety of tasks, when it is necessary to implement and It is necessary to implement and maintain several important tasks at the same time. The most important thing is to keep your composure, optimism, creativity and to find a common language with different people.

ELENA KIRIYATOVA

Chief Specialist for Organisational Development of the Department for working with personnel

14 years of work experience

Personnel structure by education

Overall, the Company has seen an increase in the share of employees with higher education in the **2021-2023** dynamics and a reduction in the proportion of workers with general secondary education due to the hiring of qualified personnel. Share workers with vocational education is **48.0%.**

53 employees of the Company are studying at universities and colleges, of which there are **38 of them in specialised specialties.** The Company provides comprehensive support to employees in improving their educational level.

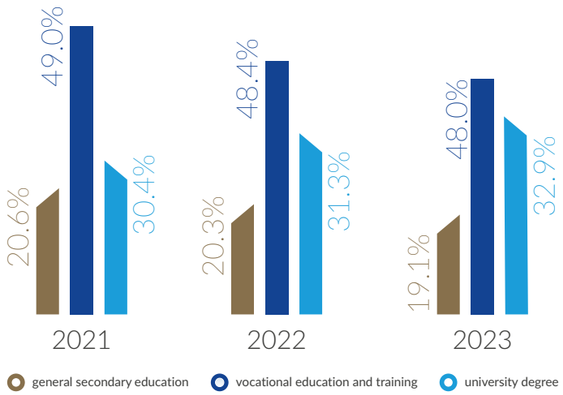
In 2023

26 EMPLOYEES

received diplomas, including Company profile

17 EMPLOYEES

Dynamics of educational level



Total number of personnel with broken down by type of employment and gender

By the end of 2023, the share of workers attracted by employment contract, amounted to **99.7%**. To fulfill certain types of work or seasonal work, enterprises attract freelance workers, whose share amounted to **0.3%** of the total workforce. Partial employment accounted for **0.4%** of the total number of employees of enterprises of the SEVKAZENERGO JSC group.

Indicator	Value (persons)	including	
		men	women
Headcount employees at the end of the reporting period (staff)			
by agreement term:	2,144	1,237	907
working under an employment contract indefinite term	1,716	1,043	673
working under a temporary contract (urgent)	428	194	234
by type of employment:	2,144	1,237	907
full-time employed	2,135	1,234	901
part-time	9	3	6
Supervised workers (freelance)	**6**	**1**	**5**
Total workforce	**2,150**	**-**	**-**

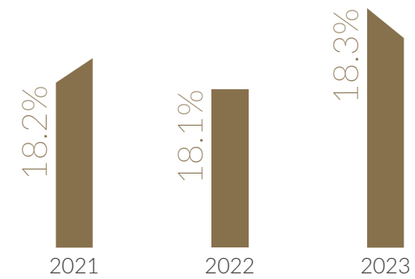
Number of employees, adopted in 2023

During the reporting period, 408 employees were hired, which amounted to 18.3% of the average headcount SEVKAZENERGO group of companies

Increase in turnover ratio admission by 0,2%

compared to 2022 is due to personnel movement.

Recruitment turnover ratio



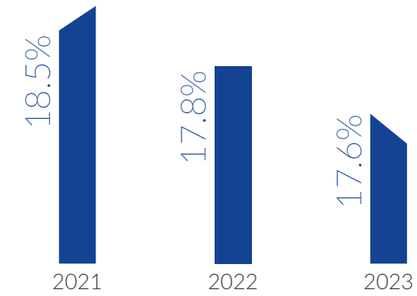
Staff category	Total		of them:			
			men		women	
	person	%	person	%	person	%
Hired, of them:	408	100	199	48.8	209	51.2
- up to 30 years	119	29.2	55	46.2	64	53.8
- 30-50 years	211	51.7	100	47.4	111	52.6
- over 50 years	78	19.1	44	56.4	34	43.6

Staff turnover

At the end of 2023, the staff turnover rate for the SEVKAZENERGO group of companies decreased by 0.2% relative to 2022.

The main reasons for staff attrition remain: dissatisfaction with wages, travel within and outside Kazakhstan, family circumstances.

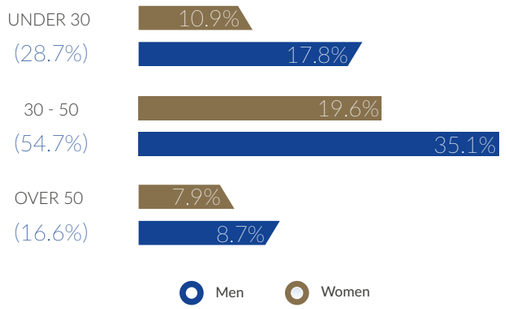
Flow rate coefficient



Number of dropouts reasons for turnover in 2023 broken down by age men and women

In 2023, 538 employment contracts were terminated employees. Due to turnover, 393 left. people, of which the main share is made up of workers in the most productive age for professional work is 30-50 years (54.7%).

Number of dismissals due to staff turnover by age and gender



Staff training and development

The training and development system in the Company provides for the following areas:

- Mandatory, regulatory training in the rules safety engineering, industrial and fire safety, technical operation;
- Versatility training;
- Advanced training for the development of professional and managerial competencies.

In order to improve the efficiency of activities and creating safe working conditions at enterprises SEVKAZENERGO training is conducted in a corporate format and according to individual development plans, distance and remote forms are being introduced training.

In 2023

2,309 PEOPLE,

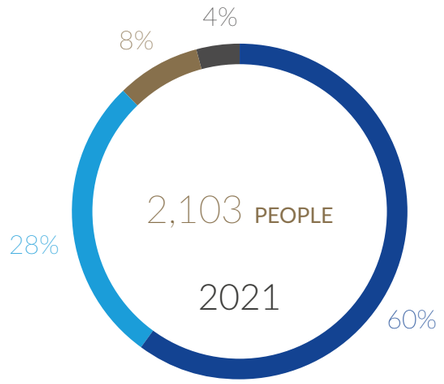
were trained, which is 107.7% of the total number of employees, which is associated with training employees at the same time on several topics.

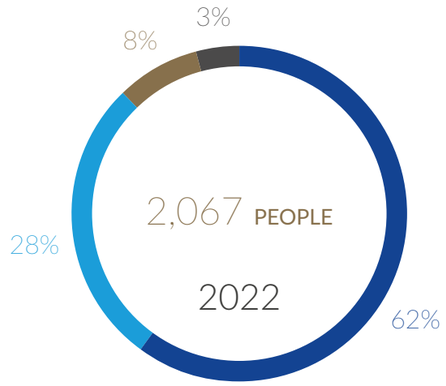
TO REDUCE THE INDICATOR TURNOUT IN 2023 THE FOLLOWING ACTIVITIES WERE CONTINUED:

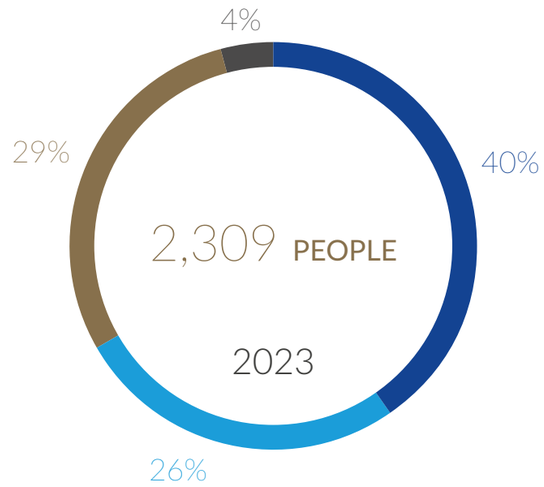
- Identification of wage fund reserves and directions funds released to increase wages boards;
- Improving mentoring processes and the support system for young professionals;
- Material and non-material incentives for qualified employees;
- Improving conditions and social guarantees in accordance with the collective agreement.

The main focus is primary and periodic training in safety regulations, operating, industrial and fire safety techniques security. Thus, in the reporting year, 1,609 people (69.7% of all trained employees) were trained in these areas.

In order to expand the professional profile employees of the Company and their preparation for work on have been trained in combined (related) professions 602 employees (26% of all trained). Advanced training in 2023 is organised for 98 employees.







