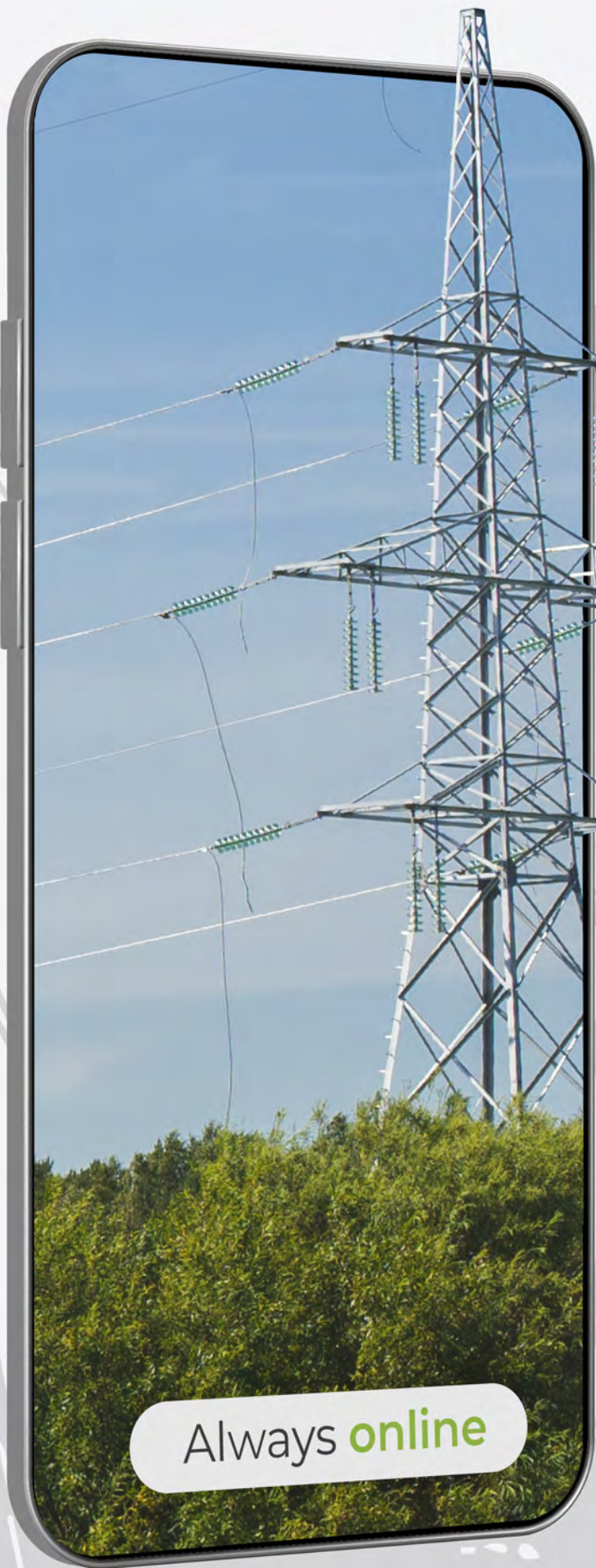




**SEVKAZENERGO**



Always **online**

2021

# ANNUAL REPORT





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**sevkazenergo\_21**  
Petropavlovsk, Kazakhstan

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Leonid Yanushko



Chairman of the Board of Directors of SEVKAZENERGO JSC

The goal of SEVKAZENERGO JSC is to provide heat to consumers, especially during severe frosts, while not forgetting about the environmental component of production.

#Management

The main priority of our investment program was to ensure the reliability of energy supply to thousands of regional consumers while reducing the percentage of wear of the main equipment by 33.4 % from 2009 to 2021. Positive dynamics is also observed in the growth of installed electric capacity by 42.3 % and an increase in electric power generation by 13.6 % over the same period.

What are the priority tasks for SEVKAZENERGO JSC in 2021?

The world Agenda of 2021, of course, was built on the way out of the restrictions imposed as a result of the COVID-19 pandemic. The result was the economic recovery and the return of confidence in the future to the markets. The need for a sustainable energy supply for the development of production and construction has shown us how important stable investments in the energy complex are. Kazakhstan's energy sector must be ready for rapid transformation to meet the new requirements of a world that has experienced prolonged isolation. At that, over the past few years, generating facilities have been forced to work without profitability, but in conditions of constantly increasing costs for fuel, transportation and metal. Stations require investments, and these investments need to be provided with sufficient resources, the level of the tariff. The current situation has become a test of resilience for our generating assets as well. Clearly aware of all the realities, the company has set itself the main task: to maintain the direction of development of the investment program. **Adhering to the policy of strict financial discipline, instead of the planned 3.87 billion tenge, 3.89 billion tenge was allocated for the implementation of major projects by the end of 2021. The results of our activities have confirmed the correctness of our selected strategy. I would like to note that in performing any tasks, we rely not only on finances, but also on the human potential of dedicated employees.**

What is the role of the investment program in the company's development?

**Our key indicators** are the result of the postural fulfillment of the obligations assumed to carry out major repairs and modernisation of the main equipment. In addition, we continue to expand the use of digital technologies as an installation of the ASCAHE system for household and industrial consumers. Since the beginning of the program, more than 33 thousand automated commercial heat metering systems have been installed. With the use of modern technologies, energy consumption is not only controlled, but also the process of maintenance of heating networks is simplified.

What is the environmental agenda of SEVKAZENERGO JSC?

The issues of climate change and reduction of hydrocarbon emissions are actively discussed in the international arena. States announce plans to become carbon neutral, that is, to recycle and dispose of as many greenhouse gas emissions as are produced. This is important to reduce environmental damage. Kazakhstan has also embarked on decarbonisation of the economy. At that, coal remains an important source of heat for the Northern region, where economic and climatic factors do not allow switching to alternative energy sources, and cold weather lasts about five months out of twelve.

The goal of SEVKAZENERGO JSC is to provide heat to consumers, especially during severe frosts, while not forgetting about the environmental component of production. In 2021, as a result of the supervisory audit, the company's activities were certified for compliance with the requirements of international standards ISO 14001, Environmental Management System. In addition, in order to obtain an expert assessment of the actual technological condition of the plant, the company conducted a comprehensive technological audit together with experts from the International Center for Green Technologies and Investment Projects NJSC. Also, in accordance with Chapter 20 "State regulation in the area of greenhouse gas emissions and removals" of the Environmental Code of the Republic of Kazakhstan, a service for conducting an inventory of greenhouse gas emissions and verifying the report on the inventory of greenhouse gases was implemented.

We are closely following the development of national hydrocarbon regulation. I would like to believe that the issues of the introduction of BAT (the best permissible technologies), carbon emission quotas, as well as liquidation deposits will take into account the technological features of production cycles, the age and capabilities of each station individually. No matter what, SEVKAZENERGO JSC will make every effort to pass any tests with dignity, realising that behind us there are people who need light and heat, our employees, as well as business partners, so all obligations will be fulfilled.

**Oleg Perfilov**



**General Director of SEVKAZENERGO JSC**

#Management

**What is the significance of 2021 for SEVKAZENERGO JSC?**

Last year was not easy for SEVKAZENERGO JSC and its employees, it was a kind of test of strength. The Company's enterprises have successfully implemented many planned and unplanned measures for repairs, reconstruction and modernisation of equipment. Power engineers have carried out a large amount of work on the reconstruction of the main and auxiliary equipment of the main generating station, and more needs to be done in the current and subsequent years. Petropavlovsk CHP-2 continues its campaign to introduce energy-saving and energy-efficient technologies in the production and transmission of energy, as well as activities under the investment program.

**How does the introduction of modern equipment affect the work of SEVKAZENERGO JSC Group of Companies?**

As a result of the implementation of the investment program, the share of updated production assets, including generating equipment of the plant and communication transformers, amounted to 61.54 %. The amount of polluting emissions was 40.094 thousand tons, a reduction was 11.1 %.

Energy transmission organisations of North Kazakhstan EDC JSC and Petropavlovsk Heat Networks LLP keep up with the generating company. They also annually introduce modern energy-saving technologies, automated energy metering and control systems to improve the operation of electric power and heat supply systems. According to the results of 2021, losses in North Kazakhstan Electric Distribution Company JSC were reduced from 7.72 % to 7.21 %. Petropavlovsk Heat Networks LLP installs automatic heat flow controllers, industrial controllers and modems to connect mechanisms and control and measuring devices with the dispatching unit. All the equipment of heat points is introduced into a single network, which allows dispatchers to quickly control hydraulic and temperature conditions, and specialists to make decisions faster in emergency situations.

Due to implementation of the project Automatic system for control and accounting of heat energy (ASCAHE), 1,372 modems were installed. ASCAHE not only increases the efficiency of collecting data on accounting for heat power, but also allows to quickly identify its unaccounted consumption and losses. During the reporting period, Petropavlovsk Heat Networks LLP repaired main and distribution networks with replacement of pipes with a total length of 11,211 km (3,578 km of main networks and 7,633 km of distribution networks). Repair and restoration of damaged heat insulation and bare sections of pipelines using glass wool boards with a total length of 5,078 km was carried out.

**What issues are the value orientations for the company's work?**

For SEVKAZENERGO JSC, uninterrupted provision of electric power and heat supply services to consumers, energy and resource conservation have always been the priority tasks. Environmental and labour safety issues are still relevant for the Company. From all these components, a full-fledged picture of the activities of power engineers is formed. I would like to note that SEVKAZENERGO JSC will continue to strive to achieve the highest production indicators, since all the Company's activities today are aimed at the progressive development of the energy sector of Northern Kazakhstan and the republican energy sector as a whole.



🔍

## Summary

### Regions of activity:

Electricity generated by SEVKAZENERGO JSC is supplied to the Northern, Central, Eastern and Southern regions of Kazakhstan, as well as outside the Republic of Kazakhstan.

### SEVKAZENERGO JSC Group of Companies

**Generation**

**Transportation**

**Sales of heat and electric power**

### Name

SEVKAZENERGO Joint Stock Company

Abbreviated name: shall mean SEVKAZENERGO JSC

### Key resources

- Petropavlovsk CHP-2
- EDC in the North Kazakhstan region
- Heat supply company in Petropavlovsk
- Sales company in Petropavlovsk

### Number of consumers:

electric power

164,367

consumers

heat

75,734

consumers

### Information on state registration

Central Securities Depository JSC non-residential premises 163, 30/8 Satpayev Str., Almaty, 050040, Republic of Kazakhstan, Certificate of state registration No. 12301-1910-AO, issued on 2 February 2005 by the Department of Justice of Almaty.

### Business profile:

SEVKAZENERGO Joint Stock Company is a vertically integrated company that includes enterprises of the North Kazakhstan region for generating, transporting and selling 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.

### Summary:

**1961 - Petropavlovsk CHP-2 was put into operation**

1963 - Petropavlovsk enterprise of electric networks was organised by order of RU Tselinenergo.  
1965 - Petropavlovsk department of heat networks Tselinenergo was established on the basis of the shop of heat networks of CHP-2.  
1999 - AccessEnergo PCHP-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 PCHP-2 LLP.

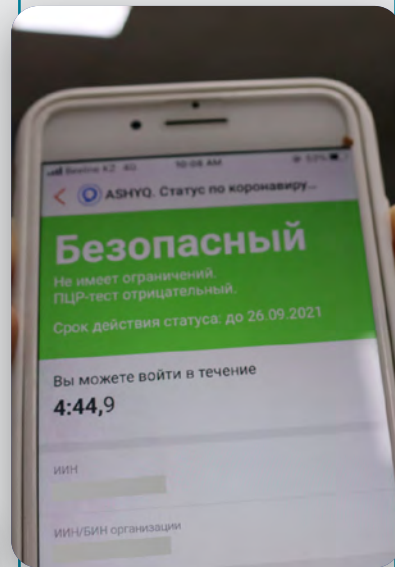


## KEY EVENTS OF THE YEAR

In 2021, the COVID-19 pandemic in Kazakhstan reached a new level. The peak incidence, as in 2020, fell in the summer. The authorities no longer made decisions on the imposition of a state of emergency, as it was in 2020. However, it was not without strict quarantines.

Having a year's experience of the pandemic, the Company's management organised rapid vaccination of employees with teams visiting medical centers of enterprises. Later, the staff was revaccinated in the same way. Around the same time, **Ashyq**, an app for tracking the status of visitors to public places, was launched. The entrance units of enterprises were equipped with the program, and existing measures to prevent the spread of COVID-19 continued to operate:

- automatic thermometric control systems were installed at the checkpoints;
- timely purchase of antiseptics, disinfectants, facemasks and gloves was carried out;
- daily preventive measures are carried out in all



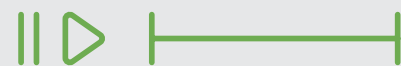
- structural units (disinfection, observance of face mask requirements, thermometry, instructing personnel, posting memos);
- the protocol in case of confirmation of COVID-19 was approved;
- social distance zones (markings on stairwell

landings and inside the premises) are specified in the service center of North Kazakhstan EDC JSC, branches of Sevkazenergosbyt LLP, body temperature of visitors is measured, replenishment and control over availability of disinfection products are carried out, as well as informing of the population about the possibility of paying for services via the Internet, and other resources;

- employees were on a remote working regime.
- vehicles were treated with disinfectants;
- all meetings were transitioned into online conferences.
- daily monitoring of patients with COVID-19 and signs of acute respiratory infection was established.



In February, Kazakhstan launched a vaccination campaign.



### January

Participation of the head of the Company in a dialogue platform with members of the Regional Council, where issues of tariff formation, existing problems of natural monopolies, as well as establishing feedback between business and energy companies were discussed.



### April

Conducting public hearings with a report on the activities of enterprises for 2020 of SEVKAZENERGO JSC, North Kazakhstan EDC JSC, Petropavlovsk Heat Networks LLP, Sevkazenergosbyt LLP via ZOOM conference.



### August

Conducting informational events for the Company's employees about the need for vaccination.

Visit of the akim of the North Kazakhstan region to the facilities of Petropavlovsk Heat Networks LLP.

Participation of the Deputy Chief Engineer of Petropavlovsk Heat Networks LLP in the online broadcast of the Antikor Ortalygy briefing with information on the company's preparation for the 2021-2022 heating season.



### February

The Department of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan for the North Kazakhstan region held an **online public reception of consumers on problematic issues of the utility sector with the participation of representatives of natural monopoly entities:**

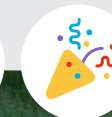
Kyzylzhar Su LLP, Sevkazenergosbyt LLP, North-Kazakhstan EDC JSC, Petropavlovsk Heat Networks LLP, Kyzylzhar-ZHKKH LLP, the North Kazakhstan regional Branch of the Nur Otan Party, the Regional Chamber of Entrepreneurs of the North Kazakhstan region, as well as other interested parties.

Visit of the working group for the development of the draft Law "On Heat Supply" of Petropavlovsk CHP-2, facilities of Petropavlovsk Heat Networks LLP.



### May

Awarding of employees of the CHP-2 of SEVKAZENERGO JSC and Petropavlovsk Heat Networks LLP with appreciation letters of State Labour Inspectorate Administration of the akimat of North Kazakhstan region for their contribution to the development of the occupational health and safety system.



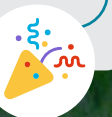
### September

Conducting press tours on the objects of modernisation of the enterprises of SEVKAZENERGO JSC.

### December

The best of the best employees of SEVKAZENERGO JSC were awarded industry awards on the occasion of the Day of the Power Engineer, congratulations to the employees of Petropavlovsk CHP-2 on the **55th anniversary** of the enterprise.

Briefing at the Central Communications Service platform on the operation of Petropavlovsk CHP-2.





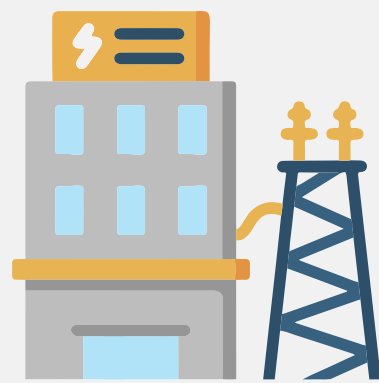
## KEY PERFORMANCE INDICATORS

### Power generation

2019 2020 2021

3,472,899.014 3,331,361.542 2,702,716.418  
Electric power  
(thousand kWh)

1,831.484 1,724.746 1,910.426  
Heat power  
(thousand Gcal)



### Energy supply to consumers

(product release)

2019 2020 2021

Electric power supply to the grid, (million kWh) 3,059 2,931 2,342

Electric power transmission, (million kWh) 1,253 1,183 1,290

Commercial supply of heat power, (thousand Gcal) 1,819 1,714 1,897



### Assets

2019 2020 2021

Current assets, billion tenge

14 23 18

Non-current assets, billion tenge

101 101 115

Investment volume  
(bln tenge)

2019 2020 2021

5.3 5.9 4.7

### Finance

Sales volume

41.3  
bln tenge

Net profit

15.3  
bln tenge

Comprehensive income for the year

15.3  
bln tenge

EBITDA margin

53.5 %

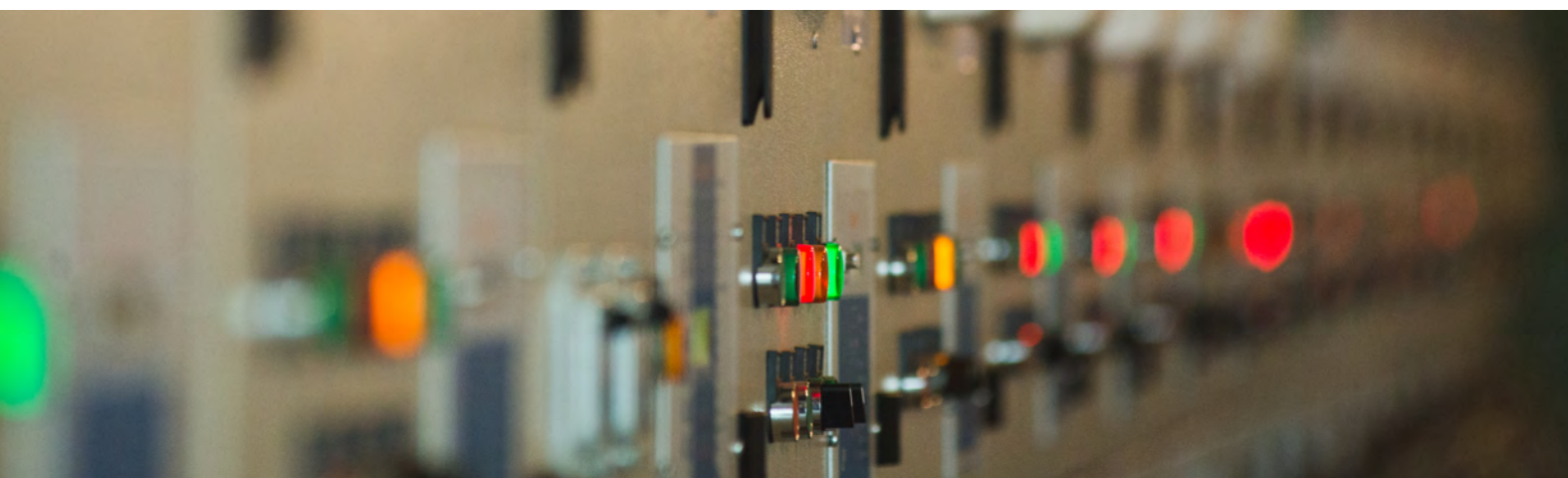
EBITDA

22.1  
bln tenge

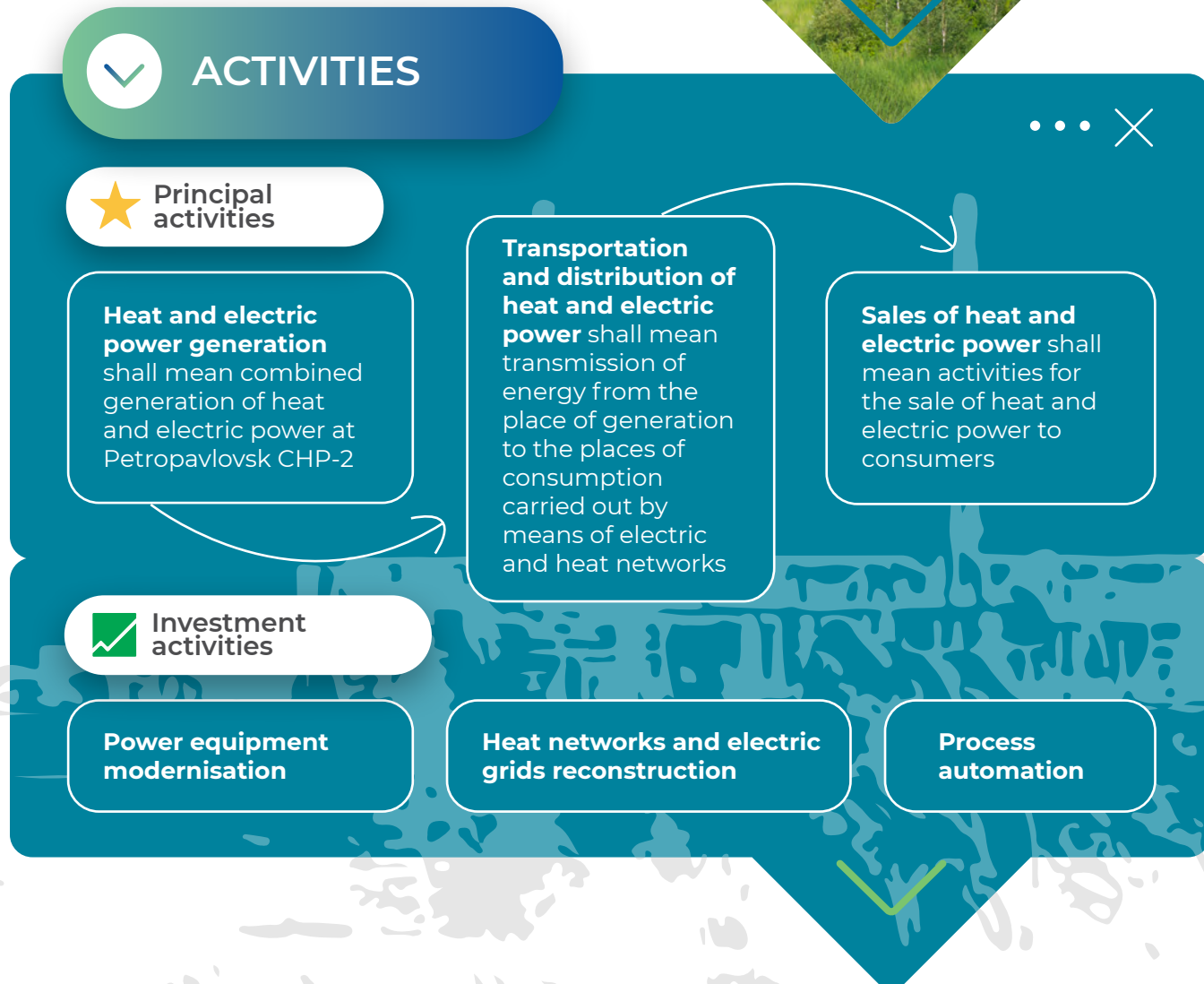
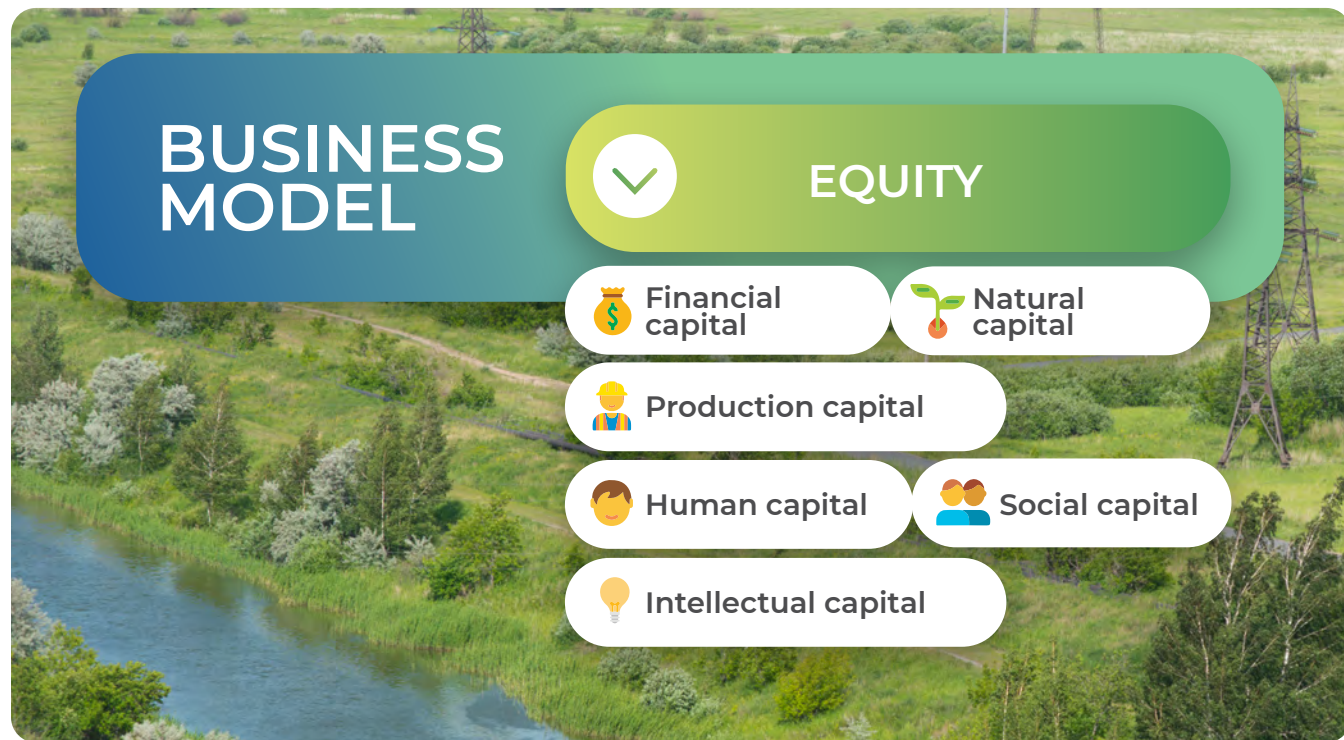
Installed capacity of the station as of 1 January 2021:

541 MW of electric power

713 Gcal-hr of heat power







**VALUE CREATED**

**Financial capital**

- Share capital: 16,664 million tenge
- Assets: 137,476 million tenge
- Equity: 70,029 million tenge
- State: Taxes paid in the amount of 5,746 million tenge. Investments in modernisation of the production fund are 4.7 billion tenge.
- Social capital: 9 interested groups. Social policy. The Joint Stock Company contributes to the development of the region of its operation and makes a significant contribution to the socio-economic development of the region, being a major employer, an important link in the industrial sector and a taxpayer.

**Production capital**  
Petropavlovsk CHP-2

- Installed electric power: 541 MW
- Installed heat capacity: 713 Gcal-hr
- 230.430 KM heat network
- 13,057.89 thousand km electric network
- Sales company

**Natural capital**

- 2,409,200 tons coal consumption in 2021
- 3,980 tons fuel oil consumption in 2021
- 134,464 m<sup>3</sup> consumption of domestic drinking water in 2021

**Human capital**

- 18.5 % staff turnover
- 150 persons employee pool
- 2,385 for employees
- 2,103 employees were trained (88.2 %)
- The program for supporting young specialists within PROFENERGY project

**Intellectual capital**

SKADA, Ellipse, Mobility, ASCAE, ASCAHE, THESIS automated system for control over the process of technological connection to electricity networks.





## #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.

**SEVKAZENERGO JSC** has a vertically integrated structure that includes generating, transporting and marketing enterprises of the North Kazakhstan region.

### Subsidiaries

**SEVKAZENERGO JSC** comprises of:

- Petropavlovsk CHP-2;
- North-Kazakhstan Electric Distribution Company JSC (electric networks of the North Kazakhstan region, Petropavlovsk);
- Petropavlovsk Heat Networks LLP;
- Sevkazenergosbyt LLP.

### Industry position

- The Joint Stock Company enjoys a monopolistic position in the region where it operates on the market of heat production and distribution and electric power distribution.
- A differentiated portfolio of consumers and stable demand among various 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.
- Acquired experience from equity participation with international and Kazakh shareholders.
- Focus on introduction of advanced technological solutions and a progressive development policy of the Company.
- Existing reliable communications with partners and divisions of the Company



## #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. Relations with partners, customers and suppliers are based on the principles of respect and mutual responsibility.

## #Values

- **Respect** for employees' personal rights and interests, customer requirements and cooperation conditions set by our partners and society.
- **Objectiveness** suggesting remuneration depending on the results achieved and providing equal rights for professional growth.
- **Integrity** in relations and providing information necessary for our work.



- **Effectiveness** as a sustainable achievement of the maximum possible results in everything we do.
- **Courage** to resist what is unacceptable, and to assume responsibility for the consequences of decisions taken.
- **Care expressed** in attempts to protect people against any harm or threat to health and environment.
- **Trust** in employees allowing to delegate authority and impose responsibility for decisions and ways to implement them.





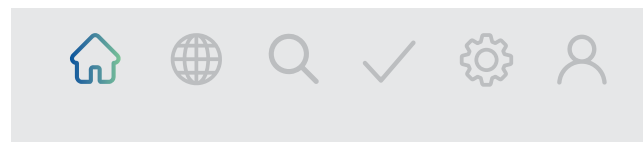
## #Strategy

In 2016, implementation of the long-term corporate Development Strategy for 2016-2021 was approved, which defines the main directions of business development, management projects and technologies.

**The strategic goal of SEVKAZENERGO JSC** is to build an advanced energy company that ensures balanced and sustainable development of the energy system of the North Kazakhstan region to support the region's economic growth. At that, the Company strives in its activities to achieve international standards in the area of production, ecology, health and social protection.



sevkazenergo\_21  
#SDGs #industrialisation



## Fulfillment of tasks under the development strategy

The strategy provides for implementation of measures in the following strategic areas:

### Targeted market expansion with guaranteed sales and low risk:

- expanding of the geography of the Joint Stock Company's activities;
- implementation of growth projects to enter new markets for energy generation and transmission;

### Improving production efficiency through improving the technical level of production and updating fixed production assets and infrastructure:

- reconstruction and modernisation of equipment of power generating facilities through investment programs, reducing the risks of accidents and eliminating downtime;
- minimisation of specific consumption for production of a unit of heat and electric power;

## About the Company

- reduction of excess losses during transportation of heat and electric power;
- introduction of energy-saving and energy-efficient technologies in the production and transmission of energy;
- building an effective environmental risk management system;
- introduction of promising projects through the balanced development of innovative areas;
- promoting the development of green technologies.

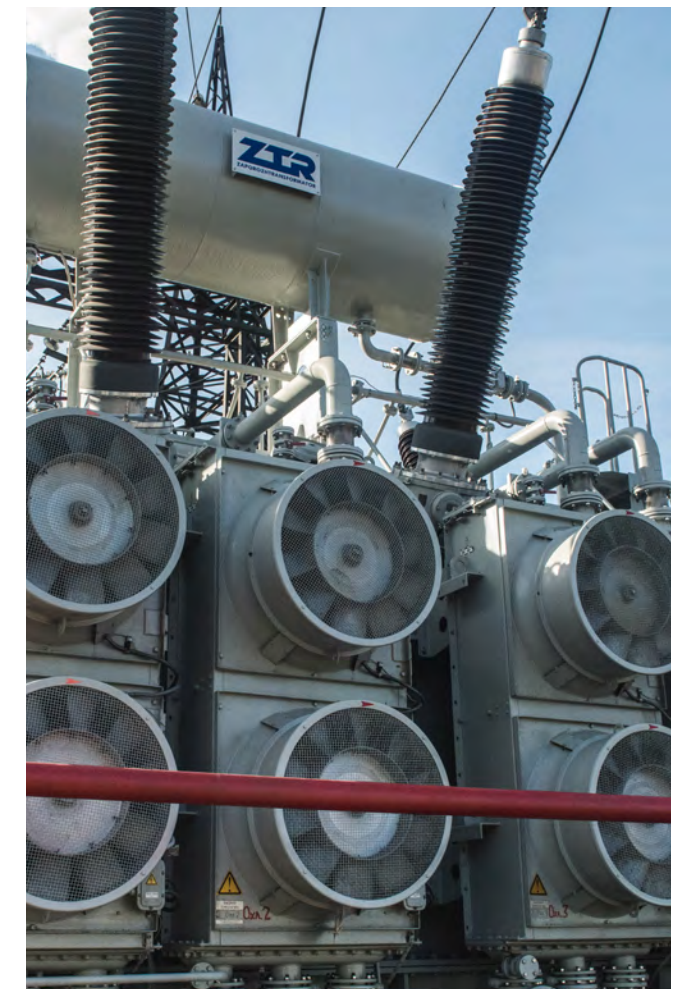
## Main strategic directions

To achieve this strategic goal, the Company implements projects in the following areas: modernisation of equipment in order to increase the technical level of production, reduce the risk of accidents and eliminate downtime.

### Execution of planned activities:

- reconstruction of boiler units at stations No. 1, 3, 4, 5, 6, 7, 9, 10, 11;
- reconstruction of auxiliary equipment of the boiler shop;
- construction of the enclosing dams of section 3 of the ash dump No. 2 (stage 2);
- reconstruction of auxiliary equipment of the boiler shop;
- reconstruction of fuel supply;
- expertise of the project "Major repairs of railway tracks, leading to an increase in the cost of property, plant and equipment";
- modernisation of the software and technical complex of the automated process control system of the boiler station No. 8 and thermal generating unit of station No. 1;
- modernisation of the air conditioning system of PCHP-2 premises of SEVKAZENERGO JSC;
- purchase and installation of a 2T transformer;
- modernisation of the digital logger of emergency processes in the 110, 220 kV network and its own needs of PCHP-2;
- major repairs of the main building resulting in an increase in the cost of property, plant and equipment;
- examination of the project for laying a pipeline for household needs of 630 mm DN from the PS on Naberezhnaya Str. to the PS at PCHP-2.
- cleaning of the bottom of Lake Beloye (energy-saving measures);
- expertise of the working documentation "Installation of an automated system for monitoring emissions to the environment at PCHP-2 of SEVKAZENERGO JSC";

- major repairs of boiler units of stations No. 3,7 resulting in an increase in the cost of property, plant and equipment (separation devices KA-3, heating surface KA-7);
- production of a technical passport for the construction of enclosing dams;
- production and replacement of separation devices of the boiler unit drum No. 11;
- major repairs of turbine unit of station No. 3 resulting in an increase in the cost of property, plant and equipment;
- testing and adjustment of boiler equipment;
- purchase of electrical equipment (purchase of inventories);
- purchase of antivirus software;
- development of a preliminary feasibility study for implementation of BAT at PCHP-2 in accordance with the requirements of the new environmental code;
- purchase of a conveyor belt;
- RTU-325-E2512-M4-B pre-commissioning works;
- purchase of RTU-325-E2-512-M4-B device.





### Plans for 2022

- Construction of the enclosing dams of section 3 of the ash dump No. 2 of Petropavlovsk CHP-2 of SEVKAZENERGO JSC, stage 2.
- Installation of an automated system for monitoring emissions to the environment at PCHP-2 of SEVKAZENERGO JSC (chimneys No. 2,3).
- Reconstruction of the transporter crane, which results in an increase in the cost of property, plant and equipment.
- Major repairs of railway tracks that result in an increase in the cost of property, plant and equipment.
- Replacement of ASCAE at Kiyaly, Smirnovo, and Timiryazev substation, resulting in an increase in the cost of property, plant and equipment.
- Major repairs of the main building resulting in an increase in the cost of property, plant and equipment.
- Major repairs of boiler station No. 9 resulting in an increase in the cost of property, plant and equipment.
- Major repairs of turbine units of station No. 5 resulting in an increase in the cost of property, plant and equipment.
- Major repairs of turbine units of station No. 7 resulting in an increase in the cost of property, plant and equipment.
- Purchase of a peak-load boiler 1 BU (PSV-500-14-23), turbine unit of station No. 2.
- Purchase of a peak-load boiler 2 BU (PSV-500-14-23), turbine unit of station No. 2.
- Purchase of a peak-load boiler 1 BU (PSV-500-14-23), turbine unit of station No. 3.
- Purchase of a peak-load boiler 2 BU (PSV-500-14-23), turbine unit of station No. 3.
- Installation of peak-load boilers.
- Major repairs of diesel locomotives resulting in the cost of property, plant and equipment.
- Modernisation of overhead cranes of the boiler shop, which results in an increase in the cost of property, plant and equipment.
- Purchase of electrical equipment for RUSN-0.4 kV.
- Replacement of stationary compressors resulting in an increase in the cost of property, plant and equipment.
- Major repairs of two bulldozers resulting in an increase in the cost of property, plant and equipment.

### Plans for 2022

- Examination of the project for laying a pipeline for household needs of 630 mm DN from the PS on Naberezhnaya Str. to the PS at PCHP2.
- Replacement of control and shut-off valves.
- Major repairs of the feed section of the feed pipeline (metal inspection, replacement of bends, replacement of shut-off valves) resulting in an increase in the cost of property, plant and equipment.
- Security alarm system at PCHP-2 facilities.
- Development of a project for major repairs of fencing and lighting at PCHP-2 resulting in an increase in the cost of property, plant and equipment.
- Purchase of six electric motors.
- Survey of the foundations of ball drum mill and the suspension and support system of pc/gas/air lines in axes 6-9, rows C-D from level 0-30 m.
- Major repairs of electric motors resulting in an increase in the cost of property, plant and equipment.
- Development of technical documentation of non-public railway tracks of PCHP-2.
- Development of draft standards for water consumption and sanitation of auxiliary production at PCHP-2 of JSC SEVKAZENERGO.
- Installation of a video surveillance system for the ash dump.
- Construction of an access railway crossing.
- Expertise of the working project "Reconstruction of second elevation dredging pumping station".
- Expertise of the project "Reconstruction of Petropavlovsk CHP-2 with replacement of sections 9, 10, 11 of the KRU 6 kV".
- Expertise of a project for major repairs of fencing and lighting at PCHP-2 resulting in an increase in the cost of property, plant and equipment.
- Examination of the project for laying a pipeline for household needs of 630 mm DN from the PS on Naberezhnaya Str. to the PS at PCHP-2.
- Installation of a video surveillance system at PCHP-2.
- Testing and adjustment of PCHP-2 equipment.
- Major repair of reinforced concrete chimney No. 2 with replacement of lining.

