SEVKAZENERGO JSC

HEROES

WITHOUT MASKS

2022

annual report

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ANNUAL REPORT 2022

СЕВКАЗЭНЕРГО

СЕВКАЗЭНЕРГО

ANATOLY KAZANOVSKY

General Director
SEVKAZENERGO JSC

Dear partners and colleagues!

We present to your attention the report on the activities of SEVKAZENERGO JSC for 2022. The past year, obviously, will fall on the pages of the history of Kazakhstan's energy industry. It was a time of testing the strength of people, companies, individual regions and the entire industry as a whole. Trials have taught us to concentrate our forces on the important things, adjust our plans and always move forward.

The most difficult event of the reporting period was the collapse of part of the chimney No. 1 of the Petropavlovsk CHP–2, which occurred in March 2022. On behalf of the management on the pages of our report, I want to once again express my sincere condolences to the family and friends of the deceased employee. We will never tire of repeating that the most important capital of a Company is people. Our employees first of all helped to overcome a difficult period, and their efforts did not go unnoticed.

The priority direction for SEVKAZENERGO JSC was the implementation of the Roadmap, which included all restoration measures. The work schedules were initially made taking into account the gradual withdrawal of the main equipment from repair. First of all, the dismantling of the chimney No. 1, the inspection of the chimney No. 3 and the overhaul of the chimney No. 2, which is still successfully operated, were completed. After the work carried out, boilers No. 1-7, No. 8 and No. 12 were connected to the chimney No. 2. When drawing up the Roadmap, the main emphasis was placed on the need to stabilize the operation of boiler equipment. To do this, more than half of the heating surfaces were replaced on four boilers of the station. After the work carried out, the steam capacity and efficiency of units No. 4, 5, 6, 7 increased. In addition, the current repair of boiler unit No. 1 was carried out, all work on boilers No. 8, No. 9 and No. 12 was completed. Major repairs of turbine units No. 5 and No. 7 were carried out. Boiler No. 3 was the last to be added to the operating equipment – it was restored together with part of the station building. Thus, in October 2022, Petropavlovsk CHP-2 had 7 turbo generators and 9 prepared boilers in its arsenal, and by December – 11 boilers.

Thanks to the successfully implemented measures, North Kazakhstan residents were able to spend more than 200 days of the 2022-2023 heating season in warmth. The stabilization of the results at the main generating plant in the region helped the Company to move to large-scale construction of a new chimney. Our plans are to erect a 180-meter chimney trunk and put it into operation during the summer repair campaign of 2024.

Increased competition for professional personnel has become another problem caused by difficulties in the electric power industry. SEVKAZENERGO JSC continues to make maximum efforts to adjust the remuneration included in the tariff component in order to retain qualified employees.

What's next? I am sure that the positive changes that we are currently seeing in relation to the industry will create the necessary foundation on which a healthy business system will be built, allowing us not to patch up unprofitable assets, but to make a profit and direct it to new energy-efficient equipment. We are confident that all these tasks are feasible. We believe in our team, its huge potential, its technological SEVKAZENERGO JSC will be remembered for great victories.

Our plans are to erect a 180-meter chimney trunk and put it into operation during the summer repair campaign of 2024.

СЕВКАЗЭНЕРГО

OLEG PERFILOV

Member the Board of Directors
SEVKAZENERGO JSC

Dear shareholders, investors and colleagues!

We present to your attention an overview of our Company's activities for 2022. Each annual report is a new opportunity for us to summarize the results of the reporting year, share the most effective solutions to important tasks and prospects for the future development of the Company.

The year considered in this report was incredibly difficult for the entire energy industry of the country, primarily due to the accumulated unresolved problems associated with the large wear of the main equipment of the station and networks, limited opportunities for tariff formation, lack of profit in business development tariffs, low wages and, as a result, a large outflow of qualified personnel from energy companies.

The collapse of part of the chimney No. 1 of the thermal power plant in Petropavlovsk and the associated loss of an employee of the station was a great tragedy for us, which cannot be forgotten and filled up. This event will forever remain a sad page in the history of the Company. We also remember the dedication of the CHP-2 staff in the face of adversity.

This report is dedicated to our heroes who do not wear masks, but wear helmets and overalls every day so that their countrymen stay with warmth and light in their homes. Created by the hands of energy builders is ignited by their hearts.

It was fundamentally important for SEVKAZENERGO JSC to maintain the reliability and uninterrupted operation of its enterprises, on which the stability and well-being of thousands of people depend. To this end, a Roadmap for the restoration of the Petropavlovsk CHP-2 was promptly developed. It included 7 blocks for capital and planned repair of equipment. About 15 billion tenge was laid for its implementation. 300-500 contractors from all over Kazakhstan were involved in the repair campaign to restore the generating capacities necessary for the autumn-winter period. Specialists carried out the analysis of the chimney No. 1, strengthened the lining layer of the chimney No. 2. In parallel, they restored the building of the main building and built new flues necessary for switching boilers to the second pipe. In addition, major and ongoing repairs of the main and auxiliary equipment were carried out. Thanks to the well-coordinated work of power engineers, the heating season in Petropavlovsk was started in a timely manner and passed without violations. I would also like to note that the percentage of depreciation of general station equipment decreased from 56.08% to 53.53%, and taking into account the active development of new neighborhoods of Petropavlovsk, CHP-2 is able to provide thermal power of 713 Gcal/h with a maximum load requirement of up to 516 Gcal/h.

I would like to note that all our production plans are focused on improving the quality of our products, which serve only noble purposes: it brings light and heat to homes, sets the national economy in motion. Our programs of staff motivation, work safety improvement, and quality of life improvement are completely organically connected with these plans. I am sure that the foundations of sustainable development will remain the right guide for us in the next reporting period.

The absolute priority has always been and remains the safety of work at our enterprises.

СЕВКАЗЭНЕРГО

[GRI 2-1, 2-2, 2-6, 415-1, SDGs 2, 8, 11, 9, 17]

KEY INFORMATION

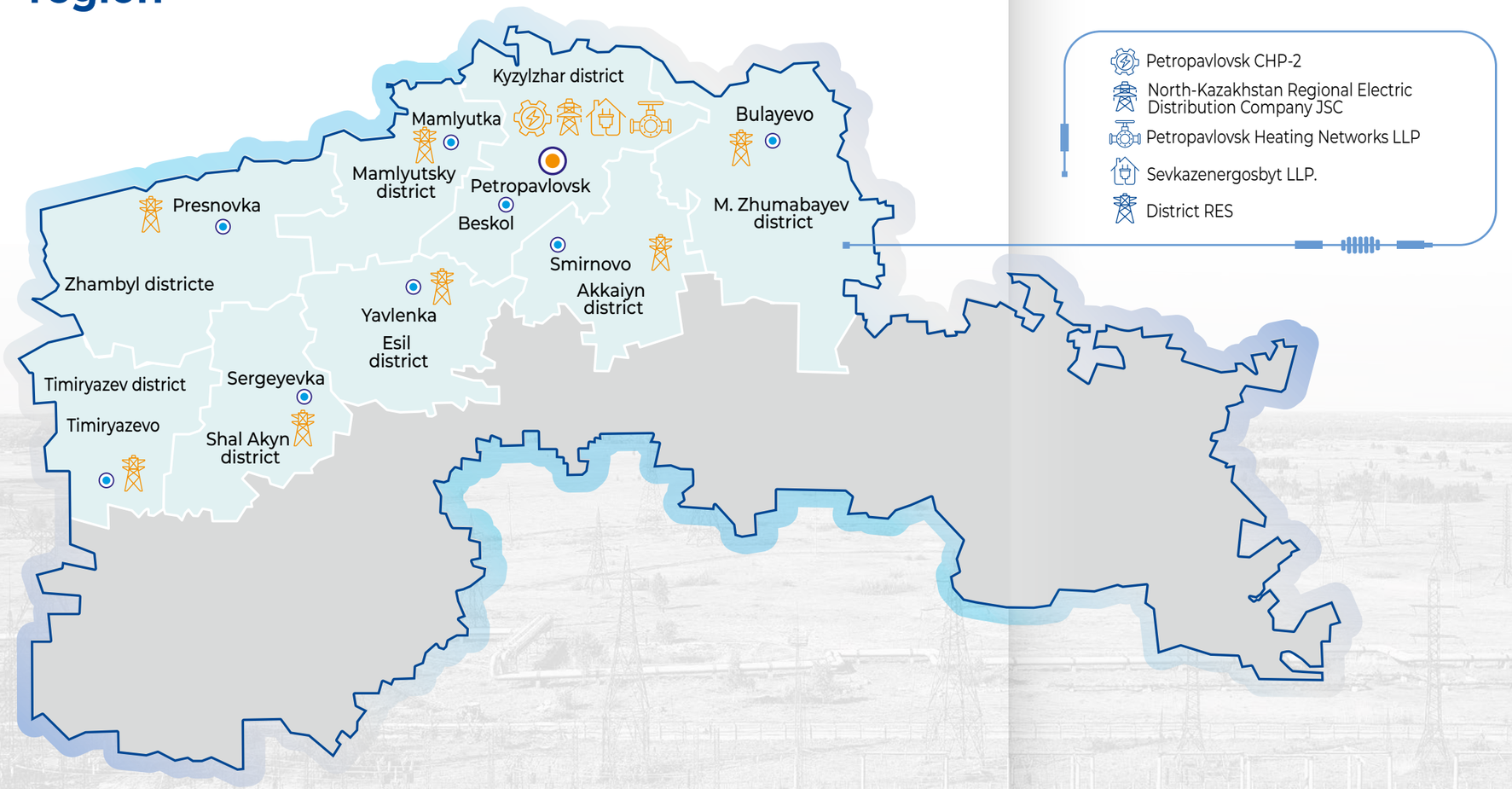
Main production characteristics

SEVKAZENERGO Joint-Stock Company (SEVKAZENERGO JSC) is a vertically integrated company that includes North Kazakhstan regional enterprises that generate, transport, and sell 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 responsibility.

The Company was registered by Central Securities Depository JSC, a certificate of state registration 1678–1910–02-JSC issued on 11.01.2012 by the Almaty Department of Justice.

North-Kazakhstan region



Key resources

SEVKAZENERGO JSC includes:

- Petropavlovsk CHP-2;
- North-Kazakhstan Regional Electric Distribution Company JSC (electric grids of North Kazakhstan region);
- Petropavlovsk Heating Networks LLP (heating networks of Petropavlovsk city);
- Sevkazenergosbyt LLP.

SEVKAZENERGO JSC provides own-produced electric power to 164,929 consumers in North Kazakhstan region, heat to 76,551 consumers in Petropavlovsk, as well as to more than 6,000 industrial and agricultural enterprises of the region.

In 2022, electric power output amounted to 1,605 million kWh.

In 2022, the Company sold 1,311.6 thousand Gcal of heat power.

- Petropavlovsk CHP-2
- North-Kazakhstan Regional Electric Distribution Company JSC
- Petropavlovsk Heating Networks LLP
- Sevkazenergosbyt LLP.
- District RES

Electric power generated by SEVKAZENERGO JSC is supplied to the northern, central, eastern and southern regions of Kazakhstan. In the longer term, the Company is planning to export electric power to Russia, in particular, to Kurgan and Omsk regions.

The length of power transmission lines of NK REDC JSC is about 13,067 km..

164,929
consumers are provided by SEVKAZENERGO JSC with own-produced electric power

76,551
consumers are provided with heat power in Petropavlovsk

6,400
industrial and agricultural enterprises of the region

1,605 million kWh
electric power output in 2022

1,311.6 thousand Gcal
heat power output sold in 2022

13,067 km
The length of power transmission lines of NK REDC JSC"

Length of power transmission lines

PTL type	Length of power transmission lines, km
220 kV	84.84
110 kV	1,380.64
35 kV	2,849.43
6-10 kV	4,404.66
0.4 kV	4,347.97

Number of substations by type

Substation type	Number (units)
220 kV	4
110 kV	37
35 kV	121
6-10 kV	2,191

The total length of heating networks of Petropavlovsk Heating Networks LLP is 230.43 km.

The Company actively implements corporate governance standards, optimizes business processes, and improves its practices in accordance with international standards in the area of production, environmental protection, occupational safety and welfare.

Number of consumers

SEVKAZENERGO JSC is a guaranteeing supplier in the retail electric power market. The guaranteeing supplier of electric power is an energy-supplying organization that provides energy to consumers in cases when all energy-supplying organizations stop supplying energy to consumers through no fault of consumers.

A guaranteeing supplier is identified from among energy-supplying organizations and has the majority of household consumers compared to other energy-supplying organizations in accordance with the area of responsibility.

In 2022, the number of electric power consumers of SEVKAZENERGOSBYT LLP amounted to 164,929, including 158,529 individuals and 6,400 legal entities. Over the period from 2017 to 2022, the number of electric power consumers increased by 0.97%. The number of consumers of heat power amounted to 76,551, including 74,161 individuals and 2,390 legal entities. The number of consumers of heat power for the period from 2017 to 2022 increased by 5.4%.

	2017		2018		2019		2020		2021		2022	
	EP	HP	EP	HP	EP	HP	EP	HP	EP	HP	EP	HP
Sevkaz-energosbyt LLP	163,340	72,621	163,795	73,629	164,112	74,139	164,761	75,110	164,367	75,450	164,929	76,551
Legal entities	6,262	2,466	6,201	2,300	6,183	2,304	6,225	2,324	6,294	2,358	6,400	2,390
Individuals	157,078	70,355	157,594	71,329	157,929	71,835	158,536	72,786	158,073	73,092	158,529	74,161

IMS Certificates

An integrated management system (IMS) provides an opportunity to build all business processes at the enterprise as efficiently as possible. The advantage of implementing an integrated management system is an opportunity to configure stable, high-quality, reliable operation of an enterprise. SEVKAZENERGO JSC, NK REDC JSC and Petropavlovsk Heating Networks LLP have certificates of conformance to ISO 9001 (quality), ISO 14001 (ecology), ISO 45001 (occupational health and safety within the company).

No	Standard	Certificate registration #	Term of validity
SEVKAZENERGO JSC			
16	ISO 14001:2015	01 104 2026502	10.09.2020 – 09.09.2023
17	ISO 9001:2015	01 100 2026502	10.09.2020 – 09.09.2023
18	ISO 45001:2018	01 213 2026502	07.10.2020 – 06.10.2023
NK REDC JSC			
19	ISO 14001:2015	01 104 1518811	28.06.2021 – 27.06.2024
20	ISO 9001:2015	01 100 1518811	28.06.2021 – 27.06.2024
21	ISO 45001:2018	01 213 1518811	28.06.2021 г. до 27.06.2024
Petropavlovsk Heating Networks LLP			
22	ISO 14001:2015	01 104 2026503	07.07.2021 – 06.07.2024
23	ISO 9001:2015	01 100 2026503	02.12.2020 – 01.12.2023
24	ISO 45001:2018	01 104 2026503	07.07.2021 – 06.07.2024

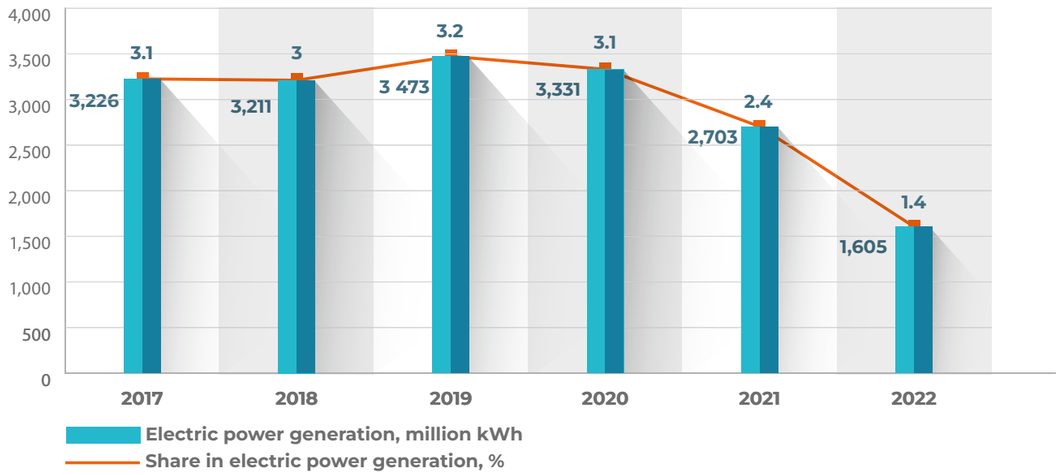
Key Performance Indicators for 2022

[GRI 2-24, 415-1, SDGs 17]

Power generation and sales

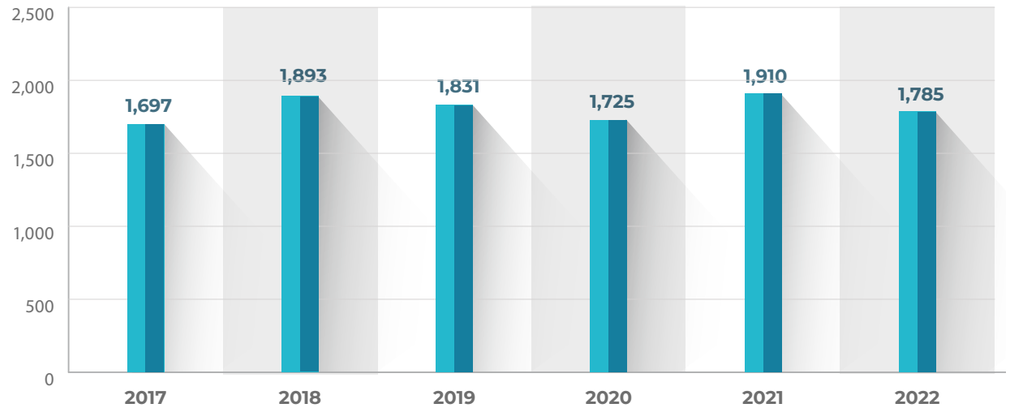
Over a period of 12 months of 2022, the volume of electric power generated by Petropavlovsk CHP-2 amounted to 1,605 million kWh. This indicator decreased by 40.6% compared to 12 months of 2021 (2,702.7 million kWh). For the period from 2017 to 2022, electric power generation decreased by 49.7%.

Electric power generation at Petropavlovsk CHP-2 in 2017–2022, million kWh



The heat power output for 12 months of 2022 amounted to 1,785 thousand Gcal and decreased by 6.5% compared to 12 months of 2021 (1,910.4 thousand Gcal) due to a reduction in heat consumption by 6.6%. A decrease in this indicator was due to a higher average outdoor temperature in the heating months of 2022 compared to 2021 (-5.3°C and –5.8°C, respectively). For the period from 2017 to 2022, the heat power output decreased by 1,4%.

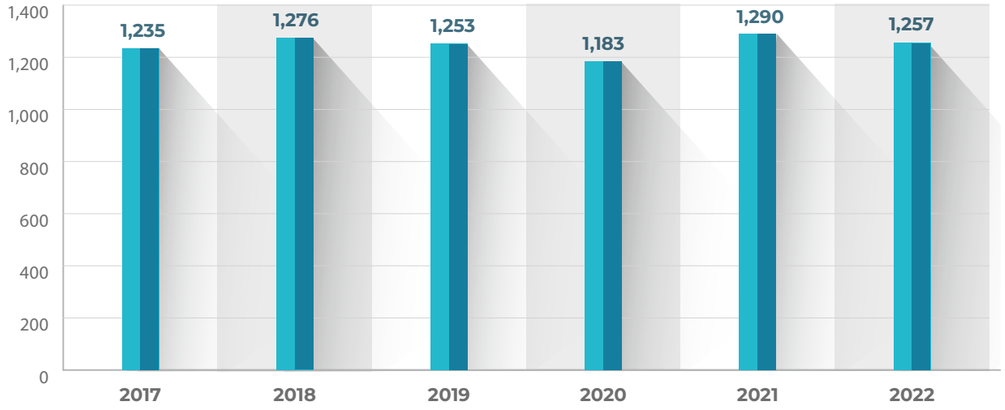
Heat power generation, thousand Gcal



Transportation and distribution of heat and electric power

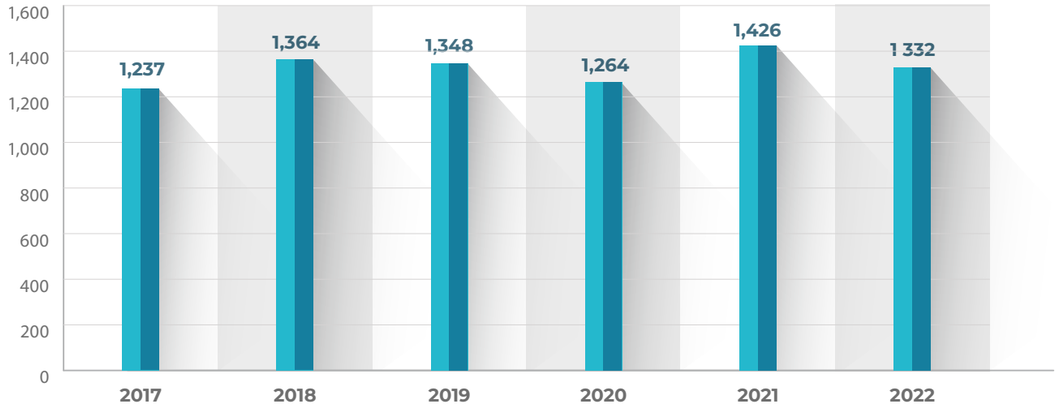
The volume of electric power transported and distributed by SEVKAZENERGO JSC for 12 months of 2022 amounted to 1,255 million kWh and decreased by 2.2% compared to 12 months of 2021. For the period from 2017 to 2022, this indicator increased by 1.6%.

Volume of electric power transportation and distribution, million kWh



The volume of heat power transported and distributed for 12 months of 2022 amounted to 1,329 thousand Gcal and decreased by 4.0% compared to 12 months of 2021. For the period from 2017 to 2022, this indicator grew by 7.4%.

Heat power transportation, thousand Gcal



Average tariffs for consumers

The average tariff for electric power for consumers in 2022 remained at the level of KZT 21.32/kWh. During the period from 2018 to 2022, the tariff for electric power increased by 39%

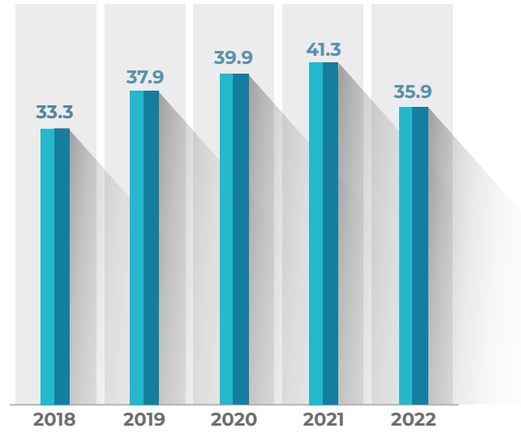
	2018	01.11.18	01.01.19	10.01.20	15.08.20	20.01.21	01.05.21	05.08.21	01.01.22	01.01.23
Tariff for electric power, KZT/kWh	15.33	15.19	14.87	15.92	17.19	18.19	20.2	21.32	21.32	21.32

On January 1, 2022, the average tariff for heat power for consumers increased to KZT 6680.11/Gcal. For the period from 2018 to 2022, the tariff for heat power increased by 47%.

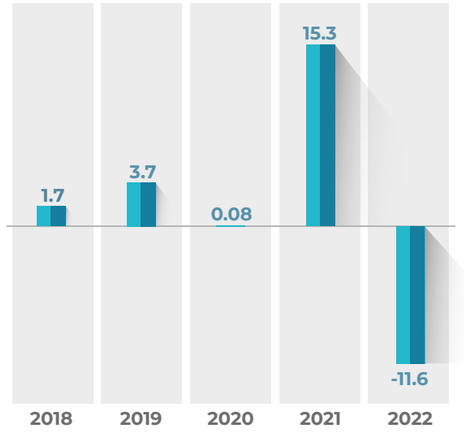
	01.01.18	01.07.18	01.11.18	01.01.19	01.01.20	01.02.21	01.01.22	01.01.23
Tariff for heat power, KZT/Gcal	4,542.97	4,605.17	4,579.15	5,275.32	5,705.25	6,280.2	6,680.11	6,680.11

Sales volume, net profit

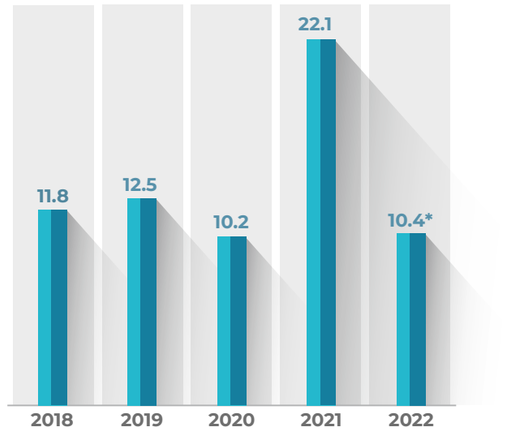
Sales, billion tenge



Net profit, billion tenge

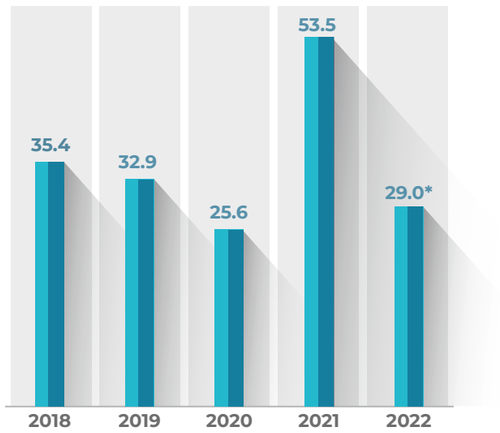


EBITDA, billion tenge



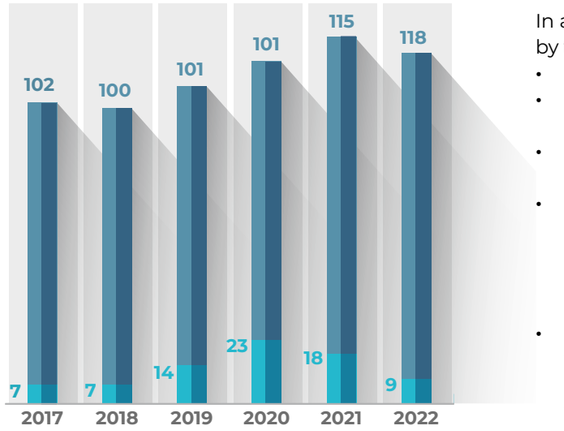
* – excluding impairment of fixed assets

EBITDA Margin, %

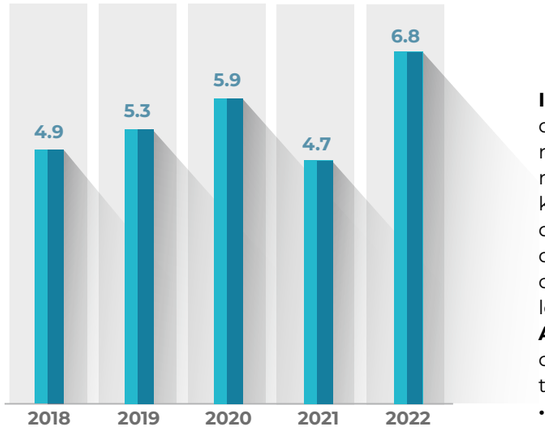


* – excluding impairment of fixed assets

Assets, billion tenge



Investments, billion teng



Main works performed:

PETROPAVLOVSK CHP-2

- Major repairs of boiler units No.4,5,6,7,8,12;
- Major repairs of turbine units No. 5 and 7 at CHP-2.
- Restoration of the smoke exhaust compartment in the main building of the plant,
- Construction of new gas ducts that will connect boilers No. 1, 3, 4, 5 to the chimney No. 2,
- Construction of a new reinforced concrete chimney of CHP-2

In addition, the following activities were performed by the enterprise in 2022:

- Major repairs of bulldozers;
- Renovation of overhead cranes of the boiler shop;
- Major repairs of chimneys No. 2,3 with a height of 150 meters;
- Building up enclosing dams of section No. 3 of the ash dump No. 2; Major repairs of the boiler unit No. 8 with the replacement of the end armor of the ball drum mill 8A, B, replacement of lighting-up burners.
- Inspection and technical diagnostics of boilers, turbines, lifting mechanisms, frames, vessels, pipelines with the aim of determining the possibility for further operation

NORTH-KAZAKHSTAN REDC JSC

- Reconstruction of 0.4 kV OPTL in Yessil and Kyzylzhar districts;
- Reconstruction of 0.4-10 kV cable lines, as well as 10 kV overhead lines in Petropavlovsk city;
- Completion of construction of 110 kV Novomikhailovka-Liteynaya overhead line in Mamlyutka district.

PETROPAVLOVSK HEATING NETWORKS LLP

In the direction of "Capital and current repairs" during 2022, the company carried out planned repairs of trunk and distribution networks with the replacement of pipes with a total length of 6.289 km (1.31 km of trunk networks and 4.979 km of distribution networks). Repair and restoration of damaged thermal insulation and exposed sections of pipelines using glass-wool slabs with a total length of 5,121 km were carried out.

As part of the company's investment program or 2022, the following activities were carried out at the expense of the funds provided for in the tariff:

- the contractor organization Energostroy Construction Management LLP started work on the project "Reconstruction of TM No. 3 2Du500mm on Satpayev St. from TK-6-19 to TK-3-15g". The project implementation period is 2022-2024. In 2022, 189 p.m. of the pipeline were reconstructed, work began on May 1 and lasted until September 30;
- development of design and estimate documentation "Connection of RU-0,4 kV NS-3";
- purchase of a diesel generator.

Off-plan purchased:

- components for heat exchange equipment (flanged filter, electronic temperature controller, overhead temperature sensor);
- 8 thermal resistance converters;
- ontroller of heating and hot water systems;
- angle grinder machine.