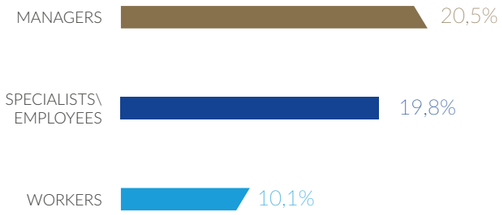
- Safety regulations, fire safety, technical operation
- Related professions
- Occupational safety and health, civil defence and emergency situations
- Advanced training, seminars, trainings

> I take an active part in the preparation of the replacement pipelines. I do excavation work, work with a truck crane.
>
> The most important thing is that in houses consumers were warm. We work with high and low temperatures, work in an aggressive environment (hot water, steam) but in general all the difficulties can be resolved.

SERGEY ZAITSEV

Equipment repairman heat network
16 years of work experience

Average number of hours of training per employee



Average number of hours of training per employee in 2023 amounted to

13.8 HOURS

The Company predominantly provides training for employees of production units in accordance with the positions and professions they hold, regulatory requirements and corporate components in the programs training, features of training programs.

Employee pool

In order to ensure the necessary reserve to occupy management positions different levels, in a group of enterprises SEVKAZENERGO was formed in 2023 personnel reserve for 177 managers top, middle and lower levels management.

The development of the personnel reserve is carried out on the basis of individual programs of professional and organisational and managerial training of reservists, including training, including advanced training qualifications, internship, mentoring, management functions, temporary relocation employee. During 2023, from among the employees, 25 people from the personnel reserve were transferred to management positions.

Every year, work is carried out to form the external personnel reserve, including from among graduates educational institutions.

In total, the Company employs 51 young specialists, 13 of whom were hired in 2023. Moreover, the share of those hired with technical/vocational education is 11 people (84.6%) with higher education – 2 people (15.4%).

Attracting young people specialists and development staff

Since 2016, at the enterprises of the SEVKAZENERGO group the PROFENERGY project is being implemented on a system of support for young specialists and raising the educational level of personnel. The program is aimed at to attract graduates of educational institutions key/ critical professions of enterprises and popularisation of the profession of power engineer, personnel development and improving the educational level of the staff, retaining key employees.

The Company cooperates with 3 educational institutions Petropavlovsk. Work is carried out regularly information about the content and conditions of the Program, meetings with students and excursions to production facilities, employees of enterprises participate in examination committees and State Certification Commission for Admission final exams and defense of diploma projects.

During the implementation period of the program in

894 STUDENTS

took part in the activities.

- 54 students were employed during the summer holidays;
- 47 students completed paid internships;
- 777 students completed unpaid industrial placement and pre-graduation internship;
- 16 students are assigned a personal scholarship.

The PROFENERGY program is constantly being improved, the conditions are adjusted taking into account the needs students, business opportunities and features the labour market in the region of presence in order to increase interest of graduates of educational institutions in working in enterprises of SEVKAZENERGO.

Between 2016 and 2023, approximately

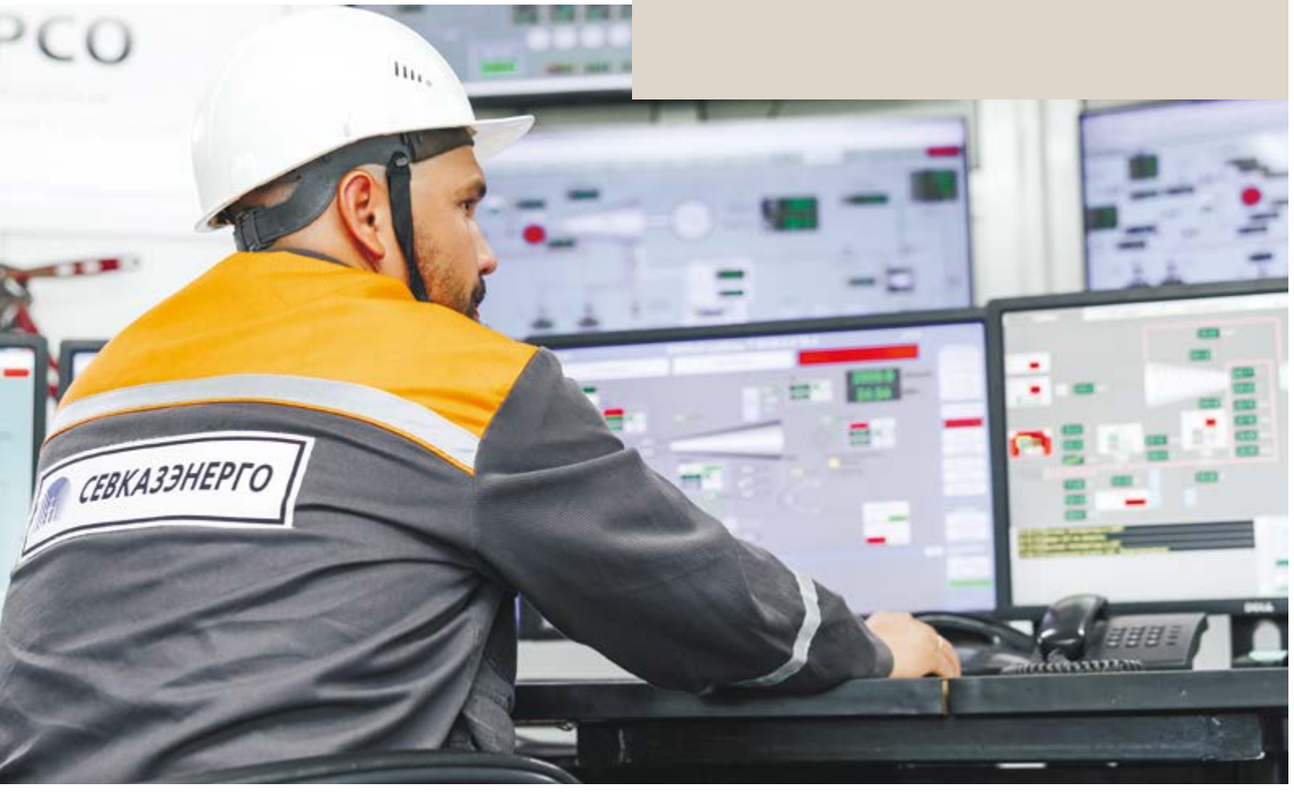
886 EMPLOYEES

took advantage of the existing opportunity:

- 552 employees were provided with paid leave study leave;
- 179 employees were paid bonuses for successful graduation from educational institutions;
- 125 employees were provided interest-free tuition loan;
- 30 employees were reimbursed for travel expenses to the educational institution to pass the exam session.

As part of the PROFENERGY project, a mentoring project is being developed, the purpose of which is to transfer professional knowledge and skills to students and to quickly and effectively adapt young specialists. The Group's enterprises have formed a pool of mentors from among highly qualified employees of the enterprises.

More than 100 employees are assigned as mentors each year.



Motivation and reward staff

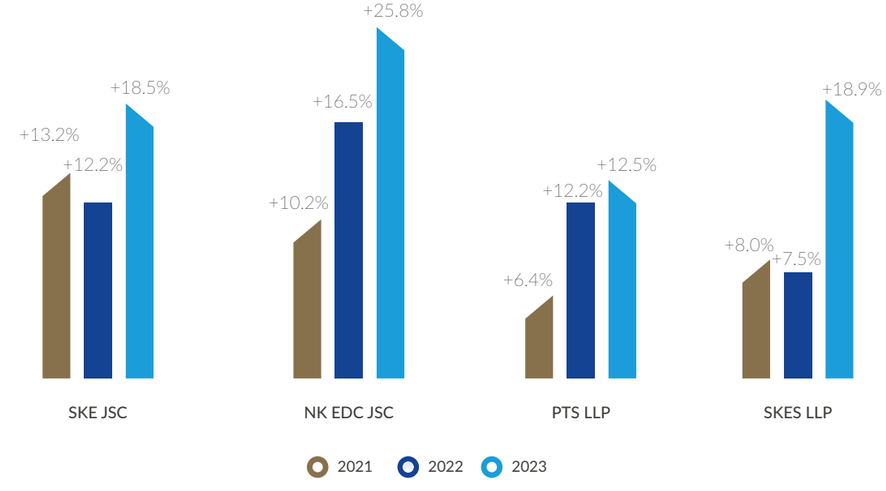
SEVKAZENERGO JSC Group of Companies has a unified system of remuneration and incentives for employees. The level of wages is set in accordance with a single tariff scale, which is a graded system of remuneration all categories of workers, regardless of their gender accessories.

