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Sustainable Energy  
is Our Priority

Kazakhstan  
Utility Systems

# Annual Report

Annual Report '2023

Kazakhstan Utility Systems

Kazakhstan Utility Systems  
is one of the largest players  
in the country's energy market.

Annual Report '2023

**Kazakhstan  
Utility  
Systems**

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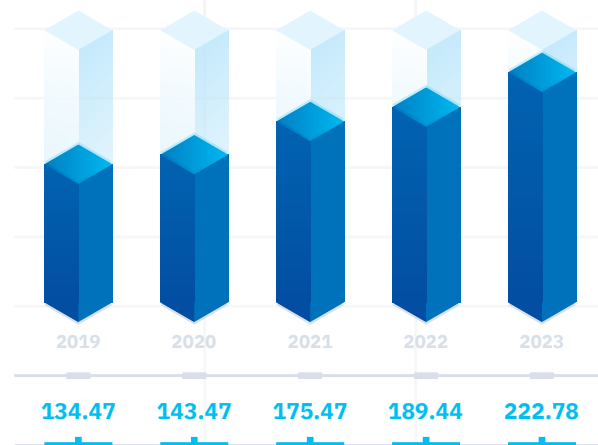
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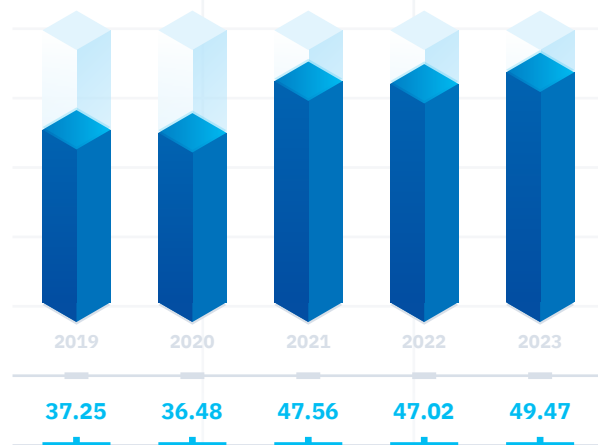


# Key indicators

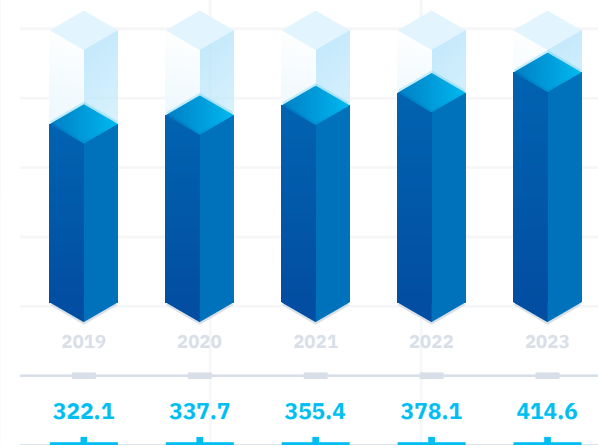
Revenue, bln KZT



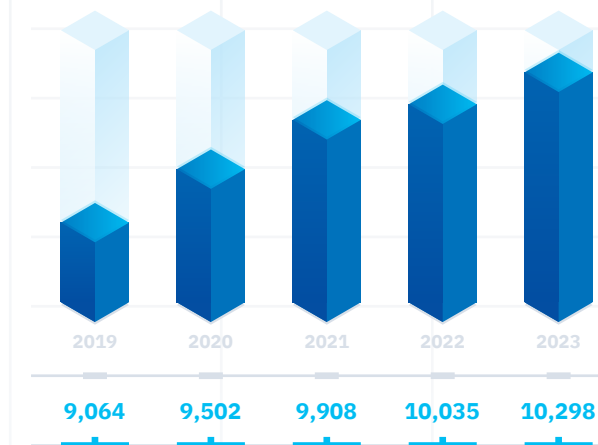
Gross profit, bln KZT



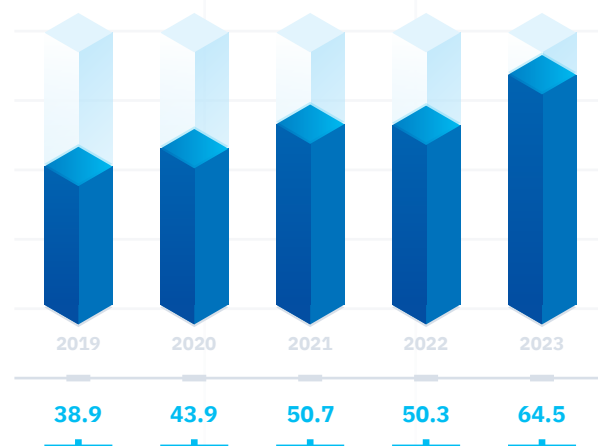
Assets, bln KZT



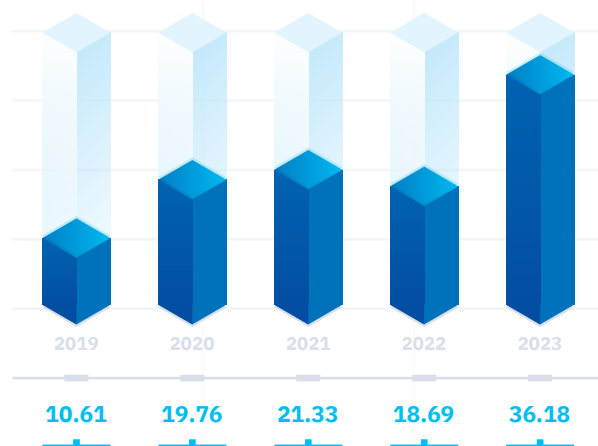
Electricity transmission, mln kWh



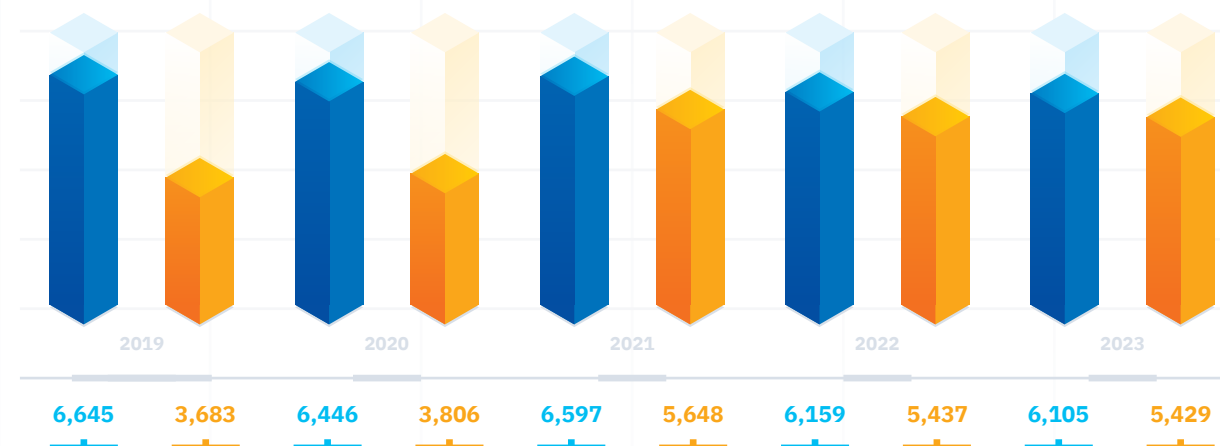
EBITDA, bln KZT



Net profit, bln KZT



Production and Sales of electric power, mln kWh



◆ Production of electric power  
◆ Sales of electric power

\* EBITDA data for 2022 are presented excluding the impact of exchange rate differences

\* Net profit data for 2022 is presented excluding the impact of exchange rate differences



## Message of the Chairman of the Supervisory Board

### Dear ladies and gentlemen!

On behalf of the Kazakhstan Utility Systems LLP Supervisory Board, I welcome you and provide you with the company's annual report, which is a useful tool for measuring the company's performance and progress. It contains financial indicators, key achievements, strategic goals, and future plans.

The energy sector is receiving more attention from the government and society. Given Kazakhstan's rapid economic development and the resulting increase in demand for electricity, the regulator and energy market participants are adopting progressive and well-thought-out initiatives, and industry reforms are being implemented timely and efficiently.

Over the last year, the Supervisory Board has focused on a wide variety of tasks aimed at maintaining high-quality and responsible administration of the company in the interests of all stakeholders.

As one of the largest participants in the country's energy market, the Kazakhstan Utility Systems Group of Companies strives to comprehensively develop all divisions of the company, including heat and electricity generation, transmission and distribution, and energy sales.

2023 was a landmark year for the Kazakhstan Utility Systems Group of Companies. Despite external challenges, the

company strengthened its market position by demonstrating long-term development, developing innovative solutions, and enhancing service quality.

The Kazakhstan Utility Systems Group of Companies completed the year with indicators of sustainable growth and progressive development of enterprises in the regions of presence. This implies that Kazakhstan Utility Systems LLP's financial policy has been confirmed and that all companies in its structure have successfully implemented investment programmes.

We have launched a number of new projects targeted at modernising infrastructure and enhancing environmental situation. Our efforts are directed towards guaranteeing the reliability and efficiency of utilities for Kazakhstanis.

Investments in the Kazakhstan Utility Systems Group of Companies' energy complex are aimed at increasing the stations' electric and thermal capacity, reconstructing and upgrading equipment, employing innovative, modern approaches to energy asset management, and leveraging advanced international experience in this field.

**Our goal** is not only to be a successful business, but also to be a trustworthy partner to our employees and the state. We seek to ensure that every citizen has confidence in the stability of the energy supply, the availability of energy for the entire society, and care about the future of our planet.

The Kazakhstan Utility Systems Group of Companies seeks to preserve its market leadership by continuing to conduct large-scale investment initiatives that increase generating capacity and create new power systems.

Investments in the country's economy and energy sector are a strategic step towards building infrastructure for future development, enhancing competitiveness, and ensuring our country's long-term viability. We are willing to commit finances, knowledge, and technology to achieve these objectives.

As a prominent participant in the energy market, we are accountable for providing a consistent and efficient energy supply, which is an essential component of people's daily life.

We are delighted that our company is becoming a model of social entrepreneurship in the energy industry, proving that business can and should work for the good of society and state. Together with our employees, partners, and everyone who shares our values, we will keep moving forward, investing in the future, and contributing to the establishment of a sustainable and thriving society.

We appreciate the trust that our customers, partners, and the government have placed in us, and we are determined to continue to work for our country's prosperity and the well-being of its people, setting a good example for the rest of the world in terms of sustainable development and innovative approach to energy.



Chairman of the Supervisory Board

**Dinmukhamet**

**Idrissov**





## Message of the General Director

### Dear Readers!

I welcome you on behalf of the Kazakhstan Utility Systems LLP management! As we wrap up another year of work, I am glad to provide the annual report of the company, which highlights our substantial accomplishments and key performance indicators. We hope that it will be a valuable source of information about the organisation and a foundation for creating mutually beneficial collaboration between us.

For many years, the KUS Group of Companies has been dominating our country's energy sector. Our structure includes the generation, transmission, distribution, and supply of electrical and thermal energy.

Our operations extend to every house, business, and corner of the region where we are present. We are proud to contribute to the well-being of the citizens and economic progress. The purpose is not only to offer energy services, but also to improve the country's economy and expand the energy industry. Following the ideals of social entrepreneurship, we seek for both financial profit and social good.

The annual report demonstrates our achievements, progress, and attempts to improve service quality and strengthen our market position. Since its foundation, the KUS Group has progressed significantly in terms of formation and development, with consistent rise in production indices.

Each project undertaken by the Group of Companies, including the modernisation of existing assets, the construction of new power grids, the expansion of generating and power

transmission capacities, the implementation of new technologies, and the automation of services in sales companies, is aimed at ensuring a high-quality and stable energy supply to consumers with heat and electricity in the regions where we operate. We consistently prioritise the adoption of cutting-edge, relevant solutions. This idea applies to all of KUS Group's subsidiaries.

Over the last decade, the KUS Group's thermal power facilities have boosted electricity production by 36.1%. During this time, the power transmission companies that comprise our organisation installed and rebuilt over 10,000 kilometres of power transmission lines, as well as over 2,000 substations and distribution centres. Over the last ten years, the volume of electricity transmitted over electric grids has increased by 2.5 billion kWh. Over the past decade, the KUS Group sales companies' subscriber base has grown by more than 360,000.

The past year has been full of challenges, but thanks to professionalism, patience, and a responsible attitude to issue solving, we have not only overcome them but also succeeded significantly. We continued to build infrastructure, integrate innovative technology, and improve the efficiency of our operations.

For 2023, the volume of power transported by energy transmission firms increased by 2.6%, or 262 million kWh, over 2022 levels. Separately, I would like to highlight a considerable increase in the number of subscribers to the KUS Group sales companies. In 2023, this figure was 45,438, which increased by 14,925 subscribers from 2022.

Such enormous accomplishments were made possible by competent, advanced management decisions and the coordinated actions of a large team that works around the

clock and at any time of year to provide consumers with reliable and uninterrupted energy supply, including heat and electricity.

Every year, we set new ambitious goals for ourselves, and the coming year promises to be full of new challenges and opportunities, and I am convinced that with our combined efforts, we will be able to achieve even greater success and succeed in all of our endeavours.

We remain committed to providing all of our customers with reliable, sustainable, and affordable utilities. KUS will continue to interact with stakeholders in order to meet their needs and expectations while adhering to transparency and open communication standards.

We also value sustainable and responsible business practices that adhere to high safety, quality, and environmental standards. Recognising our responsibility to future generations, we work to reduce our environmental effect by actively introducing green technologies and optimising resource utilisation.

The KUS Group's large-scale plans show that the largest domestic electric power holding is continuously developing, establishing itself as an efficient high-tech operating energy corporation with high social and environmental responsibility, working for the benefit of the people of Kazakhstan.

**Our goal** is to become a market leader while being a reliable and responsible partner to citizens and the state. We are proud of our ideology, which is based on the concepts of trust, respect, and cooperation, and we always seek to enhance our relationships with customers and society as a whole. New projects and tasks await us, and I am convinced that we will be able to overcome any challenges and achieve new heights.



General Director

Sabyrgali

Idrisov



## Key Events

of 2023 and

Implementation of

Priority Tasks

### Kazakhstan Utility Systems LLP

1

- On October 11, 2023, Fitch Ratings international rating agency upgraded Kazakhstan Utility Systems LLP's long-term issuer default rating (IDR) in foreign and national currencies from B+ to BB-. The rating outlook is Stable.

### Karaganda Energy Centre LLP

2

- Construction of ash dump No. 3 of Karaganda CHPP-3.
- As part of the construction of the third heat outlet of the city of Karaganda, the implementation of the 1st stage of the project "Reconstruction of technological pipelines of CHPP-3" has begun.
- Implementation of activities of the investment programme of Karaganda Energy Centre LLP for the type of activity "heat energy production," approved for 2021-2026.
- Major repairs of equipment have been completed:
  - at CHPP-3: boiler units BKZ-420-140-5 st. No. 3, 5 and turbine units T-110/120-130 st. No. 4, T-120/140-130/12.8 st. No. 5;
  - at CHPP-1: boiler units BKZ-50-39F st. No. 2, PTVP-100 st. No. 2 and turbine unit PR-6 st. No. 5.

### Ust-Kamenogorsk CHPP LLP

3

- Work continued on developing own training centre, where trainings are held to improve the personal efficiency of company executives, improve the qualifications of mentors, train the personnel reserve, and adapt new employees.
- The company's employee salaries were increased by 27% in order to bring the level of wages to the industry average.
- The company's employees were provided with medical benefits in the amount of their salary.
- Construction of ash dump No. 5 (laying process pipelines, supplying geomembrane).
- Implementation of the project to replace the main steam pipelines 140 ATA (stage 3).
- Replacement of high-pressure feed pipelines of stages 5-7. Reconstruction of outdoor switchgear No. 1 (stage 1).
- Implementation of the project "Automated system for monitoring emissions into the environment for Ust-Kamenogorsk CHPP LLC."
- Modernisation of electrical equipment of 110 kV outdoor switchgear No. 1 (stage 1).
- Major repairs of boiler unit No. 7 with replacement of emulsifier swirl valves.
- Major repairs of boiler unit No. 10 with replacement of air heater.
- Major repairs of boiler unit No. 10 with replacement of superheater.
- Major repairs of boiler unit No. 11 with replacement of 1st stage steam cooler.
- Major repairs of boiler unit No. 12 with replacement of platen superheater.
- Major repairs of boiler unit No. 12 with replacement of steam exhaust pipes and screens.

- Major repairs of boiler unit No. 14 with replacement of connecting pipes.
- Major repairs of boiler unit No. 14 with replacement of the "cold" part of the air heater.
- Major repairs of boiler unit No. 15 with replacement of side panels, rear screen and rear radiant superheater.
- Major repairs of turbine unit No. 7.
- Major repairs of turbine unit No. 12.
- Major repairs of ash pipelines.

### Ontustik Zharyk Transit LLP

4

- The construction of a closed-type 110 kV SS with a capacity of 2x40 MVA and a 110 kV cable line in Shymkent has begun.
- The reconstruction of a 110 kV overhead line with a total length of 20.2 km has been completed.
- The reconstruction of a 35 kV overhead line with a total length of 46.3 km has been completed.
- A number of substations (SS) with a voltage of 110/35/10 kV have been reconstructed.
- The reconstruction of a number of overhead and cable lines with a voltage of 0.4-10 kV, as well as transformer substations (TS) and distribution points (DP) 10/0.4 kV using self-supporting insulated wires (SIW) has been completed.
- Automated commercial accounting system for 0.4 kV networks in Shymkent and Turkestan region was implemented at 12 SS with 85 metering device units and at 16 PTS with 2,036 metering device units.
- Reconstruction of 110 kV overhead lines L-103, 104 (replacement of a section of 110 kV overhead lines with 110 kV cable lines).
- Reconstruction of 6 kV overhead lines from 110/6 kV SS No. 3 (replacement of a section of 6 kV overhead lines with 6 kV cable lines).

### Karagandy Zharyk LLP

5

- Adjustment of the approved investment programme with an increase in the total amount and the inclusion of additional activities under the "Tariff in exchange for investments" programme. One adjustment of the approved investment programme with a change in the cost of existing activities and the inclusion of new investment activities.
- The activities of the approved investment programme, taking into account adjustments and savings based on the results of the procurement procedures in the amount of 10.2 billion KZT, excluding VAT, were completed in full.
- A repair company, within the framework of which major and current repairs, technical maintenance of power lines and equipment of substations, distribution points, transformer stations were carried out. Based on the results of the repair company, a "Certificate of the company's readiness for work in the autumn-winter period 2023-2024" was received.

### Mangistau Regional Electricity Network Company JSC

6

- According to the investment programme, the following projects were implemented in 2021-2025:
  - Modernisation (reconstruction) of the 10 kV indoor switchgear equipment at the 110/10 kV MSDS-3G substation.
  - Modernisation (reconstruction) of the 6 kV indoor switchgear equipment at the 110/6 kV SS Uzen substation with the replacement of 2x10 MVA power transformers with 2x16 MVA.
  - Modernisation (reconstruction) of the 6 kV indoor switchgear equipment at the 110/10 kV "Baza Otdykha" substation.





Kazakhstan Utility Systems is one of the largest players in the country's energy market.

**1,066.5**  
Installed Electric capacity – 1,066.5 MW

**2,683.9**  
Installed thermal capacity – 2,683.9 Gcal/h

Kazakhstan Utility Systems Group of Companies is a successful vertically integrated company in the electric and thermal power sector in the Republic of Kazakhstan

# About the Company



# 1



# Brief Company Profile

Kazakhstan Utility Systems LLP (KUS LLP, KUS, Company, KUS Group, or Group) is a successful vertically integrated firm operating in Kazakhstan's electric and thermal power sectors.

The KUS Group's enterprises create a production chain that extends from the generation of electric and thermal energy to its distribution to the end user. In 2023, the Company operated in the Karaganda, East Kazakhstan, Mangistau, and Turkestan regions, as well as the city of Shymkent. All KUS enterprises have established unified management practices to guarantee effective interaction among all structural divisions of subsidiaries.

The Group's development strategy aligns with state policy priorities for energy sector development. The key strategic

areas are: modernisation of existing assets, expansion of generating and energy transmission capacities, and maintaining customer focus in sales companies. The ratings of the international rating agency Fitch Ratings indicate KUS stability and sustainable financial condition.

The company is a member of the Kazakhstan Electric Association (KEA), which is made up of 118 industry participants – energy producing and electric grid companies, large industrial energy consumers, industry research and design institutes, energy equipment manufacturing enterprises, and others. KUS is also a member of the KAZENERGY Association and the Atameken National Chamber of Entrepreneurs of the Republic of Kazakhstan.

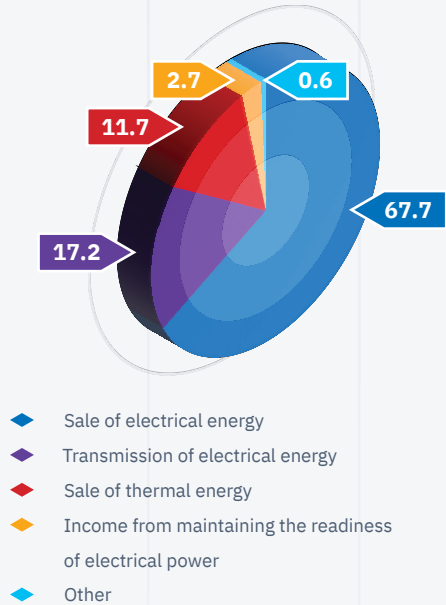
# Vertical Integration

The Group is a vertically integrated company that encompassed nine energy companies by the end of 2023. In 2023, the Group company had 8.7 thousand employees.

## Group Segments

- Generation**
  - Karaganda Energy Centre LLP
    - Karaganda CHPP-1
    - Karaganda CHPP-3
  - Shygys Energo LLP
    - Ust-Kamenogorsk CHPP LLP
  - Zhuzimdyk Wind Farm LLP
- Transmission and distribution**
  - Karagandy Zharyk LLP
  - Ontustik Zharyk Transit LLP
  - Mangistau Regional Electricity Network Company JSC
- Sales**
  - Karagandy Zhylu Sbyt LLP
  - Raschetnyi Servisnyi Centre LLP
  - Energopotok LLP

Revenue structure, 2023, %







# Profiles of Subsidiaries

## Generation

**Karaganda Energy Centre LLP** is a company that has united two power plants of the Group: Karaganda CHPP-1 and CHPP-3.

**Total number of employees of KEC LLP**

**1,297 people**

**Karaganda CHPP-1**

**Electric capacity**

installed	available
<b>24 MW</b>	<b>24 MW</b>

**Heat capacity**

installed	available
<b>392 Gcal/h</b>	<b>236.7 Gcal/h</b>

**Karaganda CHPP-3**

**Electric capacity**

installed	available
<b>670 MW</b>	<b>538.5 MW</b>

**Heat capacity**

installed	available
<b>1,432 Gcal/h</b>	<b>1,102.0 Gcal/h</b>

**Ust-Kamenogorsk CHPP LLP**

**Electric capacity**

installed	available
<b>372.5 MW</b>	<b>308.9 MW</b>

**Heat capacity**

installed	available
<b>859.9 Gcal/h</b>	<b>775.8 Gcal/h</b>

**Number of employees**

**554 people**

**Zhuzimdyk Wind Farm LLP**

**The capacity of the Zhuzimdyk Wind Farm**

installed  
**50 MW**

Alternative energy development project in the Turkestan region (Shayan village, Baidibek district), an off-take contract has been concluded with the state. The power distribution scheme has been agreed upon, and the issuance of technical specifications is at the approval stage.

## Transmission and distribution

**Karagandy Zharyk LLP**

is an electric grid company in the Karaganda region.

Electric networks 0.4-220 kV, intended for power supply of urban, industrial and agricultural consumers of Karaganda city and Karaganda region:

220/110/35 kV substations	0.4–220 kV overhead lines
<b>104 units</b>	<b>5,149 km</b>

6–10/0.4 kV TS, PTS, DS	0.4–35 kV cable lines
<b>2,193 units</b>	<b>1,745 km</b>

**Service area**

**21.4 thousand km<sup>2</sup>**

**Number of employees**

**1,571 people**

**Ontustik Zharyk Transit LLP**

is a regional electric grid company for Turkestan region and Shymkent city.

Electric networks 0.4–110 kV, intended for power supply of urban, industrial and agricultural consumers of Shymkent city and Turkestan region:

110–35 kV substations	0.4–110 kV overhead lines
<b>258 units</b>	<b>23,215 km</b>

6–10/0.4 kV TS, PTS, DS	0.4–110 kV cable lines
<b>6,113 units</b>	<b>664 km</b>

**Transformers for own needs**

**372 units**

**Number of employees**

**3,417 people**



### Mangistau Regional Electricity Network Company JSC is an electric grid company in the Mangistau region.

Electric networks 0.4–220 kV, intended for power supply of urban, industrial and agricultural consumers of the Mangistau region:

220/110/35 kV substations      0.4–220 kV overhead lines  
**67 units**      **5,467.702 km**

6–10/0.4 kV package transformer substations  
**425 units**

#### Transformers for own needs

**134 units**

#### Number of employees

**729 people**

## Sales

**Karagandy ZhyluSbyt LLP** is a subject of the socially significant market in the field of retail sale of electric energy by energy supply organisations and a guaranteed supplier of electric energy in the city of Karaganda and the village of Aktas in the Karaganda region.

2 district and 2 city sales sites.

#### Number of heat supply subscribers

individuals      legal entities  
**166,103**      **3,599**

#### Number of electricity subscribers

individuals      legal entities  
**210,282**      **5,700**

#### Number of hot water subscribers

individuals      legal entities  
**136,040**      **1,890**

#### Number of employees

**292 people**

**Raschetnyi Servisnyi Centre LLP** is an energy sales company in the Karaganda region.

3 sales areas: Abay area – located in the city of Abay; Shakhtinsk area – located in the city of Shakhtinsk; Central area – located in the city of Karaganda.

#### Number of electricity subscribers

individuals      legal entities  
**62,236**      **1,806**

#### Number of employees

**47 people**

**Energopotok LLP** is an energy sales company in the Turkestan region and in the city of Shymkent.

21 regional and 5 city sales sites.

#### Number of electricity subscribers

individuals      legal entities  
**686,632**      **32,443**

#### Number of employees

**702 people**

### Financial performance of subsidiaries for 2023

Company	Assets, thousand KZT	Net profit, thousand KZT
Karaganda Energy Centre LLP	101,441,314	12,016,128
Ust-Kamenogorsk CHPP LLP	57,360,499	6,768,233
Karagandy Zharyk LLP	85,806,285	4,486,885
Ontustik Zharyk Transit LLP	58,516,919	3,573,226
Mangistau Regional Electricity Network Company JSC	59,270,380	2,560,821
Karagandy ZhyluSbyt LLP	10,436,251	413,096
Raschetnyi Servisnyi Centre LLP	1,203,286	150,540
Energopotok LLP	9,786,153	(2,184,943)



## Brief History of the Company's Development

### 2008-2010

- On November 3, 2008, the management company Kazakhstan Utility Systems LLP was established.
- The Group gained control over 100% of the shares in Ontustik Zharyk Transit LLP and Karagandy Zharyk LLP with the aim of creating a vertically integrated energy company.
- In 2010, the Group became a participant in Karaganda Energy Centre LLP by making an additional contribution to the authorised capital and redistributing shares between the participants.

### 2011

- Gaining control over 100% of shares in Karagandy-ZhylyuSbyt LLP, Raschetnyi Servisnyi Centre LLP, Energopotok LLP and Ontustik Zharyk LLP with the aim of creating a vertically integrated energy company.
- Decision to build a new power unit (boiler + turbine) for 110 MW and 185 Gcal/h at Karaganda CHPP-3.
- Karagandy Zharyk LLP commissioned two new substations.
- Karagandy Zharyk LLP implemented an automated commercial electricity metering system (ACEMS), stage 2.
- Construction of the 110 kV overhead power line State Regional Power Station-1 – CHPP-2 of Karagandy Zharyk LLP was completed.
- Ontustik Zharyk Transit LLP implemented an automatic system of bases and consumers (ASBAC) in order to issue technical specifications for the fastest possible determination of connection points.

- Signing an EPC contract for the expansion of Karaganda CHPP-3, installation of power unit No. 6.
- Commissioning of a new turbine No. 5 with a capacity of 120 MW.
- Commissioning of cooling tower No. 4 of Karaganda Energy Centre LLP.
- Implementation of ACEMS (Automated commercial electricity metering system) by Karaganda Zharyk LLP, stage 3.

### 2012-2013

- Signing of an agreement with the Development Bank of Kazakhstan JSC to open a credit line for 30 billion KZT for Karaganda Energy Centre LLP.
- Construction of new ash dumps for dry waste storage at CHPP-1 and CHPP-3 stations of Karaganda Energy Centre LLP.
- Construction of the Zharyk substation (SS) of Karagandy Zharyk LLP.
- Ontustik Zharyk Transit LLP began construction of the Severnaya SS and Nursat SS 110 kV.
- Creation of Energy Centre LLP. The company's statutory activity is the production of thermal and electric energy. 100% of the share in the partnership belongs to KUS LLP.

### 2014

- Since 2013, the expansion of Karaganda Energy Centre LLP CHPP-3 has been underway by installing turbine No. 6 and boiler No. 8.
- Karagandy Zharyk LLP commissioned the 220/110/10 kV Zharyk substation and the 110/35/6 kV Santekhnicheskaya-2 substation.
- Ontustik Zharyk Transit LLP commissioned the Severnaya substation (2x40,000 kVA), and built and modernised 10/0.4 kV networks and substations of various voltage classes.

- The project "Construction of a wind power plant in the South Kazakhstan Region" was initiated.
- The subsidiary sales organisations expanded their customer base and implemented a "Unified Billing System" for suppliers of all types of utilities and acquired buildings to create contact centres.

### 2015

- In December, Ontustik Zharyk Transit LLC implemented an automated commercial electricity metering system (ACEMS) 10/0.4 kV, as a result of which 31 package transformer substations and 3,740 consumers were connected in Turkestan in 2015.
- Ontustik Zharyk Transit LLP designed, built and commissioned a closed-type 110/10–10 kV Nursat substation with an installed capacity of power transformers of 2x40 MVA.
- Karagandy Zharyk LLP completed construction and commissioned the 220/110/35 kV Zharyk substation.
- Karagandy Zharyk LLP built and commissioned the 110/35/10 kV Santekhnicheskaya-2 substation, as well as the 110 kV TEC-3 – Santekhnicheskaya-2 overhead power line, L – 1.3 km, with the installation of AC-300 sq. mm. cable.
- In order to diversify the Group's activities through the development of alternative energy, Vetropark Zhuzimdyk LLP was established on July 15, 2015, with 100% of the shares owned by KUS LLP.
- In November, in the Karaganda region, for the convenience of consumers, a joint project was implemented with Unified Settlement Centre LLP to introduce a single payment document (SPD), which was developed on the principle of a one-shop-stop, the number of cash desks was increased, and an electronic queue system was introduced.
- At the Karaganda CHPP-3 of Karaganda Energy Centre LLP, installation work was completed to commission a new power unit with a capacity of 110 MW. A trial run of

### 2016

- the unit at full capacity with unit-by-unit acceptance of equipment was carried out, a new fan cooling tower was put into operation.
- New contact centres were opened in subsidiary sales organisations of the Turkestan region and Shymkent.
- Kazakhstan Utility Systems LLP acquired 6.54% of ordinary shares of Mangistau Regional Electricity Network Company JSC.
- The first specialised trades for the placement of bonds of Kazakhstan Utility Systems LLP took place in the trading system of Kazakhstan Stock Exchange JSC (KASE).
- The international rating agency Fitch Ratings affirmed Kazakhstan Utility Systems LLP's long-term issuer default ratings (IDR) in foreign and national currencies at the level of BB-. The rating outlook is Stable.
- During the international competition Choice of the Year No. 1 in Kazakhstan, Kazakhstan Utility Systems LLP officially became Energy Company No. 1 of 2016 in Kazakhstan.
- A new power unit was put into operation at Karaganda CHPP-3 of Karaganda Energy Centre LLP, which includes a turbine with an electric capacity of 110 MW and a steam boiler with a thermal capacity of 400 Gcal/h. Thanks to this, the Karaganda CHPP-3 has become the largest combined heat and power plant in the Republic of Kazakhstan.
- The closed-type 110/10 kV Nursat electric substation was commissioned in Shymkent.
- Ontustik Zharyk Transit LLP developed a project and carried out a complete modernisation of overhead power lines 0.4-10 kV using SIW (self-supporting insulated wires) with a total length of 0.4 kV overhead lines – 220 km, 6-10 kV overhead lines – 7 km.
- Karagandy Zharyk LLP reconstructed: TS, PTS with power equipment – 119 pcs., CL – 52 km, OCL (SIW) –



88 km; built a new building for the control centre of the Operating Dispatching Service of High-voltage Electric Networks.

- In 2016, KaragandyZhyluSbyt LLP switched to settling accounts with consumers using a single payment document (SPD).

## 2017

- KUS LLP attracted financing in the amount of 882.4 million KZT through a successful placement of bonds on the Kazakhstan Stock Exchange.
- A credit line was opened in Sberbank SB JSC for the acquisition of 100% of shares of AES Middelzee Holding B.V. for a total of 7.2 billion KZT with a maturity date of March 2024. 6.6 billion KZT were used.
- Generating assets were acquired in the East Kazakhstan region: Ust-Kamenogorsk CHPP and Sogrinsk CHPP, with a total installed capacity of 447.5 MW.
- 37.5% of shares of Mangistau Regional Electricity Network Company JSC (MRENC) were acquired from the total number of issued shares, and the total number of MRENC shares in the KUS portfolio reached 43.73%.
- The first stage of the project to increase the dams of the 3rd section of ash dump No. 2 was completed at Karaganda CHPP-3.
- The project for the reconstruction of the existing ash dump was completed at Ust-Kamenogorsk CHPP, and the design of a new ash dump for storing ash and slag waste was started.
- Construction of a 220 kV Aktau – Karazhanbas power transmission line with a 1x150 MVA autotransformer at the Karazhanbas NDS by MRENC JSC.
- As part of the diversification of activities, the service market was successfully expanded by introducing a project for servicing house utility networks.
- The number of serviced consumer accounts increased by almost 20 thousand, or 1.8% compared to 2016.

## 2018

- 6.77% of ordinary shares of MRENC JSC were acquired. The Group owns 50.19% of the outstanding shares of MRENC JSC, the share of voting shares is 52.63%.
- A deal was completed to sell Sogrinskaya CHPP LLP.
- The 2nd stage of the project to build up the dams of the 3rd section of ash dump No. 2 was completed at Karaganda CHPP-3.
- At Ust-Kamenogorsk CHPP LLP, the reconstruction project of the existing ash dump is at the completion stage, and the construction of a new ash dump for storing ash and slag waste has begun.
- In March 2018, MRENC JSC attracted financing from the European Bank for Reconstruction and Development in the amount of 12.3 billion KZT from the bank's regular resources and 5.3 million USD from the funds of the special Green Climate Fund (hereinafter referred to as the GCF) for the purpose of implementing the investment programme. GCF was established at the Conference of the Parties to the UN Framework Convention on Climate Change in 2010.
- Expansion of the client base of Energopotok LLP by joining it with clients of Ontustik Zharyk LLP.

## 2019

- The 3rd stage of the project to build up the dams of the 3rd section of ash dump No. 2 was completed at the Karaganda CHPP-3.
- The project for the construction of the 1st section of the new ash dump No. 3 of the Karaganda CHPP-3 was completed.
- At Ust-Kamenogorsk CHPP LLP, the reconstruction of ash dump No. 3 was completed, for the first time in domestic practice using ash and slag waste in the dam body; the construction of a new ash dump No. 5 was started; the modernisation of boiler unit No. 15 was completed in order to reduce nitrogen oxide emissions;

the implementation of the automated process control system was completed at boiler unit No. 15.

- Ontustik Zharyk Transit LLP has begun construction of a closed 110/10-10 kV substation Yassy with a capacity of 2x40 MVA with 110 kV lines in the city of Turkestan with a commissioning plan for 2020.
- At Ontustik Zharyk Transit LLP, an automated commercial electricity metering system has been implemented covering 12 high-voltage substations (for wholesale market entities), as well as on 0.4 kV networks covering 3,940 subscribers in Shymkent (for retail market entities).
- Karagandy Zharyk LLP completed the construction of the 110/10 kV Tikhonovka substation and the reconstruction of the 110 kV TEC-3 – Karaganda overhead power line, as well as the technical modernisation of 6-35-110 kV equipment at nine substations: Novaya Dubovka, Karabas substation, Kyzyl substation, Fedorovka-2 substation, Astakhovka substation, Karbyshevka substation, Karaganda substation, Karagayly substation, Saran substation.
- Mangistau Regional Electricity Network Company JSC completed the construction of the 220 kV Aktau – Karazhanbas power transmission line with a 1x150 MVA autotransformer at the NDS-220/110/35/10 kV Karazhanbas;
- Construction of 110 kV power transmission line from Uzen-220 kV SS to 110/35/6 kV SS (length 18.7 km) with replacement of 1x40 MVA transformer was completed.
- Modernisation of 110 kV outdoor switchgear of 220/110/10 kV Uzen SS was carried out.
- A number of substations (9 units) and overhead power lines with a voltage of 35 kV and higher (180 km) were acquired.

## 2020

- In March 2020, the Fitch Ratings international rating agency affirmed Kazakhstan Utility Systems LLP's long-term issuer default ratings (IDR) in foreign and national currencies at the level of B+. The rating outlook is Stable.

- KEC LLP signed an investment agreement for the expansion of Karaganda CHPP-3 with the Ministry of Energy of the Republic of Kazakhstan.
- Completed the build-up of dams of the 3rd section of ash dump No. 2 of Karaganda CHPP-3.

### Ust-Kamenogorsk CHPP LLP

- major repairs of boiler No. 13 with replacement of the smooth-tube water economiser of the 1st stage with a membrane one was completed.
- major repairs of boiler unit No. 14 with replacement of burners (8 pcs.) was completed.
- reconstruction of unloading chute No. 5 of conveyor 5/2 was completed.
- construction of a package transformer substation (PTS) with power supply networks for coastal pumping station No. 2 (purchase of equipment) was completed.

### Ontustik Zharyk Tranzit LLP

- construction was completed and the closed 110/10-10 kV substation Yassy with a capacity of 2x40 MVA with 110 kV cable lines in the city of Turkestan was put into operation.
- construction of 10-0.4 kV electrical networks in the residential areas Zhuldyz, Badam, Tasken, Bazarkakpa, Martobe in Shymkent was completed.
- reconstruction of the 110 kV overhead power line with a total length of 9 km was carried out.
- reconstruction of the 35 kV overhead power line with a total length of 27.75 km was carried out.
- Reconstruction of a number of substations was carried out: SS 110/35/10 kV Samsonovka, SS 110/35/10 kV Shoulder, SS 110/35/10 kV Abai-Bazar, SS 110/35/6 kV No. 4, SS 110/35/6 kV Cementnaya, SS 35/10 kV KSHT, SS 35/10 kV Kaitpas, SS 35/10 kV Slavyanka, SS 35/10 kV Darmino, SS 110/35/10 kV Turkestan.
- Reconstruction of a number of 0.4-10 kV overhead lines, 0.4-10 kV cable lines, as well as 10/0.4 kV package transformer substations, transformer substations, and distribution substations has been completed.





- Automated commercial electricity metering system has been implemented for 0.4 kV networks, covering 3,171 subscribers in Shymkent and Turkestan (for retail market entities).

#### Karagandy Zharyk LLP

- 220 kV outdoor switchgear of 220/110/35/10 kV substation Saran – using a power meter instead of an open-loop control and short-circuit protection device.
- Replacement of supports and wires along the entire route of the 110 kV Karagandy – Novy Gorod overhead line was held.
- Technical modernisation of 34 substation equipment has been completed.
- Major repairs of ten 35/110/220 kV overhead lines have been completed.

#### Mangistau Regional Electricity

##### Network Company JSC

- Commissioning of a 10 kV power transmission line with a length of 10.5 km in the Warm Beach area was held.
- Modernisation (reconstruction) of the 6 kV indoor switchgear equipment at the 110/35/6 kV Sai-Utes SS was carried out.
- Repair of 6-10/0.4 kV automated commercial electricity metering system devices was carried out.
- Modernisation of the relay protection and automation equipment at the 220/110/10 kV Uzen SS was carried out.
- Commissioning of repair boxes for the mechanisation and transport service of MRENC JSC took place.
- Commissioning of a 10 kV power transmission line from the 35/10 kV KTZ SS to the 10 kV overhead line of cell 113 of the 110/10-10 Kuryk SS 1x7 km took place.

## 2021

#### Karaganda Energy Centre LLP

- Construction of ash dump No. 3 of Karaganda CHPP-3 has begun.

- The project for reconstruction of the heating unit of Karaganda CHPP-3 has been updated.

#### Ust-Kamenogorsk CHPP LLP

- Construction of ash dump No. 5 has been completed.
- A project for replacing the main steam pipelines of 140 ata has been developed.
- The project for replacing the main steam pipelines of 140 ata has been implemented (stage 1).
- Replacement of high-pressure feed pipelines of stages 5-7 has been completed.
- A major overhaul of boiler unit No. 14 with replacement of water pipes has been completed.

#### Ontustik Zharyk Transit LLP

- Construction of 10-0.4 kV electric networks in the Karabastau, Karatobe, Otyrar, Yelaman, Kyzylzhar microdistricts of Shymkent was completed.
- Reconstruction of 110 kV overhead lines with a total length of 48 km was completed.
- Reconstruction of 35 kV overhead lines with a total length of 79 km was completed.
- Construction of 35/10 kV substations and 35-10 kV overhead lines in Arys, Sairam district was completed.
- Construction of 35-10 kV overhead lines in Shubarsu, Ordabasy district, 35/10 kV power transmission lines with a length of 5.67 km was completed.
- At the end of 2021, the SmartCon programme was introduced to digitalise and automate the recording of commercial meter readings. After the introduction, readings were taken much more accurately and reliably than in previous years, which reduced the number of complaints from consumers of electricity and authorised bodies regarding incorrect electricity billing.

#### Karagandy Zharyk LLP

- Work has begun on the development of design documentation for the construction of the 110/10 kV Novy Maykuduk SS, 110/6 kV Fedorovka SS and 110/10 kV Bolashak SS.