## Introduction of energy-saving and energy-efficient technologies in the production and transmission of energy



### Execution of planned energy-saving measures:

- Replacement of electric lamps with modern energy-saving lamps in the galleries of belt-type conveyors 3AB and 4AB.
- Maintaining a vacuum (lake cleaning) in the amount of 100 thousand m<sup>3</sup>.
- Cleaning of turbine condensers with a hydraulic pumping unit during repairs.
- Cleaning of boiler installations with a hydraulic pumping unit during the period of lowering thermal loads.
- Purchase for replacement of toothed disc crushers, 2 pcs., and hammer crushers, 2 pcs., at drain No. 2.
- Reconstruction of the heating device
- Modernisation of the software and technical complex of the automated process control system of the boiler station No. 8 and thermal generating unit of station No. 1.

### Plans of energy-saving measures for 2022

- Replacement of the boiler unit of station No. 2.
- Installation of the automated process control system on the boiler unit of station No. 2.
- Cleaning of turbine condensers with a hydraulic pumping unit during repairs.
- Cleaning of boiler installations with a hydraulic pumping unit during repairs.
- Replacement of electric lamps with modern energy-saving lamps in the galleries of belt-type conveyors 3AB and 4AB.
- Replacement of electric lamps with modern energy-saving lamps in the boiler shop at 0 meters.
- Partial replacement (sealing, repair) of the furnace insulation of the boiler unit at station No. 4.
- Replacement of toothed disc crushers 2, pcs., and hammer crushers, 2 pcs., at drain No. 2.
- Replacement of air-heating cubes on boiler units of stations No. 4, No. 5, No. 9, and No. 11.

## Prospects for the implementation of the Investment Program until 2021

From **2009 to 2015**, the main activities of the investment program were completed.

As a result of the implementation of modernisation projects, **174 MW** were updated and commissioned, the installed capacity increased by **26%**, electric power generation increased by **18.2%**, while ash emissions decreased by **75%**.

As a result of the implementation of the investment program in **2021**, the depreciation of the equipment of the generating station amounted to **56.08%**.



## 2009 goals

As a result of implementation of the investment program, by 2021, the wear of the generating equipment (turbine generators) of the stations will be reduced from 86.10 % to 54.61 %.

**depreciation in 2009 was 86.10 %**  
**depreciation in 2021 was 54.61 %**

Increase in installed electric power by **161 MW** or **42.37 %**.

**in 2009 — 380 MW**  
**in 2021 — 541 MW**

Decrease in installed heat capacity by **146 Gcal-h** or **17 %**.

**in 2009 – 859 Gcal-hr**  
**in 2021 – 713 Gcal-hr**

The increase in electric power generation was **325.461 million kWh**, or **13.69 %**.

**in 2009 – 2,377,255 million kWh**  
**in 2021 – 2,702,716 million kWh**

Increase in heat output was **0.321 thousand Gcal** or **0.2 %**.

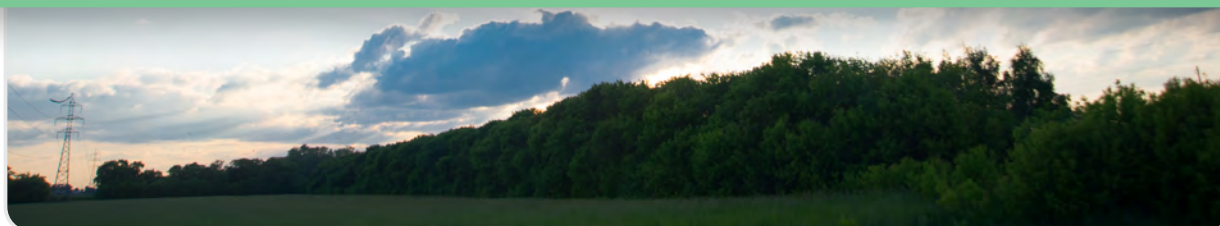
**in 2009 – 1,910,105 thousand Gcal**  
**in 2021 – 1,910,426 thousand Gcal**

Maintaining certification for compliance with the requirements of international standards of the Quality Management System, Environmental Management System, and Occupational Health and Safety Management System.

Providing enterprises with highly qualified loyal personnel:

- development of managerial and professional competencies of employees;
- development of the mentoring practice for the transfer of experience and rapid adaptation of new employees;
- internal and external succession pipeline.

Promoting the development of green technologies.



## 2021 progress

Depreciation of the plant's generating equipment in 2021 amounted to **56.08 %**.

The share of updated production assets, including generating equipment of the plant and communication transformers, amounted to **61.54 %**.

The amount of polluting emissions was 40.094 thousand tons, a reduction was 11.1 %.

Installed electric power is **541 MW**.

Installed heat capacity is **713 Gcal-hr**.

A decrease in electric power generation compared to 2020 by **628.645 million kWh (18.87 %)**, in 2021, production amounted to **2,702.716 million kWh**.

Increase in heat output relative to 2020 by **185.7 thousand Gcal (10.77 %)**, in 2021 the output amounted to **1,910,426 thousand Gcal**.

The first supervisory audit for compliance with the requirements of international standards **ISO 14001, ISO 9001, ISO 45001**.

Conducted on: **28-29 April 2021**

The Company's activities are certified for compliance with the requirements of the international standards **ISO 14001, Environmental Management System (certificate of conformity No. 01 104 2026502), ISO 9001, Quality Management System (certificate of conformity No. 01 100 2026502), ISO 45001, Occupational Health and Safety Management System (certificate of conformity No. 01 213 2026502)**.

**In 2021, 46 employees** got a university degree in extramural form of study in the profile specific for the enterprise;

**70 employees** received technical and vocational education in extramural form of study in the profile specific for the enterprise.

To ensure the necessary reserve for holding managerial positions at different levels, in 2021, employee pool of senior, middle and lower management levels for **150 managers** was formed in SEVKAZENERGO JSC corporate group.

During 2019, **48 employees from employee** pool were transferred to senior positions.

According to the Environmental Code of the Republic of Kazakhstan, **Article 113**, "Best available technologies", a comprehensive technological audit was conducted jointly with experts of International Green Technologies and Investment Projects Center NAO, and an expert assessment report was provided on the actual technological state of SEVKAZENERGO JSC. The total cost of this event was **4,480,000 tenge**.

Also, in accordance with the Environmental Code of the Republic of Kazakhstan, Chapter 20 "State regulation in the area of greenhouse gas emissions and removals", a service for conducting an inventory of greenhouse gas emissions and verifying the report on the inventory of greenhouse gases was implemented. The total amount of expenses was **2,130,000 tenge**.



## 2021 GOALS

### Consumers

- electric power generation of **2,702,716,418 thousand kWh**.
- heat generation of **1,910,426 thousand Gcal**.
- since 2009, **33,299 consumers** have been equipped with ASCAE (of which **31,434 (20.02 %)** are domestic consumers and **1,865 (15.92 %)** are industrial consumers).
- In 2021, implementation of ASCAE at **NK EDC JSC** was not carried out.

### Employees

- 2,103 employees were trained (88.2 %)**. The actual costs of implementing measures on occupational health and safety, improving working conditions in 2021 amounted to **405,221,583 tenge**.

### State

- Taxes were paid in the amount of **5,746 million tenge**. Investments in modernisation of the production fund are **4.7 billion tenge**

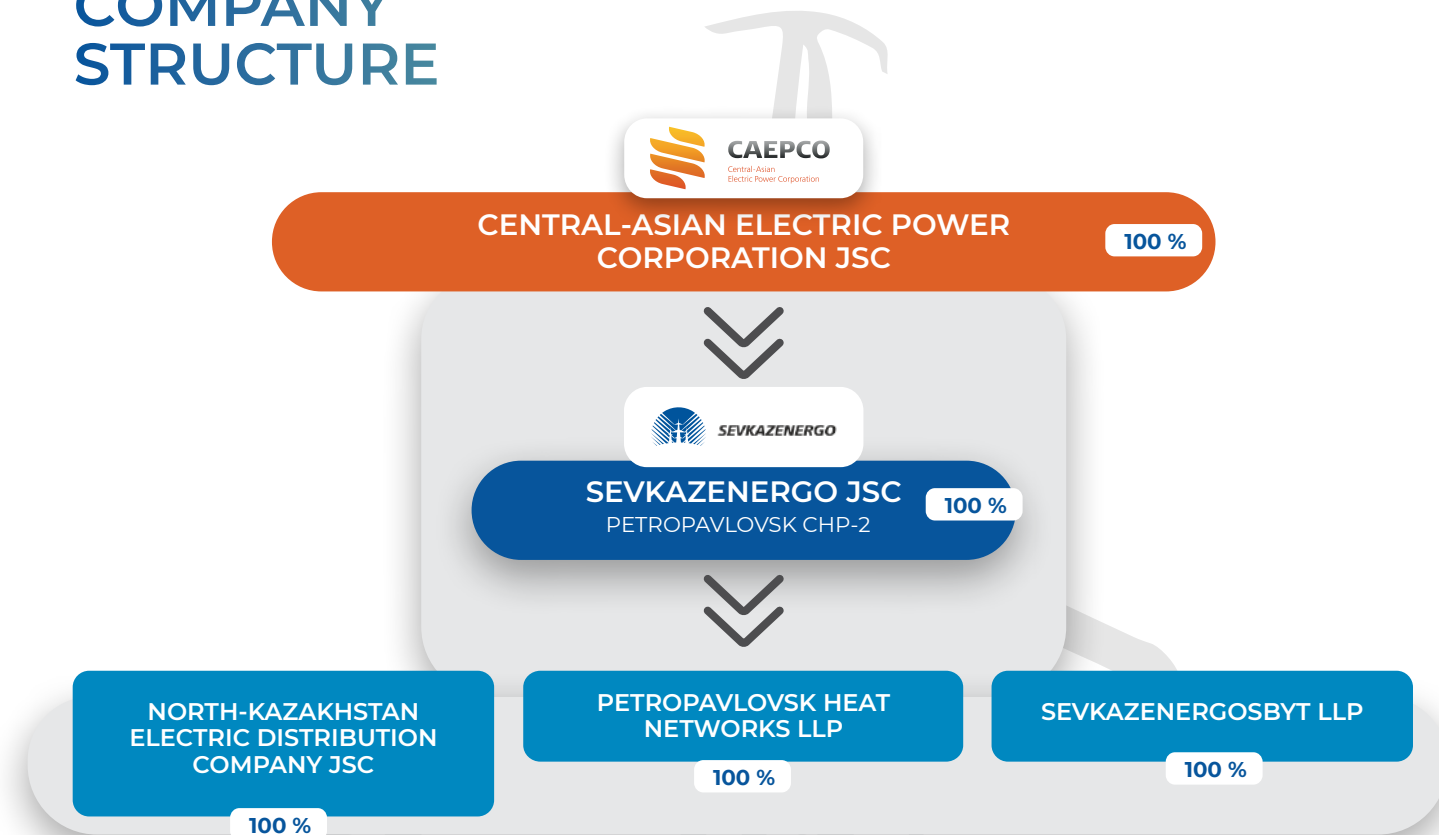
### Region of operation

- Implementation of the Plan for interaction with stakeholders. Total expenditures on environmental protection measures in 2021 amounted to **628,172,361 tenge, including:**

- air, discharges, fuel and lubricants – **485,618,326 tenge**;
- protection of water resources - **34,538,611 tenge**;
- waste disposal – **101,405,424 tenge**;
- other expenses – **6,610,000 tenge**.

The Environmental and Social Action Plan has been implemented.

## COMPANY STRUCTURE



## MAIN PRODUCTION CHARACTERISTICS

### NORTH-KAZAKHSTAN EDC JSC

Number of substations by type:		Length of power transmission lines: 13,057.89 km	
Substation type	North-Kazakhstan EDC JSC	PTL type	North-Kazakhstan EDC JSC
220 kW	-	220 kW	1,293,190
110 kW	37	110 kW	816,026
35 kW	121	35 kW	781,865
6-10 kW	2,204	6-10 kW	4,414.08
		0.4 kW	4,382.40
<b>Total</b>	<b>2,362</b>	<b>Total</b>	<b>13,057.89</b>

Number of consumers: electric power – 163,236 people



## PETROPAVLOVSK HEAT NETWORKS LLP

### Heat power supply

Year	Heat output from PCHP-2 (thousand Gcal)
2017	1,682
2018	1,874
2019	1,819
2020	1,714
<b>2021</b>	<b>1,897</b>

230.430 km of heat networks

Number of consumers: Heat power – 75,734 people



#Opportunities

## PETROPAVLOVSK CHP-2

**Director: D. Zakharov**

**Legal address:**

**28 Gashek Str., Petropavlovsk**

The main activity of Petropavlovsk CHP-2 is represented by production of heat and electric power.

The installed capacity of the plant as of 31 December 2021 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: heating automation and measurement shop, mechanical repair shop, oxygen station, repair and construction site. Electric power is supplied at the border of the balance sheet ownership of the PCHP-2 networks of SEVKAZENERGO JSC. The main fuel type at PCHP-2 of SEVKAZENERGO JSC is hard coal of the Ekibastuz basin of the KSN-300 brand. Fuel oil of the M-100 brand is used as a startup fuel.

The station operates in parallel with the power system of the Republic of Kazakhstan on the **220 kV** overhead line: **2,711, 2,721 and 110 kV** overhead line “Siberia”, there are open switchgears of **35/110/220 kV** with seven coupling transformers.

## NORTH-KAZAKHSTAN ELECTRIC DISTRIBUTION COMPANY JSC

**General Director: A. Kazanovsky**

**Legal address:**

**144 Shazhimbayev Str., Petropavlovsk**

North-Kazakhstan Electric Distribution Company JSC (NK EDC 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 **380**, as well as 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.

SK EDC 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 Electric Distribution Company JSC transfers electric power produced by Petropavlovsk CHP-2 of SEVKAZENERGO JSC to consumers of the North Kazakhstan region, the South Ural Railway and the Russian Federation. Most enterprises of the North Kazakhstan region are connected to the power grids of SK EDC JSC, where about 6,000 enterprises of various forms of ownership and 163,236 consumers of North Kazakhstan EDC JSC are concentrated.

In order to increase the level of accessibility of services to consumers, SK EDC JSC opened a consumer service center in September 2012, where the following types of services are provided:

- approval of land plots and easements;
- issue of technical specifications for connection to electric power and heat supply;
- connection/disconnection to/from power supply;
- sealing counters.
- other advisory and operational services.

Name	2019	2020	2021
Electric power transmission, million kWh	1,253	1,183	1,290

In 2022, North-Kazakhstan Electric Distribution Company JSC plans to implement a number of measures as part of the implementation of investment programs:

- construction, reconstruction and technical re-equipment of 0.4–10 kV electric networks of 48.54 km;
- construction and reconstruction of 35-110 kV overhead lines of 31 km;
- reconstruction of 35/10 kV Ozernaya substation in Kyzylzhar district of the North Kazakhstan region;
- reconstruction of industrial and administrative buildings;
- implementation of energy saving and energy efficiency measures.

One of the most important tasks of the Company is to continuously improve the quality of customer service.

Special attention is paid to customer feedback, in particular:

- the Customer Service Center operates on a one-stop-shop basis, where documentation is accepted and issued to consumers, and there is also an opportunity to get advice from qualified specialists;
- in the Consumer Service Center, a book of comments and suggestions is placed in direct access for consumers, where everyone can leave a question/suggestion.
- a personal reception is held with the General Director and its deputies;



the Company's website has a Feedback section, where consumers can leave requests.

on the basis of the joint stock company, dispatching services operate around the clock both in Petropavlovsk and in 8 districts of the North-Kazakhstan region;

there is a single Call center at the phone number 50-06-66 for contacting by phone and receiving timely information.

In April 2021, an online resource for the activities of SK EDC JSC was launched. On this resource, consumers can find all the necessary information about all the services that the Company provides, and leave an electronic request for the necessary service. Here they can also open a capacity map and study the availability of capacities at substations in Petropavlovsk and North Kazakhstan region. In addition, consumers can leave complaints or a suggestion to improve the Company's performance, which must be considered by the Company's management. The site's interface is designed to make it easy to use both on a computer and on a smartphone. Submitted electronic applications are sent directly to specialists, which significantly speeds up their processing. The link to the resource is posted on the main page of the official website of SEVKAZENERGO JSC as Electronic Office of North Kazakhstan EDC JSC.

In 2021, a POS terminal was installed in the Customer Service Center to accept payment for services with payment cards.

for operation and maintenance of equipment, labour protection, and safety to carry out heat transfer activities.

### Transmission of heat

Name	2019	2020	2021
<b>Heat power transportation, thousand Gcal</b>	<b>1,348</b>	<b>1,264</b>	<b>1,426</b>

In terms of "Capital and current repairs" during 2021, the company performed planned repairs of main and distribution networks with replacement of pipes with a total length of 11,211 km (3,578 km of main networks and 7,633 km of distribution networks). Repair and restoration of damaged heat insulation and bare sections of pipelines using glass wool boards with a total length of 5,078 km was carried out.

Within the framework of the company's investment program for 2021, at the expense of funds provided for in the tariff, the contractor organisation Construction Management Energostroy LLP continued work on the project Reconstruction of the heating main No. 7-18 2Du500mm along Almatinskaya Str. from TK-8-01 to TK-7-09A. Project implementation period: 2020–2021 The total cost of the urban heating main renovation project is 1,098,300 thousand tenge excluding VAT, including 590,695 thousand tenge in 2021. The total length of the section to be reconstructed is 1,674 running meters of pipeline. In 2021, 908 running meters were reconstructed, the implementation amounted to 590,695 thousand tenge net of VAT or 100 % of the plan.

Unscheduled comprehensive non-departmental examination of working projects "Reconstruction of the heating main No. 3 2Du500mm on Satpayev Str. from TK-6-19 to TK3-15g in Petropavlovsk, North Kazakhstan region" and "Reconstruction of heating main line No. 7 2Du600mm on Krepostnaya Str. from TK-1-10 to TP-15-12s in Petropavlovsk, North Kazakhstan region. Adjustment" was performed, construction of the 2Du100mm heat network (from UN-6-10b to the building on 22, 24, 24/1 Kattay Kenshibayev Str.) was completed, a PBX kit, thermal imager, 2 switches, 3 MFPs, 15 computers, Microsoft license, antivirus software, electric motor control cabinet, switchboard with metering device, switchboard, and Ventyx Ellipse Enterprise Solution software were purchased.

## PETROPAVLOVSK HEAT NETWORKS LLP

**General Director: A. Kalinichev**

**Legal address:**

**23 Stroitel'naya Str., Petropavlovsk**

**The main activity of Petropavlovsk Heat Networks**

**LLP** is represented by the transfer of heat power to consumers from Petropavlovsk CHP-2 of SEVKAZENERGO JSC, maintain the equipment of heating networks in a technically sound condition, and ensure a stable heat supply to Petropavlovsk. In addition, the enterprise is updating the main and distribution networks of the city, continuously searching for 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 Heat Networks LLP** is 230,430 km, of which the length of distribution networks is 148,858 km, and the length of main networks is 81,572 km.

**As of 1 January 2022**, the wear rate of heating network equipment is 72.16 %, including 76.67 % for main heating networks and 62.59 % for distribution networks.

**The total installed (design) capacity of pumping stations, including heating stations**, in 2021 was 11,624 kWh. Petropavlovsk Heat Networks LLP has services

## SEVKAZENERGOSBYT LLP

**General Director: M. Sagandykov**

**Legal address:**

**66 Zhumabayev Str., Petropavlovsk**

**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 represented** by reliable and uninterrupted supply of energy resources in volumes that meet the needs of the population. The total number of electric power consumers of Sevkazenergosbyt LLP as of 31 December 2021 was 164,367, and heat power totalled 75,450.

**In the regional center there are 3 customer service points** for accepting payments, in the districts of the region there are 12 points. Contracts were concluded with 6 banks for accepting payments, as well as for servicing through the terminals and Internet portals of banks and North Kazakhstan regional branch of Kazpost JSC Service Center No. 1 for consumer services, located at 66 Zhumabayeva Str., which has been operating since December 2013, provides high-quality and prompt customer service.

Name	2019	2020	2021
<b>Commercial heat supply at Sevkazenergosbyt LLP, thousand Gcal</b>	<b>1,348</b>	<b>1,264</b>	<b>1,426</b>

### Average daily rates

	1 January 2018	1 November 2018	1 January 2019	10 January 2020	15 August 2020	from 20 January 2021	from 1 May 2021	from 5 August 2021
Electric power (tenge including VAT/Gcal)	15.32	15.19	14.87	15.92	17.19	18.19	20.20	21.32
	from 1 January 2018	from 1 July 2018	from 1 November 2018	from 1 January 2019	from 1 January 2020	from 1 February 2021	from 1 January 2022	
Heat power	4,542.97	4,605.17	4,579.15	5,275.44	5,705.25	6,280.20	6,680.11	





## IMS

Maintaining certification for compliance with the requirements of international standards of the Quality Management System, Environmental Management System, and Occupational Health and Safety Management System. The first supervisory audit for compliance with the requirements of international standards ISO 14001, ISO 9001, ISO 45001 was conducted on 28-29 April 2021.

The Company's activities are certified for compliance with the requirements of the international standards ISO 14001, Environmental Management System (certificate of conformity No. 01 104 2026502), ISO 9001, Quality Management System (certificate of conformity No. 01 100 2026502), ISO 45001, Occupational Health and Safety Management System (certificate of conformity No. 01 213 2026502).

### Information on IMS certificates

Ser. No.	Standard	Reg. Certificate No.
	ISO 14001:2015	01 104 2026502
	ISO 9001:2015	01 100 2026502
	ISO 45001:2018	01 213 2026502

### Industry position

- Monopoly position of SEVKAZENERGO JSC in the market of heat and electric power production and distribution.
- A differentiated portfolio of consumers and stable demand among various 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.
- Acquired experience from equity participation with international and Kazakh shareholders.
- Focus on introduction of advanced technological solutions and a progressive development policy of the Company.
- Existing reliable communications with partners and divisions of the Company.

In 2021, the Company planned to allocate 3,872,744 thousand tenge for implementation of the investment program activities.

In fact, 3,890,103 thousand tenge was allocated.





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

## GENERAL MEETING OF SHAREHOLDERS

The supreme governing body of the Company is the General Meeting of Shareholders. Shareholders of the Company may submit proposals to the agenda of the Annual General Meeting, nominate candidates to the Board of Directors, Committees and convene meetings of the Board of Directors.

## PERFORMANCE OF THE GENERAL MEETING OF SHAREHOLDERS

**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 2021:**

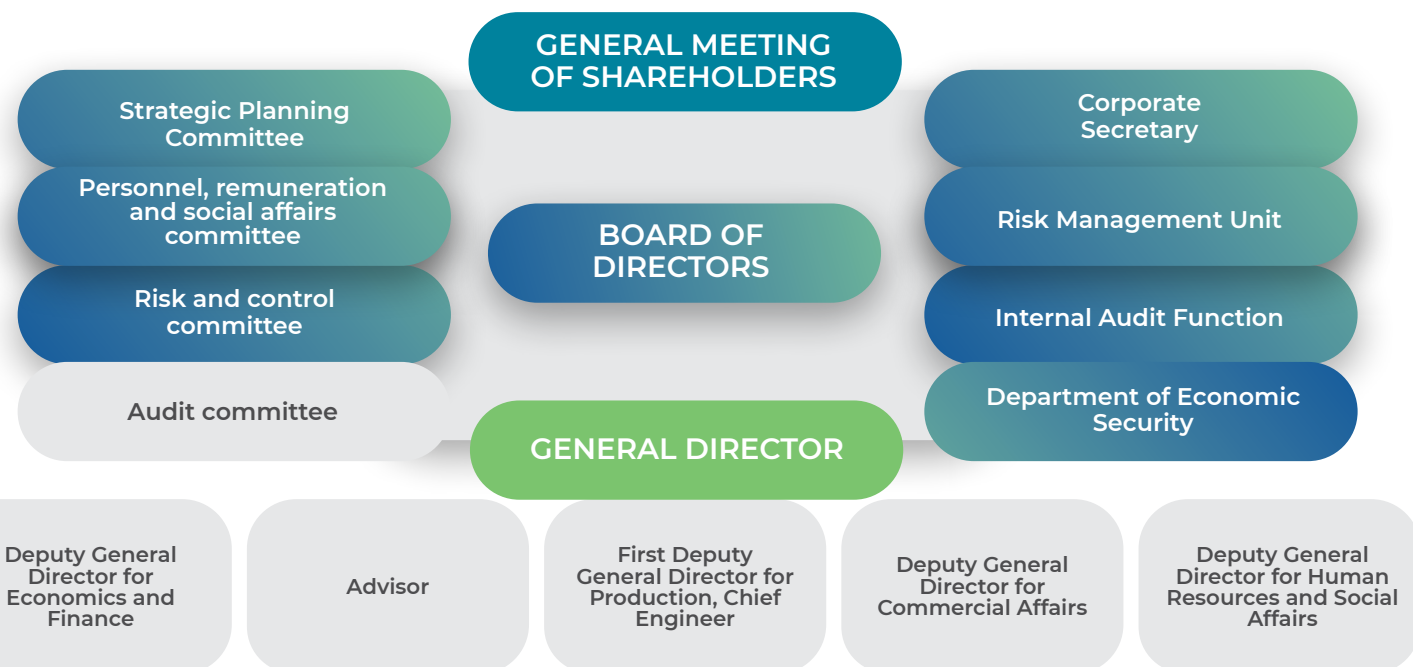
- decision on election of members of the Board of Directors, determination of their term of office;
- decision on approval of SEVKAZENERGO's conclusion of a major interested-party transaction with SB Sberbank;
- decision to approve SEVKAZENERGO's conclusion of a major interested-party transaction with VTB;
- decision on approval of SEVKAZENERGO's conclusion of a major interested-party transaction with Halyk Savings Bank of Kazakhstan JSC;
- decision on approval of the annual consolidated financial statements and the procedure for distribution of SEVKAZENERGO's net income for fiscal year 2020;
- a decision on determining an audit organisation to conduct an audit of the financial statements for 2021.

# CORPORATE GOVERNANCE





## ORGANISATIONAL STRUCTURE



## SHARE CAPITAL STRUCTURE

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

As at 31 December 2021, the authorised capital of the Company, according to the financial statements, is **16,664 million tenge**.

#Equity

### Share capital structure

Name of the holder	Ordinary shares		Preferred shares	Total shares	
	number	share		number	share
Central-Asian Electric Power Corporation JSC	143,863,799	100 %	–	143,863,799	100 %

## INFORMATION ON DIVIDENDS

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 06.08.2020 (Minutes No. 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 General Meeting of shareholders of CAEPCO JSC not to make a decision to pay (declare) dividends.

## BOARD OF DIRECTORS

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.

To achieve the goals of its activities, the Board of Directors is governed by the following principles:

- 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;



In 2021, the Board of Directors of CAEPCO JSC decided to pay dividends to the shareholders of SEVKAZENERGO JSC for fiscal year 2020 in the amount of **42,406,500** (forty-two million four hundred and six thousand five hundred) **tenge**.



— 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 Electric Distribution Company JSC, Petropavlovsk Heat 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 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.

**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 firm, and did not participate in such an audit for three years prior to their election to the Board of Directors.

**SELECTION AND APPOINTMENT**

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. Also, an individual 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 interests of the shareholder 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 members of the Board of Directors is determined by the Board of Directors of CAEPCO JSC. The term of office of the Board of Directors expires when a new Board of Directors is elected. Persons elected to the Board of Directors may be re-elected an unlimited number of times.

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:

- who has not been an employee of the Company or a member of the Company's executive body for the last 5 years;
- 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;
- who does not own more than ten percent of the Company's shares and is not a member of the executive body or board of directors of another company that owns more than 10 percent of the Company, unless the companies and the Company are members of the same Group of Companies.

**REMUNERATION POLICY**

The amount of remuneration to members of the Board of Directors is determined by the decision of the Company's shareholder. The amount of remuneration paid to 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 2021 is 83,043,708 tenge. The amount of remuneration to the executive body is determined by the decision of the Board of Directors of SEVKAZENERGO JSC. The total amount of remuneration of the executive body for 2021 is 17,796,421 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 06.08.2020 (Minutes No. 6).



The main principles of the Corporate Governance Code are as follows	Information about compliance with the principles	Comments
<p><b>Justice</b></p> <p>Equal treatment of all shareholders, regardless of their equity interests and location, and the ability to effectively protect their rights.</p>	<p><b>Observed</b></p>	<p>Corporate governance at SEVKAZENERGO JSC is 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.</p>
<p><b>Accountability</b></p> <p>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.</p>	<p><b>Observed</b></p>	<p>This principle of the Corporate Governance Code is observed by introducing the Company's organisational structure as stipulated in the Charter and the Law of the Republic of Kazakhstan "On Joint-Stock Companies". Also, the principle of accountability is reflected in each regulation of the management body/structural division, which makes it possible to distinguish the powers of the Company's management bodies, as well as ensures full accountability of the Company to shareholders.</p>



The main principles of the Corporate Governance Code are as follows

Information about compliance with the principles

Comments

**Responsibility**

Responsibility of the Company to its shareholders, employees, customers and partners, close cooperation with them in order to increase the Company's assets, increase its 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 when they perform illegal, guilty (intentional or negligent) actions or omissions stipulated by current 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 about all material facts related to the Company's functioning, including its financial position, results of operations, ownership and management structure, to the extent provided for by the legislation and internal documents, as well as ensuring free access of all interested parties to such information by posting it in public easily accessible sources in accordance with the procedure stipulated by the legislation and internal documents of the Company.

**Observed**

The main objectives of the Company to comply with the principle of transparency are:

- timely provision of information on all material issues related to the Company;
- ensuring the availability of public information about the Company to all interested parties;
- increasing the level of openness and trust in relations between the Company and its stakeholders;
- improving the corporate governance in the Company;
- creating a positive image of the Company.

The main principles of the Corporate Governance Code are as follows

Information about compliance with the principles

Comments

**Environmental protection and social responsibility**

The Company ensures a careful and rational attitude to the environment in the course of its activities and bears social responsibility to society.

**Observed**

SEVKAZENERGO JSC has developed and adopted an Action Plan for environmental and social actions, which regulates the Company's policy in the area of environmental protection and social responsibility of the Company.

**Efficiency**

The General Director of the Company and its Board of Directors are obliged to ensure reasonable and conscientious management of the Company, ensuring stable growth of its financial indicators, increasing shareholder ownership, as well as establishing an effective personnel policy, improving the skills of the Company's employees, labor motivation and social security, and protecting the interests of its 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, increase the Company's assets, ensure the implementation of effective activities, provide the rights and legitimate interests of shareholders, and 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 lower-level 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, along with the establishment of an effective system of risk-based internal control.

**Observed**

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.



## COMPOSITION OF THE BOARD OF DIRECTORS

As of 22 August 2022, he is a member of the Board of Directors of joint-stock companies.

Name, legal form	Members of the Board of Directors	Position	Date of election / expiry of powers
SEVKAZENERGO JSC	Leonid Yanushko	Chairman of the Board of Directors	17.01.2022–17.01.2024
	Sergey Li	Member of the Board of Directors	17.01.2022–17.01.2024
	Alexander Nigay	Member of the Board of Directors	17.01.2022–17.01.2024
	Gennady Andreyev	Independent Director	17.01.2022–17.01.2024
	Tan Levin	Independent Director	20.06.2022–17.01.2024
	Oleg Perfilov	Member of the Board of Directors	22.08.2022–17.01.2024
North-Kazakhstan Electric Distribution Company JSC	Bagdat Oral	Chairman of the Board of Directors	23.10.2020–22.10.2023
	Oleg Perfilov	Member of the Board of Directors	22.08.2022–17.01.2024
	Gennady Andreyev	Member of the Board of Directors	23.10.2020–22.10.2023

1

**LEONID YANUSHKO**  
(born in 1955)



**Chairman of the Board of Directors**

- 11.02.2021 – until now  
SEVKAZENERGO JSC/Chairman of the Board of Directors
- 10.02.2021 – until now  
PAVLODARENERGO JSC/Chairman of the Board of Directors



2

**ALEXANDER NIGAY**  
(born in 1984)



**Member of the Board of Directors**

- 15.01.2018 – until now  
PAVLODARENERGO JSC/Member of the Board of Directors;
- 15.01.2018 – until now  
Akmola Power Distribution Company JSC/ Member of the Board of Directors
- 26.07.2016 – until now  
Mineral Product LLP/Director of Strategic Development
- 03.08.2015 – until now  
Kazakhstan Pipe Systems LLP/Director of Strategic Development
- 03.05.2012 – until now  
Com Trade Product LLP/ Director of Strategic Development

3

**SERGEY LI**  
(born in 1990)



**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
- 01.2020-03.2021  
Samruk-Energy JSC/Co-Managing Director for Economics and Finance
- 03.2016-01.2020  
Samruk-Energy JSC/Director of the Treasury and Corporate Finance Department
- 04.2015-02.2016  
Samruk-Energy JSC/Director of the Corporate Finance Department

4

**GENNADY ANDREYEV**  
(born in 1943)



**Member of the Board of Directors (Independent Director)**

- 15.01.2018 – until now  
PAVLODARENERGO JSC/Member of the Board of Directors, Independent Director
- 13.04.2021 – until now  
Akmola Power Distribution Company JSC/Member of the Board of Directors, Independent Director
- 13.11.2017 – until now  
Central Asian Electric Power Corporation JSC/Member of the Board of Directors, Independent Director
- 03.2016-01.2020  
KazNIPIEnergoprom Institute JSC/ Honorary President

5

**TAN LEVIN**  
(born in 1983)



**Member 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 Power Distribution Company JSC / Member of the Board of Directors, Independent Director



## PERFORMANCE OF THE BOARD OF DIRECTORS

In 2021, the Board of Directors held 14 meetings. The Board of Directors focused on the following key issues:

- election 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;
- on the completion of a transaction by SEVKAZENERGO JSC that increases the Company's liabilities by ten percent or more of its own capital;
- approval of major related-party transactions by NK EDC JSC;
- about preliminary approval of the annual consolidated financial statements of SEVKAZENERGO JSC for 2020;
- approval of internal regulatory documents of structural divisions accountable to the Board of Directors;
- approval of the financial statements of North-Kazakhstan Electric Distribution Company JSC for 2020;
- on early termination of the powers of the General Director and election of a new General Director of the Company;
- on changing the composition of the Board of Directors of NK EDC JSC;
- on changing the composition of the Supervisory Board of Sevkazenergosbyt LLP.

## PERFORMANCE OF THE COMMITTEES OF THE BOARD OF DIRECTORS, SELECTION AND APPOINTMENT

### STRATEGIC PLANNING COMMITTEE

#### Tasks:

- providing advice and developing recommendations to the Company's Board of Directors on determining the Company's priority areas of activity, its development strategy, developing 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.

**Gennady Andreyev**  
Chairman

Members of the committee

L.L. Yanushko  
O.V. Perfilov

In 2021, there were no meetings of the Committee.

#### Work of the Board of Directors

2019 2020 2021

meetings in presentia

12 11 8

meetings in absentia

4 3 6

### RISK AND CONTROL COMMITTEE

#### Tasks:

- 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;
- monitoring 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 of the committee

A.D. Nigay  
A.Kh. Saudenov  
I.L. Gorkaev  
A.V. Kan  
O.V. Perfilov

In 2021, 2 meetings of the Committee were held.



### AUDIT COMMITTEE

#### Tasks:

- 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 timely and full implementation of corrective action plans for internal audit.

**Tan Levin,**  
Chairman

Members of the committee

S.V. Li

In 2021, 2 meetings of the Committee were held.

### PERSONNEL, REMUNERATION AND SOCIAL AFFAIRS COMMITTEE

#### Tasks:

- providing advice and developing recommendations to the Company's Board of Directors on personnel and social issues;
- development of mechanisms for interaction between the Board of Directors and the Company's structural divisions.

**Gennady Andreyev**  
Chairman

Members of the committee

N.V. Konstantinova  
A. Zhumabekova  
O.V. Perfilov

In 2021, 2 meetings of the Committee were held.



## EXECUTIVE BODY

As of 12 July 2022, the executive body is as follows:

Name, legal form	Sole Executive Body	Position	Date of election / expiry of powers
SEVKAZENERGO JSC	Oleg Perfilov	General Director	12.07.2022–11.07.2024
North-Kazakhstan Electric Distribution Company JSC	Anatoly Kazanovsky	General Director	16.10.2021–15.10.2023
Petropavlovsk Heat Networks LLP	Andrey Kalinichev	General Director	12.07.2022–11.07.2024
Sevkazenergosbyt LLP	Magaiya Sagandykov	General Director	01.02.2022–31.01.2024

### OLEG PERFILOV



#### General Director of SEVKAZENERGO JSC

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.

#### Member of the Board of Directors, General Director

12 July 2022 – until now  
SEVKAZENERGO JSC

#### Awards

- ★ **Nauryz meiramy**  
Letter of gratitude from akim of Pavlodar region
- ★ **Decision of the Electric Power Council of the Commonwealth of Independent States of 21.10.2011**  
Honorary title "Honored Power Engineer of the CIS"
- ★ **Day of the Power Engineer**  
Medal for contribution to the energy sector from the Ministry of Energy of the Republic of Kazakhstan
- ★ **Independence Day of the Republic of Kazakhstan**  
Medal for contribution to the energy sector from the Ministry of Energy of the Republic of Kazakhstan
- ★ **40th anniversary of the establishment of PAVLODARENERGO JSC**  
Honorary Certificate of the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan

## CORPORATE GOVERNANCE COMPLIANCE REPORT

In 2021, the Company's corporate governance practice 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.