The purpose of the motivation and remuneration system in the Company is to attract, retain and motivate employees to ensure successful implementation the Company's mission and achievement of business goals optimal costs. In January 2023, the indexation of workers' wages was carried out SEVKAZENERGO JSC by 10.2%, Petropavlovsk Heating Networks LLP by 15.3% and Sevkazenergosbyt LLP by 10.0% Also in July 2023, North Kazakhstan Regional Electric Distribution Company JSC - on 11.0%

Intangible stimulation

To increase motivation for effective work, moral incentives for employees to achieve high production results in the Company events are held annually with the awarding of prizes awards, certificates of honor, titles with the placement of information in corporate sources. Based on the results of 2023 years for effective work activity were awarded awards to 73 employees and veterans of the group of enterprises SEVKAZENERGO JSC, including corporate awards from enterprises and CAEPCO JSC - 36 employees, state, departmental and industry 33 employees and 4 veterans of the enterprises were awarded.

Average income growth rate by Group enterprises SEVKAZENERGO



Employee Relations and management

In its relations with employees, the Company complies with the requirements of labor legislation and the Code of Business Ethics, respects personal freedom and human rights, provides equal opportunities to all, does not allow discrimination in the sphere of labor and does not use child labor.

Minimum notice period for employees significant changes in the Company's activities is carried out in accordance with the legislation of the Republic of Kazakhstan and according to internal regulations.

In accordance with the Labor Code of the Republic of Kazakhstan, the minimum notice period for employees in the event of termination of employment due to reduction in the number of employees or staff is one month.

To resolve individual labour disputes, arising between the Employee and the Employer, on enterprises of the SEVKAZENERGO group operate conciliation commissions created from an equal number representatives of the Employer and the Employee. The activities of the conciliation commissions in the Company are regulated by the Labour Code of the Republic of Kazakhstan and the Regulations on the procedure consideration of labour disputes. Composition of the conciliation the commission is approved by the order of the enterprise. The event of a labour dispute, before applying to the grievance committee, employees have the right to apply:

1. To the Chairman of the Trade Union Committee;
2. To the head of the human resources department;
3. To the general director of the enterprise.

In 2023, 1 case of employee appeal was established to the conciliation commission to settle the labour dispute. The conciliation commission made a decision in favour of the employee. Discrimination on any grounds no signs of violation of workers' rights were identified.

Interaction with trade union organisations

In the SEVKAZENERGO Group of Companies, the United the collective agreement was concluded for 2021-2024. The main objectives of the collective agreement are: increasing the efficiency of work at enterprises, strengthening the social responsibility of the parties for results of production and economic activity, ensuring growth in the level of motivation and productivity of workers through the provision of social guarantees provided for by the agreement, compensation and benefits.

The collective agreement applies to everyone employees, members of their families and pensioners of the Company regardless of trade union membership.

Trade union organisations of the SEVKAZENERGO group, together with the employer, are implementing measures to improve the efficiency of enterprises, strengthening labour and production discipline, maintaining the prestige of the work performed and feelings of professional pride among employees.

The trade union organisation assists assistance to the employer in conducting cultural and mass events, sports work and provision of summer recreation children of workers, in the implementation of health events; provides social material assistance to workers, their family members and the unemployed pensioners; exercises control over the purposeful use of funds allocated for occupational safety and health protection, improvement of health of workers and their family members; participates in the investigation of accidents in production and decision-making on the determination of the degree of guilt of the victims, etc.

Name	2021	2022	2023
Number of employees members of a trade union, persons	1,233	1,203	1,087
Share of the total headcount, %	51.7	52.9	50.7

The trade union committee is constantly working to unite the team and increase the number workers who are members of a trade union organisation dynamics of previous years, a decrease in the number of members the union is due to a decrease in numbers the Company's personnel, as well as the influence of global processes of individualisation of social and labour relationships.

SEVKAZENERGO JSC is a Company aimed at socially-oriented business management. The current Unified Collective Agreement is the foundation for the implementation of social policy.

Social support compensation payments

Objectives	Social package
Incentives for personnel for long-term work	• Additional professional pension contributions in the amount of 5%; • Award for professional competitions • Remuneration to employees and pensioners for anniversaries and holidays.
Effective compensation and preferential system	• Compensation of housing and communal services costs, benefits for dormitory accommodation and housing rental; • Motor transport services for transportation of workers to and from work • Supply of coal at cost price to workers living in houses with stove heating; • Compensation of vouchers to camps for children under 15 • New Year's gifts for children • Corporate mobile communications for certain categories employees.
Supporting fitness for work and health of the staff	• Insurance of employees against accidents and illnesses in production; • Mandatory social health insurance • Conducting periodic medical check-ups • Financial assistance for the treatment of serious illnesses
Social support for employees	• Financial aid for the birth of a child; • Financial aid for funeral services • Financial assistance to large and low-income families; • Social paid leave; • Allocation of funds to the Veterans' Council • Retirement benefits • Program to support pensioners and WWII, labour and enterprise veterans.
Sports and recreational activities	• Reimbursement of expenses for meals to participants of sports competitions • Allocation of funds for health improvement and collective rest.

The main task is hydro- and thermal insulation of pipelines, so that heat reaches the houses in full.
The most important thing in my profession is to work in a team, close work brings results.

With experience the complexity of the work becomes less noticeable.

VITALY GAFAROV

Insulator on thermal insulation thermal insulation section repair management
16 years of work experience

Social assistance due to maternity or paternity

Name of the Company	Number of employees who took maternity leave and childbirth/ child care during the year			Number of employees who took maternity leave and childbirth/child care as of the end of the year	Number of employees who, came out of vacations pregnancy and childbirth/care child during the year
	women	men	total		
SEVKAZENERGO JSC	9	0	9	14	6
North Kazakhstan Regional Electric Distribution Company JSC	10	0	10	23	11
Petropavlovsk Heating Networks LLP	2	0	2	5	2
Sevkazenergosbyt LLP	8	0	8	14	3
Total:	**29**	**0**	**29**	**56**	**22**

For social work with pensioners, the Collective Agreement provides for the allocation of funds to the Council of Veterans at all enterprises of the group. Every year, veterans of the Great Patriotic War and labour are honoured with the provision of financial support to the unemployed to pensioners in the form of food packages, cash rewards, provision of coal. Patronage is carried out veterans at home, concert programs and festive dinners are held for May 9 and the Day of the Elderly human.

For workers who need better housing conditions, there are two dormitories: the first designed for 29 beds, the second one - 90 apartments small family dormitory, commissioned in 2016.

In 2016, within the framework of a public-private partnership, the ALAKAI kindergarten for 320 children was opened. The kindergarten is attended by children of employees and residents of Petropavlovsk. On 5 thousand square meters there are cozy halls equipped with everything necessary for classes, children's games and children's recreation. A speech therapist works with children, educational games and classes in fine and applied arts, dancing, singing are held, Kazakh and English languages, karate. The Studio of development and preparation of children for school is also operating.

Sports and health events

In 2023 competitions in swimming, checkers, mini-football were held among employees of SEVKAZENERGO Group of companies. In total, 72 employees participated in these disciplines. The first place was retained by the 2022 winners - workers North-Kazakhstan REDC JSC Traditionally, the participants of the winning teams were awarded valuable prizes. In addition, in August 2023 in Astana in the framework of celebrating the 15th anniversary of CAEPCO JSC, a Spartakiad in table tennis and mini- football, in which the Company's employees took the 2nd place overall team position. The event was attended by 13 athletes and 6 girls from the support group (cheerleaders).

Main plans for 2024

In 2024, the implementation of the policy will continue personnel management aimed at attracting, retention and development of the Company's professional staff. Within the framework of this area planned:

1. Further development of the PROFENERGY project the following directions:
   - a system of support for young professionals and improving the educational level of personnel;
   - mentoring project development;
   - key personnel development program;
   - essential professions program;
2. Improving key performance indicators efficiency in achieving strategic and operational goals of the Company.
3. Implementation of programs to improve the living conditions of employees of key and crucial professions.
4. Further automation of HR processes related to personnel development: adaptation, evaluation, training, etc

OCCUPATIONAL HEALTH AND SAFETY

GRI 403-1, 403-2, 403-4, 403-5, 403-7

SDG

Social policy
SEVKAZENERGO JSC is provided program of events for ensuring health protection employees, labour protection and safety at enterprises, improving the qualifications of personnel and corporate education culture. Actual costs to carry out activities on safety and labour protection, improving working conditions in 2023 amounted to 314,970,971.57 tenge.

