Central Asian Electric Power Corporation

HEROES

WITHOUT MASKS

2022

Annual Report

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Message of Chairman of the Board of Directors of CAEPCO JSC

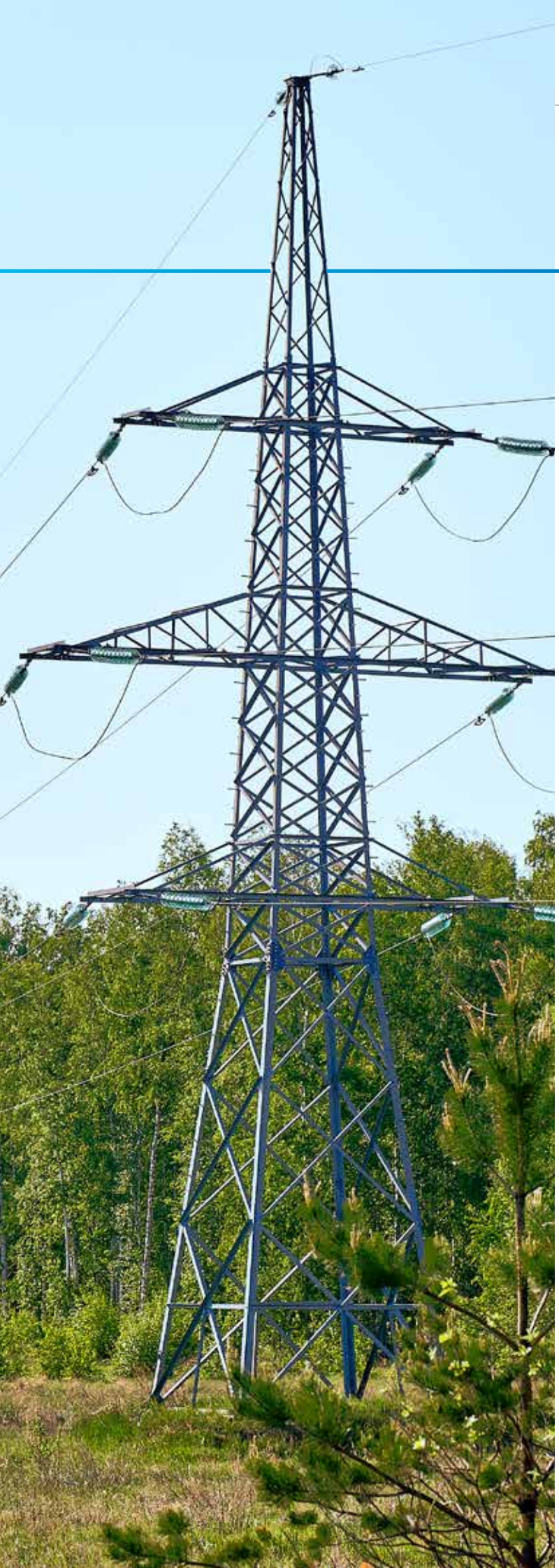
ALEXANDER KLEBANOV

Chairman of the Board of Directors
CAEPCO JSC

This year CAEPCO is approaching an important milestone, and over the 15-year period of activity we have carried out significant work to optimize emissions from heat and power generation, as well as studied and implemented opportunities for generating electricity not only from traditional thermal power plants, but also using low-carbon and renewable energy sources (RES).

The Corporation's subsidiaries have an Energy Saving and Energy Efficiency Improvement Program for 2015-2025. Thanks to the implementation of the measures of this program, the volume of greenhouse gas emissions of the Corporation in 2022 decreased by 16.4%, and emissions of pollutants decreased by 5.4% compared to last year.

As part of the investment program in 2023, it is planned to continue a number of measures to modernize equipment aimed at increasing generation, reducing losses in the transmission of electricity and heat, introducing energy-saving and energy-efficient technologies in the production and transmission of energy, as well as improving environmental performance parameters.



As you know, the Republic of Kazakhstan has developed the Doctrine of Achieving Carbon Neutrality until 2060 – concrete steps to ensure sustainable post-crisis recovery, low-carbon economic development and transformation in the energy sector. Currently, the Company is actively working on the implementation of new renewable energy projects, which in turn will make it possible to contribute to achieving these indicators. This corresponds to our desire for sustainability and responsibility to future generations.

This year was a time of changes and challenges in the country's energy sector. And our goal remains unchanged - to provide reliable electricity and heat for our society. We will make every effort to cope with all the tasks and modernize the sphere.

Despite all the challenges that we overcame in the reporting year, the employees of our company showed exceptional dedication and continued to work tirelessly to eliminate the consequences of accidents, for which I express my deep gratitude to them.

The coming year is marked by eventful events and opportunities. We will continue to invest in our people, technology and infrastructure to remain leading in our industry.

Message of Chairman of the Management Board of CAEPCO JSC

BAGDAT ORAL

Chairman of the Management Board of CAEPCO JSC

The past year has been a time of challenges, transformation and invaluable lessons - not only for our company, but for the entire energy industry of our country.

As one of the largest electric power holding companies, we have an absolute responsibility to provide a stable and efficient energy supply to our valued customers and the entire community. This is the most important mission for which we bear great responsibility. Our entire team is committed to working towards our common goal – to ensure a reliable and sustainable energy future for the country. And every employee contributes to this goal.

Over the 15 years of history, our Holding has achieved significant results, 64.5% of the installed electrical capacity at the thermal power plant was updated, the total installed electrical capacity increased by 29.4%, and the installed thermal capacity increased by 7.6%. Physical wear and tear of main equipment at Petropavlovskaya CHPP-2 was reduced by 35.7%, at Pavlodar CHPP-3 – by 13.8%. As part of the investment program, a number of large-scale measures to modernize equipment were continued in 2022, aimed at increasing available capacity, reducing losses during the transmission of electrical and thermal energy, and improving environmental parameters of operations.

We are focused on further work to improve the working conditions of our employees, in which the establishment of decent wages is a key aspect in retaining professional staff, as well as in attracting young and talented

specialists. The current situation with energy shortages and the urgent need to increase power in the country requires expanded, systemic measures, which makes our future challenges especially time-consuming. Appropriate investment decisions are required and a large amount of work remains to be done over the next few years. Our main task is to continue to supply energy and heat to the regions, meeting the full demand.

I would like to express my sincere gratitude to all our colleagues and partners for their dedication, work and professionalism. Your efforts serve as the basis for the future successful development of our organization and overall progress in general. Your commitment to the common cause creates the foundation for further growth and development. We strive for a bright future where innovation, sustainability and long-term planning are the foundation of our work. Let's look forward with optimism and determination as we work together to create a better world for us all!


CAEPCO

KEY INFORMATION

(GRI 2–1, 2–2, 2–6, 415–1, SDGs 2,8,11,9,17)

1.1 Main production characteristics

Central Asian Electric Power Corporation Joint Stock Company is the largest private energy holding company in Kazakhstan.

The total installed electric capacity of CAEPCO JSC is 1,318 MW. In terms of this indicator, the Corporation is a leader among private power generating companies in Kazakhstan.

The total installed heat capacity of the Corporation is 2,981 Gcal/h.

The total length of power transmission lines is 48.5 thousand km, and the total length of heating networks is 983.01 km.

The Corporation provides electricity to more than two million consumers (taking into account domesticity).

The Corporation's share in the electric power generation market in 2022 is 4.8%.

Subsidiaries of CAEPCO JSC in the regions of Kazakhstan are represented by two vertically integrated energy companies – SEVKAZENERGO JSC and PAVLODARENERGO JSC, which include all elements of energy supply: generation, transportation and sales. In Akmola region, the Corporation controls Akmola Electric Distribution Company JSC.

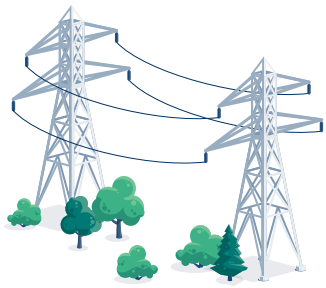
CAEPCO Group of companies includes:
- PAVLODARENERGO JSC,
- SEVKAZENERGO JSC,
- Akmola Electric Distribution Company JSC,
- CAPEC Green Energy LLP

The enterprises of the PAVLODARENERGO and SEVKAZENERGO Group include all elements of the energy supply chain – generation, transportation, distribution, sale of heat and electric power. CAEPCO Holding develops both traditional coal and renewable energy.

The CAPEK Green Energy implemented a project in the field of alternative energy (RES),one of which is the largest wind power plant in Kazakhstan - Astana EXPO-2017 with a capacity of 100 MW, located in the Arshaly district of the Akmola region. There are 29 wind turbines installed on the territory of the WPP with a total capacity of 100 MW.

Every year, a wind power plant can generate about 300 million kWh of electric power.

The total length of power transmission lines is



48.5 thousand km

The total length of heating networks is

983.01 km

Transportation and distribution

The volume of transportation and distribution of electric power increased by 16.8% mainly due to an increase in the volumes of electric power output in AEDC JSC by 43.4% and in PAVLODARENERGO JSC by 5.4%.

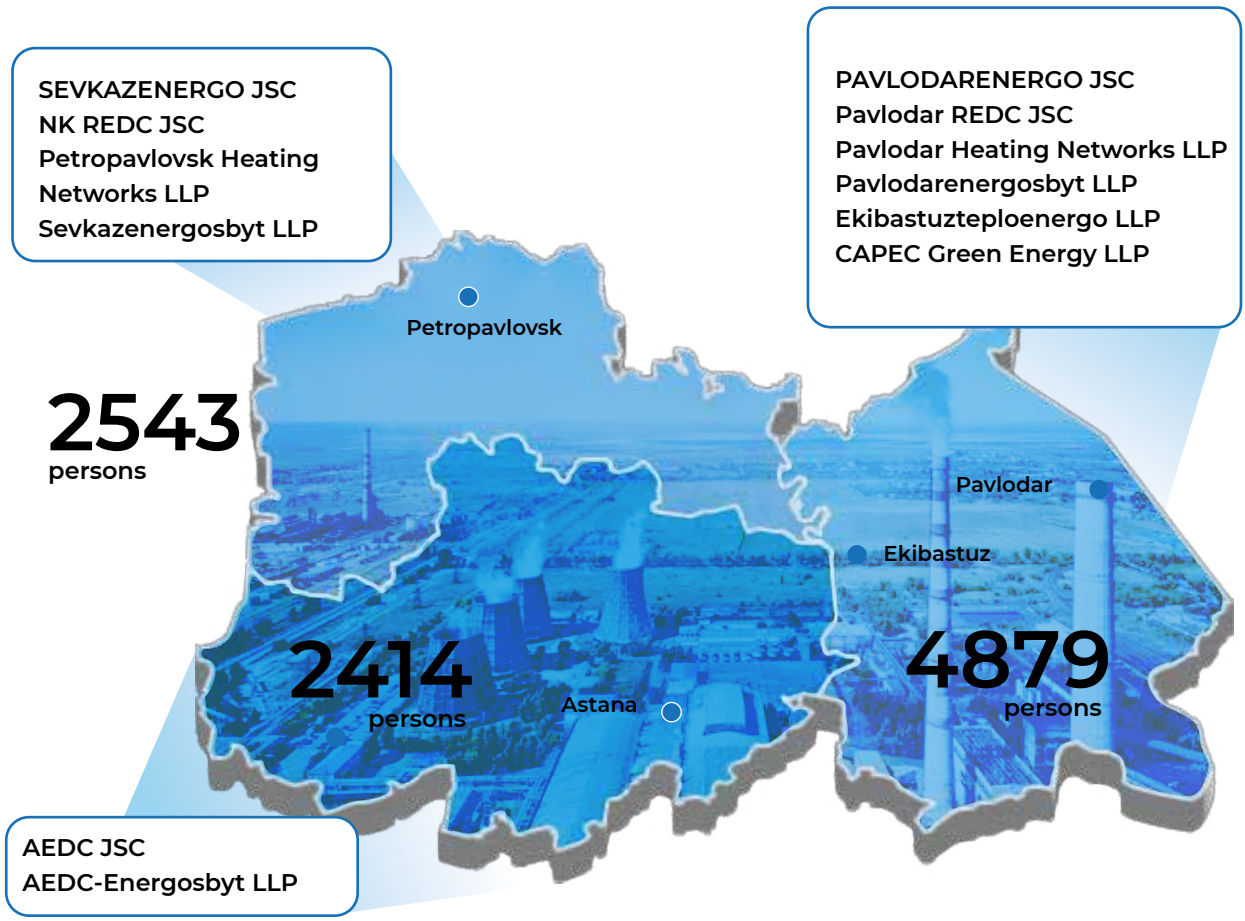
The volume of transportation and distribution of heat power decreased by 4.0% due to a decrease in volumes of heat power production in divisions of PAVLODARENERGO JSC and Ekibastuzteploenergo LLP by 2.9% and SEVKAZENERGO JSC by 6.6%.

Sales

The volume of sales of electric power decreased by 22.0% due to a decrease in the volume of marketable supply in Astanaenergosbyt LLP by 100% (withdrawal of Astanaenergosbyt LLP from CAEPCO JSC from June 1, 2021).

The volume of sales of heat power decreased by 44.4% due to a decrease in the volume of marketable supply in Astanaenergosbyt LLP by 100% (withdrawal of Astanaenergosbyt LLP from CAEPCO JSC from June 1, 2021) and in SEVKAZENERGO JSC by 7.7%.

1.2 Geography of operations



1.2.1 Key resources

Subsidiaries

PAVLODARENERGO

PAVLODARENERGO JSC

PAVLODARENERGO JSC is a vertically integrated company that includes generating, transporting, and marketing enterprises operating in Pavlodar region, Pavlodar city and Akmola region:

- Pavlodar CHP-2
- Pavlodar CHP-3
- Pavlodar Regional Electric Distribution Company JSC
- Pavlodar Heating Networks LLP (heating networks of Pavlodar city)
- Ekibastuzteploenergo LLP (CHP and heating networks of Ekibastuz city)
- Pavlodarenergosbyt LLP
- CAPEC Green Energy LLP

In 2022, electric power output amounted to 3,782 million kWh.

Electric power generated by PAVLODARENERGO JSC is supplied to the markets of Pavlodar, Karaganda, Akmola, and East Kazakhstan regions.

SEVKAZENERGO JSC

SEVKAZENERGO Joint-Stock Company is a vertically integrated company that includes generating, transporting, and marketing enterprises of North Kazakhstan region and Petropavlovsk city:

- 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

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

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.

AKMOLA ELECTRIC DISTRIBUTION COMPANY JSC

AEDC Joint-Stock Company (Akmola EDC JSC) is an electric grid company that transmits and distributes electric power to consumers in Akmola region and Astana city. AEDC-Energosbyt LLP, a subsidiary of AEDC JSC, purchases electric power to supply consumers in Akmola region.

AEDC JSC consists of a managing company, two branches of inter-district electric networks and 14 district electric networks.

AEDC JSC serves 0.4 kV-110 kV electric networks located in 14 administrative districts of Akmola region.

AEDC carries out the transmission of electric power to 78% of the territory of Akmola region.

The volume of electric networks is 111,906.608 conventional units.

AEDC JSC includes:

- 2 branches of interdistrict electric networks:Yesil and Stepnogorsk;
- 13 regional electric networks of which Akmola and Yegindykol are network sections;
- AENC - Akmola Electric Networks Company.

Installed capacity, production parameters of the CHP

CHP, WPP	Installed electric capacity, MW	Installed heat capacity, Gcal-hr	Renovation of equipment since 2009, %	Year of commis-sioning
Pavlodar CHP-3	555	1154	91,0	1972
Pavlodar CHP-2	110	332		1961
Ekibastuz CHP	12	782	100	1956
Petropavlovsk CHP-2	541	713	49,7	1961
CAPEC Green Energy	100			2019

Number of substations by type

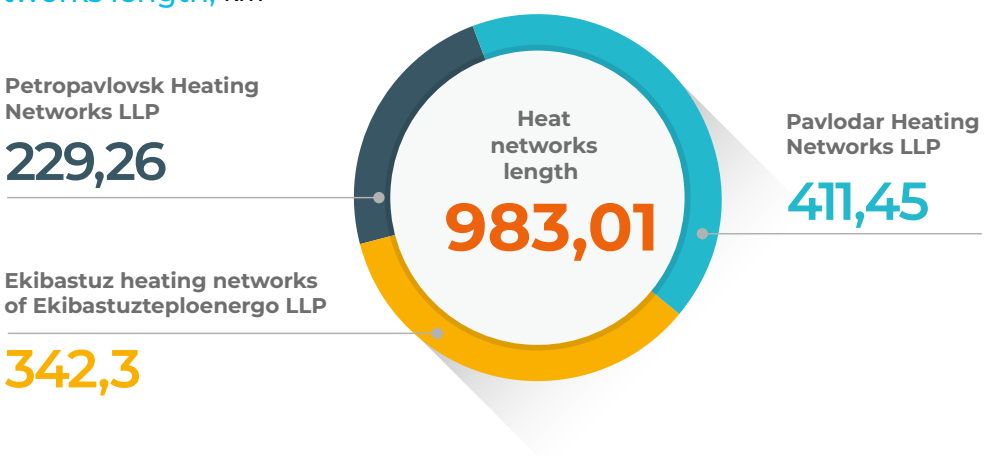
Substation type	Pavlodar REDC JSC	North-Kazakhstan REDC JSC	Akmola EDC JSC
220 kV	4	4	2
110 kV	74	37	52
35 kV	102	121	193
6-10 kV	3540	2191	3283

Length of power transmission lines

Total PTL length, km

PTL type	Pavlodar REDC JSC	North-Kazakhstan REDC JSC	Akmola EDC JSC
220 kV	13,73	84,84	-
110 kV	2798,31	1380,64	2507,10
35 kV	2394,12	2849,43	5173,12
6-10 kV	5702,44	4404,66	7111,01
0.4 kV	4373,21	4347,97	5397,77

Heat networks length, km



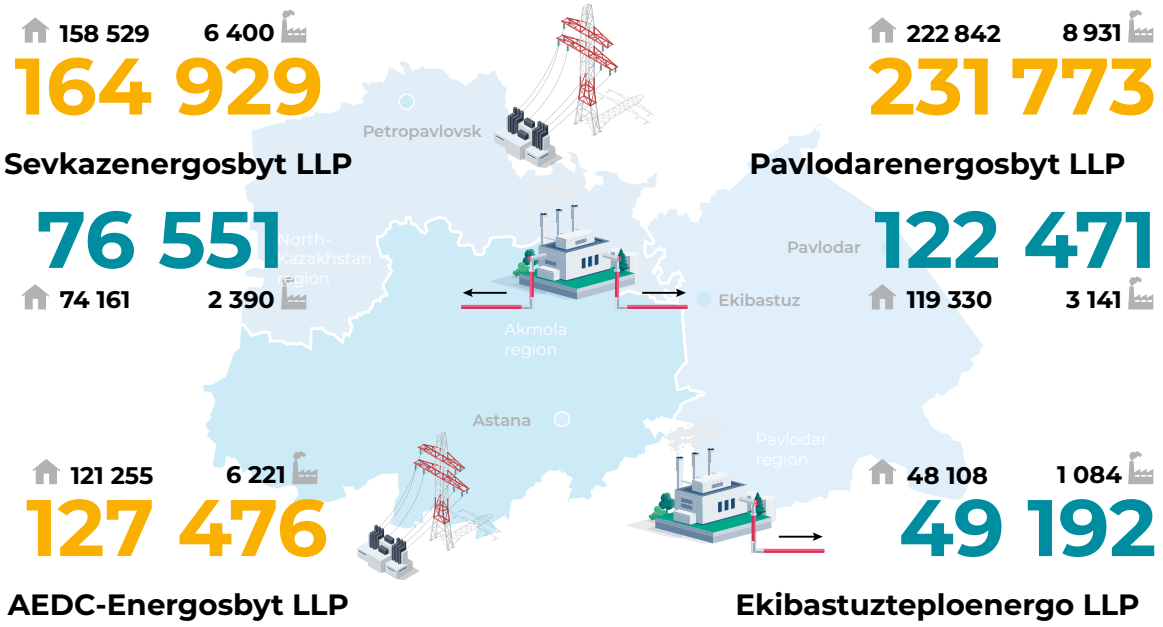
Number of consumers by region

All subsidiaries of CAEPCO JSC are guaranteeing suppliers in the retail electric power market. A 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.

Most of household consumers (population) are supplied with electric power through the provision of services by such organizations.

Number of consumers by region



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. CAEPCO JSC has certificates of compliance of conformance to ISO 9001 (in the field of quality), ISO 14001 (in the field of ecology), ISO 45001 (in the field of occupational health and safety within the organization), ISO 50001 (in the field of energy management).

No.	Standard	Certificate registration No.	Term of validity
PAVLODARENERGO JSC (CHP-2 and CHP-3)			
1	ISO 14001:2015	01104 1321810	from 20.12.2021 to 19.12.2024
2	ISO 9001:2015	01100 1321810	from 20.12.2021 to 19.12.2024
3	ISO 9001:2015	01 100 1819001	from 13.09.2021 to 12.09.2024
4	ISO 45001:2018	01213 1321810	from 26.01.2021 to 25.01.2024
5	ISO 50001:2018	01407 1321810	from 20.12.2021 to 19.12.2024
EKIBASTUZTEPLOENERGO LLP			
6	ISO 14001:2015	01104 1819006	from 20.01.2020 to 19.01.2023
7	ISO 9001:2015	01100 1819006	from 20.01.2020 to 19.01.2023
8	ISO 45001:2018	01213 1819006	from 20.01.2020 to 19.01.2023
9	ISO 50001:2018	01407 1819006	from 20.01.2020 to 19.01.2023
Pavlodar REDC JSC			
10	ISO 14001:2015	01104 1319426	from 21.06.2021 to 20.06.2024
11	ISO 9001:2015	01100 1319426	from 21.06.2021 to 20.06.2024
12	ISO 45001:2018	01213 1319426	from 21.06.2021 to 20.06.2024
13	ISO 50001:2018	01407 1319426	from 21.06.2019 to 20.06.2022
Pavlodar Heating Networks LLP			
14	ISO 14001:2015	01104 2143050	from 18.02.2021 to 17.02.2024
15	ISO 9001:2015	01100 2143050	from 18.02.2021 to 17.02.2024
16	ISO 45001:2018	01213 2143050	from 18.02.2021 to 17.02.2024
SEVKAZENERGO JSC			
17	ISO 14001:2015	01104 2026502	from 10.09.2020 to 09.09.2023
18	ISO 9001:2015	01100 2026502	from 10.09.2020 to 09.09.2023
19	ISO 45001:2018	01213 2026502	from 07.10.2020 to 06.10.2023
NK REDC JSC			
20	ISO 14001:2015	01104 1518811	from 28.06.2021 to 27.06.2024
21	ISO 9001:2015	01100 1518811	from 28.06.2021 to 27.06.2024
22	ISO 45001:2018	01213 1518811	from 28.06.2021 to 27.06.2024
Petropavlovsk Heating Networks LLP			
23	ISO 14001:2015	01104 2026503	from 07.07.2021 to 06.07.2024
24	ISO 9001:2015	01100 2026503	from 02.12.2020 to 01.12.2023
25	ISO 45001:2018	01104 2026503	from 07.07.2021 to 06.07.2024
AEDC JSC			
26	ISO 14001:2015	01104 1819000	from 19.08.2021 to 18.08.2024
27	ISO 9001:2015	01100 1819000	from 19.08.2021 to 18.08.2024
28	ISO 45001:2018	01213 1819000	from 19.08.2021 to 18.08.2024

1.3 Key Performance Indicators for 2022

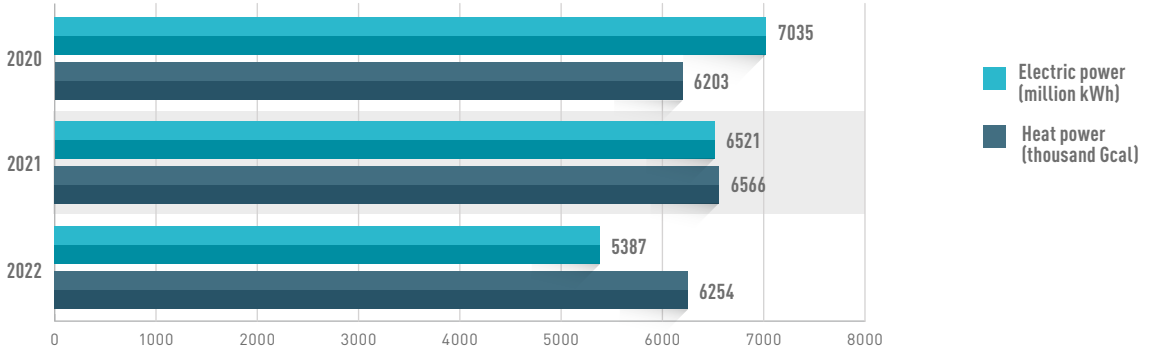
(GRI 2–24, SDGs 17)

Power generation and sales

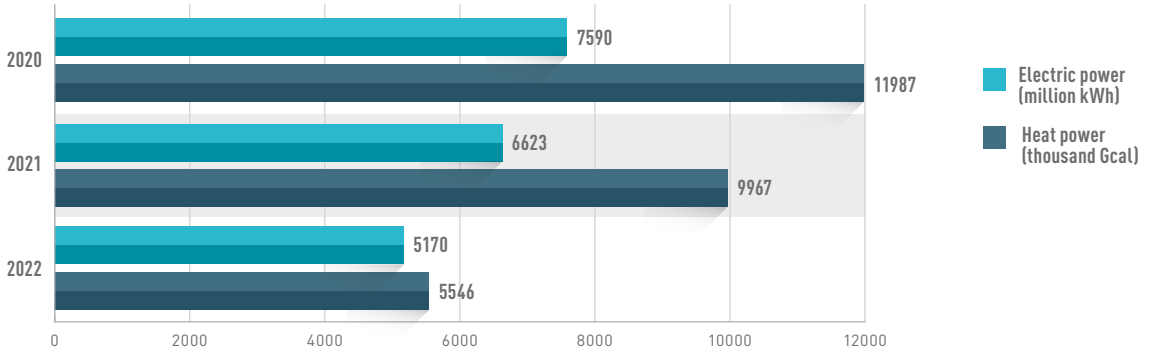
In 2022, the Corporation expected to decrease electric power generation by 0.5% compared to the actual figure of 2021 to 6,488 million kWh and heat power supply by 3.3% against the actual figure of 2021 to 6,349 thousand Gcal due to the planned decrease in the volumes of heat power supply to customers of PAVLODARENERGO JSC and SEVKAZENERGO JSC.

In fact, the Corporation's output decreased relative to 2021 and amounted to 5,387 million kWh, which is due to a decrease in the volume of electric power generated by SEVKAZENERGO JSC by 1,098 million kWh or 40.6%. Heat power supply decreased to 6,254 thousand Gcal, or 4.8% compared to 2021, which is due to a higher average outdoor temperature in the heating months of 2022 compared to 2021 (-5.3°C and -5.8°C, respectively) and a decrease in heat power consumption in divisions of PAVLODARENERGO JSC and SEVKAZENERGO JSC by 4.0% and 6.6%, respectively.

Energy production



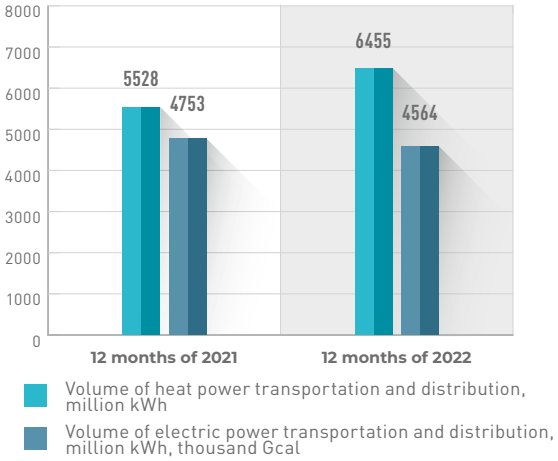
Energy supply to consumers (sales)



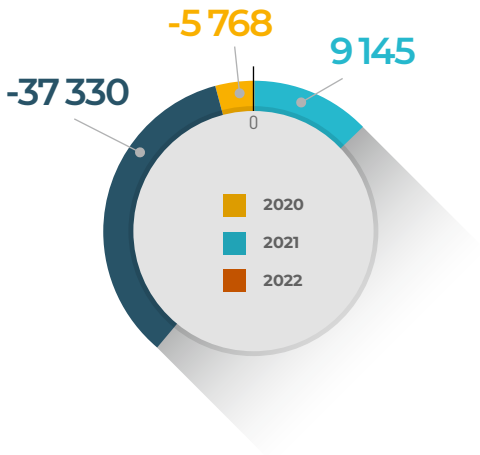
Transportation and distribution of heat and electric power

The volume of transportation and distribution of electric power for 12 months of 2022 amounted to 6,454.8 million kWh and increased by 16.8% compared to 12 months of 2021 due to an increase in the volumes of electric power in AEDC JSC by 43.4% and PAVLODARENERGO JSC by 5.4%.