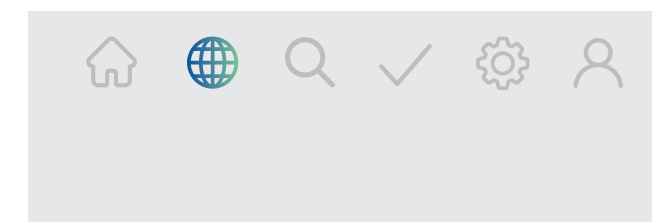
The corporate governance system is regulated by the Company's internal documents and is summarised in the Corporate Governance Code. The Code fully complies with the requirements of the legislation of the Republic of Kazakhstan "On Joint-Stock Companies": the document is compiled taking into account 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 Governance Code is aimed at developing and introducing norms and traditions of corporate behaviour that meet international standards and contribute to creating a positive image of the Company in the eyes of its shareholders, customers and employees into the daily practice of the Company's activities to achieve the fullest exercising 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 the successful implementation of its statutory activities.



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#principles #corporate\_governance

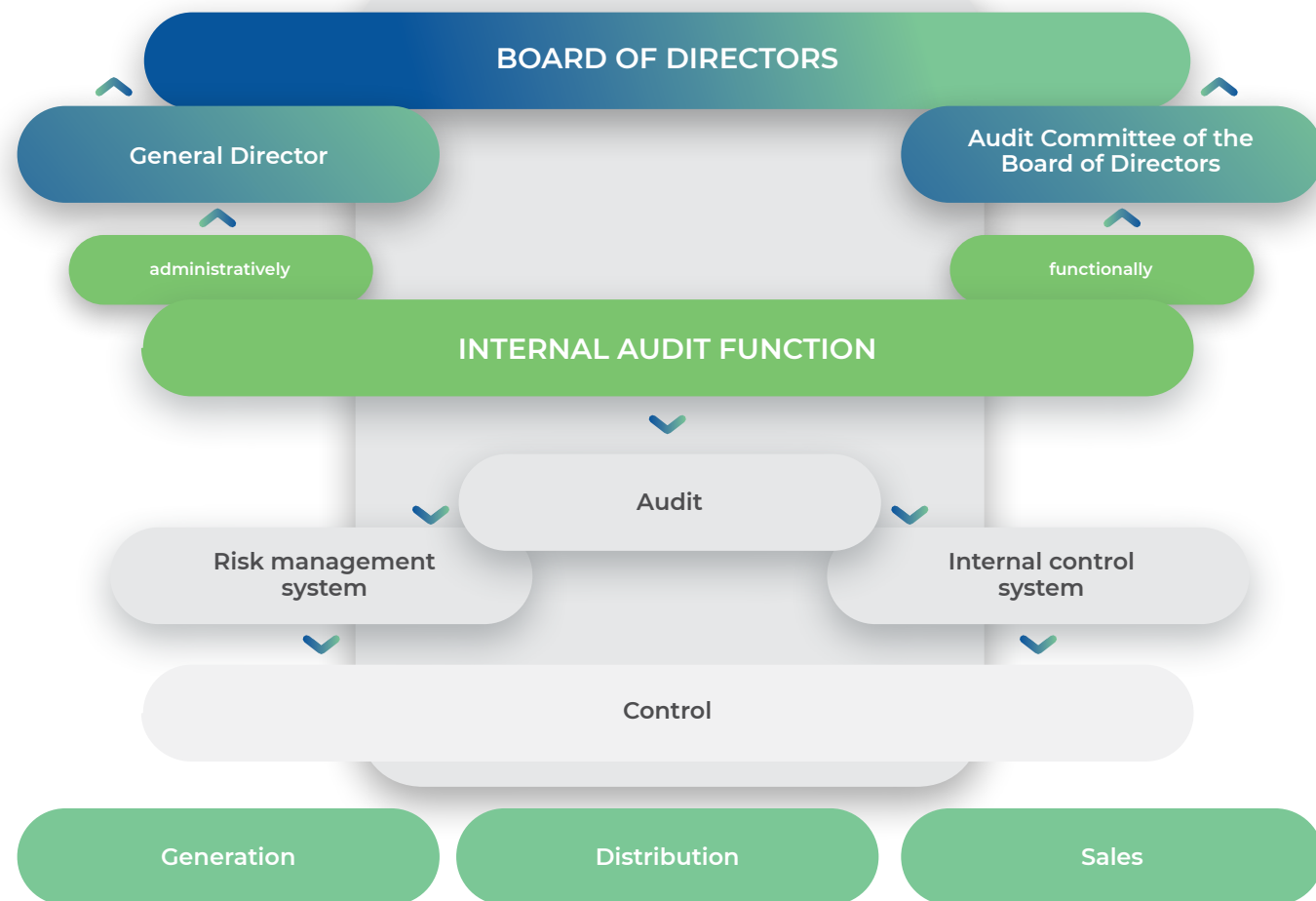


## REPORT ON WORKING WITH STAKEHOLDERS IN 2021

Stakeholder in relation to the Corporation	Stakeholders' interest in the Corporation	The form of the stakeholder's dialogue with the Corporation	Completed works in 2021
Shareholders	<ul style="list-style-type: none"> <li>Implementation of strategic objectives</li> <li>Economic profit/ performance</li> <li>Corporate governance rating; funds for development and receiving dividends;</li> <li>Net asset value</li> <li>Implementation of social programs</li> <li>Transparency of business processes</li> </ul>	<ul style="list-style-type: none"> <li>Resolutions of the General Meeting of Shareholders</li> <li>Decisions of the Board of Directors</li> <li>Corporate website</li> <li>Annual report</li> <li>Discussions, business meetings</li> </ul>	<p><b>14 meetings of the Board of Directors were held. Meetings and events were held to improve all forms of corporate governance.</b></p>



## INTERNAL CONTROL AND AUDIT



In order to improve business processes and improve the efficiency of decisions made, the Company has established internal control mechanisms. The independence and objectivity of the activities of the Internal Audit Department is ensured by 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.

IAF carries out its work in accordance with the annual work plan approved by the Board of Directors. IAU submits an annual report, and a 9-month report on the management's work done to the Board of Directors and the Audit Committee.

In 2021, IAU conducted inspections in SEVKAZENERGO JSC and its subsidiaries on the following topics:

- 1) sample inventory of PPE and inventories;
- 2) evaluation of the effectiveness of the ICS business process Investment Management;
- 3) evaluation of the effectiveness of the Internal control system of the business process Maintenance and repair management.
- 4) planning processes of investment programs and selection of objects for maintenance and repair;

5) monitoring of corrective actions based on IAU recommendations;

6) monitoring of corrective actions to implement the recommendations of the external auditor based on the audit of the consolidated financial statements of SEVKAZENERGO JSC.

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

In 2021 and at present, the Company has a functioning internal control system that provides sufficient confidence in the effectiveness of all levels of control, including financial and operational control, compliance with laws and regulations.

## ANTI-CORRUPTION MANAGEMENT

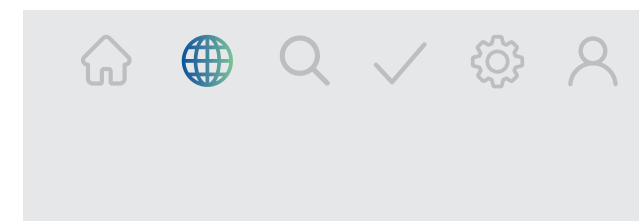
The Company has an Anti-Corruption and Fraud Policy (the "Policy"), approved by the decision of the Board of Directors of SEVKAZENERGO JSC dated 29.01.2018.

**Anti-corruption and fraud activities in the Company are carried out in accordance with the following principles:**

- maintaining a high level of corporate governance;
- intolerance to corruption and fraud;
- proper assessment of the risks of corruption and fraud;
- minimisation of conflicts of interest.

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#principles #anti\_corruption



The Company's main anti-corruption goals and objectives are: to create and implement an effective strategy to combat corruption and fraud; to develop an appropriate culture of behavior and negative attitude among employees and bodies of the Company to all manifestations of corruption and fraud; to minimise the risk of involving the Company and employees in corruption and fraudulent activities; to promptly respond to emerging events of corruption and of a fraudulent nature.

## CONFLICT OF INTERESTS

Conflicts of interest are regulated in the Code of Corporate Ethics for Personnel of the SEVKAZENERGO Group of Companies. This document provides for responsibilities of employees, abuse of official position, activities of employees inside and outside the Company. Minimising Conflicts of Interest is one of the main principles regarding fraud and corruption in the Anti-Corruption and Fraud Policy. This principle declares that the company reduces the conflict of interests on the basis of an effective distribution of powers and responsibilities through the development of a transparent organisational structure. The activities of the members of the Board of Directors are regulated by the relevant Regulation. In accordance with clause 6.2.3 of these Regulations, members of the Board of Directors are required to monitor and, if possible, eliminate potential conflicts of interest at the level of officials and shareholders, including misuse of the company's property and abuse of ownership in related-party transactions.

## INFORMATION POLICY

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

The policy consists of internal and external information work. External work consists in informing the public about the Company's activities by publishing reports, messages, providing documents and other materials. Internal work is aimed at informing all employees about the current state of the Company, maintaining corporate loyalty, regulating the access of various employees and structural divisions to corporate information.

**The main objectives of information disclosure are as follows:**

- Timely provision of information on all material issues related to the Company in order to comply with the legal rights of shareholders, investors, as well as other interested parties in providing information required for making an informed decision or performing 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 activities of the Company.
- ensuring the availability of public information about the Company to all interested parties;
- Increasing the level of openness and trust in relations between the Company and shareholders, potential investors, market participants, government agencies and other interested parties.



- improving the corporate governance in the Company;
- creating a positive image of the Company.

In 2021, SEVKAZENERGO JSC regularly informed interested parties about its activities by updating the Company's corporate website, posting information in the media and social networks, responding to requests, organising public hearings, press tours, round tables and other events.

**In 2021, 1,661 references were recorded to the activities of Sevkazenergo Group of Companies.**

#Fact

**In 2021, 8 press conferences, briefings and round tables were held for media representatives, comments and TV stories were prepared:**

- 1) 15.02.2021** - briefing with regional journalists on the topic of explaining the formation of the Unified Payment Document (heating costs for houses with heat communal meters and without metering devices, tariffs);
- 2) 31.03.2021** - briefing with media representatives on changes in electric power production tariffs;
- 3) 09.07.2021** - briefing with representatives of regional mass media on vaccination of employees of SEVKAZENERGO Group of Enterprises;
- 4) 21.07.2021** - briefing with representatives of regional mass media on the need to prepare residential buildings for the heating season;
- 5) 04.08.2021** - briefing with representatives of regional mass media on the need to prepare residential buildings for the heating season;
- 6) 18.08.2021** - participation of the Deputy Chief Engineer of Petropavlovsk Heat Networks LLP in the online broadcast of the briefing Antikor Ortalygy with information on the preparation of the enterprise for the heating season 2021-2022;
- 7) 07.12.2021** - the Department of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan for the North Kazakhstan region held a public reception on problematic issues of the municipal sphere online with the participation of representatives of the Department, subjects of natural monopolies, the North Kazakhstan regional branch of the Nur Otan Party, the regional Chamber of Entrepreneurs of the North Kazakhstan region as well as other interested parties;

**8) 29.12.2021** - briefing at the Central Communications Service platform on the operation of Petropavlovsk CHP-2.

Additionally, videos and information materials about the Company's compliance with disinfection measures to prevent the spread of coronavirus infection were prepared and distributed through social networks.

Information about the events held was also posted in regional, city and republican print publications, on television and radio, and on information feeds.

Full responses to their requests are provided to journalists promptly and in a short time, and information and comments are sent out (as requests are received).

Much attention is paid to the development of the Company's website [www.sevkazenergo.kz](http://www.sevkazenergo.kz) as the main source of information about the company for external stakeholders, where weekly news materials are posted. In accordance with current trends, information is distributed through social networks in official accounts on Facebook and Instagram.

In the reporting year, the Public Relations Department of SEVKAZENERGO JSC participated in the preparation, conduct and information support of sports, sponsorship, anniversary, holiday, city events; brochures, booklets and stands for the Group's enterprises were developed and released.

Plans for 2022

As part of implementation of the information policy, further work is planned aimed at timely and regular disclosure of information about all significant facts of the Corporation's activities. Among other things, it is planned to:

- make public awareness efforts for consumers on topics of interest;
- continue work on the development of communication channels within the Group of Companies;
- continue work on the development of communication channels with an external audience;
- develop internal learning/experience sharing.

## CORPORATE ETHICS

SEVKAZENERGO JSC has developed and adopted an Action Plan for environmental and social actions, which regulates the Company's policy in the area of environmental protection and social responsibility of the Company. The Company operates the Code of Corporate Ethics for Personnel of the SEVKAZENERGO Group of Companies, approved in 2011 (the "Code"). The Code describes the basic rules of interaction between managers and staff, rules of conduct, and requirements for employees from the Company's point of view. These rules are a set of corporate standards that confirm the Company's commitment to principles and rules that are ethical, legal and allow to conduct a successful business.

**The Company's corporate values are:**

- customer relations – the Company strives for the highest standards of customer service;
- relations with shareholders – in relations with shareholders, the Company pursues an open policy and strictly adheres to the principles of corporate governance;
- relations with personnel – the Company's personnel is a key factor in its successful operation;
- relations with government agencies – the Company adheres to the principle of neutrality in relation to financial and industrial groups, political parties and associations and carries out its activities in the interests of consumers and shareholders.

Control over observance of business ethics in the Company is carried out by the management through organisation of activities in accordance with the prescribed ethical principles and norms. The established standards and regulations of the Code are shared by all employees of the Company.

**All employees of the Company adhere to the standards and provisions of the Code of Business Conduct promoting the achievement of the following operating results:**

- Reducing the number of compromise decisions and promoting independent judgement
- Enhancing corporate culture as well as the overall image of the Company and its perception by public
- Improving the efficiency of the corporate governance, risk management and crisis management process
- Promoting efficient interaction with stakeholders
- Allowing to avoid litigations.

The Code establishes ethical standards for the Company's activities to ensure confidence in its honesty, openness and professionalism. The document also prescribes the standards for relations both within and outside the Company. With respect to stakeholders the Code contains a set of fair rules permitting no double standards of cooperation with the Company. SEVKAZENERGO JSC's

operations in compliance with the Code of Business Conduct are aimed at delivering benefits to its customers, society, the Company and each employee.

## EXTERNAL AUDIT

**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 until 2022.**







Fact

Energy companies are striving to increase environmental responsibility.

## Economic review

### Gross domestic product

According to preliminary data from the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, the GDP of the Republic of Kazakhstan increased by 4.1 % in 2021, while the economy contracted by 2.5 % in the prior year. After a tough year of a global pandemic and quarantine, in 2021 the economy again reached a growth path. The main contribution to the growth was made by the production of services (which showed an increase by 4.0 %), especially significant growth was in wholesale and retail trade (by 9.2 %), information and communication (by 14.6 %). The production of goods increased by 3.6 %, primarily due to the growth of the manufacturing industry.

### Gross domestic product dynamics

Source: The Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan





## Industry

In 2021, the volume of industrial production increased by 3.8 %. An increase in production volumes was recorded in 15 regions of the republic, with a decrease in only two regions (in West Kazakhstan and Mangistau regions).

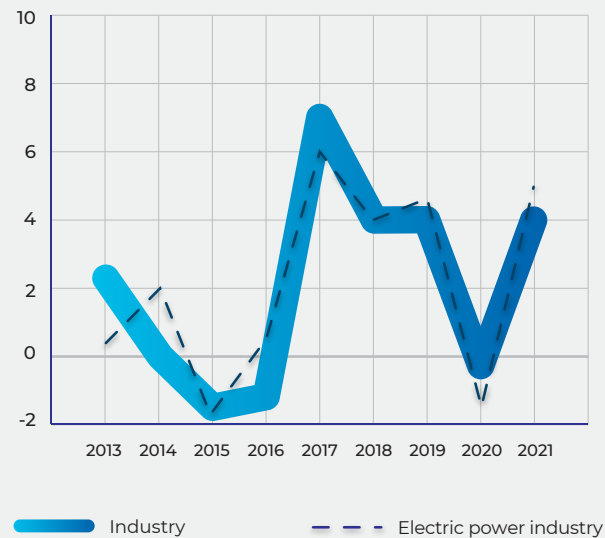
In 2021, increase in the mining industry and quarry development was 1.7 %. Poor growth was observed in the production of crude oil (0.3 %) and coal (0.8 %). Stronger growth was recorded in the production of metallurgical ores (4.2 %) and rendering of services in the mining industry (4.3 %).

The situation in the manufacturing industry was more dynamic, where production increased by 5.5 %. For example, in the production of finished metal products, except for machinery and equipment, the growth was 18.2 %, and in mechanical engineering it was 20.4 %.

The supply of electricity, gas, steam, hot water and air-conditioned air grew by 4.8 %, mainly due to a 5.7 % increase in the production and distribution of gaseous fuels through pipelines. In the production, transmission and distribution of electricity, the increase was 5.2 %.

### The dynamics of production in the industry in general and in the electric power industry, %

Source: The Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

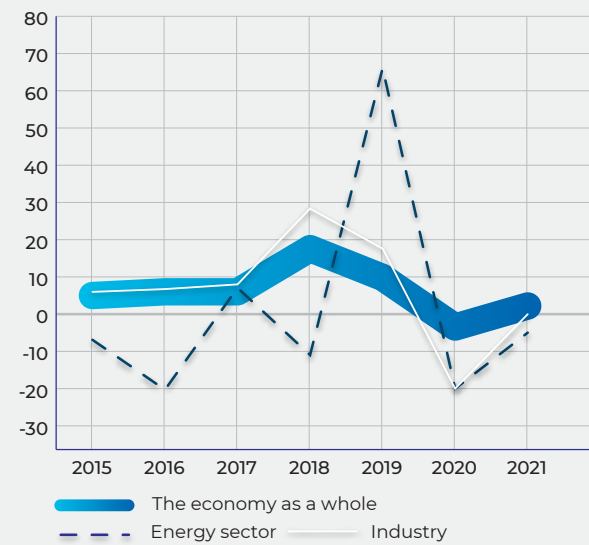


## Investments

Fixed asset investment grew by 3.5 % in 2021, following a 3.4 % decline a year earlier. At that, the increase in investment in industry was 0.7 %. In the energy sector, investment declined by 4.9 %, compared to more than 20.0 % a year earlier.

### Fixed capital investments dynamics, in %

Source: The Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan



## Inflation

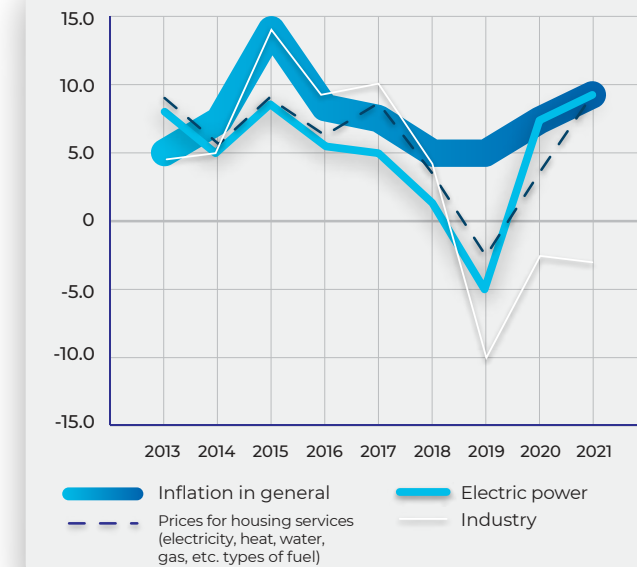
Inflation in 2021 was 8.4 %: the highest level over the last five years. Prices for food products increased by 9.9 %, non-food products — by 8.5 %, and paid services — by 6.5 %.

At that, the cost of housing services increased by 9.2 %.

In particular, electricity prices increased by 9.3 %, while heat prices continued to decline – in 2021, the decline was 2.8 %.

### Fixed capital investments dynamics, in %

Source: The Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan



### Forecast

According to the forecast of the Ministry of National Economy, announced in April this year, the growth of the economy of Kazakhstan will be 2.1 % (3.9 % in the previous forecast). The deterioration of the forecast is related to the geopolitical situation in the region and the deterioration of global GDP prospects.

In its May forecast, the Eurasian Development Bank expects Kazakhstan's economy to grow by 2.5 % in 2022 (compared to 4 % in its February forecast).





## Energy sector overview

In 2021, Kazakhstan experienced a sharp increase in electricity production and consumption.

This was due to the restoration of production in the most energy-intensive industries, such as metallurgical industry, mechanical engineering, and oil refining. Crypto currency mining also contributed to the surge in electricity consumption.

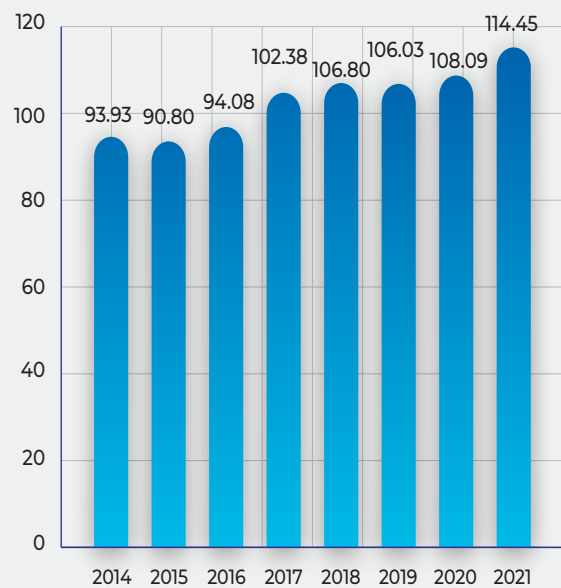
In the development of the electric power industry in Kazakhstan, there is a noticeable trend towards the transition to renewable energy sources, which requires significant changes in the energy system.

## Production

According to the system operator KEGOC, Kazakhstan produced 114.45 billion kWh of electricity in 2021, which is 5.8 % higher than in 2020, and is the second largest increase over the last ten years. In particular, a significant increase was observed in the largest region in terms of generation, Pavlodar, by 12.5 %. Growth by more than 10 % was also recorded in Atyrau, Zhambyl, Kyzylorda and Turkestan regions. At that, in the Karaganda region (the second largest generation), a decrease of 3.7 % was observed.

### Electric power generation in the Republic of Kazakhstan, billion kWh

Source: KEGOC

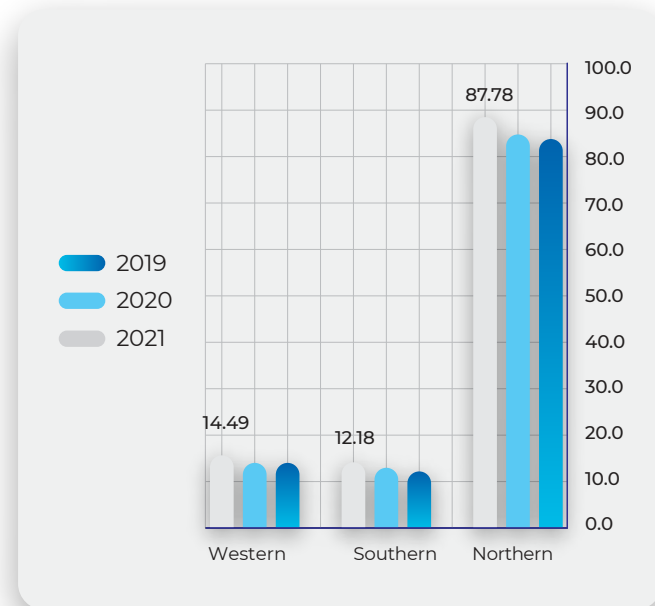


All three EPS of the Republic of Kazakhstan showed a significant increase in generation. The Northern Zone accounted for 77.0 % of total electric power generation in Kazakhstan in 2021. Growth by 2020 was 5.7 % or 4.75 billion kWh.

The Western Zone accounted for 13.0 % of the generation, while the growth there reached 7.4 % and in absolute terms amounted to 1.0 billion kWh. Electric power generation in the Southern zone increased by 5.3 % or by 0.61 billion kWh in the preceding year.

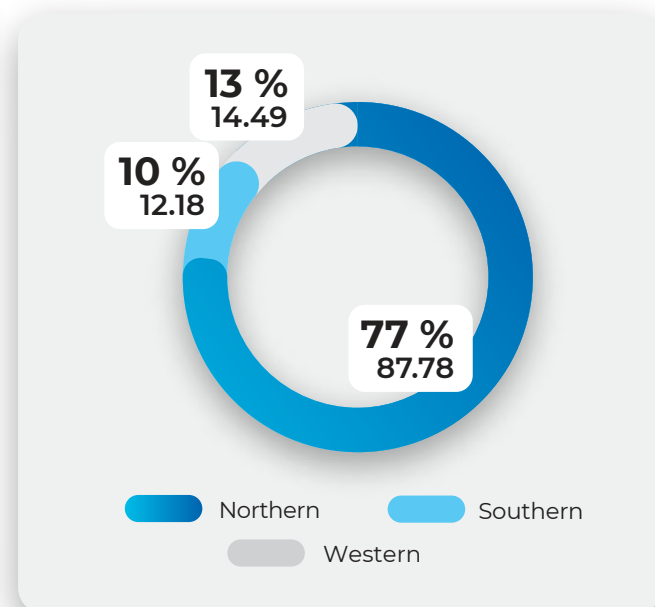
### Electric power production by zones, billion kWh

Source: KEGOC



### Electrical power generation by zones in 2021, billion kWh and share

Source: KEGOC



79.7 % of electric power in 2021 was generated by thermal power plants. Generation growth was 5.0 %, compared to 1.0 % growth a year earlier. A significant increase, by 12.0 %, was observed at GTPPs, which ultimately accounted for 9.4 % of generation.

The output of plants using renewable energy sources (SPS, WPS and BGU) increased by 45.0 % in 2021 (after doubling for two consecutive years). In the total structure of electric power generation, their share was 3.0 %, compared to 2.2 % in 2020.

### Electric power production by generation types, billion kWh

(Source: KEGOC)

	2019	2020	2021	Change	Weight in 2021
TPP	85.96	86.66	91.16	5 %	79.7 %
GTPP	9.98	9.53	10.70	12 %	9.4 %
HEPP	8.98	9.55	9.18	-4 %	8.0 %
PPS, WPS and BGP	1.11	2.35	3.40	45 %	3.0 %

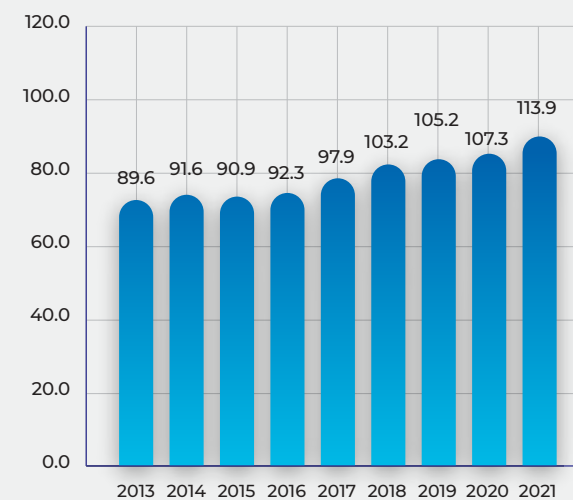
## Consumption

Electric power consumption in 2021 increased by 6.1 %, the highest growth rates in recent years. A significant increase in consumption was observed in all three zones. The largest increase in consumption was recorded in the Southern Zone by 9.0 %, followed by the Western Zone (an increase by 7.0 %), and then the Northern Zone, where growth reached 5.0 %.

At that, the Northern Zone accounted for about 65.0 % of electric power consumption.

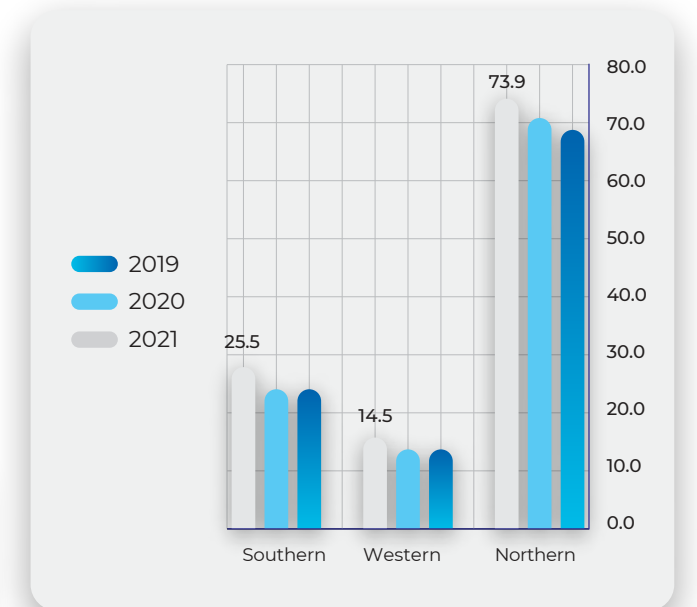
### Electric power consumption in the Republic of Kazakhstan, billion kWh

Source: KEGOC



### Electric power consumption by zones, billion kWh

Source: KEGOC



## Net power flow

Net power export in 2021 amounted to 556.9 million kWh. Export to the Russian Federation was 1,326.6 million kWh, and import from the Russian Federation was 1,788.32 million kWh. Export to the Central Asian unified power grid was 1,323.83 million kWh, and import was 305.21 million kWh.





## Capacities

According to KEGOC data, 190 electric power stations produce electricity in Kazakhstan. As of 1 January 2022, their total installed capacity is 23,959.3 MW, and their available capacity is 20,200.5 MW.

Installed capacity growth in 2021 totalled 412.3 MW and was primarily driven by plants using renewable energy sources. For solar power plants, the growth in installed capacity reached 149.0 MW (up to 1,034.3 MW), for wind power plants, the growth was 148.0 MW, and the installed capacity reached 659.5 MW. The installed capacity of hydroelectric power plants increased by 76.6 MW over the year and reached 2,806.2 MW. For TPPs, the growth was 38.7 MW, while the installed capacity reached 19,458.2 MW, which is 81 % of the total installed capacity of the EPS of Kazakhstan.

Installed and available capacity of power plants in Kazakhstan, MW (as of 1 January 2021-2022)

Power plants	Installed capacity			Available capacity		
	2021	2022	Δ, MW	2021	2022	Δ, MW
<b>Total</b>	<b>23,547.1</b>	<b>23,959.3</b>	<b>412.3</b>	<b>20,039.1</b>	<b>20,200.5</b>	<b>161.4</b>
TPP	19,419.5	19,458.2	38.7	17,456.1	17,454.4	1.7
SPS	885.3	1 034.3	149.0	641.6	834.3	192.7
WPP	511.6	659.5	148.0	311.6	376.8	65.2
HEPP	2,729.6	2,806.2	76.6	1,628.7	1,534.0	94.7
BGP	1.1	1.1	-	1.1	1.1	-

Source: Samruk-Energy JSC

## Renewable energy sources

Within the framework of the Paris Agreement, Kazakhstan has set a course for the transition to a green economy. In particular, the country has committed to achieving carbon neutrality by 2060. A significant part of this transition will be the strengthening of the role of renewable energy sources in the electric power sector. And today, the desire of industry regulators to support renewable energy is noticeable.

In 2021, the end-to-end premium for supporting the use of renewable energy sources began to be applied.

### As a result, the selling price of traditional stations is divided into two components:

- the maximum tariff for electric power, which takes into account the costs of producing electric power and the rate of profit determined according to the methodology established by the authorised body;
- the tariff for RES support, determined by the FSC.

Last year, it was decided to exempt from payment for electricity transmission only renewable energy facilities that sell electricity in FSC LLP (previously, all renewable energy facilities were exempt). At that, contracts for the purchase of electric power produced by renewable energy facilities have been extended from 15 to 20 years, which should increase their attractiveness to investors.

## Market analysis

Existing privileges for renewable energy stations include:

- guaranteed connection to electric networks;
- guaranteed purchase of electric power;
- incentives for thermal power generation facilities that use renewable energy sources;
- indexation of fixed tariffs for renewable energy facilities based on inflation and the foreign currency exchange rate;
- indexation of auction prices of objects using renewable energy sources.

Further changes in the legislation will be aimed, in particular, at supporting the development of hydroelectric power plants, renewable energy projects using the electricity storage system, and the development of small-scale renewable energy sources.

### Industry development forecast

According to the forecast of the Ministry of Energy of the Republic of Kazakhstan, electricity consumption is expected to reach 115.1 billion kWh in 2022. Growth by about 5 % by 2021. Production is projected to reach 115.1 billion kWh, which means approximately maintaining the level of 2021. The surplus is expected to reach 4.6 billion kWh.

Forecast balance of electric power of the EPS of the Republic of Kazakhstan, billion kWh

Indicator	2022	2023	2024	2025	2026	2027	2028
Electric power consumption	119.7	123.2	125.8	129.7	131.9	134.5	136.9
Electric power generation	115.1	117.3	121.8	125.9	131.5	131.5	131.7
Existing stations	110.5	107.1	107.4	106.2	105.8	105.9	106.1
Planned including RES	4.6	10.2	14.3	19.7	25.6	25.6	25.6
Excess	4.6	5.9	4.0	3.9	0.5	3.0	5.2

Source: Ministry of Energy of the Republic of Kazakhstan





PERFORMANCE RESULTS AND  
DEVELOPMENT PROSPECTS  
OVERVIEW



✓ Performance results and  
development prospects overview

**SEVKAZENERGO JSC** constantly carries out a set of measures to reduce the losses of heat and electric power during its transportation, as well as to improve the reliability of supplying consumers with these types of energy. **In 2020**, within the framework of the investment program, a number of measures for modernisation of equipment aimed at increasing generation, reducing losses during the transmission of electric power and heat and improving the environmental parameters of activities were continued.



**INVESTMENT  
ACTIVITIES FOR  
HEAT AND ELECTRIC  
POWER GENERATION**

The investment program, which will continue to be implemented in the SEVKAZENERGO Group of Companies in 2021, allowed increasing the generation of thermal and electric energy, significantly reducing electrical transmission losses, and improving the environmental parameters of the Company's activities. **3.053 billion tenge** was allocated for the implementation of the investment program projects in 2021.

Fact

**In 2021**, the Company planned to allocate **3,872,744 thousand tenge** for implementation of the investment program activities. In fact, **3,890,103 thousand tenge** was allocated.

sevkazenergo\_21  
#investments #investment\_programs



- 2012** – modernisation of boiler units No. 6 and 7 was completed with an increase in the steam capacity of the plant by 50 tons of steam per hour.
- 2013** – the project for the reconstruction and modernisation of turbine generator No. 4 was completed, and the reconstruction of turbine unit No. 6 was completed. The implementation of two projects allowed to increase the installed electric capacity by 54 MW.
- 2014** – new boiler unit No. 8 was installed. As a result, the steam capacity was increased by 270 t/h.
- 2015** – turbine unit No. 1 was put into operation, which allowed increasing the installed electric capacity of the turbine by 21 MW.
- 2015** – reconstruction of turbine unit No. 7 was carried out, which allowed to increase the installed and available turbine capacity by 24 MW.
- 2016** – a new turbine unit No. 5 was put into operation with an increase in electric capacity by 62 MW. After reconstruction, boiler unit No. 12 was put into operation with an increase in steam capacity by 50 t/h.
- 2018** – a new 7 AT autotransformer was put into operation.
- 2019** – a new 6 AT autotransformer was put into operation.
- 2020** – equipment for accreditation of the laboratory of metals was purchased.
- 2021** – project for the reconstruction of the boiler unit of station No. 2 with an increase in steam capacity to 240 t/h. The CHP defrosting device was put into operation.



- ★ The installed capacity of the plant was **increased** by **161 MW, from 380 MW to 541 MW.**
- ★ Electric power generation **increased** by **20.82 %** compared to **2008** (2008 – 2,236,980. 46 thousand kWh, 2021 - 2,702,716. 418 thousand kWh).
- ★ Electric power consumption for the plant's own needs was **reduced** by **1.72 %** (2008-14.43 %, 2021-12.71 %).
- ★ Physical wear on the main equipment was **reduced** by **33.39 %** (2008 - 89.47 %, 2021 - 56.08 %).
- ★ The specific consumption of conventional fuel for electric power supply from tires was **reduced** by **17 grams of fuel/kWh** (2008 - 423.00 grams of fuel/kWh, 2021 - 406.0 grams of fuel/kWh) and **2021** for heat supply by **3.6 kg of fuel/Gcal** (2008 - 200.34 kg of fuel/Gcal, 2021 - 196.74 kg of fuel/Gcal).

## GENERATION OF ELECTRIC POWER

In 2021, the volume of electric power generation amounted to 2,702. 716 million kWh.

Commissioning of new equipment in previous years significantly increased the capacity of the plant, which allows to meet the growing needs of the region for heat and electric power and contributes to the progressive development of business projects and industry in the North Kazakhstan region.

	2017	2018	2019	2020	2021
<b>Installed electric capacity at the end of the year, MW</b>	541	541	541	541	541
<b>Electric power generation, million kWh</b>	3,226	3,211	3,473	3,331	2,703
<b>Share in Kazakhstan's electric power generation, %</b>	3.1	3.0	3.2	3.1	2.4
<b>Electric power supply to the grid, million kWh</b>	2,834	2,822	3,059	2,931	2,342
<b>Electric power transmission, million kWh.</b>	1,235	1,276	1,253	1,183	1,290
<b>Installed heat capacity at the end of the year, Gcal</b>	713	713	713	713	713
<b>Heat generation, thousand Gcal</b>	1,697	1,893	1,831	1,725	1,910
<b>Heat power transportation, thousand Gcal</b>	1,237	1,364	1,348	1,264	1,426
<b>Commercial supply of heat power, thousand Gcal</b>	1,682	1,874	1,819	1,714	1,897

## ✓ Performance results and development prospects overview

Petropavlovsk CHP-2  
SEVKAZENERGO JSC

a major power generating asset of  
SEVKAZENERGO JSC.

- ★ Installed electric power is **541 MW**
- ★ **PCHP-2 provides electricity** to industrial enterprises of the city, local service facilities, and households.

A number of projects will be implemented at the station in 2021.

1) Reconstruction of boiler units at stations No. 1, 3, 4, 5, 6, 9, 10, 11. The event is aimed at updating the equipment and extending the service life of boilers that have spent their park life, which allows to carry the heating and electrical load in accordance with the production plan and improve the technical and economic indicators of the plant.