KEY EVENTS AND ACHIEVEMENTS

2022

JAN

- NK REDC JSC took an active part in the organization of mobile checkpoints in North Kazakhstan region

FEB

- Classes on the actions of personnel during the introduction of an emergency or the state of emergency were held for heads of divisions of NK REDC JSC.
- Certain measures were taken to minimize atmospheric pollutant emissions from the operation of boiler equipment at Petropavlovsk CHP-2.
- The annual sports contest among the physical culture teams of SEVKAZENERGO Group of companies was opened.
- General Director of NK REDC JSC held a briefing with media representatives devoted to problems of the electric grid company.

MARCH

- A collapse of the chimney No. 1 occurred at Petropavlovsk CHP-2. The pipe collapsed in the area of the boiler shop, as a result of which power engineers stopped boiler units of the first stage.
- Repair and restoration work was carried out in the boiler shop of Petropavlovsk CHP-2.
- The fifth boiler unit was put into operation at Petropavlovsk CHP-2.

APR

- ТОО "СЕВКАЗЭНЕРГОСБЫТ" SEVKAZENERGOSBYT LLP recalculated payments for heating and hot water.
- Zulfiya Suleimenova, Minister of Ecology, Geology and Natural Resources, visited PCHP-2 as part of a working trip to North Kazakhstan region.
- Bolat Akchulakov, Minister of Energy of the Republic of Kazakhstan, visited PCHP-2 as part of a working trip to North Kazakhstan region.
- The issuance of technical specifications for connection to the district heating system of Petropavlovsk city was temporarily stopped.
- Public hearings on the work of Petropavlovsk CHP-2 of SEVKAZENERGO JSC, NK REDC JSC, Petropavlovsk Heating Networks LLP were held.

MAY

- Alikhan Smailov, Prime Minister of the Republic of Kazakhstan, visited Petropavlovsk CHP-2.

JUNE

- Work was started to dismantle the collapsed pipe at Petropavlovsk CHP-2
- Repairs was carried out at Petropavlovsk Heating Networks LLP.

JULE

- Oleg Perfilov, General Director of SEVKAZENERGO JSC, together with the Akim of Petropavlovsk, spoke at the meeting of the regional communications service.
- The dams of section No. 3 of the ash dump No. 2 of Petropavlovsk CHP-2 were built up.
- Press tours were held at Petropavlovsk CHP-2, facilities of Norther-Kazakhstan REDC JSC, Petropavlovsk Heating Networks LLP and Sevkazenergosbyt LLP.

AUG

- Final defense of the student works of SEVKAZENERGO JSC was held.
- NK REDC JSC completed the construction of a high-voltage power transmission line connecting Siberia, Novomikhailovka and Liteynaya substations in Mamlyutka district of North Kazakhstan region.

SEPT

- A status of emergency was introduced in Petropavlovsk.
- Public hearings on the work of Petropavlovsk CHP-2 of SEVKAZENERGO JSC, North-Kazakhstan REDC JSC, Petropavlovsk Heating Networks LLP were held.
- Employees of SEVKAZENERGO JSC were awarded in honor of the Occupational Health and Safety Day
- Vice Minister of Energy of the Republic of Kazakhstan visited Petropavlovsk CHP-2.
- The dismantling of the chimney No. 1 at Petropavlovsk CHP-2 was completed.

OCT

- Abzal Abdikarimov, Vice Minister of Energy of the Republic of Kazakhstan, visited the central dispatch service of North-Kazakhstan Regional Electric Distribution Company JSC.
- Aidarbek Saparov, Akim of North Kazakhstan region, visited Petropavlovsk CHP-2.

NOV

- Anatoly Zagayevsky, Chairman of the Veterans' Council of North-Kazakhstan REDC JSC, took part in the 11th forum of veterans-power engineers of Kazakhstan and the CIS in Shymkent.

DEC

СЕВКАЗЭНЕРГО

СЕВКАЗЭНЕРГО

[GRI 2-1, 2-2, 2-3, 2-6, 415-1, SDGa 2, 8, 11, 9, 17]

ABOUT

THE COMPANY

Business profile

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

As of April 1, 2023, the sole shareholder of the Company is Central-Asian Power Energy Corporation (CAPEC JSC), which owns 100% of the share capital.

The Company owns shares in paid-up authorized capitals of Petropavlovsk Heating Networks LLP (100%), Sevkazenergosbyt LLP (100%), North-Kazakhstan Regional Electric Distribution Company JSC (100%).

Legal address of the Company: Zhambyl Street 215, Petropavlovsk, North Kazakhstan region, Republic of Kazakhstan.

The main activities of the Company are:

- Repair of pipelines operating under the pressure of 0.7 kg/cm2;
- Ensuring readiness to carry the load in the entire range of operating capacity and generate electric power, including for the purpose of its transfer into the unified republican power system, as well as transit transfer of electric power in accordance with the operating mode;
- Implementation of technical and organizational measures aimed at reducing harmful impacts on the natural environment;
- Operation, repair and maintenance of electrical and power equipment;
- Repair and operation of boilers, turbines, pressure vessels and pipelines;
- Operation, repair and maintenance of steam and hot water boilers, pressure vessels, boiler and auxiliary equipment, oxygen and nitrogen cylinders, steam and hot water pipelines operating under pressure, turbines, turbine auxiliary equipment, diagnostics, commissioning, renovation and reconstruction.

Subsidiaries

Petropavlovsk CHP-2

Legal address: 28 Gashek Str., Petropavlovsk.

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

As of December 31, 2022, the installed capacity of the plant was 541 MW for electric power and 713 Gcal/h for heat power.

The plant consists of the following shops: fuel transport, boiler, turbine, electrical, chemical.

Auxiliary workshops: heating automation and measurement shop, mechanical repair shop, oxygen station, repair and construction site. The plant operates in parallel with the power system of the Republic of Kazakhstan on 220 kV overhead line: 2711, 2721 and 110 kV Siberia overhead line, there are open 35/110/220 kV switchgear with seven coupling transformers.

Electric power is supplied at the border of the balance-sheet ownership of PCHP-2 networks of SEVKAZENERGO JSC through electrical grids of North-Kazakhstan Regional Electric Distribution Company JSC and KEGOC JSC.

PCHP-2 of SEVKAZENERGO JSC uses KSN-300 Ekibastuz coal as its primary fuel. It also uses M-100 fuel oil as start-up fuel.

North-Kazakhstan Regional Electric Distribution Company JSC

Legal address: 144 Shazhimbayev Str., Petropavlovsk.

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

The number of settlements served is 382, including 4 cities. The Company serves 0.4/220 kV electric networks located in the northern part of North Kazakhstan region, which are included in the balance sheet of the joint stock company.

NK REDC JSC consists of 8 electric grid districts, the Southern Section of main networks and substations, and the City Electric Grid Department, which corresponds to the number of rural administrative districts of the Company's coverage area. North-Kazakhstan Regional Electric Distribution Company JSC transfers electric power produced by Petropavlovsk CHP-2 of SEVKAZENERGO JSC to consumers in North

Kazakhstan region, the South-Ural Railway and the Russian Federation.

Most enterprises of North Kazakhstan region are connected to the power grids of NK REDC JSC, where about 6,000 enterprises of various forms of ownership and 164,153 consumers of North-Kazakhstan REDC JSC are concentrated.

In order to increase the level of accessibility of services to consumers, in September 2012, NK REDC JSC opened a consumer service center, 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 networks; connection to/disconnection from power supply networks; sealing counters, and other advisory and operational services.

Petropavlovsk Heating Networks LLP

Legal address: 23 Stroitelnaya Str., Petropavlovsk

Petropavlovsk Heating Networks LLP performs the following main activities: transfers heat power to consumers from Petropavlovsk CHP-2 of SEVKAZENERGO JSC, maintains heating networks in a technically sound condition, and ensures uninterrupted heat supply to consumers in Petropavlovsk. In addition, the enterprise is upgrading the main and distribution networks of the city, continuously searching for and introducing new energy-efficient technologies that meet modern requirements for the quality of heat supply.

The total length of heating networks included in the balance sheet of Petropavlovsk Heating Networks LLP is 230.43 km, including 148.8 km of distribution networks and 81.6 km of main networks.

As of January 1, 2022, the wear and tear 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.

To ensure transfer and distribution of heat power, Petropavlovsk Heating Networks LLP has operation and maintenance, occupational health and safety services.

Sevkazenergosbyt LLP

Legal address: 66 Zhumabayev Str., Petropavlovsk

Sevkazenergosbyt LLP is an organization that supplies electric and heat power to consumers in Petropavlovsk and North Kazakhstan region on a contractual basis.

The main activity is ensuring reliable and uninterrupted supply of energy resources in volumes that meet the needs of the population. As of December 31, 2022, the total number of electric and heat power consumers of Sevkazenergosbyt LLP was 164,929 and 76,551, respectively.

In the regional center, there are 3 customer service points for accepting payments, and 12 points are operating in the districts of the region. The Company concluded contracts with 6 banks and Kazpost JSC for accepting payment, as well as for servicing through terminals and Internet portals of banks. A customer service center No. 1, located at 66 Zhumabayev Str., which has been operating since December 2013, provides high-quality and prompt customer service.

СЕВКАЗЭНЕРГО

HISTORY

1961 – Petropavlovsk CHP-2 was put into operation.

1963 – Petropavlovsk enterprise of electric networks was organized by order of RU Tselinenergo.

1965 – Tselinenergo department of heating networks was established in Petropavlovsk on the base of the heat networks shop of CHP-2.

1999 – AccessEnergo PCHP-2 LLP was registered with the justice authorities of 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 organizational 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.

2012 – modernization 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 projects for the reconstruction and modernization of the turbine generator No. 4 and reconstruction of the turbine unit No. 6 were completed. The implementation of two projects allowed the enterprise to increase the installed electric capacity by 54 MW. A contact center was created on the base of Sevkazenergosbyt LLP, which allows the company to promptly service calls from consumers.

2014 – a new boiler unit No. 8 was installed, as a result of which, the steam capacity at Petropavlovsk CHP-2 was increased by 270 t/h.

2015 – a turbine unit No. 1 was put into operation at Petropavlovsk CHP-2, which allowed increasing the installed electric capacity of the turbine by 21 MW.

2015 – reconstruction of the turbine unit No. 7 was carried out, which allowed increasing the installed and available turbine capacity by 24 MW.

2016 – a new turbine unit No. 5 was put into operation at Petropavlovsk CHP-2 with an increase in electric capacity by 62 MW. After reconstruction, a boiler unit No. 12 was put into operation with an increase in steam capacity by 50 t/h.

2017 – Sevkazenergo LLP implemented a Voice Mail function in the contact center.

2018 – a new 7 AT autotransformer was put into operation at Petropavlovsk CHP-2.

2019 – a new 6 AT autotransformer was put into operation at Petropavlovsk CHP-2.

2020 – equipment for accreditation of the laboratory of metals of Petropavlovsk CHP was purchased.

2021 – reconstruction of the boiler unit No. 2 was carried out with an increase in steam capacity to 240 t/h. A CHP defrosting device was put into operation.

2022 – repair and restoration works were carried out after the collapse of the chimney No. 1 at Petropavlovsk CHP. The implementation of the project for the construction of a new chimney No. 1 was started. Sevkazenergosbyt LLP implemented a project for the introduction of a mobile application of the Personal Account service. The application allowed improving the process of data exchange between the company and consumers. Petropavlovsk Heating Networks LLP carried out scheduled repairs of main and distribution networks with the replacement of pipes.

Mission, vision

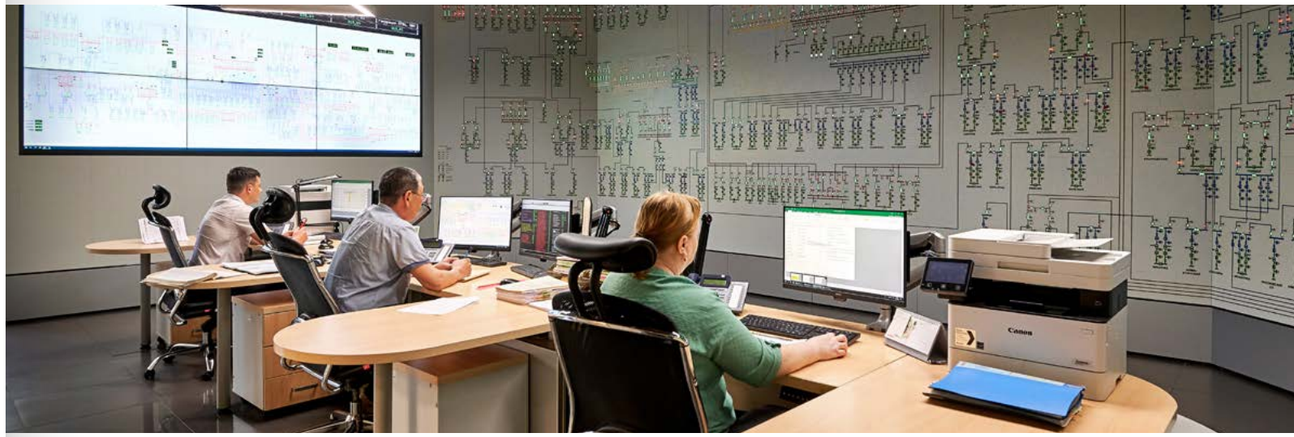
MISSION

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

Performance efficiency is based on the Company's employees. Their high professionalism, teamwork and d results-oriented approach allow the Company to move forward successfully.

VISION

SEVKAZENERGO JSC is an energy company located in 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 a 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.



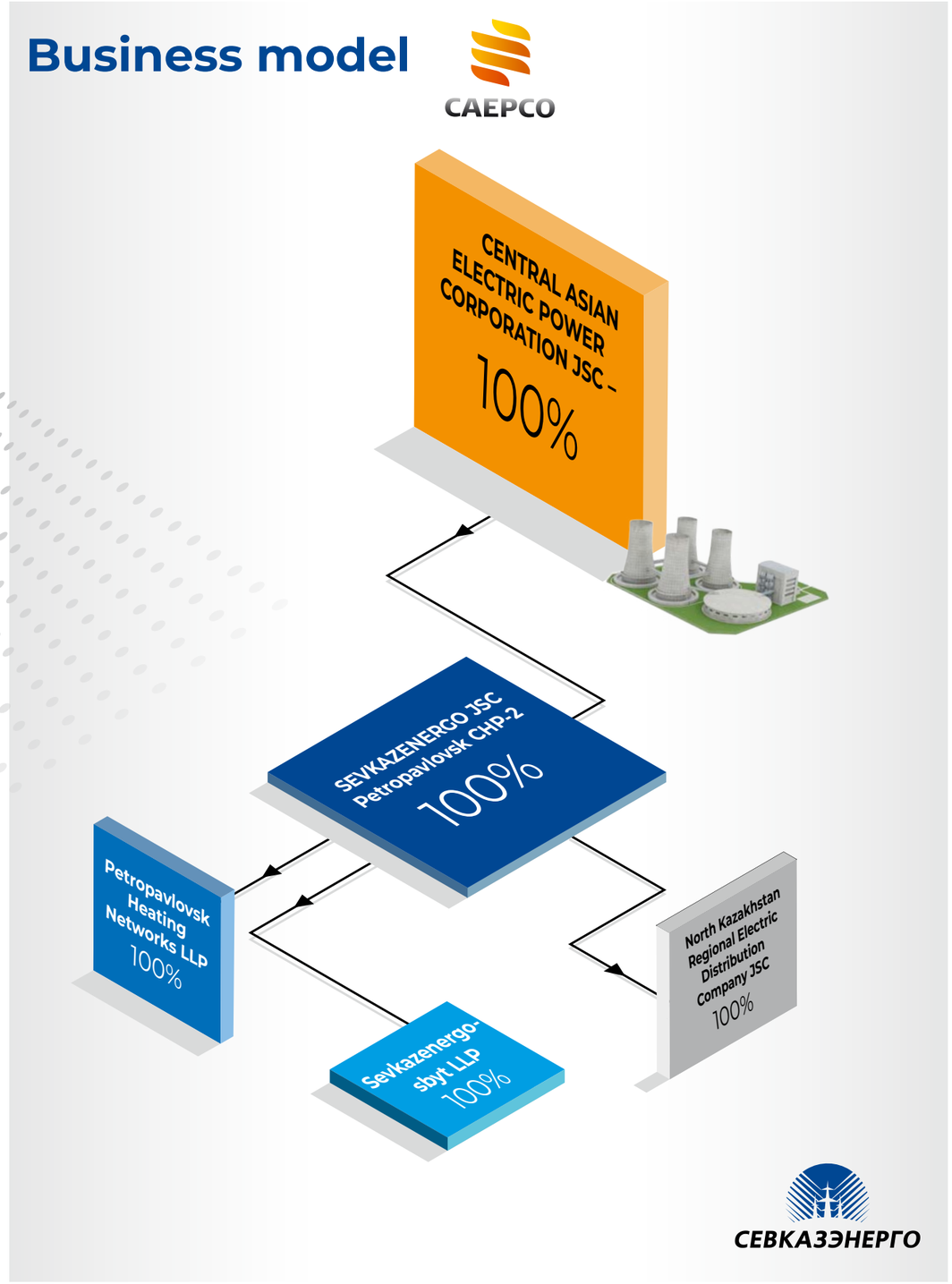
VALUES

- 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, which allows delegating authority and imposing responsibility for decisions and ways to implement them.

INDUSTRY POSITION

- Monopoly position of the Company in the market of heat and electric power production and distribution in the region where the Company operates.
- A differentiated portfolio of consumers and stable demand among various types of customers.
- A vertically integrated company ensuring a full cycle of providing heat and electric power from production to distribution to final consumers.
- Acquired experience from equity participation with international and Kazakh shareholders.
- Focus on introduction of advanced technological solutions and a progressive development policy of the Corporation.
- Existing reliable communications with partners and divisions of the Company.

Business model



Development Strategy

[GRI 2-22, SDGs 17]

The strategic goal of the Company is to build a vertically integrated private energy company that provides consistent and reliable services to its customers through the synergy of generation, distribution, transmission, and guaranteed sales of electric and heat power.

Main strategic goals of SEVKAZENERGO JSC and their implementation status in 2022

Targets	Implementation status in 2022
As a result of implementation of the investment program, by 2022, the wear rate of the generating equipment (turbine generators) of the stations will be reduced from 86.10% to 53.53% (the wear rate in 2009 was 86.10%, the wear rate in 2022 was 53.53%).	The wear rate of the plant's generating equipment in 2022 was 53.53%. The share of renovated assets, including generating equipment of the plant and communication transformers, amounted to 61.54%. The amount of pollutant emissions was 40.094 thousand tons, a reduction was 11.1%.
Increase in installed electric power by 161 MW or 42.37% (in 2009 – 380 MW, in 2022 – 541 MW).	Installed electric power is 541 MW.
Decrease in installed heat capacity by 146 Gcal-h or 17% (in 2009 – 859 Gcal-h, in 2022 – 713 Gcal-h).	Installed heat capacity is 713 Gcal-h.
Decrease in electric power generation – 772.301 million kWh, or 32.49% (in 2009 – 2,377.255 million kWh, in2022 – 1,604.954 million kWh). A decrease in this indicator was due to the collapse of the chimney No. 1.	Electric power generation decreased by 1,097.763 million kWh (40.62%) compared to 2021; in 2022, generation amounted to 1,604.954 million kWh. A decrease was due to the collapse of the chimney No. 1.
Decrease in heat output – 125.069 thousand Gcal, or 6.55% (in 2009 – 1,910.105 thousand Gcal, in 2022 – 1,785.036 thousand Gcal).	Decrease in heat output relative to 2021 by 125.389 thousand Gcal (6.56%); in 2022, the output amounted to 1,785,036 thousand Gcal.

СЕВКАЗЭНЕРГО

MARKET

[GRI 2-6, SDGs 2, 8, 11, 9, 17]

ANALYSIS

Overview of the electric and heat power market

The electric power industry of the Republic of Kazakhstan operates under the conditions of the Unified Electric Power System (UEPS), which represents a set of electric stations, power transmission lines and substations that provide reliable and high-quality power supply to consumers of the republic. Regulation of the power industry is carried out by an authorized state body represented by the Ministry of Energy of the Republic of Kazakhstan.

The state policy in the area of natural monopolies in terms of regulated services for the transmission of electric power, production, transmission, distribution and supply of heat power is implemented by the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan.

By the end of 2022, electric power generation in the Republic of Kazakhstan amounted to 112.8 billion. kWh, which is 1.4% (1.58 billion kWh) less compared to 2021. In the reporting period, a decrease in electric power generation was observed throughout the Northern Zone of the UEPS of Kazakhstan and was due to a decrease in consumption and an increase in the accident rate at energy-producing organizations.

In the Northern Zone, 74.3% (83.9 billion kWh) of the total country-wide electric power output was produced in 2022. The Northern surplus zone covers the electric power shortages of the Southern Zone, and also provides the export potential of Kazakhstan.

In 2022, electric power production in the Southern Zone amounted to 12.7% (14.4 billion kWh) of the total output. The shortage of electric power in the Southern Zone was covered by supplies from the Northern Zone.

In the reporting period, 14.5 billion kWh, or 12.8% of the total electric power output was produced in the Western Zone. A specific feature of this zone is the absence of connections of electric networks with electric networks of the Northern and Southern zones of the UEPS of Kazakhstan.

In the reporting period, electric power production significantly increased in Atyrau, Zhambyl, Kostanay, Kyzylorda and Turkestan regions. A sharp increase in electric power production in Zhambyl region by 54.8% (1.66 billion kWh) was due to the connection of two additional units at Zhambyl GRES to cover the deficit in the Southern Zone.

> In 2022, the share of SEVKAZENERGO JSC in the total country-wide electric power output decreased by 1% compared to 2021 and amounted to 1.4%

A decrease in electric power production was observed in Akmola, Aktobe, Almaty, East Kazakhstan, West Kazakhstan, Karaganda, Mangystau, Pavlodar and North Kazakhstan regions. At the same time, due to natural growth, electric power consumption increased as follows: in Turkestan region by 4.3% (by 249.3 million kWh), in Akmola region by 3.7% (by 380.5 million kWh), in Aktobe region by 0.8% (by 55.2 million kWh), in Mangystau region by 0.6% (by 33.2 million kWh), in Atyrau region by 0.2% (by 16.1 million kWh).

In 2022, the share of SEVKAZENERGO JSC in the total country-wide electric power output decreased by 1% compared to 2021 and amounted to 1.4%

For the country as a whole, in 2022, compared with the indicators of 2021, there was a 0.8% decrease in electric power consumption. Thus, in the Northern Zone consumption decreased by 1.7%, in the Western Zone – by 0.1%, while in the Southern Zone consumption increased by 1.1%

According to the Executive Committee of the CIS Electric Power Council, in December 2022, there was a significant increase in energy consumption in the Unified Electric Power System (UEPS) of Kazakhstan.

Thus, on December 7, 2022, a historical maximum consumption rate for the entire history of power system of Kazakhstan was recorded – 16,459 MW, while the total output of the country's power plants was only 15,203 MW. The deficit was covered by unplanned power flows from the Russian power system.

As indicated on the website of the CIS Electric Power Council, a systematic shortage of generation to cover the need for electric energy and power arose due to frequent emergency and unscheduled repairs at power plants of the Republic of Kazakhstan.

Problems of the power industry

[GRI 2-6, SDGs 2, 8, 11, 9, 17]

Today, an energy crisis is observed in Kazakhstan. One of the main factors of the slowdown in the electric power industry was a decrease in the overall profitability of electric power production, which fell to 0% from January 1, 2019. In addition, the approved capacity fee was reduced from 700 thousand tenge/MW to 590 thousand tenge/MW. At the same time, the Ministries of Energy and National Economy reduced electric power tariffs throughout the country. In some regions, such a reduction in tariffs reached the level of 25%. At the same time, the cost of electric power increased many times. Such an increase was caused by many factors, including the prices for raw and other materials in unregulated sectors of the economy. For example, the cost of sheet metal has increased by 572% since 2014. Moreover, the final tariffs directly depend on the fuel component (from 47 percent to 50 percent of the tariff is the cost of fuel, including coal, fuel oil and gas). The cost of coal has increased by 43% over the past 5 years; in 2018, this indicator was 1,941 tenge per ton and in 2022 it increased to 2,774 tenge per ton. All these factors caused a massive outflow of investors from the industry and led to a shortage of financial liquidity.

According to statistical data, the total length of heating networks in Kazakhstan is more than 12 thousand kilometers. The average wear rate in the country is 59% and even much higher in some cases. For example, in Atyrau the wear rate is 68%, in Akmola region – 81%, in Aktau – 84%, in Ekibastuz – 86%. For the country as a whole, the indicators of wear of heating networks are increasing every year, which negatively affects the reliability of heat supply to consumers. The main reason for the high wear rate is the lack of financial resources, which makes it impossible to carry out necessary repairs.

According to the findings of the Commission for the inspection of central and local executive bodies for preparation for the 2022–2023 winter heating season, 19 CHPs were included in the "red" zone with a high risk, 11 CHPs were included in the "yellow" zone and 7 CHPs were included in the "green" zone. On-site inspections conducted in the regions revealed the facts of limiting the supply of heat power, interruptions in the supply of heat, the absence of backup power sources and an emergency supply of repair materials, a high wear rate of power equipment, as well as late delivery of coal to the regions.

The existing problems in the industry as a whole have led to serious accidents in Ridder and Ekibastuz. The management and employees of CAEPCO JSC, of which SEVKAZENERGO JSC is a subsidiary, were able to cope with an unprecedented situation thanks to their professionalism and courage. The work of repair crews in a twenty-four-hour regime made it possible to restore the operation of pipelines and boiler shops in a short time. Thanks to the efforts of CAEPCO employees, residents of Ridder and Ekibastuz were able to get the necessary heat and hot water in the cold winter months.

Today, Ekibastuz CHP is operating reliably, but the situation should not be brought to a critical point. Such incidents suggest that the tariff control policy should be reviewed.

On March 20, 2022, the chimney No. 1 collapsed in the area of the boiler shop at Petropavlovsk CHP-2 of SEVKAZENERGO JSC, as a result of which boiler units of the first stage were stopped. Before the collapse, 4 boiler units and 5 turbine generators were in operation at the plant.

Part of the equipment was promptly shut down by the staff of CHP-2; 2 boiler units and 2 turbine generators remained in operation. The plant reduced electric power generation from 120 MW to 65 MW and heat transfer medium parameters to 40 degrees.

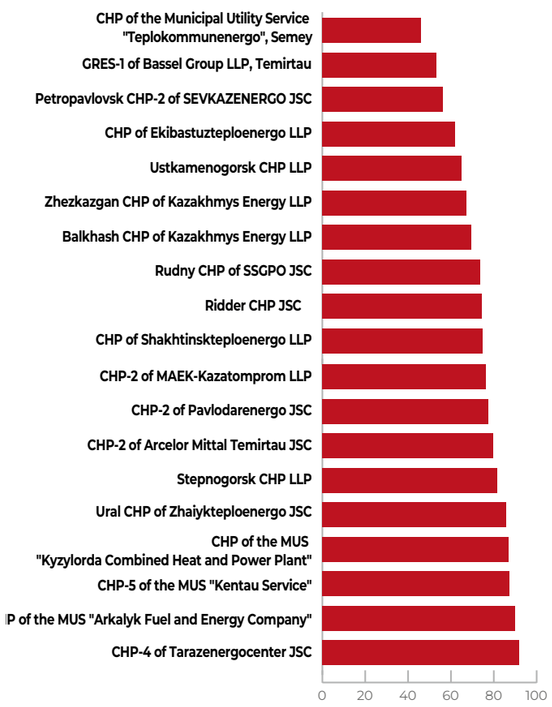
The collapse of the chimney No. 1 led to a death of Natalya Chefonova, an employee of the plant, who stayed in the area of the boiler shop at the time of the accident. She worked as a machinist-inspector of boiler equipment at Petropavlovsk CHP-2.

The management of SEVKAZENERGO JSC, realizing the severity of bereavement, provided financial support to the family of the deceased employee.

Petropavlovsk CHP-2 was built in 1961. As part of the investment program of SEVKAZENERGO JSC, part of the equipment was renovated. However, some units were in critical condition at the time of the accident due to a high wear rate. The chimney No. 1 was put into operation in 1961. Major repairs of the chimney were completed in 2017. According to the standard, inspections are carried out every 5 years.

To solve the problems arisen, the company developed a Roadmap to normalize the functioning of Petropavlovsk CHP-2. The Roadmap included 7 blocks for capital and scheduled repair of equipment. 500 employees of contracting organizations were involved in the work. As part of the Roadmap, the first chimney was completely dismantled, four boiler units were switched to the second chimney through the new gas ducts, the smoke exhaust compartment of the main building of the plant was restored. The company, using its own forces, prepared the plant for the new 2022–2023 heating season, which the heat power plant passed successfully with full compliance with the temperature regime. 11 boiler units and 7 turbine units of the plant were ready for the operation.

Categorization of combined heat power plants by risk zones



СЕВКАЗЭНЕРГО

OVERVIEW

[GRI 2-24, SDGs 17]

PERFORMANCE RESULTS

Petropavlovsk CHP-2

Repair and restoration work was carried out after the collapse of the chimney No. 1.

The implementation of the project for the construction of a new chimney No. 1 was started.

50%-70% of the heating surfaces on boilers No. 4, No. 5, No. 6 and No. 7 were replaced. The current repair of the boiler unit No. 1 was carried out, all work on boilers No. 8, No. 9 and No. 12 were completed.

The repair of the boiler No. 3, the equipment of which was damaged during the collapse of the building, was completed.

The second and third chimneys were inspected by expert organizations, all the recommendations provided by specialists were implemented in full.

Major repairs and renovation of equipment were carried out as part of the investment program.

Sevkazenergosbyt LLP

The enterprise implemented a project to introduce a mobile application of the Personal Account service, which allows improving the process of data exchange between the company and the consumer, and allows the consumer to independently obtain necessary information without contacting the company..

Petropavlovsk Heating Networks LLP

Scheduled repairs of main and distribution networks were performed with the replacement of pipes with a total length of 6.289 km (1.31 km of main networks and 4.979 km of distribution networks).