- Work has begun on developing design documentation for the reconstruction of the 110/35/6 kV Karaganda SS, 35/10 kV Tikhonovka SS, 110/35/10 kV Botanicheskaya SS, 35/10 kV Komarovskaya SS, and 35/10 kV Zhosalay SS.
- Construction and installation work has been completed on 0.4 kV cable and overhead lines (COL) with a total length of 30 km, 6 (10) kV COL with a total length of 7 km, and 66 0.4/6 (10) kV transformer substations.
- The main work on the first stage of SCADA implementation at the upper voltage level on 35-220 kV networks has been completed.

#### Mangistau Regional Electricity

##### Network Company JSC

- A 6 km long 110 kV overhead line and a 110/10 kV substation in the Warm Beach area in Aktau was commissioned.
- A 10 kV power transmission line with a length of 10.3 km in the Warm Beach area was commissioned.
- Implementation of the automated commercial electricity metering system at the 1G, 2G, 3G, Pribrezhnaya, PS-4, N-2, Kuyulus, RMZ, and Baza Otdykha substations was completed.
- Implementation of the SCADA system at the 220/110/10 kV Uzen substation was completed.
- A number of works on the implementation of SCADA systems at the 220, 110, and 35 kV substations was completed.

## 2022

#### Karagandy Zharyk LLP

- Work has begun on developing design documentation for the construction of the 110 kV Santekhnicheskaya – Novy Maykuduk overhead power line, 1st and 2nd circuits.
- Work has begun on developing design documentation for the reconstruction of the 110 kV GPP-1 – Saran, 110 kV Zharyk – Yugo-Vostok overhead power line.

- Work has begun on developing design documentation for the construction of the 110/6 kV Fedorovka substation and the 110/10 kV Bolashak substation.
- Work has begun on developing design documentation for the reconstruction of the 110/35/6 kV Karaganda substation, 110 kV Astakhovka-Shokai overhead power line, 1st and 2nd circuits.
- Work has begun on developing design documentation for the technical modernisation of the 110 kV outdoor switchgear of the 110/35/6 kV Astakhovka substation.
- Work has been completed on the reconstruction of the 110/35/10 kV Botanicheskaya substation, the 110/6 kV RTI substation, the 220 kV TEC-3-Zharyk overhead power line, the 1st and 2nd circuits, and the 35 kV GPP-2-Sergipol overhead power line, 1st and 2nd circuits.
- Construction and installation work has been completed at the 110/10 kV Novy Maikuduk substation.
- Construction and installation works and reconstruction of 0.4 kV cable and overhead lines (COL) with a total length of 7.635 km, 6 (10) kV COL with a total length of 30.249 km, and 10 pieces of 0.4/6 (10) kV transformer substations were completed.
- The main works on the first stage of SCADA implementation at the upper voltage level on 35-220 kV networks were completed.

#### Ust-Kamenogorsk CHPP LLP

- Construction of ash dump No. 5 was completed.
- A project for replacing the main 140 ata steam pipelines was developed.
- A project for replacing the main 140 ata steam pipelines (stage 2) was implemented.
- High-pressure feed pipelines of stages 5-7 were replaced.
- Swirlers of emulsifiers of boiler units of st. № 7, 9, 10 were replaced.
- Major repairs of ash ducts have been completed.

#### Ontustik Zharyk Transit LLP

- The volume of investments of Ontustik Zharyk Transit LLP in 2022 amounted to 7.2 billion KZT.**



### As part of the investment programme, the following activities were implemented:

- Construction of 10-0.4 kV electric networks Kielitas, Taskeshu in the Tolebi district, in the Nurdy Zhol residential area in the Saryagash district, in the Igilik, Zhideli, and Sairam residential areas in Shymkent, while the following were put into operation: 10-6-0.4 kV power transmission lines – 66.6 km, package transformer substations – 23 pcs.
- Reconstruction of 110 kV overhead lines with a total length of 70.88 km.
- Reconstruction of 35 kV overhead lines with a total length of 33.3 km.
- Reconstruction of 35-110 kV substations – 18 pcs.; package transformer substations, transformer substations, distribution substations 10/0.4 kV – 140 pcs.
- Reconstruction of 0.4-10 kV overhead lines: work was completed with full replacement of supports, wires and insulators on 10 kV overhead lines – 185.4 km, 0.4 kV overhead lines – 248 km.
- Modernisation of 127 km of 0.4 kV overhead lines using self-supporting insulated wires.
- Reconstruction of cable lines: 10 kV cable line – 4.3 km and 0.4 kV cable line – 2 km.
- Automated commercial electricity metering system was implemented for 0.4 kV networks in Shymkent, Turkestan region, for operation:
  - on the wholesale electricity market (WEM): SS – 10 units, MU – 138 units;
  - on the retail electricity market for 0.4 kV networks using PLC technologies for transmitting data from electricity meters to USPD: package transformer substations – 10 units, MU – 2,262 units.
- Construction of SS-35/10 kV with TMN-6300 kVA, Schubarsu village, Ordabasy district.
- Construction of a 35 kV overhead line with a branch from the 35 kV overhead line L-41 to the 35/10 kV substation Shornak with a length of 23.5 km, as well as the reconstruction of the 35 kV overhead line L-40A from the 110/35/6 kV substation ZhBI to the 35/10 kV substation Shornak with a length of 23.9 km in the Sauran district.

### Mangistau Regional Electricity Network Company JSC

- Construction of the 110/10 kV substation in the Warm Beach area and the 110 kV overhead line (Yuzhnaya substation) was completed.
- Modernisation (reconstruction) of the 35/10 kV substation Shetpe GPP was completed.
- Modernisation (reconstruction) of the 10 kV indoor switchgear equipment at the 110/10 kV substation GPP-2G was completed.
- The AECMS system was implemented in the “Kariery” TS.

## 2023

### Karagandy Zharyk LLP

- Work was completed on the examination of design documentation for the construction of the 110 kV Santekhnicheskaya – Novy Maykuduk overhead line, 1st, 2nd circuits. Materials for the construction of the line were purchased.
- Materials were purchased for the construction of the line for the reconstruction of the 110 kV overhead line GPP-1 – Saran.
- Reconstruction work has been completed at the 110/35/10 kV Botanicheskaya SS, 110/6 kV RTI SS, 35/10 kV Komarovskaya SS, 110 kV KarGRES-2 – Temirtauskaya CHPP OL, 110 kV OL section, branch to Gorodskaya SS from support No. 113 of the 110 kV KarGRES-2 – Temirtauskaya CHPP OL, Central Distribution Substation No. 15.
- Technical modernization work has been completed at the 110 kV outdoor switchgear of the 110/35/6 kV Astakhovka SS.
- Construction and installation work has been completed at the 110/35/6 kV Karaganda SS.
- Construction and installation works and reconstruction of 0.4 kV cable and overhead lines (COL) with a total length of 12.89 km, 6 (10) kV COL with a total length

of 38.79 km, and 28 pieces of TS 0.4/6 (10) kV were completed.

- The main works on the hardware and software complex for monitoring, measurements, emergency signalling and communication of the lower level 6/10 kV SCADA (Karaganda) were completed.
- 5 units of off-road vehicles were purchased.
- Fire alarms were installed at 3 substations.
- Preparatory work was completed to replace a damaged power transformer at the Novy Gorod substation.
- A major overhaul of the heating main to RPB-3 was completed.

### Mangistau Regional Electricity Network Company JSC

- Modernization (reconstruction) of the 10 kV indoor switchgear equipment at the 110/10 kV substation GPP-3G was carried out.
- Modernisation (reconstruction) of the 6 kV indoor switchgear equipment at the 110/6 kV substation of the Uzen KS with the replacement of 2x10 MVA power transformers with 2x16 MVA.
- Modernization (reconstruction) of the 6 kV switchgear equipment at the 110/10 kV substation “Baza Otdykha” was carried out.





## Geography of Activities

In 2023, the Group was represented in four of 17 regions of Kazakhstan: Karaganda, Turkestan, East Kazakhstan, and Mangistau. These regions have a combined population of 6.6 million people, accounting for approximately 35% of the republic's overall population.

**By the end of 2023, more than 1,261 thousand people and 45 thousand legal entities had used KUS services.**

In the Karaganda region, the Group focuses on the production of heat, electricity, and chemically purified water, as well as the transmission, distribution, and sale of power and heat. The Turkestan area and the city of Shymkent rely solely on electricity transmission, distribution, and sale; the East Kazakhstan region focuses on heat and electricity production; and the Mangistau region focuses on electricity transmission and distribution.

**45**  
**1,261**

By the end of 2023, approximately 1,261 thousand individuals and 45 thousand legal entities had used KUS services

### Karaganda Region

**32%**  
of the electricity transmission services market (in Karaganda's energy hub)

**38.7%**  
of the total electrical generation by buses at all stations in the Karaganda Region

**31%**  
of the electricity sales market (Karaganda and surrounding towns)

**100%**  
of the heat supply market (Karaganda)

### Mangistau region

**95%**  
of the electricity transmission and distribution market

### Turkestan Region and Shymkent

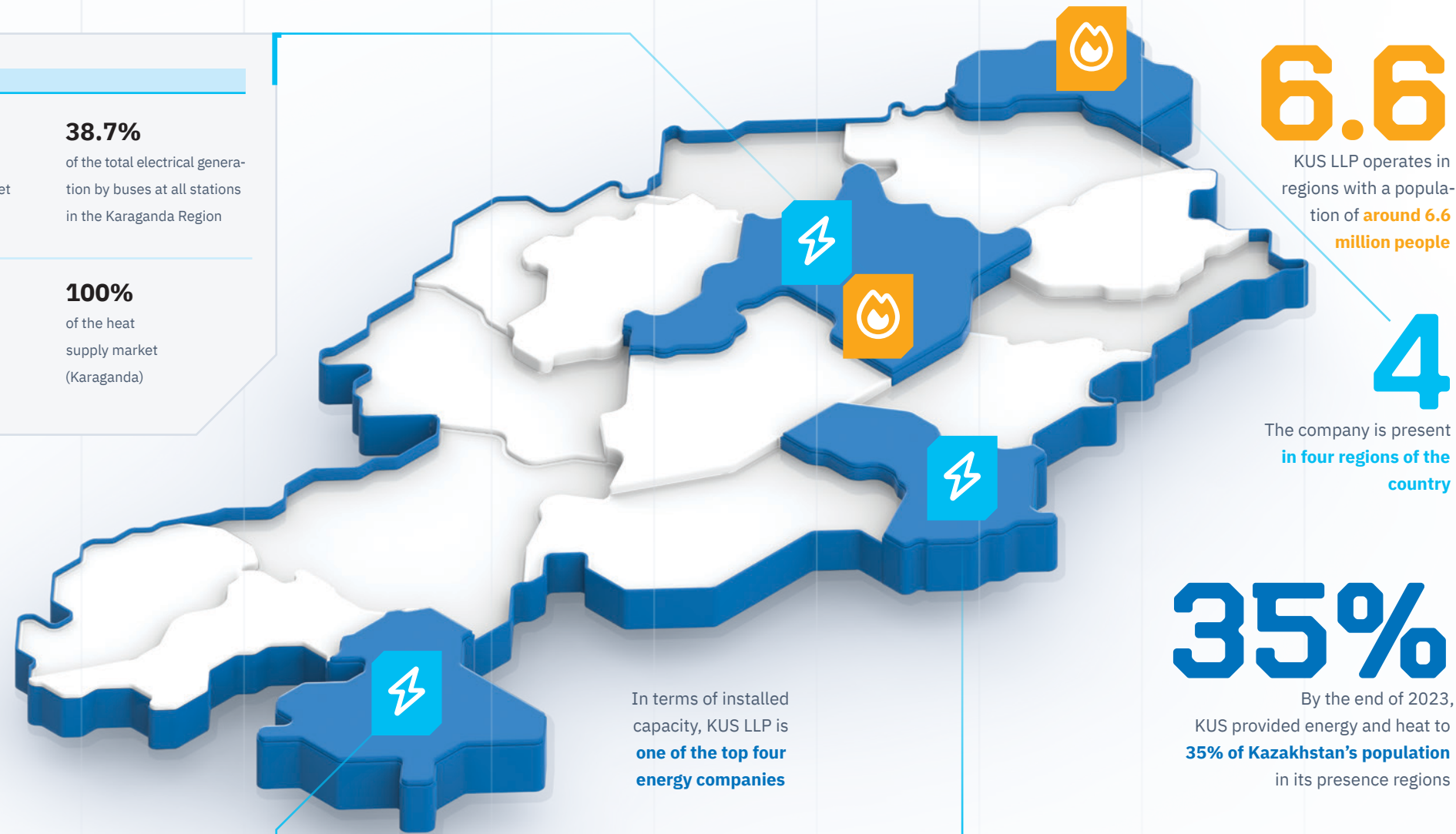
**68%**  
of the electricity transmission market

**48%**  
of the electricity sales market

### East Kazakhstan Region

**25.5%**  
of the total electricity generation from buses at all stations in the East Kazakhstan Region

**83.5%**  
of the heat supply market in Ust-Kamenogorsk



**6.6**

KUS LLP operates in regions with a population of **around 6.6 million people**

**4**

The company is present **in four regions of the country**

**35%**

By the end of 2023, KUS provided energy and heat to **35% of Kazakhstan's population** in its presence regions

In terms of installed capacity, KUS LLP is **one of the top four energy companies**





429

Number of substations – 429 units

33,832

Length of overhead lines – 33,832 km

2,409

Length of cable lines – 2,409 km

The KUS LLP goals are to increase the value of the Company, maintain profitability and stability of the business, provide shareholders with a return on invested capital by increasing the value of assets

# Strategy

# 2

Kazakhstan Utility Systems is one of the largest players in the country's energy market.





# Mission, Vision, Values

## Mission

**KUS Group's mission** is to deliver reliable and high-quality energy to its customers while also promoting long-term economic growth and social stability in the regions where it operates, as well as their prosperity and advancement. The Group also sees its mission as maintaining and protecting the environment while rationally utilising natural resources. At the same time, the Group prioritises unity with its customers, honest and open dialogue, and the completion of collaborative tasks.

## Vision

**KUS Group** is a rapidly growing structure, leader in important segments of Kazakhstan's electric and thermal power industries: energy generation, transmission, and sales.

The Group is constantly growing its asset base and geographical footprint, including different energy-related enterprises that use renewable energy sources and promote promising innovative projects.

## Values

**Reliability** – ensuring the Company's services are reliable and of high quality.

**Professionalism, team spirit** – raising employees' professional levels are among the Company's most critical tasks.

**Human capital asset** – faith in the shared cause's success, mutual respect, support to each employee's growth and development, and an awareness of each employee's interests and needs.

**Innovation** – a continuous drive to improve and optimise existing approaches and technology, as well as full support and stimulation for the birth of new products and solutions.

## Goals & Priorities

**KUS LLP's goals** are to increase the Company's value, maintain profitability and business stability, and provide shareholders with income on invested capital by increasing asset value.

To achieve these goals, the Company is always working on the development and optimisation of business processes, such as cost reduction, greater operational efficiency, higher quality of manufactured products and services, and the implementation of new sophisticated technologies.

Kazakhstan Utility Systems LLP regards quality management, labour safety, life, health, and environmental protection as **essential components of its mission** as a high-tech, efficient, and rapidly growing firm in the Republic of Kazakhstan.

### Kazakhstan Utility Systems LLP's major priorities, which enable high-quality and timely project delivery, are:

- 01. providing systematic training and professional development for KUS Group employees to enhance their potential and preserve and grow KUS LLP human capital.
- 02. maximum effective use of production, financial, and human resources of the KUS LLP to achieve set goals.
- 03. customer focus of sales companies, ensuring constant feedback from consumers, improvement of maintenance services;

- 04. rigorous and strict compliance with the legislation of the Republic of Kazakhstan, state legal acts regulating energy policy, which KUS Group is guided by in its activities;
- 05. construction of new power grids, expansion of generating and energy transmission capacities, stable growth of production indicators of enterprises included in KUS Group;
- 06. modernisation of existing energy assets, use of innovative solutions at its production facilities, scientific, innovative approach and optimisation of energy costs;
- 07. constant emphasis on maintaining ecological balance during the operating activities of the KUS Group's organisations, application of the most progressive, energy-efficient, and safe, both in terms of ecology and labour protection, technical solutions during project implementation;
- 08. openness and transparency of all actions of the KUS Group, providing the essential information to consumers, partners, and the public about the activity of KUS LLP, including through media coverage, taking into account the significant social relevance of the Group's products created and marketed;
- 09. constant analysis of the activities of all KUS Group suppliers and contractors, with the goal of developing long-term, mutually beneficial relationships.



## Responsibility

The Group aspires to create long-term value for various stakeholders and willingly accepts responsibility for considering stakeholders' interests when making strategic decisions.

### Responsibility to the state – ensuring:

- the ability of the networks, energy assets of the Company, to meet the growing demand for heat and electricity;
- sufficiency and reproducibility of the resource base, effective cost management;
- efficient and reasonable use of funds invested in the Company, as well as minimisation of investment risks;
- coordination of the Company's plans and regional development plans in such a way as to meet the regions' future energy supply needs.

**Responsibility to shareholders** entails protecting and implementing shareholders' rights and interests through continued improvement of the corporate governance system (in terms of asset value), in accordance with modern Kazakhstani and international norms.

**Responsibility to consumers** entails guaranteeing reliable and high-quality power and heat delivery, as well as transparent reasoning of tariff policy.

**Responsibility to the environmental community and future generations** entails reducing the negative impact on the environment by implementing environmentally friendly and safe technologies for electricity generation and transportation, energy conservation, and improving the efficiency of the Company's environmental management.

**Responsibility to contractors and suppliers** entails providing a transparent competitive environment and meeting all duties imposed on the Company.

**Responsibility to personnel, corporate social responsibility** entails assuring a steady and competitive salary level, producing fair and safe working conditions, providing possibilities for professional progress, and assisting socially vulnerable populations.



## Strategy

The KUS Group is among the country's top energy corporations.

The strategic goal of KUS is to become one of Kazakhstan's three largest energy firms during the next five years.



### Strategy

Diversification of activities by entering the coal mining industry.	Development and expansion of existing generating capacities. Development of alternative and renewable energy sources.	State monopoly	Modernisation of existing electrical networks. Acquisition and development of new industry facilities.	Increase in sales volume. Uninterrupted supply of electricity. Improving the quality of customer service.
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### Corporate development

The Group implements management innovations, international standards of corporate governance.	Emphasis on stimulating the expansion of the flow of international investment in KUS and the country's energy sector as a whole.	The Group strives to support the development of human capital, building responsible relationships with employees.	Formation of a positive image of the company and a strong brand.	Active promotion of the company's interests at the legislative level.
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# KPI

of Kazakhstan

Utility Systems LLP

for 2024

## Business model

Using available resources, through the implementation of a long-term sustainable development strategy, we create value for stakeholders.

### Our resources

as of 1 January 2024

#### Production capacities

The Group has a strong production base, which is a set of electricity and heat generating sources, as well as power transmission networks, heating plants and substations.

#### Generation

##### Electric capacity of sources

installed	available
<b>1,066.5 MW</b>	<b>871.4 MW</b>

##### Thermal capacity of sources

installed	available
<b>2,683.9 Gcal/h</b>	<b>2,114.5 Gcal/h</b>

KPI	Unit	Fact for 2021	Fact for 2022	Adjusted plan for 2023	Fact for 2023	Plan for 2024
EBITDA	million KZT	50,746	50,287*	59,609	64,484	69,032
Capitalization	million KZT	333,033	336,438	352,019	385,802	391,118
Average capacity of the electric power supply	MW	670	712	752	739	751
Volume of electric energy transport	million kWh	9,908	10,035	10,395	10,298	10,723
Losses in networks	%	9.1	9.52	9.48	9.25	9.58

\* EBITDA data for 2022 are provided excluding the impact of exchange rate differences

#### Transmission and distribution

##### Length of overhead lines

0.4-220 kV  
**33,832 km**

##### Length of cable lines

0.4-110 kV  
**2,409 km**

##### Number of substations

**429 units**

#### Capital

The Company strives to effectively use shareholders' capital and attracted debt financing, ensuring proper profitability and stably fulfilling its financial obligations, which is confirmed by high credit ratings (BB- from Fitch Ratings).

#### Equity

**228,403 mln KZT**

#### Principal debt on loans and bonds

**67,515 mln KZT**

#### Human Resources

The core of the Company's activities is professional employees committed to their work and sharing its values.

#### The number of the Group's employees

**8,663 people**

## What do we do?

The KUS Group's enterprises create a production chain that extends from the generation of electricity and heat energy to their delivery to the end user. In 2023, the Company operated in four regions of the country. Effective interaction among all structural divisions of subsidiaries is ensured.

### Generation of thermal and electric energy

Three combined heat and power plants drive the Group's thermal and electric energy production. CHPP-1 and CHPP-3 are subsidiaries of Karaganda Energy Centre LLP, Karaganda's only centralised thermal energy supplier and largest power supplier. Ust-Kamenogorsk CHPP is a subsidiary of Shygys Energo LLP. The thermal energy generated by the Ust-Kamenogorsk CHPP meets more than 80% of the city's housing and communal services demand. The Group's capacities play an important role in the energy sectors of the stated regions of presence.



### Transmission and distribution of electricity

The Group's electrical networks consist of substations, switchgear and power transmission lines with a voltage ranging from 0.4 to 220 kV. Three subsidiary electric grid firms serve urban, industrial, and agricultural customers in the Karaganda, Turkestan, and Mangistau districts.

### Sales

The Group's electrical sales companies have direct contact with consumers, who include both individuals and major industrial companies. The Group's electricity sales companies operate in the Karaganda and Turkestan regions.

### Investment activities

The Group is pursuing a variety of large-scale efforts to modernise industrial facilities, with the goal of considerably increasing equipment efficiency and dependability. The investment programme's implementation allows for providing a reduction in regulatory technical losses while also increasing the dependability of energy supply in the covered regions.

From 2010 to 2023, capital investments totalled

**more than 350 bln KZT**

## Value creation

results of 2023

### Consumers

The Group's consumers of services in 4 regions of presence are more than 1,261 thousand individuals and over 45 thousand legal entities.

### Electricity production

was

**6,105 mln kWh**

### Thermal energy production

was

**5,497 thousand Gcal**

### Personnel

The Company maintains the status of a responsible employer, strives to create the best working conditions for its employees, providing them with proper material and non-material remuneration, conducting training and developing their competencies.

### Labour costs

**32,440,190 thousand KZT**

### Expenses on social support for employees

**648,306 thousand KZT**

### Completed training programmes

**5,796 people**

### Founders and creditors

An effective corporate governance and risk management system is aimed at maintaining a balance of interests of founders and creditors and the development of the Group.

### Interest paid on loans and bonds

**9,186,535 thousand KZT**

### Government agencies and regions of presence

The Company is a major employer and taxpayer in the regions of presence, and also ensures infrastructure development and supports local communities.

### The amount of taxes paid at the end of the year

was

**20,053,300 thousand KZT\***

### The Group's capital investments for the year

was

**43,2 bln KZT**

\* excluding corporate income tax


## Competitive advantages

- Strategic importance: By the end of 2023, the Group of companies **covers regions of presence with electricity and heat supply services, where 6.6 million people live.**
- The advantages of **vertical integration, scale and diversification** contribute to the Group achieving maximum efficiency in providing quality services to its customers, who numbered more than 1,261 thousand individuals and 45 thousand legal entities at the end of 2023. In the regions where it operates, KUS occupies a dominant position.
- The ability to conclude **long-term contracts for the purchase and sale** of electricity allows it to attract large industrial consumers with long-term development plans.
- The Group has established itself as **one of the most attractive issuers** of debt obligations among real sector companies represented on the Kazakhstan securities market.
- The Group successfully **diversifies sources of financing.**





Kazakhstan Utility Systems is one of the largest players in the country's energy market.

 **222.8**  
Revenue –  
222.8 bln KZT

 **36.2**  
Net profit –  
36.2 bln KZT

 **64.5**  
EBITDA –  
64.5 bln KZT

# Management Report

# 3







# External Environment Review

## Macroeconomic Review

According to the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, Kazakhstan's GDP in 2023 increased by 5.1% in real terms to 120.6 trillion KZT. A favourable foreign economic climate, rising commodity prices, and greater domestic demand all helped to drive economic expansion. Additionally, there was an increase in foreign direct investment.

Industrial production in 2023 reached 46.99 trillion KZT, up 4.4% from 2022. Mining and quarrying made up 46.7% of overall industrial production. This sector's growth rate was 4.9%, driven by increased crude oil, natural gas, and mineral output. Manufacturing contributed 46.9% of the total. Production in the manufacturing industry increased by 4%. The production of light industry, rubber and plastic products, other non-metallic mineral products, completed metal products, with the exception of machinery and equipment, and mechanical engineering has expanded.

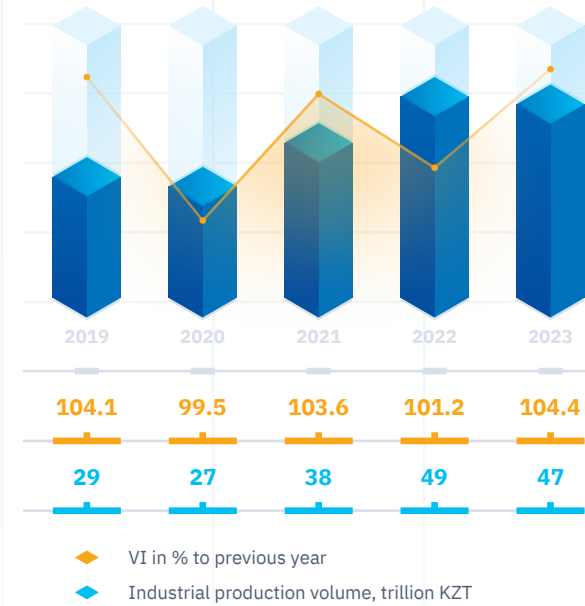
In 2023, growth in the provision of electricity, gas, steam, hot water and air conditioning was 5.4%, owing primarily to an increase in electricity generation, transmission and distribution (by 5.6%) and gaseous fuel production and distribution via pipelines (by 5.9%).

Production volumes increased in 16 regions across the republic. The regions with the highest growth rates were North Kazakhstan (14.4%), Akmola (11.9%), and Atyrau (11.2%) regions. A drop was reported in the Aktobe, Karaganda, Mangistau, and Ulytau regions.

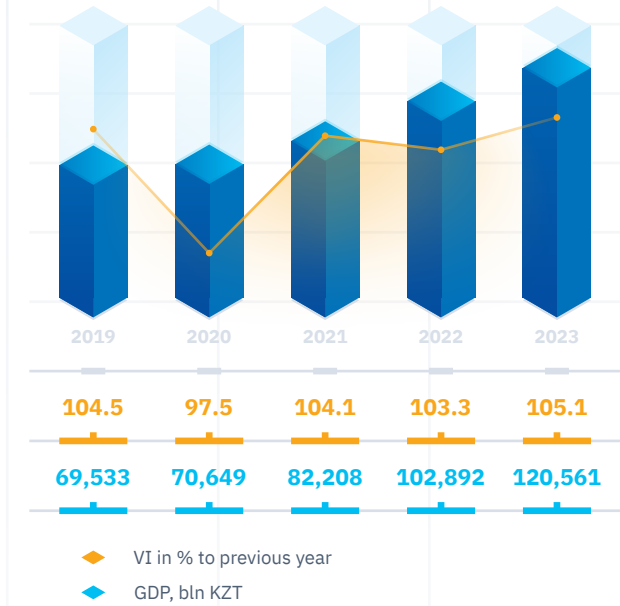
In 2023, consumer price growth slowed. The annual inflation rate was 9.8%, down from 20.3% in the previous year. Food prices climbed by 8.5% for the year, non-food products by 9.1%, and paid services by 12.4%.



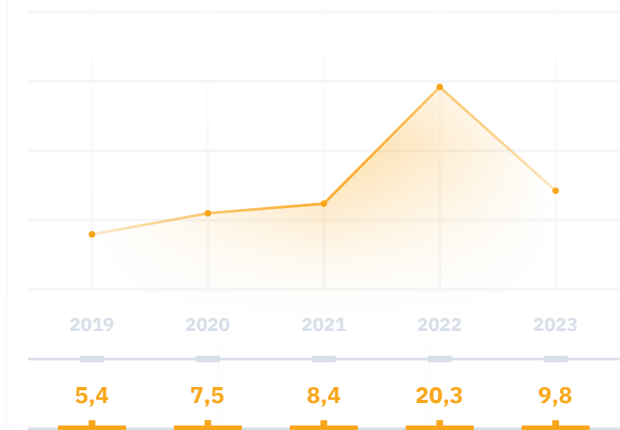
Dynamics of industrial production



Gross Domestic Product Dynamics

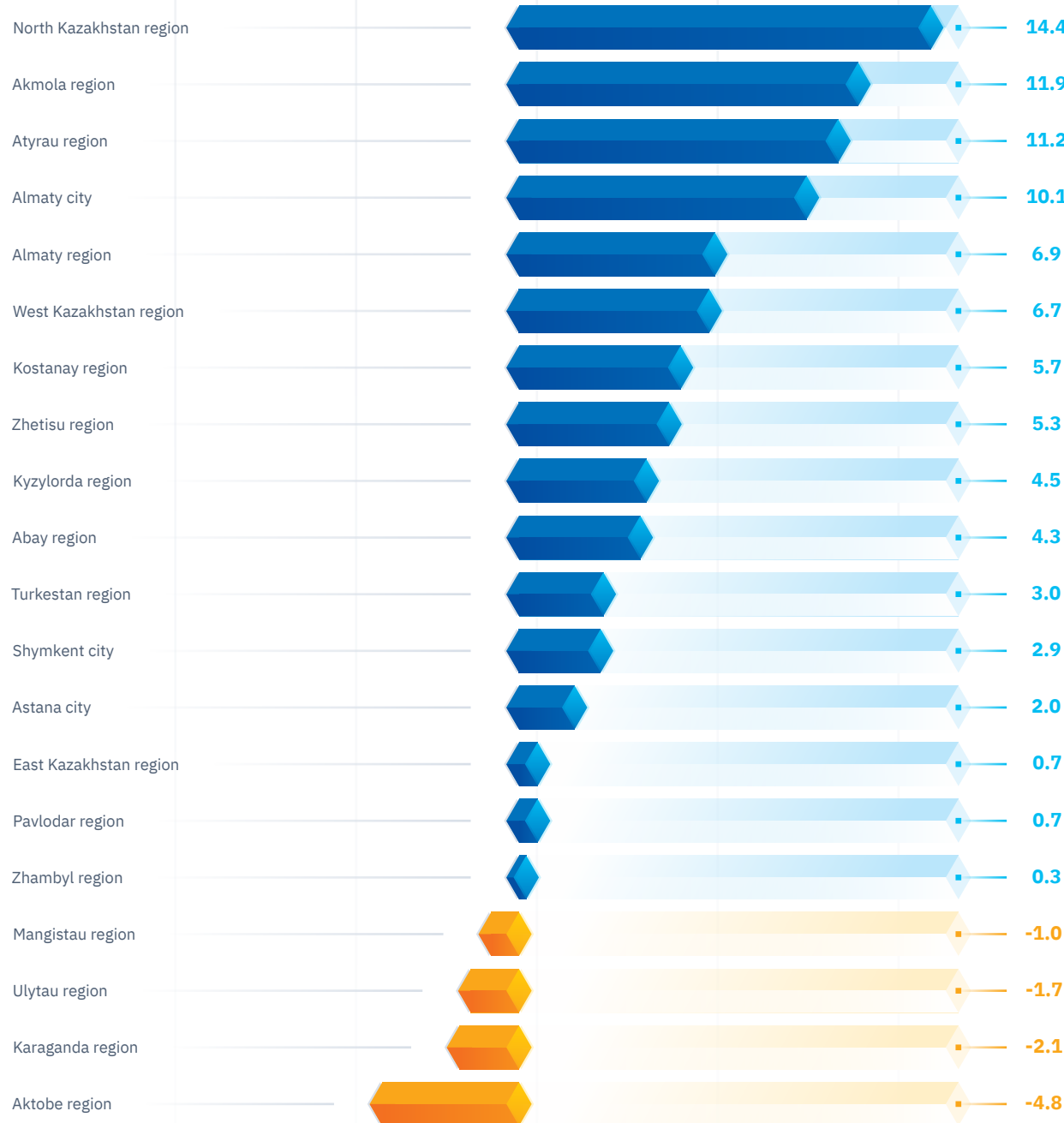


Consumer price index in Kazakhstan, %





**Change in industrial production indices by region, 2023 to 2022, %**



Source: Bureau of National Statistics ASPR RK

**Energy Industry Review**

According to the Republic of Kazakhstan’s Ministry of Energy, energy generation made 112.8 billion kWh by the end of 2023, with a plan for 118.3 billion kWh in 2024. Renewable energy generation totalled 6.7 billion kWh, with renewable energy sources accounting for 5.9%.

According to the statistics for 2023, 16 renewable energy facilities with a total installed capacity of 496 MW were commissioned. By 2027, 25 renewable energy projects with a combined capacity of 599.85 MW are expected to be commissioned.

To ensure the systematic and sustainable expansion of the energy complex, the Energy Balance until 2035 was authorised, with new capacity estimated to nearly double.

To mitigate the risks of energy system imbalances and the impact of high tariffs from newly introduced renewable energy sources, regulations were developed for the transition to a new target model of the electricity market, which includes

centralised electricity procurement and the establishment of a balancing market.

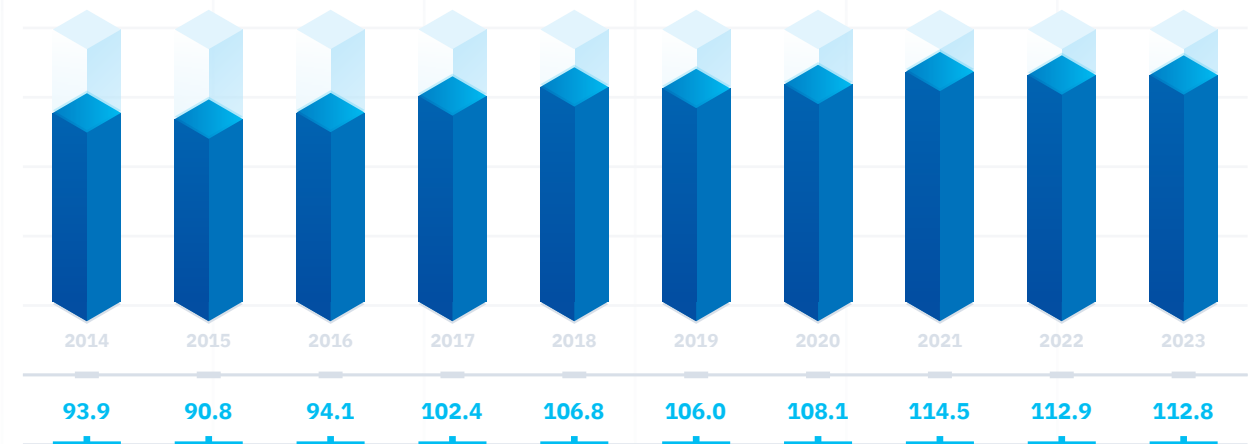
At the same time, the primary challenge for the sector is the excessive wear and tear on current energy capacity and facilities.

A new programme called Tariff in exchange for investments has been developed to encourage market participants to engage in capacity rebuilding and modernisation. The programme aims to attract around 327 billion KZT in 2024 for the maintenance and modernisation of existing stations.

The Law on Thermal Power Engineering was adopted in June 2024. The law aims to address regional heat supply issues, enable for the implementation of long-term planning, and standardise relations between central and local administrative bodies.

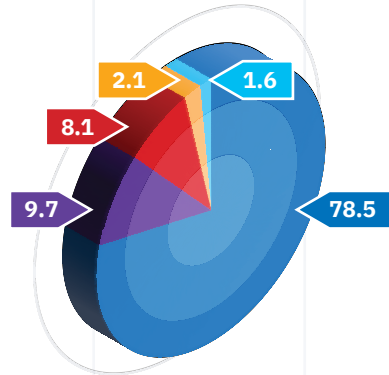
A digital energy platform will be implemented, allowing for risk management and station technical monitoring.

**Dynamics of electricity production, bln kWh**



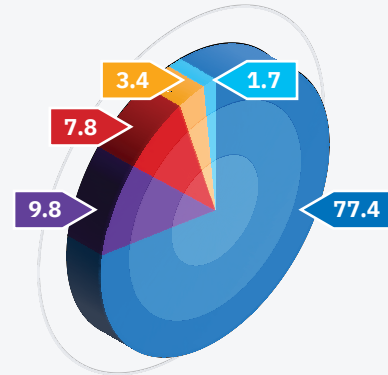


Structure of electricity generation in Kazakhstan by types of energy sources, 2022, %



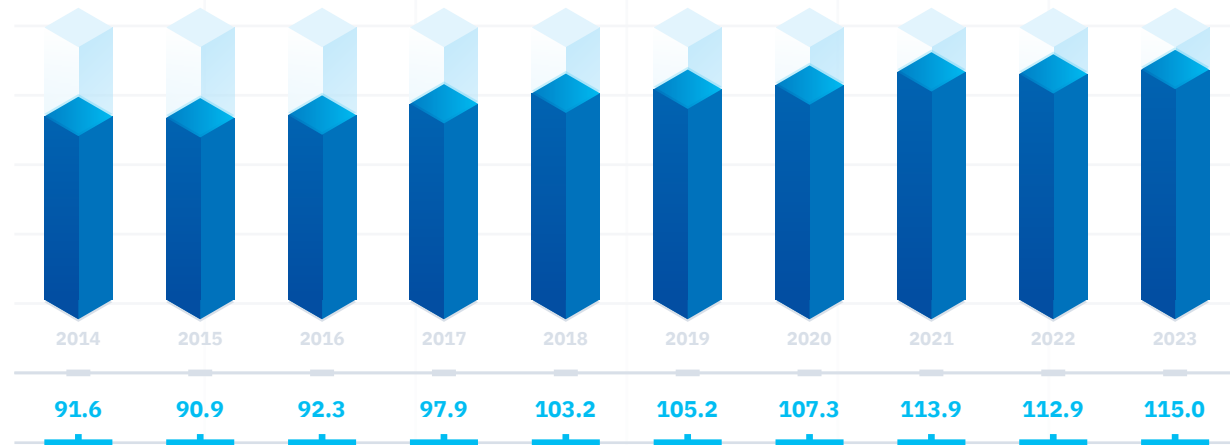
- ◆ TPP
- ◆ STPP
- ◆ HPP
- ◆ WPP
- ◆ SPP

Structure of electricity generation in Kazakhstan by types of energy sources, 2023, %

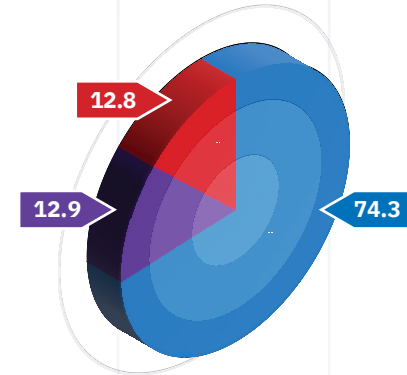


- ◆ TPP
- ◆ STPP
- ◆ HPP
- ◆ WPP
- ◆ SPP

Dynamics of electricity consumption, bln kWh

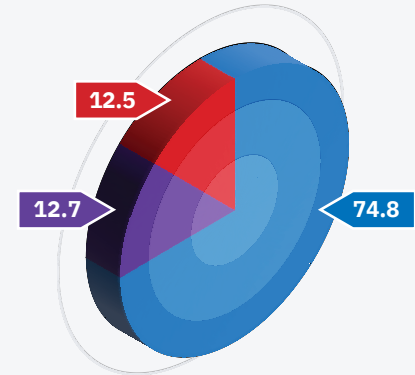


Electricity consumption structure, 2022, %



- ◆ North
- ◆ West
- ◆ South

Electricity consumption structure, 2023, %



- ◆ North
- ◆ West
- ◆ South







## Business Conditions

### Tariffs of Subsidiaries

Tariff regulation is applied to various types of energy-related enterprises based on the link in the energy production-consumption chain under consideration. For example, typical organisations have marginal power tariff rates that represent the amount of cost and profit margin, as well as

a surcharge for electricity generated by renewable energy sources. Tariffs for thermal energy generation are determined within the framework of regulation of natural monopolies by the Committee for the Regulation of Natural Monopolies of the Republic of Kazakhstan. In addition, electricity transmission

and thermal energy supply are regulated in compliance with natural monopoly regulations. Finally, tariffs for power supply services are regulated by legislation governing socially relevant markets. There were developments in each segment of the energy chain in 2023.

### Power plants

The marginal tariffs for power plants in the energy generating category were revised beginning July 1. Simultaneously, tariffs for the production of electricity increased by an average of 11% beginning January 1, 2024. The graph below depicts the dynamics of power plant marginal tariffs from 2021 to 2023.