2) Reconstruction of auxiliary equipment of the boiler shop. The event is aimed at replacing the mill shafts, as there is a high risk of stopping the mill due to increased vibration of the unit, which will lead to breakage of the mill holders, destruction of the mill body, and, as a result, to high recovery costs and a decrease in the steam capacity of the boiler unit by 55 t/h.

3) Construction of the enclosing dams of section 3 of ash dump No. 2 (stage 2). The event is aimed at increasing the capacity of section 3 of ash dump No. 2 in order to avoid an emergency shutdown of Petropavlovsk CHP2, associated with the inability to store ash and slag.

4) Reconstruction of fuel supply. The need for this event is due to physical and moral wear and tear, as well as changes in operating modes (work without redundancy in peak loads). The event is aimed at reducing physical wear and tear of equipment, trouble-free operation with increased reliability, uninterrupted fuel supply in the required volumes at maximum loads, in compliance with the production plan.



5) Major repairs of railway tracks resulting in an increase in the cost of property, plant and equipment. The event is aimed at reducing physical wear and tear, which may result in disruption of fuel supply to CHP-2, as well as derailment of railcars.

6) Modernisation of the software and technical complex of the automated process control system of the boiler station No. 8 and thermal generating unit of station No. 1. The performance of this event is conditioned by the need to perform:

— The Law "On Informatisation" entered into force on 24 November 2015 No. 418-V RK Law (the "Law");

— unified requirements in the area of information and communication technologies and information security, introduced by the Decree of the Government of the Republic of Kazakhstan dated 20 December 2016 No. 832 (the "Requirements");



In case of non-fulfillment of this measure, a fine of 200 MCI and 20 days for elimination is imposed, then a second examination and in case of non-fulfillment a fine of 400 MCI, etc. It should be noted that the automated control system will not be protected, the risk of shutdown or failure of both equipment and software is high, which will result in the shutdown of the main equipment (boiler station No. 8 or thermal generating unit of station No. 1).

7) Modernisation of the air conditioning system of PCHP-2 premises of SEVKAZENERGO JSC. The event is aimed at replacing outdated equipment in the turbine shop's excitation room. When the temperature rises above 35°C there is a failure of the microprocessor technology and, as a result, the turbo generator stops.

8) Purchase and installation of a 2T transformer. The event is aimed at obtaining an energy-saving effect from reducing the loss of electric energy in the step-up transformers of the station of 1.263 million kWh or 0.879 million tenge. In addition to the energy-saving effect, there is an effect of increasing the reliability of equipment operation, namely, in case of failure of 2T, the turbine unit of station No. 2 will be in forced reserve for the period of purchase, delivery and installation of the transformer. Exclusion of underperformance from thermal generating unit of station No. 2 - 217.423 million kWh and loss of profit of 151.290 million tenge.



**9)** Modernisation of the digital logger of emergency processes in the 110, 220 kV network and CHP-2 own needs. The need to implement this measure is determined by the requirements of paragraphs 140, 141 of the electrical installation code of the Republic of Kazakhstan dated 20 March 2015 and is intended for recording electrical parameters (currents, voltages, etc.) during emergency modes in electrical networks (short circuits, swings, shocks in the network). It has the functions of a data recorder (data storage depth of 9 days) and determining the location of damage on the overhead line. In case of short circuits on the 220 kV overhead line of the ARDC FAMES of KEGOC JSC requests 220 kV overhead line currents and 220 kV busbar system voltages. In case of refusal of this measure, there is a risk of failure to monitor emergency situations and, as a result, a long period or inability to establish the causes of the accident and its consequences, the time to restore the station mode. When installing and using this recorder, the downtime of disconnected equipment will decrease and the reliability of electrical equipment will increase.

**10)** Major repairs of the main building resulting in an increase in the cost of property, plant and equipment. The event is aimed at reducing physical wear and tear, the risk of destruction of the main building with possible human casualties.

**11)** Cleaning the bottom of Lake Beloye (energy-saving measures). The implementation of this measure will result in a decrease in the temperature of the lake by 1-2 degrees Celsius. Lowering the cooling water temperature will allow to save up to 7,780 toe, which is at the cost of toe of 8,071.33 will amount to 62.794 million tenge.

**12)** Examination of the working documentation Installation of an automated system for monitoring emissions to the environment at PCHP-2 of SEVKAZENERGO JSC (chimney No. 2). The event is aimed at meeting the requirements of current legislation, monitoring the operation of the enterprise in a safe and environmentally friendly mode.

#### Additional events:

**13)** Major repairs of boiler units of stations No. 3,7 resulting in an increase in the cost of property, plant and equipment (separation devices KA-3, heating surface KA-7). This measure is aimed at extending the service life of elements that have exhausted the park resource, which will allow them to carry heat and electrical loads in accordance with the production plan.

**14)** Production of a technical passport for the construction of enclosing dams. The event is aimed at legalising the object after reconstruction (redevelopment).

**15)** Production and replacement of separation devices of the boiler unit drum No. 11. This measure is aimed at extending the service life of elements that have exhausted the park resource, which will allow them to carry heat and electrical loads in accordance with the production plan.

**16)** Major repairs of turbine unit of station No. 3 resulting in an increase in the cost of property, plant and equipment. This measure is aimed at extending the service life of elements that have exhausted the park resource, which will allow them to carry heat and electrical loads in accordance with the production plan.

**17)** Testing and adjustment of boiler equipment. The event is aimed at identifying the technical condition and operating conditions of equipment, adjusting the operating modes of boilers, monitoring (evaluating) the quality of boiler repair work.

**18)** Purchase of electrical equipment (purchase of inventories). This measure was necessary to eliminate the inconsistency and reliable operation of the electrical equipment of the 6 kV boiler unit of station No. 1, the turbine unit of station No. 3 and the general station mechanisms, because in the event of a technological violation, the equipment of the 4 and 5 sections of the 6 kV switchgear and fire alarm systems in cable tunnels was disrupted. To temporarily switch on the electrical equipment of these sections, equipment that is in repair or reserve (PC-1,2) was dismantled, part of the general station equipment was inoperable due to the lack of ORION-type protection and control devices.

**19)** Purchase of antivirus software. This event is necessary for the stable operation of the information system.

**20)** Development of a preliminary feasibility study for implementation of BAT at PCHP-2 in accordance with the requirements of the new Environmental Code. As part of the requirements of the new Environmental Code of the Republic of Kazakhstan, new definitions of pollutants and their classification are introduced, depending on the level of negative impact of activities on the environment. Petropavlovsk CHP-2 is classified in the first category of hazardous (polluting) activities. At that, the new Environmental Code requires a mandatory transition to integrated environmental permits with the condition of introducing the best available technologies.

**21)** Purchase of a conveyor belt. The event is aimed at purchasing materials to reduce physical wear and tear of equipment, which will allow for trouble-free operation with increased reliability, as well as ensure uninterrupted fuel supply in the required volumes at maximum loads.

**22)** Commissioning of the installation of RTU-325E2-512-M4-B. The event is aimed at eliminating non-compliance and reliable operation of the PCHP-2 ASCAE. Faulty operation of the data acquisition and transmission device results in an imbalance of commercial electric power metering, and, as a result, to a violation of paragraph 41 of the "Rules for the operation of electric energy balancing".

**23)** RTU-325-E2-512-M4-B device. To eliminate the discrepancy and ensure reliable operation of the PTEC-2 ASKUE, it is necessary to purchase the RTU-325-E2-512-M4-B8 device for data assembly and transmission. The data collection and transmission device of the automated system for commercial electric power metering PCHP-2 of SEVKAZENERGO JSC is out of order and cannot be repaired or restored. Faulty operation of the device results in an imbalance of commercial electric power metering, and, as a result, to a violation of paragraph 41 of the "Rules for the operation of balancing electric energy".



## Transmission of electric power

**In 2021, as part of the investment program, the following works were carried out on the construction, reconstruction and technical re-equipment of the electric networks of North Kazakhstan Electric Distribution Company JSC:**

- measures to reconstruct the 0.4 kV overhead power line in Bulaevo, Zhumabayev district, with a length of 10.78 km using self-supporting insulated wire technology;
- replacement of 16 MVA power transformers for 25 MVA transformers at 110/10 kV substation No. 3 in Petropavlovsk;
- modernisation of the PSP system of 110 kV overhead lines of 110/35/10 kV Liteynaya substation;
- purchase of 40 oil-filled waterproofed transformers of 10/0.4 kV;
- purchase of a 10 kV switchgear for modular building for the reconstruction of a 10 kV closed switchgear at the 35/10 kV Ozernaya substation in the Kyzylzhar district of the North Kazakhstan region;
- construction of the 110 kV Novomikhailovka-Liteynaya overhead line with a length of 4.3 km;
- purchase of special vehicles in the form of UAZ trucks, MTZ tractors and forestry mulcher;



## Transmission of heat

In terms of "Capital and current repairs" during 2021, the company performed planned repairs of main and distribution networks with replacement of pipes with a total length of 11,211 km (3,578 km of main networks and 7,633 km of distribution networks). Repair and restoration of damaged heat insulation and bare sections of pipelines using glass wool boards with a total length of 5.078 km was carried out.

Within the framework of the company's investment program for 2021, at the expense of funds provided for in the tariff, the contractor organisation Construction Management Energostroy LLP continued work on the project Reconstruction of the heating main No. 7-18 2Du500mm along Almatinskaya Str. from TK-8-01 to TK-7-09A. Project implementation period: 2020–2021 The total cost of the urban heating main renovation project is 1,098,300 thousand tenge excluding VAT, including 590,695 thousand tenge in 2021. The total length of the section to be reconstructed is 1,674 running meter of pipeline. In 2021, 908 running meters were reconstructed, the implementation amounted to 590,695 thousand tenge net of VAT or 100% of the plan.

Unscheduled comprehensive non-departmental examination of working projects "Reconstruction of the heating main No. 3 2Du500mm on Satpayev Str. from TK-6-19 to TK3-15g in Petropavlovsk, North Kazakhstan region" and "Reconstruction of heating main line No. 7 2Du600mm on Krepostnaya Str. from TK-1-10 to TP-15-12s in Petropavlovsk, North Kazakhstan region. Adjustment" was performed, construction of the 2Du100mm heat network (from UN-6-10b to the building on 22, 24, 24/1 Kattay Kenshibayev Str.) was completed, a PBX kit, thermal imager, 2 switches, 3 MFPs, 15 computers, Microsoft license, antivirus software, electric motor control cabinet, switchboard with metering device, switchboard, and Ventyx Ellipse Enterprise Solution software were purchased.

#### Fact

According to the results of 2021, losses in North Kazakhstan Electric Distribution Company JSC were reduced from **7.72 % to 7.21 %**.

sevkazenergo\_21  
#construction #operating\_results\_review  
#reconstruction







**Plans for the reconstruction and modernisation of equipment for 2022**

**Plans for the reconstruction and modernisation of equipment for 2022**

**As part of the investment program in 2022, it is planned to continue a number of measures to modernise equipment aimed at increasing generation, reducing physical wear of PCHP-2 equipment, reducing losses in the transmission of electric power and heat, and improving environmental performance parameters.**

**In 2022, the Company intends to allocate 4.238 billion tenge for implementation of the investment program activities.**

**Planned works at Petropavlovsk CHP-2**

- 1) Modernisation of overhead cranes of the boiler shop. The need to perform this action is due to safety requirements when replacing the drums of boilers of the first stage. Taking into account that in accordance with the current design, cranes operate at different lifting speeds, it is necessary to bring them to the same speed mode.
- 2) Construction of the enclosing dams of section No. 3 of ash dump No. 2. The event is aimed at increasing the capacity of section 3 of ash dump No. 2 in order to avoid an emergency shutdown of Petropavlovsk CHP2, associated with the inability to store ash and slag. In 2021, it is planned to start work within the framework of the developed project for building up the enclosing dams of the 2nd stage.
- 3) Major repair of reinforced concrete chimney No. 2 with replacement of lining. According to the results of the inspection of the inner part of the chimney No. 2, it was established that the technical condition of the lining of three belts is in disrepair (there are cracks, stratification of bricks, lack of a lining layer). It was also identified that the acid-resistant protective layer is completely absent. The above factors negatively affect the condition of the load-bearing structures of the pipe (reinforced concrete pipe trunk). Failure to comply with this measure, taking into account the aggressive environment, will lead to the destruction of the reinforced concrete pipe trunk and the accident rate of the structure. The event is aimed at reducing the physical wear of the chimney. The completed works will allow trouble-free operation of the pipe and the equipment connected to it for at least 5 years.
- 4) Major repairs of railway tracks. According to the survey of the railway tracks of Petropavlovsk CHP-2, numerous defects have been identified that may affect the trouble-free operation of the railway. Failure to comply with this measure threatens the trouble-free operation of railway tracks and, as a result, the fuel supply to Petropavlovsk CHP-2. Positive effect – trouble-free operation, execution of the production plan.
- 5) Reconstruction of the reloading crane. It was commissioned in 1961 (60 years old). In 2010, the reloading crane was reconstructed. Due to the end of the permitted service life, which has served 59 years in particularly difficult conditions, as well as physical and moral wear of the metal structures of the crane bridge, there is a risk of banning operation. Based on the inspection performed by SEVKAZENERGO JSC, physical wear of the running wheels was established, which may lead to the crane's withdrawal from operation. To eliminate the risks associated with stopping the crane-loader and, as a result, reduce the electrical load, it is necessary to replace the running wheels of the crane.

6) Major repairs of buildings and structures of PCHP-2. According to the results of the survey of the CHP-2 buildings and constructions, carried out both by its own personnel and by accredited organisations involved, it was established that the load-bearing and enclosing structures have defects that can affect the trouble-free operation of the buildings and constructions and the safe operation of works. In this regard, the volumes of 2021 include measures to strengthen / replace load-bearing structures (beams, columns), strengthen/replace the covering plates and floors of the main building. In case of refusal of this measure, there is a risk of defects passing into a state of disrepair of structures and, as a result, further collapse. The positive effect is trouble-free operation of buildings and constructions.

7) Installation of an automated system for monitoring emissions to the environment at PCHP-2 of SEVKAZENERGO JSC (chimneys No. 2,3). According to the requirements of Article 418, paragraph 16 of the Environmental Code of the Republic of Kazakhstan (2021), enterprises of the 1st category must install an automated system for monitoring emissions at pollution sources by 01.01.2023. Sources of atmospheric air pollution are chimneys No. 1, 2, 3. The system is installed within the framework of industrial environmental control of the enterprise, has an online connection with the information system of the authorised body in the area of environmental protection for real-time data transmission. Information on the quantitative content of the following pollutants in flue gases is subject to transmission: sulphur oxides, nitrogen oxides, carbon oxides, and the content of solid particles (mg/m<sup>3</sup>).

8) Major repairs of boiler station No. 9 resulting in an increase in the cost of property, plant and equipment. This measure is aimed at extending the service life of elements that have exhausted the park resource, which will allow them to carry heat and electrical loads in accordance with the production plan.

9) Major repairs of turbine units of station No. 5 resulting in an increase in the cost of property, plant and equipment. This measure is aimed at extending the service life of elements that have exhausted the park resource, which will allow them to carry heat and electrical loads in accordance with the production plan.

10) Major repairs of turbine units of station No. 7 resulting in an increase in the cost of property, plant and equipment. This measure is aimed at extending the service life of elements that have exhausted the park resource, which will allow them to carry heat and electrical loads in accordance with the production plan.

11) Purchase of peak-load boilers. Turbine unit of stations No. 2, 3.

12) Installation of peak-load boilers.

13) Major repairs of diesel locomotives, resulting in an increase in the cost of property, plant and equipment. Diesel locomotive TGM-4A tail number 1088, built in 1979, is designed for feeding and unloading coal routes, as well as single cargo entering the territory of PCHP-2. During long-term operation, a number of defects have been identified in the operation of the locomotive's equipment, which can only be eliminated during major repairs of the locomotive.

14) Purchase of electrical equipment for RUSN0. 4 kV. In the event of a technological failure under the influence of high temperature, the electrical equipment of section 4 RUSN-0.4 kV was damaged. To restore the functionality of damaged equipment, you must purchase and replace electrical equipment.

15) Replacement of stationary compressors resulting in an increase in the cost of property, plant and equipment.

16) Major repairs of bulldozers, 2 units, resulting in an increase in the cost of property, plant and equipment. The



T-170 bulldozer produced by URALTRAK Cheliabinsk Tractor Works LLC has been put into operation since 1997, and the T-130 bulldozer produced by URALTRAK Cheliabinsk Tractor Works LLC has been put into operation since 1994. During the operation of the bulldozers, the engine and undercarriage of the bulldozer were not overhauled once, only the current repairs of attachments and replacement of tracked tracks complete with rollers were made. Due to the heavy load on the bulldozer during the period of operation and laying of the coal warehouse, a number of defects were identified on the bulldozers that affect the normal performance of the bulldozers, which results in their periodic failure.

17) Replacement of control and shut-off valves. It is necessary to replace the high-pressure fittings of the main steam line of the shopping center, since the valves have a pass, are not repairable, the valves have microcracks on the body, the valve seats are blown, the valves have exhausted their park life: 5PP-2, 5PP-3, 9PP-2, 4PP-4, 5PP-4, 6PPR-1, 6PPR-2.

18) Major repairs of the feed section of the feed pipeline (metal inspection, replacement of bends, replacement of shut-off valves) resulting in an increase in the cost of property, plant and equipment.

19) Security alarm system at PCHP-2 facilities. Ensuring the safety of shopping malls located on the territory of PCHP-2.

20) Development of a project for major repairs to the fencing and lighting of PCHP-2, which results in an increase in the cost of property, plant and equipment. According to the passport, the fence was built in 1970, has an area of 700 m<sup>2</sup> and a volume of 1,540 m<sup>3</sup>. At the moment, the fence is in unsatisfactory condition, project development is required.

21) Purchase of electric motors (6 units). In operation since the 1960s, repeated repairs of rotors by drilling in bearing seats, covers, covers have cracks, broken fasteners, cast iron material, repair of these components is ineffective.

22) Survey of the foundations of ball drum mill and the suspension and support system of pc/gas/air lines in axes 6-9, rows C-D from level 0-30 m.

23) Major repairs of electric motors resulting in an increase in the cost of property, plant and equipment. For reliable operation of the main equipment of the station during the heating season, backup electric motors are required. To form a reserve fund, it is necessary to make major repairs with the replacement of insulation of windings with the help of a specialised organisation.

24) Development of technical documentation of non-public railway tracks of PCHP-2. In 2022, the contract No. 4/55 of 15.04.2017 for the operation of a non-public railway track between Russian Railways and SEVKAZENERGO, concluded for a period of 5 years, ends. Due to the fact that for the conclusion of a new contract for the operation of a non-public railway track between Russian Railways JSC and SEVKAZENERGO JSC, it is necessary to revise the technical documentation (Technical Passport of non-public railway tracks with longitudinal profiles, Instructions for the operation of non-public railway tracks, unified technological process) in accordance with paragraph No. 2. 9. Rules for the carriage of goods by rail, Rules for the operation and Maintenance of non-public railway tracks, contracts are concluded taking into account the data of the technical passport of the non-public railway track, instructions, plan and longitudinal profile of the non-public railway track, as well as the operation technology of the junction station.

25) Development of draft standards for water consumption and sanitation of auxiliary production at PCHP-2 of JSC SEVKAZENERGO. The event is necessary to comply with the requirements of the water legislation of

the Republic of Kazakhstan. Obtaining a permit due to the expiration of permit No. 672 dated 14.12.2016, as well as avoiding penalties from regulatory authorities.

26) Installation of a video surveillance system for the ash dump. The event is aimed at ensuring security, including allowing you to quickly record the fact of committing an illegal act, as well as to exercise the ability to control the quality of work of employees, the overall situation at the facility.

27) Construction of an access railway crossing.

28) Expertise of the working project "Reconstruction of second elevation dredging pumping station". The event is aimed at conducting a non-departmental examination of the working project in order to comply with the legislation.

29) Expertise of the project "Reconstruction of Petropavlovsk CHP-2 with replacement of sections 9, 10, 11 of the KRU 6 kV". The event is aimed at conducting a non-departmental examination of the working project in order to comply with the legislation.

30) Expertise of a project for major repairs of fencing and lighting at PCHP-2 resulting in an increase in the cost of property, plant and equipment. The event is aimed at conducting a non-departmental examination of the working project in order to comply with the legislation.

31) Examination of the project for laying a pipeline for household needs of 630 mm DN from the PS on Naberezhnaya Str. to the PS at PCHP-2. The event is aimed at conducting a non-departmental examination of the working project in order to comply with the legislation.

32) Installation of a video surveillance system at PCHP-2. The event is aimed at ensuring security, the ability to quickly record the fact of committing an illegal act, ensuring the ability to control the quality of work of employees, the overall situation at the facility.

33) Testing and adjustment of PCHP-2 equipment. The event is aimed at identifying the technical condition and operating conditions of equipment, setting up operating modes, monitoring (evaluating) the quality of equipment repair work.

34) Purchase of property, plant and equipment. The event is aimed at improving working conditions.



## Plans for the reconstruction and modernisation of equipment for 2022

### In 2022, North Kazakhstan Electric Distribution Company JSC

plans to implement a number of measures as part of the implementation of investment programs:

- construction, reconstruction and technical re-equipment of 0.4–10 kV electric networks of 48.54 km;
- construction and reconstruction of 35–110 kV overhead lines of 31 km;
- reconstruction of 35/10 kV Ozernaya substation in Kyzylzhar district of the North Kazakhstan region;
- reconstruction of industrial and administrative buildings;
- implementation of energy saving and energy efficiency measures.

### In 2022, within the framework of the investment program of Petropavlovsk Heat Networks LLP,

it is planned to start work on the project "Reconstruction of TM No. 3 2Du500mm on Satpayev Str. from TK-6-19 to TK-3-15g". Project implementation period: 2022– 2024 The total cost of the urban heating main renovation project is 1,091.7 million tenge excluding VAT (including 2022 - 256.1 million tenge; 2023 – 442 million tenge; 2024 - 393.6 million tenge). The total length of the section to be reconstructed is 1,510 running meters of the pipeline, of which 363 running meters will be reconstructed in 2022. It also provides for the development of design and estimate documentation with subsequent completion of a comprehensive non-departmental examination "Connecting RU-0,4 kV NS-3", purchase of a diesel generator, 4 units of pumping and 4 units of heat exchange equipment.

The reconstruction works carried out will improve the reliability of heat supply to consumers, reduce all types of losses in the reconstructed areas;

## PROCESS AUTOMATION

In order to increase labor productivity, transparency of operations and economic efficiency, SEVKAZENERGO JSC will continue implementing projects for comprehensive modernisation and automation of production, accounting and related information systems in 2021.

### SCADA

North Kazakhstan Electric Distribution Company JSC supports the trend of development of automated production fund and asset management systems, automated remote workplace information system by process participants and moves to a new level of communication, which allows to effectively use data by connecting to network and to intelligent assistants while simultaneously using programs by all process participants for the implementation of the service on transmission and distribution of electric energy. As part of the project to create the structure of automated dispatching control with the SCADA system, the outdated mnemonic shield was replaced with a new one (video wall), which will allow building the structure of dispatching control, communication channels, control, telemetry, telesignalisation, telecontrol and redundancy of communication channels for each level of control, including:

- long-term and short-term regime planning;
- operational management of normal operation modes of electric networks, power plants, power units and substations;
- monitoring the load of power plants and power consumption;
- retrospective analysis of emergency situations;
- storage of retrospective information with the necessary discreteness about the operating mode of the managed object and its output to the printing device at the request of the dispatcher;
- control of operational switches;
- automated maintenance of operational documentation.

### Ellipse

SEVKAZENERGO JSC has put into commercial operation an automated system for managing production funds and assets based on the Ellipse 8 system (Ellipse ERP system) across 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 timeliness of work and scheduled maintenance;
- reduce the duration of troubleshooting and emergency work due to the rapid response of the personnel involved.

## Mobility

Since 2018, NK EDC JSC has put into pilot operation the Mobility mobile application, fully integrated with the Ellipse Automated Control System, which allows remote delivery of work tasks, organise inventory and monitoring of equipment, and provides operational access to historical and regulatory data. Within the framework of the Mobility project, a mobile application was created for employees involved in equipment maintenance and repair, in order to implement operational maintenance and repairs of infrastructure facilities in the field.

## ASCAE

Since 2009, the implementation of the ASCAE project has been carried out, which is the modernisation and full automation of metering devices and allows you to remotely collect accurate data on electric power transmission and consumption online. This system allows automatic detection of energy loss foci and their timely elimination. ASCAE can significantly reduce commercial power losses. Within the framework of this event, 33,299 metering points are equipped with ASCAE (of which 31,434 (20.02 %) of household consumers and 1,865 (15.92 %) of industrial consumers). This type of technology simplifies the use of data acquisition and transmission devices at each complete transformer substation. The main data transmission channel is GSM, which transmits the collected information to the server equipment, where it is stored.

## ASCAE REM

It allows to improve the accuracy of electric power metering, control the quality of electric power, helps detect and localise losses, detect theft, provides "transparency" of the electric power distribution process, and helps reduce labor costs for collecting and processing data on consumed electric power.

**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 the power supply units of electric power consumers, through the existing power lines, the 0.4 kV line is sent to the Data Acquisition and Transmission Devices installed on the 0.4 kV side in the TP, RP, KTP. Data transmission takes place using PLC technology.

**The second level** – 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 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.

Due to the implementation of a set 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.

According to the Concept of the organisation of automated control over the distribution of electric energy approved by Order No. 58 of 3.06.2021 of CAEPCO JSC, since 2020, the implementation of ASCAE REM is carried out on the basis of meters with the function of transmitting data to the ASCAE server.

It is planned to install these meters on TP, RP, KTP 10/0. 4 kV, which are on the balance sheet of JSC, housing and utilities and consumers. ASCAE on TP, RP. KTP is planned to be 100 % implemented by 1.01.2026.

## ASCAHE

Due to implementation of the project Automatic system for control and accounting of heat energy (ASCAHE), 1,372 modems were installed. Introduction of metering devices increases the accuracy and reliability of data and calculations between suppliers and consumers according to current and prospective tariff systems, and also reveals the actual state of heat consumption in everyday life. ASCAHE increases the efficiency of collecting data on heat energy accounting in order to control consumption and reduce delays in paying for the consumed heat power. The system allows to quickly identify losses and unaccounted-for consumption of heat energy in order to immediately take measures to prevent them and save heat energy in the municipal sector.

## THESIS automated document control system

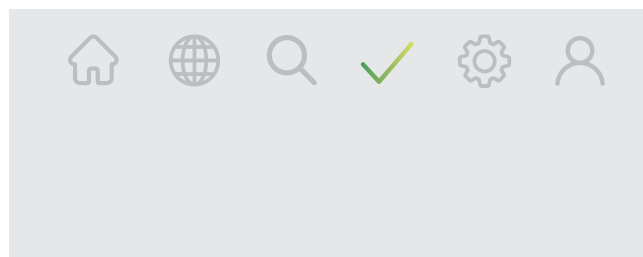
Since November 2017, an automated control system for the process of technological connection to electric networks (ASCAE) has been put into pilot operation. The system is aimed at increasing the transparency of the process of registration of technical specifications for connecting consumers to electric 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 PTP 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.

### Process automation plans for 2022

- In 2022, it is planned to consider the possibility of introducing an online consultant on the MCC website.
- Sevkazenergosbyt LLP aims to increase the number of users of the Personal Account service, and it is also planned to introduce a mobile application for consumers of the sales company's services.



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#processes\_automation

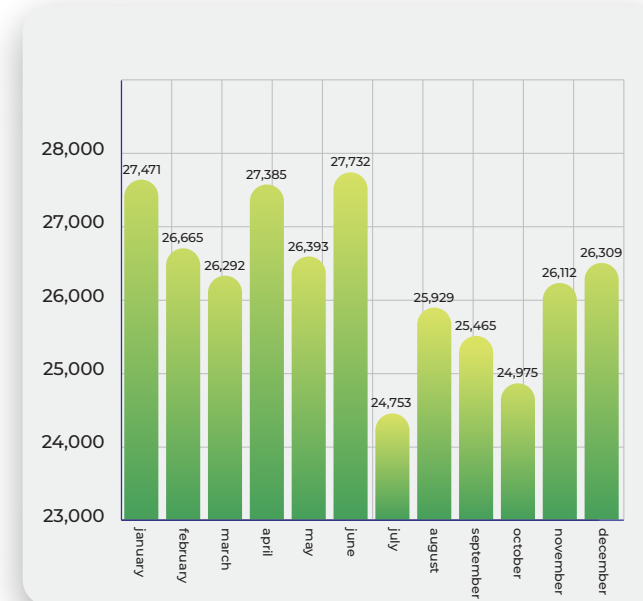


## RETAIL

Power engineers have already implemented a number of projects. This is the creation in 2013 of a Contact Center on the basis of Sevkazenergosbyt LLP, which allows to quickly serve all calls received on a multi-channel phone both in automatic mode and through a conversation with the operator.

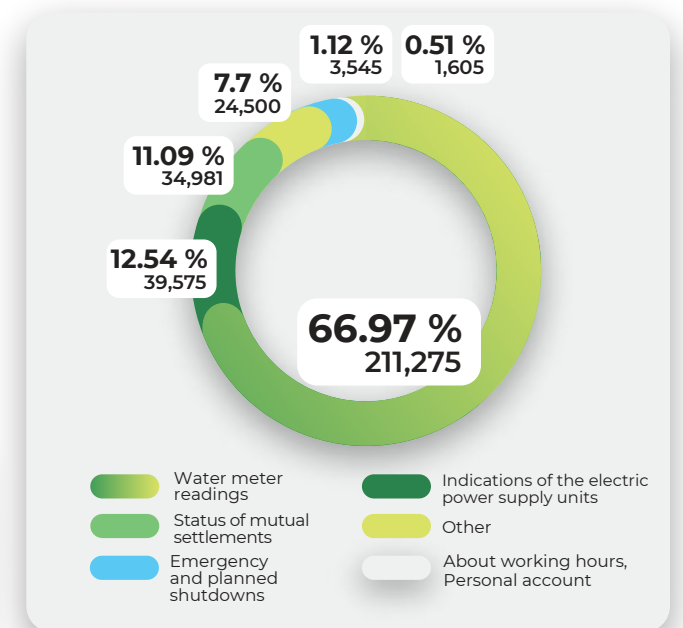
**On average, on weekdays, the Contact Center staff handles about 1,500 calls, and the maximum number of received calls can reach 3,600 per day.**

Number of calls received by the Contact Center in 2021



The Contact Center includes: servicing incoming calls of consumers on all energy supply issues, including taking readings on hot water and electric energy metering devices, providing comprehensive information on the issues of charges for energy supply, water supply, sewerage, solid waste removal, maintenance of intercoms and condominium facilities, existing debt, registration documentation, as well as on planned and emergency power outages.

The main requests received by the Contact Center are:



In 2017, the ability to evaluate the work of Contact Center operators at the end of a conversation was implemented.

The interactive voice response system provides information on standard questions. Moreover, by calling a single Contact Center number, the consumer will always be able to get comprehensive information from the operator about the reasons for power outages and the timing of troubleshooting.

On the official website of SEVKAZENERGO JSC, there is a section "Feedback", through which 1,836 requests were received from consumers in 2021. Consumers have the opportunity to send an appeal or request, so the consumer does not need to personally contact the Service centers.

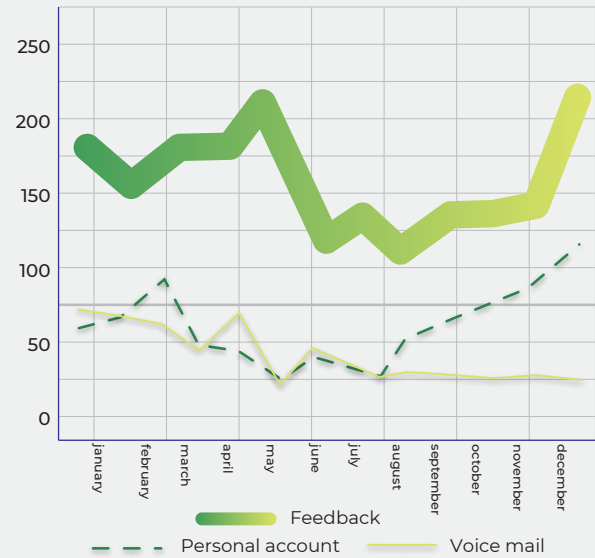
Since 2017, the Voice Mail function has been introduced in the interactive voice menu, which consumers can use without waiting for the operator's response. 587 calls were received via Voice Mail.

In order to improve the quality and efficiency of customer service, the MCC website was developed.





Statistics of requests for 2021 through interactive service



Features of the Personal Account service:

- formation of the ENP, consumer card;
- clarification of information about debt, accruals, and accepted indications;
- entering readings of electric energy metering devices;
- contact the company; the opportunity to leave a review;
- payment via online banking offices;
- specify payment acceptance points.

In 2020, service center No. 1 of Sevkazenergosbyt LLP organised a consumer's corner, where consumers are given the opportunity to fill out an application online, get the necessary documents on the E-gov portal on their own, if necessary, the hall Administrator is ready to advise consumers. This project is aimed at rendering services in an electronic form, which corresponds to the plan of the state program Digital Kazakhstan. The Consumer's Corner is aimed at preventing queues when receiving the most popular services.

In 2021, the EIRC includes:

- 20 municipal enterprises** of Petropavlovsk;
- 5 municipal enterprises** of the North Kazakhstan region districts;
- 291 organisations** that serve condominium properties (KSK).

EIRC functions

- Making accruals
- Creating, printing, and delivering invoices.
- Payment acceptance.
- Consulting on debt, accrual through the CC, LC, SC.

Number of EIRC consumers as of 31.12.2021

Businesses	Activities	Number of consumers
<b>Kyzylzhar su LLP</b>	Water supply	<b>88,905</b>
<b>Kommune Sever LLP, Kommunkhoz Petropavlovsk LLP, Chisty Petropavlovsk LLP</b>	Solid waste removal	<b>47,421</b>
<b>KSK / LLP / PK (291 contracts)</b>	Condominium	<b>44,895</b>
<b>Service of intercoms and elevators</b>	Intercoms, elevators	<b>18,488</b>
<b>Entrance cleaning and video surveillance</b>	Cleaning, video surveillance	<b>13,861</b>
<b>Kazakhtelecom JSC</b>	Connection	<b>48,314</b>
<b>Gorgaz-service LLP</b>	Gas supply	<b>56,027</b>

Fact

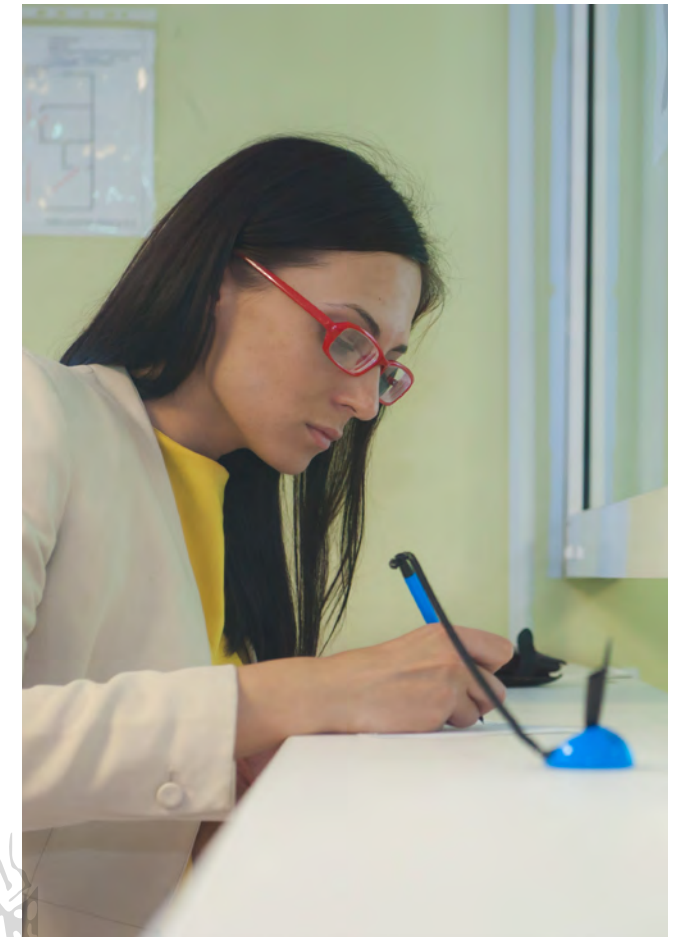
As of **31 December, 2020**, **6,071 domestic** and **4,470 non-domestic** consumers and **403 EIRC service providers** used the **"Personal Account"** service on the SEVKAZENERGO website.



Increasing motivation among consumers

The sales company actively cooperates with the mass media, which publishes information about working with debtors, ads for consumers, and publishes tariffs.

Information stands with constantly updated information about the terms of payment of bills for heat and electric power consumption in accordance with the terms of standard contracts, liability for late payment and possible payment methods are installed at all sites of the sales company.





Number of consumers of heat and electric energy of the sales company 2017-2021

Energy supply organisation	2017		2018		2019		2020		2021	
	electric power	heat power	electric power	heat power	electric power	heat power	electric power	heat power	electric power	heat power
<b>Sevkazenergosbyt LLP</b>	163,340	72,621	163,795	73,629	164,112	74,139	164,761	75,110	164,367	75,450
legal entities	6,262	2,466	6,201	2,300	6,183	2,304	6,225	2,324	6,294	2,358
individuals	157,078	70,355	157,594	71,329	157,929	71,835	158,536	72,786	158,073	73,092

## Prospects of 2022 Investment Program

**SEVKAZENERGO JSC** is implementing one of the largest investment programs among the enterprises of the electric power industry of Kazakhstan in terms of capital investments in the renewal and reconstruction of production assets.