The enterprise repaired and restored the damaged heat insulation and bare pipe sections using glass wool boards with a total length of 5.121 km.

The implementation of the project "Automatic System for Commercial Accounting of Heat Energy" (ASCAHE) was continued to improve the accuracy and reliability of data and settlements between suppliers and consumers.

Investment program results in 2022

[GRI 203-1]

In 2022, investments were directed to the modernization, renovation and repair of the main production assets.

Main projects of the investment program implemented in 2022:

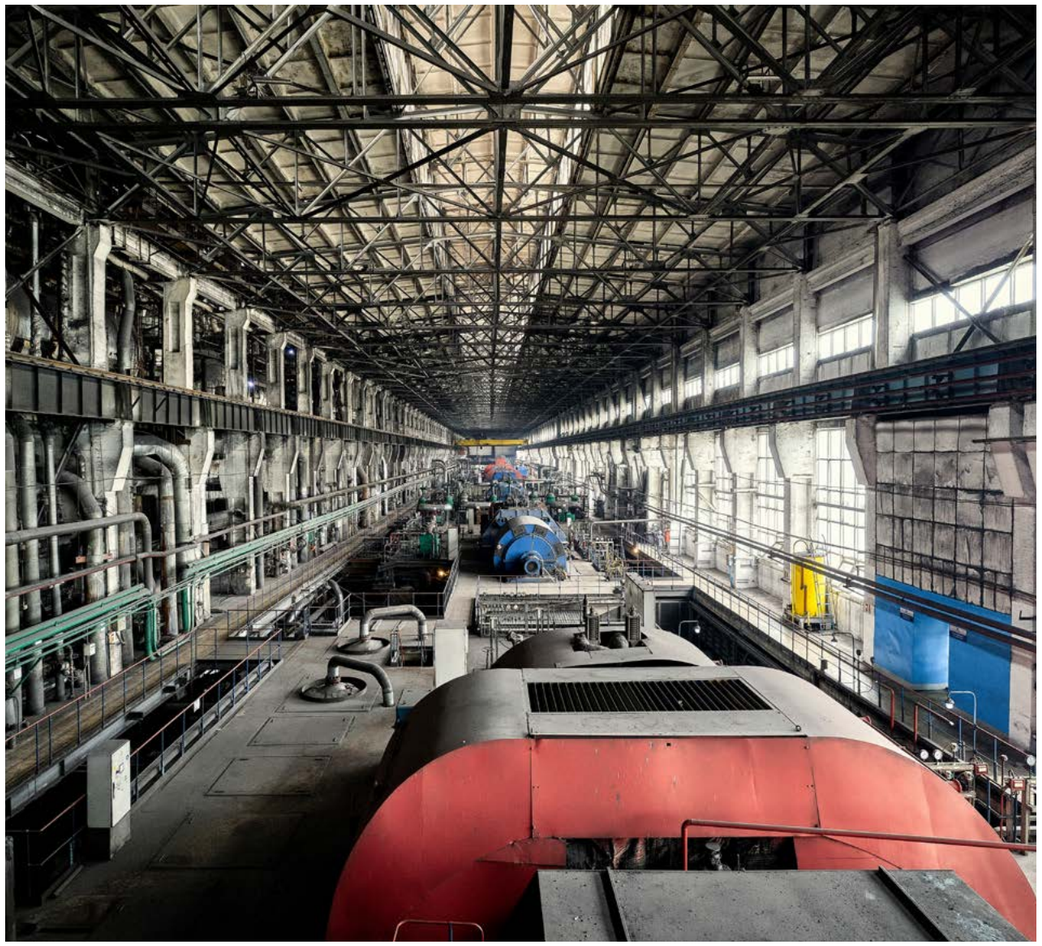
1. Construction of the enclosing dams of section No. 3 of the ash dump No. 2 at Petropavlovsk CHP-2 of SEVKAZENERGO JSC (stage II); This activity is aimed at increasing the capacity of section No. 3 of the ash dump No. 2 in order to avoid an emergency shutdown of Petropavlovsk CHP-2 due to impossibility of ash and slag storage.
2. Major repairs of the main building resulting in an increase in the cost of property, plant and equipment. This activity is aimed at reducing physical wear and the risk of destruction of the main building with possible fatalities.
3. Major repairs of boiler units resulting in an increase in the cost of property, plant and equipment. This activity is aimed at extending the service life of boiler units that have spent their fleet life, which allows carrying heat and electrical loads in accordance with the production plan.
4. Modernization of overhead cranes of the boiler shop resulting in an increase in the cost of property, plant and equipment. The need to perform this measure is due to safety requirements when replacing the drums of boilers of the first stage. The drums can be lifted only by two cranes with the maximum permissible load on each of them. Considering the fact that in accordance with the current design, cranes operate at different load-lifting speeds, it is necessary to bring them to the same speed mode.
5. 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 plant during the heating season, backup electric motors are required. To form a reserve fund, major repairs of electric motors with the replacement of insulation of windings were carried out.
6. Conducting a comprehensive scientific and technical study of the causes of the chimney collapse and assessing the technical condition of the building structures of the chimney No. 1. This activity is aimed at conducting a comprehensive scientific and technical study of the causes of the chimney collapse and assessing the technical condition of the building structures of the chimney No. 1.
7. Commissioning operations on reconstruction of the boiler unit No. 2 of Petropavlovsk CHP-2 of SEVKAZENERGO JSC with an increase in steam capacity up to 240 t/h. This activity is aimed at developing detailed documentation for the reconstruction of the boiler unit No. 2.
8. Inspection of chimneys No. 1,2,3. Inspection of chimneys of power enterprises is carried out to determine their technical condition, obtain heat-aerodynamic and corrosion characteristics of the bearing shell and the gas exhaust duct, as well as other structural elements of the pipe to assess their reliability, taking into account the revealed defects and damages, develop recommendations aimed at ensuring trouble-free operation and forecasting its duration.
9. Major repairs of chimneys No. 2,3 150m high at PCHP-2 of SEVKAZENERGO JSC resulting in an increase in the cost of property, plant and equipment. This activity is aimed at reducing the physical wear of the chimneys. The completed work will ensure trouble-free operation of the pipe and the connected equipment for at least 5 years.
10. Reconstruction of the main building of the boiler shop (smoke exhaust compartment) of Petropavlovsk CHP-2 of SEVKAZENERGO JSC. This activity is aimed at restoring and normalizing PCHP-2 after the collapse of the chimney No. 1 to ensure the normal operation during the 2022–2023 heating season.
11. Reconstruction of a section of the common gas flue of CHP-2 of SEVKAZENERGO JSC in North Kazakhstan region (from boiler units No. 1, 3-7 in order to switch to the chimney No. 2). This activity is aimed at restoring and normalizing PCHP-2 after the collapse of the chimney

No. 1 to ensure the normal operation during the 2022–2023 heating season. The reconstruction made it possible to switch the boiler units No. 1,3,7 to the chimney No. 2.

12. Construction of a new reinforced concrete chimney 180m high at CHP-2 of SEVKAZENERGO JSC. To restore and normalize PCHP-2 to ensure its normal operation during the heating season, projects were implemented to dismantle the remaining part of the chimney No. 1 and reconstruct a section of the common gas flue in order to switch the boiler units No. 1,3,7 to the chimney No. 2, which necessitated the construction of a new reinforced concrete chimney 180m high. Work was started to develop detailed documentation for the construction and removal of utility networks outside the construction zone.

Main activities implemented within the framework of the repair fund in 2022:

1. Major repairs of the boiler unit No. 8.
2. Routine repairs of the main and auxiliary equipment of PCHP-2 to maintain the equipment in good working condition.
3. Inspection and technical diagnostics of boilers, turbines, lifting mechanisms, frames, vessels, and pipelines with the aim of determining the possibility for further operation.



Process automation

ASCAE

Information on the implementation of the automatic system for commercial accounting of electricity (ASCAE) in the retail electricity market (REM) and the wholesale electricity market (WEM) at the enterprise:

The technical ASCAE project for wholesale electricity market of North-Kazakhstan Regional Electric Distribution Company JSC was approved on 13.09.2005.

From 2009 to 2018, 821.59 million tenge, including VAT, was spent as part of the investment program to install equipment at 46 substations of the city and region and connect 551 metering points to ASCAE WEM, including 24 metering points along the border of the enterprise.

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

As of January 1, 2023, at the expense of own and borrowed funds, 30,214 metering points were connected to ASCAE REM. At the expense of consumers, ASCAE REM was installed at 4,226 metering points. In total, 34,440 electric power metering points are connected to ASCAE REM.

The total disbursed funds amounted to 1,724.28 million tenge.

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

This network combines the following levels:

- The first level is primary measurements. Data from the metering devices of electric power consumers is transmitted through the existing 0.4 kV power lines to the data acquisition and transmission devices installed on the 0.4 kV side in transformer substations, distribution substations and complete transformer substations. Data transmission takes place using PLC technology.
- The second level is 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 data collection and storage center using EMCOS software.

This software allows viewing data from metering devices in real time, exporting data to MS Excel, saving data in files of various formats, changing the way graphs are displayed, printing graphs, viewing past events, configuring the system, and viewing archives.

ASCAE REM is a solution aimed at improving the accuracy of electric power metering, monitoring the quality of electric power, revealing, and localizing losses, detecting theft, ensuring the transparency of the electric power distribution process, reducing labor costs for collecting and processing data on consumed electric power.

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

The enterprise considers further implementation of ASCAE inappropriate, taking into account the high cost of the project implementation, additional costs for ASCAE maintenance, which are not included in the tariff estimate, the long payback period of the project and the lack of economic effect.

The enterprise considers further implementation of ASCAE inappropriate, taking into account the high cost of the project implementation, additional costs for ASCAE maintenance, which are not included in the tariff estimate, the long payback period of the project and the lack of economic effect.

ASCAHE

During the implementation of the project "Automatic System for Commercial Accounting of Heat Energy" (ASCAHE), 1,372 modems were installed. Installation of metering devices improves the accuracy and reliability of data and settlements between suppliers and consumers according to current and prospective tariff systems, and reveals the actual state of heat consumption in everyday life. ASCAHE improves 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 makes it possible to quickly identify losses and unaccounted consumption of heat power to immediately take measures to prevent them and save heat power in the municipal sector.

THESIS

Since November 2017, an automated process control system for technological connection to electrical grids (APCS) has been put into pilot operation. The system is aimed at increasing the transparency of the process of issuing technical specifications for connecting consumers to electrical grids. A great advantage of the system is the intermediate control, which makes it possible to determine at what stage and who of the process participants has the documents. The system will provide effective support to the operational activities of enterprises, organize 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 APCS project, the time for connecting consumers has been reduced, and the entire process of connecting new consumers to infrastructure facilities has been simplified and optimized.

SCADA

North-Kazakhstan Regional Electric Distribution Company JSC supports the trend of development of automated production funds and assets management systems, automated remote workplace information system by process participants and moves to a new level of communication to ensure effective use of 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 power. As part of the project to create an automated SCADA-based dispatching control structure, the outdated mnemonic shield was replaced with a new one (video wall), which will allow building a structure of dispatching control, communication channels, control, telemetry, remote signalling, remote control, 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 controlled 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 Ellipse 8 system (Ellipse ERP system). The unified Ellipse system allows planning and performing 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 REDC JSC has put into pilot operation the Mobility mobile application fully integrated with the Ellipse ERP System, which allows remote delivery of work tasks, organizing inventory and monitoring of equipment, and provides operational access to historical and regulatory data. As part of the Mobility project, a mobile application was created for employees involved in equipment maintenance and repair in order to implement operational maintenance and repairs of infrastructure facilities in the field environment.

Work with consumers

Sale of services

The main functions of Sevkazenergosbyt LLP are:

- sale of electric and heat power based on concluded contracts;
- making settlements with consumers for the electric and heat power consumed.

Analysis of sales of electric and heat power in energy-supplying organization for 2022

Indicators of the energy-supplying organization	Volume thousand kWh	Amount thousand tenge (including VAT)
Sales of electric power:		
Sevkazenergosbyt LLP	**876,718**	**18,823,955**
Legal entities	555,686	14,330,302
Individuals	321,032	4,493,653

Sevkazenergosbyt LLP	thousand GCal	thousand tenge (including VAT)
Sevkazenergosbyt LLP	**1,311,60**	**9,105,250**
Legal entities	498,80	6,191,905
Individuals	812,8	2,913,345

Organization of customer service work. Implementation of projects

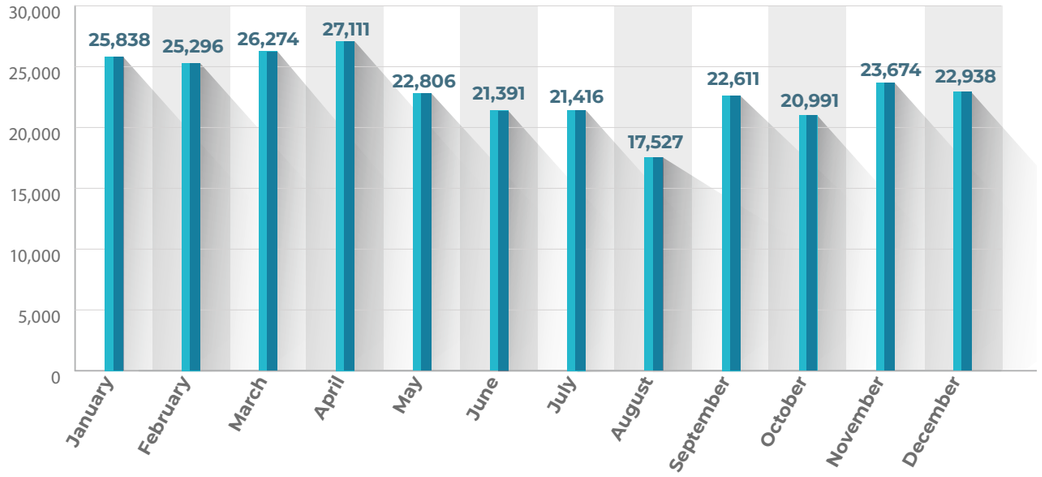
To ensure customer comfort, a system of bill payment through second-tier banks, Internet, ATMs and POS terminals has been established. Contracts for accepting payments from the population have been concluded with second-tier banks, Kazpost JSC, AstanaPlat LLP and QIWI Kazakhstan LLP. In addition, household consumers can make payments based on MCC receipts without a bank commission.

In the service area of Sevkazenergosbyt LLP branches, consumers are services on issues such as concluding and terminating contracts, opening, and closing personal accounts, issuing certificates, providing subscribers with information on personal accounts, accepting applications, etc.

One of the main tasks of the energy-supplying organization is to meet the needs of the population, increase the level of customer service and ensure compliance with mandatory requirements of standards of the international quality system.

In 2013, a Contact Center was created on the basis of Sevkazenergosbyt LLP, which makes it possible 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 1,623 calls, and the maximum number of received calls can reach 3,296 per day.

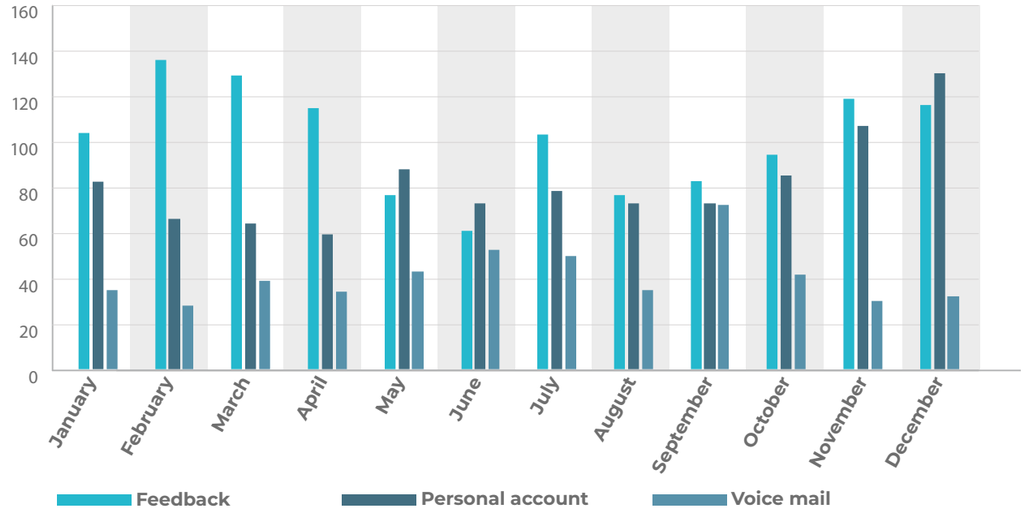
Number of calls received by the Contact Center in 2022.



In 2017, the function of evaluating 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 phone number, a consumer will always be able to get comprehensive information from the operator about the reasons for power outages and the timing of troubleshooting.

In 2022, a project was implemented to introduce a mobile application of the Personal Account service. As of December 31, 2022, 8,900 household and 4,954 non-household consumers used the Personal Account service on the website of SEVKAZENERGO JSC.

Number of appeals received in 2022



On the official website of SEVKAZENERGO JSC, there is a Feedback section, through which 1,222 requests were received from consumers in 2022.

Consumers have the opportunity to send an appeal or request, so the consumer does not need to personally contact the Service Centers.

Social partnership

[GRI 413-1, SDGs 1, 2, 3, 4, 8, 10, 11]

When selling electric power, a differentiated tariff is applied for elderly pensioners living alone, disabled people, the Great Patriotic War participants and equal-status persons.

Graduates of universities have the opportunity to undergo industrial and pre-graduate practice in energy-supplying organizations.

The staff is interested in the reliability of the energy-supplying organization and financial stability, the availability of social programs, labor safety, material and moral stimulation of labor activity.

Analysis of accounts receivable

The most serious problem is the management of accounts receivable in energy-supplying organizations.

The assessment of accounts receivable is carried out in the context of:

1. the total amount of all accounts receivable over time in each reporting period. It characterizes the dynamics of the total amount of funds in each service provided.
2. the total amount of all overdue accounts receivable over time in each reporting period. It characterizes the amount of potential risk.
3. turnover of all accounts receivable over time. It characterizes the effectiveness of work with consumers.

General-to-specific approach

First stage. A general analysis of accounts receivable is carried out and an overall view is formed for all categories of consumers. The causes of the existing situation are investigated.

Second stage. A specific action plan is developed and taken under control (responsible persons, deadlines, results).

A detailed analysis and control of accounts receivable is carried out by a category of consumers, region, type of services, each consumer.

When carrying out an analysis, accounts receivable are divided into total and overdue with a breakdown by periods of formation.

Name of the energy-supplying organization	Work with accounts receivable in 2022 (thousand tenge, including VAT)					
	Accounts receivable as of January 1, 2023.			Accounts receivable collection coefficient, %	Executive endorsement introduced in 2022	Enforcement proceedings initiated in 2022
	Total	Over 1 month	Over 3 months	Year average		
Sevkazenergo-sbyt LLP	3,045,502	260,619	130,413	75	1,145,777	144,335

The total accounts receivable increased by 7.6% compared to 2021..

Indicators

- ***Accounts receivable collection coefficient***
  The coefficient indicates how much accounts receivable are collected during the reporting period.
- ***Recovery of accounts receivable Management methods***
  Interaction with consumers takes place by means of SMS-informing, sending electronic messages, delivery of warnings, notifications, disconnection from the networks, etc.
  The purpose of interaction is to stimulate a debtor to pay the debt and determine the transition to judicial and enforcement proceedings.

On a regular basis, consumers are disconnected from the networks in case of debts in the presence of representatives of energy-transmitting organizations

Restriction of the use conditions in case of a consumer's failure to fulfill its contractual obligations to pay for the services provided:

Name of the energy-supplying organization	Notifications issued		Disconnections made	
	Electric power	Heat power	Electric power	Heat power
Sevkazenergosbyt LLP	82,750	24,709	1,373	

The work on the management of accounts receivable is aimed at reducing the amount of overdue accounts receivable. This measure contributes to an increase in the repayment of debts from consumers to energy-supplying organizations.

Procurement

[GRI 414-1, SDGs 8, 11, 12, 16]

Building an effective procurement activity is one of the important goals of the Company within the framework of improving operational efficiency. The key priorities of SEVKAZENERGO Group in the area of procurement include ensuring transparency in procurements, 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 to automate procurement processes, improve the procurement planning system, develop category purchasing strategies, optimize the processes of inventory accounting, storage, and distribution of goods, as well as to implement a KPI system, and other areas.

By the end of 2022, the following objectives were accomplished:

- Use of the implemented system to control procurement processes, which made it possible to plan and control all processes in the most efficient manner;
- Achieving a 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 EurasianTech LLP, which made it possible to attract new sellers of goods on mutually beneficial terms;
- Cash savings resulting from efficient procurement processes ensured a full funding of unscheduled requirements without attracting additional sources.

The main procurement priorities for 2022 were:

- Increasing the transparency of procurement activities;
- Improving the 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.

SEVKAZENERGO JSC

Type of regulated activity	Total procurement amount, tenge	Including:			
		Procurement based on the results of tenders, tenge	Procurement from a single source, tenge		Purchases by request for quotations, tenge
			For reasons of purchasing from one source only	After recognition of the tender	
			Inventory		
Services for heat power production, transfer, distribution and/or supply	6,311,739,680.85	60,632,534.06	87,957,387.52	5,990,969,865.73	172,179,893.54
			Work/services		
	11,898,809,777.37	5,398,020,501.95	3,318,574,820.41	3,172,153,445.41	10,061,009.60
			Total		
	18,210,549,458.22	**5,458,653,036.01**	**3,406,532,207.93**	**9,163,123,311.14**	**182,240,903.14**

North-Kazakhstan Regional Electric Distribution Company JSC

Type of regulated activity	Total procurement amount, tenge	Including:			
		Procurement based on the results of tenders, tenge	Procurement from a single source, tenge		Purchases by request for quotations, tenge
			For reasons of purchasing from one source only	After recognition of the tender	
			Inventory		
Electric power transmission services	1,684,655,302.86	9,573,616.70	16,442,567.98	1,518,012,764.13	140,626,354.05
			Work/services		
	1,037,081,307.55	174,833,014.85	14,872,672.21	805,913,191.79	41,462,428.70
			Total		
	2,721,736,610.41	**184,406,631.55**	**31,315,240.19**	**2,323,925,955.92**	**182,088,782.75**

Petropavlovsk Heating Networks LLP

Type of regulated activity	Total procurement amount, tenge	Including:			
		Procurement based on the results of tenders, tenge	Procurement from a single source, tenge		Purchases by request for quotations, tenge
			For reasons of purchasing from one source only	After recognition of the tender	
			Inventory		
Heat power transmission and distribution services	397,780,451.88	45,162,058.00	9,239,419.04	248,622,537.64	94,756,437.20
			Work/services		
	1,165,808,737.15	4,700 000.00	5,477,214.33	1,134,681,336.30	20,950,186.52
			Total		
	1,563,589,189.03	**49,862,058.00**	**14,716,633.37**	**1,383,303,873.94**	**115 706 623.72**

Sevkazenergosbyt LLP

Type of regulated activity	Total procurement amount, tenge	Including:			
		Procurement based on the results of tenders, tenge	Procurement from a single source, tenge		Purchases by request for quotations, tenge
			For reasons of purchasing from one source only	After recognition of the tender	
			Inventory		
Heat power supply services	61,955,299.33	-	5,567,450.54	7 258 186.05	49,129,662.74
			Work/services		
	30,057,014.40	-	8,303,683.22	7 795 972.42	13,957,358.76
			Total		
	92,012,313.73	**-**	**13,871,133.76**	**15,054,158.47**	**63,087,021.50**

Financial and economic indicators

[GRI 201-1, SDGs 4, 6, 9]

The consolidated financial statements of the Company for 2022 were prepared in accordance with the International Financial Reporting Standards. The accounting principles 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 the implementation of the main directions of the Company's strategic development.

Indicators	2020	2021	2022
Income from core activities	39,859	41,306	35,878
Cost including expenses for the period	(34,754)	(34,933)	(36,118)
Income from operating activities	5,105	6,374	(240)
Total EBITDA for the year	10,244	22,101	7,440*
Total EBITDA for the year, margin in %	25.7	53.5	20.7
Income tax expenses	(1,128)	(2,940)	127
Net profit for the year	85	15,335	(11,589)
Assets	123,998,579	137,476481);	127,335,281
Equity	55,587,078	70,029,987	57,250,837
Capital expenditures on property, plant and equipment	5,829,072	4,752,795	6,810,000

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

Income from sale of products/services

According to the results of 2022, the Company produced electric and heat power, including energy transmission and sales, for a total amount of 35,878 million tenge, or 13% less compared to the results of 2021, which is due to a decrease in electric power generation by 41% and heat power output by 7%. The dominant factors that influenced the level of income from sales of 2022 in comparison with the previous period are the following:

- revenue from electric power sales decreased by 5,431 million tenge, or 20%, compared to 2021, due to a 14% decrease in electric power generation;
- revenue from electric power transmission increased by 64 million tenge, or 1.12%, due to an increase in tariffs;
- revenues from heat power transmission decreased by 71 million tenge, or 1.73%, due to a 7% decrease in transmission volume;
- revenue from sales of heat power, including a sales margin, increased by 33 million tenge, or 1%, due to an increase in tariffs for the production and supply of heat power.

Cost of goods/services sold

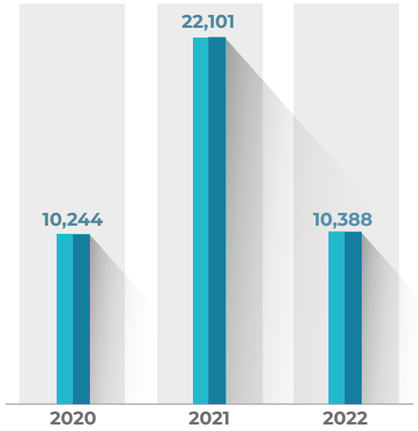
The cost of electric and heat power sold in 2022 amounted to 36,118 million tenge, having increased by 1,186 million tenge, or 3% compared to 2021.

An insignificant increase in expenses is due to a decrease in the marketable supply of electric power. In the cost structure of the Company, the specific weight (40%) is occupied by Fuel. A decrease in this item (coal) amounted to 2,300 million tenge, or 21%, including –1,434 million tenge due to a decrease in coal consumption by 28% and –866 million tenge due to a decrease in transportation services, or 17%.

Depreciation charges increased by 1,957 million tenge, or 36%, due to the introduction of property, plant and equipment. Labor costs increased by 392 million tenge, or 11%, due to an increase in wages.

Expenses for the purchase of electric power from renewable energy sources decreased by 1,088 million tenge, or 33%, due to a decrease in electric power generation by 36,6% as a result of failure of the main equipment, the accident at the chimney No. 1 and the removal of the chimney No. 2 out of operation for inspection and major repairs. In addition, an increase was due to the purchase of electric power from third-party plants for SEVKAZENERGO JSC and Sevkazenergosbyt LLP in the amount of 2,226 million tenge.

Total EBITDA for the year, million tenge



*Total EBITDA is indicated without impact of foreign exchange differences

Total EBITDA dynamics

EBITDA for 2022 was 10,388 million tenge, having decreased by 11,713 million tenge, or 53% compared to 2021. The main factors contributing to the increase in operational efficiency are a decrease in heat power generation by 41% and heat power output by 7%, accrual of loss from impairment of property, plant and equipment (7,653 million tenge).

EBITDA by operating segments

The operating EBITDA indicator was chosen 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 2022 amounted to 7,495 million tenge, which is 4,515 million tenge, or 37.6%, less compared to 2021. In the structure of the operating EBITDA, the primary marginal segment is represented by the production of electric and heat power (4,774 million tenge), where a decrease by 3,805 million tenge, or 44.4% compared to 2021 is noted due to a decrease in the marketable supply of electric and heat power, as well as due to failure of the main equipment and the accident at the chimney No. 1.

Dynamics of net income/loss

Loss from operating activities for 2022 amounted to 240 million tenge (loss of 0.67% to the revenue from sales) due to a decrease in electric power generation by 41% and heat power output by 7% Net finance expenses increased by 261 million tenge, or 16%. Income tax expenses decreased by 2,814 million tenge.

Financial and economic indicators by segment for 2022, million tenge

Indicators	Production of electric and heat power	Transmission and distribution of electric power	Transmission and distribution of heat power	Sales of electric and heat power	Other	Other
	EP and HP	EP	HP	EP and HP		
Income from core activities	20,729,873.00	5,759,678.00	3,997,020.00	5,375,799.00	15,387.00	35,877,737.00
Cost	–20,463,167.00	–5,038,989.00	–3,236,821.00	–4,318,121.00	–96,414.00	–33,153,512.00
Gross income	266,706.00	720,689.00	760,199.00	1,057,658.00	–81,027.00	2,724,225.00
Expenses of the period	–1,826,304.00	–348,013.00	–205,826.00	–584,107.00	–	–2,964,250.00
Income from operating activities	–1,559,598.00	372,676.00	554,373.00	473,551.00	–81,027.00	–240,025.00
Finance expenses, net	–1,730,318.00	–326,495.42	–769,430.00	46,924.00	–	–2,779,319.42
Other income	–315,848.00	52,374.42	–33,357.00	270,833.00	–	–25,997.58
Foreign exchange loss	–712,461.00	–237,981.00	–67,357.00	–	–	–1,017,799.00
Income tax expenses	497,823.00	10,471.00	–246,239.00	–135,194.00	–	126,861.00
Net income for the year	–3,820,402.00	–128,955.00	–562,010.00	656,114.00	81,027.00	–3,936,280.00
Operating EBITDA by segment	4,773,602.00	1,163,299.00	1,131,317.00	508,299.00	81,027.00	7,495,490.00

ASSETS AND LIABILITIES

As of December 31, 2021, the total assets of the Company amounted to 137,476,481 million tenge, which is 9.8% more compared to 2020.

Assets, million tenge	Current assets	Non-current assets	Other
2019	13.973	101.322	115.295
2020	22.522	22.552	123.998
2021	17.957	119.519	137.476
2022	9.483	117.852	127.335

As of December 31, 2022, the cost of property, plant and equipment amounted to 109,919 million tenge, or 86% of the value of all assets. As part of the large-scale investment program for 2020, the amount of 6,810 million tenge was allocated to construction in progress and purchase of property, plant and equipment.