Group number	Plant name	2021	2022		relative growth 2022/2021, %	from 01.07.22 with a surcharge for RES, KZT/kWh	2023		relative growth 2023/2022, %	2024		
			from 01.07.22, KZT/kWh	absolute growth 2022/2021, KZT/kWh			from 01.06.2023, KZT/kWh	absolute growth 2023/2022, KZT/kWh		from 01.01.24 KZT/kWh	absolute growth 2024/2023, KZT/kWh	relative growth 2024/2023, %
1	Ekibastuz GRES-1 named after B. Nurzhanov LLP	5.9	5.90	0.00	0	7.48	7.32	1.42	24	8.05	0.73	10
2	Eurasian Energy Corporation JSC	5.59	6.17	0.58	10	7.75	7.40	1.23	20	7.40	0.00	0
3	Station Ekibastuz GRES-2 JSC	8.59	8.59	0.00	0	10.17	11.20	2.61	30	13.17	1.97	18
4	Main Distribution Power Station Topar LLP	7.91	8.78	0.87	11	9.85	11.65	2.87	33	15.32	3.67	32
5	Zhambylskaya GRES named after T. I. Baturov JSC	10.45	11.32	0.87	8	12.90	12.28	0.96	8	17.73	5.45	44
6	Karaganda Energy Centre LLP	8.78	9.86	1.08	12	11.44	12.64	2.78	28	14.09	1.45	11
7	Ust-Kamenogorsk CHPP LLP	8.48	9.45	0.97	11	11.03	12.75	3.30	35	14.27	1.52	12
8	Sevkazenergo JSC	9.44	10.90	1.46	15	12.48	14.50	3.60	33	18.61	4.11	28
9	Astana-Energy JSC	6.7	7.19	0.49	7	8.77	8.49	1.30	18	8.49	0.00	0
10	Pavlodarenergo JSC (CHPP-2,3)	9.49	10.67	1.18	12	12.25	14.11	3.44	32	18.25	4.14	29
11	ArcelorMittal Temirtau JSC CHPP-2, CHPP-PVS	6.77	6.77	0.00	0	8.35	6.77	0.00	0	6.77	0.00	0
12	Aluminium of Kazakhstan JSC	4.93	5.39	0.46	9	6.97	6.05	0.66	12	6.05	0.00	0
13	Kazakhmys Energy LLP (ZhCHPP, BCHPP)	12.02	13.52	1.50	12	15.10	16.37	2.85	21	21.42	5.05	31
14	Ridder CHPP JSC	12.68	13.93	1.25	10	15.51	18.17	4.24	30	18.17	0.00	0
15	Sogrinskaya CHPP LLP	10.7	11.41	0.71	7	12.99	15.02	3.61	32	18.62	3.60	24



16	<b>Bassel Group LLS LLP</b>		10.53	10.53	0.00		0	12.11	14.02	3.49	33	16.73	2.71	19
17	<b>Tekeli Energy Complex LLP</b>		11.97	12.98	1.01		8	14.56	14.79	1.81	14	20.72	5.93	40
18	<b>Stepnogorsk CHPP LLP</b>		11.66	12.12	0.46		4	13.70	16.40	4.28	35	22.58	6.18	38
19	<b>Shakhtinskteploenergo LLP</b>		5.76	6.36	0.60		10	7.94	6.36	0.00	0	6.36	0.00	0
20	<b>Atyrau CHPP JSC</b>		13.24	14.49	1.25		9	15.21	16.20	1.71	12	20.70	4.50	28
21	<b>Aktobe CHPP JSC</b>		8.1	8.86	0.76		9	9.58	10.61	1.75	20	12.63	2.02	19
22	<b>Kentau Service SCE</b>		7.07	7.07	0.00		0	8.65	7.07	0.00	0	7.07	0.00	0
23	<b>Arkalyk Fuel and Energy Complex SCE</b>		8.44	8.44	0.00		0	10.02	8.44	0.00	0	8.44	0.00	0
24	<b>Kostanay Fuel and Energy Complex SCE</b>		7.28	7.28	0.00		0	8.86	7.28	0.00	0	13.65	6.37	88
25	<b>Zhaiykteploenergo JSC</b>		8.89	9.82	0.93		10	10.54	9.82	0.00	0	12.52	2.70	27
26	<b>Almaty Power Plants JSC</b>		10.23	11.19	0.96		9	12.77	14.02	2.83	25	17.82	3.80	27
27	<b>MAEC-Kazatomprom LLP</b>		13.04	14.87	1.83		14	15.59	18.68	3.81	26	19.45	0.77	4
28	<b>Zhanazholskaya GTPP LLP</b>		11.44	11.44	0.00		0	12.16	11.44	0.00	0	11.44	0.00	0
29	<b>Ural GTPP LLP</b>		11.43	11.97	0.54		5	12.69	13.10	1.13	9	14.18	1.08	8
30	<b>Zhaiykmunai LLP</b>		7.6	7.60	0.00		0	8.32	7.60	0.00	0	24.59	16.99	224
31	<b>Crystal Management JSC</b>		12.44	12.44	0.00		0	14.02	12.44	0.00	0	12.44	0.00	0
32	<b>Bukhtarminskaya HPP Kazzinc AES LLP</b>		1.46	1.46	0.00		0	3.04	1.46	0.00	0	1.46	0.00	0
33	<b>AES Shulbinskaya HPP LLP</b>		2.85	3.20	0.35		12	4.78	3.67	0.47	15	4.14	0.47	13
34	<b>Ust-Kamenogorsk HPP AES LLP</b>		2.14	2.40	0.26		12	3.98	3.14	0.74	31	3.44	0.30	10
35	<b>Shardarinskaya HPP JSC</b>		8.77	9.82	1.05		12	11.40	9.82	0.00	0	9.82	0.00	0
36	<b>Moynakskaya HPP JSC named after. U. D. Kantayev</b>		10.9	11.71	0.81		7	13.29	12.77	1.06	9	12.77	0.00	0
37	<b>Aktobe Rail and Section Plant LLP</b>		13.05	13.05	0.00		0	13.77	13.05	0.00	0	13.05	0.00	0
38	<b>Sagat Energy LLP</b>		15.04	15.04	0.00		0	15.76	15.04	0.00	0	15.04	0,00	0
39	<b>3-Energoortalyk JSC</b>		12.34	12.34	0.00		0	13.92	12.34	0.00	0	13.79	1.45	12
40	<b>Kyzylordateploelektrotsentr SCE</b>		11.58	11.58	0.00		0	13.16	11.58	0.00	0	11.58	0.00	0
41	<b>Tarazenergocenter JSC</b>		8.53	8.53	0.00		0	10.11	12.15	3.62	42	14.29	2.14	18
42	<b>Batys Power LLP</b>		12.35	12.35	0.00		0	13.07	12.35	0.00	0	14.60	2.25	18
43	<b>UPNK-PV LLP</b>		7.48	7.48	0.00		0	9.06	7.48	0.00	0	14.18	6.70	90
44	<b>Teplokommunenergo SCE</b>		7.16	8.05	0.89		12	9.63	19.25	11.20	139	19.25	0.00	0
45	<b>Karabatan Utility Solution LLP</b>		10.67	10.67	0.00		0	11.39	10.67	0.00	0	10.67	0.00	0
46	<b>OralMunayProm LLP</b>		16.92	16.92	0.00		0	17.64	16.92	0.00	0	26.92	10.00	59
47	<b>EPC Industry LLP</b>		10.17	10.17	0.00		0	11.75	10.17	0.00	0	10.17	0.00	0



The data below show the actual dynamics of tariffs for goods and services within the KUS Group of electric power stations.

#### Karaganda Energy Centre LLP

##### Electric energy

The energy-producing organisation Karaganda Energy Centre LLP was included in the 6th group by order of the Minister of Energy of the Republic of Kazakhstan No. 476 dated December 5, 2018 on approval of the group of energy-producing organisations selling electric energy.

According to the above-mentioned amendments to the Law of the Republic of Kazakhstan dated July 9, 2004 on Electric Power Industry and the order of the Republic of Kazakhstan's Acting Minister of Energy dated June 30, 2022 No. 226, Karaganda Energy Centre LLP marginal tariff for electric energy from July 2022 to May 2023 inclusive was 9.86 KZT/kWh, excluding VAT. At the same time, the size of the surcharge for supporting the use of renewable energy sources, determined by RFC for RES LLP in accordance with Republic of Kazakhstan legislation in the field of supporting the use of renewable energy sources beginning January 1, 2022, amounted to 1.58 KZT per kWh, excluding VAT. Thus, from July 2022 to May 2023, the selling price of electricity was 11.44 KZT per kWh, excluding VAT.

By decision of the Minister of Energy of the Republic of Kazakhstan dated May 26, 2023, No. 192, the marginal tariff level for electricity for the 6th group of energy generating organisations was approved at 12.64 KZT per kWh, excluding VAT, for the period from June to December 2023. At the same time, with the implementation of the Unified Electricity Purchaser model, the through surcharge on renewable energy sources will be eliminated.

**Since January 1, 2024, the enterprise has approved a tariff for the production of electricity – 14.09 KZT per kWh,**

**excluding VAT.** The imbalance (the amount of electricity generated and received by the grid that exceeds or falls short of the amounts stated in daily applications) is realised on the centralised balancing electricity market (BEM) at auction prices.

##### Thermal energy

Since the beginning of 2021, by order of the Department of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan for the Karaganda Region No. 81-OD dated July 14, 2020, the tariff for the production of thermal energy has been approved in the amount of 1721.93 KZT/Gcal, excluding VAT, and will go into effect on September 1, 2020.

Tariffs for heat energy production services for the period 2021-2026 were set as of December 1, 2021, in accordance with the order of the Department of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan for the Karaganda Region dated October 25, 2021, No. 211-OD:

- 2021 – at the rate of 2,012.16 KZT/Gcal, excluding VAT;
- 2022 – at the rate of 2,198.45 KZT/Gcal, excluding VAT;
- 2023 – at the rate of 2,598.98 KZT/Gcal, excluding VAT;
- 2024 – at the rate of 2,942.74 KZT/Gcal, excluding VAT;
- 2025 – at the rate of 3,289.50 KZT/Gcal, excluding VAT;
- 2026 – at the rate of 3,400.34 KZT/Gcal, excluding VAT.

Tariffs for heat energy production services were established on August 1, 2023 by the Department of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan for Karaganda region, No. 80-OD for the period 2023-2026 in the following rates:

- 2023 – at the rate of 3,050.64 KZT/Gcal, excluding VAT;
- 2024 – at the rate of 3,787.68 KZT/Gcal, excluding VAT;
- 2025 – at the rate of 3,639.22 KZT/Gcal, excluding VAT;
- 2026 – at the rate of 3,679.13 KZT/Gcal, excluding VAT.

The tariff for thermal energy production changed from 2023 as a result of the adoption of the investment programme for the type of activity – heat production, as well as the conversion of a number of expenses to actual indicators in compliance with existing legislation.

#### Ust-Kamenogorsk CHPP LLP

##### Electrical energy

The energy generating organisation Ust-Kamenogorsk CHPP LLP is included in the 7th group by order of the Minister of Energy of the Republic of Kazakhstan dated December 5, 2018 No. 476 on approval of a group of energy producing organisations selling electric energy.

In 2022, the marginal tariff for electric energy production was approved at the following rate:

- from January to June 2022 – 8.48 KZT/kWh, excluding VAT;
- from July to December 2022 – 9.45 KZT/kWh, excluding VAT.

In 2022, the amount of the surcharge for supporting the use of renewable energy sources, calculated by RFC for RES LLP in line with the Republic of Kazakhstan's legislation in the field of supporting the use of renewable energy sources, was 1.58 KZT per kWh excluding VAT.

In 2022, the selling price of electricity was:

- from January 1, 2022 – 10.06 KZT/kWh, excluding VAT;
- from July 1, 2022 – 11.03 KZT/kWh, excluding VAT.

The marginal tariff for electric energy production in 2023 has been approved at the rate:

- from January to May 2023 – 9.45 KZT/kWh, excluding VAT;
- from June to December 2023 – 12.75 KZT/kWh, excluding VAT.

The amount of the surcharge to support the use of renewable energy sources, determined by RFC for RES LLP, in accordance with the legislation of the Republic of Kazakhstan in the field of supporting the use of renewable energy sources, amounted to 1.97 KZT/kWh in 2023, excluding VAT, and was cancelled from July 1, 2023.

Thus, the selling price of electricity in 2023 was:

- from January 1, 2023 – 11.42 KZT/kWh, excluding VAT;
- from June 1, 2023 – 14.72 KZT/kWh, excluding VAT;
- from July 1, 2023 – 12.75 KZT/kWh, excluding VAT.

**The marginal tariff for the production of electricity from January 1, 2024 has been approved at 14.27 KZT/kWh, excluding VAT.**

##### Thermal Energy

By order of the Department of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan for the East Kazakhstan Region No. 200-OD dated 25.12.2020, the following average selling tariffs for thermal energy production were approved for the long-term period from 01.02.2021 to 31.01.2026:

- from 01.02.2021 – 2,968.56 KZT/Gcal, excluding VAT;
- from 01.02.2022 – 3,340.48 KZT/Gcal, excluding VAT;
- from 01.02.2023 – 3,763.92 KZT/Gcal, excluding VAT;



- from 01.02.2024 – 4,200.36 KZT/Gcal, excluding VAT;
- from 01.02.2025 – 4,698.40 KZT/Gcal, excluding VAT.

The change in the approved tariff for thermal energy production in the period from 01.02.2021 is due to a change in the cost of strategic goods (coal, fuel oil, purchased water), a change in the average wage by type of economic activity in the region (city) according to statistics, and a change in the approved investment programme in accordance with the message of the President of the Republic of Kazakhstan on the implementation of the new tariff policy “Tariff in exchange for investments”:

- Order No. 12-OD dated 26.01.2021 approved the average selling tariff in the amount of 3,046.00 KZT/Gcal, excluding VAT from 01.02.2021 to 31.01.2022

- Order No. 5-OD dated 10.01.2022 approved the average selling tariff in the amount of 3,340.48 KZT/Gcal, excluding VAT from 01.02.2022 to 31.01.2023
- Order No. 42-OD dated 16.02.2022 approved the average selling tariff in the amount of 3,473.96 KZT/Gcal, excluding VAT from 22.02.2022 to 31.01.2023
- Order No. 05-OD dated 25.01.2023 approved the average selling tariff in the amount of 3,990.87 KZT/Gcal, excluding VAT from 01.02.2023 to 31.01.2024
- Order No. 95-OD dated 26.06.2023 approved the average selling tariff in the amount of 4,642.86 KZT/Gcal, excluding VAT from 02.07.2023 to 31.01.2024
- Order No. 16-OD dated 19.01.2024 approved the average selling tariff in the amount of 5,342.22 KZT/Gcal, excluding VAT from 01.02.2024 to 31.01.2025

## Electric Networks

### Karagandy Zharyk LLP

In 2023, the enterprise’s tariff for electric energy transmission was 6.57 KZT per 1 kWh, as per the updated tariff estimate by DCRNM No. 228-OD dated 28.11.2022. Due to the change in the cost of a strategic product and the change in the average monthly nominal wage of one employee by type of economic activity in the region (city), established according to statistics for 2022, as well as in connection with the implementation of the state programme “Tariff in exchange for investments,”

Karagandy Zharyk LLP submitted an application to change the tariff in 2023, with entry into force on July 1, 2023, the approved tariff was 7.82 KZT.

Since January 2024, the firm has been running at a tariff of 8.87 KZT excluding VAT, as agreed upon by the DCRNM for the Karaganda area letter No. 35-03-09/3584-I dated December 29, 2023.

### Ontustyk Zharyk Tranzit LLP

The tariff agreed for 2023, as part of the tariff estimate for 2023-2027, was 8 KZT/kWh. However, this tariff was put into force on March 1, 2023. From January 1, 2023 until February 28, 2023, the tariff was set at 5.19 KZT per 1 kWh, excluding VAT. From August 1, 2023 to February 29, 2024, the tariff was approved at 8.72 KZT per 1 kWh, excluding VAT. From March 1, 2024, the tariff was approved at 8.76 KZT per 1 kWh, excluding VAT.

No.	Item	2020 fact	2021 fact	2022 fact	2023 fact	2024 plan
1	Tariff for legal entities	4.69	5.93	average for the year: 6.30 from January 1 – 6.26 from August 1 – 6.35 from October 1 – 6.34 from November 1 – 6.35	average for the year: 6.61 from January 1 – 6.46 from August 1 – 6.75	7.26
2	Tariff for state utility enterprises providing services for the transmission and distribution of electricity	2.40	2.40	2.40	2.65	2.78
3	Tariff for the population	2.28	2.28	2.28	2.37	2.42
4	Tariff for consumers of Aktau (through the networks of the AUES State Utility Enterprise and Munaylinsky district (through the networks of the Mangistauenergo State Utility Enterprise	-	0.00	average for the year: 0.05 from January 1 – 0.00 From July 1 – 0.10	0.64	0.74

### Mangistau Regional Electricity Network Company JSC

Following the Law of the Republic of Kazakhstan on Natural Monopolies in the Mangistau Region, as approved by order No. 126-OD on November 29, 2023 by the Department of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan for the Mangistau Region, the following tariffs for electricity transmission are in effect.

## Energy Supply Organisations

### Karagandy Zhylu Sbyt LLP

#### Electricity supply

Since January 1, 2023, the retail price of electric energy in the amount of 20.69 KZT per 1 kWh, excluding VAT, previously approved since September 1, 2022, was in effect.

Since July 5, 2023, based on the reasoned conclusion of the authorised body for the Karaganda region, in connection with the increase in the marginal tariffs of energy generating

stations from June 1, 2023, the average selling price was agreed to be 26.17 KZT per 1 kWh, excluding VAT, with a 26.5% increase.

The price for socially significant food products producers rose by 26.5%, while the people, legal entities, and budgetary organisations smoothly see a 31% increase.



### Heat supply

The authorised body in the Karaganda region approved the following tariffs for the enterprise's heat supply service for 2023:

Starting January 1, 2023, an average tariff of 5,491.38 KZT per 1 Gcal, excluding VAT, was approved, which is 13% higher than the prior approval. Tariffs for all consumer groups were evenly increased by 13%. Tariff increases of 18% for thermal energy production and 10% for thermal energy transmission resulted in an increase in the average tariff.

From October 1, 2023, an average tariff of 6,181.52 KZT per 1 Gcal, excluding VAT, was approved, including: for the population – 4,342.73 KZT/Gcal, excluding VAT; for legal entities – 11,116.78 KZT/Gcal, excluding VAT; and for budget organisations – 15,733.30 KZT/Gcal.

The main reason for the increase in tariffs for stations and heating networks was the announced Tariff in exchange for investments programme, which increased the volume of investments in network and equipment modernisation, as well as the salaries of energy enterprises' employees.

### Raschetnyi Servisnyi Centre LLP

The enterprise's tariffs for 2023 changed, as did those of KUS other energy supply companies and the country as a whole. Thus, from September 1, 2022, to July 4, 2023, the enterprise's average tariff was 22.43 KZT per kWh.

On July 5, 2023, the price was raised to 27.82 KZT per kWh. The price increased by 24% above the previously valid price at the beginning of the year.

The primary reason for raising the marginal tariff for power supply was an increase in the cost of purchasing and transmitting electricity.

### Energopotok LLP

Energopotok LLP's average selling tariff for electricity on January 1, 2023 was 23.47 KZT/kWh, excluding VAT.

Based on the reasoned conclusion of the authorised body for the Turkestan region, an average selling price of 26.65 KZT per 1 kWh, excluding VAT, was agreed upon on July 10, 2023, in connection with the increase in the marginal tariffs of energy generating stations from June 1, 2023, representing a 13.5% increase. In addition, in connection with the implementation of the Unified Purchaser model and the Balancing Electricity Market in Kazakhstan's wholesale electricity market beginning July 1, 2023, the authorised body agreed to raise the enterprise's tariff by 12.8% (up to 30.06 KZT per kWh) effective from November 3, 2023.



## Operating Results

### Ensuring Reliability

The Company's energy-producing organisations do the necessary volume of tasks on a yearly basis to ensure reliable and sustainable heat and power generation.

This is proven by the annual successful passage of electric power certification by power plants, which is carried out in line with the rules established by the Republic of Kazakhstan's Minister of Energy's Order No. 686 dated December 3, 2015. During certification, all generating equipment must be operated at maximum capacity for an extended period of time. This would not be possible if the equipment was in unsatisfactory condition. In 2023, the following certifications were successfully passed:

- **Karaganda CHPP-3** – January 20, 2023;
- **Karaganda CHPP-1** – January 30, 2023; and
- **Ust-Kamenogorsk CHPP** – February 8, 2023.

Contracts are signed with organisations to provide services for the maintenance of electrical capacity based on certification reports.

In addition, the station's equipment is subjected to an annual technical inspection to ensure its proper operation. For example, in accordance with the requirements of paragraph 43 of the Rules for the technical operation of electrical stations and networks approved by the order of the Minister of Energy of the Republic of Kazakhstan No. 247 dated March 30, 2015 (hereinafter referred to as the RTO), in 2023, the commission created by Karaganda Energy Centre LLP with the participation

of the expert organisation ARDCON LLP carried out a technical inspection of the equipment of Karaganda CHPP-3 and CHPP-1: external and internal inspection, verification of technical documentation, testing for compliance with equipment safety conditions. According to the results of the technical inspection, the technical equipment are in satisfactory condition, have been maintained in functioning order, and may be operated safely if the RTO requirements are met. According to the RTO, these works are scheduled every five years.

In the event that the equipment's park service life is exceeded, additional inspection and metal control are performed, and a decision is made to extend the fleet service life in accordance with the standard instructions for metal control and extension of the service life of the main elements of boilers, turbines, and pipelines of thermal power plants RK RD 153-34 RK.1-17.421-03.

In addition to these activities, power plants have their own recognised metal control laboratories that undertake technical diagnostics on station equipment, vessels under pressure, support structures, and so on. For each of them, a metal control programme is developed and implemented, which is aligned with the plan for removing the equipment for scheduled maintenance.

The results of technical diagnostics are used to create annual repair programmes for stations, allowing the equipment to remain operational.





## Continuous Improvement

The organisations successfully implemented the Kaizen continuous improvement system (hereinafter referred to as Kaizen) based on the Japanese philosophy of managing and enhancing production and auxiliary business processes. Within the framework of this programme, a regulation was developed that allows for the presentation, development, and formalisation of ideas at the individual employee level with the goal of modernising or streamlining any process or procedure in order to improve its effectiveness, efficiency, and quality of results. Based on the considerations of these ideas, judgements are made about their implementation, as well as incentives for employees who both originated and implemented the idea.

### Based on 2023 results:

At **Ust-Kamenogorsk CHPP LLP**, 16 projects were completed as part of the Kaizen programme. Results of the Kaizen programme's primary projects:

- Bringing medium-pressure boilers to nominal load project – monetary income of 143.3 million KZT;

- Improving the efficiency of network water heaters project – non-monetary income of 61.2 million KZT;
- Organisation of access to operational data on production from mobile devices and the internet, with prompt notification when indicators change project – non-monetary income of 16.5 million KZT.

As a result, the Kaizen programme had a total economic impact of 221 million KZT, comprising 143 million KZT in monetary benefits and 78 million KZT in non-monetary gains.

In addition, 264 Diamonds were presented under the Kaizen programme, with 245 approved and 98 implemented, including 9 rational proposals. In total, 116 employees were encouraged.

**Karaganda Energy Centre LLP's** Kaizen programme for 2023 accepted 78 ideas for CHPP-3, 14 for CHPP-1, and 10 for the central office, 42 of which have already been executed and 5 transferred to the project. The potential economic impact totalled more than 62 million KZT.

## Capacity

The Group's production capacities in 2023 included a mix of electricity and heat generation sources, as well as power transmission networks, heating plants, and substations.

### Generation:

- 1,066.5 MW installed electric capacity; available 871.4 MW.
- 2,683.9 Gcal/h installed thermal capacity; available 2,114.5 Gcal/h.

### Transmission and distribution include:

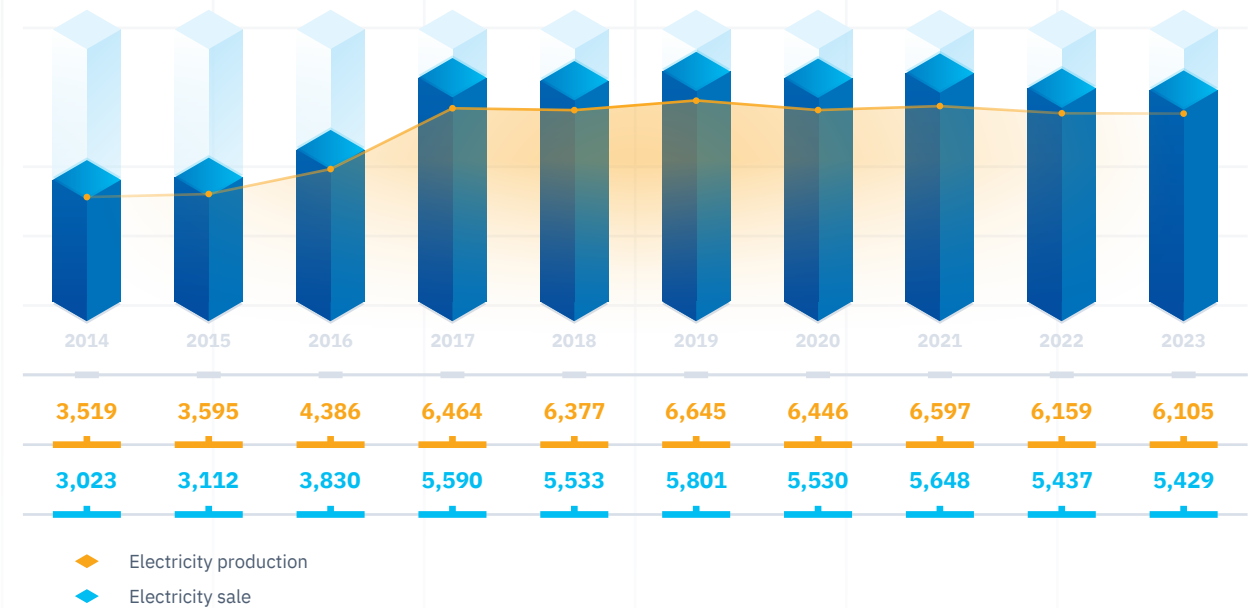
- 33,832 km of 0.4-220 kV overhead lines;
- 2,409 km of 0.4-110 kV cable lines;
- Number of substations – 429 units.

## Generation

The volume of power generated in 2023 was 6,105 million kWh. In comparison to 2022, generation decreased by 54 million kWh.

**Electricity sales by stations in 2023 totalled 5,429 million kWh.**

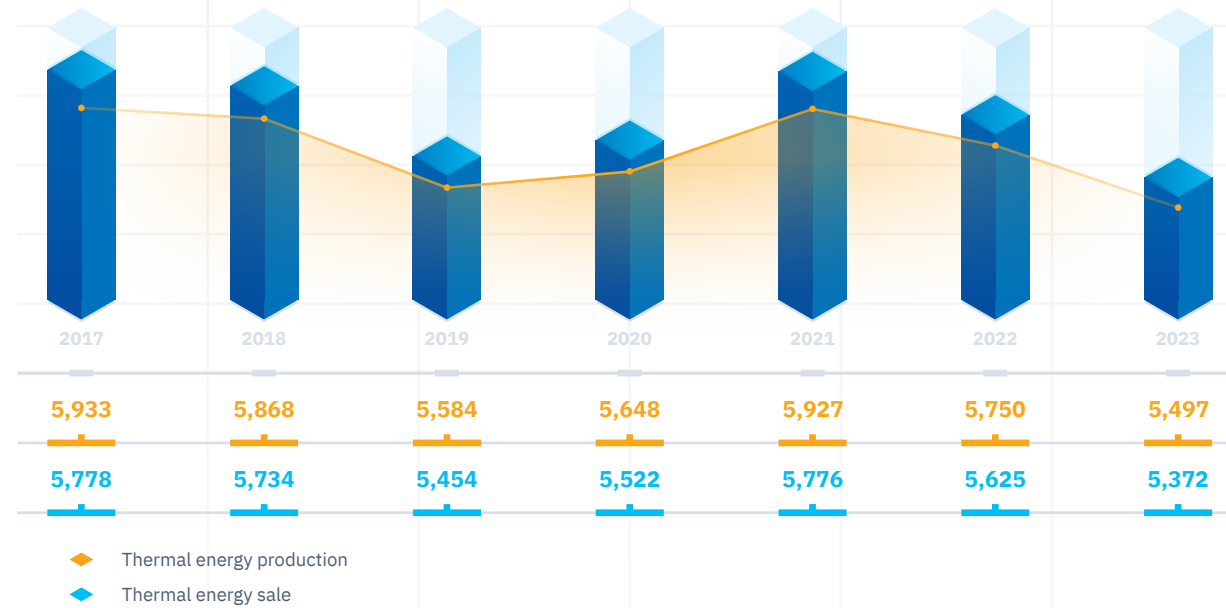
### Production and sales of electricity, mln kWh



Thermal energy production amounted to 5,497 thousand Gcal in 2023. The total thermal energy production indicator decreased by 4% due to warmer weather conditions during the heating season in the regions of presence.



**Production and sale of thermal energy, thousand Gcal**



Karaganda Energy Centre LLP’s specific consumption of equivalent fuel for the supply of electric energy in 2023 was 375.72 kg of equivalent fuel/kWh, which is 5.9% higher than the level in 2022, and the specific consumption of equivalent fuel for the supply of thermal energy was 194.59 kg of equivalent fuel/Gcal, which is 0.18% lower than the level of 2022.

Ust-Kamenogorsk CHPP LLP’s specific consumption of equivalent fuel for the supply of electric energy in 2023 was 300.8 kg of equivalent fuel/kWh, which is 4.2% lower than the level in 2022, and the specific consumption of equivalent fuel for the supply of thermal energy was 187.3 kg of equivalent fuel t/Gcal, which is 2.8% higher than the 2022 level; 13 technological violations were documented (all 2nd degree failures); compared to 2022, the number of technological violations remained constant (13 failures).



**Largest clients in 2023**

**Karaganda Energy Centre LLP**

Karaganda Energy Centre LLP signed 23 contracts for the delivery of power in 2023.

Until July 1, 2023, KEC LLP, like other EPOs in Kazakhstan, sold produced electricity to energy supply organisations (ESOs) and major industrial firms on the decentralised wholesale market in line with bilateral agreements.

Starting July 1, 2023, the Unified Purchaser of Electric Energy (Settlement Financial Centre LLP) began operations in the Republic of Kazakhstan.

Kazakhstan’s EPOs now sell the vast majority of their electricity to a Unified purchaser. The imbalance (the amount of power produced and received by the grid that exceeds or falls short of the daily application volumes) is sold on the centralised balancing electricity market (BEM) at auction rates.

Name of consumers	Electricity sales volume, thousand kWh	Volume of electricity sales, thousand KZT (excluding VAT)	Share in total electricity sales, %
KaragandyZhyluSbyt LLP	515,431.00	6,317,166.00	13.36
Karaganda Energosbyt LLP	163,064.00	1,954,195.00	4.23
Karagandy Zharyk LLP	124,745.00	1,509,595.00	3.23
Raschetnyi Servisnyi Centre LLP	28,746.00	359,214.00	0.75
Karagandy Su LLP	40,488.00	496,020.00	1.05
Kazsbytgroupp LLP (SKR)	3,269.00	39,417.00	0.08
Teplotransit Karaganda LLP	45,763.00	542,142.00	1.19
Energougol XXI LLP	2,463.00	35,983.00	0.06
Garant Energo LLP	3,207.00	38,829.00	0.08
Ontustik Zharyk Transit LLP	2,656.00	36,024.00	0.07
Energosnab XXI LLP	9,008.00	111,569.00	0.23
Energo Potok LLP	226,703.00	2,751,732.00	5.88
Karagandyenergosalasy LLP – Gorkomkhoz	4,323.00	52,298.00	0.11
Yugenergoimpuls LLP	5,276.00	63,182.00	0.14
YDD Corporion LLP	538,832.00	6 590,025.00	13.97
QazKarbon LLP	140,650.00	1,727,035.00	3.65
EnergosbytKontrakt LLP	29,846.00	366,692.00	0.77
Kostanay Energy Centre LLP	4,065.00	52,968.00	0.11
Energo Trading LLP	90,349.00	1,068,834.00	2.34
AREK-Energosbyt LLP	402.00	4,756.00	0.01
Ulba Metallurgical Plant JSC	820.00	10,415.00	0.02
Energo Plus LLP	19,720.00	281,479.00	0.51
<b>Sale of electric energy to a Unified Purchaser</b>	<b>1,846,288.00</b>	<b>23,337,081.00</b>	<b>47.86</b>
<b>Sale of negative imbalances</b>	<b>11,436.00</b>	<b>116,236.00</b>	<b>0.30</b>
<b>Total</b>	<b>3,857,550.00</b>	<b>47,862,886.00</b>	<b>100.00</b>



### Ust-Kamenogorsk CHPP LLC

In total, Ust-Kamenogorsk CHPP LLC concluded 31 contracts for the supply of electricity in 2023, including a contract with the Unified Purchaser and a contract for the sale and

purchase of balancing electricity and negative imbalances with KOREM JSC.

Name of consumers	Electricity sales volume, thousand kWh	Volume of electricity sales, including VAT thousand KZT	Share in total electricity sales, %
SFC on RES LLP (Unified purchaser)	627,179	8,956,121	39.90
Energopotok LLP	275,886	3,628,481	17.55
Shygysenergotrade LLP	195,713	2,592,740	12.45
AREK-Energosbyt LLP	59,297	758,431	3.77
Akmola Distribution Electricity Grid Company JSC	58,626	753,131	3.73
Raschetnyi Servisnyi Center LLP	57,237	746,588	3.64
OESK JSC	51,692	661,163	3.29
Karaganda EnergoSbyt LLP	48,364	618,597	3.08
Ontustik Zharyk Tranzit LLP	36,051	463,772	2.29
Energougol XXI LLP	29,170	380,885	1.86
<b>Other consumers</b>	<b>132,522</b>	<b>1,693,106</b>	<b>8.43</b>
<b>Total</b>	<b>1,571,737</b>	<b>21,253,015</b>	<b>100.00</b>

### Transmission and distribution

The total transformer capacity of Karagandy Zharyk LLP as of December 31, 2023 was 4,087 MVA. The average depreciation

of the company's fixed assets was 73.1% (a decrease of 0.2% compared to 2022).

### Mangistau Regional Electricity Network Company JSC

#### Technological violations for 2021-2023

Technological disturbances in networks	2021		2022		2023	
	Number of technical violations	Undersupply of electricity, thousand kWh	Number of technical violations	Undersupply of electricity, thousand kWh	Number of technical violations	Undersupply of electricity, thousand kWh
In 6-10 kV networks:	3	4.43	0	0	2	2.24*
In 35 kV and above networks:	2	14.52	2	0	3	99.82*
<b>Total in 6-220 kV networks:</b>	<b>5</b>	<b>18.96</b>	<b>2</b>	<b>0</b>	<b>5</b>	<b>102.06*</b>
Average indicator of the number of outages per consumer per year (SAIFI)	0.0023		0.0021		0.0177	
Average indicator of the duration of outages per consumer per year (SAIDI)	0.0053		0.1935		0.9536	

The total transformer capacity at the end of 2023 was 2,649.5 MVA.

The overall equipment wear rate is about 61.12%.

Standard losses for 2023 are 4%.

\* The increase in undersupply in 2023 is due to disruptions in electricity supplies due to frequent accidents at MAEC LLC

According to the results of 2023, the Company recorded two accidents related to production and occupational diseases, as well as one fatal accident.

The maximum load in electrical networks is 546 MW.

### Electricity transmission volumes in 2023

Name	thousand kWh	thousand KZT
Karagandy Zharyk LLP	3,216,662	23,099,504
Ontustik Zharyk Transit LLP	3,646,172	28,436,868
Mangistau Regional Electricity Network Company JSC	3,434,769	17,091,977

### Statistics of electricity losses for the KUS LLP Group of Companies

#### Karagandy Zharyk LLP

Indicators	Unit	2021	2022	2023
Transmission volume	thousand kWh	3,075,829	3,142,056	3,216,662
Electricity losses	thousand kWh	254,903	262,324	262,213

#### Ontustik Zharyk Transit LLP

Indicators	Unit	2021	2022	2023
Transmission volume	thousand kWh	3,180,783	3,395,224	3,646,172
Electricity losses	thousand kWh	607,998	658,475	657,381

#### Mangistau Regional Electricity Network Company JSC

Indicators	Unit	2021	2022	2023
Transmission volume	thousand kWh	3,651,777	3,498,043	3,434,769
Electricity losses	thousand kWh	160,863	136,876	129,484



## Large consumers in 2023

### Karagandy Zharyk LLP

Name of consumers	Sales volume, thousand kWh
KaragandyZhyluSbyt LLP	1,090,439
ArcelorMittal Temirtau JSC	698,593
AB Energo LLP	91,456
Raschetnyi Servisnyi Centre LLP	251,664
Karaganda EnergoSbyt LLP	206,946
Branch of Corporation Kazakhmys LLP of Karagandatsvetmet PU	95,737
Teplotransit Karaganda LLP	78,594
Energougol XXI LLP	61,144
Karagandy Su LLP	50,480
Kazakhmys Coal LLP	17,917
KTZ-Freight Transportation LLP	161,851
KTZ-Passenger Locomotives LLP	52,648
Other consumers	359,193

### Ontustik Zharyk Tranzit LLP

Name of consumers	Sales volume, thousand kWh
Energopotok LLP	2,659,931
Alem Pavlodar LLP	325
Branch Intersystem Electric Networks of KEGOC JSC	433
EnergSnab XXI2 LLP	83,232
Kazsbytgroup LLP	122,372
Branch of NC Kazakhstan Temir Zholy JSC	3,155
Yugenergoimpuls LLP	268,717
Garant Energo LLP	289,766
Kuatzhyluortalyk – 3 State Utility Enterprise	47,565
SP Zarechnoye JSC	39,985
Airport-Shymkent JSC	1,921
Batys Power Service LLP	50,795
KTZ Freight Transportation	495
KAR Technology LLP	31,747
Kadasco A LLP	29,216
Prime Energy Resources LLP	16,516

### Mangistau Regional Electricity Network Company JSC

Name of consumers	Sales volume, thousand kWh
Mangystau Zharyk LLP	1,110,919
Ozenmunaigas JSC	732,239
Mangistaumunaigas JSC	282,407
Karazhanbasmunai JSC	255,291
Mangystauenergomunai LLP»	230,308
AktauEnergoSbyt LLP	216,493
Buzachi Operating Ltd	140,482
Alliance-energosbyt LLP	133,721
Karakudukmunai LLP	91,847
MangystauEnergoService LLP	55,982
AUES State Utility Enterprise	47,622
OzenEnergoService State Utility Enterprise	25,421
MAEC LLP	20,579
Temirzholenergo LLP	13,893
AB Energo LLP	9,686







## Investment Projects

The implementation of capacity modernisation measures allows to reduce regulatory technical losses and improve the reliability of power supply in the regions covered. From 2010 to 2023, the Group has invested more than 350 billion KZT.

The volume of investments of **Karaganda Energy Centre LLP** aimed at modernisation and reconstruction of capacities in 2023 amounted to about 13.62 billion KZT. The following were successfully completed:

- Reconstruction of process pipelines of Karaganda CHPP-3.
- Major repairs of boiler unit PTVP-100 st. No. 2.
- Major repairs of BO-350-2 st. No. 2.
- Major repairs of boiler unit BKZ-420-140-5 st. No. 3.
- Major repairs of boiler unit BKZ-420-140-5 st. No. 5.
- Construction of the 1st section of ash dump No. 3.
- Construction of the 1st section of ash dump No. 3 (bowl No. 2);
- Installation of the special load rejection automation system.
- Installation of the sulphur oxide emission reduction system.
- Reconstruction of the ash dump using the dry ash storage method.
- Installation of the ASM.
- Major repairs of railway track No. 1 (1100 m).
- Repair of diesel locomotive TGM-6A No. 1084 according to the TR-1 cycle.
- Repair of diesel locomotive TGM-6A No. 1996 according to the TR-1 cycle.
- Repair of diesel locomotive TGM-6A No. 2485 according to the TR-1 cycle.
- Repair of bulldozers (4 units).
- Major repairs of heat pump unit T-110/120-130 station No. 4.

- Replacement of bends on steam bypass pipes of HPC of heat pump unit T-110/120-130 station No. 1.
- Major repairs of cooling tower No. 2.
- Replacement of bends before PR-6.
- Replacement of bends after PR-8.
- Major repairs of PSV-500.
- Repair of generator station No. 5.
- Repair of transformer TRDNS-25000/10 U1 station No. 4VT-01.
- Repair of transformer TRDNS-25000/10 U1 station No. 4VT-02.
- Repair of transformer TRDNS-12500/110 station No. T-3.
- Major repairs of the automated process control system of boiler unit No.8 and turbine unit No. 6 with replacement of the server half-block.
- Major repairs of the roof of the chemical water treatment building.
- Major repairs of chimneys No. 1, 2.
- Major repairs of the facade of the BDO (axes 1-23 row B).
- Major repairs of the boiler unit BKZ-50-39F st. No. 2.
- Replacement of steam pipelines of the boiler unit BKZ-50-39F st. No. 1.
- Major repairs of chimney No. 1 (H 60 m, brick).
- Major repairs of the boiler unit PTVP-100 st. No. 2, including replacement of screen pipes.
- Replacement of superheaters of stages 1, 2 BKZ-50-39F st. No. 1.
- Major repairs of the PR-6-35/5 heat pump unit, station No. 5.
- Major repairs of the T2-6-2 heat pump unit PR-6-35/5 generator, station No. 5.
- Major repairs of the BO-350-2 boiler, station No. 2.
- Major repairs of the auxiliary transformer.
- Repairs of the TSZV-100 kVA 5/0.25 heat pump unit transformer, station No. 2.
- Repairs of the decarboniser No. 1 (100 tonnes/hour).
- Major repairs of the VK coating structures (+additional volume).

The volume of investment of **Ust-Kamenogorsk CHPP LLP** in 2023 amounted to 7 billion KZT. The following projects were successfully completed:

- Construction of ash dump No. 5.
- Implementation of the project for replacement of the main 140 ata steam pipelines (stage 3).
- Replacement of high-pressure feed pipelines of stages 5-7.
- Modernisation of electrical equipment of 110 kV outdoor switchgear No. 1 (stage 1).
- Implementation of the Automated system for monitoring emissions into the environment for Ust-Kamenogorsk CHPP LLP project.
- Major repairs of boiler unit No. 7 with replacement of emulsifier swirl devices.
- Major repairs of boiler unit No. 10 with replacement of air heater.
- Major repairs of boiler unit No. 10 with replacement of superheater.
- Major repairs of boiler unit No. 11 with replacement of the 1st stage steam cooler.
- Major repairs of boiler unit No. 12 with replacement of the platen superheater.
- Major repairs of boiler unit No. 12 with replacement of steam discharge pipes of screens.
- Major repairs of boiler unit No. 14 with replacement of connecting pipes.
- Major repairs of boiler unit No. 14 with replacement of the “cold” part of the air heater.
- Major repairs of boiler unit No. 15 with replacement of side panels, rear screen and rear radiant superheater.
- Major repairs of turbine unit No. 7.
- Major repairs of turbine unit No. 12.
- Major repairs of ash pipelines.
- Major repairs of the cooling tower.
- Major repairs of the CHETRA bulldozer.
- Major repairs of turnouts, sections of curves and ballast prism of railway tracks.

- Major repairs of the retaining dam with dredging of the Ulba River.
- Major repairs of generator No. 7.
- Major repairs of generator No. 12.
- Major repairs of the lighting of the main building.
- Acquisition of production fixed assets.