The volume of transportation and distribution of heat power for 12 months of 2022 amounted to 4,563.8 thousand Gcal and decreased by 4.0% compared to 12 months of 2021 due to a decrease in volumes across divisions of PAVLODARENERGO JSC and Ekibastuzteploenergo LLP by 2.9% and SEVKAZENERGO JSC by 6.6%.

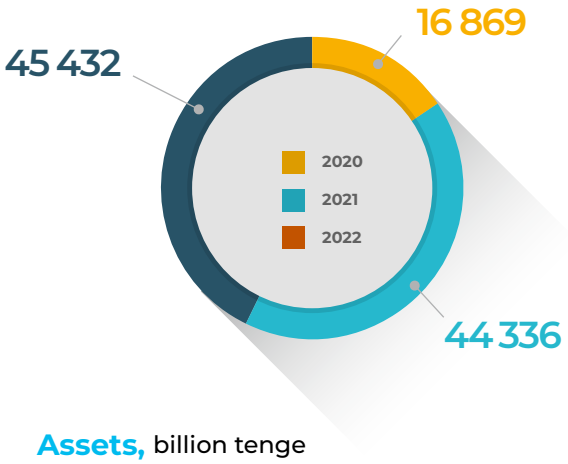


Net income (loss) for the year, million tenge

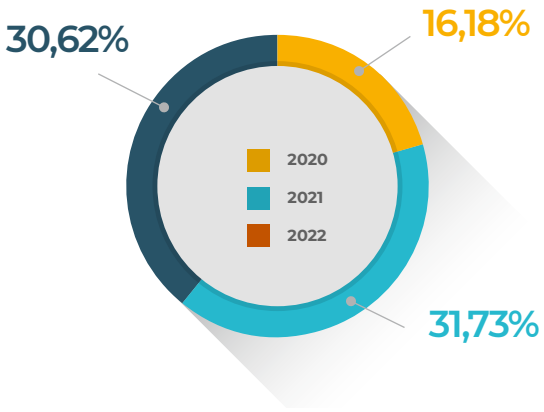


EBITDA, Total EBITDA for the year, billion tenge*

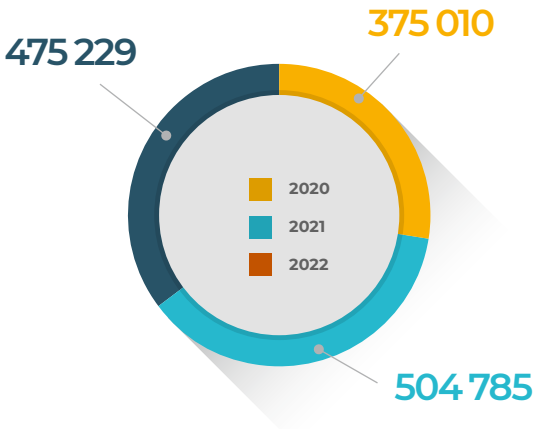
*Total EBITDA is indicated excluding the effect of exchange rate differences



EBITDA Margin
Total EBITDA for the year, margin in %



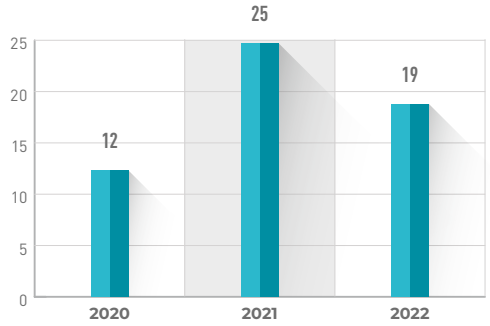
Assets, billion tenge



Investments

The total volume of investments for 12 months of 2022 amounted to 18,8 million tenge. Investments were directed to the modernization, renovation and repair of the main production assets.

The volume of investments of CAEPCO JSC for 2020-2022, billion tenge



Electric and heat power generation segment

The utilization of capital expenditures amounted to 10,709 million tenge. The following types of work are performed:

PAVLODARENERGO JSC
- Construction of the chimney No. 2 at CHP-3;
- Reconstruction of air heaters at the boiler unit No. 1 of CHP-3;
- Modernization of equipment at CHP-2, CHP-3.

SEVKAZENERGO JSC
- Major repairs of boiler units No.4,5,6,7,8,12;
- Modernization of equipment at CHP-2.

Electric power transportation and distribution segment

The utilization of capital expenditures amounted to 7,032 million tenge. The following types of work are performed:

PAVLODAR REDC JSC
- Reconstruction, modernization and technical re-equipment of electric networks;
- Creation of ASCAE and data collection and transmission systems.

NORTH-KAZAKHSTAN REDC JSC
- Reconstruction, modernization and technical re-equipment of electric networks;
- Construction of 110 kV OHL;
- Creation of ASCAE and data collection and transmission systems.

AKMOLA EDC JSC
- Reconstruction, modernization and technical re-equipment of electric networks;
- Construction of 110 kV OHL;
- Creation of ASCAE and data collection and transmission systems.

Heat power transportation and distribution segment

The utilization of capital expenditures amounted to 1,008 million tenge.
- Reconstruction of the main heating networks with the use of pre-insulated pipeline is underway in Pavlodar, Ekibastuz and Petropavlovsk;
- The implementation of the automatic system for commercial accounting of heat energy (ASCAHE) is in progress.

Key events in 2022

January

- The divisions of AEDC JSC took all necessary measures to avoid disruptions during operations.
- NK REDC JSC took an active part in the organization of mobile checkpoints in North Kazakhstan region.

February

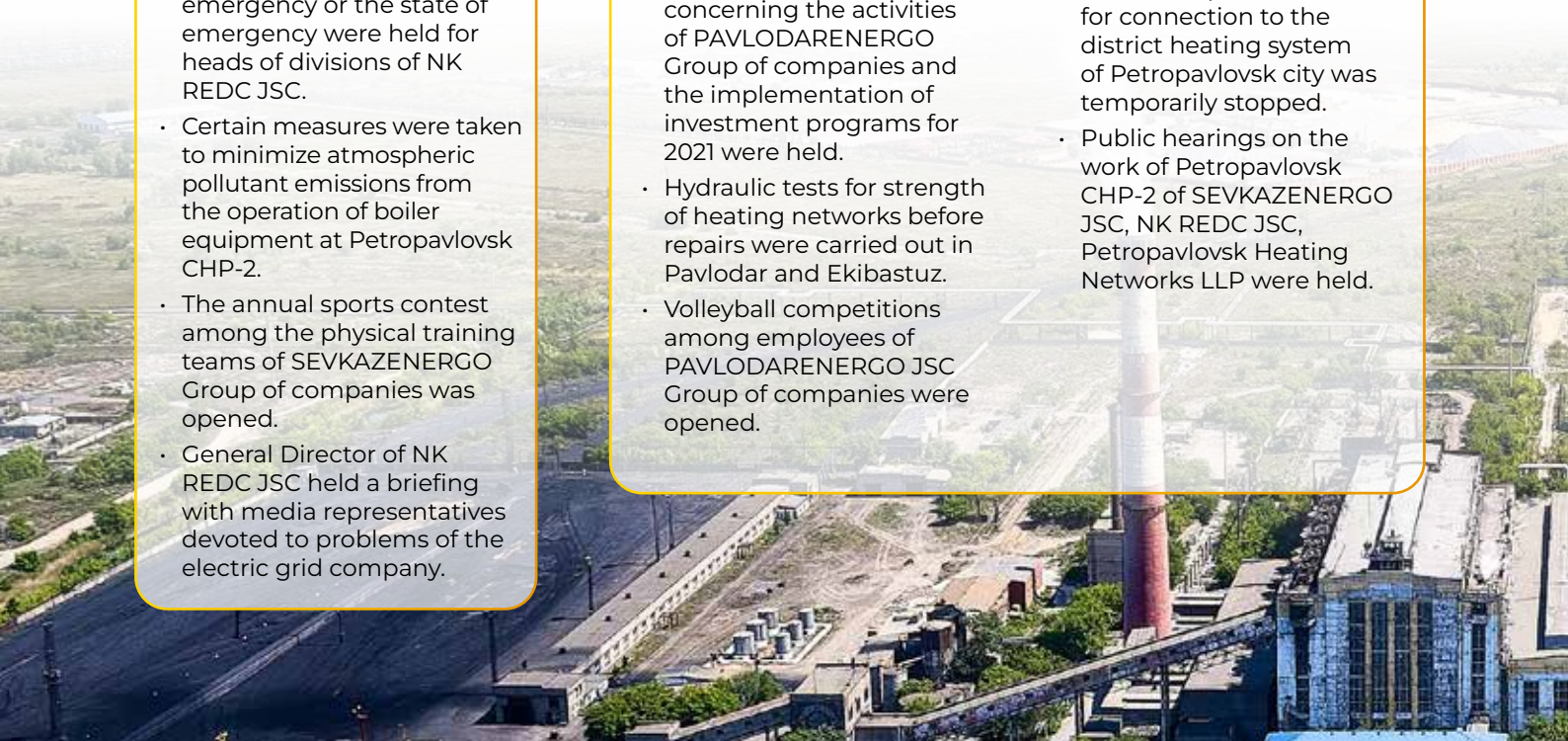
- The investment program of AEDC JSC was approved for 2021-2025.
- Skiing race competitions were held in Pavlodar among employees of PAVLODARENERGO JSC Group of companies.
- A briefing on the operation during the heating season was held with the participation of Pavlodar Heating Networks LLP.
- Classes 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 training 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

- AEDC JSC carried out emergency work to restore power supply on 1045 km of 0.4-110 kV overhead power transmission lines.
- 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.

April

- AEDC JSC held public hearings on the implementation of the tariff estimates and the approved investment program.
- Public hearings concerning environmental permits for the projects of PAVLODARENERGO JSC «Reclamation of the 1st stage of the ash dump of CHP-3» and «Automated environmental emission monitoring system at CHP-2, CHP-3» were held.
- Annual public hearings concerning the activities of PAVLODARENERGO Group of companies and the implementation of investment programs for 2021 were held.
- Hydraulic tests for strength of heating networks before repairs were carried out in Pavlodar and Ekibastuz.
- Volleyball competitions among employees of PAVLODARENERGO JSC Group of companies were opened.
- 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

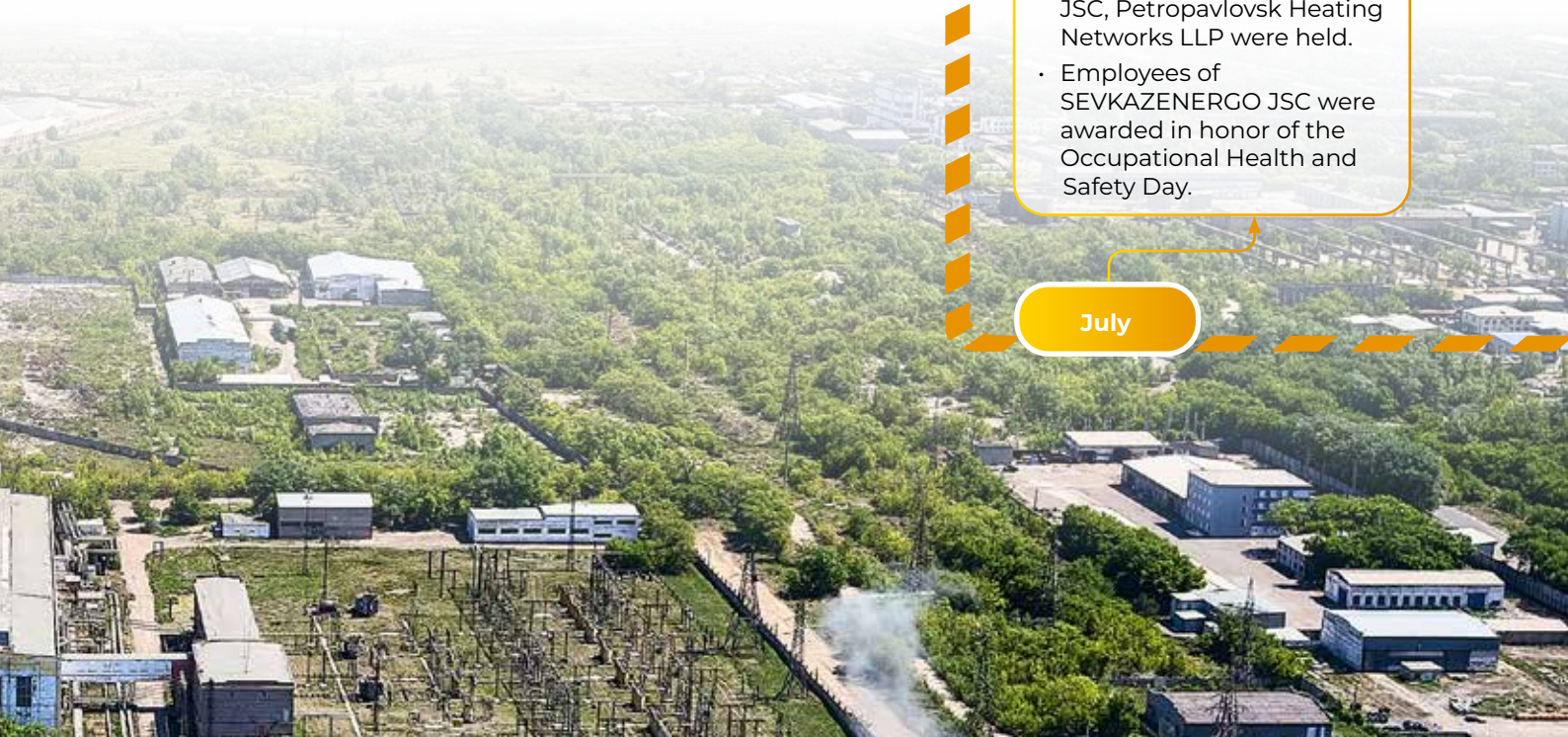
- The tenth mutual audit of occupational health and safety (OHS) of CAEPCO Group of companies was carried out in AEDC JSC
- The Akimat of Tselinograd district initiated awarding of employees of AEDC JSC for the successful operation during the heating season of 2021-2022.
- PAVLODARENERGO JSC Group of companies held events dedicated to the World Safety Day.
- A chess tournament was held in the Local Trade Union of Energy System Workers of PAVLODARENERGO.
- The grand opening of the Energetik health care center was held.
- Alikhan Smailov, Prime Minister of the Republic of Kazakhstan, visited Petropavlovsk CHP-2.

June

- The final competitions were held among electricians of AEDC JSC.
- AEDC JSC held a seminar on risk management and internal control.
- PAVLODARENERGO JSC held a video clip contest on the topic «Environmental Activity in the Workshop» among the workshops of CHP-2 and CHP-3 of Pavlodarenergo JSC
- The annual competition of student papers for a nominal scholarship of PAVLODARENERGO JSC was held.
- The construction of a reinforced concrete shaft of a new chimney at Pavlodar CHP-3 was started.
- Work was started to dismantle the collapsed pipe at Petropavlovsk CHP-2
- Repairs campaign was carried out at Petropavlovsk Heating Networks LLP.

July

- AEDC JSC held a production meeting and public hearings concerning n the results of its activities for the first half of 2022.
- A meeting of the regional commission regarding the tariff formation in Pavlodar region was held with the participation of AEDC JSC, representatives of mass media, non-governmental organizations, public associations.
- Public hearings concerning the activities of Ekibastuzteploenergo LLP for the 1st half of 2022 were held.
- A special commission consisting of representatives of the Energy Committee under the AMANAT political party visited the facilities of CHP-3 of PAVLODARENERGO JSC.
- Public hearings concerning the activities of PAVLODARENERGO JSC Group of companies for the 1st half of 2022 were held.
- An auxiliary transformer caught fire at CHP-3 in Pavlodar.
- 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.



August

- AEDC JSC adopted a new collective agreement for the period 2022-2025.
- AEDC JSC together with the Akmola Regional Department of the Committee on Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan held a press tour based on the results of modernization and fulfillment of investment obligations to subjects of natural monopolies.
- PAVLODARENERGO JSC conducted hydraulic tests for strength of heating networks after repair.
- Annual football competitions were held among employees of PAVLODARENERGO JSC Group of companies.
- 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 North Kazakhstan REDC JSC, Petropavlovsk Heating Networks LLP and Sevkazenergosbyt LLP

September

- Ekibastuzteploenergo LLP successfully passed the second supervisory audit of the Integrated Management System for compliance with the requirements of international standards ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and the recertification audit of the Energy Management System for compliance with the requirements of the international standard ISO 5001:2018.
- Press tours to investment facilities of Pavlodarenergo JSC, Pavlodar REDC JSC, Ekibastuzteploenergo LLP were held.
- 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.

October

- As part of the investment program of AEDC JSC, the construction of the 110 kV Makinsk-Nikolskaya overhead line (OHL) was implemented.
- The construction of a reinforced concrete shaft of the second chimney with a height of 180 m at Pavlodar CHP-3 was completed.
- A press tour to facilities under the investment programs of Pavlodar Heating Networks LLP was held.
- Final defense of students' 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.

November

- A meeting of the company's staff with the trustee of the AMANAT political party, Dauren Ulykpanov, was held in AEDC JSC.
- Public hearings to consider an application for a tariff for the production, transmission, distribution, and supply of heat power for 2023 were held in Ekibastuzteploenergo LLP.
- The 11th forum of power industry veterans of Kazakhstan and the CIS was held in Shymkent.
- An accident occurred on the heating networks in Ekibastuz.

December

- AEDC JSC took part in the events devoted to the issues of readiness of the state civil defence system to respond to winter emergencies.
- A solemn event dedicated to the Power Engineers' Day took place in AEDC JSC.
- Repair and restoration work was carried out after the accident on the heating networks in Ekibastuz.
- PAVLODARENERGO held a competition «The Best in Profession» among the employees of the Group of companies.
- In Pavlodar, public hearings concerning the projects of PAVLODARENERGO JSC «Reconstruction of the water treatment plant (WTP) of CHP-3» and «Reclamation of the 1st stage of the ash dump of CHP» were held.
- Employees of PAVLODARENERGO Group of companies were awarded in honor of the Power Engineer's Day.
- 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.


CAEPCO
ТОО «Экибастузтеплоэнерго»
19.2-23
Оперативный журнал
Котлотурбинный цех №2/3

ABOUT THE COMPANY

(GRI 2–1, 2–2, 2–3, 2–6, 415–1, SDGs 2,8,11,9,17)

2.1 Business profile

Central Asian Electric Power Corporation Joint Stock Company (CAEPCO) was incorporated on August 8, 2008. The issue of shares of CAEPCO JSC was registered on October 10, 2008 by the Agency of the Republic of Kazakhstan for Regulation and Supervision of the Financial Market and Financial Institutions.

Equity holding structure of CAEPCO JSC as of April 1, 2023:

- A. Klebanov – 47.1%,
- S. Kan – 47.1%.
- KIF ENERGY S.A.R.L (4.01%),
- CAPEC JSC (1.78%)

Legal address of the Corporation: 2 Dostyk ave., Astana, Republic of Kazakhstan.

Equity participation in subsidiaries as of April 1, 2023

Subsidiaries	Location	Equity participation		Principal activities
		31.12.2021	01.04.2023	
Pavlodarenergo JSC	Pavlodar	100%	100%	Production, transmission and sales of electric and heat power
SEVKAZENERGO JSC	Petropavlovsk	100%	100%	
Akmola Electric Distribution Company JSC	Astana	100%	100%	Transmission, distribution and sales of electric power
Pavlodar-Vodokanal Severny LLP	Pavlodar	80%	80%	Water treatment and distribution

2.2 History

At the time of incorporation, the Holding combined SEVKAZENERGO JSC and PAVLODARENERGO JSC. The sole founder was Central-Asian Power Energy Company JSC.

Since 2009, shareholders of the Holding were represented by CAPEC JSC with 62.12% share, the European Bank for Reconstruction and Development (EBRD) with 24.99% share and Islamic Infrastructure Fund (Kaz Holdings Cooperatief U.A., Amsterdam) with 12.89% share. The shareholders of the EBRD and Kaz Holdings made a planned withdrawal from CAEPCO JSC in 2018.

In 2014, CAEPCO JSC consolidated 100% stock in Akmola Electric Distribution Company JSC.

In 2015, Baiterek Holding became a shareholder of CAEPCO JSC through its subsidiary funds – KIF ENERGY S.A.R.L, Baiterek Venture Fund JSC, CKIF ENERGY S.A.R.L.

In 2021, CAPEC Green Energy LLP joined the Group with Astana EXPO-2017 wind power plant project. Today, the Holding structure includes such major energy facilities as PAVLODARENERGO JSC, SEVKAZENERGO JSC, AEDC JSC, as well as Astana-ERC LLP (42.25%) and Pavlodar Vodokanal Severny LLP (80%).

Baiterek Venture Fund JSC withdrew from CAEPCO JSC in **March 2023** by selling its shares to CAPEC JSC.

The main activity of the Group is the production, transmission, distribution, and sale of electric power in Pavlodar and Petropavlovsk, transmission and distribution of electric power in Akmola region. The Group has all the required licenses to carry out activities for the production, transmission and distribution of electric and heat power.

2.3 Mission, vision

Mission

The Company's mission is to improve the quality of life of its consumers and create conditions for the economic development of the regions of operation. The Company achieves these goals by providing high-quality services for energy supply and life support to the population, industrial enterprises, budgetary and commercial organizations in Pavlodar and North Kazakhstan regions, the cities of Ekibastuz, Pavlodar, Petropavlovsk, and Astana.

The quality of services provided implies reliable and uninterrupted power supply in compliance with all technical requirements and a high level of customer service.

The basis of performance efficiency is the Company's employees, whose value lies in their high professionalism, ability to work in a team with a focus on achieving results.

Vision

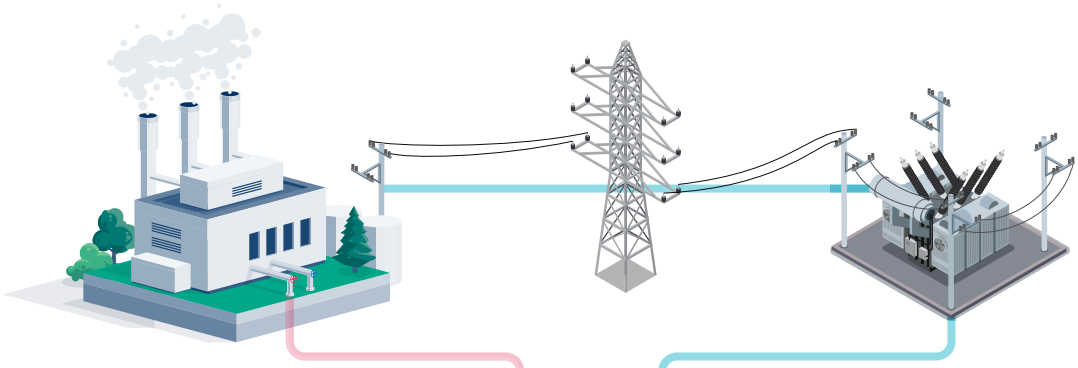
Central-Asian Electric Power Corporation JSC is a leader among private energy companies in Kazakhstan.

The Company operates in the most challenging climate conditions in the north of the country.

The Company successfully uses the advantages of the holding structure by combining dynamism and flexibility of its business units (enterprises within the Group) with stability and reliability of centralized management on the Group level.

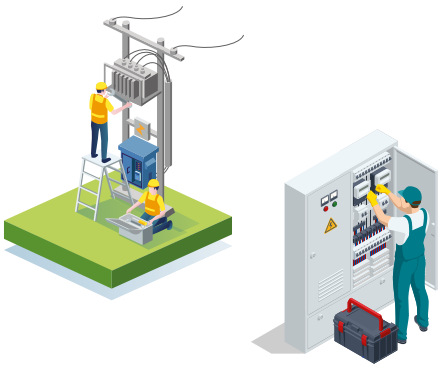
Employees of the Company are a team of professionals who are striving for higher goals. The Company's relations with customers and suppliers are based on the principles of respect and mutual responsibility.

2.4 Business model



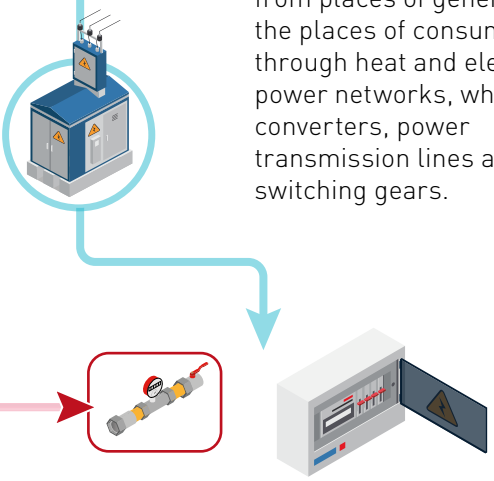
1 Heat and electric power generation

means combined generation of heat and electric power at 4 CHPs of the Holding, as well as electric power generation based on renewable energy sources.



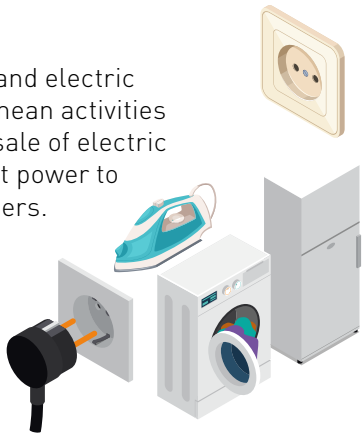
2 Transportation and distribution

of heat and electric power mean transmission of energy from places of generation to the places of consumption through heat and electric power networks, which include converters, power transmission lines and switching gears.



3 Sales

of heat and electric power mean activities for the sale of electric and heat power to consumers.



4 Investment activities

- Modernization of power equipment
- Reconstruction of heat and power networks
- Process automation

2.5 Development Strategy

(GRI 2–22, SDG 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 areas of achieving the strategic goal of CAEPCO JSC

- Targeted market expansion with guaranteed sales and low risk;
- Improving production efficiency through increasing the technical level of production and updating fixed production assets and infrastructure;
- Implementation of promising projects through the balanced development of innovative directions;
- Implementation of the best management standards through continuous training of personnel in new effective technologies in the production sector and enterprise management.

To achieve its strategic goal, the Corporation is implementing the following tasks:

- Providing enterprises with highly qualified loyal staff;
- Maintaining up-to-date certification for compliance with the requirements of international standards in the area of ecology, personnel health protection, industrial safety;
- Introduction of energy-saving and energy-efficient technologies in the production and transmission of energy;
- Minimization of specific consumption for production of a unit of heat and electric power;
- Reducing excess losses during transportation of heat and electric power;
- Reconstruction and modernization of equipment of power generating facilities through implementing investment programs, reducing the risks of accidents and eliminating downtime.

The development strategy has been drawn up considering the tasks defined by Nurly Zhol state program to strengthen the energy infrastructure of the Unified Electric Power System. The Development Strategy of the Corporation takes into account the requirements dictated by the development of the modern energy market and global trends, such as the development of alternative energy, energy efficiency and energy saving.

MARKET

ANALYSIS

(GRI 2–6, SDGs 2,8,11,9,17)

3.1 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 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.

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).

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 and Western Zones consumption decreased by 1.7% and 0.1%, respectively, 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.