Liabilities, million tenge	Equity	Non-current liabilities	Current liabilities	Other
2019	58.443	18.307	38.545	115.295
2020	55.587	27.233	41.178	123.998
2021	70.030	37.390	30.056	137.476
2022	57.251	21.907	48.177	127.335

The declared authorized capital of the Company amounted to 143.9 million ordinary shares. As of December 31, 2022, the value of fully paid ordinary shares amounted to 16,292 million tenge. The total financial debt at the end of the reporting year amounted to 30,156 million tenge, while the Company remains financially stable.

СЕВКАЗЭНЕРГО

DEVELOPMENT

[GRI 2-22, SDGs 17]

PROSPECTS

Plans for reconstruction and modernization of equipment for 2023

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

Main planned works:

1. Construction of a new reinforced concrete chimney. The implementation of this measure is due to the collapse and decommissioning of the chimney No. 1.
2. Construction of the enclosing dams of section No. 3 of the ash dump No. 2 at Petropavlovsk CHP-2 of SEVKAZENERGO JSC (stage II). This measure is aimed at increasing the capacity of section no. 3 of the ash dump no. 2 in order to avoid an emergency shutdown of Petropavlovsk CHP-2 due to impossibility of ash storage. In 2021, it was planned to commence the work within the framework of the developed project of building the enclosing dams of stage II.
3. Major repairs of the boiler unit 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 with expired economic life, which will allow bearing the heat and electrical loads in accordance with the production plan.
4. Installation of an automated system to monitor environmental emissions at PCHP-2 of SEVKAZENERGO JSC (chimney No. 3). In accordance with the requirements of the Environmental Code of the Republic of Kazakhstan, since January 1, 2023, enterprises of the 1st category are obliged to install automated systems for monitoring emissions at pollution sources.
5. Reconstruction of the boiler unit No. 11 with the replacement of heating surfaces. This measure is aimed at renovating the equipment and extending the service life of boiler units with expired economic life, which allows bearing the heat and electrical loads in accordance with the production plan and improving the technical and economic indicators of the plant.
6. Development of a detailed design for the reconstruction of a section of the common gas flue of CHP-2. The implementation of this measure is due to the commissioning of a new chimney and the switching of boiler units No. 8,12 to the chimney No. 3.
7. Reconstruction of the main building of the boiler shop (smoke exhaust compartment) of Petropavlovsk CHP-2. This measure is aimed at reducing physical wear and the risk of destruction of the main building with possible fatalities.

Plans for the repair of facilities at Petropavlovsk CHP-2 for 2023:

1. Current repair of the chimney No.2. Restoration of local sections of the concrete layer with the installation of a cast-iron head.
2. Current repair of the chimney No.3. Repair of lining, marking painting of the reinforced concrete pipe.
3. Repair of pumping equipment. Carrying out current and major repairs of the pumping equipment to maintain the equipment in good working condition.
4. Major repairs of the boiler unit No. 9 with the replacement of embrasure pipes, water economizer (stage I), gearbox (stage II), control and replacement of bends of downcomers, steam drainage and connecting pipes 133, 108.
5. Major repairs of the turbine unit No. 3 with the replacement of shut-off valves.

Reasoned development forecasts for the next three years

In 2024–2026, within the framework of investment programs, it is planned to perform the following main activities.

Petropavlovsk CHP-2:

- Reconstruction of the boiler unit No. 2
- Reconstruction of the turbine unit No. 1
- Reconstruction of the heat output scheme
- Replacement of peak (1 pc.) and main (2 pcs.) boilers of the boiler plant No. 6
- Construction of a new reinforced concrete chimney
- Reconstruction of the common flue (with the aim of switching boiler units to the new chimney and chimney No. 3)
- Dismantling of the chimney No. 2
- Building up the enclosing dams of section No. 3 of the ash dump No. 2 (stage III)
- Construction of the ash dump No. 4
- Reconstruction of the second elevation dredging pumping station
- Reconstruction of fuel supply of PCHP-2
- Reconstruction of 220 kV outdoor switchgear
- Major repairs of buildings and facilities.

Petropavlovsk Heating Networks LLP:

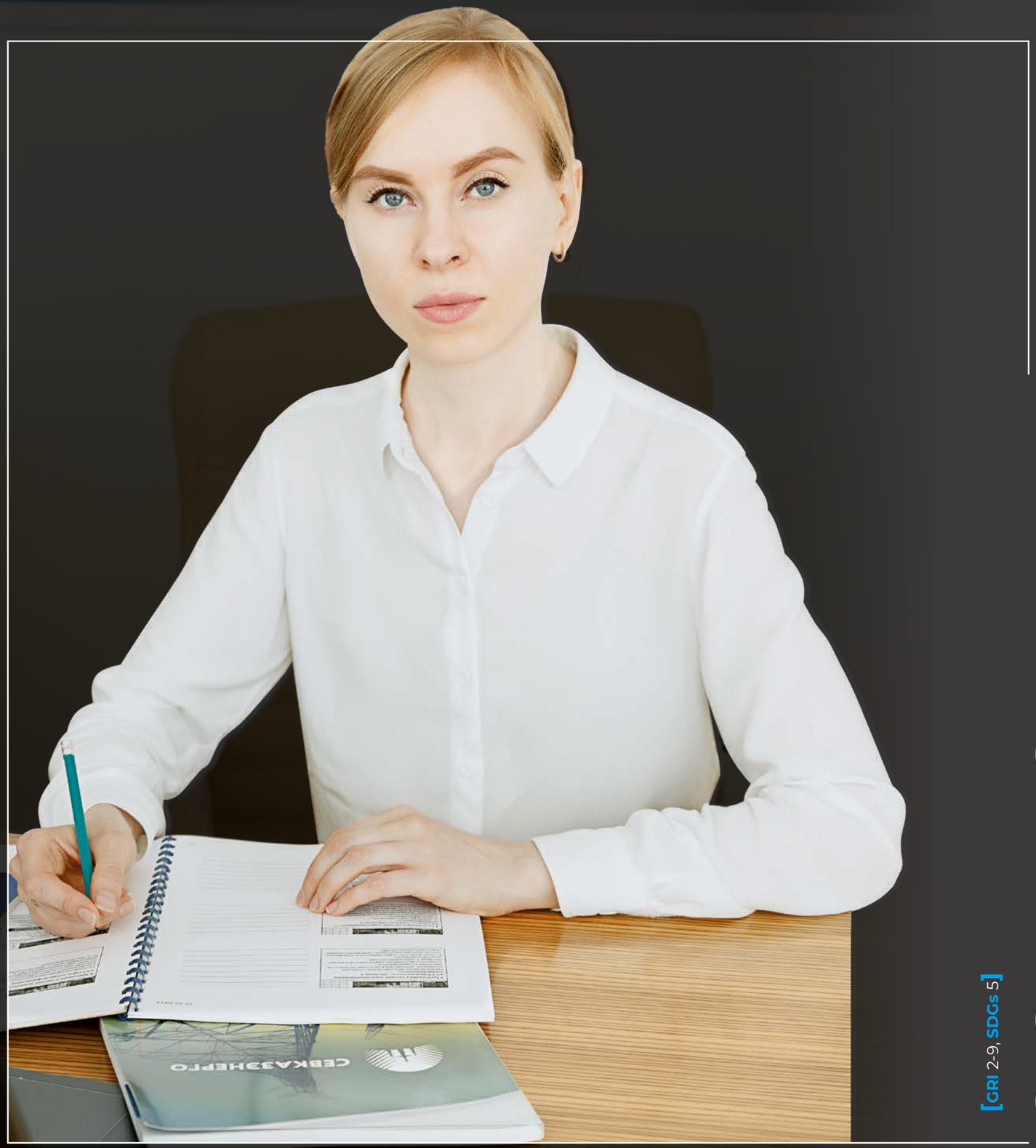
It is planned to reconstruct 3,455 km of main pipelines, including:

- Reconstruction of the heating main No. 3 of 500mm DN along Satpayev street from TK-6-19 to TK-3-15g with a length of 1.11 km;
- Reconstruction of a section of the heating main No. 6 of 500mm DN along K. Kenshibayev and Koshukov streets from UN-6-14 to TK-6-21 with a length of 0.789 km;
- Reconstruction of a section of the heating main No. 6 of 500mm DN along K. Kenshibayev and Koshukov streets from UN-6-14 to TK-6-21 with a length of 0.891 km.

North-Kazakhstan REDC JSC:

- reconstruction of 35 110 kV outdoor switchgear at 110/35/10 kV substations in Petropavlovsk and districts of the region;
- reconstruction of 10 kV indoor switchgear at 110/10 kV substations No. 11 and No. 5 in Petropavlovsk;
- replacement of a lightning protection cable on 110 kV overhead line with a length of about 123 km;
- replacement of 6.3 MVA power transformer at 35/10 kV Work Settlement substation with 10 MVA power transformer;
- reconstruction of the power equipment at four 220/110/35/10 kV substations;
- reconstruction and technical re-equipment of 0.4 kV electrical networks in the amount of 50.0 km;
- reconstruction of equipment and buildings of 10/0.4 kV transformer substation in Petropavlovsk – 5 pcs;
- implementing measures to save energy and improve energy efficiency.

СЕВКАЗЭНЕРГО



CORPORATE GOVERNANCE

[GRI 2-9, SDGs 5]

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 and its Committees, and convene meetings of the Board of Directors.

Performance of the General Meeting of Shareholders

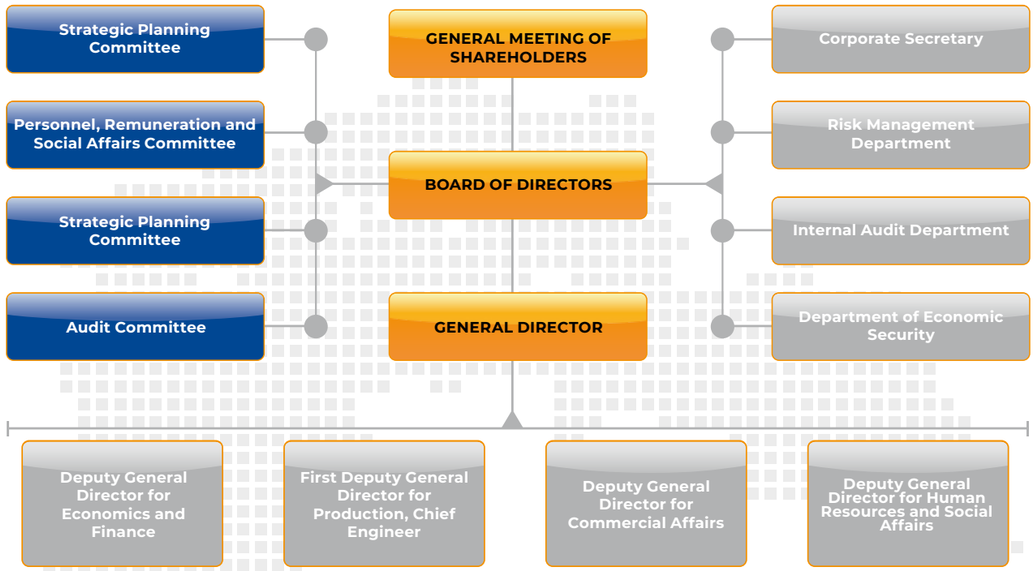
Decisions referred to the competence of the General Meeting of Shareholders of SEVKAZENERGO JSC were adopted by the General Meeting of Shareholders of CAEPCO JSC on the following issues in 2022:

- decision on election of members of the Board of Directors, determination of their term of office;
- decision on approval of conclusion of a major related-party transaction between SEVKAZENERGO and VTB;
- decision on approval of conclusion of a major related-party transaction between SEVKAZENERGO and Halyk Savings Bank of Kazakhstan JSC;
- decision on approval of the annual consolidated financial statements and the procedure for distribution of net income of SEVKAZENERGO JSC for fiscal year 2021;
- decision on determining an audit organization to conduct an audit of the financial statements for 2022.

Organizational structure

[GRI 2-9, SDGs 5]

Organizational structure



Share capital structure

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

As of December 31, 2022, according to the financial statements, the authorized capital of the Company is 16,664 million tenge.

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

Information on dividends

[GRI 2-19]

The policy of the Company regarding the accrual, declaration procedure, amount, form and terms of payment of dividends is defined in the Charter and the 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, capitalization and liquidity of the Company;
- ensuring the market return on invested capital;
- respect for and strict observance of the rights of shareholders, improving 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.

A decision to pay annual dividends is made by the Board of Directors of CAEPCO JSC based on the recommendation of the Company's Board of Directors. In case of any unforeseen circumstances that have a negative effect on the Company, the Board of Directors is obliged to recommend the General Meeting of Shareholders not to make a decision to pay (declare) dividends.

In 2022, the Board of Directors of CAEPCO JSC decided not to pay dividends to the shareholders of SEVKAZENERGO JSC for fiscal year 2021.

Board of Directors

[GRI 2-10, 2-11, 2-12, 2-13, SDGs 16]

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. The Board of Directors forms and controls the executive body of the Company. To achieve the performance goals, the Board of Directors is governed by the following principles:

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

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

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 entities of SEVKAZENERGO JSC;
- they are not subordinated to officials of SEVKAZENERGO JSC or entities affiliated with SEVKAZENERGO JSC and have not been subordinated to such officials 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 have not been 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 have not participated in such an audit for three years prior to their election to the Board of Directors.

Selection and appointment

[GRI 2-10]

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 should not be less than three, provided that at least thirty percent of members of the Board of Directors should be independent directors. A member of the Board of Directors of SEVKAZENERGO JSC may be an individual, who is elected from among shareholders – individuals or persons proposed (recommended) for election to the Board of Directors as representatives of shareholders' interests. A member of the Board of Directors may also be an individual, who is not a shareholder of the Company and who is not proposed (or recommended) for election to the Board of Directors as a representative of shareholder's interests, and the number of such persons should not exceed fifty percent of members of the Board of Directors.

General Director of SEVKAZENERGO JSC may also be elected as a member of the Board of Directors but may not be elected as the 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 General Meeting of Shareholders. The term of office of the Board of Directors expires on the date of the General Meeting of Shareholders, at which a new Board of Directors is elected. Persons elected to the Board of Directors may be re-elected any number of times.

A candidate who meets the independence criteria in accordance with the requirements of the Law of the Republic of Kazakhstan "On Joint Stock Companies" may be elected as an independent director, namely:

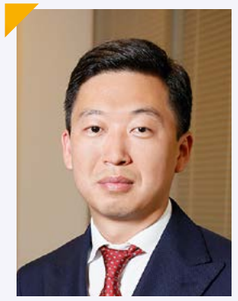
- a candidate who has not been an employee of the Company or a member of the executive body of the Company for the last 5 years;
- a candidate who does not receive remuneration from the Company or a related party, except for performing the functions as a member of the Board of Directors;
- a candidate 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.

Composition of the Board of Directors

[GRI 2-11]

As of April 17, 2023, the Boards of Directors of joint-stock companies included:

Name, legal form	Members of the Board of Directors	Position	Date of election/ expiry of powers
СЕВКАЗЭНЕРГО SEVKAZENERGO JSC	Alexander Nigai	Chairman of the Board of Directors	18.09.2023–17.01.2024
	Sergey Lee	member of the Board of Directors	17.01.2022–17.01.2024
	Oleg Perfilov	member of the Board of Directors	22.08.2022–17.01.2024
	Lei Lim	independent director	24.07.2023– 22.10.2025
	Levin Tan	independent director	20.06.2022–17.01.2024
	Anatoly Kazanovsky	member of the Board of Directors	18.09.2023–22.10.2025
North Kazakhstan Electric Grid Distribution Company JSC	Bagdat Yelled	Chairman of the Board of Directors	23.10.2020–22.10.2025
	Alexander Chekulaev	member of the Board of Directors	18.08.2023–22.10.2023
	Gennady Andreev	member of the Board of Directors	23.10.2020–22.10.2023



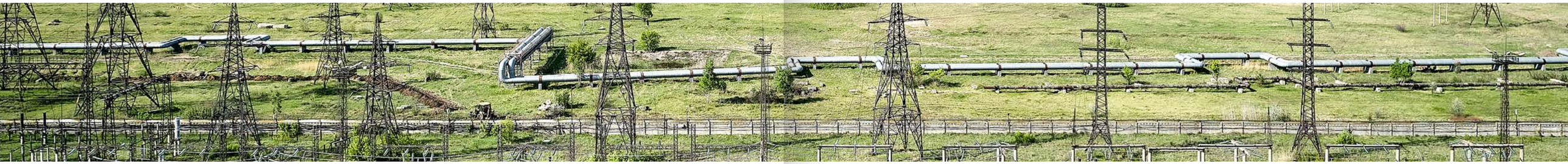
ALEXANDER NIGAI

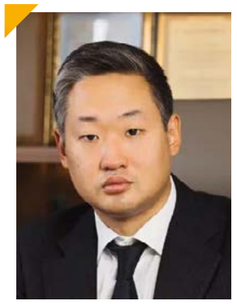
Chairman of the Board of Directors

born in 1984

Place of work / Current position:

- **PAVLODARENERGO JSC / Member of the Board of Directors**
  15.01.2018 – to the present
- **Akmola Electric Grid Distribution Company JSC / Member of the Board of Directors**
  15.01.2018 – to the present
- **Mineral Product LLP / Director of Strategic Development**
  26.07.2016 – to the present
- **Kazakhstan Pipe Systems LLP / Director for Strategic Development**
  03.08.2015– to the present
- **Com Trade Product LLP / Director of Strategic Development**
  03.05.2012 – to the present





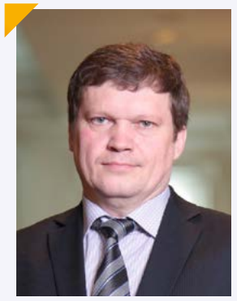
Sergey LEE

Member of the Board of Directors

born in 1990

Place of work / Current position:

- **SEVKAZENERGO JSC / Member of the Board of Directors**
  13.04.2021 – to the present
- **PAVLODARENERGO JSC / Member of the Board of Directors**
  13.04.2021 – to the present
- **Samruk-Energo JSC / Co-Managing Director for Economics and Finance**
  01.2020–03.2021
- **Samruk-Energy JSC / Director of the Department "Treasury and Corporate Finance"**
  03.2016–01.2020
- **Samruk-Energo JSC/ Director of the Corporate Finance Department**
  04.2015–02.2016



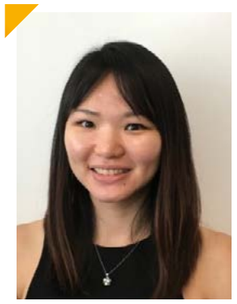
Oleg PERFILOV

Member of the Board of Drectors

born in 1968

Place of work / Current position:

- **CAECO JSC / Deputy Chairman of the Management Board for Production**
  06.08.2023 г. – to the present
- **SEVKAZENERGO JSC / General Director**
  11.07.2022–06.08.2023
- **North Kazakhstan REC JSC / Member of the Board of Directors**
  05.08.2022–18.09.2023
- **PAVLODARENERGO JSC / General Director**
  10.09.2014–10.07.2022



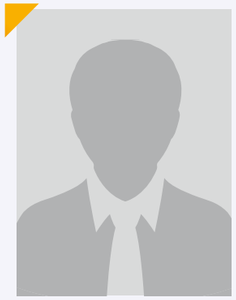
Lei LIM

Member of the Board of Directors
(Independent director)

born in 1983

Place of work / Current position:

- **PAVLODARENERGO JSC / Member of the Board of Directors, Independent Director**
  17.04.2023 г. – to the present



Levin TAN

Member of the Board of Directors
(Independent director)

born in 1983

Place of work / Current position:

- **PAVLODARENERGO JSC / Member of the Board of Directors, Independent Director**
  17.06.2022 г. – to the present
- **Akmola Electric Grid Distribution Company JSC / Member of the Board of Directors, Independent Director**
  17.06.2022 г. – to the present

Performance of the Board of Directors

In 2022, 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 cwomposition of the Committees of the Board of Directors;
- conclusion of related-party transactions by SEVKAZENERGO JSC;
- completion of a transaction by SEVKAZENERGO JSC that increases the Company's liabilities by ten percent or more of its equity;
- approval of the revised organizational structure of the Company;
- approval of major related-party transactions by NK REDC JSC;
- preliminary approval of the annual consolidated financial statements of SEVKAZENERGO JSC for 2021;
- approval of internal regulatory documents of structural divisions accountable to the Board of Directors;
- approval of the financial statements of North-Kazakhstan Regional Electric Distribution Company JSC for 2021;
- early termination of powers of General Director and election of a new General Director of the Company;
- changing the composition of the Board of Directors of NK REDC JSC;
- extending the powers of General Director of Sevkazenergosbyt LLP.

Work of the Board of Directors	2018	2019	2020	2021	2022
Meetings in presentia	10	12	11	8	2
Meeting in absentia	2	4	3	6	12

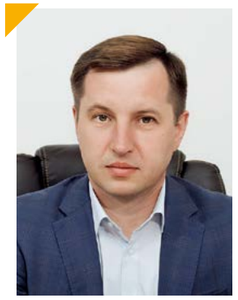
Performance of the Committees of the Board of Directors

[GRI 2-12, 2-13]

Name	Tasks	Composition	Performance results
Strategic Planning Committee	• provision of advisory assistance and development of recommendations to the Board of Directors of the Company on the issues of determining the priority areas of the Company's activities, its development strategy, development of the Company's budget, planning of financial and economic activities of the Company; • identification of existing problems in the field of planning and budgeting of the Company's activities.	Lei Lim – Chairman. Members: Anatoly Kazanovsky, Oleg Perfilov.	No Committee meetings were held in 2022.
Risk and Control Committee	• development and provision of recommendations to the Board of Directors for making management decisions in the field of the Company's internal control system and risk management system; • introduction of modern methods to improve RMS and ICS in Society; • control over 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.	Levin Tan – Chairman. Members: Anatoly Kazanovsky, Alexander Nigai, Anton Kan, Igor Gorkaev, Arman Saudenov.	In 2022, the 1st meeting of the Committee was held.
Audit Committee	• development and provision of recommendations to the Board of Directors for making management decisions in the field of financial reporting and internal audit activities of the Company; • introduction of modern methods to improve risk-based internal audit; • control over the timely and full implementation of corrective action plans for internal audit.	Tan Levin – Chairman. Members: Anatoly Kazanovsky, Sergey Li.	In 2022, the 1st meeting of the Committee was held.
Personnel, Remuneration and Social Affairs Committee	• provision of advisory assistance and development of recommendations to the Company's Board of Directors on personnel and social issues; • development of mechanisms of interaction between the Board of Directors and structural divisions of the Company.	The Chairman is not. Members: Anel Zhumabekova, Oleg Perfilov, Natalia Konstantinova.	In 2022, the 1st meeting of the Committee was held.

Executive body

Name, organizational and legal form	Sole executive body	Post	Election date/ expiration date
SEVKAZENERGO JSC	Anatoly Kazanovsky	General Director	07.08.2023–06.08.2025
North Kazakhstan Electric Grid Distribution Company JSC	Alexander Chekulaev	General Director	07.08.2023–06.08.2025
Petropavlovsk Heating Networks LLP	Andrey Kalinichev	General Director	12.07.2022–11.07.2024
Sevkazenergosbyt LLP	Magauia Sagandykov	General Director	01.02.2022–31.01.2024



Anatoly KAZANOVSKY

General Director SEVKAZENERGO JSC.

In SEVKAZENERGO JSC, the executive sole body is the General Director. The CEO 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.

Place of work / Current position:

CAECO JSC
Acting Director of the Production and Technical Department
03.02.2014–02.06.2014

Aventis Group LLP
Technical Director: 02.09.2013–15.10.2015

North Kazakhstan REC JSC
General manager: 16.10.2015–06.08.2023

SEVKAZENERGO JSC
General Director: from 07.08.20.2023 – to the present

Awards
The title "Kurmetti energetik. Kazakhstan Elektr energetikalyk Kauymdastygy" ("Honorary Power Engineer of the Kazakhstan Electric Power Industry Associations", 2018)
Jubilee medal "Kazakhstan Constitution 25 zhyl" ("25 years of the Constitution of Kazakhstan", 2020)

Remuneration policy

[GRI 2-19]

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

- 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 Board of Directors of the Company in 2022 is 82,299,661 tenge. The amount of remuneration to the executive body is determined by the decision of the Board of Directors of SEVKAZENERGO JSC.

The policy of the Company regarding the accrual, declaration procedure, amount, form and terms of payment of dividends is defined in the Charter and the 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).

Compliance with the main principles of the Corporate Governance Code in 2022

[GRI 403, SDGs 4]

Main principles of the Corporate Governance Code	Information about compliance with the principles	Comments
Justice Equal treatment of all shareholders, regardless of their equity interests and location, and the ability to effectively protect their rights.	Observed	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.
Accountability Accountability of the Board of Directors of the Company 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 achieved by timely and complete provision of reliable information to the Company's shareholders regarding the current financial situation of the Company, achieved economic indicators, performance results, and the Company's management structure.	Observed	This principle of the Corporate Governance Code is observed by introducing the Company's organizational structure as stipulated in the Charter and the Law of the Republic of Kazakhstan "On Joint-Stock Companies". The principle of accountability is also 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.
Responsibility Responsibility of the Company to its shareholders, employees, customers and partners, close cooperation with them in order to increase the Company's assets, improve 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 commit illegal, guilty (intentional or negligent) actions or omission to act stipulated by the 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; Organizational 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. The Company has also developed and adopted a Stakeholder Engagement Plan based on 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 easily accessible public sources in accordance with the procedure stipulated by the legislation and internal documents of the Company.	Observed	The main objectives of the Company with respect to compliance 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 stakeholders; 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.
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 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. 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 and 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 Management Board.
Control Control over the financial and economic activities of the Company with the aim of protecting 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 Board of Directors of the Company, as well as efficient engagement of internal and external auditors, along with the establishment of an effective risk-based internal control system.	Observed	Control over financial and economic activities of the Company is exercised by 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 that assist the Board of Directors in monitoring decisions made and processes, ensuring the reliability of financial statements and functioning of adequate internal control and risk management systems.

Report on compliance with the Code of Corporate Ethics

[GRI 2-22, SDGs 17]

The Company's corporate governance practice in 2022 was in full compliance 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 internal documents of the Company 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 area of corporate governance and recommendations on the application of corporate governance principles by Kazakhstan joint-stock companies.

Adherence to the principles of the Corporate 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 day-to-day operations of the Company 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.

Conflict of interest

[GRI 2-15, SDGs 16]

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 based on an effective distribution of powers and responsibilities through the development of a transparent organizational structure. The activities of members of the Board of Directors are regulated by the relevant Regulation. In accordance with clause 6.2.3 of the Regulations, members of the Board of Directors are obliged 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

[GRI 2-16, SDGs 17]

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

The main objectives of information disclosure are as follows:

- timely provision of information on all material issues related to the Company with the aim of complying with the legal rights of shareholders, investors, as well as other stakeholders 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 Company's activities;
- ensuring the availability of public information about the Company to all stakeholders;
- increasing the level of openness and trust in relations between the Company and shareholders, potential investors, market participants, government agencies and other stakeholders;
- improving the corporate governance in SEVKAZENERGO JSC;
- creating a positive corporate image of the Company.

Internal control and audit

[GRI 2-25, SDGs 2-26]

In order to improve business processes and efficiency of decisions made, SEVKAZENERGO JSC (the Company) has established internal control mechanisms. The Company operates an internal control system (ICS), which provides sufficient confidence in the effectiveness of control in operating activities, compliance with laws and regulations.

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

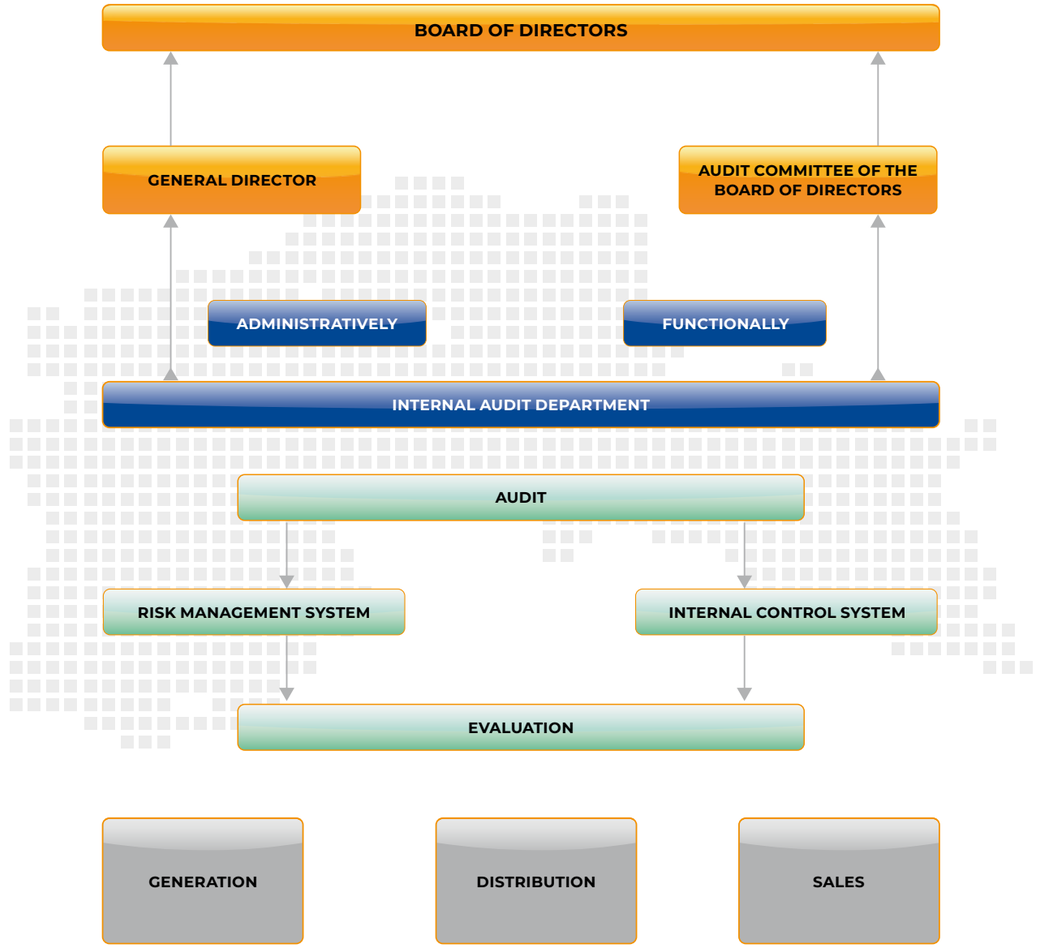
The IAS carries out its activities in accordance with the annual work plan approved by the Board of Directors and submits an annual report and a 9-month report on the work done to the Board of Directors and the Audit Committee.