The volume of investment of **Ontustik Zharyk Transit LLP** in 2023 amounted to 6.5 billion KZT. As part of the investment programme, the following activities were implemented:

- Start of construction of a 110 kV SS with a capacity of 2x40 MVA with a 110 kV cable line in Shymkent.
- Reconstruction of a 110 kV overhead line with a total length of 20.2 km.
- Reconstruction of a 35 kV overhead line with a total length of 46.3 km.
- Reconstruction of 35-110 kV SS – 7 pcs.; PTS, TS, DP 10/0.4 kV – 121 pcs.
- Reconstruction of 0.4-10 kV overhead lines: work was completed with complete replacement of supports, wires and insulators on 91.5 km of 10 kV overhead lines and 151.1 km of 0.4 kV overhead lines.
- Modernisation of 165.6 km of 0.4-10 kV overhead lines using self-supporting insulated wires.
- Reconstruction of cable lines: 6.4 km of 10-0.4 kV cable lines.
- Automated commercial electricity metering system was implemented for 0.4 kV networks in Shymkent and Turkestan region for operation:
  - on the wholesale electricity market (WEM): 12 substations, 85 control units;
  - on the retail electricity market on 0.4 kV networks using PLC technologies for data transmission from electricity meters to the data acquisition and control systems: PTS, PTS – 16 units, 2,036 control units.
- Reconstruction of 110 kV overhead line L-103, 104 (replacement of 110 kV overhead line section with 110 kV cable line) in Shymkent – 0.2 km.



- Reconstruction of 6 kV overhead line from 110/6 kV substation No. 3 (replacement of 6 kV overhead line section with 6 kV cable line) in Shymkent – 0.8 km.

The volume of investment of **Karagandy Zharyk LLP** in 2023 amounted to 10.2 billion KZT. As part of the investment programme, the following activities were carried out:

- Work on the examination of design documentation for the construction of 110 kV overhead line Santekhnicheskaya – Novy Maykuduk, 1st, 2nd circuits. Purchase of materials for the construction of the line.
- Purchase of materials for construction of the line for reconstruction of the 110 kV overhead line GPP-1 – Saran.
- Reconstruction works of the 110/35/10 kV SS Botanicheskaya, 110/6 kV SS RTI, 35/10 kV SS Komarovskaya, 110 kV overhead line Kar GRES-2 – T.CHPP, a section of the 110 kV overhead line branch to the SS Gorodskaya from support No. 113 of the 110 kV overhead line Kar GRES-2 – T.CHPP, CRP-No. 15.
- Works on technical modernisation of the 110 kV outdoor switchgear of the 110/35/6 kV SS Astakhovka.
- Construction and installation works of the 110/35/6 kV SS Karaganda.
- Construction and installation works and reconstruction of 0.4 kV cable and overhead lines (COL) with a total length of 12.89 km, 6 (10) kV COL with a total length of 38.79 km, and 28 pieces of 0.4/6 (10) kV transformer substations.
- Major works on the hardware and software complex for monitoring, measuring, alarm signalling and lower-level communication 6/10 kV SCADA (Karaganda).
- Purchase of off-road vehicles – 5 units.
- Installation of fire alarms at 3 substations.
- Preparatory work for the replacement of a damaged power transformer at the Novy Gorod substation.
- Major repairs of the heating main to RPB-3.

The volume of investment of **Mangistau Regional Electricity Network Company JSC** in 2023 amounted to 3.2 billion KZT. The following major events were implemented within the framework of the investment programme:

- Modernisation (reconstruction) of the 6 kV indoor switchgear equipment at the 110/10 kV SS “Baza Otdykha”.
- Modernisation (reconstruction) of the 6 kV indoor switchgear equipment at the 110/6 kV SS KS Uzen with the replacement of 2x10 MVA power transformers with 2x16 MVA.
- Modernisation (reconstruction) of the 10 kV indoor switchgear equipment at the 110/10 kV SS GPP-3G.
- Installation of a video surveillance system.
- Installation of a fire alarm system RPB-2.
- Repair of the buildings of the 35/10 kV SS GPP Shetpe.
- Repair of the buildings of the 110/35/6 kV SS Plato.
- Repair of the buildings of ZTP No. 161 in the village of Kuryk.
- Major repairs of vehicles.



## Procurement Activities

Kazakhstan Utility Systems LLP is fully guided by the Law of the Republic of Kazakhstan on Natural Monopolies in its activities, including in the procurement of goods, works and services. In 2019, the Company launched the process of switching to an electronic format for the procurement of goods, works and services through electronic trading platforms, which in turn allowed the company to optimise a number of processes, as well as ensure the transparency of procurement procedures.

In 2021, the Company’s management decided to switch to the electronic trading platform of Caspy Tender LLP, which has a number of advantages over other electronic services:

- Caspy Tender LLP passed the inspection of the Information Security Committee of the Ministry of Digital

Development, Innovation and Aerospace Industry of the Republic of Kazakhstan and received a certificate of compliance with information security requirements. The document confirms that the platform can operate in industries regulated by the state and guarantees the confidentiality of client data.

- The flexibility of the Caspy Tender platform made it possible to conduct any type of tender, set up integration with the ERP system to account for purchased goods, and also automate the work of all employees of the purchasing departments of Kazakhstan Utility Systems LLP.

Volume of purchases of goods and services by natural monopoly entities in 2023:

- Karaganda Energy Centre LLP – 78.8 billion KZT;
- Ust-Kamenogorsk CHPP LLP – 31,569,044.3 thousand KZT
- Karagandy Zharyk LLP – 19,300,725.2 thousand KZT;
- Ontustik Zharyk Transit LLP – 14,785,932.8 thousand KZT;
- Mangistau Regional Electricity Network Company JSC – 8,309,268.2 thousand KZT, 100% of the purchase volume is made from Kazakhstani suppliers and contractors.



## Plans for 2024

**Activities to update the long-term issuer default rating (IDR) in foreign and national currencies.**

**Work to attract international strategic partners to implement the Company's long-term development strategy.**

**Actively promoting the Company's interests at the legislative level. Submitting for consideration by specialised associations (Atameken, KEA, KazEnergy) and the authorised body drafts of all amendments to the legislation necessary for the Company.**

**The following is planned at Karaganda CHPP-1:**

- Major repairs of the roof of the boiler house.
- Major repairs of the boiler unit BKZ-50-39 F st. No. 3.
- Reconstruction of the ash dump.
- Major repairs of the boiler unit PTPV-100 st. No. 3.
- Repair of the storage battery.
- Implementation of the control system of the PSU of the boiler unit BKZ-50-39F st. No. 1.
- Modernisation of the complete exciter of the PR-6-35/5 t/a st. No. 5.
- Modernisation of the electrical equipment of the roll-out trolley of cells No.25, 53, 55 GRU 6 kV.
- Installation of the ASM.
- Major repairs of the VK covering structures.
- Major repairs of the bomb shelter.

**Karaganda CHPP-3 plans:**

- Major repairs of the access railway track (900 m).
- Replacement of turnouts No. 1, 9.
- Repair of the TGM-6A diesel locomotive No. 1084 according to the KR cycle.
- Repair of belt conveyors (replacement of drives).

- Repair of the heating system.
- Replacement of the fire water main.
- Installation of a video surveillance system on the car dumper.
- Replacement of lighting on the masts of the railway section.
- Major repairs of the boiler unit BKZ-420-140-5 st. No. 2.
- Major repairs of the boiler unit BKZ-420-140-5 st. No. 5.
- Replacement of branches of the boiler unit BKZ-420-140-5 st. No. 1, 3, 4.
- Repair of SVM-8 A, V, G.
- Replacement of ash pipes of section No. 6 1st, 2nd lines (left, right) of ash dump No. 2.
- Repair of BOV-1,2.
- Repair of draft mechanisms of boiler units BKZ-420-140-5.
- Major repairs of the chimney.
- Major repairs of the t/a T-110/120-130-3 st. No. 2.
- Replacement of the sanitary electric heating system.
- Replacement of high-pressure valves.
- Replacement of a section of the main steam pipeline.
- Repair of the heating network unit of the T-110/120-130-3 heat pump st. No. 2.
- Repair of the condensate pipeline of the PB of the 2nd stage.
- Major repairs of the technical manifold (row B).
- Major repairs of the TZFP-160-2MUZ generator of the st. No. 5.
- Development of a project for the data transmission system modernisation for KEGOC JSC.
- Major repairs of the chemical water treatment building.
- Installation of the automated monitoring system.

**At Ust-Kamenogorsk CHPP LLP, it is planned to perform:**

- Replacement of high-pressure feed pipelines of stages 5-7.
- Implementation of the project Construction of a pipeline for demineralised water from the chemical water treatment plant to demineralised water tanks.
- Modernisation of the electrolyser unit.
- Modernisation of electrical equipment of 110 kV outdoor switchgear No. 1 (1st stage).
- Reconstruction of RZiA L-104.
- Reconstruction of TS-703, 704.
- Replacement of 6-10 kV switches.
- Reconstruction of the automated process control system of Dredge pumping station No. 3.
- Implementation of the project Local warning system of Ust-Kamenogorsk CHPP LLP.
- Major repairs of boiler unit st. No. 8 with replacement of the superheater.
- Major repairs of boiler unit st. No. 8 with replacement of the air heater.
- Major repairs of boiler unit st. No. 9 with replacement of emulsifier swirl devices.
- Major repairs of boiler unit st. No. 9 with replacement of the rear screen.
- Major repairs of boiler unit st. No. 10 with replacement of steam outlet and water supply pipes.
- Major repairs of boiler unit st. No. 10 with replacement of side screens.
- Major repairs of boiler unit st. No. 13 with replacement of the "hot" package of the superheater.
- Major repairs of boiler unit st. No. 13 with replacement of steam outlet pipes.
- Major repairs of boiler unit st. No. 13 with replacement of the screen package of the superheater.
- Major repairs of boiler unit st. No. 14 with replacement of the 1st stage steam cooler.
- Major repairs of boiler unit st. No. 14 with replacement of steam bypass pipes from the "output" package of the superheater to the PSC collector.
- Major repairs of boiler unit st. No. 14 with replacement

- of steam bypass pipes from the drum to the collectors.
- Major repairs of boiler unit st. No. 14 with replacement of steam bypass pipes from HP collectors to the extreme screen collector.
- Major repairs of boiler unit st. No. 14 with replacement of the PSC blowdown pipeline
- Replacement of the running gear of the smoke exhausters of boiler unit st. No. 15.
- Construction of checkpoint No. 3.
- Major repairs of the chemical water treatment building.
- Major repairs of chimney No. 3.
- Major repairs of turnouts, sections of curves and ballast prism of railway tracks.
- Major repairs of metal structures of boiler unit 5/2 with replacement of embedded parts.
- Major repairs of the Cooling tower: sections No. 2, 3.
- Major repairs of the thermal insulation of AB-3.
- Major repairs of turbine unit No. 11.
- Acquisition of production fixed assets.
- Construction of ash dump No. 5.
- Implementation of the project for reconstruction of the main steam pipelines 140 ata (stage 4).
- Major repairs of ash pipelines.
- Reconstruction of outdoor switchgear-1 (stage 2).

**Karagandy Zharyk LLP plans the following activities:**

- Implementation of scheduled (major and current) repairs of equipment of substations, central distribution points, transformer substations (PTS) and overhead transmission lines.
- The volume of major repairs is 1266 km of 0.4-110 kV overhead lines and 362 pcs. of substations-35-110 kV, central distribution points, transformer substations (PTS)-6 (10) kV.
- Continuation of construction and installation works on reconstruction of substation 110/35/6 kV Karaganda. The reconstruction of the substation will be completed in 2026, during which time a complete replacement of





all substation equipment will be carried out: 110 kV outdoor switchgear; 35 kV outdoor switchgear; 6 kV indoor switchgear, power transformers.

- Construction of the 110 kV Santekhnicheskaya – Novy Maykuduk power supply overhead line, necessary for putting into operation the 110/10 kV Novy Maykuduk substation under construction, full completion of construction and commissioning of the power transmission line with the substation is planned for 2024.
- Start of construction and installation work on the reconstruction of the 110 kV GPP-1 – Saran SS overhead line (section from GPP-1 to Karaganda SS).
- In 2024, work will continue on the installation of 6 (10) kV lower-level SCADA equipment in Karaganda. Equipment installation will be completed in 2025.
- Work continues on reconstruction, technical modernisation, construction of 0.4-10 kV electrical networks in Karaganda and Karaganda region. In 2024, construction and installation work will be carried out in Shakhtinsk, Saran (Aktas village), and Karaganda (including Finsky village). Work continues on engineering, geodetic and geological surveys, as well as the development of design and estimate documentation for the reconstruction, technical modernisation and construction of 0.4-10 kV electrical networks for 2025.
- The damaged 110/35/6 kV power transformer at the Novy Gorod substation will be replaced;
- It is planned to develop design and estimate documentation for the reconstruction of the 35 kV Volnaya-Karaganda overhead line;
- Construction work will begin on the 110/6 kV Fyodorovka substation in 2024. The construction of the new substation will be carried out on a land plot located next to the existing SS110/6 kV, the equipment of which is physically and morally obsolete, but its reconstruction within the existing electrical installation is impossible due to cramped conditions and the need to de-energise consumers. In the future, consumers of the existing SS110/6 kV will be transferred to the new substation.

#### Ontustik Zharyk Transit LLP plans the following activities:

- Completion of the construction of a closed-type SS-110/10-10 kV with a capacity of 2x40 MVA with a 110 kV cable line in Shymkent.
- Reconstruction of a 110 kV overhead line with a total length of 4.6 km.
- Reconstruction of a 35 kV overhead line with a total length of 6.2 km.
- Reconstruction of 35-110 kV SS – 3 pcs.; PTS, TS, DP 10/0.4 kV – 117 pcs.
- Reconstruction of 0.4-10 kV overhead lines: work was completed with complete replacement of supports, wires and insulators on 88.4 km of 10 kV overhead lines, 152.3 km of 0.4 kV overhead lines.
- Modernisation of 201.5 km of 0.4-10 kV overhead lines using self-supporting insulated wires.
- Reconstruction of cable lines: 10-0.4 kV cable lines – 6.5 km.
- Automated commercial electricity metering system was implemented on 0.4 kV networks in Shymkent:
  - on the wholesale electricity market (WEM): SS – 9 pcs., 338 MU;
  - in the retail electricity market via 0.4 kV networks using PLC technologies to transmit data from electricity meters to USPD: 3200 PU.

#### Mangistau Regional Electricity Network Company JSC plans to do the following for 2024:

- Reconstruction of the 110/6 kV PTB SS.
- Construction of the 35/10 kV SS in the area of the village of Sayyn and the 35 kV overhead line from the 110/35/6 kV Dunga SS.
- Modernisation (reconstruction) of the 6 kV indoor switchgear equipment at the 110/6 kV Tenga PS with the replacement of 2x6.3 MVA power transformers with 2x6.3 MV.
- Modernisation (reconstruction) of the 35 kV outdoor switchgear and 6 kV indoor switchgear equipment of the 35/6 kV PTF SS.

## Financial Results of Operations

### Income and Expense Analysis

Key data of the income statement, million KZT	2021	2022	2023
<b>Revenue</b>	<b>175,468</b>	<b>189,436</b>	<b>222,779</b>
Cost of goods sold	-127,909	-142,416	-173,308
<b>Gross profit</b>	<b>47,559</b>	<b>47,020</b>	<b>49,470</b>
Administrative expenses	-8,339	-10,512	-12,364
Selling expenses	-3,768	-4,492	-5,316
Financial expenses	-11,664	-11,788	-11,673
Financial income	6,042	6,966	11,145
<b>Profit (loss) from exchange rate differences</b>	<b>-1,552</b>	<b>-7,519</b>	<b>13,312</b>
Other income	298	681	881
Profit before tax	28,576	20,356	45,455
Income tax expense	-7,242	-6,706	-9,280
<b>Net profit</b>	<b>21,334</b>	<b>13,650</b>	<b>36,175</b>

In 2023, the Company's sales increased, as did its net profit, owing primarily to profits gained by fluctuations in the Russian Ruble exchange rate. Revenue in the reporting year increased by 18% compared to 2022, reaching 222.8 billion KZT.

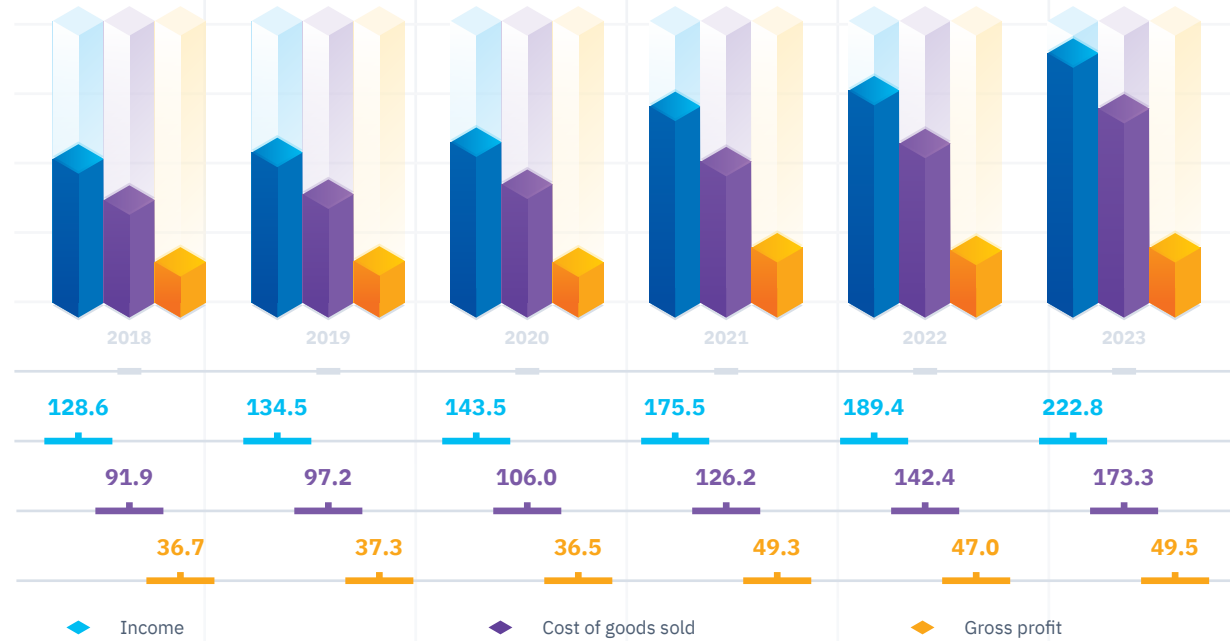
Electricity sales accounted for around 68% of total revenue. In 2023, they increased by 19% and reached 150.9 billion KZT. The increase was aided by favourable tariff regulations. Electricity transmission services totalled 38.4 billion KZT (a 20% increase), while thermal energy sales totalled 26.1 billion KZT (19% increase). Income from maintaining the readiness of electric capacity, which arose following the market reform in 2019, totalled 6.1 billion KZT, a 24% decrease from 2022.

The cost of goods sold in 2023 climbed by 22%, totalling 173.3 billion KZT by the year end. A substantial contributor to this growth was a 30% increase in spending on purchased power to 50 billion KZT, the largest item in the cost price. Expenses for material contribute for 21% of the total cost of goods sold structure, or 35.9 billion KZT (up 22% by 2023). At the end of 2023, depreciation and amortisation charges totalled 18.2 billion KZT (a 5% rise), while wage costs climbed by 30% to 21.5 billion KZT, accounting for approximately 12% of the whole cost structure.

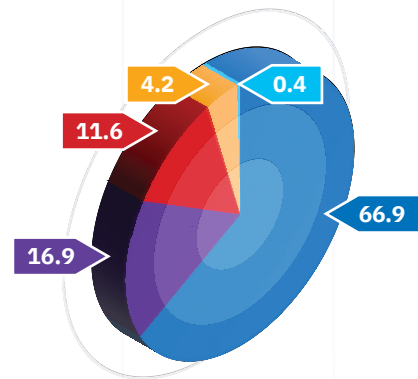
Net profit for 2023 was 36.2 billion KZT, showing a 165% increase over 2022 (13.6 billion KZT).



Dynamics of income, cost of goods sold and gross profit, bln KZT

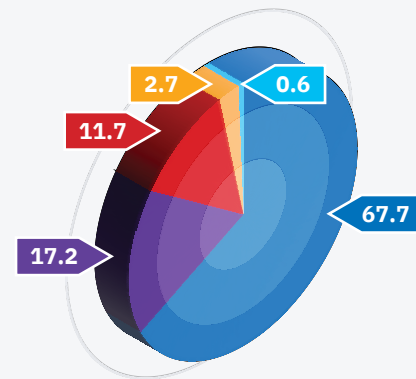


Revenue structure, 2022, %



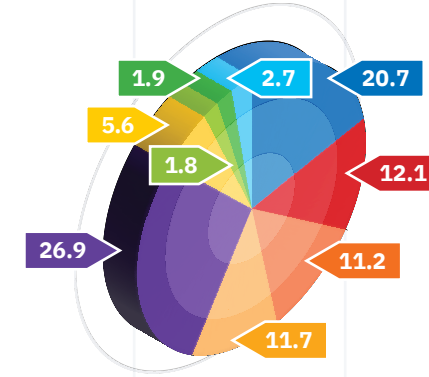
- ◆ Sale of electric energy
- ◆ Transmission of electric energy
- ◆ Sale of thermal energy
- ◆ Income from maintaining the readiness of electric capacity
- ◆ Other

Revenue structure, 2023, %



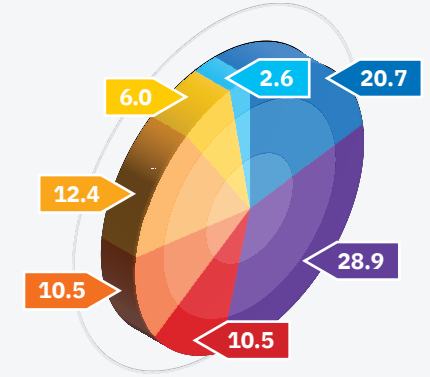
- ◆ Sale of electric energy
- ◆ Transmission of electric energy
- ◆ Sale of thermal energy
- ◆ Income from maintaining the readiness of electric capacity
- ◆ Other

Cost of goods sold structure, 2022, %



- ◆ Materials
- ◆ Depreciation and amortisation
- ◆ Electricity, heat and chemically treated water transmission services, including NES use services
- ◆ Wages and related taxes
- ◆ Purchased electricity
- ◆ Technological losses during electricity transmission
- ◆ Expenses for dispatching and regulating electricity
- ◆ Services for ensuring the readiness of electrical capacity to bear the load
- ◆ Other

Cost of goods sold structure, 2023, %



- ◆ Materials
- ◆ Purchased electricity
- ◆ Depreciation and amortisation
- ◆ Electricity, heat and chemically treated water transmission services, including NES use services
- ◆ Wages and related taxes
- ◆ Technological losses during electricity transmission
- ◆ Other





## Balance sheet analysis

Key balance sheet data, million KZT	2021	2022	2023
<b>Assets</b>	<b>355,362</b>	<b>378,095</b>	<b>414,558</b>
<b>Non-current assets</b>	<b>319,509</b>	<b>342,667</b>	<b>369,476</b>
Fixed assets	246,029	264,947	285,670
Loans issued to related parties	70,128	75,531	80,934
Long-term advances issued	1,238	398	380
Other	2,114	1,791	2,492
<b>Current assets</b>	<b>35,853</b>	<b>35,427</b>	<b>45,083</b>
Inventories	3,997	5,766	7,846
Trade receivables	19,446	21,081	25,683
Cash and cash equivalents	5,873	2,544	3,898
Other	6,537	6,036	7,656
<b>Liabilities</b>	<b>161,549</b>	<b>170,896</b>	<b>168,569</b>
<b>Non-current liabilities</b>	<b>51,757</b>	<b>51,277</b>	<b>52,251</b>
Bank loans	14,739	11,939	9,970
Deferred tax liabilities	33,159	35,654	38,679
Other	3,859	3,684	3,602
<b>Current liabilities</b>	<b>109,792</b>	<b>119,618</b>	<b>116,318</b>
Trade payables	16,393	25,700	40,223
Loans and bonds	76,766	84,714	66,674
Other	16,633	9,204	9,421
<b>Capital</b>	<b>193,813</b>	<b>207,199</b>	<b>245,989</b>
Authorized capital	11,636	11,636	11,637
Additional paid-in capital	9,239	9,239	9,239
Foreign exchange reserve	801	-	-
Retained earnings	156,682	169,930	207,527
Non-controlling interests	15,454	16,393	17,586

The Group's assets in 2023 increased by 10% over 2022, totalling 414.6 billion KZT. Long-term assets totalled 369.5 billion KZT. Fixed assets climbed by 8% to 285.7 billion KZT, while loans to related parties increased by 7% year on year to 80.9 billion KZT. Current assets amounted to 45.1 billion

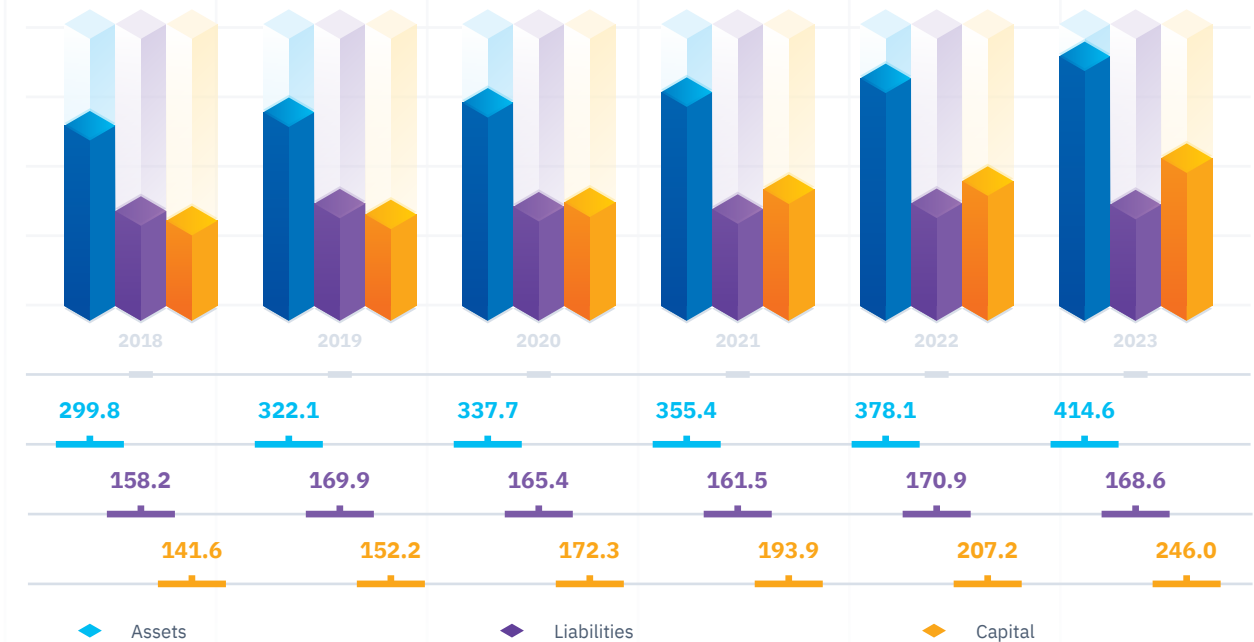
KZT and rose by 27%. The increase in current assets is mostly owing to a 22% growth in trade receivables, which at the end of the year totalled 25.7 billion KZT and accounted for 57% of the current asset structure. Inventories account up 17% of current assets, while "cash and cash equivalents" makes up 9%.

The Group's liabilities in 2023 declined by 1% to 168.6 billion KZT. Current liabilities, in instance, were 116.3 billion KZT, with a 3% decrease. The decline is mostly attributable to a 21% decrease in the short-term part of loans and bonds, which fell to 66.7 billion KZT. Long-term liabilities climbed slightly, by 2%, and reached 52.3 billion KZT. In particular, bank loans and bonds fell 16% to 9.9 billion

KZT, while deferred tax liabilities rose 8% to 38.7 billion KZT.

Equity climbed by 19% in 2023, totalling 245.9 billion KZT at the end of the year. The increase was almost completely driven by a 22% increase in retained earnings, which at the end of the year totalled 207.5 billion KZT.

### Dynamics of assets and liabilities, bln KZT





## Key Ratio Analysis

Key performance indicators	2021	2022	2023
<b>Liquidity ratios</b>			
Current ratio	0.28	0.27	0.36
Quick ratio	0.24	0.22	0.29
<b>Profitability ratios</b>			
Net profit margin, %	12.2	7.2	16.2
Gross profit margin, %	27.1	24.8	22.2
Basic earning power ratio, %	9.6	6.7	11.1
Return on assets (ROA), %	6.0	3.6	8.7
Return on equity (ROE), %	11.0	6.6	14.7
EBITDA, billion KZT	50.745	42.858	64.484
EBITDA margin, %	28.9	22.6	28.9
<b>Capital structure ratios</b>			
Equity adequacy ratio, %	54.5	54.8	59.3
Financial leverage ratio, %	26.7	24.7	21.2
<b>Efficiency ratios</b>			
Inventory turnover ratio	30.13	29.18	25.47
Accounts receivable turnover period, days	37.84	39.04	38.31
Fixed assets turnover ratio	0.72	0.74	0.81
Asset turnover ratio	0.49	0.52	0.56
Interest coverage ratio	2.93	2.14	3.94
Return on capital employed (ROCE), %	13.93	9.74	15.42

### \* Calculation of key indicators:

- The current liquidity ratio is calculated as the ratio of current assets (excluding prepaid corporate income tax and other current assets) to current liabilities.
- The quick liquidity ratio is calculated by dividing liquid assets (excluding prepaid corporate income tax, inventories and other current assets) by current liabilities.
- Basic earning power ratio = EBIT/assets.
- Return on assets = net profit/assets.
- Return on equity = net profit/equity.
- Equity adequacy ratio = capital/assets.
- Financial leverage ratio = long-term liabilities/equity.
- Interest coverage ratio = EBIT/interest payable.
- Return on capital employed = EBIT/(equity + long-term liabilities).

At the end of 2023, the Group's profitability remains sufficient. At the end of 2023, the return on assets and return on equity are higher than in 2022, at 8.7% and 14.7%, respectively. EBITDA climbed by 51%, reaching 64.5 billion KZT. The EBITDA margin was 29%, which rebounded to 2021 levels due to foreign exchange gains.

The liquidity level has grown since 2022. At the end of 2023, the current liquidity indicator was 0.36, while quick liquidity was 0.29. These indicators have improved since 2022, owing to a fall in the book value of loans, primarily due to exchange rate movements.

A strong balance sheet structure is also mentioned, ensuring the Group's financial stability. At the end of 2023, equity accounted for 59.3% of the balance sheet. The financial leverage ratio fell from 24.7% in 2022 to 21.2% in 2023, owing mostly to a rise in equity capital.







Kazakhstan Utility Systems is one of the largest players in the country's energy market.

**8,663**

The number of Group personnel as of December 31, 2023 was 8,663 people

**5,796**

In 2023, 5,796 people were trained, which is 66.91% of the total number of employees

The company strives to be a supportive and attractive employer for whom people want to work

# Sustainability Report

# 4



## Interaction with Stakeholders

The group maintains open communication with all stakeholders. To develop in harmony with the environment, the Company considers information from stakeholders and their interests when making crucial decisions.

**Stakeholders heavily influence the Group's business approach. The larger the stakeholder contribution, the more legitimate and sustainable KUS development will be.**

Interaction with stakeholders allows for decision-making at both the micro and macro levels. Stakeholders provide valuable feedback on the Company's influence on economic, environmental, and social concerns affecting the Group's long-term development and the quality of life in the regions where it operates. Cooperation with stakeholders occurs on a daily basis as part of the Company's activities.



### Interaction with key stakeholders (1)

#### Consumers\*



##### Our approach

The Group provides energy to thousands of private and business clients that rely substantially on KUS's reliable functioning. Interaction helps to better understand client needs and ways to achieve continual service development. KUS considers the current and future demands of all energy customers in its regions of presence.

##### Interaction tools

- Customer feedback system.

##### Expectations and interests

- Uninterrupted energy supplies.
- Balanced pricing policy.

\* consumers of all types of products and services of KUS Group

#### Employees



##### Our approach

KUS Group employs more than 8.6 thousand employees. The Company's success depends on its employees' talent, abilities, and values. The Group establishes a foundation for ongoing two-way feedback and employee participation at all levels in critical issues that affect them. The Company tries to be a supportive and appealing employer for which employees wish to work. We also ensure that people may freely participate in collective agreements and get valuable feedback from interaction with trade unions.

##### Interaction tools

- Internal corporate communication channels.
- Meetings and negotiations with trade union representatives.

##### Expectations and interests

- Ensuring safe working conditions.
- Transparent and effective remuneration system.
- Training and development.
- Non-discrimination.



**Interaction with key stakeholders (2)**

**Owners**



**Our approach**

KUS participants own the Company and expect to receive a return on their investment. The Group strives to maintain a constructive dialogue with participants and regularly interacts with them to understand their long-term vision and ensure that it is taken into account in decision-making. KUS ensures that the corporate management system complies with international standards and the wishes of the participants.

**Interaction tools**

- Work of the Supervisory Board.
- Provision of reports.

**Expectations and interests**

- Economic performance.
- Long-term sustainable development.

**State**



**Our approach**

KUS works constructively with the government and regulators. Regulators play a central role in shaping the energy sector. Their participation is especially important in creating a sustainable energy system that supports the achievement of the country's long-term development goals. KUS ensures high-quality interaction with regulators to protect the long-term interests of energy consumers and development in accordance with the emerging expectations of society as a whole.

**Interaction tools**

- Working groups.
- Negotiations.
- Appeals, inspections by supervisory authorities.
- Holding meetings.

**Expectations and interests**

- Support for state policy in the field of energy development.
- Compliance with legislation.
- Increase in payments to the budget.

**Interaction with key stakeholders (3)**

**Suppliers and contractors**



**Our approach**

KUS relies on its supply chain to implement investment projects and ensure successful operational activities. The Group's goal is to build strong relationships with suppliers and contractors so that they can maximise cost efficiency and improve positive economic, social and environmental results, which is important for the socio-economic development in the regions of presence and ensuring the transition to a low-carbon economy.

**Interaction tools**

- Holding meetings, negotiations.
- Concluding contracts.

**Expectations and interests**

- Economic performance.
- Long-term cooperation.
- Compliance with business ethics.
- Transparent procurement practices.

**Society**



**Our approach**

The Group strives to build a responsible business. Mature bilateral relationships with communities in the regions where the Company operates are an important basis for corporate strategic decisions in the Company, as well as for the adoption and implementation of daily commitments to society. KUS interacts with communities on social, environmental and other energy and business issues.

The Company also ensures effective interaction with the media and strives for maximum openness of its activities.

**Interaction tools**

- Informing about the Company's activities.
- Holding meetings.
- Answering inquiries.
- Feedback channels.

**Expectations and interests**

- Social policy and support for local communities.
- Careful use of natural resources.
- Transparency of business.
- Economic performance.





## Corporate Social Responsibility

Due to the scope and specificity of its activities, the Group has a major impact on the quality of life in the communities in which it operates. As a result, when carrying out operational

### Key CSR principles:

- Providing high-quality services to promote socio-economic development in the regions where it operates.
- Providing fair and timely wages to employees, as well as safe working conditions and opportunities for personal and professional development of each employee.
- Taking responsibility for environmental preservation before the state and society.

### The Supervisory Board

The Supervisory Board is in charge of determining the Company's priority areas of activity, approving the Company's development strategy, medium-term development plan (business plan), and annual budget, and overseeing the Company's strategy, plans, and budget implementation. This includes assessing compliance with the approved priority

activities, corporate social responsibility (CSR) issues are given a high priority.

CSR principles are incorporated into all of the Group's business activities, are an essential component of business planning, and are an invaluable tool for preventing emergency and conflict situations.

**The Group tries to do business in an open and transparent manner, in full compliance with Republic of Kazakhstan regulations and worldwide CSR standards.**

areas for the Company's development. When exercising their rights and fulfilling their official duties, all members of the Supervisory Board keep an eye on developments in the energy industry and the overall economy, as well as other areas of strategic relevance to the Company's development.

## Human Resource Management

KUS aspires to develop high-quality human resources that fit the Group's strategic goals, increase human capital, and provide additional competitive advantages through effective human resource management technologies.

### Key principles of HR policy include:

- Proactivity.
- Transparency and openness.
- Integration.
- Continuity.
- Employee motivation.
- Interrelationship between the Group's and employees' interests and goals.
- Communication with employees.
- Personnel maintenance system.

The Group fosters an environment in which employees are interested in the achievement of the shared goal, stimulates initiative, and gives chances for potential, career, and professional growth in a variety of areas.

The incentive and remuneration system's goal is to attract, retain, and encourage personnel in order to ensure the Group's mission is fulfilled and business goals are met at the best possible cost.

The human resource management process is integrated with all business operations to ensure the Company's effective development.

The Group values and cares for its employees, prioritising their needs and ensuring safe working conditions.

KUS strives for open communication with employees. To establish effective communication, each Company in the Group uses all channels and information resources. This ensures that staff are kept up to date on the Group's news, mission, strategy, current plans, and development possibilities. Employees are being informed about significant changes to the Group's activities through information resources, meetings, and the Group's internal corporate newspaper.

The Group's staff selection and promotion strategy ensures that employees maintain a high degree of professionalism and that personnel selection procedures are transparent. Employees' career development is based on an objective appraisal of their performance, business qualities, and professional competence. The Group ensures transparency at all phases of the human resource management process.

**The Group's staff provision system is designed in line with regulatory, methodological, and legal documents that govern and establish circumstances for its effective operation. Strict compliance, implementation, and application of the present Labour Code of the Republic of Kazakhstan allows for the prevention of employee discrimination as well as complaints about labour relations practices.**

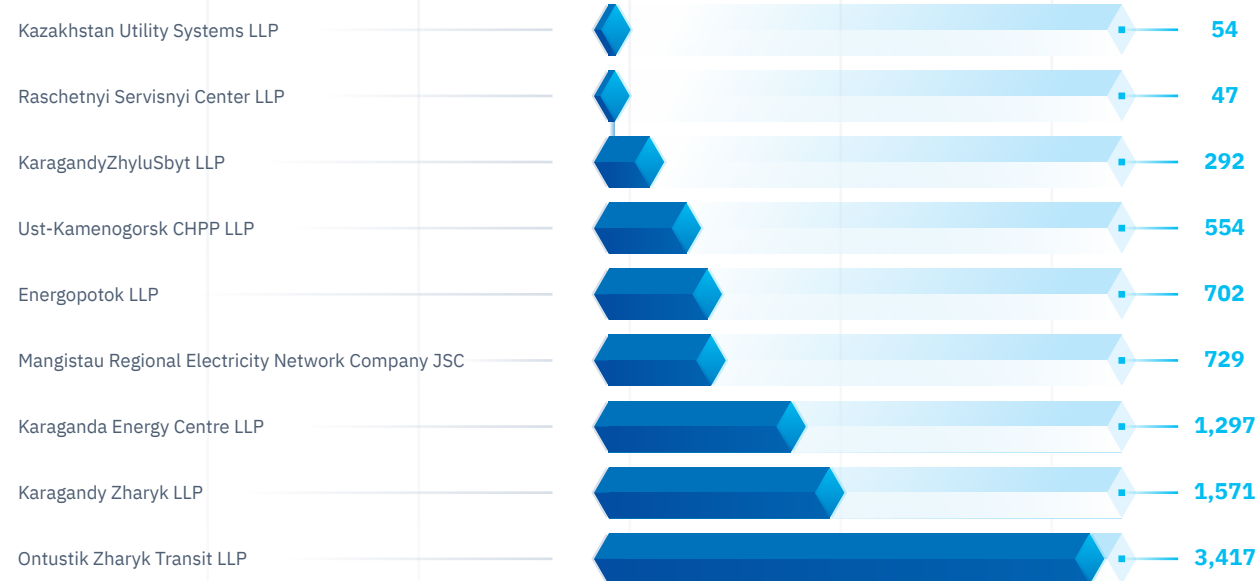




## Number of personnel

As of December 31, 2023, the Group's personnel totalled 8,663.

### Number of personnel by Group companies, persons



### Breakdown of personnel numbers by regions of the Group's presence, persons



### Number of full-time and part-time employees (by gender and region)

Region	Total number of employees, persons	Among them:			
		Number of full-time employees, persons		Number of part-time employees, persons	
		male	female	male	female
Astana	54	33	21	0	0
East Kazakhstan region	554	470	83	0	1
Mangistau region	729	559	158	5	7
Karaganda region	3,207	1,963	1,240	1	3
Turkestan region and Shymkent city	4,119	3,293	744	41	41
<b>Total</b>	<b>8,663</b>	<b>6,318</b>	<b>2,246</b>	<b>47</b>	<b>52</b>

### Number of permanent and temporary employees in the reporting year (by gender and region)

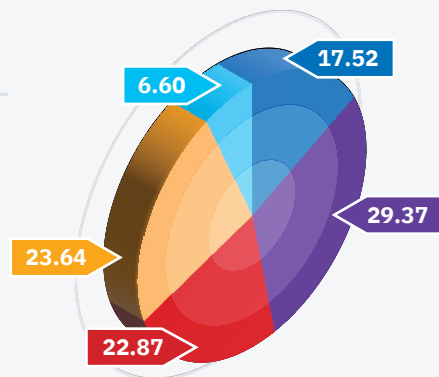
Region	Total number of employees, persons	Among them:			
		Number of permanent employees, persons		Number of temporary employees, persons	
		male	female	male	female
Astana	54	33	21	0	0
East Kazakhstan region	554	469	83	1	1
Mangistau region	729	559	158	5	7
Karaganda region	3,207	1,949	1,220	15	23
Turkestan region and Shymkent city	4,119	3,311	769	20	19
<b>Total</b>	<b>8,663</b>	<b>6,321</b>	<b>2,251</b>	<b>41</b>	<b>50</b>



**Personnel structure by age**

In the Group, the share of employees under 40 years of age is 46.89% of the total number. The share of employees in the age category over 60 years is 6.60%.

**Personnel structure by age groups, %**



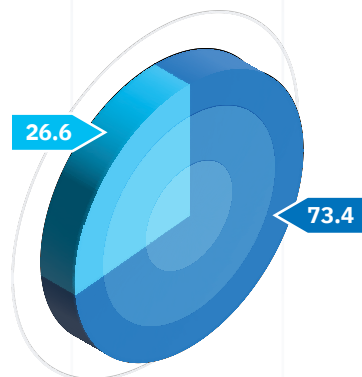
- ◆ Up to 30 years old
- ◆ 30-40 years old
- ◆ 40-50 years old
- ◆ 50-60 years old
- ◆ Over 60 years old

**Personnel structure by category**

The Group's personnel structure is characterised by a high proportion of men – 73.4%. Men in the “workers” category make up 77% due to the specific nature of the activity.