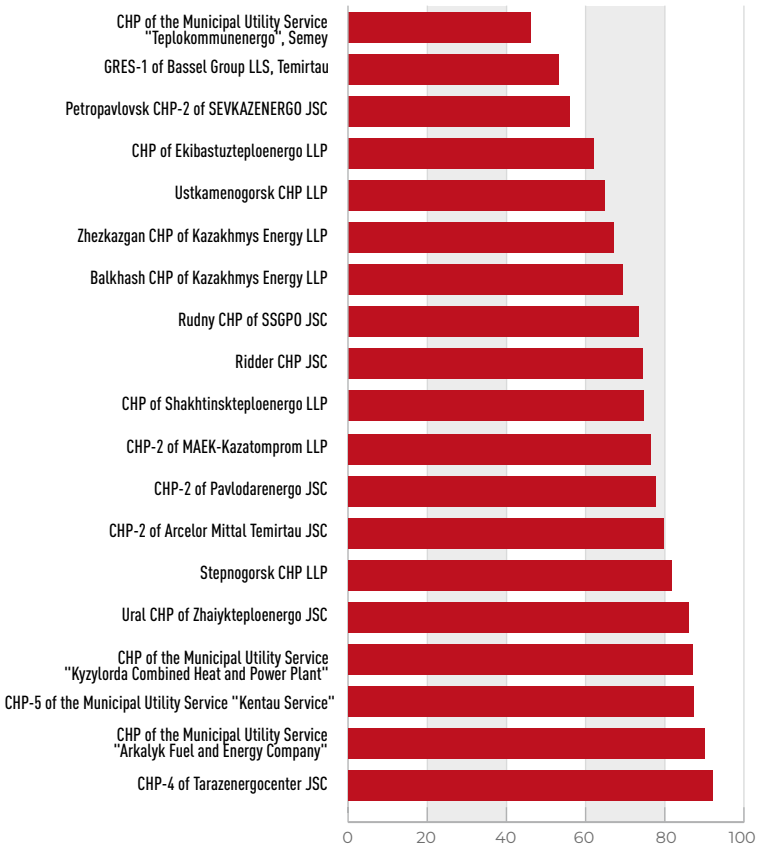
Problems of the power industry (GRI 2–6, SDGs 2,8,11,9,17)

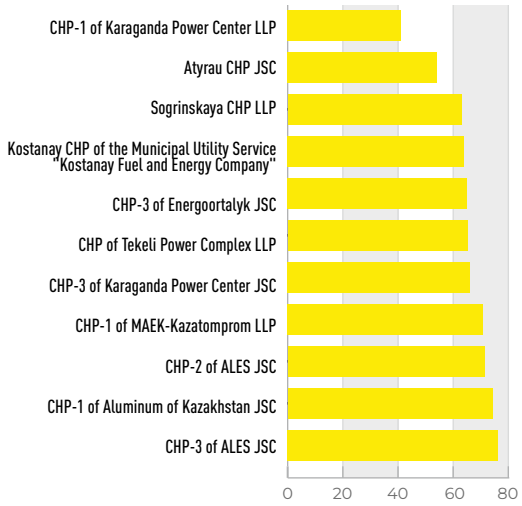
Today, an energy crisis is observed in Kazakhstan. One of the main factors of the slowdown in the electric power industry was a decrease in the overall profitability of electric power production, which fell to 0% from January 1, 2019. In addition, the approved capacity fee was reduced from 700 thousand 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.

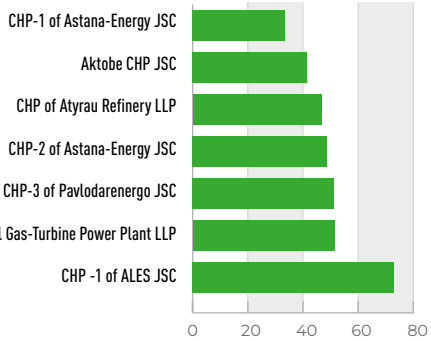
According to statistical data, the total length of heating networks in Kazakhstan is more than 12 thousand kilometers. The average wear rate in the country is 59% and even much higher in some cases. For example, the wear rate is 68% in Atyrau, 81% in Akmola region, 84% in Aktau, 86% in Ekibastuz. For 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.

Categorization of combined heat power plants by risk zones





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PERFORMANCE

RESULTS OVERVIEW

(GRI 2–24, SDG 17)

Accident on the heating networks in Ekibastuz

On November 27, an accident occurred on the heating networks in Ekibastuz, as a result of which a boiler unit No. 11 stopped; boiler units No. 13, 14, 15 stopped due to a large flow of mains water.

On November 28, the operation of the plant was normalized; six boilers were in operation. Nevertheless, specialists continued to identify new minor damages on the heating networks. The situation was aggravated by low outdoor temperatures, as well as unauthorized discharge of mains water by consumers.

As a result of the accident, some high-rise apartment buildings were left without heat and more than 80 high-rise buildings became defrosted. Specialists of Ekibastuzteploenergo LLP, Pavlodar Heating Networks LLP, Vostochny Coal Mine, Bogatyr Komir LLP, Ekibastuz GRES-1 named after Bulat Nurzhanov, Gorvodokanal public municipal enterprise, heating engineers of Petropavlovsk, Astana and Karaganda were involved in repairing damage on the networks. Works aimed at stabilizing the situation in the city of miners, warming up the heat supply system, repairing damage were carried out around the clock.

Heating radiators, heaters, pipes and other necessary materials and equipment were purchased for the residents of the city using the funds allocated by the company. Assistance in providing hot meals, heating specialists and residents of the city, providing heaters was rendered by the city administration, the volunteer center and other enterprises of the city and region.

The elimination of consequences of the emergency situation caused failures in the operation of the CHP equipment. To ensure the prompt start of the city's heat supply system, the company's employees had to use «raw» untreated water to fill the battery tanks. In addition, when starting the newly installed sections of pipelines, flushing was not carried out properly. This was the main reason for the ingress of rubbish, scale and metal fragments through pipelines into boiler units, as a result of which the equipment of the plant began to fail. It was not possible to stabilize the heat supply of Ekibastuz before the end of the heating season.

In order to prevent the re-occurrence of these events, improve the quality of heat supply, stabilize the operation of the plant equipment, to improve working conditions for the CHP staff, major repairs of 8 boiler units and current repairs of two power boilers are planned for the current year.

Major repairs will be carried out at the power boiler No. 6, 7, 8 during which heating surfaces, screw slag removers, blow fan, gearboxes, drop traps and emulsifier swirlers, mill rotors will be completely replaced; insulation and housing of boiler units, flues, air ducts and other equipment will be restored.

Current repairs will be carried out at power boilers No. 5, 9. On the boiler No. 9, the lining of the furnace will be restored, the leaks of flues will be eliminated, the blast fan will be repaired, and the mills will be inspected.

On water-heating boilers No. 11, 12, 13, 14, 15 major repairs are planned. On boiler units No. 11, 12, 13, 14 about 80% of the heating surfaces and 100% of the convective packages will be replaced. On the boiler unit No. 15, heating surfaces do not require repairs. On water-heating boilers ball-drum mills will be repaired, shut-off valves will be replaced, three new network pumps will be installed, four of the existing six network water collectors will be replaced. It is planned to repair coal-pulverization systems at all boiler units.

In addition, before the start of the heating season of 2023-2024, it is planned to partially replace the common plant heating pipelines, fire extinguishing pipelines, fuel oil, steam and clarified water pipelines. Besides, it is planned to restore the bagger pumping station with the replacement of pumps and pipelines, replacement of oil switches with vacuum ones, replacement of relay protection with modern new microprocessor protection, partial replacement of control and measurement instrumentation and electric drives.

At the same time, in 2023, it is planned to reconstruct the roof on 11 buildings of the CHP with the replacement of a soft roofing with a hard one. The boiler and turbine shop building will also be repaired with partial replacement of wall panels. It is also planned to develop a project for the construction of new centralized shower rooms for workers, purchase new and repair existing mains water heaters to bring the load of power boilers to the standard value, purchase a new bulldozer and skidsteer for the station staff.

Collapse of the chimney at Petropavlovsk CHP-2

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 the operation of boiler units of the first stage was 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, expresses deep condolesences to the family of the deceased. the Company provided all necessary support to the family of Natalya Chefonova.

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. The chimneys No. 2 and No. 3 were put into operation in 1965 and in 1977, respectively. A specialized survey was conducted in 2018. The technical condition of two pipes at Petropavlovsk CHP-2 does not cause concerns.

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. 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 by December 1. The second and third chimneys were inspected by expert organizations, all the recommendations provided by specialists were implemented in full.

4.1 Investment program results in 2022 (GRI 203–1)

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

In 2022, the Corporation intended to allocate 17.2 billion tenge for implementing the Investment Program. In fact, 18.8 billion tenge was allocated, which is due to an increase in costs for Petropavlovsk CHP-2.

Pavlodar CHP-3 of PAVLODARENERGO JSC	
Pavlodar CHP-3 of PAVLODARENERGO JSC — the largest energy generating facility of CAEPCO JSC. The plant is one of the most modern plants in Kazakhstan. The automated process control system covers 83% of the main equipment. The installed electric power is 555 MW. 90.1% of renovated generating equipment	**2022** In November 2022, the work on the construction of the chimney shaft was completed. In 2023, work will be carried out on the inner and outer sections of the chimney. The work on reconstruction of the flues is planned to be completed in 2024, after which the chimney No. 2 will be put into operation. Reconstruction of air heaters of the boiler unit BKZ-420-140 at station No. 1 of CHP-3 was completed. This activity was carried out in order to reduce the ash wear of air heaters of the boiler unit.
Pavlodar CHP-2 of PAVLODARENERGO JSC	
Pavlodar CHP-2 of PAVLODARENERGO JSC — the third largest power generating asset of CAEPCO JSC, which provides electric power to industrial enterprises of the city, local service facilities, as well as households. The plant is one of the best in Kazakhstan in terms of using the installed electric capacity during the heating period, which is 93%. The installed electric power is 110 MW.	**2022** To improve the reliability of operation of the turbine equipment, the design organization developed the feasibility study for the project of reconstruction of CHP-2.
Ekibastuz CHP of PAVLODARENERGO JSC	
Ekibastuz CHP of PAVLODARENERGO JSC— the fourth largest power generating asset of CAEPCO JSC. Ekibastuz CHP is the only source of heat supply in Ekibastuz. The plant is the oldest enterprise of the Corporation. The installed electric power is 12 MW.	**2022** The work on reconstruction of boiler units No.13, 14 with replacement of heating surfaces were carried out. The work was continued to reconstruct the section No. 2 of the ash dump in the bed of Lake Tuz.

Petropavlovsk CHP-2 of SEVKAZENERGO JSC

Petropavlovsk CHP-2 of SEVKAZENERGO JSC —the largest power generating asset of CAEPCO JSC.

Petropavlovsk CHP-2 supplies electricity to industrial enterprises of the city, local service facilities and households. The plant is one of the most modern plants in Kazakhstan: since 2009, the generating equipment of the plant has been updated by 49.7%. The automated process control system covers 42% of the main equipment.

The installed electric power is 541 MW.

2022

- Building up the enclosing dams of section No. 3 of the ash dump No. 2 at Petropavlovsk CHP-2 of SEVKAZENERGO JSC (stage II) was completed.
- Major repairs of boiler units resulting in an increase in the cost of property, plant and equipment were carried out.
- Modernization of overhead cranes of the boiler shop was completed, which resulted in an increase in the cost of property, plant and equipment.
- Major repairs of electric motors resulting in an increase in the cost of property, plant and equipment were completed.
- 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 was conducted.
- Inspection of chimneys No. 1,2,3 was carried out.
- Reconstruction of the main building of the boiler shop (smoke exhaust compartment) of Petropavlovsk CHP-2 of SEVKAZENERGO JSC was completed.
- A section of the common gas flue of CHP-2 of SEVKAZENERGO JSC in North Kazakhstan region (from the boiler units No. 1, 3-7) was reconstructed to switch to the chimney No. 2.

4.2 Process automation

Subsidiaries of CAEPCO JSC carry out a comprehensive modernization and automation of production, accounting and related information systems. All projects are aimed at improving labor productivity, transparency of activities and economic efficiency.

Automated power supply control system

In 2022, in the framework of the approved concept of the organization of automated control over the distribution of electric power, the subsidiaries of CAEPCO JSC continue to successfully implemented the Balance Sheets automated information system and the Technical Accounting software.

Billing

During 2022, the following works were performed to implement the system in terms of:

- accepting payments from customers in real time (online) and on the basis of electronic invoices submitted through the RPS Asia system. More than 10,000 payment acceptance points were connected to the payment gateway throughout Kazakhstan, including own cash and settlement offices/terminals, bank branches, utility settlement centers, Internet banking and mobile banking systems.
- working with a mobile operator for automatic sending SMS notifications to consumers who have accounts receivable.

Thesis document and task management system

During 2022, work was continued to update the release of the system in order to:

- improve productivity and administration;
- implement a mobile application;
- implement the possibility of using an electronic digital signature;

The Front Office/Records Keeping module was upgraded.

Plans for process automation for 2023

- Implementation of the THESIS update to the current release, development of automation of personnel management processes and information security processes. Switching to the mobile application.
- Implementation of the Balance Sheets automated information system and the Technical Accounting software in SEVKAZENERGO JSC, AEDC JSC and PAVLODARENERGO JSC.
- Implementation of works on receiving electric and heat power readings via a chat-bot system (WhatsApp and Telegram).

4.3 Work with consumers

Sale of services

The main functions of energy-supplying organizations 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 by energy-supplying organizations for 2022

Indicators of an energy-supplying organization	Volume	Amount
Sales of electric power:	thousand kWh	thousand tenge (including VAT)
	3 031 524	67 441 224
Legal entities	1 728 702	47 800 238
Individuals	1 302 821	19 640 986
Pavlodarenergosbyt LLP	**1 339 929**	**28 010 372**
Legal entities	753 078	20 527 720
Individuals	586 851	7 467 002
Sevkazenergosbyt LLP	**876 718**	**18 823 955**
Legal entities	555 686	14 330 302
Individuals	321 032	4 493 653
AEDC-Energosbyt LLP	**814 877**	**20 622 547**
Legal entities	419 938	12 942 216
Individuals	394 938	7 680 331

Indicators of an energy-supplying organization	Volume	Amount
Sales of heat power	thousand Gcal	thousand tenge (including VAT)
	4 787	24 544 166
Legal entities	1 846	16 578 836
Individuals	2 941	7 965 330
Pavlodarenergosbyt LLP	**2 662,61**	**10 911 218**
Legal entities	1 156,62	7 352 021
Individuals	1 505,99	3 559 197
Sevkazenergosbyt LLP	**1 311,60**	**9 105 250**
Legal entities	498,80	6 191 905
Individuals	812,8	2 913 345
Ekibastuzteploenergo LLP	**812,631**	**4 527 698**
Legal entities	190,324	3 034 910
Individuals	622,31	1 492 788

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 branches of energy-supplying organizations, consumers are serviced 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.

Sevkazenergosbyt LLP implemented a project to develop a mobile application, which allowed improving the operational model of working with consumers.

The functionality of the application allows:
- making online payments;
- transmitting readings of hot water and electric power metering devices;
- viewing the balance for services included in a single payment document;
- calling the controller (for hot water metering devices)
- sending requests to the company;
- evaluating the work and quality of services provided;

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 July 2022, Pavlodarenergosbyt LLP passed the first supervisory audit for compliance with the requirements of ISO 9001 standard, which confirms the functioning of the quality management system in the organization at a high level.

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 energy-supplying organizations 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 shows 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 shows the amount of potential risk.

3. turnover of all accounts receivable over time. It shows 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.

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		
Pavlodarenergosbyt LLP	5479530	1389 695	1059 629	64	721967	1364 091
Sevkazenergosbyt LLP	3045 502	260619	130413	75	1145 777	144335
AEDC-Energosbyt LLP	1951 162	285224	63931	81	51999	76048
Ekibastuzteploenergo LLP	814322	311974	137640	43	164070	42866
Total	**11290 516**	**2247 512**	**1391 612**	**66**	**2083 813**	**1627 340**

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:

Energy-supplying organization	Notifications issued		Disconnections made	
	Electric power	Heat power	Electric power	Heat power
Pavlodarenergosbyt LLP	510 423	167 087	39 854	45
Sevkazenergosbyt LLP	82 750	24 709	1 373	
AEDC-Energosbyt LLP	203 368		4 503	
Ekibastuzteploenergo LLP		10 252		3
Total	**796 541**	**202 048**	**45 730**	**48**

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

4.4 Procurement

(GRI 414–1, SDGs 8,11,12,16)

Volume of purchases in the reporting year:
- Commodities and materials – 10.96 billion tenge
- Works and services – 17.37 billion tenge

At the end of the reporting period, the following objectives were accomplished:
- the report on purchases is integrated with the electronic trading platform. The report data is displayed in real time (MS Power BI);
- the annual procurement plan was executed by 98%;
- the number of procedures announced as of 30.05.2023 was 6890;
- the level of automation exceeded 83%;
- the level of digitalization of purchases was 82%.

In addition, the following measures are implemented:
- the procurement risk management process;
- work to reduce stocks and volumes of illiquid assets in warehouses;
- active work with authorized state bodies on introducing amendments to regulatory legal acts on procurement activities.

4.5 Financial and economic indicators

(GRI 201-1, SDGs 4,6,9)

Consolidated financial statements of the Group of Companies of CAEPCO JSC (hereinafter referred to as the Group) for 2022 was prepared in accordance with International Financial Reporting Standards and includes financial statements of subsidiaries from the date of their acquisition.

The principles of accounting policy are the same for all enterprises of the Group. Key financial and economic indicators reflect the results of operating and financial activities, as well as the implementation of the main directions of the Group's strategic development.

Key financial and economic indicators for 2020 – 2022, million tenge

INDICATORS	2020	2021	2022
Income from core activities	104 249	139 734	148 382
Cost price	-89 882	-106 209	-120 782
Gross profit	14 368	33 525	27 600
Period expenses	-10 388	-11 130	-12 448
Profit from operating activities	3 979	22 396	15 153
EBITDA total for the year*	16 869	44 336	45 432
EBITDA total for the year, margin in %	16,18%	31,73%	30,62%
Impairment loss	-1 456	-14 925	-9 611
Income/loss from exchange rate difference	1 347	-1 799	-11 349
CIT expenses	-2 303	11 957	4 856
Net profit (loss) for the year	-5 768	-902	-37 330
Loss from discontinued operations	296	10 047	0
Total comprehensive income (loss)	-5 472	9 145	-37 330
Assets	375 010	504 785	475 229
Capital	123 535	179 229	115 431
Capital expenditures for fixed assets	14 880	14 025	16 803

* Total EBITDA is given without taking into account the impact of exchange rate differences

Income from sale of products/ services

By the end of 2022, the Group produced electric and heat power, taking into account the transfer and sales of purchased power, for a total amount of 148,382 million tenge with an increase of 8,648 million tenge (+6.2%) compared to the results of 2021, including:

- growth of income from sales of electric power by 9,191 million tenge;
- reduction of income from the electricity capacity market by 301 million tenge (including Sevkazenergo JSC - by 312 million tenge);
- reduction of income from sales of heat power by 275 million tenge;
- growth of income from other activities by 33 million tenge.

The main factors that influenced the income growth in 2022 are:

- a growth in the average price of electric power by 18% increased the Group's income by 20,174 million tenge (including Pavlodarenergo JSC - by 9,285 million tenge, Sevkazenergo JSC - by 5,742 million tenge, AEDC JSC - by 3,304 million tenge);
- an increase in average tariffs for heat power by 3% increased the Group's income by 905 million tenge (including Pavlodarenergo JSC - by 436 million tenge, Sevkazenergo JSC - by 469 million tenge);
- The following main factors influenced a decrease in income in 2022:
- a decrease in the volume of sales of electric power by 10% (due to a decrease in electric power generation) caused a reduction in income by 11,284 million tenge (including Pavlodarenergo JSC - by 391 million tenge, Sevkazenergo JSC - by 11,109 million tenge, AEDC JSC - by 590 million tenge);
- a decrease in the volume of sales of heat power by 4% (due to a decrease in output from collectors) reduced revenue by 1,181 million tenge (including Pavlodarenergo JSC - by 675 million tenge, Sevkazenergo JSC - by 506 million tenge).

Cost of goods/services sold

The cost of electric and heat power sold in 2022 amounted to 120,782 million tenge, which is 14,573 million tenge, or 13,7% higher compared to 2021.

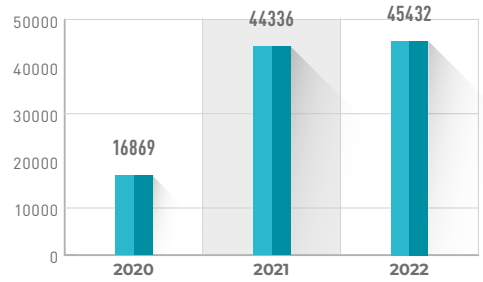
The following main factors influenced the cost increase:

- increase in operating expenses, including:
  - amortization (+8,487 million tenge) in connection with the revaluation of property, plant and equipment as of 31.12.2021 and amortization of intangible assets received as a result of the acquisition of the share of CAPEC Green Energy LLP in 2021;
  - expenses for labor remuneration with related taxes (+3,452 million tenge) with the aim of reducing the turnover rate of qualified personnel;
  - expenses for purchased electric power (+ 3,433 million tenge) due to an increase in the volume of electric power purchased from third-party sources and an increase in tariffs;
  - expenses for operational materials (+ 278 million tenge) to ensure the stable and reliable operation of power equipment;
  - expenses for services of third-party organizations (+ 410 million tenge) and chemicals (+ 321 million tenge) due to price increases;
- The following main factors influenced the cost reduction:
  - reduction of variable costs (fuel, process water, payment for environmental emissions) by 1,240 million tenge due to a decrease in coal consumption as a result of a decrease in energy production;
  - reduction of other expenses by 249 million tenge;
  - Period expenses increased by 1,318 million tenge (+12%), including: by 1,003 million tenge due to salary indexation with related taxes, by 242 million tenge due to an increase in the cost of third-party services, by 73 million tenge due to an increase in depreciation charges.
- A growth in financial expenses by 9,689 million tenge (+37%) is due to an increase in the book value of new loans, the base rate of the Central Bank of the Russian Federation on the VTB loan from 10% to 11%, on the EBRD loan - from 10.75% to 26.61% (inflation + LIBOR).
- The foreign exchange loss in 2022 was due to the weakening of the tenge relative to the Russian ruble.

Dynamics of total EBITDA

The operating EBITDA indicator was chosen as the main indicator when evaluating the production performance of the Corporation. This performance indicator does not take into account other income, financing income, non-monetary component of foreign exchange liabilities, depreciation, amortization and non-recurring or non-permanent items that do not affect the primary production activities of the Corporation.

Total EBITDA for the year, million tenge

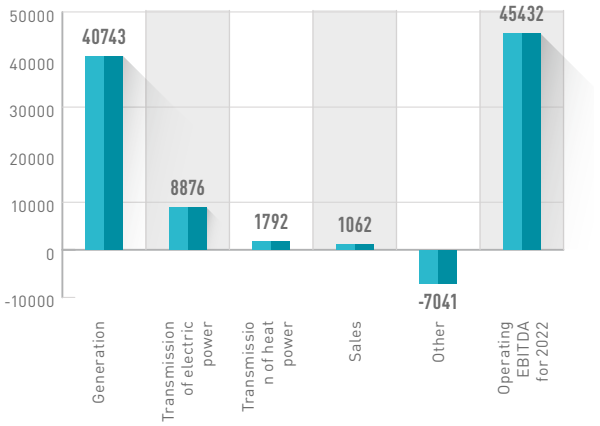


* Total EBITDA is indicated excluding the effect of exchange rate differences

The Corporation's operating EBITDA for 2022 amounted to 45,432 million tenge, having increased by 1,095 million tenge (or 2.5%) compared to 2021 due to the following factors:

- In the operating EBITDA structure, the leading (primary) marginal segment is the production of electric and heat power (40,743 million tenge), for which there was an increase of 5,014 million tenge (+14%) in 2022 mainly due to amortization of intangible assets as a result of the acquisition of the share of CAPEC Green Energy LLP in 2021.
- In the transmission and distribution of electric power segment, operating EBITDA amounted to 8,876 million tenge, having increased by 563 million tenge (+7%) due to an increase in income from operating activities as a result of an increase in tariffs.
- In the transmission and distribution of heat power segment, EBITDA (1,792 million tenge) increased by 305 million tenge (+21%) due to an increase in operating profit as a result of cost reduction and tariff growth.
- In the sales of electric and heat power segment, EBITDA (1,062 million tenge) decreased by 30 million tenge (- 3%) due to an increase in cost and period expenses.

Operating EBITDA by segment, million tenge



Dynamics of net income/loss

Profit from operating activities for 2022 amounted to 15,153 million tenge (margin of 10% to sales income) with a decrease of 7,243 million tenge (-32%) compared to 2021 due to the following main factors:

- decrease in gross profit by 5,925 million tenge (-18%) due to an increase in cost by 14,573 million tenge (+14%), revenue growth amounted to 8,648 million tenge (+6%);
- increase in expenses of the period by 1,318 million tenge (+12%).

Net profit (loss) for 2022 according to the results of the audit (- 37,330 million tenge) decreased by 36,428 million tenge compared to 2021 due to:

- decrease in profit from operating activities by 7,243 million tenge;
- reduction of the result from other activities by 6,360 million tenge;
- growth of expenses on the exchange rate difference by 9,549 million tenge;
- decrease in the result of financial activities by 10,491 million tenge;
- reduction of the share in the profit of associated enterprises by 997 million tenge;
- reduction of impairment loss by 5,314 million tenge;
- reduction of CPN expenses by 7,101 million tenge.

Financial and economic indicators by segment for 2022, million tenge

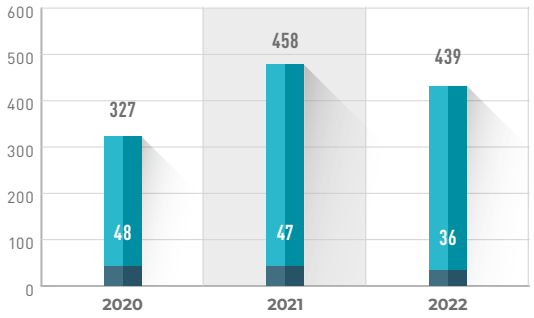
Indicators	Electricity and heat generation	Transmission and distribution of Electricity	Transmission and distribution of heat energy	Sales of Electricity and heat	Other	Total
Income from core activities	94,799	32,274	9,290	78,098	400	148,382
Cost	-73,170	-25,351	-7,153	-74,532	-360	-120,782
Gross profit	21,629	6,923	2,137	3,566	40	27,600
Period expenses	-5,884	-2,243	-1,135	-2,610	-1,333	-12,447
Income from operating activities	15,744	4,680	1,002	956	-1,294	15,153
Financial expenses, net	-31,330	-2,096	-1,386	102	1,270	-34,090
Foreign exchange gain/loss	-9,673	-1,197	-254	0	-224	-11,348
Impairment loss	-10,013	342	151	-212	-805	-9,611
Other net income/expenses	-2,033	106	60	459	-400	-2,288
Corporate income tax expenses	-2,756	-998	-200	-132	-340	4,856
Net profit (loss) for the year	-40,061	837	-627	1,172	-1,793	-37,330
Operating EBITDA by segment	40,743	8,876	1,792	1,062	-1,105	45,432

Note: Financial indicators for the elimination of intra-group turnover are not included in the table.

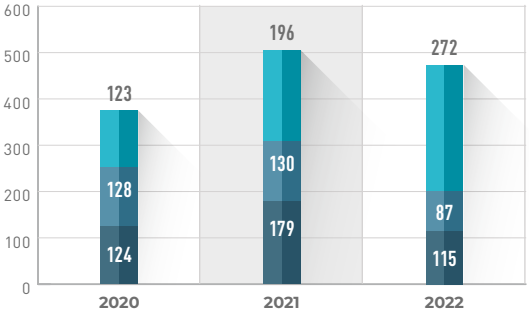
Assets, liabilities and equity

The currency of the Group's balance sheet as of December 31, 2022 is 475,229 million tenge, which is 29,556 million tenge (or 6%) lower than in 2021. The Group's assets are divided into current and non-current. Non-current assets include property, plant and equipment, the value of which as of December 31, 2022 amounted to 352,361 million tenge, or 74% of the value of all assets. Investments in property, plant and equipment for 2022 amounted to 16,803 million tenge.