In 2022, the IAS conducted audits in SEVKAZENERGO JSC and its subsidiaries on the following topics:

1. Evaluation of the effectiveness of the ICS of the business process "Management of purchases of works, goods and services";
2. Analysis and inventory of unsaleable goods and materials.
3. Evaluation of the effectiveness of measures to implement the recommendations provided by the Internal Audit Department (IAD) of CAEPCO JSC, the IAS of SEVKAZENERGO JSC and an external auditor.

The IAS carries out its activities in accordance with the international professional standards of internal auditing (ISA) developed by the Institute of Internal Auditors, 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 IAS are unified with the requirements of the Internal Audit Department of CAEPCO JSC and comply with the internal audit methodology and practice.



External audit

[GRI 2-25, 2-26]

Deloitte LLP is an audit organization that conducts an external audit of the financial statements of SEVKAZENERGO Group. The audit service agreement is concluded with the company until 2023.

СЕВКАЗЭНЕРГО

[GRI 2-25]

RISK MANAGEMENT

Corporate risk management system

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

In 2022, the Board of Directors of CAEPCO JSC approved a Strategy for the Development and Improvement of the Risk Management and Internal Control System, which applies to SEVKAZENERGO Group. As part of the implementation of the adopted Development Strategy, based on the principles of the COSO concept "Corporate Risk Management. Integration with Strategy and Performance Efficiency", as well as the ISO 31000-2018 standard "Risk Management. Principles and Guidelines", the Risk Management Policy in the Group of companies was updated and approved by the decision of the Board of Directors of CAEPCO JSC. By the decision of the Board of Directors, SEVKAZENERGO JSC joined the Risk Management Policy.

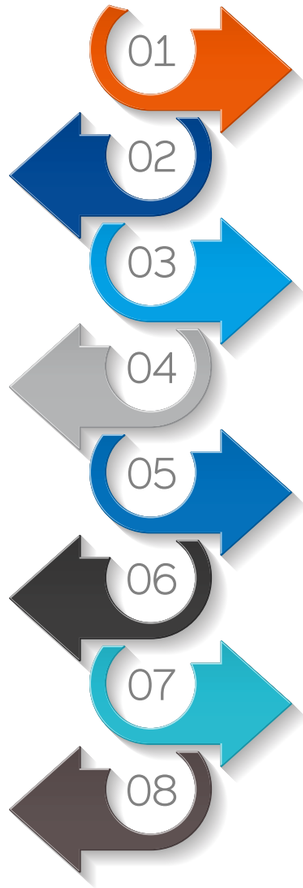
The Risk Management Policy implemented by SEVKAZENERGO JSC defines the Group's attitude to risks, establishes general principles of development and functioning of the RMS, its goals and objectives, main approaches to the organization, implementation and control of risk management processes.

The main objectives of the Company in the area of risk management are timely identification, assessment and reduction of the negative impact of events (risks) that pose a threat to the effective implementation of economic activities and the reputation of the Company, 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 SEVKAZENERGO JSC.

To determine the level of the risk impact on activities of SEVKAZENERGO JSC, 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.

Principles of development and functioning of the risk management system.

Principles of development and functioning of the risk management system



CREATION AND PROTECTION OF BUSINESS VALUE
Risk management contributes to the achievement of set goals and improvement of performance indicators, including in the area of human health and safety, environmental protection, business continuity, compliance with regulatory requirements, quality of services provided, project management, operational efficiency, Company management.

INTEGRATION
Risk management is an integral component of all processes, including strategic planning, project and change management, business continuity management, which helps the Company's management to make an informed choice, prioritize actions and distinguish between alternative areas of activity.

USING THE BEST AVAILABLE INFORMATION
The input data for the risk management process is based on such sources of information as historical data, experience, feedback from stakeholders, observations, forecasts, and expert assessments. This takes into account possible limitations and errors in the data used or the results of modeling /forecasting, as well as differences in expert opinions.

INTERACTION AND COORDINATION
Risk management corresponds to the current external and internal environment in which the Company strives to achieve its goals.

ENGAGEMENT
Appropriate and timely engagement of stakeholders and, in particular, decision makers at all levels of the Company ensures that risk management remains relevant and meets modern requirements. This allows stakeholders to be properly represented and to be sure that their opinions are taken into account in the process of establishing risk criteria.

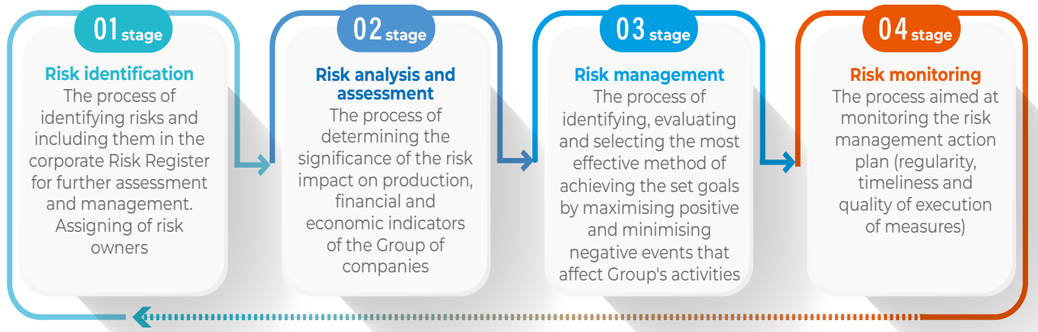
ADAPTABILITY
Risk management responds to ongoing changes. In response to external and internal events, changes in the corporate environment and knowledge, risks are monitored and reviewed, new risks appear, some risks change, other risks disappear, new approaches and methods are developed and implemented in order to continuously improve the risk management system in the Company.

RESPONSIBILITY AND FUNCTIONALITY
Management assumes the authority and obligations to provide access to necessary resources in order to assist persons accountable and responsible for risk management, and contributes to improving the risk culture in the Company. The Board of Directors plays the role of a supervisory body and determines whether the necessary risk management processes exist and whether these processes are adequate and effective.

PRIORITY
The Company takes necessary measures primarily in relation to the risks critical to its activities.

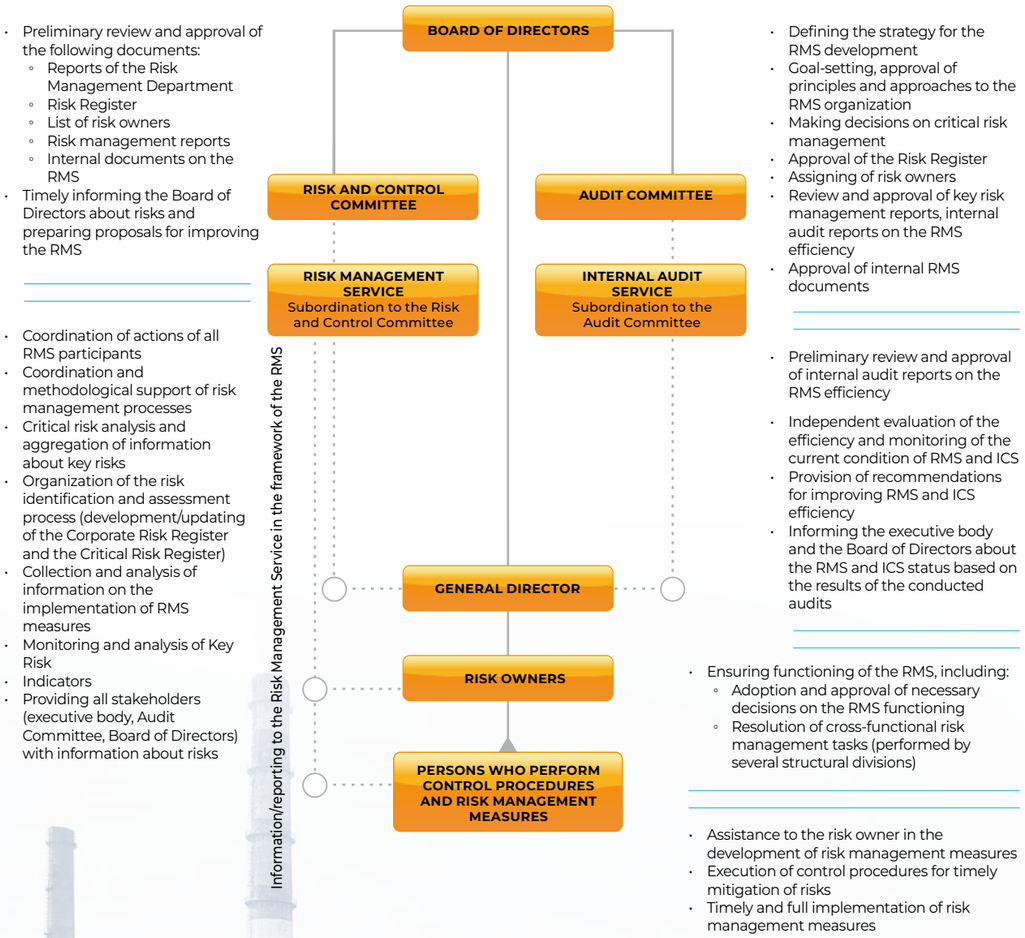
To determine the level of the risk impact on activities of the group of companies, the level of risk materiality is determined by expert assessment of the probability and consequences of risk, as well as by quantitative assessment using mathematical methods for calculating the probability and consequences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

Main stages of the risk management process



Allocation of responsibility between the RMS participants and the nature of their interaction is regulated by internal regulatory documents approved by the Board of Directors of SEVKAZENERGO JSC.

Main RMS participants



- Preliminary review and approval of the following documents:
  - Reports of the Risk Management Department
  - Risk Register
  - List of risk owners
  - Risk management reports
  - Internal documents on the RMS
- Timely informing the Board of Directors about risks and preparing proposals for improving the RMS

- Defining the strategy for the RMS development
- Goal-setting, approval of principles and approaches to the RMS organization
- Making decisions on critical risk management
- Approval of the Risk Register
- Assigning of risk owners
- Review and approval of key risk management reports, internal audit reports on the RMS efficiency
- Approval of internal RMS documents

- 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
- Organization 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 the 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

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

- Independent evaluation of the efficiency and monitoring of the current condition of RMS and ICS
- Provision of recommendations for improving RMS and ICS efficiency
- Informing the executive body and the Board of Directors about the RMS and ICS status based on the results of the conducted audits

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

- 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

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

Risk appetite

Risk appetite is a maximum permissible level of risks that the group of companies considers acceptable and strives to maintain in the process of achieving its goals.

The process of determining, managing and monitoring risk appetite

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

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

Excerpts from the Risk Appetite Statement

Risk group	Risk appetite targets
Human resources risks	The Group **strives to keep the staff turnover rate** at the level that does not exceed the established limit.
	The Group strives to **ensure that the full-time staff level** is not below the established limit.
	The Group considers **unacceptable the existence of a gap between wages payable to its employees and the average wage level in the industry in the region of operation** of its subsidiary and strives to eliminate it by increasing wages.
Commercial risks	The Group has **zero tolerance to losses resulting from the presence of excess losses** during the transportation of heat power, and strives to ensure the implementation of a comprehensive set of organizational and technical measures to reduce (eliminate) them.
Technological risks	The Group has **zero tolerance to risks of equipment failure** due to poor-quality performance and/or incomplete implementation of repair and/or investment programs.
	The Group **does not tolerate violations of deadlines (schedules) for the performance of maintenance and repair** of equipment/buildings/structures, and other measures aimed at preparing for trouble-free operation in the autumn and winter period.
Project risks	The Group **does not tolerate violations of deadlines (schedules) for the implementation of investment programs** aimed at timely replacement of retiring generation facilities, energy transmission and distribution facilities, main production buildings and structures.
	The Group has zero tolerance and **considers it unacceptable to implement investment projects without a comprehensive risk assessment** and passing project approval procedures in accordance with the requirements of corporate documents.
Professional risks	The Group understands its responsibility for ensuring trouble-free production activities, safe working conditions and **has zero tolerance to risks that may cause occupational injuries to Group employees, contractors and visitors**.
Credit risks and financial stability	The Group of companies **declares its readiness to take a low risk** in achieving its strategic goals, which is **expressed in a decrease in revenue, as measured in a downward deviation of EBITDA from the business plan**.
	The Group **accepts risks** when carrying out its operational and investment activities, as well as when carrying out other activities that **will not lead to a violation of the covenants established by credit agreements with financial institutions.**
	The Group has **zero tolerance** to risks that may lead to **an increase in overdue accounts receivable** in the retail electric and heat power market.
Reputation risks	The Group recognizes that reputation is important and therefore **refuses any risks in its activities that jeopardize its reputation** and may lead to a loss of trust on the part of key stakeholders.
Environmental risks	The Group has **zero tolerance to risks that may have a significant negative impact on the environment** and lead to exceeding the limits and requirements established by the environmental legislation of the Republic of Kazakhstan. In order to prevent a possible negative impact, the Group undertakes obligations and takes all necessary actions to ensure environmental protection, conservation and restoration of natural resources.
Legal and compliance risks	The Group **adheres to the principle of non-acceptance of corruption in any forms and manifestations** in carrying out its operational, investment activities and other types of activities.
	The Group adheres to a high level of compliance with legislative and regulatory legal acts, as well as a high level of corporate governance. The Group has **a low risk appetite** (preference is given to risk reduction) **for any violations of legislative and regulatory legal acts** of the Republic of Kazakhstan.
	The Group **does not tolerate any forms and manifestations of corporate fraud, dishonest behavior, bribery**, regardless of the amount of damage caused to the Group, and takes active measures to counter fraud in its activities.

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

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

Based on the results of updating the Corporate Risk Register and the Risk Map carried out in accordance with the approved Risk Management Policy, 73 risks were identified in 2022 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 activities of SEVKAZENERGO Group, taking into account the strategic goals, development priorities and mission of the Company.

↓	**Reducing the risk significance**
↑	**Increase in the risk significance**
↕	**No changes (or insignificant dynamics)**

Name of the key risk and the risk significance dynamics for the year	Risk description and key risk factors	Risk management approach
Area: strategic risks		
Untimely replacement of retired generating and network equipment, buildings and structures	The risk relevance is due to the high level of physical and moral wear of the main and auxiliary equipment of the generating enterprise of Petropavlovsk CHP-2, as well as the 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.	Within the framework of managing this risk, the Company carries out the following activities: 1. Inclusion of reconstruction/modernization/ new construction measures in investment programs for timely replacement of retired equipment; 2. Determining the priority of reconstruction/ modernization/new construction works, taking into account the significance of equipment for reliable supply of heat and electric power to consumers in sufficient volume; 3. Attraction of additional sources of financing for implementation of reconstruction/new construction works to replace the retired equipment.
● ↑	**KEY RISK FACTORS:** 1. Actual wear and depletion of the resource of the main generating/network equipment, buildings and structures; 2. Unsatisfactory growth rates of reconstruction, modernization and new construction; 3. Inefficient model of investment financing of energy enterprises; 4. Limited own financial resources; 5. Inability to attract significant credit resources within the framework of the current structure of the industry and the model of regulating tariffs for heat and electric power; 6. Adoption of unfavourable tariff decisions regarding the production of electric and heat power by the authorized body.	As part of the implementation of the Message of the President of the Republic of Kazakhstan dated September 1, 2022, the Government of the Republic of Kazakhstan, together with interested ministries, worked out a completely new concept of regulating the sphere of natural monopolies – "Tariff in exchange for investment". In the implementation of this reform, in February 2023, the First Deputy Prime Minister of the Republic of Kazakhstan approved a Roadmap for the transition to a new tariff policy. As expected, within the framework of the program, energy enterprises of the Republic of Kazakhstan (natural monopoly entities and socially significant markets), including SEVKAZENERGO group of companies, will have the opportunity to reconstruct, modernize and expand their existing assets, and thereby increase the reliability of operation of equipment and reduce the wear rate of generating capacities, electrical and heat networks.
Area: operating risks		
Lack of qualified production and technical personnel **Loss of qualified / key personnel**	Activities of the Group 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. Personnel competition in Kazakhstan and near-abroad countries is increasing due to the limited number and simultaneous growth of demand for qualified specialists in the labor market. In 2022, according to expert estimates, the risk of a shortage of qualified production and technical personnel migrated to the area of catastrophic risks.	As part of the management of these risks, a set of measures is carried out: 1. Increase of the payroll fund in the tariff estimates of the Group of companies while protecting tariffs for the next period; 2. Optimization of management and production processes, staffing levels with the aim of identifying the reserves of the payroll fund with the subsequent distribution and allocation of the released funds to increase wages, primarily to crucial and key production personnel; 3. Further implementation of PROFENERGY project in the following areas: • Forming an external succession pool by attracting students, graduates of higher and secondary specialised educational institutions; • Improving the educational level of employees; • Development of the mentoring practice; • Material and non-material incentives for qualified employees.

Name of the key risk and the risk significance dynamics for the year	Risk description and key risk factors	Risk management approach
Lack of qualified production and technical personnel Loss of qualified / key personnel	**KEY RISK FACTORS:** 1. The uncompetitive level of wages of employees of the energy industry, due to the current tariff regulation and, as a result, low attractiveness of this area; 2. High internal and external migration of the population; 3. Low level of training of qualified personnel for the energy industry by educational institutions. According to the results of 2022, as compared to 2022, there is an increase in the staff turnover rate in SEVKAZENERGO Group as a whole. In turn, the staffing level is relatively low. Therefore, according to expert estimates, the risk migrated to the zone of catastrophic risks on the Risk Map.	In pursuance of the Message of the President of the Republic of Kazakhstan dated September 1, 2022, in February 2023, the First Deputy Prime Minister of the Republic of Kazakhstan approved a Roadmap for the transition to a new tariff policy "Tariff in exchange for investment". As part of this reform, in addition to increasing investments in the energy sector, it is also planned to increase the level of wages for employees in the area of natural monopolies and socially significant markets in 2023. It is expected that this measure will have a positive impact on the attractiveness of the energy sector for young professionals and will decrease the outflow of qualified personnel in the industry.
Injuries/incidents	In 2022, according to expert estimates, the risk migrated to the zone of catastrophic risks. One fatal accident involving an employee of the Company was recorded. The risk is significant and relevant for the Company. **KEY RISK FACTORS:** 1. Violations by employees of process requirements stipulated by occupational health and safety rules and regulations during the performance of work. 2. Poor knowledge of occupational health and safety instructions and requirements among individual employees; 3. Unsatisfactory works organization; 4. Actual wear and depletion of the resource of the main generating/network equipment, buildings and structures.	As part of risk minimization, a set of measures aimed at preventing occupational injuries is carried out on an ongoing basis, including: • strict control over the technical condition of equipment, buildings, structures and vehicles; • minimization of harmful and dangerous production factors; • risk assessment; • ongoing monitoring of the state of safety during the performance of works; • providing personnel with protective clothing and other personal protective equipment; • training and knowledge assessment in the area of occupational health and safety; • investigations and in-depth analysis of accidents occurred in order to prevent their re-occurrence in the future;
		• conducting behavioral safety audits to determine the causes of violations of safety requirements; • implementation of equipment lockout/ tagout (LOTO) procedures to ensure safety during repair of equipment and prevent its unintentional or accidental start-up; • providing personnel with safety harness with five fixation points to ensure safe performance of work at height; • the use of video recorders mounted on helmets or tablets to record personnel work permits and ensure safety when operating switching equipment; • gradual transition to the use of overalls made of thermal protective fabric to ensure protection of electrical personnel against electric arc.
Excessive heat power losses	According to the results of 2022, as compared to 2021, the excessive heat power losses in networks of Petropavlovsk Heating Networks LLP remains practically unchanged. However, this risk is significant and remains subject to constant monitoring. **KEY RISK FACTORS:** 1. High tear and wear rate of heating networks; 2. Technological disturbances and accidents on heating mains; 3. Irrational mode of operation of heating networks (to ensure hydraulic and temperature conditions at heating units of end consumers); 4. Lack of metering devices on heating networks of domestic consumers; 5. Unauthorized heat power consumption (theft); 6. Unpaid losses of heat power on abandoned/consumer heating networks.	Within the framework of risk minimization, a set of measures aimed at reducing excessive losses is implemented on an ongoing basis: 1. Restoration of the damaged/missing thermal insulation of pipelines; 2. Performing annual major and current repairs of heating networks; 3. Reconstruction of heating networks with the use of preinsulated pipelines (foamed polyurethane technology); 4. Installation of design throttling devices on elevator heating units of consumers; 5. Identification and suppression of the facts of unauthorized consumption of heat power.

Name of the key risk and the risk significance dynamics for the year	Risk description and key risk factors	Risk management approach
Technological disturbances in the operation of equipment (accidents, failures of I and II degrees))	The risk of technological disturbances is classified as critical. This, among other things, is largely due to the occurred technological incident: - partial collapse of the chimney No. 1 at Petropavlovsk CHP-2 in March 2022; Physical and moral obsolescence of generating and network equipment inevitably results in the occurrence of emergency failures. The consequences of emergency failures are: • reduction in electric power generation; • short delivery of the volume (non-fulfilment of obligations) under the contract for maintaining the availability of electric capacity; • decrease in the quality of heat supply to consumers. **KEY RISK FACTORS:** 1. High wear and depletion of the resource of the main generating/network equipment; 2. Limited financial resources, as a result – low growth rates of reconstruction and modernization of equipment, insufficient repair programs.	In order to normalize the functioning of Petropavlovsk CHP-2 of SEVKAZENERGO JSC in connection with the realized technological risks, a Roadmap was developed, approved and implemented, which provides for, among other things, the implementation of a large-scale complex of works on repair/reconstruction/modernization and new construction of main and auxiliary equipment, buildings and structures (including the construction of a new reinforced concrete pipe). The works under the Roadmap were performed at Petropavlovsk CHP-2 in 2022 and will be carried out throughout 2023.
Overfill of the ash dump	The risk level in 2022 is due to the long-term selection of a land plot for the construction of a new ash dump at Petropavlovsk CHP-2. The risk is significant for the Group and remains subject to ongoing monitoring. **KEY RISK FACTORS:** 1. Untimely commissioning of ash dumps under construction (delays in design and construction);	1. Increasing the height of existing ash dumps to the maximum possible (permissible) levels; 2. Active interaction with authorized state bodies and other participants of the electric power market in order to change the norms of the current legislation to ensure the possibility of accepting applications from energy-producing organizations for construction, raising ash dumps with subsequent establishment of an individual tariff within the framework of contracts for the purchase of services for maintaining the availability of electric capacity (capacity market).

Name of the key risk and the risk significance dynamics for the year	Risk description and key risk factors	Risk management approach
	2. Lack of sufficient financing in tariff estimates and investment programs of energy-producing organizations for ash dump construction and development (raising) projects; 3. Imperfection of the legislation of the Republic of Kazakhstan in terms of impossibility of including capital-intensive costs for ash dump construction and development (raising) projects in the individual tariff under contracts for the purchase of services for maintaining the availability of electric capacity (capacity market).	
Area: financial risks		
Growth of overdue accounts receivable in the retail market of electric and heat power	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 2022, this risk is significant and relevant and is subject to ongoing control. **KEY RISK FACTORS:** 1. Non-compliance with the terms of contracts regarding timely and full payments for energy supply services by consumers of heat and electric power due to: • low payment discipline; • deterioration of key macroeconomic indicators. 2. Imperfection of the legislative framework in terms of the possibility of executing transactions for the purchase and sale of residential real estate without paying off debts for energy supply services; 3. Untimely renewal of energy supply contracts when changing a home owner.	As part of the management of this risk, an energy sales organization of SEVKAZENERGO Group carries out a set of measures on an ongoing basis: • consumers are notified about the amount of debt; • the power supply is stopped in case of late payment for energy supply services; • - schedules for debt repayment in installments are drawn up; • claim work is carried out to recover debts and penalties from non-paying consumers for late payment for services rendered; • debtors' property is seized; • enforcement agents are involved to visit non-payers in order to carry out inventory and seizure of property; • information about amounts due from employees for utilities is sent to enterprises; • debtors' departure from the Republic of Kazakhstan is restricted; • debts are collected from the source of financing (deduction from wages and pension contributions); • change in the method of collection, on the basis of which the debtor's property (apartment or vehicle) is evaluated for sale at auction. Provisions for debts with a low probability of collection (doubtful debts) are created in accounting records of the energy sales organization.

Internal control standards

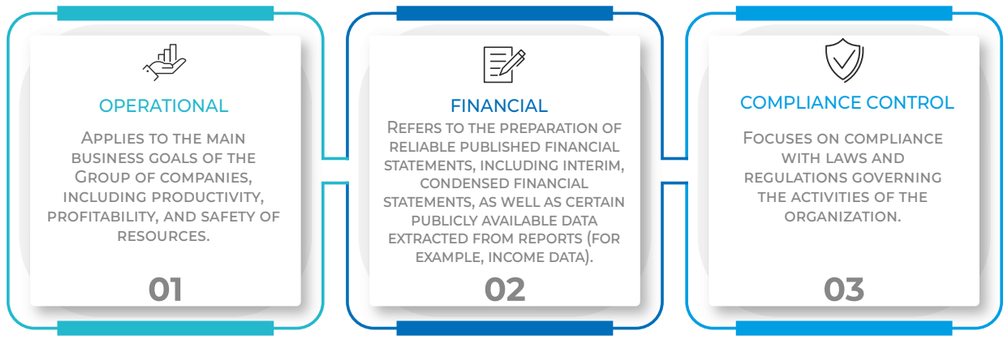
SEVKAZENERGO Group has implemented an internal control system (ICS), which is a set of policies, processes, procedures, standards of conduct and actions combined into a single continuous process. The ICS is part of the management process of the Group carried out by the Board of Directors, the Management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

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

- forming an understanding of the need for and implementation of internal control procedures among the employees;
- maintaining a high level of corporate culture and demonstrating the principles of integrity and competence;
- improving the professionalism and competence of employees;
- ensuring effective interaction of structural divisions and employees;
- ensuring effective distribution of powers and responsibilities;
- forming fraud prevention mechanisms;
- organizing activities of the internal control bodies.

The ICS is aimed at ensuring the achievement of the Company's goals and minimising risks in 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 has three levels of the internal control system:



Improvement of RMS and ICS

In 2022, the Company also continued to implement and improve a risk-based approach in business management. Coordination and methodological support for the functioning and improvement of the RMS and ICS is carried out by the Risk Management Service, 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;
- organization of training for employees of the Group in the area of internal control and risk management;
- analysis of the corporate Risk Register and Risk Map of SEVKAZENERGO 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 internal control and risk management processes in divisions of the Group in accordance with the established procedure.

During the year, the Risk Management Service carried out its work in accordance with the annual work plan:

- updating of the corporate Risk Register and Risk Map of SEVKAZENERGO Group and analysis of critical risks;
- organization of training for employees of the Group in the area of internal control and risk management;
- identification and assessment of risks, analysis and testing of the effectiveness of the ICS organization in business processes:
  - "Technical maintenance and repair management",
  - "Economic planning and budgeting",
  - "Management of preparation and consolidation of financial statements".

In 2022, in order to increase the level of maturity of risk management in the Group, training was conducted for key employees of business units 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.

Risk Management Service's plan for 2023 for the development of RMS and ICS

- Updating of the Risk Register and Risk Map of SEVKAZENERGO Group and analysis of critical risks.
- Conducting training in the area of risk management and internal control system for key employees of divisions and managers of SEVKAZENERGO Group.
- Identification and assessment of risks, analysis and testing of the effectiveness of the ICS organization in business processes of operating and financial activities.
- Continuing the development and integration of the system of Key Performance Indicators (KPIs) of business processes and the system of Key Risk Indicators (KRI).
- Organization of work to improve the approaches and principles of process management of the Group.
- Updating of internal regulatory documents in the area of risk management and internal control systems.

Sustainable development risks

Activities of the Group are associated with risks in the area of sustainable development. SEVKAZENERGO Group of companies strives to ensure that its activities comply with the fundamental principles of the United Nations Global Compact on Human Rights, labor 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

Climate change risks 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 Company to take prompt 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, Kazakhstan implements carbon quotas for major industries, including energy-producing organizations. SEVKAZENERGO JSC is fully responsible for reducing greenhouse gas emissions, but notes that carbon quotas are associated with the following problems and risks for the Company:

- annual reduction in the amount of free quotas allocated;
- formation of a quota deficit for energy-producing enterprises whose specific CO_2 emission factors are higher than the approved benchmarks;
- withdrawal of part of the limit of free-of-charge allocated quotas from enterprises that have decreased production relative to the baseline;
- expected growth in the cost of a carbon unit (from 1 euro/ton of CO_2 in 2021 to 15 euros/ton of CO_2 in 2023–2025 and to 45 euros/ton of CO_2 in 2026–2030);
- absence of a possibility to cover the costs of purchasing quotas at the expense of tariffs (costs are not included in tariffs of energy-producing enterprises);
- probability of the absence/shortage of free quotas in the sales market due to the reduction of free-of-charge 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 was adopted, which motivates 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 (which, according to preliminary simplified calculations of the required investments and additional operating costs associated with the implementation of BAT, can amount to up to 100 billion tenge per CHP over the next 10 years) are not taken into account in either electric power or heat tariffs; Thus, the existing tariff system for the energy generated by power plants does not allow implementing the most promising and environmentally efficient technologies due to the lack of payback;
- the need for facilities of the first category (which include Petropavlovsk CHP-2 as well) to provide financial security for the fulfillment of their obligations to eliminate the consequences of operation. According to preliminary forecast estimates, the minimum cost of elimination of consequences will amount to several tens of billions tenge (for CHP). At the same time, a mechanism of financial security for the fulfillment of obligations by energy-producing enterprises, whose tariffs are strictly regulated, have not been developed yet.
- 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 repetition of breaches, and increase payments for environmental emissions.