**The share of employees in the “managers” category is 8% of the total number.**

**Gender structure of personnel, %**



- ◆ Male
- ◆ Female

Personnel category	Age composition, total			Among them:			
	Age	Persons	%	Male	%	Female	%
<b>Managers</b>		<b>696</b>	<b>100</b>	<b>580</b>	<b>83</b>	<b>116</b>	<b>17</b>
	up to 30 years old	53	8	51	7	2	1
	30-40 years old	220	32	199	29	21	3
	40-50 years old	183	26	133	19	50	7
	50-60 years old	169	24	133	19	36	5
	over 60 years old	71	10	64	9	7	1
<b>Specialists, employees</b>		<b>2,092</b>	<b>100</b>	<b>1,265</b>	<b>60</b>	<b>827</b>	<b>40</b>
	up to 30 years old	353	17	222	11	131	6
	30-40 years old	783	37	502	24	281	14
	40-50 years old	456	22	255	12	201	10
	50-60 years old	381	18	212	10	169	8
	over 60 years old	119	6	74	3	45	2
<b>Workers</b>		<b>5,875</b>	<b>100</b>	<b>4,518</b>	<b>77</b>	<b>1,357</b>	<b>23</b>
	up to 30 years old	1,097	19	968	17	129	2
	30-40 years old	1,482	25	1,174	20	308	6
	40-50 years old	1,387	24	959	16	428	7
	50-60 years old	1,481	25	1,053	18	428	7
	over 60 years old	428	7	364	6	64	1
<b>Total</b>		<b>8,663</b>		<b>6,363</b>		<b>2,300</b>	





### Structure of hired personnel by category and gender

The total number of hired employees in the Group of Companies was 1,518 people, of which 1,243 people were workers, 231 people were specialists, and 44 people were managers.

Personnel category	Age composition, total		Among them:			
	persons	%	Male	%	Female	%
<b>Managers</b>	<b>44</b>	<b>100</b>	<b>36</b>	<b>82</b>	<b>8</b>	<b>18</b>
up to 30 years old	5	11	4	9	1	2
30-40 years old	18	41	15	34	3	7
40-50 years old	13	30	9	21	4	9
50-60 years old	4	9	4	9	0	0
over 60 years old	4	9	4	9	0	0
<b>Specialists, employees</b>	<b>231</b>	<b>100</b>	<b>133</b>	<b>58</b>	<b>98</b>	<b>42</b>
up to 30 years old	98	43	63	28	35	15
30-40 years old	81	35	42	18	39	17
40-50 years old	33	14	19	8	14	6
50-60 years old	17	7	7	3	10	4
over 60 years old	2	1	2	1	0	0
<b>Workers</b>	<b>1,243</b>	<b>100</b>	<b>983</b>	<b>79</b>	<b>260</b>	<b>21</b>
up to 30 years old	447	36	393	32	54	4
30-40 years old	354	29	278	22	76	6
40-50 years old	244	20	172	14	72	6
50-60 years old	180	14	127	10	53	4
over 60 years old	18	1	13	1	5	1
<b>Total</b>	<b>1,518</b>		<b>1,152</b>		<b>366</b>	

### Structure of hired personnel by regions

Region	persons
Karaganda region	495
Turkestan region and Shymkent city	865
East Kazakhstan region	73
Mangistau region	76
Astana	9

### Personnel Turnover

The staff turnover in the Group of Companies for 2023 was 16.36%, which is 0.20% lower than in 2022.

Personnel category	Total persons		Male		Female	
Managers	76	5%	66	5%	10	1%
Specialists, employees	263	19%	163	11%	100	7%
Workers	1,078	76%	892	63%	186	13%
<b>Total</b>	<b>1,417</b>	<b>100%</b>	<b>1,121</b>	<b>79%</b>	<b>296</b>	<b>21%</b>

	By gender groups		By age groups				
	male	female	up to 30 years old	30-40 years old	40-50 years old	50-60 years old	over 60 years old
Number of terminated employment contracts, units	1,094	285	436	383	245	175	140
Turnover rate, %	12.63	3.29	5.03	4.42	2.83	2.02	1.62

Region	Number of terminated employment contracts, units	Turnover rate, %
Turkestan region and Shymkent city	850	20.64
Karaganda region	418	13.03
Mangistau region	78	10.70
East Kazakhstan region	29	5.23
Astana	4	7.41

### In order to reduce the staff turnover rate, the following activities are carried out:

- material and non-material incentives for qualified employees;
- improvement of social security conditions in accordance with the collective labour agreement;
- stable economic situation in the Group;
- healthy psychological environment;
- career growth opportunities.



## Staff Training and Development

The staff training system is a series of activities designed to help employees acquire the theoretical knowledge and practical skills required to fulfil the Group's strategic goals.

### Main training objectives:

01. improving the efficiency of staff;
02. ensuring the professional level of staff required by the position;
03. ensuring the accumulation and transfer of knowledge within the company;
04. increasing employee loyalty to the company;
05. talent development.

**An annual training plan for the calendar year has been authorised in order to provide a disciplined approach to staff development. The plan involves advanced training, professional preparation, recertification, and getting a related speciality to guarantee that new workers are properly trained and perform their duties.**

In 2023, **5,796 persons** were trained, representing **66.91%** of the total number of employees.

In 2023, the overall training cost was **59,905,183 KZT**.

### Employees trained in 2023, persons

Personnel category	Male	Female	Total
Managers	270	84	354
Specialists, employees	542	177	719
Workers	4,413	310	4,723
<b>Total number of trained personnel</b>			<b>5,796</b>

### Information on training

Personnel category	Male		Female	
	total number of hours of training	average number of training hours per employee	total number of hours of training	average number of training hours per employee
Managers	5,270	9.09	1,207	10.41
Specialists, employees	9,106	7.20	2,940	3.56
Workers	128,665	28.48	3,398	2.50
<b>Total</b>	<b>143,041</b>	<b>22.48</b>	<b>7,545</b>	<b>3.28</b>

Total number of employees, persons	Employees receiving regular performance reviews in 2023		Among them:			
	persons	%	male	%	female	%
<b>8,663</b>	5,528	64%	4,725	55%	803	9%

## Recruiting young specialists

As part of the HR policy execution, the Group conducts efforts to ensure professional knowledge and skills are transferred from experienced, highly professional employees to young proactive employees.

For these goals, each student and new employee is allocated a mentor in accordance with the Group's personnel adaptation programme and dual training agreements.

### Structure of young professional recruited in 2023 by education, persons

Total number of young professionals	Recruited in 2022 persons	Technical/vocational education		Higher education		Secondary education	
		persons	%	persons	%	persons	%
<b>1,166</b>	329	123	37.39	140	42.55	66	20.06

Thus, the Group engages in initiatives aimed at attracting young specialists in order to obtain the best possible blend of youthful proactive employees and experienced, highly professional personnel.

Such events have a positive impact on young specialists' willingness to advance professionally and see new opportunities for creating a career within the Company.

## Motivation and compensation for personnel

In 2023, the average wage rise across the Group was 26%. The Group offers a flexible payment structure designed to help each employee meet key performance indicators on a monthly basis. This payment scheme encourages employees to perform efficiently and incorporates innovations into daily tasks to boost labour productivity.

The average percentage disparity in base rate remuneration between men and women is 7.3% (12% for specialists and 14% for workers). The explanation for the divergence is because men's work is more physically demanding, requiring endurance, strength, and efficiency.

### Base rate ratio for 2023

Personnel category	Basic remuneration rate, KZT		
	Male	Female	Deviation, %
Managers	459,254	627,514	37%
Specialists	319,415	285,686	12%
Workers	245,122	214,766	14%





The ratio of the annual total compensation of the highest paid employee of the organisation to the average annual total compensation of all employees (excluding the highest paid person)	3.00
The ratio of the percentage increase in annual total compensation of the highest paid employee in the organisation to the median percentage increase in annual total compensation of all employees (excluding the highest paid individual)	2.99

### Non-Financial Motivation

Annual events are arranged to grant awards, certificates of honour, and titles in order to promote motivation for effective work and encourage staff to achieve good production outcomes at the Group’s companies.

awards, 57 employees – public awards, 9 employees received the CIS Electric Power Council awards, 83 employees were awarded the Kazakhstan Electric Energy Association awards (of which 10 employees were awarded the title of Honoured Power Engineer, 17 employees were awarded the title of Honorary Power Engineer, 23 employees were awarded the title of Ardager of Power Engineer, 33 employees were awarded certificates of honour).

According to the 2023 results, 700 employees were recognised for their exceptional efforts. Of these, 541 employees received corporate awards, 10 employees – state

Personnel category	Total number of employees	Number of employees eligible to retire in the next 5 years		Number of employees eligible to retire in the next 10 years	
		persons	%	persons	%
Managers	696	52	7.47	100	14.37
Specialists	2,092	90	4.30	207	9.89
Workers	5,875	593	10.09	935	15.91
<b>Total</b>	<b>8,663</b>	<b>735</b>	<b>8.48</b>	<b>1,242</b>	<b>14.34</b>

### Social Support for the Group’s Employees

To increase employee loyalty and ensure safety while doing daily work activities, the following events were organised:

- 1 day for the first 2 years, 1 day for each additional year of work, and no more than 4 calendar days.

According to the rules of remuneration of labour of the Labor Code of the Republic of Kazakhstan, Employees in Kazakhstan’s Energy industry are entitled to paid labour leave for long-term, continuous work in the following amounts:

Employees also receive all sorts of paid leave (labour, environmental, and disability).

Additional payments are made for combining positions and performing the duties of a temporarily absent employee:

- 30% of the employee’s basic salary for combining positions of general director, commercial or financial directors;
- for combining the position of the head of a structural unit – 20% of the basic salary of the employee
- for combining the position of a specialist – 10% of the basic salary of the employee.

Compensation for work overtime, holidays, and weekends includes the following:

- at least one and a half times their daily (hourly) wage;
- an additional day off upon request.

#### Lump-sum and current bonuses are given in celebration of holidays, anniversaries, retirement, and outstanding work performance.

According to the collective labour agreement, employees receive social and material assistance in the following cases:

- difficult life situations (illness, accident, robbery, etc.), including wage preservation at the expense of the Company’s net income;
- surgical operations, emergency events (fire, theft, natural disasters, etc.), serious injuries (industrial and domestic) in the amount of 20,000 KZT;
- in connection with the death of a close relative in the amount of 20,000 (twenty thousand) tenge;

- in case of dismissal due to retirement in the amount of 2 (two) official salaries;
- in connection with the death of an employee for the organisation of a funeral 50,000 (fifty thousand) KZT.
- in case of a positive financial position of the Company, rent for gyms, swimming pools, health events and services is paid.
- in the presence of net profit, it is possible to provide interest-free loans to needy employees to improve their housing conditions.
- providing a one-day vacation on the “Day of Knowledge” for employees-parents raising children – primary school students;
- partial payment for a voucher for health resort treatment in the amount of 25% of the cost of the voucher;
- provision of transport for centralised delivery to the place of work;
- provision of payment for cellular communications;
- organisation of a New Year’s party and New Year’s gifts for the children of employees;
- holding a lottery with prizes to the Power Engineer’s Day.
- sending the Company’s employees to training and advanced training.

**In the Group of Companies in 2023, the total number of employees who took social leave to care for a child until they reached 3 (three) years of age was 161 people. Of these, 53 employees began to perform their work duties.**

Indicator	Male	Female
Total number of employees who took social leave to care for a child up to 3 (three) years of age, persons	1	160
Total number of employees who returned to work after social leave to care for a child up to 3 (three) years of age, persons	0	53
Total number of employees who returned from social leave to care for a child up to 3 (three) years of age, persons in 2022	0	21
Total number of employees who worked in the company for at least 12 months after returning from social leave to care for a child up to 3 (three) years of age, persons	0	26



## Interaction with Trade Unions

The purpose of the motivation and remuneration system is to attract, retain and motivate employees to ensure the successful fulfilment of the Group’s mission and the achievement of business goals with optimal costs.

In this regard, trade unions have been created and are operating in the Group of Companies and collective

agreements have been concluded in order to ensure social protection of employees.

In 2023, the total number of employees in the trade union was 5,137 people, which is equal to 61.9% of the total number of employees of the Companies where Collective Labour Agreements have been concluded.

Initial data	Total for 2023
Amount spent by the trade union on payments, KZT	60,906,531
Total number of personnel as of 01.01.2023 in companies with Collective Labour Agreements, persons	8,293
Number of employees in the trade union, persons	5,137
<b>Share of the total number, %</b>	<b>61.9</b>

The Group of Companies’ collective labour agreements provide for social guarantees and benefits for employees who are members of a trade union, their family members, as well as retirees and veterans of enterprises, including:

- financial support for the death of a close relative, the birth of a first child, treatment, an anniversary, or retirement;
- 50% payment of health resort treatments;
- 50% payment of certificates for children’s health camps.
- gifts for the New Year, March 8 and Nauryz;
- if the company has a positive financial position, it pays for rental of gyms, swimming pools, health events, and services.
- if there is a net profit, it can offer interest-free loans to needy employees to improve their housing conditions.
- employee-parents raising primary school children receive a one-day leave on the “Day of Knowledge”;
- additional paid leave is available for single parents, unmarried mothers raising minor children, large families,

i.e. families with four or more minor children residing together, victims of nuclear tests at the Semipalatinsk nuclear test site (with relevant certificate), and parents raising disabled children (one of the parents).

- social leave with retention of average earnings upon marriage registration; death of close relatives; birth of a child; “Day of Knowledge” for one of the parents (guardians);
- payment of a one-time benefit to an employee (or family members in the event of death) injured in a work-related accident with an accident report in the form determined by the authorised labour body and establishing the degree of fault of the employer – 100%.
- financial social assistance in the following cases not related to work, subject to documentary confirmation: in the event of an employee’s death to his/her relatives; to employees in difficult life situations (serious illness or surgery, accident, fire, etc.); to employees in the event of the death of relatives; to employees upon dismissal

upon reaching retirement age; once a year, when a trade union purchases group vouchers to recreation centres, or vouchers for health resort treatment of employees, or health improvement of their children in children’s camps located on the territory of the Republic of Kazakhstan, payment is made in the amount of 50% of the cost of the voucher, but no more than 10,000 KZT upon provision of the relevant documents by the trade union; at the birth of children, for treatment and provision of medical services;

- drivers are granted bonuses for qualifications;

- study leaves are provided for preparation for and passing exams, studying in educational organisations in specialised energy specialties;
- employees are awarded one-time bonuses in the following cases: based on the results of work for the year, for length of service; for uninterrupted supply of electricity to consumers during the autumn-winter peak loads (for working capacity); for saving materials; for the performance of particularly important tasks; for significant and anniversary dates, public holidays of the Republic of Kazakhstan.

## Health and Occupational Safety

One of the Group’s key business principles is to prioritise the lives and health of its employees. The primary goal is to prevent accidents involving Company personnel and contractors.

### Management of the Kazakhstan Utility Systems LLP follows the following health and safety principles:

- We prioritise safety of employees of the station and contractors.
- We comply with the requirements of the legislation of the Republic of Kazakhstan and support continuous training, improving the safety culture of employees.
- We strive to maintain the health of each employee.
- We openly talk about the activities of the enterprise in the field of health protection and occupational safety.

All people in the Occupational Services of subsidiaries are competent qualified specialists, with a major portion of them certified under the IMS system: OHSAS 18001, ISO 14001, ISO 9001, international standards IOSH, and Nebosh. Our specialists also receive ongoing advanced training at various specific courses and trainings in the fields of occupational safety and environmental safety education. Specialists take part in occupational safety and environmental safety activities at varying levels.

Protecting workers from injuries and occupational diseases is an essential component of risk management and is overseen by upper management. In 2023, no accidents occurred at the Group’s enterprises.



## Occupational Safety System

- Kazakhstan Utility Systems LLP has a **zero-tolerance policy** for infractions of the cardinal (basic) rules and regulations governing workplace safety and health. Zero tolerance policy is a certain level of responsibility for violation of the basic safety rules up to and including termination of the contract (employment contract or contract with a contractor). Violation of the cardinal rules, detection of the fact of alcohol consumption (presence in the blood above 0 ppm) are grounds for deciding on termination of the employment contract. Measures for violation of safety and environmental protection rules for employees of contractors are defined in the standard annex on safety and environmental protection for work/services on the customer's territory. Each employee must comply with, and require others to comply with, all legislative norms and rules on labour protection and safety in force at the enterprise.
- **The stop work right** is a process that gives each employee of a subsidiary and contractor the authority to stop work as soon as a situation is noticed that, in his/her opinion, is unsafe. The Stop Work Right also includes the obligation of all employees and contractors to stop their work whenever the employee or contractor requests to do so by invoking the Stop Work Right. Stopping work is considered the last resort to prevent incidents and therefore serious injury or fatality. Once the Stop Work Right has been invoked, work must be stopped immediately, the reason for stopping work explained, and a job safety review conducted to identify and, where necessary, determine additional control measures to reduce risks. Workers are encouraged and thanked for identifying risks and stopping work for safety.
- **Preventive Safety** – use of a Job Safety Review Form to assess risk to thoroughly examine each stage of the

work, identify existing and potential hazards and risks at each stage of the work and determine hazard control measures to reduce and eliminate the hazard and risk.

- **Checklists** for hot work, work at height, working in confined spaces, etc.
- **1C: Safety Walk** (Ust-Kamenogorsk CHPP LLP) is a programme for registering health, safety and environmental protection inspections. The process of inspections by enterprise employees, as well as the achieved results, are recorded in the Safety Walk registration programme to identify unsafe actions and conditions at the workstations of teams, as well as to keep records of identified violations.
- **Notifications about upcoming knowledge qualification tests in 1C.** The module “notifications about upcoming knowledge qualification tests (hereinafter referred to as KQT)” was developed in Safety Walk similar to notifications about the elimination of comments on inspections. The module provides multiple notifications to employees (30 days, 15 days, 1 day) about the upcoming KQT. The message is sent to the employee's e-mail and to the immediate supervisor.  
  
This module allows you to promptly notify employees about the upcoming KQT and monitor the deadlines for submitting the KQT.
- **Using the LOTO system.** Every year, thousands of workers in various industries are killed or injured in accidents related to uncontrolled energy supply during repair or maintenance of industrial equipment. The LOTO system is a system for monitoring hazardous energy sources to ensure the safety of people, protect equipment, and ensure uninterrupted operation. The system is based

on processes of multiple checks of each important stage of hazardous energy source control, carried out by competent and authorised persons, to ensure proper disconnection from hazardous energy sources. LOTO is recommended for use by the International Labor Organization (ILO) as the most effective industrial safety system for repair and maintenance work, which allows for the almost complete elimination of risks associated with the human factor when providing equipment and blocking the supply of hazardous energy.

- **Annual purchase of sets of protection uniforms against electric arc.** The set is selected in accordance with the nature of the hazard and operating conditions. The set includes: a jacket made of fire-resistant material, a uniform or overalls made of fire-resistant material, heat-resistant gloves, a heat-resistant helmet with a protective face shield, a balaclava.  
  
Arc protection sets provide a chance to save lives and preserve health in the event of erroneous actions by operational personnel, as well as in emergency situations, and allow for an extension of the evacuation time from the danger zone.  
  
Protection sets also help reduce the likelihood of accidents in electric power industry organisations, including fatal ones.
- **Conducting monthly safety and environmental days** is one of the opportunities to train personnel, develop practical skills, and inform personnel about the importance of occupational health and safety, and environmental protection issues in their daily work.

Safety days are an opportunity to receive feedback on the effectiveness of the events held to improve the

safety and environmental culture. At the beginning of the calendar year, a schedule of safety days is drawn up, which is approved by the plant management, and includes the most relevant topics on labour protection and the environment in the energy sector and related areas of production. The schedule is drawn up in such a way that employees of all structural divisions of the enterprise and employees of contractors performing work at the enterprise participate in the events every month.

- **Training in the CTC (Ust-Kamenogorsk CHPP).** The Corporate Training Centre (CTC) plays a major role in training personnel and contractors. Particularly noteworthy is the training of personnel of contractors. Operating and construction contractors make up the majority of the Company's team, and it is critical that they share the Group's safety culture. Training at the CTC is a kind of foundation from which all further work with employees of contractors begins.

In 2023, 498 employees were trained as part of internal training.

As part of external training – 67 employees (advanced training, certification, mandatory training).

First aid training was successfully introduced – in total, more than 500 station employees were trained in 2023.

In December 2023, the opening of the distance learning faculty of D. Serikbaev East Kazakhstan Technical University took place for the educational programmes “Heat Power Engineering,” “Electric Power Engineering.” University students have the opportunity to spend one day at the production site during their studies, accompanied by mentors.





### Incentives in the field of Occupational Health, Occupational Safety and Environmental Protection

A quarterly bonus for Occupational Health and Safety for the enterprise personnel is issued in the absence of accidents with employees of the enterprise and contractors. In order to motivate the personnel of contractors to perform work safely, the Company reserves the right to determine the best contractor or employee of a contractor for a certain period of time and reward them.

### Corporate events

#### In 2023, three Spartakiads were held, in which employees of Karaganda Energy Centre LLP took part:

- 01. November 23 and 24** – Spartakiad dedicated to the 20th anniversary of Karagandy Zharyk LLP. Seven enterprises took part in the competition: Kazakhstan Utility Systems Management Company, Karagandy Zharyk LLP, Karaganda Energy Centre LLP, Ust-Kamenogorsk CHPP LLP, Karagandy ZhyluSbyt LLP, Karagandy Su LLP, Arystan Building LLP. They competed for two days in three disciplines: volleyball, futsal, ping pong.
- 02. On April 27 and 28**, a Spartakiad was held in honour of the end of the heating season. Competitions were held in the following disciplines: futsal, volleyball, ping pong, chess, checkers. The result of the sports festival was a combined relay race. Sports events brought together 150 employees of CHPP-1, CHPP-3 and the administration.
- 03. January 8 and 9** – Spartakiad among energy enterprises. Among the participating teams were: Karaganda Energy Centre LLP, Karagandy Zharyk LLP, Kegoc JSC, Central MEN, Energoexpert and K LLP. Competitions were held in 4 sports. 80 of the most active and athletic employees took part in competitions in futsal, volleyball, ping pong

### Certification

The Kazakhstan Utility Systems LLP group of companies is certified for compliance with the ISO 9001 quality management system, ISO 14001 environmental management and OHSAS 18001 occupational safety.

and chess. The Karaganda Energy Centre teams managed to win first place in futsal, while Karagandy Zharyk LLP, Kegoc JSC and Central MEN took second and third places. They also took first place in ping pong – Anna Antonova became the first among women, and Sergey Shpyakin among men, and Myrzakhan Akhmetov also took third place for Karaganda Energy Centre LLP. Karaganda Energy Centre LLP took third place in volleyball and chess.

- 04.** Employees of Karaganda Energy Centre LLP took part in the QARAGANDY HALF MARATHON. The start took place at the Karaganda Arena Ice Palace, the distance was 5 kilometres.

**On December 7**, Karaganda Energy Centre LLP professionals met with first- and second-year power engineering students at the Karaganda Technical University. This meeting was part of a large-scale initiative to recruit young employees for Karaganda Energy Centre LLP. The Company's human resources department organised such meetings. Unfortunately, the present trend is a lack of intentional career choice, as well as an unwillingness to work at a thermal power plant after graduating from an educational institution with a specialised degree.

### Karaganda Energy Centre LLP train power engineering students in a dual training system

For the past five years, Karaganda Energy Centre LLP has collaborated with the city's educational institutions to train students in power engineering specialities through the dual training system. According to the results of 2023, around 50 of the best students this year are directly involved in the professional activities of Karaganda CHPP-1 and CHPP-3 during the training period.

The dual system is a teaching method that combines theoretical and practical components. Collaboration between educational institutions and businesses allows students to learn theoretical knowledge in an educational institution while consolidating practical skills in the workplace in a specialised organisation.

On May 17, 2023, a conference was organised at Karaganda CHPP-3 to promote interaction between higher and secondary educational institutions, training in energy specialities, and young specialists from Karaganda Energy Centre LLP.

The Company's training centre organised the conference on the development of professional competence among energy personnel. The enterprise's corporate training centre was established in 2023 with the goal of addressing concerns related to employee development and training. Karaganda Energy Centre LLP is experiencing a significant outflow of skilled individuals, particularly young specialists, due mostly to poor wages and unpleasant working circumstances.

As part of the conference, the Higher Polytechnic College, Saginov College-School, E. A. Buketov Karaganda State University, and A. Saginov KarTU gave presentations and discussed the benefits of pursuing an education in their respective fields. Employees of the organisation were able to ask training-related questions in a free format.

### Karaganda Energy Centre LLP provided a tour for workers' children to the CHPP

What's it like working at a combined heat power plants? During the school holidays, the children of Karaganda Energy Centre LLP employees visited Karaganda CHPP-3 and CHPP-1, totalling 37 middle and high school students.

Excursions to CHPPs are typically organised for students-future power engineers to become acquainted with their chosen profession while still in the process of studying. However, the format of such an excursion is unique to the company and was held for the first time. Previously, children were only told about "what is a CHPP and what is it for?" by their parents, but now they can witness how they work.

**On May 18, the Kazakhstan Electric Power Association hosted the energy forum on training personnel for the energy industry in the context of new challenges in Almaty.** The forum was hosted at Almaty University of Power Engineering and Communications named after G. Daukeyev, and brought together educational institutions and future power engineers, Kazakhstani energy firms, and an industry association.

The forum acted as a venue for the parties to discuss current challenges such as the energy sector's manpower deficit and the outflow of specialists.

Zara Umalatoeva, Head of the Human Resources Department at Karaganda Energy Centre LLP, stated during the session that the firm has been actively working and partnering with educational institutions for over three years to attract young specialists to the CHPP. This resulted in increased collaboration with the city's educational institutions via the framework of dual education. Representatives from Karaganda Energy Centre LLP were also included in the Ministry of Education of the Republic of Kazakhstan's working group on resolving energy-related educational issues.



The forum also addressed concerns of human resource development in the energy sector, including the creation of conditions for new specialities in response to active industrial developments.

**According to tradition, the Karaganda Energy Centre LLP staff held celebratory events on the Nauryz holiday in 2023**, including music, canteen decorations, and festive food preparation. At CHPP-1, the foyer was decorated with a yurt-style decoration and a celebratory table. The central office hosted a theatrical production based on an Oriental folk tale. At CHPP-3, the canteen and administrative building were adorned, music was played, and a national costume contest was held.

**On October 5, Karaganda Energy Centre's CHPP-3 hosted a celebratory event to commemorate the Day of the Elderly.** First and foremost, the traditional Alley of Power Engineers campaign was held as a symbol of maintaining memory and the indivisible bond between generations of power engineers. Experienced power engineers and their younger colleagues planted pine seedlings together, carrying on a tradition that began last year. Then there was a tour on the Karaganda CHPP-3, which supplies heat and energy to city residents. The gathering continued in the style of a round table discussion, with the major theme being how to improve the qualifications of power engineers.

During the round table, they discussed concerns such as organising on-the-job training, developing work programmes with the help of CHPP production personnel, and attracting experienced workers to instruct. Veterans told the youth about their professional training and how they became involved in it. During the discussion, experienced and young power engineers attempted to determine the most acceptable course of professional training, incorporating both old and modern ways. Following the round table, there was a moment of celebration in which veterans of the power business were praised and acknowledged for their active lifestyle, optimism, and hope in the future.

In order to improve personnel training, a training centre was established at CHPP-3 in February of this year. Its current primary responsibilities include industrial training for CHPP-1 and CHPP-3 staff, industrial practice for future power engineers, and the establishment of a promising candidates pool.

#### **The second intellectual game "Zhas oylar" for young specialists was held at the Karaganda Energy Centre LLP**

On December 8, the intellectual game "Zhas Oylar" was conducted for young power engineers from Karaganda Energy Centre LLP. The game took place at CHPP-3 for the second time. The game's topic was safety and first aid. Four teams of young workers from various specialities at CHPP-1, CHPP-3, and the central office competed.

The teams' makeup was chosen by drawing lots before to the commencement of the game. This did not prevent the youth from quickly establishing a common language, selecting a leader, and settling on a name. A few minutes later, the game organisers were given with the teams Kuat, Friendship, Interns, and Fixies.

There were six rounds, or "stations" in the game. According to the paths assigned to the teams, the transition from one station to another required the fulfilment of tasks in industrial safety, medical terminology, emergency and first aid, medical theory, and creative work.

#### **The intellectual game Zhas oylar dedicated to the day of the capital took place at the Karaganda Energy Centre LLP**

On July 5, the intellectual game "Zhas Oylar" was held in Karaganda Energy Centre LLP to commemorate the Day of the Capital. The energy producing company's training centre

organised and hosted the event for young employees from CHPP-1, CHPP-3, and the central office. Participants from various workshops and departments of the enterprise were separated into four groups. Experienced power engineers served on the jury.

The game was structured as a quiz with seven rounds, each with a different theme: logic, physics, the history of the enterprise, safety measures, parameters of power equipment and its operation, and participants were expected to have professional knowledge, general knowledge, and resourcefulness.

**In January 2023**, Ust-Kamenogorsk CHPP LLP established a medical centre to receive blood donors. Thirty employees participated in the event, and thirteen litres of blood were collected. The Donor Day campaign is more than just a blood donation; it also represents unity and mutual help. Employees at Ust-Kamenogorsk CHPP LLP exemplify corporate civic activism.

**In February 2023**, Ust-Kamenogorsk CHPP LLP hosted a conventional chess competition. As part of the preparations for the 49th Spartakiad of Power Engineers of the East Kazakhstan Region, the enterprise runs internal competitions among employees each year.

**On February 20**, a cross-country skiing competition was organised in the regional centre of the East Kazakhstan region for employees of the Ust-Kamenogorsk CHPP's structural divisions. The competition took place on everyone's favourite Komsomolsky Island, with the help of the enterprise's Trade Union. The contestants were tasked with covering the distance in the shortest time: 2.4 km for men and 1.6 km for women.

**In March 2023**, to commemorate International Women's Day, the lovely half of the enterprise was greeted with flowers at work. Employees at the Ust-Kamenogorsk CHPP got almost 100 bouquets of vivid red roses. Young specialists greeted them at the company's door early in the morning.

The ladies received roses in addition to warm greetings and compliments from men. Such a campaign has become customary at the company. In this way, the male members of the team express admiration, appreciation, and gratitude to their lovely coworkers. During the holiday, the men organised a concert in the assembly hall on their own.

**On March 26**, a large-scale Earth Hour event was held around the world. On this day, people switch off the lights and household appliances in their houses, as well as the backlights in administrative and other buildings, for an hour between 8:30 and 9:30 p.m. Ust-Kamenogorsk CHPP LLP has been supporting the effort for several years, turning off the lights at the Enterprise's entrance as well as those in the offices and hallways. The primary purpose of the Earth Hour campaign is to advocate for responsible use of the planet's resources and environmental stewardship. This year, Kazakhstan's Earth Hour focused on ecotourism. To be a true ecotourist, it is necessary to contribute to environmental conservation.

**On April 2, 2023**, the sports tournament "Come on, guys" took place in Ust-Kamenogorsk. The tournament was held as part of the 49th Spartakiad of East Kazakhstan power engineers. The most powerful young men from the enterprises competed in endurance, strength, and agility. The competition programme consisted of five sorts of exercises: kettlebell lifting, arm wrestling, stamping, push-ups, and tug-of-war. Teams from the region's largest energy companies pushed fiercely for the right to lead. Teams of young men sought the title of super team. It was engaging, entertaining, and the participants shown a competitive spirit.

**In April 2023**, in accordance with the civil defence activity plan, a seismic training was organised at Ust-Kamenogorsk CHPP LLP, where Enterprise employees once again mastered their actions in emergency circumstances. Such activities are organised quarterly, with the primary purpose of developing and consolidating personnel's practical actions in case of an earthquake, including conducting emergency rescue and



urgent work, fundamental rescue tactics and methods, and mutual support to minimise potential losses.

In total, 345 Ust-Kamenogorsk CHPP LLP employees and 30 contractor personnel attended the training. During the training, an emergency signal was issued, prompting everyone to exit the premises within 20 seconds.

**On April 14,** as part of the “Clean City”» environmental effort, about 45 Ust-Kamenogorsk CHPP LLP employees went out to clean up. The event was organised to support the “Birge Taza Kazakhstan” campaign. With the coming of the spring thaw, Enterprise staff traditionally clean up the station surroundings. They removed rubbish and dead wood using the appropriate tools.

**On May 26, 2023,** the Akim of the city of Ust-Kamenogorsk, Zhaksylyk Omar, gave letters of gratitude to the best employees of public utilities in the regional centre of the East Kazakhstan region based on the results of the previous heating season 2022–2023. A number of power engineers at the Ust-Kamenogorsk CHPP received well-deserved awards. The following UKCHPP personnel received letters of gratitude: Maksat Yegeubayev, Dmitry Trusov, Nurlybek Kalibekov, and Nurlan Taukhanbayev.

**In May 2023,** an event was organised in Ust-Kamenogorsk to commemorate the 70th anniversary of the Ust-Kamenogorsk Higher Polytechnic College – smithery of power engineers for numerous sectors of the Republic of Kazakhstan’s economy. Representatives from the UK CHPP attended the festive celebration and congratulated the educational institution’s workforce on this special occasion.

**In June 2023,** the Ust-Kamenogorsk CHPP hosted a two-week children’s reciting competition. On June 1, an independent competition committee summarised the results of the finest creative poetry reading – an event devoted to International Children’s Day “Hello, Summer!” The competition’s goal was to raise awareness about the theme of childhood, love and

kindness towards children, the development of family values, and the development and realisation of creative potential. The top 27 videos were submitted to the competition committee for review. All of the competitors tackled the situation with creativity and seriousness. The jury struggled to summarise the results. So, in the category up to 7 years old, Tomiris Bakytbekova finished first, Mark Smaznoi came in second, and Bashir Kabyshev came in third. Miron Litvinov won first place in the 8-year-old category, followed by Altair Talgat in second and Arsen Azat and Georgy Milakin in third.

**On June 5** the World Environment Day – Ecologist Day is celebrated. The purpose of this day’s celebration is to instil in everyone a desire to contribute to environmental conservation and to inspire as many people as possible to take action to safeguard and defend our planet’s natural systems. The UK CHPP supports all initiatives aimed at protecting the nature and environment. One of the requirements for the validity of permits for emissions into the environment is the implementation of a set of environmental education and knowledge dissemination initiatives. The Ust-Kamenogorsk CHPP has adopted all the best possible environmental protection technologies, as certified by the Republic of Kazakhstan’s Ministry of Energy. In honour of the observance of World Environment Day in June of this year, the Ministry of Ecology and Natural Resources of the Republic of Kazakhstan organised a competition of children’s drawings of schoolchildren from the East Kazakhstan region “Taza bolsa tabigat – adam bolar adamzat.” Ust-Kamenogorsk CHPP’s rendered its donation as gifts for the winning places to orphans.

**On June 8, 2023,** city akim Zhaksylyk Omar paid a visit to Ust-Kamenogorsk CHPP, as part of his work tour. Aydin Beksoltan, General Director of Ust-Kamenogorsk CHPP LLP, informed the city’s akim and media representatives about the status of preparations for the upcoming heating season of 2023-2024, detailed the repair work completed on time, conducted a tour of the enterprise, and familiarised them with the work process directly in the workshops. As you are aware,

the summer season is a busy time for power engineers: it is critical to do the necessary work completely and on schedule in order to be fully prepared for the autumn-winter season.

**On June 10 and 11, 2023,** Ust-Kamenogorsk CHPP LLP’s football and volleyball teams competed in traditional competitions among East Kazakhstan power engineers. The goal of these sporting events is to encourage workers to participate in regular sports activities, to promote and expand the sports movement, and to strengthen health and physical fitness among energy workers. The following companies took part in the power engineers’ Spartakiad: Ust-Kamenogorsk CHPP LLP, Ust-Kamenogorsk HPP NPP LLP, Shulba HPP NPP LLP, Sogrinskaya CHPP LLP, Ust-Kamenogorsk Thermal Networks JSC, and United Energy Service Company JSC. All of the teams were well-prepared. UKTEC was represented by two football teams. The initial UKCHPP-1 team consisted of Kozhabek Samarkhanov, Bauyrzhan Baigaliyev, Yerzhan Kazhymukhametov, Damir Tansykkozhinov, Mukhtar Toguzov, Aibol Abeshov, Adil Toktarkhanov, and Rustam Sassanov. The second UKCHPP-2 team consisted of: Syrym Omirzakov, Dossym Kaindinov, Yerzat Yeldossov, Miras Ualikhanov, Yerzhan Mubarakov, Yeldos Akhmetay, Alibek Baysoltan, and Baglan Sapashov. According to the competition results, the UKCHPP-1 team finished in second place, while UKCHPP-2 came in third. At the same time, a beach volleyball tournament was taking place. The UKCHPP women’s team took second place.

**On June 16, 2023,** Ust-Kamenogorsk CHPP LLP was visited by Ust-Kamenogorsk Higher Polytechnic College students pursuing a degree in Electricity Supply. As part of the Corporate Training Centre’s activities, the enterprise collaborates with the Ust-Kamenogorsk Higher Polytechnic College on dual training programmes and a specialised programme for training professionals.

Employees at the Ust-Kamenogorsk CHPP got mandatory first-aid training in accordance with the HEARTSAVER course **in June to July 2023.** The instruction is delivered offline by

qualified trainers who have received extra training in first aid and basic cardiopulmonary resuscitation and hold a Certificate – a document of the specified form for completing first aid training. In May this year, two station employees, Natalya Slabodchikova, the head of the Corporate Training Centre, and Syrym Omirzakov, the leading engineer of the production control, safety, and labour protection service, underwent first aid training at the Kazanada International Cardiology Association in Astana and received the required trainer-instructor certificate.

**On June 30, 2023,** Yermek Kosherbayev, Akim of the East Kazakhstan Region, paid a working visit to the region’s largest combined heat and power plant, the Ust-Kamenogorsk CHPP. During the presentation of the Ust-Kamenogorsk CHPP’s current activity, the focus was on the implementation of the repair programme in preparation for the upcoming heating season of 2023-2024. Aydin Beksoltan, General Director of Ust-Kamenogorsk CHPP LLP, briefed the region’s head and media representatives on the status of repair work, led them on a tour of the enterprise, and familiarised them with the work process firsthand in the workshops.

**On June 22, 2023,** the Ust-Kamenogorsk CHPP’s Corporate Training Centre hosted a Time Management training session. Within an hour, the workshop participants had learnt about time management techniques for both beginners and more advanced persons. They have perfected time management abilities, and with no effort, can save 2-3 hours per day. This time is better spent doing something fascinating and beneficial. The training session lasted only one hour and focused solely on practical information and recommendations.

**On June 27, 2023,** the Corporate Training Centre of Ust-Kamenogorsk CHPP LLP hosted an online time management training via a zoom conference for Karaganda Energy Centre LLP personnel. “In today’s society, we lead busy and varied lives, juggling work, studies, family, and other responsibilities. Time management is simply essential in this cycle of events, with concerns about professional activities, job advancement,





and visits with friends and family. How to correctly plan the implementation of all tasks? Not to forget anything, approach work with a professionally, devote time to family roles and maintain a resource state – with these remarks, head of the Corporate Training Centre of Ust-Kamenogorsk CHPP LLP Natalya Slabodchikova started her training.

**On July 12, 2023**, employees from Ust-Kamenogorsk CHPP LLP's HR department attended the job fair “Zhastar zhumys zhermenkesi,” which was organised by the youth wing of the East Kazakhstan regional wing of the Amanat party – Zhastar ruhy. Representatives from 20 regional enterprises, employees from city and district education departments, and regional educational institutions all attended the event. The organisers stated that the fair's goal is to hire unemployed citizens, graduates of educational institutions, and young people through direct interaction between the employer and the candidate.

**On July 25, 2023**, a press tour was held at Ust-Kamenogorsk CHPP LLP as part of the heating plant's preparation for the coming heating season. During the event, members from the Ust-Kamenogorsk city akimat and the media learnt about the status of the repair work at UKCHPP. Nurlan Akhmetzhanov, Technical Director of Ust-Kamenogorsk CHPP LLC, addressed those present about the current repair campaign, gave them a tour around the facility, and showed them the work process firsthand in the workshops. Thus, the press tour participants visited boiler units No. 15, 13, and turbo unit No. 12, where major and auxiliary equipment is being repaired around the clock, as well as the main control panel. The press tour participants watched a presentation on the state of the station's restoration effort and answered questions about the enterprise's manufacturing activities.

**On August 26, 2023**, the Olga Rypakova Athletics Centre hosted a triathlon race for workers, as part of the XXXIX Spartakiad of power engineers in the East Kazakhstan region. The goal of these athletic events was to encourage employees to participate in regular sports activities, to

support and expand the sports movement, and to enhance health and physical fitness among energy workers. The following companies took part in the Spartakiad of power engineers: Ust-Kamenogorsk CHPP LLP, Ust-Kamenogorsk HPP NPP LLP, Shulba HPP NPP LLP, Sogrinskaya CHPP LLP, Ust-Kamenogorsk Thermal Networks JSC, and United Energy Service Company JSC. All of the teams were well-prepared. The UKCHPP team was represented by Dias Kabdykarimov, Zhanar Sabiyeva, and Ulan Abdyray. According to the competition results, the UKCHPP team placed second overall. Dias Kabdykarimov, a trainee machinist-inspector for turbine equipment, won the individual competition with the top scores in all categories.

**On August 21, 2023**, Tamerlan Aitkozhin, State Inspector of the Presidential Administration of the Republic of Kazakhstan, paid a working visit at Ust-Kamenogorsk CHPP LLP. The main goal of the visit was to inspect the repair programme's implementation at East Kazakhstan's combined heat and power plants. Currently, repairs are being carried out on the UK CHPP's main and auxiliary equipment in accordance with the approved schedule in preparation for the upcoming heating season of 2023-2024. Daniyar Nugumanov, General Director of the Ust-Kamenogorsk CHPP LLP, informed Tamerlan Aitkozhin in detail about the repairs completed on the main equipment at this stage, gave him a tour of the facility, and introduced him to the work process directly in the workshop. To present, Ust-Kamenogorsk CHPP LLP has accomplished 66.2% of the total scheduled repair work.

**Since August 17, 2023**, Ust-Kamenogorsk CHPP LLP has begun giving sets of school supplies to children of enterprise employees who will enter first grade in September 2023. The company provided gifts to more than 30 children. According to custom, all first graders were invited to UK CHPP to deliver school gifts and say words of wisdom, as school is a step towards independence. Natalya Slabodchikova, the head of the Corporate Training Centre, began the event by giving all of the children safety instructions that she had carefully prepared for them. The children were treated

to a fascinating tour of the enterprise. The first graders toured the main control room, coal stack, CTC, and museum. Directors Nurlan Akhmetzhanov and Igor Sukhanov met the children and showed them where their parents work. Igor Sukhanov, Director of Labour Protection and Environment – the Labour Protection Directorate, personally escorted the children around the station, while Technical Director Nurlan Akhmetzhanov led them on a tour of the museum and explained how the thermal power plant works. The children were greeted by a sweet table and joyful animators who presented a scientific display.