Assets, billion tenge



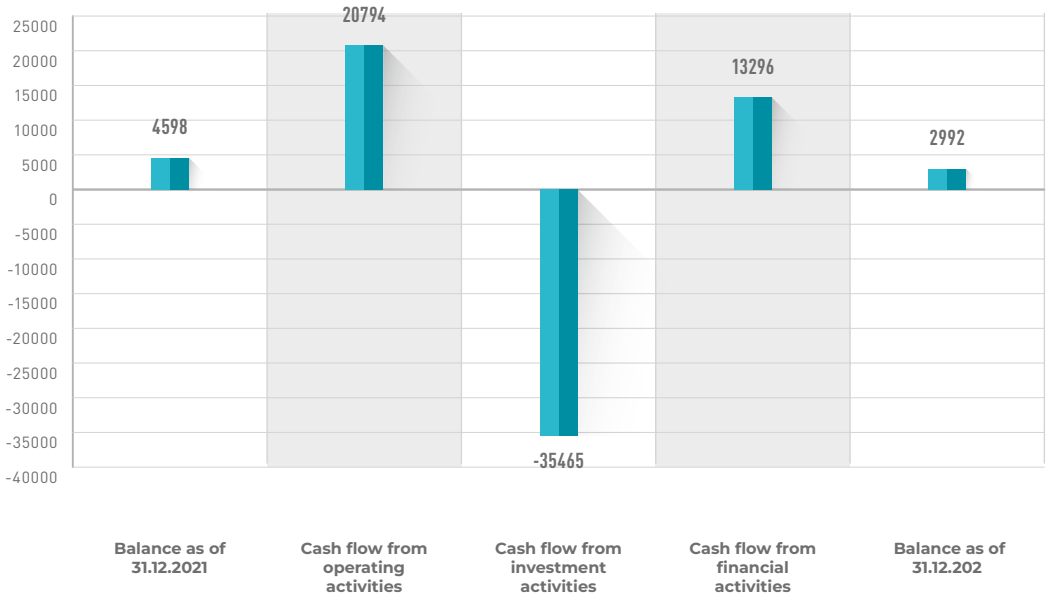
Liabilities and equity, billion tenge



The declared authorized capital of the Group is 50 million ordinary shares. As of December 31, 2022, the cost of fully paid ordinary shares amounted to 46,043 million tenge.

Long-term and current liabilities consist, inter alia, of liabilities to VTB Bank JSC (Kazakhstan), the European Bank for Reconstruction and Development, Halyk Bank of Kazakhstan JSC, the Clean Technologies Fund. The loans were raised to finance the investment program for the reconstruction and modernization of the Group's facilities and to purchase equity shares in other companies.

Cash flow, million tenge



Net cash from operating activities in 2022 amounted to 20,794 million tenge, which is 12,216 million tenge (+142%) more than in 2021. Net cash used in investment activities amounted to 35,465 million tenge. The cash outflow is associated with the implementation of the investment program and the payment of accounts payable. Net cash received from financing activities amounted to 13,296 million tenge. The cash flows from financing activity are associated with the attraction and repayment of bank loans. The cash balance at the end of 2022 is 2,992 million tenge..


СЕВКАЗЭНЕРГО
СЕВЕРСО

DEVELOPMENT

PROSPECTS

(GRI 2–22, SDG 17)

5.1 Plans for reconstruction and modernization of equipment for 2023

In 2023, as part of the investment program, the Company will continue to implement several equipment modernization projects to increase generation, reduce transmission losses for electricity and heat, as well as to improve environmental performance.

In 2023, the Corporation intends to allocate 19.8 billion tenge for implementing the Investment Program.

In 2023, the Corporation plans to generate electric power in the amount of 5,654.2 million kWh and supply heat power in the amount of up to 6,208.7 thousand Gcal.

In 2023, measures will be carried out at all CHPs in subsidiaries of CAEPCO JSC to install an automated system to monitor environmental emissions in accordance with the requirements of the new Environmental Code.

It is planned to continue work at CHP-3 of PAVLODARENERGO JSC on the construction of the chimney No. 2 in order to remove the restrictions on the traction of the existing boiler units operating on the chimney No. 1, and to provide the possibility of connecting to the pipe of boiler units at plants No. 5, 6 and prospective boiler units at plants No. 7, 8. It is also planned to carry out the following measures at CHP-3 of PAVLODARENERGO JSC:

- reconstruction of air heaters of the boiler unit BKZ-420-140 at station No. 2 of CHP-3;
- reclamation of the first stage of the ash dump;
- commencement of reconstruction of the clarifier No. 1 (purchase of goods and commodities),
- reconstruction of a ceiling steam superheater of the boiler unit BKZ-420-140 at station No. 2;
- reconstruction of the condenser of the turbine unit PT-60/65-130/13 at station No. 2,
- completion of the reconstruction of electrical equipment in the turbine unit cell at station No. 5.

It is planned to reconstruct air heater cubes of boiler units BKZ-160-100 at stations No. 1, No. 3 at CHP-2 of PAVLODARENERGO JSC.

It is planned to reconstruct the raw water circuit at Ekibastuz CHP with the replacement of PSV-1,2.

In 2023, SEVKAZENERGO JSC plans to start work on the construction of a new reinforced concrete chimney at Petropavlovsk CHP-2, to carry out work on buildings and structures, major repairs of boiler units No. 3, 11 of turbine unit No. 1, building dams of section No. 3 of the ash dump No. 2 of the second stage.

In 2023, it is planned to construct and reconstruct the main heat pipelines using pre-insulated pipes with a length of 0.789 m, including:

Pavlodar – 0.246 km; reconstruction of the heat network from TK-302/4 to the railway on Surganov street.

Petropavlovsk – 1.021 km; reconstruction of TM No. 3 from TK 6-19 to TK -3-15 on Satpayev street.

In 2023, as part of the investment programs for regional electric distribution companies, the following measures are planned:

- construction, reconstruction and technical re-equipment of 0.4-10 kV electric networks in the amount of 182.67 km, including 32.84 km for NK REDC JSC, 97.63 km for AEDC JSC, 52.2 km for Pavlodar REDC JSC;
- construction and reconstruction of 35-110 kV overhead lines in the amount of 113.8 km, including 35.4 km for NK REDC JSC, 54.8 km for AEDC JSC, 23.6 km for Pavlodar REDC JSC;
- reconstruction of 25 substations of 35 kV and higher, including 4 substations of NK REDC JSC, 19 substations of AEDC JSC, 2 substations of Pavlodar REDC JSC.

5.2 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 for CHPs:

Pavlodar CHP-3:
- Replacement of clarifiers No. 1, 2, 3;
- Reconstruction of swirler units and emulsifier demister of the boiler unit BKZ-420-140 at stations No. 1-6
- Reconstruction of air heaters of the boiler unit BKZ-420-140 at stations No. 1-6 of CHP-3

Pavlodar CHP-2:
- Reconstruction of swirler units and emulsifier demister of the boiler unit BKZ-160-100 at stations No.1-5
- Reconstruction of air heaters of the boiler unit BKZ-160-100 at stations No. 1-5 of CHP-2

Ekibastuz CHP of Ekibastuzteploenergo LLP:
- reconstruction of the section No. 2 of the ash dump in the bed of Lake Tuz
- Reconstruction of the potable water supply circuit at Ekibastuz CHP and using a potable water supply tank of 6000 m^3 as a technical water supply tank
- Implementation of a system for environmental monitoring of emissions at sources of Ekibastuz CHP
- Reconstruction of the raw water circuit with the replacement of PSV-1,2.
- Reconstruction of the accumulator battery No. 1
- Reconstruction of 35 kV outdoor switchgear
- Construction of the section No. 3 at Ekibastuz CHP

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.

. In 2024-2026, within the framework of investment programs, it is planned to perform the following main activities for heating networks:

Pavlodar Heating Networks LLP:

1. Reconstruction of 0,73 km of heating network from TK-134 to TK-134/8 in Pavlodar

2. Reconstruction of 7 km of TM-20 heating main with an increase in capacity (up to DN1000) on the section from the CHP of AK JSC to Kamzin street in Pavlodar.

Petropavlovsk Heating Networks LLP:

- In 2024-2026 it is planned to reconstruct 2.813 km of main pipelines, including:
  - Reconstruction of a section of the heating main No. 3 of DN500mm with a length of 0.619 km;
  - Reconstruction of a section of the heating main No. 6 of DN400-DN500mm with a length of 1.680 km;
  - Reconstruction of a section of the heating main No. 7-18 of DN500mm with a length of 0.514 km.

In 2024-2026, within the framework of investment programs, it is planned to perform the following main activities for electric grids:

Pavlodar REDC:
- completion of the construction of the Northern City 110/10 kV substation with the construction of the Industrial – Northern City 110 kV overhead line and the installation of two cells at the existing Industrial 220/110/10 kV substation;
- construction of Kyzyl-Kuroma-Belogorye-1 35 kV overhead line No. 32 in Maysky district with a total length of 23.6 km;
- construction of Olgino-Timiryazevo 35 kV overhead line No. 63 in Pavlodar and Uspensky districts with a total length of 29.0 km;
- construction and installation work on the reconstruction of Leninskaya 110/10kV substation;
- construction and installation work on the reconstruction of 110 kV cells and power system protection equipment at Industrial 220/110/10 kV substation;
- construction, reconstruction and technical re-equipment of 0.4-10 kV electrical grids with a length of 91.9 km with the development of design and estimate documentation;
- reconstruction of 88 buildings and structures;
- installation of security and fire alarm systems in Bayanaul, Uspensky, Maysky, Zhelezinsky, Kachirsky, Pavlodar, Aksu and Irtysh districts and in the administrative building in Pavlodar;
- installation of 1684 meters for automated technical accounting;
- purchase of process equipment, special machinery, and other fixed assets in the amount of 923 units.
- development of design and estimate documentation for the reconstruction of Yuzhny Vodozabor 35-110kV substation in Pavlodar, Beregovaya 35/6kV substation in Pavlodar, Krasnokutskaya 11/35/10kV substation in Aktogay district;
- development of design and estimate documentation for the construction of a 35 kV overhead line to replace the existing Kachira-2 – Bobrovka overhead line No. 51 in Terenkolsky district with a length of 42.67 km and Zhelezinka-2 –Moiseyevka overhead line No. 58 in Zhelezinsky district with a length of 14.1 km.

NK REDC:
- 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.

AEDC:
- Technical modernization of substations of 35 kV and higher -29 pcs.
- Construction and modernization of overhead lines of 35 kV and higher – 266.69 km, of which:
  - Kurgaldzhino-Krasnoznamenka 110 kV overhead line – 81.6 km;
  - Urman-Krasnoznamenka 110 kV overhead line – 55.5 km;
  - Sabundy-M.Mametova 35 kV overhead line – 29.8 km;
  - Karamyshevka-Kolokolovka 35 kV overhead line – 53.9 km;
  - Akimovskaya-Telman 35 kV overhead line - 20.59 km;
  - Krasny Flag-Chelkarskaya 35 kV overhead line – 25.3 km.
- Technical modernization of 0.4-10 kV networks – 193.44 km, installation of 90 new external package transformer substations;
- Major repairs of 1876 units of power equipment and 7068.3 km of power transmission lines.


Банк развития
Казахстана
ЦАТЭК
GREEN ENERGY

СЕВКАЗЭНЕРГО

CORPORATE GOVERNANCE

(GRI 2–9, SDG 5)

CAEPCO JSC follows high standards of corporate governance. The Company's activities are based on a balanced consideration of the interests of all parties, in particular investors, shareholders, employees, and officials of the Company.

The Board of Directors of the Company determines strategic objectives, supports the necessary mechanisms for monitoring activities, including ongoing monitoring and evaluation of performance. The Board of Directors consists of independent directors who are not affiliated with the Company.

In order to improve business processes and the efficiency of decisions made, the Company has established internal control mechanisms.

Internal control is systematic for CAEPCO JSC, integrated into strategic and operational management at all levels and covers all departments and employees in the exercise of their functions as part of any business processes.

The Audit Committee is functioning under the Board of Directors of the Company, which monitors decisions made and processes taken to ensure the reliability of financial statements and coordinate internal control and risk management systems.

CAEPCO JSC is committed to the policy of information openness and transparency of its activities. The Company has an action plan for posting information about the Company's activities in publicly available sources. Thus, shareholders can constantly monitor the events that take place in the Company. The corporate governance system of the Corporation is based on the recognised basic principles of transparency, fairness, accountability and responsibility.

Understanding the importance of effective and responsible corporate governance, CAEPCO JSC consistently follows high standards based on international principles and best international practices. The Corporation strives for continuous improvement of the corporate governance system and builds its activities taking into account the interests of all parties, in particular investors, shareholders and employees.

6.1 General Meeting of Shareholders

The supreme governing body of the Corporation is the General Meeting of Shareholders. The main way for shareholders to exercise their rights stated in the Corporation's Charter is to participate in the annual meeting of shareholders and in extraordinary meetings at the initiative of the Board of Directors or the executive body.

Shareholders of the Corporation have the right to:

- submit proposals to the agenda of the annual General Meeting;
- nominate candidates to the Board of Directors and Committees;
- convene meetings of the Board of Directors;
- exercise other rights stipulated by the current legislation.

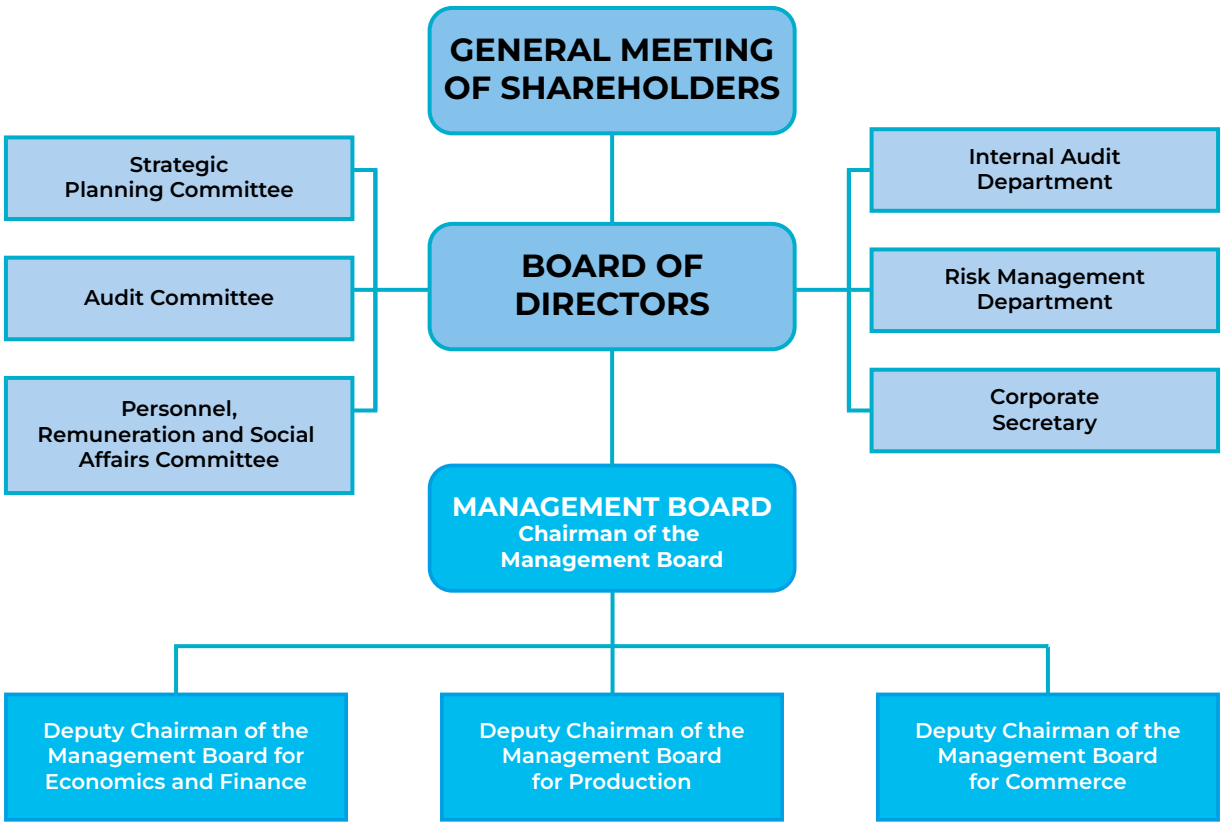
6.2 Performance of the General Meeting of Shareholders

In 2022, one annual and three extraordinary General Meetings of Shareholders were held, where the following issues were considered:

- approval of financial statements of CAEPCO JSC;
- determining the procedure for allocation of net income of CAEPCO JSC;
- considering appeals of shareholders to the actions of CAEPCO JSC;
- designating an audit firm for the audit of financial statements of CAEPCO JSC and its subsidiaries;
- election of new members to the Board of Directors of CAEPCO JSC;
- determining the amount and conditions of payment of remuneration to the newly elected members of the Board of Directors of CAEPCO JSC;
- other issues.

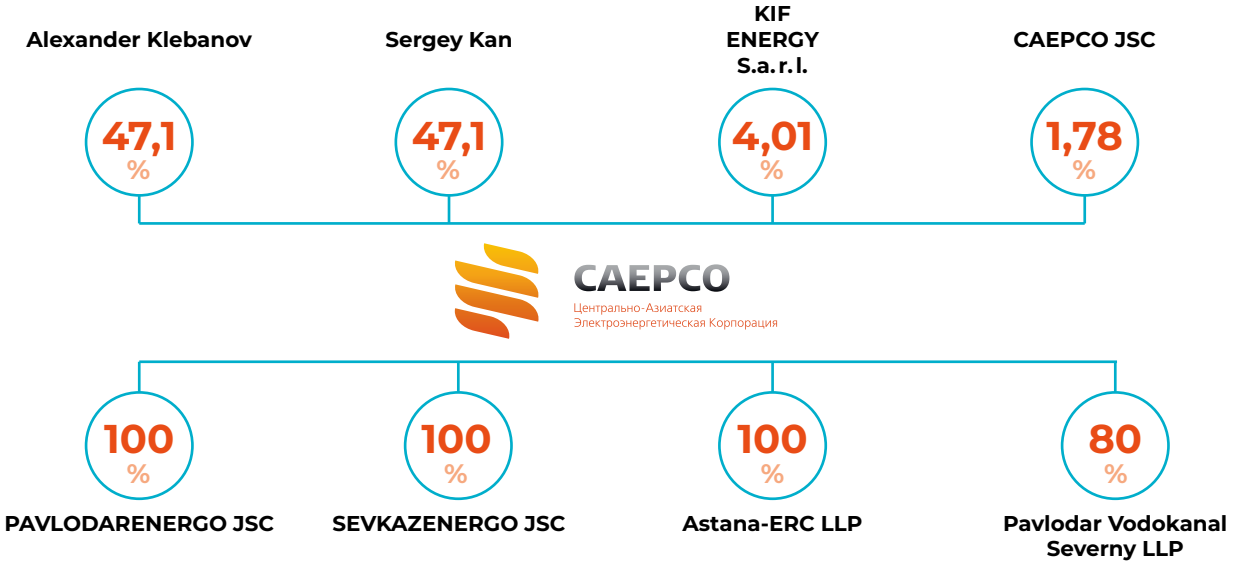
6.3 Organizational structure

(GRI 2–9, SDG 5)



6.4 Share capital structure

As of December 31, 2022, the authorised share capital of CAEPCO JSC is 46,043,272 thousand tenge. Shareholders of CAEPCO JSC are Alexander Klebanov (47.1%), Sergey Kan (47.1%), KIF ENERGY S.a.r.l. — 4.01%, Central Asian Power Energy Company JSC — 1.78%. (as of 04.05.2023).



6.5 Information on dividends

(GRI 2–19)

The Corporation's policy regarding the accrual, the procedure for declaring, the amount, form and terms of payment of dividends is defined in the Corporation's Charter and the Regulations on the Dividend Policy of CAEPCO JSC.

The main principles of the Corporation's Dividend Policy are as follows:

- strict observance of the rights of shareholders provided for by the current legislation of the Republic of Kazakhstan, the Charter of the Company and its internal regulations, taking into account the interests of shareholders and maximizing their assets;
- balance of interests of the Corporation and its shareholders in determining the amount of dividend payments;
- increasing the investment attractiveness, financial stability, capitalization and liquidity of the Corporation;
- ensuring market return on invested capital.

The Corporation intends to allocate a certain portion of its net profit to pay dividends in the amount that allows keeping enough funds for further development. A decision to pay dividends is made by the annual General Meeting of shareholders upon the recommendation of the Board of Directors. If there are unforeseen negative circumstances for the Corporation, the Board of Directors is obliged to recommend to the General Meeting of shareholders not to make a decision to pay (declare) dividends.

In 2022, the annual General Meeting of shareholders made a decision not to pay dividends to the shareholders of CAEPCO JSC for the 2021 fiscal year.

6.6 Board of Directors

(GRI 2–10,2–11,2–12, 2–13, SDG 16)

The Board of Directors of the Company determines strategic objectives, supports the necessary mechanisms for monitoring activities, including ongoing monitoring and evaluation of the Holding performance.

In order to increase the transparency of the Corporation's activities, the Board of Directors comprises of three independent directors who are not affiliated with the Corporation. The independence of members of the Board of Directors of the Corporation is determined in accordance with the requirements of the Law of the Republic of Kazakhstan «On Joint-Stock Companies».

Independent members of the Board of Directors of CAEPCO JSC meet the following criteria:

- they are not affiliated with CAEPCO JSC and have not been affiliated with CAEPCO JSC for three years prior to their election to the Board of Directors;
- they are not affiliated in relation to the affiliated entities of CAEPCO JSC;
- they are not subordinated to officials of CAEPCO JSC or entities affiliated with CAEPCO 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 CAEPCO JSC and have not been such representatives for three years prior to their election to the Board of Directors;
- they do not participate in the audit of CAEPCO 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.

The Board of Directors is headed by the Chairman, who convenes meetings of the Board of Directors and prepares their agenda based on suggestions received from members and committees of the Board of Directors and the executive body.

The Board of Directors is governed by the following principles:

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

The amount of remuneration payable to the Board of Directors and the executive body is determined by the decision of the General Meeting of Shareholders of CAEPCO JSC. The total amount of remuneration paid to the Board of Directors in 2022 is 55.6 million tenge. The total amount of remuneration paid to the executive body in 2022 is 95.3 million tenge.

Selection and appointment (GRI 2-10)

Members of the Board of Directors of CAEPCO JSC are elected by the decision of the General Meeting of shareholders of the Corporation. According to the provisions of the Charter, the Board of Directors of CAEPCO JSC shall consist of at least six persons, of which at least one third of members of the Board of Directors must be independent directors. Only an individual can be a member of the Board of Directors of CAEPCO JSC and shall be elected from among:

- individual shareholders;
- persons proposed for election to the Board of Directors to represent the interests of shareholders;
- individuals who are not shareholders of the company and who have not been proposed for election to the Board of Directors to represent the interests of shareholders.

The Chairman of the Management Board of CAEPCO JSC may also be elected as a member of the Board of Directors, but may not be elected Chairman of the Board of Directors.

The Chairman of the Board of Directors of CAEPCO 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 established by the General Meeting of shareholders of CAEPCO JSC. The term of office of the Board of Directors expires at the time of the General Meeting of shareholders, at which a new Board of Directors is elected. Persons elected to the Board of Directors may be re-elected an unlimited number of times.

Term of service on the Board of Directors of CAEPCO JSC

(as of August 2023):

- 10-15 years – 3 persons;
- 2-6 years – 3 persons;
- 1-2 year – 1 person

Term of office of elected members of the Board of Directors is 2 years (until March 17, 2024)

6.7 Composition of the Board of Directors

(GRI 2–11)

ALEXANDER KLEBANOV (born in 1963)

Chairman of the Board of Directors

- Chairman of the Board of Directors of CAEPCO JSC, Chairman of the Board of Directors and shareholder of CAPEC JSC.
- 20.08.2007 – Chairman of the Board of Directors of CAPEC JSC;
- 16.03.2009 – Chairman of the Board of Directors of CAEPCO JSC;
- 17.03.2022 – re-elected as a member of the Board of Directors of CAEPCO JSC (member of the Board of Directors since 2008).

BAGDAT ORAL (born in 1986)

Member of the Board of Directors

- 03.2014–06.2014 – Head of the Prospective Development Department of Samruk-Green Energy LLP;
- 06.2014–07.2018 – Director of CAPEC Green Energy LLP;
- 07.2018–4.03.2021 – Deputy Chairman of the Management Board for Energy Sales and Tariff Policy of CAEPCO JSC;
- 05.03.2021 – Chairman of the Management Board of CAEPCO JSC;
- 17.03.2022 – re-elected as a member of the Board of Directors of CAEPCO JSC (member of the Board of Directors since 2021).

ALEXANDER NIGAY (born in 1984)

Member of the Board of Directors

- 03.08.2015 – until now – Director of strategic development at Kazakhstan Pipe Systems LLP;
- 26.07.2016 – until now, Director of strategic development at Mineral Product LLP;
- 09.2020–30.06.2021 – Commercial Deputy Chairman of the Management Board of CAEPCO JSC;
- 17.03.2022 – re-elected as a member of the Board of Directors of CAEPCO JSC (member of the Board of Directors since 2021).

ELDAR TABANOV (born in 1968)

Member of the Board of Directors, Independent Director

- 04.01.2013 – Member of the Board of Directors, Independent Director of CAPEC JSC;
- 01.01.2014–13.06.2017 – Member of the Board of Directors, Independent Director of North-Kazakhstan Regional Electric Distribution Company JSC;
- 09.09.2015–16.11.2016 – Deputy Chairman of the Management Board of Astana SEC NC JSC;
- 13.10.2016 – Member of the Board of Directors, Independent Director of Pavlodar regional Electric Distribution Company JSC;
- 29.09.2017 – Director of City Box LLP;
- 15.01.2018 – Member of the Board of Directors, Independent Director of PAVLODARENERGO JSC;
- 15.01.2018 – Member of the Board of Directors, Independent Director of Akmola Electric Distribution Company JSC;
- 15.01.2018 – Member of the Board of Directors, Independent Director of SEVKAZENERGO JSC.
- 17.03.2022 – re-elected as a member of the Board of Directors of CAEPCO JSC (member of the Board of Directors since 2017).

FRANZ-JOSEPH KAISER (born in 1949)

Member of the Board of Directors, Independent Director

Not affiliated with CAEPCO JSC and was not affiliated with CAEPCO JSC three years prior his election.

- 17.11.1975–30.06.2009 – Price Waterhouse Coopers (PWC) Partner;
- 2005–30.06.2009 – PWC Partner for RAO UES of Russia project;
- 17.03.2022 – re-elected as a member of the Board of Directors, Independent Director of CAEPCO JSC (member of the Board of Directors since 2009).

MANFRED-JOSEPH KEHR (born in 1947)

Member of the Board of Directors, Independent Director

Not affiliated with CAEPCO JSC and was not affiliated with CAEPCO JSC three years prior his election.

- 2003–2009 – Vice President of RWE Power International;
- 2008–2010 – Managing Director, Senior Advisor at RWE Power International;
- 25.02.2011 – Chairman of the Board of Directors of Rhein Ruhr Power;
- 25.10.2011 – member of the Board of Directors, Independent Director of CAEPCO JSC;
- 17.03.2022 – re-elected as a member of the Board of Directors, Independent Director of CAEPCO JSC (member of the Board of Directors since 2011).

LEVIN TAN (born in 1968)

Member of the Board of Directors, Independent Director

Not affiliated with CAEPCO JSC and was not affiliated with CAEPCO JSC three years prior his election.

- 01.2015-12.2015 – Project Finance and Corporate Development Manager at SUNEDISON ENERGY HOLDINGS (SINGAPORE) PTE. LTD.;
- 03.2016-03.2019 – Vice President for infrastructure investments of CAPITAL ADVISORS PARTNERS ASIA PTE. LTD.;
- 03.2019 – until now — Director for infrastructure investments of CAPITAL ADVISORS PARTNERS ASIA PTE. LTD.;
- 05.2019 – until now — Investment Director of THE ROHATYN GROUP.

In 2022, activities of the Board of Directors were not evaluated.

Performance of the Board of Directors

	2020	2021	2022
Meetings in presentia	2	9	9
Meeting in absentia	14	9	7

In 2022, the Board of Directors held 16 meetings. The Board of Directors focused on the following key issues:

- review of monthly and quarterly management reports;
- review of implementation of the consolidated business plan of CAEPCO JSC for 2021;
- approval of the consolidated business plan (budget) of CAEPCO JSC for 2022; approval of the annual consolidated financial statements of PAVLODARENERGO JSC, SEVKAZENERGO JSC and Akmola Electric Distribution Company JSC;
- determining the procedure for distribution of net income of subsidiaries for 2021, as well as designating an audit firm for conducting an audit of the financial statements for 2022;
- preliminary approval of the annual consolidated financial statements of CAEPCO JSC for 2022;
- determining the procedure for allocation of net income of CAEPCO JSC for 2022 fiscal year and the amount of dividends per ordinary share of CAEPCO JSC; preliminary selection of an audit firm for the audit of consolidated financial statements of CAEPCO JSC for 2022;
- review of reports on activities of the Internal Audit Department and the Risk Management Department of CAEPCO JSC;
- approval of a number of internal regulatory documents;
- other.

Information of major transactions

In 2022, major transactions were made, information about which is posted on websites of the Financial Statements Depository and the Kazakhstan Stock Exchange.