Compliance with all modern environmental and climate standards (as part of decarbonization of the economy of the Republic of Kazakhstan) represents a financial risk that may entail serious financial costs for the Company. Fulfilment of obligations for large-scale implementation of expensive BAT 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 performance of the Group as a whole. However, the Company 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. Taking this into account, the Company, together with major participants in the energy market of the Republic of Kazakhstan, communicates with authorized state bodies, relevant ministries and other stakeholders to develop mechanisms for implementing the requirements of the Environmental Code.

Health and safety risks for employees

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

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

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

Anti-corruption management

SEVKAZENERGO Group implements an Anti-Corruption and Fraud Policy approved by the Board of Directors, which is the fundamental internal regulatory document of the Company 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 zero tolerance to corruption in any forms and manifestations.

The main principles of the Policy include 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 organizational structure.

Important elements of strengthening this area are the creation and implementation of an effective strategy that ensures anti-corruption and fraud management, 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 combat fraud and corruption, in particular, to identify and assess such facts, conduct official investigations, and bring to responsibility in all identified cases of illegal actions. SEVKAZENERGO JSC Group has developed and operates feedback channels (hotline, telephone and mail services) for legal entities and individuals (including employees of the Group) to contact and report on the upcoming or committed corruption and fraudulent actions.

Work aimed at increasing the transparency of activities is performed on an ongoing basis. In order to inform 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 purchase of goods, works and services include certain sections that reflect communication channels that can be used if corruption facts are revealed.

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 commitment to comply with such requirements.

No facts of corruption and fraud were identified during 2022.

СЕВКАЗЭНЕРГО

SUSTAINABLE DEVELOPMENT

[GRI 2-27, 2-29, 303, 304, 306, 307, 414, 401, 402, 404, 406, 403, 102, 413, 415, 418. SDGs 3, 4, 5, 6, 8, 10, 11, 12, 13, 16, 17]

Stakeholder engagement

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

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

Social responsibility	Environmental protection	Occupational health and safety	Economic security
Employees	Non-governmental organizations (NGOs)	Employees	Shareholders
Public authorities, regulatory authorities	Public authorities and regulatory authorities	Suppliers, Contractors	Local communities
Local communities	Local communities	Trade union	
Educational institutions			

Stakeholder engagement process

KEY STAKEHOLDERS	ENGAGEMENT PROCESS	RANGE OF ISSUES RAISED
Employees	The engagement process is carried out through internal corporate newspapers and Internet sites. There are electronic mailboxes for employees' requests and a helpline. Meeting are held between the company management and employees. Labor disputes are resolved by conciliation commissions with the participation of representatives of the employer and employee.	• ensuring occupational health and safety; • informing employees about the Corporation's activities; • promotion of professional development; • social assistance and support; • implementation of a 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 questions that arise are posted on social networks, official accounts of the Company, and city group chats.	• consideration and approval of applications for tariffs for monopolistically regulated services; • implementation of the investment program; • quality of services provided to consumers, monitoring the fulfillment of customer requirements.
Public authorities and regulatory authorities	Requests from public and regulatory authorities are processed: some of them are answered, others are for informational purposes only. Employees of the Corporation participate in specialized and general and regular 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 requirements.
Suppliers, contractors and customers	Tenders are organized 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 of tender processes.
Educational institutions	Meetings are held with representatives of specialised educational institutions. Employees of the Company participate 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, enterprises of the Corporation conduct press tours, media briefings, press conferences, distribute press releases, and promptly respond to information requests. Work is conducted in social networks.	• formation of cooperation; • informing about the implementation of the investment program for the modernization and renewal of assets; • compliance with environmental regulations; • implementation of social projects.

KEY STAKEHOLDERS	ENGAGEMENT PROCESS	RANGE OF ISSUES RAISED
Non-governmental organizations (NGOs)	NGO representatives are constantly invited to participate in press tours and public hearings held throughout the year. Employees of the Company participate in public 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 organizing meetings and processing requests in the course of activities.	• implementation of a collective agreement; • assistance in organizing leisure and recreation activities for employees.
Shareholders	Interaction is conducted during meetings of shareholders.	• economic efficiency and generation of financial results; • compliance with the principles of sustainable • development in the course of the Group's operational activities.

Anti-corruption and fraud management

[GRI 205-2, SDGs 16]

Anti-corruption and fraud management (GRI 205-2, SDG 16)

The Company implements an Anti-Corruption and Fraud Policy (the "Policy") approved by the resolution 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;
- minimization of conflicts of interests.

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 its employees in corruption and fraudulent activities; to respond promptly to emerging events of corruption and fraudulent nature.

Environmental management system

[GRI 307-1, SDGs 11, 12, 14, 15]

The availability of a developed and successfully functioning environmental management system certified for compliance with the ISO 14001 series standards is the most important indicator of systematic and effective work in the area of environmental management, promoting the growth of the Company's competitiveness, increasing the market value of shares, and 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), an Occupational Health and Safety Management System (ISO 45001) and an Energy Management System (ISO/CD 50001).

Environmental Policy

[GRI 307-1, SDGs 11, 12, 14, 15]

The main obligations and principles in ensuring a favorable environment are set out in the Company's Environmental Policy. The document contains the goals and objectives of the Company in the area of environmental protection in the regions of its operations and emphasizes the importance of continuous environmental education of all its employees.

The fundamental principles of the Corporation's Environmental Policy are:

recognition of the constitutional human right to a favorable environment	priority of taking preventive measures over measures to eliminate environmental negative impacts
energy saving and rational use of natural and energy resources at the stages of production, transmission, distribution and consumption of electric and heat power	reducing the environmental impact through the implementation of the best available technologies and improving the energy efficiency of production

Environmental protection measures

SEVKAZENERGO JSC strives to continuously reduce a negative impact on the environment that is typical for the production of energy from fossil fuels.

For this purpose, the Company takes a set of measures and carries out systematic work to modernize its production assets, continuously increasing the level of environmental safety and sustainable development of its subsidiaries.

During the period of implementing the state program "Tariff in exchange for investment" (2009–2015), the Company attracted significant investments to modernize its main generating equipment and the environment-oriented funds. Ash treatment facilities were upgraded and primary methods of reducing nitrogen oxide emissions were introduced at all boiler units of CHP-2. During the construction of new sections of waste dumps, effective global technologies and materials are used to prevent pollution of ecosystem components.

To improve the efficiency of its environmental protection activities, 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.

To improve the efficiency of its environmental protection activities (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. In 2022, the total cost of implementing such measures amounted to 1,069,030 thousand tenge, including VAT.

The list of such measures includes the reconstruction and major repairs of the main and auxiliary technological equipment used for generation, transmission and distribution of energy, management of production waste, industrial environmental control.

An environmental impact assessment (EIA) project is developed for all new construction and renovation projects, 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

No.	Cost description	Amount, million tenge		
		2020	2021	2022
	SEVKAZENERGO JSC			
1	Investment costs	1,217.167	1,164.349	1,311.038
2	Cost of major repairs of key assets intended for environmental protection	306.824	257.756	869.242
3	Operating costs	55.983	70.070	100.115

*More information about the completed environmental protection measures is provided in the following sections.

In 2022, two public hearings on ecological issues were held as part of the state environmental expertise of various projects of SEVKAZENERGO JSC.

Materials used

[GRI 301-1, SDGs 11, 12]

The products of SEVKAZENERGO JSC are heat and electric power. This industry is regulated by state authorities represented by the Ministry of Energy of the Republic of Kazakhstan and the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan.

Eco-labelling and packaging requirements are not applicable to the Company's products.

Electric and heat power were produced using non-renewable fuels (Ekibastuz coal and fuel oil of M100 brand).

Climate change

[GRI 305-1, ЦУР 3, 11, 12, 13]

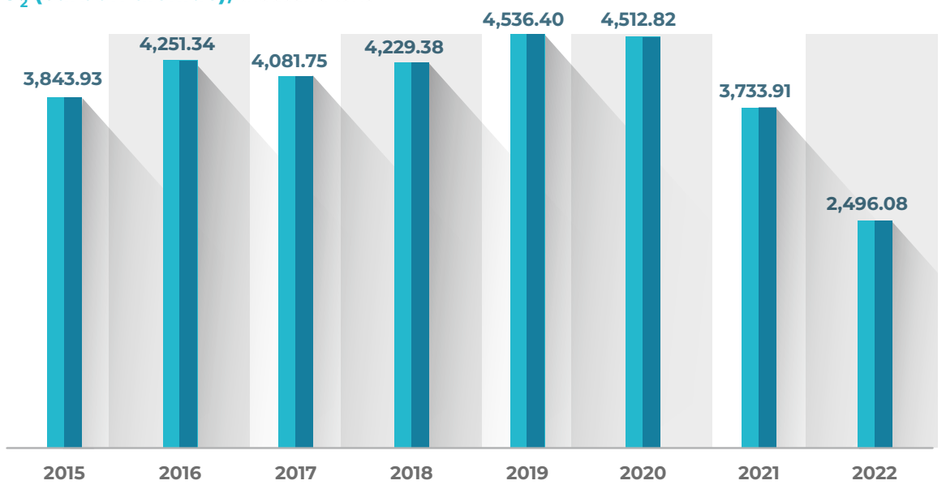
The Company has organized work on preparing for the inventory of greenhouse gas emissions and consumption of ozone-depleting substances.

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

An additional organizational tool for reducing greenhouse gas emissions is the Energy Saving Program and increasing the overall fuel efficiency associated with an increase in the share of generation by new power units, as well as the introduction of ISO 50001 standard and the energy management system (energy saving measures) at enterprises, the purpose of which, along with the improvement of the energy efficiency of production processes, is to reduce greenhouse gas emissions. In 2022, a preliminary reduction in greenhouse gas emissions by 1,237.83 thousand tons of CO2 was achieved.

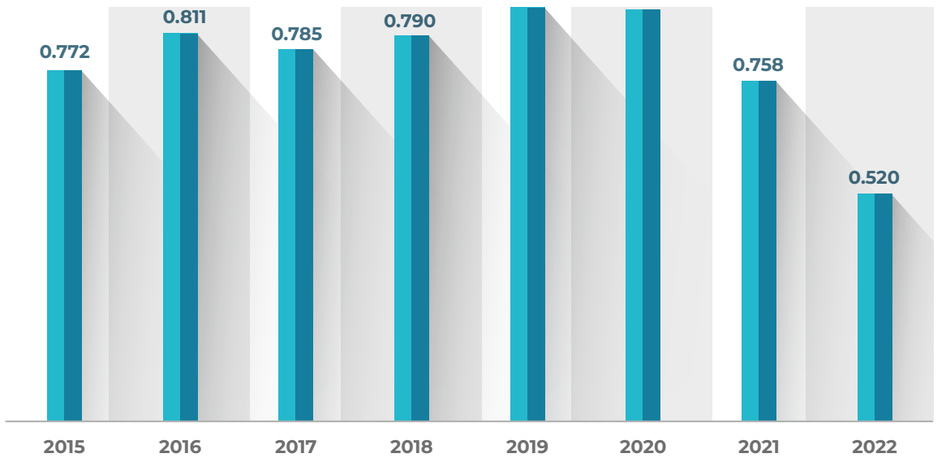
Gross greenhouse gas emissions from fuel combustion in 2022, as compared to 2021, reduced by 33.1% due to a decrease in coal consumption by 86,009 thousand tons.

CO_2 (carbon dioxide), thousand tons



Gross CO_2 emissions in 2015-2022, thousand tons

CO_2 (carbon dioxide), mg/MWh



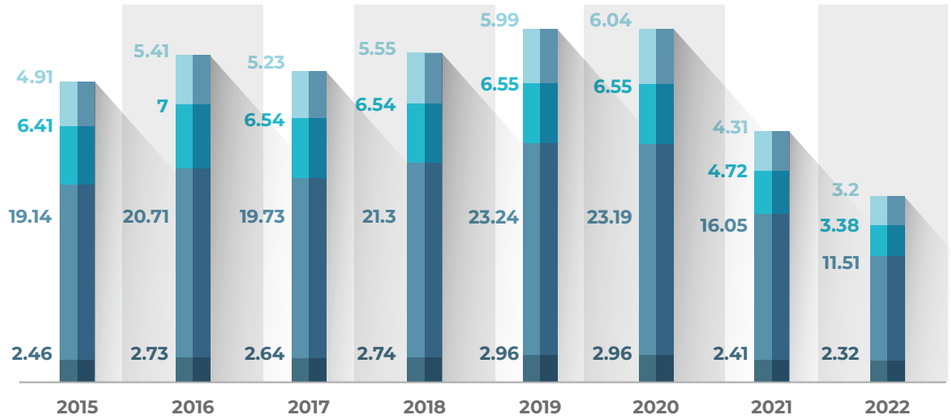
Specific CO_2 emissions per unit of energy produced in 2014–2021, tons/MWh

Atmospheric emissions

[GRI 305-1, **SDGs** 3, 11, 12, 13**]**

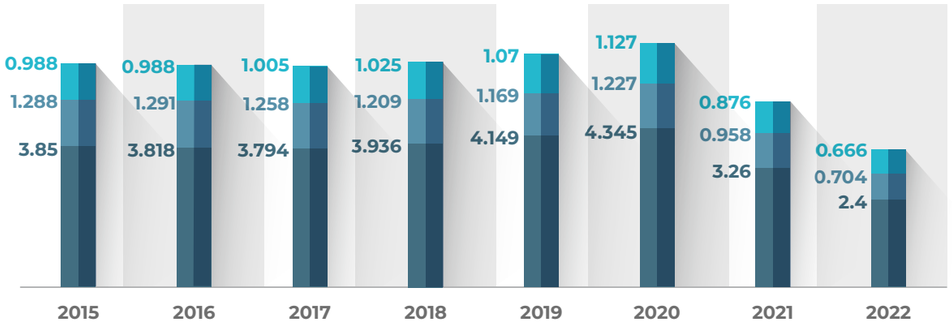
In 2022, the Company generated 2,640.120 million kWh of electric power and 1,855.103 thousand GCal of heat power. 2,323.2 thousand tons of Ekibastuz coal and 3.21 thousand tons of fuel oil were spent on energy production. The sources of raw materials are non-renewable.

Comparing 2022 with the previous year 2021, the total amount of pollutants released into the atmosphere by SEVKAZENERGO JSC decreased by 27.8% (from 25,484 thousand tons to 18,392 thousand tons, including other emissions). The main reason is a decrease in electric power generation by 2.3% (in 2021 – 2,702.7 million kWh, in 2022 – 2,640.1 million kWh) and a decrease in heat power generation by 2.8% (in 2021 – 1,910.4 million GCal, in 2022 – 1,855.1 million GCal). In 2022, the following works were carried out; extraction of loam at Roschinka deposit, raising the enclosing dam at section No. 3 of the ash dump No. 2, construction of flues from boiler units No. 1-5 to the chimney No. 2.



Gross atmospheric pollutant emissions in 2015–2022, thousand tons

CO_2, thousand tons | SOx, thousand tons | NOx, thousand tons | Coal ash, thousand tons



Specific atmospheric pollutant emissions in 2015–2022, mg/MWh

SOx, mg/MWh | NOx, mg/MWh | Coal ash, mg/MWh

Among the most significant environmental protection measures implemented in 2022 to protect the atmospheric air, the following can be distinguished:

- restoration of heating surfaces that ensure effective cleaning, utilization, neutralization, suppression and decontamination of pollutants in gases discharged from emission sources;
- repair of worn out elements of ash collecting plants, air and gas ducts;
- ensuring the operation of automated environmental monitoring stations in real time;
- raising the enclosing dam at section No.3 of the ash dump No. 2.

Energy saving

[GRI 302-1, SDGs 3, 6, 11]

The Company's activities in the area of energy saving and increasing the energy efficiency are based on the international standard ISO 50001 "Energy Management Systems". Subsidiaries of the Corporation implement an Energy Saving and Energy Efficiency Enhancement Program.

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

As part of the ongoing work on energy saving and increasing energy efficiency, measures aimed at reducing the consumption of fuel and energy resources were carried out in the reporting year. Among the most significant measures, the following can be distinguished:

cleaning of boiler units and turbine condensers using a hydraulic pumping plant at PCHP-2 of SEVKAZENERGO JSC;

replacement of air heaters at boiler units No. 4,5,9 at PCHP-2 of SEVKAZENERGO JSC;

State environmental control

In 2022, an audit of the state environmental control was carried out by the Department of Ecology for North Kazakhstan region. According to the results of the audit, 16 violations were revealed at various facilities of SEVKAZENERGO JSC.

All the orders were fulfilled in full and on time, and damages were paid.

The total damages amounted to 4,747,650 tenge.

Water resources

[GRI 303-5, SDGs 6, 11, 12]

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

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 via the municipal 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 2022, 184,692.6 thousand m3 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 934.4 thousand m^3.

eTotal water consumption by source, thousand m^3

Indicator	2020	2021	2022
Total water used, including:	223,806.7	212,069.7	184,692.6
from surface water bodies (Ishim river)	7,787.5	8,472.6	5,299.1
from third-party suppliers	157.9	131.4	100.4
in closed water use systems (Lake B. Beloye)	215,861.3	199,599.8	179,393.5
in water recirculation system	20,597.1	3,865.8	3,766.6

Waste water disposal, thousand m^3

Indicator	2020	2021	2022
Total waste water generated	2,674.0	1,782.3	1,034.8
Discharged to third party organizations	157.9	131.5	100.4
Discharged to surface water bodies	2,516.1	1,650.8	934.4

Among the most significant environmental measures in the area of water use and disposal implemented in 2022, the following can be distinguished:

- modernization of industrial circulating water systems, reused water systems, 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;
- inspection of the underwater part of the intake chambers of the central pumping station, repair of the make-up pumps and the artesian pump of SEVKAZENERGO JSC;
- monitoring of quantitative and qualitative parameters of water (water analysis was carried out according to the approved schedule) of SEVKAZENERGO JSC;
- organization of measures to improve the quality of the discharged water, increase the efficiency of treatment facilities (cleaning of the installed permanent floatation booms of Rubezh 45 brand was carried out) of SEVKAZENERGO JSC.
- development of the project of reconstruction of the pipeline for household needs of 630 mm DN from the pump station along Naberezhnaya street to Petropavlovsk CHP-2 of SEVKAZENERGO JSC.

Waste management

[GRI 306-3]

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 preventing environmental pollution with ash and slag waste from production and ensuring stable operation of the CHP.

In 2022, the total volume of waste generated at Petropavlovsk CHP-2 of SEVKAZENERGO JSC amounted to 663.1 thousand tons, including ash and slag waste – 651.3 thousand tons, industrial and municipal waste – 11.7 thousand tons.

Total mass of waste generation, thousand tons

Indicator	2020	2021	2022
Ash and slag	1,241.8	940.5	651.3
Other types of waste	2.5	3.6	11.8

Waste by hazard level, thousand tons

Indicator	2020	2021	2022
Waste generated:	1,244.3	944.2	663.1
non-hazardous waste	1,244.3	944.2	11.7
hazardous waste	0.031	0.029	0.035

Wastes by method of handling, thousand tons

Indicator	2020	2021	2022
Waste generated	1,244.3	944.2	663.1
including ash and slag	1,241.8	940.5	651.3
Waste management at the enterprise	0.00003	-	-
Neutralised waste	0.031	0.693	-
Waste transferred to third-party organizations*	2.8	2.9	7.9
Waste disposed of at enterprise's own sites	1,241.4	940.6	655.8
including ash and slag waste	1,241.4	940.5	651.3

The most significant waste management measures implemented in 2022 are aimed at increasing the industrial and environmental safety of ash and slag dumps and other waste disposal facilities:

- organization 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 a mechanism of separate collection of waste that is not subject to placement at the landfill: waste paper, paper and cardboard, plastic and glass waste.

Plans for implementation of environmental measures for 2023

Installation of an automated emission monitoring system on the chimney No. 3, maintenance and ensuring the functioning of existing automated production environmental monitoring stations in real time.

Reconstruction of boiler units of the plant.

Restoration of heating surfaces of boiler units that provide effective cleaning, utilization, neutralization, suppression and decontamination of pollutants in gases removed from emission sources.

Repair of worn-out elements of ash collecting plants, air ducts, gas flues;

Organization of work to reduce dusting at the existing ash dump in windy weather conditions.

Monitoring of quantitative and qualitative indicators of the enterprise's activity: monitoring of compliance with the MPV standards carried out at the main sources in accordance with the Environmental Monitoring Program by an accredited laboratory using an instrumental method.

Construction of a new chimney.

Modernization of water supply systems: hydraulic ash removal systems, industrial recycling systems, reused water system, a system that eliminates pollution and depletion of water resources.

Greening the territories of administrative divisions, increasing green spaces, plantings in and around the territory of enterprises, children's institutions, dormitories and liberated territories, lands that are subject to desertification and other unfavorable environmental factors.

Maintenance and care of green spaces.

Carrying out measures to organize storage sites for waste generated in the course of the enterprise's activities, organizing timely removal and transfer to specialized organizations for disposal.

Introduction of technologies for collection, transportation, neutralization, use and processing of ash and slag waste – microspheres.

Development of environmental projects.

Informing the public about the environmental impact of the enterprise's activities.

Human resources and social policy

[GRI 2-7, 405-1, ЦУР 8]

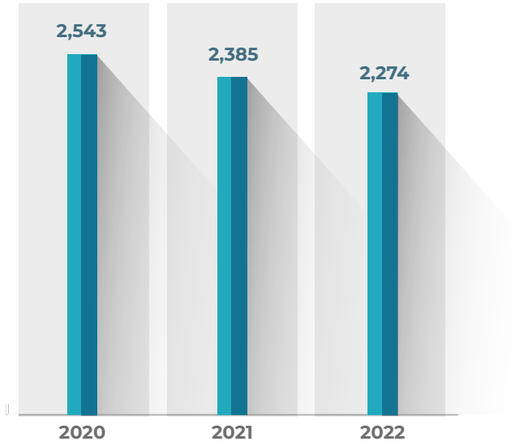
Personnel management policy

The personnel management policy of SEVKAZENERGO Group is an integrated system of interaction with employees aimed at ensuring and achieving 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 realizing the potential of employees. The Company strengthens its personnel management policy by attracting professional employees of various levels, retaining 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

Dynamics in change in headcount, persons



As of December 31, 2022, the Company's headcount was 2,274 people. A 4.7% decrease in the indicator compared to 2021 is due to under-staffing resulting from an increase in staff outflow to other industries and migration processes (departure across Kazakhstan and abroad).

Headcount distribution in SEVKAZENERGO at the end of 2022

Company name	Personal headcount
SEVKAZENERGO JSC	820
North-Kazakhstan Regional Electric Distribution Company JSC	1,012
Petropavlovsk Heating Networks LLP	211
Sevkazenergosbyt LLP	231
Total:	**2,274**

Personnel structure by category and gender

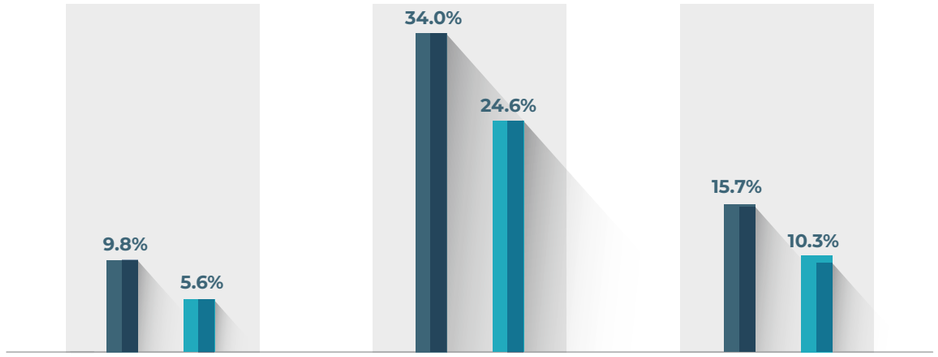
The structure of the Company's personnel by gender due to the peculiarities of its activities is characterized by a high proportion of male employees – 59.5%. The production personnel consist of the "workers" category, where men make up 70.0%.

Personnel category	Total		of them:			
			men		women	
	persons	%	persons	%	persons	%
Headcount	2274	100	1352	59.5	922	40.5
Managers	357	15.7	250	70.0	107	30.0
Specialists / white collar employees	744	32.7	282	37.9	462	62.1
Workers	1173	51.6	820	69.9	353	30.1

Employee structure by gender and age

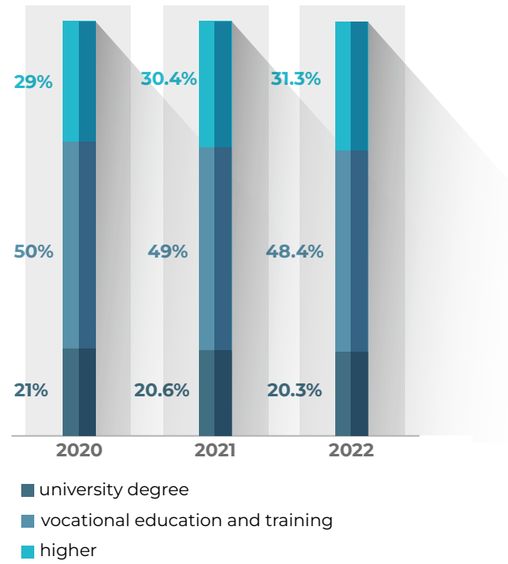
На конец 2022 года основную долю пеAt the end of 2022, the main share of personnel comprised the most experienced workers aged 30-50 (58.6%), which is 0.3% more than in 2021. The share of personnel under 30 years old (15.4%) is 1.5% less than in 2021. The share of personnel over 50 years old (24.8%) increased by 1.2% compared to 2021. Taking into account these indicators, in order to maintain an optimal balance of young and highly professional employees, the Company conducts activities to attract young specialists and develop 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 proactive employees and experienced, highly professional employees.

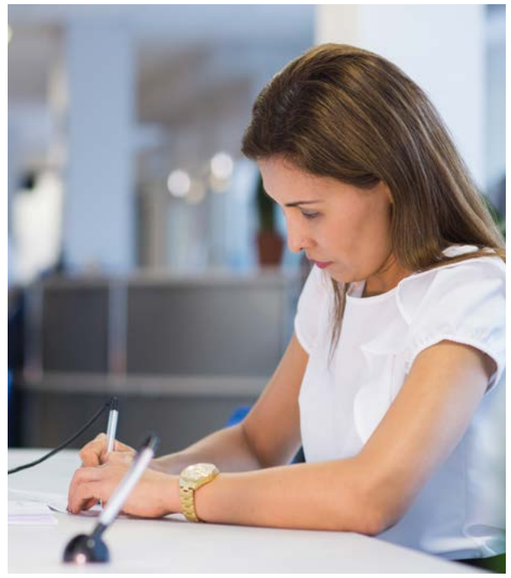
Age composition of personnel



The average age across SEVKAZENERGO JSC is 41 years old

Dynamics in the educational level





Personnel structure by education

In general, in the dynamics of 2020–2022, 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 as part of PROFENERGY project. The share of employees with vocational and technical education is 48.4%.

49 employees of the Company study at universities and colleges, including 38 employees in industry-specific specialties. Regardless of participation in the events of PROFENERGY project, enterprises provide support to students and graduates of educational institutions. In 2022, 19 employees received diplomas, including 11 employees in the company's profile.

The total number of employees by type of employment and gender

At the end of 2022, the share of employees attracted under an employment agreement was 99.6%. To perform certain types of work or seasonal work, enterprises attract part-time employees, the share of which was 0.4% of the total workforce. The share of part-time employees in SEVKAZENERGO Group was 0.4%.

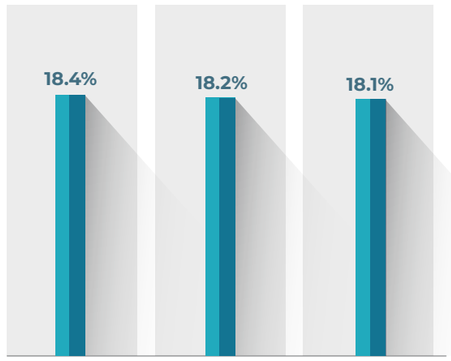
Indicator	Value (persons)	в том числе	
			women
Headcount at the end of the reporting period (full-time employees)			
by agreement term:	2,274	1,352	922
working under an employment agreement for an unspecified term	1,987	1,226	761
working under a fixed-term agreement	287	126	161
by type of employment:	2,274	1,352	922
full-time employees	2,265	1,349	916
part-time employees	9	3	6
Supervised workers (part-time)	8	1	7
Total headcount	**2,282**		

Employees hired in 2022

In the reporting period, 427 employees were hired, which accounted for 18.1% of the average number of employees in SEVKAZENERGO Group.

Indicator	Total		of them:			
			men		women	
	persons	%	persons	%	persons	%
Hired, of them:	427	100	219	51.3	208	48.7
- under 30 y.o.	142	33.3	84	59.2	58	40.8
- 30-50 y.o.	225	52.7	102	45.3	123	54.7
- over 50 y.o.	60	14.0	33	55.0	27	45

Hiring turnover rate



In 2022, a decrease in the hiring turnover rate remained at the level of 2021 (18.1%) due to staff loss, availability of open vacancies due to the complexity of recruiting in the region.

Staff turnover

At the end of 2022, a staff turnover indicator in SEVKAZENERGO Group decreased by 0.7% compared to 2021. The main reasons for the staff loss remain as follows: dissatisfaction with wages, migration within Kazakhstan and abroad, family circumstances (care for young children/ grandchildren, sick or elderly family members).