**On September 16, 2023**, Roman Sklyar, the Republic of Kazakhstan's First Deputy Prime Minister, paid a working visit at the Ust-Kamenogorsk CHPP. Currently, repair work is being conducted on the UK CHPP's main and auxiliary equipment in strict accordance with the approved schedule in preparation for the following heating season of 2023-2024. Daniyar Nugumanov, General Director of Ust-Kamenogorsk CHPP LLP, briefed those in attendance on the status of the repair work, led a tour of the facility, and personally introduced First Deputy Prime Minister Roman Sklyar and media representatives to the work process in the workshops.

**On September 15, 2023**, Ust-Kamenogorsk CHPP LLP had an Open Day for regional centre students and schoolchildren, which was organised by the Ust-Kamenogorsk City Akimat Youth Resource Centre. As is well known, Kazakhstan commemorates Labour Day on the last Sunday of September, as decreed by the President of the Republic of Kazakhstan, in order to strengthen traditional respect for blue-collar jobs and raise awareness of the value of labour from a young age. The state's main goal in organising festive and planned Labour Day events is to raise the status and authority of blue-collar jobs, revive the traditions of working dynasties in families, stimulate labour productivity, attract the attention of young people, and unite work teams. Natalya Slabodchikova, head of the Corporate Training Centre, and Zhandos Turarov, Deputy Technical Director for Operations, led a tour of the thermal power plant.

**On September 18, 2023**, during their working visit, Ust-Kamenogorsk CHPP was visited by Deputy Akim of the East Kazakhstan Region Bakytzhan Bayakhmetov, Deputy Head of the Department of Construction, Energy, Housing and Communal Services of the East Kazakhstan Region Nurlan Ramazanov, and Head of the Territorial Department of the Committee for Atomic and Energy Supervision and Control of the Ministry of Energy of the Republic of Kazakhstan for the East Kazakhstan Region Kabdoldayev Meirambek. The visit was primarily intended to inspect the progress of the maintenance programme at the East Kazakhstan Region's combined heat and power plants. Currently, repair work is being conducted on the UK CHPP's main and auxiliary equipment in accordance with the approved schedule in preparation for the upcoming heating season of 2023-2024. Daniyar Nugumanov, General Director of Ust-Kamenogorsk CHPP LLP, addressed those present in detail about the repairs performed on the major equipment at this stage, gave them a tour of the facility, and introduced them to the work process directly in the workshops.

**On September 21, 2023**, students from the Ust-Kamenogorsk Higher Polytechnic College's “Automation and control of technological processes” speciality paid a visit to the enterprise. Future specialists were introduced to the thermal automation and measuring shop's operations, which were explained by experienced personnel. Ust-Kamenogorsk CHPP LLP collaborates with the Ust-Kamenogorsk Higher Polytechnic College to develop dual training programmes as well as a goal programme for the educational programme “Heat power plants of thermal power plants.” In 2021, 15 college students successfully completed their training as part of the dual training programme; beginning with the academic year 2022-2023, a goal agreement was reached with Ust-Kamenogorsk Higher Polytechnic College for internships and mastering professional competences. An agreement on dual training for 3rd-year students in the speciality “Thermal Power Plants of Thermal Power Plants”, qualification “Thermal Power Technician” is being finalised. The training time is three years and ten months.



**On October 2, 2023**, Ust-Kamenogorsk CHPP honoured its senior retired colleagues on International Day of Older Persons. This day provided an ideal chance for the power engineering team to demonstrate gratitude and respect to energy industry veterans for their many years of service and support to the enterprise's growth. Despite the fact that UK CHPP veterans are taking a well-deserved rest, they closely and enthusiastically follow the events and operations of their dear enterprise. The event was organised in a warm and welcoming setting. The enterprise's 171 retirees were invited to the holiday. The UK CHPP team convened to congratulate industry veterans and thank them for their contributions to the development of the domestic energy industry. Throughout the celebration, warm and meaningful remarks were spoken to the retirees. Enterprise's General Director Daniyar Nugumanov emphasised the importance of their work and stated that their contribution to the development of UK CHPP cannot be overstated. Representatives from the initiative group organised a small concert in which they played musical songs to provide the veterans joy and positive sentiments.

**On October 25, 2023**, a mass run called the "OSKEMEN RUN" to the Mount Kazakhstan was held in Ust-Kamenogorsk to commemorate the Republic Day. The run attracted both professional athletes and amateurs, with over 200 participants in all, including guests from Astana, Semey, Ridder, and districts of the region. The marathon aims to promote physical activity and sports for a healthy lifestyle, promote running as a popular sport for all age groups, improve participants' sports qualifications, and promote domestic and international tourism. To commemorate the national energy holiday, Ust-Kamenogorsk CHPP LLP once again exhibited their friendliness, patriotism, and desire for a healthy lifestyle. The participants covered 1,000 meters with a height increase of 163 meters.

**On October 21, 2023**, the regular XI regional tournament among working youth FACTORY Youth-2023 was held, at the Olga Rypakova Athletics Centre in Ust-Kamenogorsk, in honour of Republic Day, the national holiday. The competition

featured teams from four of the region's largest industrial enterprises: Ust-Kamenogorsk CHPP, Sogrinskaya CHPP, Ust-Kamenogorsk Titanium and Magnesium Plant, and Ulba Metallurgical Plant. The event's objectives were to promote state youth policy in the region, popularise blue-collar jobs, foster creativity among working youth, and increase effective career advice work at the enterprises. The FACTORY Youth-2023 tournament was divided into three stages: a video competition regarding enterprise career guidance, sports team building and a cheerleader performance. The competition was held in a team building framework that included sports and competition moments. The majority of the stages in which the teams participated were centred on interaction with colleagues on the team and were evaluated based on the final time of completion. And now the teams had to pick between doing everything as rapidly as possible while incurring fines or doing things slowly but steadily while avoiding temporary restrictions. The Ust-Kamenogorsk CHPP's power engineers performed admirably due to company togetherness and proper physical training. In the competition for career guidance videos of UK CHPP was in the forefront of the vote and did not lose first place by a big margin until the very end. The voting went from 9:00 until 13:00, and Ust-Kamenogorsk CHPP received 889 votes out of a total of 2094. Yerbol Nurgaliyev, chairman of the Administration of the Akim of the East Kazakhstan region, attended the ceremony. He awarded the Ust-Kamenogorsk CHPP team a diploma for finest sports team and a financial prize of 100,000 KZT.

**On October 3, 2023**, personnel of the Ust-Kamenogorsk City Emergency Situations Department implemented fire safety precaution measures while operating gas equipment during the heating season for Ust-Kamenogorsk CHPP LLP. Safety is one of the most important aspects of the energy industry, and the procedures used serve to prevent hazards and ensure employee safety both at work and at home. In addition, personnel at Ust-Kamenogorsk CHPP were handed fire safety booklets. One of the primary responsibilities of Civil Defence Department staff is to ensure the safety of gas equipment

while in use during the heating season. Senior engineer of the Ust-Kamenogorsk City Emergency Situations Department, Senior Lieutenant of Civil Defence Yerkebulan Ibrayev, and officer of the Ust-Kamenogorsk City Emergency Situations Department, Senior Lieutenant Azamat Akzambekov offered the most valuable recommendations on this topic.

**On October 3, 2023**, a round table discussion was conducted in the Meeting of Generations format to discuss the theme "Connection of Times. Continuity of generations" in the territorial association of trade unions "Trade Union Centre of the East Kazakhstan region," where veterans of the region's trade unions, active youth from local enterprises, members of local representative bodies, and representatives of the Akimat of Ust-Kamenogorsk met. The leader of UKCHPP's initiative group, senior safety engineer Syrym Omirzakov, and UKCHPP's public relations manager, Zhanar Sabiyeva, presented a study on current difficulties facing working youth. Temirbek Kassymzhanov, chairman of the territorial association of trade unions "Trade Union Centre of the East Kazakhstan region," congratulated the veterans of the sector on the occasion of the Day of the Elderly and highlighted their contributions to the growth of the East Kazakhstan region's trade union movement.

**On November 2, 2023**, Representatives from Ust-Kamenogorsk CHPP LLP attended a workshop on explaining the concept of safe labour in the Republic of Kazakhstan until 2030, which was organised by the Office of the State Labour Inspectorate of the East Kazakhstan Region in collaboration with the Republican Research Institute for Labour Protection of the Ministry of Labour and Social Protection of Kazakhstan. More than 100 officials from government agencies, territorial organisations of industry trade unions, technical labour protection inspectors, enterprise heads, and heads and specialists of the safety and labour protection service attended the event, which was hosted online.

**On November 7, 2023**, Ust-Kamenogorsk CHPP LLP held a one-day training for key personnel of installation operators

of Kazakhstani industrial enterprises, inspectors of the state environmental control of the Department of Ecology, and other stakeholders on the validation and verification of greenhouse gas reporting, as part of the development of new areas of accreditation and popularisation of a series of ISO standards in the field of greenhouse gas management. The event was organised by the National Accreditation Centre of the Technical Regulation Committee of Kazakhstan's Ministry of Trade and Integration.

**On November 14, 2023**, Ust-Kamenogorsk CHPP LLP introduced situational Kazakh language lessons for its staff. The UKCHPP staff, who are of many nationalities, initiated the study of the Kazakh language. As is well known, the Ust-Kamenogorsk CHPP team is multicultural, with members from dozens of ethnic groups, but they all agreed that studying the state language was essential. In addition to the obvious competitive advantage, knowing the Kazakh language allows to gain a deeper understanding of the culture and history. No matter how wonderful the translation is, only the original version can capture the beauty and depth of, say, Abai's works. Now, anyone can study the state language at the station for free. The Oralkhan Bokey Library's conversational Kazakh language classes "Kel, soyleseyik!" will help in mastering the Kazakh conversational style.

**On November 25, 2023**, specialists from Ust-Kamenogorsk CHPP paid a visit to Karaganda CHPP-3 as part of an exchange of experiences and the development of cooperation in the energy industry. The goal of this visit was to engage and enhance practical skills in the administration and operation of a thermal power plant. As is known, the Ust-Kamenogorsk CHPP LLP and Karaganda Energy Centre LLP are members of the Kazakhstan Utility Systems Group. Professional contacts have developed amongst energy producing enterprises, allowing thermal power plant specialists to communicate and share their expertise. Over 20 UKCHPP power engineers paid visits to Karaganda CHPP-3 main shield, group shields, boiler, and turbine shops. Unlike all earlier excursions at the station, the guide, deputy chief engineer Pavel Kuznetsov,



and the excursionists concentrated solely on the technical aspects of production.

**On November 29, 2023**, the Corporate Training Centre of Ust-Kamenogorsk CHPP LLP held a training session for newly hired personnel to familiarise them with the thermal power plant's details. The programme's goals include guaranteeing speedier and more successful integration of new employees into the team, learning about the enterprise's safety and labour protection standards, preventing errors in order to eradicate them, and adapting from the first day of work. Certified trainers provided instruction to freshly arrived staff. The training covered the following topics: OHS standards adopted by the enterprise; environmental protection standards; presentation of training programmes within the framework of professional competencies; regulatory standards of ethics and lean policies in production; training "Providing first aid"; and training "The Kaizen System of Continuous Process Improvement."

**On November 23 and 24, 2023**, a large-scale sports event was conducted in Karaganda, with the involvement of KUS Group subsidiaries and the Kazakhstan Utility Systems Management Company – the corporate Spartakiad of power engineers. This became the main event to commemorate Karagandy Zharyk LLP's 20th anniversary. After two days of competition, the overall team rankings were as follows: Ust-Kamenogorsk CHPP LLP had 29 points, Karagandy Zharyk LLP had 23 points, and Karaganda Energy Centre LLP had 20 points. The Ust-Kamenogorsk CHPP LLP team earned the top award of 500 thousand KZT. The Karagandy Zharyk LLP team won silver, while the Karaganda Energy Centre LLP team received bronze.

**On December 11, 2023**, Maulen Ashimbayev, Chairman of the Senate of the Parliament of the Republic of Kazakhstan, paid a working visit to the Ust-Kamenogorsk Thermal Power Plant. In addition to the head of the upper house of the Parliament and a group of MPs, Deputy Chairman of the Mazhilis of the Parliament of the Republic of Kazakhstan

Albert Rau, Minister of Ecology and Natural Resources of the Republic of Kazakhstan Yerlan Nysanbayev, Chairman of the Committee for Atomic and Energy Supervision and Control of the Ministry of Energy of the Republic of Kazakhstan Sungat Yesimkhanov, and Akim of the region Yermek Kosherbayev took part in the visit. Daniyar Nugumanov, General Director of Ust-Kamenogorsk CHPP LLP, offered thorough information on the current heating season, as well as updates on the company's maintenance and environmental measures, and led a tour of the station's main control panel.

**On December 20, 2023**, Ust-Kamenogorsk CHPP LLP welcomed the opening of a branch of the D. Serikbayev East Kazakhstan Technical University department at UKCHPP's Corporate Training Centre for the educational programmes "Heat Power Engineering" and "Electric Power Engineering." The red ribbon at the inaugural event was cut by Saule Rakhmetulina, rector of D. Serikbayev East Kazakhstan Technical University, and Daniyar Nugumanov, General Director of UKCHPP. The event was attended by the management and faculty of the East Kazakhstan Technical University, the management of Ust-Kamenogorsk Higher Polytechnic College, representatives of AES Ust-Kamenogorsk HPP JSC, employees of the Atameken Chamber of Entrepreneurs, heads of workshops and divisions of UKCHPP, and students.

**On December 22, 2023**, Ust-Kamenogorsk CHPP LLP staged a ceremonial event, to commemorate the professional holiday, Power Engineers Day. Veterans and the best employees of the enterprise who made a significant contribution to the development of the station were awarded various professional awards, medals, and certificates of honour on behalf of the Akim of the East Kazakhstan Region, the Akim of Ust-Kamenogorsk, the Kazakhstan Electric Power Association, the Kazakhstan Utility Systems Management Company and Ust-Kamenogorsk CHPP LLP. The award event began with a welcome address by Alexey Mokhnatkin, Deputy Chairman of the Board for Organisational Development – Kaizen of Ordabasy Group LLP, who praised the station's personnel

for their dedication to the profession, priceless work, and professionalism. Marat Tulessov, the shift supervisor of the electrical shop, and Dmitry Dergachev, the deputy supervisor of the fuel and transport shop, received medals from the Republic of Kazakhstan's Ministry of Energy for "For contribution to the electric power industry." Sergey Rymarev, a fitter for the repair and maintenance of boiler houses and dust preparation shops of the centralised repair shop, and Andrey Fateyev, a senior electrician for the maintenance of electrical equipment of the electrical shop, received the breast badge Kurmetti power engineer. Altai Urozayev, a car dumper driver at the fuel and transport shop, received the breast badge "Energy Engineer." Honorary certificates from the Republic of Kazakhstan's Ministry of Ecology were presented to Marina Streltsova, Chief Ecologist of the UK CHPP, and Yuri Litvinov, Lead Environmental Engineer.

**On February 14, 2023**, a round table discussion was held at Yessenov University on the theme Kazakh-German cooperation for sustainable development of the Mangistau region in the field of engineering. The round table was attended by Aidar Makhambet, Chairman of the Board of MREC JSC. The round table aimed to identify opportunities and disseminate best German practices, discuss the importance of training high-quality engineering specialists in light of economic needs, and strengthen professional, scientific, and cultural collaboration between German universities and Yessenov University. The Kazakh-German Institute of Engineering will be established on the campus of Yessenov University in Aktau, and students will be accepted beginning with the new academic year. More than a thousand people will be trained by 2030 to carry out the Hirasya One project, which would produce green hydrogen. Students majoring in Logistics and Power Engineering will be taught in both English and German. They will be eligible to enrol in eight bachelor's and six master's degree programmes.

**On February 15, 2023**, the Day of Remembrance for Internationalist Soldiers is being held. 2023 commemorated 34 years from the departure of soldiers from Afghanistan.

Employees of Mangistau Regional Electricity Network Company JSC, who have worked there for almost 25 years, were among those who served in the military in Afghanistan. In total, three Afghan war veterans work at MREC JSC. They are Makhmud Karazhanov, a truck crane operator for the mechanisation and transport service; Jalgasbek Kurkitov, an Aktau RES dispatcher; and Oryngali Sarkulov, the Shetpinsky RES head engineer. Chairman of the Board of the Joint-Stock Company Aidar Makhambet, along with Chairman of the Trade Union Committee of the Public Organisation «Local Trade Union of MREC JSC Bauyrzhan Alibekov, praised the internationalist soldiers in accordance with tradition. They received words of praise and admiration for the courage and fortitude they demonstrated while serving in the military.

**On February 16, 2023**, a meeting on the topic Study of the integration of renewable energy sources into distribution networks was held on the information platform of Mangistau Regional Electricity Network Company JSC. The event was organised by the USAID Central Asia Energy initiative in collaboration with representatives from Almaty University of Power Engineering and Communications. The meeting's objective was to review preliminary possibilities for the growth of the Mangistau region's energy system, as well as the outcomes of MREC JSC work on integrating renewable energy sources into its distribution networks.

**On March 8, 2023**, the male half of the MREC JSC team congratulated their female teammates on International Women's Day. A ceremonial event took place in the conference hall of MREC JSC. Recognising and honouring women power engineers on the eve of March 8 has long been a good tradition, and it is an intrinsic component of the Company's social policy and corporate culture.

**On March 14, 2023**, Korisu Kuni, also known as Amal meiramy, a lovely and unusual holiday passed down through generations, is celebrated in Kazakhstan. Translated from Kazakh, it literally means "to meet" or "meeting." Employees of Mangistau Regional Electricity Network Company JSC celebrated Amal,





the spring renewal holiday, in accordance with tradition. Amal is an ancient tradition in Western Kazakhstan. Amal has been honoured on Mangistau territory for almost a century. The ancient Kazakh celebration marks the start of the new year and the beginning of the equinox. Spring arrives on March 14th, the time of “maturing” of leaves.

**On April 5 and 6, 2023**, professionals from Mangistau Regional Electricity Network Company JSC completed training under the programme Training of internal auditors of integrated management systems in accordance with the requirements of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, and ISO 50001:2018. Saule Shokayeva, an expert auditor at the Kazakhstan Quality Organisation LLP, provided the training. Twenty company personnel participated in the IMS training course. The participants became thoroughly acquainted with the requirements of the aforementioned international standards and learnt the practical skills required for the successful implementation of the IMS.

**On May 25, 2023**, representatives from the fair gender of the Mangistau region’s leading oil and gas and energy companies met at Mangistaumunaigas JSC. Aizada Akkaysieva, Deputy General Director for Economics and Finance and Member of MAEC LLP’s Management Board, initiated and led the meeting. Aizada Akkaysieva is the Chair of the KAZENERGY Women’s Energy Club. Following the meeting, Sholpan Ilmukhanbetova, Director of Mangistaumunaigas JSC Financial Department, announced plans to establish a branch of the KAZENERGY Women’s Energy Club within MMG JSC.

**On May 26, 2023**, Mangistau Regional Electricity Network Company JSC employees organised a clean-up day. The power engineers, armed with rakes, shovels, waste bags, and brooms, cleaned up the company’s territory. Cleaning and beautifying the enterprise’s territory is a nice tradition among MREC JSC personnel.

**On June 6, 2023**, an information and explanation meeting was organised at Mangistau Regional Electricity Network

Company JSC information platform to discuss the planned implementation of the Single Purchaser model and the real-time balancing market for electric energy. A unique outreach explaining effort in the country’s regions was launched to ensure that wholesale electricity market organisations are aware, as well as to explain the new electric energy market model, which went into effect on July 1 this year.

**On June 14, 2023**, a coordination meeting was conducted in Aktau on the topic “Study of the integration of renewable energy sources into distribution networks.” The USAID Central Asia Energy Project organised the project, which also included representatives from Almaty University of Power Engineering and Communications and the Innovative Wind Energy firm. The event was attended by the top management of MREC JSC, representatives from the USAID Central Asia Energy Project, Almaty University of Power Engineering and Communications, as well as representatives of the State Enterprise Aktau Electric Grids Administration, the Department of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan for the Mangistau Region, the Department of Energy and Housing of the Mangistau region.

The meeting’s purpose was to discuss the final results of the assessment of MREC JSC distribution network assets and the forecast of electricity demand, as well as consultations on the preliminary results of the Mangistau region’s energy development scenarios. During the meeting, participants were introduced to the DigSILENT PowerFactory software.

**On June 15, 2023**, Mangistau Regional Electricity Network Company JSC hosted a training seminar on the theme “DigSILENT Power Factory creation of a digital twin of the Mangistau REC network model.” The USAID Central Asia Energy Project organised the event in collaboration with representatives of Almaty University of Power Engineering and Communications. The training was delivered simultaneously in both offline and online modes via the Zoom platform.

Employees from MREC JSC, officials from the USAID project “Power of Central Asia,” Almaty University of Power Engineering and Communications, and Yessenov University all attended the event. Representatives from USAID Power of Central Asia demonstrated the DigSILENT Power Factory software. The training participants were informed about the software’s intended use, as well as its primary capabilities and tools.

**On July 28, 2023**, a meeting was conducted at Mangistau Regional Electricity Network Company JSC’s information platform to discuss the implementation of the hybrid power plant project based on renewable energy sources (RES) in Mangistau. The event was attended by MREC JSC management, Arm Wind (ENI) representatives, and NC KazMunayGas JSC. During the meeting, Aidar Makhambet, Chairman of the MREC JSC Management Board, and Alex Stillavato, Managing Director of Arm Wind, reviewed a variety of problems related to power distribution systems (PDS), the process of issuing technical specifications, and next stages in project implementation. Chairman of the MREC JSC Board Aidar Makhambet emphasised the company’s willingness to increase its potential.

**In September 2023**, Mangistau Regional Electricity Network Company JSC passed the recertification audit of the integrated management system (IMS) of quality, ecology, industrial safety and labour protection, energy management in the international certification system for compliance with the requirements of international standards ISO 45001:2018, 9001:2015, 14001:2015, and 50001:2018. The company acquired updated certificates of compliance with international standards for the enterprise’s processes and practices, indicating the high degree of organisation of internal operations and service delivery to its customers.

#### The recertification audit aims to:

- verification of compliance of the management system with the requirements of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018, established

processes and documentation of the organisation’s management system, taking into account internal and external changes;

- assessment of the management system’s ability to ensure compliance with applicable legal, regulatory and contractual requirements;
- assessment of the management system’s effectiveness to ensure that the set goals can be achieved;
- identification of areas for possible improvement of the management system.

During the audit, QSCert Qazaqstan LLP professionals ensured that the Company complied with the certification conditions, norms, and processes for using the certificate and conformity mark. There were no infractions identified. During the audit, traditional verification procedures were employed, including observation, collecting of objective evidence, surveys, generalisations, and analyses. The auditors paid special attention to manufacturing units because the quality of services offered is dependent on their performance.

**On September 23, 2023**, a ceremonial event commemorating Labour Day was held in Aktau, in the House of Friendship of the Assembly of People of Kazakhstan. As is known, Kazakhstan celebrates Labour Day on the final Sunday of September each year. In honour of the festival, Nurlan Nogayev, akim of the Mangistau region, presented awards to people from various professions who have made important contributions to the region’s socioeconomic growth. The region’s leader congratulated everyone who attended Labour Day celebrations.

**On October 10, 2023**, the international rating agency Fitch Ratings raised Mangistau Regional Electricity Network JSC’s long-term credit rating in foreign currency from “B+,” predicted “Stable,” to “BB-,” projected “Stable.” This emphasises the company’s successful long-term results and strategy. This achievement is the outcome of MREC JSC methodical and meticulous labour. The organisation maintains a high level of professionalism and efficient resource management.



**On October 21, 2023**, a mini-football tournament among firm employees was conducted at the Sh. Yesenov University's sports complex at the initiative of the trade union committee of the Local Trade Union of MREC JSC Public Organisation. The competition had eight teams, each consisting of personnel from the enterprise's structural divisions. Professional judges from the Mangistau Regional Football Federation were invited to referee the matches. According to the competition results, the Aktau RES team won first place. The Uzen RES team placed second. The Beineu RES team won bronze medals in the competition. The production service team made the top four.

**On October 28, 2023**, The trade union committee of the Local Trade Union of MREC JSC Public Organisation organised a volleyball tournament for company employees at the Sh. Yesenov University sports complex. The competition had eight teams, each consisting of personnel from the enterprise's structural divisions. The teams competed using a round-robin system. The tournament's primary purpose was to enhance corporate culture and team bonds, as well as to urge all players to band together around a shared goal and desire to win. The teams competed in agility, exhibiting their team spirit and determination to win. According to the competition results, the team of administrative and managerial workers won first place. The production service team finished second. The Buzachinsky RES team closed out the top three. The Uzen RES team made the top four.

**In November 2023**, Mangistau Regional Electricity Network Company JSC organised a training seminar on DigSILENT modelling for an electric power system. The training was completed successfully by 14 Company employees, who got certificates. The event was organised by the USAID Power Central Asia (PCA) project. Representatives from USAID Power Central Asia discussed the DigSILENT Power Factory software's major features and tools. The seminar taught attendees how to do static and dynamic stability analyses. Participants got certificates of completion at the end of the training.

**From November 21 to 23, 2023**, A training session titled "Implementation of a full-featured ASTU system and its integration with related automated control systems" was held at Grid Company JSC in Kazan (Republic of Tatarstan, Russian Federation). Specialists from Mangistau Regional Electricity Network Company JSC successfully finished the training and got the required certificates. The training was attended by Omirbek Nugiyev, head of MREC JSC central dispatch service, Batyrbek Aizhigitov, head of the communication service and dispatch technology department, and Maira Tashimova, head of the commercial dispatch service. The training was organised by Grid Company JSC, which distributes power to users in the Republic of Tatarstan. Representatives from Grid Company JSC discussed how to calculate electricity imbalance by node using measurements from smart metering devices, dispatch technology management tools, and the deployment of calculation and analytical applications. MREC JSC specialists were impressed with the course's level. They found the training programme to be comprehensive and fascinating.

**On November 23, 2023**, the Republican command and staff exercises "Kys-2023" took place in Aktau. Employees from all authorised services attended the event, including Mangistau Regional Electricity Network Company JSC. The Republican command and staff exercise drill demonstration included 153 individuals from all special services, as well as 40 units of special equipment. Including water, energy, warning and communication services, as well as police and firefighters.

**From November 27 to December 1, 2023**, volunteers and youth from the Mangistau region attended and completed an internship in Baku, Azerbaijan, as part of the Youth Internship 2.0 initiative. The internship was organised by the youth public association "Tupkaragan Zhastary" with cooperation from the Mangistau Region's Youth Policy Department. Shapagat Izbenov, a third-category electrician at Mangistau Regional Electricity Network Company JSC Buzachi RES substation, attended the event.

## Charity and Sponsorship

**The Group of companies is an active participant in social projects that benefit the communities in which it operates.**

### On the day of the Elderly, the Karaganda Energy Centre provided financial assistance to power industry veterans.

The first day of October is a great occasion dedicated to the older generation, who embody incredible hard work, wisdom, and extensive life experience, as well as boundless hope and perseverance. Caring for the elderly, or pensioners, is one of the most significant social duties of every modern enterprise. Karaganda Energy Centre LLP has always served veterans in the energy industry. This holiday provided an opportunity to once again congratulate the retirees – former employees of the company – for their efforts and contributions to the enterprise's growth.

On the Day of the Elderly, each of the 354 veterans of the energy-producing company Karaganda Energy Centre got financial help in the form of targeted transfers of funds to personal accounts for electricity.

On the eve of the holiday, electricity engineers visited home front workers from the war years and presented them with gift sets.

### On Victory Day, the youth assets of Karaganda Energy Centre congratulated veterans of the World war II

On the eve of May 9, young workers from Karaganda Energy Centre LLP's Youth Asset congratulated veterans of the World War II and home front workers who dedicated their lives to the development of the region's energy sector on Defender of the Fatherland Day and Great Victory Day. 16

veterans received monetary help as a gift, along with heartfelt greetings. In addition, as part of its social support efforts, the corporation provided tailored aid to four veterans working on the home front.

Veterans always look forward to these meetings. While taking a well-deserved rest, they continue to be interested in the enterprise's activities, recalling the war years and postwar working days.

*"May 9 is a national holiday in which we honour all those who forged the Victory in the front and behind the lines, leaving a legacy of themselves forever. This generation had to deal with difficult hardships and complicated postwar existence. Their lives exemplify courage, heroism, and patriotism. We are eternally grateful to them for their many years of service and the invaluable experience that they kindly shared. Therefore, it is our responsibility to visit our veterans on Victory Day each year, the corporation believes – "We wish them good health and a peaceful sky above their heads!"*

**Karaganda Energy Centre LLP and Karagandy Su LLP dispatched three teams of workers to assist the city of Ekibastuz, which had lost its heat supply.** The teams were equipped with the appropriate equipment and tools. They included 22 professionals, the majority of them were welders and equipment repairmen.

**Mangistau Regional Electricity Network Company JSC** (hereafter referred to as MREC JSC) values social support and charitable activity.

MREC JSC devotes special attention each year to concerns of helping socially vulnerable sectors of the population, large families and families with disabled children, youth, labour veterans, and retirees who previously worked in the energy sector.



MREC JSC also does not forget its employees; every year on Children's Day, an international holiday, it provides financial support to families raising disabled children.

Furthermore, in accordance with the current collective agreement, MREC JSC and the trade union committee provide their employees with the following types of financial assistance: veterans of labour and retirees, in connection with the death of close relatives, in the difficult financial situation of the family, in case of a long-term illness, when registering a young person's marriage, and so on.

MREC JSC is committed to the development of social responsibility and actively participates in charitable activities, assisting large families and families raising disabled children, as well as elderly and youth.

One of the guiding concepts of **Ust-Kamenogorsk CHPP LLP's** social policy is to care for not only the enterprise employees but also the citizens of the regional centre. Every year, for charity purposes, the UK CHPP provides every available support, including free coal to veterans of labour and retirees living in nursing homes. Thus, prior to the start of the heating season, Ust-Kamenogorsk CHPP transferred 55 tonnes of coal to non-governmental institutions without central heating: the Veterans' Home in the village of Tarhanka, the Social Adaptation Centre "Ray of Hope," and the Nursing Home "Kind Phoenix," all of which are in the private sector. Homefront workers, veterans, the elderly, and disabled people who require particular care

and attention are permanently housed at these facilities. The enterprise's youth initiative group had an active role in this good deed, which assisted with the placement of coal. With the arrival of autumn, Ust-Kamenogorsk CHPP employees are traditionally anticipated to gather at the Veterans' Home in Tarhanka. Fourteen tonnes of coal were supplied to the Veterans' Home soon before the first cold snap. Denis Pilipenko, the center's director, met the truck loaded with solid household fuel as it approached the little house. On behalf of the staff and all boarding home residents, he expressed gratitude to Ust-Kamenogorsk CHPP for their assistance and attention to the elder generation, as well as offered information about the institution's efforts to enhance living circumstances.

– *"For many years, UK CHPP has assisted our boarding house by providing us with coal during the entire heating season. We extend our heartfelt gratitude on behalf of our entire boarding house to the director and the entire team of UK CHPP, with specific thanks to the boys who took the initiative, came, and tossed in coal. "We wish everyone prosperity and career advancement," Denis Pilipenko said.*

Energopotok LLP actively participates in social programmes that benefit the local community in the region. The company provides free monthly benefits of 30 kWh to participants in the World War II and those who are equal to them. On the basis of a written request, large families can also receive free services for reconnecting to electricity networks after resolving contract violations.

## Environmental Protection

**The Environmental Code and the instructions for determining the category of an object that has a negative impact on the environment, approved by the order of the Minister of Ecology, Geology and Natural Resources of the Republic of Kazakhstan dated July 13, 2021 No. 246, regulate the division of objects that have a negative impact on the environment into four categories, depending on the level of impact, implying differentiation of environmental requirements for each category:**

- objects that have a significant negative impact on the environment (objects of category I);
- objects that have a moderate negative impact on the environment (objects of category II);
- objects that have an insignificant negative impact on the environment (objects of category III);
- objects that have a minimal negative impact on the environment (objects of category IV).

Thus, coal-fired power generation has the greatest environmental impact since, according to the Code's standards, coal-fired power plants are categorised as items of category I, which have a major negative impact on the environment.

**In compliance with the materiality principle, the Company discloses environmental protection issues for subsidiary energy generating assets in this annual report.**

Kazakhstan Utility Systems LLP sees environmental protection efforts as an inherent part of its daily activity, fully understanding the importance of maintaining environmental balance and ensuring environmentally sustainable socioeconomic development of society.

A responsible attitude towards the environment is a fundamental principle of environmental policy. The goals of this policy are to reduce negative environmental impact, increase environmental safety, take responsibility for environmental protection, conserve energy, and use natural and energy resources wisely in the enterprise's activities.

**The enterprises have successfully implemented and are using an integrated management system based on three international standards: ISO 9001, ISO 14001, and ISO 45001. In 2023, the organisations passed an inspection of their management systems.**

Karaganda Energy Centre LLP and Ust-Kamenogorsk CHPP LLP create environmental projects each year that include the essential environmental protection measures and the expenses of implementing them.

**In 2023, the enterprise and third-party organisations implemented the following environmental protection measures:**



### Karaganda energy Centre LLP

- Performance and adjustment tests of the ZUU of boilers BKZ-50 No. 1-5 and PTVP-100 No. 1-3.
- Monitoring the impact on the atmospheric air at the boundary of the sanitary protection and residential zones.
- Periodic watering of the territory of work performed on ash dumps using special vehicles.
- Rational use of water resources, reducing the risk of excess water losses.
- Determining the quality of drinking water.
- Dust suppression of section No. 2 of the dry storage ash dump of CHPP-1 with the development and transportation of soils.
- Extension of the service life of the ash dump with the GZU system.
- Monitoring the soil cover.
- Dust suppression during the development of ash and slag waste from the existing ash dump No. 1 of CHPP-1 with the GZU system with loamy soil.
- Alienation of waste to interested individuals and legal entities for processing, recycling and disposal.
- Testing the radiation quality of ash and slag waste, fuel oil and coal.
- Repair and partial replacement of burner devices on boiler units BKZ-420-140 st. No. 1-7.
- Carrying out instrumental measurements of emissions of harmful substances into the atmosphere from the station's boiler units.
- Maintenance and testing of the stationary gas analysis complex SGK-509.
- Steam irrigation to reduce emissions during coal refilling.
- Performance and adjustment tests of ash collection units.
- Monitoring the soil cover.

### Ust-Kamenogorsk CHPP LPP

- Replacement of swirl valves of medium-pressure boiler emulsifiers.
- Maintenance of the automated system for monitoring atmospheric emissions.
- Repair of ash collection units of boilers.
- Repair of burner devices of boiler units.
- Restoration of boiler unit lining and thermal insulation.
- Services for confirmation and verification of greenhouse gas emissions report.
- Inventory of greenhouse gas and ozone-depleting substance emissions.
- Monitoring of wastewater emissions and monitoring of water bodies (at the water intake site, above and below the wastewater discharge).
- Monitoring of soil conditions at the ash dump site.
- Landscaping.
- Construction of ash dump No. 5.
- Use of ash and slag waste.
- Preventive environmental safety – major repairs of ash pipelines.
- Transfer of solid household waste for disposal.
- Radiation monitoring of solid fuel.
- Observational audit of the ISO 14001 environmental management system.
- Observations of the deformation of the earth's surface of ash dump No. 3.
- Conducting environmental studies: environmental control/monitoring of the quality of the environment at the location of the ash dump, industrial site.
- Pumping wells and taking samples of groundwater at the location of the ash dump and industrial site.
- Improving the qualifications of specialists in the field of environmental protection.
- Environmental advertising, propaganda and education.

### Violations of Environmental Legislation

**The Company's enterprises, as large users of natural resources, are almost constantly under the control of state authorised bodies for environmental protection.**

- In 2023, there were no inspections by the Department of Ecology at Karaganda Energy Centre LLP.
- In 2023, the following inspections were carried out at Ust-Kamenogorsk CHPP LLP:

### Protection of Atmospheric Air

Karaganda Energy Centre LLP (hereinafter referred to as KEC) and Ust-Kamenogorsk TEC LLC (hereinafter referred to as UK CHPP) are large users of natural resources and have a significant impact on the atmospheric air.

In accordance with the requirements of the environmental legislation of the Republic of Kazakhstan, regulatory documents (MPE, EIA) were developed for power plants and maximum permissible concentrations (MPC) were established.

In order to comply with the requirements of the environmental legislation of the Republic of Kazakhstan and maintain design emissions of pollutants at power plants, operational monitoring is carried out, which includes: calculation of emissions into the environment from stationary sources, accounting of manufactured products, consumption of raw materials and materials, the number of operating hours of each unit of equipment, the quality and composition of the burned fuel.

In the period from 2004 to 2016, the companies replaced ash collection units on all boiler units of the station with 2nd

- By the Prosecutor General's Office of the Republic of Kazakhstan for the East Kazakhstan Region in accordance with the resolution on the inspection No. 7221963100100048 dated 29.12.2022.
- By the Department of Ecology for the East Kazakhstan Region in accordance with the act on the appointment of an inspection No. 47 dated 27.09.2023. As a result of the inspection, no violations were revealed.

generation emulsifiers. The implementation of this measure has increased the efficiency of capturing coal ash from the outgoing flue gases. At the same time, the implementation of this measure has increased the efficiency of capturing sulphur dioxide without adding special reagents.

In the period from 2009 to 2013, the burner devices at the high-pressure boiler units of the UK CHPP (st. No. 11-15) were reconstructed with the introduction of a technology for feeding high-concentration dust in order to reduce nitrogen oxide emissions into the atmosphere. The implementation of this measure has reduced the concentration of nitrogen oxides in the outgoing flue gases.

In 2019, the implementation of a project to reduce nitrogen oxide emissions from boiler unit st. No. 15 of the UK CHPP was completed. The introduction of design solutions made it possible to reduce the concentration of nitrogen oxides in the outgoing flue gases from the boiler.

In accordance with the findings of the comprehensive technology audit conducted in 2021 by the International





Centre for Green Technologies and Investment Projects, the companies have implemented all acceptable best available technologies according to the list approved by the order of the Minister of Energy of the Republic of Kazakhstan dated November 28, 2014 No. 155.

At the same time, the following problems were identified during the implementation of BAT:

- cramped development, which does not allow the enterprise to build additional facilities on the territory, including BAT;
- design limitations in the implementation of BAT due to the cramped layout of the main equipment;
- wear and tear of the main and auxiliary equipment;
- time aspect (implementation of BAT for cleaning can be implemented only during the non-heating period – the period of boiler outage for repairs);
- requirement for continuous reduction of emissions with a simultaneous increase in the city's thermal loads;
- the source and mechanism for financing the implementation of BAT at enterprises, etc. has not been determined at the state level for the energy sector.

#### The volume of gross emissions from stationary sources in 2023 amounted to:

- At Karaganda Energy Centre LLP – 28,234 tonnes with the established standard of 37,320.4 tonnes/year.
- At Ust-Kamenogorsk CHPP LLP – 13,916 tonnes with the established standard of 17,722 tonnes/year.

**In total: 42,150 tonnes with the standard of 55,042 tonnes.**

According to the Code of the Republic of Kazakhstan on taxes and other mandatory payments to the budget, emissions from mobile sources are not calculated, the amount of fuel used is used as the basis for calculating payments for emissions from mobile sources. Transportation of workers, raw materials, and materials used for the Company's activities and performance of work is carried out over short distances and does not have a significant impact on the environment.

In 2023, tax payments for emissions of pollutants from stationary sources amounted to:

- KEC – 396.161 million KZT; from mobile sources (transport) – 0.948 million KT.
- UK CHPP – 287.501 million KZT; from mobile sources (transport) – 0.881 million KZT.



#### Below is the statistics

on the volume of harmful emissions into the atmosphere by the group of companies over the past 3 years:

Emission types (tonnes/year)	2021	2022	2023
<b>Karaganda CHPP-1</b>			
<b>Total, including:</b>	<b>2,867</b>	<b>2,700</b>	<b>2,526</b>
Ash (dust inorg. SiO <sub>2</sub> -70–20%)	572	562	609
Nitrogen oxides (NO <sub>x</sub> )	458	451	376
Sulphur dioxide (SO <sub>2</sub> )	1,601	1,457	1,312
Carbon monoxide (CO)	86	78	74
Other	151	152	154

<b>Karaganda CHPP-3</b>			
<b>Total, including:</b>	<b>32,324</b>	<b>28,855</b>	<b>25,708</b>
Ash (dust inorg. SiO <sub>2</sub> -70–20%)	5,136	5,082	5,185
Nitrogen oxides (NO <sub>x</sub> )	9,175	8,732	7,750
Sulphur dioxide (SO <sub>2</sub> )	17,189	14,334	12,088
Carbon monoxide (CO)	506	383	324
Other	318	324	359
Total for KEC	35,192	31,555	25,708

<b>Ust-Kamenogorsk CHPP LLP</b>			
<b>Total, including:</b>	<b>16,186</b>	<b>15,299</b>	<b>13,916</b>
Sulphur dioxide (SO <sub>2</sub> )	8,724	8,225	7,561
Nitrogen oxides (NO <sub>x</sub> )	4,959	4,669	4,147
Ash (dust inorg. SiO <sub>2</sub> -70–20%)	2,296	2,231	2,001
Carbon monoxide (CO)	183	150	183
Other	24	24	24

#### Total for the Group of Companies:

Emission types (tonnes/year)	2021	2022	2023
<b>Total, including:</b>	<b>51,378</b>	<b>46,854</b>	<b>42,147</b>
Sulphur dioxide (SO <sub>2</sub> )	27,514	24,016	20,961
Nitrogen oxides (NO <sub>x</sub> )	14,592	13,852	12,273
Ash (dust inorg. SiO <sub>2</sub> -70–20%)	8,004	7,875	7,795
Carbon monoxide (CO)	775	611	581
Other	493	500	537

In accordance with the requirements of the environmental legislation of the Republic of Kazakhstan, companies annually conduct an inventory of greenhouse gas emissions from

burned fuel (coal, fuel oil). Verified reports are submitted to authorised bodies in the field of environmental protection within the established timeframes.