20.09.2022	Conclusion of a Credit Facility Agreement between Central Asian Electric Power Corporation JSC and Halyk Bank of JSC Conclusion of a Supplementary Agreement No. 2 to the Real Estate Pledge (Mortgage) Agreement No. 1650-2021 dated September 28, 2021 between Halyk Savings Bank of JSC and Central Asian Electric Power Corporation JSC On conclusion of a Supplementary Agreement No. 3 to the Real Estate Pledge (Mortgage) Agreement No. 1684-2021 dated September 30, 2021 between Halyk Savings Bank of JSC and Central Asian Electric Power Corporation JSC.
18.10.2022	On approval of the conclusion of a Supplementary Agreement No. 6 between Central Asian Electric Power Corporation JSC and VTB Bank PJSC.

6.8 Performance of the Committees of the Board of Directors

(GRI 2–12, 2–13)

There are three committees under the Board of Directors of CAEPCO JSC.

Strategic Committee

The main functions of the Committee are as follows:

- review and evaluation of the priority areas of activity of CAEPCO JSC, its development strategy;
- review and evaluation of the concepts, policies, programs, development plans of CAEPCO JSC and the results of their implementation;
- review and evaluation of financial and economic performance indicator of CAEPCO JSC;
- review and evaluation of budget of CAEPCO JSC and the results of its implementation;
- advising the Board of Directors of CAEPCO JSC on any issues that, in the opinion of the Committee, require action to be taken by the Board of Directors;
- assisting the Board of Directors in improving the mechanisms for planning and developing the Corporation's activities

Composition of the Committee*

- M. Kehr Chairman
- S. Kan
- B. Oral
- O. Perfilov
- A. Nigay

In 2022, no meetings of the Strategic Committee were held.

Audit Committee

The main functions of the Committee are as follows:

- assisting the Board of Directors in the effective implementation of its regulatory and supervisory functions in terms of control over financial reporting and internal control, as well as control over availability and functioning of an adequate risk management system and internal control system in the Company;
- improvement and strengthening of internal audit, as well as risk management and internal control systems;
- advising the Board of Directors on any issues that require action to be taken by the Board of Directors.

Composition of the Committee*

- F. Kaiser – Chairman
- M. Kehr
- B. Oral
- A. Nigay
- L. Tan

In 2022, seven meetings of the Committee were held. The Committee assists the Board of Directors in the effective implementation of its regulatory and supervisory functions, improvement and strengthening of internal audit, as well as risk management systems. The Committee considered issues related to the work of the external auditor Deloitte LLP, approval of the annual consolidated financial statements of CAEPCO JSC for the year ended December 31, 2022, and the activities of departments reporting to the Board of Directors – the Internal Audit Department and the Risk Management Department.

Personnel, Remuneration and Social Affairs Committee

The main functions of the Committee are as follows:

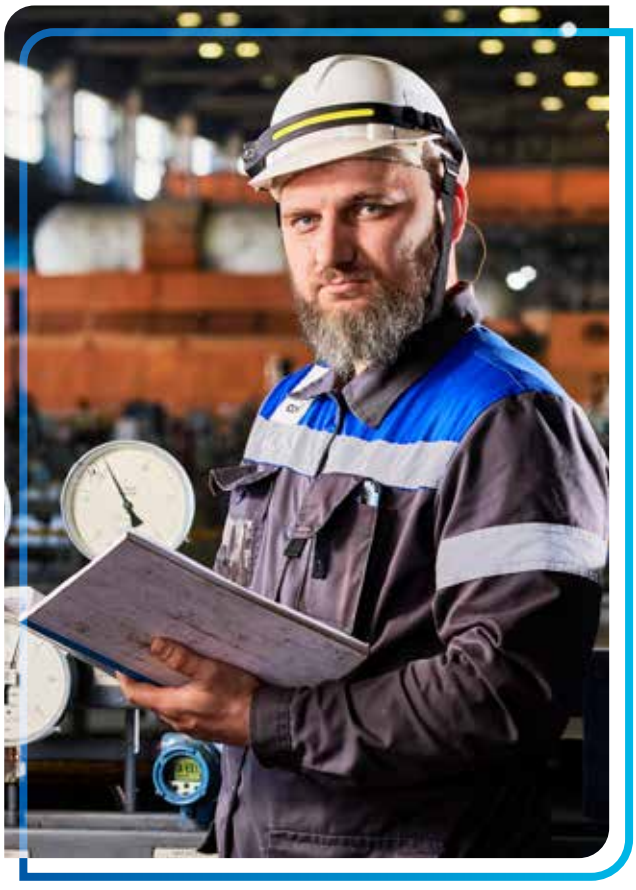
- development of a unified personnel policy for CAEPCO JSC and its subsidiaries, including issues of payment of additional remuneration, compensation and social benefits to employees;
- development of an effective corporate governance system and implementation of its principles.

Composition of the Committee

- Levin Tan – Chairman
- S. Li
- N. Konstantinova
- A. Zhumabekova

In 2022, no meetings of the Committee were held. The Committee assists the Board of Directors in building an effective corporate governance system, in particular, the Committee reviewed a report on personnel management indicators in CAEPCO JSC Group of Companies for the year.

*As of August 2023



6.9 Executive body

The collegial executive body was formed on September 1, 2020 from among employees holding senior positions in the Corporation. The collegial executive body is the Management Board headed by the Chairman of the Management Board, which manages the current activities of the Corporation and implements the strategy determined by the Board of Directors and shareholders. The activities of the Management Board are based on the main principles such as the maximum respect for the interests of shareholders, honesty, integrity, reasonableness, prudence.

In 2022, twenty six meetings of the Management Board were held, at which a number of decisions on the Holding's operational activities were made, including an increase in wages in subsidiaries of CAEPCO JSC.

Bagdat Oral

Chairman of the Management Board of CAEPCO JSC

Education

- October 2009 – December 2011 Albert Ludwigs University of Freiburg, Master of Science (Renewable Energy Sources Management)
- September 2004 – August 2008 Almaty University of Power Engineering and Telecommunications, Bachelor of Heat Power Engineering (Heat Power Plants)

Professional experience

- March 2021 — until now, Chairman of the Management Board of CAEPCO JSC
- July 2018 — March 2021, Deputy Chairman of the Management Board for Energy Sales and Tariff Policy of CAEPCO JSC
- June 2014 — July 2018, Director of CAPEC Green Energy JSC

Oleg Perfilov

Deputy Chairman of the Management Board of CAEPCO JSC for production

Education

- 1985 –1992 – Pavlodar industrial Institute, Automatic control of power supply systems, Electrical Engineer

Professional experience

- August 31, 2023 – until now, Deputy Chairman of the Management Board of CAEPCO JSC for production
- 2022 – August 31, 2023 – General Director of SEVKAZENERGO JSC
- 2012-2022, General Director, Acting Chairman of the Management Board
- Deputy Chairman of the Management Board for production of PAVLODARENERGO JSC

Sergey Li

Deputy Chairman of the Management Board of CAEPCO JSC for economics and finance

Education

- Swiss Business School, MBA
- Durham University, United Kingdom, Bachelor of Business Economics
- St. Andrew's College, United Kingdom, A-Level Program

Professional experience

- March 2021 – until now, CAEPCO JSC, Deputy Chairman of the Management Board of CAEPCO JSC for economics and finance
- January 2020 – March 2021, Co-Managing Director for Economics and Finance of Samruk-Energy JSC
- March 2016 – January 2020, Director of the Treasury and Corporate Finance Department of Samruk-Energy JSC

*As of August 2023

6.10 Remuneration policy

(GRI 2–19)

The amount of remuneration to the executive body is determined by the decision of the Board of Directors of CAEPCO JSC.

The procedure for determining the amount of remuneration to members of the Management Board meets the following requirements:

- remuneration consists of constant and variable parts;
- the variable part of remuneration depends on the key performance indicators of the members of the Management Board, is linked to the level of qualification and personal contribution to the performance of the Corporation for a certain period; the variable part is aimed at stimulating members of the Management Board to achieve a high quality of work;
- social support, guarantees and compensation payments to a member of the Management Board are provided in accordance with the legislation, internal documents of the Corporation and the labor agreement.

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

(GRI 403, SDG 4)

In 2022, the corporate governance practice of the Corporation fully complied with the provisions of the Corporate Governance Code developed in accordance with the requirements of the legislation of the Republic of Kazakhstan On Joint-Stock Companies. The document takes into account the existing international experience in the area of corporate governance, and recommendations on the application of corporate governance principles by Kazakh joint-stock companies

The principles of the Corporate Governance Code are aimed at developing and introducing norms and traditions of corporate behaviour that meet international standards and contribute to creating a positive image of the Corporation in the eyes of its shareholders, customers and employees into the daily practice of the Corporation's activities to achieve the fullest exercising of shareholders' rights and increase their awareness of the Corporation's activities, as well as to control and reduce risks, maintain sustainable growth of the Corporation's financial indicators and the successful implementation of its statutory activities.

Fundamental principles of the Corporate Governance Code:

- justice;
- accountability;
- responsibility;
- transparency;
- environmental protection and social responsibility;
- effectiveness;
- control.

In 2022, all the fundamental principles of the Corporate Governance Code were respected.

6.12 Corporate ethics

(GRI 2–22, SDG 17)

The Corporation has a Code of Business Conduct approved by the Board of Directors in 2020.

The document combines the standards of international practice of regulating business relations in four areas:

- business and professional ethics;
- organizational ethics;
- corporate governance;
- social responsibility of the company.

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

- reducing the number of compromise decisions and providing independent judgement;
- improving corporate culture and the overall reputation/image of the Corporation in the public;
- enhancing the efficiency of the corporate governance, risk management and crisis management processes;
- promoting efficient interaction with stakeholders;
- avoiding litigations.

Control over observance of business ethics in the Corporation is carried out by the management through organization of activities in accordance with the prescribed ethical principles and norms. All employees of the Corporation adhere to standards and provisions of the Code.

6.13 Conflict of interest

(GRI 2–15, SDG 16)

A conflict of interests is regulated by the Code of Business Conduct (paragraph 11), which prescribes the responsibility of employees for abuse of official position, the activities of employees within and outside the Company.

The Anti-Corruption and Fraud Policy states minimising a conflict of interest as one of the main principles regarding fraud and corruption. This principle declares that the Corporation reduces a 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 Regulations. Avoidance of conflicts of interest among members of the Board of Directors is prescribed in the clause on the rights and obligations of members of the Board of Directors.

6.14 Information policy

(GRI 2–16, SDG 17)

The information policy of CAEPCO 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 Corporation among the target audience.

The main objectives of information disclosure are as follows:

- timely provision of information on all material issues related to the Corporation in order to comply 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 Corporation, as well as other information that contributes to the most complete understanding of the activities of the Corporation;
- ensuring the availability of public information about the Corporation for all stakeholders;
- increasing the level of openness and trust in relations between the Corporation and shareholders, potential investors, market participants, government agencies and other stakeholders;
- improving the corporate governance in CAEPCO JSC;
- creating a positive image of the Corporation.

6.15 Internal control and audit

(GRI 2–25, 2–26)

In order to improve business processes and enhance the efficiency of decisions made, CAEPCO JSC has established internal control mechanisms, which are systematic for the Corporation, integrated into strategic and operational management at all levels and cover all departments in the exercise of their functions.

The Corporation operates an internal control system, which provides sufficient confidence in the effectiveness of control in operating activities, compliance with laws and regulations.

The Internal Audit Department operates in CAEPCO JSC and internal audit units function in subsidiaries.

The independence of activities of the Internal Audit Department and units (hereinafter referred to as the «IAD», «IAU») is ensured by subordination and accountability to the Board of Directors of Companies. The Audit Committees under the Board of Directors of CAEPCO JSC and its subsidiaries supervise the activities of the IAD/IAU.

The activities of the IAD/IAU are carried out in accordance with the current legislation of the Republic of Kazakhstan, the Code of Ethics and internal documents that regulate internal audit activities. The main internal documents regulating the activities of IAD/IAU are the Regulations on IAD/IAU, the Internal Audit Policy and the Rules for conducting internal audit.

The IAD carries out its work in accordance with the annual work plan approved by the Board of Directors and submits reports on the work performed to the Board of Directors of CAEPCO JSC.

In 2022, the effectiveness of the internal control system of business processes in subsidiaries was evaluated:

- Management of procurement of work, goods and services;
- Inventory management;
- Technical maintenance and repair management;
- Investment activity management.

Based on the results of audit assignments accomplished, appropriate recommendations were provided to take corrective/preventive measures aimed at improving risk management systems, internal control, and corporate governance.

In addition, monitoring of the implementation of the recommendations of the IAD and external auditors, consulting and methodological work were carried out.

Internal auditors adhere to the following principles in their work: integrity, objectivity, confidentiality, professional competence.

6.16 External audit

(GRI 2–25, 2–26)

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


СЕВКАВНИИПРОЕКТ
СЕВКАВНИИПРОЕКТ

RISK MANAGEMENT

(GRI 2–25)

7.1 Corporate risk management system

CAEPCO JSC Group of companies 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. 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.

The Risk Management Policy approved and implemented by the Group of companies 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.

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, group management, and reputation

Integration

risk management is an integral component of all processes, including strategic planning, project and change management, business continuity management, which helps the Group'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 Group of companies strives to achieve its goals

Engagement

appropriate and timely engagement of stakeholders and, in particular, decision makers at all levels of the Group of companies 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 Group of companies.

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 Group of companies. 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.

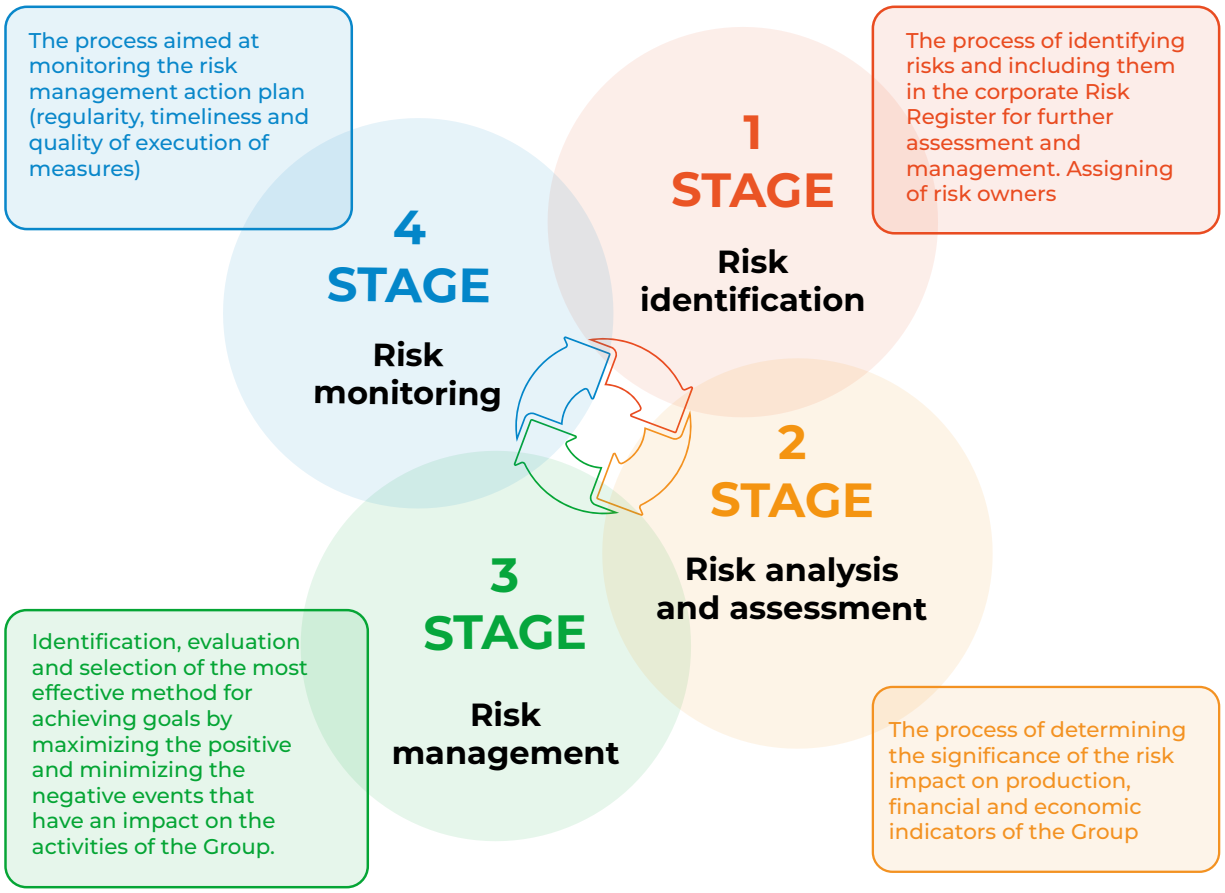
Priority

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

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

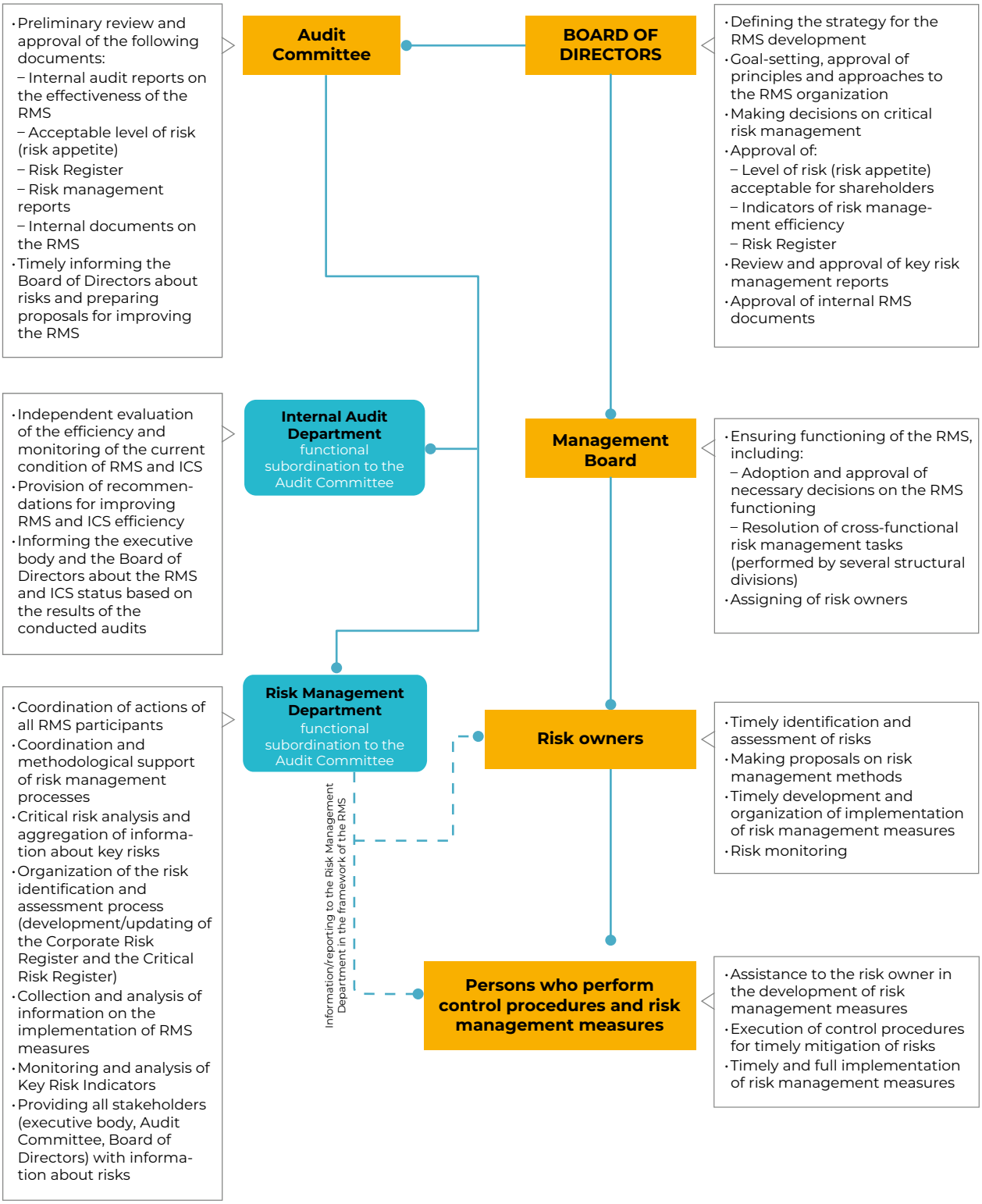
To determine the level of the risk impact on activities of the Group, the level of risk materiality is determined by expert assessment of the probability and consequences of risk, as well as by quantitative assessment using mathematical methods for calculating the probability and consequences of risk.

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 the Company.

Main RMS participants



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

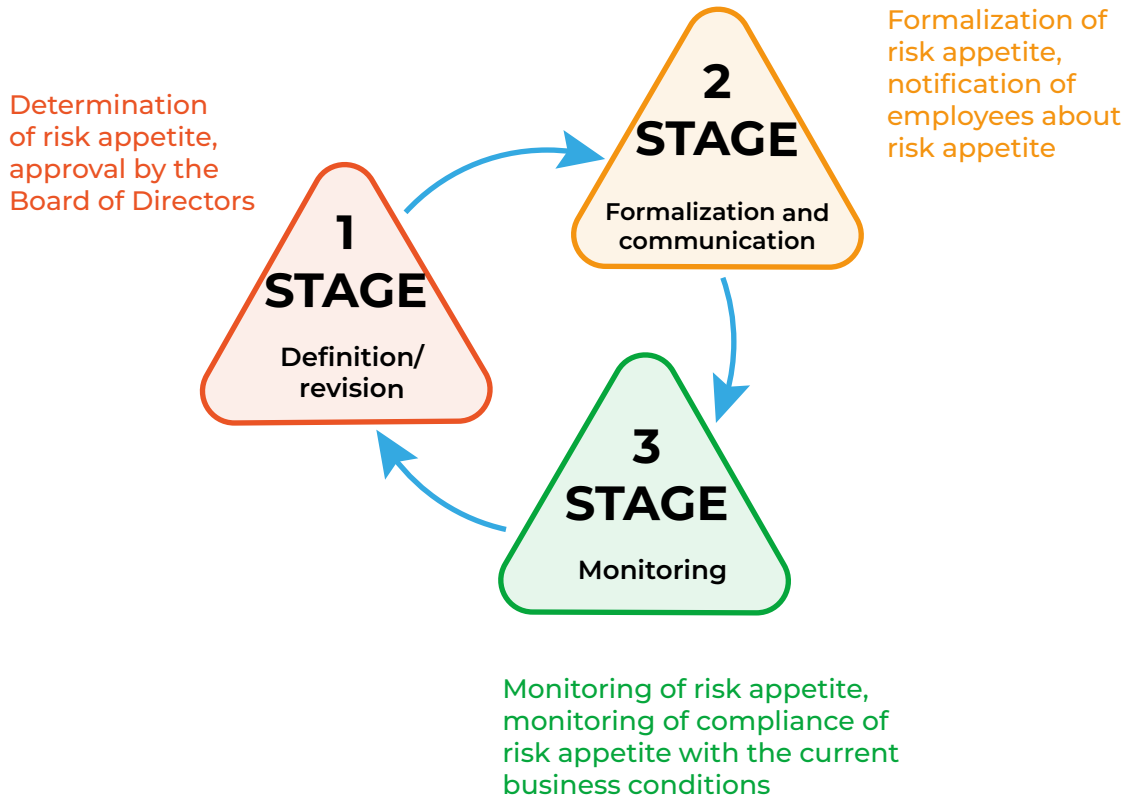
Risk appetite

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.

In 2022, the Board of Directors approved an updated methodology for determining and monitoring risk appetite in the Group of companies aimed at integrating risk management with the strategic management of the Group of companies.

Risk appetite is an additional management tool in the Group of companies 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

The process of determining, managing and monitoring risk appetite



The updated Statement on the risk appetite of the Group of companies was approved by the decision of the Board of Directors of CAEPCO JSC (Minutes No. 8 dated 19.08.2022). The approach to the Risk Appetite Statement is based on the close integration of risk management with strategic management.

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.

Risk group	Risk appetite targets
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 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

7.2 Analysis of significant risks that affect the Company's activities

Based on the results of updating the Corporate Risk Register and the Risk Map carried out in accordance with the approved Risk Management Policy, 75 risks were identified in 2022 that affect the Group's activities as a whole.

The priority of risks is determined based on their impact on the key financial, environmental and social aspects of activities of CAEPCO JSC Group of companies, taking into account the strategic areas and priorities of development and the Company's mission.

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 the Group of companies (CHP), 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/or the inability to provide consumers with sufficient heat power. 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 in the Republic of Kazakhstan; 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, transmission and distribution of electric and heat power by the authorized body.	Within the framework of managing this risk, the Group of companies carries out the following activities: 1. Inclusion of reconstruction/modernization/new construction measures in investment programs of the Group for timely replacement of retired equipment, buildings and structures; 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. Work is perform to attract additional sources of financing for implementation of reconstruction/modernization/new construction works to replace the retired equipment, buildings and structures. In addition, 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) will have an 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.

Name of the key risk and the risk significance dynamics for the year	Risk description and key risk factors	Risk management approach
Area: operating risks		
Lack of qualified production and technical personnel  Loss of qualified / key personnel	Activities of the Holding 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 shortage of qualified production and technical personnel is in the area of catastrophic risks on the Risk Map. **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 in the regions where the subsidiaries of the Group operate;** **3. Low level of training of qualified personnel for the energy industry by educational institutions.** **By the end of 2022, the staff turnover rate in the Group of companies continues to remain at a fairly high level. In turn, the staffing level is relatively low. Therefore, according to expert estimates, the risk remains in the area of catastrophic risks on the Risk Map.**	As part of the management of these risks, a set of measures is carried out: Increase of the payroll fund in the tariff estimates of the Group of companies while protecting tariffs for the next period; 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; 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. 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.

Name of the key risk and the risk significance dynamics for the year	Risk description and key risk factors	Risk management approach
Excessive heat power losses 	At the end of 2022, compared to 2021, there was a certain reduction in above-standard heat losses at heat-transmitting enterprises of the Group of companies. However, this risk is significant for the Holding and is still subject to constant monitoring. **KEY RISK FACTORS:** High tear and wear rate of heating networks; Technological disturbances and accidents on heating mains; Irrational mode of operation of heating networks (to ensure hydraulic and temperature conditions at heating units of end consumers); Lack of metering devices on heating networks of domestic consumers; Discrepancy of the norm of heat consumption of the housing stock to the actual heat consumption (high-rise apartment buildings); Unpaid losses of heat power on abandoned/consumer heating networks; Joint laying of heat power pipelines with cold water supply pipelines.	Within the framework of risk minimization, a set of measures aimed at reducing excessive losses is implemented on an ongoing basis: Restoration of the damaged/missing thermal insulation of pipelines; Performance of annual major and current repairs of heating networks; Reconstruction of heating networks with the use of pre-insulated pipelines (foamed polyurethane technology); Installation of design throttling devices on elevator heating units of consumers; Identification and suppression of the facts of unauthorized consumption of heat power; Interaction with authorized state bodies with the aim of increasing the norm of heat consumption of the housing stock to the level of actual heat consumption.

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) 	In 2022, the risk of technological disturbances is attributed to the catastrophic risks of the Group. This, among other things, is largely due to technological incidents occurred in the Group's subsidiaries: • partial collapse of the chimney No. 1 at Petropavlovsk CHP-2 of SEVKAZENERGO JSC in March 2022; • technological disturbances in the operation of equipment of the CHP and heating networks of Ekibastuzteploenergo LLP. 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 operation of Petropavlovsk CHP-2 of SEVKAZENERGO JSC and Ekibastuzteploenergo LLP, in connection with the realized technological risks, Roadmaps were developed, approved and implemented, which provide 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 at Petropavlovsk CHP-2). The works under the Roadmaps were performed at Petropavlovsk CHP-2 of SEVKAZENERGO JSC and Ekibastuzteploenergo LLP in 2022 and will be carried out throughout 2023.

Name of the key risk and the risk significance dynamics for the year	Risk description and key risk factors	Risk management approach
Area: financial risks		
Growth of overdue accounts receivable in the retail market of electric and heat power 	Despite a 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 for the Group of companies 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, energy supply organizations of the Group carry 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 supply organizations of the Group.

7.3 Sustainable development risks

Activities of the Group of companies are associated with risks in the area of sustainable development. CAEPCO JSC 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.