Strategic goals in occupational safety and health and events held

Health and Safety Issues employees are one of the most important among the priority tasks, provided by the Program strategic development enterprises of the SEVKAZENERGO Group of Companies. Warning industrial injuries and occupational diseases is decisive in making all decisions in the Company.

The SEVKAZENERGO Group of Companies has implemented the following activities:

1. Employees are shown a video about the SEVKAZENERGO Group of Companies on conducting introductory briefings;
2. A transition was made to special clothing for electrical personnel with protection from thermal risks and electric arc;
3. Work has been done to promote OSH issues, memos for visitors and guests have been developed enterprises, fall prevention memos, about compliance with electrical safety rules, corporate posters in the field of OSH have been posted;
4. Mutual audits were conducted at the enterprises, aimed at preventing cases of injury, as well as incidents and accidents operation of the equipment; this made it possible to introduce a number of practices that have improved the overall situation and occupational safety indicators;
5. Mobile video recorders have been purchased to improve labour discipline and responsibility of production personnel during operational changes, preparation of work places, installation/removal of grounding at workplaces and on overhead lines, etc.;
6. Video cameras are installed around the perimeter and in the premises to ensure compliance speed limit for motor vehicles, compliance workers of safety and security rules labour, fire safety;
7. Events dedicated to the World Day of Occupational Health and Safety were held -

- Informing staff through propaganda posters;
- Encouraging employees with gratitude letters, etc. for safe work;
- Occupational safety and health meetings.

The following provisions have been implemented and are in operation regulations:

- Regulation on the signal sheet (all received the signal sheets are analysed by the shop managers, I develop activities on their basis);
- Regulations on additional safety signs (on all doors of electrical rooms, doors electrical cabinets, electrical equipment safety signs are placed: combined, prohibiting, warning, fire signs safety, indicative, prescriptive, evacuation, medical and sanitary signs appointments);
- Safety regulations for interaction vehicles and pedestrians on the territory Petropavlovsk CHPP-2 of SEVKAZENERGO JSC (adapted to Petropavlovsk Heating Networks LLP, North Kazakhstan Regional Electric Distribution Company JSC);
- Regulations on the organisation of workers' activities groups for certification of workplaces of production units of the SEVKAZENERGO Group of Companies;
- Regulations for the preparation of an annual work plan with security and safety personnel work for the SEVKAZENERGO Group of Companies;
- Regulations of SEVKAZENERGO on ensuring safety when working at height (contracting organisations are also guided by this);
- Regulations on the use and testing of products protection, tools, devices and instruments used during operation and repair electrical installations;
- Regulations on the technical description of the personal protective equipment used and on the procedure provision of personal protective equipment employees of Petropavlovsk CHPP-2 of SEVKAZENERGO JSC;
- Regulations on the procedure for observing safety measures when performing work in confined spaces on the territory of the SEVKAZENERGO Group of Companies;
- Regulations on the consumption of tobacco products on the territory of enterprises of the SEVKAZENERGO Group;
- Regulations on interaction of the SEVKAZENERGO Group of Companies with contractors in areas of safety, labour protection and ecology;
- Regulations on the procedure for notification, investigation and recording of accidents related to with work experience at the SEVKAZENERGO Group of Companies;
- Regulations for the organisation and conduct of mandatory certification of production facilities for working conditions in the SEVKAZENERGO Group of Companies;
- Regulations for monitoring the state of Occupational Health and Safety in the SEVKAZENERGO Group of Companies;
- Regulations on conducting tests of qualification knowledge in the field of safety and security labour, technical operation rules, provision first aid to victims, fire safety in the scope of fire safety minimum, special rules for SEVKAZENERGO JSC;
- Regulations on the procedure for conducting pre-shift and post-shift medical examinations of workers and contractors performing work on territories of the SEVKAZENERGO Group of Companies;
- Regulations on the provision of first aid to persons without medical education, including those who have undergone appropriate training at enterprises SEVKAZENERGO Group of Companies;
- Regulation on the occupational safety management system in SEVKAZENERGO JSC
- Regulations on the frequency and procedure for rounds and inspections of workplaces;
- Regulation on compliance with essential requirements safety engineering, labour protection, industrial and fire safety, sanitary standards, environmental legislation in the territory North-Kazakhstan REDC JSC.

For the SEVKAZENERGO Group of Companies:

- Staff are provided with information bulletins "Retrospective of accidents and analysis of technological violations that occurred at energy enterprises in 2023 comparison with 2022", analysis of production injuries in 2023 compared to 2022;
- During the year, production testing of samples of personal protective equipment (special clothing and special footwear), and also issued relevant documents (acts, protocols) on the results of these tests;
- Working conditions at workplaces have been improved, safe working conditions have been created, equipment has been brought into compliance with standard requirements labour safety, sanitary norms and rules;
- An automated three-stage control system is in operation in the area of safety and labour protection 1C Safety Walk.
- First impression of the Company, organisation work new employees, business travelers, persons, sent for industrial practice, are received during the introductory briefing. are conducted in the office of the management/security and labour protection service using technical training tools. Employees also undergo initial on-the-job training, which conducted by the head of the structural unit or his deputy with a demonstration of safe work techniques and methods.
- Once a quarter, the manager conducts a refresher training to maintain and expand knowledge of regulatory and legal acts by employees, improve operating and repair methods equipment. Following the completion of the briefing (introductory, primary, refresher), a checking acquired knowledge using checklists.

- Safety Day (TB Day) is held monthly, its purpose is to identify violations requirements of the current rules, regulations, and instructions. Afterwards, a discussion begins on the identified comments with the preparation of reports in which measures to eliminate them are planned. Days safety techniques allow for more in-depth and to check in detail compliance with regulatory requirements.
- A qualification test of knowledge is carried out in the field of occupational health and safety, power plant operation techniques and networks, providing first aid to victims, fire safety in the amount of fire-technical minimum, special rules Control is carried out in two stages: testing and oral interview.
- There is constant and periodic monitoring: inspections, examinations of the technical condition of equipment, buildings and structures. Persons responsible for the condition and safety of operation of these facilities, as well as technical and technological supervision. Developed job descriptions for all categories specialists and workers, instructions on safety and labour protection for blue-collar jobs and types of work, operating instructions and other regulatory documentation.
- A list of hazards and risks has been developed for each workstation in the division. In it hazardous and harmful production processes are reflected factors affecting the workplace, conditions their occurrence, the object of influence, undesirable events, risk assessment and control measures, list of significant hazards and risks for the enterprise.

My task is to maintain a reliable, economical, with the maximum possible efficiency of the operating mode stations.

The most difficult and important thing in my professions is control, timeliness and correctness of starts and stops main equipment of the station, maintaining consistency of switching operations in electrical and thermal circuits, not allowing equipment to malfunction. Acceptance of technically correct solutions.

PAVEL DEDOV

Shift Supervisor of the Service exploitation
16 years of work experience

For SEVKAZENERGO JSC Petropavlovsk CHPP-2:

- a project for replacing the perimeter fence has been developed stations;
- a comprehensive inspection of the smoke pipes using special means of non-destructive and thermal imaging testing;
- fixed assets, special fats, soap, and medicines were purchased;
- repairs were made in the men's and women's showers old administrative building;
- repairs were carried out in the chemical labouratories workshops;
- repairs were carried out in the precursor warehouse;
- renovations were carried out in the premises of the medical center;
- contactless and elbow faucets are installed;
- a room for temporary storage of medical waste was installed and provided with refrigeration equipment;
- a room for blowing off coal dust from work clothes was installed and put into operation boiler shop.

For Petropavlovsk Heating Networks LLP:

- passed a fire safety audit;
- computer equipment has been updated;
- certification of workplaces according to conditions was carried out labour;
- a pharmaceutical refrigerator for honey was purchased item;
- fixed assets, soap, napkins, milk, and medicines were purchased in full;
- at staff meetings, videos about accidents at other industrial enterprises are shown.

For North Kazakhstan Regional Electric Distribution Company JSC:

- a transition was made to special clothing for electrical personnel made from fabrics with protection against thermal risks and electric arc;
- the transition to individual funds has been made protection against falls from height - safety harnesses with five fixation points;
- fixed assets, special fats, soap, and medicines were purchased;
- mobile video recorders were purchased to improve labour discipline and responsibility production personnel during operational changes, preparation of work places, installation / removal of grounding at workplaces and on overhead power lines, etc.