**The dynamics of greenhouse gas emissions of CO<sub>2</sub>\*, tons, are presented below:**

	2021	2022	2023
KEC	5,836,680	5,124,373	5,466,166
UK CHPP	2,703,928	2,818,075	2,523,944
<b>Amount</b>	<b>8,540,608</b>	<b>7,942,448</b>	<b>7,990,110</b>

\* Kazakhstan only has quotas for CO<sub>2</sub> emissions

**Note:** the dynamics of emissions depends on the level of heat and electricity production, which affects the amount of fuel

used. It should be noted that the specific level of emissions per unit of output is below the approved benchmarking level (average level for coal-fired thermal power plants).

**Waste management**

In the course of production activities at Karaganda CHPP-1 and CHPP-3, industrial and household waste is generated, which belongs to the green and amber hazard levels. In accordance with the requirements of the environmental

legislation of the Republic of Kazakhstan, regulatory documents on waste management (NRO, waste management programme, hazardous waste passports) have been developed for CHPP-1 and CHPP-3.

**The enterprises generate more than 28 types of waste: Volume and types of waste generated in 2023**

**Hazardous waste**

- Waste ion exchange resins
- Waste oils
- Oily rags
- Waste batteries
- Waste filters
- Waste mercury-containing lamps
- Waste mercury-containing devices (thermometers)
- Heat insulation waste
- Paint and varnish containers
- Oil sludge from tank cleaning
- Soil containing petroleum products
- Containers from liquid glass and epoxy resin (metal barrels)
- Containers from arзамite solution and PEPA hardener (plastic canisters)
- Waste railway sleepers

**Non-hazardous waste**

- Non-ferrous scrap metal
- Ferrous scrap metal and metal shavings
- Welding electrode stubs
- Abrasive product scrap
- Abrasive-metal dust
- Woodworking waste
- Waste tires
- Waste rubber products
- Waste from the operation of office and electronic equipment
- Construction waste
- Waste special clothing
- Plant waste
- Medical centre waste, class B
- Municipal solid waste
- Waste personal protective equipment (PPE)

The Company keeps track of the formation, permission, accumulation, storage, and disposal of industrial and domestic waste in compliance with the Republic of Kazakhstan’s environmental legislation and regulatory documents. CHPP-1 ash and slag waste is stored in a 24-hectare ash dump, a hydraulic structure. In 2016, the Department of State Assets and Procurement of the City of Karaganda State Enterprise contracted Karaganda Energy Centre LLP to administer a 40-hectare dry storage ash dump. According to the project, the operation of these ash dumps will terminate in 2028.

The third part of ash dump No. 2, covering 82 hectares, was commissioned in 2021 to store ash and slag waste from CHPP-3. The anticipated service life is 3.5 years. Construction of Section 1 of Ash Dump No. 3 is now ongoing. The service

life of sections 1 and 2 of ash dump No. 2 expired in 2021, and the sections were reclaimed.

The UK CHPP’s ash and slag waste is stored in the 31.6-hectare working ash dump No. 3.

In 2019, the renovation of Ash Dump No. 3 was completed to build up the dam, including the use of accumulated ash and slag waste. The development of the new ash dump No. 5 lasted till 2023. The construction of Ash Dump No. 5 is anticipated to be completed in 2025.

Payment for the unfavourable environmental impact of ash and slag waste placement in 2023 totalled 84.741 million KZT at KEC and 24.145 million KZT at UK CHPP.

**In 2023, the stations’ industrial sites had:**

Waste management	KEC, tonnes	UK CHPP, tonnes	Amount by Group of Companies, tonnes
Waste generated in 2023	1,490,543	214,271.5	1,704,814.5
Neutralized, disposed of and reused	34	0	34
Transferred on a contractual basis for disposal to third-party organisations	1,875	2,192.5	4,067.5
Placed in storage facilities (ash dumps)	1,488,634	212,079	1,700,713



## Water Resources

**In accordance with the technological process at CHPP-1 and CHPP-3 of Karaganda Energy Centre LLP, a circulating water supply system is in operation. To compensate for losses in the circulating water supply system and for domestic needs at CHPP-1 and CHPP-3, drinking water is used. CHPP-1 receives water from ArcelorMittal Temirtau JSC and Karagandy Su LLP. Water supply to Karaganda CHPP-3 is carried out on a contractual basis from the treatment facilities of Karagandy Su LLP.**

The source of water supply for Ust-Kamenogorsk CHPP LLP is the Ulba River (own water intake), the circulating water supply system, the networks of the State Enterprise Oskemen-Vodokanal and the Atamanov water intake of Ulba Metallurgical Plant JSC (UMP).

Technical water from the Ulba River is used to cool the main and auxiliary equipment; make-up of the circulating ash removal system; make-up of the cooling tower; water transfer to third-party consumers; replenishment of steam and condensate losses in medium-pressure boiler units. Drinking quality water from the Oskemen-Vodokanal State Utility Enterprise is used to make-up the city's heating networks (Ust-Kamenogorsk Thermal Networks JSC) and for the domestic and drinking needs of the CHPP. Artesian water of UMP JSC is used for the technological needs of the CHPP (to replenish steam losses for consumers of UMP JSC, Kazzinc LLP), to make-up the city's heating networks (Ust-Kamenogorsk Thermal Networks JSC).

In the once-through cooling system, water after passing the technological cycle of cooling the main and auxiliary equipment is discharged into the Ulba River.

### Water consumption indicators in 2023, thousand tonnes

Indicator	CHPP-1	CHPP-3	UK CHPP	Amount
<b>Water consumption, incl.</b>	<b>855</b>	<b>17,297</b>	<b>48,799</b>	<b>66,951</b>
Expense for technological needs	813	17,060	48,648	66,521
Expense for household needs	42	237	151	430
<b>By water supply sources:</b>	<b>855</b>	<b>17,297</b>	<b>48,799</b>	<b>66,951</b>
Open sources <i>(100% fresh water from surface sources – Ulba River)</i>	0	0	37,899	37,899
Third-party organisations <i>(100% fresh water from underground sources)</i>	855	17,297	10,900	29,052
<b>Recycled water use:</b>	<b>83,580</b>	<b>588,309</b>	<b>129,273</b>	<b>801,162</b>
Circulation system	81,580	570,442	119,087	771,109
Water circulation of ash dumps	2,000	17,867	10,186	30,053

Domestic wastewater from CHPP-1 and CHPP-3 is released contractually to Karagandy Su LLP treatment facilities. There are no discharges into the surrounding landscape or bodies of water.

During industrial environmental control at the stations, the quality of incoming water from Karagandy Su LLP and ArcelorMittal Temirtau JSC, as well as the supply of hot water, is regularly monitored. Based on the monitoring results, the incoming and transferred water meet sanitary and epidemiological standards.

Every month, the stations collect samples of wastewater from the faecal and storm sewers, cleared water from the ash dump, and circulating water. The quality of these waters fulfils the PTE standards.

At the UK CHPP, normatively pure wastewater is produced during the cooling of the main and auxiliary equipment, which

is then transferred to the circulating technical water supply system via a cooling tower and partially discharged into the Ulba River via outlet 162. A closed collector discharges wastewater into the Ulba River (outlet number 162).

The volume of normatively pure wastewater discharged into the Ulba River in 2023 was 35.142 million cubic meters. The fluorometric method, as specified in ST RK 2328-2013, is used to control the level of oil products. The volume of pollutants (oil products) discharged into the Ulba River in 2023 was 1.268 tonnes, compared to the stipulated standard of 1.95 tonnes.

Surface and groundwater monitoring is carried out on company industrial sites in compliance with the requirements of the Republic of Kazakhstan's Water and Environmental Codes. The findings of monitoring conducted by an impartial accredited organisation in 2023 revealed no substantial impact on groundwater or surface water.

## Land Resources

**The main cause of soil recontamination is ash and slag waste created during fuel combustion in boiler furnaces and deposited in companies' ash dumps. To reduce the possibility of soil pollution, the stations implement annual steps to prevent dusting of ash dumps.**

At the end of the heating season, at CHPP-1, work is done to cover the ash and slag waste with loamy soil (at least 30

cm thick). To avoid dusting of ash and slag waste, the water level in the bowl and the reclamation of ash beaches at CHPP-3 are checked daily.

The findings of soil cover monitoring undertaken in 2023 by an independent accredited organisation revealed no substantial influence on soil resources.



## Environmental Events and Initiatives

Kazakhstan Utility Systems LLP regularly cooperates with the associations of the KAPUR ALE, the ECOJER Kazakhstan Association of Regional Environmental Initiatives ALE, the Kazakhstan Electric Power Association ALE, the KAZENERGY

Kazakhstan Association of Oil, Gas and Energy Complex Organizations ALE, the Chamber of Entrepreneurs to resolve environmental issues and improve environmental legislation.

## Energy Saving

### Resource consumption – KEC

Resource type	2019	2020	2021	2022	2023
Coal, tonnes of natural fuel	3,547,685	3,453,083	3,582,256	3,304,396	3,515,697
Fuel oil, tonnes of natural fuel	5,341	5,963	6,302	5,609	6,057
Total fuel, tonnes of conventional fuel	2,027,600	1,977,960	2,057,656	1,902,105	1,995,055
Electricity, thousand kWh	539,734	526,486	558,668	519,592	549,222
Thermal energy, Gcal	4,493	4,676	4,971	5,455	5,071

### Resource consumption – UK CHPP

Resource type	2019	2020	2021	2022	2023
Coal, tonnes of natural fuel	1,559,401	1,565,673	1,551,728	1,462,677	1,322,157
Fuel oil, tonnes of natural fuel	1,490	855	1,023	1,341	1,553
Total fuel, tonnes of conventional fuel	1,044,679	1,064,257	1,032,559	979,486	896,685
Electricity for own needs, thousand kWh	323,401	326,733	324,761	318,219	295,010
Heat energy for household needs, Gcal	4,794	4,827	4,776	4,776	4,777

The main task of energy saving and increasing the energy efficiency of Kazakhstan Utility Systems LLP is to reduce the volume of consumed energy resources, including by reducing the consumption of energy resources for own needs, reducing the specific consumption of resources for the production of electricity and heat, reducing fuel resources for the production of heat and electricity, improving the mechanisms for monitoring energy costs and equipping with electricity and heat meters.

### Energy saving measures:

#### Karaganda Energy Centre LLP

In 2023, Karaganda Energy Centre LLP implemented a number of organisational and technical measures aimed at the rational use of energy resources:

- 01.** Installation of an oxygen meter on BKZ-50-39f st. No. 1-5 with the installation of a gas analyser model IKTS-11 to monitor the oxygen content in the exhaust gases.

The event allowed to reduce annual coal consumption by 9,917 tonnes and atmospheric emissions by 115,092 tonnes.

- 02.** Replacement of heating surfaces of PSV-500 PB No. 2 with repair of vertical network heaters, pipe systems of network water heaters with replacement of brass tubes. The event allowed to reduce heat energy consumption by 14,445.3 Gcal and coal consumption by 4,236.0 tonnes and atmospheric emissions by 78,774 tonnes.

The overall effect of the events is a reduction in fuel consumption by 0.8% (CHPP-3), 0.24% (CHPP-1), a reduction in heat energy consumption by 0.16% (CHPP-3).

#### Ust-Kamenogorsk CHPP LLP

In 2023, Ust-Kamenogorsk CHPP LLP implemented a number of organisational and technical measures aimed at the rational use of energy resources.

- 01.** Major repairs of boiler unit st. No. 10 with replacement of the first stage air heater.
- 02.** Major repairs of boiler unit st. No. 10 with replacement of the second stage air heater.
- 03.** Major repairs of the main building lighting.
- 04.** Repair of network water heaters with cleaning of pipe systems.

#### Karagandy Zharyk LLC

### Information on the results of the implementation of the action plan for energy saving and increasing energy efficiency for 2023 Karagandy Zharyk LLC

Event	Actual investments for the reporting period (including VAT), KZT	Actual savings effect from the implementation of activities during the reporting period	
		name of energy resource	in kind
Disconnection in low-load modes of transformers at substations with two or more transformers	0	electricity (kWh)	1,824,378
Equalisation of phase loads in 0.38 kV electrical networks	0	electricity (kWh)	26,758
Periodic assessment of the management system's compliance with the requirements of ISO 9001:2015, ISO 50001:2018	925,000	-	-
Assessment of the management system's compliance with the requirements of ISO 45001:2018	925,000	-	-
Retraining and advanced training of personnel	7,881,968	-	-
Installation of thermostatic valves in the heating system of the CDP building	1,111,081	thermal energy (Gcal)	49
Installation of thermostatic valves in the heating system of the PSC building	653,797	thermal energy (Gcal)	25

The overall effect of the measures is a reduction in the total volume of technological losses by 2.17%.





### Ontustik Zharyk Transit LLP

Information on the results of the implementation of the energy saving action plan for 2023 Ontustik Zharyk Transit LLP

Event	Actual investments for the reporting period (including VAT), thousand KZT	Actual savings effect from the implementation of activities during the reporting period	
		Name of energy resource	in kind
Replacement of overloaded, installation and commissioning of additional power transformers at operating 35-110 kV substations	891,256.21	electricity	575,629
Replacement of overloaded, installation and commissioning of additional power transformers at operating TP, KTP 10-6 kV	453,419.11	electricity	148,800
Replacement of wires on overloaded 110 kV overhead lines	49,716.10	electricity	1,848,176
Replacement of wires on overloaded 35 kV overhead lines	101,140.73	electricity	308,763
Replacement of wires on overloaded 10 kV overhead lines using self-supporting insulated wire	71,851.56	electricity	176,589
Replacement of wires on overloaded 0.4 kV overhead lines	308,108.57	electricity	408,985
Replacement of wires on overloaded 0.4 kV overhead lines using self-supporting insulated wire	2,176,701.37	electricity	506,297

The overall effect of the measures is a reduction in the total volume of technological losses by 0.446%.

### Mangistau Regional Electricity Network Company JSC

Information on the results of the implementation of the action plan on energy saving and increasing energy efficiency for 2023

Name of the event	Actual investments for the reporting period (including VAT), KZT	Actual savings effect from the implementation of activities during the reporting period	
		name of energy resource	in kind
Replacement of existing porcelain insulators with glass ones	84,212,172.8	electricity (kWh)	increasing reliability
Replacement of wires on overloaded 6-10/0.4 lines	6,509,601.28	electricity	51,927
Phase load balancing in 0.4 kV electrical networks	-	electricity	322,000
Replacement of oil switches with vacuum switches	115,335,163.58	electricity	148,176
Replacement of branches from 0.4 kV overhead lines to buildings	-	electricity	60
Implementation of thermal energy supply by lowering the air temperature in the premises of the enterprise buildings at night and on weekends	-	electricity	-

## Marketing Activities

Kazakhstan Utility Systems LLP, as a prominent player in the sector, is committed to establishing and maintaining a positive image in the republic's energy market as well as among consumers. Given that electric and thermal energy are socially relevant products that consistently attract the attention of the public and the media, the KUS Group's fundamental values are openness and transparency in all actions. According to the media plan, information about Kazakhstan Utility Systems LLP's activities is transmitted to the public through republican media, and publications about the company's events are posted in industry print and electronic media.

Kazakhstan Utility Systems LLP's information policy prioritises interaction with regional media, since maintaining a positive image of the Group's companies is critical among people of the regions in which KUS operates.

According to the media plan, the KUS Group subsidiaries' production activities (implementation of investment programmes, production modernisation, thermal power plant repair campaign, construction of new power grids, reconstruction of substations, sales company activities, and other newsworthy events) are covered in regional media: TV stories on TV channels, newspaper articles, and information Internet portals. In addition, information about the Company's activities is published on the official website of Kazakhstan Utility Systems LLP, the official

Facebook page, and the corporate media resources of its subsidiaries.

**The outcomes of the Group's successful information policy are:**

- a favourable level of consumer loyalty to the Group and its subsidiaries in the regions of presence;
- a dynamic increase in the Group's brand awareness;
- the ability of consumers and other audiences to learn about the events of the KUS Group in a timely manner;
- increasing the attractiveness of the Group as an employer and the ability to attract more qualified personnel;
- strengthening corporate cohesion, creating and supporting a sense of responsibility and commitment to the fundamental values and ideology of the KUS Group among the Group's employees.

**The Group's activities are based on the current values of modern society. Taking these fundamental values into account allows to formulate a regulated policy of interaction with all external and internal counterparties: consumers, partners, own employees, and society.**



Kazakhstan Utility Systems is one of the largest players in the country's energy market.

**6,105**  
Electricity production amounted to – 6,105 million kWh

**5,497**  
Thermal energy production amounted to – 5,497 thousand Gcal

Fitch Ratings upgraded Kazakhstan Utility Systems LLP's long-term issuer default rating (IDR) in foreign and national currencies from "B+" to "BB-"

# Corporate Governance



# 5





## Corporate Governance Principles

The Group considers the development of corporate governance as an important factor in increasing competitiveness and achieving economic efficiency.

### The most important principles of corporate governance for the Group are:

- ensuring a balance between influence on management decision-making, responsibility for decisions made and the interests of participants in corporate relations;
- establishing standards of reasonable and qualified management and proper control;
- optimising the production structure and maximizing the efficient use of the Group's capital;
- ensuring transparency of the Group's financial and economic activities and the reliability of reporting indicators;
- increasing investor confidence, improving the investment climate and increasing the volume, improving the structure and quality of investments.

## Management Structure

The Company's management structure is divided into three blocks: the General Meeting of Participants, the Supervisory Board, and the executive body.

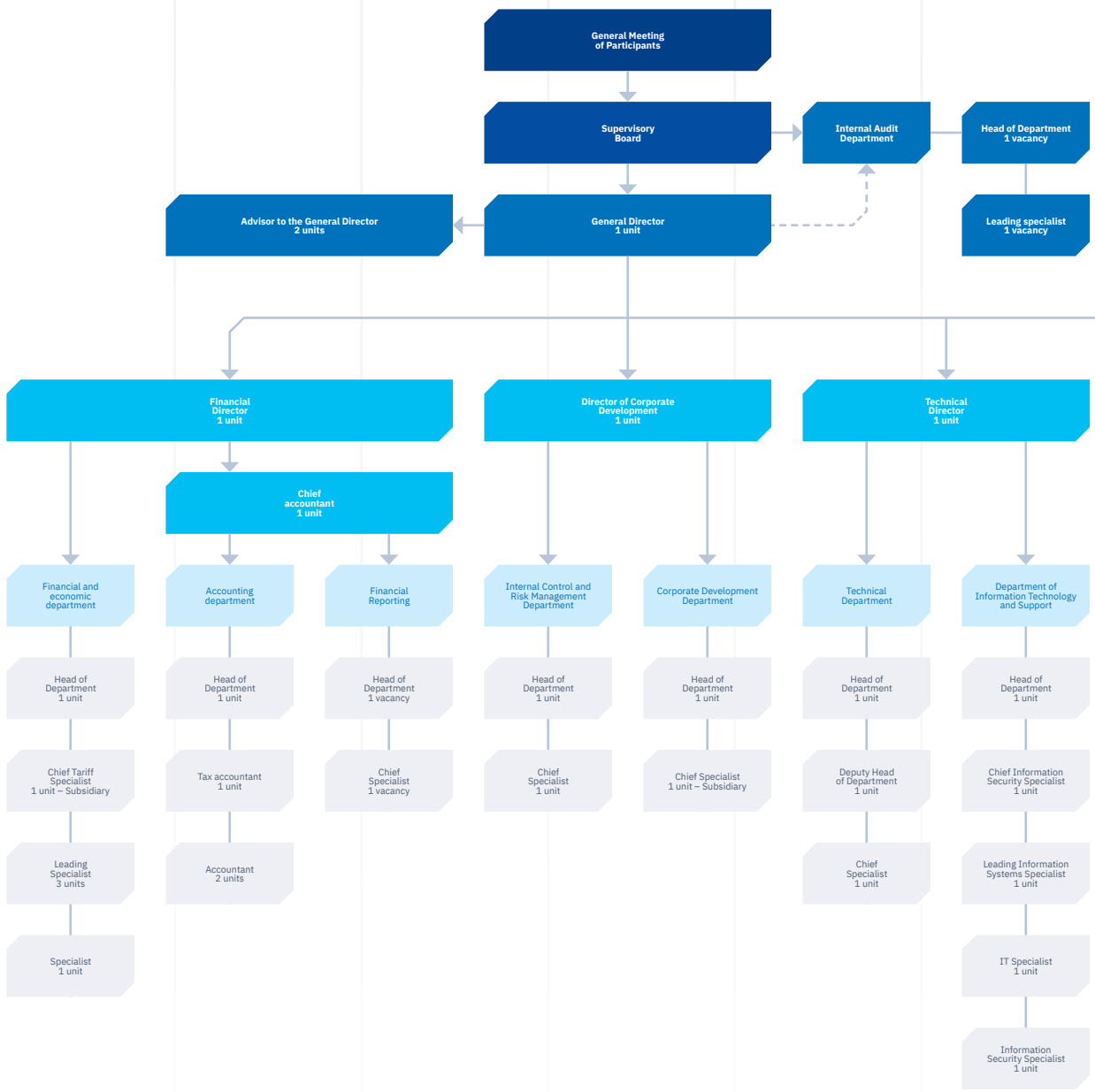
**The General Meeting of Participants** is the supreme body of the KUS, making decisions on the most important issues of the Company's activities: changes to the charter, authorised capital, corporate name, formation of the executive body, early termination of its powers, election or termination of the Supervisory Board, approval of financial statements, pledge of the property of the Company/Group and others.

## Composition of Participants and Capital Structure

### The participants of Kazakhstan Utility Systems LLP are:

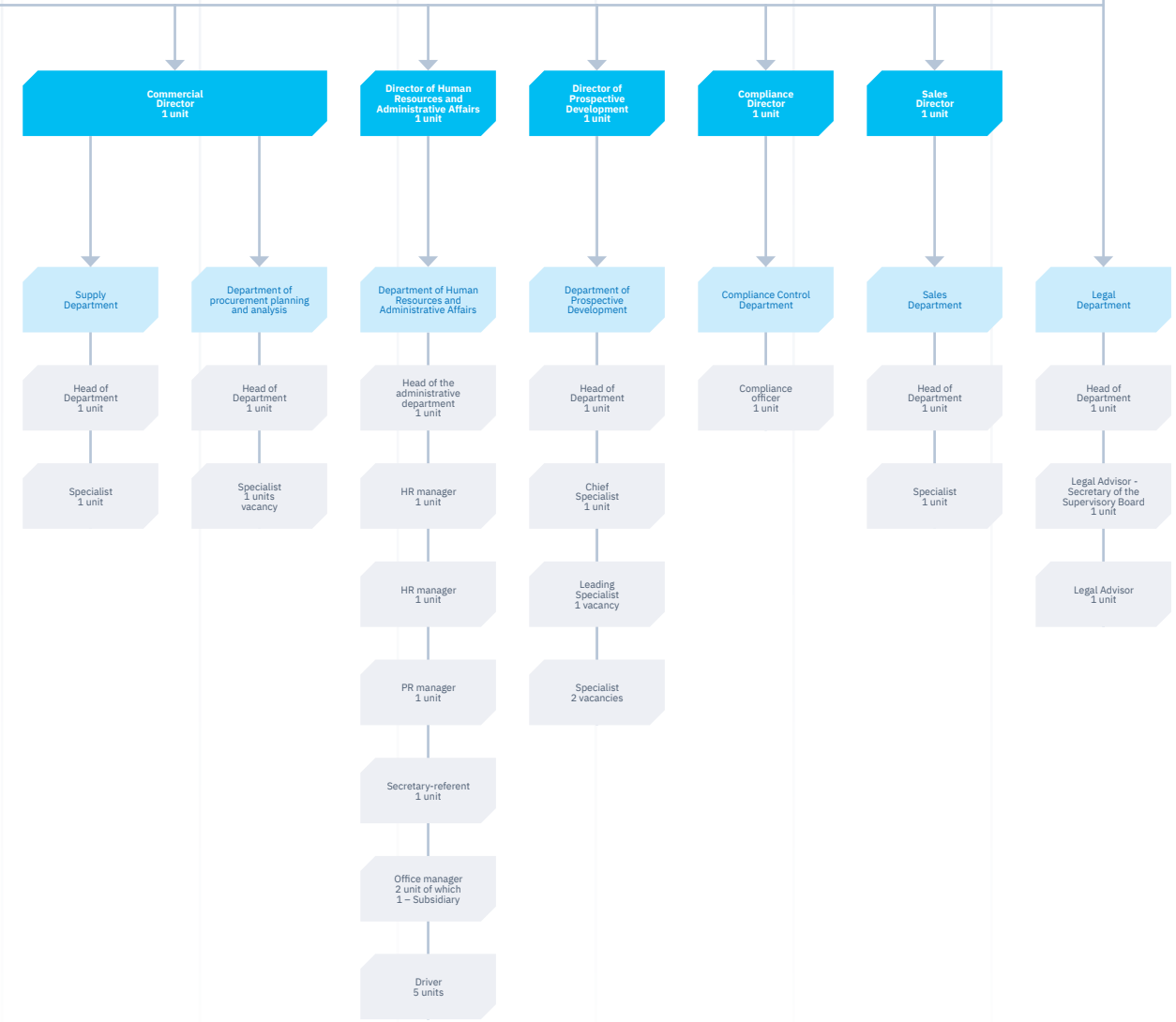
- **Magda Idrissova**, share of ownership of the Company – **99%**.
- **Appaz Zharmukhamed**, share of ownership of the Company – **1%**.





# Corporate Governance System in the Company

Staff number of units – 66







## Supervisory Board

The Supervisory Board of the Company carries out general management of the Company's activities, control over the activities of the executive body of the Company, control over the financial and economic activities. The following issues fall within the exclusive competence of the Supervisory Board:

- determining priority areas of activity and approving the development strategy, the medium-term development plan of the Company, as well as monitoring the implementation of the strategy, plans and budgets of the Company;
- decision-making on the execution of one or several successive transactions for the acquisition and/or alienation of property by the Company with the total value 25% or more of the total book value of all fixed assets owned by the Group;
- determining the production and financial policy of the Company in the form of approving certain financial and production documents of the Company, financial and production/technical norms and standards;
- exercising control over the quality and independence of the external auditor;

- determining the amount of payment for the services of the external auditor;
- other issues stipulated by the internal rules of the Company.

**The purpose of the Supervisory Board:** control over the activities of the executive body of the Company, including ensuring the implementation of the interests of the Company and the protection of the rights of participants, establishing the principles and norms of the Company's activities, as well as ensuring understanding and compliance with the Company's obligations to participants and other persons.

**In 2023, the 12th meeting of the Supervisory Board was held. The key issues that the Supervisory Board focused on included:**

- Current status of the Partnership digitalisation programme;
- Election of members to the Committee under the Partnership Supervisory Board;
- Results of the Partnership financial and economic activities;
- Review of the Partnership internal audit report;
- Approval of the consolidated report on the Partnership actual results.

## Composition of the Supervisory Board



Dinmukhamet

Idrissov

Chairman of the Supervisory Board,  
Chairman of the Strategy  
Committee

*Born on December 29, 1964*

- From September 2021 to present** – Chairman of the Supervisory Board of Ordabasy Group LLP.
- From March 13, 2019 to September 2021** – Chairman of the Management Board of Ordabasy Group LLP.
- From February 6, 2014 to the present** – Chairman of the Supervisory Board of Kazakhstan Utility Systems LLP.
- From April 1, 2010 to March 12, 2019** – Chairman of the Supervisory Board of Ordabasy Group LLP.



Dinmukhamed

Baizhanov

Member  
of the Supervisory  
Board

*Born on November 29, 1985*

- From September 2021 to the present** – Chairman of the Management Board of Ordabasy Group LLP.
- From July 2021 to present** – Member of the Supervisory Board of Kazakhstan Utility Systems LLP.
- From January 2019 to September 2021** – First Deputy Chairman of the Management Board of Ordabasy Group LLP.
- From August 2016 to January 2019** – Managing Director for Development Programmes of Ordabasy Group LLP.

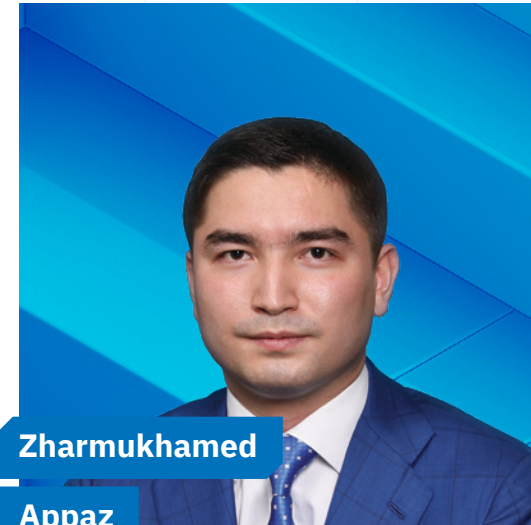


**Daulet Khan  
Kilybayev**

**Member of the Supervisory Board,  
Chairman of the Finance and  
Investment Committee**

*Born on July 9, 1976*

- **From July 2021 to present** – Member of the Supervisory Board of Kazakhstan Utility Systems LLP.
- **From May 2019 to present** – Chief Investment Officer of WESTPORT CAPITAL.
- **From September 2014 to January 2019** – Chief Investment Officer of Al Falah Capital Partners.



**Zharmukhamed  
Appaz**

**Member of the Supervisory Board**

*Born on September 16, 1994*

- **From July 2021 to present** – Member of the Supervisory Board of Kazakhstan Utility Systems LLP.
- **From February 2020 to present** – Sales Director of Kazakhstan Utility Systems LLP.
- **From August 2018 to present** – Vice Chairman of Dragon Fortune Pte Ltd.
- **From October 2017 to December 2018** – Director of Corporate Development of AltynEx Company JSC.
- **From May 2017 to August 2017** – Economist of AK Altynalmas JSC.



**Yergali  
Begimbetov**

**Member of the Supervisory Board,  
Chairman of the Audit  
Committee**

*Born on April 23, 1972*

- **From July 2021 to present** – Member of the Supervisory Board of Kazakhstan Utility Systems LLP.
- **From May 2020 to present** – Deputy Chairman of the Board of Ordabasy Group LLP.
- **From March 2015 to March 2020** – Chairman of the Management Board of Amanat Insurance Company JSC.
- **From September 2003 to March 2015** – Chairman of the Management Board of London-Almaty Insurance Company JSC.



**Vladimir  
Ussenko**

**Member of the Supervisory Board**

*Born on June 7, 1960*

- **From January 2010 to June 2023** – Technical Director of Kazakhstan Utility Systems LLP.
- **From January 2009 to January 2010** – Head of the Corporate Governance Department of Kazakhstan Utility Systems LLP.
- **From June 2008 to September 2008** – Head of the Power Plants Department of Kazakhstan Utility Systems JSC.
- **From September 2003 to March 2008** – Senior Dispatcher of the Regional Dispatching Centre of KEGOC Almaty Interregional Electric Grids JSC.



Supervisory Board Members	D. Idrissov	D. Baizhanov	D. Kilybayev	V. Ussenko	Zh. Appaz	Y. Begimbetov
Experience in the industry/ total experience, years	19/34	5/14	7/27	16/42	4/7	5/29
<b>Key competencies</b>						
<b>Industry knowledge</b>						
Experience in production in the industry						+
Deep knowledge of the industry	+	+	+	+	+	+
Technical skills/ experience	+	+	+	+	+	+
<b>Specific skills and experience</b>						
Finance	+	+	+	+	+	+
Deep knowledge of marketing	+	+	+	+	+	+
Deep knowledge of social and environmental issues	+	+	+	+	+	+
<b>Experience in management and law</b>						
Corporate governance	+	+	+	+	+	+
Development and implementation of strategy	+	+	+	+	+	+
International experience	+		+		+	

## Selection and Appointment

The participants of KUS LLP shall have the authority to propose candidates for membership in the Supervisory Board.

In the event that the participants do not submit any candidates for the positions of Supervisory Board members, the Supervisory Board reserves the right to include candidates in the list of candidates at its discretion. The number of candidates offered in the proposal to nominate candidates for membership in the Supervisory Board must not exceed the number of members of the Supervisory Board.

The General Meeting of Participants (GMP) will establish the structure and quantitative composition of the Supervisory Board. The Supervisory Board must consist of a minimum of four members. The number of independent members on the Supervisory Board will be determined by the Company's GMP.

### The requirements for candidates to be considered for membership in the Supervisory Board include:

- availability of work experience, knowledge and qualifications required to make decisions related to the Supervisory Board's competence;
- availability of sufficient time to effectively and properly perform their duties in the Supervisory Board and its Committees;
- capacity to express their independent opinion and defend it if the member of the Supervisory Board believes that it is in the best interest of the Company;
- positive business reputation and positive achievements in the business and/or industry environment;
- comprehensive understanding of the Company's business and industry;
- adherence to the independence requirements (in relation to independent members of the Supervisory Board).

**Exclusively individuals should be a Supervisory Board member. He or she cannot be simultaneously serving as a member of the executive body. The Supervisory Board members may be elected from the following categories:**

- participants (individuals);
- individuals who are proposed (recommended) for election to the Supervisory Board as representatives of participants;
- individuals who are not participants and are not proposed (recommended) for election to the Supervisory Board as a representative of a participant.

An individual who is a participant, member of the management body, or employee of a legal entity that competes with the Company is ineligible for election to the Supervisory Board.

A person who has been convicted of crimes against state power, interests of the civil service, and service in local government bodies, or who has been subjected to administrative penalties for offences in the sphere of entrepreneurial activity, finance, taxes, or the securities market, is ineligible for election to the Supervisory Board.

All members of the Supervisory Board are required to formally undertake office and consistently enhance their professional knowledge and abilities.

The Supervisory Board is responsible for determining the number of members of the Committees under its jurisdiction, electing their chairmen and members, and early terminating their powers. The Committees are formed by electing members of the Supervisory Board and, if necessary, specialists who possess the requisite professional expertise to serve on the Committee.



## Conflict of Interest Management

In the event of a conflict of interest arising in connection with decisions to be made by the Supervisory Board of KUS LLP, a member of the Supervisory Board is required to promptly inform the Board when exercising their rights and performing official duties.

### The following rules and requirements regarding conflicts of interest must be adhered to by a member of the Supervisory Board when exercising their rights and performing their official duties:

- immediately notify the Chairman of the Supervisory Board in writing of any personal, commercial or other interest (direct or indirect) in transactions, agreements, projects related to KUS LLP (or its subsidiaries);
- not receive gifts, services or any benefits from individuals or legal entities that represent or may be considered as remuneration for decisions or actions taken or performed by a member of the Supervisory Board within the scope of his/her official powers, except for symbolic signs of attention in accordance with generally accepted rules of politeness or souvenirs during official events;
- not to disclose confidential, insider and other official information that has become known to a member of the Supervisory Board in connection with the performance of relevant duties, to persons who do not have access to such information, and also not to use it in their own interests or the interests of third parties, both during the period of performing the duties of a member of the Supervisory Board and for 3 (three) years after completion of work at KUS LLP;
- adhere to all internal policies and procedures established by KUS LLP in relation to the security regime and the protection of confidential information;

- promptly furnish the Supervisory Board with comprehensive and precise information regarding the financial status and operations of KUS LLP;
- refrain from taking any actions that would undermine the independence of independent members of the Supervisory Board. If an independent member of the Supervisory Board is no longer independent due to a change in circumstances, he or she must inform the Supervisory Board in writing within five (five) business days.

## Performance Evaluation

The Nomination and Remuneration Committee of the Supervisory Board establishes criteria for the evaluation of the Supervisory Board's activities and the performance of its members.

The following criteria are included in the performance evaluation of each member of the Supervisory Board:

- attendance at Supervisory Board meetings on a consistent basis;
- level of preparedness for meetings;
- active participation;
- independence and objectivity of judgments;

## Committees at the Supervisory Board

### The Supervisory Board of KUS LLP has established four committees to facilitate the active discussion and comprehensive analysis of individual issues:

- Audit Committee
- Committee on Finance and Investment
- Strategy Committee
- Committee for Digitalisation

### There were nine meetings of the Supervisory Board committees of KUS LLP in 2023. The main issues of focus of the the Supervisory Board committees were:

- Preliminary evaluation of the IAB report and creation of a compliance service.

- adherence to ethical standards;
- personal contribution to the constructive discussion of issues discussed at Supervisory Board meetings, which facilitated the adoption of effective decisions;
- adherence to the loyalty principle.

The Supervisory Board is required to evaluate the performance of the Supervisory Board and each member of the Supervisory Board on an individual basis each year. The reports must be submitted to the General Management Board of KUS LLP for their consideration.

- Formulate a work strategy for the IAB.
- The current status of the digitalisation programme, including the updating of databases, unified invoicing, service activities, payment systems, and digital platforms.
- Comparison of the actual consolidated results of the financial and economic activities of Kazakhstan Utility Systems LLP for the first quarter of 2023 with the plan for the same period.
- Examination of the 2023 consolidated budget of income and expenses.
- Comparison of the actual consolidated results of the financial and economic activities of Kazakhstan Utility Systems LLP for the 12 months of 2022 with the plan for the same period.





**The Audit Committee** evaluates the Group's financial statements, internal control and risk management systems, and the independence and effectiveness of external and internal audit. It is also responsible for guaranteeing that the Group adheres to the legislation of the Republic of Kazakhstan.

#### Members of the Committee:

- Yergali Begimbetov – Chairman of the Committee.
- Dinmukhamed Baizhanov – Member of the Committee.
- Bauyrzhan Berdikeyev – Member of the Committee.
- Zharmukhamed Appaz – Member of the Committee.
- Vladimir Ussenko – Member of the Committee.

**The Finance and Investment Committee** is tasked with evaluating investment projects, attracting financing, and establishing an effective assessment of the funds obtained. Additionally, it exercises control over the financial and economic activities of the Group. It convenes at least once every quarter.

#### Committee composition:

- Dauletkhan Kilybaev – Chairman of the Committee.
- Zharmukhamed Appaz – Member of the Committee.

- Vladimir Ussenko – Member of the Committee.

**The Strategy Committee** makes recommendations on issues of determining strategic and priority areas of development of the Group, and also assesses the prospects of investment projects and their impact on increasing the value of the Group. It meets at least once every six months.

#### Committee composition:

- Dinmukhamed Idrissov – Chairman of the Committee.
- Dinmukhamed Baizhanov – Member of the Committee.
- Sabyrgali Idrissov – Member of the Committee.
- Dauletkhan Kilybayev – Member of the Committee.

**The Digitalization Committee** makes recommendations on issues of formation and approval of IT budgets, acquisition and implementation of software products, telecommunications.

#### Committee composition:

- Dauletkhan Kilybaev Azimkhanovich – Chairman.
- Zharmukhamed Appaz – Member of the Committee.
- Sabyrgali Idrissov – Member of the Committee.

## Executive Body

The executive body of the Company is the General Director, who is accountable to the participants, acts on behalf of and in the interests of the Company, and resolves all current issues of the Company's activities, except for those that fall within the competence of the General Meeting of Participants. The General Director represents the interests of

the Company, manages the Company's property and financial resources, enters into agreements (contracts), including labour agreements, issues powers of attorney, opens current and other accounts in banks, approves the staffing schedule, issues orders and instructions, gives instructions that are mandatory for all employees of the Company.

## Company Management



Sabyrgali

Idrissov

#### General Director

Born on March 15, 1972

- **From June 2023 to present** – General Director of Kazakhstan Utility Systems LLP.
- **From February 2021 to June 2023** – General Director of Karaganda Energy Centre LLP.
- **From August 2017 to February 2021** – General Director of Ust-Kamenogorsk CHPP LLP.
- **From December 2014 to July 2017** – General Director of Kazvodkhoz RSE.
- **From September 2012 to November 2014** – Deputy Akim of the Karaganda region.



Aydin

Beksoltan

#### Technical Director

Born on October 20, 1978

- **From 2023 to present** – Technical Director of Kazakhstan Utility Systems LLP.
- **From 2021 to 2023** – General Director of Ust-Kamenogorsk CHPP LLP.
- **From 2017 to 2021** – Executive Director of Karaganda Energy Centre LLP.
- **From 2008 to 2017** – Director of the Prospective Development Department of Karagandy Zharyk LLP.
- **From 2007 to 2008** – Deputy Head of Karagandy Zhylu LLP.
- **From 2006 to 2007** – Chief Specialist of Kazakhstan Utility Systems LLP.
- **From 2002 to 2006** – Electric fitter of KEGOC JSC.
- **From 2000 to 2001** – Deputy Head of Section of Kokshetau REC JSC.

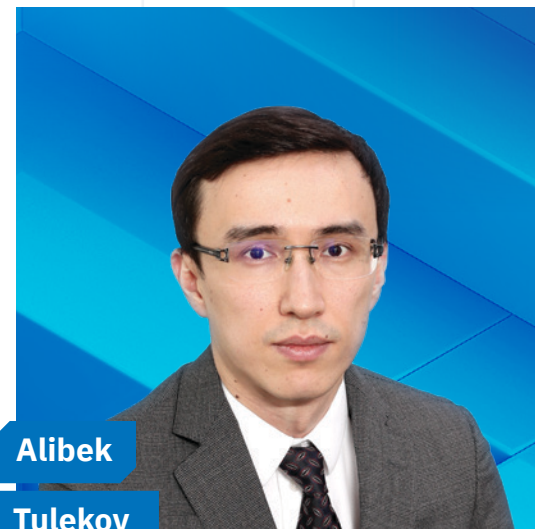


**Anuar  
Zhashibayev**

**Financial Director**

*Born on December 18, 1982*

- **From 2023 to present** – Financial Director of Kazakhstan Utility Systems LLP.
- **From 2022 to 2023** – Financial Director of KazSino Terminal LLP.
- **From 2019 to 2021** – Financial Director of Qyzylsha LLP.
- **From 2018 to 2019** – Financial Director of New Business Technology LLP.
- **From 2016 to 2017** – Deputy Chairman of the Board of Damu Entrepreneurship Development Fund JSC.
- **From 2013 to 2016** – Deputy General Director for Finance of Ontustik Khalal Tagamdary LLP.
- **From 2011 to 2013** – Deputy General Director for Finance of Vostokmashzavod JSC.
- **From 2009 to 2011** – Budget Analyst at Petroleum Operating LLP, Almaty.
- **From 2007 to 2009** – Audit Manager at Deloitte LLP, Almaty.
- **From 2004 to 2007** – Chief Audit Specialist at Ernst & Young LLP, Almaty.