7.4 Climate change risks

The risks associated with climate changes are one of the highest priorities in the formation and implementation of plans and strategies for the development of CAEPCO JSC Group of companies. Being a large energy holding company, the CAEPCO JSC Group of companies is aware of the impact of environmental and climate risks (aspects). To date, international environmental and climate standards and the legislation of the Republic of Kazakhstan in the area of environmental protection oblige the Group to take 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. CAEPCO JSC Group of companies is fully responsible for reducing greenhouse gas emissions, but notes that carbon quotas are associated with the following problems and risks for the Group as a whole:

- annual reduction in the amount of free quotas allocated;
- formation of a quota deficit for energy-producing enterprises whose specific CO2 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 CO2 in 2021 to 15 euros/ton of CO2 in 2023-2025 and to 45 euros/ton of CO2 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 and obliges 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 almost all CHPs of the Group) to provide financial security for the fulfillment of their obligations to eliminate the consequences of operation. According to preliminary forecast estimates, the minimum cost of elimination of consequences will amount to several tens of billions tenge (for each CHP). At the same time, the financing mechanism for ensuring the fulfilment of obligations by energy-producing enterprises, whose tariffs are strictly regulated, are not determined by law.

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) at energy-producing organizations of the Group of companies represents a financial risk that may entail serious financial costs for the Group. The 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 Holding as a whole. However, the Group understands that the new Environmental Code poses not only new challenges for the energy industry, but also provides new opportunities aimed at reducing air emissions and improving the energy and environmental efficiency of the Holding. Taking this into account, the Group of companies, 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.

7.5 Health and safety risks for employees

One of the fundamental principles of the corporate policy of CAEPCO JSC Group of companies 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 Group's list of significant risks.

The Holding 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 Group 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.


CAEPCO

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)

8.1 Stakeholder engagement

CAEPCO JSC implements a complex of activities aimed at expanding and improving effective interaction with all stakeholders in accordance with the principles of corporate conduct such as openness, reliability and completeness of information on the Corporation's activities, complete respect for interests of all stakeholders and prompt response to manifestation of such interests.

Stakeholders of the Corporation are the following groups:

- Employees
- Trade union
- Local communities
- Public authorities
- Regulatory authorities
- Suppliers, contractors and customers
- Educational institutions
- Mass media
- NGOs

In order to minimise risks, CAEPCO JSC implements a set of measures aimed at expanding and improving the effectiveness of interaction with all stakeholders. The Corporation works with stakeholders and promptly responds to their requests in accordance with such principles as openness, reliability, completeness of information.

8.2 Anti-corruption and fraud management

(GRI 205–2, SDG 16)

CAEPCO JSC Group of companies 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. CAEPCO JSC Group of companies 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 of companies 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.

8.3 Environmental management system

(GRI 307–1, SDGs 11, 12, 14,15)

For more than eight years, an environmental management system has been operating at all production facilities of the Corporation, which has been developed in accordance with the international standards of the ISO series. Certification helps enterprises improve their processes for minimising risks to the environment, personnel or other stakeholders who may be exposed to hazards associated with their production activities, and more effectively fulfil their obligations in the area of environmental safety.

In addition to the Environmental Management System, the Corporation 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).

In 2022, TÜV Rheinland Gert GmbH conducted supervisory and certification audits of subsidiaries of the Corporation for compliance with the requirements of international standards ISO 14001 (Environmental Management System), ISO 9001 (Quality Management System), ISO 45001(Occupational Health and Safety Management System), ISO/CD 50001 (Energy Management System). As a result, certificates of integrated management system were granted to confirm that the system is robust, efficient and focused on improvement.

8.4 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 Environmental Policy of the Corporation. The document contains the goals and objectives of the Corporation 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:

General management of environmental protection activities is carried out by the Department of Safety, Labor Protection and Ecology. The Department coordinates the Corporation's work in the area of environmental protection, analyses the effectiveness of this work, and prepares reports for senior management and shareholders. At the level of subsidiaries, divisions are formed that ensure the implementation of Environmental Policy, compliance of all production processes with legal requirements in the area of environmental protection and corporate standards.

Within the Corporation, mutual environmental audits are conducted twice a year on the basis of one of its subsidiaries, within which environmental specialists from all enterprises actively exchange experience in the area of effective environmental management and environmental management and develop common approaches in the area of environmental safety.

The Corporation manages environmental safety when working with suppliers and contractors. Environmental requirements for the procurement of products and services are defined in the corporate document «Rules for interaction with contractors in the area of occupational health and safety and environmental protection» and in the standard contract of the Corporation. Compliance with these requirements is mandatory for counterparties.

The Corporation constantly cooperates with contractors to inform and ensure compliance with internal environmental requirements and begins this work at the stage of selecting suppliers and entering into a contract.

The Department of Safety, Labor Protection and Ecology, together with the responsible services of subsidiaries, monitors contractors' activities locally by conducting inspections. Based on the results of inspections, reports are prepared, including an assessment of contractors' performance and their compliance with all corporate standards in the area of environmental protection.

in 2022, the mutual audit was conducted in May and September on the basis of AEDC JSC and PAVLODARENERGO JSC, respectively

8.5 Principles of a Green Office in the Corporation

(GRI 307–1, SDGs 11,12, 14, 15)

The goal of the Green Office is to reduce a negative impact of the company's activities on the environment and promote the rational use of resources.

The Corporation started its activities in accordance with the «green office» recommendations in 2018. To date, the following activities have been implemented:

- separate collection of waste paper and cardboard;
- Using a sticker on employees' personal computers with a call to disconnect the computer and electrical appliances from the electrical network at the end of the working day;
- raising awareness and informing employees through internal distribution of videos and presentations on the Green Office concept.

As part of the Green Office initiative, by the end of 2022, about 300 kg of waste paper and cardboard was collected and transferred to the hydraulic processing. The use of waste paper significantly saves wood (1 ton of waste paper replaces about 4 cubic meters of wood, or 100 kg of waste paper saves 1 tree) and reduces deforestation.

The introduction of THESIS electronic document management system allowed reducing the number of paper documents in circulation and saving office paper.

Subsidiaries of the Corporation also have separate waste collection facilities; the materials of introductory briefings and memos for visitors state the Green Office recommendations in terms of rational use and saving of water resources and energy, as well as calls for separate collection of waste.

8.6 Environmental protection measures

The Corporation strives to continuously reduce a negative impact on the environment in the regions of operations, which is typical for the production of energy from fossil fuels.

For this purpose, the Corporation 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 Corporation 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 the Corporation. During the construction of new sections of waste dumps, effective global technologies and materials are used to prevent pollution of ecosystem components.

In order to improve the efficiency of its environmental protection activities, the Corporation 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.

6,328 billion tenge
costs of the implementation of environmental protection measures in 2022

The list of such measures includes the modernization of equipment that has a negative impact on the environment, major repairs of the main and auxiliary technological equipment used in power generation, transmission and distribution, industrial waste management, and industrial environmental control.

An environmental impact assessment project or section 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.

1,252 billion tenge
of tax payments for environmental emissions was transferred by the Corporation in the regions of its presence in 2022

Costs for environmental protection measures*, million tenge

No.	Cost description	Expenditures, million tenge		
		2020	2021	2022
	CAEPCO JSC	5530,789	9340,916	6328,419
PAVLODARENERGO JSC				
1	Investment costs for updating equipment that has a negative impact on the environment	3600,752	6940,504	3130,022
2	Cost of major repairs of key assets intended for environmental protection	20,906	60,070	71,736
3	**Operating costs**	**317,942**	**285,977**	**321,623**
SEVKAZENERGO JSC				
1	Investment costs for updating equipment that has a negative impact on the environment	1217,167	1164,349	1802,977
2	Cost of major repairs of key assets intended for environmental protection	306,824	257,756	874,493
3	**Operating costs**	**55, 983**	**70,070**	**115,126**
AEDC JSC				
1	Investment costs for updating equipment that has a negative impact on the environment	0	553,171	0
2	Cost of major repairs of key assets intended for environmental protection	-	-	-
3	**Operating costs**	**11,215**	**9,018**	**12,442**

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

8.7 Materials used

(GRI 301–1, SDGs 11, 12)

The products of the Corporation 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).

Materials used	Unit of measurement	value		
		2020	2021	2022
Coal, total	**tons**	**6 729 367**	**6 029 199**	**4 985 999**
including for electric power generation	tons	4 556 271	3 738 789	2 829 026
for heat power generation	tons	2 173 096	2 290 410	2 156 973
Fuel oil, total	**tons**	**9 961**	**10 496**	**11 026**
including for electric power generation	tons	6 342	6 124	5 446
for heat power generation	tons	3 619	4 372	5 580

8.8 Climate change

(GRI 305–1, SDGs 3,11,12,13)

Climate change, especially in recent years, is a very relevant topic for the whole world. Negative trends of climate changes are increasingly influencing Kazakhstan. Scarcity of water resources, loss of biodiversity, and natural disasters can result in severe economic consequences, crop failures, and famine.

The Corporation supports the UN Sustainable Development Goal No. 13 and the Paris Climate Agreement, which call for taking urgent measures to combat climate change and its consequences.

In the Corporation, greenhouse gases are generated in the process of burning fossil fuels (coal, fuel oil) aimed at generating energy to support the life in the regions of operation.
On a regular basis, the Corporation carries out activities to monitor greenhouse gas emissions, quantify the volume of direct emissions (SCOPE1), including a partial estimate of indirect emissions (SCOPE2), since the calculation of direct emissions also takes into account own energy needs of the enterprise.

To monitor greenhouse gases, a calculated method is used, which involves laboratory determination of the carbon content in fuel, according to current regulatory documents. Control over accounting for greenhouse gas emissions is carried out by the Department of Safety, Labor Protection and Ecology.

7 567,722 thousand tons of CO_2 accounted for the Corporation's greenhouse gas emissions in 2022, **which is**

16,4%

less compared to 2021

The reduction in greenhouse gas emissions in 2022 is due to a decrease in the volume of fuel (coal and fuel oil) combustion as a result of a decrease in production.

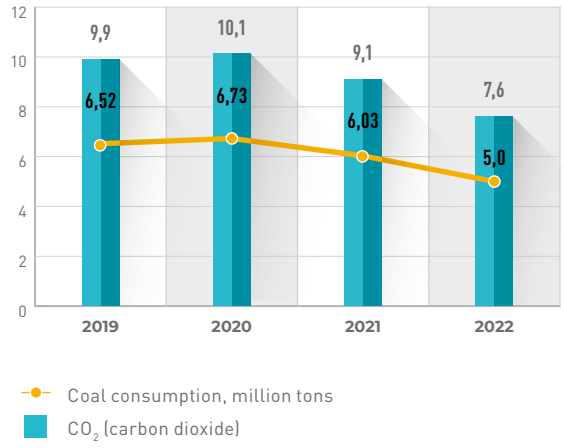
The total limit of allocated quotas for greenhouse gas emissions for 2022 was 9,988.491 thousand tons of carbon dioxide (CO2).

In the reporting period, the Corporation expects a certain shortage of greenhouse gases due to the withdrawal of part of the quota limit due to a decline in production compared to the baseline.

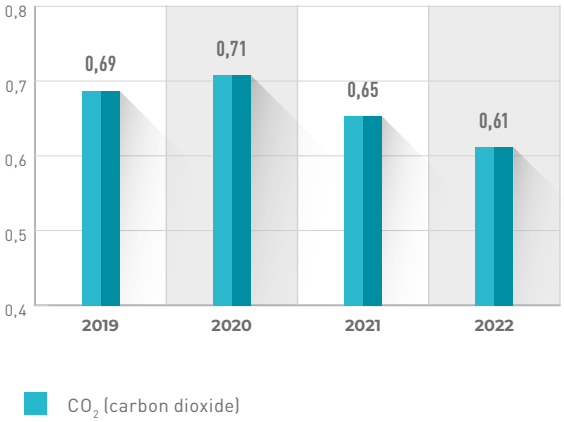
As a result of implementing the National Plan for Distribution of Greenhouse Gas Emission Quotas for 2021, the Corporation as a whole purchased additional CO2 emission quotas in 2022 for a total amount of

88,254 million tenge

Gross CO_2 emissions in 2019-2022, million tons



CO_2 emission intensity in 2019-2022, tons/MWh



The strategic goals of the Corporation in the fight against climate change include: the development of renewable energy sources, the widespread introduction of an energy management system, and the development of programs to improve energy efficiency and energy saving.

The implementation of RES projects reduces greenhouse gas (CO2) emissions by generating electric power from wind energy and supplying it to the national power grid of the Republic of Kazakhstan. The volume of electric power produced replaces electricity generated from traditional power plants that use fossil fuel and provides an overall reduction in CO2 emissions in the electric power sector.

Since 2020, the Corporation's structure includes Astana EXPO-2017 wind power plant (CAPEC Green Energy LLP). Power generation at the WPP in 2022 allowed saving 109.279 thousand tons of conventional fuel and provided an overall reduction in CO2 emissions in the electric power sector by approximately 280.0 thousand tons/year.

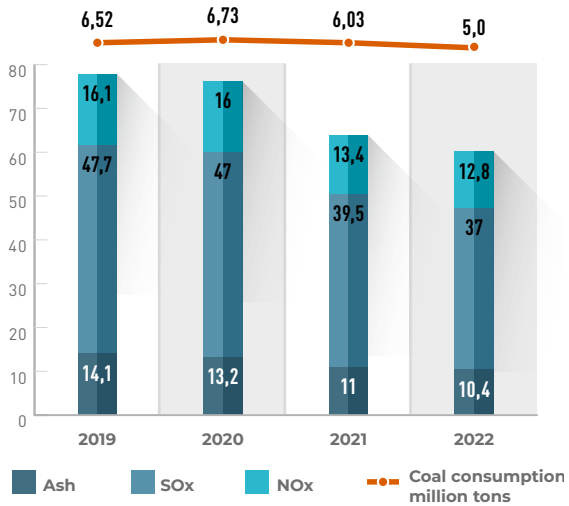
8.9 Atmospheric emissions

(GRI 305–1, SDGs 3,11,12,13)

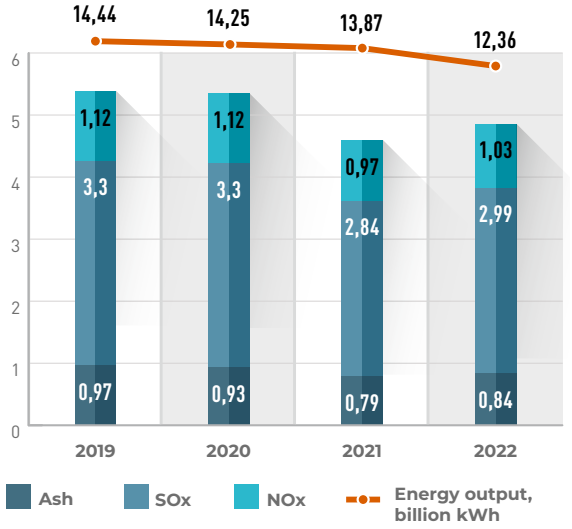
Minimizing emissions of pollutants into the atmosphere is an important aspect of the Corporation's environmental activities. Replacement of outdated generating facilities with low energy and environmental efficiency with new capacities that meet modern requirements in the area of environmental protection has the greatest impact on reducing emissions.

In the reporting year, there is a decrease in production (by 11%) with a decrease in the volume of fuel burned by 17.1%; gross emissions of pollutants decreased by 5.4%. Of these, emissions of sulphur oxides (SOx) reduced by 6.3%, emissions of solids (coal ash) reduced by 5.3%, emissions of nitrogen oxides (NOx) reduced by 4.9%. However, specific emissions of these pollutants demonstrate an increase of 5-6%.

Gross emissions of pollutants into the atmosphere in 2019-2022, thousand tons



Specific emissions of pollutants into the atmosphere in 2019-2022, kg/MWh



Among the most significant environmental protection measures aimed at reducing atmospheric emissions and implemented in 2022, the following can be distinguished:

- Repair of battery emulsifiers and ash collecting plants during major repairs of boilers, repair of aspiration units;
- Modernization of second-generation battery emulsifiers with the installation of third-generation swirler units with an efficiency of 99.6%; Modernization consists in installing the second-highest belt of shovel devices in the cells of the existing swirler unit, that is, double flue gas purification is carried out within one swirler unit.

One of the organizational tools for reducing emissions of pollutants and greenhouse gases is the energy saving program and improving the overall fuel efficiency, as well as the introduction of the ISO 50001 Energy Management System in subsidiaries of the Corporation. As part of the program, energy-saving measures are planned, the purpose of which, along with an increase in the energy efficiency of production processes, is also to reduce emissions of pollutants and greenhouse gases.

8.10 Energy saving

GRI 302–1, SDGs 3,6,11)

The Corporation'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.

In the reporting year, as part of the work on improving energy saving and energy efficiency, 34 measures were implemented to reduce the consumption of fuel and energy resources, which allowed saving 66.334 thousand tons of conventional fuel and 5,492.5 thousand kWh.

The most significant measures of the Energy Saving Program aimed at reducing emissions of pollutants and greenhouse gases, which were implemented in 2021, include:

- 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;
- replacement of air-fuel mixture burner pipes in boilers at plants No. 1, 3, 5 at CHP-3 of PAVLODARENERGO JSC;
- removal of leaked-in air in the gas-air path of boilers at stations 1-6 of CHP-3 of PAVLODARENERGO JSC;
- repair of air heater cubes of boiler units of CHP-3 and CHP-2 of PAVLODARENERGO JSC;
- replacement of lamps at CHP-3 of PAVLODARENERGO JSC.

In 2022, thanks to the implementation of measures under this program, a reduction in greenhouse gas emissions by 97.0 thousand tons of CO2 was achieved.

8.11 State environmental control

In 2022, inspections of compliance with environmental legislation were carried out in subsidiaries of the Corporation in the form of preventive control, following which violations were revealed and administrative penalties were charged for violation of the environmental legislation. According to the results of preventive control, orders were issued and damages for environmental pollution were presented for a total amount of 8,289.7 thousand tenge. All the orders were fulfilled in full and on time, and damages were paid.

8.12 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. Generating facilities of CAEPCO Group of companies are equipped with closed-circuit service water systems with cooling ponds (Petropavlovsk) or cooling towers (Pavlodar).

Also, enterprises of CAEPCO JSC Group of companies have systems of drinking water supply, stormwater and municipal sewage. 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 CAEPCO JSC is fresh water. Sensitive water sources are not used.

In 2022, 676,012.885 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 amounted to 2,256.2 thousand m3.

Total water consumption by source, thousand m3

Indicator	2020	2021	2022
Total water used, including:	703 204,8	676 012,9	671 529,4
from surface water bodies	7 787,5	8 472,6	5 299,1
from third-party suppliers	24 282,5	26 947,4	27 031,9
from closed water utilization systems	671 134,8	640 592,9	639 198,4

Waste water disposal, thousand m3

Indicator	2020	2021	2022
Total waste water generated	3 116,1	2 256,2	1 487,4
Discharged to third party organizations	600,0	605,4	552,9
Discharged to surface water bodies	2 516,1	1 650,8	934,5

Among the most significant environmental measures aimed at the rational use of water resources, which were implemented in 2022, the following can be distinguished:

- reconstruction of the plant's water supply system using a 6,000 m3 potable water supply tank as a technical water supply tank at Ekibastuz CHP;
- replacement and repair of pipelines, shut-off and control valves for technical and domestic drinking water at Ekibastuz CHP, Pavlodar CHP-2;
- cleaning of the cooling pond bed (Bolshoe Beloye Lake) at Petropavlovsk CHP-2;
- repair of ash and slag pipelines No. 1 and No. 3 at Pavlodar CHP-3.

8.13 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 enterprises of CAEPCO JSC amounted to 2,135.2 thousand tons, including ash and slag waste – 2,113.2 thousand tons, industrial and municipal waste – 16.2 thousand tons.

A decrease in the volume of waste generation by 343.8 thousand tons compared to 2021 is due to a decrease in the consumption of burned fuel.

Total mass of waste generation, thousand tons

Indicator	2020	2021	2022
Waste generated:	2842,5	2479,0	2135,2
Hazardous waste	0,20	0,28	0,50
Non-hazardous waste of which,	2842,3	2478,7	2134,7
ash and slag	2831,7	2465,8	2113,2

Wastes by method of handling, thousand tons

Indicator	2020	2021	2022
Waste generated	2842,5	2479,0	2135,2
Waste used at the enterprise	0,335	0,352	0,103
Waste disposed of at the enterprise	0,03	0,03	0,486
Waste transferred to third-party organizations*	10,575	12,404	16,235
Waste disposed of at enterprise's own sites	2831,3	2465,8	2117,7
including ash and slag waste	2831,3	2465,8	2113,2

In 2022, **156,8** tons of light fly ash fraction (microsphere) were sold on a contractual basis from the ash dumps of SEVKAZENERGO JSC.

Energy ash microspheres are hollow glass-crystalline aluminosilicate beads with an average size of 20-50 μm to 400-500 μm that are formed in fly ash during high-temperature flaring of coal. They are the most valuable components of ash waste generated by thermal power plants. They are used in the production of insulation materials, fillers, aerosols, etc.

The most significant waste management activities aimed at waste management and improving the industrial and environmental safety of landfills, which were implemented in 2022:

- 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.

During the construction of new ash dump sections, the latest technology of an anti-filtration screen in the ash dump bed - the Canadian polysynthetic geomembrane was used. The use of a special geomembrane film will allow achieving 100% waterproofing. This is a reliable and durable anti-filtration screen that protects soils and underground water from contamination with chemical components contained in the clarified water of the reverse hydraulic ash transport system.

8.14 Human resources and social policy

(GRI 2–7, 405–1, SDG 8)

The personnel management policy of CAEPCO JSC corresponds to the strategic development goals of the Corporation in terms of forming an energy company with an effective corporate governance system where constant work is performed to create opportunities for realizing the potential of the staff of enterprises.

The Corporation forms labor resources in the following ways:

- attracting professional employees of various levels;
- creating conditions for retaining highly professional employees;
- continuous professional training and staff development;
- providing opportunities for professional growth to proactive young employees;
- creating an employee pool and talent management.

Structure and headcount

As of December 31, 2022, the Corporation's headcount was 9,508 people, which is 0.3% lower than in 2021.

Headcount distribution by enterprises of CAEPCO JSC at the end of 2022

Company name	Number of employees, persons
CAEPCO JSC	113
PAVLODARENERGO Group of companies	4 718
SEVKAZENERGO Group of companies	2 281
AEDC Group of companies	2 403
Total	**9 515**

Personnel structure by category and gender

The structure of the Corporation's personnel, due to the peculiarities of its activities, is characterised by a high proportion of male employees – 60.5%. The production personnel mainly consist of the «Workers» category, where men make up 72.6%.

Personnel category	Total		of them:			
			men		women	
	persons	%	persons	%	persons	%
Headcount	9 515	100	5757	60,5	3751	39,5
Managers	1504	15,8	1111	73,9	393	26,1
Specialists/white collar employees	2931	30,8	962	32,8	1969	67,2
Workers	5073	53,4	3684	72,6	1389	27,4

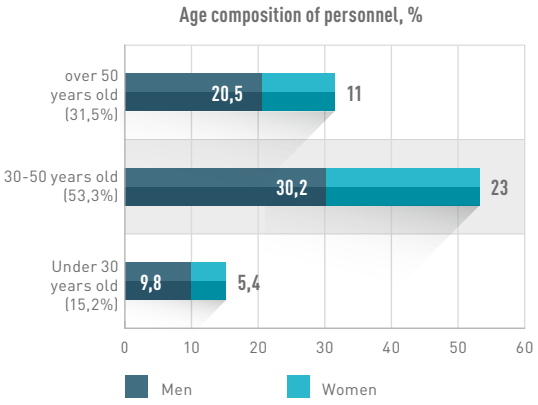
Personnel structure by age

At the end of 2022, the main share of the personnel comprised of the most experienced workers aged 30-50 (53.3%), which is 0.5% more than in 2021.

The share of personnel under 30 y.o. (15.2%) reduced by 1.2%.

The share of personnel over 50 y.o. (31.5%) increased by 0.7% compared to 2021 due to low interest of young people in working in production in view of global trends in the development of the labor market in the service sector.

The average employee age across the Holding is 41 years old.



Taking into account these indicators, the Corporation's enterprises carry out activities aimed at attracting young specialists and developing mentoring to ensure continuity and transfer professional knowledge and skills, and gradual rejuvenation of personnel to achieve an optimal combination of young proactive workers and experienced, highly professional employees.

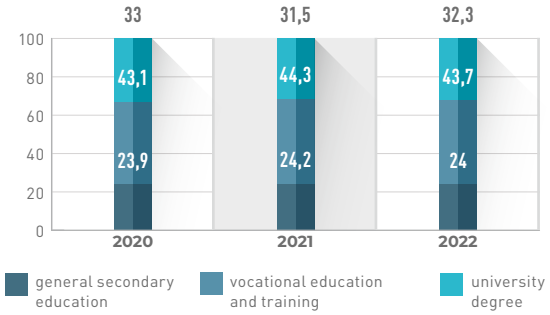
Personnel structure by education

At the end of 2022, the share of employees with higher education increased by 0.8% compared to 2021, and the share of employees with technical/ vocational education decreased by 0.6%.

The share of employees with general secondary education decreased slightly compared to 2021. Every year, the Group's enterprises hold events aimed at motivating personnel to improve their level of education, including as part of the implementation of activities under the PROFENERGY corporate program.

Every year, about 240 employees of the Corporation study at universities and colleges, including in industry-specific disciplines. Regardless of participation in the events of PROFENERGY project, enterprises provide support to students and graduates of educational institutions. In 2022, 71 employees received diplomas, including 41 employees in the company's profile.

Dynamics in the educational level



Total number of employees by type of employment

At the end of 2022, the share of employees attracted under an employment agreement was 99.9%. To perform certain types of work or seasonal work, enterprises attract part-time employees, the share of which was 0.1% of the total workforce. The share of part-time employees at enterprises of the Group was 1.9%.

Indicator	Value (persons)	including	
		men	women
Headcount at the end of the reporting period (full-time employees)			
by agreement term:	9508	6312	4129
working under an employment agreement for an unspecified term	7422	4562	2860
working under a fixed-term agreement	2086	1195	891
by type of employment:	9508	5861	3675
full-time employees	9325	5656	3669
part-time employees	183	101	82
Supervised workers (part-time)	9	1	8
Total headcount	9517		

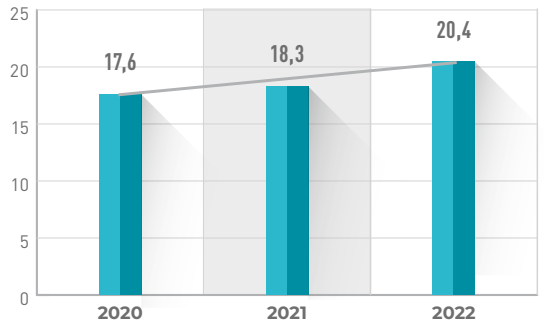
Employees hired in 2022

In the reporting period, 1955 employees were hired, which accounted for 20.4% of the average number of employees of the Corporation.

Indicator	Total		of them:			
			men		women	
	persons	%	persons	%	persons	%
Hired, of them:	1955	100	1099	56,2	856	43,8
- under 30 y.o.	666	34,1	409	61,4	257	38,6
- 30-50 y.o.	911	46,6	447	49,1	464	50,9
- over 50 y.o.	378	19,3	243	64,3	135	35,7

An increase in the turnover rate for hiring of personnel by 2.1% compared to 2021 is due to filling open vacancies..

Hiring turnover rate, %

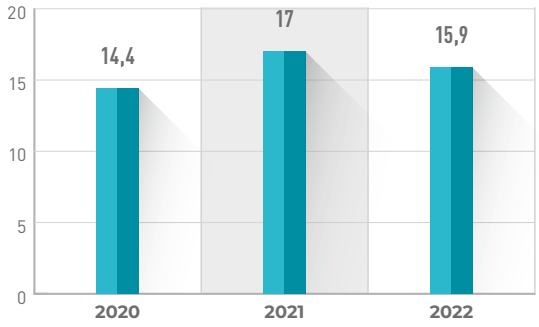


Staff turnover

At the end of 2022, a staff turnover indicator in the Corporation decreased by 1.1% compared to 2021. The main reasons for personnel leaving the Holding remain as follows:

- dissatisfaction with salary;
- migration of personnel within Kazakhstan (urban/rural settlements);
- family circumstances.