**Within the framework of the investment program, measures are being implemented in three areas:**

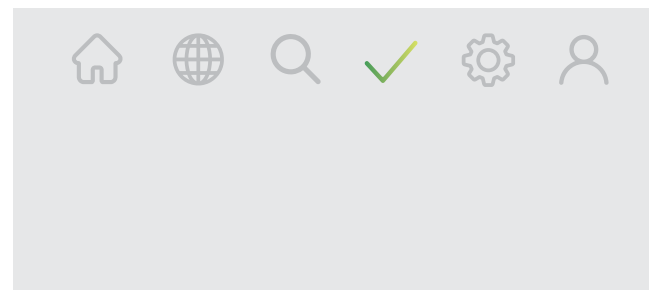
- Increase in generation
- Energy saving, including reduction of losses of electric and heat power during transmission
- Improvement of environmental parameters of production

## PROCUREMENT

Fact

Building an effective procurement activity is one of the important tasks of the Company within the framework of improving operational efficiency.

sevkazenergo\_21  
#procureing\_activity



## ✓ Performance results and development prospects overview

The key priorities of SEVKAZENERGO JSC Group of Companies in the area of procurement are represented by ensuring transparency in procurement, as well as conducting tenders, expanding the number of procurement participants to achieve maximum economic effect and reduce costs.

Since 2017, the procurement service of the entire Group of Companies has started transformational processes 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 purchasing strategies, optimising the processes of inventory accounting, storing and issuing goods, implementing the KPI system, and other areas.

### By the end of 2021, the following tasks were completed:

- Use of the implemented system for controlling procurement processes, which made it possible to plan and control all processes most effectively;
- Achieving full transparency of procurement procedures through the publication of announcements about planned purchases, protocols of the results of purchases made on the electronic trading platform of EvrazianTek LLP, which allowed attracting new sellers of goods on mutually beneficial terms;
- The cash savings resulting from efficient procurement processes ensured that unscheduled requirements were fully funded without attracting additional sources.

### The main procurement priorities for 2021 were:

- Increasing the transparency of procurement activities;
- Increase of 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;
- Improving the efficiency of inventory accounting, storage and distribution of goods.





RISK MANAGEMENT AND  
INTERNAL AUDIT



**The main objectives of SEVKAZENERGO JSC** in the field of risk management are to reduce the negative impact of events related to the Group's activities, as well as to realise favorable opportunities.

## CORPORATE RISK MANAGEMENT SYSTEM

SEVKAZENERGO JSC Group of Companies has a functioning corporate risk management system (RMS).

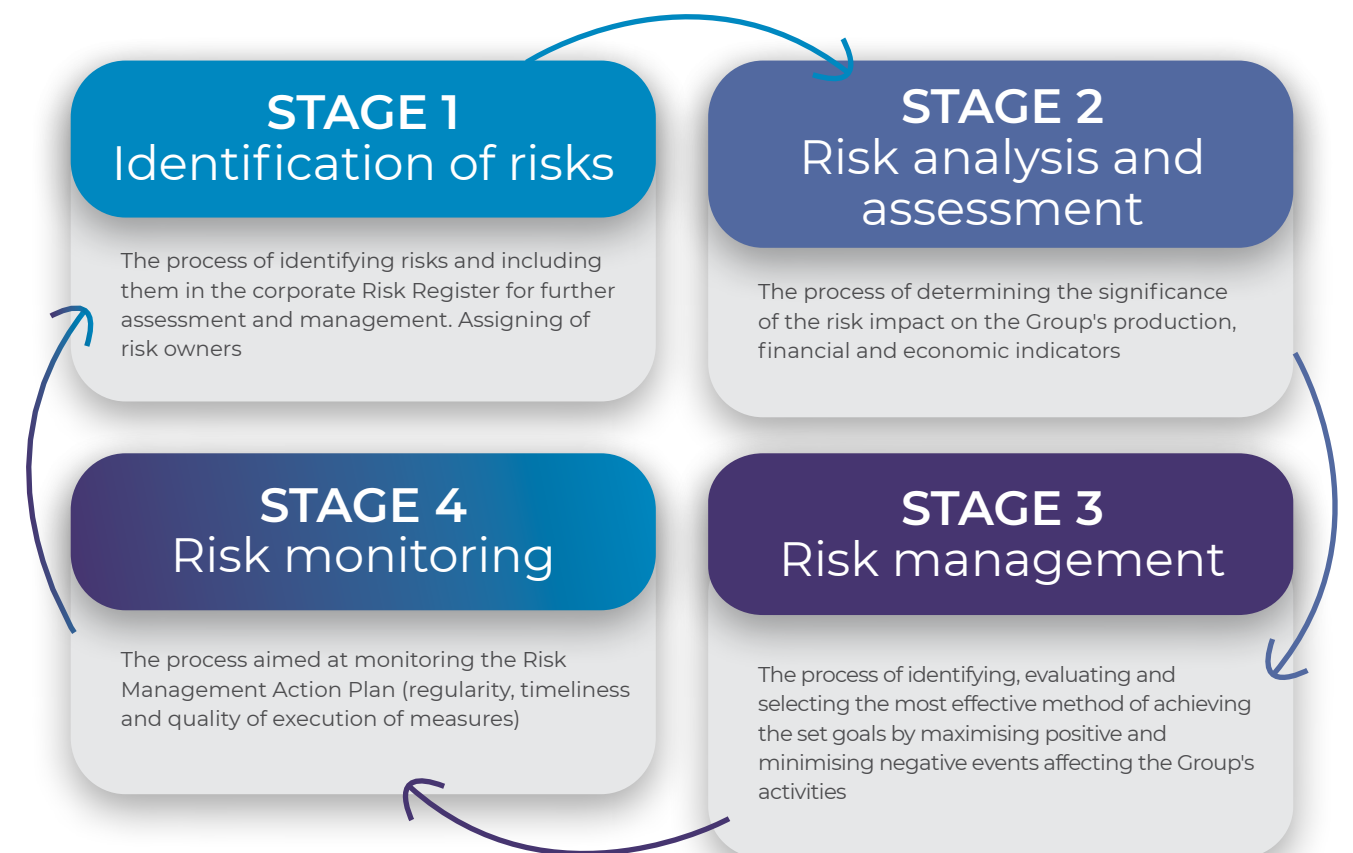
The Risk Management Policy approved and implemented by the Group establishes the Group's attitude to risks, general principles of development and functioning of the RMS, its goals and objectives, the main approaches to the organisation, implementation and control of risk management processes.

The main objectives of the Group 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 of the Group, health of employees, the environment, the property interests of shareholders and investors, as well as the implementation of favourable opportunities to ensure sustainable continuous operation and development, reasonable confidence in achieving the strategic and operational goals set for the Group

To determine the level of risk impact on the Group's activities, the level of risk materiality is determined by expert assessment of the probability and consequences of risk, as well as by quantitative assessment using mathematical methods for calculating the probability and consequences of risk.

The main stages of the risk management process





## Main RMS participants

### Strategic risks

- Regulatory risks
- Investment risks
- Project risks
- Reputational risks
- Political risks
- Market risks
- Management risks
- Credit risks
- Technological risks

### Legal risks

- Law violation
- Corruption risk and fraud
- Property risks
- Collection risks
- Regulatory risks
- Environmental risks
- Human resources risks
- Tax risks

### Operating risks

- Technological risks
- Procurement and supply
- Information technologies and information security
- Emergency situations
- Human resources risks
- Environmental risks
- Interaction with counterparties
- Commercial risks
- Professional risks
- Fuel risks
- Reputational risks
- Social risks
- Regulatory risks
- Management risks

### Financial risks

- Price risks
- Management risks
- Credit risks
- Liquidity risks
- Interest rate risks
- Foreign currency risks

### Risk and control committee

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

### 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 of the risk register
- Assigning of risk owners
- Review and approval of key risk management reports
- Approval of internal RMS documents

### General Director

- Ensuring functioning of RMS, including:
  - Adoption and approval of the necessary decisions on RMS functioning
  - Resolution of cross-functional risk management tasks (performed by several structural divisions)

### 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

### Audit committee

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

### Internal Audit Function

functional subordination to the 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

Allocation of responsibility between 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



**In 2021, the Company continued introducing and improving a risk-based approach to business management. Coordination and methodological support for the functioning and improvement of the RMS and ICS is carried out by the Risk Management Unit, which solves 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 in internal control and risk management;
- analysis of the corporate Risk Register and Risk Map of the Group and development of proposals for response and reallocation of resources in relation to the management of relevant risks;
- formation of consolidated risk management reports;
- implementation of operating control over the processes of internal control and risk management of the divisions of the Group in accordance with the established procedure.

**During the year, the Risk Management Unit carried 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 SEVKAZENERGO JSC and its subsidiaries and analysis of critical risks
- Training in risk management and internal control system for key employees of divisions and senior employees of the Group
- **Identification and assessment of risks, analysis and testing of the effectiveness of the ICS organisation in business processes**
  - "Transport support of the enterprise",
  - "Procurement management for goods, works and services",
  - "Inventory management and warehousing",
  - "Technical maintenance and repair management".

In order to increase the level of maturity of risk management in the Group in 2021, training was conducted for key employees of departments and managers. During training, attention is paid to explaining the basic principles and approaches to risk management in order to apply a risk-based approach to making managerial and operational decisions.



Fact

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



Based on the results of updating the Corporate Risk Register and the Risk Map, carried out in accordance with the approved Risk Management Policy, 73 risks were identified in 2021 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.




**Analysis of key risks that have a significant impact on the activities and response measures**

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	Change
<b>Area: strategic risks</b>			
Untimely replacement of generating and grid equipment, buildings and structures that are retired by their service life	<p>The significance of the risk is due to the high level of physical and moral wear and tear of the main and auxiliary equipment of the Group's generating enterprises (CHP), as well as equipment of electric and heat networks, which may result in a reduction in the volume of electric power generation/transmission, and the inability to provide consumers with sufficient heat power.</p> <p><b>KEY RISK FACTORS:</b></p> <ol style="list-style-type: none"> <li>Actual wear and depletion of the resource of the main generating/network equipment, buildings and structures;</li> <li>Unsatisfactory growth rates of reconstruction, modernisation and new construction;</li> <li>Inefficient model of investment financing of energy enterprises;</li> <li>Limited own financial resources;</li> <li>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;</li> <li>Adoption of unfavourable tariff decisions regarding the production, transmission and distribution of electric and heat power by the authorised body.</li> </ol>	<p><b>Within the framework of managing this risk, the Holding carries out the following activities:</b></p> <ol style="list-style-type: none"> <li>Inclusion of reconstruction/new construction measures in investment programs for timely replacement of disposed equipment;</li> <li>Determining 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;</li> <li>Attraction of additional sources of financing for implementation of reconstruction/new construction works to replace the disposed equipment;</li> <li>Conclusion of investment agreements (as part of the electric power market) with the authorised body for the modernisation and reconstruction of equipment.</li> </ol>	


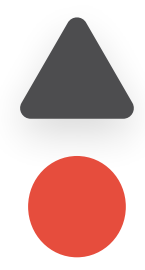




Analysis of key risks that have a significant impact on the activities and response measures

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	Change
Introduction of a balancing electricity market in real time	<p>Since 1 January 2019, the electric power market was put into operation in the Republic of Kazakhstan, while the balancing electric energy market is functioning in a simulation mode. The operation of the balancing electric power market in simulation mode has been extended until 1 July 2022.</p> <p>The risk has migrated to the zone of critical risks, and remains significant, relevant and requiring close attention and participation.</p> <p><b>KEY RISK FACTORS:</b></p> <ol style="list-style-type: none"> <li>1. Imperfection of the legislative framework in the area of the balancing electric energy functioning;</li> <li>2. The inability of coal power plants (CHP) to carry the load on a "curved" schedule, among other reasons due to the high level of physical wear of the main and auxiliary equipment of generating enterprises;</li> <li>3. The absence of a full-scale automated control system that records the actual consumption of electric power, as a result - the lack of complete statistics on the profiles of consumer loads;</li> <li>4. Imperfection of the algorithm for calculating income and costs when buying/selling imbalances on balancing electric energy;</li> <li>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;</li> <li>6. The absence of the possibility of influence of guaranteeing suppliers on planning of consumption volumes during the day by consumers, as a result, losses of energy sales and energy transmission organisations.</li> </ol>	<ol style="list-style-type: none"> <li>1. Cooperation with the Ministry of Energy and other authorised bodies, participation in joint working groups to discuss and submit proposals and comments to legislative documents regulating the rules of operation of balancing electric energy</li> <li>2. Defending the interests of excluding guaranteeing suppliers and energy transmission organisations from the balancing electric energy</li> <li>3. Working with large consumers to provide daily schedules of electric energy consumption</li> <li>4. Monitoring of the actual consumption of electric energy by consumers through the ASKAE system</li> <li>5. Further development of the ASKAE system for electric energy consumers</li> <li>6. Consideration of the issue of implementing information and analytical software for effective operation in the electric power market and the balancing electric energy market</li> </ol>	

Analysis of key risks that have a significant impact on the activities and response measures

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	Change
Non-fulfillment of the investment program/Failure to meet implementation deadlines and / or increase in the cost of investment projects	<p>The risk is significant for the Company. Failure to implement the planned investment programs may lead to the introduction of compensatory tariffs by the authorised body (DCRNM).</p> <p><b>KEY RISK FACTORS:</b></p> <ol style="list-style-type: none"> <li>1. Non-fulfillment of contractual obligations by project contractors and material suppliers;</li> <li>2. lack of financing due to a decrease in energy production and transmission, lack of liquidity;</li> <li>3. increase in prices for purchased goods and services, including due to the difficult macroeconomic situation;</li> <li>4. lack of qualified personnel, including contractors.</li> </ol>	<p><b>Measures taken to manage the risk and prevent the introduction of a compensating tariff by the authorised body:</b></p> <ol style="list-style-type: none"> <li>1. Coordination of the postponement of implementation of Investment programs measures with the authorised body;</li> <li>2. Claims activities with project contractors and suppliers of materials;</li> <li>3. Development (adjustment) of work schedules by the contractor.</li> </ol>	
<b>Area: operating risks</b>			
Lack of qualified production and technical personnel	<p>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, results in 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. In 2021, according to expert estimates, the risk of a shortage of qualified production and technical personnel migrated to the area of catastrophic risks.</p> <p><b>KEY RISK FACTORS:</b></p> <ol style="list-style-type: none"> <li>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;</li> <li>2. High internal and external migration of the population;</li> <li>3. Low level of training of qualified personnel for the energy industry by educational institutions.</li> </ol>	<p><b>As part of the management of these risks, a set of measures is carried out:</b></p> <ol style="list-style-type: none"> <li>1. Increase of the wage fund in the tariff estimates of the Group of Companies while protecting tariffs for the next period;</li> <li>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;</li> <li>3. Continuing of implementing PROFENERGY project in the following areas: <ul style="list-style-type: none"> <li>· External succession pipeline through attracting students, graduates of higher and secondary specialised educational institutions;</li> <li>· Improving the educational level of employees;</li> <li>· Development of the mentoring practice;</li> <li>· Material and non-material incentives for qualified employees.</li> </ul> </li> </ol>	



Analysis of key risks that have a significant impact on the activities and response measures


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	Change
Loss of qualified / key personnel	According to the results of 2021, in comparison with 2020, there is an increase in the staff turnover rate for SEVKAZENERGO Group as a whole. Therefore, according to expert estimates, the risk has migrated to the zone of catastrophic risks.		
Excess heat energy losses	<p>According to the results of 2021, in comparison with 2020, the Group's heat transfer enterprises show a slight decrease in the level of excess heat losses. However, this risk is significant for the Group and remains subject to constant monitoring.</p> <p><b>KEY RISK FACTORS:</b></p> <ol style="list-style-type: none"> <li>1. High level of wear of heating networks;</li> <li>2. Technological violations and accidents on heating mains;</li> <li>3. Irrational mode of operation of heating networks (to ensure hydraulic and temperature conditions at heating unit of end users);</li> <li>4. Lack of metering devices on the heating networks of domestic consumers;</li> <li>5. Non-compliance of the heat consumption rate of the housing stock with the actual heat consumption (multi-storey residential buildings);</li> <li>6. Unpaid losses of heat power on abandoned/ consumer heating networks;</li> <li>7. Joint laying of heat power pipelines by cold water supply pipelines.</li> </ol>	<p><b>Within the framework of risk minimisation, a set of measures aimed at reducing excess losses is implemented on an ongoing basis:</b></p> <ol style="list-style-type: none"> <li>1. Restoration of the destroyed / missing thermal insulation of pipelines;</li> <li>2. Performing annual capital and current repairs of heating networks;</li> <li>3. Reconstruction of heating networks with the use of pre-insulated pipelines (foamed polyurethane technology);</li> <li>4. Installation of design throttling devices on elevator heating units of consumers;</li> <li>5. Identification and suppression of the facts of unauthorised consumption of heat power;</li> <li>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.</li> </ol>	

Analysis of key risks that have a significant impact on the activities and response measures

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	Change
	<p>In 2021, the risk of technological disruptions is classified as a critical risk of the Holding. Physical and moral obsolescence of generating and network equipment inevitably results in the occurrence of emergency failures.</p> <p><b>The consequences of emergency failures are:</b></p> <ul style="list-style-type: none"> <li>— reduction of electricity generation volumes;</li> <li>— non-delivery of the volume (non-fulfilment of obligations) under the contract for maintaining the availability of electric capacity;</li> <li>— decrease in the quality of heat supply to consumers.</li> </ul> <p><b>KEY RISK FACTORS:</b></p> <ol style="list-style-type: none"> <li>1. high wear and depletion of the main generating/ network equipment resource;</li> <li>2. limited financial resources, as a result — low growth rates of reconstruction and modernisation of equipment, insufficient repair programs.</li> </ol>	<p><b>As part of the management of this risk, a set of measures is carried out by the Holding:</b></p> <ol style="list-style-type: none"> <li>1. Performing a complex of maintenance and repair works for equipment, buildings and structures;</li> <li>2. Inclusion of reconstruction/ modernisation/ new construction measures in investment programs for timely replacement of worn-out equipment;</li> <li>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.</li> </ol>	
Overfill of the ash dump	<p>The risk level in 2021 is due to the long-term selection of a land plot for the construction of a new ash dump at Petrovavlovsk CHP-2.</p> <p><b>KEY RISK FACTORS:</b></p> <ol style="list-style-type: none"> <li>1. Untimely commissioning of ash dumps under construction (delays in design and construction);</li> <li>2. Lack of sufficient financing in the tariff estimates and investment programs of energy-producing organisations for projects for the construction and development (expansion) of ash dumps;</li> <li>3. Imperfection of the legislation of the Republic of Kazakhstan, in terms of impossibility of including capital-intensive costs for construction and development projects (building up) ash dumps in the individual tariff under contracts for the purchase of services for maintaining the availability of electric power (capacity market)</li> </ol>	<ol style="list-style-type: none"> <li>1. Increasing the height of existing ash dump dams to the maximum possible (permissible) levels;</li> <li>2. Active interaction with authorised state bodies and other participants of the electricity market in order to change the norms of the current legislation for the possibility of accepting applications from energy-producing organisations for construction, increasing ash dumps with further establishment of an individual tariff within the framework of contracts for the purchase of services for maintaining the availability of electric power (power market).</li> </ol>	



Analysis of key risks that have a significant impact on the activities and response measures

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	Change
<b>Area: financial risks</b>			
<p>Increase in overdue accounts receivable in the retail market of electric and heat power</p>	<p>Despite a slight decrease in the share of overdue accounts receivable (over 3 months) in the total amount of accounts receivable by the end of 2021, the risk is significant and relevant for the Group and is under constant control.</p> <p><b>KEY RISK FACTORS:</b></p> <ol style="list-style-type: none"> <li>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 <ul style="list-style-type: none"> <li>— low payment discipline;</li> <li>— deterioration of key macroeconomic indicators;</li> </ul> </li> <li>2. Imperfection 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;</li> <li>3. Untimely renegotiation of energy supply contracts when changing the homeowner;</li> </ol>	<p><b>As part of the management of this risk, the Group's energy marketing organisations carry out a set of measures on an ongoing basis:</b></p> <ul style="list-style-type: none"> <li>— consumers are notified about the amount due;</li> <li>— the power supply is stopped in case of late payment for energy supply services;</li> <li>— debt repayment schedules are drawn up in installments;</li> <li>— claim work is being carried out to recover debts and penalties from non-paying consumers for late payment of services rendered;</li> <li>— the property of debtors is seized;</li> <li>— are visited with the presence of enforcement agents for estate inventory and seizure of property;</li> <li>— information about amounts due by employees for utilities is sent to the address of enterprises;</li> <li>— debtors' departure from the Republic of Kazakhstan is restricted;</li> <li>— collection is carried out through the debtor's source of financing (deduction from wages and pension contributions);</li> <li>— the method of collection is changed, on the basis of which the debtor's property (apartment or vehicle) is evaluated for sale at auction.</li> </ul> <p>For debts with a low probability of recovery, reserves for doubtful debts are created in the accounting of the Group's energy sales organisations.</p>	

## SUSTAINABLE DEVELOPMENT RISKS

The Group's activities 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 the commitments made to reduce greenhouse gas emissions, the Country implements carbon quotas for major industries, including energy-producing organisations..

**SEVKAZENERGO JSC is fully responsible for reducing greenhouse gas emissions, but notes that carbon quotas are associated with the following problems and risks for the Group as a whole, such as:**

- annual reduction in the amount of free quotas allocated;
- formation of a quota deficit for energy-producing enterprises with their own specific CO2 emission factors which are higher than the approved benchmarks;
- withdrawal of part of the limit of free-of-charge distributed quotas from enterprises that have allowed a decrease in production relative to the baseline;
- expected growth in the cost of a carbon unit (from 1 euro / ton of CO2 in 2021 to 15 euros/ton of CO2 in 2023-2025 and to 45 euros/ton of CO2 in 2026-2030);

- 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 enterprises);

- 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 working mechanisms for implementing projects aimed at reducing greenhouse gas emissions and absorption.

In 2021, a new Environmental Code of the Republic of Kazakhstan entered into force, motivating enterprises that are sources of pollution (which largely includes coal-fired cogeneration) to reduce their impact on the environment using economic (high-cost) incentive mechanisms.

**These include:**

- the need to introduce the best available technologies (BAT); meanwhile, the costs of implementing BAT are not taken into account in either electric power or heat tariffs;
- the need for automated monitoring of emissions to the environment;
- the need for facilities of the first category (which include almost all CHPs of the Group) to provide financial security for the fulfillment of their obligations to eliminate the consequences of operation; according to preliminary forecast estimates, the minimum amount of elimination of consequences will amount to several tens of billions of tenge (for each CHP), at the same time, a financing mechanism for ensuring the fulfillment of obligations by energy-producing enterprises, whose tariffs are strictly regulated, not developed.

At that, it is planned to increase administrative fines for non-compliance with the requirements of the Environmental Code, strengthen sanctions for repeated breaches, including the statute of limitations and the period of recidivism, and increase payments for emissions to the environment.

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 for the Group. 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.



## Health and safety risks for employees

One of the fundamental principles of the corporate policy of the Group 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 Group'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 Group'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

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 modelling 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 develops an appropriate corporate culture and a negative attitude to all manifestations of corruption and fraud.

The Policy highlights the methods and procedures used to counter fraud and corruption, in particular, to identify and assess such facts, conduct official investigations, and bring to justice for all identified cases of illegal actions.

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

Work aimed at increasing the transparency of activities is performed on an ongoing basis. In order to inform the business partners of the Group about the existing requirements and principles of the Anti-Corruption and Fraud Policy, the approved standard templates of contracts concluded by the Company and its subsidiaries for the



## Risk management and internal audit

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 familiarise themselves with the requirements of the Anti-Corruption and Fraud Policy and sign a written confirmation of compliance with these requirements.

**No facts of corruption and fraud were identified during 2021.**

## 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 of the Group carried out by the Board of Directors, the Management Board, 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 of the Group;
- 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 Group 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 the Group of Companies, including productivity, profitability, and resource safety.

### Financial

Referring 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.

### Compliance control

It is associated with ensuring compliance with the laws and regulations governing the activities of the organisation



The Risk Management Department's plan  
**for 2022** for the development of RMS and ICS

- Updating of the Risk Register and Risk Map of Sevkazenergo JSC and analysis of critical risks.
- Conducting training in risk management and internal control system for key employees of divisions and senior employees of SEVKAZENERGO Group.
- Identification and assessment of risks, analysis and testing of the effectiveness of the ICS organisation in business processes of operating and financial activities.
- 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, 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.
- Updating of internal regulatory documents in risk management and internal control.





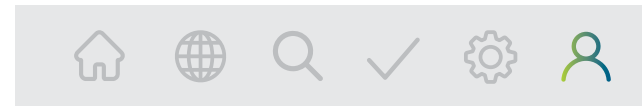
SUSTAINABLE  
DEVELOPMENT



Fact

**The strategic goal of SEVKAZENERGO JSC** is to build an advanced private energy company in strict compliance with generally accepted principles of sustainable development, such as high-quality provision of services to consumers, compliance with international industrial and environmental standards, improving corporate governance, and conducting anti-corruption measures.

sevkazenergo\_21  
#sustainable\_development



## 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 interested parties.



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





## INTERACTION PROCESS

## RANGE OF ISSUES RAISED

### Employees

It is carried out through internal corporate newspapers and Internet sites. There are electronic mailboxes for employees' requests and a helpline. Employees are being received by the company's management. Labor disputes are resolved by conciliation commissions with the participation of representatives of the employer and employee.

- Ensuring occupational safety and health;
- informing employees about the Corporation's activities;
- promotion of professional development;
- social assistance and support;
- implementation of the collective agreement.

### Local communities, consumers

The Company has systematised work with consumer requests, established "feedback", which is carried out through Internet sites and e-mail. Public hearings, round tables and other events are held. Comments on any questions that arise are posted on social networks, official company accounts, and city groups.

- Consideration of applications for tariffs and their approval for monopolistically regulated activities;
- execution 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 state and regulatory authorities are processed: some of them are answered, while others are for informational purposes only. Employees of the Corporation participate in specialised meetings and meetings. Meetings of official delegations are held.

- Reducing the negative impact of enterprises' activities on the city and region;
- ensuring preparation for the heating season;
- fulfillment of investment obligations;
- compliance with legislation, including on compliance with environmental and environmental requirements

### 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

Every year, the Corporation's enterprises conduct press tours, media briefings, press conferences, distribute press releases, and promptly respond to information requests. Work is underway in social networks.

- Formation of cooperation;
- informing about the implementation of the investment program for the modernisation and renewal of assets;
- compliance with environmental regulations;
- implementation of social projects.

## INTERACTION PROCESS

## RANGE OF ISSUES RAISED

### Non-governmental organisations (NGOs)

NGO representatives are constantly 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 vulnerable segments of the population, with representatives of the consumer protection society.

- Assistance in solving environmental and social issues.

### Trade union

Interaction is carried out by organising meetings and processing 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.





Areas of interest Form of interaction Actions		
<b>Shareholders</b>		
<ul style="list-style-type: none"> <li>Implementation of strategic objectives;</li> <li>economic profit/ performance;</li> <li>corporate governance rating;</li> <li>funds for development and receiving dividends;</li> <li>net asset value;</li> <li>implementation of social programs;</li> <li>transparency of business processes.</li> </ul>	<ul style="list-style-type: none"> <li>Resolutions of the General Meeting of Shareholders;</li> <li>decisions of the Board of Directors;</li> <li>corporate website;</li> <li>annual report;</li> <li>discussions, business meetings.</li> </ul>	<p><b>14 meetings</b> of the Board of Directors were held.</p> <p>Meetings and events were held to improve all forms of corporate governance.</p>
<b>Employees</b>		
<ul style="list-style-type: none"> <li>Human resources and social policy;</li> <li>terms of the collective agreement;</li> <li>compliance with the labour legislation of the Republic of Kazakhstan;</li> <li>motivation for retaining and attracting highly qualified employees.</li> </ul>	<ul style="list-style-type: none"> <li>Management decisions;</li> <li>orders and instructions;</li> <li>production, operational and other meetings;</li> <li>reports on current activities;</li> <li>oral negotiations;</li> <li>industrial safety and labour protection briefings;</li> <li>internal corporate communication channels;</li> <li>surveys and questionnaires;</li> <li>official accounts in social networks.</li> </ul>	<p>SEVKAZENERGO JSC complied with the provisions of Collective Agreements. Employees were provided with social assistance and support.</p> <p>A competition "The best in the profession" was held. Implementation of activities within the framework of the corporate project PROFENERGY continued.</p> <p>The most distinguished employees were awarded industry and corporate awards and awarded professional titles.</p>

Areas of interest Form of interaction Actions		
<b>Public authorities and regulatory authorities</b>		
<ul style="list-style-type: none"> <li>Getting timely and reliable information;</li> <li>assistance to the development of the electric power industry in the Republic of Kazakhstan;</li> <li>ensuring reliable and uninterrupted supply;</li> <li>increase in tax revenues to local budgets;</li> <li>timely and high-quality implementation of social projects;</li> <li>increase / saving of jobs;</li> <li>compliance with the legislation of the Republic of Kazakhstan in the area of industrial safety.</li> </ul>	<ul style="list-style-type: none"> <li>Reporting on the results of the financial and economic activities of the Corporation;</li> <li>providing information at the request of state bodies in various areas of the Corporation's activities;</li> <li>development of proposals on amendments to laws and regulations of the Republic of Kazakhstan;</li> <li>memoranda of cooperation between local executive bodies and the Corporation in order to support and develop the social sphere of the regions;</li> <li>discussions, business meetings.</li> </ul>	<p>In 2021, daily monitoring of blogs of akims of the regions of operation was carried out. Answers have been provided to all citizens' appeals concerning the activities of the Holding's enterprises.</p> <p>Information about planned and emergency shutdowns of electric and heat power was posted on corporate websites on a permanent basis, the terms of repair work, testing of heating networks were indicated.</p> <p>The heads of the subsidiaries (or appointed responsible persons) participated in the meetings of the headquarters for the preparation of the housing stock for the heating season together with state and regulatory authorities.</p>
<b>Local communities (Consumers)</b>		
<ul style="list-style-type: none"> <li>Market share/ market presence;</li> <li>ensuring reliable and uninterrupted electricity and heat supply;</li> <li>marketing communications;</li> <li>emissions into the environment.</li> </ul>	<ul style="list-style-type: none"> <li>Informing and feedback system with consumers;</li> <li>public hearings, meetings;</li> <li>annual report;</li> <li>signing of memoranda and agreements on partnership and cooperation;</li> <li>official accounts in social networks.</li> </ul>	<p>In 2021, SEVKAZENERGO JSC enterprises received and processed 320,703 requests from consumers. Sevkazenergosbyt LLP registered and reviewed 24 complaints from consumers, including 3 complaints received in the form of written registered applications and reviews left in the "Book of of comments and suggestions" available at the reception desk in the service center. In 2021, the contact center received 315,481 calls, including 2 complaints. 652 requests were sent to the Consumer's Personal Account on the Company's website, including 2 complaints, and all requests were given the necessary explanations. Through the "Feedback" section for 2021, 1,836 requests were sent, including 4 complaints, and all requests were given the necessary explanations.</p> <p>In the journals of the offices of the Sevkazenergo Group enterprises, the following information was recorded from state and regulatory authorities: SEVKAZENERGO JSC – 622 requests, NKEDC JSC – 638, PTS LLP – 477, SKES LLP – 471.</p>



Areas of interest	Form of interaction	Actions
<b>Educational institutions</b>		
<ul style="list-style-type: none"> <li>— Promoting the development of branch science and education;</li> <li>— training of promising personnel and ensuring the continuity of generations;</li> <li>— providing charitable and sponsorship assistance.</li> </ul>	<ul style="list-style-type: none"> <li>— Cooperation with universities in the regions of operation;</li> <li>— participation in the work of examination commissions, qualification commissions, in the process of accreditation of educational programs;</li> <li>— <b>conducting events:</b> contest of scientific ideas.</li> </ul>	<p>In 2021, a competition for student papers to receive a personalised corporate scholarship was organized and held.</p> <p>The Company cooperates with 3 educational institutions in Petropavlovsk. Regular work is carried out to inform about the contents and conditions of PROFENERGY Program, meetings with students and tours to production facilities are held, employees of enterprises participate in the examination boards and the state attestation commission for final exams and the defence of graduation works.</p> <p>A total of 678 students took part in the events for the period 2016-2021:</p> <ul style="list-style-type: none"> <li>• 49 students were employed during the summer holidays;</li> <li>• 46 students completed paid internships;</li> <li>• 564 students completed unpaid industrial placement and pre-graduation internship;</li> <li>• 11 students are assigned a personal scholarship.</li> </ul>
<b>Non-governmental organisations (NGOs)</b>		
<ul style="list-style-type: none"> <li>— Getting information about the Corporation's development prospects;</li> <li>— reducing the negative impact on the environment;</li> <li>— providing charitable and sponsorship assistance;</li> <li>— public hearings.</li> </ul>	<ul style="list-style-type: none"> <li>— Conducting public hearings;</li> <li>— informing about current activities;</li> <li>— letters (appeals) addressed to the Corporation.</li> </ul>	<p><b>In 2021, public hearings were held on the environment, on rendering of services, approval of tariff estimates, reports on activities:</b></p> <p>in SEVKAZENERGO JSK- 3 public hearing</p>

Areas of interest	Form of interaction	Actions
<b>Mass media</b>		
<ul style="list-style-type: none"> <li>— Transparency of business processes;</li> <li>— ensuring prompt access to information about the Corporation's activities on the following topics:                             <ul style="list-style-type: none"> <li>– production safety;</li> <li>– modernisation of production;</li> <li>– financial indicators;</li> <li>– implementation of joint projects;</li> <li>– prospects for the development of the Corporation, the industry.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>— Press tours, media briefings, press conferences;</li> <li>— press releases;</li> <li>— responses to information requests;</li> <li>— media monitoring.</li> </ul>	<p>In 2021, 1,661 mentions of the activities of SEVKAZENERGO's enterprises were recorded in the media and social networks.</p>
<b>Suppliers, contractors</b>		
<ul style="list-style-type: none"> <li>— Creating a transparent competitive environment;</li> <li>— using the market pricing mechanism;</li> <li>— stability and reliability of mutually beneficial cooperation;</li> <li>— guarantee of fulfillment of obligations under contracts.</li> </ul>	<ul style="list-style-type: none"> <li>— Feedback system, holding of meetings, negotiations;</li> <li>— signing of agreements and memoranda, agreements on strategic cooperation;</li> <li>— tenders;</li> <li>— meetings with contractors and clients.</li> </ul>	<p>In 2021, the corporate website of SEVKAZENERGO JSC published information on tenders and their results.</p>
<b>Trade unions</b>		
<ul style="list-style-type: none"> <li>— Compliance by the employer with the established obligations in relation to employees;</li> <li>— protection of the rights and interests of employees;</li> <li>— creating decent working conditions;</li> <li>— providing opportunities for professional and personal growth;</li> <li>— social guarantees.</li> </ul>	<ul style="list-style-type: none"> <li>— Discussion and approval of the collective agreement;</li> <li>— meetings of trade union members with the management.</li> </ul>	<p>Work was carried out to create conditions for the implementation of the activities of the trade union – cooperation with the trade union organisation on the principles of mutual interests, equality in accordance with the legislative acts of the Republic of Kazakhstan and the terms of the Collective Agreement.</p> <p>Charitable assistance was provided at the expense of the trade union funds. For enterprises in 2021, trade unions held 89 events.</p>



## HUMAN RESOURCES AND SOCIAL POLICY

### Personnel management policy

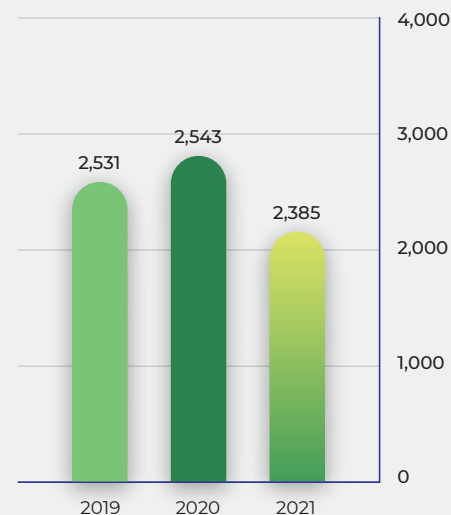
The Personnel Management Policy of SEVKAZENERGO JSC Group of Companies is an integrated system of interaction with employees to ensure and achieve the Company's strategic goals.

The purpose of the personnel management policy is to create a company with an effective corporate governance system that provides opportunities for realising the potential of employees. The Company strengthens its personnel management policy by attracting professional employees of various levels, retaining of highly professional employees, continuous professional training and staff development, providing opportunities for professional growth of proactive young employees, creating an employee pool and talent management.

### PERSONNEL STRUCTURE AND HEADCOUNT

The Company's list of employees as of 31 December 2021 was 2,385 persons. The 6.2 % decrease in the indicator compared to 2020 is due to under-staffing and increased staff turnover. The 0.5 % increase in the 2020 indicator compared to 2019 was influenced by the introduction of restrictive quarantine measures (the COVID-19 pandemic).

Dynamics in change in headcount, persons.



List size distribution for the Group of Companies of SEVKAZENERGO JSC at the end of 2021

Company name	Number of employees, persons
SEVKAZENERGO JSC	840
North-Kazakhstan Electric Distribution Company JSC	1,068
Petrovavlovsk Heat Networks LLP	236
Sevkazenergosbyt LLP	241
<b>Total</b>	<b>2,385</b>

### Staff structure by category and gender

The structure of the Company's personnel by gender due to the peculiarities of its activities, is characterised by a high proportion of male employees, i.e. 61.6 %. The production personnel consists of the Workers category, where men make up 71.3 %.