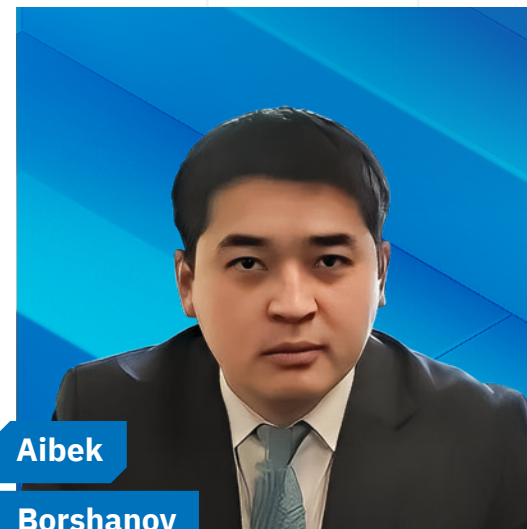


**Alibek  
Tulekov**

**Corporate Development Director**

*Born on March 31, 1989*

- **From June 2021 to present** – Corporate Development Director at Kazakhstan Utility Systems LLP.
- **From June 2017 to June 2021** – Specialist, Chief Specialist, Head of Corporate Development Department at Kazakhstan Utility Systems LLP.
- **From August 2015 to June 2017** – 1st Category Manager of the Business Planning and Tariff Setting Department at Intergas Central Asia JSC.

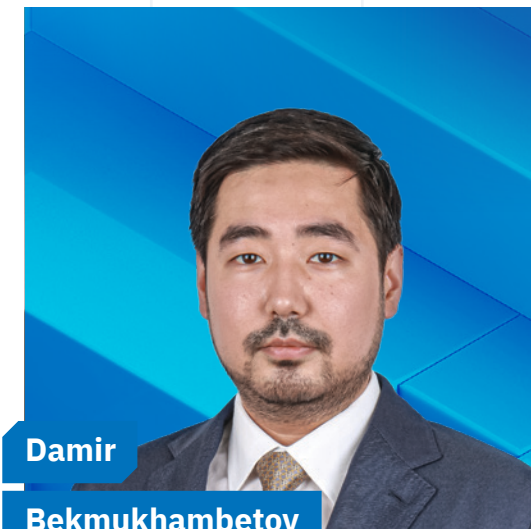


**Aibek  
Borshanov**

**Sales Director**

*Born on June 20, 1986*

- **From November 2023** – Sales Director of Kazakhstan Utility Systems LLP.
- **From 2022 to 2023** – Deputy Sales Director of Kazakhstan Utility Systems LLP.
- **From 2020 to 2021** – Commercial Director of Ontustik Zharyk Transit LLP.
- **From 2019 to 2020** – General Director of Karagandy Su LLP.
- **From 2017 to 2019** – Director of Karagandy ZhyluSbyt LLP.
- **From 2016 to 2017** – Deputy General Director of Sales of Karagandy Su LLP.
- **From 2015 to 2016** – Deputy Director of the Electricity Distribution Department, Deputy Director of the Prospective Development Department of Karagandy Zharyk LLP.
- **From 2011 to 2014** – Head of the Technical Control and Analysis Service for Electricity Distribution of Karagandy Zharyk LLP.



**Damir  
Bekmukhambetov**

**Commercial Director**

*Born on August 4, 1993*

- **From January 2022 to present** – Commercial Director of Kazakhstan Utility Systems LLP.
- **From January 2021 to January 2022** – Deputy Commercial Director of Kazakhstan Utility Systems LLP.
- **From February 2020 to January 2021** – Risk Manager of Passenger Transportation JSC.
- **From November 2018 to February 2020** – Head of the Rolling Stock Department of Kazzinc-TemirTrans LLP.



**Aigul  
Mirazova**

**Director of Human Resources and Administrative Issues**

*Born on April 15, 1971*

- **From June 2020 to present** – Director of Human Resources and Administrative Issues of Kazakhstan Utility Systems LLP.
- **From April 2010 to June 2020** – Head of the Administrative Department of Kazakhstan Utility Systems LLP.
- **From March 2003 to April 2010** – Director of Human Resources of Arlan Holding Company LLP.
- **From September 1993 to March 2003** – Head of the Personnel Training and Social Issues Department of Kazakhtelecom JSC.



**Daur  
Ospanov**

**Director of Prospective Development**

*Born on July 18, 1982*

- **From 2023 to present** – Director of Prospective Development at Kazakhstan Utility Systems LLP.
- **From 2011 to 2015** – Director of Development at Kazakhstan Utility Systems LLP.
- **From 2007 to 2011** – Deputy Chairman of the Management Board of Ordabasy Corporation JSC.
- **From 2003 to 2007** – Ernst & Young CIS.



**Zhalgas  
Raimbekov**

**Compliance Director**

*Born on October 03, 1987*

- **From December 2023 to present** – Compliance Director of Kazakhstan Utility Systems LLP.

- **From 2018 to 2023** – Head of the Internal Audit Department of Kazakhstan Utility Systems LLP.
- **From 2014 to 2018** – Head of the Tax Expertise Department of Ordabasy Group LLP.
- **From 2013 to 2014** – Director of the Tax Administration Department of TEC-KAZAKHSTAN Trading House LLP.
- **From 2010 to 2013** – Head of the Tax Planning Department of the Internal Audit and Compliance Department, Manager of Tax Planning and Administration of the Resmi Group of Companies.
- **From 2009 to 2010** – Chief Tax Inspector of the Department of Desk Audit of Legal Entities of the Tax Department of Almaty.
- **From 2008 to 2009** – Leading Tax Inspector of the Tax Department of the Enbekshikazakh District of the Almaty Region.
- **From 2007 to 2008** – specialist in the department for supporting SME loan agreements at Alliance Bank JSC.

## Description of the Executive Body Activity

**In 2023, the participants of KUS LLP met 20 times.**

**The main issues that attracted the attention of the participants of KUS LLP included:**

- On approval of the code of corporate ethics.
- Regulations on the executive body.
- Re-election of a member of the Supervisory Board of KUS LLP.
- Issues of modernisation and expansion.





## Remuneration

During the course of their duties, members of the Supervisory Board are reimbursed for expenses associated with the performance of their responsibilities as members of the Supervisory Board and members of the Supervisory Board's committees, as determined by the General Meeting of Participants of the Company. Additionally, they may receive remuneration, the amount of which is determined by the General Meeting of Participants of the Company.

### Remuneration of Supervisory Board members is determined by the following principles:

- 01.** The remuneration must be equitable compensation for the activities of the Supervisory Board, including those performed in the committees of the Supervisory Board.
- 02.** The interests of the members of the Supervisory Board must be correlated with the long-term interests of the participants when determining the amount of remuneration.
- 03.** The remuneration structure must be straightforward and comprehensible.
- 04.** The Company must annually disclose the total amount of remuneration received by each member of the Supervisory Board for the previous year, including each individual element of remuneration.
- 05.** The results of the assessment of the activities of the Supervisory Board and the relevant members of the Supervisory Board are considered when determining the amount of remuneration.

- 06.** The Supervisory Board's remuneration must be disbursed at the same time each year.

Basic and additional remuneration comprise the compensation of Supervisory Board members.

### Compensation for Supervisory Board members:

- 01.** remuneration for participating in the Supervisory Board meetings;
- 02.** remuneration for attending Supervisory Board meetings;

### Remuneration of the Chairman of the Supervisory Board:

- 01.** remuneration for attending Supervisory Board meetings;
- 02.** remuneration for serving as Chairman of the Supervisory Board;
- 03.** additional remuneration for participating in the Supervisory Board committees.

The amount of remuneration of the executive body is determined by the General Meeting of Participants on the recommendation of the Supervisory Board. The remuneration of the executive body consists of a fixed and a variable part, the latter depending on the key performance indicators of the executive body and is associated with the level of personal qualifications and contribution to the Company's performance.

## Internal Audit

The Company has an Internal Audit Department (IAD), which carries out internal audit in the Company and its subsidiaries.

In its activities, the IAD is guided by the principles of independence and objectivity, competence and professional attitude to work, as well as international professional standards of internal audit and the Company's Code of Business Ethics.

The independence and objectivity of the IAD is achieved by the corresponding organisational status, which provides for direct functional subordination and accountability of the IAD to the Supervisory Board and administrative accountability to the CEO of the Company. The direct supervision of the IAD activities is carried out by the Audit Committee of the Supervisory Board of the Company.

### In 2023, the following work was carried out by the IAD:

- Analysis and reconciliation of consumers in the Company's subsidiaries for 2023, updating identification data to reduce tax risks and timely collection of accounts receivable.
- Audit of fixed assets and inventory items in the Company's subsidiaries. Checking the processes of receipt, movement and write-offs. Checking accounting data.
- Audits and analytical procedures for consumers in subsidiaries to assess compliance with consumer protection requirements and identify potential risks.







## Corporate Ethics

The Company considers it necessary to implement standards of effective business practices that allow it to occupy a leading position in the energy market of Kazakhstan. We realise that honesty, integrity and maximum implementation of its potential are key factors in achieving sustainable long-term development of the Group.

The Group's Code of Business Ethics (Code) is based on the principles of good faith and describes the standards of behaviour expected of employees. The provisions of the Code are mandatory for all employees of the Group and apply to interactions both within the Group and with external stakeholders.

### Ethical values of the Group:

- **honesty and objectivity;**
- **integrity;**
- **desire for development;**
- **respect and trust;**
- **responsibility;**
- **care;**
- **competence and professionalism;**
- **patriotism.**

### In order to implement ethical values, the Group is guided by the following principles:

- compliance with the requirements of the legislation of the Republic of Kazakhstan;
- protection and respect for the rights and interests of participants and investors;
- respect for the rights and interests of employees;
- interaction with business partners on the basis of long-term and mutually beneficial cooperation;
- prevention of conflicts of interest;

- maintaining confidentiality of information;
- protection and use of the Group's property;
- responsibility for compliance with safety, labour protection and the environment;
- effective organisation of work, management and control over the Group's activities;
- optimal use of available resources, as well as risk analysis and management;
- application of high standards of planning, control and reporting with the application of the principle of transparency, and the desire to ensure the safety of assets, including business information.

Employees are obliged to report any violations, including issues and situations that may be considered unsafe, unethical or causing a conflict of interest. The Group's management guarantees a careful, objective and competent consideration of received requests.

### Employees, among other things, can report problems/violations to the Audit Committee of the Supervisory Board of the Company by using the ethics hotline:

- **Telephone – 8 (7172) 57 69 67;**
- **E-mail – z.raimbekov@kus.kz.**

The auditor of the Internal Audit Department is responsible for processing of information received on the hotline and providing it to the Audit Committee of the Supervisory Board.

The Supervisory Board reviews the provisions of the Code once every three years, analyses the extent to which they are implemented in practice, and, if necessary, makes proposals to the executive body on making changes and/or additions to it.

## Countering Corruption

The Kazakhstan Utility Systems LLP maintains a zero-tolerance policy towards corruption in all forms in its interactions with all interested parties and towards the concealment of corruption offences. The company strictly prohibits any form of bribery, including the provision of money or gifts to or from employees. It does not receive or provide hospitality or gifts that may result in future obligations for the parties. In accordance with the Republic of Kazakhstan's legislation, officials and employees who are implicated in corruption cases are subject to dismissal and prosecution.

Kazakhstan Utility Systems LLP adheres to the anti-corruption legislation in its daily operations and implements the most effective organisational and practical measures to combat corruption in all of its forms and manifestations.

In particular, the development of an anti-corruption culture and intolerance to corruption is characterised by a significant emphasis on preventive work that is designed to mitigate corruption risks.

Consequently, the business contracts of the Group of Companies (subsidiaries and affiliates) contain anti-corruption clauses.

A hotline has been established by the Group of Companies in collaboration with its portfolio companies. During the reporting period, no evidence of corruption offences was discovered.

## Compliance Control Department

The Compliance Control Department has been operational at Kazakhstan Utility Systems LLP since December 2023. The primary goals of the Department are to ensure that the Republic of Kazakhstan's legislation is adhered to, to implement measures to prevent, identify, eliminate, and/or reduce compliance risks, to establish a policy on anti-corruption issues, and to monitor the implementation of anti-corruption measures, including the assessment of corruption risks in the company and its subsidiaries and associates, as well as the monitoring of the use of internal information. The department's primary responsibilities include the following:

- ensuring that the Company and its subsidiaries comply with external regulatory requirements and best international practices in anti-corruption matters;
- analysing and evaluating the compliance risks of the Company and its subsidiaries;
- ensuring that the entity and its employees implement tools to prevent corruption offences;
- automating the compliance processes of the Company and its subsidiaries.



Kazakhstan Utility Systems is one of the largest players in the country's energy market.

## ★ ISO 45 001:2018

Operation of the occupational health and safety system in accordance with ISO 45 001:2018

⚠️ 28

28 risks were included in the Company's Risk Register for 2023

The primary goal of risk management within the Group of Companies is to achieve maximum profitability while accepting a manageable level of risk.

# Risk Management

# 6







## Risk Management system

The KUS Group of Companies' risk management system is grounded in the international concept of COSO ERM "Enterprise Risk Management. Integrated Model" and is designed to mitigate risks and opportunities that have a substantial impact on the Group of Companies' value creation and preservation. The primary objective of risk management within the Group of Companies is to maximise profitability while simultaneously adopting a manageable level of risk. The objective of risk management is to identify, prevent, and mitigate events that may impede the Group of Companies' ability to achieve its objectives.

The structural divisions of subsidiaries (hereinafter referred to as subsidiaries) represented by each employee are one of the critical components of the risk management system. The employees of the subsidiaries are exposed to risks on a daily basis, and they are responsible for managing and monitoring their potential impact within the scope of their functional responsibilities. The implementation of the risk management action plan, the timely identification and reporting of significant risks in their area of activity, and the provision of risk management proposals for inclusion in the action plan are all responsibilities of structural units.

## Fundamentals of Establishing a Risk Management System

**Methodical approach.** In the Group and its companies, risk management is a dynamic, ongoing process that is implemented at every level of management and in every division of the KUS and its subsidiaries.

**The supervisory function of the Supervisory Board.** The Supervisory Board is an active management body of the Company that oversees its risk management.

**Accountability for risk management.** Each employee of the Group and its subsidiaries is cognisant of the Group's objectives and goals in the realm of risk management, and they are cognisant of their individual accountability for managing the risks within the confines of their authority, competence, and the Risk Management Guidelines.

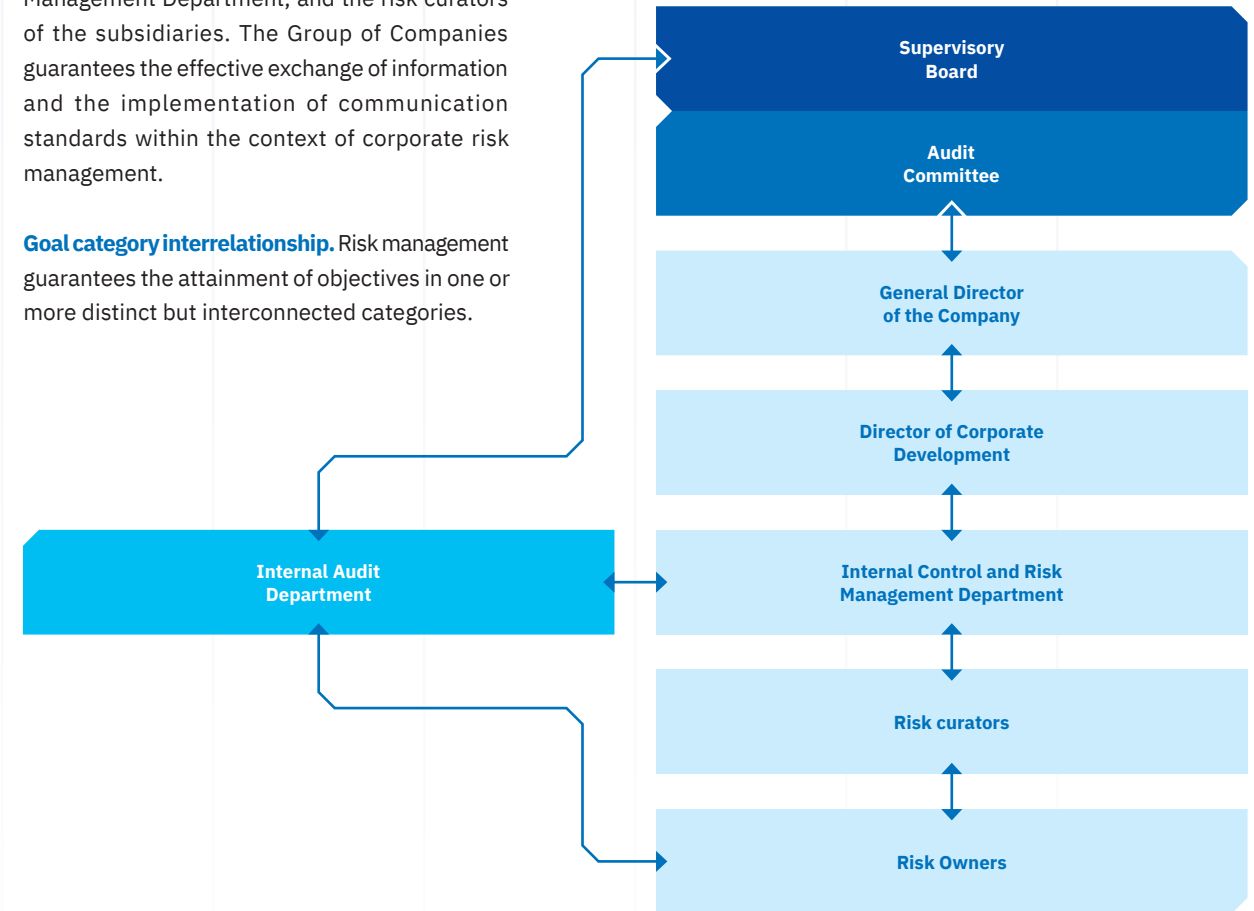
**Distancing of decision-making levels.** The significance of the risks determines the decision-making process at different management levels regarding risk minimisation.

**Connecting to objectives.** Risk management is implemented in the development and formulation of the Group's strategy, and it is conducted in accordance with the objectives of specific processes and functions and strategic objectives.

**Timely information.** Risk information for decision-making is transmitted from lower to upper management levels. Information is consistently disseminated in a timely manner.

**Establishing a corporate risk-oriented culture.** The dissemination of risk management knowledge and skills within the Group is guaranteed by the Group's management, the Internal Control and Risk Management Department, and the risk curators of the subsidiaries. The Group of Companies guarantees the effective exchange of information and the implementation of communication standards within the context of corporate risk management.

**Goal category interrelationship.** Risk management guarantees the attainment of objectives in one or more distinct but interconnected categories.



## Structure of the risk management system in the Company





# Internal Control System

The Internal Control System (hereinafter referred to as ICS) is part of the corporate governance system and covers all management levels, all processes and operations of the Group of Companies. The ICS participants are the Supervisory Board, the Audit Committee, the executive body, the Internal Audit Department, business process owners, control procedure executors, the Internal Control and Risk Management Department. The ICS is integrated into the

processes and daily operations of the Group of Companies and includes procedures for immediately informing the relevant management level about any significant deficiencies and control weaknesses, along with details of corrective measures that have been taken or should be taken. As part of updating the ICS, the Group of Companies conducted an assessment of the design and testing of the operational effectiveness of control procedures for key business processes.

# Risk Classification

After identifying the risk sources for each of them, risks are determined and classified into 4 main categories:

- 01. Strategic risks** – risks of failure to achieve the long-term corporate goals of the Group of Companies due to inadequate monitoring of the strategy implementation process and insufficient response to changes in external conditions;
- 02. Operational risks** – risks of losses arising from deficiencies or errors in the internal business processes of the Group companies, in the actions of employees and other persons, in the operation of information systems, or as a result of external influence;
- 03. Financial risks** – risks arising from the management of the financial resources of the Group of companies, such

as: cash, investments, debt instruments and derivative financial instruments. Include risks associated with the capital structure, decrease in profitability, fluctuations in exchange rates, interest rates, credit risk, liquidity risk.

**04. Legal risks** – risks arising from violation of the legislation of the Republic of Kazakhstan, rules, regulations, prescribed procedures, internal policies, regulations and ethical standards. Legal risks also relate to compliance goals and reporting goals (reliability and timing).

**Identified risks are reflected on the risk map in relation to significance:**

## Key risks affecting the implementation of business strategies

Risk	Description	Key Risk Management Activities
<b>Violation of labour protection and safety regulations</b>	Failure to provide safe and healthy working conditions.	01. Operation of the occupational health and safety system in accordance with ISO 45 001:2018. 02. Qualification testing of knowledge of occupational health and safety standards. 03. Work order system. 04. Inspection of workplaces. 05. Periodic and mandatory medical examination of employees. 06. Compliance with industrial safety legislation at hazardous production facilities. 07. Control over the conclusion of contracts for compulsory insurance against accidents in the performance of work and official duties; compulsory civil liability insurance of the employer – annually. 08. Provision of production personnel with milk, provision of water and drinking regime, special clothing, special footwear, PPE, detergents and disinfectants, first aid kits, RTD. 09. Systematic consideration of employee proposals for improving safety and labour protection conditions, increasing efficiency within the framework of Kaizen. 10. Work with contractors in terms of the safety of their employees.
<b>Technological disruptions</b>	Interruptions in heat and electricity supplies due to equipment failures.	01. Timely detection of defects as a result of equipment inspections (scheduled and unscheduled). 02. Equipment testing. 03. Carrying out routine, capital and emergency repairs. 04. Implementation of the investment program for equipment modernisation and reconstruction (reduction of equipment wear). 05. Availability of an emergency reserve of spare parts and materials. 06. Activities to prepare for the autumn-winter period.
<b>Currency risk</b>	Change in the exchange rate against the KZT.	In order to reduce currency risk, debt burden and expenses on servicing loans in foreign currency, the possibility of refinancing obligations denominated in foreign currency KZT is being considered.

- ◆ **Red zone** – risks are critical for the Group of companies
- ◆ **Yellow zone** – risks have an average probability of occurrence for the Group of companies

**Based on the results of risk identification and assessment, 28 risks were included in the Company's Risk Register for 2023.**

### The most important and key risks of the Group for the reporting year:

- 01.** the risk of an accident due to violation of occupational health and safety rules;

- 02.** the risk of technological disruptions due to equipment failure;
- 03.** an increase in interest rates.

For each risk, measures have been developed to manage them, and risk owners have been identified. Their dynamics and the implementation of measures to manage them are constantly monitored.



## Abbreviations

<b>EBIT</b>	earnings before interest and taxes
<b>EBITDA</b>	earnings before interest, taxes, depreciation and amortisation
<b>EPC</b>	engineering, procurement and construction)
<b>KASE</b>	Kazakhstan Stock Exchange JSC
<b>KEGOC</b>	Kazakhstan Electricity Grid Operating Company JSC
<b>KPI</b>	key Performance Indicator
<b>ROA</b>	return on assets
<b>ROCE</b>	return on capital employed
<b>ROE</b>	return on equity
<b>ACEMS</b>	automated commercial electricity metering system
<b>BGS</b>	biogas station
<b>GDP</b>	gross domestic product
<b>RES</b>	renewable energy sources
<b>OL</b>	overhead line
<b>GCB</b>	gas-insulated circuit breaker
<b>WPP</b>	wind power plant
<b>HWS</b>	hot water supply
<b>Gcal</b>	gigacalorie
<b>Gcal/h</b>	gigacalorie per hour
<b>CCTS</b>	city complete transformer substation
<b>CPP</b>	condensing power plant
<b>FL</b>	fuels and lubricants
<b>HPP</b>	hydroelectric power plant
<b>SO</b>	subsidiary organisation
<b>kV</b>	kilovolt
<b>COL</b>	cable-overhead lines
<b>kW h</b>	kilowatt-hour
<b>BHS</b>	boiler and hot water shop
<b>KZh</b>	Karagandy Zharyk LLP
<b>KZhs</b>	KaragandyZhyluSbyt LLP
<b>KUS</b>	Kazakhstan Utility Systems TOO
<b>CL</b>	cable line
<b>km</b>	kilometer
<b>EF</b>	efficiency factor
<b>CSR</b>	corporate social responsibility
<b>ITS</b>	integrated transformer substation
<b>CTC</b>	corporate training center
<b>KEA</b>	Kazakhstan Electric Power Association
<b>KEC</b>	Karaganda Energy Centre LLP
<b>PTL</b>	power transmission line
<b>m</b>	meter
<b>MVA</b>	megavolt-ampere
<b>MW</b>	megawatt
<b>MNE RK</b>	Ministry of National Economy of the Republic of Kazakhstan

<b>MRENC</b>	Mangistau Regional Electricity Network Company JSC
<b>NEG</b>	national electric grid
<b>EIA</b>	environmental impact assessment
<b>IS and SC</b>	isolator and short-circuiter
<b>HV EGDS</b>	high-voltage electric grid dispatch service
<b>OZ</b>	Ontustik Zharyk LLP
<b>OZhT</b>	Ontustik Zharyk Transit LLP
<b>EP</b>	environmental protection
<b>OSG</b>	open switchgear
<b>GMP</b>	General meeting of participants
<b>LP</b>	labour protection
<b>MPE</b>	maximum permissible emissions
<b>SS</b>	substation
<b>RTO</b>	rules for technical operation of electric power plants and grids
<b>IEC</b>	industrial environmental control
<b>IDR</b>	issuer default ratings
<b>DP</b>	distribution point
<b>REM</b>	retail electricity market
<b>RSC</b>	Raschetnyi Servisnyi Centre LLP
<b>REC</b>	regional electric-grid companies
<b>DEN</b>	district electric networks
<b>SPZ</b>	sanitary protection zone
<b>SIW</b>	self-supporting insulated wires
<b>SCHPP</b>	Sogrinskaya CHPP LLP
<b>SPP</b>	solar power plant
<b>t</b>	ton
<b>OS</b>	occupational safety
<b>TMC</b>	inventory items
<b>TO</b>	Turkestan region
<b>LLP</b>	limited liability partnership
<b>TP</b>	transformer substation
<b>IES</b>	inventory equipment and supplies
<b>FS</b>	feasibility study
<b>CHPP</b>	combined heat and power plant
<b>CHPS</b>	combined heat and power station
<b>UK CHPP</b>	Ust-Kamenogorsk CHPP LLP
<b>I</b>	individual
<b>pcs.</b>	piece
<b>EP</b>	Energopotok LLP
<b>EPO</b>	energy producing organisation
<b>ESO</b>	energy sales organisation
<b>SKO</b>	South Kazakhstan region
<b>LE</b>	legal entity



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# Annex 1: About the Report

This annual report has been prepared based on the results of 2023 and contains information on the Group's operating and financial performance and business profile, as well as and information in the field of sustainable development, including aspects of corporate governance, environmental protection, human resources management and corporate social responsibility. In order to ensure high-quality disclosure of non-financial information, Kazakhstan Utility Systems LLP prepared a report in accordance with the GRI Standards. We plan to continue to follow these standards when disclosing information in the area of sustainable development.

This report has not been externally verified, but we will consider the possibility of verifying the report in the future.

Within the framework of this annual report, following the principles of the GRI Standards, we focused disclosures on the most significant topics of sustainable development. The materiality analysis included three stages presented below.

- 01. Context analysis.** We looked at best practices and expert opinions to understand which aspects of sustainable development are most significant for the energy industry.
- 02. Impact analysis.** We analysed the Group's operating model to see where economic, environmental and social impacts occur. And we tried to assess the extent impacts by collecting quantitative indicators. As part of this process, we also took into account the views of stakeholders.

**03. Prioritisation.** Having ranked all the impacts by degree of influence, we drew a cutoff line and identified 10 topics that are the most significant. It is on these that the disclosure of information in the field of sustainability was built development in this annual report.

### The most significant topics of sustainable development

<b>Economy</b>
Procurement Practice
Countering Corruption
<b>Ecology</b>
Energy
Water
Emissions
Waste
<b>Society</b>
Employment
Occupational Health and Safety
Training and Education
Diversity and Equal Opportunities

# Annex 2: GRI Index

Statement of Use			Kazakhstan Utility Systems LLP has prepared a report in accordance with GRI Standards for 2023			
Use of GRI 1			GRI 1: Fundamentals 2021			
Applicable industry standard			Not applicable			
GRI Standard	Disclosure	Chapter	Exception			No.in the industry standard
			Indicator	Reason	Explanation	
<b>General disclosures</b>						
<b>GRI 2 General Disclosures 2021</b>	2-1 Organization profile	Brief Company profile				
	2-2 Organizations included in the report	Profiles of subsidiaries				
	2-3 Reporting period	About the report				
	2-4 Changes in reporting	About the report				
	2-5 External assurance	About the report				
	2-6 Operations, value chain and other relationships	Business model				
	2-7 Employees	Number of staff				
	2-8 Part-time workers	Number of staff				
	2-9 Corporate governance structure and composition	Corporate governance system in the Company				
	2-10 Appointment of higher management bodies	Selection and appointment				
	2-11 Head of the Supreme Governing Body	Composition of the Supervisory Board				
	2-12 Role of higher management bodies in overseeing the impacts of the organization	Corporate social responsibility				
	2-13 Delegation of powers on sustainable development	Corporate social responsibility				
	2-14 Role of higher management bodies in reporting on sustainable development	Corporate social responsibility				
	2-15 Conflict of interests	Conflict of interest settlement				
	2-16 Communications and complaints	Corporate ethics				



	2-17 Development of competencies of higher management bodies on SD	-			Not applicable	The Group is an LLP	
	2-18 Evaluation of the supreme governing bodies	Job evaluation					
	2-19 Remuneration policy	Remuneration					
	2-20 Remuneration determination process	Remuneration					
	2-21 Relative remuneration indicators	Staff motivation and remuneration					
	2-22 Sustainable development strategy statement	Corporate social responsibility					
	2-23 Responsible business practice policy	Corporate ethics					
	2-24 Policy implementation	Corporate ethics					
	2-25 Processes of elimination of negative impacts	Risk management					
	2-26 Mechanisms of consulting and appeals on business practice issues	Corporate ethics					
	2-27 Compliance with laws and regulations	Corporate Social Responsibility					
	2-28 Membership in associations	Brief Company profile					
	2-29 Approach to stakeholder engagement	Interaction with stakeholders					
	2-30 Collective agreements	Interaction with trade union organizations					
<b>Essential topics</b>							
<b>GRI 3 Essential Topics 2021</b>	3-1 Process of identifying essential topics	About the report					
	3-2 List of essential topics	About the report					
<b>Procurement practice</b>							
<b>GRI 3 Essential Topics 2021</b>	3-3 Topics management	Procurement activities					
<b>GRI 204 Procurement Practice 2016</b>	204-1 Share of costs for local suppliers	Procurement activities					
<b>Anti-corruption</b>							
<b>GRI 3 Essential Topics 2021</b>	3-3 Topics management	Anti-corruption					
<b>GRI 205 Anti-corruption</b>	205-3 Confirmed cases of corruption	Anti-corruption					

<b>Energy</b>							
<b>GRI 3 Essential Topics 2021</b>	3-3 Topics management	Energy saving					
<b>GRI 302 Energy 2016</b>	302-1 Consumption of fuel and energy resources within the organization	Energy saving					
	302-4 Reduction of energy consumption	Energy saving					
<b>Water</b>							
<b>GRI 3 Essential Topics 2021</b>	3-3 Topics management	Water resources					
<b>GRI 303 Water and Waste 2018</b>	303-1 Interaction with water resources	Water resources					
	303-2 Management of impacts related to water discharge	Water resources					
	303-3 Water intake	Water resources					
	303-4 Water discharge	Water resources					
<b>Emissions</b>							
<b>GRI 3 Essential Topics 2021</b>	3-3 Topics management	Protection of atmospheric air					
<b>GRI 305 Emissions 2016</b>	305-1 Direct greenhouse gas emissions (Coverage 1)	Protection of atmospheric air					
	305-7 Other significant air emissions	Protection of atmospheric air					
<b>Wastes</b>							
<b>GRI 3 Essential Topics 2021</b>	3-3 Topics management	Waste management					
<b>GRI 306 Waste 2020</b>	306-1 Waste-related impacts	Waste management					
	306-2 Impact management	Waste management					
	306-3 Waste generation	Waste management					
	306-4 Waste not intended for disposal	Waste management					
	306-5 Waste intended for disposal	Waste management					
<b>Employment</b>							
<b>GRI 3 Essential Topics 2021</b>	3-3 Topics management	Personnel management					
<b>GRI 401 Employment 2016</b>	401-1 Hired employees and staff turnover	Number of staff					
	401-3 Parental leave	Social policy					



Labor protection			
<b>GRI 3 Essential Topics 2021</b>	3-3 Topics management	Occupational safety system	
<b>GRI 403 Occupational Safety 2018</b>	403-1 Occupational safety systems	Occupational safety system	
	403-2: Hazard identification, reporting, and incident investigation	Occupational safety system	
	403-3: Labor protection services	Occupational safety system	
	403-4: Employee participation, consultation and exchange of information on occupational health and safety	Occupational safety system	
	403-5: Training of workers in occupational health and safety	Occupational safety system	
	403-6: Employee Health support	Occupational safety system	
	403-7: Prevention and mitigation of health and safety consequences	Occupational safety system	
	403-9: Occupational injuries	Occupational health and safety	
Training			
<b>GRI 3 Essential Topics 2021</b>	3-3 Topics management	Staff training and development	
<b>GRI 404 Trainings 2016</b>	404-1 Average number of hours of training per employee	Staff training and development	
	404-2 Advanced training programs	Staff training and development	
	404-3 Percentage of employees receiving regular performance evaluation	Staff training and development	
Equal career opportunities			
<b>GRI 3 Essential Topics 2021</b>	3-3 Topics management	Personnel management	
<b>GRI 405 Diversity and Equal Career Opportunities 2016</b>	405-1 Diversity in management bodies and personnel structure	Number of staff	
	405-2 Ratio of women's remuneration to men's remuneration	Staff motivation and remuneration	
Significant topics for the industry, recognized as insignificant for the company		Not applicable	

## Annex 3: Consolidated financial statements

### Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2023

(thousand KZT)	Notes	2023	2022
Revenue	6	222,778,623	189,436,172
Cost of sales	7	(173,308,364)	(142,416,330)
<b>Gross profit</b>		<b>49,470,259</b>	<b>47,019,842</b>
General and administrative expenses	8	(12,363,926)	(10,512,188)
Selling expenses	9	(5,316,431)	(4,491,898)
Finance costs	10	(11,673,001)	(11,788,489)
Finance income	11	11,144,921	6,966,336
Other income		2,255,603	2,932,823
Other expenses		(1,374,356)	(2,251,013)
Foreign exchange gain/(loss), net	29	13,312,291	(7,519,321)
<b>Profit before income tax</b>		<b>45,455,360</b>	<b>20,356,092</b>
Income tax expenses	13	(9,279,604)	(6,706,020)
<b>Net profit for the year</b>		<b>36,175,756</b>	<b>13,650,072</b>
<b>Other comprehensive income for the year</b>			
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Foreign exchange differences on translation of foreign operations		-	(800,582)
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>(800,582)</b>
<b>Total comprehensive income for the year</b>		<b>36,175,756</b>	<b>12,849,490</b>
<i>Profit attributable to:</i>			
Company owners		34,982,712	12,711,322
Non-controlling interests	21	1,193,044	938,750
		<b>36,175,756</b>	<b>13,650,072</b>
<i>Total comprehensive income attributable to:</i>			
Company owners		34,982,712	11,910,740
Non-controlling interests	21	1,193,044	938,750
		<b>36,175,756</b>	<b>12,849,490</b>





## Consolidated statement of financial position

as of 31 December 2023

(thousand KZT)	Notes	31 December 2023	31 December 2022 (restated)*
<b>Assets</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	14	285,669,636	264,946,652
Intangible assets		1,295,443	311,657
Right-of-use assets	15	507,997	808,672
Advances paid		380,122	398,125
Loans given to related parties	28	80,933,523	75,531,003
Other non-current assets		339,910	399,414
Deferred tax assets	13	348,876	271,832
<b>Total non-current assets</b>		<b>369,475,507</b>	<b>342,667,355</b>
<b>Current assets</b>			
Trade accounts receivable	16	25,683,173	21,081,166
Inventories	17	7,845,574	5,765,609
Loans given to related parties	28	3,263,095	2,607,352
Advances paid		1,106,242	557,745
Prepaid corporate income tax		1,120,894	682,005
Other current assets	18	2,165,703	2,189,242
Cash and cash equivalents	19	3,897,828	2,544,372
<b>Total current assets</b>		<b>45,082,509</b>	<b>35,427,491</b>
<b>Total assets</b>		<b>414,558,016</b>	<b>378,094,846</b>
<b>Equity and liabilities</b>			
<b>Equity:</b>			
Charter capital	20	11,636,404	11,636,404
Additional paid-in capital	20	9,239,137	9,239,137
Retained earnings		207,527,154	169,930,356
Equity attributable to owners of the Company		228,402,695	190,805,897
Non-controlling interests	21	17,586,184	16,393,140
<b>Total equity</b>		<b>245,988,879</b>	<b>207,199,037</b>
<b>Non-current liabilities</b>			
Borrowings and bonds	22	9,970,265	11,939,352
Deferred tax liabilities	13	38,678,705	35,654,067
Lease liabilities	15	293,734	551,718
Other non-current liabilities	23	3,308,469	3,132,322
<b>Total non-current liabilities</b>		<b>52,251,173</b>	<b>51,277,459</b>

<b>Current liabilities:</b>			
Borrowings and bonds	22	66,674,447	84,713,575
Trade accounts payable	24	40,223,416	25,700,437
Lease liabilities	15	320,719	349,846
Other accounts payable and accrued liabilities	25	7,094,291	6,637,359
Other taxes payable	26	1,943,970	1,869,054
Corporate income tax payable		61,121	348,079
<b>Total current liabilities</b>		<b>116,317,964</b>	<b>119,618,350</b>
<b>Total liabilities</b>		<b>168,569,137</b>	<b>170,895,809</b>
<b>Total equity and liabilities</b>		<b>414,558,016</b>	<b>378,094,846</b>

## Consolidated statement of changes in equity

for the year ended 31 December 2023

(thousand KZT)	Charter capital	Additional paid-in capital	Foreign currency translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
<b>As at 31 December 2021</b>	<b>11,636,404</b>	<b>9,239,137</b>	<b>800,582</b>	<b>156,682,000</b>	<b>178,358,123</b>	<b>15,454,390</b>	<b>193,812,513</b>
Net profit for the year	-	-	-	12,711,322	12,711,322	938,750	13,650,072
Other comprehensive loss for the year	-	-	(800,582)	-	(800,582)	-	(800,582)
Total comprehensive (loss)/ income for the year	-	-	(800,582)	12,711,322	11,910,740	938,750	12,849,490
Fair value adjustment on interest-free loans received, net of de-ferred income tax of 134,259 thousand tenge (Note 22)	-	-	-	537,034	537,034	-	537,034
<b>As at 31 December 2022</b>	<b>11,636,404</b>	<b>9,239,137</b>	<b>-</b>	<b>169,930,356</b>	<b>190,805,897</b>	<b>16,393,140</b>	<b>207,199,037</b>
Net profit for the year	-	-	-	34,982,712	34,982,712	1,193,044	36,175,756
Total comprehensive income for the year	-	-	-	34,982,712	34,982,712	1,193,044	36,175,756
Fair value adjustment on interest-free loans received, net of de-ferred income tax of 653,522 thousand tenge (Note 22)	-	-	-	2,614,086	2,614,086	-	2,614,086
<b>As at 31 December 2023</b>	<b>11,636,404</b>	<b>9,239,137</b>	<b>-</b>	<b>207,527,154</b>	<b>228,402,695</b>	<b>17,586,184</b>	<b>245,988,879</b>



## Consolidated statement of cash flows

for the year ended December 31, 2023

(thousand KZT)	Notes	2023	2022
<b>Operating activities:</b>			
Sales of goods and services		243,755,454	210,267,207
Other proceeds		1,614,520	2,108,646
<b>Total cash inflow</b>		<b>245,369,974</b>	<b>212,375,853</b>
Payments to suppliers for goods and services		(146,874,048)	(121,239,278)
Salary payments		(25,411,628)	(20,031,316)
Other payments to the budget		(20,053,300)	(17,660,431)
Charity payments		-	(685,339)
Other payments		(3,241,133)	(3,980,141)
<b>Total cash outflows</b>		<b>(195,580,109)</b>	<b>(163,596,505)</b>
Cash from operating activities before interest received and paid and corporate income tax paid		49,789,865	48,779,348
Interest received		280,910	286,482
Interest paid on borrowings, bonds and lease		(9,186,535)	(10,254,487)
Corporate income tax paid		(5,355,573)	(5,394,168)
<b>Net cash generated from operating activities</b>		<b>35,528,667</b>	<b>33,417,175</b>
<b>Investing activities:</b>			
Sale of property, plant, and equipment		34,240	300
Restricted cash withdrawn		106,213	1,055,026
<b>Total cash inflow</b>		<b>140,453</b>	<b>1,055,326</b>
Purchase of property, plant, and equipment and materials for capital repairs, and advances paid for acquisition of non-current assets		(33,177,872)	(29,979,330)
Purchase of intangible assets		(9,174)	(23,645)
Issuance of financial aid	28	(650,100)	-
Other payments		(465,080)	-
<b>Total cash outflow</b>		<b>(34,302,226)</b>	<b>(30,002,975)</b>
<b>Net cash used in investing activities</b>		<b>(34,161,773)</b>	<b>(28,947,649)</b>
<b>Financing Activities:</b>			
Borrowings received	22	12,587,891	12,388,766
Interest-free short-term loans received	22	4,203,000	8,214,000
Other proceeds		268,594	46,407
<b>Total cash inflow</b>		<b>17,059,485</b>	<b>20,649,173</b>
Repayment of borrowings	22	(16,159,296)	(27,214,962)
Repayment of interest-free short-term loans	22	(520,900)	(900,941)

Lease payments	15	(245,236)	(213,460)
Dividends payment	20	(6,289)	(8,810)
<b>Total cash outflow</b>		<b>(16,931,721)</b>	<b>(28,338,173)</b>
<b>Net cash generated from/(used in) financing activities</b>		<b>127,764</b>	<b>(7,689,000)</b>
<b>Net change in cash and cash equivalents</b>		<b>1,494,658</b>	<b>(3,219,474)</b>
<b>Cash and cash equivalents, as at the beginning of the year</b>	<b>19</b>	<b>2,544,372</b>	<b>5,873,166</b>
Effect of changes in the allowance for expected credit losses on cash and cash equivalents	19	6,700	(34)
Effect of changes in foreign exchange rates on cash balances held in for-eign currencies		(147,902)	(109,286)
<b>Cash and cash equivalents, as at the end of the year</b>	<b>19</b>	<b>3,897,828</b>	<b>2,544,372</b>

Full financial statements, including notes and the auditor's report, are provided upon written request (in free form).

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