The following was purchased for Sevkazenergosbyt LLP:

- bags for controllers;
- suits and robes for service personnel staff;
- dog repellents for controllers;
- medicines;
- milk;
- soap;
- uniforms for administrators and workers contact center;
- qualification certificates for controllers.

Occupational health and safety tips

1. The SEVKAZENERGO Group of Companies has been created. The Council is headed by a chairman from among the employees of the enterprise. Employer, representatives of the trade union organisation, including technical labour inspectors.

1.1. Industrial Safety Council and Occupational safety performs the following functions:

- consideration of proposals to eliminate identified violations in the field of safety and security labour. Creation of safe working conditions at the enterprise, development of programs, recommendations, decisions, etc., that meet the requirements of preserving the life and health of workers;
- consideration of the results of the survey of the state of labour protection conditions in the workplace, production areas, workshops and enterprises in general. Participation in conducting surveys on requests from employees, making orders on elimination of identified violations;
- study of the causes of industrial injuries and occupational diseases, analysis of the effectiveness of the measures taken under the conditions occupational safety and health, preparation of information and analytical materials on the actual the state of labour protection at the enterprise;
- analysis of the progress and results of workplace certification on working conditions, participation in the preparation of structural divisions and the enterprise as a whole for bringing permanent workplaces at production facilities into compliance with requirements;
- control over the condition and use sanitary and household premises and hygienic devices, providing workers with special clothing, footwear and other personal protective equipment, their correct use, provision of therapeutic and prophylactic nutrition;
- control over the timely conduct of briefings, qualification tests of knowledge in areas of occupational safety and health;
- preparation and submission to the employer of proposals for improving work on security labour and maintaining the health of workers, creation systems of moral and material incentives for employees who comply with the requirements security;
- consideration of controversial issues that arise during the process of conducting inspections of the state labour protection conditions, decision-making on them;
- participation in work to promote safety and occupational safety at the enterprise, increasing the responsibility of employees for compliance with requirements on occupational safety and health.

1.2. Technical labour protection inspectors work in each subsidiary. They interact with department heads, security and safety services labour, inspection of exploitation, inspection of supervision of industrial safety facilities, and also with state labour inspectors, supervision and control.

1.3. The main functions of technical labour protection inspectors are as follows:

- participation in inspections at workplaces, evaluation of results, making proposals for production council for bringing conditions into line in accordance with state regulations requirements;
- control over the condition and intended use of sanitary and household premises, facilities collective and individual protection;
- control over the timely conduct of briefings, qualification tests of knowledge in areas of safety and labour protection.

Types and level of occupational injuries

1. For the SEVKAZENERGO Group of Companies in 2023 There was 1 accident (North Kazakhstan Regional Electric Distribution Company JSC).

1.1. Classification of accidents by type of accidents in 2023:

- falling objects, materials.

1.2. The causes of accidents were:

- gross negligence of the victim;
- poor organisation of production works.

1.3. Activities of contractors involved in the enterprise's production facilities controlled by:

- scheduled and unannounced inspections of the condition occupational safety and health in contractors and briefings for contractor personnel;
- informing about accidents by bulletins cases in order to convey the reasons and prevent repetition of similar cases in the future;
- implementation of corporate OHS standards;
- conducting occupational health and safety days;
- meetings on occupational safety and health.

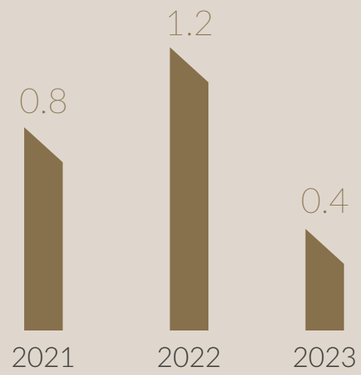
1.4. The actual costs of implementing activities on occupational safety and health, improving conditions labour in 2023 amounted to 314,970,971.57 tenge. Financial resources were invested in providing workers with necessary personal protective equipment, in including electrical protective equipment, special nutrition, medicines, personnel training, and the acquisition of equipment fire extinguishing, as well as the implementation of measures to additional lighting of workplaces, repairs ventilation and air conditioning systems, repair buildings and structures, etc.

1.5. In accordance with the requirements of the law of the Republic Kazakhstan "On compulsory insurance of employees from accidents in the performance of their work duties (official) duties" all employees of enterprises Companies are insured against accidents.

The level of occupational injuries

	2021	2022	2023
Headcount	2,481	2,365	2,245
Number of traumatic cases	2	3	1
Number of victims / of which women	0	1	0
Number of fatal cases	**0**	**1**	**1**

Total accident frequency rate (TIFR) per 1,000 workers

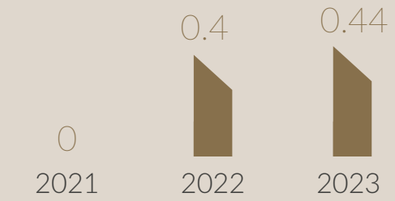


The total accident frequency rate (TIFR) per 1000 workers was calculated using the formula:

$$KCH = \frac{n \times 1{,}000}{N}, \text{ where}$$

n – the total number of victims of industrial accidents during the reporting period;
N – average number of employees.

Fatal Injury Frequency Rate (FIFR) per 1,000 workers



The fatal accident frequency rate (FIFR) per 1000 workers was calculated using the formula:

$$KCH1 = \frac{n_1 \times 1{,}000}{N}, \text{ where}$$

n1 – the number of fatal industrial accidents during the reporting period;
N – average number of employees.

The accident frequency rate at work for 2023 for the SEVKAZENERGO Group of Companies (TIFR) per 1,000 employees was 0.4.
Fatal Injury Frequency Rate (FIFR) for 2023 at work per 1,000 employees – 0.4
The system of registration, reporting and notification of accidents, operating in the SEVKAZENERGO Group of Companies, complies with the requirements of the legislation of the Republic of Kazakhstan and the International Labour Organisation.

Employees of the Corporation, professional activity which is associated with high risk of injury

The maintenance and repair of power equipment is associated with high risks. To ensure safety during work training of personnel is carried out in electrical installations, organisational and technical measures, and control over their implementation is carried out. The personnel is provided with the necessary personal protective equipment protection, electrical protective equipment and others.

Plans for the implementation of practices in the field of OSH for 2024

1. Observance of the World Day for Safety and Health at Work;
2. Training of enterprise personnel in matters of health protection and occupational safety, first aid, fire safety;
3. Mutual audits;
4. Maximum provision of employees with personal protective equipment;
5. Conducting interaction/exchange of information with security and safety personnel labour;
6. Inspection of buildings and structures, load-bearing metal structures at industrial facilities groups of companies;
7. Catching stray dogs by a specialised organisation;
8. Purchase of fixed assets, special fats, medicines according to the 2024 budget;
9. Competitions of professional skills among divisions;
10. Training of employees in ensuring safety and labour protection when working at height.

- The management of each electric grid district of the Company, together with specialists from the safety and labour protection service, conducts a survey among the population informational and explanatory work on the topic compliance with safety regulations near operating electrical installations and power lines.
- Promotions are held at the beginning and end of the school year for the prevention and control of childhood electrical injuries, why is there a service in schools BiOT sends out lectures on how to avoid electric shock.
- In order to warn the population and staff on the dangers of all electrical installations operated by subsidiaries, are posted safety signs and inscriptions, all equipment protected from unauthorised entry, there are appropriate fences and locks and blocking.
- Articles are published in regional and district media, aimed at preventing injuries, including children, and public health protection.

Consumer safety

Ensuring the health and safety of consumers in sales enterprises:

- In a sales Company, in order to ensure consumer safety and health protection the following activities were carried out:
  - entrance areas of service center buildings are equipped with anti-slip rubber rugs;
  - for people with disabilities, service center buildings are equipped with ramps or buttons to call personnel for assistance;
  - service center buildings are equipped with video surveillance systems;
  - all service centers are provided with medical first aid kits stocked with necessary medications;
  - service centers are equipped with air conditioning systems
  - in order to comply with fire safety in fire and security systems are installed in service centers alarm, primary means available fire extinguishing;
  - fire evacuation plans are posted in prominent places in service centers, free opening of doors is ensured evacuation exits towards the exit from premises.