#SDGs #sustainable development #gender equality



#### Staff structure by category and gender

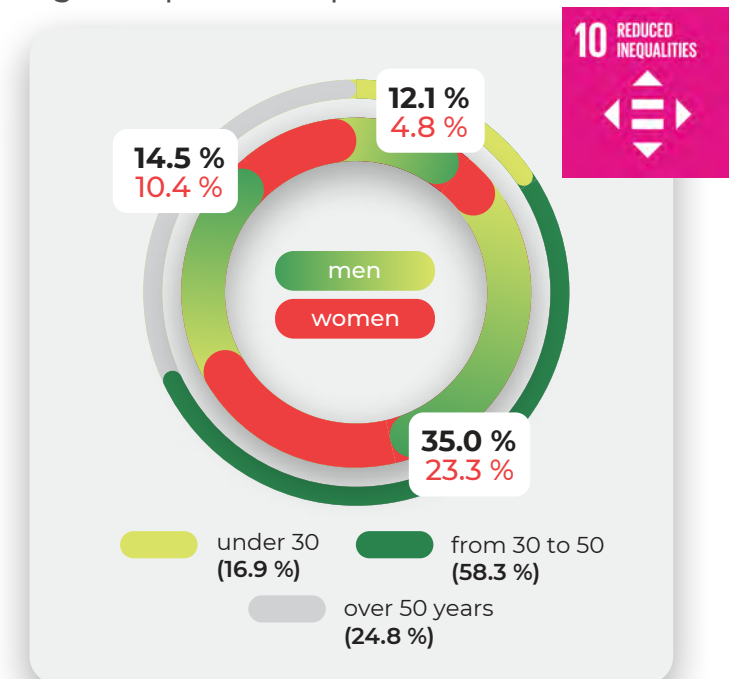
Personnel category	Total		of them:			
			men		women	
	persons	%	persons	%	persons	%
<b>Headcount</b>	<b>2,385</b>	<b>100</b>	<b>1,468</b>	<b>61.6</b>	<b>917</b>	<b>38.4</b>
Management	366	15.3	259	70.8	107	29.2
Professional employees/ white collar employees	742	31.1	298	40.2	444	59.8
Blue collar employees	1,277	53.5	911	71.3	366	28.7

### Personnel structure by age

At the end of 2021, the main share of the personnel comprised of the most experienced workers aged 30-50 (58.3 %), which is 2.7 % more than in 2020. The share of personnel under 30 (16.9 %) is 4.2 % less than in 2020. The share of personnel over 50 (24.8 %) increased by 1.5 % compared to 2020. Taking into account these indicators, in order to maintain an optimal balance of young and highly professional employees, the Company conducts activities aimed at attracting young specialists and developing the mentoring institute in order to ensure continuity and transfer of professional knowledge and skills, and gradually rejuvenate the staff to achieve an optimal combination of young initiative employees and experienced, highly professional employees.

The average age across the Company is 41

#### Age composition of personnel



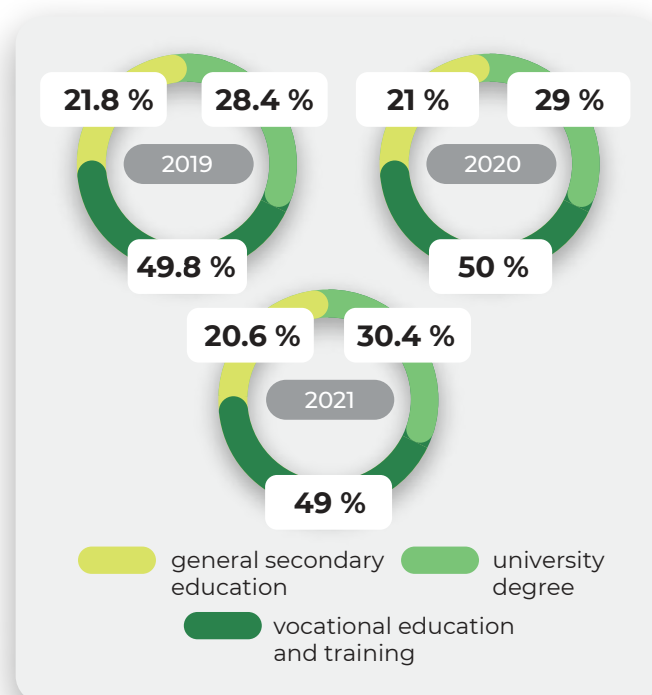


## Personnel structure by education

In general, in the dynamics of 2019-2021, the Company records an increase in the share of employees with university degree and a decrease in the share of employees with general secondary education, which is associated with a set of measures aimed at motivating staff to improve their level of education, including within implementation of PROFENERGY project. The share of employees with vocational and technical education is 49 %.

88 employees of the Company study at universities and colleges, including 70 employees in specialised specialties. Regardless of participation in the events of PROFENERGY, enterprises provide support to students and graduates of an educational institution. In 2021, 59 employees received diplomas, including 46 employees in the company's profile.

Dynamics of the educational level



the total workforce. 0.3 % of the staff of SEVKAZENERGO Group's enterprises was partially employed.

## The total number of employees by type of employment

At the end of 2021, the share of employees attracted under an employment agreement totalled 99.6 %. To perform certain types of work or seasonal work, enterprises attract part-time employees, the share of which totalled 0.4 % of

The total number of employees by type of employment

Indicator	Value (persons)	including	
		men	women
<b>Headcount at the end of the reporting period (full-time)</b>			
<b>by agreement term:</b>	2,385	1,468	917
Working under an agreement for an unspecified term	2,107	1,316	791
Working under a fixed-term agreement	278	152	126
<b>by type of employment:</b>	2,385	1,468	917
Full-time employees	2,378	1,465	913
Part-time employees	7	3	4
Supervised workers (part-time)	9	0	9
<b>Total headcount</b>	<b>2,394</b>		

## Employees hired in 2021

In the reporting period, 449 employees were employed, which accounted for 18.2 % of the average number of employees in the SEVKAZENERGO Group of Companies.

Staff structure by category and gender

Indicator	Total		of them:			
	persons	%	men		women	
			persons	%	persons	%
<b>Hired, of them:</b>	<b>449</b>	<b>100</b>	<b>263</b>	<b>58.6</b>	<b>186</b>	<b>41.4</b>
under 30	142	31.6	101	71.1	41	28.9
from 30 to 50	231	51.5	117	50.6	114	49.4
over 50 years	76	16.9	45	59.2	31	40.8

In 2021, the decrease in the turnover ratio for hiring personnel by 0.2 % compared to 2020 is due to an increase in staff turnover due to staff outflow and the complexity of recruiting due to uncompetitive wages (below market).

Hiring turnover rate





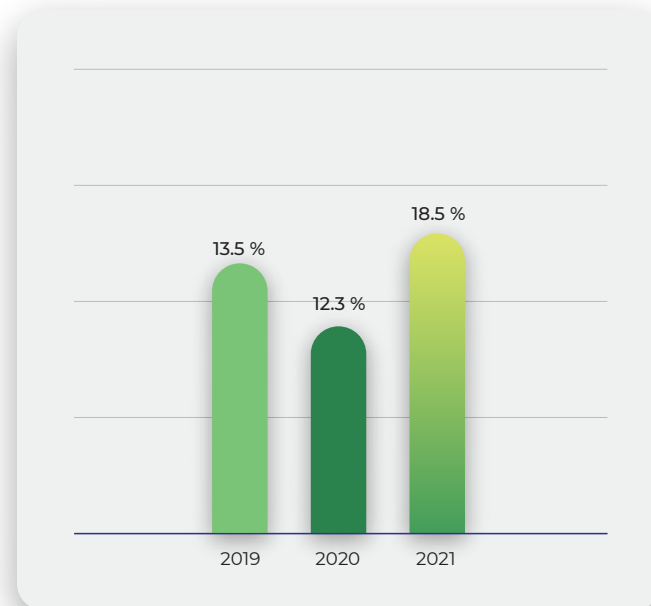
## Staff turnover

At the end of 2021, the Group of Companies of SEVKAZENERGO JSC experienced a significant increase in the yield coefficient compared to 2020 (by 6.2 %), the yield coefficient was 18.5 %.

### Main reasons:

- the prospect of receiving a higher salary elsewhere and staff migration within Kazakhstan (urban / rural settlements).

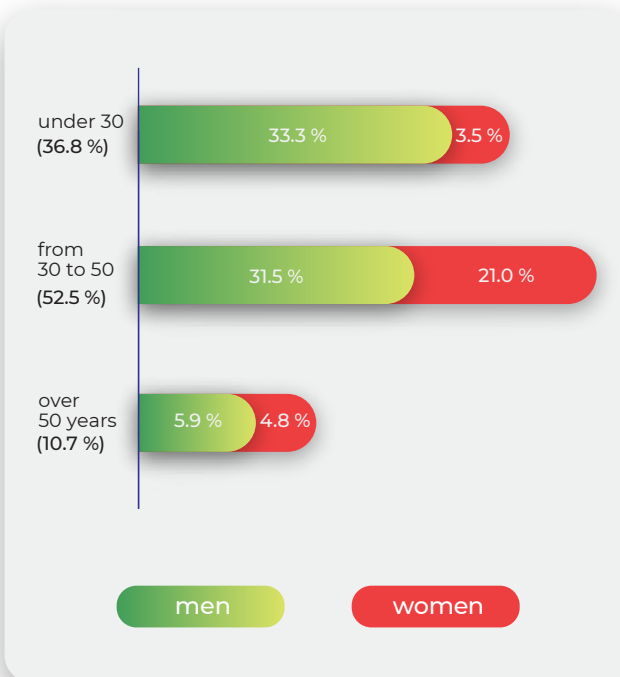
### Turnover rate



## Number of people who left as part of staff turnover in 2021, broken down by age in the context of men and women

In 2021, 608 labour agreements with employees were terminated, which is 28 % more than in 2020. The main reasons for the departure of staff: dissatisfaction with wages, departure to Kazakhstan and beyond. As part of turnover, 457 people have quit, of which the main share is among employees at the most productive age for professional work, i.e. 30-50 (52.5 %)

### Number of dismissed employees as part of staff turnover by age and gender



### In order to reduce the turnover rate, implementation of the following activities continued in 2021:

- identification of the reserves of the wage fund and allocation of the released funds for increasing wages;
- improving mentoring processes and the support system for young professionals;
- material and non-material incentives for qualified employees;
- improvement of conditions and social guarantees in accordance with the collective agreement.

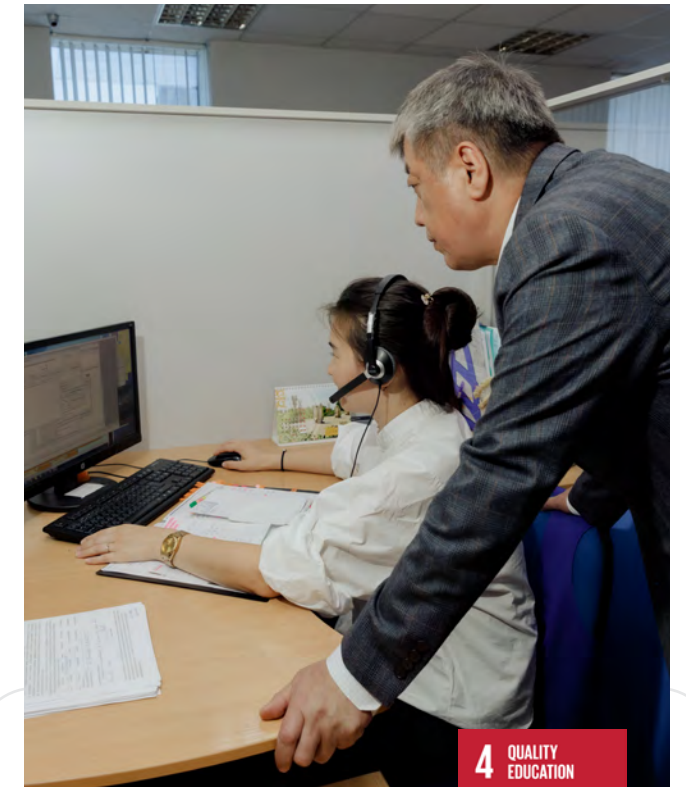
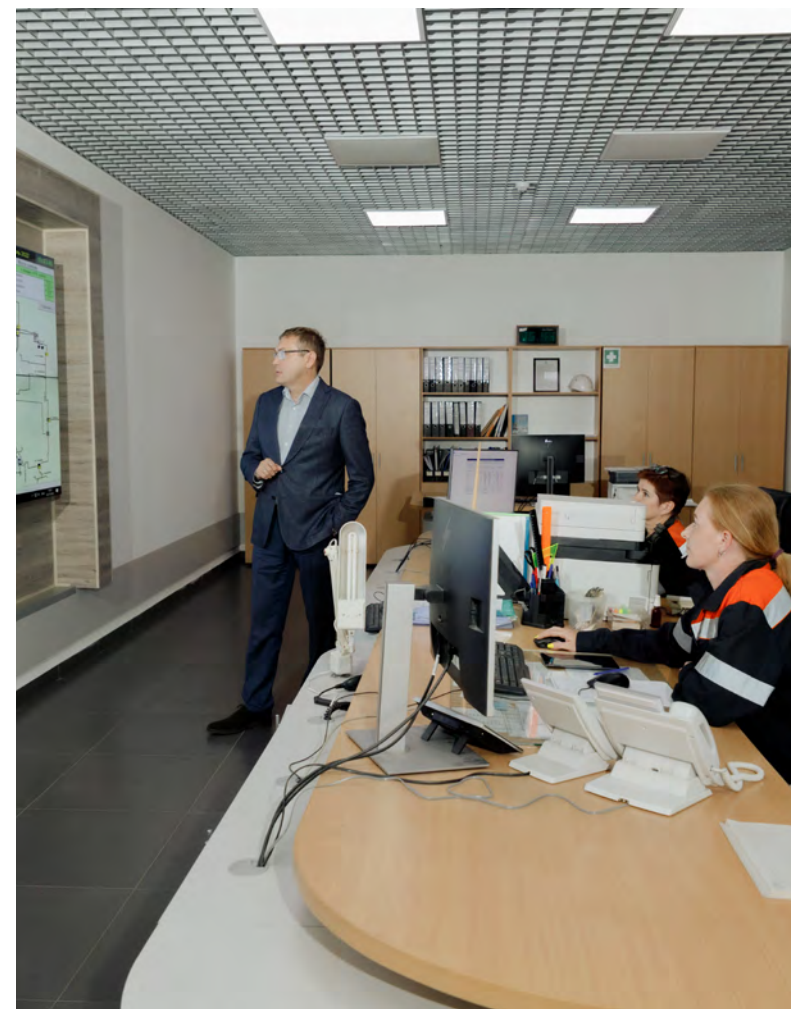
## STAFF TRAINING AND DEVELOPMENT

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

- mandatory, prescribed training in the rules of safety, fire safety, and maintenance;
- versatility training;
- advanced training for the development of professional and managerial competencies.

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

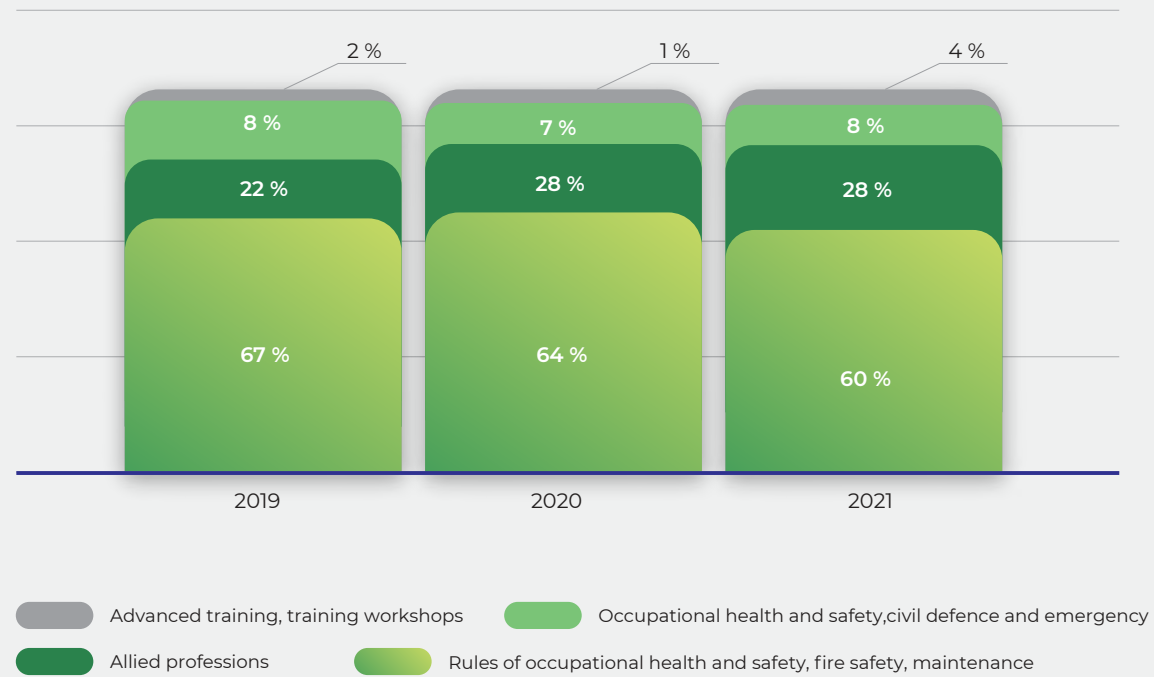
The main direction is primary and periodic training in the rules of safety, operation, industrial and fire safety. So, in 2021, 1,254 people were trained in these areas. (59.6 % of all trained employees). In order to expand the professional profile of the Company's employees and prepare them for secondary professions, 579 employees (27.5 % of all trained employees) were trained 2021. Advanced training in 2021 was organised for 94 employees, which is 3.9 times more than in the previous year and is associated with internal training for electricians and supervisors of North Kazakhstan Electric Distribution Company JSC by teachers-employees of the enterprise.



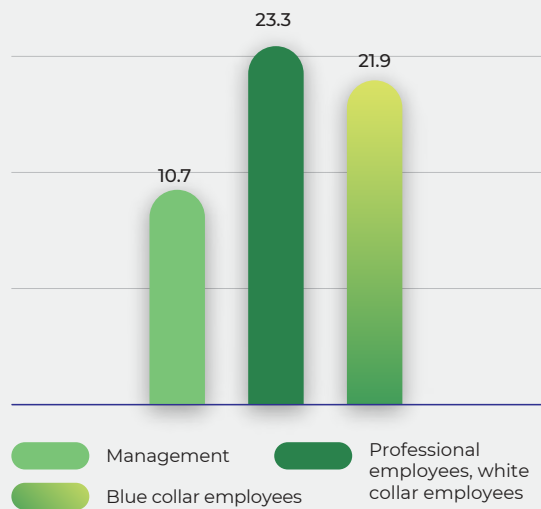
### Fact

In 2021, 2,103 people were trained, which is **88.2 %** of the registered number of employees.





### Average number of training hours per employee



The average number of training hours per employee is 15.8 hours.

Training for employees of production units in accordance with their positions and professions, regulatory requirements and corporate components in training programs, features of training programs prevails in the Company.

In 2021, in order to determine the current level of training and identify areas for further development, 56 employees of financial services, including seventeen managers at various levels, were evaluated. Based on the results of the assessment, the commission made recommendations for further improving the level of knowledge and competencies of employees.

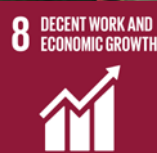
### Employee pool

To ensure the necessary reserve for holding managerial positions at different levels, in 2021, employee pool of senior, middle and lower management levels for 150 managers was formed in SEVKAZENERGO JSC Group of Companies.

Development of employee pool is carried out on the basis of individual programs of professional and organisational and managerial training of succession candidates, including training, advanced training, internship, mentoring, performing managerial functions, temporary relocation of an employee. During 2021, 48 people from among the employees who are in the employee pool were transferred to senior positions.

Every year, work is carried out to form an external employee pool, including from among graduates of educational institutions.

In total, the Company employs 80 young professionals, 21 of them will be accepted in 2021. At the same time, the share of those accepted with technical/vocational education is 12 people (57.1%), with higher education – 9 people (42.9%).



## ATTRACTING YOUNG PROFESSIONALS

Since 2016, the "PROFENERGY" project has been implemented at the enterprises of the SEVKAZENERGO Group to support young professionals and improve the educational level of staff. The program is aimed at attracting graduates of educational institutions to key / crucial professions of enterprises and promotion of the energy profession, personnel development and improvement of the educational level of personnel, retention of key employees. The Company cooperates with 3 educational institutions in Petrovsk. Regular work is carried out to inform about the contents and conditions of the Program, meetings with students and tours to production facilities are held, employees of enterprises participate in the examination boards and the state attestation commission for final exams and the defence of graduation works.

### 678 students took part in the events for the period 2016-2021, including:

- 49 students were employed during the summer holidays;
- 46 students completed paid internships;
- 564 students completed unpaid industrial placement and pre-graduation internship;
- 11 students are assigned a personal scholarship.

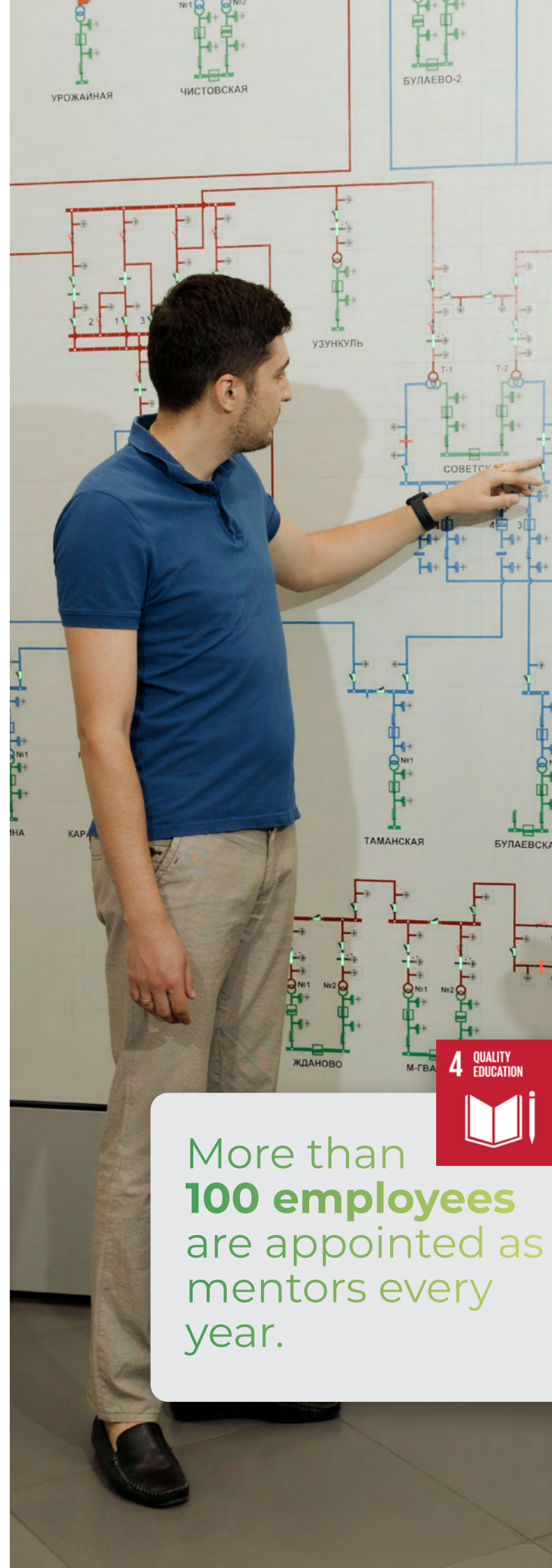
To raise the interest of graduates of educational institutions to work at the enterprises of SEVKAZENERGO JSC, the Program is constantly being improved, the conditions are adjusted with due account for students' needs, the capabilities of enterprises and the peculiarities of the labour market in the region of operations.

The Program also provides for activities that encourage employees to receive industry-specific education.

### In the period from 2016 to 2021, more than 789 employees took advantage of the available opportunity:

- 496 employees were granted paid study leave;
- 152 employees were paid bonuses for successful completion of educational institutions;
- 111 employees were provided with an interest-free loan to pay for training;
- 30 employees are compensated for travel expenses to the educational institution for passing the session.

As part of the PROFENERGY project, a mentoring project is being developed. The purpose of the project is to transfer professional knowledge and skills to students, as well as fast and effective adaptation of young specialists. At the enterprises of the SEVKAZENERGO Group, a pool of mentors has been formed from among highly qualified employees of enterprises. More than 100 employees are appointed as mentors every year.



More than **100 employees** are appointed as mentors every year.



## Motivation and remuneration of personnel

SEVKAZENERGO JSC Group of Companies has a unified system of remuneration and incentives for employees. The salary level is set in accordance with the unified tariff grid, which is a grading system of remuneration for all categories of employees, regardless of their gender identity.

The purpose of the Company's motivation and remuneration system is to attract, retain, and motivate employees to ensure that the Company successfully fulfills its mission and achieves its business goals at optimal cost. In February 2021, salaries of employees of SEVKAZENERGO JSC were indexed by 10.1 %, North Kazakhstan Electric Distribution Company JSC by 5.3 %, Petropavlovsk Heat Networks LLP by 10.2 % and Sevkazenergosbyt LLP by 10.3 %. Also in September 2021, SEVKAZENERGO JSC increased by 13.8 %, and in October, North Kazakhstan Electric Distribution Company JSC increased by 11.6 %.

## Intangible incentives

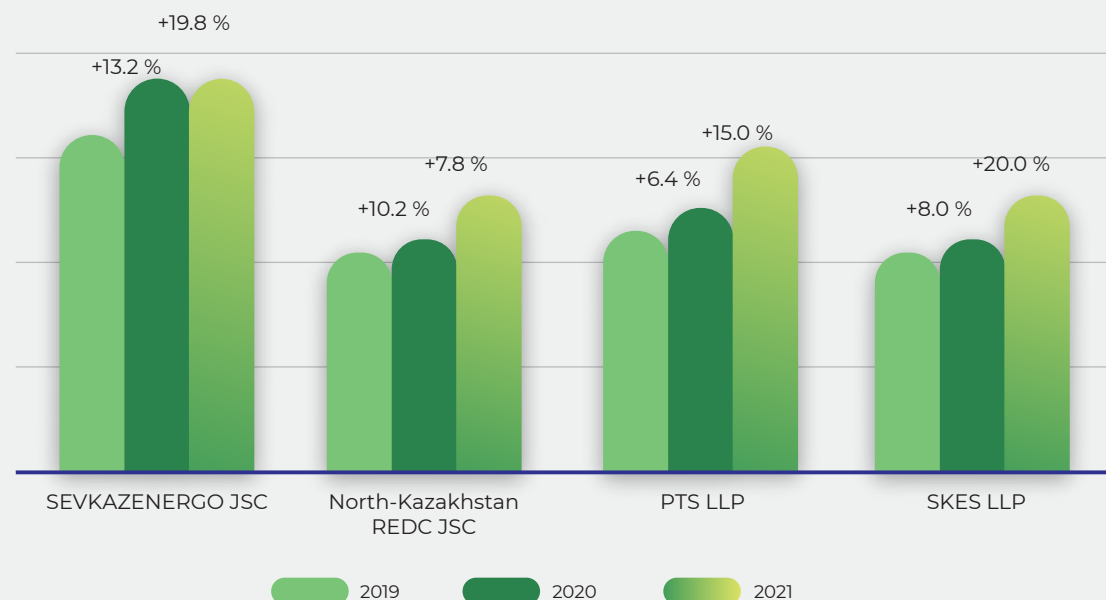
To increase motivation for efficient performance and morally incentivise employees, every year the Company grants awards, certificates of merit and honorary titles to its employees for achieving high production results with announcement in corporate media. According to the results of 2021, 81 employees and veterans of the SEVKAZENERGO Group of Enterprises were awarded for effective labor activity, including 56 employees with corporate awards of enterprises in CAEPCO JSC, 16 employees and 7 veterans of enterprises with state, departmental and industry awards.



Fact

**SEVKAZENERGO JSC Group of Companies has a unified system of remuneration and incentives for employees.**

sevkazenergo\_21  
#SDGs #quality\_education



## Employee-management relations

In relations with employees, the Company complies with the requirements of labour legislation and the Code of Business Ethics, respects personal freedom and human rights, provides everyone with equal opportunities and does not allow discrimination in labour, as well as does not use child labour.

The minimum period for notifying employees of significant changes in the Company's activities is made in accordance with the legislation of the Republic of Kazakhstan and in accordance with internal regulatory documents.

The minimum period for notifying employees upon termination of employment relations due to a reduction in force is one month in accordance with the Labour Code of the Republic of Kazakhstan.

To resolve individual labor disputes arising between an Employee and an Employer, the enterprises of the SEVKAZENERGO Group have conciliation commissions created from an equal number of representatives of the Employer and the Employee. The activity of conciliation commissions in the Company is regulated by the Labor Code of the Republic of Kazakhstan and the Regulations on the Procedure for Considering Labor Disputes. The composition of the conciliation commission is approved by the order for the enterprise.

**In 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 2021, two cases of employees applying to the grievance committee for the settlement of a labour dispute were established. In the first case, the employee accepted a decision of the grievance committee. The second case was considered in court in favor of the employee. Discrimination of employees on any basis of violation of the rights of employees were not revealed.

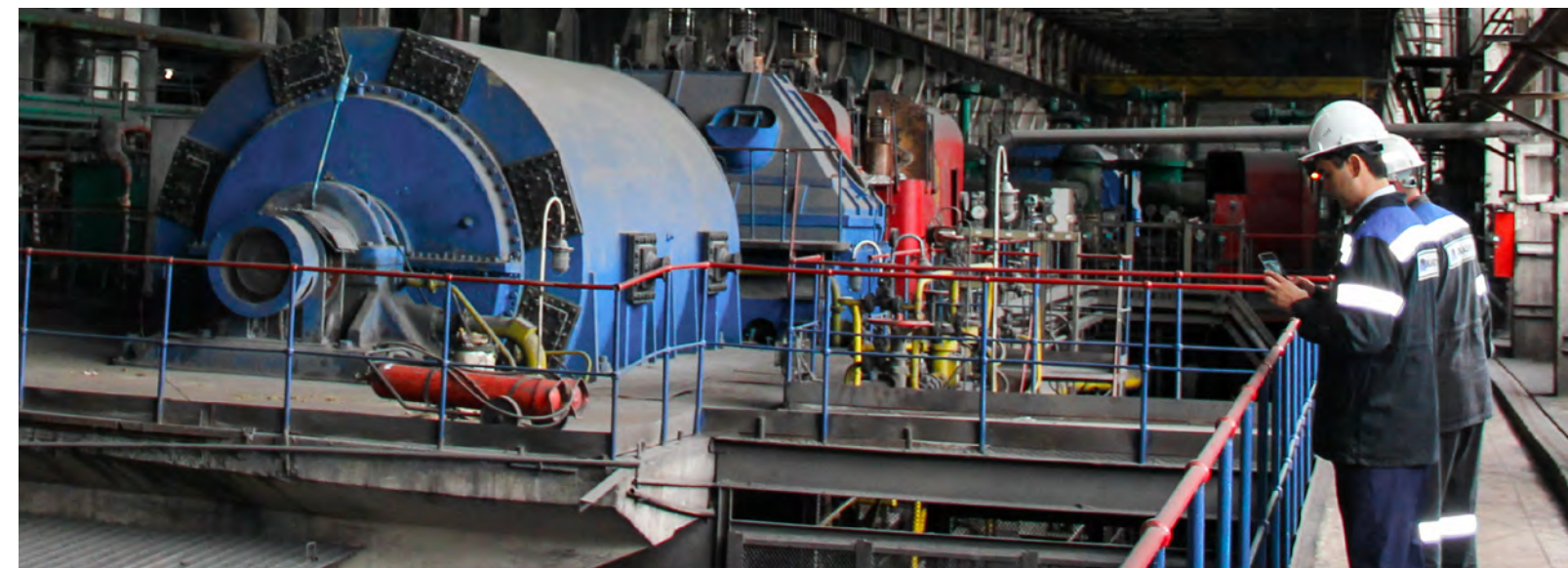
## INTERACTION WITH TRADE UNIONS

SEVKAZENERGO JSC Group of Companies signed a single collective agreement for 2021-2024. The main objectives of the collective agreement are to increase the efficiency of work at enterprises, strengthen the social responsibility of the parties for the results of production and economic activities, and ensure an increase in the level of motivation and labor productivity of employees by providing social guarantees, compensation and benefits provided for in the agreement.

The collective agreement applies to all employees, their family members and pensioners of the Company, regardless of their membership in the trade union organisation.

The trade union organisations of the SEVKAZENERGO Group, together with the employer, take measures to improve the efficiency of enterprises, strengthen labor and industrial discipline, maintain the prestige of the work performed and the sense of professional pride among employees.

The trade union organisation provides assistance to the employer in carrying out cultural, sports work and providing summer recreation for employees' children, in carrying out health-improving activities; provides social material assistance to employees, their family members and non-working pensioners; controls the targeted use of funds allocated for labor protection, health improvement of employees and their family members; takes part in the investigation of industrial accidents and making decisions to determine the degree of guilt of victims, etc.





Name	2019	2020	2021
Number of employees participating in a trade union, persons	1,609	1,580	1,233
<b>Share of the total headcount, %</b>	<b>63.6</b>	<b>62.1</b>	<b>51.7</b>

In the dynamics of previous years, there is a decrease in the share of employees who are members of a trade union, which is due to a decrease in the number of employees of the Company and the impact of global processes of individualisation of social and labor relations.

## SOCIAL SUPPORT, GUARANTEES AND COMPENSATORY PAYMENTS

SEVKAZENERGO JSC is a Company focused on socially-oriented business management. The current Single Collective Agreement is the foundation for the implementation of social policy.

### Objectives

### Social package

#### Incentives for personnel for long-term work

Additional professional pension contributions in the amount of 5 %  
Award for professional competitions  
Remuneration of employees and pensioners for anniversaries and holidays

#### Effective compensation and preferential system

Compensation of housing maintenance and utilities expenses, dormitory discounts, residential lease  
Motor transport services for transportation of workers to and from work  
Coal supply at cost to employees living in houses with stove heating  
Compensation of vouchers to camps for children under 15  
New Year's gifts for children  
Corporate mobile communication for certain categories of employees

#### Support for staff performance and health

Insurance of employees against accidents and diseases at work  
Mandatory social health insurance  
Conducting periodic medical check-ups  
Financial assistance for the treatment of serious diseases.

### Objectives

### Social package

#### Social support for employees

Financial aid for the birth of a child  
Financial aid for funeral services  
Financial aid to large and low-income families  
Paid social leave  
Allocation of funds to the Veterans' Council  
Retirement benefits  
Program of support for pensioners and veterans of the Second World War, labor and enterprise

#### Sports and recreational activities

Reimbursement of expenses for meals to participants of sports competitions  
Allocation of funds for health improvement and collective recreation

### Social assistance due to maternity or paternity

Company name	Number of employees who have issued maternity leave / childcare leave during a year			Number of employees on maternity leave / childcare leave at the year-end	Number of employees who returned from maternity leave / childcare leave during the year
	women	men	total		
SEVKAZENERGO JSC	7	0	7	24	6
North-Kazakhstan REDC JSC	10	1	11	26	6
Petropavlovsk Heat Networks LLP	6	0	6	9	2
Sevkazenergosbyt LLP	7	0	7	17	6
<b>Total</b>	<b>30</b>	<b>1</b>	<b>31</b>	<b>76</b>	<b>20</b>

For social work with pensioners, the Collective Agreement provides for the allocation of funds to the Veterans' Council at all enterprises of the Group. Every year, veterans of the Great Patriotic War and labor are honored with material support for non-working pensioners in the form of food packages, cash rewards, and coal supply. Veterans are patronised at home, concert programs and festive dinners are held for May 9 and the Day of the Elderly.

There are two dormitories for employees in need of better housing conditions: the first one is designed for 29 beds, the second one is a 90-apartment small-family dormitory, which was commissioned in 2016.

In 2016, the ALAKAY kindergarten for 320 children was opened as part of a public-private partnership. The garden is visited 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 recreation for children. A speech therapist works with children, educational games and classes in fine and applied arts, dance, vocals, Kazakh and English languages, karate are held. There is a Studio for the development and preparation of children for school.



## Sports and recreational activities

In 2021, the internal competitions held were timed to coincide with the 60th anniversary of Petropavlovsk CHP-2 of SEVKAZENERGO JSC. Competitions were held in 6 sports, including swimming, table tennis, track and field athletics, checkers, mini-football, and basketball. A total of 159 employees took part in these disciplines. The first team place was taken by employees of SEVKAZENERGO JSC, in connection with which they were awarded a memorable personalised cup. Traditionally, participants of the winning teams are awarded valuable prizes.

### Plans for 2022

In 2022, implementation of the personnel management policy aimed at attracting and developing the professional staff of the Company will continue. As part of this direction, it is planned

#### 1. to further develop the PROFENERGY project in the following areas: –

- a system for supporting young professionals and improving the educational level of personnel;
- mentoring project development;
- key personnel development program;
- crucial professions program;

2. improvement of key performance indicators for achieving the 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.;

5. **Implementation of the ENBEKENERGY project** in order to attract personnel from labor-surplus regions of the Republic of Kazakhstan and employ them at the enterprises of the SEVKAZENERGO Group of JSC.

6. improvement of the system of corporate training, training and retraining of personnel amid shortage of the labour market, improvement of qualitative indicators of training, introduction of a system for monitoring the effectiveness of training results.



## OCCUPATIONAL HEALTH AND SAFETY

### Strategic goals in occupational health and safety and carried out activities

Health and safety issues of employees are one of the most important among the priority tasks provided for in the Strategic Development Program for the enterprises of the SEVKAZENERGO Group of Companies. Prevention of industrial injuries and occupational diseases is crucial in making all decisions of operational activities in the production of electric and heat power.