Number of people who left in 2022 broken down by age and gender

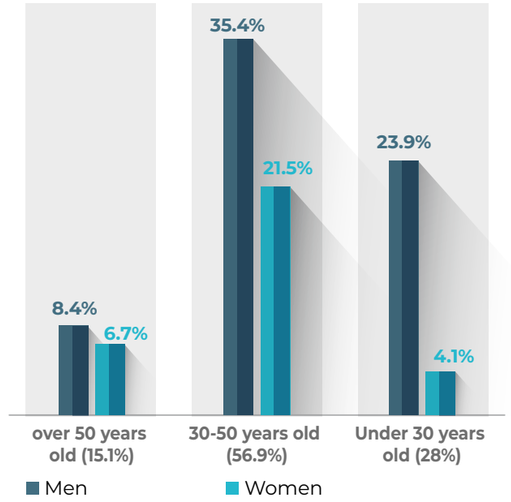
In 2022, 538 employment agreements with employees were terminated, which is 13% more than in 2021. For the reasons of turnover, 418 people left the companies, of which the main share is employees at the most productive age for professional work, i.e. 30-50 years old (56.9%).

In order to reduce the turnover rate, implementation of the following activities continued in 2022:

- Identification of the reserves of the payroll 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.

Dynamics of changes in the list number,

people.



Personnel training and development

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

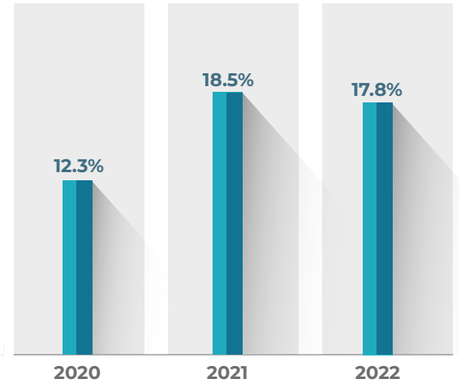
- mandatory, prescribed training in the rules of safety, industrial and fire safety, and maintenance;
- versatility training;
- advanced training for the development of professional and managerial competencies.

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

In 2022, 2,067 people were trained, which is 91% of the headcount.

The main direction is primary and periodic training in the rules of safety, operation, industrial and fire safety. Thus, in 2022, 1,275 people were trained in these areas (61.9% of all trained employees). In order to expand the professional profile of the Company's employees and prepare them for secondary professions, 576 employees (27.9% of all trained employees) were trained in 2022. Advanced training in 2022 was organized for 53 employees.

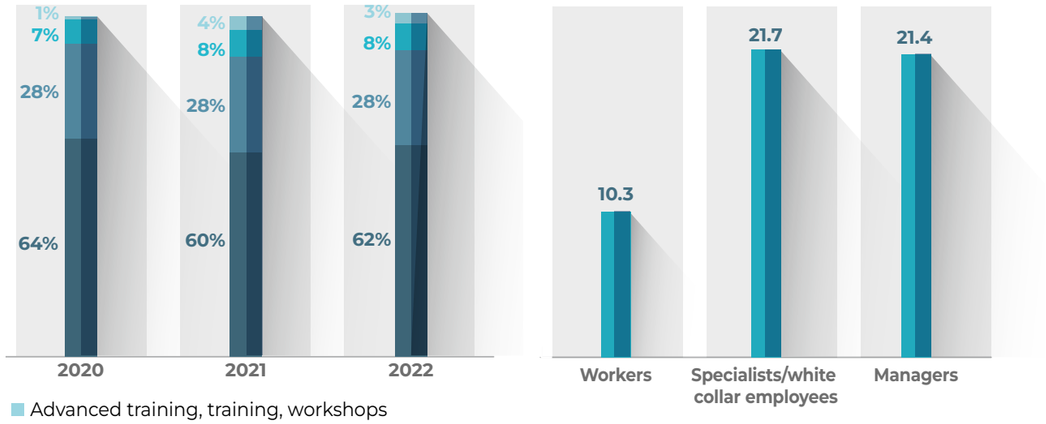
Turnover rate



In 2022, the average number of training hours per employee was 14.5 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.

Average number of training hours per employee



Employee pool

In order to ensure the necessary reserve for holding managerial positions at different levels, in 2022, an employee pool of senior, middle and lower management levels for 153 managers was formed in SEVKAZENERGO Group.

Development of the employee pool is carried out on the basis of individual programs of professional, organizational and managerial training of succession candidates, including training, advanced training, internship, mentoring, performing managerial functions, temporary relocation of an employee. During 2022, 29 people were transferred to senior positions from the employee pool.

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

In total, the Company employs 57 young professionals, 9 of them were employed in 2022. At the same time, the share of those employed with technical/vocational education is 5 people (55.6%), with higher education – 4 people (44.4%).

Attracting young specialists

Since 2016, the PROFENERGY project has been implemented at enterprises of 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 promoting 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 Petropavlovsk. 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 taking final exams and the defence of graduation works.

In the period from 2016 to 2022, 740 students took part in the events:

- 51 students were employed during the summer holidays;
- 46 students completed paid internships;
- 630 students completed unpaid industrial placement and pre-graduation internship;
- 13 students were assigned a personal scholarship.

To raise the interest of graduates of educational institutions in the work at 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 labor market in the region of operations.

The Program also provides for activities that motivate employees to receive industry-specific education. In the period from 2016 to 2022, more than 846 employees took advantage of the available opportunity:

- 533 employees were granted paid study leave;
- 166 employees were paid bonuses for successful completion of educational institutions;
- 117 employees were granted an interest-free loan to pay for study;
- 30 employees were compensated for travel expenses to educational institutions for passing the exams.

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

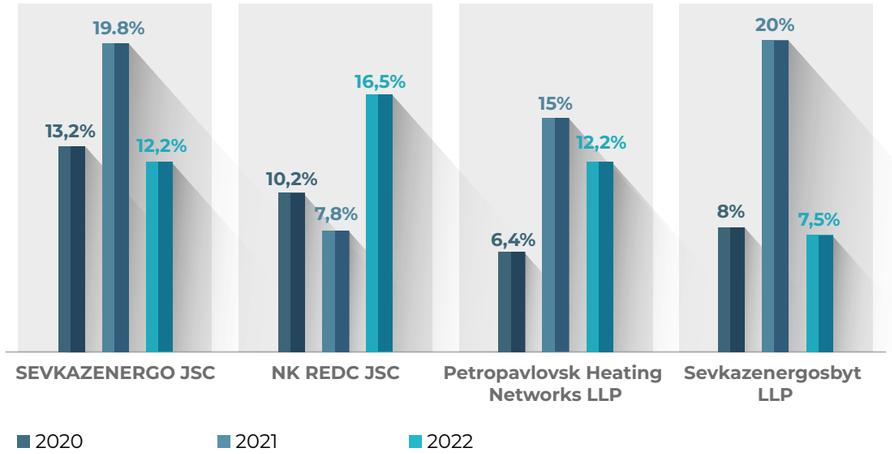
Motivation and remuneration of personnel

SEVKAZENERGO Group has a unified system of remuneration and incentives for employees. The wage level is set in accordance with the unified tariff grid, which is a grading system of remuneration for all categories of employees, regardless of gender.
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 January 2022, wages of employees of Petropavlovsk Heating Networks LLP and Sevkazenergosbyt LLP were indexed by 6%. In September 2022, Petropavlovsk Heating Networks LLP increased wages by 10%, and in October, North-Kazakhstan Regional Electric Distribution Company JSC increased wages by 16.1%.

Non-material intensives

In order to increase motivation for efficient performance, 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 2022, 79 employees and veterans of SEVKAZENERGO Group were awarded for effective labor activity, including 56 employees with corporate awards of enterprises and CAEPCO JSC, 17 employees and 6 veterans of enterprises with state, departmental and industry awards.

Average income growth rates at enterprises of SEVKAZENERGO Group



Employee-management relations

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

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

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

To resolve individual labor disputes arising between an Employee and an Employer, enterprises of 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 labor dispute, before applying to the conciliation commission, employees have the right to apply to:

1. the chairman of the Trade Union Committee;
2. the head of the Human Resources Department;
3. General Director of the enterprise.

In 2022, no cases of employees applying to the conciliation commissions of SEVKAZENERGO Group for the resolution of labor disputes were recorded.

Interaction with trade union organizations

SEVKAZENERGO 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 as 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 organization.

Trade union organizations of 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.

A trade union organization 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 in the investigation of industrial accidents and making decisions to determine the degree of guilt of victims, etc.

Name	2020	2021	2022
Number of employees who are members of a trade union, persons	1580	1233	1203
Share in the total headcount, %	62.1	51.7	52.9

The trade union committee is constantly working to consolidate the team and increase the number of employees who are members of the trade union organization. In the dynamics of previous years, a decrease in the number of employees who are members of a trade union is due to a decrease in the Company's headcount and the impact of global processes of individualization 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.

Benefits, guarantees, compensations valid in the company:

Objectives	Social package
Personnel motivation 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 treatment of serious diseases.
Social support for employees, their family members and pensioners of the Company	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 Great Patriotic 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 took maternity/child care leave during the year			Number of employees on maternity/child care leave at the end of the year	Number of employees who returned from maternity/child care leave during the year
	women	men	total		
SEVKAZENERGO JSC	6	0	6	18	5
NK REDC JSC	14	0	14	23	8
Petropavlovsk Heating Networks LLP	5	0	5	9	2
Sevkazenergosbyt LLP	5	0	5	16	2
Total:	**30**	**0**	**30**	**66**	**17**

To perform 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 patronized at home, concert programs and festive dinners are held for May 9 and the Day of the Elderly.

There are two dormitories for employees who need 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 kindergarten is visited by children of employees and residents of Petropavlovsk. The kindergarten with a total area of almost 5 thousand square meters accommodates cozy rooms equipped with everything needed for lessons, games and rest of 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 2022, competitions were held in 6 sports, including swimming, table tennis, speed skating, checkers, mini-football, and volleyball. More than 130 employees took part in these disciplines. The first team place was taken by employees of North-Kazakhstan Regional Electric Distribution Company JSC, taking over the palm of victory from the winners of 2021 – the team of SEVKAZENERGO JSC. Traditionally, participants of the winning teams are awarded valuable prizes.

Main plans for personnel management for 2023

В 2023 году продолжится реализация полIn 2023, the Company will continue to implement the personnel management policy aimed at attracting and developing the professional staff. As part of this direction, the following is planned:

1. Further implementation of PROFENERGY project in the following areas:
   - a system for supporting young specialists and improving the educational level of personnel;
   - development of the mentoring project;
   - key personnel development program;
   - crucial professions program.
2. Improvement of key performance indicators in 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 with the aim of attracting personnel from labor-surplus regions of the Republic of Kazakhstan and employing them at enterprises of SEVKAZENERGO Group.
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, implementation of a system for monitoring the effectiveness of training results.

Occupational health and safety

[GRI 403-1, 403-2, 403-4, 403-5, 403-7, SDGs 4]

The social policy of SEVKAZENERGO JSC provides for a program of measures to ensure the health of employees, occupational safety and safety at enterprises, professional development of personnel, and formation of corporate culture.

In 2022, the actual costs of implementing measures on occupational health and safety and improving working conditions amounted to 1,983,991,137.29 tenge.

Strategic goals in occupational health and safety and measures implemented

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

1. In 2022, according to the approved OHS Action Plan of CAEPCO JSC for 2020–2022, SEVKAZENERGO Group implemented the following activities:

1.1. a video clip for introductory OHS briefing was shown at enterprises of SEVKAZENERGO Group;

1.2. provision of individual eye protection equipment;

1.3. work was performed to promote OHS issues, develop memos for visitors and guests of the enterprise, memos for fall prevention, on compliance with electrical safety rules, and place corporate OHS posters;

1.4. a mutual audit was conducted at 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 labor protection indicators;

1.5. a hotline is operating through which each employee can provide photos and videos of detected violations/inconsistencies, etc. (all received messages are processed by the Occupational Health and Safety Department, and measures are developed based on them);

1.6. 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 occupational health and safety, fire safety rules;

1.8. events dedicated to the World Safety Day were held:
- informing staff by means of promotional posters;
- encouraging employees with letters of thanks, etc. for safe work;
- holding OHS meetings.

2. The following documents were implemented and are applied:
- 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 rooms, 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 (adapted by Petropavlovsk Heating Networks LLP, NK REDC JSC);
- Regulations for organizing the activities of working groups for certification of workplaces in production divisions of SEVKAZENERGO Group;
- Regulations for preparing an annual plan of work with personnel in the field of occupational health and safety for SEVKAZENERGO Group;
- Regulations for ensuring safety during work at height in SEVKAZENERGO JSC (contractors are also guided by them in their work);
- Regulations on the application and testing of protective equipment, tools, devices and instruments used to operate and repair 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 in the territory of SEVKAZENERGO Group;
- Regulations on the consumption of tobacco products in the territory of SEVKAZENERGO Group;
- Regulations on interaction of SEVKAZENERGO Group 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 enterprises of SEVKAZENERGO Group;
- Regulations on the organization and conduct of mandatory certification of production facilities in terms of working conditions in SEVKAZENERGO Group;
- Regulations for monitoring the state of OHS in SEVKAZENERGO Group;
- Regulations for conducting qualification checks of knowledge in the field of occupational health and safety, rules for technical operation, providing first aid to victims, fire safety to the extent of the fire-technical minimum, and special rules in SEVKAZENERGO JSC;
- Regulations on the procedure for conducting pre-shift and post-shift medical examinations of employees of SEVKAZENERGO Group and contractors who perform work in the territory of SEVKAZENERGO Group;
- Regulations for providing first aid by persons without medical education, including those who have received appropriate training at enterprises of SEVKAZENERGO Group;
- Regulations on the occupational safety management system in SEVKAZENERGO JSC;
- Regulations on the frequency and procedure for inspections of workplaces;
- Regulations on compliance with the basic requirements of safety, labor protection, industrial safety, fire safety, sanitary standards and environmental legislation in the territory of NK REDC JSC.

3. SEVKAZENERGO Group:

3.1. newsletters, "Retrospective of accidents and analysis of technological violations occurred at energy enterprises in 2022 in comparison with 2021", analysis of industrial injuries for 2022 in comparison with 2021 are being worked out with the staff;

3.2. During the year, production tests of samples of personal protective equipment (safety overalls and footwear) were carried out, as well as relevant documents (acts, protocols) were drawn up based on the results of such tests;

3.3. work was performed in structural divisions with the aim of improving working conditions at workplaces, creating safe working conditions, bringing equipment in line with the requirements of labor safety standards, sanitary norms and regulations;

3.4. the automated system of three-stage control in the field of occupational health and safety 1C Safety Walk is functioning.

3.5. New employees, business travelers and persons sent to work practice get the first idea about the Company and organization of work when they pass an introductory briefing, which is held in the office of the occupational health and safety department/service using technical training tools. Recording of the introductory briefing is made in the corresponding log. Employees also receive an initial briefing at the workplace, which is conducted by the head or deputy head of the structural division with the demonstration of safe working methods and techniques. Recording of the initial workplace briefing is made in the corresponding log.

3.6. 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 to improve the methods of operation and repair of equipment, organization of safe work, a line supervisor conducts a refresher briefing. Recording of the refresher briefings is made in the corresponding OHS log.
Based on the results of passing the briefing (introductory, primary, refresher), the assimilation of knowledge is checked by means of checklists.

3.7. A Safety Day is held on a monthly basis to identify violations of the requirements of current rules, regulations, and instructions. After the Safety Day, a discussion is held on the identified discrepancies with

the preparation of acts that outline measures to eliminate the identified discrepancies. Safety days allow for in-depth and detailed verification of compliance with regulatory safety requirements.

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

3.9. Enterprises exercise a constant and periodic control: inspections, technical surveys of the technical condition of equipment, buildings and structures, appointment of persons responsible 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, occupational health and safety instructions for working specialties and types of work, operating instructions and other regulatory documents were developed for the Group's personnel.

3.10. The Company developed a list of hazards and risks for each workplace in the division, which reflects dangerous and harmful production factors that affect 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.

4. PCHP-2 of SEVKAZENERGO JSC:

- a project was developed to replace the perimeter fence of the plant;
- a comprehensive inspection of the chimneys was carried out using special means of non-destructive and heat monitoring;
- PPE, special fats, soap, medicines were purchased;
- epairs were carried out in the men's shower room in the old administrative building;
- the washing machine was replaced in the laundry room.

5. Petropavlovsk Heating Networks LLP:

- major repairs of shower and changing rooms for the working staff of the repair department were carried out, and a meal room was arranged;
- a fire safety audit was conducted;
- computer equipment was updated;
- EVA winter boots were purchased;
- high kirza boots were purchased;
- EPG-67 respirators were purchased;
- all personnel were provided with personal eye protection equipment;
- meetings were held with the staff in order to demonstrate video clips about the pump station at other industrial enterprises.

6. North-Kazakhstan REDC JSC:

- transition to overalls made of high-tech fabrics with protection against thermal risks and electric arc for electrical personnel;
- transition to personal fall arrest equipment – safety harnesses with five fixation points;
- purchase of PPE, special fats, soap, medicines.

7. Sevkazenergosbyt LLP:

- purchase of bags for controllers;
- purchase of overalls and dressing gowns for service personnel;
- purchase of dog repellents for controllers;
- purchase of medicines;
- purchase of milk;
- purchase of soap;
- purchase of outfit for administrators and contact center employees;
- purchase of emergency goods (gloves, masks, antiseptic);
- purchase of rubber and fabric gloves;
- purchase of qualification certificates for controllers.

Occupational health and safety councils

1. SEVKAZENERGO JSC has established an industrial council for occupational health and safety. The Council is headed by the chairman who is elected from among the employees of the enterprise. The council consists of representatives of the employer and the trade union organization, including technical labor inspectors.

1.1. The industrial safety and health council performs the following functions:

- consideration of proposals to eliminate identified violations in the field of occupational health and safety, 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 at workplaces, production sites, workshops and the enterprise as a whole, participation in surveys based on employees' requests and giving instructions to eliminate the identified violations;
- study of 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 for bringing permanent jobs at production facilities in compliance with the requirements of occupational health and safety;
- control over the condition and use of sanitary facilities, sanitary and hygienic devices, providing employees with special clothing, footwear and other personal protective equipment, the correct use of them, and providing medical and preventive nutrition;
- control over the timely conduct of briefings, qualification checks of knowledge in the field of occupational health and safety;
- preparation and submission to the employer of proposals for improving the work in the field of occupational health and safety of employees, creating a system of moral and material incentives for employees who comply with the requirements of occupational health and safety and ensure the preservation and improvement of health;
- consideration of disputable issues that arise in the process of conducting inspections of the state of labor protection conditions, making decisions on them;
- participation in the promotion of occupational health and safety at the enterprise, increasing the responsibility of employees for compliance with occupational health and safety requirements.

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

1.3. The main functions of technical safety inspectors are:

- participation in inspections of the state of occupational health and safety at workplaces, review of their results, development proposals for the production council on bringing conditions, safety and health in accordance with state regulatory requirements for occupational health and safety;
- monitoring the condition and intended use of sanitary facilities, collective and personal protective equipment;
- monitoring the timely conduct of briefings, qualification checks of knowledge in the field of occupational health and safety.

Types and level of occupational injuries

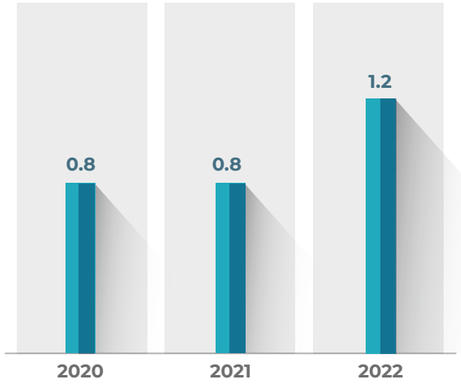
In 2022, 3 accidents were recorded in SEVKAZENERGO Group (PCHP-2 SEVKAZENERGO JSC, North-Kazakhstan Regional Electric Distribution Company JSC).
Classification of accidents by type in 2022:

- concomitant injury of the body, crushing of the head, chest, abdomen, pelvis, upper and lower extremities with multiple ruptures of internal organs;
- chemical burn of the upper respiratory tract;
- burn of the face and neck.
- The causes of accidents were:
- unsatisfactory technical condition of buildings, structures, poor maintenance of territories and shortcomings in the organization of workplaces;
- gross negligence of the victim, violation of the occupational health and safety rules by the victim and unsatisfactory organization of work.

Occupational injury rate

	2020	2021	2022
Headcount	2,555	2,481	2,365
Number of traumatic cases	2	2	3
Number of injured persons/including women	0	0	1
Number of fatal cases	1	0	1

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



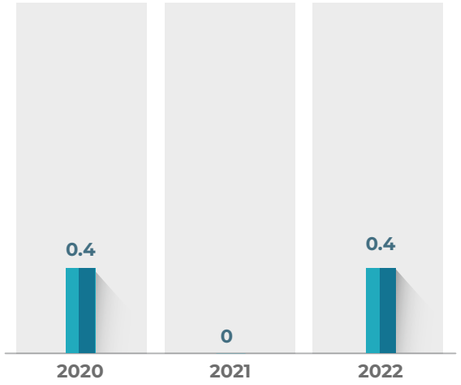
The total injury frequency rate (TIFR) per 1,000 employees was calculated using the following formula:

$$Кч = \frac{n \times 1000}{N}$$

, where:

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

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



The fatality incident frequency rate (FIFR) per 1,000 employees was calculated using the following formula:

$$Кч1 = \frac{n1 \times 1000}{N}$$

, where:

n – total number of occupational fatalities during the reporting period;
N – average headcount.

The total injury frequency rate (TIFR) per 1,000 employees in 2022 in SEVKAZENERGO Group was 1.2.

The fatality incident frequency rate (FIFR) per 1,000 employees in 2022 was 0.4

The system of registration, reporting and notification of accidents operating in SEVKAZENERGO Group complies with the legislative requirements of the Republic of Kazakhstan and the International Labor Organization.

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

- conducting scheduled and unannounced inspections of the state of occupational health and safety in contracting organizations and training sessions for contractor personnel;
- providing information on accident bulletins in order to explain the causes and prevent the recurrence of similar cases in the future;
- implementing corporate OHS standards;
- holding OHS days;
- holding OHS meetings.

In 2022, the actual costs of implementing measures on occupational health and safety and improving working conditions amounted to 1,983,991,137.29 tenge. The funds were invested in providing employees with the necessary personal protective equipment, including electrical protection means, 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.

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 is conducted, organizational and technical measures are implemented and monitored. Employees are provided with the necessary personal protective equipment, electrical protective equipment, and other means.

Plans for the implementation of OHS practices for 2023

In 2023, work will be continued on the implementation of best OHS practices such as:

- Certification of workplaces on working conditions in Petropavlovsk Heating Networks LLP for 2023;
- Providing training to the company's personnel in the area of health protection and occupational safety, first aid, and fire safety;
- Conducting mutual audits;
- Maximum provision of personal protective equipment for employees;
- Ensuring interaction/exchange of information with personnel on occupational health and safety issues;
- Certification of 3 workplaces in Sevkazenergosbyt LLP on working conditions according to the budget for 2023;
- Inspection of load-bearing metal structures at PCHP-2;
- Catching stray dogs by a specialized organization;
- Purchase of PPE, special fats, medicines according to the budget for 2023;
- Conducting professional skills competitions among departments;
- Holding the World Labor Protection Day;
- Conducting training for employees of NK REDC JSC on occupational health and safety when working at height.

Consumer safety

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

At the beginning and at the end of a school year the Corporation implements measures to prevent electric injuries among children, for which the Occupational Health and Safety Service sends lectures to schools on how to avoid electric shock and, thus, maintain health.

In order to warn the population 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, appropriate fences and locks are installed.

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 implemented at the sales enterprise:

- 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 that contain necessary medicines;
- premises of service centers are equipped with air conditioning systems;
- in order to comply with fire safety, service centers are equipped with a fire alarm system and primary fire extinguishing facilities;
- 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

[GRI 413-1, SDGs 1, 2, 3, 4, 8, 10, 11]

SEVKAZENERGO JSC pays special attention to interaction with students and schoolchildren. For the period of implementation of the PROFENERGY project, 2802 students took part in the events, more than 20 students were awarded a nominal corporate scholarship based on the results of the competition of scientific papers.

Appendix 1 [GRI 2-3, 2-5]

Material aspects and boundaries of reporting

SEVKAZENERGO JSC has been issuing annual reports on an annual basis since 2013. The previous annual report for 2021 was published in May 2022.

This Report provides information on activities of SEVKAZENERGO JSC and its subsidiaries. The document includes a Sustainable Development Report prepared in accordance with the GRI Standard. The main information disclosure principles and GRI guidelines for the electric power industry were used during the preparation of this Report.

There were no significant changes in the content of the report, while the Company switched to the use of information disclosure requirements of the 2021 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 been certified externally.

The report includes only the most significant topics of sustainable development. The content of the report was determined taking into account the results of stakeholder engagement and based on the principle of completeness and a broader context of sustainability. The quality of the report was ensured by compliance with the principles of accuracy, balance, clarity, reliability, comparability, and urgency.

The selection of significant topics for the report was based on the principle of materiality, which allows identifying aspects that have a significant impact on stakeholders and the environment. The procedure for determining materiality includes the identification of stakeholders, analysis of their interests and expectations, as well as an assessment of the impact on such aspects as the environment, social life, economy and management. The material aspects were prioritized based on such criteria as regularity of actual impacts, probability of potential impacts, strength of positive and negative impacts, scale and coverage of impacts, and materiality. Materiality was assessed using a 5-point scale, while probability was assessed using a scale from 0 to 1.

At the same time, the Emissions topic is mainly related to the indirect influence of the Company on stakeholders outside the organization.