SEVKAZENERGO

THE BEST POWER ENGINEERS WORK HERE

ANNEX 1

GRI 2-3, 2-4, 2-14, 2-5, 3-1, 3-2

SIGNIFICANT ASPECTS AND BOUNDARIES REPORTING

SEVKAZENERGO JSC has been publishing an annual report on an annual basis since 2013. The previous annual report for 2022 was published in August 2023.

This Company report presents information on the activities of SEVKAZENERGO JSC and its subsidiaries enterprises. The document contains a report on sustainable development, formed in accordance with the recommendations of the GRI standard. The basic disclosure options and the GRI Electric Power Industry Appendix were used in the preparation of the report.

There were no significant changes in the content of the report, although the Company switched to using disclosure requirements according to GRI Standards 2021 The table showing the location of standard reporting elements and indicators is located in the GRI Elements Index section. This report does not underwent external certification.

Only the most significant sustainable development topics were included in the report. In determining the content of the report took into account the results of the interaction with stakeholders, the principle was observed comprehensiveness and the broader sustainability context. The quality of the report was ensured by adherence to the principles of accuracy, balance, clarity, reliability, comparability and urgency.

The selection of material topics for the report was based on the principle of materiality, which allows the identification of aspects that have a significant impact on stakeholders and the environment. The materiality process involves identifying stakeholders, analyzing their interests and expectations, and assessing the impact on aspects such as environmental, social, economic and governance.

The material aspects were prioritized according to the criteria «regularity of actual impacts», «likelihood of potential impacts», «magnitude of positive and negative impacts» and «scale and scope of impacts», «materiality». Assessment Significance was assessed on a 5-point scale, and likelihood was assessed on a scale from 0 to 1.

The issue of emissions is primarily related to the Company's indirect impact on stakeholders outside the organization.

Sustainable Development Goals (SDGs) are globally accepted goals that aim to eradicate poverty, fight inequality and injustice, protect the planet and ensure peace and prosperity for all people.

By 2030, they were selected **17 key areas**, the implementation of which can potentially bring the country towards sustainable development all major spheres of life and solving global problems, concerning every person in this world.

The process of implementation and achievement of SDGs is constantly monitored both by representatives of the UN, and from the government side of the Republic of Kazakhstan.

To achieve this effectively SDG, Inter-agency and an expert group on indicators of achievement Sustainable Development Goals development (MUEG - SDG), was a system of global indicators, with the possibility for each Member State UN nationalise these indicators.

Today the system monitoring of Kazakhstan achieving the SDGs includes contains **280 indicators**, of which there are **205 global and 75 national indicators.**

more details:

ANNEX 2
GRI INDEX

Indicator	Disclosure	Report Section/Comment	Page
SDG, GRI 1: Basics (2021, 2016)			
GRI 2: The Company and its Reporting Practices (2021)			
2-1	Organisation Information	Key Information About the Company	10, 24
2-2	Entities included in the reporting sustainable development organisations development	Appendix № 1	137
2-3	Reporting period, frequency and contacts	Appendix № 1 Significant aspects and boundaries reporting	137
2-4	Revision of information	Revision of data and information is not was conducted	
2-5	External certification	External certification was not performed	
GRI 2: Company Activities and its People (2021)			
2-6 SDG 2,8,9,11,17	Company activities, chain value creation and others business relations	Key information About the Company Market analysis	10, 24, 38
2-6 SDG 9,11,17	The industry in which the Company operates carries out activities	Analysis of the market environment	38
2-7 SDG 8	Reporting period, frequency and contacts	Personnel and social policy	113
2-8 SDG 8	Employees	Human Resources and Social Policy	113
Corporate governance			
GRI 2: Corporate Governance (2021)			
2-9 SDG 5	Structure and composition of organs management	Corporate governance Organisational structure	64, 65
2-10	Appointment and selection of higher governing body	Board of Directors. Selection and appointment	66
2-11	Chairman of the Supreme governing body	Board of Directors Board of Directors composition	66, 68
2-12 SDG 16	The role of the highest governing body in the supervision of impact management	Board of Directors Results of the Committees' activities at the Board of Directors	66, 71
2-13 SDG 16	Delegation of responsibility for impact management	Board of Directors Results of the Committees' activities at the Board of Directors	66, 71
2-14 SDG 16	The role of the highest governing body in sustainability reporting development	Board of Directors Results of the Committees' activities at the Board of Directors	66, 71

Indicator	Disclosure	Report Section/Comment	Page
GRI 2: Corporate Governance (2021)			
2-15 SDG 16	Conflicts of Interest	Conflicts of Interest	75
2-16 SDG 17	Informing senior management about key issues	Information policy	76
2-17	Collective knowledge of the highest governance body	Board of Directors	66
2-18	Evaluation of the performance of the highest governance body	Activities of the Board of Directors for 2023	70
2-19	Remuneration Policy	Remuneration Policy	73
2-20	The process of determination rewards	Board of Directors Remuneration Policy	66, 73
GRI 2: Strategy, policy, practice			
2-22	Statement of Sustainable Development Strategy development	Letter of the Chairman of the Management Board Development strategy Development Prospects	4, 35, 60
2-23	Commitment to policies	Compliance with the core principles of the code corporate governance in 2023	73
2-24	Fulfilment of the undertaken obligations	Compliance with the basic principles of the code corporate governance in 2023	73
2-25	Eliminating the negative impacts	Internal control and audit External audit Risk management In 2023, there were no Company regarding negative consequences that Society caused.	76, 77, 80
2-26	Mechanisms for obtaining consultations and expressions concerns	Internal control and audit External audit	76, 77
2-27	Compliance with Laws	State Environmental Control In 2023, following an inspection of compliance with environmental legislation, orders were issued	108
2-28 SDG 17	Membership in associations	CAEPCO JSC is a member ALE "KAZENERGY"	
2-29	Approach to stakeholder engagement	Sustainable development Interaction with stakeholders parties	102
2-30 SDG 2,4,7,8, 9,11, 12,17	Collective agreements	The Company has collective agreements in force	

Indicator	Disclosure	Report Section/Comment	Page
GRI 3: Material Topics (2016)			
3-1	The process of determination essential topics	Annex № 1 Significant aspects and boundaries reporting	137
3-2	List of significant topics	Annex № 1 Significant aspects and boundaries reporting	137
Economy			
GRI 201: Economic Indicators (2016)			
3-3	Management of Material Topics	About the Company Financial and economic indicators	24, 54
201-1 SDG 4,613	Created and distributed direct economic value	About the Company Financial and economic indicators	24, 54
201-2 SDG 13	Financial Impact and others risks and opportunities from climate change	Climate change	106
201-3 SDG 2,3	Commitments under the plan established payments and other pension plans	All employees of the Company are covered by the state pension system and pay mandatory pension contributions.	
GRI 202: Market Presence (2016)			
3-3	Management of Material Topics	Corporate Governance Board of Directors	64, 66
202-2	Percentage of senior management in significant locations, recruited from the local community	Corporate Governance Board of Directors	64, 66
GRI 203: Indirect Economic Impacts (2016)			
3-3	Management of material topics	Results of the investment program Reconstruction and modernisation plans	45, 60
203-1	Supported Investments in infrastructure and services	Results of the investment program Reconstruction and modernisation plans	45, 60
203-2 SDG 3,4,8,11,17	Significant indirect economic impact	Address by the Chairman of the Council directors	4
GRI 205: Anti-Corruption (2016)			
3-3 SDG 16	Governance of material topics	Sustainable development Anti-corruption	102, 104
205-2 SDG 16	Information and training on issues of anti-corruption policies and procedures	Sustainable development Anti-corruption	102, 104
205-3	Confirmed cases of corruption and actions taken	In 2023, there were no recorded cases of employees of the Company of Corruption Offenses	