#### In 2021, according to the approved S&LP Action Plan of CAEPCO JSC for 2020-2021, SEVKAZENERGO JSC implemented the following activities:

1. a video clip on SEVKAZENERGO JSC for conducting an introductory briefing was shot and shown;
2. employees of SEVKAZENERGO JSC are provided with individual vision protection equipment (glasses with polycarbonate non - reinforced glass with a B-1 type light filter);
3. Events dedicated to the World Day of Occupational Health and Safety were held -
  - employees who have worked for a year without violating occupational safety and health regulations are encouraged with memorable souvenirs (diplomas) and certificates;
  - a children's drawing contest was held on the theme "My parents work safely";
4. work has been done to promote S&LP issues, develop memos for visitors and guests of the enterprise, memos for fall prevention, on compliance with electrical safety rules, and place corporate posters in the field of S&LP;
5. A mutual audit was conducted at the enterprises aimed at preventing injuries, as well as incidents and accidents during the operation of power and technological equipment; application of best practices identified during the mutual audit made it possible to improve the overall situation and labour protection indicators.
6. there is a hotline through which each employee can provide photos and videos of detected violations/ inconsistencies, etc. (all received messages are processed by the Occupational safety and Health Department, and measures are developed based on them);

7. video cameras are installed around the perimeter and in the premises to monitor compliance with the speed limit by motor transport, compliance by employees with the rules on safety and labor protection, fire safety;

8. SEVKAZENERGO JSC has carried out mandatory certification of production facilities in terms of working conditions;

9. purchase of kits made of high-tech fabrics with protection against thermal risks and electric arc of NK EDS JSC for electrical personnel;

10. Petropavlovsk Heat Networks LLP

— passed an audit in the field of fire safety;

— purchased EVA winter boots.

— all personnel are equipped with personal protective equipment for the visual organs;

— meetings are held with staff in order to demonstrate video clips about NS at other industrial enterprises;

11. implemented and functioning:

— Regulations on the signal sheet (all received signal sheets are worked out by the shop managers, and measures are developed based on them);

— Regulations on additional safety signs (safety signs are placed on all doors of electric lights, doors of electric cabinets, electrical equipment, additional safety signs are placed-combined, prohibiting, warning, fire safety signs, indicative, prescriptive, evacuation signs and signs for medical and sanitary purposes);

— Safety regulations for interaction between vehicles and pedestrians on the territory of PCHP-2 of SEVKAZENERGO JSC;

— Regulations for organising the activities of working groups for certification of workplaces of production divisions of the SEVKAZENERGO Group of Companies;

— Regulations for drawing up the annual plan of work with personnel in the field of occupational safety and health for the SEVKAZENERGO Group of Companies;

— Regulations for ensuring safety during work at height of SEVKAZENERGO JSC (contractors are also guided by them in their work);

— Regulations on the use and testing of protective equipment, tools, devices and devices used in the operation and repair of electrical installations;

— Regulations on the technical description of personal protective equipment used and on the procedure for providing personal protective equipment to employees of PCHP-2 of SEVKAZENERGO JSC;

— Regulations on the procedure for compliance with 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 SEVKAZENERGO Group enterprises;

— Regulations on interaction of SEVKAZENERGO Group of Companies with contractors in the field of safety, labor protection and ecology;



- Regulations on the procedure for notification, investigation and accounting of accidents related to labor activity at the enterprises of the SEVKAZENERGO Group of JSC;

- Regulations for the organisation and conduct of mandatory certification of production facilities in terms of working conditions for the SEVKAZENERGO Group of Companies;

- Regulations for monitoring the state of S&LP for the SEVKAZENERGO Group of Companies;

- Regulations for conducting qualification checks of knowledge in the field of occupational safety and health, rules for technical operation, providing first aid to victims, fire safety to the extent of the fire-technical minimum, special rules for SEVKAZENERGO JSC;

- Safety regulations for interaction between vehicles and pedestrians on the territory of PCHP-2 of SEVKAZENERGO JSC;

- Regulations on the procedure for conducting pre-shift and post-shift medical examinations of employees of the SEVKAZENERGO Group of Companies and contractors performing work on the territory of the SEVKAZENERGO Group of Companies;

- Regulations for providing first aid to persons without medical education, including those who have received appropriate training at the enterprises of the SEVKAZENERGO Group of JSC;

**12.** newsletters, "Retrospective of accidents and analysis of technological violations that occurred at energy enterprises in 2021 in comparison with 2020", analysis of industrial injuries for 2021 in comparison with 2020 are being worked out with the staff;

**13.** During the year, production tests of samples of personal protective equipment (workwear and safety shoes) were carried out, as well as relevant documents (acts, protocols) were drawn up based on the results of these tests;

**14.** work has been done in the structural divisions aimed at improving working conditions at workplaces, creating safe working conditions, bringing equipment in line with the requirements of labor safety standards, requirements of sanitary norms and regulations;

**15.** The automated system of three-stage control in the field of occupational safety and health IC Safety Walk is functioning.

**16.** North Kazakhstan REC JSC successfully implemented the transition to ISO 45001 in 2021.

The first idea about the Company, about the organisation of work, new employees, business travelers, persons sent to work practice, get when passing an introductory briefing, which is held in the office of the department/occupational safety and health service using technical training tools. Recording of the introductory briefing is made in the corresponding journal.

Employees also receive an initial briefing at the workplace, which is conducted by the head of the structural division or his deputy with a demonstration of safe working methods and techniques. Recording of the initial briefing at the workplace is made in the corresponding journal.

At least once a quarter, in order to maintain the required level and expand the staff's knowledge of regulatory legal acts, as well as improve the methods of operation and repair of equipment, organisation of safe work, the direct supervisor conducts repeated instruction. Re-instructing is recorded in the corresponding TB and PB journal.

Based on the results of passing the briefing (introductory, primary, repeated), the assimilation of knowledge is checked by means of checklists.

The Company's enterprises hold a monthly Safety Day (TB Day) to identify violations of the requirements of current rules, regulations, and instructions. After the TB Day, a discussion is held on the identified comments with the preparation of acts that outline measures to eliminate the identified comments. Safety days allow for more in-depth and detailed verification of compliance with regulatory safety requirements.

Qualification testing of knowledge in the field of occupational health and safety, operation of power plants and networks, first aid to victims, fire safety in the amount of the fire-technical minimum, special rules is carried out in two stages – testing and an oral interview. This method allows to check in-depth knowledge of regulatory requirements in the field of labor protection and safety, operation of power plants and networks, providing first aid to victims, fire safety, and special rules.

At the enterprises there is a constant and periodic control: inspections, technical surveys of the technical condition of equipment, buildings and structures, responsible persons are appointed for the condition and safe operation of equipment, buildings and structures, as well as for technical and technological supervision. Job descriptions for all categories of specialists and workers, safety and labor protection instructions for working specialties and types of work, operating instructions and other regulatory documentation for the Group of Companies' personnel have been developed.

The Company has developed a list of hazards and risks for each workplace in the division, which reflects dangerous and harmful production factors affecting each workplace, conditions of occurrence, object of impact, undesirable events, risk assessment and control measures, and a list of significant hazards and risks for the enterprise.

## OCCUPATIONAL HEALTH AND SAFETY COUNCILS

SEVKAZENERGO JSC has established a production council for occupational safety and health. The Council is headed by a chairman from among the employees of the enterprise. The council consists of representatives of the employer, representatives of the trade union organisation, including technical labour inspectors.

### The Industrial Safety and Health Board performs the following functions:

- consideration of proposals to eliminate identified violations in the field of occupational safety and health, create safe working conditions at the enterprise, develop programs, recommendations, solutions, etc. that meet the requirements for preserving the life and health of employees in the course of their work;

- review of the results of the survey of the state of labor protection conditions at workplaces, production sites, workshops and the enterprise as a whole, participate in surveys based on employees' requests and make instructions to eliminate the identified violations;

- study of the causes of industrial injuries and occupational diseases, analysis of the effectiveness of measures taken in terms of safety and labor protection, preparation of information and analytical materials on the actual state of labor protection at the enterprise;

- analysis of the progress and results of workplace certification in terms of working conditions, participation in the preparation of structural divisions and the enterprise as a whole to bring permanent jobs at production facilities in compliance with the requirements of occupational safety and health;

- control over the condition and use of sanitary facilities and sanitary and hygienic devices, providing employees with special clothing, special shoes and other personal protective equipment, the correct use of them, and providing medical and preventive nutrition;

- control over the timely conduct of training sessions, qualification checks of knowledge in the field of occupational safety and health;

- preparation and submission to the employer of proposals for improving the work on occupational safety and health of employees, creating a system of moral and material incentives for employees who comply with the requirements of occupational safety and health and ensure the preservation and improvement of health;

- consideration of disputable issues arising in the process of conducting inspections of the state of labor protection conditions at PCHP-2, making decisions on them;

- participation in the promotion of occupational safety and health at the enterprise, increasing the responsibility of employees for compliance with occupational safety and health requirements.

Each enterprise employs technical inspectors for labor protection. In their activities, technical labour protection inspectors interact with the heads of departments, the labour safety and health service, the operation inspection, the inspection for supervision of industrial safety facilities, as well as with state labour inspectors, state supervision and control.

### The main functions of occupational health and safety technical inspectors are:

- participates in inspections of the state of occupational safety and health at workplaces, reviews their results, develops proposals for the production council on bringing conditions, safety and health in accordance with state regulatory requirements for occupational safety and health;

- monitors the condition and intended use of sanitary facilities and collective and individual protective equipment;

- monitors the timely conduct of training sessions, qualification checks of knowledge in the field of occupational safety and health.







## TYPES AND LEVEL OF OCCUPATIONAL INJURIES

The Company suffered 2 accidents in 2021 (PCHP-2 of SEVKAZENERGO JSC).

### Classification of accidents by type of accidents in 2021:

— polytrauma, closed fracture of the scaphoid bone of the right wrist joint without displacement, multiple fractures of the II-III-IV ribs on the left posterior-axillary line, extensive hematoma of the left half of the chest, abrasions of the anterior abdominal wall, left elbow joint, left knee joint;

— electro-burn of the face, ears and both hands I-II-III A degree S-5 %.

### The causes of accidents were:

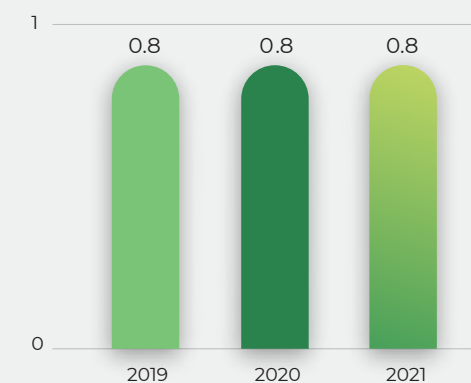
— unsatisfactory technical condition of buildings, structures, maintenance of territories and shortcomings in the organisation of workplaces;

— gross negligence of the victim, violation of the rules of safety and labor protection of the victim and unsatisfactory organisation of work.

## Occupational injury rate

	2019	2020	2021
List number of personnel	2,510	2,555	2,481
Number of traumatic cases	2	2	2
Number of victims / of them women	0	0	0
Number of fatal cases	0	1	0

Total Incident Frequency Rate (TIFR) per 1,000 employees



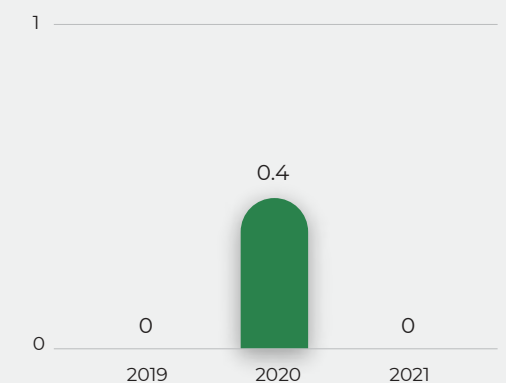
The frequency coefficient of all accidents and injuries at work (TIFR) per 1,000 employees was calculated using the formula:

$$K_4 = \frac{n \times 1\,000}{N}, \text{ where}$$

**n** – the total number of victims of industrial accidents during the reporting period;

**N** is the average number of employees.

Fatality Incident Frequency Rate (FIFR) per 1,000 employees



The frequency coefficient of all accidents and injuries at work (TIFR) per 1,000 employees was calculated using the formula:

$$K_{41} = \frac{n_1 \times 1\,000}{N}, \text{ where}$$

**n** – the number of fatal industrial injuries during the reporting period;

**N** is the average number of employees.



The system of registration, reporting and notification of accidents operating in the Company complies with the requirements of the legislation of the Republic of Kazakhstan and the International Labor Organisation.

**The activities of contractors involved in the company's production facilities are controlled by:**

1. scheduled and unannounced inspections of the state of S&LP in contractors and training sessions for contractors' personnel are carried out;
2. information is provided on accident bulletins in order to explain the causes and prevent the recurrence of similar cases in the future;
3. corporate S&LP standards are being implemented;
4. S&LP days are held.
5. S&LP meetings are held.

The actual costs of implementing measures on occupational health and safety, improving working conditions in 2021 amounted to 453,563,050 tenge. The funds were invested in providing employees with the necessary personal protective equipment, including electrical protection, special nutrition, medicines, personnel training, purchasing fire extinguishing equipment, as well as implementing measures for additional lighting of workplaces, repair of ventilation and air conditioning systems, repair of buildings and structures, etc.

In accordance with the requirements of the Law of the Republic of Kazakhstan "On compulsory insurance of an employee against accidents in the performance of his / her labour (official) duties", all employees of the Company's enterprises are insured against accidents.

#Fact

Employees of the Company whose professional activity is associated with a high risk of injury

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

Plans for 2022

- 1) Certification of workplaces according to working conditions in NK EDC JSC.
- 2) Holding the World Day of Occupational Safety and Health.
- 3) Providing training to the company's personnel in matters of health protection and occupational safety, first aid, and fire safety.
- 4) Holding competitions in professional skills among divisions.
- 5) Conducting mutual audits.
- 6) Maximum provision of personal protective equipment for employees.
- 7) Conducting interaction/exchange of information with personnel on occupational safety and health issues.
- 8) Purchase of special clothing for cleaners, janitor and building worker of Sevkazenergosbyt LLP.
- 9) Purchase of bags for supervisors of Sevkazenergosbyt LLP.

CONSUMER SAFETY

The management of each electric grid district of the Company, together with specialists of the Occupational safety and Health Service, conduct awareness-raising activities among the population on compliance with safety rules near existing electrical installations and power lines.

At the beginning and end of the school year, actions are held to prevent and prevent children's electrical injuries, for which the S&LP service sends lectures to schools on how to avoid electric shock and, thus, maintain health.

In order to warn the public and personnel about the danger, safety signs and inscriptions are placed on all electrical installations operated by subsidiaries, all equipment is protected from unauthorised entry, there are appropriate fences and locks.

Regional and district mass media publish articles aimed at preventing injuries, including children's injuries, and protecting the health of the population.

Ensuring the health and safety of consumers in sales enterprises

In order to ensure the safety and health of consumers, the following measures were taken at the sales company:

- in order to prevent injuries, the entrance groups of service center buildings are equipped with anti-slip rubber mats;
- for people with disabilities, service center buildings are equipped with ramps or buttons to call staff for help.

— service center buildings are equipped with video surveillance systems.

— all service centers are provided with first-aid kits equipped with necessary medicines;

— air conditioning systems are installed in the premises of service centers;

— in order to comply with fire safety, service centers have a fire alarm system installed, and primary fire extinguishing equipment is available.

— in prominent places of service centers, evacuation plans for people in case of fire are located, and the doors of evacuation exits are freely opened in the direction of the exit from the premises.

Social partnership

SEVKAZENERGO JSC is an active participant in social projects aimed at supporting the population in the North Kazakhstan region.

The kindergarten "Alakay" for 320 children, opened in 2015 as part of a public-private partnership with the Akimat of the North Kazakhstan region, continues to work.

For the Company's employees and socially vulnerable residents of Petropavlovsk, there is a 90-apartment small-family hostel, which was opened in 2016. The project implementation became possible thanks to the public-private partnership of SEVKAZENERGO JSC and the Akimat of the North Kazakhstan region. The presence of a departmental dormitory attracts young and promising employees of the energy sector to the enterprises of the energy complex.





## ENVIRONMENTAL POLICY



Fact

An important goal of the Company's investments is to reduce the negative environmental impact inherent in energy production.

In the period from 2009 to 2021, SEVKAZENERGO JSC reduced the amount of ash emissions by 71.4 %. In 2009-2014, second-generation titanium emulsifiers were installed at all boiler units, which allowed to increase the degree of flue gas purification and reduce the costs of enterprises for environmental payments. At the end of 2008, before the launch of the investment program, the concentration of coal ash emissions into the atmosphere by enterprises of SEVKAZENERGO JSC was recorded at 1093.0 mg / nm<sup>3</sup>, respectively. At the end of 2021, these indicators amounted to 293.6 respectively.

In 2021, SEVKAZENERGO JSC installed a third-generation emulsifier with an efficiency of 99.6 % at the KA station No. 7. The modernisation consists in installing the second-highest belt of blade devices in the cells of the existing swirler unit, i.e. double flue gas cleaning is carried out within one swirler. Ash concentrations decreased from 314 mg/nm<sup>3</sup> to 279 mg/nm<sup>3</sup>.

In order to ensure the continuity of the technological cycle of the plant and storage of ash and slag waste for up to 25 years, work is being carried out on the selection of a land plot for the construction of a new ash dump.

### Environmental protection measures

In order to increase the efficiency of its activities in the field of environmental protection (hereinafter referred to as environmental protection), SEVKAZENERGO JSC plans and implements measures of environmental significance aimed at reducing the level of impact of its activities on the environment and improving the environmental efficiency and safety of its enterprises. The total cost of implementing such measures in 2021 amounted to 175,548 thousand tenge, including VAT.

The list of such measures includes the reconstruction and overhaul of the main and auxiliary technological equipment in the generation, transmission and distribution of energy, waste management, industrial environmental control.

For all new construction and reconstruction projects, a project is being developed on the topic of the Environmental Impact Assessment (EIA), the materials of which are brought to the attention of local communities and the interested public in the form of public hearings. To confirm compliance with the environmental standards of the Republic of Kazakhstan, all projects undergo state environmental expertise in the territorial supervisory authorities in the area of environmental protection.

### Costs for environmental protection measures\*, million tenge

Ser. No.	Description of costs	Amount, million tenge		
		2019	2020	2021
<b>SEVKAZENERGO JSC</b>				
1	Investment costs	981.923	1,217.167	1,164.349
2	Cost of overhaul repair of key assets intended for environment protection	266.600	306.824	257.756
3	Operating costs	228.987	55.983	70.070

\*More information about the completed environmental measures is set out in the following sections.

### Air emissions

In 2021, the Company generated **2,702.716 million kWh** of electric power and **1,910.425 thousand Gcal** of heat power. **2,409.2 thousand tons** of Ekibastuz coal and **3,98 thousand tons** of fuel oil were spent on energy production. The sources of raw materials are non-renewable.

#Fact

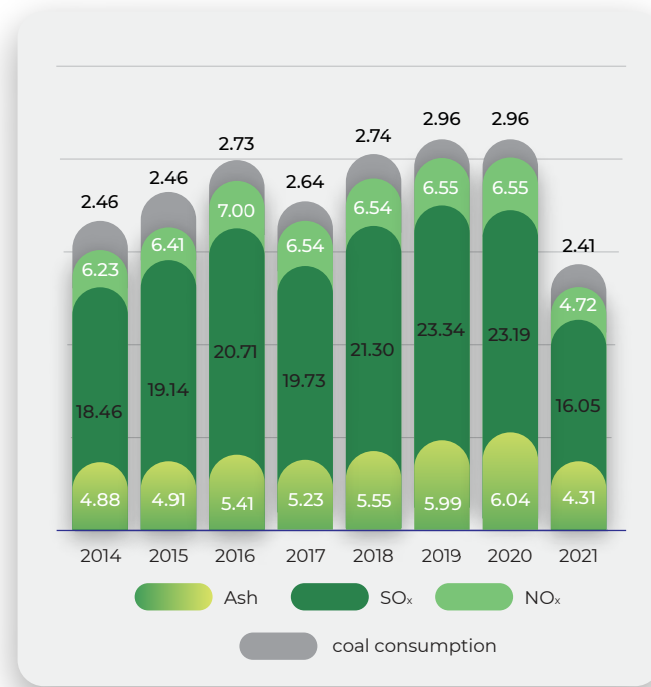
Comparing **2021** with the previous year **2020**, the total amount of pollutants released into the atmosphere by **SEVKAZENERGO JSC** decreased by **36.4 %** (from **40,094 thousand tons to 25,484 thousand tons**, including other emissions).

#Results

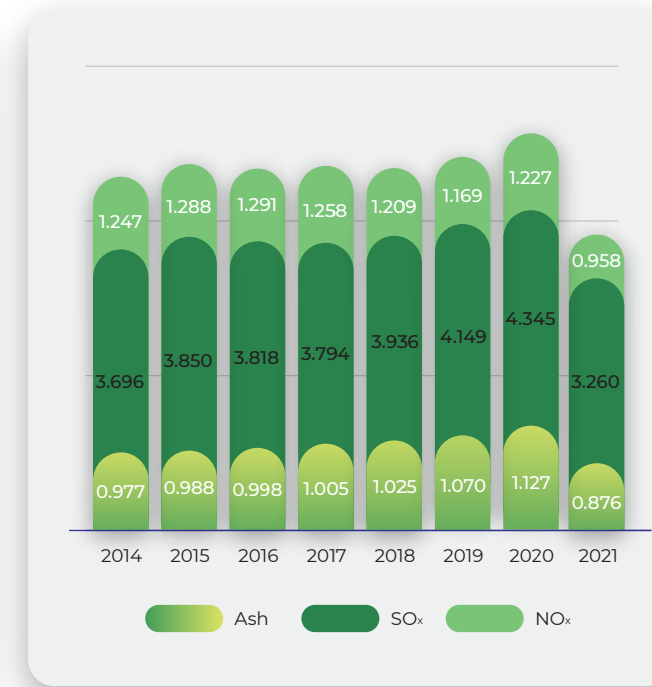
The main reason is a decrease in electric power generation by 18.5 % (in 2020-3,331. 4 million kWh, and in 2021-2,702. 7 million kWh). In addition, due to the development of a new emission standard, the methodology for calculating pollutant emissions has changed. Also, in 2021, no work was carried out on the development and extraction of loams at the Roshchinka field, modernisation of the control system and other construction and installation projects.



Gross emissions of pollutants into the atmosphere in 2014-2021, thousand tons



Specific emissions of pollutants into the atmosphere in 2014-2021 mg/MWh



Fact

In the reporting year, compared to **2020**, there was a decrease in production volume **(by 18.5 %)**, with a significant decrease in the volume of fuel burned by **18.5 %**. At the same time, gross emissions of pollutants decreased by **36.4 % (2020 – 40,094 thousand tons, 2021. – 25,484 thousand tons)**.

Among the most significant environmental measures aimed at protecting atmospheric air implemented in 2021, the following can be distinguished:

- restoration of boiler No. 7 heating surfaces that ensure effective cleaning, utilisation, neutralisation, suppression and neutralisation of pollutants in gases removed from emission sources;
- repair of worn-out elements of ash-collecting installations, air ducts, gas ducts;
- ensuring the functioning of automated industrial environmental monitoring stations in real time;

In addition, a pre-project survey and development of design estimates for equipment with automated emission monitoring systems at pollution sources (chimneys No. 1-3) were carried out.

Greenhouse gas (CO<sub>2</sub>)

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

To monitor greenhouse gases, a calculation method was used, according to the guiding regulatory documents, which provides for accounting for emissions from normal (regular) production activities, special practices (commissioning, process stops, repair and maintenance) and emergency situations.

An additional organisational tool for reducing greenhouse gas emissions is the Energy Saving Program and increasing overall fuel efficiency associated with increasing the share of generation by new power units, as well as the introduction of the ISO 50001 energy management system (energy saving measures) at enterprises, the purpose of which, along with improving

the energy efficiency of production processes, is also to reduce greenhouse gas emissions. In 2021, thanks to implementation of the measures of this program, we achieved a preliminary reduction in greenhouse gas emissions by 860.4 thousand tons of CO<sub>2</sub>.

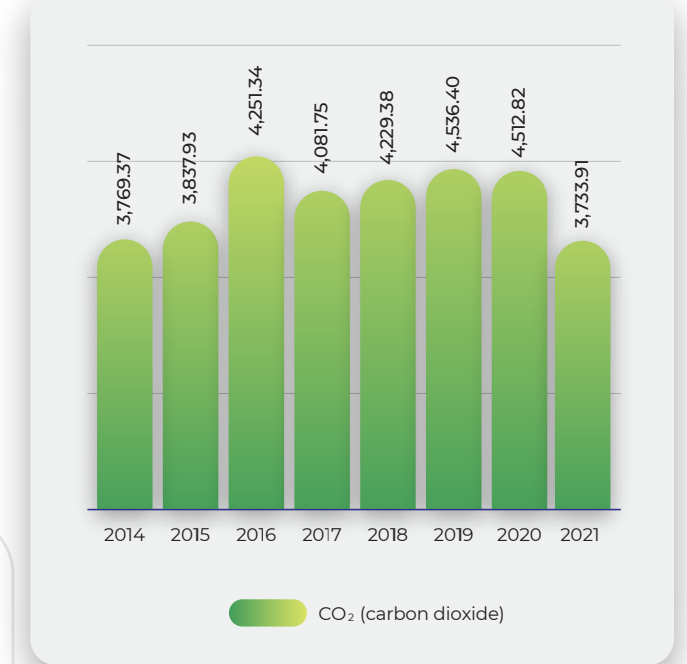


Fact

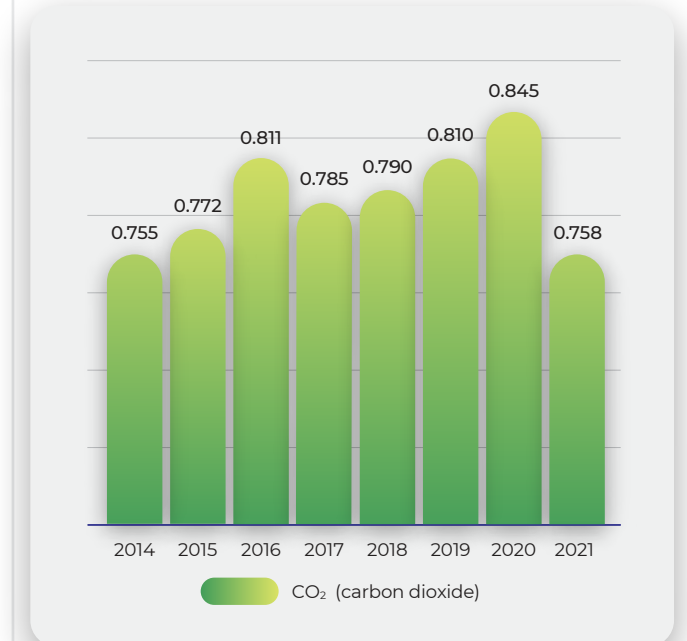
Gross greenhouse gas emissions from fuel combustion in 2021 compared to 2020 decreased by **18.9 %** due to a decrease in coal consumption by **546,863 thousand tons**.



Gross CO<sub>2</sub> emissions in 2014-2021, thousand tons



Specific CO<sub>2</sub> emissions per unit of energy produced in 2014– 2021, tons/MWh



Among the most significant measures of the Energy Saving Program aimed at reducing greenhouse gas emissions implemented in 2021, the following can be distinguished:

- building up the enclosing dams of section 3 of ash dump No. 2, replacing narrowed sections of slag pipelines, replacing pumps with a drainage pump;
- modernisation of battery emulsifiers with the installation of third-generation swirler units of boiler unit No. 7.



## State Environmental Control

In 2021, there was an audit of the state environmental control by the Department of Ecology for North Kazakhstan Region. According to the results of the audit, no violations were detected.

## Water management and water resources conservation

The use of water resources is an integral part of the production processes of enterprises and plays a key role in the cooling process of equipment. The station uses closed water use, i.e. a reverse system of technical water supply with cooling ponds (in Petrovsk).

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

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

In 2021, 212,069,797 thousand m<sup>3</sup> of water was used for water supply purposes, the main share of which is water from circulating water supply systems. In the reporting period, the volume of water disposal (discharge) amounted to 1,650.8 thousand m<sup>3</sup>.



### The total amount of water used, broken down by sources, thousand m<sup>3</sup>

Indicator	2019	2020	2021
Total water used, including:	222,393.7	223,806.7	212,069.797
from surface water bodies (Ishim river)	6,067.8	7,787.5	8,472.6
from third-party suppliers	170.200	157.900	131.457
in close water consumption systems (Lake B. Belye)	216,155.70	215,861.30	199,599.89
In water recirculation system	20,507.90	20,597.10	3,865.85

### Volumes of waste disposal, thousand m<sup>3</sup>

Indicator	2019	2020	2021
Total waste water generated	1,449.5	2,674.0	1,782.3
Discharged to third-party organisations	170.2	157.9	131.5
Discharged to surface water bodies	1,279.3	2,516.1	1,650.8

Among the most significant environmental measures in the area of water use and sanitation implemented in 2021, the following can be distinguished:

- 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 grids at the central pumping station, routine repairs of artesian and drainage pumps of the coastal pumping station, pumps of the central pumping station, maintenance of the make-up pump of circulation pumps, cleaning of the discharge channel of SEVKAZENERGO JSC;
- an inspection of the underwater part of the ante-chambers of the central pumping station, repair of the make-up pumps and the artesian pump of SEVKAZENERGO JSC;
- monitoring of quantitative and qualitative characteristics of water (water analysis was carried out according to the approved schedule) of SEVKAZENERGO JSC;
- organisation of measures to improve the quality of the discharged water, increase the efficiency of treatment facilities (cleaning of the installed booms of permanent buoyancy of the Rubezh 45 brand was carried out) of SEVKAZENERGO JSC.

## EFFICIENT INDUSTRIAL WASTES MANAGEMENT

Ash and slag waste, which makes up 99 % of the total volume of waste, is stored in specially equipped hydraulic structures of the plain type - ash dumps. Compliance with the environmental legislation of the Republic of Kazakhstan when creating a new container for storing ash and slag waste allows to prevent environmental pollution with ash and slag waste from production and ensure stable operation of the CHP.

In 2021, the total amount of waste generated at Petrovsk CHP-2 of SEVKAZENERGO JSC amounted to **944.251 thousand tons, including ash and slag waste – 940.597 thousand tons, industrial and municipal waste-3.653 thousand tons.**

#Results

### Total mass of waste generation, thousand tons

Indicator	2019	2020	2021
Ash and slag	1,237.100	1,241.800	940.598
Other types of waste	5.100	2.500	3.653

### Waste by hazard level, thousand tons

Indicator	2019	2020	2021
Waste generated:	1,242.100	1,244.300	944.251
“green” list	1,242.100	1,244.300	944.222
“amber” list	0.040	0.031	0.029

### Waste by methods of handling, thousand tons

Indicator	2019	2020	2021
Waste generated	1,242.100	1,244.300	944.251
<b>including ash and slag</b>	<b>1,237.100</b>	<b>1,241.800</b>	<b>940.598</b>
Waste management at the enterprise	2.545	0.00003	-
Neutralised waste	0.040	0.031	0.693
Transferred waste to third-party organisations*	3.572	2.895	2.959
Waste is placed at the company's own facilities	1,236.0	1,241.400	940.621
<b>including ash and slag waste</b>	<b>1,236.0</b>	<b>1,241.400</b>	<b>940.598</b>



**The most significant waste management measures implemented in 2021 are aimed at improving the industrial and environmental safety of ash and slag dumps and other waste disposal facilities:**

- organisation of storage sites for waste generated during the reconstruction and construction of energy facilities (equipment of sites, arrangement of containers);
- sale of ash and slag waste (microspheres) to reduce the volume of their formation;
- implementation of the mechanism of separate collection of waste that is not subject to placement at the landfill: waste paper, paper and cardboard, plastic and glass waste.

During the construction of new ash dump maps, the latest technology of an anti-filtration screen in the ash dump bed - **the Canadian polysynthetic geomembrane was used.**

**#Fact**

The use of a special geomembrane film will allow achieving 100 % waterproofing. This is a reliable and durable anti-filtration screen that protects soils and underground water from contamination by chemical components contained in the clarified water of the reverse hydraulic ash transport system.



## ENVIRONMENTAL MANAGEMENT SYSTEM



The presence of an environmental management system developed, successfully functioning and certified for compliance with the ISO 14001 series standards is the most important indicator of systematic, effective work in the area of environmental management, contributing to the growth of the Company's competitiveness, increasing the market value of shares, forming a positive image in relations with external stakeholders.

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

During the reporting period, TÜV Rheinland Kazakhstan conducted a recertification audit for compliance with the requirements of the international standards ISO 14001 (Environmental Management System), ISO 9001 (Quality Management System), ISO 45001 (Occupational Health and Safety Management System), and received integrated management system (IMS) certificates valid until September 2023 year, confirmed its efficiency, effectiveness and focus on improvement.

Plans for implementation of environmental policy for 2022

1. Ensuring the functioning of automated industrial environmental monitoring stations in real time.
2. Reconstruction of the spacecraft (including replacement of 2nd-generation emulsifiers with 3rd-generation ones that meet the BAT requirements).
3. Restoration of heating surfaces of boilers that provide effective cleaning, utilisation, neutralisation, suppression and neutralisation of pollutants in gases removed from emission sources.
4. Repair of worn-out elements of ash-collecting installations, air ducts, gas flues.
5. Organisation of work to reduce dusting at the existing ash dump in windy weather conditions.
6. Monitoring of quantitative and qualitative indicators of the company's activity: monitoring compliance with the MPV standards, carried out at the main sources in accordance with the PEKa program using an instrumental method by an accredited laboratory.
7. Installation of dust and gas cleaning equipment on the aspiration systems of the shopping center.
8. Modernisation of water supply systems: hydrosol removal systems, recycling systems for industrial purposes, reused water, a system that eliminates pollution and depletion of water resources.
9. Greening the territories of administrative divisions, increasing the area of green spaces, plantings in and around the territory of enterprises, children's institutions, dormitories and liberated territories, lands subject to desertification and other unfavorable environmental factors.
10. Maintenance and care of green spaces.
11. Carrying out measures to organise storage sites for waste generated in the course of the company's activities, organising timely removal and transfer to specialised organisations for disposal.
12. Introduction of technologies for the collection, transportation, neutralisation, use and processing of ash and slag waste-microspheres.
13. Development of environmental projects.
14. Informing the public about the environmental impact of the company's activities.



# FINANCIAL AND ECONOMIC INDICATORS



**The Company's consolidated financial statements for 2021 have been prepared in accordance with International Financial Reporting Standards. The principles of accounting policy are the same for all enterprises of the Company.**

The key financial and economic indicators of the Company 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.

## Key financial and economic indicators for 2019-2021, million tenge

Indicators	2019	2020	2021
Income from core activities	37,946	39,859	<b>41,306</b>
Cost including expenses for the period	(31,326)	(34,754)	<b>(34,933)</b>
Profit from operating activities	6,620	5,105	<b>6,374</b>
Total EBITDA for the year	12,501	10,244	<b>22,101</b>
Total EBITDA for the year, margin in %	32.9	25.7	<b>53.5</b>
Income tax expenses	(652)	(1,128)	<b>(2,940)</b>
Net profit for the year	3,711	85	<b>15,335</b>
Assets	115,295,288	123,998,579	<b>137,476,481</b>
Equity	58,443,169	55,587,078	<b>70,029,987</b>
Capital expenditures on property, plant and equipment	5,712,826	5,997,200	<b>4,752,795</b>

\* Total EBITDA is indicated with due account for impact of foreign exchange differences



## INCOME FROM SALE OF PRODUCTS/ SERVICES

According to the results of 2021, the Company produced electric and heat power, including energy transmission and sales, for a total amount of **41,306 million tenge**, or **3.6 %** more compared to the results of 2020, which is due to an increase in tariffs for electric and heat power. The dominant factors that influenced the level of income from implementation of 2021 in comparison with the prior period are the following:

— revenue from electric power sales decreased by KZT 1,366 million, or 4.7 %, compared to 2020, due to a 19.9 % decrease in the volume of sales of goods;

— revenue from electric power transmission increased by 956 million tenge, or 20.2 %, due to an increase in transmission volume by 106 million kWh. (9.2 %);

— revenues from heat transmission increased by KZT 641 million, or 18.7 %, due to a 5 % increase in transmission tariffs and a 12.9% increase in transmission volume;

— revenue from sales of heat energy, including sales margin, increased by KZT 1,192 million or 42.3 % due to an increase in the volume of sales of goods (12.9 %) and the tariff for the production and supply of heat energy.

## COST OF SALES

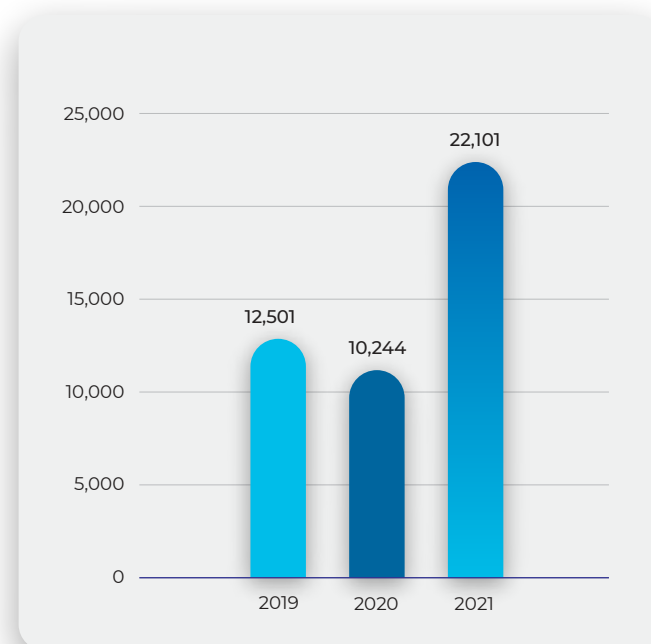
The cost of electric power and heat sold in 2021 amounted to **34,933 million tenge**, an increase of **179 million tenge** or **0.5 %** compared to 2020. Not a significant increase in expenses is due to a decrease in the marketable supply of electric energy.

In the structure of the Company's cost price, the specific weight (40 %) is occupied by Fuel. The decrease in this item (coal) amounted to 2,081 million tenge, or 16.9 %, including 2,323 million tenge due to a decrease in fuel consumption by 18.5 % and an increase by 243 million tenge due to a 2 % increase in the price taking into account transportation. Depreciation charges increased by KZT 457 million, or 9 %, due to the introduction of property, plant and equipment. Labor costs increased by KZT 475 million, or 11.4 %, due to an increase in wages from January 1 and September 2021. Expenses for the purchase of electric power from renewable energy sources increased by 530 million tenge or 19.1 % due to an increase in the purchase volume by 15 million kWh, or 19.2 %. Due to the production need, repair services increased by 524 million tenge or 22.7 % compared to 2020.