Приложение №2

Индекс GRI

Indicator	Disclosure	Report section / comment	Page
SDG, GRI 1: Principles (2021, 2016)			
GRI 2: Company and its reporting Practices (2021)			
2-1	Organization profile	1 Key information 2 About the Company 2.1 Profile 2.3 History 2.4 Mission, vision	5 18 20 23 24
2-2	Entities included in the sustainable development reporting of the organization	1 Key information 1.1.1 Key resources. 2.2 Subsidiaries	5 21
2-3	Reporting period, frequency and contact details	Appendix 1 Material aspects and boundaries of reporting	128
2-4	Revision of information	Revision of data and information was not carried out	
2-5	External assurance	External assurance was not carried out	
GRI 2: Company Activities and Employees (2021)			
2-6 **SDGs 2, 8, 9, 11, 17**	Company activities, value chain and other business relationships	1 Key Information 2.5 Business model	5 26
2-6 **SDGs 9, 11, 17**	Industry within which the Company operates.	3 Analysis of the market environment. Overview of the economy. Industry overview	28
2-7 **SDGs 8**	Employees	8.14 Human resources and social policy	109
2-8 **SDGs 8**	Non-regular employees	8.14 Human resources and social policy	109
Corporate Governance			
GRI 2: Corporate Governance (2021)			
2-9 **SDGs 5**	Chairman of the supreme governing body	6 Corporate Governance 6.3 Organizational structure	56 59
2-10	Role of the supreme governing body in the supervision of impact management	6.8 Performance of the Board of Directors' Committees	60
2-11	Chairman of the supreme governing body	6.6 Board of Directors 6.7 Members of the Board of Directors	60 62
2-12 **SDGs 16**	Role of the supreme governing body in the supervision of impact management	6.8 Performance of the Board of Directors' Committees	67
2-13 **SDGs 16**	Delegation of responsibility for impact management	6.8 Performance of the Board of Directors' Committees	67

Indicator	Disclosure	Report section / comment	Page
2-14 SDGs 16	Role of the supreme governing body in sustainable development reporting	6.8 Performance of the Board of Directors' Committees	67
2-15 SDGs 16	Conflict of interest	6.13 Conflict of interest	72
2-16 SDGs 17	Informing senior management about the most important issues	6.14 Information policy	73
2-17	Collective knowledge of the supreme governing body	6.11 Compliance with key principles of the Corporate Governance Code	70
2-18	Performance evaluation of the supreme governing body	Performance of the Board of Directors for 2022 is evaluated positively	
2-19	Remuneration policy	6.10 Remuneration policy	69
2-20	Remuneration determination process	6.6 Board of Directors 6.10 Remuneration policy	60 69
GRI 2: Strategy, policy, practices			
2-22	Sustainable development strategy statement	Message of Chief Executive Officer 2.5 Development Strategy 5.1 Goals and objectives for 2023 5.2 Reasoned development forecasts for three years Objectives for 2023	2 27 54 55
2-23	Commitment to policies	6.12 Corporate ethics	70
2-24	Fulfillment of obligations assumed	1.2 Key indicators 4 Performance overview	12 34
2-25	Elimination of negative impacts	6.15 Internal control and audit 7 Risk management 8.2 Anti-corruption management	74 76 100
2-26	Mechanisms for obtaining advice and expressing concerns	6.15 Internal control and audit 616 External audit	74 75
2-27	Compliance with laws	8.12 State environmental control In 2022, following the results of the audit of compliance with environmental laws, certain prescriptions were issued	106
2-28 SDGs 17	Membership in associations	The Company is a member of the Kazakhstan Electricity Association (KEA)	
2-29	Approach to stakeholder engagement	8 Sustainable development. 8.1 Stakeholder engagement.	96 98

Indicator	Disclosure	Report section / comment	Page
2-30 SDGs 2, 4, 7, 8, 9, 11, 12, 17	Collective agreements	In SEVKAZENERGO Group of companies, a Uniform Collective Agreement was signed for 2021-2024.	117
GRI 3: Essential topics (2016)			
3-1	Process of identifying essential topics	Appendix 1 Material aspects and boundaries of reporting	128
3-2	List of significant topics	Appendix 1 Material aspects and boundaries of reporting	128
Economy			
GRI 201: Economic indicators (2016)			
3-3	Management of essential topics	2 About the Company 4.6 Financial and economic indicators	18 48
201-1 SDGs 4,613	Created and distributed direct economic value	2 About the Company 4.5 Financial and economic indicators	18 48
201-2 SDGs 13	Financial impact and actual risks and opportunities caused by climate changes	8.7 Climate change	103
201-3 SDGs 2,3	Obligations under defined benefit plan and other pension plans	All employees of the corporation are covered by the state pension system and pay mandatory pension contributions.	
GRI 202: Market presence (2016)			
3-3	Management of essential topics	6 Corporate Governance 6.6 Board of Directors	56 60
202-2	Percentage of senior management hired from the local community to important positions	6 Corporate Governance 6.6 Board of Directors	56 60
GRI 203: Indirect economic impact (2016)			
3-3	Management of essential topics	4.1 Results of the investment program Reconstruction and modernization plans	37 54
203-1	Supported investments in infrastructure and services	4.1 Results of the investment program Reconstruction and modernization plans	37 54
203-2 SDGs 3, 4, 8, 11, 17	Significant indirect economic impacts	Message of Chairman of the Board of Directors	4
GRI 205: Anti-corruption management (2016)			
3-3 SDGs 16	Management of essential topics	8 Sustainable development 8.2 Anti-corruption management	96 100
205-2 SDGs 16	Informing and training in the field of anti-corruption policies and procedures	8 Sustainable development 8.2 Anti-corruption management	96 100

Indicator	Disclosure	Report section / comment	Page
205-3	Confirmed incidents of corruption and actions take	In 2022, no cases of corruption offenses committed by the Company employees were recorded	
Environmental aspects			
GRI 301: Materials (2016)			
3-3 **SDGs 11, 12**	Management of essential topics	8 Sustainable development 8.6 Materials used	96 103
301-1 **SDGs 11, 12**	Materials used by weight or volume	8 Sustainable development 8.9 Energy saving The Company's activities in the field of energy saving and energy efficiency improvement are based on the international standard ISO 50001 "Energy Management Systems".	96 103
GRI 302: Energy (2016)			
3-3	Management of essential topics	8 Sustainable development 8.9 Energy saving	96 106
302-1	Energy consumption within the organization	8 Sustainable development 8.9 Energy saving The Company's activities in the field of energy saving and energy efficiency improvement are based on the international standard ISO 50001 "Energy Management Systems".	96 106
GRI 303: Water and wastewater (2016)			
3-3 **SDGs 6, 11, 12**	Management of essential topics	8 Sustainable development 8.11 Water resources	96 106
303-5	Water consumption	8 Sustainable development 8.11 Water resources Petropavlovsk CHP-2 uses a closed water utilization scheme, that is, a repeated system of technical water supply which includes cooling ponds.	96 106
GRI 304: Biodiversity (2016)			
304-2	Significant impact of products and services on biodiversity	SEVKAZENERGO JSC does not have a significant impact on the flora and fauna	
GRI 305: Emissions (2016)			
3-3	Management of essential topics	8 Sustainable development 8.8 Atmospheric emissions	96 105
305-1 **SDGs 3, 11, 12, 13**	Direct greenhouse gas emissions	8 Sustainable development 8.8 Atmospheric emissions	96 105
GRI 306: Waste (2016)			
3-3	Management of essential topics	8 Sustainable development 8.12 Waste management	96 108

Indicator	Disclosure	Report section / comment	Page
306-1	Waste generation and significant waste-related impacts	8 Sustainable development 8.12 Waste management	96 108
306-3	Waste generation	8 Sustainable development 8.12 Waste management	96 108
GRI 307: Compliance with environmental regulations (2016)			
307-1 **SDGs 3, 6, 11, 12, 14, 15**	Management approach	8 Sustainable development 8.3 Environmental management system 8.4 Environmental policy 8.5 "Green office" principles	96 101 101 101
GRI 414: Environmental supplier appraisal (2016)			
GRI 414-1 **SDGs 8, 11, 12, 16**	New suppliers selected according to criteria of social and environmental impacts	4.5 Procurement In 2022, there were no suppliers who were not selected according to criteria of social and environmental impacts.	46
Social responsibility			
GRI 401: Employment (2016)			
3-3 **SDGs 8**	Management of essential topics	8 Sustainable development 8.14 Human resources and social policy	96 109
401-1 **SDGs 8**	Recruitment of new employees and staff turnover	8 Sustainable development 8.14 Human resources and social policy	96 109
GRI 402: Labor/management relations 2016			
3-3 **SDGs 8**	Management of essential topics	8.16 Social partnership	127
402-1 **SDGs 8**	Minimum terms of notification of changes in working conditions	Notification of changes in working conditions is provided in accordance with the provisions of labor laws of Kazakhstan	
GRI 404: Training and education (2016)			
3-3 **SDGs 4, 8**	Management of essential topics	8 Sustainable development 8.14 Human resources policy	96 109
404-1 **SDGs 4, 8**	Average number of training hours per year per employee	8 Sustainable development 8.16 Human resources and social policy	96 109
404-2	Professional development programs for employees and assistance programs during the transition period	8 Sustainable development 8.14 Human resources and social policy	96 109
GRI 405: Diversity and equal opportunities (2016)			
405-1	Diversity of management bodies and employees	6.6 Board of Directors 8.14 Human resources and social policy	60 109

Indicator	Disclosure	Report section / comment	Page
GRI GRI 406: Non-discrimination (2016)			
406-1 **SDGs 5, 8, 10**	Cases of discrimination and remedial measures taken	No cases of discrimination were recorded in 2022	
GRI 403: Safety practices			
403-1 **403-2** **403-4** **403-5** **403-7** **SDGs 4**	Occupational health management system. Prevention and mitigation of negative production impacts directly related to the business relations of the organization. Employee participation in ensuring occupational safety, consultations with employees and providing them with information on occupational safety issues. Occupational safety training for employees.	8 Sustainable development 8.15 Occupational safety and health	96 120
GRI 102: Corporate governance. Ethics and Integrity (2016)			
102-16	Values, principles, standards, and norms of conduct	6.12 Corporate ethics	70
GRI 413: Local communities (2016)			
3-3 **SDGs 1, 2, 3, 4, 8, 10, 11**	Management of essential topics	8 Sustainable development 8.16 Social partnership	96 127
413-1	Operations involving local communities, impact assessment and development programs	8 Sustainable development 8.16 Social partnership	96 127
GRI 415: State policy (2016)			
415-1 **SDGs 17**	Political contributions	1 Key information 2 About the Company	5 18
GRI 418 Consumer privacy			
418-1 **SDGs 16**	Customer confidentiality. Well-grounded complaints concerning confidentiality breach	No complaints of confidentiality breach were recorded in 2022.	

Appendix 3

Audited Consolidated Financial Statements

АКЦИОНЕРНОЕ ОБЩЕСТВО «СЕВКАЗЭНЕРГО» И ЕГО ДОЧЕРНИЕ ПРЕДПРИЯТИЯ

КОНСОЛИДИРОВАННЫЙ ОТЧЕТ О ФИНАНСОВОМ ПОЛОЖЕНИИ
ПО СОСТОЯНИЮ НА 31 ДЕКАБРЯ 2022 г.
(в тыс. тенге)

	Приме-чания	31 декабря 2022 г.	31 декабря 2021 г. (пересчитано)*
АКТИВЫ			
ДОЛГОСРОЧНЫЕ АКТИВЫ:			
Основные средства	7	109,919,561	116,566,050
Авансы выданные	10	2,410,000	77,019
Отложенный налоговый актив	31	718,709	923,150
Нематериальные активы		255,397	265,258
Прочие долгосрочные активы	11	3,266	674,532
Займы выданные	12	4,545,570	2,382,300
Итого долгосрочные активы		**117,852,503**	**120,888,309**
ТЕКУЩИЕ АКТИВЫ:			
Товарно-материальные запасы	8	2,450,981	3,581,414
Торговая дебиторская задолженность	9	3,803,100	4,686,322
Авансы выданные	10	894,118	2,081,683
Прочие текущие активы	11	941,672	589,116
Краткосрочная часть долгосрочных займов выданных	12	449,892	6,427,932
Предоплата по текущему налогу на прибыль		256,672	25,365
Прочие финансовые активы		20,780	38,069
Денежные средства и их эквиваленты	13	665,563	291,377
Итого текущие активы		**9,482,778**	**17,721,278**
ВСЕГО АКТИВЫ		**127,335,281**	**138,609,587**
КАПИТАЛ И ОБЯЗАТЕЛЬСТВА			
КАПИТАЛ:			
Акционерный капитал	14	16,291,512	16,291,512
Дополнительно оплаченный капитал		277,168	277,168
Резерв переоценки основных средств		34,391,277	45,629,951
Нераспределенная прибыль		6,290,880	9,893,738
Итого капитал		**57,250,837**	**72,092,369**
ДОЛГОСРОЧНЫЕ ОБЯЗАТЕЛЬСТВА:			
Выпущенные облигации	16	3,500,000	4,000,000
Доходы будущих периодов	18	549,704	656,630
Отложенные налоговые обязательства	31	16,272,611	19,771,511
Обязательства по рекультивации и ликвидации объектов	4	1,512,400	1,310,593
Обязательства по вознаграждениям работникам		72,951	72,042
Итого долгосрочные обязательства		**21,907,666**	**25,810,776**

АКЦИОНЕРНОЕ ОБЩЕСТВО «СЕВКАЗЭНЕРГО» И ЕГО ДОЧЕРНИЕ ПРЕДПРИЯТИЯ

КОНСОЛИДИРОВАННЫЙ ОТЧЕТ О ФИНАНСОВОМ ПОЛОЖЕНИИ (ПРОДОЛЖЕНИЕ) ПО СОСТОЯНИЮ НА 31 ДЕКАБРЯ 2022 г.

(в тыс. тенге)

	Приме-чания	31 декабря 2022 г.	31 декабря 2021 г. (пересчитано)*
ТЕКУЩИЕ ОБЯЗАТЕЛЬСТВА:			
Текущая часть выпущенных облигаций	16	742,917	773,281
Займы полученные	17	25,913,153	29,844,665
Обязательства по аренде		-	32,804
Торговая кредиторская задолженность	19	13,331,332	5,314,580
Авансы полученные	20	2,426,167	613,212
Обязательства по договорам финансовых гарантий	21	2,469,019	1,151,266
Текущая часть обязательств по вознаграждениям работникам		8,080	8,300
Прочие обязательства и начисленные расходы	22	3,024,346	2,934,773
Обязательства по подоходному налогу		261,764	33,561
Итого текущие обязательства		**48,176,778**	**40,706,442**
Итого обязательства		**70,084,444**	**66,517,218**
ВСЕГО КАПИТАЛ И ОБЯЗАТЕЛЬСТВА		**127,335,281**	**138,609,587**

От имени руководства Группы:

Перфилов О.В.
Генеральный директор

Алексеевене Т.В.
Главный бухгалтер

13 июля 2023 г.
г. Петропавловск, Республика Казахстан

Примечания на стр. 16-85 составляют неотъемлемую часть данной консолидированной финансовой отчетности.

* ретроспективный пересчет статей консолидированной финансовой отчетности раскрыт в Примечании 5.

АКЦИОНЕРНОЕ ОБЩЕСТВО «СЕВКАЗЭНЕРГО» И ЕГО ДОЧЕРНИЕ ПРЕДПРИЯТИЯ

КОНСОЛИДИРОВАННЫЙ ОТЧЕТ О ПРИБЫЛИ ИЛИ УБЫТКЕ И ПРОЧЕМ СОВОКУПНОМ ДОХОДЕ ЗА ГОД, ЗАКОНЧИВШИЙСЯ 31 ДЕКАБРЯ 2022 г.

(в тыс. тенге)

	Приме-чания	2022 г.	2021 г. (пересчитано)*
Выручка	23	35,877,738	41,306,477
Себестоимость	24	(33,153,512)	(31,972,449)
ВАЛОВАЯ ПРИБЫЛЬ		**2,724,226**	**9,334,028**
Расходы по реализации	25	(406,088)	(376,808)
Общие и административные расходы	26	(2,558,162)	(2,582,747)
Финансовые расходы	27	(4,680,028)	(3,852,445)
Финансовые доходы	28	1,900,709	1,620,863
Восстановление резерва по ожидаемым кредитным убыткам, нетто	4	1,103,885	218,515
Убыток от обесценения основных средств	7	(1,018,169)	(20,850,417)
Убыток от курсовой разницы, нетто	30	(1,017,799)	(219,015)
Прочие доходы	29	700,778	2,976,565
Прочие расходы	29	(812,493)	(375,246)
Убыток до налогообложения		**(4,063,141)**	**(14,106,707)**
Экономия по налогу на прибыль	31	126,861	2,424,143
УБЫТОК ЗА ГОД		**(3,936,280)**	**(11,682,564)**
ПРОЧИЙ СОВОКУПНЫЙ (УБЫТОК)/ДОХОД ЗА ГОД			
Статьи, которые не будут реклассифицированы в состав прибыли или убытка в последующих периодах:			
Прибыль от переоценки основных средств, за вычетом налога	4	-	29,079,456
Убыток от обесценения основных средств, за вычетом налога	7	(7,652,677)	-
ПРОЧИЙ СОВОКУПНЫЙ (УБЫТОК)/ДОХОД ЗА ГОД, ЗА ВЫЧЕТОМ НАЛОГА НА ПРИБЫЛЬ		**(7,652,677)**	**29,079,456**
ИТОГО СОВОКУПНЫЙ (УБЫТОК)/ДОХОД ЗА ГОД		**(11,588,957)**	**17,396,892**
ПРИБЫЛЬ НА АКЦИЮ			
Убыток за год на акцию, базовая и разводненная, в тенге	15	**(27.36)**	**(81.21)**

От имени руководства Группы:

Перфилов О.В.
Генеральный директор

Алексеевене Т.В.
Главный бухгалтер

13 июля 2023 г.
г. Петропавловск, Республика Казахстан

Примечания на стр. 16-85 составляют неотъемлемую часть данной консолидированной финансовой отчетности.

* ретроспективный пересчет статей финансовой отчетности раскрыт в Примечании 5.

КОНСОЛИДИРОВАННЫЙ ОТЧЕТ ОБ ИЗМЕНЕНИЯХ В КАПИТАЛЕ ЗА ГОД, ЗАКОНЧИВШИЙСЯ 31 ДЕКАБРЯ 2022 г.

(в тыс. тенге)

	Акционерный капитал	Дополнительно оплаченный капитал	Резерв по переоценке основных средств	Нераспределенная прибыль (пересчитано)*	Итого капитал (пересчитано)*
На 1 января 2021 г.	**16,291,512**	**277,168**	**17,396,583**	**21,621,815**	**55,587,078**
Убыток за год (пересчитано)*	-	-	-	(11,682,564)	(11,682,564)
Прочий совокупный доход	-	-	29,079,456	-	29,079,456
Итого совокупный доход за год (пересчитано)*	**-**	**-**	**29,079,456**	**(11,682,564)**	**17,396,892**
Амортизация резерва по переоценке основных средств	-	-	(846,088)	846,088	-
Нетто эффект от прекращения и признания выданных займов (Примечание 12)	-	-	-	(854,254)	(854,254)
Нетто эффект от признания и прекращения признания финансовых гарантий (Примечание 21)	-	-	-	5,174	5,174
Объявленные дивиденды (Примечание 14)	-	-	-	(42,407)	(42,407)
Прочие	-	-	-	(114)	(114)
На 31 декабря 2021 г. (пересчитано)*	**16,291,512**	**277,168**	**45,629,951**	**9,893,738**	**72,092,369**
Убыток за год	-	-	-	(3,936,280)	(3,936,280)
Прочий совокупный убыток	-	-	(7,652,677)	-	(7,652,677)
Итого совокупный убыток за год	**-**	**-**	**(7,652,677)**	**(3,936,280)**	**(11,588,957)**
Амортизация резерва по переоценке основных средств	-	-	(3,585,997)	3,585,997	-
Нетто эффект от прекращения и признания выданных займов (Примечание 12)	-	-	-	(1,838,259)	(1,838,259)
Нетто эффект от признания и прекращения признания финансовых гарантий (Примечание 21)	-	-	-	(1,414,316)	(1,414,316)
На 31 декабря 2022 г.	**16,291,512**	**277,168**	**34,391,277**	**6,290,880**	**57,250,837**

От имени руководства Группы:

Перфилов О.В.
Генеральный директор

Алексеевенко Т.В.
Главный бухгалтер

13 июля 2023 г.
г. Петропавловск, Республика Казахстан

Примечания на стр. 16-85 составляют неотъемлемую часть данной консолидированной финансовой отчетности.

* ретроспективный пересчет статей финансовой отчетности раскрыт в Примечании 5.

АКЦИОНЕРНОЕ ОБЩЕСТВО «СЕВКАЗЭНЕРГО» И ЕГО ДОЧЕРНИЕ ПРЕДПРИЯТИЯ

КОНСОЛИДИРОВАННЫЙ ОТЧЕТ О ДВИЖЕНИИ ДЕНЕЖНЫХ СРЕДСТВ ЗА ГОД, ЗАКОНЧИВШИЙСЯ 31 ДЕКАБРЯ 2022 г.

(в тыс. тенге)

	Примечания	2022 г.	2021 г. (пересчитано)*
Убыток за год		**(4,063,141)**	**(14,106,707)**
Корректировки на:			
Износ и амортизация	7	7,735,514	5,635,602
Финансовые расходы	27	4,680,028	3,852,445
Восстановление резерва по ожидаемым кредитным убыткам, нетто	4	(1,103,885)	(218,515)
Начисление резерва на неликвидные и устаревшие товарно-материальные запасы	8	30,410	289,313
Убыток/(прибыль) от выбытия активов		503,245	(430,932)
Убыток от обесценения основных средств	7	1,018,169	20,850,417
Начисление резерва по неиспользованным отпускам		-	5,670
Убыток от курсовой разницы, нетто	30	1,017,799	219,015
Доход от государственной субсидии	29	(106,926)	(2,058,859)
Финансовые доходы	28	(1,900,709)	(1,620,863)
Прочие		(156,827)	522
Движение денежных средств от операционной деятельности до изменений в оборотном капитале		**7,653,677**	**12,417,108**
Изменение товарно-материальных запасов		1,256,850	(964,436)
Изменение торговой дебиторской задолженности		1,680,584	1,843,739
Изменение авансов, выданных на приобретение краткосрочных активов		1,187,564	(1,854,205)
Изменение прочих текущих активов		(321,873)	429,876
Изменение торговой кредиторской задолженности		4,501,218	(2,563,777)
Изменение авансов полученных		1,812,955	(177,315)
Изменение прочих обязательств и начисленных расходов		55,765	(301,921)
Изменение обязательств по вознаграждениям работникам		689	24,055
Денежные средства, полученные от операционной деятельности		**17,827,429**	**8,853,124**
Налог на прибыль уплаченный		(497,511)	(929,575)
Проценты уплаченные		(4,297,652)	(3,392,261)
Чистые денежные средства, полученные от операционной деятельности		**13,032,266**	**4,531,288**

КОНСОЛИДИРОВАННЫЙ ОТЧЕТ О ДВИЖЕНИИ ДЕНЕЖНЫХ СРЕДСТВ (ПРОДОЛЖЕНИЕ)
ЗА ГОД, ЗАКОНЧИВШИЙСЯ 31 ДЕКАБРЯ 2022 г.
(в тыс. тенге)

	Примечания	2022 г.	2021 г. (пересчитано)*
Инвестиционная деятельность			
Приобретение основных средств		(10,937,523)	(4,210,139)
Приобретение нематериальных активов		(20,974)	(189,350)
Изъятие денежных средств с депозитных счетов		41,814	818,730
Размещение денежных средств на депозитных счетах		-	(313,000)
Займы, выданные связанным сторонам	12	-	(3,567,000)
Погашение займов, выданных связанным сторонам	12	3,049,696	3,269,341
Поступление по договору уступки права требования долга	11	856,000	-
Прочие операции по инвестиционной деятельности		14,781	47,136
Чистые денежные средства, использованные в инвестиционной деятельности		**(6,996,206)**	**(4,144,282)**
Финансовая деятельность			
Поступление займов	17	9,521,774	29,580,976
Погашение займов	17	(14,650,909)	(29,149,473)
Выкуп облигаций	16	(500,000)	(500,000)
Выплата основного долга по аренде		(32,699)	(72,052)
Чистые денежные средства, использованные в финансовой деятельности		**(5,661,834)**	**(140,549)**
Чистое увеличение денежных средств и их эквивалентов		**374,226**	**246,457**
Денежные средства и их эквиваленты на начало года	13	**291,377**	**50,177**
Изменение резерва под ожидаемые кредитные убытки	13	(723)	(208)
Влияние изменения обменного курса валют на денежные средства и их эквиваленты	30	683	(5,049)
Денежные средства и их эквиваленты на конец года	13	**665,563**	**291,377**

От имени руководства Группы:

Перфилов О.В
Генеральный директор

Алексеевене Т.В.
Главный бухгалтер

13 июля 2023 г.
г. Петропавловск, Республика Казахстан

Примечания на стр. 16-85 составляют неотъемлемую часть данной консолидированной финансовой отчетности.

* ретроспективный пересчет статей финансовой отчетности раскрыт в Примечании 5.

Приложение № 4

	Relevant Topics	Stakeholders	Positive and/or Negative Impact	Potential or Actual Impact	Type of Impact	Scale	Coverage	Probability	Impact Significance	Significant Topics	Significance Level
201	Economic indicators (direct economic value)	Shareholders, top management, regulatory tax authorities	Positive	Actual	Financial income growth	Very high	Moderate	1.0	5.0ц		4.75
203	Indirect economic impacts (contribution to the development of the regions of presence)		Positive	Actual	Investments in infrastructure, development of the region of presence		High	0.9	5.0		4.7
204	Procurements from local suppliers		Positive	Potential	Transparent and open supply process	Moderate	Moderate	0.5	2.0		1
205	Corruption control		Positive and negative	Potential	Anti-corruption policies, corruption cases	Low	Moderate	0.5	2.0		1
206	Anti-competitive behavior		Positive and negative	Potential	Anticompetitive behavior, monopolistic practice	Moderate	Moderate	0.5	4.0		2
207	Taxation		Positive	Actual	Growth of tax deductions, tax reporting, stakeholders involvement in tax problems	Moderate	High	0.5	4.0		2
	Use of secondary materials, recycling of materials										0
302	Energy efficiency (impact management)	Local communities, investors, ecological communities	Positive	Actual	Reduction in energy consumption	High	High	0.8	5.0		4
303	Water resources (impact management)		Positive	Actual	Reduction of water consumption	Very low	Very low	0.1	1.0		0.1
304	Biodiversity (impact management)		Positive, negative	Actual	Conservation of biodiversity	Low	Very low	0.2	2.0		0.4
305	Emissions (impact management)		Positive	Actual	Reduction of CO2 emissions	Medium	Moderate	0.5	3.0		1.5

	Relevant Topics	Stakeholders	Positive and/or Negative Impact	Potential or Actual Impact	Type of Impact	Scale	Coverage	Probability	Impact Significance	Significant Topics	Significance Level
306	Waste management (impact management)		Positive	Actual	Waste reduction, waste-related impacts	Medium	Moderate	0.5	3.0		1.5
	Environmental safety of production (compliance with standards and requirements)		Positive	Actual	Compliance with standards and requirements	High	Moderate	0.9	5.0		4.6
308	Negative environmental impact in the supply chain (impact management)		Positive and negative	Actual	Compliance of suppliers with environmental criteria	Very high	High	0.5	3.0		1.5
401	Ensuring employment and decent working conditions		Positive	Actual and potential	Provision of jobs	High	High	0.8	4.0		3.2
402	Ensuring optimal management decisions in relation to employees	Company employees, local communities, labor inspectorate	Positive	Actual and potential	Conclusion of collective labor agreements, settlement of labor disputes, employee benefits	High	Moderate	0.5	3.0		1.5
403	Occupational health and safety		Positive and negative	Actual and potential	Prevention of occupational injuries, fatal injuries, ensuring employees' health and well-being	High	Very high	0.9	5.0		4.6
404	Professional training and education		Positive	Actual	Training, advanced training courses for employees	Moderate	Moderate	0.5	4.0		2
405	Diversity and equal opportunities (gender equality)	Company employees, business partners, suppliers, end product consumers	Positive	Actual	Inclusion and diversity programs	Low	Low	0.2	2.0		0.4
406	Non-discrimination (suppression of gender inequality)		Positive	Potential	Possibility of influencing the manifestation of discrimination	Very low	Moderate	0.1	3.0		0.3
407	Freedom of assembly, collective bargaining		Positive	Actual	Granting freedom for employee meetings and collective agreements	Very low	Moderate	0.1	3.0		0.3
408	Child labor (prevention of child labor practices)		Negative	Potential	Child labor practices among bank clients	Very low	Low	0.1	2.0		0.1
409	Forced and compulsory labor		Negative	Potential	Forced labor practices among bank clients	Very low	Low	0.1	2.0		0.1
410	Safety practices (training of security services in human rights procedures)		Positive	Potential	Safety practices and standards	Very low	Moderate	0.1	3.0		0.3
411	Rights of indigenous people		Negative	Potential	Infringement of rights upon employment of representatives of indigenous peoples	Very low	Low	0.1	0.1		0.01
	Evaluation of human rights observance		Negative	Potential	Violation of human rights in the company	Very low	Low	0.1	0.1		0.01
413	Attracting local personnel		Positive	Actual	Creation of jobs	Very high	Very high	0.9	5.0		4.5
414	Supplier social assessment (prevention of negative social consequences in the supply chain)		Positive	Potential	Customer evaluation with regard to human rights violations	Moderate	High	0.2	4.0		0.8
415	State policy (compliance with legislative requirements)		Positive	Actual	Implementing state programs	High	Very high	0.8	5.0		4
416	Health and safety impacts of services		Positive	Potential	Health and safety impacts of services	Moderate	Moderate	1.0	5.0		5

	Relevant Topics	Stakeholders	Positive and/or Negative Impact	Potential or Actual Impact	Type of Impact	Scale	Coverage	Probability	Impact Significance	Significant Topics	Significance Level
417	Marketing and marking		Positive	Potential	Non-compliance with requirements relating to information about services	Very low	Low	0.1	2.0		0.2
418	Customer confidentiality (loss of customer data, security)		Negative	Potential	Loss of customer data	Very low	Low	0.1	2.0		0.2
	Socio-economic compliance									0.00	0

GLOSSARY

Overhead power transmission lines: one of the electric grid components, a system of power equipment designed to transmit electric power through electric current.

Gigacalorie: a unit of measurement of thermal energy used for assessment in the heat power industry, heating systems and the utilities sector.

Gigacalorie per hour: a derived unit used to specify the amount of heat produced or used by a certain equipment per a unit of time.

Ash: an incombustible residue (in the form of dust), which consists of mineral impurities left after combustion of fuel.

Ash dump: a place used to collect and dispose of waste ash and slag generated during combustion of solid fuel at combined heat and power plants.

Calorie or cal: an off-system unit of measure of the heat amount.

Boiler: a device used to generate pressurized steam or hot water through fuel combustion, use of electric power, heat of exhaust gas, or a technological process.

Power transmission line or PTL: a structure consisting of wires (cables) and auxiliary devices for transmission of electric power from power plants to consumers.

Megawatt: a unit of power measurement in electricity production.

Substation: an electric installation used for conversion and distribution of electric power and consisting of transformers or other power converters, switchgear, control devices, and auxiliary facilities.

Available capacity of a unit (plant): an installed capacity of a generating unit (plant) less its capacity limitations.

Combined heat and power plant or CHP or cogeneration unit: a thermal power plant generating not only electric power, but also heat supplied to consumers in the form of steam and hot water.

Transformer: a device used to convert any significant properties of energy (e.g., electric transformer, torque converter) or objects (e.g., a photo transformer).

Turbine generator: a combination of a steam turbine, electricity generator and exciter united by one shaft train; it converts potential energy of steam into electric power.

Installed capacity: an effective value of the turbine generators' rated capacity.

Installed heat capacity of the plant: the sum of all rated heating capacities for all the equipment commissioned under the act and designed to supply heat to external consumers and steam and hot water for internal needs.

Installed electrical capacity of the energy system: a total effective capacity of all turbo and hydropower generators of power plants in the energy system in accordance with their rating plates or specifications.

Emulsifier: a wet ash and dust cleaning device operating in the phase inversion mode.

CTF – Clean Technology Fund

EBITDA – an analytical indicator, which means earnings before interest, taxation, depreciation and amortization

ESAP – Environmental and Social Action Plan

ISO – International Organization for Standardization

KEGOC – Kazakhstan Electricity Grid Operating Company JSC

OHSAS – Occupational Health and Safety Assessment System

JSC – Joint-Stock Company

NK REDC JSC – North-Kazakhstan Regional Electric Distribution Company JSC

PHN LLP – Petropavlovsk Heating Networks LLP

ASCAHE – automatic system for commercial accounting of heat energy

ASCAE – automatic system for commercial accounting of electricity

GDP – gross domestic product

OHL – overhead lines

OPTL – overhead power transmission lines

WPP – wind power plant

Gcal – gigacalorie

Gcal-h – gigacalories per hour

GRES – state district power plant

GTPP – gas turbine power plant

HEPP – hydroelectric power plant

EBRD – European Bank for Reconstruction and Development

FARD – fly ash removal device

kWh – kilowatt per hour

MW – megawatt

MNE RK – Ministry of National Economy of the Republic of Kazakhstan

NGO – non-governmental organization

Environment protection – environmental safety

PCHP-2 – Petropavlovsk combined heat and power plant No.2

RK – Republic of Kazakhstan

REG – regional electrical grids

ICS – internal control system

BoD – Board of Directors

SSIC – self-supporting insulated conductor

SEVKAZENERGO – SEVKAZENERGO JSC

SKES LLP – Sevkazenergosbyt LLP

RMS – risk management system

SPP – solar power plant

Inventory – commodity stocks and supplies

LLP – limited liability partnership

TPP – thermal power plant

CHP – combined heat and power plant

CAPEC – Central-Asian Power-Energy Company JSC

CAEPCO – Central-Asian Electric Power Corporation JSC

PP – power plant

OSG – outdoor switch gear

AT – auto-transformer

RES – renewable energy sources

WEM – wholesale electricity market

REM – retail electricity market

EPTS – external package transformer substation

APCS – automated process control system for technological connection to electrical grids

MCC – Main Clearing Centre

OHS – occupational health and safety

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