Indicator	Disclosure	Report Section/Comment	Page
Environmental aspects			
GRI 301: Materials (2016)			
3-3 SDG 11,12	Governance of material topics	Sustainable development Materials used	102, 106
301-1 SDG 11,12	Materials used by weight or volume	Sustainable development Materials used	102, 106
GRI 302: Energy (2016)			
3-3	Management of Material Themes	Sustainable Development Energy Saving	102, 108
302-1	Energy consumption inside organisations	Sustainable development Energy saving The Company's activities in the field of energy conservation and energy efficiency improvements are carried out on based on the international standard ISO 50001 "Systems energy management".	102, 108
GRI 303: Water and Wastewater (2016)			
3-3 SDG 6,11,12	Management of material topics	Sustainable development Water Resources	102, 109
303-5	Water consumption	Sustainable development Water Resources	102, 109
GRI 304: Biodiversity (2016)			
304-2	Significant impacts of products and services on biodiversity	Significant impact on flora and SEVKAZENERGO JSC does not provide any support to the fauna	
GRI 305: Emissions (2016)			
3-3	Management of Material Themes	Sustainable Development Emissions into the atmosphere	102, 107
305-1 SDG 3,11,12,13	Direct greenhouse gas emissions	Sustainable development Air emissions	102, 107
GRI 306: Waste (2016)			
3-3	Management of Material Themes	Sustainable Development Waste management	102, 110
306-1	Waste generation and significant impacts associated with waste	Sustainable development Waste management	102, 110
306-3	Waste generated	Sustainable development Compliance with environmental legislation of the Republic of Kazakhstan when storing ash and slag waste helps prevent environmental pollution environment with ash and slag waste from production.	102

Indicator	Disclosure	Report Section/Comment	Page
Social responsibility			
GRI 401: Employment (2016)			
3-3 SDG 8	Governance of material topics	Sustainable development Personnel and social policy	102, 113
401-1 SDG 8	Recruitment and turnover	Sustainable development Personnel and social policy	102, 113
GRI 402: Labour/Management Relations (2016)			
3-3 SDG 8	Governance of material topics	Social partnership	51
402-1 SDG 8	Minimum notice periods about changes in working conditions	Notification of changes in working conditions is carried out in accordance with the norms of the Kazakhstani labour law legislation	
GRI 404: Training and Education (2016)			
3-3 SDG 4,8	Governance of material topics	Sustainable development Personnel and social policy	102, 113
404-1 SDG 4,8	Average number of hours of training per year per employee	Sustainable development Personnel and social policy	102, 113
404-2	Employee development programs and programs assistance during the transition period	Sustainable development Personnel and social policy	102, 113
GRI 405: Diversity and equal opportunities (2016)			
405-1	Diversity of governing bodies and employees	Board of Directors Personnel and social policy	66, 113
GRI 406: Non-discrimination (2016)			
406-1 SDG 5,8,10	Cases of discrimination and measures taken measures to correct the situation	In 2023, no cases of discrimination were recorded	
GRI 403: Security Practices			
403-1 403-2 403-4 403-5 403-7 SDG 4	Security Management System labour. Prevention and mitigation of negative production impacts directly related to business relations of the organisation Participation of employees in ensuring labour safety, consultations with employees and providing them with information on security issues labour. Training in the field of labour protection labour for workers.	Sustainable development Occupational Safety and Health	102, 127

Indicator	Disclosure	Report Section/Comment	Page
GRI 413: Local Communities (2016)			
3-3 SDG 1,2,3,4,8, 10,11	Management of material topics	Sustainable development Social partnership	102, 51
413-1	Operations involving local communities, impact assessment and development programs	Sustainable development Social partnership	102, 51
GRI 415: Public Policy (2016)			
415-1 SDG 17	Political contributions	The Company does not make political contributions	
GRI 418 Consumer Privacy			
418-1 SDG 16	Client privacy. Valid complaints regarding privacy violations	There were no complaints of violations in 2023 confidentiality	
GRI G4 Electricity Industry Protocol			
G4-EU2	Power generation	About the Company Key indicators Energy production and sales	24, 18, 10
G4-EU3	Number of personal accounts of household, industrial, institutional and commercial consumers	Number of consumers	12
G4-EU4	Length of overhead and underground electricity transmission and distribution lines broken down by regulation modes	Key information Key resources PTL length	10, 18
G4-EU5	Emissions Allowance Allocation COR2R or equivalents	Sustainable development Climate change Air emissions	102, 106, 107

ANNEX 3
CONSOLIDATED AUDITED FINANCIAL STATEMENTS

SEVKAZENERGO JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(in thousands of tenge)

	Notes	31 December 2023	31 December 2022 (Restated*)
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	7	108,846,000	109,919,561
Advances paid	10	4,028,177	2,886,430
Deferred tax asset	32	676,284	718,709
Intangible assets		228,311	255,397
Other non-current assets	11	3,266	3,266
Loans issued	12	-	4,545,570
Total non-current assets		**113,782,038**	**118,328,933**
CURRENT ASSETS:			
Inventories	8	2,573,295	2,450,981
Trade receivables	9	4,341,407	3,803,100
Advances paid	10	547,947	417,688
Other current assets	11	776,143	941,672
Current portion of long-term loans issued	12	4,702,749	449,892
Income tax prepaid		272,062	256,672
Other financial assets		31,494	20,780
Cash and cash equivalents	13	340,578	665,563
Total current assets		**13,585,675**	**9,006,348**
TOTAL ASSETS		**127,367,713**	**127,335,281**
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	14	16,291,512	16,291,512
Additional paid-in capital		277,168	277,168
Reserve for the revaluation of property, plant and equipment		31,770,748	34,391,277
Retained earnings		11,557,422	6,290,880
Total equity		**59,896,850**	**57,250,837**
NON-CURRENT LIABILITIES:			
Bonds issued	16	3,000,000	3,500,000
Borrowings	17	8,051,260	-
Deferred income	18	442,779	549,704
Deferred tax liabilities	32	16,967,952	16,272,611
Asset decommissioning and restoration obligations	19	1,355,492	1,512,400
Employee benefit obligations		73,332	72,951
Total non-current liabilities		**29,890,815**	**21,907,666**

SEVKAZENERGO JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2023
(in thousands of tenge)

	Notes	31 December 2023	31 December 2022 (Restated*)
CURRENT LIABILITIES:			
Current portion of bonds issued	16	712,552	742,917
Borrowings	17	18,606,004	25,913,153
Trade payables	20	11,262,062	13,331,332
Advances received	21	1,697,378	2,426,167
Financial guarantee obligations	22	1,536,770	2,469,019
Current portion of employee benefit obligations		9,114	8,080
Other liabilities and accrued expenses	23	3,756,168	3,024,346
Income tax liability		-	261,764
Total current liabilities		**37,580,048**	**48,176,778**
Total liabilities		**67,470,863**	**70,084,444**
TOTAL EQUITY AND LIABILITIES		**127,367,713**	**127,335,281**

On behalf of Group management:

Kazanovsky A.A.
General Director

Alexeevene T.V.
Chief Accountant

28 June 2024
Petropavlovsk, Republic of Kazakhstan

The notes on pages 13-68 constitute integral part of these consolidated financial statements.

* Retrospective restatements of consolidated financial statements lines as disclosed in Note 5.

SEVKAZENERGO JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands of tenge)

	Notes	2023	2022
Revenue	24	53,039,047	35,877,738
Cost of sales	25	(45,600,642)	(33,153,512)
Gross profit		**7,438,405**	**2,724,226**
Selling expenses	26	(481,669)	(406,088)
General and administrative expenses	27	(2,922,235)	(2,558,162)
Finance costs	28	(4,565,194)	(4,680,028)
Finance income	29	1,753,229	1,900,709
Recovery of allowance for expected credit loss, net	4	47,613	1,103,885
Reversal/(accrual) of impairment loss on property, plant and equipment	7	744,845	(1,018,169)
Foreign exchange gain/(loss), net	31	463,510	(1,017,799)
Other income	30	606,228	700,778
Other expenses	30	(322,904)	(812,493)
Profit/(loss) before tax		**2,761,828**	**(4,063,141)**
Income tax (expense)/benefit	32	(613,376)	126,861
PROFIT/(LOSS) FOR THE YEAR		**2,148,452**	**(3,936,280)**
Items that will not be reclassified subsequently to profit or loss:			
Reversal/(accrual) of impairment loss on property, plant and equipment, net of deferred tax	7	23,510	(7,652,677)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR NET OF INCOME TAX		**23,510**	**(7,652,677)**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**2,171,962**	**(11,588,957)**
EARNINGS PER SHARE			
Profit/(loss) for the year per share, basic and diluted, in tenge	15	**14,93**	**(27.36)**

On behalf of Group management:

Kazanovsky A.A.
General Director

Alexeevene T.V.
Chief Accountant

28 June 2024
Petropavlovsk, Republic of Kazakhstan

The notes on pages 13-68 constitute integral part of these consolidated financial statements.