Turnover rate %



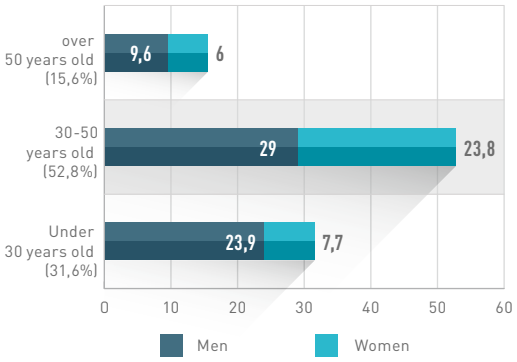
Number of people who left the Corporation as part of staff turnover in 2022 broken down by age and gender

In 2022, 1983 employment agreements with employees of the Corporation were terminated, which is 9% less than in 2021. For the reasons of turnover, 1528 people left the Corporation, of which the main share is employees at the most productive age for professional work, i.e. 30-50 y.o. (52.7%).

In order to manage the risk of staff turnover, 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;
- financial and non-financial incentives for skilled workers;
- improving conditions and social guarantees in accordance with collective bargaining agreements.

Number of dismissed for reasons of turnover by age and gender, %



Training and education

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

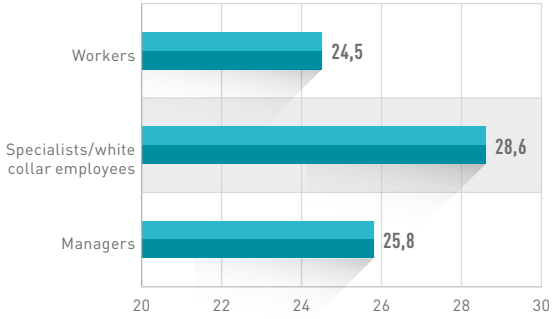
- mandatory, prescribed training in the rules of safety, fire safety, and maintenance;
- versatility training;
- advanced training for the development of professional and managerial competencies.

In order to increase the efficiency of activities and create safe working conditions at enterprises of the Corporation, training is conducted in a corporate format and according to individual development plans in full-time mode, online and remote forms of training. The Corporation practices training in its own training centers under corporate programs, as well as in third-party training centers.

In 2022, 7,203 people were trained, which is 75.8% of the total number of employees. The number of employees trained in training centers of the Corporation at the end of the reporting year amounted to 3,849 persons (53.4% of the total of employees trained). The total number of employees trained in 2022 compared to 2021 remained practically unchanged.

The main area is primary and periodic training on the rules of safety, fire safety, operation: 4,028 people (55.9% of all employees trained) were trained in 2022.

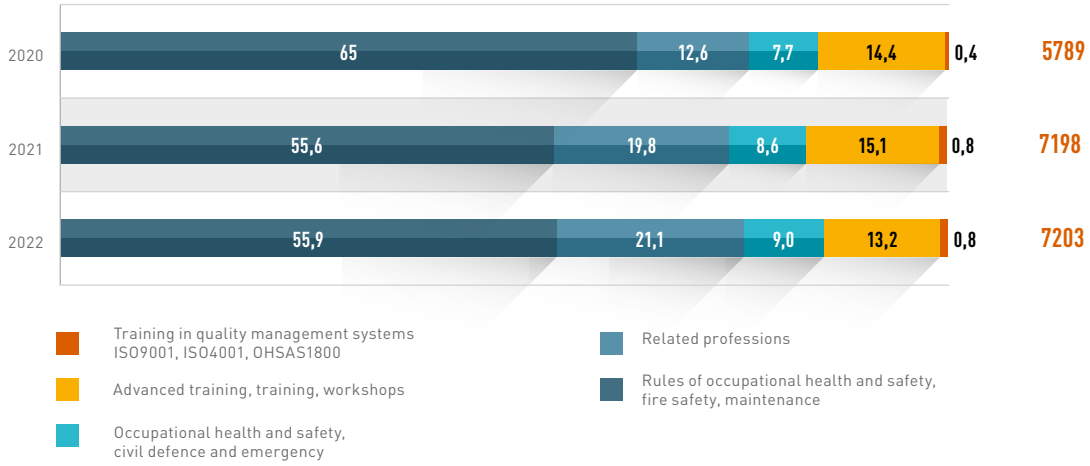
Average number of training hours per employee



In order to expand the professional profile of the Corporation's employees and prepare them for secondary (related) professions, 1,519 employees (21.1% of all trained employees) were trained in 2022. In 2022, professional development (including training on the quality management system) was organised for 1,010 employees (14% of the total number of employees trained).

The average number of hours of training per male employee is 24.3 hours, female employee – 30.5 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 Corporation.

Number of dismissed for reasons of turnover by age and gender



Employee pool

To ensure the necessary reserve for holding managerial positions at various levels, in 2022, the employee pool of senior, middle and lower management levels for 751 managers was formed in subsidiaries of CAEPCO JSC.

The employee pool development is carried out on the basis of:

- individual programs of professional, organizational and managerial training of succession candidates;
- training, including in the Corporation's own training centers;
- advanced training, internship;
- mentoring, performing managerial functions, temporary relocation of employees.

During 2022, 127 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.

283 young specialists work at the Corporation's enterprises, which is 3% of the total number of employees. In 2022, 86 young employees were hired, including 27 persons in the positions of leading specialists. At that, the number of hired employees with vocational education is 57 persons, employees with university degree – 29 persons.

Attracting young specialists and personnel development

Since 2016, the PROFENERGY project has been implemented in subsidiaries of CAEPCO JSC 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 Corporation's enterprises cooperate with 15 universities and colleges in the regions of their operation.

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 attestation commission for taking final exams and the defence of graduation works.

Over the period of implementing the program, 3,420 students took part in the events, including:

- 227 students passed a paid internship and signed agreements on further employment at the Corporation's enterprises after getting a diploma;
- 3045 students completed unpaid industrial placement and pre-graduation internship;
- 121 students were employed during the summer holidays;

- 27 students were awarded a nominal corporate scholarship based on the results of the competition of scientific papers.

To raise the interest of graduates of educational institutions in the work at enterprises of the Corporation, 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 operation.

The Program also provides for activities that motivate employees to receive industry-specific education. In the period from 2016 to 2022, more than 1,234 employees took advantage of the available opportunity:

- 762 employees were granted paid study leave;
- 264 employees were paid bonuses for successful completion of educational institutions;
- 175 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.
- the Corporation paid for study of 3 employees.

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. Over the period of 6 years, a pool of mentors has been formed from among highly qualified employees of subsidiaries of CAEPCO JSC, including those of retirement and preretirement age. Every year, more than 570 employees are appointed as mentors.

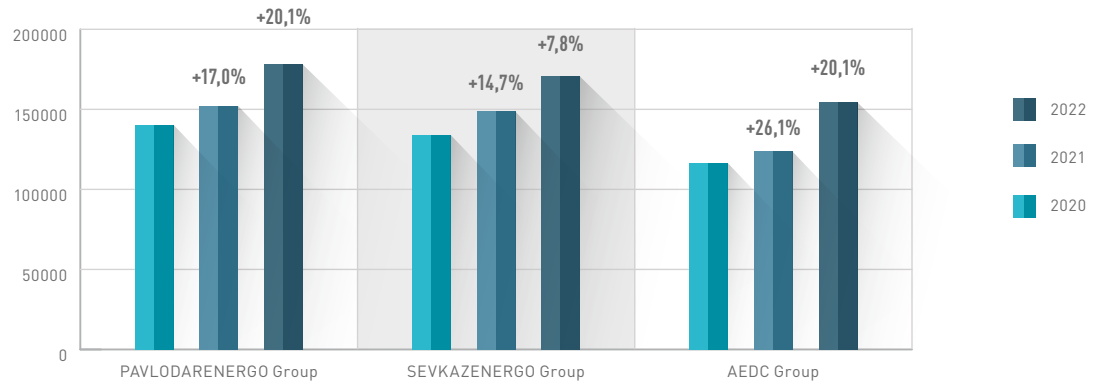
Motivation and remuneration of personnel

The Group of companies 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.

Motivation and remuneration in the Corporation are aimed at improving the efficiency and effectiveness of each employee. Every year, the enterprises of CAEPCO JSC make a differentiated increase in wages within the approved budgets and tariff estimates, taking into account the importance and significance of the personnel and the contribution to the results of work.

During 2022, the salary indexation was made in the Group of companies with an emphasis on the production and working personnel. On average, the salary level in the Corporation increased by 16.0%.

Growth rates of average income in subsidiaries of CAEPCO JSC



Non-material intensives

Every year, events are held at enterprises of the Corporation, where the most distinguished employees, as well as long-service employees of enterprises are honoured. In 2022, 263 employees and long-service employees of enterprises were nominated for awarding for achieving strong performance and contributing to the development of the energy industry in the Republic of Kazakhstan, including 98 persons with state, departmental and industry awards, and 165 employees with corporate awards of CAEPCO JSC and enterprises.

Employee-management relations

In relations with employees, the Corporation complies with all 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 in any of its businesses.

The minimum period for notifying employees of significant changes in the Corporation'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.

Labour disputes at enterprises of the Corporation are resolved in accordance with the current legislation, as well as within the framework of Collective Agreements and the provisions on the grievance committee for individual labour disputes with the participation of representatives of the employer and employee. The procedure for applying and receiving feedback on labour disputes is determined by the internal regulatory document of the enterprise which is presented to employees upon employment.

The composition of the grievance committee is approved by the organizational and administrative document for enterprises. In the event of a labor dispute, before applying to the grievance committee, an employee has the right to apply to:

1) the head of the Human Resources Department;

2) the chairman of the trade union/employee representative,

3) the chief executive officer of the enterprise.

In 2022, one case of employee applying to the grievance committee for the settlement of a labour dispute was recorded. The application was considered and settled through judicial procedures in favor of the employer. No cases of discrimination of employees for any grounds and violation of employees' rights were revealed.

Interaction with trade union organizations

Trade unions operate at enterprises of the Corporation, and labor relations with employees are regulated by collective agreements. A single collective agreement was concluded for the following periods: in SEVKAZENERGO group of enterprises – for 2021-2024, at enterprises of AEDC group – for 2022-2025, in PAVLODARENERGO group of enterprises – for 2020-2025. The principles of the collective agreement are economic feasibility, sufficiency, joint responsibility, and transparency. Collective agreements regulate measures of social responsibility for employees and their families, regardless of their membership in a trade union.

As part of social partnership, with the participation of enterprises and trade unions, the following events are held on an annual basis:

- sports and recreational activities;
- organization of leisure and recreation, mass cultural events;
- sponsorship of anniversaries and holidays;
- charitable support.

Name	2020	2021	2022
Number of employees who are members of a trade union, persons	4699	3862	3614
Share of the total headcount, %	45	40	38

In the dynamics of past years, a decrease in the share of employees who are members of a trade union is observed at all enterprises of the Corporation, which is due to a decrease in the number of employees in the Corporation and the influence of global processes of individualization of social and labor relations.

Social support, guarantees and compensatory payments

The social policy of CAEPCO JSC is determined jointly with employees and their representatives, i.e. trade unions, and is provided at the expense of the financial capabilities of the Corporation's subsidiaries.

Objectives	Social package
Personnel motivation for long-term work	• Additional professional pension contributions at the rate of 5%. • Bonus payment for professional competitions. • Rewards to celebrate anniversaries and holidays.
Effective compensation and benefits policy	• Compensation of utilities costs, provision of benefits for dormitories and rental housing. • Transportation of employees to/from work. • Selling coal at cost to employees living in houses with furnace heating • Subsidizing camp tours for children under 15 years old. • New Year gifts to children
Support for staff performance and health	• Insurance against occupational accidents and diseases. • Compulsory health insurance • Reimbursement of sanatorium and preventive treatment expenses
Social support of employees	• Financial support in case of pregnancy • Financial assistance for funeral services • Financial aid to large and low-income families; • Paid study leave • Retirement allowance • Veterans support program • other assistance
Sports and recreational activities	• Reimbursement of food expenses to participants of sports • competitions • Reimbursement of expenses for cultural events and group 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		
CAEPCO JSC	0	0	0	5	0
PAVLODARENERGO Group of companies	93	3	96	199	54
SEVKAZENERGO Group of companies	30	0	30	66	17
AEDC Group of companies	35	0	35	65	18
Total	**158**	**3**	**161**	**335**	**89**

The Corporation on a regular basis provides social support to veterans and former employees of enterprises who have reached retirement age. As part of the Collective Agreement, financial assistance is provided, leisure time is organized for holidays, etc.

CAEPCO JSC is an active participant in social projects aimed at supporting the population in the regions of its presence. In Petropavlovsk, two dormitories and Alakay kindergarten are functioning for employees of enterprises and residents of the city.

Main plans for personnel management for 2023

In 2023, implementation of the personnel management policy aimed at attracting and developing the professional staff of the Corporation will continue. 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;
- mentoring project and employee pool development;
- key personnel development program;
- crucial professions program.

2. Improvement of key performance indicators in achieving the strategic and operational goals of the Corporation;

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 the Group of companies.

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

8.15 Occupational health and safety

(GRI 403–1, 403–2, 403–4, 403–5, 403–7, SDG 4)

The social policy of CAEPCO 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.

Goals in occupational health and safety and measures implemented

The main principle in all activities of the Group of companies is the priority of the life and health of employees over the results of production activities. The personnel of the Group of companies is the main resource in creation of a high production culture.

Every year, the management states that the main goal of CAEPCO JSC and its subsidiaries in the area of occupational health and safety was and remains zero incidents. Related goals:

- minimization of risks associated with possible damage to employees' life and health;
- development and support of employees' abilities, orientation to personal potential, level and quality of knowledge and skills, competence in the area of occupational health and safety, development of a culture of occupational safety, responsible attitude to compliance with HSE norms and rules among workers at all levels

The set goals are achieved through the implementation of a set of occupational health and safety measures, the introduction of best practices in the area of occupational health and safety, and the implementation of various programs.

Unfortunately, the year 2022 was quite difficult for the Company; the accident resulted in a fatal case. The goals for preventing incidents were not achieved, however, there was no increase in the total number of accidents compared to 2021. The number of accidents with a serious outcome was also reduced.

In 2022 , the following activities were implemented at enterprises of the Company:

1) Traditionally, in order to promote safe work, events dedicated to the World Safety Day were held in all subsidiaries of the Company:
   - safety months, during which audits, preventive conversations and meetings on occupational health and safety with personnel were conducted;
   - contests of children's drawings and crafts on the topic «My parents work safely»;
   - the best and most committed employees in the area of occupational health and safety were identified and rewarded.
2) Work on the exchange of experience in the field of occupational health and safety is in progress. In 2022, two mutual audits were conducted: the first one was conducted at enterprises of AECD JSC Group of companies and CAPEC Green Energy LLP, the second one was carried out at enterprises of PAVLODARENERGO JSC Group of companies. Mutual audits are aimed at preventing injuries, accidents and incidents during the operation of power and process equipment. The use of best practices adopted in the course of the mutual audit allows improving the overall OHS situation and indicators.
3) External audits for compliance with the ISO 45001 standard were carried out by TÜV Rheinland Kazakhstan LLP in all subsidiaries of the Company. Based on the results of the audits, all enterprises confirmed compliance with the standard.
4) Specialists of the Department of Safety, Labor Protection and Ecology of CAEPCO JSC carried out OHS inspections at all enterprises, following which inspection certificates were issued indicating the

identified inconsistencies.

5) According to the schedule of repairs of the generating equipment of CHP-2, CHP-3 of PAVLODARENERGO JSC, the sites and protective fences were brought into compliance with the safety requirements.
6) In conjunction with a specialized company an audit was conducted in structural divisions of PAVLODARENERGO JSC for compliance of workplaces with the requirements of sanitary and epidemiological standards (auditor's report No. 1027 and certificate of passing the audit were obtained);
7) Eight paramedics of health centers of PAVLODARENERGO JSC were trained on the basis of Kazakhstan Medical University LLP in skills of working with equipment (defibrillator) and conducting extended cardiopulmonary resuscitation;
8) In accordance with the requirements of fire safety, plastic windows were installed in the administrative building of Pavlodar Heating Networks LLP, the flooring was replaced in the corridors of administrative buildings of the Southern and Northern network areas;
9) Work was performed in SEVKAZENERGO Group of companies 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;
10) SEVKAZENERGO JSC continues to operate a hotline through which each employee can provide photos and videos of detected violations/inconsistencies, etc. (all received messages are processed by authorized OHS specialists, and measures are developed and taken based on them);
11) Video cameras are installed around the perimeter and in premises of Petropavlovsk CHP of SEVKAZENERGO JSC to ensure the possibility of monitoring compliance with the speed limit by motor transport, compliance by employees with the occupational health and safety rules.

In 2022, the actual costs for occupational health and safety activities and improvement of working conditions amounted to about 3.4 billion tenge. Funds were invested in providing the Corporation's employees with the necessary personal protective equipment, including electrical protective equipment, special meal, medicines, vaccination, personnel training, in the purchase of information posters, publications of regulatory and technical documents and signs on occupational health and safety, purchase of fire extinguishing equipment, as well as in the implementation of measures for additional lighting of workplaces, repair of ventilation and air conditioning systems, repair of buildings and structures, etc.

Occupational health and safety councils

Each subsidiary has established OHS Councils. 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.

The Occupational Health And Safety Council performs the following functions:

- examines the causes of occupational injuries and diseases, analyzes the effectiveness of occupational safety measures implemented, reviews information and analytical materials about the actual state of occupational safety in the organization;
- analyzes the results of employee workplace certification, participates in the preparation of business units and the organization as a whole for brining work places into compliance with occupational safety regulations;
- reviews proposals for elimination of the revealed violations in the field of occupational health and safety and creation of safe working conditions in the organization, formulation of programs, recommendations, decisions, etc. to preserve the life and health of workers in the course of employment;
- provides assistance in conducting timely and high-quality training of employees on labour protection, as well as checks of knowledge in the area of occupational health and safety, regular training and improving the knowledge of employees, trade union activists and employees on issues of legislation in the area of labor protection;
- makes proposals for introducing more advanced technologies and new equipment into production in order to create safe working conditions and eliminate heavy physical work;

- informs employees of the organization about the measures taken to improve labor conditions and safety, prevent industrial injuries, occupational diseases, current standards for providing certified special clothing, special footwear and other personal protective equipment, and the correctness of their use;
- participates in the consideration of issues related to the financing of labor protection measures in the organization, mandatory social insurance against industrial accidents and occupational diseases; monitoring the expenditure of the organization's funds aimed at improving labor protection conditions.

Technical safety inspectors

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 supervision and control inspectors.

The main functions of technical safety inspectors are:
- protection of the rights and interests of employees;
- participation in the development and submission of proposals to the Labor Protection section of the collective agreement, as well as in comprehensive target programs and plans of priority measures to improve labor protection developed by the bodies;
- monitoring of compliance with labor protection requirements at workplaces;
- representation of the interests of trade union members in state, public organizations, courts of various instances when considering labor disputes related to the application of the Labor Code in terms of labor protection.

Types and level of occupational injuries

In the reporting year, 5 accidents were registered at enterprises of the Corporation, including 3 cases with a mild outcome, 1 case with a severe outcome and 1 fatal case. Every year, the Company conducts a detailed analysis of industrial injuries, including statistics on the severity and number of injuries in CAEPCO JSC and its subsidiaries, data on the accident frequency rate, the dynamics of injury indicators, diagrams of distribution of the number of accidents by the time of occurrence during the day, the distribution of the number of accidents by the age of victims, the distribution of the number of accidents by the length of work of victims, the causes of accidents, a classifier by types of incidents that resulted in the accident, comparison of the level of injuries by companies that carry out similar activity, etc. The Corporation strives to minimize industrial injuries and pays great attention to both the state of safety at workplaces and the elimination of the causes that resulted in accidents.

Classification of accidents by type of incidents in 2022:
- impact of harmful and dangerous production factors - 2 cases;
- collapse, landslides, falling objects, materials, soil, etc. – 1 case;
- fall of an injured person – 1 case;
- electric shock – 1 case.;

According to official documents, the main causes of accidents are as follows:
- unsatisfactory organization of work and gross negligence of an injured person;
- unsatisfactory condition of buildings and structures.

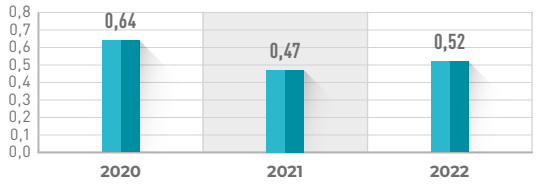
A set of measures was carried out for each accident:
- a detailed investigation to identify the root and systemic causes and prevent the recurrence of such incidents;
- familiarization of personnel with the circumstances and causes of accidents;
- elimination of the causes of the accidents;
- personnel briefing, etc.

The level and rates of occupational injuries in the Corporation are shown in the table and diagrams below.

Occupational injury rate

	2020	2021	2022
Personnel headcount	10787	10494	9559
Number of traumatic cases	7	5	5
Number of injured persons/including women	7/0	5/0	5/0
Number of fatal cases	1	0	1

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



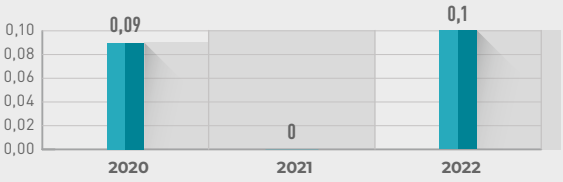
The total injury frequency rate (TIFR) per 1,000 employees was calculated using the following formula:

$$Fr = \frac{n \times 1000}{N}, \text{ where}$$

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

N – average number of employees

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:

$$Fr1 = \frac{n1 \times 1000}{N}, \text{ where}$$

n1 – total number of occupational fatalities during the reporting period;

N – average number of employees.

The system of registration, reporting and notification of accidents operating in the Corporation complies with the requirements of the legislation of the Republic of Kazakhstan and the International Labor Organization (ILO).

In order to prevent occupational injuries, monitor and account for cases of violations of occupational health and safety requirements, the following work is carried out in the Corporation and its subsidiaries:

- investigation of micro-injuries, incidents, potentially dangerous incidents that are the basis for more serious injuries and damage;
- preparation of newsletters on the results of accidents and informing the personnel of all enterprises of the Corporation's subsidiaries about them in order to bring the causes to their attention and prevent the recurrence of similar cases in the future;
- training of personnel on occupational health and safety, electrical safety and knowledge testing;
- implementation of internal regulatory documents on occupational health and safety;
- carrying out scheduled and unscheduled checks of the state of occupational health and safety;
- conducting occupational health and safety days;
- holding meetings on occupational health and safety;
- bringing workplaces in line with the requirements of occupational health and safety;
- providing workplaces with information posters and safety signs;
- holding professional competitions;
- conducting demonstrative work permit events, etc.

In accordance with the requirements of the Law of the Republic of Kazakhstan «On compulsory employee insurance against accidents in the performance of his / her labor (official) duties», all employees of the Corporation'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, organizational and technical measures are carried out, and their implementation is monitored. Employees are provided with the necessary personal protective equipment, electrical protective equipment and other means.

In recent years, a number of measures have been taken to improve safety during work in electrical installations:

- electrotechnical personnel of CAEPCO JSC are provided with the best personal protective equipment and special clothing for protection from thermal radiation and electric arc;
- to increase the labor discipline and responsibility of production personnel involved in operational switching during admission to work, preparation of workplaces, installation/ removal of grounding at workplaces, etc. mobile video recorders are used by personnel in subsidiaries of the Company;
- personnel of regional electric distribution companies are provided with helmet-mounted voltage detectors designed for remote monitoring of the presence of dangerous voltage in order to prevent electric shock to personnel servicing electrical installations and 6-10 kV overhead linesю And a number of other measures have been taken.

Nevertheless, in 2022, 1 case of electric shock was registered.

All cases of electrical injuries were thoroughly investigated, and preventive measures were taken.

Contracting organizations

The activities of contractors involved at production facilities of the Corporation are monitored: specialists of subsidiaries conduct inspections in contracting organizations, briefings for contractors' personnel, meetings with contractors. Interaction with contractors of CAEPCO JSC in terms of the requirements in the area of safety, labour protection and ecology imposed on contractors when performing works or services on the territory of subsidiaries, as well as when delivering goods/materials, is carried out in accordance with the Rules for interaction with contractors in the area of occupational health and safety and ecology approved by the Company.

Any accident involving a contractor that occurs on the contract territory is primarily reflected on the image of the customer's company. In order to prevent injuries and promptly respond to accidents committed by the contractor, the same work is carried out with contractors as in the production units of CAEPCO JSC.

In 2022, the contractor had 2 accidents with severe outcomes.

Plans for the implementation of OHS practices for 2023

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

1) Implementation of a previously developed occupational health and safety procedure: Work Safety Analysis. The procedure determines the process of risk assessment and personnel briefing before starting work;

2) Holding a number of events dedicated to the World Safety Day;

3) Conducting mutual audits at enterprises of SEVKAZENERGO JSC and AEDC JSC;

4) Certification/bringing workplaces («Quick Wins») to a safe state;

5) Continuation of work on the implementation of a system of integrated automation of all labor protection aspects. Safety Walk Automation. The program allows recording all occupational health and safety tours at various levels and automatically monitor the elimination of identified inconsistencies by responsible persons;

6) Organization and conduct of behavioral safety audits;

7) Development and implementation of the Vision Zero concept or the Zero Injury Program - a program aimed at improving safety and reducing injuries at work;

8) Rethinking the existing risks, conducting more systematic HSE audits at the Company's enterprises. The work is necessary in order to review the existing risks, conduct a comprehensive study and assessment of risks, draw up a new risk matrix/map with a detailed report on some risks using the hazard identification method (HAZID) and hazard analysis and operability study (HAZOP);

9) Support of previously developed internal regulatory documents, audit of compliance with the requirements established in internal documents that regulate OHS issues;

10) Pavlodar REDC JSC, in order to practice the skills of resuscitation measures with personnel, plans to purchase two M-05 Alexander dummy simulators for practicing cardiopulmonary resuscitation techniques with a controller;

11) Certification of workplaces on working conditions in Petropavlovsk Heating Networks LLP;

12) Conducting a survey of load-bearing metal structures at Petropavlovsk CHP of SEVKAZENERGO JSC.

Consumer safety

The Corporation cares about the health and safety of its consumers. For this purpose, systematic public awareness efforts, as well as inspection of equipment, are carried out. Subsidiaries of the Corporation are introducing advanced technologies, as well as implementing measures for the safe performance of works.

Awareness-raising work

The management of each district subdivision of the Corporation's electric grid enterprises, together with specialists of occupational health and safety services, conduct information and explanatory work among the population on the topic of compliance with safety rules near the existing electrical installations and power transmission lines.

Extracurricular lessons on electrical safety are held annually in educational institutions (in the regions of operation). Letters are sent to the Department of Education of the Akimat of North-Kazakhstan, Pavlodar and Akmola regions, the Department of Education of Petropavlovsk and Pavlodar, heads of district education departments with a memo of the basic rules of electrical safety and measures to prevent electrical injuries among children for further distribution. These activities are carried out in order to prevent injuries among third parties, namely among school-age children and college students.

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, service centers of energy supplying enterprises of CAEPCO JSC are equipped / provided with:

- anti-slip rubber mats on the entrance units to prevent visitors from falling;
- ramps or call buttons for staff to help customers with disabilities;
- video surveillance systems;
- medical first-aid kits with the necessary medicines;
- air conditioning systems;
- fire and security alarm systems and primary fire extinguishing means, evacuation plans and safe emergency exits.

8.16 Social partnership

(GRI 413–1, SDGs 1,2,3, 4,8,10,11)

The shareholders of Central Asian Electric Power Corporation JSC – Alexander Klebanov and Sergey Kan – have sent 500 million tenge to the Kazakhstan Khalkyna Fund. The Fund was established by order of the President Kassym-Jomart Tokayev on January 15, 2022.

The resources of the fund will be used to solve the problems of citizens in the field of health, education, culture and sports. It is planned that the fund will provide assistance to citizens of Kazakhstan affected by emergency situations and during the introduction of a state of emergency.