## EBITDA DYNAMICS, TOTAL

EBITDA for 2021 was 22,101 million tenge, an increase of 11,857 million tenge or 115.8 % compared to 2020. The main factors contributing to the increase in operational efficiency are an increase in heat sales by 161 thousand tons. Gcal, or 12.9 %, accrual of income from impairment of property, plant and equipment (KZT 7,791 million).

Total EBITDA for the year, million tenge



\* Total EBITDA is indicated without impact of foreign exchange differences

## EBITDA by operating segments

The operating EBITDA indicator was selected as the main indicator when evaluating the Company's production activities. This performance indicator does not take into account other income, finance income, non-monetary component of foreign exchange liabilities, depreciation and non-recurring or non-permanent items that do not affect the basic production activities of the Company. The Company's operating EBITDA for 2020 amounted to 10,337 million tenge, its decrease was 1,443 million tenge or 12.2% compared to 2019. In the structure of the operating EBITDA indicator, the primary marginal segment is represented by the production of electric and heat power (9,039 million tenge), where there is a decrease by 539 million tenge, or 5.6%, due to a decrease in the commodity supply of electric and heat power, as well as an increase in fuel costs by 952 million tenge and electric power purchase costs for 1,506 million tenge.

## DYNAMICS OF NET INCOME/LOSS

Profit from operating activities for 2021 amounted to **KZT 6,374 million** (margin of **15.4 %** to revenue from sales), the increase in profit by **KZT 1,269 million** was due to an increase in sales of heat power.

Net finance costs decreased by KZT **428 million**, or **16.2 %**. Income tax expenses decreased by **KZT 4,068 million**.

### Key financial and economic indicators for 2021, million tenge

Indicators	Production of electric power and heat	Electric power transmission and distribution	Heat transmission and distribution	Sale of electric power and heat	Other	Total
Income from core activities	28,711,484	5,695,860	4,067,595	2,791,477	40,062	<b>41,306,478</b>
Cost	-22,640,321	-4,871,971	-3,102,100	-1,237,174	-84,316	<b>-31,935,882</b>
Gross profit	6,071,163	823,889	965,495	1,554,303	-44,254	<b>9,370,596</b>
Expenses for the period	-1,412,670	-372,329	-681,210	-529,913	0	<b>-2,996,122</b>
Profit from operating activities	4,658,493	451,560	284,285	1,024,390	-44,254	<b>6,374,474</b>
Finance cost, net	-1,344,642	-250,272	-621,160	3,612	0	<b>-2,212,462</b>
Other income	21,627,262	-3,768,474	-9,562,664	150,813	0	<b>8,446,937</b>
Foreign exchange loss	-144,233	-49,816	-24,966		0	<b>-219,015</b>
Income tax expenses	-160,705	1,392,640	1,930,564	-217,923	0	<b>2,944,576</b>
Net profit for the year	24,636,175	-2,224,362	-7,993,941	960,892	-44,254	<b>15,334,510</b>
<b>Operating EBITDA by segment</b>	<b>8,579,108.5</b>	<b>1,461,371.5</b>	<b>961,752</b>	<b>1,052,099.3</b>	<b>-44,254</b>	<b>12,010,077.3</b>

Note: Financial indicators for elimination of intragroup turnover are not disclosed in the table.



## ASSETS, LIABILITIES AND EQUITY

The total assets of the Company as at 31 December 2021 amounted to **137,476,481 million tenge**, which is **9.8 %** more than in 2020.

### Assets, million tenge

Indicator	2019	2020	2021
Current assets	13,973	22,522	17,957
Non-current assets	101,322	101,446	119,519
	115,295	123,998	137,476

As at 31 December 2021, the cost of property, plant and equipment amounted to 114,681 million tenge, or 83% of the value of all assets. As part of the large-scale investment program for 2020, 3,812 million tenge was allocated to construction in progress and property, plant and equipment were purchased.

### Liabilities, million tenge

Indicator	2019	2020	2021
Equity	58,443	55,587	70,030
Non-current liabilities	18,307	27,233	37,390
Current liabilities	38,545	41,178	30,056
	115,295	123,998	137,476

The Company's declared authorised capital amounted to 143.9 million units. common shares. As at 31 December 2021, the value of fully paid ordinary shares amounted to 16,292 million tenge. Total financial debt at the end of the reporting year was KZT 34,618 million, while the Company remains financially stable.







АКЦИОНЕРНОЕ ОБЩЕСТВО «СЕВКАЗЭНЕРГО» И ЕГО ДОЧЕРНИЕ ПРЕДПРИЯТИЯ

КОНСОЛИДИРОВАННЫЙ ОТЧЕТ О ФИНАНСОВОМ ПОЛОЖЕНИИ  
ПО СОСТОЯНИЮ НА 31 ДЕКАБРЯ 2021 Г.  
(в тысячах тенге)

	Прим.	31 декабря 2021 г.	31 декабря 2020 г.
<b>АКТИВЫ</b>			
<b>ДОЛГОСРОЧНЫЕ АКТИВЫ:</b>			
Основные средства	6	114,680,824	101,232,815
Авансы выданные	9	77,019	-
Отложенный налоговый актив	30	1,439,473	19,432
Нематериальные активы		265,258	133,319
Прочие долгосрочные активы	10	674,532	60,520
Займы выданные		2,382,300	-
<b>Итого долгосрочные активы</b>		<b>119,519,406</b>	<b>101,446,086</b>
<b>ТЕКУЩИЕ АКТИВЫ:</b>			
Товарно-материальные запасы	7	3,817,211	2,520,060
Торговая дебиторская задолженность	8	4,686,322	5,481,148
Авансы выданные	9	2,081,683	227,478
Прочие текущие активы	10	589,116	4,249,884
Займы выданные	11	6,427,932	9,476,027
Предоплата по текущему налогу на прибыль		25,365	54,057
Прочие финансовые активы	12	38,069	493,662
Денежные средства и их эквиваленты	13	291,377	50,177
<b>Итого текущие активы</b>		<b>17,957,075</b>	<b>22,552,493</b>
<b>ВСЕГО АКТИВЫ</b>		<b>137,476,481</b>	<b>123,998,579</b>
<b>КАПИТАЛ И ОБЯЗАТЕЛЬСТВА</b>			
<b>КАПИТАЛ:</b>			
Акционерный капитал	14	16,291,512	16,291,512
Дополнительно оплаченный капитал		277,168	277,168
Резерв по переоценке основных средств		45,629,951	17,396,583
Нераспределенная прибыль		7,831,356	21,621,815
<b>Итого капитал</b>		<b>70,029,987</b>	<b>55,587,078</b>
<b>ДОЛГОСРОЧНЫЕ ОБЯЗАТЕЛЬСТВА:</b>			
Выпущенные облигации	16	4,000,000	4,500,000
Долгосрочные займы	17	10,786,959	4,410,452
Обязательства по аренде		-	32,757
Доходы будущих периодов	18	2,441,922	2,578,707
Отложенные налоговые обязательства	30	19,771,511	15,229,891
Обязательства по рекультивации золотвалов	4	317,793	433,049
Обязательства по вознаграждениям работникам		72,042	48,603
<b>Итого долгосрочные обязательства</b>		<b>37,390,227</b>	<b>27,233,459</b>





АКЦИОНЕРНОЕ ОБЩЕСТВО «СЕВКАЗЭНЕРГО» И ЕГО ДОЧЕРНИЕ ПРЕДПРИЯТИЯ

КОНСОЛИДИРОВАННЫЙ ОТЧЕТ О ФИНАНСОВОМ ПОЛОЖЕНИИ (ПРОДОЛЖЕНИЕ)  
ПО СОСТОЯНИЮ НА 31 ДЕКАБРЯ 2021 Г.  
(в тысячах тенге)

	Прим.	31 декабря 2021 г.	31 декабря 2020 г.
<b>ТЕКУЩИЕ ОБЯЗАТЕЛЬСТВА:</b>			
Текущая часть выпущенных облигаций	16	773,281	803,646
Краткосрочные займы и текущая часть долгосрочных займов	17	19,057,706	24,681,724
Обязательства по аренде		32,804	72,468
Текущая часть доходов будущих периодов	18	136,784	136,784
Торговая кредиторская задолженность	19	5,314,580	7,495,828
Авансы полученные	20	613,212	790,527
Финансовые гарантии, краткосрочные	21	1,151,266	1,739,185
Текущая часть обязательств по вознаграждениям работникам		8,300	5,982
Прочие обязательства и начисленные расходы	22	2,934,773	5,451,898
Обязательства по подоходному налогу		33,561	-
<b>Итого текущие обязательства</b>		<b>30,056,267</b>	<b>41,178,042</b>
<b>Итого обязательства</b>		<b>67,446,494</b>	<b>68,411,501</b>
<b>ВСЕГО КАПИТАЛ И ОБЯЗАТЕЛЬСТВА</b>		<b>137,476,481</b>	<b>123,998,579</b>

От имени руководства Группы:

Перфилов О.В.  
Генеральный директор

29 июля 2022 г.

Примечания на стр. 14-75 составляют неотъемлемую часть данной консолидированной финансовой отчетности.

Алексеев Т.В.  
Главный бухгалтер

29 июля 2022 г.



АКЦИОНЕРНОЕ ОБЩЕСТВО «СЕВКАЗЭНЕРГО» И ЕГО ДОЧЕРНИЕ ПРЕДПРИЯТИЯ

КОНСОЛИДИРОВАННЫЙ ОТЧЕТ О ПРИБЫЛИ ИЛИ УБЫТКЕ И ПРОЧЕМ СОВОКУПНОМ ДОХОДЕ  
ЗА ГОД, ЗАКОНЧИВШИЙСЯ 31 ДЕКАБРЯ 2021 Г.  
(в тысячах тенге)

	Прим.	2021 г.	2020 г.
Выручка	23	41,306,477	39,859,420
Себестоимость	24	(31,935,882)	(32,027,111)
<b>ВАЛОВАЯ ПРИБЫЛЬ</b>		<b>9,370,595</b>	<b>7,832,309</b>
Расходы по реализации	25	(376,808)	(318,657)
Общие и административные расходы	26	(2,619,314)	(2,408,169)
Финансовые расходы	27	(3,852,445)	(3,631,538)
Финансовые доходы	28	1,639,983	990,880
Чистые расходы по ожидаемым кредитным убыткам	8, 13, 21	218,515	(1,553,808)
Убыток от обесценения основных средств		(21,507,046)	-
Убыток от курсовой разницы, нетто		(219,015)	(167,931)
Прочие доходы, нетто	29	660,123	469,350
<b>(Убыток)/прибыль до налогообложения</b>		<b>(16,685,412)</b>	<b>1,212,436</b>
Экономия/(расходы) по налогу на прибыль	30	2,940,466	(1,127,623)
<b>(УБЫТОК)/ПРИБЫЛЬ ЗА ГОД</b>		<b>(13,744,946)</b>	<b>84,813</b>
ПРОЧИЙ СОВОКУПНЫЙ ДОХОД ЗА ГОД			
Статьи, которые не будут реклассифицированы в состав прибыли или убытка в последующих периодах:			
Прибыль от переоценки основных средств, за вычетом налога		29,079,456	-
<b>ИТОГО СОВОКУПНЫЙ ДОХОД ЗА ГОД</b>		<b>15,334,510</b>	<b>84,813</b>
<b>ПРИБЫЛЬ НА АКЦИЮ</b>			
<b>(Убыток)/прибыль за год на акцию, базовая и разводненная, в тенге</b>	15	<b>(95,54)</b>	<b>0.59</b>

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Алексеев Т.В.  
Главный бухгалтер

29 июля 2022 г.



АКЦИОНЕРНОЕ ОБЩЕСТВО «СЕВКАЗЭНЕРГО» И ЕГО ДОЧЕРНИЕ ПРЕДПРИЯТИЯ

КОНСОЛИДИРОВАННЫЙ ОТЧЕТ ОБ ИЗМЕНЕНИЯХ В КАПИТАЛЕ  
ЗА ГОД, ЗАКОНЧИВШИЙСЯ 31 ДЕКАБРЯ 2021 Г.  
(в тысячах тенге)

	Акционерный капитал	Дополнительно оплаченный капитал	Резерв по переоценке основных средств	Нераспределенная прибыль	Итого капитал
На 1 января 2020 г.	16,291,512	277,168	18,363,469	23,511,020	58,443,169
Чистая прибыль	-	-	-	84,813	84,813
Прочий совокупный доход	-	-	-	-	-
<b>Итого совокупный доход за год</b>	-	-	-	<b>84,813</b>	<b>84,813</b>
Амортизация резерва по переоценке основных средств	-	-	(966,886)	966,886	-
Корректировка выданных займов до справедливой стоимости, за минусом отложенного налога (Примечание 11)	-	-	-	(1,246,071)	(1,246,071)
Модификация обязательств по выданным финансовым гарантиям связанным сторонам (Примечание 21)	-	-	-	160,665	160,665
Объявленные дивиденды (Примечание 14)	-	-	-	(1,855,498)	(1,855,498)
На 31 декабря 2020 г.	16,291,512	277,168	17,396,583	21,621,815	55,587,078
Убыток за год	-	-	-	(13,744,946)	(13,744,946)
Прочий совокупный доход	-	-	29,079,456	-	29,079,456
<b>Итого совокупный убыток за год</b>	-	-	<b>29,079,456</b>	<b>(13,744,946)</b>	<b>15,334,510</b>
Амортизация резерва по переоценке основных средств	-	-	(846,088)	846,088	-
Модификация обязательств по выданным финансовым гарантиям связанным сторонам (Примечание 21)	-	-	-	5,174	5,174
Объявленные дивиденды (Примечание 14)	-	-	-	(42,407)	(42,407)
Прочее	-	-	-	(114)	(114)
Корректировка выданных займов до справедливой стоимости, за минусом отложенного налога (Примечание 11)	-	-	-	(854,254)	(854,254)
На 31 декабря 2021 г.	16,291,512	277,168	45,629,951	7,831,356	70,029,987

От имени руководства Группы:

Перфилов О.В.  
Генеральный директор

29 июля 2022 г.

Алексеев Т.В.  
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Примечания на стр. 14-75 составляют неотъемлемую часть данной консолидированной финансовой отчетности.

АКЦИОНЕРНОЕ ОБЩЕСТВО «СЕВКАЗЭНЕРГО» И ЕГО ДОЧЕРНИЕ ПРЕДПРИЯТИЯ

КОНСОЛИДИРОВАННЫЙ ОТЧЕТ О ДВИЖЕНИИ ДЕНЕЖНЫХ СРЕДСТВ  
ЗА ГОД, ЗАКОНЧИВШИЙСЯ 31 ДЕКАБРЯ 2021 Г.  
(в тысячах тенге)

	Прим.	2021 г.	2020 г.
<b>ДЕНЕЖНЫЕ ПОТОКИ ОТ ОПЕРАЦИОННОЙ ДЕЯТЕЛЬНОСТИ:</b>			
Прибыль до налогообложения		(16,685,412)	1,212,436
Корректировки на:			
Износ и амортизация	6	5,635,601	5,231,893
Финансовые расходы	27	3,852,445	3,631,538
Чистая (прибыль)/убыток от обесценения финансовых инструментов	8, 13, 23	(218,515)	1,553,808
Начисление резерва на неликвидные и устаревшие товарно-материальные запасы	7	289,313	72,917
(Прибыль)/убыток от выбытия основных средств и нематериальных активов		(430,932)	218,683
Убыток от обесценения основных средств		21,507,046	-
Расходы по вознаграждениям работникам		-	421
Начисление резерва по неиспользованным отпускам		5,670	(7,081)
Убыток от курсовой разницы, нетто		219,015	167,931
Доход от государственной субсидии	29	(117,663)	(117,663)
Финансовые доходы	28	(1,639,983)	(990,880)
Прочие		523	84,731
<b>Денежные потоки от операционной деятельности до изменений в оборотном капитале</b>		<b>12,417,108</b>	<b>11,058,734</b>
Изменение товарно-материальных запасов		(1,897,855)	(321,460)
Изменение торговой дебиторской задолженности		1,843,739	(2,971,182)
Изменение авансов, выданных на приобретение краткосрочных активов		(1,854,205)	829,302
Изменение прочих текущих активов		429,876	(179,959)
Изменение торговой кредиторской задолженности		(2,180,593)	1,264,657
Изменение авансов полученных		(177,315)	345,566
Изменение прочих обязательств и начисленных расходов		(301,921)	484,983
Изменение обязательств по вознаграждениям работникам		24,055	(3,023)
<b>Денежные средства, полученные от операционной деятельности</b>		<b>8,302,889</b>	<b>10,507,618</b>
Налог на прибыль уплаченный		(929,575)	(907,035)
Проценты уплаченные		(3,392,261)	(3,240,296)
<b>Чистые денежные средства, полученные от операционной деятельности</b>		<b>3,981,053</b>	<b>6,360,287</b>





АКЦИОНЕРНОЕ ОБЩЕСТВО «СЕВКАЗЭНЕРГО» И ЕГО ДОЧЕРНИЕ ПРЕДПРИЯТИЯ

КОНСОЛИДИРОВАННЫЙ ОТЧЕТ О ДВИЖЕНИИ ДЕНЕЖНЫХ СРЕДСТВ (ПРОДОЛЖЕНИЕ)  
ЗА ГОД, ЗАКОНЧИВШИЙСЯ 31 ДЕКАБРЯ 2021 Г.  
(в тысячах тенге)

	Прим.	2021 г.	2020 г.
<b>ДЕНЕЖНЫЕ ПОТОКИ ОТ ИНВЕСТИЦИОННОЙ ДЕЯТЕЛЬНОСТИ:</b>			
Приобретение основных средств		(3,659,904)	(4,499,384)
Приобретение нематериальных активов		(189,350)	(13,275)
Изъятие денежных средств с депозитных счетов		818,730	33,211,504
Размещение денежных средств на депозитных счетах		(313,000)	(33,062,745)
Займы, выданные связанным сторонам	11	(3,567,000)	(6,540,000)
Погашение займов, выданных связанным сторонам		3,269,341	1,700,000
Прочие операции по инвестиционной деятельности		47,136	(856,000)
<b>Чистые денежные средства, использованные в инвестиционной деятельности</b>		<b>(3,594,047)</b>	<b>(10,059,900)</b>
<b>ДЕНЕЖНЫЕ ПОТОКИ ОТ ФИНАНСОВОЙ ДЕЯТЕЛЬНОСТИ:</b>			
Поступление займов	17	29,580,976	15,268,404
Погашение займов	17	(29,149,473)	(11,136,993)
Выпуск облигаций	16	-	5,000,000
Выкуп облигаций	16	(500,000)	(5,494,690)
Выплата основного долга по аренде		(72,052)	(98,357)
<b>Чистые денежные средства, (использованные)/полученные от финансовой деятельности</b>		<b>(140,549)</b>	<b>3,538,364</b>
<b>ЧИСТОЕ УВЕЛИЧЕНИЕ/(УМЕНЬШЕНИЕ) ДЕНЕЖНЫХ СРЕДСТВ</b>		<b>246,457</b>	<b>(161,249)</b>
<b>ДЕНЕЖНЫЕ СРЕДСТВА НА НАЧАЛО ГОДА</b>	<b>13</b>	<b>50,177</b>	<b>223,873</b>
Оценочный резерв под кредитные убытки		(208)	-
Влияние изменения обменного курса валют на денежные средства и их эквиваленты		(5,049)	(12,447)
<b>ДЕНЕЖНЫЕ СРЕДСТВА НА КОНЕЦ ГОДА</b>	<b>13</b>	<b>291,377</b>	<b>50,177</b>

От имени руководства Группы:

Перфилов О.В.  
Генеральный директор

29 июля 2022 г.

Примечания на стр. 14-75 составляют неотъемлемую часть данной консолидированной финансовой отчетности.

Алексеев Т.В.  
Главный бухгалтер

29 июля 2022 г.



## CORPORATE EVENTS



sevkazenergo\_21  
Petrovsk, Kazakhstan



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Petrovsk, Kazakhstan

Employees of SEVKAZENERGO JSC annually take an active part in events held both at the enterprise level and at regional, regional and international levels.

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# corporate\_events





## ABOUT THE REPORT

This report of the Company provides information on the activities of SEVKAZENERGO JSC and its subsidiaries. The document contains a sustainability report prepared in accordance with the GRI G4 recommendations. The main version of information disclosure and the GRI application for the electric power industry were used in the preparation.

There were no significant changes in the content of the report, while the Company switched to the use of information disclosure requirements under GRI Standards. A table indicating the location of standard reporting elements and indicators is located in the Index of GRI Elements section. This report has not passed external certification.

## SIGNIFICANT ASPECTS AND BOUNDARIES

In accordance with the Principles of determining the content of the GRI Standards report, an assessment of the materiality of the topics disclosed in the report was made.

**The procedure for determining materiality includes the following main steps.**

### Stage 1.

The widest possible range of potentially significant topics related to sustainable development based on **GRI Standards was identified.**

### Stage 2.

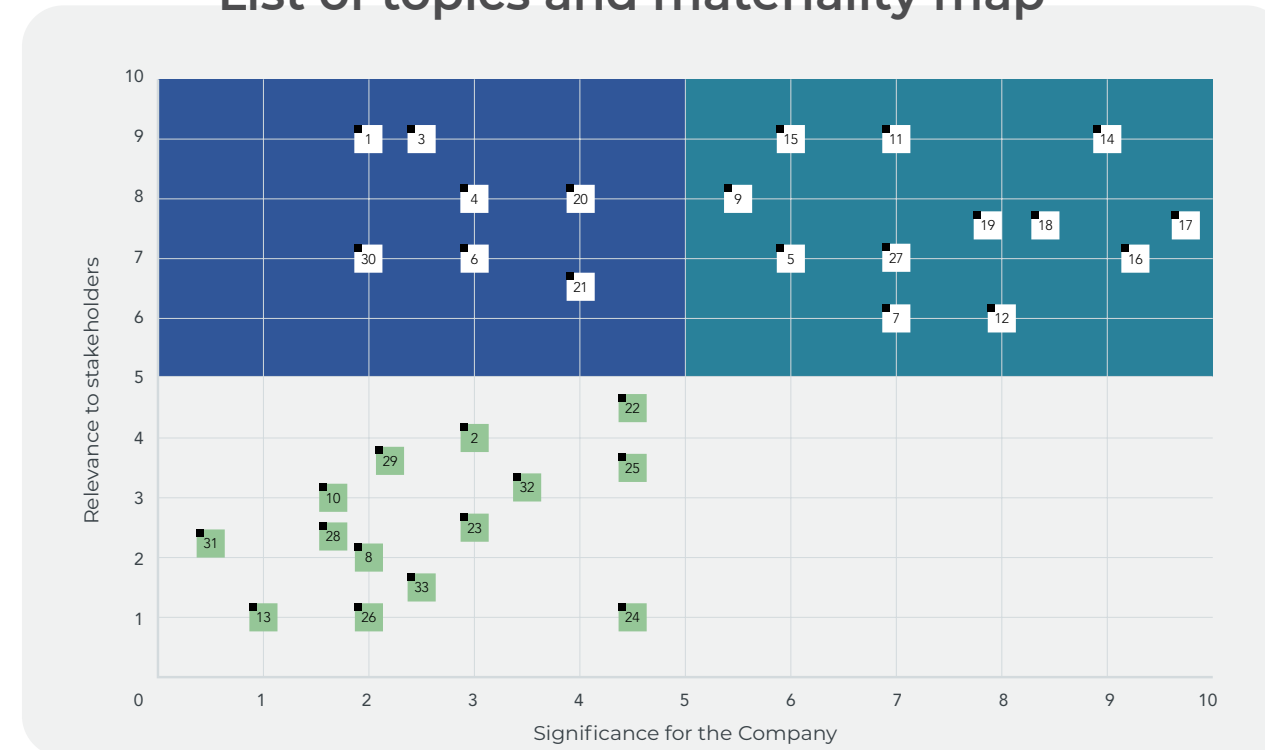
The analysis of the degree of influence of the topics listed in the list inside and outside the Company is carried out. The selection of topics for further disclosure was carried out taking into account the interaction with stakeholders. In addition, the priority of topics was analyzed in terms of the level of influence on the Company's activities and its development strategy.

### Stage 3.

In accordance with the views of stakeholders and the Corporation's strategic plans, key topics were ranked for prioritisation and a Materiality Map was constructed. Each aspect of the business is assigned an average score based on its impact on the Corporation (horizontal axis) and on stakeholders (vertical axis). The highest priority is set for aspects that are in the blue zone, and they were given priority when compiling the report. The report also partially discloses aspects included in the blue zone.



## List of topics and materiality map



**SEVKAZENERGO JSC** issues its annual report on an annual basis starting from 2013. The previous annual report for 2020 will be published in August 2021.



## Index of GRI elements

Nº	Aspects	Nº	Aspects
1.	Economic performance	18.	Training and education
2.	Market presence	19.	Diversity and equal opportunities
3.	Indirect economic impacts	20.	Non-discrimination
4.	Procurement practice	21.	Freedom of association and collective bargaining
5.	Anti-corruption management	22.	Child labour
6.	Obstacle to competition	23.	Forced or compulsory labour
7.	Materials	24.	Security practices
8.	Energy	25.	Rights of indigenous and small-numbered peoples
9.	Water	26.	Assessment of human rights observance
10.	Biodiversity	27.	Local communities
11.	Emissions	28.	Assessment of suppliers' compliance with social criteria
12.	Discharges and waste	29.	Public policy
13.	Assessment of suppliers' compliance with environmental protection criteria	30.	Customer health and safety
14.	Compliance with environmental requirements	31.	Labeling of products and services
15.	Employment	32.	Personal privacy of consumers
16.	Relations between employees and management	33.	Violations of socio-economic legislation
17.	Health and safety in the workplace		



# INDEX OF GRI ELEMENTS

GRI standard and year of publication	Indicator	Page number, section and/or URL	Exemptions/ Comments
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## GRI 101: Principles of reporting (2016)

### GRI 102: General information (2016)

Organisation Profile			
102-1 Name of the organisation	Summary section, p. 9		
102-2 Areas of activity	Activity section, p. 14 and Business Model section, p. 14		
102-3 Location of the head office	Contacts section, p. 151		
102-4 Geography of operations	Geography of operations section, p. 8		
102-5 Form of ownership	Company structure section, p. 25		
102-6 Sales markets	Geography of operations section, p. 8 Subsidiaries section, p. 26-29		
102-7 Scale of the organisation	Performance indicators section, p. 12-13		
102-8 Personnel information	Personnel and social policy section, p. 98-110		
102-9 Supply chain	Business model section, p. 14		
102-10 Significant changes in the Company's work	Organisational structure section, p. 34 Share capital structure section, p. 34		Нет изменений
102-11 Precautionary Principles	Costs of environmental protection measures section, p. 119		
102-12 Support for external initiatives	Environmental measures section, p. 118 Greenhouse Gas Emissions section, p. 120-121 Environmental Management System section, p. 124		
102-13 Membership in associations	—		The Company is a member of the Kazakhstan Electric Power Association (KEA)
Strategy			
102-14 Management Statement	Letter of the Chairman of the Board of Directors section, p. 4 Letter of the General Director section, p. 6		
Ethics and Integrity			
102-16 Values, principles, standards and norms of behavior	Compliance with the Corporate Governance Code section, p. 37-39		



GRI standard and year of publication	Indicator	Page number, section and/or URL	Exemptions/ Comments
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## Corporate governance

102-18 Management structure	Organisational structure section, p. 34 Performance of the committees of the Board of Directors section, p. 42-43	
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## Interaction with stakeholders

102-40 List of stakeholders	Stakeholder Engagement section, p. 91-97	
102-41 Collective agreements	Interaction with trade union organisations section, p. 97	
102-42 Identification and selection of stakeholders	Stakeholder Engagement section, p. 91	
102-43 Approaches to interaction	Stakeholder Engagement section, p. 91-97	
102-44 Key topics and concerns raised	Stakeholder Engagement section, p. 91-97	

## Information about the report

102-45 Basis of consolidation	About the report section, p. 140	
102-46 Defining the report content and boundaries	List of Topics and Materiality Map section, p. 140-141	
102-47 List of significant topics	List of Topics and Materiality Map section, p. 141	
102-48 Recalculation of data from prior periods	—	The indicators have not been changed and are comparable with the data provided in the previous annual reports of the Company
102-49 Changes in the content of the report	—	No changes
102-50 Reporting period	About the report section, p. 140	
102-51 Date of last publication	About the report section, p. 140	
102-52 Reporting cycle	About the report section, p. 140	
102-53 Contact information for questions about the content of the report	Contacts section, p. 151	



GRI standard and year of publication	Indicator	Page number, section and/or URL	Exemptions/ Comments
	102-54 Level of compliance with GRI standards	About the report section, p. 140	
	102-55 GRI content index	Index of GRI Elements section, p. 142-147	
	102-56 External assurance	About the report section, p. 140	
<b>Material topics</b>			
<b>Economy</b>			
<b>GRI 103: Management Approach (2016)</b>	103-1 Explanation of the Material Topic and its Boundary	List of Topics and Materiality Map section, p. 141	
	103-2 Management approach	Financial and economic indicators section, p. 126	Comprehensive environmental impacts management policy covers all major topics in this area
	103-3 Evaluation of the Management Approach	–	Not conducted
<b>GRI 205: Anti-corruption management (2016)</b>	203-1 Infrastructure support	Anti-corruption management section, p. 47	
<b>Ecology</b>			
<b>GRI 103: Management Approach (2016)</b>	103-1 Explanation of the Material Topic and its Boundary	List of Topics and Materiality Map section, p. 141	
	103-2 Management approach	Environmental measures section, p. 118	A comprehensive personnel policy covers all the main topics in this area
	103-3 Evaluation of the Management Approach	–	Not conducted
<b>Materials</b>			
<b>GRI 301: Materials (2016)</b>	301-1 Consumed materials by weight or volume	Environmental measures section, p. 118	

GRI standard and year of publication	Indicator	Page number, section and/or URL	Exemptions/ Comments
<b>Water</b>			
	303-1 Use of water resources	Water Management and Water Resources Conservation section, p. 122	
<b>GRI 303: Water and Discharges (2016)</b>	303-3 Water Intake	Water Management and Water Resources Conservation section, p. 122	
	303-4 Water discharge	Efficient Industrial Wastes Management section, p. 123	
<b>Emissions</b>			
<b>GRI 305: Emissions (2016)</b>	305-1 Direct greenhouse gas emissions	Greenhouse Gas Emissions section, p. 120-121	
	305-4 Intensity of greenhouse gas emissions	Greenhouse Gas Emissions section, p. 120-121	
	305-5 Reduction of greenhouse gas emissions (COR2R)	Greenhouse Gas Emissions section, p. 120-121	
	305-7 Emissions NO <sub>x</sub> , SO <sub>x</sub> other significant pollutants	Atmospheric emissions section, p. 119-120	
<b>Waste</b>			
<b>GRI 306: Discharges and waste (2016)</b>	306-2 Total mass of waste by type and method of disposal	Efficient Industrial Wastes Management section, page 123	
<b>Compliance with requirements</b>			
<b>GRI 307: Compliance with requirements (2016)</b>	307-1 Information on non-compliance with environmental legislation and regulatory requirements	Greenhouse Gas Emissions (CO <sub>2</sub> ) section, p. 120-121	
<b>Social category</b>			
<b>GRI 103: Management Approach (2016)</b>	103-1 Explanation of the Material Topic and its Boundary	List of Topics and Materiality Map section, page 141	
	103-2 Management approach	Personnel Management Policy section, p. 98	A comprehensive personnel policy covers all the main topics in this area
	103-3 Evaluation of the Management Approach	–	Not conducted



GRI standard and year of publication	Indicator	Page number, section and/or URL	Exemptions/ Comments
<b>Employment</b>			
<b>GRI 401: Employment (2016)</b>	401-1 Hired employees and staff turnover	Staff turnover section, p.102	
<b>Relations between employees and management</b>			
<b>GRI 402: Relations between employees and management</b>	103-1 Explanation of the Material Topic and its Boundary	Employee-Management Relations section, p. 107	
<b>Health and Safety</b>			
<b>GRI 403: Health and Safety (2018)</b>	403-1 Representation of employees in official joint health and safety committees with the participation of representatives of management and employees	Social support, guarantees and compensatory payments section, p. 108-109 Employee-Management Relations section, p. 107	
	403-2 Types and level of injury, occupational diseases, lost day rate and the rate of absenteeism, and total number of deaths related to work	Types and the level of industrial injuries section, p. 114-115	
	403-3 Workers with high injury risk and a high risk of morbidity associated with their types of activities	Employees of the Company whose professional activity is associated with a high risk of injury section, p. 116	
<b>Training</b>			
<b>GRI 404: Training (2016)</b>	404-2 Skills Development Programs	Personnel training and development section, p. 103-104	
<b>Diversity and equal opportunities</b>			
<b>GRI 405: Diversity and equal opportunities (2016)</b>	405-1 Composition of governing bodies	Staff structure by category and gender section, p. 99	

GRI standard and year of publication	Indicator	Page number, section and/or URL	Exemptions/ Comments
<b>Local communities</b>			
<b>GRI 103: Management Approach (2016)</b>	103-1 Explanation of the Material Topic and its Boundary	List of Topics and Materiality Map section, p. 141	
	103-2 Management approach	Stakeholder Engagement section, p. 91-97	
	103-3 Evaluation of the Management Approach	–	Not conducted
<b>GRI 413: Local Communities (2018)</b>	413-1 Programs of interaction with local communities, assessment of the impact of activities on local communities and development of local communities	Stakeholder Engagement section, p. 91-97	
<b>Customer health and safety</b>			
<b>GRI 103: Management Approach (2016)</b>	103-1 Explanation of the Material Topic and its Boundary	List of Topics and Materiality Map section, p. 141	
	103-2 Management approach	Consumer safety section, p. 117	
	103-3 Evaluation of the Management Approach	–	Not conducted
<b>GRI 416: Customer health and safety (2016)</b>	416-1 Product safety assessment for the consumer	Consumer safety section, p. 117	
<b>Additional information</b>			
<b>Industry Protocol on Electric Power Industry GRI G4</b>	G4-EU1 Installed capacity	About the Company section, p. 13	
	G4-EU2 Power generation	Performance indicators section, p. 12	
	G4-EU3 Number of personal accounts of household, industrial, institutional and commercial consumers	Geography of operations section, p. 8	
	G4-EU5 Distribution of quotas for COR2R emissions or equivalents	Main Production Characteristics section, p. 23	
	G4-EU5 Distribution of quotas for COR2R emissions or equivalents	Greenhouse Gas Emissions section, p. 120-121	



## GLOSSARY, ABBREVIATIONS

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



<b>CTF</b>	clean technology fund
<b>EBITDA</b>	shall mean an analytical indicator, which equals earnings before interest, taxation, depreciation and amortisation
<b>ESAP</b>	shall mean Environmental and Social Action Plan
<b>ISO</b>	shall mean International Organisation for Standardisation
<b>KEGOC</b>	shall mean Kazakhstan Electricity Grid Operating Company JSC
<b>OHSAS</b>	shall mean Occupational Health and Safety Assessment System
<b>JSC</b>	shall mean a joint stock company
<b>NK EDC JSC</b>	shall mean North-Kazakhstan Electric Distribution Company JSC
<b>PTS LLP</b>	shall mean Petropavlovsk Heat Networks LLP
<b>ASCAHE</b>	shall mean automatic system for commercial accounting for heat energy
<b>ASCAE</b>	shall mean automatic system for commercial accounting of electricity
<b>GDP</b>	shall mean gross domestic product
<b>OHL</b>	shall mean overhead lines.
<b>WPP</b>	shall mean wind power plant
<b>Gcal</b>	shall mean gigacalorie
<b>Gcal-hr</b>	shall mean gigacalorie per hour
<b>GRES</b>	государственная районная электростанция.
<b>GTPP</b>	shall mean gas turbine power plant
<b>HEPP</b>	shall mean hydroelectric power plant
<b>EBRD</b>	shall mean European Bank for Reconstruction and Development
<b>kWh</b>	shall mean kilowatt per hour
<b>MW</b>	shall mean megawatt
<b>NGO</b>	shall mean a non-governmental organisation
<b>Environmental protection</b>	environmental safety
<b>ПТЭЦ-2</b>	shall mean Petropavlovsk combined heat and power plant No. 2.
<b>RK</b>	shall mean Republic of Kazakhstan
<b>ICS</b>	shall mean internal control system
<b>PK</b>	shall mean internal control system
<b>BoD</b>	Board of Directors
<b>SEVKAZENERGO JSC</b>	shall mean SEVKAZENERGO JSC
<b>SKES LLP</b>	Sevkazenergosbyt LLP
<b>RK</b>	shall mean Republic of Kazakhstan
<b>ICS</b>	shall mean internal control system
<b>BoD</b>	shall mean the Board of Directors
<b>Sevkazenergo</b>	shall mean SEVKAZENERGO JSC
<b>Mass media</b>	Mass media



<b>RMS</b>	shall mean risk management systems
<b>SPS</b>	shall mean solar power station
<b>LLP</b>	shall mean a limited liability partnership
<b>TPP</b>	shall mean a thermal power plant
<b>CHP</b>	shall mean a combined heat and power plant
<b>CAPEC</b>	shall mean Central-Asian Power Energy Company JSC
<b>CAEPCO</b>	shall mean Central-Asian Electric Power Corporation JSC
<b>RES</b>	renewable energy sources
<b>EPTS</b>	external package transformer substation
<b>electric power</b>	electric power
<b>heat power</b>	heat power
<b>MCC</b>	Main Clearing Centre
<b>S&amp;LP</b>	Safety and Labor Protection

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#contacts



## Contacts

### AUDITOR

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36 Al-Farabi Ave. Almaty, 050059, Republic of Kazakhstan.

### REGISTRAR

Central Securities Depository JSC non-residential premises 163, 30/8 Satpayev Str., Almaty, 050040, Republic of Kazakhstan, Certificate of state registration No. 12301-1910-AO, issued on 2 February 2005 by the Department of Justice of Almaty.

### Responsible persons for working with investors and shareholders

Full name / Position	Contact details
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