SEVKAZENERGO JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands of tenge)

	Share capital	Additional paid-in capital	Reserve for the revaluation of property, plant and equipment	Retained earnings	Total capital
As at 1 January 2022	**16,291,512**	**277,168**	**45,629,951**	**9,893,738**	**72,092,369**
Net loss for the year	-	-	-	(3,936,280)	(3,936,280)
Other comprehensive loss	-	-	(7,652,677)	-	(7,652,677)
Total comprehensive loss for the year	**-**	**-**	**(7,652,677)**	**(3,936,280)**	**(11,588,957)**
Amortisation of revaluation reserve on property, plant and equipment	-	-	(3,585,997)	3,585,997	-
Net effect on derecognition and recognition of loans issued (Note 12)	-	-	-	(1,838,259)	(1,838,259)
Net effect on derecognition and recognition of financial guarantees (Note 22)	-	-	-	(1,414,316)	(1,414,316)
As at 31 December 2022	**16,291,512**	**277,168**	**34,391,277**	**6,290,880**	**57,250,837**
Net profit for the year	-	-	-	2,148,452	2,148,452
Other comprehensive income	-	-	23,510	-	23,510
Total comprehensive income for the year	**-**	**-**	**23,510**	**2,148,452**	**2,171,962**
Amortisation of revaluation reserve on property, plant and equipment	-	-	(2,644,039)	2,644,039	-
Net effect on derecognition and recognition of loans issued (Note 12)	-	-	-	(47,739)	(47,739)
Net effect on derecognition and recognition of financial guarantees (Note 22)	-	-	-	521,790	521,790
As at 31 December 2023	**16,291,512**	**277,168**	**31,770,748**	**11,557,422**	**59,896,850**

On behalf of Group management:

Kazanovsky A.A.
General Director

Alexeevene T.V.
Chief Accountant

28 June 2024
Petropavlovsk, Republic of Kazakhstan

The notes on pages 13-68 constitute integral part of these consolidated financial statements.

SEVKAZENERGO JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands of tenge)

	Notes	2023	2022 (Restated*)
Profit/(loss) before tax		**2,761,828**	**(4,063,141)**
Adjustments for:			
Depreciation and amortisation	25,26,27,30	7,728,791	7,735,514
Finance costs	28	4,565,194	4,680,028
Recovery of allowance for expected credit loss	4	(47,613)	(1,103,885)
Accrual of allowance for slow-moving and obsolete inventories	30	49,850	30,410
Loss on disposal of assets	30	66,094	503,245
(Reversal)/accrual of impairment loss on property, plant and equipment	7	(744,845)	1,018,169
Foreign exchange (gain)/loss, net	31	(463,510)	1,017,799
Amortisation of deferred income - income from government grants	30	(106,925)	(106,926)
Finance income	29	(1,753,229)	(1,900,709)
Others		(45,954)	(156,827)
Operating cash flows before movements in working capital		**12,009,681**	**7,653,677**
Change in inventories		(71,779)	1,256,850
Change in trade receivables		(809,084)	1,680,584
Change in advances paid for acquisition of current assets		(130,259)	1,663,994
Change in other current assets		155,867	(321,873)
Change in trade payables		3,553,446	1,505,168
Change in advances received		(728,789)	1,812,955
Change in other liabilities and accrued expenses		871,962	55,765
Change in employee benefit obligations		-	689
Cash generated by operations		**14,851,045**	**15,307,809**
Income tax paid		(423,451)	(497,511)
Interest paid	16,17	(4,258,835)	(4,297,652)
Net cash from operating activities		**10,168,759**	**10,512,646**

SEVKAZENERGO JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands of tenge)

	Notes	2023	2022 (Restated*)
Investing activities			
Purchase of property, plant, and equipment		(13,021,888)	(8,417,903)
Purchase of intangible assets		(36,537)	(20,974)
Withdrawn of cash from deposits		105,268	41,814
Repayment of loans issued to related parties	12	1,900,000	3,049,696
Receipt under the contract of assignment of the right to claim debt	29	-	856,000
Other investing activities		-	14,781
Net cash used in investing activities		**(11,053,157)**	**(4,476,586)**
Financing activities			
Proceeds from loans	17	16,490,205	9,521,774
Repayment of loans	17	(15,430,968)	(14,650,909)
Repurchase of bonds	16	(500,000)	(500,000)
Repayment of principal on lease		-	(32,699)
Net cash from/(used in) financing activities		**559,237**	**(5,661,834)**
Net (decrease)/increase in cash and cash equivalents		**(325,161)**	**374,226**
Cash and cash equivalents at beginning of year	13	**665,563**	**291,377**
Change in allowance for expected credit losses	13	490	(723)
Effect of changes in foreign exchange rates on cash balances in a foreign currency	31	(314)	683
Cash and cash equivalents at end of year	13	**340,578**	**665,563**

On behalf of Group management:

Kazanovsky A.A.
General Director

Alexeevene T.V.
Chief Accountant

28 June 2024
Petropavlovsk, Republic of Kazakhstan

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* Retrospective restatements of consolidated financial statements lines as disclosed in Note 5

GLOSSARY

Overhead transmission lines	the structures intended for transmission of electric power over a distance by wires
Gigacalorie	a unit of measurement of thermal energy used for assessment in the heat power industry, heating systems and the utilities sector
Gigacalories per hour	a derived unit of measurement used to specify the amount of heat produced or used by a certain equipment per a unit of time
Ash	an incombustible residue (in the form of dust) which consists of mineral impurities left after complete combustion of fuel
Ash dump site	a place for collection and disposal of waste ash and slag generated during combustion of solid fuel at combined heat and power plants
Calories	an off-system unit for measuring the amount of heat
Boiler	a device for generating pressurized steam or hot water through fuel combustion, use of electric power, heat of exhaust gas or technological process
Power transmission line or PTL	a structure consisting of wires (cables) and auxiliary devices for transmission of electric power from power plants to consumers
Megawatt	a unit of power measurement in electric power production
Substation	an electric installation used for conversion and distribution of electric power and consisting of transformers or other power converters, switchgear, control devices and auxiliary facilities
Available capacity of a unit (plant)	an installed capacity of a generating unit (plant) less its capacity limitations
Combined heat and power plant or CHP or cogeneration unit	a thermal power plant generating not only electric power, but also heat supplied to consumers in the form of steam and hot water
Transformer (from Latin: transformare, 'transform')	a device for converting any significant properties of energy (eg, electric transformer, torque converter) or objects (e.g., photo transformer)
Turbine generator	a combination of a steam turbine, electricity generator and exciter united by one shaft train; it converts potential energy of steam into electric power
Installed capacity	an effective value of the turbine generators' rated capacity
Installed heat capacity of the plant	the sum of all rated heating capacities for all the equipment commissioned under the act and designed for supplying heat to external consumers and steam and hot water for internal needs
Installed electrical capacity of the energy system	total effective capacity of all turbo and hydropower generators of power plants in the energy system in accordance with their passports or specifications

Emulsifier	a wet ash and dust cleaning device operating in the phase inversion mode
CTF	Clean Technology Fund
EBITDA	an analytical indicator, which equals earnings before interest, taxation, depreciation and amortisation
ESAP	Environmental and Social Action Plan
ISO	International Organization for Standardization
KEGOC	Kazakhstan Electricity Grid Operating Company JSC
OHSAS	Occupational Health and Safety Assessment System
JSC	a joint-stock Company
ASCAHE	automatic system for commercial accounting for heat energy
ASCAE	automatic system for commercial accounting of electricity
GDP	gross domestic product
OHL	overhead lines
Gcal	gigacalorie
Gcal/hr	mean gigacalorie per hour
GTPP	gas turbine power plant
HEPP	hydroelectric power plant
EBRD	European Bank for Reconstruction and Development
kW/h	kilowatt per hour
MW	megawatt
NGO	a non-governmental organisation
RK	Republic of Kazakhstan
ICS	internal control system

BoD	Board of Directors
SKE	SEVKAZENERGO JSC.
RMS	risk management systems
LLP	a limited liability partnership under the laws of the Republic of Kazakhstan
TPP	a thermal power plant
CHP	is a combined heat and power plant
CAPEC	Central-Asian Power Energy Company JSC
CAEPCO	Central-Asian Electric Power Corporation JSC

CONTACTS

SEVKAZENERGO JSC

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