CAEPCO JSC pays special attention to interaction with students and schoolchildren. For more than 5 years, since 2016, subsidiaries of the the Group have been implementing the PROFENERGY program to support young specialists. 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. It should also be noted that the shareholder of CAEPCO JSC Sergey Kan is among the trustees of IQanat Educational Fund. The Fund implements social and educational projects and programs aimed at supporting rural schoolchildren and teachers in all regions of Kazakhstan. More than 40,000 children from 163 districts of the country are involved in the Fund's activities; CAEPCO JSC supports 3,800 schoolchildren in North Kazakhstan region

Appendix 1

(GRI 2–3, 2–5)

Material aspects and boundaries of reporting

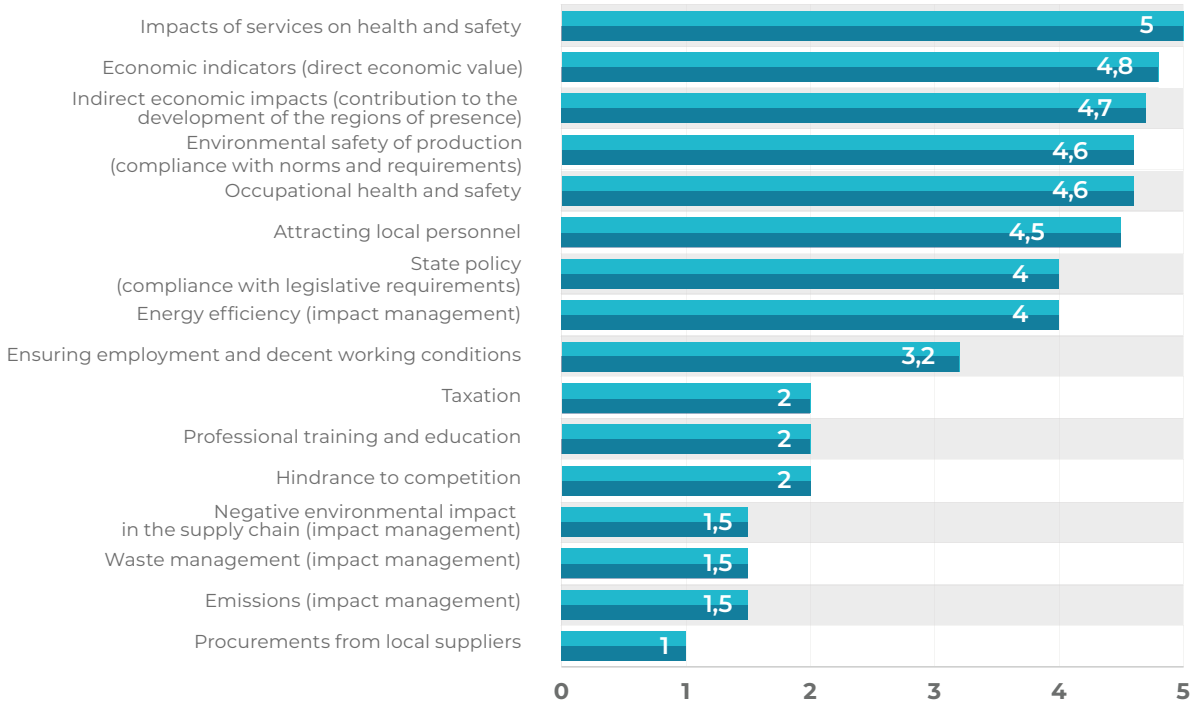
CAEPCO JSC strives to disclose information to a wide range of stakeholders. This Annual Report includes information on operational and financial performance, as well as information on corporate governance and sustainable development.

The Company annually issues annual reports. The previous report for 2021 was published in June 2022. This Report covers the Company's activities for the period from January 1 to December 31, 2022. The procedure for external certification of the Report for 2022 was not carried out, however, the Company is aware of the importance of certification of information in the field of sustainable development and considers the possibility of confirming non-financial information in the future.

The Report was prepared with due account for the principles of the GRI 2021 Standards. In particular, the report includes only the most significant topics of sustainable development. The content of the report was determined taking into account the results of stakeholders 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.



Appendix 2

GRI Index

Indicator	Disclosure	Report section / comment
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 2.2 History 2.3 Mission, vision
2–2	Entities included in the sustainable development reporting of the organization	1 Key information 1.1.1 Key resources 2.4 Business model
2–3	Reporting period, frequency and contact details	Appendix 1 Material aspects and boundaries of reporting
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 1.2 Key performance indicators for 2022 2.4 Business model
2–6 SDGs 9,11,17	Industry within which the Company operates.	3 Market analysis. Economic overview. Industry overview.
2–7 SDG 8	Employees	8.14 Human resources and social policy
2–8 SDG 8	Non-regular employees	8.14 Human resources and social policy
Corporate Governance		
GRI 2: Corporate Governance (2021)		
2–9 SDG 5	Governance bodies structure and composition	6 Corporate Governance 6.3 Organizational structure
2–10	Appointment and selection of the supreme governing body	6.6 Board of Directors. Selection and appointment.
2–11	Chairman of the supreme governing body	6.6 Board of Directors 6.7 Members of the Board of Directors
2–12 SDG 16	Role of the supreme governing body in the supervision of impact management	6.8 Performance of the Board of Directors' Committees
2–13 SDG 16	Delegation of responsibility for impact management	6.8 Performance of the Board of Directors' Committees

Indicator	Disclosure	Report section / comment
2–14 SDG 16	Role of the supreme governing body in sustainable development reporting	6.8 Performance of the Board of Directors' Committees
2–15 SDG 16	Conflict of interest	6.13 Conflict of interest
2–16 SDG 17	Informing senior management about the most important issues	6.14 Information policy
2–17	Collective knowledge of the supreme governing body	6.11 Compliance with key principles of the Corporate Governance Code
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
2–20	Remuneration determination process	6.6 Board of Directors 6.10 Remuneration policy
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
2–23	Commitment to policies	6.12 Corporate ethics
2–24	Fulfillment of obligations assumed	1.2 Key indicators 4 Performance overview
2–25	Elimination of negative impacts	6.15 Internal control and audit 7 Risk management 8.2 Anti-corruption management In 2022, there were no complaints concerning the negative consequences caused by the Company.
2–26	Mechanisms for obtaining advice and expressing concerns	6.15 Internal control and audit 616 External audit
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
2–28 SDG 17	Membership in associations	CAEPCO JSC is a member of KAZENERGY Association of Legal Entities
2–29	Approach to stakeholder engagement	8 Sustainable development. 8.6 Stakeholder engagement.
2–30 SDGs 2,4,7,8,9,11,12,17	Collective agreements	The Corporation has concluded collective agreements

Indicator	Disclosure	Report section / comment
GRI 3: Essential topics (2016)		
3–1	Process of identifying essential topics	Appendix 1 Material aspects and boundaries of reporting
3–2	List of significant topics	Appendix 1 Material aspects and boundaries of reporting
Economy		
GRI 201: Economic indicators (2016)		
3–3	Management of essential topics	2 About the Company 4.6 Financial and economic indicators
201–1 SDGs 4,613	Created and distributed direct economic value	2 About the Company 4.6 Financial and economic indicators
201–2 SDG 13	Financial impact and actual risks and opportunities caused by climate changes	8.7 Climate change
201–3 SDG 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
202–2	Percentage of senior management hired from the local community to important positions	6 Corporate Governance 6.6 Board of Directors
GRI 203: Indirect economic impact (2016)		
3–3	Management of essential topics	4.1 Results of the investment program Reconstruction and modernization plans
203–1	Supported investments in infrastructure and services	4.1 Results of the investment program Reconstruction and modernization plans
203–2 SDGs 3,4,8,11,17	Significant indirect economic impacts	Message of Chairman of the Board of Directors
GRI 205: Anti-corruption management (2016)		
3–3 SDG 16	Management of essential topics	8 Sustainable development 8.2 Anti-corruption management
205–2 SDG 16	Informing and training in the field of anti-corruption policies and procedures	8 Sustainable development 8.2 Anti-corruption management
205–3	Confirmed incidents of corruption and actions taken	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 8.7 Materials used
301–1 SDGs 11,12	Materials used by weight or volume	8 Sustainable development 8.7 Materials used

Indicator	Disclosure	Report section / comment
GRI 302: Energy (2016)		
3–3	Management of essential topics	8 Sustainable development 8.11 Energy saving
302–1	Energy consumption within the organization	8 Sustainable development 8.10 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".
GRI 303: Water and wastewater (2016)		
3–3 SDGs 6,11,12	Management of essential topics	8 Sustainable development 8.13 Water resources
303–5	Water consumption	8 Sustainable development 8.12 Water resources
GRI 304: Biodiversity (2016)		
304–2	Significant impact of products and services on biodiversity	CAEPCO does not have a significant impact on the flora and fauna
GRI 305: Emissions (2016)		
3–3	Management of essential topics	8 Sustainable development 8.9 Atmospheric emissions
305–1 SDGs 3,11,12,13	Direct greenhouse gas emissions	8 Sustainable development 8.9 Atmospheric emissions
GRI 306: Waste (2016)		
3–3	Management of essential topics	8 Sustainable development 8.13 Waste management
306–1	Waste generation and significant waste-related impacts	8 Sustainable development 8.13 Waste management
306–3	Waste generation	8 Sustainable development Compliance with the environmental legislation of the Republic of Kazakhstan when storing ash and slag waste allows preventing environmental pollution with ash and slag waste from production.
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
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.

Indicator	Disclosure	Report section / comment
Social responsibility		
GRI 401: Employment (2016)		
3–3 SDG 8	Management of essential topics	8 Sustainable development 8.14 Human resources and social policy
401–1 SDG 8	Recruitment of new employees and staff turnover	8 Sustainable development 8.14 Human resources and social policy
GRI 402: Labor/management relations 2016		
3–3 SDGs 8	Management of essential topics	8.16 Social partnership
402–1 SDG 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
404–1 SDGs 4,8	Average number of training hours per year per employee	8 Sustainable development 8.16 Human resources and social policy
404–2	Professional development programs for employees and assistance programs during the transition period	8 Sustainable development 8.14 Human resources and social policy
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
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 SDG 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
GRI 102: Corporate governance. Ethics and Integrity (2016)		
102–16	Values, principles, standards, and norms of conduct	6.12 Corporate ethics
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
413–1	Operations involving local communities, impact assessment and development programs	8 Sustainable development 8.16 Social partnership

Indicator	Disclosure	Report section / comment
GRI 415: State policy (2016)		
415–1 SDG 17	Political contributions	1 Key information About the Company
GRI 418 Consumer privacy		
418–1 SDG 16	Customer confidentiality. Well-grounded complaints concerning confidentiality breach	No complaints of confidentiality breach were recorded in 2022.
GRI G4 Отраслевой протокол по электроэнергетике		
G4-EU2	Energy generation	2 About the Company 1.2 Key indicators 1.2.1 Power generation and sales
G4-EU3	Number of residential, industrial, institutional and commercial customer accounts	1.1.6 Number of consumers
G4-EU4	Length of aboveground and underground power transmission and distribution lines by control mode	1 Key information Key resources Length of power transmission lines
G4-EU5	Allocation of COR2R or equivalent emissions allowances	8 Sustainable development 8.8 Climate change 8.9 Atmospheric emissions

Appendix 3

Consolidated Audited Financial Statements

CENTRAL-ASIAN ELECTRIC POWER CORPORATION JOINT STOCK COMPANY
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022
(in thousands of Tenge)

	Note	December 31, 2022	December 31, 2021 (restated)*
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	7	352,360,609	367,031,576
Intangible assets	8	74,733,990	81,365,610
Deferred tax assets	31	5,029,235	5,489,720
Loans issued	9	-	1,874,150
Other financial assets	10	-	59,916
Advances paid	12	5,896,921	532,632
Investments in associates		102,402	94,051
Other non-current assets	14	1,217,197	1,235,901
Total non-current assets		**439,340,354**	**457,683,556**
CURRENT ASSETS:			
Inventories	11	6,313,843	6,943,827
Trade accounts receivable	13	17,825,145	18,211,071
Advances paid	12	2,521,528	3,797,228
Income tax prepaid		1,396,782	572,534
Other current assets	14	2,267,659	1,733,617
Loans issued	9	982,480	197,305
Other financial assets	10	1,588,789	11,047,702
Cash	15	2,992,004	4,598,104
Total current assets		**35,888,230**	**47,101,388**
TOTAL ASSETS		**475,228,584**	**504,784,944**
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	16	46,043,272	46,043,272
Additional paid-in capital		1,348,105	1,348,105
Properties revaluation reserve		84,294,954	100,844,231
Accumulated deficit		(16,365,766)	(21,760,117)
Non-controlling interest		110,808	52,753,959
Total equity		**115,431,373**	**179,229,450**

CENTRAL-ASIAN ELECTRIC POWER CORPORATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (CONTINUED)
(в тыс. тенге)

	Note	December 31, 2022	December 31, 2021 (restated)*
LIABILITIES			
NON-CURRENT LIABILITIES:			
Bonds issued	17	8,221,617	14,769,629
Non-current borrowings	18	-	26,756,295
Deferred income	20	1,402,896	1,568,632
Lease liabilities	21	10,527,296	12,591,042
Deferred tax liabilities	31	58,591,501	66,585,194
Asset decommissioning and restoration obligations	19	6,959,849	6,634,469
Employee benefit obligations		168,993	157,122
Other long-term accounts payable		705,084	309,163
Other liabilities and accrued expenses		790,548	241,585
Total non-current liabilities		**87,367,784**	**129,613,131**
CURRENT LIABILITIES:			
Current portion of bonds issued	17	7,300,885	904,258
Current borrowings and current portion of non-current borrowings	18	219,809,516	169,229,518
Deferred income, current portion	20	2,964	2,964
Current portion of lease liabilities	21	1,796,891	1,936,515
Trade accounts payable	22	30,589,669	15,731,715
Advances received	23	4,907,412	2,059,791
Current portion of asset decommissioning and restoration obligations	19	894,062	571,574
Income tax liability		261,764	565,462
Current portion of employee benefit obligations		31,720	18,246
Payables to employees		2,484,531	2,359,989
Taxes payable, other than income tax		3,590,950	2,329,230
Other current liabilities and accrued expenses		759,063	233,101
Total current liabilities		**272,429,427**	**195,942,363**
TOTAL EQUITY AND LIABILITIES		**475,228,584**	**504,784,944**

*Some of the amounts stated there do not correspond to the issued consolidated financial statements for the year ended 31 December 2021, as they reflect the adjustments made, as indicated in Note 5.

Signed on behalf of/Group:

B.Y. Oral
Chairman of the Management Board

L. I. Miroshnichenko
Chief Accountant

14 July 2023
Astana, Republic of Kazakhstan

The notes on pages 16-96 form an integral part of these-consolidated financial statements. Independent Auditor's Report is on pages 2-9

CENTRAL-ASIAN ELECTRIC POWER CORPORATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022
(in thousands of Tenge, unless otherwise stated)

	Note	2022	2021 (restated)*
Continuing operations			
Revenue	24	148,382,068	139,734,237
Cost of sales	25	(120,781,997)	(106,208,871)
GROSS PROFIT		**27,600,071**	**33,525,366**
General and administrative expenses	26	(10,428,819)	(9,359,723)
Selling expenses		(2,018,700)	(1,770,040)
Finance costs	27	(36,156,210)	(26,467,589)
Finance income	28	2,066,376	2,868,717
(Accrual)/recovery of allowance for expected credit losses		(940,592)	14,846
Foreign exchange loss, net	29	(11,348,785)	(1,799,420)
Impairment loss on goodwill		-	(13,421,531)
Impairment loss on property, plant and equipment	7	(1,018,169)	(68,337,486)
Impairment loss on intangible assets	8	-	(2,506,000)
Other expenses	30	(4,479,882)	(3,193,267)
Other income	30	2,143,064	7,216,851
Share of results of associates		48,815	1,046,211
Loss from disposal of subsidiaries		-	(379)
LOSS BEFORE TAX		**(34,532,831)**	**(82,183,444)**
INCOME TAX BENEFIT	31, 33	4,856,000	11,956,549
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(29,676,831)**	**(70,226,895)**
Discontinued operations			
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS	33	-	10,046,685
LOSS FOR THE YEAR		**(29,676,831)**	**(60,180,210)**
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of property, plant and equipment, net of tax	7	-	69,325,068
Impairment loss on property, plant and equipment, net of income tax	7	(7,652,677)	-
TOTAL COMPREHENSIVE (LOSS) /INCOME FOR THE YEAR		**(37,329,508)**	**9,144,858**
(Loss) / income attributable to:			
Shareholders of the Group		(21,002,243)	(63,067,566)
Non-controlling interests		(8,674,588)	2,887,356
Total comprehensive (loss) / income attributable to:			
Shareholders of the Group		(28,655,363)	5,900,150
Non-controlling interests		**(8,674,145)**	**3,244,708**
LOSS PER SHARE			
Loss per share, basic and diluted	37	**(568.38)**	**(1,706.78)**

*Some of the amounts stated there do not correspond to the issued consolidated financial statements for the year ended 31 December 2021, as they reflect the adjustments made, as indicated in Note 5.

Signed on behalf of/Group:

B.Y. Oral
Chairman of the Management Board

L. I. Miroshnichenko
Chief Accountant

14 July 2023
Astana, Republic of Kazakhstan

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CENTRAL-ASIAN ELECTRIC POWER CORPORATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022
(in thousands of Tenge)

	Share capital	Additional paid- in capital	Properties revaluation reserve	Retained earnings/ (accumulated deficit)	Non-controlling interest	Total equity (restated)*
1 January 2021	46,043,272	1,348,105	34,315,020	41,828,696	-	123,535,093
Loss for the year (restated)*	-	-	-	(63,067,566)	2,887,356	(60,180,210)
Prioryears adjustment	-	-	-	(1,203)	-	(1,203)
Other comprehensive income for the year (restated)*	-	-	68,967,716	-	357,352	69,325,068
Total comprehensive loss for the period	-	-	**68,967,716**	**(63,068,769)**	**3,244,708**	**9,143,655**
Amortisation of properties revaluation reserve	-	-	(2,361,362)	2,361,362	-	-
Sale of subsidiary	-	-	(77,143)	-	-	(77,143)
Impairment loss on loans issued to the Company under common control	-	-	-	(2,881,406)	-	(2,881,406)
Recognition of non-controlling interest from acquisition of subsidiary Pavlodar Vodokanal- Severny LLP	-	-	-	-	111,251	111,251
Recognition of a non-controlling interest upon acquisition of a subsidiary CAPEC Green Energy LLP	-	-	-	-	49,398,000	49,398,000
31 December 2021 (restated)*	**46,043,272**	**1,348,105**	**100,844,231**	**(21,760,117)**	**52,753,959**	**179,229,450**
Loss for the year	-	-	-	(21,002,243)	(8,674,588)	(29,676,831)
Other comprehensive loss for the year	-	-	(7,652,677)	-	-	(7,652,677)
Total comprehensive loss for the year	-	-	**(7,652,677)**	**(21,002,243)**	**(8,674,588)**	**(37,329,508)**
Amortisation of properties revaluation reserve	-	-	(8,896,600)	8,896,600	-	-
Effect of operations under common control	-	-	-	694,247	-	694,247
Recognition of non-controlling interest from acquisition of subsidiary	-	-	-	16,805,747	(43,968,563)	(27,162,816)
31 December 2022	**46,043,272**	**1,348,105**	**84,294,954**	**(16,365,766)**	**110,808**	**115,431,373**

*Some of the amounts stated there do not correspond to the issued con soil dated financial statements for the year ended 31 December 2021, as they reflect the adjustments made, as indicated in Note 5.

Signed on behalf of/Grpup:

B.Y. Oral
Chairman of the Management Board

L. I. Miroshnichenko
Chief Accountant

14 July 2023
Astana, Republic of Kazakhstan

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CENTRAL-ASIAN ELECTRIC POWER CORPORATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022
(in thousands of Tenge)

	Note	20222021 (restated)*	
OPERATING ACTIVITIES:			
Loss for the year		(29,676,831)	(60,180,210)
Income tax benefit recognised in profit or loss, including discontinued operations	31	(4,856,000)	(11,956,549)
Adjustments for:			
Depreciation and amortisation	7, 8	30,279,254	21,940,837
Finance costs	27, 33	36,156,210	26,494,541
Accrual / (recovery) of allowance for expected credit losses		940,592	(10,429)
Accrual of provision for obsolete inventories	11	120,356	226,578
Loss from disposal of property, plant and equipment and intangible assets		784,411	253,939
Impairment loss on goodwill		-	13,421,531
Impairment loss on property, plant, and equipment	7	1,018,169	68,337,486
Impairment loss on intangible assets	8	-	2,506,000
Loss on acquisition of investment in associate		-	1,378,303
Write down to fair value of previously held interest in associate	32	-	766,330
Foreign exchange loss, net		11,348,785	1,797,612
Finance income	28, 33	(2,066,376)	(2,913,223)
Loss from write-off of accounts payable		(54,001)	50,723
Share of results of associates		(48,815)	(1,046,211)
Income from government grants	20	(144,142)	(4,837,680)
Income from disposal of share in subsidiary	33	-	(7,608,678)
Others		(134,808)	15,436
Operating cash flow before movement in working capital		**43,666,804**	**48,636,336**
Changes in inventories		607,668	(1,238,598)
Changes in trade accounts receivable		577,468	3,320,091
Changes in advances paid		51,952	(2,912,568)
Changes in other current assets		(563,565)	658,561
Changes in other trade accounts receivable		-	(72,096)
Changes in trade accounts payable		9,954,394	(12,332,868)
Changes in non-current trade accounts payable		-	(150,547)
Changes in deferred income		-	2,964
Changes in advances received		2,847,621	(133,889)
Changes in other liabilities and accrued expenses		(538,174)	(280,140)
Cash generated by operations		**56,604,168**	**35,497,246**
Income tax paid		(2,428,007)	(1,245,897)
Interest paid		(33,381,963)	(25,673,065)
Net cash from operating activities		**20,794,198**	**8,578,284**

CENTRAL-ASIAN ELECTRIC POWER CORPORATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)
(in thousands of Tenge)

INVESTING ACTIVITIES:		2022 г.	2021 г.
Purchases of property, plant and equipment		(19,980,982)	(16,793,104)
Purchases of intangible assets		(34,816)	(78,644)
Placement of cash to deposit accounts		-	(4,428,254)
Withdrawal of cash from deposit accounts		9,998,472	1,650,370
Interest received on placed deposits		617,404	462,396
Interest received on loans issued		21,269	-
Sale of subsidiaries	33	10,860	(548,105)
Receipt of dividends		40,464	-
Return of cash given for investments		14,780	20,088
Loans issued		-	(140,000)
Repayment of loans issued		1,036,587	1,805,762
Acquisition of associate	32	-	(7,953,895)
Acquisition of a non-controlling interest in a subsidiary	32	(27,162,815)	-
Cash returned from guarantee fees		(24,674)	(25,562)
Proceeds from financial aid provided to entity under common control	9	-	5,481,883
Other investment activities		(1,452)	35,380
Net cash used in investing activities		**(35,464,903)**	**(20,511,685)**
FINANCING ACTIVITIES:			
Proceeds from bank borrowings	18	169,512,519	97,216,027
Proceeds financial aid from shareholder (individual)		3,000,000	-
Repayment of borrowings	18	(156,381,185)	(81,949,452)
Repayment of loans received from third parties		-	(1,060,000)
Bonds redemption	17	(500,000)	(500,000)
Lease payments	21	(2,335,330)	(1,473,997)
Net cash from financing activities		**13,296,004**	**12,232,578**
NET INCREASE IN CASH		**(1,374,701)**	**299,177**
CASH at the beginning of the year	15	**4,598,104**	**4,251,137**
Effect of exchange rate changes on cash balances in foreign currencies		790	1,808
Effect of changes in allowance for expected credit losses for cash		(232,189)	45,982
CASH at the end of the year	15	**2,992,004**	**4,598,104**

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Signed on behalf of/Group:

B.Y. Oral
Chairman of the Management Board

L. I. Miroshnichenko
Chief Accountant

14 July 2023
Astana, Republic of Kazakhstan

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Appendix 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	5,0		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	Anti-corruption management		Positive and negative	Potential	Anti-corruption policies, corruption cases	Low	Moderate	0,5	2,0		1

	Relevant Topics	Stakeholders	Positive and/or Negative Impact	Potential or Actual Impact	Type of Impact	Scale	Coverage	Probability	Impact Significance	Significant Topics	Significance Level
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	Stake-holders	Positive and/or Negative Impact	Potential or Actual Im-pact	Type of Impact	Scale	Coverage	Proba-bility	Impact Signifi-cance	Signif-icant Topics	Signif-icance Level
306	Waste manage-ment (impact management)		Positive	Actual	Waste reduction, waste-related impacts	Medium	Moderate	0,5	3,0		1,5
	Environmental safety of pro-duction (com-pliance with standards and requirements)		Positive	Actual	Compliance with standards and requirements	High	Moderate	0,9	5,0		4,6
308	Negative en-vironmental impact in the supply chain (impact management)		Posi-tive and negative	Actual	Compliance of suppliers with environmental criteria	Very high	High	0,5	3,0		1,5
401	Ensuring em-ployment and decent working conditions	Company employ-ees, local communi-ties, labor inspec-torate	Positive	Actual and potential	Provision of jobs	High	High	0,8	4,0		3,2
402	Ensuring opti-mal manage-ment decisions in relation to employees		Positive	Actual and potential	Conclusion of collective labor agreements, set-tlement of labor disputes, em-ployee benefits	High	Moderate	0,5	3,0		1,5

	Relevant Topics	Stake-holders	Positive and/or Negative Impact	Potential or Actual Im-pact	Type of Impact	Scale	Coverage	Proba-bility	Impact Signifi-cance	Signif-icant Topics	Signif-icance Level
403	Occupational health and safety		Posi-tive and negative	Actual and potential	Prevention of oc-cupational inju-ries, fatal injuries, ensuring em-ployees' health and well-being	High	Very high	0,9	5,0		4,6
404	Professional training and education	Company employ-ees, busi-ness part-ners, sup-pliers, end product consumers	Positive	Actual	Training, ad-vanced train-ing courses for employees	Moderate	Moderate	0,5	4,0		2
405	Diversity and equal opportu-nities (gender equality)		Positive	Actual	Inclusion and di-versity programs	Low	Low	0,2	2,0		0,4
406	Non-discrimina-tion (suppres-sion of gender inequality)		Positive	Potential	Possibility of influencing the manifestation of discrimination	Very low	Moderate	0,1	3,0		0,3

	Relevant Topics	Stake-holders	Positive and/or Negative Impact	Potential or Actual Im-pact	Type of Impact	Scale	Coverage	Proba-bility	Impact Signifi-cance	Signif-icant Topics	Signif-icance Level
407	Freedom of as-sembly, collec-tive bargaining		Positive	Actual	Granting free-dom for em-ployee meetings and collective agreements	Very low	Moderate	0,1	3,0		0,3
408	Child labor (pre-vention of child labor practices)		Negative	Potential	Child labor prac-tices among bank clients	Very low	Low	0,1	2,0		0,1
409	Forced and compulsory labor		Negative	Potential	Forced labor practices among Company clients	Very low	Low	0,1	2,0		0,1
410	Safety practices (training of se-curity services in human rights procedures)		Positive	Potential	Safety practices and standards	Very low	Moderate	0,1	3,0		0,3
411	Rights of indige-nous 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 hu-man 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

	Relevant Topics	Stake-holders	Positive and/or Negative Impact	Potential or Actual Im-pact	Type of Impact	Scale	Coverage	Proba-bility	Impact Signifi-cance	Signif-icant Topics	Signif-icance Level
414	Supplier social assessment (prevention of negative social consequences in the supply chain)		Positive	Potential	Customer evalu-ation 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
417	Marketing and marking		Positive	Potential	Non-compliance with require-ments relating to information about services	Very low	Low	0,1	2,0		0,2
418	Customer confi-dentiality (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

Installed heat capacity of the plant	a sum of 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.
COSO	the Committee of Sponsoring Organizations of the Treadway Commission
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	a joint stock company.
AEDC	Akmola Electric Distribution Company JSC
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.
Gcal	gigacalorie.
Gcal-hr	gigacalorie per hour.
GRES	state regional power plant.
GTPP	gas turbine power plant.
HEPP	hydroelectric power plant.
EBRD	European Bank for Reconstruction and Development.
DCU	dust-collecting unit.
kWh	kilowatt per hour.
MW	megawatt.
ME RK	Ministry of Energy of the Republic of Kazakhstan.
NGO	a non-governmental organization.

Environmental protection	environmental safety.
Pavlodar REDC	Pavlodar Regional Electric Distribution Company JSC.
PCHP-2	Petropavlovsk combined heat and power plant No. 2.
PE	PAVLODARENERGO JSC.
RK	Republic of Kazakhstan.
DEN	district electric networks.
ICS	internal control system.
BD	the Board of Directors.
SSIC	self-supporting insulated conductor.
NK REDC	North-Kazakhstan Regional Electric Distribution Company JSC.
SKE	SEVKAZENERGO JSC.
Mass media	Mass media.
RMS	risk management systems.
SPP	solar power plant.
Inventories	materials and stocks.
LLP	a limited liability partnership.
TPP	a thermal power plant.
CHP	a combined heat and power plant.
CAPEC	Central Asian Power Energy Company JSC.
CAEPCO	Central Asian Electric Power Corporation JSC.
PP	a power plant.

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